

Developing enhanced agricultural value chains in Africa

Yuna Choi

So hello, dear participants, once again, welcome to today's event virtual round table webinar with the Singaporean private sector developing enhanced agriculture value chains in Africa.

Thank you for taking time out of your busy schedule and being here with us today. So today we will be looking at the following order. So first, the welcoming, and opening remarks, and second, the presentation by Mrs Toda, Director of Agricultural Finance and Rural Development.

At the African Development Bank and third open discussion, which will be moderated by Mr Amit Jain, Director of NTU-SBF, Centre for African Studies.

So now we welcome Dr Takashi Hanajiri, Director and Head of African Development Bank, Asia External Representation, to deliver his opening remarks. The floor is yours, Mr Hanajiri.

Takashi HANAJIRI

Thank you, Yuna. So distinguished Singaporean participants, my dear colleagues of the African Development Bank, ladies, and gentlemen. Let me say, a very warm welcome to all of you. Joining this special event, co-organized by the Asia External Representation Office, African Development Bank, AFDB. The Nanyang Technological University NTU, Singapore Business Federation's SBF Centre for African Studies.

This is Takashi Hanajiri. Head and director of the AFDB, Asia representation office. Currently, I'm now on a mission in Abidjan, the economy, capital of the Republic of Cote d'Ivoire, where our headquarters is located.

The African Development Bank Group is Africa's premier development finance institution whose main mission is to spiral sustainable economic development and social progress in its regional member countries. There are now 81 member countries. It consists of 54 African countries and 27 non-region or member countries, including 4 Asia member countries, namely China, India, Japan and Korea. Our bank has 40 offices in Africa, and there is one sole external office outside the African continent in Tokyo Japan, where I'm stationed and serve Asia member countries.

I'm delighted that despite these challenging times the AFDB maintained its triple-A ratings, with a stable outlook by all three major global credit rating agencies, Moody's Standard and Poor's and Fitch rating, against the backdrop of.

The rising concerns about the global food crisis, the issue of how to rapidly enhance food productivity in Africa has become an important one. Singapore had a very successful experience in economic development and the emergence of the private sector, which provides a good template for African countries to learn from. And we hope that all Singaporeans, including the private sector, could participate in Africa's development.

Foreign direct investment from Asia has steadily increased from 5% in 2002 to 23% in 2018. While China makes up for almost half of the Asian foreign direct investment in Africa, Singapore is also a major player, investing from 19 billion US dollars, by the end of 2017. To 31 billion US dollars in 2020. This is an encouraging example enterprise in Singapore, the government agencies championing business opportunities between Africa and Singapore notes that, despite the Covid-19 pandemic enterprise Singapore's overseas centres in Accra, Nairobi and Johannesburg have seen interest grow from Singapore companies to diversify the overseas market presence and look for us.

The African continent as a potential growth point for their businesses just from enterprise Singapore's recent edition of the Africa Singapore Business Forum held in 2021. Where our president Dr Akinwumi Adesina also represented the AFDB. The Africa team notes that they allow over 100 Singapore

companies in Africa, a number that has doubled since the last edition of the forum in 2018. It shows great foresight on how well Singaporean enterprises recognize Africa's potential. There are many areas of expertise, such as agriculture, healthcare, infrastructure planning another development that Singapore has proven to excel.

Africa and we the AFDB, have been and remain open for businesses. I hope this very first time, of the webinar with Singaporean partners precisely that cooperation in the agriculture sector, will provide both parties with very good starting point of a long-term partnership. Last but not least, I would like to express my sincere appreciation to Mr Ranveer Chauhan, Chairman Board of advisors and Mr Amit Jain, Director at NTU-SBF Centre for African studies, colleagues at enterprise Singapore. And our agriculture, finance, and rural development department, led by Director Madame Toda for all the time and efforts. They have contributed to the strengthening, the relationships between Singapore and Africa, thank you very much for your kind attention, merci beaucoup. Over to you, Yuna Choi.

Yuna Choi

Thank you very much, Mr Hanajiri for your very encouraging remarks. Thank you so much, so now, I would like to invite Mr Ranveer Chauhan, Chairman Board of advisors at the NTU-SBF Centre for African Studies to deliver his opening remarks, Mr Chauhan, the floor is yours.

Ranveer Chauhan

Thank you, Miss Choi. My name is Ranveer Chauhan, I am the chairman of the Advisory Board of the NTU-SBF Centre for African Studies. It is a collaborative think tank and a research house that we set up with a partnership between the private sector and the public sector, more than 10 years ago in Singapore. The idea of the Centre is to serve our business community with current and relevant research related to the economic realities and the business opportunities in Africa.

Over these years, we have realized, we have got enough interest in the Singapore business community. For the focus in Africa, and specifically the food and equity sector.

If I were to start naming the five private houses that were the leading contributors to setting up the Centre for African studies. Four of them are directly into food and Agri production and valuation and one of them is a specialist in logistics, also related to specializing in African logistics and African agriculture produce logistics. So we do have enough expertise in Singapore, yes, in percentage terms.

I realized that Singapore's commitment to Africa, compared to its commitment elsewhere is smaller but like Hanajiri san just highlighted. It was still \$19 billion, just two years ago scoring up to \$30-\$31 billion today. Singapore is hugely interested in Africa and in the agriculture and the food sector. In building up its own diversity of supply and its own expertise and experience in the food and the Agri supply chains. Singapore finds Africa to be offering wonderful opportunities for its private sector players, we have private sector players not related to agriculture also committing projects in this space.

So I look forward to the conversation today. I'm very happy and very thankful for African Development Bank for choosing us as a partner for this forum and a webinar today, we do believe that our research, especially partnering with researchers and institutions across Africa brings a lot of value, not just for our own community of business and corporates in Singapore, but also, is potentially bringing huge value for other businesses in other regions.

Miss Choi with this, I would like our director, a very dynamic director for bringing together this session, as well as I'm seeing the invitees in the webinar today. Many of them having, a special capability in this sector, and specifically in Africa, and also the corporates that they work with, I look forward to listening to them and having diffuse. Thank you.

Yuna Choi

Thank you very much, Mr Ranveer Chauhan for the some meaningful and also insightful remarks so yeah, I also look forward to the open discussion session with distinguished participants.

