



Key Takeaways AGRA and ATLAS roundtable on “**Private Capital at the Table: Financing the Future of African Food Systems**”, September 2, 2025, African Food Systems Forum

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Africa’s food systems hold **immense potential for economic transformation, food security, and job creation**. However, this potential remains **underleveraged due to a persistent financing gap**. It is estimated that **Africa requires over USD 200 billion annually in agricultural and food systems investment**, yet current levels fall far short. Traditional sources of finance, such as public funding and Official Development Assistance (ODA), have proven insufficient, with ODA itself facing significant contraction. As a result, mobilizing private capital, both international and domestic, has become a central priority. The **AGRA and ATLAS** at the African Food Systems Forum 2025 roundtable convened thought leaders from finance, development institutions, and agribusiness to explore systemic solutions for crowding in large-scale private capital. **The discussion focused on identifying the barriers to investment, strategies to scale capital flows, and the enabling role of governments and institutions.**

Participants reaffirmed the **scale of Africa’s financing needs** in agriculture and emphasized that, with governments constrained by **debt servicing obligations and shrinking public revenues, private capital is essential** to bridging the gap. While Africa is rich in opportunities ranging from primary production to agro-processing and export-oriented value chains, the challenge lies in making these opportunities attractive to investors who are accustomed to **higher returns and lower risks elsewhere**.

The discussion highlighted several **systemic challenges** that continue to obstruct investment. A recurring theme was the issue of **scale and productivity**. Many agribusinesses and SMEs remain too small and fragmented to attract institutional capital. **Scale is a prerequisite for efficiency,**

**competitiveness, and investor confidence**, yet achieving it remains difficult given the fragmentation of markets and weaknesses in infrastructure. Coupled with this is the high cost of capital. Participants observed that local interest rates, often exceeding 15 to 25 percent, make debt financing prohibitive for most agribusinesses. This reality undermines the growth of small and medium enterprises that form the backbone of Africa's food systems. Market fragmentation, regulatory inconsistencies, and logistical barriers further exacerbate the problem, raising transaction costs and deterring investors. A lack of investment readiness, both in terms of technical and managerial capacity, continues to create a mismatch between available finance and viable opportunities. Furthermore, **policy uncertainty and sudden regulatory shifts** weaken investor confidence, with export restrictions and inconsistent agricultural policies cited as particular disincentives.

The roundtable emphasized that **blended finance is one of the most promising tools to unlock private capital**. Yet participants agreed that current approaches are too slow and overly complex, with fund structuring often taking years to complete. To be effective, **blended finance needs to be standardized into replicable models, targeted toward specific market failures**, and developed collaboratively among development finance institutions, philanthropy, and commercial finance. Participants stressed that **concessional finance** should not burden entrepreneurs with navigating fragmented sources of grants, loans, and concessional capital, but **should instead offer integrated solutions that genuinely reduce risks and leverage private investment**.

Beyond international private capital, participants underscored the importance of **mobilizing domestic resources**. Large pools of capital remain dormant in **African banks, cooperatives, pension funds, and mobile money systems**. Unlocking these requires reforms and the introduction of innovative instruments such as warehouse receipt systems, leasing options, digital credit, and index-based insurance. Participants noted that domestic capital mobilization could **complement international flows and anchor financing within local ecosystems**.

**Government action** was recognized as critical in creating an enabling environment for investment. Participants agreed that **consistent, transparent, and predictable regulatory frameworks** are necessary to attract long-term commitments. They emphasized the need to reduce policy distortions, support regional integration to build larger and more efficient markets, and invest in critical infrastructure such as aggregation centers, logistics systems, and processing facilities. These reforms would lower barriers and improve the **competitiveness of African agribusinesses**.

Another recurring theme was the centrality of small and medium enterprises, alongside smallholder farmers, in Africa's food systems. While institutional capital naturally gravitates toward larger investments, participants agreed that SMEs cannot be overlooked. They advocated for **aggregation models through cooperatives and value chain platforms** that can pool

production and achieve scale. At the same time, they stressed the importance of investment in technical assistance, capacity building, and market access to strengthen SME readiness. Participants highlighted that smallholder farmers remain central to Africa's food security, and **inclusive approaches that balance large-scale investment with grassroots support are essential.**

The roundtable also reflected on the **importance of global market linkages.** Africa's **comparative advantage in commodities such as coffee, cocoa, and cashews** presents opportunities to tap into global demand. Linking African producers to international buyers could **unlock commodity-based financing models, catalyze investment in value chains, and increase export revenues.** Participants emphasized, however, that this would require improvements in **productivity, quality, and reliability** of supply if African producers are to compete successfully in global markets.

The roundtable underscored the **urgency of scaling private capital flows** into African food systems. While the financing gap is daunting, participants agreed that **practical pathways exist.** They stressed the need to support enterprises and value chains to achieve the **scale and efficiency** required to attract institutional investment, while also ensuring that SMEs and smallholders are not excluded from these opportunities. They highlighted the importance of **standardizing and accelerating blended finance models, mobilizing domestic capital through innovative instruments, and strengthening links between African producers and global markets.** In parallel, governments were called upon to commit to **regulatory stability, regional integration, and infrastructure investment.**

Participants concluded that **unlocking private capital at scale is not only a matter of financial innovation but also of building trust, reducing risk, and aligning efforts across the public and private sectors.** Concrete next steps included the development of co-investment platforms, the design of blended finance vehicles within defined timelines, and the establishment of structured mechanisms for ongoing collaboration among investors, DFIs, governments, and agribusinesses. **By committing to these actions, Africa can begin to close its \$200 billion annual investment gap and transform its food systems into engines of prosperity, resilience, and inclusive growth.**