

The Second Japan-Africa Business Forum

Session 3

Agriculture and Agribusiness, Enhancing the Food Value Chain in Africa

Moderator

Dr. Jennifer Blanke

Vice President, Agriculture, Human and Social Development – AfDB

Ms. Blanke expressed her pleasure at being able to talk about agriculture, which is what she is responsible for at the African Development Bank.

There is enormous potential for agriculture and agribusiness in Africa. About 60% of the world's arable land is in Africa, which offers a huge opportunity with rich soil and perpetual sun.

Strangely enough, Africa is actually a net food importer to the tune of about \$35 billion per year. At the rate that it is expanding now, with the rising middleclass in Africa as well as urbanization with people requiring higher quality foods, in the next 10 years Africa will be in the range of about 110 billion in net exports in food if nothing changes. The session will concentrate on how things will change because of the massive business opportunity that agriculture presents.

Africa has a minimum of 110 billion net to be grabbed in the next 10 years, assuming that more is not exported to the world. This is what the African Development Bank's *Feed Africa Strategy* aims to do by looking at ways to help Africa become a net food exporter, specialize in commodities with a real competitive and comparative advantage and especially move to the top of the value chain. The African or foreign companies working in Africa need to pull things out of the ground and sell them rather than import refined food products. A value chain and an integrated approach needs to be taken for this massive opportunity.

Over the next 10 years, about 24 billion will be invested in the agriculture sector to finance a number of big initiatives that look at driving the latest and most important technologies into African agriculture. This is a massive opportunity to take the technologies that are out there to the African farmers, which is not always happening as of now.

AfDB is working on training latest graduates to be excited about agribusiness. AfDB is creating agri-pools, so that the deprived areas of rural environments can actually become thriving businesses thus making agriculture a business rather than a way of life.

Investment in the range of 280 to 340 billion needs to be made into the African agriculture over the next 10 years in order to open up exciting opportunities in new markets of about 55 to 65 billion per year over the next decade. This would also help in bringing new jobs.

The African Development Bank deems this important because they know how many Africans are employed in the agriculture sector. As the move is

up towards more higher value added goods, this is an amazing opportunity for job creation that Africa so desperately needs.

With this, *Ms. Blanke* set off the discussion with a set of questions for each of the panelists to get perspective of Japanese and African businesses and also the public sector in Africa. Following this, the floor would be open for the participants to ask questions.

She questioned *Mr. Ikefuchi* about the main characteristics of the Japanese government's food value chain concept, how it can help African agriculture and what Africa can learn from that.

Masakazu Ikefuchi

***Councilor (Deputy Director-General for International Affairs)
Minister's Secretariat, Ministry of Agriculture, Forestry and Fisheries***

Mr. Ikefuchi stated that the food value chain consisted of production, manufacturing, processing, up to the consumers, and to raise value add. The production in Japan is about ¥10 trillion, including imports. Through processing and manufacturing, the amount tripled seven to eight times and at the stage of consumers, it is ¥76 trillion, which led to value add. It is called the sixth industry recently in Japan where the producers sell or distribute directly to enjoy the value and enhance their income.

In TICAD VI, Kenya, Africa, last year, the establishment of food value chain in Africa was included in the Action Plan. In case of Africa, 30% to 40% of agricultural products are wasted and discarded at the production stage, so it is not only necessary to improve productivity but also improve efficiency of the distribution process eventually leading to linking the food value chain and improved productivity.

In the past, Japan contributed to improved productivity of rice production in Africa. In 2008, at TICAD IV, the target was to double the rice production to 28 million tonnes in the whole of Africa by 2018. By 2010, 75% of this target was achieved, which meant that the project was progressing well.

There are various rice promotion projects, one of which is called Project SHEP which enables rice farmers to not only grow rice for self-consumption, but also enable them to sell in the market and to promote market-oriented farming. This project is centered in Kenya, and is expanding towards Eastern Africa and is now being implemented in 13 countries. This is also seen in terms of food value chain as seen in Kenya, in Eldoret, where Toyota Tsusho has a fertilizer plant which became operational in July last year. The plant provides appropriate fertilizer to raise rice productivity and ultimately market and sell the rice. In Mwea, Kenya, the irrigation project for rice, under JICA, helps to raise rice productivity.

Although rice productivity and income is going up, sufficiency of rice is still very low. They rely on imports for rice. This project could further continue to expand and enhance not only the value chain but also the

value chain of rice and other products. The government together with JICA is cooperating to proceed on this project.

