

AFRICA AGRI INVESTMENT INDABA

High level agricultural representatives as well as representatives from investment institutions met at the Africa Agri Investment Indaba held from 28 – 30 November 2016 in Cape Town. The indaba was organised by the African Agri Council.

Dr John Purchase, CEO of Agbiz participated in a panel discussion on specific legal and policy-related challenges faced by agribusinesses wishing to deploy capital in the sector. Agbiz also had stand in the exhibition area where delegates had the opportunity to meet the Agbiz team.

During the panel discussion Dr Purchased addressed the considerations that agribusinesses take into account when making domestic and cross-border investment decisions.

Dr Purchase said businesses invest to create or add value, and thereby generate profits for their shareholders and transform inputs into higher value outputs that markets demand. He explained that spending money on capital assets is called investment.

“Obviously, there are risks involved, and these vary from socio-political, to economic and to environmental. These also include security of property rights – International Property Rights Index: (i) legal & political environment, (ii) physical property security and (iii) intellectual property rights,” he said.

Other important considerations are

- Skills availability
- Markets, also integrity of markets and price discovery mechanism, etc., are important considerations.
- Access to and cost of finance, etc.
- Legal, policy and legislation framework, including recourse to courts
- Productivity and critical role of technology and innovation
- Cost of doing business
- Repatriation of money
- Infrastructure development
- Information availability
- Various others

“All these major factors translate into the competitiveness of the country on a global basis, but also into the competitiveness of the agro-food value chain(s) you would consider investing in. It is important to define your risks accurately and their possible impact on your business plan and processes,” Dr Purchase said.

He quoted out of World Bank Report on Agribusiness in Africa:

"After years of neglect, agriculture is once again seizing the attention of African governments, business leaders, communities, and development donors, as a powerful driver of the continent's relentless growth.

Africa now earns an average of 24 per cent of its annual growth from its farmers and their crops. If matched with more electricity and irrigation, smart business and trade policies and a dynamic private agribusiness sector that works side by side with government to link farmers with consumers

in an increasingly urbanized Africa, the World Bank estimates that agriculture and agribusiness together could command a US\$ 1 trillion presence in Africa's regional economy by 2030.

This evidence demonstrates that good policies, a conducive business environment, and strategic support from governments can help agribusiness reach its potential. Africa is now at a crossroads, from which it can take concrete steps to realize its potential or continue to lose competitiveness—missing a major opportunity for increased growth, employment, and food security”.