Financing African Aquaculture

Mixed Finance

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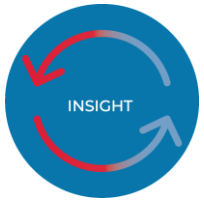
FINANCING AFRICAN AQUACULTURE: **BACKGROUND**



The aquaculture industry in Africa is valued at $5.6 billion and production volumes are projected to grow by 23% between 2020 and 2030.

Despite production growth rates, Africa's aquaculture supply will need to grow to meet fish demand, which is projected to triple to 29 million metric tonnes (MT) by 2050, exceeding today's domestic production volume of 10 million MT.

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FINANCING AFRICAN AQUACULTURE: **FINANCE INSIGHTS**

WHAT WE KNOW

Finance is not only a critical bottleneck but also an opportunity for sustainable commercial aquaculture development in Africa!

Beyond separate/divided private and/or government financing efforts, combined/blended financing through PPP arrangements can address many key challenges such as:

- **infrastructure development**
- **access to finance, and**
- **technology transfer.**
- **Investments**

Nevertheless, PPP financing arrangements can be complex and cumbersome.

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FINANCING AFRICAN AQUACULTURE: **INVESTMENTS**

Investments in aquaculture must directly tackle challenges faced by farmers and address priority impact areas, leading to critical outcomes for smallholder farmers such as:

- **Access to finance and insurance**
- **Access to affordable high-quality inputs**
- **Increased technical capacity.**
- **Access to fair prices**
- **Improved infrastructure**

PPP approaches will enhance the outcomes!

Risk division and allocation are critical aspects of the partnership's success. The goal is to ensure that each party, whether public or private, takes on risks that they are best equipped to manage. For example, operational and construction risks being covered by the private sector / political, currency, regulatory risk covered by the public sector

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FINANCING AFRICAN AQUACULTURE: **OPPORTUNITIES**

PPP opportunities

- PPPs shall create priority on local government /community involvement over central government. PPP's have traditionally a longer lifespan than private efforts and are therefore more suitable for infrastructure projects such as construction of fish farms, hatcheries, feed mills and processing facilities.
- **Access to Finance:** PPPs can create investment opportunities and facilitate access to finance for small and medium-sized aquaculture enterprises. This can be done through partnerships with financial institutions and investors. Efforts and collaborations with banks in Agriculture often are vulnerable towards abuse within its operations.
- **Technology Transfer:** Collaborations between governments, private companies, and research institutions can help transfer advanced aquaculture technologies and best practices to local fish farmers, improving productivity and sustainability.
- **Market Access:** PPPs can support the development of value chains and market linkages, ensuring that aquaculture products reach consumers efficiently and profitably. Governments often own or partly own markets, post-harvest infrastructure and have a special interest.
- **Regulatory Frameworks:** PPPs can work on establishing transparent and effective regulatory frameworks that encourage responsible aquaculture practices and protect the environment.
- **Capacity Building:** PPPs can provide training and capacity-building programs to empower local communities and fish farmers with the knowledge and skills needed for successful aquaculture operations.
- **Research and Development:** Collaborative efforts between research institutions, private companies, and governments can drive innovation in aquaculture, leading to the development of new species, feed, and disease management solutions.
- **Infrastructure Improvement:** PPPs can catalyze and create public investments towards improving infrastructure requirements for the farmers and to improve the value chain efficiency.

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FINANCING AFRICAN AQUACULTURE: **SMALLHOLDERS**

- While there is scope for medium to large corporate commercial aquaculture ventures in Africa, smallholder farmers can and will play a critical role in addressing aquaculture supply gaps across the continent, while improving their livelihoods. Currently SHF sector contributes over 70% of the African aquaculture production.
- To achieve this, more must be done to de-risk the transition for farmers, making the case for the opportunity to shift away from less profitable staple crops such as maize. Our research indicate that fish farming provides a viable route to profitability, with farmers able to earn 150 USD/acre in monthly profits in comparison to 7 USD/acre in maize farming. PPPs will contribute significantly for achieving this.
- PPPs can help improving the smallholder potential and efficiency. Potential special interest and increased knowledge and data by public sector/government (versus private sector) in large rural population /SHF
- PPPs can help resolve many challenges that women in the sector are facing, such as limited access to land and financing, knowledge and training and limited autonomy.
- PPPs in financing, where possible, should be considered as the most efficient financing option for sustainable commercial aquaculture development in Africa.

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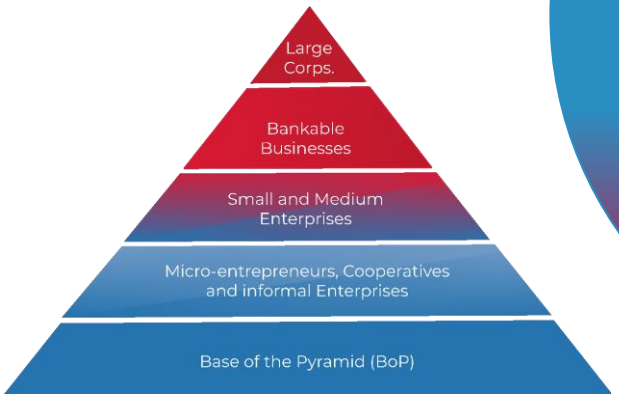
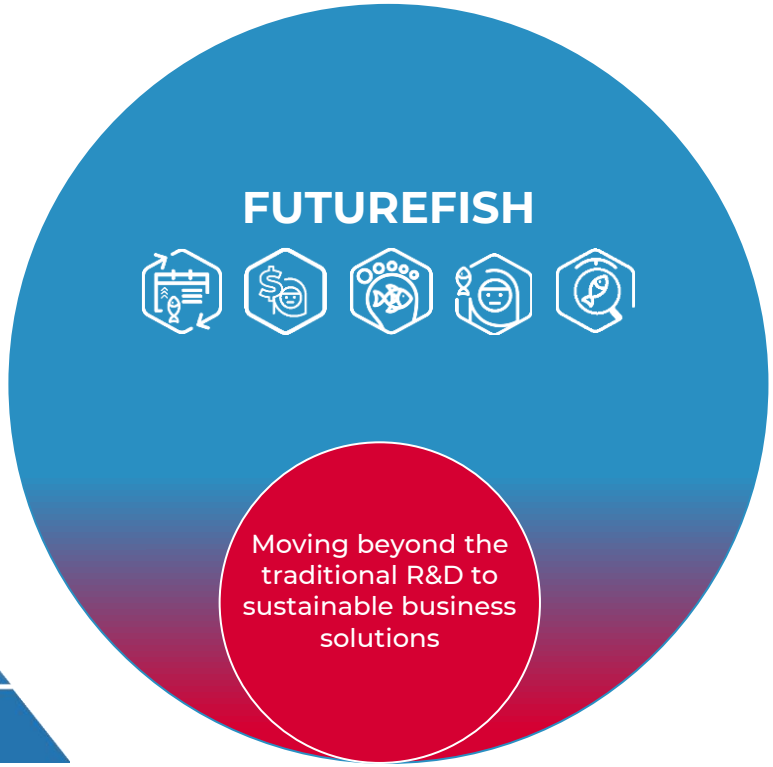
FINANCING AFRICAN AQUACULTURE: **SMALLHOLDERS**

BLENDED FINANCE, CAPITAL

FINTECH CREDIT RISK ASSESSMENT

EDU-TECH





FINANCING AFRICAN AQUACULTURE: **SMALLHOLDERS**

This currently does not exist in Aquaculture

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Driving business solutions by
connecting insights and innovations
with networks and investments
for a sustainable food system.
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