



AN AFRICA-EUROPE AGENDA FOR RURAL TRANSFORMATION

Report by the Task Force Rural Africa





FOREWORD BY COMMISSIONERS JOSEFA LEONEL CORREIA SACKO, NEVEN MIMICA AND PHIL HOGAN

We want to congratulate the Task Force for this wide-ranging and remarkably well argued Report. It challenges us to do more and do better. The Report is informative and innovative - and that is its greatest strength. First, it recognises the new reality of Africa and Europe as global partners on an equal footing, and that each region must steer its own development. Secondly, it argues that the solutions to agriculture will be found beyond agriculture, through a territorial approach to rural development in the widest sense. No more silos. Third, it stresses the importance of good policy as the key to developing the agri-food sector and rural areas, and here Europe and Africa can draw on their rich capacities and experience. Fourth, it demonstrates that farmers and the food industry are in it together and should work hand in hand to take on the new opportunities that the African Continental Free Trade Area will offer and also, build the regional markets needed for Africa's long-term food security. And finally, through a host of recommendations to directly involve farmers, cooperatives, civil society, and the private sector in policymaking and in their own futures, it gives a democratic legitimacy that is at the heart of responsible investment and sustainable development.

In the next months the EU and the AU will decide how to translate the Report into action on the ground. The Action Plan called for in the Report can be the first fruit of a rural agenda to give the new Africa-Europe Alliance true meaning. We are absolutely determined to make this happen, and this Report will be a vitally important reference document going forward.



First meeting of the Task Force Rural Africa on 24th May 2018
with Commissioners Josefa Leonel Correia Sacko, Neven Mimica and Phil Hogan

Members of the Task Force Rural Africa and authors of the report

Tom Arnold (chair)
Kees Blokland
Albert Engel
Chinwe Ifejika Speranza
Bruno Losch
Baudouin Michel
Francesco Rampa
Christine Wieck
Mashiri Zvarimwa

CONTENT

Executive summary	8
CHAPTER 1: INTRODUCTION	11
CHAPTER 2: THE CONTEXT FOR AFRICAN AGRICULTURAL AND RURAL TRANSFORMATION	15
2.1. Africa's diversity and common challenges	16
2.2. Population dynamics, employment and migration	17
2.3. Investment in Africa's people	18
2.4. Politics and governance	19
2.5. European and African policies for agriculture	20
2.6. EU's trading relationship with Africa and policy coherence for development	21
2.7. The changing Africa EU political relationship	22
CHAPTER 3: A TERRITORIAL APPROACH FOR JOB CREATION AND INCOME GROWTH	25
3.1. Why it is important	26
3.2. Context and strategic challenges	27
3.2.1. Africa's spatial legacy and changing rural-urban relations	27
3.2.2. Africa's development in the 21st century globalised world	28
3.3. Key areas for action	29
3.3.1. Implementing a Territorial Approach	29
3.3.2. Supporting infrastructure for development	30
3.3.3. Strengthening local institutions, economic and social networks	31
CHAPTER 4: SUSTAINABLE LAND AND NATURAL RESOURCES MANAGEMENT, AND CLIMATE ACTION	33
4.1. Why it is important	34
4.2. Context and strategic challenges	34
4.2.1. The state of African land and natural resources	34
4.2.2. The risks of climate change in Africa	36
4.3. Key areas for action	37
4.3.1. Mainstream land and natural resource management and climate action into policies and programmes	37
4.3.2. Finance for climate action	39
4.3.3. Building climate-resilient and sustainable food systems	39
CHAPTER 5: SUPPORTING THE SUSTAINABLE TRANSFORMATION OF AFRICAN AGRICULTURE	41
5.1. Why it is important	42
5.2. Context and strategic challenges	42
5.2.1. Africa's agricultural sector growth performance	42
5.2.2. Africa's land resources and farm structures	43
5.2.3. Modernisation options for African agriculture	44
5.3. Key areas for action	45
5.3.1. Strategy for agricultural transformation	45
5.3.2. Boosting research, education and innovation systems	47
5.3.3. Improving markets and increasing farm output	48
5.3.4. Promoting farmers' organisations and cooperatives	50

CHAPTER 6: DEVELOPMENT OF THE AFRICAN FOOD INDUSTRY AND FOOD MARKETS	53
6.1. Why it is important	54
6.2. Context and strategic challenges	54
6.2.1. Competitiveness of the African food industry	54
6.2.2. Investment	55
6.2.3. Competitive value chains	55
6.2.4. Fragmented Markets	55
6.2.5. Food safety and quality requirements	56
6.3. Key areas for action	56
6.3.1. Increasing the competitiveness of the African food industry	56
6.3.2. Increasing private sector investment in the African food industry	57
6.3.3. Promoting value chain development	58
6.3.4. Deepening regional trade integration	59
6.3.5. Enhancing food safety and quality	60
6.4. Africa-EU Cooperation to promote a professional food industry	60
CHAPTER 7: AN AGRI-FOOD AND RURAL AGENDA FOR THE 'NEW AFRICA-EUROPE ALLIANCE FOR SUSTAINABLE INVESTMENT AND JOBS'	63
Action No 1: Support rural governance and an innovative local action programme, based on a territorial approach	64
A-1.1. Mobilise local initiatives through a Local Action Programme	64
A-1.2. Create a network for territorial development and link it with European initiatives	65
Action No 2: Mainstream environmental sustainability and promote climate action	66
A-2.1. Fast-track the co-financing of food-related plans within the African climate action frameworks, including through international climate finance mechanisms	66
A-2.2. Consolidate secure access to land	66
Action No 3: Start a knowledge, innovation and networking initiative for transformation of agriculture and rural areas	67
A-3.1. Create knowledge platforms to feed national and regional policy dialogue	67
A-3.2. Implement Innovation Hubs to support agripreneurs and go digital in extension services, learning and vocational training	67
Action No 4: Improve access to private finance and to EU cooperation instruments for small and medium size agriculture and food business	68
A-4.1. Scale up technical assistance to support the agri-food sector to prepare bankable investments	68
A-4.2. AU-EU Agribusiness Platform	68
Action No 5: Scale up sustainable value chain development, regional integration and intra-regional trade	69
A-5.1. Use, promote and disseminate tools and methods to assess value chains in economic, environmental and social terms	69
A-5.2. Scale up support to regional integration and harmonisation of food safety and sanitary regulation through a knowledge-sharing platform	69
Action No 6: Bring together European and African expertise for agriculture and rural development	70
A-6.1. Facilitate twinning programmes for the linkage of experts from associations, business and public entities with peers	70
A-6.2. Establish exchange between farmers and peers from society, business and governments	70
Where to from here?	71

EXECUTIVE SUMMARY

The African workforce will grow by 800 million people over the next 30 years. Generating sufficient jobs and incomes to meet their needs is one of the biggest political and economic challenges of our time. This report proposes strategies and policies, harnessing cooperation between Africa and Europe, to enable the African agri-food and rural economy to respond to that challenge.

Africa has the world's fastest growing population in the 21st century, projected to reach 2.5 billion in 2050. A majority of the African population will remain rural until the 2040s, notwithstanding expanding urbanisation: hence the need for a strong focus on the rural economy in future development strategy.

Africa's overall political and economic conditions will determine how the agri-food sector and rural economy will develop. The report highlights Africa's diversity, the need to address governance and investment in Africa's people, and Africa's deepening relationship with Europe.

African countries are very diverse in terms of economic structure, environmental challenges, politics and governance. While many are registering impressive growth rates and attracting domestic and foreign investment, at the other end of the development spectrum are countries involved in conflict, fragile states with weak institutions and Least Developed Countries (LDCs). A country's position on this spectrum determines its future development strategy and the relative balance between short and long-term priorities, different economic sectors and investment in improving governance.

The fact that Africa will become home to the youngest and fastest growing population in the world over the coming decades represents a significant economic opportunity. However, a substantial and sustained investment in the nutrition, education and health of the population is required if that opportunity is to be taken advantage of. This investment must be done with African political leadership implementing strong public policies, the participation of the local private sector and civil society, and supported by long-term multilateral and bilateral cooperation, foundations and professional associations.

The EU remains Africa's main trading partner, its largest source of Foreign Direct Investment (FDI) and development assistance and, as a close neighbour, a key ally on security. The new Africa-Europe Alliance for Sustainable Investment and Jobs, proposed by President Juncker in his 2018 State of the Union address, will bring the relationship between Africa and Europe to a new level.

The Task Force Rural Africa situates its recommendations for the transformation of Africa's agri-food sector and rural economy within this framework of a deepening political relationship and the increased policy scope and finances possible from the new Alliance.

For **what needs to be done**, we propose four strategic areas of actions, to apply over the medium to long term, as the basis for the necessary transformation. For the short to medium-term, we

propose six initiatives, consistent with the four longer term areas of action, which Africa and the EU should swiftly implement to launch their enhanced collaboration for the agri-food sector and rural economy.

The recommendations for the four strategic areas for action are as follows:

1. A TERRITORIAL APPROACH FOR INCOME AND JOB CREATION

We advocate a territorial approach towards development, highlighting the benefit of increased public and private investment and the provision of basic services in medium sized and small towns and rural areas. The aim of this approach is to look beyond the agricultural sector per se, unlock the potential of rural areas and secondary cities, strengthen the capacity of local people, notably women and youth, and empower local, regional and national institutions. This includes European support for gender sensitive regional and local initiatives and innovation hubs. We propose ways in which the EU can share with African partners its own experience of place-based rural development.

2. SUSTAINABLE LAND AND NATURAL RESOURCES MANAGEMENT, AND CLIMATE ACTION

We identify policies to sustainably manage Africa's land and natural resources and to use climate action to systematically build resilience against the impacts of climate change. Adopting a food systems approach to agri-food policies and investments allows the simultaneous targeting of economic, environmental and social sustainability.

3. SUSTAINABLE TRANSFORMATION OF AFRICAN AGRICULTURE.

Acknowledging the wide diversity in agricultural situations among African countries, we propose measures to achieve rapid inclusive agricultural growth, using and preserving the full potential of ecological resources to co-design with local actors a new development paradigm. We favour a specific focus on family farming, building capacity in farmers' organisations, sustainable agricultural intensification, and agri-food systems, backed up by increased commitment to creating an enabling economic and institutional environment for the sector. African governments, societies and farmers must together drive this transformation.

4. DEVELOPMENT OF THE AFRICAN FOOD INDUSTRY AND FOOD MARKETS.

We have made recommendations on how to support the African food industry via local and regional value chain development, better access to finance and the creation of an enabling environment. Improved value addition can be achieved by increased private sector investments, higher resource efficiency and food safety standards, and more intra-African trade for agricultural and food products.

The proposals for short to medium-term initiatives include: the development of an innovative Local Action Programme adapted to African circumstances; fast-tracking the financing of food-related plans within the African climate action frameworks; implementing knowledge platforms and Innovation hubs to support 'agripreneurs' and using information and communications technology for extension services, learning and vocational training; developing an AU-EU Agribusiness Platform and support for investment preparation; scaling up support for regional trade integration and harmonisation of food safety and sanitary regulation; and facilitating twinning programmes and exchanges between farmers and peers from society, business and governments.

The combination of the short and long-term proposals represents a policy sequencing, with the short-term measures hopefully representing 'early wins' in terms of development outcomes, to be followed by sustainable gains from the longer term investments of agricultural intensification, agro-industry, infrastructure, intra-regional trade and increased investments.

For **how this transformation should take place**, our central recommendation is that Africa and the EU should implement an innovative partnership for the inclusive and sustainable development of Africa's agri-food sector and rural economy. Africa has an overall plan for its agricultural development: the Comprehensive African Agricultural Development Programme (CAADP) which operates at national, regional and continental level. We regard the proposed four strategic areas as being critical to transformation; they should be consistent with any CAADP plans and complement CAADP's implementation, e.g. by bringing a territorial dimension and the necessary articulation between agricultural development, the diversification of the rural economy and the sustainable management of land and natural resources.

African political and policy leadership should be a key element in this partnership, supported by European experience and finance. In partnering with Africa, the EU can draw on its own experiences of political, economic and social integration as well as fifty years' experience of implementing long-term agricultural and rural development policy. Lessons learned from recent decades of African-European development cooperation can also be drawn upon; Europe's development philosophy is based on ensuring sustainable outcomes reflecting local priorities. As we see the future relationship of equals, policy dialogue, leading to policy consistency on both sides, must be an important part of the relationship. This should lead to support for institutions necessary for the implementation of sound policy. The EU needs to progress in policy coherence for development (PCD) in agriculture, trade, environment and migration policies. We suggest setting up a multi-stakeholder dialogue to scale up existing guidelines on responsible business conduct and investments, and to tackle issues relating to food imports and foreign direct investment going into African countries. We support the involvement of African

stakeholders in PCD assessments and the use of joint platforms where PCD issues can be raised.

The Africa EU partnership should operate at three levels: people to people, business to business, and government to government. It would institute a multi-stakeholder dialogue at all levels, starting locally, and enable a closer connection between African and European societies, business communities and governments. Building capacity, particularly of African women and youth; participatory governance; and the involvement of education and research institutions should be integral to the partnership.

There is scope for improved coordination between the EU Institutions and its Member States in developing a more integrated and inclusive pan-European approach in support of African agri-food and rural development. The partnership should be steered in the years ahead by a group of African and European leaders to ensure political backing and implementation.

As we finalise our report, we are acutely aware of the scale of the jobs challenge facing Africa. A central message of our report is that there needs to be sustained and substantial investment in Africa's people and that the full growth potential of Africa's agri-food and rural economy must be realised if the jobs challenge is to have any chance of being met. We see our report as advancing a range of policy options, tailored to reflect local, national and regional realities, to meet this challenge.

As a Task Force, we would like to see a two-part follow-up to our report. First, a high level political commitment to implement the spirit and content of the main recommendations. Second, an implementation plan agreed and followed up by the AU and EU Commissions. We wish to suggest that the next AU EU Ministerial Conference in June 2019 should be the occasion for such follow up. This could be the opportunity to enhance the policy dialogue and to launch an Action Plan for the agri-food sector and rural economy, based on the short-term initiatives proposed in our report, within the new Africa Europe Alliance. We call on the AU and EU to take this decisive step and to put cooperation in the agri-food and rural sector at the heart of the relationship between the two continents



/1

INTRODUCTION

Africa and Europe are deeply linked by peoples, geography and history. Their relationship has evolved substantially over the past 60 years. The two continents are connected at global level through such international agreements as the 2030 Agenda for Sustainable Development¹, the Addis Ababa Agenda² for financing development and the Paris Agreement on Climate Change³ (COP 21), all agreed during 2015. The AU and EU have forged a strong political relationship and appear poised to further deepen this relationship over coming decades.

In September 2018, EU Commission President Juncker proposed in his State of the Union⁴ speech a new Africa-Europe Alliance for Sustainable Investment and Jobs, aimed at creating up to 10 million jobs in the next five years. The proposed Alliance outlines a set of actions, including (1) strategic investment and a stronger role for the private sector (2) investing in education and skills (3) strengthening the business and investment climate (4) tapping the full potential of economic integration and trade and (5) mobilising an important package of financial resources. A long-term perspective is to create a comprehensive continent-to-continent free trade agreement between Africa and the EU, building on the Africa Continental Free Trade Area (AfCFTA) which, by February 2019, 52 AU Members had signed.

The agricultural and food sectors - referred to hereafter as the agri-food sector - and rural areas are of central importance in the economy and society of both Africa and the EU. The deepening political relationships and the scope for increased cooperation between the agri-food sectors in both continents are the impetus for the establishment of the Task Force Rural Africa.

The Task Force was created in May 2018 to advise the EU Commission on how best to contribute to sustainable development and job creation in Africa's agri-food sector and rural economy. It was asked to:

- provide advice on how to accelerate impact through better coordination with existing initiatives to boost public and private investments in African agriculture, agribusiness and agro-industrial development;
- examine ways to share knowledge and know-how gained from European agriculture and rural development policies to develop employment opportunities and generate revenue in African rural areas;

- identify strategies to promote and prioritise agricultural policy and regulatory reform in African countries in line with the CAADP⁵ Malabo Declaration⁶ and, in this context, facilitate EU responsible private investments in African agriculture and agri-business, aiming at boosting both intra-African trade and exports;
- identify strategies to support youth embarking on a career in agriculture, agri-business and agro-industry.

What should be done to generate sufficient jobs and sustainable incomes for the rapidly growing African labour force is a central political and economic challenge of our time. In 2020, 26 million African women and men will enter the labour force, and the number will rise to 33 million per year by 2030. Between 2020 and 2050, some 800 million people are projected to enter the African workforce, accounting for 76 % of the increase in the global workforce.⁷ Our report proposes strategies and policies to enable the African agri-food sector and rural economy make its maximum contribution to that challenge.

Following this opening chapter, chapter 2 describes Africa's political, economic and environmental diversity and the wider context within which the African agri-food sector will develop. A key focus in this chapter is on the need to invest in the nutrition, education and health of Africa's people in order to meet the jobs and income challenges ahead. Chapters 3 to 6 propose four strategic areas of action we believe should serve as foundation stones for the transformation of the African agri-food sector and its rural economy. These include the use of a territorial approach to economic development and job creation (chapter 3), sustainable land and natural resource management and climate action (chapter 4), agricultural transformation (chapter 5) and the development of the African food industry and food markets (chapter 6). The recommendations made in chapter 3-6 are for the medium to long term. Chapter 7 proposes six short to medium-term actions which we believe Africa and the EU should implement to kick-start their enhanced collaboration for the agri-food sector and rural economy. These recommendations can constitute an Agri-Food and Rural Agenda within the new Africa-Europe Alliance.

1. United Nations (2015a) [The Sustainable Development Agenda](#), Website.
 2. United Nations (2015b) [Addis Ababa Action Agenda of the Third International Conference on Financing for Development](#), Website.
 3. United Nations (2015c) [Paris agreement](#), Treaty.
 4. European Commission (2018) [State of the Union 2018: Towards a new 'Africa - Europe Alliance' to deepen economic relations and boost investment and jobs](#), Website.

5. African Union (2003) [Comprehensive Africa Agriculture Development Programme \(CAADP\)](#), NEPAD, Website.
 6. African Union (2014) [Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods](#).
 7. Losch B. (2016) [Structural transformation to boost youth labour demand in sub-Saharan Africa: The role of agriculture, rural areas and territorial development](#), Employment Working Papers No.204, Geneva: ILO. The numbers for 2020 and 2050 have been updated by the author, based on revised United Nations, [World Population Prospects](#) 2017, Website.

We recommend that Africa and the EU should implement an innovative partnership for the inclusive and sustainable transformation of Africa's agri-food sector and rural economy. Africa has, in the Comprehensive African Agriculture Development Programme (CAADP), its own agenda for agricultural development which operates at national, regional and continental level. However, we see our proposed four strategic areas of action as critical to any process of transformation and they are areas in which the EU has a particular legitimacy in partnering with Africa, by virtue of its own experience and principles.

We see the partnership operated through African political and policy leadership, supported by European experience, expertise and finance. The EU can look to its own experience of political, economic and social integration: the lessons learned from recent decades of African/European development cooperation can also be drawn upon. Policy dialogue, leading to policy consistency on both sides, and support for institutions for the implementation of sound policy necessary for sustainable change should form an important part of the partnership.

The Africa EU partnership should operate at three levels: people to people, business to business and government to government. It would establish a multi-stakeholder dialogue and stronger connections between African and European societies, business communities and governments. There is scope for improved co-ordination between the EU Institutions and its Member States in developing a more integrated and inclusive pan-European approach in support of African agri-food and rural development.

In framing our report and recommendations, we have adopted the following perspectives:

We believe that Africa and the EU have a profound mutual interest in working together to create stable and prosperous societies and economies. There is mutual benefit in sharing experience of economic and political integration, economic partnership, developing joint answers to climate change and international migration, as well as innovation in new pathways for economic and social progress.

Africa is becoming increasingly diverse in terms of economic performance. A growing number of African countries are achieving high growth rates and are attracting foreign investment. But other states are at the other end of the development spectrum,

classified as 'fragile' and conflict states or as least developed. These states will continue to require more support and particular attention from other African countries and the international community in the medium to long-term. This diversity also means that the recommendations we make in this report need to be adapted to specific national circumstances.

We see Africa as a continent of opportunity, notwithstanding its many challenges, with the fastest growing population in the world, expanding markets, abundant natural resources and a culture which has much to offer to Europe and the world. The key to capitalising on this opportunity is investing in Africa's people, particularly women and young people: a central message in our report.

The transformation of Africa's agri-food sector and rural economy is essential if Africa is to create a sufficient number of sustainable jobs for its growing workforce. African governments need to give political priority to this transformation, through adequate resourcing and consistent policies. The EU can bring to its partnership with Africa its own experience of integration, expertise and finance. We hope the benefits will be in a better future for the millions of young Africans who are now at school or yet to be born.



/2

THE CONTEXT FOR AFRICAN AGRICULTURAL AND RURAL TRANSFORMATION

Africa's overall political and economic condition will determine the scope for the necessary transformation of its agri-food sector and rural economy. In this chapter, we identify key elements of the context for this transformation. We note Africa's political and economic diversity. We present salient facts about trends in population, employment and migration that lie behind the challenge to generate sufficient employment for the increasing labour force. We stress the need for long-term investment in building the human capital and capacity of Africa's people and in improved governance. The chapter concludes by discussing how agricultural policies in Europe and Africa have changed in recent decades; what these changes have meant for trade and policy coherence for development (PCD); and how the political relationship between Africa and Europe has evolved and may evolve into the future.

2.1. Africa's diversity and common challenges

Africa's 55 countries are very diverse in terms of economic and social development, economic structure, demography, institutions and governance. It is possible to broadly differentiate three Africa's: North Africa, the region; South Africa, the country; and a 'middle' Africa, or sub-Saharan Africa (SSA) minus South Africa, each with different trajectories and socio-economic, institutional and political characteristics.

The case of SSA is the most challenging because the region is economically vulnerable due to its low level of diversification and low welfare and skills. Of its 48 countries, 32 are Least Developed Countries (LDCs) according to the UN classification – countries with low levels of human assets and high vulnerability to economic and environmental shocks, and which face the most severe structural barriers to development.⁸

Relative to other regions, SSA's macroeconomic structure has changed little over the past 50 years despite a strong urbanisation process. Agriculture, mining and fossil fuels account for over 30% of GDP in two-thirds of SSA countries. In 17 of 48 countries, these sectors comprise over half of GDP. Agriculture still occupies the vast majority of the labour force, reaching 75% in certain Sahel and East African countries. The sector is a prominent employer not only for the rural population but also for persons in urban and peri-urban areas. By contrast, manufacturing remains limited: only 18 countries have an industrial value added that exceeds 10% of GDP.⁹

Only 16% of the labour force in SSA engages in formal wage work. The remaining 84% work in the informal sector, largely on family farms or small household enterprises. Prevalence of informal economy jobs provides, on the one hand, flexibility and resilience in face of hazards but, on the other, is characterised by

underemployment related to seasonal activities, or low-quality, low-income work. The structure of the labour market, coupled with limited social protection systems, has led to stagnation in living standards and persistent poverty. According to the World Bank, in 2015, over 40% of SSA's population were living below the \$1.90 (2011 PPP) per day extreme poverty line.¹⁰

Notwithstanding the weaknesses described above, the African continent has experienced strong growth since 2000. Between 2000 and 2016, Africa enjoyed higher annual growth rates (4.6%) than Latin America and the Caribbean (2.8%) though not as high as developing Asia (7.2%). Africa's growth benefited from high commodity prices, improved macroeconomic management, debt relief, and economic diversification in some countries.¹¹ The slump in commodity prices from 2012 to 2016 reduced growth rates and highlighted macro-economic weaknesses, but there has been some recovery: the IMF¹² projects the growth rate in SSA to increase from 2.9% in 2018 to 3.5% in 2019 and reach 3.6% in 2020, with over one third of countries above 5% in 2019/20.

