



Sahel Capital (Mauritius) Limited
Sahel Capital Partners & Advisory Limited

Creating Value, Building Businesses, Transforming Communities...



Agribusiness: Potential for Fostering Regional Growth

Agriculture accounts for 35% of the Gross Domestic Product in West Africa (ECOWAP, 2013), and remains the largest contributor to GDP across West African countries.

In fact, the region is recognized as an agricultural powerhouse and serves as the number one producer of food and cash crops such as cassava, yam, cocoa, cocoyam, cowpea, and sorghum.

Sadly, formal intra-regional trade remains relatively low at 7.61% of total exports in 2012, according to UNCTAD. However, anecdotal evidence suggests significant informal trade across borders. This reality is driven by poor cross-border and trade facilitation infrastructure, weak human, national and regional

institutions, opaque policies and procedures which enable corruption, limited property rights and law enforcement, as well as currency, language, and cultural barriers.

The magnitude of opportunities around agriculture and agribusiness in West Africa is sizeable and unlocking them would ensure economic growth, while improving smallholder farmers' livelihoods, and fostering social inclusiveness.

A few initiatives are being spearheaded by regional organizations, development partners, the private sector and civil society to unlock the potential of the West African agribusiness sector and foster cooperation across borders.

Cross-Border Trade between Nigeria and Benin

Sahel Capital is engaged in an agribusiness trade focused programme: **Approche Communale des Marchés Agricoles (ACMA)** to foster trade collaborations between the Republic of Benin and Nigeria.

ACMA, funded by the Netherlands government, is focused on improving farmer livelihoods, and contributing to food security. The four-year project is led by IFDC and supported by a consortium of four organizations, including Sahel Capital, CARE International, Royal Tropical Institute (KIT), and Benin Consulting Group (BeCG). The implementation team will work towards creating linkages between smallholder farmers in the Republic of Benin, and agro processing companies in Nigeria (Lagos, Ogun, and Oyo States) around four major value chains - maize, cassava, palm oil, and chili pepper.

As part of its role in the consortium, Sahel Capital will provide market intelligence and trade facilitation by

creating linkages between smallholder farmers' clusters and agro-processing companies, collaborating with customs, trade facilitation organizations, and regional banks. The team is also committed to formalizing trade and reducing smuggling through borders, and also reducing currency barriers.



André de Jager, IFDC Director of the North and West Africa Division, Paul Litjens, Deputy Ambassador/Head of Development Cooperation, Netherlands Embassy; Adam Ahantchédé, Deputy Minister of Trade and Industry, Benin Republic

Launch of the Programme ACMA, in Porto-Novo, Benin Republic.

Overcoming Trade Barriers in West Africa – Is it possible?

Challenges that Limit Regional Trade

There are various barriers that deter trade between West African countries. These include endless check points, poor road infrastructure, customs clearance issues, and corruption along the corridors. These result in high cost of intra-regional trade, and delays in goods transportation. A truck transporting goods typically encounters several check points varying from 5 per 100km in Côte d'Ivoire, to 16 per 100km in Nigeria, creating an average delay of 14 minutes for each 100km. These delays are comparable across West Africa. As a result, it takes an unpredictable 7-14 days to import a 20ft. container from Ghana into Burkina-Faso as compared to the 5 days it takes from Newark to Chicago in the U.S., and still the cost of transportation in a comparable distance in the U.S. is 63% less. (West Africa Trade Hub—*Trends in Transport*, 2013).

These delays disproportionately impact agribusiness as fresh agricultural goods are exposed to losses, considering the time spent between borders, prior to the goods reaching their destination.

Such trade barriers hinder economic growth in West Africa and resolving these challenges could potentially boost the region's annual GDP by \$15 billion if time spent in Customs clearance is cut by 50% (ITC—*Africa's Trade Potential*, 2012).

Unlocking the Untapped Food Potential in West Africa

In 2013, the Food and Agriculture Organization, (FAO) released a study entitled "Rebuilding West Africa's Food Potential", which explores specific targeted interventions across sectors, to unlock the agricultural potential in West Africa, and improve food security.

