



AFSA

ALLIANCE FOR FOOD SOVEREIGNTY IN AFRICA



**AGROECOLOGY
FUND**

Supporting African Agroecological Enterprises

Enabling Environment for Agroecological Enterprises in Africa Findings from Survey on Entrepreneurs

By Jennifer Astone, Charles Mulozi Olweny & Simon Bukenya

June, 2021

Background

Supporting Agroecological Enterprises (AEEs) in Africa is a joint action research project of the Agroecology Fund (AEF) and the Alliance for Food Sovereignty in Africa (AFSA) with the support of the 11th Hour Project to analyze existing AEEs in Africa and their service providers. The research is meant to build our understanding of how to enlist and engage existing enterprises and service providers (e.g. NGOs, banks, investors, incubators, policy makers and others) in creating an enabling environment for the marketing and promotion of healthy local agroecological food in local markets. Our thesis is that financial capital can serve as a strategy for inclusion, innovation, and transformation towards agroecological food systems.

Purpose

This briefing summarizes the survey of agroecological entrepreneurs completed in September 2020. We employed our known networks to seek qualitative insights from those with business revenue between \$5,000 to \$2 million. Our survey investigated issues related to two guiding questions: 1) What do entrepreneurs need to create an enabling environment for agroecology? and 2) What are the financial and non-financial areas of support required?

Our survey research included 68 survey respondents from 17 countries. Most respondents identified as small farms (under five hectares), aggregators, processors or cooperatives involved in producing or selling food in local markets. Large farms (over five hectares) and exporters only made up one-fifth (21%) of responses.

An aggregator is an individual or business entity that collects and distributes product from multiple sources. Some examples of aggregators of farmers' produce: a farmers' market, a food hub, a distributor, or an individual farmer who does the product marketing for several other farmers.

Financial Support provided by:



11th Hour Project

The Schmidt Family Foundation

KEY FINDINGS

1. **Entrepreneurs rely on personal & group savings** – Four out of five entrepreneurs relied upon personal and group savings to finance their activities, with grants (38%), bank loans (21%) and low interest loans (18%) trailing behind. Almost 60% had revenues of under \$50,000. Accessing bank loans was challenging on many levels.
2. **Entrepreneurs access more support in production than in business skills and marketing** – In terms of non-financial support, more than half received technical assistance in agricultural production, less than half received business advisory services and only one-third accessed incubator or accelerator training.
3. **Entrepreneurs engage in diverse activities and markets** – The respondents engaged in a wide range of businesses including:
 - the production, aggregation, processing of farm produce for local markets,
 - the production and selling of inputs and infrastructure to farmers,
 - the gathering and selling of wild products,
 - selling to export markets, and
 - developing infrastructure such as markets, bakeries, restaurants and tourism to market their production, as well as other activities.

Processing was a favored activity with flours, oils, biofortified foods, nut butters and fuels from agricultural waste as examples. Farm inputs and infrastructure included: organic seeds, seedlings, animal feed, bio inputs such as biofertilizers and biopesticides. Infrastructure included: solar driers, solar energy, biodigestors, irrigation, processing equipment and information technology.

4. **Some entrepreneurs see agroecological farming as both a way of life and a business** – Farmer entrepreneurs are heterogeneous actors and thinkers. For many, agroecology is not something that is new to them. They are reviving positive Indigenous practices that farmers have lost or are disappearing. For example, many wild food crops traditionally intercropped are disappearing from the fields. These wild foods are a source of diverse nutrition and increase productivity of companion crops. Livestock integration on the land is another example of a symbiotic positive practice returning nutrients to the soil. Livestock herders see their role as reviving those practices and supplementing them with other innovative and useful practices for a holistic approach to land management.
5. **Entrepreneurs see themselves as organic plus** – Frustration over accessing expensive organic certification extends to a broader concern that organic production does not reflect the many multiple benefits of agroecology practices, including the enhancement of nutrition and health, increased community resilience and well-being, and the use of biodynamic sustainable production (e.g. mulching, compost, agroforestry, leguminous plants, animal integration).
6. **Entrepreneurs innovate to create markets and value in diverse ways** – Many farmer entrepreneurs are bringing innovations (e.g. production staggering, joint marketing, consumer survey information and preferences) as well as advocacy (e.g. promoting fruits and vegetables as snack foods among students, campaigning for the respect of contractual obligations towards farmers).



