

Let's shape rural development and inclusive agricultural transformation



AGRIBUSINESS 4 CHANGE

International Conference
May 7–9, 2019
Addis Ababa, Ethiopia

Executive Summary



Rationale and overview

Africa is the young continent, in need of livelihoods, income and employment. 20 million youth enter the African labour market each year. Millions of smallholders in agriculture need to improve their business. On the other hand, the demand for food and raw materials for processing industries will increase considerably over the next decades due to demographic growth and changes in consumer patterns due to globalisation. Altogether this implies:

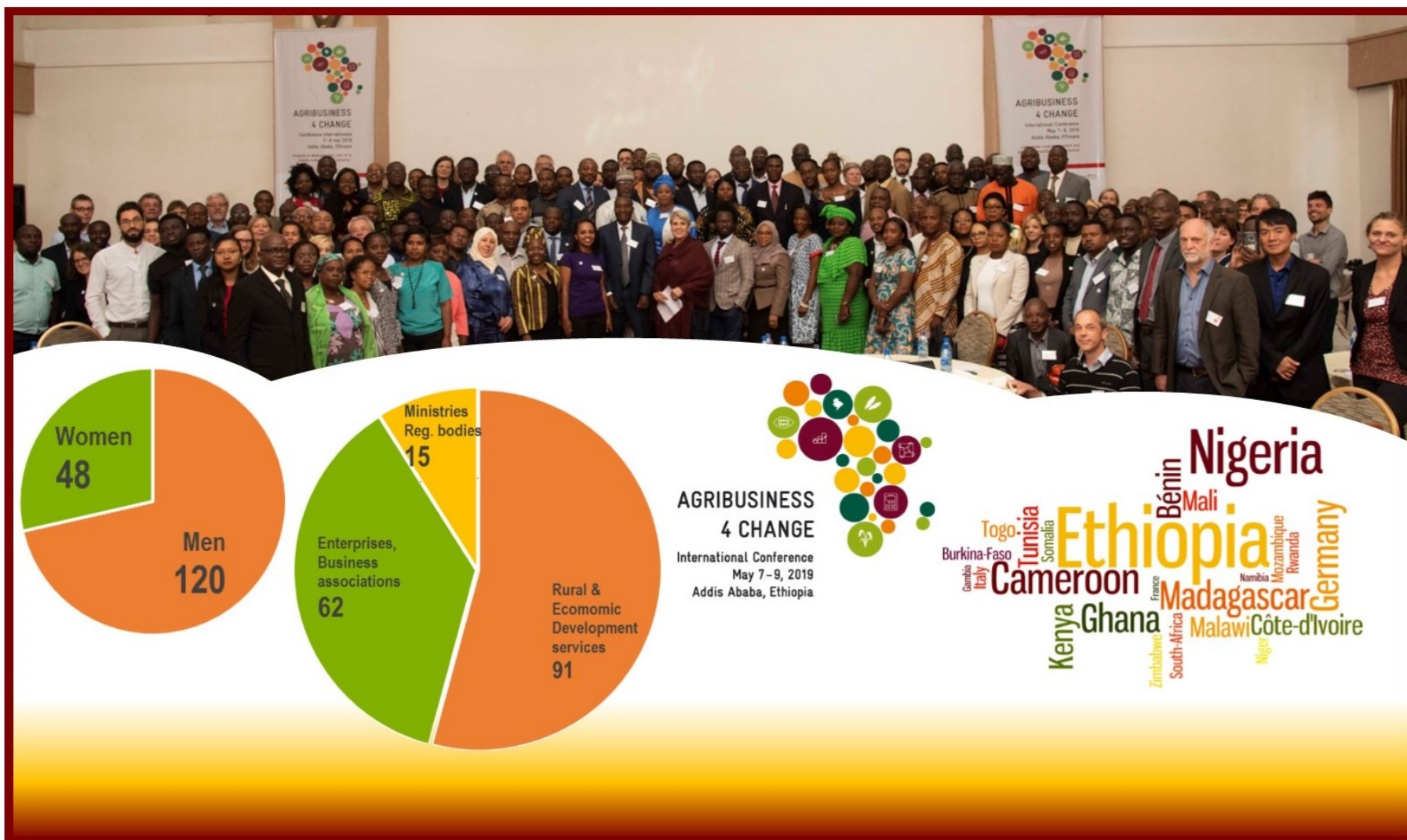
- ➔ Agriculture is business.
- ➔ Farmers, small processors, either men, women, young or old, all are agribusiness people – short agripreneurs.
- ➔ The need for agribusiness skills and mind-sets.
- ➔ Agribusiness people invest in their agribusiness.
- ➔ Agribusiness people contribute to job creation and value addition by doing better agribusiness.