So let us move to the next part. I welcome Miss Atsuko Toda, Director of agriculture, finance and rural development at the African Development Bank to deliver her presentation on the investing in Africa focus on agribusinesses, enhancing agricultural value chain resilience. Director Toda, the floor is yours now.

Atsuko Toda

Thank you so much, Yuna Choi and thank you, Dr Ranveer Chauhan and also Director Hanajiri. I really, really appreciate this opportunity to discuss and also listen to the participants. I know we have a list of participants and also, I saw that a number of those are companies that are already working and very powerful in Africa. So the idea today for this presentation is just to be a fire starter. Bring up a number of issues where we really like to get your inputs. Ultimately as Dr Chauhan was saying, the idea is to bring Singapore closer to Africa and Africa closer to the world.

We see and hear about the 31 billion investment, the dynamic Agribusiness sector, and we know that we can do a lot more together so with that I just like to ask us to start. The next slide please. I would like you to just focus on the African continent before covid. This is a slide which was prepared by our department of industry and trade and, as you can see on the African continent we talked about Africa as one continent, but actually it is a set of very different countries, very different markets. And in that context, what we see is that household consumption and household consumption is absolutely critical to highlight because everybody eats food. By 2030, a household consumption is expected to reach 2.5 trillion US dollars. Much of that is been, what's been in three countries, Nigeria, Egypt in South Africa. So these are the countries that are in the bunch of continental leaders. Those leaders also include Morocco and Mauritius, but we see a number of bright spots and rising stars, and these include in the north, Algeria and Tunisia in the West, Cote d'ivoire, Ghana, Senegal in the East, one that, if you like, Uganda and Kenya it's very, very interesting to note that there are different speeds of industrialization and different speeds of growth, and I think when we are looking at investments and quarters, this is important to keep in mind. Next slide please.

So during the covid period. There was a there was a lot of impact on agribusiness and what became very, very clear is that logistic disruptions are hugely challenging not only for Africa, but the entire world, and it was particularly hard on those African countries that mainly rely on food imports. This also, at the same time provides an opportunity for growing local agricultural production and food processing in Africa. The pandemic triggered an increase in inflation, which we see today still and has caused a number of disruptions in the food supply chains. That many African countries' leaders and companies have started to think about. In the medium term, we believe that this has triggered a thinking around supply chain resilience, which is one of the topics that we would like to get more of your inputs today. Companies looking at more storage, at more local sourcing and then the importance of promoting local production and productivity. Next slide please.

Post the covid crisis. While sub-Saharan Africa was on a slow but steady economic recovery, the Russia Ukraine crisis is prompted again another surge in commodity prices and setback recovery for many African countries. What is this surge and prices may be good for some large commodity exporters. On the whole, rising commodity prices are really undermining, already weakened fiscal balances, particularly for food-importing countries and food inflation has the greatest impact on. The most vulnerable populations and this is the main concern of the Development Community.

Also, this rise inflation does not seem to be going down because a large logistic disruptions route will remain for a while longer so. I think that Singapore having much experience when it comes to Agri processing, but also the strength that it has in logistics is very important for us to learn, learn from. In the medium term, what we are seeing is that higher fertilizer and oil and food prices will increase the cost of producing, of harvesting, of transporting and processing food. And then will continue this upward pressure on prices.

So one of the things that we'd like to discuss today is, how can we create this well-functioning agriculture and Agri food sector, which is so paramount for African countries and how do we actually focus on creating these regional value chains, which contributes to the growth of the sector. Next slide please.

So, as you see in this slide there are a number of important and interesting statistics. By 2015, we see 2.5 billion people living on the continent. And, as many people know that there is a growing middle class, growing urbanization which changes dietary preferences to more. Affordable and accessible food. Today, the total food market, and I know the people around this room would probably know much more concisely than I, is roughly at 300 billion, what we see is that will grow to a trillion, and that actually the high, the demand for food will rise by more than 60% as population increases, so, as I mentioned earlier. Fast moving consumer goods, particularly food will always have a demand when populations are growing this fast. I think another interesting statistic with regards to Africa is the intra-African trade, which is increasing, I know that most of us have heard about the African continental free trade agreement. We see that the food intra African trade while most of it is, a lot of it is informal it continues to grow.

Number two we're seeing that exports, the share of African every food exports that has gone to the African Union is decreasing solely while exports to other markets, including Asia, China, India is increasing. So this reconfiguration of also these value chains are really something that is coming out strongly. Next slide please, meanwhile, as these value chains, regional value chains grow local markets grow. The need to actually enhance the supply has been, is greater than ever. We have talked about the potential, that Africa has 65% of the world's uncultivated arable land, however, due to low productivity and minimal value addition. The agricultural sector, on average, only contributes to 25% of Africa's GDP. So productivity is growing, but not growing fast enough to keep up with the populations and imports continue to grow.

We have different estimates for these imports, but we estimate anything between 75 billion growing to 100 billion so investing in transport, telecommunications infrastructure, improving access to fertilizers, and agro inputs bundling those with aggregators who can reach out to farmers and increasing our end should be at the top of national agendas, and this is what we're seeing that more governments are much more conducive to private sector.

And just last week I was in Ghana, as part of the annual meetings and one of the fruit juice companies that we saw there is trying to do juice that is longer shelf life but with fresh fruit, instead of using concentrate. Again there we saw that they use 10 acres per day of supply and it is ever so difficult to keep the factory moving, so the question, there was not about demand, but really increasing supply, ie productivity and more precision agriculture. Next slide please.

So, to address the infrastructure gap one of these flagships of the African Development Bank are these special agro industrial processing zones. These are hard and soft infrastructure zone, set up in rural areas, much closer to where production and market surplus is available we've learned so much over the last three or four years, some of these lessons have been extremely difficult, However we are continuing to drive as African countries, one after the other aspects, how do we support them and agro-industrialization I have on the right hand side a couple of questions that we've learned ie that it needs to be in line with government policy, ie have very strong political support from the top, which many times, we can get.

Number two, to have private sector. Early on, to be able to drive the design and also to have the specifications of the private sector very clear, a very clear demarcation of onsite off site infrastructure.

Public Private really clear demarcations, but this is where we really like to see more companies both local and international investing and the idea of these special industrial processing zones was really to have anchor tenants, one of the things that we're finding is that we have to set up many more SMEs from the local economy and also ensure that there is private sector management of these zones. Next slide please.