Future growth prospects will be influenced by a number of structural challenges at global level. The first relates to growing asymmetries in a globalised economy. Although globalisation allows African producers to participate in global value chains and access far-flung markets, competition in foreign and domestic markets is hampered by gaps in productivity and competitiveness. A second challenge concerns the resource-intensity of the current global growth regime, heavily reliant on fossil fuels and other non-renewable natural resources. Climate change and the depletion of natural resources, two central issues for the Paris Climate Agreement, the Agenda 2030 and its Sustainable Development Goals (SDGs), are a particular concern for Africa.

Yet another challenge lies in the changing nature of employment under the influence of automation and technology, including Artificial Intelligence. They may reduce, or at times eliminate, the need for labour, particularly the low skilled.

The above combination of factors – weak economic structures, a highly competitive global economy, and specific African problems relating to lack of economic diversification, natural resource depletion and climate change – reflects the scale of the challenge Africa faces in generating employment for its rapidly growing population.

8. United Nations, Economic Analysis and Policy Division, Department of Economic and Social Affairs, [Least Developed Countries](#) (as of December 2018), Website.

9. Losch B. (2016) [Idem](#).

10. World Bank, [World Development Indicators – Poverty](#), Website.

11. AUC, OECD (2018), [Africa's Development Dynamics 2018: Growth, Jobs and Inequalities](#), OECD Publishing, Paris/AUC, Addis Ababa.

12. International Monetary Fund (2019) [World Economic Outlook Report](#), January 2019.

2.2. Population dynamics, employment and migration

Africa has the world's fastest growing population. It doubled since 1990; it should nearly double again over the same 30 year time period, by 2050. According to UN projections (medium scenario), the population of the continent will reach 1.35 billion in 2020, 1.7 billion in 2030 and 2.5 billion in 2050. Africa's share of the world population is predicted to increase from currently around 17% to almost 20% in 2030 and above 25% in 2050.¹³

Africa faces a unique demographic situation among world regions in the 21st century, characterised by high rates of population growth and the enduring importance of its rural population which will continue to increase well after 2050 – a unique exception. Between 40 and 80% of Africans live in rural areas (except North and South Africa) and, in average, the majority of the population will remain rural till the 2040s. It gives a particular importance to the future of the rural economy.¹⁴

SSA is the last region in the world to enter into the demographic transition involving lower birth and death rates. Population growth has been strong for the past four decades (around 2.8% per year) and has lasted longer than originally projected due to persistently high fertility rates in many countries, leading the UN to revise their population projections upwards in 2012, 2015 and 2017. The average Total Fertility Rate¹⁵ (TFR) in SSA is 4.6, compared to 1.6 in Western Europe, 1.8 in North America, 2.3 in South Asia, and 2.7 in North Africa and the Middle East.¹⁶ For Africa to make the transition towards stabilising its population, the changes required will include a change in the status and education of women, reductions in child mortality, improvements in health care and family planning, reduction in child marriage, and girls staying longer in school.

Population growth inevitably means a growing labour force. Africa has the second largest labour force in the world after Asia, and it will continue to grow. Between 2020 and 2050, Africa's working age population (defined as 15–64 years old) will increase by 805 million, 76% of the total global increase. This growth exceeds that of India (198 million). In Europe the figure should drop by 72 million and in China by 187 million. By 2075, the youngest segment of Africa's labour force (the 15 and 24 years group) will reach 586 million, exceeding that of Asia at 584 million.

This rise in the working-age population can boost growth by increasing the effective labour supply. The change in age structure will improve the effective dependency ratio (working age/non-working age people) because of a progressive reduction in

the birth rate, which is characteristic of the demographic transition process: the 0–15 age group progressively decreases and the relative number of young dependent people is lower.

With one inactive person for every economically active person in the 1980s and 1990s, this ratio represented a major economic disadvantage for Africa, while over the same period of time China had two active for every one inactive people. The burden of dependent people constrained investment and consumption and impacted on economic growth and poverty levels. The ongoing improvement of the effective dependency ratio in SSA over the coming decades will be a major advantage in terms of growth. The region will progressively reap its 'demographic dividend', even if this dividend will be smaller than in other regions due to continuing high fertility rates and improvements in life expectancy.¹⁷

Increasing population and growth in the labour force must be seen in the context of urbanisation in Africa, rural/urban migration patterns, and broader trends affecting migration.

Africa has a long history of internal and international migration. In 2015, UNDESA estimated that about 33 million Africans were living outside their country of nationality, representing 14% of migrants worldwide. These numbers mask substantial differences between migration flows originating from North Africa and SSA. For North Africa, the majority of migrants cross the continental borders to reach Europe, while people in SSA tend to move mostly to neighbouring countries or within the region.¹⁸

Rural migration is central to economic transformation and part of the process of structural change in economies where the importance of agriculture for income and employment generation declines relative to other sectors. The FAO has noted that large flows of internal migration linked to reallocation of labour resources is contributing to economic transformation in many developing countries. While this can improve the prospects of migrants, it also has negative aspects. Although they may send back remittances and other benefits, migrants essentially are a productive resource that is being diverted out of their respective country or area of origin.

13. United Nations Department of Economic and Social Affairs (2017) [World Population Prospects: The 2017 Revision](#).

14. Losch B. (2016) [Idem](#).

15. The Total Fertility Rate is defined as the number of children who would be born to a woman if she were to pass through the childbearing years bearing children according to the current schedule of age-specific fertility rates.

16. Global Health Metrics (2018) ["Population and fertility by age and sex for 195 countries and territories, 1950–2017: a systematic analysis of the Global Burden of Disease Study 2017"](#), The Lancet, Vol. 392, Issue 10159.

17. Losch B. (2016) [Idem](#).

18. FAO (2018) [The State of Food and Agriculture, Migration, agriculture and rural development](#), Rome.

Mercandalli, S.; Losch, B. (eds.) (2017) [Rural Africa in motion. Dynamics and drivers of migration South of the Sahara](#). Rome, FAO and Cirad.

Rural migration takes different forms, and requires different policy responses, depending on a country's development status. As a broad policy response to the challenges of rural migration, the FAO (2018)¹⁹ suggested a territorial approach to development, focusing on improved planning of metropolitan areas, small cities and towns, together with improved connective infrastructure. This approach aims to dampen rates of out-migration to large cities or to other countries by generating opportunities in closer proximity to rural areas. Our report supports this broad approach and in chapter 3 we make more detailed policy recommendations on territorial planning relevant to Africa.

Looking to the contribution which the agri-food sector and rural economy can make to meet the challenge – essentially the focus of our report – we note that agriculture is and will continue to be the main provider of jobs for rural youth, but the profitability and income from farming is low. Lack of access to land, finance, markets, technologies and practical skills are barriers to youth participation. Farming and agribusiness are seen as an unattractive career path, characterized by hard labour, long hours, poor return on investment, and limited social recognition. Many rural areas lack both employment and social opportunities which are both important issues in a young person's decision to remain in or leave a rural area.

We set out in chapters 3-7 a set of strategies and policy recommendations aimed at maximizing job and income creation in the agri-food sector and rural areas. But in the rest of this chapter, we discuss two cross-cutting issues – investment in human capital and improvement in politics and governance – which will be critical to job creation in the agri-food sector and the wider economy.

2.3. Investment in Africa's people

The demographic trends discussed above present a significant potential economic opportunity as Africa becomes home to the youngest, fastest-growing population in the world, and an increasing middle-class. But for that potential to be realised, a significant and sustained investment in the nutrition, education and health status of the population will be required.

The World Bank Human Capital Index (HCI) (2018) seeks to measure how economic productivity per capita is being lost because of underinvestment in human capital. The Index takes into account child survival, school enrolment, quality of learning, healthy growth and adult survival. The stated purpose of the Index is to spur governments, especially from poorer countries, to invest in human capital development. The HCI has been calculated for 157 countries, with number 1 ranking highest and 157 lowest.

The findings make sobering reading for African governments. The highest ranked African country is Algeria, at 93, with Kenya, at 94, the highest in SSA. 31 of the bottom ranked 40 countries are African. Countries with low ranking HCI tend to have challenges across all economic and social sectors, including weak education and health systems, often underpinned by poor governance combined with a high dependency on development assistance and poor mobilisation of domestic financial resources.²⁰

A country's development prospects are directly influenced by the nutritional status of its population. Malnutrition is a universal issue and is responsible for more ill health than any other cause. Every country in the world is affected by one or more of the factors which constitute the 'triple burden of malnutrition' – undernutrition, micronutrient deficiency, and overweight and obesity. The prevalence of overweight and obesity is rising in all population groups in the world, contributing to the global burden of non-communicable diseases which are currently the leading causes of death worldwide and Africa is not an exception.

Stunting (low height-for age) in children under five is directly linked to inadequate nutrition of the pregnant mother and the child up to the age of 24 months (the first 1,000 days). There is evidence of the connections between slow growth in height early in life and impaired health and educational and economic performance later in life. Countries with high levels of stunting among their children have less long-term growth potential. According to the 2016 Global Nutrition Report, 27 African countries have a stunting prevalence of over 30% among their children. The average prevalence for all Africa fell from 38.3% in 2000 to 30.3% in 2016, but due to the increase in population, the number of stunted children increased from 50.4 million in 2000 to 58.5 million in 2016.²¹

The surge in the number of conflicts over the past decade has been a major driver of food insecurity and malnutrition. About half of the world's poor live in states characterised by conflict and fragility, up from one-fifth in 1990. Africa accounts for a significant proportion of conflict related hunger. Undernourishment (people who do not have regular access to sufficient dietary energy for a healthy active life) and severe food insecurity (occurrence of conditions or behaviours known to reflect constraints on access to food) have increased in almost all regions of Africa: between 2014 and 2017, the number of undernourished increased from 213 million to 257 million while the number experiencing severe food insecurity rose from 260 million to 375 million.²²

20. World Bank (2018) [Human Capital Index: Country Briefs and Data, Website](#).

21. International Food Policy Research Institute (2016) [Global Nutrition Report 2016: From Promise to Impact: Ending Malnutrition by 2030](#), Washington, DC.

22. FAO, et al. (2017). [The State of Food Security and Nutrition in the World 2017. Building resilience for peace and food security](#), Rome, FAO.

19. FAO (2018) [Idem](#).

In terms of education, SSA countries have recorded increased enrolment rates since the turn of the century. The primary school enrolment rates have increased by 16 percentage points since 2000, as well as the primary completion rate (14 percentage points). The level of adult literacy has risen from 56% in 2000 to 64% in 2016. Yet, almost 100 million children and youth are still out of school.²³

SSA has 32% of school-age children and youth denied the right to education. There is a shortfall of at least 1.7 million teachers with a pupil/teacher ratio above 40:1 in many African countries. Less than 10% of children who enrol in primary school make it through the education system to university. Most SSA countries are experiencing demographic pressure on their education systems with significant on-going growth in their school-age population and a continuous increase in demand for education resources. There are also concerns about the quality of education. Half of SSA's total primary school population will reach adolescence without the minimum level of skill to perform a successful and productive life. The rate of trained teachers has decreased from 85% in 2000 to 63% in 2016.²⁴

The WHO Atlas on African Health Statistics 2018 reports²⁵ on the progress and performance of key health indicators during the past 5–10 years. WHO estimates that the average life expectancy at birth in its African Region (47 countries) is low but increasing, albeit slowly. The increase is driven by declines in adult and child mortality. Although neonatal and under-five child mortality rates are declining rapidly, by comparison to other regions they remain high: the African rates for under-five and neonatal mortality are 8 and 5 times higher, respectively, than in Europe. What marks Africa out from the rest of the world is the general weakness and inadequate financing and human resourcing of national health systems. In 2014, the per capita government expenditure on health in the region was €52, compared to €1858 in the US and €1828 in Europe. The WHO estimates that only six African countries have a doctor-to-population ratio above one-per-1,000 people.

But there are some positive developments to build upon. 40 African countries are members of the Scaling Up Nutrition (SUN) Movement: they each operate a national nutrition policy supported by a multi-stakeholder platform including civil society, donors and UN agencies, and the business community. Of the 29 SUN African member countries for which nutrition data is available, 20 are making progress in reducing stunting and are on track to reduce the number of stunted children by 6.3 million by 2025. The countries with the lowest reduction rates in stunting are those falling into the high humanitarian risk category.²⁶

In addition, the African Leaders for Nutrition Initiative²⁷, endorsed by the African Union (AU), is creating new partnerships and solutions involving governments, the private sector and civil society. As part of this initiative a Nutrition Accountability Scorecard has been established to drive performance, track progress on implementation, and identify good cases and strategies.

The scale of the nutrition, education and health challenges facing Africa – some 60 million children stunted; 375 million people facing severe food insecurity; some 100 children and young people not in school; health systems with insufficient trained personnel and finances – highlights the need for significant and sustained investment in Africa's human capital. This investment has to be made through African political and policy leadership, supported by long-term multilateral and bilateral cooperation, the private sector and local and international civil society organisations.

Looking to how African governments and international donors can invest in Africa's people in the long term, a holistic approach towards human development is needed, involving the social sectors of nutrition, education, health, water, sanitation and hygiene, and social protection. The EU experience of programming in these areas and its record of working with other donors can play a catalytic role in policy dialogue and programme implementation with African countries.

2.4. Politics and governance

Improving the standard of governance in Africa is essential for economic development. Political stability, the rule of law, human rights, freedom for civil society to operate, all underpin domestic and foreign investment in a country. The AU recognizes the importance of good governance for development. The AU's Constitutive Act²⁸ (2000) formally set as one of its objectives the promotion of 'democratic principles and institutions, popular participation, and good governance' as well as the protection of 'human and peoples' rights. This was the basis for a number of new institutions, instruments, and processes which were put in place in the early 2000s.

23. UNESCO Institute for Statistics (2018) [One in five children, adolescents and youth is out of school](#), UIS fact sheet No. 48. February.

24. UNESCO Institute for Statistics (2018) ["Data for the Sustainable Development Goals"](#).

25. World Health Organisation (WHO) (2018) [Atlas of African Health Statistics 2018: universal health coverage and the Sustainable Development Goals in the WHO African Region](#), Brazzaville: WHO Regional Office for Africa.

26. Scaling Up Nutrition (SUN) Movement (2018) [Annual Progress Report 2018](#), Geneva.

27. The [African Leaders for Nutrition \(ALN\) initiative](#) is a platform for high-level political engagement launched by the African Development Bank to advance nutrition in Africa.

28. African Union (2000) [Constitutive Act of the African Union](#), Lome, Togo.

In practice, there is a wide diversity in African governance standards. The Ibrahim Index of African Governance (IIAG) has been tracking the changing nature of governance, using four key indicators: safety and rule of law; participation and human rights; sustainable economic opportunity; and human development. The 2018 Report, using data going back to 2000, concluded that governance on the continent, on average, is slowly improving, driven by progress in gender, health and infrastructure. Approximately three out of four African citizens live in a country where governance has improved in the past decade. Most of the one in four African citizens for whom governance has not improved live in countries affected by conflict or characterized as 'fragile states', defined as 'a developing country, characterised by weak State capacity or weak State legitimacy leaving citizens vulnerable to a range of shocks'. Of 29 countries categorized in 2019 by the World Bank as 'Fragile Situations', 16 are African.²⁹

Conflict is an extreme example of state fragility. Over the past 15 years, there has been a sharp increase in the number of conflicts globally, with Africa being one of the main regions affected. Many of the most protracted crisis are regional in nature, including in the Horn of Africa, the Great Lakes region of Africa, and from Cameroon, Chad and Northern Nigeria across the Sahel. Of the 19 countries identified by FAO with a protracted crisis situation, 14 have been in this category since 2010, of which 11 are in Africa.

Conflict negatively affects almost every aspect of agriculture and food systems, from production, harvesting and processing and transport to input supply, financing and marketing. Countries with the highest levels of food insecurity also have the highest outward migration.

From this limited discussion on politics, governance and conflict it is clear that progress in preventing and ending conflict and promoting political stability at national and regional level is essential for agri-food and rural development. We strongly support the UN Secretary General's agenda for a surge of diplomacy and his call for funding for a reformed UN peacebuilding architecture. UN Resolution 2417³⁰ on conflict and hunger envisages a specific monitoring, reporting and accountability mechanism for violations of the terms of the Resolution. Effective implementation of both the surge in diplomacy and of Resolution 2417 would enable a greater focus on dealing with conflicts in Africa and would provide the basis for agri-food and rural development in a number of countries.

We have discussed above Africa's current state of the economic development, its unique demography and the employment creation challenges this gives rise to. We have stressed the need for

long-term investment in Africa's people and in improved governance. It is clear that Africa's development horizon has to be considered in terms of decades and involve a wider consideration of how Africa links to the rest of the world. In the final section of chapter 2, we will discuss how European and African policies towards agriculture have evolved; the implications of this evolution on trading arrangements and for policy coherence for development (PCD); and how the wider political relationship between Africa and the EU has deepened. It is within this deeper political relationship that we situate our proposal for an Africa-EU partnership to develop the African agri-food sector and its rural economy.

2.5. European and African policies for agriculture

The EU's Common Agricultural Policy (CAP) was initiated in the early 1960s and has played an important part in Europe's economic integration. As the first of the European common policies, it provided the framework within which European agriculture has developed and it has accounted for a substantial, although declining, share of the EU's budget over the decades.

The CAP has undergone significant change since its inception, reflecting shifts in political and public attitudes towards agriculture and budgetary pressures. In its early decades, the CAP's main policy focus was on supporting the price of the main agricultural products (cereals, dairy and meat products), through such policy instruments as tariffs at the EU border, price support arrangements – such as intervention purchases – within the EU, and export refunds to bridge the gap between the – normally higher – internal European prices and world prices. The protected European market and the use of export refunds to dispose of European surpluses led to international trade tensions in the 1980s. African and other countries complained on a number of occasions that subsidised European products disrupted local markets and undermined the livelihoods of African farmers. These tensions led to international trade talks, in which agriculture was a central feature, which started in 1986 and concluded in 1993. The resulting GATT agreement³¹ committed to reduce support levels to agriculture as part of a wider reform of international agricultural trade and to reduce export refunds on agricultural products.

The 1990s and later decades saw a broader change in the CAP, with a movement from support of commodity prices to income support to farmers, decoupled from production. Other significant changes involved a greater emphasis on rural development, financial support for farmers who produced environmental services, and increased focus on food safety and animal welfare.

29. Mo Ibrahim Foundation (2018) [2018 Ibrahim Index of African Governance](#), Index report.

30. United Nation Security Council (2018) [Resolution 2417](#), Website.

31. World Trade Organisation (1994) [General Agreement on Tariffs and Trade \(GATT\)](#).

Agricultural policy in Africa developed very differently than in Europe. Africa never had a 'common agricultural policy', involving a common organisation of markets and rules on trade. Instead, African countries developed their own national agricultural policies and strategies. In the 1980s, many African countries, similar to developing countries in other regions, taxed their agricultural sectors rather than subsidised them. They applied overvalued exchange rates to agricultural exports, thus depressing prices and returns to their farmers, while simultaneously subsidising food imports. These policies led to low growth of the agricultural sector and the wider economy. The situation changed during the 1990s, with increased global commodity prices, macroeconomic reform which reduced the number of countries with overvalued exchange rates, and agricultural sector reform. These various factors contributed to an increase in domestic prices for farm outputs and income.³²

In 2003, the AU adopted the Comprehensive African Agricultural Development Policy (CAADP) as Africa's policy framework for agricultural development. It represents a set of principles and broadly defined strategies for agricultural policy. Although continental in scope, CAADP operates through integrated national and regional strategies. Member States signing up to CAADP committed to allocating at least 10% of public expenditure to the agricultural sector and sought to achieve 6% annual growth in agricultural output. Chapter 5 provides an analysis on the achievements of CAADP relative to its objectives.

2.6. EU's trading relationship with Africa and policy coherence for development

CAP reforms, from the 1990s onwards, have, according to OECD³³, reduced considerably not only the level of support³⁴ to EU agricultural producers but also the share of most distorting forms of support. Trade distorting elements such as intervention purchases have been reduced and are only operated in limited market circumstances and for selected products (e.g. for skimmed milk powder). Export refunds were eliminated in 2015.

Other developments have also shaped the agricultural trade relationship between Africa and Europe, The 'Everything But Arms' agreement³⁵, under the EU's General Scheme of Preferences, provides duty-free, quota-free access to the EU market to all Least-Developed Countries (34 in Africa), while African countries (currently 14) implementing Economic Partnership Agreements (EPAs) with the EU also benefit from such free access. With North African countries (except Libya) the EU has individual trade arrangements.

For African countries, the EU market is still the most important market for agricultural exports (31% in 2017), but Asian export destinations have increased in importance in recent years (30% in 2017). For Sub-Saharan African exports to the EU, exports of cocoa beans, cocoa butter and cocoa paste and powder constitute about 39% of agri-food exports to the EU (in value), showing that export diversification is still limited. For North Africa, with 67% of all agri-food exports relating to vegetables and fruits, these two food groups dominate the agri-food exports to the EU market.³⁶

The most important destinations for EU agri-food exports are the United States, China, Switzerland and Japan. When looking at EU agri-food exports to Africa, it is essential to distinguish between North Africa and Sub-Saharan Africa. The resource-scarce, populous countries in North Africa import mostly wheat, milk powder, vegetable oil and live animals, but also processed food. EU agri-food exports to Sub-Saharan Africa, in value terms, are mostly wheat, infant and other dry processed food, poultry meat, milk powder, food preparations and spirits and liquors. These regional data hide regional or country "hot spots" for EU agri-food exports: EU exports of chicken parts go mostly to Benin (and allegedly further on to Nigeria), Ghana and South Africa. By far the most EU milk powder goes to Algeria and Egypt, much less is exported to Nigeria and other West African countries, and even smaller quantities to other countries in Sub-Saharan Africa.

These figures demonstrate that the EU is an important actor on African markets, both as an importer and exporter. But other agricultural exporting countries worldwide have discovered African markets. Depending on the product, EU exporters to African markets compete, for example, with poultry exports from Brazil or the U.S., milk powder exports from New Zealand and Australia, wheat exports from Russia or Ukraine or tomato paste exports from China or the U.S. Hence, from an African perspective, just focusing on trade policy dealing with EU trade flows is not sufficient as these EU trade flows could be easily replaced with exports from other global competitors.

The impact of the CAP, trade policy and other policies on development partners are brought together in the concept of 'policy coherence for development' (PCD).

