



## PAFO-COLEACP INNOVATION SERIES: Innovations and successes of African farmer-led businesses and SMEs

### Session N°2 Grow local: Conquering local markets

*21<sup>st</sup> January 2021, 12h00-14h00 (GMT)  
English-French interpretation available*

#### 1. Context: featuring African business successes

Despite numerous challenges, smallholder farmers and small and medium enterprises (SMEs) have unprecedented opportunities to supply local, regional and export markets. Innovation is a driving force in transforming food systems, promoting sustainable agriculture and leveraging investment. The private sector has a key role to play in shaping more sustainable, inclusive and profitable food systems, driven by innovation, knowledge co-creation, and support for a green transition.

In the context of implementation of the African Continental Free Trade Agreement (AfCFTA), and of booming African urban markets, many trade opportunities exist and will increase at local, regional and continental levels. These opportunities will have to be captured by the local private sector to increase employment, especially for youth and women.

With this background and willing to support farmers' organisations, cooperatives and SMEs to seize opportunities in new markets and to establish key partnerships to strengthen their competitiveness, PAFO and COLEACP launched in 2020 a series of sessions on **Innovations and successes of African farmer-led businesses and SMEs**.

These 2-hour sessions held every two months share best practices from entrepreneurs, farmers and agripreneurs, with a focus on innovations in production methods, markets development, digital solutions, technologies and circular economy. They also feature views on the supporting policy, research, finance and investment environment.

They specifically aim to:

- Increase awareness and use of existing innovations, led by farmers' organisations and SMEs across value chains
- Highlight forthcoming innovative technologies and practices with potential for farmers' organisations and SMEs
- Exchange best practices and successes across regions in the continent and with the EU



- Provide tailored support services (training, technical assistance, extension services, access to finance and documented case studies).

## **2. Promoting local entrepreneurs and opportunities in local markets**

Small and medium-sized enterprises form the backbone of the African economy, representing more than 90% of businesses and employing about 60% of workers, many of whom are women and youth. They face a series of constraints such as weak infrastructure and logistics that limits services such as road networks, payment systems and warehousing facilities, and leads to higher production and delivery costs for SMEs; access to finance and inadequate skills to respond to demanding markets.

Despite limitations, Africa has a wealth of successful and innovative entrepreneurs who invest in local value chains, work hard to meet consumers' expectations and convince them to buy local, and create employment, especially for youth and women agripreneurs. Smallholder farmers, cooperatives and small and medium enterprises (SMEs) are upgrading their skills to supply local markets and get their businesses to scale.

As shown by the COVID-19 pandemic, SMEs to survive and thrive need flexibility and innovation for market expansion, product development, use of technology and new skills. To be more competitive, they also need support in terms of policy reform, development of the trade support ecosystem and capacity building at the enterprise level.

Finance is the backbone of any business to start and grow. SMEs often quote finance as their biggest constraint, due to high interest rates, credit worthiness, large collateral requirements and a limited knowledge of loan application together with burdensome processes. High interest rates and fears of losing business in the event of a default in repaying loans also deter SMEs from requesting bank loans.

Small enterprises tend to start with financing from informal sources (e.g., family and friends, own savings, retained earnings, sale of assets) but as enterprises grow, financing switches to more formal sources (e.g. banks and financial support institutions for debt and equity financing) is critical to scale up production, create new products or expand geographically.

## **3. Key points for discussion on serving local markets**

- In serving local markets in value-added products, what are the main challenges encountered by business and SMEs and how innovation helps them to grow?
- Are changes by consumers towards buying local products perceived?
- How should public and private sector support investment in local processing facilities and growth look like from a business perspective?
- What are the main business development skills and capacities barriers for entrepreneur to serve local markets and examples on how to overcome them?
- What are the key drivers to capture more added value in local market for local businesses?
- To overcome the immediate pressures created by COVID-19, what short-term emergency financing and targeted technical assistance are needed.

## Programme (GMT time)

**Moderator:** *Isolina Boto, Head of Networks and Alliances, COLEACP*

### 12h00-12h10 - Introduction & Welcome :

- Jeremy Knops, General Delegate COLEACP

### 12h10-12h45 - Panel: Successes of businesses

- Affiong Williams, CEO, Reelfruit, Nigeria
- Catherine Krobo Edusei, Managing Director, Eden Tree Limited, Ghana
- Komi Agbokou, President and Founder, Choco Togo
- Bertille Guèdègbé Marcos, CEO, Les Jus Tillou, Benin

### 12h45-13h10 - Discussants

- Escipión Oliveira Gómez, Assistant Secretary-General, Dept Sustainable economic transformation and trade, OACPS
- Debisi Araba, Managing Director, AGRF, Kenya
- Dimitry Van Raemdonck, AgriFI Fund Manager, Belgium

### 13h10-13h45 - Debate

### 13h45-14h00

- Key takeaway points from the meeting, highlighting opportunities for action:  
Elizabeth Nsimadala, President, PAFO

**Conclusion:** *Fatma Ben Rejeb, CEO, PAFO*