This is a huge opportunity if conducive and cost-effective strategies and investments are deployed on time and in the scale needed. In this context, strengthening entrepreneurship and mobilizing rural youth for agribusiness are the precondition for inclusive growth and economic transformation.

The **Agribusiness 4 Change** conference was organized from 7 to 8 May 2019 in Addis Ababa, followed by 4 concurrent fieldtrips on 9th May 2019. 168 participants from 20 African countries, Germany and France included professionals from agribusiness, producer organizations, development and policy maker. They tackled the topics to the right while emphasizing (i) scaling-up of proven agribusiness approaches and (ii) policies and investments promoting youth, entrepreneurship, employment and investments in agribusiness. The conference built on plenary sessions, panels, sketch, vision laboratories, pitches and the innovation market with 20 stands from participating programmes, companies and organizations.



The digital conference application provided guidance on the agenda, attendees, speakers, allowed the participants to ask questions, to vote for issues, to evaluate the conference and to communicate via news feeds and pictures.



Conclusions and way forward

African family agriculture feeds nations and provides precious raw materials to domestic and international industries. African family agriculture is thus business. Farmers, small processors, either men, women, young or old, all are agribusiness people – entrepreneurs. Agribusiness people invest in their agribusiness. Entrepreneurship is key to tap into income and employment potentials in agriculture, professional organizations, business services and down-stream processing enterprises. Agribusiness skills and mind-sets are the cornerstone for effective policies and investments to translate in inclusive growth.

With a median age of 18 years, Africa is the young continent. Millions of youth entering the African labour market each year are in need of livelihoods, income and employment. Among them technical experts, entrepreneurs and future leaders graduated from institutions for Agricultural Technical and Vocational Education and Training (ATVET) struggle to find employment or to set up their own business in agricultural value chains.

Due to urbanization and changing consumer patterns, the demand for food and raw materials for processing industries will increase considerably over the next decades. This and the digital revolution represent opportunities for public and private sector investments. Considering demographic and socio-economic challenges in Africa, large scale and speed are needed to make significant impacts for inclusive agricultural transformation for and with young Africans in particular.

The conference **Agribusiness 4 Change** brought expertise together to assess in more detail the challenges for a better common understanding and to take stock on successful approaches in the following areas:



