



## Phatisa: 'Large-scale farming in Africa must be sustainable'

by **Guest Writer** on 27 SEPTEMBER 2016 in **Commentary, Guest commentary**

*In light of the recent news that the ICC is to expand its remit to include crimes associated with land grabbing and deforestation, Valentine Chitalu, chairman at sustainability focused African private equity firm Phatisa, argues that it is becoming increasingly clear that the most important consideration in large-scale farming project investment should be sustainable investment.*

Foreign-owned large-scale land projects targeted at mass production of export food products are at odds with local food security and fragile natural resources in Africa. Land issues [here] are very sensitive from both a social and a political point of view.

But being an indigenous African fund manager of a multinational private equity initiative – the Africa Agriculture Fund (AAF), Phatisa believes these two goals – large-scale land projects and food security – most certainly can, and should, be compatible and sustainable.

Phatisa's investment strategy is focused on food production and covers the entire spectrum, from inputs (such as seeds, fertilisers and crop chemicals) through to primary production to processing and storage and distribution. We do not 'land bank' and we place zero value on land when we enter an investment and model our exit. Where we make an investment in primary agriculture it is in order to use Africa's land to produce food for its people and therefore reducing Africa's food insecurity and import dependence.

The severity of the food crisis has led the international community and development agencies to mobilise themselves and form a global partnership to address the crisis affecting both agriculture and food production.

Multinational public-to-private partnerships need to be based on four components: to design an international strategy and maintain political awareness on food issues; boost agronomic expertise and build a global knowledge network; re-orient financing from both public aid agencies and states towards agriculture investment; and finally, involve local communities and producers in economic activity.

In order to ease the pressure on Africa's most dependent economies, the international community will need to support and finance the implementation of public agricultural policies.

Key to achieving this is the promotion of new agricultural models that are more productive, energy efficient, and respectful of the environment to combat climate change, preserve biodiversity, mitigate soil degradation and combat desertification. The promotion of agricultural investments involving small farmers and rural entrepreneurs that can contribute to both agricultural production and economic growth in Africa is also important. Other fundamental necessities include:

- Improving professionalism and the activities of stakeholders in the rural world. Stakeholders include administrations, territorial authorities, professional and inter-professional organisations.
- Advancing the agricultural profession and encouraging young farmers.
- Combining the development of marketed agri and food products and subsistence sectors.
- Structuring and organising domestic markets.
- Adopting mechanisms to mitigate price volatility and manage risks.
- Developing infrastructure such as tracks and roads, telecommunications, energy, water and land use planning.
- Encouraging African governments to adopt best practice in land ownership, consultation processes around large projects and ensuring maximum development impact of investments.

The African continent has huge potential in terms of its own food security and exports. This will attract institutional and private players eager to increase local food production and implementation of best of breed technology and know-how.

Our approach to business is sustainable, environmentally friendly and closely aligned with the interests of the people and communities impacted by its investments. As such we operate according to a social environmental management system that features an environmental and social risk, guidelines for optimal use of the technical assistance facility and, for the first time in agri and food business private equity, a code of conduct for land acquisition and land use in agricultural and food business projects to prevent unsustainable practices. It is this kind of attention that makes the African Agriculture Fund a socially responsible investment vehicle.

The only and most important consideration for businesses buying large-scale farming projects should and must be sustainable investment – building long-term equity value for all.

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