This slide basically shows where we are working on these special agro industrial processing zones. In the last three years, we have processed all together with co-financing. 1.5 billion worth of financing for

these zones, the challenge which I put to you today is that not all of these zones are working as quickly as possible, as we had hoped. Because of the fact that we need many more private sectors in these zones, but all of these zones are, can be anything from 10 to 50 to 100 million that we've invested with co-financing and you'll see across the region, we have Mali, Senegal, Guinea, Ethiopia, Togo, Cote d'Ivoire, Madagascar. Another site in Madagascar just got approved yesterday, Liberia eight sites. Nigeria, DRC, Tanzania, unfortunately, was postponed, but Mozambique, Mauritius, South Africa, Zambia. These zones are definitely areas where we feel we would like to work closer with private sector and we'd like to set up zones with you even new ones, to be able to push the agenda forward as so many countries have requested. Next slide please just to highlight, because I know that Singaporean agribusiness companies tend to be larger in scale and more financed, will have more financing capacity, when we look at the structure of African markets, the majority of companies in Africa are small and medium firms and many are informal. 65% of food supply chains are delivered by Small Medium Enterprises, so the question then becomes, how do we support the ecosystem, how do we connect to local business. And I'm sure that you have different examples of where you've done that already.

The power of Agri SMEs is that they're all throughout the value chains, from production to wholesale to transport to warehousing to cold storage and they provide 70% of formal employment, so a very important sector, but very little finance, and this is where we're looking at ways to see how we can finance these SMEs, and in that context. We have just set up a catalytic financing mechanism with the government of Canada to support. Right now, it's a fund of 100 million, but we'd love to see with Singapore what could be done to support better, and we also see that we can do a lot with the private sector. Final slide please.

The final slide just speaks to the full suite of financial instruments that we have in terms of being able to support companies. You have everything from debt guarantees equity trade finance technical assistance, of course, I know that a number of companies already have these kinds of instruments to be available. However, as you expand your markets as you create partnerships, we'd really love to see how we can partner in with any of these instruments or in terms of our sovereign support that we can provide, I think, for us to be able to find ways to better support and work with you will only be the best solution for Africa, so with that.

The final slide please. I just like to thank you for your time and really look forward to a very active participant your active participation in the discussion. Thank you so much.

Yuna Choi

Okay, thank you, Director Toda for this very insightful presentation. I hope all our participants now have some good information about the African food markets with statistics and also the African Development Bank Special Agro-Industrial Processing Zones called SAPZ. And also promotion of SMEs and financial instruments in Singapore, to help make the recovery in the African continent more durable, despite the Covid-19 and ongoing Russia-Ukraine conflict. So let's turn to the open discussion session, so I will now pass the floor to Mr Amit Jain, Director of NTU-SBF Centre for African Studies to moderate the interactive session, Mr Jain, the floor is yours now.

Amit Jain

Thank you, thank you Yuna, thank you Toda san. Welcome everyone now very pleased to be hosting this virtual round table with the African Development Bank, I think what Director Toda presented today should get a really make us sit up and take notice. What Africa faces today is nothing short of an emergency, there's really no other way to put it. Throughout Africa food prices are at least 34% higher than last year price of wheat is up 44% since the Russian invasion of Ukraine.

Maze is 31% more expensive, corn 22%, eggs 45%. In Nigeria, the average price of 50-kilogram bag of rice is 27,000 naria. That's almost 18% higher than what it was last year. A basket of tomatoes cost 10,000 naria, 12% higher. Similar story for beans, cereals and other commodities and no one would imagine that that. The high prices should you know be good news for the farmers, not really the case. As oil and gas prices go up so does the cost of transported input. A small bonus struggled to get the

produce to the market, they can't afford fertilizers, it has become three times more expensive. Input cost in fact increased far more rapidly than price produce, making agriculture practically unviable.

When household spend as much as their income on food, such pressure means that cutting down from three meals, a day to two, it means giving up on a healthy diet. Food and fuel drives rise will increase poverty and with that with poverty and hunger are on the march once again. For 25 years, extreme poverty was steadily declining. Now for the first time in a generation, it is on the rise once again. 30 million Africans were pushed into extreme poverty last year when they encountered the pandemic. Now the conflict in Europe could push another 2 million into extreme poverty, and this does not even take into account the impact of global warming.

If, urgent action is not taken now, it may be too late. Ladies and gentlemen, 250 million Africans go to bed hungry everyday Food insecurity could erase the economic gains made by African in recent years. It would lead to instability conflict and displacement on a scale difficult to imagine. It is time to transform the food system, as we know it, make it sustainable, affordable and economically viable.

Clearly, the African Development Bank cannot do it on its own, it needs the active participation of all the actors in the agriculture value chain to work in partnership that's why this discussion is so important. Once again, I'm Amit Jain, Director of the NTU-SBF Centre for African studies here at the Nanyang Business School in Singapore let's get started, so what I do is I will prompt some participants with names others I may not, but if you do have a question or an intervention to make, just raise your digital hand using the reactions button and Yuna and the team will let you in.

So on this Roundtable we have approximately 30 participants representing agribusiness, fmcg companies, commodity trading, financial institutions, academia and even energy. We're trying to accommodate everyone's thoughts, but in the event we've run short on time or unable to do so, please, please feel free to reach out separately later on.

So let me start with perhaps the most urgent need right now. African farmers urgently need high quality affordable seeds fertilizers and input. What is the Bank are doing to address that, if I can put that to Atsuko Toda and then how can input suppliers who are here in this discussion, so if you represented here maybe you can help with that. So Toda san.

Atsuko Toda

Thank you, Dr Amit, and thank you so much, I think that was a very powerful kind of segway.

We have just approved in the African Development Bank, the African emergency food production facility of 1.5 billion US dollars. This financing is really for three pillars seed fertilizer and policy to enhance production, almost all African countries are making requests now to access that financing, knowing that Dr Amit, some of the challenges that you mentioned, need to be addressed. This will be provided through government request, but, of course, for all these agro inputs, they're very active seed markets, as well as fertilizer markets in African countries, thank you.

Amit Jain

So food prices are rising, not only due to supply disruptions, but also by the propensity of many governments to import, export bands. And if I can be very blunt about this, some traders are taking advantage, the quantity of supplies, locking in contract some even engaging holding that this is making a bad problem worse. Would anyone like to take a stab at how we can fix this market failure? Perhaps those from the industry would be best suited. I see Srivathsan from Olam here in the discussion.

