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# FAO REGIONAL CONFERENCE FOR AFRICA

## Twenty-ninth Session

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**Trends and issues in food and agriculture for national and regional action  
in the context of the SDGs**

## Executive Summary

In the context of continuity of the overall strategic direction of the Organization, a structured regional strategic review was carried out to identify the main trends and issues in food and agriculture in the Africa region and their implications for FAO's future work to support national and regional action, also contributing regional specificities to the review of the FAO Strategic Framework and preparation of the Medium Term Plan 2018-21.

Three important global developments in 2014-2015 will frame national and regional action and FAO's work in food and agriculture in the future: the 17 Sustainable Development Goals (SDGs), the Paris Agreement adopted as an outcome of the UN Global Climate Change Conference (COP21), and the Rome Declaration on Nutrition and the Framework for Action adopted by the Second International Conference on Nutrition (ICN2). In addition, 10 global trends and issues are expected to have direct or indirect impacts on the food and agriculture sector, with specific manifestations and impacts in the Africa region, as elaborated in the document.

The national and regional actions that FAO can most effectively support in this context will be firmly grounded in the Comprehensive Africa Agriculture Development Programme (CAADP) through the Malabo Implementation Strategy and Road Map and the commitments to the Sustainable Development Goals. These relate to: food security and nutrition; fight against poverty; climate mitigation and adaptation and sustainable use of natural resources, including energy and water scarcity; protection against animal and plant diseases and pests, and food safety threats; agri-food systems development and employment; trade; and particular attention to gender and youth.

### Matters to be brought to the attention of the Regional Conference

The Regional Conference is requested to provide guidance and advice on the extent to which the main challenges and future actions identified are consistent with the conditions in the region, in the context

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of the Malabo Implementation Strategy, the Sustainable Development Goals and FAO's Strategic Objectives.

## I. Introduction

1. In the context of continuity of the overall strategic direction of the Organization, a structured regional strategic review was carried out to identify the main trends and issues in food and agriculture in the Africa region and their implications for FAO's future work, also contributing regional specificities to the review of the FAO Strategic Framework and preparation of the Medium Term Plan 2018-21. The result, which provides an overview of the main developments, trends and challenges and their implications for FAO's support to national and regional action in the Africa region, is presented below.

2. The document is divided in three sections:

- a) Section II outlines recent global trends and developments;
- b) Section III presents the manifestation of the global trends and issues in the Africa region and the likely impact of these trends and developments and further highlights trends that are specific to the Africa region.
- c) Section IV provides a summary overview of areas for FAO to support future national and regional action in food and agriculture.

## II. Global trends and developments

3. Three important global developments in 2014-2015 will frame national and regional action and FAO's work in food and agriculture in the future:

- (i) the 17 Sustainable Development Goals (SDGs) for a universal Agenda 2030 for Sustainable Development adopted in September 2015 at the United Nations in New York,
- (ii) the Paris Agreement adopted as an outcome of the UN Global Climate Change Conference (COP21), which aims to strengthen the global response to the threat of climate change, in the context of sustainable development and efforts to eradicate poverty.
- (iii) The Rome Declaration on Nutrition and the Framework for Action adopted by the Second International Conference on Nutrition (ICN2) in 2014, which calls for actions and renewed global commitments to eradicate malnutrition in all its forms.

4. Ten global trends and issues are expected to have direct or indirect impacts on the food and agriculture sector and will shape the development agenda in the near future, as highlighted in FAO's Medium Term Plan 2014-17 (reviewed).<sup>1</sup> The trends and issues are listed below and elaborated in Annex 1 along with the global developments above:

- a) Control and response to transboundary plant and animal pests and diseases

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<sup>1</sup> C 2015/3 at <http://www.fao.org/3/a-mm710e.pdf>

- b) Urbanization, migration and impacts on food systems, food security and nutrition, changing agrarian structures
- c) Globalization of agriculture and food systems
- d) Evolution of trade policies and trade flow patterns
- e) Changing structure of food demand and food price volatility
- f) Energy security and scarcity
- g) Growing competition over the environment and resources
- h) Knowledge and innovation are increasingly dominated by the private sector
- i) Governance and mutual accountability
- j) Increased vulnerability due to natural and man-made disasters and crises

### **III. Regional expressions of global trends, opportunities and challenges**

5. This section brings out the manifestation of the global trends and issues in the Africa region and the likely impact of these trends and developments. It further highlights trends that are specific to the Africa region and discusses regional challenges and opportunities derived from the trend analysis and other relevant issues.

6. Over the past decade, Africa recorded sustained and impressive economic growth rates. In 2014, growth rates averaged around 5 percent almost double the global average. One quarter of countries in the region grew at about 7 per cent or more, and 7 out the ten fastest growing economies in the world are in Africa. This impressive growth, however, presents a puzzling paradox. Notwithstanding the glowing gross domestic product (GDP) figures, Africa has the lowest levels of human and social development with a large part of the population trapped in poverty, facing rampant unemployment and inequality. Consequently, while most regions report successes in reducing hunger, undernourishment and other forms of malnutrition remain at overall high in Africa. Overall, the prevalence of hunger in the region declined by 30 percent between the base period (1990-92) and 2015, according to the latest estimates of the Regional Overview of Food Insecurity in Africa, 2015.