Ms. Blanke stated that there was a sense of importance of having the right technologies in order to drive productivity. She invited *Mr. Narahara* to give a private sector perspective on what is happening in Africa with respect to the cold chain and cold storage operations in the food value chain, how critical it is and also what are the challenges that are being faced and how these can be replicated in Africa?

Tatsuya Tim Narahara
Director, Mayekawa Manufacturing Company Limited

Mr. Narahara started by introducing Mayekawa Manufacturing founded in 1924 to industrial refrigeration compressors. It is one of the top three manufacturers in the world with one in Germany and one in the United States. Mayekawa does not do many installations in Africa, except in South Africa, and some relating countries where they have a strong connection through their South African agent and their European Headquarter in Brussels. In the past 30 years, Mayekawa has made about 40 plants like this through the ODA Project from Japanese government.

In Cape Verde, 10 tonnes per day plate ice making plant with 30 tonnes ice storage was made in the year 2000. Ice is built at the higher level of the building, stored in the middle and distributed to the land use, trucks and fishing boats. Mayekawa's compressors are working in the machine. The cold storage is at minus 25. Ladies place herrings in the pan which will be frozen in blast freezer. In Kaolack, Senegal 5 tonnes a day block ice plant was made in 2003. In Gunjur, Gambia, 10 tonnes per day plate ice plant was made in 2003.

These ice and cold storage facilities are quite standard in Japan at the fishing ports. Japan has much bigger facilities as Japanese love fish for a long time and eat fish to take a good protein for health for ages. Japanese do not eat much meat, as it is quite expensive for the regular households. *Mr. Narahara* stated people his grandparents' age were raised up eating fish. Japanese are fussy about the quality or freshness of the fish as they love sushi very much which look beautiful. The fresh fish does not smell a lot.

Mr. Narahara stated that one of his friends was teaching Nairobi fishermen to make sushis. He was teaching them to how to take the nerve out, how to bleed to keep the freshness of the fish in Mombasa and bring them in a box with ice by bus, taking 8 hours to Nairobi, for sushi business.

To make fishermen, middlemen, supermarket owner, and consumers happy, many areas need to be improved in the supply chain in Africa to make better quality sushi and fresh fish distribution. High Fives and Feed Africa are two good examples to increase good quality foods and improve the quality of life of people in Africa. To start with, a small cold chain can

be established to improve good fish distribution and develop a process industry for more income for everybody.

Ms. Blanke summed up *Mr. Narahara's* talk by saying that it was technology transfer in action in private sector.

She invited *Mr. Mussa* to help Japanese companies understand Africa and African agriculture. How can Japanese private companies help the African agriculture sector to become more productive and profitable? What strategies should Japanese agribusiness corporations or other developed countries adopt in moving to Africa?

Henry Mussa
Minister of Industry, Trade and Tourism, Republic of Malawi

Mr. Mussa stated that Malawi would like to focus on the integrated value chain approach, which is the in-thing today, and where agriculture is approached as a business rather than a way of life. Malawi is a predominantly agriculture-based economy. If the technologies and high skills of private Japanese companies are engaged in Malawi or other African countries, they will be able to produce more quality products.

Agriculture constitutes of not only crops, but also livestock and fish, which are readily available in Malawi. The Japanese companies would definitely impact a majority of the people, who are mainly subsistence farmers with small pieces of land, with advanced technologies and skills.

These technologies could help even a small piece of land yield more. Japan's Sasakawa helped with the experience of maize crop. Sasakawa's high-yielding results are today being cherished in Malawi, so more of the private sector is invited to invest in Malawi. Today, agriculture is not just about crop cultivation but also more of a value addition chain in the form of cereals, yogurt and other milk products, eggs, bacon, beef and pork sausage, fruit and vegetable salads and fish. *Mr. Mussa* stated that he was reading a book called *Africa Rising* by *Vijay*, who is a renowned writer and talks about 900 million consumers in Africa waiting for such products.

Malawi has its supreme law of land where every investor is protected irrespective of their nationality. The government encourages both domestic and foreign investors in more sectors of economy without major restrictions on ownership, investment size, sources and destination of funds of the final product.

If private Japanese companies come to Malawi, they will be protected by the supreme law of the land. Malawi is a free market economy with freedom to invest in any qualifying area of the economy without discrimination. Foreign investors are allowed to repatriate 100% of their profits. The environment is ripe for the private Japanese companies with high technologies and skills to come to this gold mine.