Venkataramani Srivathsan

Thanks Amit. Well, you really put me in a spot with a very difficult question.

First of all, thanks to you know the AFDB for initiating this dialogue and also thanks, Madam, for a very insightful presentation, but really to the point.

Probably Amit, I will take your first question also I was expecting you know some seeds of players to come forward and probably discuss so I'll take both together.

Because the first one is really important, extremely critical, and you are absolutely right that the input prices have risen disproportionately than the even the output prices, so that has making forming extremely difficult and unbearable if it is not handled properly.

The AFDB yes, you know so being a financial development financial institution they have the first one to come up and set up that approved that facility, which is a huge shot in the arm for many African government, but the real issue is, you know financing is yes.

Nothing moves without finance, so financing is critical, but the key challenges is the distribution, you know the seed and the input distribution has always been a challenge in Africa across Africa, even on normal days. Not very many governments have got it right and not many, many people have you know. The policy so that's one of the reason why the productivity in Africa is probably the bottom. It is because the improper you know the farmers don't get the fertilizer for the seeds, the right kind of seed on the fertilizer when they need, you know you don't.

There was no point in having the fertilizer and you know, go down on procuring it, but if a farmer is planting a paddy, for example, he needs the fertilizer on time and before you know the paddy grown. If it is just even delayed by couple of weeks, then it's of no use and that's the big challenge. Unfortunately, that has become even more complicated with all the supply chain logistics disruption globally, you know fertilizer movement into Africa, it is a universal problem, and it has become even a larger issue now, but that anyway, you have to grapple with it, but the issue is, I would urge the local governments or the players into really on an emergency basis put in a localized distribution, efficient distribution system. And really to ensure that the financing the healthy governments to the industry players to procure the inputs and ensure and the local industry players, along with the local authorities to really governments too, to ensure that it reaches the former on time and they need, I think that is one of the critical challenges and not many people I see them.

You know, talking about it, and that is, to me, is very critical. The second point, you know the traders what you raised, is a critical issue but if you look at the history, this is a trader is always will always be a trader Okay, so the, I'm not saying I'm not justifying that the trader should make a kind of take good advantage, use this extreme situation to their advantage, but then we've seen that happening in the past, also, if you read the history, so the key is what is said, you know how again it comes back to what is it in each of the country, each of the government, each of the industry players. So how do they really how efficient is the supply chain, what if they are you know that you know the, I know, many government buffer stocks and you know this is I am really narrowing my discussion to the food grains and you know what you talked about wheat and some of the stuff we just can't, which is a day to day, a need for the common man and that prices have soared in the last recent months, so the critical issue is really on an emergency basis, the governments have to intervene and do some G2G. You know, I mean in terms of procuring, and that is one that is a that's not sustainable that's not long term that is goes against the you know, free open market principle, but today we are on a crisis, so that is the only way to really directly address that trailer speculation, you know hoarding issue which you spoke about, and some of the large governments are already doing it, but I'm sure.

Here again, every institution like AFDB can facilitate that and especially for some of the countries which have, will not be able to negotiate, you know, in terms of financing or whatever it is, so that is one powerful way of really making a gift if suppose if you know traders hoarding say a wheat or rice and a country like Nigeria I'm just giving some big example directly talks to their traditional import countries like India or this one and they're very news that G2G deals can happen can really dissuade the traders from hoarding and ensure that the distributor they release it to the market, whatever they are hoarding.

The other issues relating to the price wise disruption, those are real, you know we cannot do anything at this hour, but this one, I would urge I would expect from carriers. Africa is a continent and all the

stakeholders involved, take this as a wakeup, huge wakeup call and really refocus our remedies and this one in really increasing and doing the basics and increasing the production, the productivity and make Africa as a continent self-sufficient in for production.

Amit Jain

Thank you Sri. Toda san, would you like to respond or is there something that you might want to add?

Atsuko Toda

Thank you so much Dr Amit and thank you, Sri and thanks for all the work that Olam does, it's fantastic and really I think in terms of bundling services and getting agro inputs to the farmer on time as an off taker. You know the good work is tremendous in, and I cannot agree more. The emergency facility is an injection of for two years, so that governments can have access to seeds fertilizer. And, as you know, there are different parts of the of Africa. West has much more government tenders with fertilizer, whereas in South it's much more privatized. So I think for companies there's going to be different ways of intervening, but ultimately, what we need to do is find financing facilities to help or to support companies to bundle services, and I think aggregators are the best solution, because there is a vested interest to get quality products from farmers and promote local production in the most efficient, effective and technology. Advanced way, so we really look forward to kind of working in the medium term, with the companies that we have around the table and many more, you know Singaporean plus beyond Asian markets and we really look forward to Africa being a powerhouse for production, thank you.

Amit Jain

That gives me a great segway into this next question and we have a representative here from Kenya, this is Bidco. It's East Africa's leading manufacturer of FMCG goods to do everything from edible oils, hygiene and personal care, to food. And now perhaps he is the best person for me to ask this question, is that you know African agriculture is characterized by weak intersectoral linkages, market and institution failures. Countryside smallholders get low funding prices for their produce, yet consumers in the cities have to shell out a lot more. Now how do we bridge this conundrum. Vimal Shah, welcome to this Roundtable. Over to you.

Vimal Shah

Thank you, Amit. Good afternoon, good morning everyone, I think the facts out there, I mean the fact remains that there is still a massive demand for a lot of products. The question is, who is supplying it and I think when you look at the fragmentation of industry fragmentation of the value chain. That's probably the biggest option available for a lot of players to play in that space and bring it all together, because I think full value chains from end to end, are crucial to be able to say, can we bring them and make them better, so I think the opportunity lies in for people to connect the entire value chain from farms, right up to processing right up to finished products branded perhaps, but I think the fragmentation every country wants to sort of sort that out and say how do we do this, but everywhere, they create silos and the silos create profit centres. And then obviously we've got a lot of free trade area, so you got a lot of importation of finished products coming from subsidized countries.

The access to finance, like you said early in the in the discussion is a biggest issue we need to resolve, and I think there's lack of capital being funded for the right projects, the funding is going to various silos, so you need to have a full value chain of Bush that's what Africa needs right now, thanks.

Amit Jain

Thank you Vimal. Toda san, any tearing questions that that you have please you know feel free to interrupt me.

