



## The AFAP Contract: A Flexible Union between Public and Private

**A**FAP prides itself on offering an innovative approach to establishing more competitive and sustainable fertilizer markets that benefit African smallholder farmers. AFAP believes that a united public and private sector can bolster the marketplace and encourage consistent and responsible fertilizer use. The mechanism that allows AFAP to unite the expertise and dedication of these two sectors is the Agribusiness Partnership Contract (APC).

Devised by AFAP leadership, an APC is a flexible agreement that provides AFAP assistance to eligible international, regional and local agribusinesses that want financial, technical and logistical assistance as they make inroads into African markets. In return for AFAP's assistance, these agribusinesses commit to making significant market development contributions.

### What is an APC?

An Agribusiness Partnership Contract (APC) is an agreement between an agribusiness and AFAP that provides AFAP assistance in return for substantive market development contributions that further the goal of boosting responsible fertilizer use and availability to smallholder farmers in Africa.

AFAP assistance can come in the form of credit guarantees or, in limited instances, matching grants. Assistance may also include technical consultations, logistical assistance and training.

APCs are devised to be flexible, allowing AFAP leadership to respond to the changing needs of a region, market, or business. AFAP can creatively offer monetary, technical or logistical support depending on the situation.



### APC Focus

In particular, AFAP seeks to provide:

- Guarantees to fertilizer distributors for credit to retailers;
- Financing assistance for importers and blenders interested in entering or growing business in an African market;
- Guarantees to new or growing blenders interested in building or expanding a facility;
- Financing assistance for fertilizer storage and distribution;
- Technical, logistical and marketing support;
- Training and organization of local entrepreneurs and farmers.

### What Agribusinesses Offer

In return for assistance, AFAP requires participating agribusinesses to:

- Engage in development efforts that will increase access, affordability and sustainable use of fertilizer to smallholder farmers;
- Provide contributions to the lives and communities of smallholder farmers and the markets in which they operate above and beyond the services the company offers in its regular course of business.
- Offer a long-term commitment to developing market infrastructure or capacity that bolsters sustainable fertilizer use.

## Agribusiness Partnership Contracts

APCs are flexible contracts that engage private enterprise in the work of increasing the affordability, accessibility and sustainable use of fertilizer to grow food and profits for smallholder farmers in Africa. A successfully executed APC benefits the business bottom line and the community.

## Applications

### First Phase: Concept Note

The APC application process has two phases. In the first phase, AFAP asks organizations to supply an initial concept note. This is a short note that requests assistance for a project that supports AFAP goals. AFAP staff happily offers guidance to applicants drafting concept notes.

### Second Phase

AFAP will review the concept note. If it is approved, AFAP will ask the applicant to submit an official application for funding. In this second phase of the process, the applicant will be asked to supply a detailed final proposal. The information required for this proposal will depend on the complexity and breadth of project proposed. AFAP staff will communicate specific requirements.

However, all proposals must include:

- A business plan detailing the total cost of the project;
- Details of how the money will be spent;
- Applicant's contributions to the project;
- Length of the project;
- Description of the applicant's business including its management and key staff.

### Oversight

AFAP's investment committee sets the conditions for APCs including a schedule of payments linked to performance. It also recommends strategies, policies, and priorities for projects and oversees monitoring and evaluation systems.

Though it maintains strict oversight, AFAP encourages risk taking. As a result, APCs have been developed to provide flexibility in how the contract is negotiated and executed.

### Who is eligible?

**International, regional and local agribusinesses that can:**

- Demonstrate that their project will boost access, affordability and usage of fertilizer to smallholder farmers;
- Create projects that will reduce constraints to fertilizer supply and demand;
- Contribute to the lives and communities of smallholder farmers and the markets in which they operate.

### Interested in an APC?

AFAP is currently seeking innovative and ambitious proposals for bolstering fertilizer availability and responsible use in Africa.

To discuss submitting a concept note for AFAP review, please contact Cecilia Khupe, AFAP's director of programs, at [info@afap-partnership.org](mailto:info@afap-partnership.org).

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