

A Case for Investing in Africa's Food Systems

An Article by GBHub Africa

April, 2025



Africa's food systems are at a critical juncture. Despite possessing 60% of the world's arable land, the continent continues to grapple with food insecurity and poverty (FAO, 2021). With the global population projected to reach 9.7 billion by 2050, and Africa's population expected to reach 2.5 billion by the same year, the need for sustainable and resilient food systems has never been more pressing (United Nations, 2019). This article explores the challenges facing Africa's food systems, the potential for growth and development, and the opportunity presented by smart investments towards unlocking this potential.

The continent's food systems are plagued with various challenges, some of which include climate-induced disruptions, land degradation, post-harvest losses, limited access to agricultural financing, and inadequate infrastructure for food storage and distribution. These issues threaten food security, economic stability, and the livelihoods of Africans.

At the heart of this fragile food system is agriculture, which employs about **60% of the continent's workforce** (World Bank, 2021), making it the backbone of many African economies. Yet, despite its dominance, the sector has not translated into widespread prosperity. Using a poverty line of **\$1.90 per day**, Africa's **extreme poverty rate** was recently estimated at **35.5%** (Outreach International, 2023). This means that more than a third of the population struggles to afford necessities, even though the sector that sustains them plays a critical role in national economies.

A major structural bottleneck to sustainable systems in Africa is the limited access to financial resources for smallholder farmers, small and medium-sized enterprises

(SMEs), and other marginalized players (AGRA, 2023). This limits their ability to adopt more sustainable and resilient practices as well as building viable food systems. Africa's food systems hold immense potential to drive economic transformation, improve livelihoods, and enhance food security. Increased investments in agri-food systems are critical to realizing the ambitions of the 2030 Agenda and the Paris Agreement; This requires coordinated actions across a range of policy areas and vast investments, both from public and private financiers (D'Alessandro et al., 2022).

The Potential Impact of Investing in Africa's food Systems

The impact of investing in Africa's food systems can be broadly grouped into three main areas:

1. Economic Impact

• Job Creation:

Investing in food systems generates a wide range of employment opportunities in areas such as farming, food processing, distribution, and retail. This growth in employment not only helps reduce unemployment rates but also provides steady, reliable income sources that empower local communities and foster skill development.

• Market Development:

Enhancing infrastructure and logistics streamlines the movement of goods, making markets more accessible and efficient. This reduction in trade barriers stimulates economic activity by connecting producers with consumers more

effectively, which in turn boosts local economies and supports the growth of small and medium enterprises.

- **Further Investment Attraction:**

A modern and efficient food system attracts more domestic and foreign investment beyond initial investments. This influx of capital fuels further innovation, modernizes production methods, and expands the agricultural value chain, creating a positive cycle of growth and technological advancement within the sector.

2. Social Impact

- **Food Security:**

A well-invested food system ensures a consistent and reliable supply of food, which is crucial for reducing hunger and preventing food crises. This stability is especially important in vulnerable regions, as it supports community resilience and well-being.

- **Health Benefits:**

Improved food systems promote access to nutritious and locally sourced foods, which can lead to better overall health outcomes. Enhanced nutrition helps reduce malnutrition and associated health issues, contributing to stronger, healthier populations, particularly among children and vulnerable groups.

- **Poverty Reduction:**

By creating reliable income opportunities and sustainable livelihoods,

investments in the food system help lift individuals and communities out of poverty. This economic empowerment leads to improved access to education, healthcare, and other essential services, creating a more equitable society.

3. Environmental Impact

- Sustainable Practices:**

ESG-themed investments place emphasis on sustainable farming techniques—such as crop rotation, organic agriculture, and reduced chemical inputs—helps maintain soil fertility, conserve water resources, and protect biodiversity. These practices mitigate environmental degradation and ensure that agricultural activities are environmentally responsible and long-lasting.

