

Thematic Session on “Sustainable Investment in support of agri-food systems”

Concept note

Context

The 2019 AU-EU Ministerial Declaration stressed the importance of cooperating on public and private investments in agriculture and agri value chains. Moreover, following up from the 6th EU - AU Summit in February 2022, and as part of the Global Gateway Investment Package, enhanced cooperation on sustainable food systems has been outlined. With an ambition to increase resilience and sustainability of African food systems, the focus would be on: i) increasing the economic, environmental and social sustainability of food production; ii) creating a conducive policy environment for sustainable private investments in smallholder farming and in support of agri-food and fish-processing; iii) facilitating innovation and knowledge transfer; and iv) boosting improved nutrition.

Moreover, triggered by the 2021 UN Food Systems Summit, the World Bank and IFAD have led work on a new global Food Financing Architecture. It is based on the assessments that today’s food systems: i) generate \$12 trillion in hidden social, economic, and environmental costs; ii) prioritize volume over nutritional value; iii) fail to pay a living wage while creating sizeable profits for a concentrated set of players; and iv) treat the natural environment as an infinite resource – resulting in massive waste and undermining the stability of the entire food system and global economy. The new food finance architecture entails the double message of stepping up investments and financing differently, with implications for domestic public finance, donor finance and private & other finance.

In a related manner, the January 2023 AU Summit on food sovereignty and resilience called for the increase in investments from domestic and international resources for Africa’s agricultural sector. At the Summit, country-level Food and Agriculture Delivery Compacts were presented. These convey the vision, challenges and opportunities in agricultural productivity, infrastructure, processing and value addition, markets and financing that will accelerate the implementation of the African Union’s Comprehensive Africa Agriculture Development Program (CAADP).

This session on “Sustainable Investment in support of agri-food systems” will showcase some of the agricultural value chains which are having traction at country and regional level - both exportable (cocoa, cashew) and for all typology of markets (livestock, fruit and vegetables, aquatic, plant proteins etc) - as part of the Global Gateway delivery.

While the political commitment has been expressed repeatedly, many practical hurdles remain. These include slow changes in bringing about conducive policy and regulatory environments, including distortive agricultural policies, limited institutional capacities, unbalanced market power structures. It also remains challenging to scale up financing in support of small-scale farming and to tap other sources of financing (e.g. climate finance) for agri-food systems in Africa. This thematic session will be an opportunity to explore ways of tackling such constraints in a collaborative manner with the Rome based agencies and beyond.

Focus of the session

The 2019 AU-EU Agriculture Ministerial discussed the enhancement of responsible investments in agriculture and agri-business, with a focus on business platforms. Since then, experience has been gained, not only in bringing parties together, but also in a range of instruments, arrangements and measures that facilitate private investments in agriculture and food systems. Moreover, there have been evidence-based calls for repurposing of public expenditure around food systems. This thematic session will build on these experiences and more specifically consider:

- Progress on establishing agri-business linkages, including cooperation between public and private sector agencies;
- Prospects for repurposing of public expenditure and incentives
- Options for a renewed role for Public Development Banks in connection with financing of (small-scale) farming
- The opportunities and challenges around the use of blending instruments and guarantees in agriculture and agri-business – from AgriFI, ABC Fund, Huruma Fund, AATIF and others.

Panellists

Chair

- Ildephonse Musafiri, Minister of State in the Ministry of Agriculture and Animal Resources, Rwanda

Moderator

- Carla Montesi, Director, Directorate-General for International Partnerships, European Commission

Speakers

- Marco Camagni, Global Technical Lead for rural institutions, International Fund for Agriculture and Development (IFAD)
- Andrea Ghia, Responsible for the EU-Ghana agri-business platform, Eurocham Ghana
- Martin Fregene, Director for Agriculture, African Development Bank
- Changwe Kumalinga, Chief Financial Officer, Good Nature Agro
- Bongwiwe Njobe, Chairperson, Global Forum on Agricultural Research and Innovation (GFAR)
- Mohamed Manssouri, Director, FAO Investment Centre, Food and Agriculture Organization of the United Nations (FAO)