Ms. Blanke invited the perspective from Madagascar, which has a huge amount of arable land, about the advantages it holds vis-a-vis its

neighboring countries in terms of attracting FDI into the agriculture sector and what more could be done in order to attract more FDI.

Bary Emmanuel Rafatrolaza
Secretary of State – Ministry of Foreign Affairs in Charge of Cooperation and Development – Republic of Madagascar

Mr. Rafatrolaza stated that agriculture, agribusiness and food value chain establishment is a very important subject for the growth of African farming and development of African Continent. At TICAD VI, this was an important subject under Pillar 1. Nairobi Declaration's Pillar 1 talks about the importance of agriculture and enhancing the share of international trade. African countries are taking approaches and making plans for agriculture development.

By 2025, Madagascar government's vision is to make agriculture competitive and sustainable, support family-managed agriculture and improve food security by working on the processing industry. Madagascar has 6000 hectares of potential arable land, which is a very vast land area, but more than half of it is underutilized despite being appropriate for farming.

About 70 million hectares of uncultivated land is the main attraction to the investors. At the Indian Ocean Summit in 2014, Madagascar expressed its intent to become a leader of farming by 2025. Plans are being made to enhance Madagascar's capacity to provide food to its population. Mauritius and Seychelles are working together to achieve this purpose. Approaches are being taken to achieve sustainable and competitive farming. The vision is to come up with effective strategies and plans to use the abundant arable land for agriculture, fishing and livestock industry development.

Ms. Blanke summed up *Mr. Rafatrolaza's* talk by saying that although Madagascar's arable land needs to be utilized, the risk to sustainability to its flora and fauna should also be taken care of. She invited *Mr. Adefeko* to talk about what Olam Nigeria is doing to support its agents and farmers.

Ade Adefeko
Vice President, Corporate & Government Relations, Olam Nigeria

Mr. Adefeko began by introducing Olam as one of the largest agribusiness and food companies in Africa for nearly 30 years in a very social, economic and environmentally-sustainable way. Olam supports close to 2.5 million smallholder farmers, which is a lot in Africa.

Olam started in 1989 in Nigeria and exists in 25 African countries. Globally, it exists in 70 countries. Olam believes in the African continent as it has been through the whole hog. Olam supports farmers by helping them to adopt best farming practices, capacity building and providing micro credits which are key and critical initiatives.

Ms. Blanke invited *Mr. Karim* to talk about the private sector perspective on how OCP is addressing the issue of low productivity among smallholder farmers.

Karim Senhadji
OCP AFRICA, CEO

Mr. Karim thanked the organizers for holding this important forum, which would help the African continent to develop.

OCP Africa believes in unlocking the full potential of Africa to fulfill the vision where Africa feeds the world by sustainably feeding their soil. OCP Africa is one of the many actors dedicated to transform agriculture in Africa, enabling African farmers to move from subsistence agriculture to a more value-added sustainable and business-oriented agriculture.

Dr. Kayano Nuwanze, who is a farmer and Chairman of IFAD, says as long as agriculture is treated as a poor man's occupation, the farmer will remain poor. Agriculture should be treated as a business, and this is what OCP Africa aims to do.

Low productivity is a recurring problem across many countries in Africa. The main root of this issue is a combination of lack of access to adapted input, where access not only means availability of quality customized product but also affordability of those products. The African farmer is paying between two to six times more for their fertilizer than the European or the American farmer does, and this is not normal.

The other cause of this cost is inadequate use of fertilizer and poor agricultural practices in Africa. This assessment led to OCP Africa defining its mission, which guarantees that the farmers in each market will have access to right product at the right time and at an affordable price. This is the only way to make the African farmers use more fertilizer in a sustainable way.

The strategy to achieve this mission is based on four pillars. The first is research, development, and agronomy which defines the right formula of fertilizer according to the crops and the soil that require the three main elements of nitrogen, phosphate and potassium. These three elements cannot be used in the same way everywhere. Soil testing needs to be done to know what the plant or the crop require.

Second is production, so heavy investments have been made on the platform in Morocco to make sure that the product is available. Investments are also being made in other African countries such as Ethiopia in a big project to build a plant that will produce 2.5 to 3.5 million capacity of fertilizer. There is a big project in Nigeria for an ammonia plant with an MPK production of 1 million ton a year. Investments are also being made in blending facilities either individually or in partnership.