Investments in agribusiness and related policies

- ➔ Farmers, men and women, young and old, are decision makers and private investors, in short agripreneurs. Their agribusiness knowledge, skills, attitudes and partnerships contribute to promoting inclusive economic development. They contribute to value addition through profits, wages for hiring labour force, purchase of inputs and using of services.
- ➔ The future of African agribusiness is in private sector investment and targeted forward looking public investment. Public and private investment in productive and social infrastructure is needed for rural areas to enhance competitive production, value addition and to make them worth living. All investments must be market/demand driven.
- ➔ Growth of agricultural GDP is insufficient to know whether there is inclusive growth. The return to - private and public - investments must be assessed along the value chain to ensure a fair distribution of the value added.
- ➔ Governments must invest in education, and frame conditions that are conducive to tap into economic & employment opportunities. This includes entrepreneurial, up-to-date ICT, technical and practical skills, knowledge and skills for professional organization, marketing in agriculture & agribusiness. Combining education, skills development, infrastructure and incentives to make agriculture attractive for youth are major policy challenges. Only the right mix and of course good governance translate in better performance of smallholdings, on- and off-farm employment for and by young rural professionals and benefits also up- and downstream enterprises in the value chain.
- ➔ Young graduate agribusiness entrepreneurs engage farmers and youth, lever investments and play a key role in modernizing agriculture, agribusiness and value chains. For effective entry in agribusiness, youth must be prepared to contribute to investment with own capital, e.g. the framework of matching grant schemes or corresponding financial service arrangements. Beyond this, youth needs support for financial investment, for access to land and for practical skills development. In many African countries, limitations of legal frameworks for the acquisition of land by youth and customary laws are still to be considered. Modalities of financial services or matching grant schemes must to be aligned with the needs, seasonality and market opportunities of Small and Medium Enterprises (SME) in agribusiness.
- ➔ Subsidies must be targeted on investments of specified target groups in need to tap into agribusiness opportunities and limited in amounts and time. Facilitating access to microfinance, reduced interest rates or trainings free of charge are already subsidies. This means that subsidies are not only capital investments. Subsidies must be integrated into the economic profitability calculations and treated as an investment. There should be no subsidy without own contribution of the agripreneurs, and there should be no subsidy without monitoring & evaluation. Profits generated by subsidized capital investments must be reinvested in the enterprise. In the medium term, this translates in independence from such subsidies. Good governance will effectively enhance doing business and inclusive growth!

Large scale approaches, impacts and bridging the gap

- ➔ Referring to demographic challenges and slow development of industry, entrepreneurship appears to be option No. 1 for African family agriculture, youth and rural transformation.
- ➔ Standardized approaches such as Farmer Business School (FBS) allow large scale implementation. There must be enough room for customizing to other contexts if needed and they must be embedded in the value chains.
- ➔ Focus on problems and opportunities, social, economic and environmental relevance, validation by stakeholders, evidence on impacts and decentral access enhance uptake of such innovations. In addition, standardized approaches help to structure collaboration among partners including producers and to go for larger scale.
- ➔ Approaches of regional and global programmes of German Development Cooperation prove to be successful for over 3 million African smallholders since 2008. They build on public and private partner investments and are progressively taken over bilateral and national programmes, companies or other donors as shown during the innovation market. Nonetheless, much more scale, speed and African ownership are needed to bridge the gap for rural people and youth in need of incomes from (self-) employment.
- ➔ Instead of reinventing the wheel, scaling-up successful approaches saves time and resources. Adopters need to understand the full innovation process, success/risk factors and what it implies for adaptation.
- ➔ Success and further scaling depend also on developing networks of highly motivated professionals like those honoured as FBS pioneers during the conference. They have the same understanding of the standard approach across countries and give it as legacy to new African Master Trainers.

Creating (Self-)Employment

- ➔ Many opportunities for the creation of formal and non-formal (self-)employment exist on-farm, in processing, in off-farm services, input supply, logistics, mechanization, producer organizations and other - public and private - services. In this area there is a particularly high potential to involve youth e.g. in further processing, service provision with modern technologies, equipment or machinery.
- ➔ Labour intensive farm enterprises (perennial crops, livestock) and production techniques, raw materials of unique African origin and perishable products for processing offer more potential for employment creation and diversification and thus reduced migration. There may be trade-offs if mechanization is key for competitiveness.
- ➔ There are methods to measure/estimate employment effects achieved in value chain promotion. This is the basis for related investment analysis respectively evaluation.

- ➔ We must look much more into the non-formal sector because the majority of the target group operates there. For strategy design, resource mobilization and ownership, it will be useful to distinguish between different degrees of “informality” e.g. when it comes to taxation or levies from exports. In the structural transformation process, formal (self-) employment should increase while non-formal (self-) employment diminishes.
- ➔ Producer organizations, contract production and off-farm business services are key for value chain modernization and creation of formal employment.

