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Strengthening Policies and Partnerships to Stimulate Investment for Rural and Agricultural Transformation in Africa

I. Introduction

1. The 2030 Agenda calls upon all member countries to “enhance policy coherence for sustainable development”, which is critical to capitalize on synergies among the goals and targets, between different sectoral policies and diverse actions at the local, national, regional and international levels. The African Union (AU) Agenda 2063 places much emphasis on identifying regulatory and policy reforms to remove barriers that impede the functioning of agricultural and agribusiness development, especially for smallholder agro-entrepreneurs and agribusinesses who are an important driving force for innovations, agro-industry and value chain development and commercialization, and the smallholder farmers who, by far, are the largest private investors in agriculture and produce nearly 80 percent of staple food in Africa. The recently launched African Continental Free Trade Area (AfCTA), with an estimated combined GDP of more than USD 3.4 trillion, aims to expand markets and boost intra-Africa trade, including agri-food trade, in Africa and beyond its borders.¹

2. FAO estimates that incremental resources of up to USD 265 billion a year will be needed to eliminate poverty and hunger by 2030, far surpassing the capability of public and international donor budgets. The estimated annual funding gap to achieve the entirety of the SDGs for Africa is estimated to be between USD 500 billion and USD 1.2 trillion.² Thus to achieve the SDGs, innovative approaches to catalyse private capital will be required to address this large and diverse financing gap associated with sustainable development. The Addis Ababa Action Agenda provides a comprehensive set of policy actions to finance sustainable development, transform the global economy and achieve the goals. It puts forward specific public policies and regulatory frameworks to encourage private investments.

3. Partnerships with the private sector are essential to mobilize private economic actors and investors to scale up good practices and models. Productive partnerships with the private sector have

¹ African Union, 2019. “African Continental Free Trade Area: Creating One African Market”.
<https://au.int/en/cfta>.

² Gaandhi, D and Jesse, G. 2019. “Figure of the Week: Progress on SDGs in Africa”. Africa in Focus, Brookings Institution.

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been identified as essential to achieving the SDGs, including through its role in spurring innovation, technological development, and finding new solutions to move the SDG agenda forward.

4. Inter-institutional coordination and collaboration on policy development, legislation and implementation is required, from the national and ministerial to the district level, to create an enabling environment for sustainable agribusiness and food value chains.

5. True public-private cooperation involves including private sector in developing national priorities, which, if done correctly, can sustainably promote industry growth. There is vast scope for innovation offered by technology, with its potential to establish innovative business models, create new linkages between actors in the value chain, reduce transaction costs and increase efficiency and transparency.

6. Stakeholders at a regional policy forum, organized by FAO in May 2019, also found that countries are not able to provide adequate public funding to finance their National Agriculture Investment Plans (NAIPs), which lead to huge gaps between planning and implementation.³ FAO's support to member countries for developing NAIPs and encouraging these processes to be more inclusive of the private sector can help to catalyse private investment around national priorities and supplement limited public budgets with private sources of capital.

7. Despite these challenges, the conditions for transformation are beginning to materialize in a number of African countries, according to recent assessments by the World Bank.⁴ These success stories confirm that, despite the challenges in terms of diversity, complexity, limited capacities and resources, improving the policy and regulatory environment, with a focus on policy instruments and institutions, is indeed critical and possible for rural and agricultural transformation to achieve the SDGs.

8. FAO has articulated its approach to collaborating with the private sector and available instruments for forging these partnerships in its recent private sector strategy. These instruments include: (i) engaging with governments and financial institutions to promote the deployment of blended finance instruments that can facilitate investment throughout agricultural supply chains that actively contribute to the SDGs; (ii) providing policy support and technical assistance to governments to foster Public-Private Partnerships for agribusiness development, and to help enable governments in the identification of private companies that can partner and/or invest in response to the country's needs and priorities; and (iii) facilitation of multistakeholder dialogues between the domestic private and public sectors.