Atsuko Toda

No, thank you so much, I know that what Vimal said about full value chains ie structured value chain strengthen. Every single point all the players in the chain, so I could not agree more, and I know that Bidco is doing excellent work innovating and really an African champion, ie that.

Hopefully, in the future, we can work with companies like Bidco to be able to strengthen the end-to-end solutions and we need companies to come in and be the anchors for these, these structured value chain, so that many more SMEs can fall into the picture as much as we'd like to support SMEs in a structured value chain, it just works so much better.

Amit Jain

So tell us on you know agri dealers, they play a very critical last mile role in the agribusiness value chain and often their knowledge of local farmers becomes very critical for even for big companies.

The problem is that their, their financing costs is extremely high, you know they, is there a way for the Bank and maybe commercial banks, I can see, I can see a representative from Absa, Premeshin, on this webinar. Is there a way to bring down the financing costs?

Atsuko Toda

Dr Amit, should we ask some of the banks first, for their views?

Amit Jain

Premeshin, perhaps you might have a few interventions to make your if at all.

Premeshin Naidoo

Amit, thanks thanks for that.

Talk about being thrown into the deep end so look, I think. As you and I have discussed previously, you know Absa certainly is quite keen to grow our every commodity business emanating from Singapore right, and I think that needs to be viewed against the backdrop of some of the recent history around some of the commodity traders, so, as you can appreciate, you know there's if there's a level of reluctance on the part of banks. To support some of the smaller lesser known agri commodity players there's context to be appreciated in terms of in terms of that view, however, having said that you know, I think. All of the bank's not just Absa, are fully appreciate the need for commodity trading activities which ultimately will benefit Africa and particularly, the African banks are acutely aware of their developmental and social responsibilities. In so far as the African continent is concerned, so you know with those factors to consider. You know there's also the commercial aspects and the risk aspects and, certainly, you know, in terms of applying capital to support commodity trading activities.

I would like to say that Absa has tried to be at the forefront of that. I think we've specifically looked at new commodity trading companies. Specifically in the agri sector that are looking at increasing the level of activity on the African continent.

and trying to find ways to support these commodity traders and there's some innovative structures that we've come up with that mitigates the interests and the risks that the Bank would take on, but also supports you know, ultimately, the trade activities to actually take place. And I think the one thing that we'd like to see as a commercial bank is that you know it's not just it's not just the trading activities it's also you know.

Some of these companies becoming more involved in in in larger part of the value chain, and I think we were quite proud to support some of these players in terms of things like warehousing. Production and

packaging facilities and all sorts of things, I think, certainly, in summary, said a lot, you know the intent is there. We'd like to do a lot more I think we're definitely open for business and we'd like to engage with those companies who are open to increasing the level of activity and certainly we will try our utmost to find ways to put bankable solutions on the table.

Amit Jain

Thank you Premeshin, you know Toda san in your presentation, you mentioned this, this figure that often gets bandied about 60% of the uncultivated arable land is in Africa. In reality, though, if you take into account demographics and market access and so on, it really isn't that very much. You know, you also have an absurd situation where, in a place that should be producing a lot more, 40% of African primary producers wasted is wasted, and so we need storage solutions, we need silos we need packaging, we need bags, we need. You know these cold chains. Is the bank looking at you know these kind of innovative solutions that you have in in East Africa, particularly where you know you use shipping containers, storage facilities, one place to the other. Has been taking a hard look at such innovations?

Atsuko Toda

Thank you so much, yes, Dr Amit, actually one of the investments that we made last year was actually in cold chain solutions and it's a very important part of value chains and I think what was interesting in East Africa is a number of companies which are small, medium sized are looking for third party service providers in terms of cold chain so that's one. Two, in terms of larger companies, I think, investing in cold chains is absolutely critical and in terms of focusing on FMCG, the cold chain solutions is important, and there are a number of more climate friendly solutions that are available so that will be interesting to watch, I think that will be a sector that takes off and we'll hope to look in other parts of Africa, I just like to also quickly just touch upon what our colleague from abscess said, Dr Naidoo, it's really good to know that commercial banks are making the effort to create financial products that are more suited towards the different parts of the agricultural value chain and excellent to hear about the work that Absa is doing.

The African Development Bank is not looking to crowd out the commercial banking sector, but really to be able to enhance and so we look, we look forward to working with banks that really want to invest in agriculture, and I think that's really, really important it's not always an issue of liquidity, but the risk of investment, investing in agriculture can be high. Thank you so much.

Amit Jain

Thank you. On that pointer, Toda san. This is something that might be of interest to you if you look at the total value of assets under management in Singapore long sovereign wealth funds family offices impact investment it's up to \$4.7 trillion.

And now, if even if the bank could mobilize a small fraction of that with the help of our partners here, the Singapore co-operation enterprise and automatic and GIC. That would be a huge potentially could be a big shot in the arm for the bank as it tries to go out to the international market to raise rates, greater finance.

Let me quickly turn to energy, and this is this becomes absolutely important to make your agriculture viable and competent. Without reliable, affordable and stable powers, it will definitely make agriculture counterproductive. The actual delivered cost of power in Sub-Saharan Africa is said to be about 45 cents per kilowatt hour highest power. Husk Power has brought down to 30 cents per kilowatt hour through a combination of solar biomass and battery. At the height of the pandemic, it launched a batch of six mini grids in our state in Nasarawa state in Nigeria. It plans to build another 35 this year, and perhaps the ambition is even bigger. I'm pleased to have William Brent the chief marketing officer of Husk Power here. Welcome William. Can you explain to us the importance of our micro grids for the transformation of touch sector and your ambitions in Africa.

William Brent

Thanks so much, Amit, I really want to also just thank you for your initial comments and really stressing the urgency of action here.

And I'm very honored to actually represent the solar industry here in this conversation I think it's often a linkage that's overlooked between energy and agriculture. Kudos to the African Development Bank for making both eradicating hunger and energy poverty, two of your top five goals. I would love to see even further collaboration within the Bank, as well as other others in those two industries to encourage even more cooperation we are going into mostly off-grid communities in Africa. We're also going into weakly communities where utilities have struggled provide reliable service, these are communities that are agrarian, dominated by smallholder farmers who struggle, currently, especially with the increase in diesel prices more than doubled in Nigeria, for example to afford the ability to process their harvest to store their harvest in cold chain to get their products to market. All of these things that rely on affordable energy and what we're seeing is that, you know in Nigeria and Tanzania, where we're currently President and we're looking to expand into many more markets in sub-Saharan Africa, what we're seeing is that just in the last several months after building and many great and awkward communities we're seeing a displacement up to 30% of the diesel generators in the communities. Imagine the impact that we could make if we can scale that. But the issue is in doing so is that there is often a lack of coordination and cooperation between the food systems community and the renewable energy. And that's really where you know I feel there's a huge untapped opportunity.