Education and Skills Development as Investments for (Self-) Employment

- ➔ Formal education and non-formal (large scale) skills development are complementary. Formal education is frequently not an option because of insufficient resources and/or qualification due to social background. Informal and shorter term skills development addresses urgent needs of young people to find their passion, role and to achieve required technical, business and organizational skills for agricultural value chains. Provided at a lower cost at large scale, it is the option for the majority of rural youth that is less privileged in terms of school education.
- ➔ Orientation towards markets (products, services and (self-) employment) of formal education must be sharpened and curricula need to be adjusted as knowledge is the starting point. Formal education for agribusiness must become more practical and entrepreneurial as these are key aspects to enhance entry in the agribusiness. Combining formal education with practical training (dual system) is more effective and gives skills for better employability. However, pools of entrepreneurs for potential practical training would need to be created.

Forward looking and targeted agribusiness policies and related dialogue with youth

- ➔ Young people are voters and determine who is in power. Policy makers have thus an interest to offer participatory multi-stakeholder processes and to ensure implementation of agreed upon policies.
- ➔ A priori, youth does not have a vocation for agriculture. Youth is interested in agriculture having specific needs for support, incentives and enhanced access to resources. Entry barriers such as access to land and finance must be lowered. As mentioned before the right mix of education, skills development, infrastructure and incentives to make agriculture attractive for youth is a major policy challenge.
- ➔ Making use of the existing: Entry points for youth in policy dialogue can be national youth policies and/or national agricultural programs, platforms, networks. A common vision of politics and youth representatives is central for effective participation of youth in policy processes at different levels. Systematic participatory approaches are needed to this effect as ad hoc or temporary youth involvement in policy debates and processes results frequently in no or no clear outcome.

- ➔ There are few good examples for youth involvement in policy design in African countries. There is room to improve the current policy focus on graduates in favour of the majority of non-graduate youth in rural areas. Countries are responsible to implement, monitor & evaluate conducive youth policies (e.g. African Youth Charter) while AU and regional bodies assist. Effective progress in terms of outreach, cost-effectiveness and impacts appears still to be small and reported any way by less than half of the African nations.
- ➔ Scaling such policies and public support is a major challenge requiring policy makers' commitment, continuity across several terms of office. Policies of industrial countries with much higher proportions of older people may not be the good reference.

Youth getting organized for a voice and power

- ➔ On the micro level, youth groups form through self-organization and gain legitimacy through elected representatives and formalized structures in order to be able to influence political events at local and national level and to ensure implementation of policies. However, youth organisations themselves need support in their organizational development to grow and become stronger power-networks.
- ➔ Youth organizations need to strive for representativeness. This enhances acknowledgement from government at macro level and enables them to bring the demands of youth into policy processes.
- ➔ Youth organizations can provide mentorship, capacity development and information to their members to become successful entrepreneurs. They can cooperate with producer organizations, relevant training organizations or programs and be contact points for investors.
- ➔ Off taking and processing companies sector can play a crucial role in building / supporting these groups as they are interested in sustainable sourcing from young agribusinesses and farmers.

Digital approaches for agribusiness

- ➔ Digital approaches are interdisciplinary. Getting out of the typical silos of knowledge is thus key to successfully harness the potential information and communication technologies to disseminate knowledge and to drive African agribusiness for all generations of agribusinesses.
- ➔ Youth is particularly strong to harness digital approaches. They should receive support as users and as start-ups to this effect.
- ➔ Sustainable business models of digital solutions are crucial. For development cooperation this means, better to invest in competitive development of ideas, capacity development of start-ups and/or to cooperate with specialized companies instead of hiring consultants.