Third is infrastructure and logistics, which is key in Africa and is really missing. It should be ensured that the product is available at an effective cost and is not expensive.

Fourth is sales and marketing because external services are being provided to end customers, which are farmers, who are being trained and educated on how to use fertilizer in order to succeed to transform agriculture in Africa.

OCP in coordination with the agricultural authority in Ethiopia have defined a new formula called the NPA or NPS. This formula has increased the maize yield by 37%. This 4-year-long intensive program succeeded in reducing the fertilizer cost by using a predefined formula to effectively use the right fertilizer, which is cost sensitive. This success is also evident in other countries like Nigeria, Ivory Coast, and Kenya, and within the next 5 years, it will be a much greater success.

Ms. Blanke summed up the above session by saying that all of the issues were incredibly interlinked. It is shocking to realize how expensive fertilizer is for African farmers who pay two to four times the price as in an advanced economy. The same holds true for water, which costs a lot more in a developing than in a wealthy economy. The bank is also working on the infrastructure, which is something that needs to be worked on, as nothing exists in a vacuum.

She asked Mr. Ikefuchi to comment on the opportunities and challenges in attracting Japanese businesses to agribusiness in Africa and how these challenges be overcome from a Japanese perspective?

Masakazu Ikefuchi stated that improved productivity is important in case of Africa's agriculture. There may be various issues like fertilizer seeds, but the keyword is public-private partnership. Food value chain is something that should be developed globally. This is being done in Asia, in Vietnam and Myanmar. A long-term vision should be established based on which the public and private sector should work in partnership. Investment environment for the Japanese companies to invest in Africa should be developed.

To do this, a government-to-government dialogue is essential to remove the obstacles. By developing the private sector environment, a matching opportunity should be provided to African companies to expand businesses. In February last year, a public-private mission was sent to Kenya. Other than government-to-government talks, there were also talks between government and private sector companies. Such efforts should be further promoted.

Ms. Blanke stated that surprisingly PPPs do not come into view until the second round. This is very important. She asked Tim to comment on the common challenges being faced by Japanese private sector in African markets in terms of price sensitivity, technology, infrastructure, local workforce, and how can these be overcome.

Tatsuya Tim Narahara mentioned that there are many challenges and one is price, which is why the customer begins a new investment with very small commercial-type equipment or used equipment. To beat the pricing level, a new compressor assembling plant was built in India last year and the compressors will be imported to Africa soon.

The other problem is that the potential users of Mayekawa size industrial machinery are already using European-made compressors built in Germany, Netherlands or Denmark, so the African countries have a long history with the European countries, but the Japanese are the latecomers to the continent. Mayekawa is approaching the market with energy-saving technology of Japan, which is a small island with lesser resources. This could be an advantage.

Dr. Jennifer Blanke stated that this shows the complementarities between Japan and Africa. Africa is resource-rich with its own challenges that need to be transformed into a plus point. She asked Mr. Mussa to say a few words on what Malawi can offer foreign investors to make efficient investments and what are the additional plans that will be put in place going forward.

Henry Mussa stated that Malawi offers peace and stability. Malawi is popularly known as the Warm Heart of Africa. Malawi has never ever gone to war or experienced any civil strife. Malawi attained independence in 1964 and established bilateral relations with Japan and a majority of other countries in the west and in Asia.

There is a host of incentives for overseas investors to be motivated and attracted in becoming effective and efficient in investing in Malawi. Firstly, Malawi encourages overall participation of foreign companies in the economy by easing the startups. The current reforms that are taking place in Malawi are the Land Act, which has been reviewed to ensure that the government has access to all idle land to be considered for redistribution to potential investors. Malawi has fertile soils for cultivation with favorable weather conditions. Labor is also readily available in Malawi.

Out of Malawi's 17 million people, 75% are youth that is 40 years and below, energetic, ready to participate in conventional farming or in agriculture as a business. Government is packaging the fisheries industry and investors are encouraged to participate in cage farming on Lake Malawi and ponds. Farming land will be provided on a concessional basis. Lagging production such as soybeans, pigeon peas, peas, beans are all being grown and promoted through the national export strategy.

There is a need to invest in technologies that add value. There is a need to invest in sectors such as bananas and citrus fruits where horticulture production is low. A lot of cotton is being produced that is being exported raw which eventually leads to exporting jobs. Malawi appeals the investors world over to engage in production of textile from at least quality cotton. In a nutshell, Malawi is a gold mine and is ready to welcome everybody as a foreign direct investor.

