

Prosperity from climate-smart agribusiness with and for Africa: Converting opportunities into action

International online conference 24 & 25 May 2022

Introduction

Climate change threatens African economies as well as female- and male-led MSMEs along agriculture value chains. But agripreneurs do NOT hold the responsibility for this threat! While Sub-Saharan Africa accounts for less than 4% of global emissions, it only receives 5% of total climate-finance outside the OECD. Although emissions in Africa are low, there is an urgent need of transitioning towards climate-smart technologies to tap into the agricultural sector's potentials and adapt to challenges climate change poses for this sector and, hence, food security. Innovation and investments can change this apparently paradoxical correlation and make African agribusiness – including agriculture – climate-resilient and climate-smart by building on African entrepreneurs and their professional organizations with African MSMEs in agri-based value chains at the centre.

The Agri-Business Facility for Africa (ABF), African Union Development Agency (AUDA-NEPAD) and Organisation of African, Caribbean and Pacific States (OACPS) felt this was more than strong enough to trigger the two-day online conference. 47 high-level speakers from 34 organizations and companies from Africa, Asia-Pacific and Caribbean, had provocative debates, deep dives, with a focus on three hot topics: learning out of the box, CO2 and climate-finance, and trAction to make climate-smart agribusiness become reality. The meeting aimed at galvanizing the thinking and learning from a practitioner's perspective on needs of climate-smart agribusiness in Africa. The opening remarks underscored the significance of the adverse effects of climate change on agribusiness, agri-food-systems, MSMEs and the African continent. It also highlighted the relevance of the conference theme, especially in its attempt to send a wakeup call to AU Member States to take action.



Access screen to the online conference



Mr. Escipi3n J. Oliveira Gomez, Assistant Secretary General, Structural Economic Transformation and Trade at Secretariat of the Organisation of the African, Caribbean and Pacific States (OACPS) and Mr. Amine Idriss Adoum, Director DPCD, African Union Development Agency (AUDA-NEPAD)

[Click here to \(re-\)experience the conference highlights](#)

The statements highlighted the role of the MSMEs that individually are too small to be considered but collectively cannot be overlooked as they can assume critical mitigation and adaptation roles to combat climate change. The statements also noted the importance of the identification of climate change sensitive practices, the communication and sharing of know-how and good practices and the creation of a policy environment that is conducive to knowledge capitalization, produces sustainable practices creates jobs and is gender and youth sensitive.



Mrs. Annemarie Matthess, Project Director of Agribusiness Facility for Africa at the GIZ, Ms Sofie Blakstad, CEO of hiveonline and Ms. Marie Joseph Medzeme Engama, Expert PROPAC (via PAFO)

Climate-smart agribusiness with and for Africa: Opportunities and gaps in a nutshell

1. Carbon sequestration: Africa has huge potential to remove Green House Gases (GHG): opportunities range from financial support through NGOs, professional organizations, and Public-Private-Partnerships over increased yields, employment, income and, hence, independence through agricultural carbon projects.

African countries have an interest to understand carbon markets, learn their instruments for carbon trading, build individual and institutional capacity and become active agents in the growing industry for carbon markets with carbon credits and related monetization supporting alternative livelihoods and sustainability.

However, the continent is currently not well positioned to implement carbon sequestration and to benefit from carbon-financing schemes due to:

- Gaps in technology access,
- Problems with land ownership,
- Weak understanding of carbon market's non-tangible nature
- Long and costly processes of participating in carbon sequestration schemes, and
- Price fluctuations for carbon equivalents.

We thank all contributors and all speakers! You made the outcomes possible.



There is a need to build an industry around land restoration by supporting entrepreneurs with market access and chambers of commerce to take action to create an efficient land restoration economy and governments in establishing policies in support of land restoration entrepreneurs.



Access screen to the agenda and the sessions

2. Data - the new commodity: Focusing on data and information gathering is important to attract funding and the right partners! Data on impacts, yields and carbon sequestered (as a service) can generate greater benefits for MSME than sales of produce as data represent a new commodity. Therefore, putting a focus on rural areas and their access to energy and technologies can lead to information and data financing. Data and information can assist investors including MSME in assessing climate-related risks, seeing the impacts from their investments and show proof of concept: Data is an opportunity and prerequisite, also for climate-smart agribusiness! To transform this opportunity into success, regional integration and standards are key to avoid (data)-silos. Well-targeted subsidies could kick-start such data-related innovations and scaling.



Entrance hall of the conference

3. Finance for agriculture: The climate-finance gap for small-scale agriculture is enormous: 10 billion USD are committed annually but the respective total financial needs are in the order of hundreds of billions per year. Only 1.7% of global climate-finance goes to small-scale agriculture in developing countries and only 17% of Green Bonds – the major vehicle for climate-financing – are attributed to agriculture.