- ➔ Digital applications and services are on the rise. Specialized companies, initiatives and start-ups have informed the audience on Digital Farmer Services and digital monitoring of trainings (ESOKO, Ghana), the new FBSInnova application developed by AgroInnova (Ghana) and Smart Apiculture Management Services Ethiopia.
- ➔ The innovation market gave also room for digital media on GAP and healthy nutrition (www.ssab-africa.net) and on Processing of non-timber forest products and professional organization (ProPFE Cameroon) have been presented. The e-Extension via hotlines is implemented by ANADER, Côte d'Ivoire. These approaches complement analogue training and advisory formats and can literally contribute to change the image of agriculture in the eyes of the youth.
- ➔ Nonetheless, also here investments in communication and energy infrastructure in rural areas is neglected in favour of densely populated areas, another gap to be bridged.

Challenges of culture and society

- ➔ African societies do not have a positive perception of agriculture. This is induced by rural poverty, low attention from policy and reinforced by urbanization and links to other “worlds” through internet and social media. Globalization - this translates in an increasing disconnect of youth from agriculture and agribusiness. Latest since food crisis, it should be clear that this cannot continue.
- ➔ As mentioned before, the current focus of youth policies in agriculture is more on graduate youth and this seems to be led also by the intention to upgrade this perception. However, the majority of youth living and working in African agriculture is less privileged. They need appropriate support for their capacity development as agripreneurs or technical services providers (see large scale approaches to bridge the gap).
- ➔ Mass media and ICT will be most instrumental to communicate business opportunities, youth role models and success stories. Agri-preneurs, men and women of different ages and their organizations, should have the opportunity to witness that they invested, worked hard and became successful. Good success stories and role models get young people interested and can sensitize the society that food security for them is business for other compatriots.
- ➔ Thinking out of the box to harness media artists, subject matter specialist, journalists, and television appears to be at order. Even if not presented during the conference, it is worth noting the TV series Shamba Shape-up from Kenya (<https://shambashapeup.com/>): a most inspiring case for the African continent that hosts the world's second film nation, Nigeria, after India and before the USA.
- ➔ When it comes to continuity and modernization of agriculture, dialogue across generations has not been dealt much. To this effect, mind-sets need to change: (i) of youth to engage in agriculture and become serious entrepreneurs and (ii) of the older generation represented by parents and government to enable male and female youth to take part in policy and decision making processes as well as to access production factors and services.
- ➔ Developing succession process from one generation to the next before they become unavoidable is complex and sensitive in all contexts. In addition, a negative mental model of African agriculture as a

“non-profit activity” seems to be responsible for the fact that handing over of farms to young generation is not tackled in a proactive way. However, cases and approaches presented during the conference showed that well prepared handing over with “warm hands” protects the family’s assets and the legacy to the heirs. Pension schemes can be part of the incentive systems as in Germany. In many African countries, there are limitations of legal frameworks in the inheritance, customary laws are still to be considered. Successful farm handing over builds on entrepreneurial awareness and on exchange between the generations.

- ➔ Young graduates and young rural people on the ground are not connected. Linking up with producer organizations, the older and younger members, or becoming members may be approaches to work together. Business cooperation of young graduate agribusiness entrepreneurs with farmers and youth that had less chance for formal education, builds bridges, creates employment and consequently contributes to rural transformation.