Dr. Jennifer Blanke summed up Malawi's position as that of being a country with a peaceful environment with efforts being made to improve and open the environment for doing business. Malawi is a good example for other countries in Africa to follow.

She asked Mr. Rafatrolaza to comment on the role of international organizations or donors in improving the agriculture sector and the goal of making it more effective and efficient.

Bary Emmanuel Rafatrolaza stated that Madagascar was open to all proposals for cooperation and partnership in terms of international organizations and the role of cooperating countries. In the area of agriculture or agribusiness, Madagascar is open to support from donors in the area of development, infrastructure, dams, waterways construction, channel construction, introduction of new technology like technology to plant rice and to complete all rice planting in 5 days. This is something that is needed. In this regards, Madagascar is working with the African Development Bank, IFAD and other partners.

On a bilateral or multilateral basis, there is cooperation. To reform agriculture in Madagascar, \$1.36 billion is being used. JICA from Japan also provides a package. For rice production and productivity improvement, \$4.5 million has been contributed. This project has currently entered the second phase and will continue until 2020. The first phase was implemented 5 years ago in Madagascar, which is the third-largest rice producer in Africa.

In the area of investment in agriculture, a new law was adopted, which will be another incentive to make investments in Madagascar, with special economic zones for agriculture sector.

Dr. Jennifer Blanke stated that the idea of agri-pools is to make agricultural zones a thriving place for businesses to move up the value chain. She asked Mr. Ade to comment on investments that need to be made upstream and downstream to integrate the food value chain and what are the main challenges for full integration in an enormous country like Nigeria.

Ade Adefeko stated that Olam has 20% Japanese investment through Mitsubishi, so Olam is happy to be in Japan.

Mitsubishi has investments in Olam and is one of the first companies to export whole sesame to Japan. Japan imports the bulk of its sesame from Nigeria since 1995. People talk about Japan not being open, but Japan is open based on trust that has to be earned.

The opening statement of TICAD reflects Japanese investments in Africa in this order: South Africa, Kenya and Nigeria. Nigeria is in the food value chain and there is a nexus.

Olam is upstream, midstream, and downstream. The downstream side has packaged food, which has noodles, pasta, biscuit and confectionery. The midstream side has wheat milling. The upstream side has rice in Ghana and Nigeria. Olam has one of the largest rice farms and mills in Northern Nigeria, Africa, which is close to 10,000 hectares with \$120 million investment, from where Mama's Pride originates.

Madagascar being the third largest producer of rice in Africa is no mean feat. The African Development Bank supports Nigeria in feeding itself by being auto-sufficient. The African Development Bank supports the entire continent to collaborate to coexist. Talking about upstream investments, Olam is present across the entire value chain with palm and rubber in Gabon and coffee in Tanzania.

On the OCP side, every challenge on the continent needs to be transformed into an opportunity. All these challenges have been overflowing. What one has to do is to overcome those challenges and Being in Africa for a long time, having African origin and believing in the continent will help surmount the overflowing challenges by facing and managing them.

Infrastructural facilities are a bit of a problem. Power is a problem, so there is a need to get the right regulatory environment and an effective pricing. It is a major violation if 200 million people cannot access electricity and power. Nigeria's arable land is about 94 million hectares, which is less than a third that is cultivated, so this needs to be improved. In Olam, the value chain approach is very important and will continue to be so for a long time to come.

In talking about the relationship between OCP and Olam, Morocco is the world's largest producer of phosphate, which is a major component of fertilizer, so Olam has bilateral relations on the company-to-company side and country-to-country side. Cooperation and collaboration to coexist is important.

Dr. Jennifer Blanke stated that two massive African agriculture companies are cooperating massively on the continent and internationally. It is very exciting to see two African majors working closely together to further the goals of Feed Africa.

She invited *Mr. Karim* to comment on the question of how best to increase awareness, input access and develop soil-specific products and in particular the best way to address soil protection and climate change issues.

Karim Senhadji stated that OCP strongly believes in providing education and training to support good agricultural practices, but also reasonable soil fertilizer use. The point is not to overuse fertilizer but to exactly use the optimum quantity. To increase awareness of African farmers, OCP has launched two main projects or programs. The first is the *OCP School Lab*, which is an initiative directly targeting smallholder farmer. *OCP School*

Lab is a mobile agricultural caravan traveling to the remotest areas of countries to offer best agricultural practices training.