In the Treaty of Maastricht (1992), the EU formally committed to policy coherence with the obligation that "the Union shall take account of the objectives of development cooperation

32. World Bank (2007) [World Development Report 2008 : Agriculture for Development](#), Washington, DC.

33. OECD (2011) [Evaluation of Agricultural Policy Reforms in the European Union](#), Website.

34. OECD (2018) [Agricultural Policy Monitoring and Evaluation 2018](#), Website.

35. The EU 'Everything But Arms scheme' grants full duty free and quota free access to the EU Single Market for all products (except arms and munition).

36. European Commission, [Factsheets on EU28 agri-food trade – North Africa](#), Website.

in the policies that it implements which are likely to affect developing countries”.³⁷ The European Consensus on Development from 2017 reaffirmed the commitment to PCD and stated that the EU and its Member States “will take into account the objectives of development cooperation in all external and internal policies which they implement and which are likely to affect developing countries” (Para. 10).³⁸ In the implementation of the 2030 Agenda on Sustainable Development, policy coherence is an important element to fulfil the EU commitments to the UN.³⁹

Policy coherence is also considered in the EU trade policy strategy from 2015 (Trade for All)⁴⁰ which recognizes that “the EU needs to make sure that its trade and investment initiatives contribute to sustainable growth and job creation and minimise any negative impact on LDCs and other countries most in need”.⁴⁰ Over the years, the EU has gradually strengthened its work on procedures and instruments to enhance policy coherence for development. In 2015 with the revision of the Commission Impact Assessment guidelines as part of the Better Regulation Package, a specific tool (#34) was included that provides guidance for analysing the potential impact of important EU policy initiatives on developing countries.⁴¹ The European Commission has just published its 2019 report on PCD.⁴²

The Task Force engaged in a consultation process with a range of African and European stakeholders on PCD in October, 2018. A number of the participants held the view that the EU could make further progress in implementing PCD, suggesting that this should be an integral part of a future partnership under the Africa-Europe Alliance. We will deal with this in more detail in chapter 6.4.

The consultation was organised around three main themes of discussion: 1) agricultural policies, 2) trade and investments and 3) policy coherence. On agricultural policies and the broader regulatory framework, experts called for investments in infrastructure, harmonised standards, extension services, access to research and modern farming practices to increase productivity and value addition, increased capacity to fulfil national and

international standards. Regarding trade and investments, experts advocated for higher regional integration and trade relations within Africa, acknowledging the potential to benefit from existing trade opportunities within Africa and with Europe through strategic partnerships among European and African companies and administrations which were now hindered by poor governance. Concerns were raised regarding coherence among EU development, agriculture and trade policies and a call was made for a formal AU-EU dialogue framework on agriculture and trade of agricultural products open to representatives of the private sector and farmers’ organisations.

2.7. The changing Africa EU political relationship

During the past two decades, Africa’s importance in geopolitics and the global economy has been increasingly recognised. Despite the many political, economic, and social challenges discussed in this chapter, there is increasing external interest in a continent with the fastest growing population in the world, rising incomes and expanding markets, and considerable natural resources. In addition to the long-standing relationship with Europe, this has been reflected in the growth in political relationships between African and other countries, including the US, China, Japan, South Korea, India, and a broad range of South-South networks.

Notwithstanding this diversification in partnership, the EU remains Africa’s main trading partner, its largest source of Foreign Direct Investment (FDI), its biggest donor of development assistance as well as being a key ally on security. EU Member States hold approximately 40% of Africa’s FDI stock worth €291 billion in 2016. The EU and its Member States accounted for 55% of Official Development Assistance to Africa in 2016, amounting to €23 billion.⁴³

The Africa-EU political relationship has substantially evolved since the turn of the millennium, following on from the first Africa-EU Summit in Cairo in 2000. The Cotonou Agreement⁴⁴ (2000–2020), covering 48 African states as well as the Caribbean and Pacific members of the ACP group, focused on sustainable economic development of ACP States and their progressive integration into the global economy through a combination of trade, investments, private-sector development, financial cooperation and regional development. Discussions on a post-Cotonou agreement have been launched.

37. Council of the European Communities, Commission of the European Communities (1992) [Treaty on European Union](#), signed in Maastricht, Luxembourg: Office for Official Publications of the European Communities.

38. European Union (2017): [The new European consensus on development “our world, our dignity, our future”](#), Joint Statement by the Council and the representatives of the Governments of the Member States meeting within the Council, the European Parliament and the European Commission.

39. United Nations (2015d) [Transforming our World: the 2030 Agenda for sustainable development](#), Resolution adopted by the General Assembly.

40. European Commission (2015) [Trade for all. Towards a more responsible trade and investment policy](#), Luxembourg: Publications Office of the European Union.

41. European Commission, [Better Regulation: guidelines and toolbox](#), Website.

42. European Commission (2019): [2019 EU report on Policy Coherence for Development, Commission staff working paper](#), Website.

43. European Commission (2018) [Communication on a new Africa-Europe Alliance for Sustainable Investments and Jobs](#).

44. European Commission (2014) [The Cotonou Agreement and multiannual financial framework 2014–20](#), Development and cooperation EuropeAid, Luxembourg, Publications Office of the European Union.

The Africa-EU political partnership was advanced when the second Africa-EU Summit in 2007 adopted the Joint Africa-EU Strategy.⁴⁵ The three main objectives of the Joint Strategy are to (1) reinforce political dialogue between Africa and the EU, (2) expand Africa-EU cooperation, and (3) promote a people-centred relationship. The Partnership has developed through further commitments made at subsequent Africa-EU Summits: the 2017 Abidjan Summit was particularly significant for the agri-food sector with the commitment to work together to promote Africa's agricultural production and productivity. This commitment, allied to the AU-EU Agricultural Ministers conference in June 2017, provided the political framework within which the EU Commission took the initiative to establish the Task Force Rural Africa.

The announcement by EU Commission President Juncker in September 2018 of a new Africa-Europe Alliance for Sustainable Investment and Jobs (see chapter 1) represented a further statement of ambition for the future Africa-EU political relationship. Future decisions in two other important EU policy areas – the next Multi-Annual Financial Framework (MFF) for 2021–27 and the CAP post 2020 – will also frame the context within which the African agri-food sector will develop.

The Commission proposal on MFF⁴⁶ foresees a Neighbourhood, Development and International Cooperation Instrument worth €89.2 billion for 2021–27, with Africa as one of its priorities. Of this, at least €32 billion of grants should be available for SSA and €7.7 billion for North Africa. These amounts will be supplemented by a substantial use of blending and guarantees, to leverage funds from the private and public sector. Concerning investments, Africa will be a priority under the proposed new External Action Guarantee of €60 billion globally. The EU High Representative, with support from the Commission, has proposed the establishment of the European Peace Facility, worth €10.5 billion for 2021–27, to enable European and African cooperation in working towards peace, security and stability in Africa.

The next stage of CAP reform will apply in the post-2020 period: the funding of the CAP for the 2021–27 period will be decided as part of the MFF decisions. Following on from a Europe-wide public consultation, the Commission published a Communication on 'The Future of Food and Farming'. The Communication set out the main objectives of the future CAP: to foster a smart and resilient agricultural sector; to bolster environmental care and climate action and to contribute to the environmental and climate objectives of the EU; to strengthen the socio-economic fabric of rural areas. It sets performance targets and gives EU Member States greater autonomy in how to meet those targets according to local conditions. Moreover, it acknowledged the global dimen-

sion of the CAP, the linkages between the CAP and the SDGs, and the commitment to enhance policy coherence for sustainable development. It stated that the future CAP must play a larger role in implementing the outcome of the Valetta Summit⁴⁷ on migration and the actions required to address the root causes of migration and that the Commission is committed to enhancing strategic policy cooperation and dialogue with the AU on issues related to agriculture and rural development so as to help the region develop its agri-food economy.

A number of other factors, broadly related to Agenda 2030 and the implementation of the SDGs, will also influence African and EU policy. There has been a growing political recognition that agriculture and food systems' policies should be aligned to the 2030 Agenda for Sustainable Development. This would involve a comprehensive food systems transformation, involving four parts: first, food systems should enable all people to benefit from nutritious and healthy food. Second, they should reflect sustainable agricultural production and food value chains. Third, they should mitigate climate change and build resilience. Fourth, they should encourage a renaissance of rural territories.⁴⁸ The publication of the EAT Lancet report⁴⁹ in January 2019 has brought a focus on the need to feed a growing global population a healthy diet while also defining sustainable food systems that will minimise damage to the planet. The COP 24 meeting in Katowice, Poland, agreed on measures for putting the 2015 Paris Climate Agreement into practice, including on how governments will measure, report on and verify their emissions-cutting targets.⁵⁰

The combination of the above global and European factors has influenced our work and recommendations. We set out in the following chapters 3 to 7 a menu of short and long-term policy options to achieve the transformation of Africa's agri-food sector and rural economy. What we propose is not a blueprint for any single country: any policy option has to be considered in relation to the political and economic circumstances of a country. What is important is that African leaders consider the range of options, and drawing on support from the EU, make choices.

45. African Union, European Union (2007) [The Africa – EU strategic partnership. A joint Africa-EU strategy](#).

46. European Commission, [Legal texts and factsheets on the EU budget for the future](#), Website.

47. African Union, [2015 Valetta Summit on Migration](#), Website.

48. Caron P. et al. (2018) [Food systems for sustainable development: proposals for a profound four-part transformation](#), Agronomy for Sustainable Development.

49. EAT–Lancet Commission on healthy diets from sustainable food systems (2019) [Food in the Anthropocene](#), Website.

50. United Nations / Framework Convention on Climate Change (2015) [Adoption of the Paris Agreement](#), 21st Conference of the Parties, Paris.



/3

**A TERRITORIAL
APPROACH FOR
JOB CREATION
AND INCOME
GROWTH**

3.1. Why it is important

As outlined in chapter 2, Africa is faced with the challenging task to create a sufficient number of jobs for its expanding labour force. The agri-food sector and the rural economy are critical to meeting this challenge. The diversification of the rural economy is a major step in the structural transformation process. Agricultural growth and the rising incomes it provides will be the stimulus for greater rural demand, supporting the development of other activities. This potential needs to be unlocked with supportive policies.

Africa's history of spatial development, the changing relationships between urban and rural areas, and the development options available to Africa within the framework of current globalisation patterns are among the major reasons – explained in more detail in the next section – which have led us to propose that a territorial approach could have significant added value and should be used for future development strategy.

A territorial perspective is not limited to existing administrative boundaries. It considers the territory as a space of governance for human activities, structured by economic and social networks, where future projects are conceived and implemented. A territory is governed and influenced by a community of actors and

includes all the environmental, social, political, cultural and economic assets and processes interacting within it.⁵¹

At a practical policy level, adopting a territorial approach for jobs creation and income growth involves strategic thinking and planning, an increased focus on public and private investment, and the provision of basic infrastructure and services in small and medium sized towns and rural areas. The aim of this approach is to unlock the potential of rural areas and strengthen the capacity of rural people, notably women and youth, to support economic and social dynamics, and to empower local, regional and national institutions for a more inclusive development that avoids leaving people and places behind.

We propose below strategic priorities to unlock the potential for expansion of the agri-food sector and the rural economy: the process of planning and implementing the territorial approach; the investment in priority physical infrastructure; and the strengthening of local institutions, economic and social networks. The territorial approach is in the view of the Task Force an approach to development with which the EU has considerable experience to share.

51. Agence Française pour le Développement (AFD) et al. (2018) [TP4D. Fostering territorial perspective for development. Towards a wider alliance](#), White paper.

3.2. Context and strategic challenges

3.2.1. Africa's spatial legacy and changing rural-urban relations

In addition to massive demographic growth, Africa has a highly uneven population distribution and very specific spatial settlement patterns. Population distribution is a juxtaposition of high and low density areas, stemming from the diversity of its ecosystems and natural resource endowment and from the legacy of precolonial, colonial and postcolonial history. European colonisation deeply shaped Africa's spatial infrastructure. Mostly based on the exploitation of natural resources, transport networks were oriented to the coasts, with each colonial territory building a port that was often both the main town and a railhead to ship out local commodities. These features were consolidated following independence in the 1960s, which accentuated the spatial arrangement of the colonial era – each state designing its development from its capital city, leading to a concentration of population, infrastructure and services in the capital.

At the continental level, this process favoured the development of a number of large cities of millions of people, with the metropolitan area of the capital often more than 25% of the national population and 65% of its urban dwellers, with a large gap between the capital and the country's second city. This uneven urbanisation process combined with a second urban dynamic: the expansion of large villages growing and becoming rural centres (5 000 to 10 000 inhabitants) and then small towns (from 10 000 to 50 000 dwellers), especially in West and East Africa.

As a consequence of these two trends, intermediate sized regional cities (from 50 000 to 500 000 dwellers) are the weak and missing link of African territorial cohesion. These regional cities play an important role not only as administrative areas and service centres but also as places of social and economic interaction. They are gateways to rural areas and vital for the outward orientation of rural economies. By ensuring transition between large cities or the capital and rural areas and vice versa, they help anchor rural economies in national and international economies. At the same time, they are crucial in supplying the infrastructure required for the development of small enterprises and non-farm employment.⁵²

The priority most countries give to the capital metropolitan area results in insufficient provision of public goods in regional centres and even more in small towns. Lack of infrastructure, equipment and services prevent the development of urban functions of small cities and the possibility of territorial consolidation and

regional development.⁵³ Intermediate sized cities perform a consolidating role in their territory and neglecting them increases the risk of actors in these cities being 'short-circuited' by metropolitan private contractors directly connecting rural areas with larger national or foreign cities⁵⁴, to the detriment of territorial and social cohesion.

The consequence of this pattern of urban growth and weak rural development is a strong territorial inequality in income and poverty. Multidimensional Poverty Index calculations by UNDP confirm major disparities between capital regions and other regions, and large regional gaps between the most- and the less-favoured region, particularly in landlocked countries (e.g. in Ethiopia, Niger, and Mali).⁵⁵ These regional disparities overlap with the rural-urban income gap, which is a well-known obstacle to structural transformation in developing countries.

In many African countries, rural development policy has focussed narrowly on farm modernisation and farmers' practices rather than on education, health and basic infrastructure of water, sanitation and electricity. Where rural development strategies were in place, instead of building synergies with the urban network, they were frequently an adjunct to agricultural policy, a reflection of the fact that the agricultural sector was given political and policy priority.⁵⁶

In spite of this difficult context, there have been positive changes in rural areas over the past two decades, in terms of transportation systems (progressive improvement of roads and growing numbers of cheap imported minibuses) and communications, particularly cell phones. These changes have deeply influenced movements of people and migratory practices: they are no longer limited to long-term and seasonal migration, but also include shorter and temporary migration.⁵⁷

This results in the diversification of sources of income, an emerging new rural economy, and a progressive reshaping of rural realities. As a consequence, today, in many parts of Africa, the static categories of 'urban' and 'rural' (for which definitions are different between countries) no longer capture the reality of the shifting relations between cities and the countryside.

52. Mainet, H., Racaud, S. (2015) "Secondary towns in globalization: Lessons from East Africa", *Articulo – Journal of Urban Research*, 12/2015: Inconspicuous Globalization.

53. Pesche D. et al. (eds). (2016) [A new emerging rural world: An overview of rural change in Africa](#). 2nd edition, Montpellier: Cirad, Nepad.

54. Mainet, H., Racaud, S. (2015) *Idem*.

55. African Development Bank Group (AfDB) et al. (2015) [African Economic Outlook 2015: Regional Development and Spatial Inclusion](#), OECD Publishing, Paris.

56. OECD (2016) [A New Rural Development Paradigm for the 21st Century: A Toolkit for Developing Countries](#), Development Centre Studies, OECD Publishing, Paris.

57. Mercandalli, S.; Losch, B. (eds.) (2017) [Rural Africa in motion. Dynamics and drivers of migration South of the Sahara](#). Rome, FAO and Cirad.

3.2.2. Africa's development in the 21st century globalised world

To deal with the challenges of its structural transformation in a globalised and changing world, African countries need to re-engage in sound development strategies. These strategies must be more than the addition of sectoral perspectives but rather an articulated multifunctional set of policies providing public goods and supporting private initiatives to tackle poverty, job creation and the consequences of climate change.

Some African countries have been able to develop new manufacturing activities during the 2000s but the majority remains characterised by the importance of their primary sector (agriculture and mining) and of the informal economy, both in agriculture and in the broad range of urban activities (household enterprise sector) – see chapter 2.

Globalisation and climate change prevents the same historical sequencing of economic transition as followed in other regions of the world. There is a vibrant debate with contrasting points of view about the best development strategy, with opposing proponents of industrialisation and export-led growth, supporters of “agriculture first” and champions of leapfrogging manufacturing to directly engage in the service economy.

However, there is no single ‘sectoral silver bullet’ for African development policy. Sectoral competition remains high and Africa faces major challenges in terms of skills and infrastructure, which are critical for competitiveness. Conditions in the international economy are changing: the stimulus of market liberalisation is flagging when compared to the 1990s and 2000s, and the current growth regime is uncertain with risks of stagnation and trade tensions. The replication of high growth rates based on export strategies appears more difficult today. As a consequence, national dynamics and “what happens at home”⁵⁸ will increasingly be the crucial determinants.

Adopting this perspective and looking at the “domestic” assets, Africa can benefit from its own huge growth potential. If African countries must seize the opportunities of greater inclusion in the world economy, the large geographical scale of the continent, the diversity of its ecosystems, its rich natural resources endowment and, above all, its fast-growing domestic markets offer dramatic

opportunities in meeting Africa's own needs. And if the potential exists for every country, leverage effects of regional integration will give access to even larger opportunities.

This dramatic potential for development can be unlocked through strengthening the new rural-urban dynamics, in order to improve these historical ties between agriculture, industrialisation and urbanisation that have structured past economic transitions.⁵⁹ This concerns food supply to urban areas (and the opportunity to recapture markets taken by food imports) as well as equipment or consumer goods (which have to compete with cheap products from major emerging countries).

Agri-processing and other agri-services have a key role to play in this process, as they have done in other continents. Food processing can be done in small towns drawing on local production. It can be labour-intensive and have strong upstream and downstream linkages: it stimulates agricultural production, triggering intensification, and can encourage additional services such as logistics or maintenance, which are critical steps for economic diversification.

This implies more investment in the missing links of African territorial development through support to small towns and regional cities as a way to consolidate rural-urban linkages, favouring short-distance instead of long-distance dynamics which result from globalisation.⁶⁰ Interventions in this area can offer win-win solutions, for local actors and governments, that not only create better local market and employment opportunities, facilitate access to services, and strengthen communities. They also contribute to the weaving together of territorial economic and social fabric, and can reduce the burdens of mega-urbanisation.

The territorial approach, being founded on local participation and dialogue, is also a way to rebalance power and to give a sense of agency and local citizenship, in contrast to national level choices by governments. It creates ownership and consolidates stakeholders' commitment to identified priorities of action.⁶¹

58. Rodrik, D. (2013) [The past, present, and future of economic growth](#), Geneva, Global Citizen Foundation, Working Paper 1.

59. United Nations Research Institute for Social Development (UNRISD) (2010) [Combating poverty and inequality: Structural change, social policy and politics](#), Geneva.

60. United Nations Conference on Trade and Development (UNCTAD) (2015) [Transforming rural economies](#), The Least Developed Countries Report, New York and Geneva, United Nations.

61. Caron P. et al. (coord.). (2017) [Living territories to transform the world](#), Versailles, Quae Editions.

3.3. Key areas for action

The massive changes underway in Africa will require significant investments to cover booming needs in education, health, infrastructure, security and many other priorities. Private investments by people and businesses will have a major role in developing productive activities but public goods provision definitely require public funding.

Private financing can contribute to these investment needs, notably through public-private partnership (PPP). But PPPs are not necessarily adequate tools for all types of public goods and African governments will remain the main actors for funding. Due to sharp budget limitations which prevent addressing all needs simultaneously, pragmatic approaches are required and priorities must be identified with reference to specific national contexts.

This strong reminder is also central for the adoption of a territorial approach and is even more important due to the limited financial capacities of local governments which broadly depend on transfers from the national level. Because priorities are context specific, it means that they will result from local processes of identification. Therefore, this Task Force puts the development of these processes at the forefront of the key areas for action and of European support.

3.3.1. Implementing a Territorial Approach

For several years, territorial approaches to development have been increasingly recognised as a powerful tool for improving development outcomes.⁶² Their underpinning principles are that interventions should be people-centred, place-based, cross-sectoral, multi-level, multi-stakeholder, flexible and promote integration and synergies. As such, territorial approaches can complement and improve cross-sectoral effectiveness, but they require more than a better coordination of existing sectoral policies: they require a paradigm shift in how to design adapted strategies reflecting strengths and weaknesses of functional territories – i.e. places with active economic linkages, social networks and, most often, common identity and heritage which inspire ownership and solidarity. To effectively implement a territorial approach, national governments must be willing to support and commit to the process. In the first instance, a policy dialogue should be established at AU, EU and African national and local authority levels to build a common understanding of how territorial approaches can improve policy and programme design and implementation.

Specific and significant support for the definition of local action programmes is required. At the local level, most of this support can be provided by local and national expertise (from civil society organizations, administration and consulting groups) and external support can also be mobilized, particularly during a pilot phase. At the national level, governments have a major role to

play in terms of coordination and policy consistency between local action programmes and existing national strategies, as well as for the realisation of economies of scale in implementing the territorial approach (e.g. in support functions). European financial support should be provided for place-based innovative local action programmes, adapted to African economic, social and environmental realities, and Europe should share its experience and pool information and methodological resources.

Several steps need to be followed for the formulation of a territorial strategy and the identification of local action programmes.⁶³

The first step is to secure the participation of a wide group of representative stakeholders, critical to developing a sense of ownership and consolidating collective action. Youth and their organisations are critical actors in the participation process. EU experience on promoting and supporting collective action could be helpful for rural stakeholders and especially for those from disadvantaged groups in order to reinforce their negotiation capacity and achieve more just and equitable outcomes. Affirmative action would be needed to consolidate the contribution of young women and men, because they have the clearest perception of constraints to their own development and they are best placed to design their future and develop their own ventures. Moreover, EU could deepen its commitment to share its long experience on participatory dialogues, multi-stakeholder consultations and negotiations, providing technical assistance and bringing together many stakeholders of different levels of political power. Negotiations should not be separated from capacity building among disadvantaged groups⁶⁴, helping them to deal with the legal system, politics, public relations and technical managerial issues.

The second step is to implement a shared diagnosis of the local context, informed by the collection of existing data, using statistical sources and literature, taking stock of territorial assets and existing socio-economic dynamics. It results in the identification of major challenges, binding constraints and opportunities for job creation and inclusive growth. Careful consideration must be given to identifying local resources which are specific to the place (contrary to generic resources which are independent from the local particularities – e.g. mining). Good examples are cultural heritage, natural landscapes or the quality agro-food products from a geographical origin. Generally, these specific resources are not given, they must be “activated” through common actions of local stakeholders (recognition and promotion). They can result in new activities in the agro-food sector or in tourism and in support services.⁶⁵

62. Torre A., Traversac J. B. (2011) “Territorial governance. Local Development, Rural Areas and Agrofood Systems” Heidelberg – New York: Springer; TP4D. 2018, op.cit.

63. African Development Bank Group (AfDB) et al. (2015) [Idem](#); Agence Française pour le Développement (AFD) et al. (2018) [Idem](#).