Sahel Capital contributed through specific case studies highlighting how private sector—farmers collaboration could ensure smallholder inclusiveness, stronger agricultural growth, and agribusiness sustainability across West Africa, using the experiences of AACE Foods in Nigeria. Other case studies from Senegal and Ghana also emphasize the benefits from agro processor—farmers collaborations, and the role of governments in supporting farmers' professionalization through

Cross Sector Solutions

The Borderless Alliance is a private-sector led advocacy initiative that brings together stakeholders from the private sector (such as leading producers, traders, transporters and financiers) to leverage resources and address critical issues affecting transport and trade in West Africa. It provides an independent, sub-regional platform and creates direct dialogue between private and public sector stakeholders, while working with partners to ensure that credible data on the true state of intra-regional trade is regularly collected and disseminated.

The Alliance has established Border Information Centers (BIC) in key West African borders, in order to assist traders and border users to understand their rights and responsibilities.

These actions are expected to create a positive, long-term impact for the benefit of all involved, stronger economic growth, and improved business environment in West Africa.

The Borderless Alliance held its 3rd annual conference in February 2014, in Lagos. Sahel Capital contributed to the introductory panel "*Enabling Growth: Challenges and Perspectives*". Ndidi Nwuneli, who represented Sahel Capital, shared our vision of agriculture as instrumental to enabling growth in West Africa. In addition, she raised the need to overcome currency issues in order to support cross-border trade.

Farmers Based Organizations. Successful partnerships between agro-business and small producers across West Africa would ensure companies source their raw materials from the farmers, improving their revenue, while farmers' professionalization will help to move farmers up to the markets and commercial ladders.

Addressing the critical role of intra-regional trade, defining the right policies, resolving the perennial credit problem faced by small-scale farmers, are some key recommendations from the study, in order to move towards rebuilding West Africa's food potential.

A copy of the report can be accessed from <http://www.fao.org/docrep/018/i3222e/i3222e00.htm>

Industry Highlights & Sahel News

Grow Africa Partners Double Investment Plans for Agriculture to \$7.2 billion

WebWire (www.webwire.com) Date, May 02, 2014

Investment commitments by partner companies of Grow Africa – a programme established by the World Economic Forum, NEPAD and the African Union to accelerate the transformation of African agriculture – doubled to \$7.2 billion in 2013. The increase in committed funding is captured in the Grow Africa Annual Report.

Of the \$7.2 billion in new commitments, Grow Africa partners have already invested \$970 million. This has directly led to the creation of 33,000 new jobs and the assistance of 2.6 million smallholder farmers throughout the continent.

\$152.12 million ADB loan will boost industrialization

PUNCH (www.punchng.com) - Date, May 2, 2014

The Chief Executive Officer of Excellent Initiatives for Poverty Alleviation, Falilat Salaudeen, has said that the Nigerian government plans to access a \$152.12 million loan from the African Development Bank to support the agriculture sector. As reportedly stated by the Minister of Agriculture, Dr. Akinwumi Adesina, the loan would be used for the cultivation of rice, sorghum and cassava in 14 staple crop processing zones in the country; and is expected to add 20 million tonnes to Nigeria's food production by 2015. 120,000 jobs will be created from these staple crop processing zones.

Grow Africa Forum, 2014

Sahel Capital participated in the Grow Africa Forum, held May 6-8, 2014 in Abuja, Nigeria. The Managing Director of Sahel Capital, Mezuo Nwuneli, served as a contributor in the workshop on "Integrating Nutrition into Existing Initiatives".



World Economic Forum, 2014

Sahel Capital participated in the World Economic Forum held May 7-9, 2014 in Abuja, Nigeria. Ndidi Nwuneli facilitated a session titled "From Skills Gaps to Life-long Learning."



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Upcoming Events

Agricultural Development: National and Regional Grantee Convening

As a part of our engagement with the Gates Foundation, Sahel Capital will participate in the Bill and Mellinda Gates Foundation's national and regional grantee meeting convening in Seattle, WA. from May 28-30, 2014.