Each day, OCP is visiting a village with already trained local residents. The local dialect is used to make the training more efficient. In doing so, the farmers are being trained in how to deal with and use not only phosphate-based fertilizer but other fertilizers as well. The other input producers like seeds or pesticide are also included as it is also very important when it comes to agriculture.

Since its launch in 2016, this program has trained over 10,000 people in Kenya and Ivory Coast. The aim is to achieve the same in four additional countries before the end of this year, before covering all countries of operation within the next 2 years.

The second main program that is launched is called *Training the Trainers*. The basic principle of this program is to leverage on the expertise and know-how of local cultures and technical experts. The *OCP Lab* is not enough to cover or touch all the farmers, so the local people are trained and supplied with tools and approaches that allow them in turn to support, educate and inform other farmers. This is one of the ways to increase the awareness.

When it comes to input access in terms of the investment in production and blending facilities, this is also key in Africa. Fertilizer needs to be produced as close as possible to the consumption area. The thought of having a big facility in Morocco, to produce everything in Morocco and just ship will not work because value needs to be created locally, also because the need for fertilizer varies from country to country and even within a country, there should be a production facility that is able to produce small lots.

This is why blending facilities are very important. Investment is also blended in distribution channels, but besides that, a program called Agribooster has been designed. Agribooster is inclusive end-to-end value chain solution aimed at putting together all the necessary conditions to rightly increase the farmer yield and revenues. Agribooster has all the main stakeholders of the farmer ecosystem.

Olam is not only talking to input producer, so seeds, pesticides, fertilizer, but also the finance and the insurance, and most importantly, the off-taker, who takes the production of the farmer. Olam is playing a big role here because these people are buying a huge quantity of production of farmers.

Olam has already managed to have this program in Ivory Coast at a low scale which was a success, but needed to be scaled up. If it was successfully managed to be scaled up, the Japanese companies would not only be interested in providing their technology and approach, but also be able to buy from Africa. Japan is the fourth largest importer of food in the world and Africa has everything to become the first supplier to Japan, and is on the right track although a lot of work needs to be done.

Dr. Jennifer Blanke stated that the important point is that there is a massive opportunity in Africa. The bank and the African companies are going to invest a huge amount in agriculture. African governments are changing the laws to make investment attractive, but the financing that is available right now is not enough, which means that there are massive opportunities for investors and companies from outside.

The great thing is that there are companies that are paving the way for collaborative opportunities where investors can walk into something that is already going on. The ongoing discussions need to focus on how to actually make it happen in practice the companies that are interested in getting involved.

Ms. Blanke opened the floor for questions.

Q&A

Mr. Noah, from Douala, Cameroon, Noah Navajo Company, has been working in the cocoa trading business for 20 years. His company started as a supplier for a very big American company. The company wanted to increase the value chain and start a cocoa processing unit, which is uncommon in Cameroon. The company worked with the government's support to get subsidized free trade advantage. The company worked hard for 6 years on a 20 million project with the UNDP, a leading bank, machine supplier and a specialized financial institution to start the 32,000 tonnes cocoa unit.

The last minute withdrawal from a critical partner due to bankruptcy has led them to find a new off-taker and a good equity partner.

It is believed that many entrepreneurs in African agribusiness ask themselves if they can find a solution between the Japanese private sector since they need an off-taker and an equity partner and can the African Development Bank support an entrepreneur like them looking to increase the value chain in this project.

Dr. Jennifer Blanke stated that certainly the African Development Bank takes equity positions sometimes in companies. Everybody was there, including the off-taker, who went bankrupt and now everybody is in place, including the bank. Everything is there. The farmers are lined up. The productivity has improved but there is no off-taker. The question is if there are any Japanese or African companies that are interested for cocoa.

Ade Adefeko stated that Olam is present in Cameroon, so it is important again to set the context as well. In cocoa production, in the world or in Africa, the number 1 country is Côte d'Ivoire, second is Ghana, third is Nigeria, and fourth is Cameroon. Around maybe 25 years ago, Cameroon used to have a Chococam, which has now been sold to another company.

Being off-takers or not being off-takers is a decision that cannot be taken just off the cuff like that. Since every business has its economics, it needs

to be looked at. It has to be right. AfDB is talking about the fact that they need to take a critical look at it.

