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African Agribusiness on the Move

EDITORS' INTRODUCTION

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It is said that Africa only experiences two seasons, wet and dry! The wet season is anticipated with both hope and anxiety. If the rains do not come, it can spell a very long and difficult dry season. When the rains do come, vegetation, birds, flying ants, and of course, the bullfrogs celebrate. The greeting among Sotho communities in Southern Africa reflects this. "Pula! Nala! Let it rain! Let there be bounty!" Nothing beats the smell of coming rain, of wet soil responding to raindrops. It reflects hope.

Like the rainy season, this decade is a similar time for Agribusiness in Africa. Hope is in the air and we anticipate the start of a coming new season of bounty. African Agribusinesses are on the move! Pula! Nala! Agribusiness succeeds when there is strong and growing demand. Eighteen months ago, the Economist coined the phrase "Africa Rising: The Hopeful Continent" to reflect a decade that will see personal incomes rise by over 30%. The agri sector has struggled to meet the growing demand of an affluent consumer class and Africa needs a vibrant agribusiness industry, well oriented to produce efficiently and effectively.

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The World Bank and the United Nations are among those who have pointed out that the agricultural sector can have the biggest impact on reducing rural poverty; therefore it's a developmental imperative that growth occur in this sector. The World Bank's report "Growing Africa: Unlocking the Potential of Agribusiness" (March 2013) suggests that by 2030 the food market on the continent will be $1 trillion. This will be driven by the anticipated rapid urbanization of the continent, as for the first time more than 50% of Africans will be living in cities. McKinsey's "Lions on the Move" (June 2010) also suggests that there will be over 128 million African families with discretionary income by then. The impact of this will be a change in how food is consumed on the continent, the form in which it needs to be available, and the places it will be sold.

The entire agricultural system will need to adapt and respond to these fundamental changes. Markets for inputs such as seeds, fertilizers, and agrochemicals will be needed to meet increased demand as producers adopt modern farming approaches and respond to the need for more food to be produced per hectare. Research into new varieties and production practices can ensure that African staples such as maize, sorghum, cassava, plantains, sweet potato and yams can be produced at optimal levels. Producers will also need to respond to the mechanization challenge. How do we take sophisticated technologies and adapt them to the African context?

Food processing will move from the home to organized factories and modern warehousing facilities as a response to urbanization. Are companies stepping up to this challenge and changing the game? The need for better processing facilities has no better demonstration than the quantity of post-harvest losses in Africa. The "last mile" of distribution for food and food products will also experience a radical change, with supermarkets or more formal trading facilities taking over from wet markets and traditional distribution networks.

Is the agribusiness sector geared up to respond to this opportunity? Do we have the requisite strategic thinkers, business leaders, entrepreneurs, skilled personnel and implementers on the continent or those willing to invest in Africa? Can African and outside investors in Agribusiness overcome the GLIMPSE factors that have made African business success so difficult in the past? This Special Issue of the IFAMR offers examples and case studies showing that progress is being made in the right direction.

Retailers like Woolworths are expanding their offerings while focusing on building sustainable supply chains. At the same time, primary producers like Rugani carrots are redefining how fresh produce is grown and delivered to highly urbanized markets. African Agribusiness is on the move and continues to be responsive to the changes and the growing opportunity in the food sector.

Exporters of commodities like the Oromia coffee cooperative (Ethiopia) and HomeVeg (Tanzania) are proving the point that even export-orientated value chains still have a significant role to play in supplying global markets that continue to experience growth in the demand for responsibly produced and unique products.

Global companies are also taking the lead in adopting their business models to respond to uniquely African market conditions, with much success. Others like Irvine's (Zimbabwe) and Zambeef (Zambia) provide interesting templates of how African companies may build a solid business in the midst of complex market conditions by being responsive to local consumer demands and leveraging global expertise. This example is also similar to the experience of the Ugandan fish processing business Kati Farms which has responded to a need by producers for a differentiated outlet for their fish production.

There is a lot to learn and a lot to share in this unfolding story of African Agribusiness on the Move. To paraphrase the United Nations, "scaling-up agribusiness in 2014 will be Africa's next growth frontier," increasing incomes, increasing productivity and reducing waste. Businesses freed from restraints defined by GLIMPSE factors can be a force for positive change, making it possible for Africa to produce food efficiently and cheaply and therefore feed itself and perhaps feed the rest of the world as well.

This Special Issue provides plenty of evidence of that progress. We have compiled cases from across the continent, experiences from West and East Africa, insights from the South and Central Africa, written by entrepreneurs, academics and development practitioners. These cases are real companies overcoming real challenges, successfully. These stories deserve to be told but also they provide a road map for others waiting for the rains to arrive. Pula! Nala!