

# Fast-track fund for food security

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Many African countries are farming countries, where agriculture is both a major component of gross domestic product growth as well as local employment and food supply.



A special fund has been set up by the African Development Bank to fund farming ventures. Image: [Code Innovation](#)

Yet food security is a big threat in Africa. According to the African Development Bank (AfDB), despite its huge agricultural potential, Africa still imports US\$30bn in foods annually and large segments of its population suffer from chronic hunger.

To try to address and enhance food security the African Development Bank Group has set up and attracted donors to the Agriculture Fast-Track Fund (AFT). It recently announced two new grants, awarded to agribusinesses in Côte d'Ivoire and Tanzania.

"These awards are a demonstration of the extent to which African countries and their development partners will go to propel the African agriculture transformation through enhanced development of agribusinesses in a manner that is more consistent with

how business and investors really work," says Chiji Ojukwu, director of agriculture and agri-industry at the AfDB. The Bank administers the fund.

"Current donor pledges to the AFT stand at US\$26,8m," the Ojukwu says. "The main supporters are US Aid, the Swedish Agency for International Development and the Danish International Development Agency. The aim of the fund is to enhance food security by assisting Africa's agricultural sector to "transform innovative ideas into bankable investments", Ojukwu says.

## Co-operatives receive US\$552,000

The new grantee in Côte d'Ivoire is the National Federation of Food Production Co-operatives, a grouping of 11 food and agricultural co-operatives. It plans to increase members' food production through investments in drip irrigation systems and to improve the marketing of this higher output with new fresh produce handling and food processing facilities. The co-operatives are receiving US\$552,000 to cover the cost of the initial preparation.

Darsh Industries, the second new grantee, is planning to set up a new tomato processing plant in Iringa, Tanzania. Daily processing capacity will be 150Mt. It says the factory will buy tomatoes from local farmers, who often struggle to access markets. In the past, lack of markets resulted in spoilage and market gluts that in turn led to depressed prices.



Food security remains a major issue in Africa. Image: Wikispace.

Darsh Industries says apart from purchasing from local farmers it will also offer extension services to farmers. It will receive US\$221,000 for preparatory work, including an environmental impact assessment.

Just over a year ago the first two grants were made, and according to the AfDB these businesses are running successfully. They were to Fruiteq SA, a mango processing plant in Burkina Faso aiming to export to Europe, and Eden Tree in Ghana, a woman-owned fresh produce distributor.

## Spoilage rates can be reduced

Amadou Ba, agricultural economist with the AfDB and team leader of the AFT, says the project will fulfil a number of needs that in the end will reward all stakeholders, from small farmers, agribusiness owners and donors to investors. He believes this will be through helping to establish value chains, storage and packing facilities, food processing, transport and the roads required to move goods within nations and across borders.

"As it now stands, high spoilage rates and the inability to transport produce from within the country or for export, means that more food insecure nations are unable to benefit from the production glut in neighbouring countries. Rice in Côte d'Ivoire, for example, could be exported to the Sahel region instead of spoiling because the market isn't big enough to absorb it locally. This will decrease post-harvest losses and the surplus can then supply neighbouring countries," Ba says.

Investment experts in SA have also spotted the potential for agricultural developments in the rest of Africa. Hywel George, director of investments at the Old Mutual Investment Group, has this to say: "The prospects for the continent of Africa are astonishing over the coming two decades, investing in long-term real assets - for example, agriculture - will yield great returns for the patient investor."

Source: Financial Mail via I-Net Bridge

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