64. Edmunds, D.; Wollenberg E. (2001) “A strategic approach to multistakeholder negotiations”, Development and Change, Vol. 32.

65. Camagni R. (2009) “Territorial capital and regional development” in R. Capello & P. Nijkamp (Eds.), Handbook of regional growth and development theories, Edward Elgar Publishing, Cheltenham. Campagne P., Pecqueur B. (2014) Le développement territorial: une réponse émergente à la mondialisation, Ed. Charles Leopold Mayer, Paris.

The third step is the adoption of a foresight approach about plausible future development of the place, using a long-term horizon (15 or 20 years), and based on the co-elaboration of alternative scenarios for the future by local stakeholders. The use of foresight thinking is a way to combine information from different sources which provide a range of perspectives. It provides an opportunity to give voice to actors who are rarely heard, not only some representatives of the civil society, young people and marginalised groups, but also dissenting voices. As such, they facilitate a common understanding of territorial challenges and the capacity of local resources to respond to them. Recent experiences developed in Africa show that territorial foresight approaches are feasible.⁶⁶ They do not require specific education and skills from the local participants.

All this process of participatory dialogue results in the selection of priorities which will frame the preparation of a local action plan, including an imperative sequencing to take into account budget and operational limitations (e.g. human resources). This action plan involving people, businesses and local government corresponds to a roadmap for territorial development allowing the full utilization of local dynamics for agricultural development, rural diversification and economic transformation. It translates into specific projects and activities which can be monitored with regard to the objectives of jobs and income creation.

Recommendations

Apply a people-centred, place-based, cross-sectoral, multi-level, multi-stakeholder and flexible territorial approach to development and promote integration and synergies between policies and actions: Develop a territorial strategy, adopt a foresight approach, support collective action.

3.3.2. Supporting infrastructure for development

Many public goods need to be provided by African governments in order to attain the SDG targets. Several are directly included in the new Africa-Europe Alliance, like education and infrastructure. If the improvement of education systems is an overarching objective, infrastructure requires specific attention from this Task Force believes that infrastructure requires specific attention, given that a lack of basic infrastructure in rural areas or in small towns and medium-sized cities is a major constraint for the agro-food sector, rural diversification and territorial development.

Africa is lagging behind compared to other developing regions.⁶⁷ Only 63% of the total population have access to basic drinking water; improved sanitation concerns 47% of the urban and

34% of the rural population have access to improved sanitation; paved road density is more than 10 times less than in Asia; and electricity delivery only reaches 72% and 33% of the urban and rural dwellers, respectively. Despite rapid development of mobile phones and mobile technology applications over the last two decades (mobile phone subscription concern 73% of Africans) only 1% of the population has permanent access to internet and only 15% are users.⁶⁸

This Task Force puts particular emphasis on supporting road improvement, access to electricity and internet as critical tools for economic development. Priorities will be defined based on the result of territorial diagnoses and consultation processes.

There is strong evidence over decades of the importance of roads in general and in rural areas in particular. They are critical in promoting development through enabling agricultural and food markets to develop, notably in places where transport services do not exist and non-farm earning opportunities are negligible. The territorial approach will help to target the most urgent needs for investment.

Electrification is a prerequisite for developing new economic activities and Africa is lagging far behind other regions. It would be unrealistic to suggest rural electrification everywhere, but it is most needed to provide access to power in small towns and major rural boroughs so as to accelerate economic diversification. Well-equipped small urban centres serve as logistical hubs for goods between their rural hinterland and larger cities; they can leverage economies of scale to deliver services to surrounding areas; and they open the space for local transformation of agricultural products and to small industries taking advantage of the existing labour force.

If solutions imply an adequate electricity sector governance at the national level and a mix of larger scale and smaller scale generation sources, some interconnected and others as standalone mini-grids, priority needs to be given to sustainable energy and electricity infrastructure. Experience in previous electrification processes have highlighted the role of cost-effective locally managed or owned mini-grids based on renewable energies (solar, wind, hydro), where local authorities and communities can oversee the development of off-grid generation based on resource availability and local demand.⁶⁹ In that process, some farmer cooperatives will be able to contribute using biomass for generating power covering their needs and possibly other nearby users.

66. Sourisseau J.-M. et al. (2017) "Territory-centred thinking and action for a better future: territorial foresight in the regions of Ségou in Mali and Vakinankaratra in Madagascar", in Caron P. et al. (coord.). (2017) *Idem*.

67. Foster, V.; C. Briceño-Garmendia. (2010) *Africa's Infrastructure: A Time for Transformation*, Agence Française de Développement and World Bank, Washington, DC.

68. African Development Bank Group (AfDB) (2018) *African Economic Outlook 2018: Financing infrastructure: strategies and instruments*, Abidjan.

69. Enflo, K. et al. (2009) "Electrification and energy productivity" Ecological Economics, September 2009; Energy Sector Management Assistance Program.

The Potential of Rural/Agricultural Digitalisation in Africa

The EU works through its Delegations in Africa to enhance Digitalisation for Sustainable Agriculture (D4SA). Projects cover pre-production, production and postharvest components of the agricultural value chain. Examples include market information and extension services through SMS in the Gambia and Ghana; online database and digital platforms in Senegal, Djibouti and Cameroon; mobile banking services in Ethiopia and Burkina Faso; e-voucher systems in Mozambique, Zambia and Rwanda.

The EU has substantially invested in digitalisation for agriculture in Africa through the EDF funding to the Technical Centre for Agricultural and Rural Cooperation (CTA). Innovation and technology transfer are key elements of these projects. CTA also actively promotes and supports sharing of best practices and knowledge in digital innovations for agriculture. The EU also supports projects through research and connectivity: the Horizon2020 programme ranging from remote sensing to aid beekeepers in Ethiopia to flood forecasting in West Africa; the EDF11 funding the Africa connect2 project where high speed internet in Zambia has addressed soil degradation and input to sustainable land policies. Lastly, through the European Union Emergency Trust Fund (EUTF) for Africa, the EU uses a web-based system to bring its organisational network of global projects on line and instantly share progress with all parties involved.

The EU considers that digitalisation to be a game changer in transforming smallholder agriculture in Africa: improving productivity, profitability and resilience of the agri-food system and by opening opportunities for youth and women to profitably engage in agriculture and agribusiness. However, to unleash the power of digitalisation in agriculture, governments, development partners and the private sector need to ramp up investment and provide the enabling environment that would allow scaling up of digital innovations across the agricultural value chain.

The potential of digitalisation in agricultural value chain development programmes and projects can be unlocked by mainstreaming digitally-enabled services for different value chain actors, supported by the EU in Africa. Such digital innovations include: extension and advisory services, climate smart solutions/services, postharvest management systems, market information services, financial services, and supply chain management services.

The EU could share its experience and help build the capacity of African countries in Big Data Analytics for agriculture, including developing a coherent approach to the collection, management and use of data gathered by agribusiness, government, research, farmers organisations and ICT companies.

Promoting youth entrepreneurship and employment through digitalisation is another field for the EU and Africa to cooperate and provide the necessary support to youth-led start-ups working in the digital agriculture space through innovation facilities; business development services such as incubation and coaching; digital literacy and skills development; and investment facilities.

A EU-AU Digital Economy Task Force under the new Africa-Europe Alliance has been launched in December 2018 and will examine this issue in depth.

The access to internet must be supported by governments in collaboration with the private sector. It can facilitate access to information and new services to economic actors, and notably farmers and their organizations, ranging from advisory services and know-how sharing through mobile applications, to use of remote-controlled tools for crop management or accessing data about land-use. It can support new extension business models and also facilitate access to e-learning platforms and facilitate the development of vocational training.

Infrastructure development is included in Action 1 of the new Africa-Europe Alliance whereby the External Investment Plan (EIP) will finance access to electricity for 30 million people and companies, increase renewable energy capacity by 5 gigawatts, and provide all-seasons roads through leveraged investments in transport infrastructure to 24 000 people. Action 9 will enhance connectivity with the development of broadband and e-infrastructures. However, this Task Force suggests a massive additional effort to provide access to electricity in small towns. This is a prerequisite for the expansion of agri-food industries which will play a central role in job creation. This proposal is fully in line with African Development Bank 'High 5' goals to 2025 which put the "Light Up and Power Africa" as the first priority. It will add to other existing efforts like the Africa 50 Initiative.⁷⁰

Such investments in basic infrastructures lead to broad societal benefits and help to foster a virtuous development cycle with win-win sets between local, rural communities, investors and the public sector, by enhancing individual and social wellbeing, increasing revenues, efficient investments, and tax returns.

Recommendations

Enhance investment in infrastructures with an emphasis on electricity and access to internet.

EU and Africa should work together to promote multi-stakeholder partnerships, in particular with the private sector to promote investments for scaling up tested and promising digital innovations for sustainable agriculture, including remote sensing tools, Artificial Intelligence, blockchain and Internet of Things.

3.3.3. Strengthening local institutions, economic and social networks

Poor governance and political economy issues (often worsened by corruption) can be major bottlenecks for infrastructure development in Africa, frequently because these projects are complex. They require heavy, long-term investment, have strong public-good characteristics, a long-life, and high sunk costs. And they are very sensitive to local political conditions. These issues naturally affect private investors' risk perceptions of infrastructure funding in Africa.⁷¹

70. Africa 50 (2016) [Africa50 annual report](#).

71. African Development Bank (2018) [African Economic Outlook](#). Report.

To undertake development-assistance programmes without understanding the political realities of a state can lead to unintended consequences of all sorts. Not only does the political settlement set the constraints for what can and cannot be accomplished with foreign assistance, but foreign assistance itself can have an impact on the political settlement.⁷²

An important factor in successful territorial approaches is effective decentralisation, because locally based policy making is key to ownership, increases empowerment and better mobilise local resources (human, natural and financial) to accelerate local development. Promotion of decentralisation is therefore integral to territorial approaches, to ensure relevant and inclusive design, implementation, monitoring and evaluation of development interventions.

Many African countries have implemented programmes of decentralisation, with mixed records of success. If political decentralisation developed almost everywhere, with local elections and transfer of some responsibilities to local governments, administrative decentralisation has been more limited in relocating administrative functions and executive responsibilities. Above all, fiscal decentralisation – transferring financial resources and revenue-generating powers – remains very weak, explaining the very low capacity of investment by municipalities or regions.⁷³

Interventions need to be suited to the national and local environment and specific attention must be paid to fragile countries, particularly those suffering from conflict and internecine violence.⁷⁴ In Fragile and Conflict Affected States, any decentralisation processes should not compromise the fragile power of an already weak State. Specific attention must be placed on institution-building and on clarity on the respective role of the State and the private sector.

Local governments rely on national governments' goodwill and transfers are generally limited (local governments in Africa only receive in average 7% of total fiscal revenues).⁷⁵ Such limited transfers prevent effective local support (human resources and budget) to the implementation of territorial approaches and place-based policies. Lack of local capacity and transparency are a significant challenge to local governance, which can result in the problem of corruption.

A way to improve local governance is to facilitate participation and the involvement of civil society organisations, as well as traditional leaders and representatives of economic actors with a good knowledge of the local context. These conditions can be facilitated by the territorial approach.

Attention will need to be paid in the EU-Africa dialogue to improving the decentralisation processes. This is a long-term objective for which collaboration with dedicated bodies, organisations and think tanks can be highly valuable (among others, United Cities and Local Governments, Africities or the Global Local Forum). National organisations supporting local governments (examples: the South African Local Government Association, the Association of Mayors of Mali, the Assembly of Regions and Districts in Côte d'Ivoire) could benefit from the European experience (e.g. Council of European Municipalities and Regions) and from the many existing programs of decentralised cooperation between European and African local governments.

Fostering and reinforcing existing networks of stakeholders is another important issue. There is a wealth of literature in economic geography about the importance of local networks for development and for the fruitful mobilisation of territorial resources. Benefiting from strong social capital providing trust, these networks can join complementary assets and human capacities and accelerate innovation.

To overcome missing skills and lack of information about techniques, methods and business models, and beyond the effort to be deployed in terms of education and information systems, EU-Africa peer-to-peer cooperation can provide useful support. Complementary to the governments to governments cooperation, people to people and businesses to businesses partnerships, which are central to this Task Force proposal, can give access to experience and innovative practices.

African farmers' organisations can receive support from European peers through advice, training and farmer-to-farmer exchanges, as well as specific women's and youth associations willing to develop and improve their actions. Similarly, businesses may benefit from the local presence of business representatives, as well as national and foreign chambers of commerce and other business support organisations. European support to Africa could take advantage of this potential in order to strengthen local stakeholders and to improve the economic and social ecosystems for local and territorial development.

Recommendations

Include decentralisation aspects in the Africa-EU dialogue. Foster and reinforce existing local networks and the peer-to-peer cooperation, including via farmers organisations, cooperatives and business federations.

-
- 72. Putzel, J., Di John, J. (2012) "[Meeting the challenges of crisis states](#)", Crisis States Research Centre Report.
 - 73. Elroy Africa (2012) [Development of the Africa local governance time-line: Decentralization study post 1980](#), Support Programme to the Political Shaping of Decentralization in Africa, GIZ.
 - 74. McIntosh, K. & Buckley, J. (2015) [Economic development in fragile and conflict-affected states: Topic guide](#). Birmingham, UK: GSDRC, University of Birmingham.
 - 75. United Cities and Local Governments (2010) Local Government Finance: The Challenges of the 21st Century: Second Global Report on Decentralization and Local Democracy (GOLD II), Barcelona.

A close-up photograph of a hand with dark skin holding a young tea plant shoot. The shoot has several bright green, serrated leaves. The background is a soft-focus view of a tea plantation with rows of bushes and distant hills under a cloudy sky.

/4

SUSTAINABLE LAND AND NATURAL RESOURCES MANAGEMENT, AND CLIMATE ACTION

4.1. Why it is important

The high demand for agricultural land and the need of the growing African population for food, fodder, fibre, water, and other uses put natural resources under pressure. Without appropriate measures that ensure their sustainable use, this pressure will deplete the natural resources base (e.g. soil, water, biodiversity, forests), affect ecosystems' functioning and their capacity to deliver economic and social benefits, while potentially creating conflicts over their use. Maintaining and/or restoring the quality of land and ecosystems is critical to ensuring the increasing African population continue to rely on them and other natural resources necessary for their sustainable development.

In addition to natural resources depletion, climate change is leading, worldwide, to increased climate variability and extremes that are in turn key forces driving the recent rise in global hunger.

Climate change is already having a particularly additional negative impact on African agriculture and its food industry. Sustainable land and natural resources management is thus crucial for securing food production, water and biodiversity, for buffering agriculture against climate risks, and contributing to both climate change adaptation and mitigation. Hence, investments in agriculture, rangelands, forestry and fisheries need to contribute to the conservation and sustainable use of natural resources and ecosystems and integrate climate action. They also need to focus on optimising the entire food system i.e. considering synergies and trade-offs resulting from policies in other sectors and from the interactions within food systems ranging from input provision, production, processing, retail up to consumption and food waste.

4.2. Context and strategic challenges

4.2.1. The state of African land and natural resources

African agro-ecological conditions are highly diverse, from soils to climatic zones. This diversity makes for more challenges when looking for suitable solutions to improve productivity and food security. Africa's soils are also very diverse. Apart from areas around volcanic mountains, most soils in Africa are nutrient-poor and have low fertility.⁷⁶ A large number of African farmers, especially the smallholders, have limited capacities, because of economic constraints and lack of adequate information to adopt sustainable soil management practices for maintaining soil fertility and adapting to climate change.

Estimates of total arable land suitable for crop production in Africa vary. FAOSTAT⁷⁷ estimates 1,133 million hectares of agricultural land in Africa, out of which 76% are meadows and pastures mainly in semi-arid and sub-humid areas. Nomadic pastoralism is common in the semi-arid areas (see box on Nomadic Pastoralism). A further 21% is arable land and 3% permanent crops. Soil, land cover and climate characteristics however make some of these unsuitable for crops.

Due to population increase, arable land per capita declines and with it, competition for land will intensify. NEPAD⁷⁸ reports that over a ten-year period, "large-scale investment contracts in Africa have covered 20 million hectares, which represents more than the arable area of South Africa and Zimbabwe combined". There is consensus that securing land rights has a favourable impact on poverty and inequality and is a strong incentive for sustainable land management. While large-scale land acquisitions can create employment opportunities, they can in some cases adversely affect local livelihoods and trigger conflicts⁷⁹, and may also lead to an increase of water use.⁸⁰

Competing demands for land, population and livestock pressure, illegal timber exploitation, including wood biomass for energy, continue to drive deforestation, land degradation and desertification. Forest cover trends in Africa (2001-2013) show a >10% loss in tree cover⁸¹ compared to 2000. Desertification already affects 2/3 of Africa's land and 65% of its population.⁸² Land degradation also causes economic losses⁸³ and smallholders are often amongst the first to be affected.

78. NEPAD (2013) [AGRICULTURE IN AFRICA — Transformation and outlook](#).

79. African Ministers' Council on Water (2014) [Analysis of impacts of large-scale investments in agriculture on water resources, ecosystems and livelihoods; and development of policy options for decision makers](#), FAO; UNEP; GRID-ARENDAL; IWMI.

80. Breu T, et al. (2016) "Large-Scale Land Acquisition and Its Effects on the Water Balance in Investor and Host Countries", *PLoS ONE* 11(3): e0150901.

81. Hansen, M. et al. (2013) "High-Resolution Global Maps of 21st-Century Forest Cover Change" *Science*, Vol. 342, Issue 6160.

82. AUC/OECD (2018) [Africa's Development Dynamics 2018: Growth, Jobs and Inequalities](#), AUC, Addis Ababa/OECD Publishing, Paris.

83. Nkonya et al. (2016) "Economics of Land Degradation in Sub-Saharan Africa" In: Nkonya E., et al. (eds) *Economics of Land Degradation and Improvement – A Global Assessment for Sustainable Development*, Springer, Cham.

76. Jones, A., et al (eds.) (2013) [Soil Atlas of Africa](#). European Commission, Publications Office of the European Union, Luxembourg.

77. FAOSTAT (2018) [Data on land use](#), Website.

Nomadic pastoralism

Nomadic pastoralism as a key livelihood in many parts of Africa has expanded the ability of humanity to move across the African continent, allowing humankind to convert grasses into food. Nomadic pastoralism exists from the Malian Sahara to the East African plains. Wherever it is found, modernity offers this ancient practice both advantages and disadvantages, and injects new elements that transform the culture. The effects of climate change combined with overgrazing in many Sahelian countries and the pressure coming from rebel groups and insecurity have recently modified the position of the traditional transhumance corridors. Advances in veterinary pharmaceuticals have proven advantageous for nomadic peoples from the Sahel, who can now move cattle into areas that were previously prohibitive due to bovine trypanosomiasis.

Transhumance corridors have recently reached sometimes 1000 to 2000 km further south than the traditional and historical geographical transhumance regions. This recent movement has rarely been anticipated, leading to conflicts between pastoralists and farmers and creating additional pressure on protected areas and natural resources (water and land). Conflicts have increasingly degenerated into violent conflicts including the use of firearms and massacres of civilians.⁸⁴ Even in this context, transhumance remains a financially profitable but risky activity for the owners of the cattle. The significant recent increase of ruminants observed in some large Sahelian countries seems to be linked to the banking function of herds, especially, but also to “grey incomes” from illegal activities or corruption.⁸⁵

Mitigation of new risks resulting from the new trends observed for transhumance facing climate change, overgrazing and insecurity, includes an early dialogue with all stakeholders, an adapted tax system, fighting corruption, and practising sustainable rangeland management to address overgrazing.

Agricultural growth in many African countries happens largely through extension of agricultural areas rather than through sustainable intensification, thereby clearing natural vegetation through deforestation and triggering biodiversity loss⁸⁶, including loss in seeds varieties. While in many African countries farmer groups are engaged in producing certified seeds⁸⁷, including in seed-producing cooperatives, access to improved seeds continues to be a challenge. Agroforestry also has a great potential to contribute to growth and jobs, food security, resilience, environmental sustainability and climate action. It needs to be promoted, alongside protection of forests and agrobiodiversity.

Africa has about one-third of the world's major international water basins, however it is still the second driest continent of the world⁸⁸, with great disparities due to spatial and temporal rainfall and groundwater variabilities. While there is an abundance of water in the Congo Basin, most semi-arid and arid regions of the continent have a deficit water balance. Recurrent droughts, especially in the sub-humid and semi-arid areas cause rain-fed crop production and pastures to fluctuate, exposing already vulnerable smallholders and pastoralists. Irrigation is a common practice on over 12 million ha (6% of the total land under cultivation)⁸⁹, with agriculture currently accounting for about 85% of the water withdrawn from rivers and lakes. Efforts need to be made to improve sustainable water management as well as sustainable water infrastructure⁹⁰ to avoid soil degradation.⁹¹ Africa's irrigation potential is constrained by limited financial resources for water infrastructure⁹², and inadequate human and technical capacities. Furthermore, estimates often do not exist about the amount of water available making it difficult to manage water resources. Developing water infrastructure, taking into account socio-environmental impacts remains a big challenge.

84. International Conference of Ministers of defense, security and protected areas on the fight against poaching and other cross-border criminal activities (2019) [Final Declaration, Experts Report, Thematic Concept Note number 1. Brief Sahel](#), Ndjamena Chad 23-25 January.

85. Tropical Markets Gembloux Agro-Bio Tech University of Liege (2018) Seminar on Transhumance in Central African Republic.

86. United Nations Environmental Programme (UNEP) - World Conservation Monitoring Centre (WCMC) (2016) [The State of Biodiversity in Africa: A mid-term review of progress towards the Aichi Biodiversity Targets](#), Cambridge, UK.

87. AFD, Government of the Netherlands, Agricord (2018) [The rise of the seed producing cooperative in Western and Central Africa: Mapping the strength and weaknesses of seed-producing cooperatives](#), Report.

88. UNECA/AU/AfDB (2010) The Africa Water Vision for 2025: Equitable and Sustainable Use of Water for Socioeconomic Development.

89. FAO AQUASAT Irrigation (2014) [Facts and figures about Irrigation areas, irrigated crops, environment](#), Website.

90. African Union, Programme for Infrastructure Development in Africa (PIDA) (2017) [Bridging Africa's \\$68bn infrastructure finance gap](#), Website.

91. Jones, A., et al (eds.) (2013) [Idem](#).

92. African Union, Programme for Infrastructure Development in Africa (PIDA) (2017) [Idem](#).

Africa's hydropower potential is estimated at 1852 terawatt hours (TWh) annually, which is "three times the continent's current demand".⁹³ Yet hydropower competes for water with agriculture. Solar energy potentials are considered very high. Wind and geothermal resources are estimated at 110 GW and above 15 GW, respectively.⁹⁴

Clean energy investments can power irrigation infrastructure, and have the potential to increase food security, employment opportunities, agriculture incomes, and reduce post-harvest losses and greenhouse gas (GHG) emissions, thereby contributing to Africa's agenda 2063. The biggest challenge is to develop clean energy infrastructures that are socially inclusive and ecologically sound.

