

2019 AFRICAN AGRICULTURE STATUS REPORT (AASR)

The 2019 African Agriculture Status Report (AASR) was launched on 3 September 2019. The 2019 report focuses on the role of private sector in agriculture transformation. Specifically, the report highlights the trends and progress, as well as challenges and constraints of private sector firms in the upstream and midstream/downstream off-farm components of the agri-food system.

Large African enterprises play a relatively minor role in directly supporting small-scale farmers in Africa. This year's report says, for example, only about five percent of rural farmers are directly linked to large firms through contract farming. SMEs are the biggest investors in building markets for farmers in Africa today, and will likely remain so for the next 10-to-20 years. They are not a 'missing middle,' as is thought, but the 'hidden middle,' ready for support and investment to thrive further.

- Nonetheless, with proper support, large African businesses, including supermarkets and large processors (which now comprise 10-to-20 percent of the agri-food economy), present a huge opportunity as they are likely to play an expanding role in how farmers access credit, markets and will ultimately impact employment and rural incomes.
- Small and medium scale enterprises (SMEs) serve as the biggest market for African farmers on the African continent.
- The private sector's role in the agri-food supply chains has undergone a revolution
- Most policy makers in Africa have failed to recognize the important roles of the private sector in the chain although it has bridged gaps that previously separated most small-scale farmers from commercial markets.

In terms of the actual value, AASR finds that:

- Traders, truckers and processors constitute about 40 percent of the total gross value of the agri-food system in the region – this is the same as the share coming from farms. Retailers constitute the remaining 20 percent.
- Changing conditions have set the stage for the growth of these SMEs. Among these changes are: increases in farm productivity that make more raw material available; initial government investments in infrastructure such as roads; rapid and massive urbanization; diet change with rising demand for processed food; and rising investments by the entrepreneurs themselves.
- Compared to SMEs, and counter to common belief, the report shows that large enterprises play a relatively minor role in directly supporting small-scale farmers. For example, only about five percent of rural farmers are directly linked to large firms through contract farming.
- Nonetheless, with proper support, large African businesses, including supermarkets and large processors (which now comprise 10-to-20 percent of the agri-food economy), present a huge opportunity as they are likely to play an expanding role in how farmers access credit, markets and will ultimately impact employment and rural incomes," it stated.

The report identifies other pivotal changes in African rural economies. It notes that although 70-80 percent of people in rural Africa work on their own farms, this work is often part-time, and

comprises only 40 percent of total labour time in rural areas. Meanwhile, it added, 60 percent of rural labour time is spent off the farm, and about 40 percent of this non-farm labour time is in agri-food system work such as wholesale, logistics, processing and retail (through both self-employment and wage labour). SMEs are the key employers in this sector, intertwined with rural family farmers. This interdependence makes their survival and growth even more crucial, with women and youth particularly benefiting.