#### **The Post-2015 Development Agenda and Africa**

7. While progress was made globally, the MDG achievements in Africa were somewhat mixed, so they will remain relevant beyond 2015. With the SDGs focusing on integrating economic, social and environment dimension in an integrated framework, international policy coordination and cooperation will also become more challenging and will require significant practical approach to enhance policy setting amongst relevant stakeholders.

8. In January 2014 the African Union adopted Agenda 2063 – a shared strategic continental framework for inclusive growth and sustainable development. A first Ten Year Plan (2014-2023) was developed and adopted in June 2015 to ensure effective implementation. Seven African Aspirations and their corresponding priority areas are fully aligned to the targets of the SDGs. These seven aspirations were adopted earlier in June 2014 and are dubbed the Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods.

9. The Malabo Declaration and its Implementation Strategy and Roadmap represents very bold commitments, with specific targets linked to the SDGs but with a very ambitious time frame of 2025 to attain: commitments to the principles and values of the CAADP process (SDG1, 2), to enhancing investment finance in agriculture (SDG2), to ending hunger in Africa by 2025 (SDG2), to halving poverty by 2025 through inclusive agricultural growth and transformation (SDG1), to boosting intra-African trade in agricultural commodities and services (SDG2), to enhancing resilience of livelihoods and production systems to climate variability and other related risks (SDG13), to mutual accountability to actions and results which will assist countries reaching the targets under the respective SDGs.

### **Control of transboundary plant and animal pests and diseases**

10. According to FAO, transboundary plant and animal diseases account for an estimated 30 per cent of post-harvest losses across the world. The rate of loss is exceptionally high in Africa due to the pervasiveness of many diseases affecting major food security crops, livestock, fisheries, forest products that provide substantial income for millions of smallholder farmers in rural and peri-urban regions. The impact of the Ebola epidemic and other transboundary diseases like the Avian influenza and pest de petit ruminant are still widely felt in the affected countries and beyond.

11. Well organized pest and diseases monitoring systems are very weak in Africa, and the continent would benefit immensely from enhanced surveillance facilities at strategic points to monitor spread of pests and diseases as well as coherent response mechanisms. The cost of inaction can be huge, for example it is estimated that Ghana is losing USD230 million annually in export revenue as a result of export ban due primarily to fruit flies. In the case of aflatoxin control, the World Bank estimates that for African exporters of cereals, fruits, vegetables and nuts, the annual cost of complying would be about USD670 million. These are opportunities that Africa cannot afford to lose due to inaction.

### **Climate change and the environment**

12. The African population and the natural ecosystems are highly prone to natural disasters. The vulnerability of the population to natural disasters is heightened by the interaction with natural resources in the pursuit of livelihoods and development, even in risky ecosystems. Climate extremes such as drought, flooding, heat stress and tropical cyclones will become more intense and more frequent: Africa's Small Island Developing States (SIDS), the Sahelian and Horn of Africa region are some of the most vulnerable. Rising sea levels will threaten Africa's large coastal population and agriculture, tourism, cities, water levels, health, energy and fisheries will all suffer. According to the African Development Bank, the economic cost is expected to be \$45–50 billion per annum by 2040, and up to 7 percent of Africa's annual gross domestic product (GDP) on average by 2100. The resulting harm to the development of communities, countries and the region as a whole could roll back Africa's hard-won progress. Climate change is already undermining Africa's development achievements. The ongoing El Niño weather phenomenon in various parts of Africa is a testimony to effects of climate change. Ongoing initiatives like the Africa Climate Smart Agriculture Alliance launched in Malabo by African Heads of State in 2014 with the aim to develop a road map to stimulate the uptake of climate smart agriculture practices, with a focus on the most vulnerable rural communities is a step in the right direction to address the issues posed by climate change.

13. The need to respond to climate change is also an opportunity to drive the economic transformation that Africa needs: climate-resilient, low-carbon development that boosts growth, bridges the energy deficit and reduces poverty. Climate change gives greater urgency to sound, growth-stimulating policies irrespective of the climate threat. Growth that supports poverty reduction, environmental protection, resource efficiency and economic growth in an integrated way, sometimes called Green Growth, is an attractive opportunity for countries in Africa. Green growth strategies can generate policies and programmes that deliver these goals simultaneously. They can accelerate investment in resource-efficient technologies and new industries, while managing costs and risks to

taxpayers, businesses and communities. Making the transition to green growth protects livelihoods; improves water, energy and food security; promotes the sustainable use of natural resources; and spurs innovation, job creation and economic development.