Impressions from Innovation market



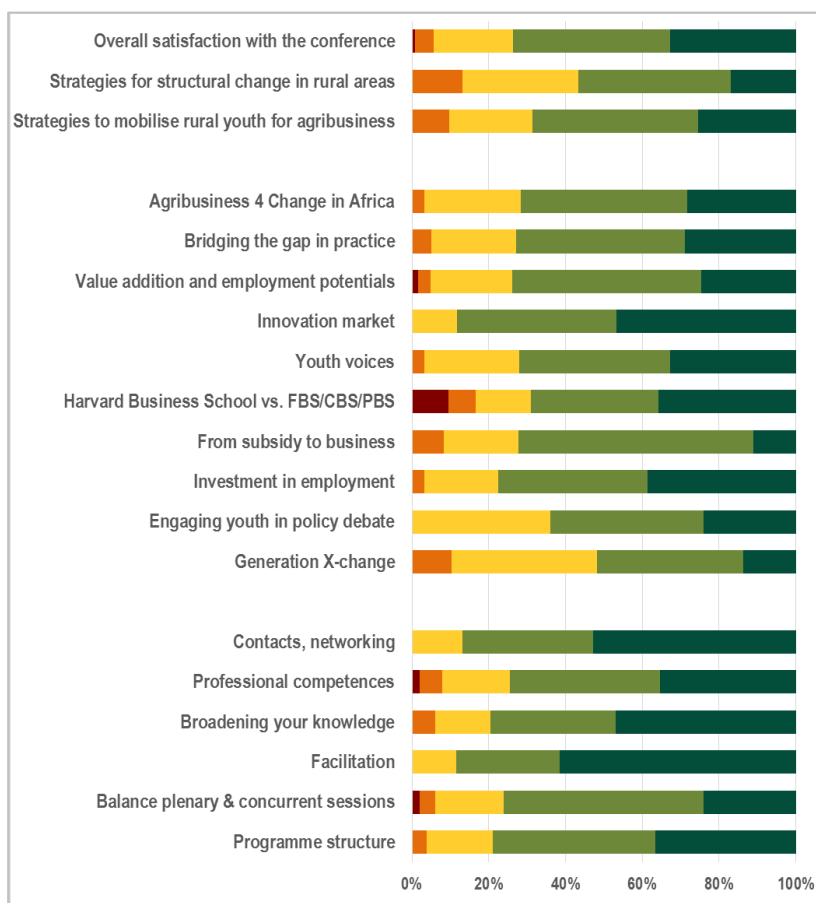
Evaluation of the conference



The evaluation was organized with the Conference Application. The overall satisfaction is very good (79% polls satisfied or excellent satisfaction).

The innovation market was the programme element with the highest satisfaction (88%) followed by Vision Lab C: Investment in Employment. Except the session on Generation X-Change all other sessions have received full satisfaction scores higher than 60%.

Level of satisfaction



Field trips: Pictures and voices

The conference program was rounded off by four different field trips in various regions. The first field trip was to **Arsi Zone** which is located south of Addis Ababa. A **pasta and biscuit processing factory and an ART technology workshop**, which set up a business to employ local youth, were visited. The participants also exchanged with members of a seed producing cooperative.

The second field trip also went to **Arsi Zone** but visited a **FBS training**, exchanged with the trainer about the training and talked with youth groups about their business model they just developed. This model involves the production of biscuits, pasta and bread to create income in Asella Town from locally sourced wheat. The last stop on this field trip was the visit of a Farm Service Center and the participants exchanged with the owner and employees on the offered services of the company.

The third field trip went to **Dano in the West Shoa Zone**. Here a holistic project approach was visited that included the **production and processing of honey, beeswax, cattle fattening, feed, niger seed and niger oil**. Furthermore, the group exchanged with producer groups who deliver the processing centre.

The fourth field trip went to **Soda Woreda in Gurage Zone**. In the morning a **FBS training** was visited, followed with an exchange with the farmers. Here the added value of the FBS trainings became clear. The farmers recognized the difference to GAP trainings, as they now understand the reason of higher input costs and can evaluate these now through FBS. The trainers also confirmed that before FBS trainings the farmers do not see farming as a business, business is only seen outside of agriculture. The on-going discussion on mind-set change during the conference could thus be observed directly on site by the farmers after FBS trainings. Last stop at this field trip was the visit of a **modern irrigation project** on community land that involves actively whole families with their youths.