7. **Entrepreneurs seek financial and business assistance as well as peer networks to grow their markets and connection to consumers through processing, infrastructure, and know-how** – Even successful entrepreneurs have unmet growth needs. Due to their approach, they lack peer networks and business assistance that understands their unique assets as agroecological producers / entrepreneurs.



8. **Entrepreneurs increase local nutritious food diversity** – Covid-19 –affected the markets for respondents in different ways. However, over 90% described their businesses and marketing as directly linked to improved food security, bringing producers and eaters / consumers closer together, and using sustainable landscape management approaches that differ from conventional or industrial production.

9. **Entrepreneurs face varied local conditions and constraints while business constraints appear more universal in nature** – For example, in Sahelian countries, access to water during the dry hot season is a key challenge. As well, secure access to land is a challenge across the continent. Common problems were: high cost of organic certification, lack of a strong brand identity, lack of markets, and counterfeit seeds and products. Local market demand for fruits and vegetables is often weak or inconsistent. Another challenge for producers is production gluts and wastage.

10. **Entrepreneurs experience a challenging policy environment** – Many respondents identified constraints in their work related to a number of external factors including: competition from large farmers and industrial agriculture with lower selling prices; traders who buy in volume and have market access; government policies that subsidize industrial agriculture inputs and cheap food inputs; and poor infrastructure, such as bad roads, poor regional market infrastructure (e.g. inadequate storage space, lack of stall space, lack of health protocols).

11. **Profitability is seen within a holistic and long-term frame** – Entrepreneurs are producing for family consumption with a surplus to sell. They recognize that the costs of bioinputs are lower than chemical fertilizers, seeds, and pesticides even if their benefits will only be recognized in the long-term as their soils build, water retention increases, and productivity of varied crops improves over time.

12. **Entrepreneurs seek the empowerment of smallholder farmers** – Varied methodologies are used to enhance not just the production and knowledge of farmers but their engagement in governance, decision-making, and co-creation of knowledge. Deeply agroecological models engage around these issues.



Emerging Opportunities

These are three opportunities that struck us after doing the research; there are undoubtedly many more. We offer them up as a start to a broader conversation about how to increase support for African entrepreneurs engaging in agroecology.

- 1. Support entrepreneurs' access to holistic production and business services** – The emergence of centers, incubators and accelerators to pilot and develop agroecological products and businesses can help bridge the gap between current models of agroecological production and market needs. These entities often combine a mix of training in production, engagement of farmers' unions / cooperatives, university research support, packaging, marketing and distribution expertise, as well as focused support of women and youth.
- 2. Enable businesses to work at scale through cooperatives and associations** – Entrepreneurs are scaling their businesses through the organization of cooperatives and farmers' associations to support the needs of larger markets and to take advantage of shared branding and infrastructure costs.
- 3. Leverage businesses producing agroecological inputs** – Entrepreneurs are creating a market for agroecology by producing low cost, effective, and crop-specific fertilizers, seeds, biopesticides as well as other needed inputs for farmers.

Thanks to all of the respondents of the survey and our team members Abbot Ntwali, Famara Djediou, and Cheikh Mamour Diouf for their contributions. Appreciation to our Advisory Group and Guiding Group members: Daniel Moss, Million Belay, John Wilson, Andrew Bennie, Sharlene Brown, Charles Dhewa, Frank Eyhorn, Mamadou Goita, and Rex Raimond.

Photo Credits: AFSA Secretariat, Bioprotect – Burkina Faso