### **Energy security and scarcity in Africa**

14. Over 75 percent of the African population is without electricity and 81 per cent depend on solid traditional biomass fuels for cooking. Only about a quarter of the population in Africa has access to electricity, versus about half in South Asia and more than 80 percent in Latin America, the Middle East and North Africa. There is just enough electricity generated now to power one light bulb per person for three hours per day.

15. The population without access to electricity is projected to increase to 655 million (44 per cent) and those without clean cooking facilities to 883 million (59 per cent) by 2030 out of an estimated population of 1.5 billion under the “business-as-usual” scenario (International Renewable Energy Agency, 2013). Africa continues to largely depend on unsustainably harvested traditional biomass energy in the form of charcoal and firewood as cooking fuels, both of which result in many deaths from indoor air pollution. More than 30 African countries have faced power shortages in the past 5 to 10 years. These challenges occur even with Africa’s abundant fossil and renewable energy resources and hence, the paradigm of energy development has not delivered the desired level of energy security and services.

16. African countries need to expand power generation hugely to achieve universal access to energy – but they can do this through appropriate energy mixes that will allow Africa to light up and power its cities, rural areas and economies. Africa has enormous potential for renewable energy – hydro, solar, wind and geothermal power. Tackling fundamental inefficiencies in Africa’s energy systems will also create investment opportunities. At present, Africa’s poorest people are paying among the world’s highest prices for energy, with the average tariff per kilowatt-hour in Africa at USD 0.14, compared to USD 0.04 in Southeast Asia. The African Development Bank estimates that investing in regional grids and hydropower will save the region up to USD2 billion annually.

### **Youth employment, urbanization and migration**

17. With almost 200 million people aged between 15 and 24, Africa has the youngest population in the world. According to the World Bank<sup>2</sup> the number of young people in Africa will double by 2045. Between 2000 and 2008, Africa’s working age population (15-64 years) grew from 443 million to 550 million; an increase of 25%. In annual terms this is a growth of 13 million, or 2.7% per year. While national populations in most parts of the world are aging, young people are now in the majority in many African countries. Whether they live in the cities and towns of a rapidly urbanizing Africa, or in rural villages and settlements; whether they come from middle-class backgrounds or from vulnerable families that are living in poverty, one thing is certain—these young people have high expectations, and African policy makers are increasingly concerned about how to meet them.

18. The African Union (AU) launched the African Youth Decade in 2009 as a roadmap for the implementation of the African Youth Charter adopted by the Heads of State and Government in 2006. Furthermore, in 2011, the AU, the UN Economic Commission for Africa, the African Development Bank and the International Labour Organization (ILO) created the Joint Initiative on Job Creation for Youth in Africa.

19. In relative terms, the youth employment challenge affects every region - developed as well as developing countries - a feature stressed by the World Development Report 2013 on “Jobs”<sup>3</sup>. However,

<sup>2</sup> Africa Development Indicators 2011, World Bank, Washington DC.

<sup>3</sup>

[http://siteresources.worldbank.org/EXTNWDR2013/Resources/8258024-1320950747192/8260293-1322665883147/WDR\\_2013\\_Report.pdf](http://siteresources.worldbank.org/EXTNWDR2013/Resources/8258024-1320950747192/8260293-1322665883147/WDR_2013_Report.pdf)

due to the characteristics of its demographic trends, Africa is the region of the world where this challenge is - and will increasingly be - a deep concern. The share of youth in the labour force in Africa is the highest in the world: approximately 35 percent in Africa and 40 percent in North Africa, versus 30 percent in India, 25 percent in China and 20 percent in Europe. Projections indicate that 60 percent of the world's labour force growth between 2010 and 2050 will be in Africa. Today more than half of the African population are under 25 and approximately 11 million Africans, most of whom are new entrants seeking their first job will join the labour market every year for the next decade (World Bank 2014). If the employment situation is to improve in the long run, the next two decades appear to be absolutely critical

20. Although Africa is the least urbanized region of the world, with an urban population of only 39 per cent, it has the fastest urban growth rate of 4.5 percent. The United Nations' projections indicate that Africa will become 50 per cent urban by 2035, and that this figure may rise further to nearly 60 per cent by 2050, if "moderate" growth-rate projections materialize. Between 2010 and 2050, the number of Africa's urban dwellers will increase from about 400 million to 1.3 billion.

21. This changing landscape of the region's demographic trends and increasingly urban future has enormous implications for human development, for the structural transformation of African economies and sustained economic growth, among others. Cities now account on average for around 55 per cent of the GDP of African economies. Africa must reposition its cities as drivers of development during this time of increased economic growth for a number of African countries.

22. If agriculture and agri-food systems represent a strategic and growing sector for African development, they nonetheless hold a negative perception with most young people. The situation stems from a growing divide between the aspirations of young people and the economic, social and lifestyle opportunities, or lack thereof, available to young people in rural Africa. New information systems, better transportation infrastructures, and the possibility of travel and migration offer a window on other ways of life the young in which big cities and rich countries represent access to the reality of the images displayed by the media. For rural youth, the realization of their dream of a "good life" often lies far away from the countryside, with the prospect of older people being the main ones left on the small family farms. Furthermore, the disconnection of formal schooling from rural realities, needs and opportunities contributes to the downgrading of rural culture.