Acknowledgements



We are grateful

Your support and contributions made the conference possible

Federal Ministry for Economic Cooperation and Development (BMZ)

Ministry of Agriculture and Natural Resources of Ethiopia

Agricultural Transformation Agency of Ethiopia

German Embassy to Ethiopia and African Union

Ethiopia Team of Global Programme

Green Innovation Centre for the Agriculture and Food Sector

All programmes, organizations and companies that sponsored participants and were present at the innovation market

Speakers, panelists and facilitators in order of appearance

Ka Wallah, Strategies!, Cameroon
 Mark Fynn, GIZ CAADP Support Programme
 HE Brita Wagener, Ambassador of Germany to Ethiopia
 Esayas Lemma, Ministry of Agriculture and Natural
 Resources Ethiopia
 Yemi Adeyeye, YPARD
 Dr. Godfrey Bahigwa, African Union
 Magnus Schmid Green Innovation Centre Ethiopia
 Helene Widmer A4SD-ComCashew
 Yasmin. Kumi Africa Foresight Ghana
 Audrey Lagauche, Touton S.A. France
 Nabil Kesraoui, Zitouna Tamkeen, Tunisia
 Eshetayehu Tefera, ATA Ethiopia
 Adenike Tinubu, Eagleson & Nito Concepts Ltd Nigeria
 Koffigan Kpevon, FUPROCAT, Togo
 Patrick Ofose Agyemang, AgroInnova Ghana
 Abrhame Endrias, Green Agro Solution PLC, Ethiopia
 Mariam Samake, GIZ Mali
 Maness Nkhata Ngoma, LAPE Ltd. Malawi
 Dr. Stephen Oluseun Adeogun, Fed. University of
 Agriculture Abeokuta, Nigeria

Priscilla Asare-Danquah, Ghana Cocoa Board
 Ekundayo Mejabi, Nigeria
 Ruramiso Mashumba, Zimbabwe Farmers Union
 Prisca Raharimboahangy, Symrise Madagascar
 Dr. Uli Sabel-Koschella, GIZ Germany
 Gabriel Litunya, Kenya
 Benson Nyariaro, ENABLE Youth, Kenya
 Nicole Bolomey Andreas Hermes Academy,
 Germany
 Firmin Ayemou, Côte d'Ivoire
 Hanspeter Schwär, Economic Counselor, BMZ
 Dr. Chimdo Anchala, ATA Ethiopia

Logistics and administration

Mr. Palesch, GIZ Country Director & Team
 Magnus Schmid, Laura Guevara;
 Inge Baumgarten, Dorothe Nett, Lisa Hollich;
 Ute Peters, Yoseph Brook; Angage, Germany
 Zacharias Abubeker, Seven Communications and
 Interpreters from PSITS, Ethiopia
 Capital Hotel Addis Abeba

Are you already a member of our FBS&Co community? If not, please register: [FBS&Co – Agribusiness approaches for rural transformation](https://www.fbs-co.org/)

Editorial

Published by the

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Sustainable Smallholder Agri-Business Programme (SSAB)
Farmer Business School Advisory Facility

Registered offices Bonn and Eschborn, Germany

Friedrich-Ebert-Allee 40
53133 Bonn
Germany
Tel +49 (0) 228 44 60-0
Fax +49 (0) 228 44 60-1766

Dag-Hammarskjöld-Weg 1-5
65760 Eschborn
Germany
Tel +49 (0) 61 96 79-0
Fax +49 (0) 61 96 79-1115

FBS-Facility@giz.de
www.giz.de | www.a4sd.net | www.ssab-africa.net

As at June 2019

Design, information
graphics and layout Annemarie Matthess, Susanne Kempf

Photo credits Zacharias Abubeker, Seven Communications

Report by Annemarie Matthess, Veronika Kling, Daria Hasse, Susanne
Kempf, Charlotte Chirimuuta, Minnie Balep

GIZ is responsible for the content of this publication.

On behalf of the
German Federal Ministry for Economic Cooperation and Development (BMZ)