4.2.2. The risks of climate change in Africa

Although Africa is responsible for less than 4% of global GHG emissions, 27 of the 33 countries most at risk from climate change are in Africa.⁹⁵ This negatively affects the continent's food security and the highly climate-dependent agriculture sector. Around 95% of cropland is rain-fed. Increased climate variability and extremes (including droughts and flooding) can cause severe food crises with knock-on effects on food price hikes and income losses for farmers, and increased migration pressures.⁹⁶ Extreme events like heatwaves, droughts, floods and storms increased since the early 1990s. Besides ongoing desertification, projections for the future are alarming, e.g. a global warming of 4°C above pre-industrial levels in the 2080s could lead up to a 40% decrease in precipitation in Southern Africa.⁹⁷

Mitigation needs to be promoted through green and clean energy infrastructure investments such as solar, hydroelectric, geothermal, and wind energy, to minimise emissions and provide alternatives to burning wood for agro-processing, cooking and heating. African agriculture contributes 15% to the global GHG emissions from agriculture, forestry and other land use.⁹⁸ Agriculture and land use are therefore at the heart of most African countries' National Determined Contributions (NDCs) and

the National Adaptation Plans (NAPs), even though most measures focus on adaptation, with benefits for mitigation. Finally, the relation between natural resource depletion and climate change is complex but evident, with climate issues at global and landscape scales linking closely to the local and microclimatic effects of forests.⁹⁹

The Paris Agreement (COP21) is the overall framework for tackling climate change globally and acknowledges Africa's special vulnerability. After years of disagreement, at COP23 in Bonn in May 2017, all countries acknowledged the importance of action in agriculture in relation to climate change and adopted the Koronivia Joint Work on Agriculture¹⁰⁰, a two and a half year work program to develop recommendations for climate action in agriculture, including assessments of needs, exchange of knowledge and best practice and capacity building for better access to existing sources of Climate Finance. Despite their often different positions¹⁰¹, the African Group and the European Union should collaborate more closely on agriculture and climate change within the United Nations Framework for Climate Change (UNFCCC), to make agriculture more central to the UNFCCC process.

-
93. African Ministerial Conference on the Environment (AMCEN) (2018) [Innovative environmental solutions: moving from policy-level concept to implementation](#), 7th special session, Nairobi, 17-19 September 2018. AMCEN/SS.VII/5.
 94. African Ministerial Conference on the Environment (AMCEN) (2018) [Idem](#).
 95. Intergovernmental Panel on Climate Change (IPCC) (2014) [Climate Change 2014: Impacts, Adaptation, and Vulnerability](#), WMO, UNEP, Cambridge University Press.
 96. Maplecroft (Global Risk Analytics), [Climate Change Vulnerability Index 2014](#), in "Climate Change and Environmental Risk Atlas", Website.
 97. World Bank (2013) [Turn Down the Heat: Climate Extremes, Regional Impacts, and the Case for Resilience](#). A report for the World Bank by the Potsdam Institute for Climate Impact Research and Climate Analytics, Washington, DC.
 98. FAO (2016) [Greenhouse gas emissions from Agriculture, Forestry and Other Land Use](#), brochure.

-
99. Van Noordwijk, M (2018) [Forest Climate: Why atmospheric water matters](#), The Jakarta Post, 11 July.
 100. United Nations, Climate change, [Issues related to agriculture](#), Website.
 101. The EU is of the view that adaptation and mitigation in agriculture are always addressed simultaneously, as most actions and measures contribute to both. The African Union focuses more on the needs for adaptation of their agriculture sector and voices concerns that obligations to mitigate might harm smallholder farmers. See Josefa Sacko [speaking in DREA press conference](#) in Paris pleas for primarily adaptation, Press Conference.

4.3. Key areas for action

Gradually making agri-food systems in Africa more climate-resilient and environmentally sustainable requires policy willingness, dialogue and support, good governance and institutional arrangements, as well as research and financial incentives. Action should be taken in all the three levels: governments, businesses and people. One of the most important aspects is the interaction at local level between farmers, local administrations, businesses and non-governmental organizations. Because of the high diversity of conditions, concrete needs and solutions can best be assessed by good coordination with and between all local actors.

4.3.1. Mainstream land and natural resource management and climate action into policies and programmes

Mainstreaming sustainable land management should be an integral part of EU cooperation for rural development and can take various forms as illustrated below.

Effective mainstreaming requires reliable databases for informed decision-making on land and natural resources management, and climate action. The EU and the AU can explore fostering a digital transformation of African agriculture, land and natural resources management by improving access to databases such as the Copernicus earth-monitoring system data, the Global Monitoring of Environment and Security programme and other programmes of the EC's Joint Research Centre. The EU and the AU can also finance innovation platforms, to maximise the potential of smart farming, foster environmental sustainability and help adapt to climate change. This would include the use of global positioning systems and digital soil mapping to inform farmers on temporal nutrient needs of particular soils. It also includes supporting the creation and maintenance of multi-purpose weather data systems across the continent as well as capacity building and open-access digital agricultural extension services (e.g. training videos). The EU can support the use of digital technology to enforce environmental regulation (land use, water, forestry, biodiversity), monitoring and reporting compliance and implementation of mitigation measures.

Mainstreaming can be through building human and institutional capacity. Building technical capacities is required for African governments to successfully integrate sustainable land and natural resources management (integrated land, soil, and water management, rangelands, forests and biodiversity conservation) and climate-smart strategies as key priorities into their agricultural development policies and programmes, including CAADP and other investment plans. Laws and regulations on the use of natural resources are ineffective if they are not applied or enforced. As many African countries have inadequate skilled capacities in monitoring land use, water, forests and biodiversity, capacity building is needed in these fields, and can create employment opportunities in the rural areas. To address the human capacity gap in natural resources management, the EU development co-

operation can continue supporting for example the AU-NEPAD African Networks for Water Centres of Excellence on Water. Further, the EU could support partnerships between European and African organisations to establish other Centres of Excellence promoting sustainable management of natural resources and systemic approaches.

Further, agricultural extension agents and smallholder farmers need to be trained on climate and ecosystem smart agriculture, including the efficient and safe use of fertilisers and to minimise use of agrochemicals. Such training should be a marker for monitoring, reporting and evaluation of relevant agriculture development programmes.

To achieve mainstreaming, an inclusive and holistic approach is necessary. Contradictory rights and priorities, as well as the exclusion of local users from decision-making often lead to conflicts linked to the access and use of land and other natural resources (such as different users laying claim to land, fodder, trees or non-timber forest resources in a landscape). This leads also to the latter not enjoying the benefits nor sharing the burdens associated to protected areas. To be sustainable, biodiversity conservation in Africa should adopt a holistic approach that includes the promotion of agroforestry and the implementation of sustainable management of all types of forests (including restoring degraded forests), which can simultaneously improve climate resilience and soil quality, biodiversity and human diets.

Land users, such as farmers and pastoralists, should be given incentives to adopt and continue practising sustainable land management, through policy measures and other mechanisms, while ensuring their ownership and access to land. Biodiversity conservation initiatives need to incentivise sustainable land management in agricultural landscapes, ensure efficient co-management of conservation areas with local communities and smallholder farmers, and ensure they receive full benefits (Aichi Biodiversity Targets 14, 15).¹⁰² Furthermore, there is a need to support agrobiodiversity-fostering seed systems that help conserve Africa's agrobiodiversity and enable African farmers to make informed choices about seeds and to manage and sustain their own seeds on-farm.

Water resources need to be addressed from a cross-sectoral perspective using a NEXUS approach and cross-sector action. Since the boundaries of water catchment areas often cross national borders, it is essential to negotiate and regulate water

102. Convention on Biological Diversity. Safeguarding life on earth. [Aichi Biodiversity Targets](#), Website.

distribution not merely between sectors but also between countries in order to avoid conflicts. Support is to be offered in devising water policies, concerning both irrigated agriculture and rain-fed farming and in strengthening the capacity to manage water use and increase water productivity. Organisational arrangements in the water sector are of major importance. Integrated water solutions should be based on regional plans and resource management in water catchment areas. The coherence of land and water law is particularly important. A precondition for effective policies is to record and analyse water resources and water use (better data on water availability and consumption), taking into account the changes caused by climate change. Water retention in soils or reservoirs as well as improving water use efficiency make it possible to increase water availability and improve supply security.

Synergies between food security, natural resource management and climate interventions, including in the CAADP and other investment plans, also strengthen mainstreaming. Different government agencies, civil society and the private sector need to collaborate to promote these synergies and strengthen monitoring under Climate-Smart Agriculture (CSA) policies and plans, including through the African Alliance for CSA. EU countries and institutions are already funding some CSA projects in Africa but much more should be done. Conservation initiatives should be co-managed with local communities and smallholder farmers for incentivising them to use practices that protect and restore biodiversity, such as Integrated Pest Management (IPM). Thus, a territorial approach (see box below) can support the sustainable management of land, natural resources, and climate actions.

At country level, relevant investment guidelines and frameworks (using e.g. Agrobiodiversity Index, Voluntary Guidelines on the Governance of Land Tenure, Responsible Agricultural Investments Principles, Greenhouse gas accounting models), including those developed under the EIP, can be applied. Such assessment tools should ideally provide insights that improve agriculture-related policy coherence and incentivize smallholder farmers to provide feedback on initiatives. A key area for action is to develop or adapt existing assessment tools (e.g. resilience assessment tool, the FAO Ex-Ante Carbon-balance Tool)¹⁰³ to assist agri-food sector investors in Africa in shaping their climate-resilience and climate smart, and environmental sustainability decisions and for due diligence, monitoring and evaluation mechanisms.¹⁰⁴ Moreover, assessing, monitoring, reporting and evaluating policies, programmes and projects for their contribution to sustainable use and protection of land, soil, water, rangelands, forests and biodiversity, including agro-biodiversity, and linking achievements with access to financial resources, would further strengthen these synergies.

Territorial Approaches to Sustainable Land and Natural Resources Management, and Climate Action

Natural resources are often clustered into spatial units (watersheds, basins, climatic zones, ecosystems). However, there is a need to move beyond the biophysical units by adopting a territorial perspective. Such an approach not only considers the spatial dynamics within these natural units but also the governance space (including a community of actors) comprising “multiple levels of spatial organization, connecting local, regional, national and international scales, and taking into account the effects and impacts of globalisation”.¹⁰⁵

For example, water users in Kenya have organised themselves into local water groups and Water Resources Users Associations (WRUAs), which is formally recognised by sub-national and national governments as an effective community-based instrument for inclusive management and governance of water and water-related conflicts at sub-catchment level.¹⁰⁶ The EU and the AU can support the activities of local water groups and WRUAs such as monitoring water use and reforestation river/stream catchments.

Similar territorial approaches also exist for protected areas and national parks, which are recognised institutions that have their administrative infrastructure and could thus collaborate with local communities through co-management mechanisms to manage natural resources and respond to climate change. In this respect, activities of community forest associations can be supported.

Further, various Ministries of Agriculture and Rural Development formally recognise farmer groups, active in various local government areas and thematic areas. The EU and the AU can support activities such as farmer-seed management that secures farmers' rights to seeds, farmer-based natural re-greening/tree planting, farmer-knowledge exchange platforms, harvest management and pre-processing.

A territorial approach also offers an opportunity to disseminate agriculture extension services through portable digital devices that show training videos in local languages on various activities in the agriculture value chain including sustainable land management. Through digitalisation, existing training and information videos can be exchanged globally, thus making such knowledge inclusive.

In most cases, partnerships between subnational government authorities, river basin authorities (which may span several government administrative/jurisdictional areas) and protected areas (national parks) management are critical for sustainable land and resources management, and climate action. Mechanisms should allow local land users to drive such territorial-based development processes with support from basin, park and government authorities, in deliberating, deciding and monitoring actions to strengthen sustainable land and natural resources management, and climate action.

103. FAO, [Ex-ante carbon balance tool](#), and [Ex-act tool for value chains](#), Websites.

104. Ifejika Speranza C. and Böckel L. (2015) Climate Resilience Assessment of Agriculture and Forestry Projects and Programmes (CRAAF) –An Expert Assessment Tool. Centre for Development and Environment. University of Bern, Switzerland.

105. Agence Française pour le Développement (AFD) et al. (2018) Idem.

106. Kiterme BP, Gikonyo J. (2002) [Preventing and Resolving Water Use Conflicts in the Mt. Kenya Highland-Lowland System through Water User Associations](#). Mountain Research and Development Journal, Vol. 22, Issue 4.

Recommendations

Mainstream land and natural resources management and climate action into policies Set up investment guidelines and frameworks at country level. Use digital tools and technical assistance. Promote agroforestry and integrated water solutions. Build human capacity for natural resources management.

4.3.2. Finance for climate action

Dedicating adequate and predictable funding from climate finance mechanisms envisaged by the UNFCCC and the Paris Agreement to the agriculture and food sector is important. Funding should be used in particular for agriculture adaptation activities, to foster environmental stewardship, enhance the effectiveness of REDD+, and support the payment for ecosystem services to people and rural communities. This should include using a fixed share of the Green Climate Fund for African agriculture given that Africa is the most vulnerable continent to climate change and the EU is the largest financial contributor to the GCF. A clearer focus on adaptation is needed, since at present around 75% of all climate funds is used for mitigation (while adaptation is more pressing for the smallholder-based agriculture systems that are prevalent in rural Africa).

About two-thirds of the activities envisaged in the National Adaptation Plans (NAPs) and National Determined Contributions (NDCs) of most African countries include climate change adaptation and mitigation measures in the agriculture sector. Hence, financial support should enhance the coherence between NDCs, NAPs and National Agricultural Investment Plans. The EU can support African governments in integrating the sustainable management of land and natural resources (soil, water, rangelands, forests, biodiversity) in policies and programmes by dedicating an increased share of development and climate funding, and by establishing markers as criteria for funding, transparent monitoring and reporting.

Both the African Union and the EU should encourage private sector contributions to climate finance, either directly or through fair and sustainable Public Private Partnerships (PPP). Public policies and funding (via blending instruments) should indeed provide incentives for businesses to contribute to NDCs' implementation and take advantage of the investment opportunities offered by the transition to carbon neutral development pathways.

Recommendations

Dedicate adequate and predictable EU funding from climate finance mechanisms (including using a fixed share of the Green Climate Fund) for agriculture adaptation activities and foster environmental stewardship in Africa (including by fast-tracking the co-financing of the food-related parts of NAPs and NDCs). Build capacities to access the GCF. Build an international coalition to mobilise private sector investment, for example through the Global Climate Action agenda.

4.3.3. Building climate-resilient and sustainable food systems

Not only agriculture and food production are impacted by and affect climate change and natural resource management. This is also true for the whole food system beyond agriculture, i.e. food production, as well as food processing, distribution and consumption. Therefore, progress in climate resilience and environmental sustainability in the agri-food sector requires considering the whole food system - including all the elements and activities related to the production, storage, processing, distribution, preparation and consumption of food and the outputs of these activities, their social, economic and environmental outcomes, such as emissions and food waste.

Food sustainability must be understood as an outcome of multiple factors that operate at local to global scales, are of short-term to long-term nature, and involve cross-sectoral trade-offs that link food and nutrition security with environmental performance and resource efficiency; reduction of poverty, inequality and resilience. It entails both sustainable production and consumption.

A sustainable food system is one that explicitly meets the needs of society, economy and environment over time, and guarantees sustainable outcomes in all these three dimensions, hence balancing their trade-offs. For achieving environmentally sustainable and climate-resilient food systems, it is necessary to adopt a food system approach to the governance, planning and implementation of policies and investments for the agri-food sector. A food system approach analyses, in a dynamic way, the relationships between the different parts of the food chain and the socio-economic and environmental outcomes of food production and consumption (such as food security and soil depletion).

It is a multi-actor, multi-sector and multi-level analysis and thus it can guide policies and investments that can simultaneously support small and large operators of the food economy, rural and urban consumers, as well as different development objectives (better nutrition, resilience, productivity, natural resources management, etc.).

Making food systems in Africa more climate-friendly, resource efficient and environmentally sustainable is an opportunity for agricultural transformation and sustainable economic diversification. A 'greener' food economy can provide millions of jobs and added value in food value chains, such as for vegetables and legumes, that today are underdeveloped but are increasingly in demand in African cities. 'Climate and ecosystem smart' food value chains and systems can have as protagonists smallholder farmers and small service providers. A food economy that gradually turns such informal economic actors into entrepreneurs is more transformational than an agricultural sector that only uses such labour force as cheap workers in large-scale plantations. Such an approach accounts for the large labour force in Africa's population, many being smallholders, the sustainability of their farming and trading practices vis-a-vis the environment, their growth potential and proximity to expanding urban areas (compared to food imports).

In other words, tackling climate change will create new economic opportunities in Africa, as is happening across the world.

All this will require breaking the silos between policies and between the policy and investment agendas related to agriculture, climate, environment and land and natural resources management in Africa. The three sets of policies, legislations and institutional arrangements need to be increasingly coherent, coordinated and complementary. Moreover, public policies and both public and private investment flows need to be increasingly aimed at providing financial incentives for sustainable practices in the agriculture and food sector. In particular, given the increasing availability of public and private climate financing¹⁰⁷, it will be important to devote a large share of this in support of climate change adaptation and mitigation, as well as environmental sustainability of agriculture and food systems in Africa.

Recommendations

Adopt a food systems approach to governance, planning and deduce from it the relevant action for implementation of policies and investment in the agri-food sector. Increase coherence between agriculture, climate, environment and land and natural resources management in Africa.

107. The Paris Climate Agreement includes a pledge to mobilise by 2020 at least \$100 billion per year from public and private sources to help developing countries mitigate and adapt to climate change.



/5

SUPPORTING
THE
SUSTAINABLE
TRANSFORMATION
OF AFRICAN
AGRICULTURE

5.1 Why it is important

Agriculture still employs about 60% of the Sub-Sahara African workforce. This figure has dropped in the last 25 years by 10 percentage points, with strong differences between countries, depending on urbanisation rate and diversification of the economy. The percentage will continue to fall, although the absolute number of labour engaged in agriculture will increase because of population growth well after 2050. Agriculture remains a critical component of livelihoods. However, the majority of African farmers are poor, with strong underemployment, low productivity and returns, and facing a high level of risks with many market inefficiencies. On globalised markets, they are also competing with farmers from other regions of the world who have reached

higher productivity levels and may benefit from public support.

Yet over the past two decades, a minority of African countries have achieved significant agricultural growth and the challenge now is for other countries to engage in the transformation of the sector to achieve its sustainable development. It is possible to draw policy lessons from countries which have achieved such growth, taking due account of sustainability and inclusiveness. Inclusive agricultural strategies that stimulate growth result in strong multiplier effects that expand job opportunities in the rest of the economy.

5.2. Context and strategic challenges

5.2.1 Africa's agricultural sector growth performance

Most of the agricultural development in Africa has relied on the extensive use of natural resources with the expansion of cropland instead of intensification on land already used for agriculture. This results from the land availability in a context of high input prices, difficult market access and low value of most commodities.

From the 1980s to 2000, African agriculture grew slowly, with lack of government support and investment, resulting in low productivity. The Green Revolution, which played a major role in Asian agricultural and economic growth, did not occur in Africa for many reasons related to different historical and institutional contexts, greater diversity in cropping systems, defective rural financial systems and limited physical infrastructure, particularly irrigation. Irrigation counts for only 6% of arable land (37% in Asia) and is highly concentrated in five countries counting for about two-third of total irrigated areas.¹⁰⁸

In 2003, the AU and NEPAD established the Comprehensive Africa Agricultural Development Programme (CAADP), a pan-African framework aiming at stimulating agricultural growth. CAADP champions reform in the agricultural sector and seeks to achieve an annual growth rate of at least 6% in agriculture, through an investment of at least 10% of the national budgets in agriculture and rural development. In the 2014 “Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods”, African leaders reaffirmed their support to CAADP and committed themselves to ending hunger and halving poverty on the continent by 2025.

The implementation of CAADP has been mixed across African countries. According to the ‘AU agricultural transformation scorecard 2018’, only 20 countries out of 47 reporting were on track to meet the Malabo commitments.¹⁰⁹ Differences between countries are related to available natural resources, the economic and institutional environment, the financial capacity of governments and the effective prioritisation of agriculture in the national development objectives.

108. Five countries count about two-third of total irrigated areas. See: [Malabo Montpellier Panel \(2018\) *Water-Wise: Smart Irrigation Strategies for Africa*](#), Malabo Montpellier Panel Report.

109. African Union (2018) [30th AU Summit African Union launches Africa Agriculture Transformation Scorecard \(AATS\) – a revolutionary new tool to drive agricultural productivity and development](#), Press Release.

Despite this mixed performance across CAADP countries, important changes occurred within the African agricultural sector. Between 2000 and 2016, SSA has achieved 4.6 % inflation-adjusted average annual increase in agricultural growth, roughly twice as much as during the three previous decades.¹¹⁰ The growth in agriculture is directly linked to structural transformation. African countries that experienced the most rapid rates of agricultural productivity growth over the past 15 years also enjoyed the highest rates of non-farm labour productivity growth and the most rapid exit of the work force out of farming.¹¹¹ Key factors which contributed to these changes in agriculture include: the rise of small and medium-scale trading firms, facilitated by deregulation, powering employment, growth and development of food systems;¹¹² population growth, especially in urban areas, providing a rapidly growing market for local food production; improvement in transportation and telecommunications.

The EU has supported the AU in the CAADP agenda, at continental level and through national development cooperation programmes. At country level, the EU supports national agricultural development programmes in nearly 40 countries. Examples include Niger with support to the 3N initiative (les Nigériens Nourissent les Nigériens) and support to the Strategic Plan for the Transformation of Agriculture in Rwanda. Another noticeable example of EU-Africa cooperation at continental level is the Platform for African-European Partnerships in Agricultural Research for Development (PAEPARD; 2009-2018). This Platform brought together all kinds of stakeholders (such as farmer organisations, private sector companies and NGOs) along with European and African researchers to facilitate demand-driven innovation. It involved setting up innovation networks and has led to many practical applications, ranging from enhanced tilapia production (Malawi), to bio-compost production for vegetable farming (Burkina Faso) and improved pepper seeds (Togo).

5.2.2 Africa's land resources and farm structures

Africa has a reputation for abundant arable land, which has been used to justify and explain the rush for land, particularly since the 2008–2009 food price crisis. Yet, there are major uncertainties over the quality of estimates about the availability of land for cultivation. According to the FAO, in 2015, Africa had an agricultural land area (including cropland, meadows and pastures) of 1,133 million hectares, the arable land counting for 272 million hectares (of which 223 million in SSA). Recent estimates consider that in SSA the suitable land for farming (the potentially available cropland -- PAC) varies between 250 and 460 million

hectares depending on the inclusion or exclusion of forest.¹¹³ The major potential for extension is in Central Africa and the Congo Basin, where major forest areas are located, but with high risks for biodiversity and carbon sequestration.

Major differences exist both among and within countries, due to high variability in population densities, up to increasing tensions in certain countries over land resources leading to declining farm sizes. Some countries are near to exhausting their available land capacity (e.g. Malawi, Sierra Leone, Uganda), while others still benefit from large land resources (e.g. Madagascar, Zambia, DRC). Where agricultural development can no longer rely on area expansion, it generally requires access to significant infrastructure and regional planning. These dynamics of population and resources may lead to growing internal migration (rural–urban and rural–rural) and possibly to significant migration between countries, which could result in severe political instability.