23. Facing the growing challenge of youth employment, urbanization and migration, African governments will need to reengage in the formulation and systematic implementation of sound rural development policies and programmes that maximize opportunities for young people, strengthen their capacities, and facilitate access to productive resources needed to drive broad-based growth in the agricultural sector and rural economy.

### **Gender and women's empowerment**

24. Africa continues to record progress on gender equality and women's empowerment. Many countries are producing remarkable achievements, especially on gender parity in primary school education and number of seats held by women in parliament. Promoting women in paid employment outside agriculture; cultural practices such as inequitable inheritance practices, early marriage and household power dynamics; coupled with unequal economic opportunities, continue to pose challenges. More educated mothers have the skills to compete for high-skilled and well-paid jobs and will therefore be in a better position to feed, care for and educate their children. Empowering women and girls through education also allows them to be involved in decisions at all levels and influence the allocation of resources in a gender-sensitive manner.

25. To accelerate the enhancement of gender equity and women's empowerment, policy changes should be directed at tackling discrimination against girls and women in educational systems,

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encouraging greater participation of women in productive and remunerative economic activities, and increasing the voice of women in making decisions at all levels of society. Economic and social policies that respond better to the needs of men and women – including affirmative action strategies, the reform of customary laws that discriminate against women and girls, and more human and financial resources to enforce and carry out such laws – are crucial for meeting this goal. Countries with educational disparities against boys should deal with that issue. FAO work in this area is aimed at promoting gender equality as both a fundamental human right and an essential means of achieving its development goals of sustainable rural development and food security and nutrition.

### **Evolution of social protection for overall economic transformation**

26. A growing body of evidence from African countries shows that social protection directly reduces chronic poverty and vulnerability, as these programs enable poor households to meet their basic consumption needs, protect their assets, and achieve better health, nutrition, and education outcomes<sup>4</sup>. These programs also build households' productive assets and expand their income-earning opportunities by building their labour market skills and enabling them to engage in higher risk, higher return activities. Social protection contributes to local economic development by improving labour market functioning, stimulating local markets through cash transfers, and creating community infrastructure, and to broad economic growth by boosting aggregate demand and facilitating difficult economic reforms.

27. Social protection (SP) is now regarded among policymakers in Africa as a key component of poverty reduction strategies in the region, and dialogue and debate on social protection have continued to expand. In 2009, Member States of the African Union (AU) endorsed the Social Policy Framework for Africa<sup>5</sup>. Governments in the region are investing in SP programs that are proving to be effective, and lessons from the design and implementation of these programs are now informing the expansion of social protection across the continent. As a result of the experience of the 2008 food, fuel, and financial crisis and the 2011 drought in the Horn of Africa, the focus has turned to establishing SP programs that can be scaled up quickly in response to shocks. This emphasis is reflected in the growing number of regional organizations and development agencies that are supporting social protection.

28. Social protection programs have an immediate and direct impact on chronic poverty by providing poor households with resources to meet their basic consumption needs, to protect their assets, and to achieve better health, nutrition, and education outcomes. For example, Kenya's Cash Transfer for Orphans and Vulnerable Children (CT-OVC) Program has resulted in a significantly higher increase in the consumption of basic food and greater dietary diversity by participant households than by non-participant households. Among rural Ethiopian households affected by drought, those households that received regular and predictable support from public works organized by the Productive Safety Net Program (PSNP) were significantly less likely to have to sell their livestock to smooth their consumption than non-beneficiary households. Targeted social protection interventions have been found to directly reduce inequality as in the case of Brazil's *Bolsa Familia* program.

29. FAO is committed to support governments and partners in addressing the main challenges for incorporating social protection into national strategies and actions to fight hunger and in promoting greater policy coherence and synergies between social protection, food and nutrition security, agricultural development, natural resource management and rural poverty reduction. The FAO-WFP-Brazil supported Purchase from Africans for Africa Programme (PAA), for example, emerged as a joint initiative to promote food and nutrition security and income generation among farmers and vulnerable communities in Africa.

