High Level Panel

Promoting responsible private investment & access to markets in the agri-food sector in Africa

The African Union - European Union Agriculture Ministers Conference

2 July 2017, FAO HQ, Rome, Italy

CONCEPT NOTE

Context

Agriculture is an essential component of Africa's economic development - it already contributes to a quarter of the continent's GDP, a driver for food security and fighting poverty and also a sector that can provide the necessary decent job opportunities for young African people.

It is projected that the continent's youth population will double to over 830 million by 2050. 10 to 12 million youth enter the workforce every year, while only 3 million jobs are created annually in the formal economy. This youthful demographic profile could be a significant asset for Africa, if countries can successfully enable greater youth participation in agriculture, as youth are able to generate new skills, technologies, entrepreneurship.

The African Union's Malabo Declaration adopted in 2014 by the AU Heads of States and Governments targets ending hunger and halving poverty by 2025, with the agri-food sector as a driver of growth. Inter-African integration, and trade and investments are key to reach these targets. At the Valetta Summit, in 2015, EU and African leaders identified the need to facilitate responsible private investments in agri-food sector.

Responsible investments in rural and agricultural economy, value chains and integrated markets have a crucial role for fostering economic growth, job creation and development in African countries. It can address the problem of youth unemployment and offer new opportunities for smallholder, agribusinesses and SMEs. Private investments, innovative finance solutions and public-private partnership are essential for African agriculture to meet its potential, as the public sector alone cannot stimulate the necessary agricultural transformation. Those investments need to promote equitable models with sound social and environmental sustainability. More than incentives, farmers and agri-businesses need an enabling business environment with the right regulatory framework. They need policies to encourage private sector investments, need access to agricultural finances and need to increase trade and value adding for key commodities.

Agricultural trade is part of the solution and contributes to sustainable development and poverty reduction. At political level, governments and institutions in Africa have demonstrated their will to increase regional trade and integration at regional and continental level. The African leaders agreed to triple intra-African trade in agricultural commodities and services by 2025, as part of the Malabo

Declaration. Regional markets, enhanced inter- and intra-regional trade and greater integration between African countries are needed, in order for the continent to develop greater resilience to shocks and fluctuations in international markets. Trade is also critical to the transformation of agriculture in the continent, as regional value chains can deliver economies of scale for producers, promote greater investments into the sector and higher level of productivity and competitiveness.

The EU is committed to supporting African Union countries to integrate into the world's trading system and share in the benefits of the global economy. Access to markets is an important source of jobs and growth for both parties. A better trading system will assure quality standards, improve value adding and market transparency, and ultimately raise incomes for farmers in countries of origin. The Sanitary and Phytosanitary (SPS) capacity building efforts of the African Union Commission, particularly the food safety initiative, focus on establishing a pan African reference laboratory in collaboration with the private sector in order to add value on the ongoing SPS work in the African region.

The Country Agribusiness Partnerships Framework (CAP-F) a tools to mobilize private sector investments under CAADP aims to supplement the country CAADP investment plans by stimulating private investments. The framework will allow countries to prioritize their value chains, mobilize both domestic and foreign investments and propose public-private sector dialogues and inclusive accountability mechanism.

The conference will focus on agri-business investments in the context of the Economic Partnership Agreements (EPAs), that provide a necessary stable and predictable framework for responsible agri-food investments and agricultural trade. EPAs go beyond conventional free-trade agreements, focusing on development, taking into account socio-economic circumstances and including cooperation and assistance to support partner countries to implement the agreements.

Over the years, the EU has been working with African partners to support policies in agriculture, to improve business and investments environments, as well as to increase investments for agricultural transformation. The potential of Africa-EU business cooperation to support the development of agri-food enterprises in Africa and regional trade is yet to be fully exploited. Giving the challenges ahead, this partnership needs to be strengthened, by better mobilizing and focusing efforts and resources.

Objective and outcomes

The aim of the High Level Panel is to provide a short-list of possible concrete action-oriented proposals to be put forward and presented to the ministerial plenary.

The High Level Panel will focus on policy development in support of harnessing sustainable trade and responsible investments in Africa, and policy cooperation between the African Union and the European Union. It will also be an opportunity to build up political mobilisation and to advance discussions among key players for the EU's External Investment Plan (EIP) in the area of agri-food business.

Participants will also be invited to reflect on the application and monitoring of the CFS's Principles for responsible Investments in Agriculture and Food Systems (RAI) as well as on the OECD guidelines on responsible agricultural investments and agricultural supply chains. In addition, they will also be invited to consider which guiding principles for investment policymaking would be needed to make such responsible investments thrive in the agri-food sector. The panel will also explore possibilities for further engagement of EU-AU like-minded organisations to promote responsible agribusiness investments, as well as possibilities to increase cooperation between Africa-EU agricultural businesses.