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Strategic Initiative on Private Sector Investment in Livestock Value Chains for Food Security in Africa

Introduction

Developed under the Livestock Working Group of the Global Flagship Initiative for Food Security, this strategic initiative aims to catalyze private sector investment in livestock value chains as a pathway to strengthening food security, livelihoods, and resilience across Africa.

Africa's food security crisis is exacerbated by several intertwined challenges including rapid population growth, low productivity, climate change, including more frequent droughts, insufficient infrastructure, and limited technological development and uptake. Land degradation is a critical issue amplifying the challenges, with complex drivers and root causes. The continent's livestock sector presents a significant opportunity to strengthen food security while contributing to climate action and women's empowerment as it provides food, livelihoods, and economic stability for millions, yet it remains underdeveloped. This brief presents the strategic initiative to unlock private sector investment in livestock value chains as a pathway to strengthening food security in Africa.

Context

The livestock sector is critical within Africa's agricultural landscape, contributing significantly to the economy and providing essential nutritional needs. With a population projected to reach 2 billion by 2050, the demand for animal protein is expected to soar, necessitating urgent improvements in livestock production systems. However, challenges such as inadequate transportation and storage infrastructure, limited market access, climate variability and rising temperatures, low productivity due to poor animal health as well as limited appropriate production resources/technologies hinder potential growth.

The Role of the Private Sector

Harnessing the private sector's capabilities is pivotal. Investment opportunities include:

1. **Climate-smart infrastructure development**: Building veterinary clinics, processing facilities, water points and transportation infrastructure and networks are essential steps for improving livestock health and enhancing market access.
2. **Financial and Other Services**: Many pastoralists and smallholder farmers lack access to credit and financial services, which limits their ability to respond to crises. Innovative financial products tailored to the needs of pastoralists including mobility, can enhance resilience.
3. **Technology Adoption**: Leveraging mobile technology and advanced agricultural practices can improve productivity with the right support for technology transfer. For example, artificial insemination and mobile applications for market information are key to increasing livestock productivity and market performance.

4. **One Health:** A system approach integrating livestock, human and ecosystem e.g. rangeland health is needed. This requires cross-sectoral ministerial working, and innovative implementation supported by private sector at local level.

Tackling Challenges

There are notable barriers to enhancing private sector involvement:

- **Market Volatility**: Price fluctuations can deter investment. Thus, establishing cooperative structures for price stabilization can attract more investors.
- **Regulatory Hurdles**: Complex regulations often stall investments. Streamlining policies to create an enabling environment for private sector investments is essential.
- **Rural Infrastructure**: Underdeveloped infrastructure hampers supply chains and market access.
- **Inadequate public policies:** a supporting policy environment is needed to support private investments.

Strategic Actions

To catalyze private sector investment in livestock value chains, several strategic actions are recommended:

1. **Public-Private Partnerships (PPPs)**: Facilitating collaboration/co-creation between governments and private sector players can create favorable conditions for investment, supported by the development of appropriate incentives.
2. **De-risking private investments through incentives** such as tax breaks, blended finance, guarantees, and patient capital.
3. **Capacity Building**: Training programs should be developed to improve livestock keepers' knowledge of effective livestock management, viable opportunities for intensification, financial literacy, responding to climate change, and sustainability practices.
4. **Market Information Systems**: Establishing systems that provide better pricing and market information will benefit livestock keepers and pastoralists and enhance overall market efficiency.

Resource Mobilization and Partnerships

International investment and capacity building collaboration is vital. The initiative presents an opportunity for the Arab Coordination Group (ACG) to consider allocating resources from the commitment announced in the Communiqué of the Heads of Arab Coordination Group Institutions (3 December 2024). The initiative further invites other donors, development finance institutions, and private sector actors to join efforts to scale investment in livestock value chains and strengthen food security outcomes across Africa.

Conclusion

This strategic initiative on private sector investment in livestock value chains is essential for addressing food insecurity and land degradation in Africa. By overcoming infrastructural challenges, enhancing market access, and fostering innovative partnerships through PPPs, the private sector can fundamentally transform the livestock sector. Climate action and livestock development are inseparable agendas as resilient livestock value chains generate co-benefits across adaptation, mitigation, food security, and livelihoods in Africa. As such, strategic engagement of the private sector presents a viable path forward for not only improving livelihoods but also ensuring food security across the continent.

Selected References

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This brief encapsulates the essential elements of the strategic initiative and its potential impact on Africa's food security through strategic involvement of the private sector in livestock value chains.

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