FAO estimates are around 60 million agricultural holdings in Africa for around 220 million agricultural workers. 52% of African farmers are smallholders with less than 1 hectare and 76% have less than 2 hectares (62% and 82% respectively in SSA). In SSA, 39% of the land is cultivated in farms of 2 hectares or less, and 44% by farms from 2 to 10 hectares (a group representing 15% of all the farms).¹¹⁴

However, there are no consolidated data for all countries in Africa about the number of farms, their structures and composition; size is only one criteria. Opposing smallholder and subsistence agriculture on one side, and large-scale and commercial agriculture on the other side, may not be accurate. The farm reality is a continuum in which family farming is always dominant in Africa; their activities are hardly ever limited to subsistence as they always engage in commercial activities. The “sales to self-consumption ratio” is shaped by the economic and institutional environment. In addition, all farming families are engaged in non-farm activities as this diversification is central to their risk management and viability.¹¹⁵

Small family farmers are often women, mostly dependent on hard manual farm labour. Many of them still use techniques that are harmful to the environment (e.g. contributing to greenhouse gas emissions) like slash-and-burn pioneer-clearing of primary forests for agriculture and charcoal production for energy. Because of seasonal periods of inactivity inherent to farm production, and because of low yields and low prices of products at the farm gate, agriculture largely under-employs its labour force.

110. World Bank (2017) [World Development Indicators](#), Website.

111. AGRA (2018) [Africa Agriculture Status Report: Catalyzing Government Capacity to Drive Agricultural Transformation](#), Issue 6. Nairobi, Kenya: Alliance for a Green Revolution in Africa (AGRA).

112. Kuijpers, R. and J. Swinnen (2015) [Value Chains and Technology Transfer to Agriculture in Developing and Emerging Economies](#), Website.

113. Chamberlin, J. et al. (2014) [“Scarcity amidst abundance? Reassessing the potential for cropland expansion in Africa”](#), in Food Policy, Vol. 48.

114. Lowder, S.K. et al. (2016) [“The Number, Size, and Distribution of Farms, Smallholder Farms, and Family Farms Worldwide”](#), World Development, Vol. 87.

Bélières, J.F. et al. (2014) [Family farming around the world: Definitions, contributions and public policies](#), Collection A Savoir, AFD, Paris.

115. Losch B. et al. (2012) [Structural transformation and rural change revisited: Challenges for late developing countries in a globalizing world](#), Africa Development Forum Series, Washington, DC: World Bank and AFD.

During off-season non-farm activities develop, including short-term migration to places where more economic alternatives exist. A majority of farmers with small holdings are farmers “by default”, trapped in agriculture by a lack of economic alternatives. Employment in other sectors of the economy, like construction or manufacture, would help them to escape poverty, decrease pressure on natural resources and increase the productivity of the agricultural sector.

Large farms and corporate agriculture started during colonial times in Africa, particularly for export crops based on agro-industrial estates (e.g. rubber, palm oil, sugar cane production). Their expansion remains limited in size and location. In the period after the 2008 food price crisis, a number of outside investors sought to buy or lease long-term land in Africa. The Land Matrix database¹¹⁶ estimates that it could encompass about 10% (25 to 30 million Ha) of Africa’s total suitable cropland (excluding forest).

At the same time, processes of land concentration have been observed in many countries, but are less documented. They result from land acquisition by urban investors and include both speculators and medium-scale farmers. The latter still represent a small proportion of the overall number of farms, but they may locally account for a significant share of the total farmland and are contributing to land consolidation in several countries like Ghana, Tanzania, and Zambia.¹¹⁷ These medium-scale farmers are often a dynamic source of technical change and improvement of agricultural performances. They play a substantial role in the development of commercialisation and value chains. However, their emergence can also contribute to competition for land and modifies the balance of power within the sector. This differentiation in farm structures should be monitored and managed in order to use the leverage effects on entrepreneurial activities while minimizing negative local impacts on small-scale holdings through specific support.

5.2.3. Modernisation options for African agriculture

Agricultural transformation in other regions of the world (e.g. in OECD countries) was based on land consolidation, rapid productivity increase, facilitated by a massive exit of the work force towards other sectors in rapidly diversifying economies. With the limited diversification of African economies in a context of growing international competition, today’s modernisation pathways will be different. Over the next two decades, policy will have to meet the challenge of almost 20 million of youth entering yearly the labour force in 2030 (from 12 million today) – in rural areas only.¹¹⁸

In African countries, this transition needs to be managed carefully to avoid economic and social marginalisation and the resulting political tensions. Any significant social support for the poor and less endowed farmers will meet financial limitations. Therefore, policy support must be targeted towards adequate farm structures and this will need to be accompanied by a strong push towards rural diversification, using the full potential of agro-industrialisation.

Family farms remain the backbone of agriculture worldwide and have shown their capacity to change and adapt in a challenging competitive environment, particularly when they benefit from adequate support and regulatory environment¹¹⁹ – as exemplified by the evolution of European agriculture under the CAP. This potential was fully recognised during the United Nations International Year of Family Farming 2014, and family farms identified as critical for the achievement of the SDGs.¹²⁰

In Africa today, evidence shows that family farms can be competitive in terms of production costs when compared with large-scale farms. They are often competitive in the domestic market but less so in global markets owing to recurring obstacles in supply and marketing due to high transaction costs and incomplete markets.¹²¹ Being based on labour-intensive investments and production methods, family farms have the largest capacity to absorb the rapidly growing labour force and to integrate young people, provided that attention is paid to improving working conditions and incomes, and that access to land and management are secured. Family farms also have a high potential to link to agro-industry as they have more labour-intensive techniques and higher local value added.

In comparison, large-scale corporate agriculture is more likely to be capital intensive and therefore offers fewer prospects for generating major labour opportunities. It can contribute to agricultural growth, the diversification of markets, and the development of sparsely populated areas, as well as facilitate the connection to downstream activities and the agro-industry. But, in view of job creation, public policies should prioritise family farms to promote agricultural intensification and business development and take advantage of their inclusiveness and strong linkages with the socio-economic context.

Another major challenge for African countries refers to the adoption of and support for adequate technical options for the modernisation of agriculture. Today, even if challenged, the Green Revolution package remains a reference and the “conventional” pathway of modernisation, i.e. intensification based on improved seeds, chemical inputs (fertilisers, pests and weeds control) and mechanisation.

119. Sourisseau, J.-M. (eds.) (2015) *Family farming and the worlds to come* (Dordrecht, Springer).

120. FAO (2014) [Legacy of International Year of Family Farming and the way forward](#), Rome.

FAO (2018) [FAO’s work on family farming. Preparing for the Decade of Family Farming \(2019–2028\) to achieve the SDGs](#), Rome.

121. World Bank, FAO (2009) [Awakening Africa’s sleeping giant: Prospects for commercial agriculture in the Guinea Savannah Zone and beyond](#), Agriculture and Rural Development Notes, Issue 48, Washington, DC.

116. [Land Matrix](#), Website.

117. Jayne T., Kwame Yeboah F., Henry C. (2017) [The future of work in African agriculture: Trends and drivers of change](#), Working Paper no. 25, International Labour Office.

118. Losch B. (2016) [idem](#).

This package led to massive increase in productivity and production but is also associated with negative environmental impacts. Moreover, its unsustainability related to excessive use of fossil fuels and resources, the access to costly inputs and technologies, the lack of support, and the limited efficacy of fertilizers in specific contexts of soil degradation are additional arguments calling for alternatives.

The identification of adapted pathways to sustainable agricultural intensification is critically needed, especially as agriculture is directly impacted by climate change, the effects of which will be increasingly significant in tropical areas (with extreme climate events, shifting seasons and changing rainfall regimes, and increasing parasite pressure). Universal answers do not exist and multiple initiatives promote different approaches relying on diverse technical, socio-economic and political options and positioning, like climate-smart agriculture or agro-ecology, resulting in a vast array of solutions, promoted by different stakeholders and leading sometimes to controversies and partisan visions. It is important to identify answers adapted to local context and including farmers in the search for response to the relevant challenges.

Future technological development can propose solutions less dependent on non-renewable fossil fuels, with reduced negative

impacts on environment and human health, and a better strategic use of ecological processes and farmers' knowledge. As such, an "eco-technical pathway" would promote simultaneously the rational use of biotechnology with modest external inputs, irrigation and mechanisation compatible with the ecological cycles.¹²²

Developing adequate options for the modernisation of African agriculture will require major investment in research, involving farmers and their organisations, and adequate policy design. This is already central to Europe-Africa Research and Innovation Partnership or the DeSIRA¹²³ initiative with the development of research and innovation platforms for Food and Nutrition Security and Sustainable agriculture (FNSSA). Africa could take a leading role towards inventing a new sustainable agricultural model, which could also contribute to agricultural change in other regions.

5.3. Key areas for action

There are a wide range of possible actions to boost agricultural production and support the transformation of African agriculture with the imperative of economic, social and environmental sustainability. We have chosen to focus on four key areas of action, which the EU has a particular competence in partnering with Africa in their design and implementation: identifying an overall strategy for agricultural transformation; boosting research, education and innovation systems; increasing farm outputs and developing markets; and supporting farmers' organisations.

5.3.1 Strategy for agricultural transformation

Take a strategic approach to agricultural development

African governments have a critical role to play in framing a country specific strategy for agricultural development and implementing their policy for agricultural transformation. Drawing on lessons from other African countries, a country strategy should signal a commitment to policy consistency and financial support for the sector, a set of short and longer-term policy measures, and identification of key institutions necessary to achieve transformation. In addition to what the government will itself commit to, a strategy should specify how the government will create an enabling environment for farmers and their organisations, the private sector, and women's and youth groups to contribute to transformation. How government proposes to collaborate with international organisations and donors in the implementation of the strategy should also be specified. Given that the EU sup-

ports agricultural development programmes in nearly 40 African countries and is committed to providing further support in the future, there is scope for productive policy dialogue between the EU and African countries in framing future national agricultural strategies.

Public funding being limited, the strategy should be oriented towards supporting private investments by family farmers and their organizations (e.g. through tax exemptions). Development projects should refer to the CFS Principles for Responsible Investments in Agriculture and Food systems (cf. AU-EU ministerial conference, July 2017) and they should preferably be managed by family farmers and their organisations. They should include compatibility with regional needs (as for population, social acceptability, land availability, environment and farm structures), benefits for local stakeholders (with regard to incomes, jobs and particularly for youth, infrastructure, equipment and services), and additional returns for the country (added value, fiscal revenues, employment).

122. Windmeijer P. et al. (eds.) (2017) Harnessing the potential for diverse intensification pathways for Food and Nutrition Security and Sustainable Agriculture. ProIntensAfrica, Horizon 2020 research and innovation programme.

123. Development-Smart Innovation through Research in Agriculture ([DeSIRA initiative](#)). The European Commission launched this initiative in 2017 and it is aimed at addressing climate change in the context of research and innovation.

In looking to some of the longer-term challenges for national strategy development, we have identified two areas where we believe Africa and the EU can partner effectively: improving the information systems on land, labour and natural resources, and the consolidation of the legal framework for land rights and family farming.

Reinvest in Information systems on labour, land and natural resources

In most African countries, general information on rural areas, their socio-economic characteristics and the state of natural resources is scarce or lacking. This is the result of a progressive degradation of statistical systems and a lack of investment in comprehensive analyses of existing dynamics in rapidly evolving rural economies. Global databases cannot provide the necessary details for specific places. In order to improve both management and governance with better-informed decisions, critical data gaps must be bridged, and it is imperative to reinvest in information systems and in knowledge creation with priority to be given to land and natural resources and to the labour content in agriculture.

These information systems should be an integral part of knowledge platforms to be developed at national and Regional Economic Communities (RECs) levels. Platforms would develop and manage databases in order to feed national and local dialogue on agriculture transformation and regional innovation hubs. Many geographical tools already exist and a coalition of research and specialised bodies should be promoted with EU support as a way to unlock access to this decisive information.

The unregulated expansion of cropland, land deals, land concentration and elite capture could have an enduring negative effect on the future of Africa's agriculture, its labour absorption capacity, and its role for inclusive growth and poverty alleviation. This is why local and national governments and other stakeholders like farmer organisations need adequate information about land use, land availability, and the state of natural resources, in order to influence regional investment, specific farm support and actions for the management of natural resources.

Necessary improvements require a significant investment in stocktaking cultivable land and forest, already cultivated land and land used for other activities, and for engaging in land usage mapping. Simultaneously, analysing and monitoring natural resources, particularly water, will support the development of transparent and comprehensive information systems.

A better understanding of the labour content in agriculture is needed for the Jobs and Growth Compacts of the new Africa-Europe Alliance. The European Commission funded VCA4D project¹²⁴ is collecting labour data along the value chains. But a more systematic data collection is required on different development options as little is known about the quantity (number of jobs) and the quality of labour (labour skills, conditions of employment and returns) of different types of farms, types of techniques, agricultural production and their value chains.

Consolidate the legal framework for land rights and family farming

Based on the territorial approach and in a context of growing pressure for land, securing land rights is a priority in rural Africa where about 70% of agricultural land is governed by customary arrangements. It is critical for both agricultural development and sustainable land management. The objective is not 'legal purism'¹²⁵ nor to develop formal land registers everywhere, addressing private or collective ownership (a disproportionate task which would principally result in local tensions). It is to secure land access and usage rights based on effective practice and collective recognition. Land documentation based on geographic data can be an efficient instrument to this end and allow the delivery of certificates, parallel to the recording of deeds, to secure individual or collective access and investment. The adoption by many African governments, with the support of the international community, of the Voluntary Guidelines on the Responsible Governance of Tenure of Land (VGGT) and the Principles for Responsible Investment in Agriculture and Food Systems (RAI), is a major step towards an improved land governance.

124. European Commission (2017) [Value Chain Analysis for Development \(VCA4D\). Providing Value Chain Analysis for improving operations. Why, What? How?](#), Brochure.

125. Colin J.-P. (2013) "[Securing rural land transactions in Africa. An Ivorian perspective](#)", Land Use Policy, Vol. 31, March.

The difficult and rarely discussed question of land access for youth must also be raised. It addresses the question of a missing legal status for family farming. Many young men and women are locked in agrarian systems in which land tenure and farm management are under the control of elders. As a result, young household heads often remain dependent on their fathers or grandfathers and this situation prevents initiatives and technical innovations that young people could more easily adopt. Access of youth to family or other farmland could be improved by giving a legal status to family farms. It would ease the intergenerational transfer of farm assets to young family workers and their access to collective assets, and could integrate compensatory measures in order to guarantee elders' livelihoods and compensate family members not active in agriculture. Similarly, rights and status of family workers, particularly youth and women, is a critical issue. In addition to adopting decent work regulation, it would also be necessary to give family workers access to information and training.

Recommendations

Under African political and policy leadership, the EU should encourage and support each country to set up a strategy for agricultural transformation based on a territorial approach and participatory planning and foster its implementation at national and continental level. Improving data and information systems, particularly on land and labour, and consolidating the legal framework for farming are key elements for these strategies.

5.3.2. Boosting research, education and innovation systems

Innovation requires an efficient agricultural research, moving from linear top-down technology transfer models, to co-elaboration based on combining scientific and farmers' knowledge.

Improved innovation systems also need to combine teaching (including vocational training), research and extension through a systemic collaboration between all institutions involved (research, higher education and extension services).

Improve coordination of research and invest in vocational training

Effective research and development will be critical for identifying the most needed modernization innovations for African agriculture. Research expenditures of African countries remain low with significant dependence on external funding: an average 0.4% of national GDP compared to the 1% GDP recommended by the African Union.

The research system for agriculture in Africa remains deeply segmented with a strong focus on agronomic research. A better coordination with socio-economic research is necessary to tackle the complexity of rural economies. This segmentation also results from the institutional setting with National Agricultural Research Systems (NARS) on one side, and Higher Education Institutions (HEI) on the other. It contributes to "siloeing", lack of economies of scale, and prevents efficient innovation systems.

Enhancing vocational education will improve productivity in the field, in processing units, as well as the employability of youth. Among a large number of measures, this could be done by strengthening the formal recognition of local traditional apprenticeship practices by government authorities (e.g. through certificates), thereby facilitating entry into the labour market.

Set up multi-stakeholder platforms and innovation hubs

A demand-led agricultural research programme will respond to the needs and constraints of farmers and other stakeholders. Throughout the continent, different approaches of multi-stakeholder knowledge platforms exist with highly positive results (e.g. Innovation Platforms of FARA, User-Led Processes of PAEPARD, etc.).

The principles of common work involving farmers and professionals in education and research are relevant for the regional and international levels. The regional level can help overcoming weaknesses of the national Research systems. West Africa has built an efficient division of labour under a sub-regional organisation (CORAF) by organizing nine research centres specializing around key research fields. Some will evolve into Regional Centres of Excellence (RCE), which coordinate and share means to service regional members, including training scientists. The RCE will work at the sub-region level, taking into account the actual means of the national institutions. Similar programs are being prepared in other sub-regions of Africa. This sub-regional collaboration and knowledge sharing is to be encouraged and accelerated to build a strong and sustainable African research capacity.

The knowledge triangle – research-education-innovation – can play a major role in the transition of African agriculture. It can be consolidated by the progressive development of communities of practices on agricultural development, which should associate different technical ministries, research, practitioners, and farmers' organizations. A knowledge and networking initiative for agricultural and rural transformation should be launched via regional innovation hubs providing support to rural producers through information, based on the development of digital tools and vocational training programs. The initiative would specifically link to the territorial approach and the transformation of agriculture. It should reinforce the 'knowledge triangle' of education, research and innovation. Within this initiative, a particular focus must be on women, youth and 'agripreneurs'. It will emphasize practical knowledge, digital innovations and the linking of European training and education networks to African partners.

African–European Youth Forum on Smart Sustainability

The Youth Consultancy for Rural Africa engaged by the civil-society organisation I4NATURE held a public event in the Netherlands on 16 October 2018 to mark World Food Day by providing a platform for young Europeans and Africans to express themselves and exchange views on the challenges of achieving “smart sustainability”. Mashiri Zvarimwa, a member of the Task Force Rural Africa, participated in the event, in order for the recommendations formulated by the youth forum to be fed back into the deliberations of the Task Force.

Participants came up with the following recommendations, which they framed in the following evocative manner: “We would ask the European Union to...” Below a summary of their findings:

1. Support and empower youth to participate meaningfully and gainfully in the transformation process, through development of demand-based knowledge sharing and capacity-building ecosystems;
2. Create a joint European - African Youth Council, Strategy and Life-Long Learning Toolbox, aligned with developments in Africa;
3. Lead efforts to revitalise agricultural transformation and re-commit to support robust agricultural development and research (c.f. Dutch Diamond Approach);
4. Provide grants that promote the use of digital technologies and data analyses as a way of attracting young people to participate in agriculture;
5. Create access to investments and investors (public and private) to empower young people to innovate, realise their ideas and deploy their entrepreneurial skills;
6. Set up an Innovation Fund to help young innovators and entrepreneurs in agriculture;
7. Invest in human capital development, particularly that which is necessary to advance rural youth and drive agricultural transformation;
8. Adapt education to groups or even individuals within the framework of learning communities;
9. Foster free exchange and communication to allow the less enfranchised to realise impact together;
10. Share success stories of EU-AU cooperation whilst casting the spotlight on best practices that accelerate the involvement of stakeholders and young people, such as effective aspects of the EU Common Agricultural Policy for rural development.

Many of the above recommendations have found their way into the recommendations set out in this Report.

Recommendations

Strengthen the African initiatives to coordinate agricultural research at continental level and in cooperation with the EU and its Member States. Share experience in vocational training in agriculture and the food industry. Foster innovation through a multi-stakeholder approach and regional innovation hubs.

5.3.3. Improving markets and increasing farm output

Improve the functioning of markets within a coherent agricultural policy strategy

In most African countries, risks are the major obstacle to farmers’ investment and diversification. This is a consequence of their low level of incomes and an unfavourable economic and institutional environment. In order to reduce risks, in a context where options for safety nets are very limited, it is necessary to invest in improving the functioning of institutions and markets.¹²⁶

Enhancing agricultural markets (products, inputs, insurance and credit) is critical because they are generally underperforming. They are characterized by many market imperfections related to high transactions costs due to missing information, monopolies and oligopolies, weak rule of law, vested interests, particularly in the import sector (food, inputs, equipment).

Several types of actions are possible.

Regarding price distortions, market regulation can be implemented with interventions ranging from improved coordination through stakeholders’ platforms and voluntary guidelines to government regulation based on taxes, scales, and official transaction prices. They all require strong political willingness and necessary action against existing vested interests.

The development of negotiation power through farmer collective action has proven to be a necessary element in successful economic transformation. In that way, farmers may influence prices depending on the degree of the organisation of the sector.¹²⁷

Risks related to price instability of food products affect consumers and producers and impact both food security and farm profitability. Volatility of global markets as well as seasonal volatility of domestic food markets, frequently worsened by opportunistic behaviour or speculation, require actions that the private traders have little incentive to carry out. Public support for price information systems can facilitate better market information to farmers. Stabilisation instruments are more difficult to implement.

126. HLPE (High Level Panel of Experts) (2013) [Investing in smallholder agriculture for food security](#), A Report by the High Level Panel of Experts on Food Security and Nutrition, Rome.

127. Bijman et al. (2012) [Support for farmers’ cooperatives](#), Final Report.

Government action to enable market tools (like options and futures) and safety nets for the most vulnerable households have shown very limited and uneven results. Commodity Boards are a costly and risky option and lessons from the past have shown the difficulty of structural reserves management and frequent misuse by governments. Instruments coping with crisis management appear to be a better option¹²⁸ (e.g. food storage and reserves¹²⁹ or price bands for intervention).

High prices of inputs, equipment, services and credit are a major obstacle for producers, particularly when profitability is already limited by low yields and low product prices. Promoting completion in the input sector may help lowering their price. Moreover, even if the topic is very sensitive due to past failures, subsidies can provide temporary answers and facilitate access to inputs or low interest rate loans. Particularly, smart subsidies to inputs, which have well identified targets and time duration for better effectiveness and efficiency, can help to unlock access to input markets for producers and provide incentives to providers. Voucher systems have developed positively in the last years but management and the ability to scale down when the market becomes mature remain difficult.

Overall, with reference to a territorial perspective, a progressive reorientation of food systems to local and regional markets, avoiding long distance movements of goods when possible and connecting local producers and local consumers would bring more efficiency.¹³⁰ It does not prevent benefiting from opportunities related to intercontinental trade when they exist. But it would reduce transaction costs and transportation costs, which will progressively increase to reflect the ecological footprint of fossil fuels, boost local development and support economic networks. Support to networking, advertising, incentives in terms of access to the local market place are part of the options.

Increase agricultural productivity and value added

Spurring technological innovation and economic and organisational support is key. Progress at the necessary scale requires large increase in R&D funding, and flexible regulations that encourage private industry to develop. It also requires working with Multi-stakeholder Innovation Platforms to ensure appropriate and accessible innovations.

Improvement of farm outputs can result from more productive and more efficient farming systems as well as from the diversification of farm production towards higher and more valuable outputs.