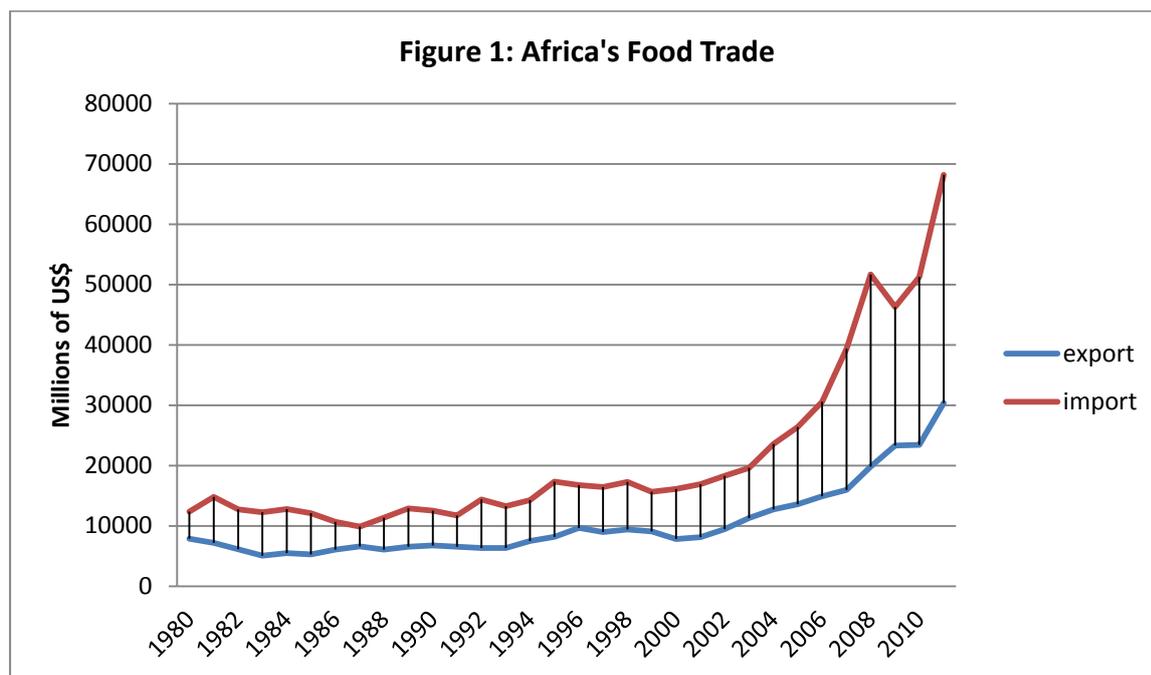
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4 <http://siteresources.worldbank.org/INTAFRICA/Resources/social-protection-strategy-summary-2012.pdf>

5 <http://sa.au.int/en/content/social-policy-framework-africa>

### Increasing dependency on food imports

30. Africa lost its status as a net exporter of agricultural products (food included) during the late 70s to early 1980s when prices of raw commodities (mainly coffee, cocoa, and spices), which constituted the bulk of its agricultural export revenues, tumbled and local food production grew sluggishly. According to FAO data, since 1980, Africa's food import has grown consistently faster than export and reached a record high for the first time of around 50 billion USD in 2008, at the height of the global economic crises, representing a deficit of about 32 billion USD. Although food imports declined a year later, it has continued to rise steadily again since<sup>6</sup> and this trend is expected to continue under a business as usual scenario.



31. The increase in food imports since the 1980 has been particularly striking for basic foodstuff such as dairy products, edible oils and fats, meat and meat products, sugars, and especially cereals, implying that food import has been increasingly important in ensuring food security.

32. However, although Africa is a marginal player in global trade, representing only around 3 percent of global food exports, the continent exports about a quarter of all agricultural products to within its boundaries. Africa has demonstrated that under the right conditions, it can indeed boost intra-regional trade. This is evident in the fact that for Africa's strategic food commodities<sup>7</sup> like cereals, oils and fats, dairy, meat and meat products, sugar and beverages, intra-African trade over the last decade has been in the range of 30 to 60 percent as share of the continent's total agricultural exports, representing significant scope for expansion.

33. Persistent food import dependency is a serious problem for many African countries, especially when high and rising food import bills take money away from other important development agendas without resolving food insecurity. The problem is even compounded for countries where exports rely mainly on agriculture while the revenues from traditional exports such as cocoa, coffee and spices are

<sup>6</sup> Note that the deficit in Africa's food trade rose from 32 billion US\$ in 2008 to about 38 billion US\$ in 2011. These are the figures often misquoted as Africa's food import bill, which is much higher (see Figure 1). However, they represent the deficit in Africa's food import.

<sup>7</sup> See: Summit on Food Security in Africa, December 2006, Abuja Nigeria, AU/NEPAD

less certain and at the mercy of volatile international market prices and unfair trade practices by Africa's principal trading partners.

34. On a more positive note, due to the impetus provided by the NEPAD/CAADP, it is now widely agreed that enhancing intra-African trade through strengthened regional integration arrangements that transcends national and sub-national borders holds a key role for overcoming Africa's food import dependency and food insecurity problems. The preferred strategy rests on the common notion that African food and agricultural markets are extremely fragmented along sub-regional, national and even sub-national levels, resulting in segmented markets of sub-optimal size, which does not ensure profitability of sizeable private investment in the different stages of the commodity chain. These segmented gaps between domestic production and demand are increasingly being filled by imports of non-African origin, even in cases where tradable surpluses exist within the continent. Thus, under the Malabo Declaration, a strong recommitment to boost intra-African trade in agricultural commodities and services was crafted to: a) triple the current level of intra-trade by 2025; and b) to fast-track the establishment of Continental Free Trade Area (CFTA) by 2017 and transition to a continental Common External Tariff (CET) scheme.