You know, to bundle i've heard bundling use that term many times in the conversation already how you were the tip of the spear going into these communities, many times in terms of service provision right where we have the ability to add on additional services whether it's irrigation cold chain agro processing mobility. Right so we're looking to get out of where we currently are which is pilots everybody's doing pilots that look at solar mini grids and agriculture.

Well, no we're no longer in a place where pilots are sufficient right and what we're doing right now is looking to work with at least one partner from the agricultural sector to develop a program specifically starting in Nigeria, where we can scale right, so we have, as you mentioned Amit. You know, high ambitions we built 150 mini grids so far across Asia and Africa we signed the UN energy compact early this year with a target of building 5000 by 2030.

Nigeria will be the first market where we're really looking to scale from where we are today to 12 mini grids to 500 by 2026, but we can only do that sustainably and viably if we work hand in hand with the agricultural community and so that's why we're trying to put together a program focused on Nigeria that works, hand in hand with an agriculture partner to take identify, first and foremost, what the opportunities are, and how to sequence them. And then, as we're entering new communities make agricultural productivity and scale part and parcel of what we're trying to do so. You know, as I said, I'm very thankful for the opportunity to be here today, I look forward to working with any of the participants in exploring opportunities, including the African Development Bank. So yeah thanks very much Amit.

Amit Jain

Thank you, William. I'm sorry I wasn't able to see Dr Saikat Chowdhury raising his hand. So Dr Chowdhury, if you wanted to make an intervention, please go right ahead.

Saikat Chowdhury

Thank Thank you Amit. I just briefly introduce what I do. NiveSal actually works as an engineering service provider, so we actually help developing country entrepreneurs to set up their manufacturing units, so I mean we are.

Most of the African countries that we work with are importing practically everything, whether it is manufactured goods on building materials hardware food products now consumer goods so basically what we do is we engage with the private sector we help them. You know plan, the entire manufacturing unit, what do they what do they need, how do they go about it, what kind of equipment what cost, and

we take the contract to execute the entire project. So the main difficulty that we see today is because we are more than the engineering, so we work with a private sector, so people come to us and say Okay, I want to set up the unit for pasta, or I want to produce tomato paste in my country, how do I go about. So we can address the engineering part quite well, but what we see is there is no structured financial information available to any of these Small Medium scale people across Africa we work in at least 25 countries in Africa, I mean this African Development Bank or the financing instruments that are available only to the large corporates who know about it. So if somebody is, Toda san just mentioned some time ago, somebody is making fresh fruit juice, this is a very, very interesting project we hear from many, many people interested in doing it in Sudan in Ghana in Senegal, they want to do it, we know the project costs \$700,000 to a million dollars to set up but they really do not know how to go about looking for finance. I mean, I have been dealing with people who are large importers, they are individual traders, they have no not much information about how to set up a factory. But they don't even know that they have an access to, say the African Development Bank or for any bank for that matter. So this is an issue if it can be addressed, I see a huge opportunity for developing small and medium skills industries across Africa, which I think is a need, of the art, because that is probably the stepping stone to bigger industrialization developing your let's say your employment. So as we we discuss about manufacturing sector growth agri processing is, of course, part of part and parcel of the game, we work on a, let's say a manufacturing sector development we do work with some documents and we get requests to provide technical services or systems on developing that's a project for handling a particular product, but I see, there is a tremendous need for structural information. And if that can be addressed I'm sure that would that would help a lot in terms of developing the local manufacturing industry across Africa.

If anybody would like to comment on this, because this is an issue which I keep discussing at different points that every government has technical or let's say important investment development sell they go around looking for investment across the world, but actually they do, they help nothing in terms of developing their own local industries. A local person is trying to set up a small factory to let's say process our local commodity. It is just not there, there is no technical information available, there is no structural finance available, so it is again cornered by few large manufacturers. Few large corporates who know how to go about it and the information available down the line, only will help developing the local small State industries, so this is where if there are such information available, which is not known to us if we can you know send this information, down to the grassroots level of small entrepreneurs and what are the options available to them. That will help quite a bit. Thank you.

Amit Jain

Thank you, Saikat. Toda San, anything you want to respond to that.

Atsuko Toda

Yeah no, I cannot agree more with you, Dr Saikat actually and you know some of the investment officers on the team are here, I see Nanette, Charles, Aaron, Kaz, and the thing that we face on the ground is exactly what you say, Dr Saikat, the fact that is, we see a number of very interesting companies that we would love to finance, but in terms of governance in terms of financial information in terms of you know management capacities and just to be able to do something which is bankable.

So much business information market know how is there, but at the same time for us to be able to bank it, it's extremely difficult so really to try to be able to link the actors in a systematic way to have access to the type of services that you are requiring and for advisory to really support companies to bankability would allow us to do more, would allow upset to do more, we you know we love to do more, and there are so many worthwhile companies. But we're not able to just because they don't fit our eligibility requirements, and we have to get to a better place and in a much more systematic fashion. And I really hope that some of the capacities that we're seeing around the room today can be put together so that we can do more to reach more clients.

Amit Jain

Thank you, I want to, I see Vijay from AgroCorp on this roundtable as well as Dr Dinesh Chauhan who works with farmers in India and perhaps their experience would be quite valuable to draw in. My

question to either of them is that you know input dealers typically receive incentives and which are based on volume-based discounts. Can we think of moving them to cross selling other products and could that bring about change in the distribution change a behavior change distribution.