A Male Participant stated that one of the main concerns or issues within Africa is the scale of the business. Off-takers, especially people from Japan or Europe, need a minimum quantity. Despite looking for an off-taker, the advice is to look for some other partners in order to have a bigger production and bigger volumes, which then allows it to get access to finance and access to off-takers with more negotiating power.

Ade Adefeko stated that agriculture is about figures. Côte d'Ivoire produces 1.7 million, so 1 million 750,000 tonnes of cocoa. Second is Ghana, which produces around about 1 million tonnes. Nigeria is a distant third, with around 240,000. Cameroon produces around maybe 200.

It is about scale and many African countries need to upscale their farms, aging farmers between the ages of 45 and 70, the trees are old between 30 and 50 years, so it is important to concentrate on right farming practices. This is very important, but again, this is not a *yes* or a *no* answer, and the economics need to be looked at. If the economics makes sense, it can be done.

Dr. Jennifer Blanke stated that it is exciting to think that maybe they are doing business here. The idea is to get people to talk to each other. The point of scale is critical and it goes back to the whole regional integration question of making the markets bigger. The question is if there are 48-some-odd countries, can each of them be doing their thing right by working together.

A Female Participant, Adeline Baluf from Cote d'Ivoire, an intern at Oriental Consultants Global, questioned about the challenges faced by Japanese companies to enter African markets due to historical ties between Europe and Africa, when agriculture and agribusiness is important for young people, especially young entrepreneurs.

It is very important for these young entrepreneurs to have partnerships with Japanese companies. In addressing this challenge, the complementarity between Japan, which is a country with poor resources and African countries, which are resourceful, is difficult to understand. Japan has done a lot in this regards, but what is Japan's strategy in order to enter this tight market, not to forget competitors like China and other emerging countries. What is the strategy of latecomer Japanese countries in overcoming the challenge of entering the tight African market?

Tatsuya Tim Narahara stated that with regards to the industrial refrigeration market in Africa, the major users like brewery or dairy industry have connection with Europe and the top company in each country is using the European-made large industrial compressors, so Japan needs to show their presence. One of the weapons for Japan is to promote or provide the energy savings technology. One example is the energy audit made to the South African brewery, the SABMiller, with one in Durban and the other one in Johannesburg.

Engineers from Tokyo did an audit and found that by providing a certain cascade cooling and all the special technology using a smaller compressor in two or three stages could save more than a million South African Rand, which is more than US \$100,000. The project went to tender and SAB adapted that water cooling system to make beer at their plant. The reason Japan as a country has lesser or does not have natural resources is why Japanese companies are very conscious about the energy saving. That is one of the advantages or strong points to promote in the African market.

These technologies are then shared with the young African trainees of the ABE Initiative. Two Kenyans, one Tanzanian, and one Sudanese were trained at a factory for them to become familiar with compressors and machinery as they are searching for customers. They are expected to find customers and make a connection with those big users. Mayekawa can then proceed the business by themselves. That is what Mayekawa wants the young African generation to do after being provided with their energy saving technology.

Karim Senhadji added in regards to how to provide jobs for young African population, which by 2025 will represent more than 60% of the African population and will be around 2.5 billion. This is in response to the question on how to get finance from Japan or other developed countries.

Shortly, another program will be launched which will work closely with the young African entrepreneurs to try to build or create a forum where they will come and expose their projects related to agriculture or agribusiness. OCP Africa, and overall OCP will play, the link between those young entrepreneurs and investors or banks to have this link and to have all these entrepreneurs having access to the biggest financing company. This is not done yet but will be done probably before the end of this year.

Tatsuya Tim Narahara stated that for young African farmers or agropreneurs, as they are known now, because farmers want some subsistence, it is important to organize into cooperatives and key into companies like Olam, who have outgrowers, which are very important in the scheme of things as they help support the smallholder farmers, who provide what is needed. The large companies offtake from them, as long as there is a guaranteed minimum price largely to make sure that the farmer, the agriculturist or agropreneur is not shortchanged. This is very important. After forming cooperatives, they would be able to access financing from the large behemoths that are ready to support.

Dr. Jennifer Blanke added that they have a big project, which is called *Enable Youth*, where they have been working with young people.

This big initiative takes young graduates, who have studied anything, like philosophy or whatever, coming out of the university system, without any great job potential and trains them to be the next generation of agropreneurs. This is something quite exciting. The first Agro Pitch Competition was held in Abidjan, in April, and then the winners were

brought to the annual meeting in Ahmedabad, where prizes were given. This is being done and they are also being provided with some funding.