35. The ongoing negotiation under the auspices of the AU for an Africa-wide CFTA offers particular opportunities given the strong political will in this direction. However, for this to be successful, African governments need to pursue changes on several fronts: physical infrastructure must be improved and opportunities expanded for regional value chain development and market access, including by strengthening the legal and regulatory framework. The best way to create a favourable environment for agricultural trade growth will, however, vary from country to country and each should formulate its plan in terms of its own poverty reduction and growth strategy. The focus should be on tackling supply-side constraints and responding to shifting regional and global demand.

36. Concerted efforts are needed to reform trade regimes, especially in the new Africa-wide CFTA environment, building on the tremendous milestones that have already been achieved. Similarly, African countries should push to ensure that decisions agreed to under the December 2015 WTO Ministerial meeting are effectively implemented and for clear rules to be incorporated into the ongoing WTO negotiations; and also with the European Union for Economic Partnership Agreements (EPAs) and in the trade preferences accorded to them by other OECD States and in particular, the United States, under the African Growth and Opportunity Act (AGOA). Africa's trade liberalization needs to move forward, and should extend towards minimizing the negative effects of non-tariff barriers (NTBs). However, recent developments in establishing "One-Stop-Border-Posts" to facilitate cross border trade are steps in the right direction.

### **Renewed interest in private sector investment in agriculture including from developing and emerging economies**

37. Although there is ample evidence to show that during periods of high volatility in global business cycles (either through high or low prices)<sup>8</sup>, the agriculture sector receives a surge in private investment that often fizzles out when business cycles stabilizes, the recent trend in agro-investment since the 2008 global economic turmoil has come with significant implications for the sustainability of ecosystems and assuring food and nutrition security for host communities as some of the key areas of this surge in investment involves large-scale land acquisition. In addition, an emerging trend is the interest in south-south agro-investments flows which were very minimal in the past.

38. In most developing countries, particularly in Africa, where systems are still wanting, many, complex and controversial issues – economic, political, institutional, legal and ethical – have been raised in relation to food security, poverty reduction, rural development, technology and access to land

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<sup>8</sup> Trends and impact of foreign investment in developing country agriculture – evidence from case studies: <http://www.fao.org/economic/est/publications/trends/en/>

and water resources. Yet at the same time, African countries are making strenuous efforts to attract foreign investment into their agricultural sectors. They see an important role for such investments in filling the gap left by dwindling official development assistance and the limitations of their own domestic budgetary resources, creating employment and incomes and promoting technology transfer.

39. As this trend manifest itself, there is a consensus that no single solution exist for 'win-win' investments. Foreign investment projects that combine the strengths of the investor (capital, management and marketing expertise and technology) with those of local communities (labour, land, local knowledge, etc.) are shown to have good chances of success. Moreover, investments that give local farmers an active role and leave them in control of their land – contract farming, out-grower schemes, for example – are particularly promising.

#### **IV. Priority areas for FAO action in the future**

40. The national and regional actions that FAO can most effectively support in this context will be firmly grounded in the Comprehensive Africa Agriculture Development Programme (CAADP) through the Malabo Implementation Strategy and Road Map and the commitments to the Sustainable Development Goals. These relate to: food security and nutrition; fight against poverty; climate mitigation and adaptation and sustainable use of natural resources, including energy and water scarcity; protection against animal and plant diseases and pests, and food safety threats; agri-food systems development and employment; trade; and particular attention to gender and youth.

## **Annex 1: Global Trends and Developments**

### **Climate change and increasing vulnerability**

41. The Conference of Parties (COP21) Agreement adopted in December 2015 in Paris set the stage for unprecedented international climate action. Countries agreed to publicly outline what post-2020 climate actions they intend to take under a new international agreement, known as their Intended Nationally Determined Contributions (INDCs). Agreements were also reached to “ensure the highest possible mitigation efforts in the pre-2020 period.” The INDCs will largely determine whether the world is put on a path toward a low-carbon, climate-resilient future (see ARC/16/INF/10).

42. The COP decision includes a coherent package of elements to spur this essential action, including plans to: i) strengthen technical knowledge and sharing; ii) continue positive momentum created by non-state actors; iii) enhance financial support; and iv) improve coordination.

### **Nutrition**

43. The Rome Declaration on Nutrition and the Framework for Action adopted by the Second International Conference on Nutrition (ICN2) call for actions and renewed global commitments to eradicate malnutrition in all its forms – undernourishment, micronutrients deficiencies – which has plagued many countries for decades -- and overweight and obesity, an emerging problem of growing significance in the developed and developing world, that impose high economic and social cost on countries. Improving nutrition and reducing these costs requires a multi-sectoral approach that begins with nutrition-sensitive food and agricultural programs and includes complementary interventions in public health and education.