Dr Dinesh Chauhan

Hi Amit, am I audible. Thank you for inviting me to this roundtable. A very good afternoon, here from India. So I am Dr Dinesh Chauhan, with more than two decades of experience in various parts of across the world and in various stages of value chain right from production to marketing currently I am working at DeHaat, which is the biggest full stack technology platform working in India. In India, we are currently working with more than 17 states in India and the model is like we are present right from supermarket connecting farmers to the market so what we do here in India can we can actually be replicated in Africa. Personally, I spent some years of my career working in Africa, Ethiopia, Mozambique and all those cases as a consultant CEO Projects so I can understand the dynamics, what Africa is all about a lot of countries over there and then I also seen the functioning of agriculture in India and what we do and you guys that largely they work both with the small and marginal farmers and then. You see, the challenges that we built up, ultimately, the productivity and profitability of the farmers right is what Africa is today, probably India was in the 1950s or during that period. So from that period where we were not self sufficient to becoming self sufficient to you know now, providing a lot of the countries across the world right, so we have come a long way, but still a long way to go here. But then the availability of inputs, as we were discussing is one of the biggest challenges. And what Amit was for saying that how we are going to manage our dealership and network in agri inputs market, so what are currently doing here in India, we are doing is like we are finding entrepreneurs from these smaller and larger farmers, and then we enable them with our technology platform.

We offer all the services right from the agri inputs, fertilizer pesticide, right kind of advisory, localized advisory and then we also connect them to the market to the various output bias so and we also offer them finance through various financing institutes as well, and we also offer some of the very valuable product to the farmers, like the economy insurance and then probably see the insurance and all the bundling all these products will be farmers and what we have seen that this is activity, help them to increase the realization roughly to somewhere around 35 to 50%. And this has all happened because we are basically currently working in a digital model, where we have our physical stores. And then we are also connecting digitally with all these farmers and stores right, so we have got digital solution for farmers and for micro entrepreneurs, then value chain partners who are also digitally connected.

We also give visibility to all these agri input players right to the farmer level. Right so probably currently what happens in the typical value chain that agri input players. Manufacturers will have visibility only till the distributor level right both distributor level, you cannot have the visibility how your product is performing and where it is actually being used or consumed. When our micro entrepreneurs are actually technically connected to those pause machine and each and every transaction is being recorded, in that pause machine with that farmer level data. So that helps them to have a better visibility, transparency and help them in making better decisions, and we are in a process, helping farmers to provide.

A genuine inputs, because there is not a material which is going in the market and with the genuine price, and we are also doing hyper local services, even at the village level currently right, so today the farmer can place his order and get the agri input delivered within 24 hours same going with our micro entrepreneurs also. So they also can put their order on the digital application and the input and deliver to the place. You see, these dealers and distributors who don't have much like which sku to buy with to sell. And what to do the business planning and all those things so probably we help them to do the business planning also which helps them to run their business, so this way this business model becomes sustainable for them also. So this is how we are doing it here in India. What I will suggest is that we can we are exploring Africa properly and this model can be very easily replicated currently we are like that's missing, around 1 million farmers and in India and know our strength is basically the presence on ground right, so we are working very closely with the farmers. Typically, we are having around currently we're having more than 2000 people working on the ground, so that is one of the major strengths so probably this is how we're doing it.

So this is, this is the thing, we will definitely love to explore some other regions in Africa, where we can actually demonstrate with help of AfDB and all those partners also can do that, so that is all what I can say from DeHaat, and definitely this is our only way out, I feel that, until unless you give end to end solutions for the farmers. This cannot be sustainable so like, for example in India, we are having a few right, so the Government of India is promoting 10,000 FPOs, Farmer Producer Organizations to pull the benefits of collective farming. So something similar has to be done in Africa as well right, so farmers have to come together at the place and they are very small and for the large corporates they can have large landholders.

Amit Jain

Right, Dr Chauhan. Thank you so much, perhaps you can take this up bilaterally with Toda san. Later on, but thank you so much for your for your input, I see, I see the, a colleague of yours Toda san, Dr Yang Liu, principal research economist, he raised his hand, so please, by all means.

Yang Liu

Hello good morning good afternoon and colleagues and Director Toda and Dr Jain so many, actually prior to AFDB, I have worked with national university national University of Singapore so that's why you know. Just for my personal clarity and I'd like to participate in this video conference on yeah. Quite an interesting discussion actually, so you know, one that worked in Singapore, you know.

I have been working extensively with some energy market authority and MTI, Ministry of Trade and Industry, so I do see you know a lot of successful stories later you know. Government introduce some kind of super aggregator structure to flow project equity capital and capacity building resources to small and medium sized companies. And these you know aggregators who act as an interface between the customer, and you know SMEs on the market. And it carries all projects in public facilities, helping to build capacity development activities of existing you know, small companies and government supports these aggregators with funding to implement public sector projects. And these aggregators also serve as financing or leading organization to supply private SMEs or customer financing for you know agriculture projects or energy projects or leading for equipment, so I think this kind of business model is should be transferable to you know to Africa, so I observed that, so you know a lot of comments from the guests here are relevant are related to like a financing. So in Singapore, I think you know, the country has faced the same issue and Singapore you know really a tiny island and you know everything is imported so a lot of similar stories are also happening in Southeast Asia, the other countries, and you know where Singapore is, is very, very you know well integrated. So my question, maybe a little broad is you know how Singapore can participate in this value chain of the African market, as we all know, you know Singapore is far. Singapore's market is small, you know, given its nature geographical nature but Singapore is, you know financing hub. And quite integrated to the ASEAN market. So how do you see this flow between ASEAN market and African market, you know, so I do like to get a bit of science, from your side yeah. Thank you.

Amit Jain

Thank you, Yang Liu, you know this gives me a great segway into talking about here at Nanyang Business School, we have a multimillion-dollar facility, called the Singapore AGRI Food Innovation Lab (SAIL). It works with agri food companies to develop new technologies and innovations in the world of food tech. Some frontline work been done there are you know the deputy director Katherina Lee is here on the call and perhaps you might want to add a few comments and talk to you about SAIL.

Katherina Lee

Thank you Amit, can you hear me? Yeah. Thank you for this opportunity, and today I learned a lot about African Development Bank, and I will be very pleased to share with you the national initiative that Singapore, has just launched in November, allow me to just give a few slides as introduction. As what you have mentioned that a lot of this initiative right now is a worldwide problem and what Singapore do is that Enterprise Singapore has appointed, Nanyang Technological University, is this on the slide?

Amit Jain

We can't see it yet, but you can perhaps just talk about it, maybe.