African agriculture is, hence, severely underfunded in mainly three dimensions: Finance for productive purposes, finance for climate change adaptation and finance for removed, reduced, and avoided GHG emissions! Small or medium loans needed are not provided so far because financial mechanisms are designed in boardrooms that are disconnected from realities on the ground.

The large disconnect between MSMEs and financiers is thus not surprising. Big part of the climate-finance comes from the public sector, private sector funding is generally missing, and funding is generally skewed towards larger projects and ticket sizes. Hence, there is a need to enhance partnerships with private sector entities for increased investments and resources in selected resilient and climate change sensitive value chains. To improve,

Africa can learn from Asia and implement a common taxonomy, promotion of collaterals like carbon-certificates, fiscal incentives to financial institutions, and private sector involvement. On top, green washing must be avoided by defining clear technical criteria and establishing transparent monitoring mechanisms to encourage investments in the sector. Africa can learn from the Caribbean on the use of Green Climate Fund (GCF) pathways to create potential solutions on financing small projects, on developing partnership with experienced organisations to improve on delivery and implementation of climate related projects.

4. Policies that are effectively implemented: good policies are co-created and piloted before taken to scale. Conducive policies exist and they need to materialize on the ground. Regional and national agricultural policies in Africa need to account for new emerging issues, for instance regarding a common taxonomy for climate-finance, standards in agriculture, access to financial markets, identification methods of rural – nonformal – enterprises through their organizations, promotion of smallholder farmers and land (use) rights. Local and regional value chains must not be neglected as they are key to ensure food security through private sector investments. We must continue to co-create and develop tools and instruments on policy and capacity that are required to revitalize climate-smart agribusiness. Additionally, increased attention must be put on national policy alignment to support access to climate finance.

5. Knowledge, skills, and institutions for empowerment:

Altogether, tremendous needs for knowledge, skills, and institutional capacities emerge. National and regional institutions, national advisory agencies, and cooperation are key in building individual and institutional capacities and skills for MSMEs' resilience and access to carbon markets and finance. To transform opportunities into impacts and income, we need to (i) reduce transaction costs, (ii) build skills and institutions to generate, aggregate and trade data and (iii) improve risk mitigation and insurance access. The access to learning infrastructure and methodology on climate-smart agribusiness for practical training such as small-scale irrigation (solar powered), conservation agriculture, and water harvesting & distribution needs to be ensured. Furthermore, training institutions must continue adopting approaches to enhance the understanding of climate change related policies and measures to find opportunities for their graduates. They also have an opportunity to strengthen existing links between knowledge in climate-smart agriculture and investments and, hence, there is a need to further change the mindsets of entrepreneurs to invest in knowledge. As the MSMEs landscape tends to be fragmented, measures to support them to become more visible through digital and financial identity, better access climate finance, overcome transaction costs and develop new entrepreneurial skills are crucial going forward.

Virtual booths for the present public and private partners and participants with possible live interactions



The conference concludes: Collective global action is needed and possible – now!

- Faster action towards adaptation is possible and needed. Putting more focus on entrepreneurs for land restoration is becoming even more important to tackle the problem of degraded land in Africa.
- We need to promote women and youth as decisive change agents. We need to develop viable market and business models, ensure access to and a positive return of climate adaptation and mitigation financing for MSMEs building on holistic and MSME-owned data solutions.
- We must empower agricultural producer organizations to take more control of value chains and to build skills for resilient production and processing practices. Direct actions for cooperatives and producers to adapt services in the context of climate change are necessary. MSMEs are NOT too small to be considered – on the contrary: we need more trust in African entrepreneurs who are important climate change actors and must assist them in increasing their visibility.
- We need to strengthen institutions and cooperation that is required to build individual and institutional capacities and skills in different measures. Opportunities such as technology transfer, transition/shift to climate-smart technology and renewable energy had and have a central role for Africa.
- Lastly, AUDA-NEPAD, OACPS, GIZ and development partners have an opportunity to increase their efforts proactively and significantly in a coordinated manner towards influencing and supporting African Union Member States to embark on formulating / reviewing and implementing programs that promote climate-smart agribusiness, address CO2 et al. related finance and develop much-needed trAction to make climate smart-agribusiness become a reality in the continent.

[Click here to \(re-\)experience the conference highlights](#)



Contact us

AUDA-NEPAD: Mr. Mamadou Diakhite, Head of Environmental Sustainability Division (ESD), AUDA-NEPAD, mamadouD@nepad.org

OACPS: Mr Escipi3n J. Oliveira G3mez, Assistant Secretary General, Structural Economic Transformation and Trade, Organisation of African, Caribbean and Pacific States (OACPS), Escipion.Oliveira@acp.int

GIZ, ABF: Mrs. Annemarie Matthess, Project Director of Agri-Business Facility for Africa, annemarie.matthess@giz.de ; veronika.kling@giz.de ; julika.stauber@giz.de