### **Control and response to transboundary plant and animal pests and diseases**

44. Transboundary plant and animal pests and diseases arise from environmental factors, including climate change, trade and/or other human migrated movement or pathogens. Increased interdependence of food systems is associated with higher incidence of plant and animal pests and diseases, which are more easily transmitted across borders and can have devastating economic impacts on a wide range of actors in the food and agro-industrial chain. An outbreak of a transboundary plant or animal disease may have serious consequences to a country’s socio-economic wellbeing, as well as directly affect the livelihoods of its population. FAO supports countries to prevent, prepare for and respond to transboundary animal and plant pests and diseases and food safety threats.

### **Urbanization, migration and impacts on food systems, food security and nutrition, changing agrarian structures**

45. Rapidly increasing urbanization is one of the key challenges for food security and nutrition. About 5 billion people are expected to live in cities by 2030 – about 60 percent of the projected global population. The continuing growth of the urban population and expansion of existing and new cities mean changing consumption patterns with implications on land use and sustainability of supply chains. Urban, peri-urban and rural food systems are increasing important for food security and nutrition of cities, as well as for environmental services.

46. Migration from rural areas remain an important challenge to address, particularly due to migration of youth and adult males of working age, which undermines food security and nutrition in rural area. Women, children and the elderly are often left behind in an environment that lacks adequate opportunities to make a living from smallholder farming or rural employment. Rural youth are the future of the agricultural sector. Alternatives are needed to create new opportunities and incentives for youth to engage in both farm and non-farm rural activities in their own communities and countries. Promoting rural youth employment and agro-entrepreneurship should be at the core of strategies that aim to address the root causes of distress of economic and social mobility.

## **Globalization of Agriculture and Food Systems**

47. The evolution of agriculture and food production systems over the last decades has been characterized by an increased integration between agriculture, fishery and forestry with other economic activities involving large agribusiness and transnational firms. The emergence of complex and diverse agro-industrial production chains has implied qualitative and quantitative changes in the demand for primary products, as well as income distribution across sectors and population groups. As a consequence, the distribution of productive resources has been changing, starting with an increasing presence of large-scale primary producers along with small-scale operations. This trend stems from economies of scale, but is also a response to market failures in credit and insurance and to counteract market power along the production chain. The successful implementation of the required policies, for which strong governance is needed, will determine the final outcome of agro-industrialization in developing countries.

## **Evolution of trade policies and trade flow patterns**

48. Although the world has witnessed a significant increases in agriculture and fisheries trade over the last decade, it is widely agreed that that this represent less than they would have been in the absence of a high protectionism and trade distorting policies. Total agricultural exports have increased from USD 225 billion in 1980-82 to about USD 1.65 trillion in 2012-14 and developing countries have participated actively in this trade expansion, which is a trend that is expected to continue. This increase reflects more intraregional trade through preferential trade agreements and also more trade between distant countries.

49. More importantly, decisions reached at the December 2015 WTO Ministerial Conference in Nairobi shows some ambition to strengthen rules on trade distorting policies and provide “flexibility and policy space” for developing countries. A center piece of the recently concluded WTO Ministerial Decision is on Export Competition, including a commitment to eliminate subsidies for agricultural exports. WTO members — especially developing countries — have consistently demanded action on this issue due to the enormous distorting potential of these subsidies for their domestic production and trade. Under the decision, developed members have committed to remove export subsidies immediately, except for a handful of agriculture products, and developing countries will do so by 2018. Developing members will keep the flexibility to cover marketing and transport costs for agriculture exports until the end of 2023, and the poorest and food-importing countries would enjoy additional time to cut export subsidies. Furthermore, a Ministerial Decision on a Special Safeguard Mechanism (SSM) for Developing Countries recognizes that developing members will have the right to temporarily increase tariffs in face of import surges by using an SSM. Other decisions reached included an agreement on trade facilitation, cotton and enhanced preferential treatment for LDCs.

## **Changing structure of food demand and food price volatility**

50. Global food demand is expected to increase by 70 percent by 2050, a trend that is increasingly driven by population, economic growth and urbanization, particularly in developing countries. At the same time dietary patterns are changing towards more livestock products, including fish, vegetable oils and, to a lesser extent, sugar; a trend that is accentuated by the increasing homogeneity of life habits between urban and rural population facilitated by communications technology. The new consumption patterns also imply a larger role for processed foods which can create new opportunities for value-added and income-generating activities.

51. In recent years, increased food prices and their wide, short-run variability (volatility) have triggered worldwide concern about threats to national food security and have shaken the complacency caused by many years of falling commodity prices in the previous decades. Estimates indicate that these conditions will not change in the near future and that consequently prices are likely to remain on a high plateau compared to previous decades, and that the high volatility observed will also continue.