Katherina Lee

Yes, yeah. So um. Singapore Government launched this national platform, which is currently the secretary's office is managed by Nanyang Technological University. And the intent of this is to bring together the agri commodities players, including the commodity corporate companies, food manufacturer, agri tech and food tech solutions, research institute, IHL, so in this case it is not just an NTU but NUS and the global university together, so what we are doing at this moment is to address their complete value chain of the agri food industry which I have heard some of the speakers have mentioned, so what we did was that we have brought together as of now, since November 20 last year that we have bring in 22 corporate partners and affiliates partners, which is comprised of Coffee Association, Rubber Study group, palm oil and also the Cocoa Association of Singapore to be together in this platform, so what we do is that the SAIL as Singapore AGRI food innovation lab is we have four focus areas and the SAIL team which myself and my colleague, and I have two directors, which is Prof William Chen as the director of the SAIL and Prof Boh Wai Fong as the co-director of SAIL, we focused on this four key areas, and these are what we have also work together with the industry and the government to identify the four focus area in sustainability, automation, digitalization, agri input and the downstream r&d so we look into the whole complete the value chain of the upstream, mainstream and the downstream, and what you've seen here, we have also identified the industry wide problem statements and also the corporate problem statement, for example in sustainability.

The objective is to ensure there is a business sustainability, and there is an enhancement on the food security, so one of the areas that we are looking into is the supply chain, traceability, and transparency. And what we are going to kick start with, it's going to be first on palm oil supply chain, visibility and transparency, and we will be having a workshop in July or August, with the lead leading palm oil player and with the midstream player and also banks, because, like what you have mentioned just now, banks play a very important role in supplying this supply chain to the small holders, whether it's in Indonesia or in Africa, so we do invite banks to come into work together with us as a payment gateway, micropayment or also looking into the green finance aspect of this sustainability, the supply chain traceability. Other areas that currently the projects that it is ongoing is on low carbon AGRI food production, so we work with companies on developing carbon footprint.

And also, we look into how do we upcycle the food processing waste so, so that's one area another area that we look into is how do we actually create some to improve the crop yield and food quality, climate resilience, pest management. So what we are doing down it's just the complete solution, including using blockchain Ai and digitalization in the area of the agri food told me work with agri tech companies, and we also have in NTU a group of we have formed a group of the researcher focusing on the complete value chain of the food tech from upstream, midstream and downstream, so in this case, our key researchers, together with the industry and also the SMEs the mega player like Cargill, Bunge, plus this SME and startup, we will work together as one platform and NTU will act as a facilitator in bringing this as a platform, and if this is workable, then we will be able to replicate the same business model and patch a partnership model in Africa.

Amit Jain

Thank you, Katherina is there anything else.

Amit Jain

Thank you, so you can see that the that the partnership, you know if the possibility of partnership is as high as the sky. Toda san. With that, I would like to invite you and all your team members to come visit the university. And we can certainly find a lot of convergence of interests interested, we are coming to a close, now, and I would like to give Ranveer and yourself some final words to add before we bring the session to an end.

Ranveer Chauhan

This is, this has been a very wide-ranging ideas and topics that we have been able to listen and discuss in a short time from experts. Obviously, my regret, will remain that there were enough more experts today available that we could not listen to them, but it's a great start. And I look forward to these collaborations there are quite a few collaborative ideas developing here in Singapore and also Singapore leading some of them in Africa. I will hope for a time that we can discuss some of those. I'm really happy that we could listen to Saikat Chowdhury of NivéSal. I really find it attractive that a company can make business out of our pinpoints he believes that he does not meet foreign investors in Africa. He believes there is enough capital available with the local operators and he can help them scale up the valuation in their chains, so thank you Amit, that would be from my side.

Amit Jain

Thank you Ranveer.

Atsuko Toda

Thank you so much Dr Amit and Yuna Choi, who really worked hard to organize this and for us, it has been a tremendous honor to have all these companies that are working in Africa are working with Africa on this platform I really look forward to partnering with Singapore, particularly NTU and I love what was just there shared on the Singapore agri food innovation lab because I think you've already have something which brings together the players and by working together with you, with the companies on this platform, we can do much more and I, we will take up your offer Dr Amit.

The team is here, I see a number of those from our president's office, from the investment teams and we would really love to take this conversation forward, we have learned so much, so thank you to the speakers, thank you to the companies. Thank you to NTU for organizing, I think, from our side, if we can just give the last word to Director Hanajiri. He has been helping us from the Tokyo side, from the Japan office to support, we look forward to the future of this collaboration.

Amit Jain

Final words from Hanajiri san.

Takashi HANAJIRI

Thank you very much yeah. This is very kind and I am truly honoured so as I yeah sincerely expected this great event become a very good starting point for long term relationship and the AFDB is offering lots and lots of options, including the, how can I say. Very state of the art event named the Africa investment forum, AIF, which is to be usually yeah organized up sometime in November, and we will keep letting it you know, and it will provide a tremendous opportunity for the various sectors and the private sector investment or the also the procurement opportunities so yeah and, of course, above all, that the agricultural sector would be a very important part of this emails and actually the last time that director Madam Toda, chair, one of the boardroom session for the specific agri business project, so I will stop here, so thank you very much for this great event and yeah please keep in touch.

Amit Jain

Thank you, it's truly been an honor. I can't thank everybody enough, Yuna you have worked extremely well with me on this. Toda san thank you for partnering with us. Visit our website ntu.edu.sg/cas and sign up for our newsletter. Find out more about what the NTU-SBF Centre for African studies does. Thank you all have a wonderful day.

Yuna Choi

Thank you very much, and actually I have a few comments before closing this session so I'm because there are several other senior officials from the African Development Bank, I'd like to mention their name, before I close the sessions, so Prof Oyebanji Oyeyinka, Senior advisor to the President of the African Development Bank on industrialization. And also, Dr Alex Mubiru, who is the Director General in the Cabin office of the President of the African Development Bank, and also Dr Eric Ogunleye, Advisor to the Chief Economist and Vice President for Economic Governance and Knowledge Management Complex, and also a few more others our very dear colleagues connected from the Abidjan and also.

Thank you once again for all the speakers and distinguished participants from Singapore for this fruitful session. We believe the following up in concrete investment terms and see how both parties from our side, the AFDB and Singaporean companies will engage and participate in the AFDB's program project in the future, that would be more important than this very first discussion so both our side, and also the Singapore partners, we will follow up, so thank you once again for your active participation and we look forward to seeing you all again at the next occasion, thank you very much.

Kindly note that the audio transcript may not be 100% accurate.