- Resilience to Climate Change:**

Investing in climate-smart agriculture and adaptive practices enables communities to better withstand the effects of climate change. By adopting innovative water management systems, drought-resistant crops, and other adaptive strategies, farmers can mitigate the impact of extreme weather events and maintain productivity even in changing climatic conditions.

Why Now? The Urgent Need for Investment

The time to invest in Africa's food system is now. With the continent's population projected to reach **2.5 billion by 2050** (UN, 2019) and the rising cost of global food prices due to COVID-19 and geopolitical conflicts, the need for sustainable and resilient food systems has never been more pressing. Despite our global commitments, Africa remains nowhere near achieving Sustainable Development Goals 1 and 2 (No Poverty & Zero Hunger), underscoring the urgent need for transformative investments. It is not about choosing between small or large operations, smallholder farmers or big businesses, or public versus private investments. Stakeholders need to embrace diverse and integrated solutions that address the different needs of communities.

REFERENCES

Alliance for the Green Revolution for Africa-AGRA. (2022). Africa agriculture status report: Accelerating African food systems transformation. Retrieved from <https://agra.org/wp-content/uploads/2022/09/AASR-2022.pdf>

Alliance for the Green Revolution for Africa-AGRA. (2023). Africa agriculture status report: Empowering Africa's food systems for the future. Retrieved from <https://agra.org/wp-content/uploads/2023/11/AASR-2023.pdf>

Brookings. (2021). Financing food systems resilience in Africa: A starting point for transformation. <https://www.brookings.edu/articles/financing-food-systems-resilience-in-africa-a-starting-point-for-transformation/>

Consultative Group on International Agricultural Research. (2022). Drought-resistant Crops and regenerative farming techniques. *CGIAR Research Program on Climate Change, Agriculture and Food Security*. Retrieved from <https://ccafs.cgiar.org/research/results/drought-resistant-crops-and-regenerative-farming-techniques>

D'Alessandro, C., Rampa, F., & Dekeyser, K. (2022). Investing in sustainable food systems: A methodology and lessons learned from Africa. *ECDPM*. [Investing in sustainable food systems: A methodology and lessons learned from Africa - ECDPM](https://www.ecdpm.org/research/2022/03/investing-sustainable-food-systems-methodology-and-lessons-learned-africa)

Food and Agriculture Organization of the United Nations- FAO. (2021). What are the most-produced cash crops in Africa? Retrieved from <https://www.fao.org/family-farming/detail/en/c/1507024/>

Food and Agriculture Organization of the United Nations- FAO. (2022). The state of food security and nutrition in the World 2022. Retrieved from <https://www.fao.org/publications/sofi/2022/en/>

Outreach International. (n.d.). *Poverty in Africa: Facts & figures*. Outreach International. Retrieved from <https://outreach-international.org/blog/poverty-in-africa/#:~:text=Africa%20has%20the%20highest%20extreme,estimated%20to%20be%20about%2035.5%25>

UN Trade and Development (2021). Africa agriculture status report. Retrieved from https://unctad.org/system/files/official-document/aldcafrica2021_en.pdf

United Nations Conference on Trade and Development. (2023). Africa's vulnerability to global shocks highlights the need for stronger regional trade. <https://unctad.org/news/africas-vulnerability-global-shocks-highlights-need-stronger-regional-trade>

United Nations Economic Commission for Africa (2022). African continental free trade area: Questions & answers .Retrieved from https://www.uneca.org/sites/default/files/PublicationFiles/qa_cfta_en_230418.pdf

United Nations. (2019). *World Population Prospects 2019: Highlights*. Retrieved from https://population.un.org/wpp/Publications/Files/WPP2019_Highlights.pdf

World Bank. (2021). Employment in agriculture (% of Total Employment)

(Modeled ILO Estimate) - Sub-Saharan Africa. Retrieved from

<https://data.worldbank.org/indicator/SL.AGR.EMPL.ZS?locations=ZG>

World Bank. (2022). Agricultural innovation systems: An investment

sourcebook. Retrieved from

<https://openknowledge.worldbank.org/handle/10986/11884>