Many countries are already deeply constrained in terms of land availability and the trend in the next two decades – before the development of effective employment alternatives through economic diversification – will be progressively decreasing farm sizes. The answer lies in the improvement in land and labour productivity¹³¹ while simultaneously developing off-farm employment.

Higher yields can be reached relatively quickly with the use of chemical fertilizers, which can help to unlock much needed production and income increase for small farms. However, the use of fertilizers, that may also be facilitated by smart subsidies, needs to be monitored in order to reduce their possible adverse environmental impact. In order to improve the sustainability and reduce the production costs there should be a greater focus on the efficiency of natural resources use and ecological processes.

Irrigation, which is not widely used in Africa (except a couple of countries and notably North Africa), offers the possibility of significant yield improvement by freeing the production cycle from seasonal constraints. It can assist in coping with rainfall variability and the adverse impacts of climate change. Combination with improved soil management practices can further significantly improve its benefits. The cost of developing irrigation systems and tensions over the water resource are major issues. Developing large perimeters requires significant public investment and a careful land management with regard to existing land rights. Small-scale irrigation systems should be favoured. Economies of scale for supporting common investments justify a management at the level of the local community or through users' associations. A large range of irrigation techniques exist which offer flexibility for development and water saving options (drip irrigation systems) are an imperative. Cost of equipment could be reduced with the development of local production.

Mechanisation is underdeveloped on the continent and most farmers still rely on hand tools and sometimes on animal traction in areas free of diseases. Mechanization should be developed to improve labour productivity, reduce the arduousness of farm labour and at the same time offer more attractive conditions to young people. Production and maintenance of farm equipment can also be a source of rural employment. However, careful attention must be paid to the necessary balance between improving labour productivity and maintaining jobs in the sector. Light motorisation and general farm equipment which gives access to the benefits of mechanisation and increases the productivity of existing farm workers, as well as the promotion of animal traction where tension on natural resources is not too high (animals need to be fed) can also be local options. The best option to move forward is to support farmers' organisations which can join forces to get access to critical equipment.

128. Galtier F. (2017) [Looking for a Permanent Solution on Public Stockholding Programmes at the WTO: Getting the Right Metrics on the Support Provided](#), E15 Initiative. Geneva: International Centre for Trade and Sustainable Development (ICTSD) and World Economic Forum.

129. European Commission (2018) [Using food reserves to improve food and nutrition security?](#) Information note, DG-DEVCO.

130. OECD, et al. (2016) [Adopting a Territorial Approach to Food Security and Nutrition Policy](#), OECD Publishing, Paris.

131. World Resource Institute (2018) [Creating A Sustainable Food Future: A Menu of Solutions to Feed Nearly 10 Billion People by 2050](#), Synthesis Report.

Priority should be given to the reduction of postharvest losses. Although estimates are difficult, postharvest grain loss is generally agreed to be between 10% and 20% of total output.¹³² Losses are higher for roots and tubers and even more for fresh products (fruits and vegetables). In addition to improved post-harvest operations (with better sorting, drying, pest control, and early processing when possible), better storage conditions are key and imply adequate equipment. Access can be facilitated by collective action at the community or farm organization levels. Institutional arrangements, such as warehouse receipt systems, can foster improved practices by simultaneously facilitating the cash situation of producers and reducing their level of economic risk.

The value of farm outputs impact on the profitability of farming. Staple crops still contribute a high share of the gross farm product in Africa. This reflects the importance of farmers' risk-management strategies and the priority given to food security by farm households, as well as the lack of opportunities for accessing new value chains.

Several arguments support a continuing attention to staple production which was a decisive component of Asian agricultural transformation. Firstly, unlocking production and improving market access for staples have a large impact due to their widespread development, while other agricultural products concern a more limited number of farmers and often include strict requirements for commercialization. Secondly, an increase in staple production can be a catalyst for innovation and diversification because it contributes to risk alleviation. In addition, demographic growth and continuing urbanization will result in huge market development. Thirdly, staples have a strong potential for the development of downstream activities related to processing: if the initial transformation (typically shelling and grinding) can occur either at the farm or at the village level for local consumption, more value added can be obtained locally by further transformation, contributing to rural diversification and territorial development (see chapter 6).

However, staples have a lower unit price and offer lower returns than other products such as horticulture and livestock. Diversification of farm production, including on-farm processing of products, is thus an important option for farm development, reflecting growing and changing demand in African urban markets for fruits and vegetables, dairy and meat products. Opportunities for niche production in export markets also exist, including "label" production related to organic, fair trade and social certification, as well as geographical indications, which are included in the AU Continental Strategy and supported by the European Commission. These productions imply specific criteria in terms of production and post-harvest techniques, which require close monitoring and specific training for which farmers' organisations and buyers can provide support.

Finally, another option for improving farm income, is the development of environmental services. Presently very limited, they could progressively increase in the future (in accordance with the COP21 results and the Paris Agreement on climate change) and become an effective way to simultaneously deal with changing climate and environmental conditions, diversify activities and production (e.g. agroforestry products) and enhance farmers' revenues. Two types of payments for environmental services (PES) could be promoted:¹³³ use-restricting PES, which are collective contracts with communities, rewarding them for preserving specific ecosystems; and asset-building PES, which support farmers in the adoption of environment-friendly practices. Payments are generally based on labour costs invested and can also include the use of specific species or costs for specific infrastructure. PES remain very limited because they require dedicated budget, certification and monitoring, and above all strong political will.

Recommendations

Improve the functioning of markets within coherent national agricultural strategies. Together with the EU improve price information systems.

Use African and European programmes to leverage investment in entrepreneurial families with farms, in particular small holdings, to improve productivity and value added production in a sustainable way, mobilise benefits from irrigation and mechanisation, reduce post-harvest losses and develop environmental services.

5.3.4. Promoting farmers' organisations and cooperatives

Encourage farmers' organisations and their political role

Many of the above challenges can be tackled by collective action. Farmers' organisations have historically played a major role in other regions of the world, joining forces through the mobilisation of farmers' labour and capital and the bulking of farm products. Their role is even more critical in Africa today because of the many market imperfections, a frequent non-conducive economic and institutional environment, and the trend toward decreasing farm sizes which commands economies of scale.

Farmers' organisations can reduce risks associated to input supply and marketing of products and improve returns to farmers due to their bargaining power based on larger volumes of products. Their production capacity can facilitate contractualisation with agro-processors and provide access to equipment and services. Above all, and particularly when they have a legal status as cooperative, they can play a major role for investing in storage facilities, in equipment (sharing equipment, e.g. mechanisation) and in the transformation of products. As such, they can play a decisive role in rural industrialisation.

132. [African Postharvest Losses Information System](#) (APHLIS), Website.

133. Karsenty, A. (2015) "Major food companies, PES and combating deforestation: Using PES to achieve 'zero deforestation' agriculture", Perspective, No. 36, CIRAD, Montpellier.

Farmers' organisations have a communication function and a go-between role, which help to connect their members with other stakeholders including the government. They also play an advocacy role, representing the interests of their members in various fora, contributing to policy dialogue and to the elaboration of development strategies. In Europe, farmers' organizations and trade unions are key partners in the policy design of the Common Agricultural Policy.

At regional level, the EU has been a strong supporter of Farmers Organisations in North, West, Central, Eastern and Southern Africa. Implemented by IFAD, the Support to Farmers' Organizations in Africa Programme (SFOAP; 2009 - present) strengthens the institutional capacities of Farmer Organisations and gives them a greater say in agricultural policies and programmes. In addition, the programme facilitates the integration of smallholder farmers in value chains and increasingly aims to involve farmer organisations in agricultural investments.

Use digital tools for farmers organisations

All the functions and roles of farmers organisations and cooperatives can be enhanced by the development of ITs, which facilitate information and data management, as well as training. However, these functions are challenged by other stakeholders such as banks, suppliers and off-takers, and above all, by the introduction of IT technology into the sector (including blockchain, artificial intelligence, and big data). Countries with more cooperatives and more farmers associated with them¹³⁴ have greater benefits measured in terms of enhancing economic growth, equal distribution of income and wealth, and democratic relations in society. The effective development of farmers' organisations also requires a supportive legal framework as well as public incentives, which can facilitate their consolidation (like tax breaks or targeted subsidies). Therefore, farmers have to modernize their organizations, heading towards efficient data management to continue to play their role in a rapidly changing environment. (see also box on digitalisation in chapter 3.3.2).

Recommendations

For the EU to continue promoting farmers organisations and cooperatives at national, regional and continental level. For African governments to formalise the role of farmers' organisations in their political and economic functions. Facilitate exchange of experience among African and European organisations.

Promote the use of digital tools by farmers organisations for efficiency in their political and economic activities, and in communication with members.

134. Blokland, K., Schuurman, J. (2016) "Growth, democracy and income equality: cooperatives: the development impact beyond membership benefits" in Bijman et al. (2016) *Cooperatives, Economic Democratization and Rural Development*, Edward Elgar Publishers, London / New York.



/6

DEVELOPMENT OF THE AFRICAN FOOD INDUSTRY AND FOOD MARKETS

6.1 Why it is important

The market for food in Africa is expanding rapidly, fuelled by urbanisation, growing incomes and an increasing middle class. By 2030, food demand is projected to increase by 55%, bringing the size of Africa's food and agribusiness to \$1 trillion and opening up huge employment opportunities all along the value chain.¹³⁵ African supply still dominates the domestic food markets with an estimated 90% of all consumed food supplied by local producers. Nevertheless, the African Development Bank projects that African food imports will triple from \$35 billion in 2017 to about \$110 billion in 2025.¹³⁶

This increase in African food demand is a major opportunity for the continent's food industry. But that opportunity can only be realised if the current constraints to competitiveness, inadequate levels of investment, low levels of value chain organisation and

value added, little export diversification and barriers to expanding trade – domestic, regional, intra-African and international trade – can be overcome. The development of the African food industry could create major employment and livelihood opportunities both in the agri-food sector and across the rural economy. This chapter recommends ways for Africa and Europe to work together to reduce these constraints and ensure that Africa's food security needs can be met in the future.

6.2. Context and strategic challenges

6.2.1. Competitiveness of the African food industry

The food industry competitiveness in many African countries is hampered by various factors: lack of infrastructure (high transport costs and limited access to energy), limited finance for investments in processing, storage and cooling, high costs for inputs (such as seeds, fertilisers, machinery, packaging material), lack of value chain organisation, and lack of stakeholder involvement in policy making and public-private dialogue. All these factors affect the competitiveness of domestic products compared to imports.

Particularly in coastal regions, imported food products are often available at lower prices than domestic products. Some developed and (increasingly) emerging countries also maintain trade-distorting agricultural subsidies, or consumption patterns and marketing strategies that can make imports cheaper than domestic production.¹³⁷ Over the years, EU agriculture exports have been singled out for criticism, despite CAP reforms that have removed trade distorting features, but these exports are part of a much more complex situation which the Task Force discussed with a broad group of African and European stakeholders in one of its meetings. Based on the discussions, a proposal to address the situation is presented below in chapter 6.4.

The factors inhibiting the competitiveness of African food products are further aggravated by the political economy of decision-making. The "Enabling the Business of Agriculture"¹³⁸ report from 2017 points out that Sub-Saharan Africa has less than half of the regulatory good practices identified as beneficial for agribusiness development (p.6). The process of exporting is long and burdensome, and more costly than in other countries. Quality control, market regulations and regulations for entry into the market are less efficient and operational than in other countries.

Meeting food demand through imports can be a policy choice in view of food security and consumer interest for the urban poor.¹³⁹ Food imports to Africa are not only driven by "foreign" exporters but can also be in the interest of domestic private and public parties who benefit from tariffs and licensing fees. It is often easier and more rewarding to rely on imports than reforming border-rules with African neighbours or supporting smallholder farmers and source food from domestic rural areas. It is for African policymakers to find the right balance between the interests of local producers, aiming at higher prices, and poorer urban population, aiming at lower prices.

135. World Bank, (2013), (2015).

136. African Development Bank Group (2017) [Remarks delivered by Akinwumi A. Adesina, President of the African Development Bank at the Centre for Global Development, Washington DC, April 19.](#)

137. Rudloff, B. and E. Schmieg (2016): "[More bones to pick with the EU? Controversial Poultry Exports to Africa: Sustainable Trade Policy as a Task for the G20](#)", SWP Comment 2016/C 57, Berlin, December 2016.

138. World Bank (2017) [Enabling the Business of Agriculture 2017](#), Washington, DC.

139. Rudloff, B. and E. Schmieg (2016): [idem](#).

However regardless of the policy choices, interventions such as reducing post-harvest losses, raising productivity in production and improving coordination in the value chain are all elements that benefit producers and consumers alike, as they raise the competitiveness of local production and allow for more food to reach consumers at lower costs.

6.2.2. Investment

While banking in Africa has spread substantially, there are only very few banks that show willingness to serve farmers or agri-food sector. Private investment in the agri-food sector is traditionally less profitable and more risky than investment in other sectors. Compared to a recognised profitability benchmark of 20% on private investments in emerging countries, the observed returns on agricultural investments in African countries remain much lower, rarely exceeding a 10% internal rate of financial profitability, even if the economic benefits for the national community are higher. Thus, operating in agriculture and agricultural value chains carries significant risk for financiers and requires a deep understanding of the sector, a long-term commitment and innovative ways to reduce risks.

FAO reported in 2012 that particularly in Sub-Saharan Africa, private and public investment in agriculture and rural areas have remained stagnant or declined. FAO estimated that additional resources amounting to USD 181 billion during 2016-2030 are required to end poverty and hunger in rural areas and agriculture.¹⁴⁰

While African Governments have committed since 2003 to allocate 10% of their budgets to agriculture and rural development, very few countries have lived up to this commitment. Lack of public investments in turn has a negative effect on private investments, thus spurring a vicious cycle linking market distortions, climate and political risks, low productivities, low returns on investment and, ultimately, low agricultural investment. This cycle must be broken.

6.2.3. Competitive value chains

Functioning value chains are a key factor to create jobs in agriculture and the food industry. The distribution of added-value in agricultural value chains is often considered to be unfavourable for African smallholders¹⁴¹, in comparison with other regions of the world.

Contractualisation with downstream economic agents (brokers, wholesalers, agribusinesses, exporters) can be a way to secure markets (and reduce risk) and improve returns. But in practice, in Africa today, most production is sold through traditional marketing channels involving middlemen and other intermediaries connected to retail systems and exporters.

Sales are made without formal arrangements using spot prices. Contracts and out-grower schemes are better developed today for high value markets with specific product requirements. The contractualisation one sees between the wholesaler or the cooperative and the processing firm or the procurement service can also be developed more between farmers and agro-processors giving access to credit, inputs and sometimes farm work.

On the other hand, a “quiet revolution” in African food value chains can be observed, as has already occurred in Asia.¹⁴² There is a progressive rise of new distribution systems, the emergence of supermarkets, the improvement of road transportation in many countries and the development of cold chains. Farmer and producer cooperatives are often at the forefront of this development and foreign direct investment has been instrumental in linking local suppliers and buyers.

6.2.4. Fragmented Markets

African intra-regional food trade is way below its potential. There are signs of improvement, led mainly by trade corridor development and initiatives of individual African governments and companies to penetrate regional markets. Caution is necessary when looking at aggregate statistics because large quantities of informal and unrecorded food trade occurs across African borders.

African governments recognise the importance of increasing intra-African trade and have repeatedly committed to strengthening regional integration through different policy frameworks. Every region of Africa is in the process of implementing a Free Trade Area and/or other regional integration processes through Regional Economic Communities (RECs), with different degrees of implementation and success. All RECs have signed a Regional CAADP Compact and Investment Plan to improve regional cooperation for food security, and are at different stages in terms of implementation and the degree of progress made. All AU members have signed the “Malabo Declaration on Accelerated Agricultural Growth and Transformation” (2014) one aim of which is to triple intra-African trade in agricultural commodities and services by 2025.

Yet despite the many declarations and policy frameworks aimed at regional integration, African regional markets remain highly fragmented mostly due to the very low level of implementation and enforcement of existing policies and to other political economy factors blocking new and more effective regional initiatives. This results in a situation where “African countries are losing out on billions of dollars in potential trade every year because of the continent’s fragmented market”.¹⁴³

140. FAO (2017). [Ending poverty and hunger by investing in agriculture and rural areas](#), Website.

141. See for example: United Nations (2016) Agricultural commodity value chains: [The effects of market concentration on farmers and producing countries – the case of cocoa](#), Trade and development Board, 63 session, Geneva.

142. Reardon et al. (2012). The quiet revolution in staple food value chains. IFPRI Washington, DC.

143. World Bank (2012) [De-Fragmenting Africa: Deepening Regional Trade Integration in Trade and Services](#), Washington DC.

6.2.5. Food safety and quality requirements

The African food industry is affected by barriers to trade within Africa and internationally. This includes the lack of food safety and quality regulation and enforcement, the lack of capacity and adequate networks of knowledge for implementing food safety regulation (including laboratories), complicated and inefficient customs procedures and non-tariff measures when trading with neighbouring countries, and inconsistent and changing trade policies that are often incoherent with other domestic policies. As barriers to trade, these factors hamper investment in agriculture and the food industry. Boosting and harmonising standards and improving enforcement and control would provide certain guarantees on food safety and make it easier to trade with neighbouring countries.

Export-oriented sectors usually manage to establish well-functioning marketing and organisational systems, as producer associations and foreign trading partners have joint interests. For instance, trading partners cooperate to meet sanitary and phytosanitary standards (SPS), often supported by donors.

But many SPS systems are still not sufficiently developed, especially for animal and other high-risk products. Structures are lacking effectively to contain the spread of animal diseases according to international standards of the World Animal Health Organisation (OIE). Also some domestic elements of the food system (marketing standards, infrastructure for quality control and related services, local advisory and enforcement) are often not well developed, despite many efforts to change this (e.g. within the CAADP framework with the National Investment Plans). Under these circumstances, export opportunities to non-African markets managed by self contained value chains with high SPS standards often look more attractive for African countries than expanding on national and regional markets.

6.3. Key areas for action

We propose several measures to address the strategic challenges of competitiveness, investment, value chains, regional integration and food safety and quality. African governments have the key role in creating an enabling environment for the development of the food industry, but a partnership with the EU can support and contribute to such processes and actions.

6.3.1. Increasing the competitiveness of the African food industry

Increasing the competitiveness of an industry can be tackled from many different angles: Better road and ports reduce transport costs and time; better functioning of border posts and customs processes facilitates export; stable and predictable domestic policies, transparent regulations and an efficient administration attract foreign direct investment and help companies stay in business and reduce operational risk.

Increasing the competitiveness of the African food industry requires a strategy from African governments and the private sector. Predictable and coherent policies can shape which parts of the food economy grow: hence political commitment, accountability and transparency are important. The CAADP bi-annual review is a promising tool to monitor political commitment. Other existing tools (such as the “Enabling the business of agriculture report” by the World Bank) should be used to set up a systematic review of enabling domestic policy environments. Political commitment and the African monitoring process can be fostered by introducing a regular African-EU exchange on coherent domestic agricultural and trade policies. Having this point as a standing item on the agenda of the joint AU EU Agriculture Ministerial Conferences may help to raise the importance of this topic.

Supporting knowledge generation on competitiveness, market intelligence, value chain cooperation, the business environment and transition pathways of African food systems which increase the share of sustainable and nutritious products in food systems would require enhanced research capacities. Research efforts on understanding and proposing policy options for better using trade agreements for export opportunities, as well as for the African domestic food industry, can support the industry’s development and generate jobs, income and improve food safety and sustainability standards.

Recommendations

Increase the competitiveness of African agri-food value chains by implementing predictable and coherent policies, political commitment, monitoring joint action and policy coherence, promoting African-EU policy dialogue, and knowledge generation.

6.3.2. Increasing private sector investment in the African food industry.

The development of the African food industry needs substantive private investments, mostly by Africans – food businesses and investors – but also via partnering with foreign enterprises and investors.

Increases in private sector investment need favourable investment conditions. These include public investments in infrastructure, a sound regulatory environment, support to research and innovations, and policy and legal stability. Private investments can also be increased by public action to reduce risk. For instance, a combination of financial instruments with insurance solutions can be an effective risk mitigation measure.

The Addis Ababa Agenda for Development, Agenda 2030 and the new European Consensus all attribute a key role to private investment in agriculture which has pushed the issue up the policy agenda. This recognition of the primacy of investment over overseas development aid has been a game changer. It has led to promotion of value chains in the effort to stimulate private investment. And systematic emphasis on the inclusiveness and sustainability of investment and value chains have placed the smallholder and the impact on rural employment at the centre of policy making.

All this entails a strong push to scale up the use of innovative financing mechanisms, such as blending, to leverage private funding. Blending mixes grant assistance with non-grant funds (loans) from other sources – public or private – in pursuit of development impact.

A good example is the European External Investment Plan (EIP) for Africa and the European neighbourhood region was launched in September 2016. The EIP aims to strengthen the private sector role in boosting investment and job creation in agriculture and agri-business. Structured along three pillars (I. financing instruments; II. technical assistance to develop bankable projects and improve business environment; and III. policy and private sector dialogue to improve the investment climate), it aims to reduce both eco-systemic and specific risks to investment.

For EU funds under the EIP, the entry point for blending is always (by regulation) a Development Finance Institution (DFI) which has been positively assessed by the European Commission under a so-called 7-pillar assessment. These DFIs are in essence development banks – who in principle require a return to their investment. Preference is accorded to EU entities to lead proposals for blending.

The total EU budget dedicated to EIP until 2020 is 4.1 billion euros which is expected to leverage almost 44 billion Euro by 2020. The EIP includes contributions to various types of financial vehicles with a diverse range of approaches – in terms of ticket size, investment modality (direct investments in companies, indirect investment through local finance institutions), geographic coverage, and the type of technical assistance provided.

In agriculture the most common approaches are the provision of loans, either directly to larger entities, or through credit lines to

local financing institutions, who act as intermediaries. However, the EIP in agriculture has been far slower than in other sectors. Within the blending part of the EIP, several agri initiatives have been launched since 2016, and total EU funding for agri-blending is expected to reach almost 400 million euros by 2019. The capacity and the appetite of DFIs and commercial financial institutions to handle significant amounts of funds for the agri-food sector in Africa seems to remain limited compared to other sectors, given the particular risks for the sector.

All these investments remain at the early stage of implementation, so it is too early to assess impact. But the Task Force is convinced that more should be done to ensure that the EIP provides a vital push for investments in the African agri-food sector. Solid monitoring must be put in place in order to ensure that development impact can be demonstrated, and best practice is identified to facilitate the upscaling. Sufficient resources should be allocated for investment on Sustainable Agriculture, Rural Entrepreneurs and Agribusiness (particularly for agricultural SMEs and rural entrepreneurs and including small ticket sizes) and the three EIP pillars must be used in a well coordinated manner in this context.

EU financial support to the private sector is channeled mainly through European and international DFIs, for which agriculture often is not a priority. African DFIs should be given better access to EU Financial Instruments. This can be achieved by promoting cooperation between European and African DFIs and by investing more in technical assistance for financial system development specifically to enable local DFIs to pass the EU's Pillar Assessment.