Some of the ones that are just coming out are in the *Enable Youth* program. It is also important to gather people, who already are working and have great ideas that can be replicated.

Henry Mussa stated that Malawi has been challenged by the African Development Bank to create 17,000 jobs within the next 4 years in the US agribusiness. The problem that is being experienced is the mindset change. A majority of youth go to school into those tertiary programs with a white-collar job in mind. The moment they are told about agriculture, they find that it is inferior and substandard. This is the problem that Africa is grappling with at the moment.

Dr. Jennifer Blanke stated that lots of jobs are being created in Africa. The *Jobs for Youth in Africa* initiative is going to create 25 million jobs in the next 10 years.

Umar Farouk Rabiu Dansuleka, the President of Kano Chamber of Commerce from Nigeria, appreciated the efforts being put in place by Olam and their colleagues and the Japanese people in promotion of agriculture in Nigeria and Africa at large. The Federal Government of Nigeria's vision is to broaden and boost agriculture and assist in its use. Although much has been put in place, there is a relapse where the connectivity between the people that are really in need and the real people that are doing things is not really going very well.

It is important to utilize the forums in Nigeria, like the NACCIMA, The Nigerian Association of Chambers of Commerce, Industry, Mines, and Agriculture; the KACCIMA, the Chamber of Commerce, which are all coordinating with the relevant organizations to see how they can work together to ensure that the youth and the people that are really into farming are getting in touch with the relevant organizations. It is important to emphasize that the relapse that is happening now is maybe because there is no direct connectivity between the small and the big farmers.

Dr. Jennifer Blanke stated that there was a need for more coordination.

A Female Participant, Widad Ibrahim, stated that Sudan has a very big land area for agriculture. One of the main problems with institutions that disburse funds, like the African Development Bank, is that they need the Bankable Feasibility Study, which is difficult to get.

She stated that her father for a long time used to cultivate cotton, and she sometimes felt why cotton, why not some of these other plants, which might be better than cotton. When she went for the feasibility study, they asked her what she thought was best, was it cotton, Kenaf or sunflower, and she thought how she would know this and do this and get the Bankable Feasibility Study?

Dr. Jennifer Blanke stated that it is good to extract as much of the value as possible from whatever it is that is moving up the value chain, so if it is cotton, it is at least textiles and maybe even fashion.

Karim Senhadji stated that OCP runs the *Fertility Map* in some countries. This fertility map is a tool that used the latest imagery technology. This fertility map tells which kind of crop needs to be processed according to the area and the rainfall. For instance, in some area, cultivating maize crop may be better than cultivating cotton crop. This type of tool exists and gives this information.

Dr. Jennifer Blanke stated that quite often the farmers know better than anybody else because they know their land, but the question is what can be added to it in order to improve the productivity.

Finally, Ms. Blanke invited all the panelists to comment on what they would wish for African agriculture, if they could wave a magic wand and make anything happen.

Tatsuya Tim Narahara stated that it was necessary to make model cases and deploy that in different places to expand the use of the model case. He stated that he was not asking everybody to open a sushi restaurant in their country. Cold chain technology can change the distribution system and change the industry structure, so Mayekawa would like to work closely with everyone to make the change to make more income for everybody.

Henry Mussa wanted to see Africa, Malawi included, become a net food exporter rather than the being a net importer.

Bary Emmanuel Rafatrolaza stated that now is the best time to invest in Africa, in general, and Madagascar in particular, in agriculture and in agribusiness.

Ade Adefeko stated that for all Africans to be competitive, they must bring out their comparative advantage. They can have comparative advantage in too many things. Choose one, two, or three crops in which they have a comparative advantage and work on that. Lastly, it is important to tell Japanese that Africa is a new frontier, so please come as Africa is open.

Karim Senhadji stated that if he had this magic stone he would wish that all African people stood up as it is time for them to stop asking what the others can do for them, but what they can do for themselves first as Africans. He stated that he would do everything he could in order to de-risk Africa. If Africa wants the investors to come, there is a need to de-risk Africa.

Dr. Jennifer Blanke stated that the African Development Bank will continue working on that and stated that when one thinks about Feed Africa, it is not about Africa feeding Africa, it is about Africa feeding the world, and so her wish would be that Africa becomes the world's breadbasket and there is everything there for that to happen.

With that, *Ms. Blanke* thanked the panel and concluded the session.