### **Energy security and scarcity**

52. New projections by the International Energy Agency<sup>9</sup> predicts that world energy demand will increase by nearly one-third during the period 2013-2040 and a large part of the demand will come from developing countries as population and income per capita grow and global trade of agricultural products demands more transportation. Renewable energy including biomass will overtake coal as the largest source of electricity by the early-2030s and will account for around 50 percent of all the growth in demand over the period leading to 2040. The projections also posit that around 550 million people will remain without electricity in 2040 – the majority of them from Africa.

### **Growing competition over the Environment and resources**

53. Trends for 2050 suggest growing scarcities of agricultural land, water, forest, fishery and biodiversity resources. This is driven by accelerated intensification of human activities with increasing pressure on natural agricultural resources which threatens to alter the earth's ecological functioning in a harmful way, and at the same time making more difficult overall economic sustainability. Competition over natural resources for food and non-food products is not new, but the nature and the intensity of the competition has changed significantly in several ways during the past decade, which is a tendency that is expected to continue. Utilization of cereals and oilseeds for the production of biofuels has increased, as well as other uses such as biomass as a substitute for petrochemicals. Strong governance mechanisms will be necessary at national, regional and international levels to strike the appropriate balance between conflicting needs and opportunities and to implement sound natural resources property rights frameworks.

### **Knowledge and innovation are increasingly dominated by the private sector**

54. Although public investment in agricultural research and development (R&D) has grown worldwide, private sector investments have grown faster to around 48-50 percent of total research and development expenditure. About half of all investment in agricultural R&D is concentrated in a few countries: USA, Japan, China, India and Brazil, while over 90 percent of private investment is carried out in the developed countries.

55. The emergence of biotechnology which is principally in the hands of the private sector as a major source of innovation in agriculture has displaced the "technological space" in the direction of the private sector. Furthermore, over the past three decades, the world has witness tremendous progress in the area of information technologies and their application almost all of which are in the private sector. This has fostered labour productivity to a great extent, while at the same time magnifying opportunities to generate information flows and reduce the impact of physical distance. Beyond the impact that this is having in the economy, the increase in information flow and the decentralization of information sources brought about by the spread of computers and access to the internet has facilitated change in all aspects of societies. This trend may very well continue and accelerate in the future, exerting a large influence on the generation and the spread of collective knowledge and democracy.

### **Governance and mutual accountability**

56. During the last decade the development environment has changed in many ways. On the one hand, at national and international level a wide range of stakeholders, including the private sector, civil society, NGOs and foundations are increasingly recognized as having a legitimate voice in deliberations. New mechanisms are being put in place to involve their representatives in decision-making processes, as well as in the implementation of jointly developed activities. It is further recognized that in order to achieve global, regional and national development goals, not least to achieve food and nutrition security and reduce poverty, the participation of actors well beyond the

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<sup>9</sup> [http://www.worldenergyoutlook.org/media/weowebsite/2015/WEO2015\\_Factsheets.pdf](http://www.worldenergyoutlook.org/media/weowebsite/2015/WEO2015_Factsheets.pdf)

agricultural sector is required, further broadening the range of stakeholders and competing views and interests.

57. The commitment to good governance and mutual accountability are well ground as one of the key commitments in the African Union's Malabo Declaration<sup>10</sup>. A heightened focus on cross-cutting issues, such as gender and the environment adds further complexity calling for better and stronger governance and on building effective, efficient and accountable institutions fostering participation, equity, transparency and evidence based information and decision making. A second important change is the general recognition that successful development processes must be driven and owned by countries themselves, and that this requires coherent country strategies and programmes.

#### **Increased vulnerability due to natural and man-made disasters and crises**

58. Disasters and food insecurity are directly interconnected. Droughts, floods, hurricanes, tsunamis and other hazards can spoil food; destroy agriculture, livestock, fishing, food processing infrastructure, assets, inputs and production capacity. They interrupt market access, trade and food supply, reduce income, deplete savings and erode livelihoods. Drought, plant pests and diseases such as locusts and armyworms, animal diseases like African swine fever, and food contamination or adulteration have a direct economic impact by reducing or eliminating farm production, by adversely affecting prices, trade, and market access and by decreasing farm income and employment. Disasters can also increase food prices, reduce real income, force the poor sell their assets, decrease food consumption, reduce their dietary diversity and access to safe and quality food. Disasters create poverty traps that increase the prevalence of food insecurity and malnutrition. At global, regional, national and local levels, coherent interventions are needed to build, prevent and restore resilient livelihoods of farmers, herders, fishers, foresters and other vulnerable groups (estimated to more than 2.5 billion smallholders according to FAO's publication "Save and Grow") against various threats and shocks.

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10 See: ARC/16/INF/14 and [http://pages.au.int/sites/default/files/Malabopercent20Declarationpercent202014\\_11percent2026-.pdf](http://pages.au.int/sites/default/files/Malabopercent20Declarationpercent202014_11percent2026-.pdf)