



# Supporting African Agroecological Enterprises

## The Case for African Agroecopreneurs and Territorial Markets

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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.

### Introduction

While many investors paint a picture of overlooked investment opportunities in African agriculture, our action research shows that most investors do not have the capacity, knowledge or appropriate financial structures to reach agroecopreneurs and territorial markets. Agroecopreneurs have the greatest capacity to feed communities with local diverse nutritious foods in territorial markets while practicing climate resilient approaches through agroecology. This briefing paper summarizes the key points from our research findings on the potential of African agroecopreneurs and territorial markets.

### Note

This brief is one in a series of three produced by the Supporting African Agroecological Entrepreneurs Initiative by the Agroecology Fund and the Alliance for Food Sovereignty in Africa. The prior two briefing papers described our findings from a survey of African agroecopreneurs and our findings from interviews with service providers.

## **“Innovator gap”**

The “innovator gap” is an overlooked and misunderstood chasm. While a small cohort of social investors and some for-profit investments are successful in reaching what we call the “innovator gap” of finance between \$5,000 and \$200,000 (a critical subset of the “missing middle”), African entrepreneurs and smallholders are unable to access needed finance. Most ecopreneurs and smallholder farmers access personal savings, village savings and loan programs, and microfinance, and never reach the stage where most investment fund capital starts – at \$200,000.

Perhaps even more challenging is that the “innovator gap” for finance exists on the grantmaking side of the equation as well. Many donors, NGOs and bilateral development agencies happily spend money on pilot projects to develop agroecology-oriented agricultural processing facilities, microenterprises, and marketing opportunities but stop short of providing the needed working capital or low-interest loans with flexible terms that would enable the agroecopreneur to take the next step.

## **Territorial Markets**

Overlooked by investors and undermined by imports, territorial markets remain a resilient and strong part of the fabric of African life connecting rural producers with local, regional and national markets in ways both ingenious and unexpected. With COVID-19, many have placed renewed attention on territorial markets as not only a source of local food distribution and exchange but a place to access necessary seeds and other farm inputs.

While it is unclear what percentage of food in territorial markets is produced agroecologically, we do know that cultural knowledge and relationship-based exchanges foster resilience and networks unavailable to farmers or community members in supermarkets or purely monetary-based systems of exchange. Thus, paying attention to market systems that foster solidarity and self-reliance in local contexts through community-led institutions is essential to resilient and adaptive food systems.

## **Agroecological Entrepreneurs Defined**

One recurring issue in this project has been how to define what is an agroecological entrepreneur? What does it look like? While there are multiple definitions and rubrics / conceptual frameworks that are helpful in the defining the idea, the question is how do those frameworks express themselves in concrete examples?



First, agroecology is not represented by conservation agriculture or climate-smart agriculture that involves single innovations or efficiencies such as reducing water use through mulching or reducing the amount of chemical fertilizer by microdosing or instituting pulses in the crop rotation as agroecological. These are necessary components of an agroecological approach and a helpful step on a journey but partial in their focus.



Second, the widely disseminated five levels of agroecology authored by Gliessman and divided between incremental levels 1 and 2 compared with transformational levels 3 – 5 does not apply in a linear and homogeneous way across the continent of Africa. In fact, many traditional and Indigenous systems exhibit characteristics of the transformational levels in terms of connection between consumers and producers and agrosystem approaches (e.g. livestock integration with field production) while not adopting all of the enhanced production techniques available. The five levels of agroecology are biased towards a western perspective in which agriculture is transitioning from an industrial model to one that is more participatory, local, fair, and just for both people and the planet.

Third, we draw upon holistic criteria from the HLPE 13 Agroecological Principles and the FAO 10 Elements of Agroecology that we find are complex and interactive in nature. For us, agroecological entrepreneurship involves three elements wherein:

- 1) different stakeholders work on and constantly improve #2 and #3 as follows:
- 2) the linkage of agroecology (defined as sustainable alternatives to industrial or conventional production systems) with holistic land management to optimize biodiversity and ecological systems with
- 3) a connection between growers and eaters through diverse markets (in Africa, territorial markets are key and are also local and regional, sometimes national, cross-border and international) and the increased co-creation, autonomy, governance, participation, food sovereignty, and health of the farmers and associated communities.

Thus, our definition is deliberately simple and overarching in approach and includes a developmental aspect in which systems are changing as are farming and entrepreneurial directions. We expect our definition to evolve as we learn more from specific agroecopreneurs.



# Summary

## Braided Thinking

Finally, we note something remarkable about both the visionary agroecopreneurs and service providers we interviewed. Both work in holistic ways to respond to a new market and a new climate through agroecology. Agroecopreneurs are using all of their skills and leverage to both train and organize farmers to adapt traditional and new techniques and embrace diverse crop mixes, as well as organize themselves into economic units and market to consumers.

For service providers this means using different ways to meet the needs of African entrepreneurs. They provide accounting and business assistance, establish mentoring relationships, start with small investments, use flexible terms, and they stay the course with their entrepreneurs. They are involved in sticky relationships, ones that solve problems, weather hard times and share in successes. They rely on local knowledge rooted in Africa.

But service providers are limited. Too few investors are stepping up to provide the kind of flexible capital with lower interest rates and longer terms necessary for the opportunities that exist. Their opportunity set is mixed, incorporating a wide range of approaches from climate-smart agriculture to conservation agriculture to agroecology and Indigenous agriculture. They rarely differentiate between these different approaches in the agricultural sector as their focus remains on a strong business model.

Yet for practicing agroecopreneurs, there is no other path forward that both provides an income and a profit as well as benefits their soils, biodiversity and long-term resilience to climate change as well as provides healthful diverse foodstuffs and a mixed approach to economic income from varied food and fiber and non-crop products. Agroecopreneurs need more than financial support, they need:

- Access to quality bioinputs
- Ability and knowledge to make and enforce market contracts
- Culturally relevant business training and entrepreneurship
- Patient capital with alternative ways to repay such as royalty schemes
- Training and support in processing and packaging
- A peer support network for exchange, innovation and problem solving
- Alternative economic models for organizing themselves individually or in groups
- Skills in advocating for policies at the regional level to support their business interests

The path forward is emerging. Agroecopreneurs and service providers are innovating in Africa today to create a new way forward. They need the attention of the agroecology movement, donors and investors for this holistic, long-term braided work.

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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.

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