9. As part of its agenda to stimulate investment in agri-food trade, FAO supports the development of innovative partnerships with the private sector that focus on shared goals to eradicate poverty (SDG 1) and end hunger and all forms of malnutrition (SDG2). FAO's Hand-in-Hand Initiative, promotes matchmaking with the private sector to attract private investments in agriculture. The initiative identifies investment gaps in areas where it is profitable for the private sector to operate and finds ways to reduce risk exposure for private investors or mix interventions to stimulate the deployment of private capital. The initiative targets areas where there are both significant potential returns available to private investors, and where the tangible impacts on farmers' livelihoods and poverty reduction are clear, due to opportunities for increased income and off-farm job opportunities.

10. FAO works with international, regional and national finance institutions, applying its knowledge, capacity building, institutional strengthening to design and implement blended financing mechanisms that de-risk public and private sector investments and encourage innovations

³ FAO. 2019. A new approach for Mainstreaming Sustainable Food and Agriculture in the implementation of the Sustainable Development Goals.

⁴ World Bank, 2017. Enabling the Business of Agriculture.

for greater impact at scale. The Organization supports the African Union and governments to design and implement Public-Private Partnerships (PPPs) that attract private investment into agriculture and facilitate multistakeholder dialogues, which can offer dynamic platforms for public and private sector actors to interact, coordinate, and diagnose and solve systemic problems. One such example of the latter is FAO's facilitation of a Regional Private Sector Dialogue in early March 2020 in Accra that brought together business leaders, financiers, and advocates for agriculture and agribusiness throughout the continent to discuss and identify action-oriented solutions to address key challenges and bottlenecks facing intra-Africa agri-food trade and investments in agriculture and rural transformation.

II. Expected Outcomes

11. The Ministerial Round Table with Partners discusses the key policy and regulatory related issues, challenges and opportunities for promoting responsible investment in agrifood systems in Africa.
12. The Rountable will also provide a forum for participants to exchange their views and experiences on successful policy and regulatory reforms that have contributed to improving the enabling environment for investment and trade.
13. The Roundtable will draw a set of key policy messages and recommendations on concrete actions related to policy and regulatory reform, including multistakeholder dialogues and partnerships and other measures, which will stimulate trade and investment in agri-food systems.

14. Round Table Organization

15. The Ministerial Round Table with Partners will feature a brief keynote presentation on the main theme: "Strengthening Policies and Partnerships to Stimulate Investment for Rural and Agricultural Transformation in Africa", which will be followed by an interactive panel discussion with panellists drawn from a cross section of partners. This will be followed by a general discussion and experience sharing from country highlights. Finally, concluding remarks will summarize the key messages and recommendations, which will be included in the final report of the ARC.
16. Issues that could guide the discussion:
 - a. What are the major policy and regulatory issues and the challenges that must be addressed to promote private sector investment and trade in agriculture in Africa?
 - b. What are the necessary actions that African governments should take for a productive public-private partnership to thrive?
 - c. What actions does the private sector need to take for a successful public-private-partnership to thrive?
 - d. What experiences and practices exist that could be shared among countries on effective partnerships supporting investment towards achieving SDGs?

Agenda and participants

	Chair: Minister
11:00-11:10 hour	Welcome and introduction – David Phiri, FAO Subregional Coordinator for Eastern Africa, Moderator
11:10-11:30 hour	Keynote Address – Minister (Ghana, tbc)
11:30:12:15 hour	Panel Discussion with panellists: <ul style="list-style-type: none"> - Ministers (Angola, Ghana, South Africa, Senegal) - Africa Union Development Agency (AUDA NEPAD) - Financial Institution - Private Sector - CSO (Farmers' Organization) - CFS
12:15-12:45 hour	Open discussion – experiences and perspectives
12:45-13:00 hour	Wrap Up and Closing Remarks – Moderator and Chair