Mechanisms to increase the profitability of private capital through public support in the agricultural sector are well known and have been used successfully in European countries (interest-rate subsidy, investment fund financing infrastructures, etc.) within the framework of a coherent and sustained agricultural policy. Some of these mechanisms could also be used in African countries via national or regional development banks. This must certainly be modulated according to the existence, the effectiveness and the robustness of the national policies concerned. In countries where effective “umbrella” sectoral policies exist, the EIP must be made sufficiently attractive, while respecting the additionality principle, to convince the private sector to invest despite low initial financial returns. In Fragile States with developing embryonic or ineffective sectoral policies, this approach is far more difficult to implement.

Quantitative and qualitative analytical methods to provide orientation for European financial support have been developed by the European Commission (Financial and Economic Analysis, Value Chain Analysis for Development – VCA4D) and should be used more widely to verify the financial and economic returns of public and private investments, their inclusiveness and their contribution to real pro-poor growth, their social and environmental sustainability (see chapter 7, action 5.1).

Available instruments for technical assistance should be scaled up to support farmers and producer organisations (with priority on smallholder farmers and SMEs) to prepare bankable invest-

ments (see chapter 7, action 4.1). Within the EIP and for development cooperation in general, we recommend putting a strong focus on support for the enabling environment. This includes sufficient (additional) resources for pillar II (technical assistance) and pillar III (policy dialogue) of the EIP and an improved coordination across the three pillars.

African value chain organisations, associations of farmers and informal entrepreneurs, challenge funds and business incubators for rural SMEs as well as international organisations could be instrumental in providing the technical assistance needed to spur up investments which are bankable and respect internationally agreed sustainability guidelines, such as the VGGT (voluntary guidelines on the responsible governance of tenure of land, fisheries and forests in the context of national food security) and the RAI (principles for responsible investment in agriculture and food systems).

The challenge is to ensure a systematic reflection of these concerns in the decision of the financial intermediaries, who ultimately implement the European support financing the agricultural sector. This will require a permanent and effective political dialogue at the national level with all stakeholders in support of private agricultural investment (government, representatives of the national and international formal and informal private sector, farmers organisations, regional and national development banks).

Recommendations

Reinforce the alignment between the External Investment Plan (EIP)/blending instruments and traditional development instruments concerning economic infrastructure, technical assistance and budget support to sector policies.

Allocate sufficient resources for investment on Sustainable Agriculture, Rural Entrepreneurs and Agribusiness under the EIP (particularly for agricultural SMEs and rural entrepreneurs) and ensure a good coordination of the three EIP pillars.

Prioritise the national level to ensure that this nexus between financial instruments, capacity building and public policy is effective for investment, encouraging a deeper collaboration between the international finance institutions and national development agencies, at both central and national levels.

Enable regional and national African Development Finance Institutions (DFI) to pass the 7-pillar assessment required to manage EU funds under the EIP, and enhance cooperation between European and African DFIs.

Scale up technical assistance to support smallholder farmers and food SMEs to prepare bankable investment proposals targeting EIP funds and establish solid monitoring systems to demonstrate development impact, and ensure best practice is identified and shared for upscaling.

6.3.3. Promoting value chain development

Functioning value chains from farm to fork are at the heart of a competitive and sustainable food system because they ensure coordination among value chain actors, support the exchange of goods and information between producers, processors and consumers, and contribute to value addition.

With a several initiatives already existing, undertaken by African governments, Regional Economic Communities, development partners such as the European Union and its Member States and the private sector, including farmers and cooperatives, it needs to be explored how best to advance value chain promotion in practical terms.

Specific interventions need to reflect local circumstances and provide genuine understanding of linkages in the chain. They can be private sector actions, but they can equally be public in nature (such as market access, for example). It is widely accepted that a suitable enabling framework is an integral part of value chain programmes, implying a need for strong buy-in and commitment from local governments, and detailed technical work relating to the business environment around a value chain. Correspondingly, instruments that can support flexibly and rapidly requests from local governments could be a valuable addition to the toolbox.

African businesses are at the forefront to cater for the growing demand of the African population. In order to increase processing and value added in the value chain, an “agriculture & food value chain initiative” should be implemented by the EU, to support and complement existing initiatives by the African Union and EU Member States. This “agriculture & food value chain initiative” should consist of two parts: an “Africa-EU knowledge sharing platform on value chains” and a “Value chain bottleneck fund”, further explained below.

This support should be offered to scale up existing efforts and to address persisting bottlenecks or shortcomings with a focus on agro-processing, business development and marketing (e.g. increasing value added, improving marketing, reducing post-harvest losses, local market access), thereby complementing existing initiatives of the African Union, EU and EU Member States.

The proposed “Africa-EU knowledge sharing platform on value chains” that would operate similarly to the Standards and Trade Development Facility (STDF) for SPS-related matters at WTO level. The members of the platform (representatives from relevant African and European value-chain actors, donors, and NGOs) would consider the regional dimension of trade as well as national initiatives on the same value chain in neighbouring countries for peer learning and policy coordination. Fostering regional integration and harmonisation of regulations can help connect these value chains so that the development of an inclusive regional value web and regional food markets may be achieved. The platform could discuss role, options and support to develop the AU Continental Strategy for GLs.

Linked to this Africa-EU knowledge sharing platform on value chains, a value chain fund (“Value chain bottleneck fund”) should be established that would allow African value chain organisations, bottom-up, to apply for funding to address concrete chain bottlenecks. As a blue print, the set up and operation of “Trade-Mark East Africa” may be used.¹⁴⁴ Funding would be available for initiatives to improve the coordination and functioning of value chains (e.g. financing of dialogues, development and compliance with marketing, quality and SPS standards,). Support should also be provided to a selected set of cross-border agri-food cross border initiatives, aimed at improving trade facilitation efforts. Projects could also focus on scaling up a value chain from national to the regional level, or link up to funding opportunities to implement selected infrastructure projects important to a value chain.

Geographical Indications (GIs) are a particular development tool which integrate the private sector, empower smallholders, create value added, promote local economic development and can be used as an investment incentive. The African Union Commission (AUC), together with Regional Economic Communities, has adopted an AU Continental Strategy for GIs in October 2017¹⁴⁵ which is supported by the EU. To support the implementation of this Strategy the EU could contribute to the establishment of a formal GI training programme, set up a web based platform for GIs in Africa and provide technical expertise to users of GIs (e.g. producers, traders) as well as local or national institutions (NGOs, agencies, etc.) involved in the development and protection of GIs (as pilot projects).

Recommendations

Strengthen and scale up existing value chain initiatives, including from national to regional level where relevant. Establish an African-EU knowledge sharing platform on value chains. Establish a Value Chain Fund to address bottlenecks. Support the implementation of the AU continental strategy on geographical indications.

6.3.4. Deepening regional trade integration

Supply-side constraints, including production capacity and the costs of trade, are at least as important as trade policy instruments such as tariffs and quotas.¹⁴⁶ A focus on regional markets and on domestic production and trade facilitation can thus be an effective way to increase trade. With a strategic orientation towards coherent and enabling domestic and regional policies economic development can be sparked. At the same time, despite a growing trend of lower tariffs, partly due to preferences, non-tariff barriers are significantly increasing and affecting African exports often more than tariffs. This trend requires not only intra-African and regional cooperation, but also cooperation between Africa and its partners, and at global level.

144. See Trade Mark East Africa, [Growing prosperity through trade](#), Website.

145. African Union (2016) [A continental strategy for geographical indications in Africa](#), Report.

146. Badiane, Ousmane, (eds.); Odjo, Sunday P., (eds.); and Collins, Julia, (eds.) (2018) [Africa Agriculture Trade Monitor Report](#), International Food Policy Research Institute (IFPRI), Washington, DC.

African leaders have stated their political commitment to functioning regional integration for economic development. The Malabo Declaration and commitment to the African Continental Free Trade Area (AfCFTA) have established intra-regional trade as a key priority of African countries. These two policy frameworks should be explicitly supported by the Africa-EU partnership.

Following on from existing political declarations, African leaders have the primary responsibility in improving the quality of regional integration processes. Using the Regional Economic Communities (RECs) and the AfCFTA, regional inclusive multi-stakeholder partnership platforms, they can set priorities for food value chain development and the implementation and monitoring of predictable multi-sector policy measures. This monitoring should include better-coordinated and monitored alignment of regional trade corridors with regional food value chain development to avoid these corridors merely become the means of facilitating more food imports from outside Africa.

There is scope for Africa/EU cooperation in improving regional integration processes: the EU could provide support for co-financing the implementation of the REC's Regional Agricultural Investment Plans, for implementing IT based goods clearance procedures at borders, and for enhancing institutional governance around African RECs to decrease overlapping tasks and mandates. Best practices from past European and African regional integration efforts can be showcased and technical knowledge exchanges initiated.

Regular review and monitoring of EU and African policy and trade developments involving stakeholders from African countries, businesses, associations, NGOs and academia, should take place. The joint AU-EU Agriculture Ministerial Conference may be an opportunity to raise this topic.

To work towards the long-term vision of an African-EU continental free trade zone, intermediate steps are necessary. These steps include continued efforts and support towards economic integration in African regions. The second step would be to promote linkages between different Economic Partnership Agreements (EPAs) in Africa, as a contribution towards greater African economic integration in general, and the African Continental Free Trade Area in particular. For instance, such linkages can be strengthened in the area of rules of origin, which can be used to enhance trade between different EPAs. Yet another step could be to identify a set of common Africa-EU interests to be brought forward in international negotiations e.g. at WTO level.

Recommendations

Enhance and support African initiatives for regional and continental cooperation and trade integration. For the EU to support implementation of Regional Agricultural Investment Plans and enhanced institutional governance, including regional inclusive multi-stakeholder platforms to guide priority food value chain development.

6.3.5. Enhancing food safety and quality

The profile of SPS matters can be raised by discussing the topic at the AU-EU Agriculture Ministerial Conference, by providing a regular stocktaking report regarding support on SPS matters, developing new initiatives, and jointly debating how further convergence of SPS rules may be achieved.

The national regulatory environment of the food system and related food safety quality infrastructure need to be strengthened in line with domestic value chain development. We recommend establishing a specific institutional twinning programme where African food safety agencies and other competent public author-

ities can interact with European peer institutions (government to government).

An Africa-EU knowledge-sharing platform on sustainable value chain development may present results and show case best practices, useful to relevant stakeholders.

Recommendations

Use the AU-EU Agriculture Ministers Conferences and their follow up to discuss agricultural policy development, SPS matters and practical measures to increase regional and international trade.

6.4. Africa-EU Cooperation to promote a professional food industry

We have identified one additional recommendation to advance the agenda for a sustainable and professional African food industry where cooperation with Europe could be expanded: an Africa-Europe dialogue on food industry development and trends.

We see value in Africa and the EU engaging in a continuous policy dialogue about different aspects of the food industry. We have already discussed this under the aspect of bringing business on board. At the government level, we recommend two other fora for discussion: the AU-EU Agriculture Ministerial Conferences and an EU agri-food industry dialogue on responsible trade and investment with Africa. In addition, we also recommend that EU-Africa trade developments in the agri-food sector be reviewed regularly, for instance by scientific analysis, the EU market observatories, outlook conferences and stakeholder dialogue.

Since 2016, two AU-EU Agriculture Ministerial Conference have taken place. This is an important high-level dialogue that could be used even more strategically, to discuss agricultural policy developments in Africa (e.g. progress on CAADP) and the EU (e.g. progress on the reduction of trade distorting policy elements, climate change ambitions) and agricultural import and export developments between the African and European countries.

Many declarations state that “responsible business conduct” of foreign companies engaged in Africa and “responsible management of supply chains” and “sustainable value chains” must be an integral part of the development of the African food industry.¹⁴⁷ Hence, it is time to engage in an EU-wide, and EU-African discussion on what this specifically means for daily business op-

erations. Topics such as labour rights, child labour issues, living wages, and overall, sustainability issues (e.g. by also considering Agrobiodiversity issues, Green House Gas accounting) in the supply chain, need to be addressed as foreign investments in Africa are being scaled up significantly.

Thus we recommend initiating a multi-stakeholder dialogue with European agri-food export associations to discuss best practices and how the existing guidelines (e.g. Responsible Agricultural Investments Principles) are applied by agri-food companies. Existing initiative such as the Rainforest alliance¹⁴⁸, or the German Initiative on Sustainable Cocoa, and others should be showcased and scaled up to European level. Again, here, it is important to involve African stakeholders in this EU dialogue, as both sides need to work jointly on this transformation towards more sustainable food systems (in Europe and Africa).

African and European stakeholders have a vital role to play in drawing policymakers’ attention to positive, “best-practice”, as well as adverse developments affecting the African food sector. As we have already pointed out in this report, there are opportunities as well as risks in African food imports, foreign direct investment and –we would add– even intra-African trade. To an extent, governments are monitoring trade and investment flows through market and trade observatories, and under trade or investment agreements. In addition, however, non-state actors (NGOs, private sector, consumers, etc.) should have fora where they can flag and discuss relevant issues to policymakers. We do not believe that there can be a single forum or mechanism for

147. See for example: EU (2015): [Trade for all – Towards a more responsible trade and investment policy](#), Publications Office of the European Union, Luxembourg.

European Union (2017): [The new European consensus on development “our world, our dignity, our future”](#).

African Union-European Union Summit (2017) [Final Declaration: Investing in Youth for Accelerated Inclusive Growth and Sustainable Development](#).

OECD-FAO (2016) [OECD – FAO Guidance for Responsible Agricultural Supply Chains](#), Report.

Committee on World Food Security (CFS) (2014) [Principles for Responsible Investments in Agriculture and Food Systems \(RAI\)](#).

148. [Rainforest alliance](#), Website.

this, given the different nature and geographical scope of the issues raised. Some of the food import issues have an international dimension that goes beyond the African-EU relationship but in a true partnership nevertheless cannot be ignored. We recommend to establish both, monitoring and dialogue, at all relevant levels (national, regional, continental and international). This report has already outlined several areas where multi-stakeholder dialogue seems essential, and African food import problems should be added to this list.

Thus, the EU can still make further progress in policy coherence for development (PCD) in agriculture, trade, environment and migration policies. We support the involvement of African stakeholders to PCD assessments and the use of joint platforms where PCD issues can be raised.

Recommendations

Set up multi-stakeholder dialogue to scale up existing guidelines on responsible business conduct and investment; and to tackle issues relating to food imports and foreign direct investment going into African countries. Involve African stakeholders in PCD assessments and make use of joint platforms where PCD issues can be raised.



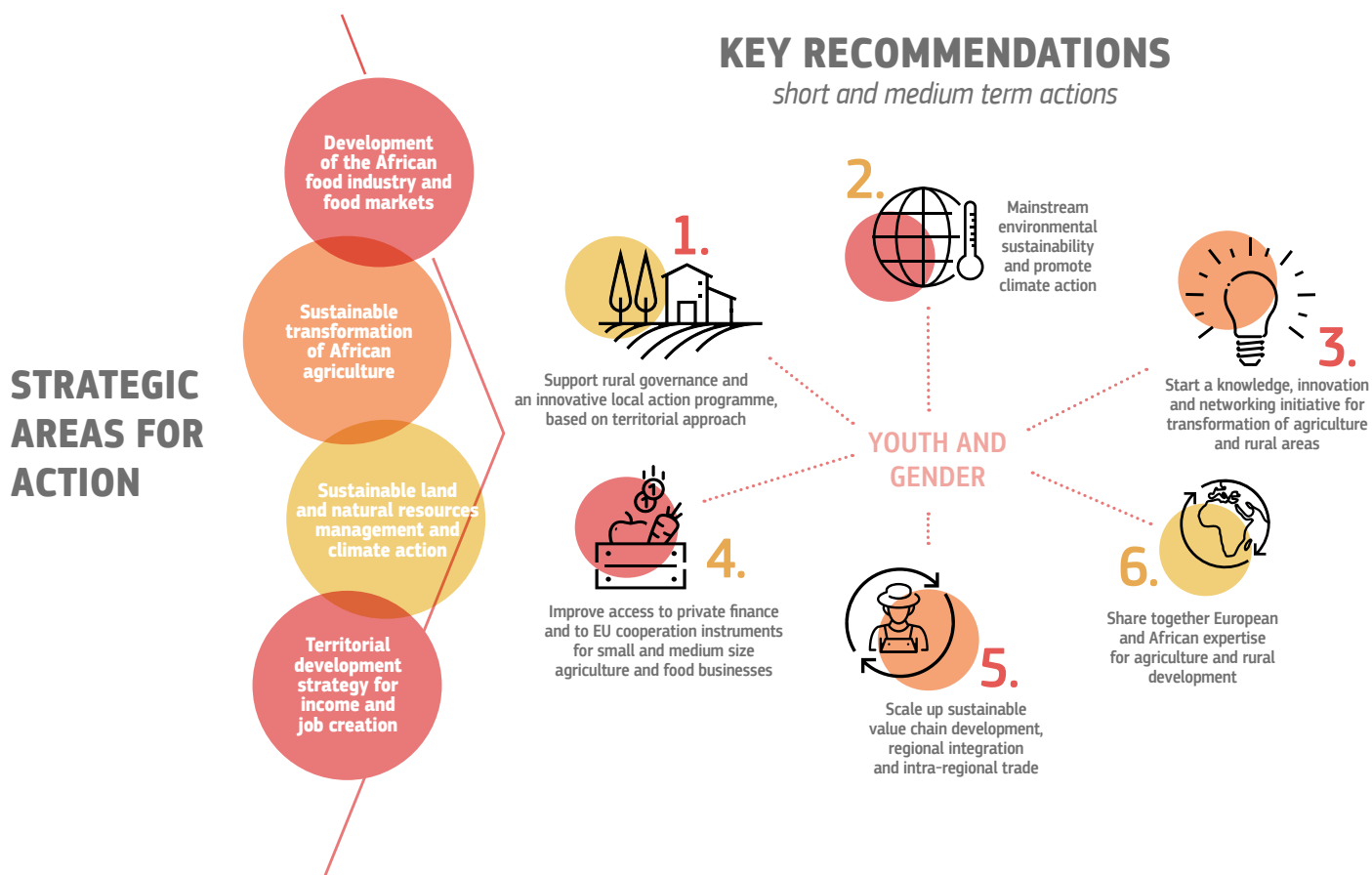
17

**AN AGRI-FOOD
AND RURAL
AGENDA FOR
THE 'NEW
AFRICA-EUROPE
ALLIANCE FOR
SUSTAINABLE
INVESTMENT
AND JOBS'**

This chapter proposes six short to medium-term initiatives as the basis for an Action Plan in the new Africa-Europe Alliance. The proposals are consistent with the longer term recommendations in chapters 3 to 6. Country and context specifics should apply in considering their implementation but, taken together, they could

launch the Africa-Europe partnership to transform the African agri-food sector and rural economy. The chapter concludes with reflections on how the process of partnership should be taken forward. Political commitment in both Africa and Europe will be key.

Figure 1: Agri-Food and Rural Agenda for the new Africa-Europe Alliance



Action No 1:

Support rural governance and an innovative local action programme, based on a territorial approach

A-1.1. Mobilise local initiatives through a Local Action Programme

A territorial approach to economic development and job creation is a powerful - and increasingly recognised - tool for improving development outcomes. European financial support should be provided for place-based innovative local action programmes, adapted to African economic, social and environmental realities, and drawing on European experience in this area. It will ensure participatory territorial diagnoses and multi-stakeholder dialogue for the identification of opportunities, constraints and priorities for action, with a particular focus on providing public goods (infrastructure, electricity, internet) indispensable for agri-food value chain development and rural diversification.

We recommend that those countries, which pursue a territorial approach, should institute a Local Action Programme (LAP) adapted to their local economic, social and environmental realities. It would involve participatory territorial assessments and multi-stakeholder dialogue for the identification of constraints and priorities for action.

Such Local Action Programmes should aim at:

- A balanced territorial development of rural economies and communities, with a special focusing on employment and income generation;
- Promoting the competitiveness of agriculture;
- Accelerating rural diversification through adding value to

local products and exploiting natural and cultural resources;

- Ensuring the sustainable management of land, natural resources and climate action.

The following principles should guide the programme:

- Area-oriented: the local action groups will operate their programmes in a cohesive territory (clearly defined area and population)
- Bottom-up: local actors are in the lead, design the strategy and choose the actions
- Public-private partnership: local action groups include private and public sector groups and bodies, which can mobilise all available skills and resources
- Innovation: introduce new ideas and methods, especially using digital opportunities
- Integrated and multi-sectoral: between economic, social, cultural and environmental actions, as distinct from a sectoral approach
- Networking and cooperation: allowing learning among people, organisations and institutions at various levels (local, regional, national level, but also between Africa and Europe)

Each local strategy should draw on local knowledge, engage local people, businesses and organisations and be designed to build on the community's economic, social and environmental strengths and assets, rather than simply compensating for its problems. A distinctive feature is that the place-based approach can complement national programmes by mobilising local groups not easily reached by the main structures of governments, and by supporting investments which, by virtue of sector, are not covered by state agencies.

In an initial phase, the Local Action Programme should be piloted in order to evaluate feasibility, time, costs, and risks, and to improve upon programme design prior to implementing a full-scale programme. Operational modalities and appropriate evaluation mechanisms have to be developed to ensure consistency with the objectives of the Local Action Programme Initiative.

We propose that European financial support should be available to countries pursuing a territorial approach to policy and programme design and implementing LAPs. In addition to financial support, Europe can share its own experience with the EU LEADER programme, which has proven to be a successful initiative for local and regional development in Europe over the past 30 years.

A-1.2. Create a network for territorial development and link it with European initiatives

In light of the experience of operating a number of Local Action Programmes in Europe, we propose the establishment of a Network for Territorial Development. The Network should exchange information on how the initiatives work in practice and how they can be improved. A Local Action Programme hub would be linked to the African Union Commission Department of Rural Economy and Agriculture. Regional Local Action Programme service points would be established and linked to Regional Economic Communities. While local action has to be planned and managed by the regional and local actors, technical support can be provided through the regional hubs. Such support may include:

- Supporting the development of appropriate localised concepts, based on the Local Action Programme principles;
- Developing capacity to plan and implement programmes;
- Networking different initiatives and facilitate knowledge exchange.

Criteria for the selection of local initiatives should be developed and applied on a competitive basis. Local Action Programmes should be selected which show the greatest prospect for (1) promoting food chain organisation and effective risk management, (2) developing specific innovations, (3) job creation opportunities, (4) restoring, preserving and enhancing ecosystems, (5) being socially inclusive and (6) developing a resource-efficient, climate-resilient economy.

In addition to networking between African groups, the programme would also establish links between African and European LEADER group initiatives. Currently, there are about 2600 Local Action Groups operating in Europe. The European Network for Rural Development (ENRD) is the hub for information exchange on how Rural Development policy and programmes in Europe work and how they can be improved. The African Local Action Programme can tap into this European network's experience.

Action No 2:

Mainstream environmental sustainability and promote climate action

A-2.1. Fast-track the co-financing of food-related plans within the African climate action frameworks, including through international climate finance mechanisms

Desertification, land degradation, and drought contribute to food insecurity and rural-urban migration, hence promoting sustainable land management should be an integral part of EC cooperation for rural development. Land users, such as farmers and pastoralists should be given incentives to adopt and continue sustainable land management practices, through policy measures and other mechanisms, while ensuring their ownership and access to land.

Mainstreaming environmental sustainability and climate action would require dedicated finance by fast-tracking the co-financing of the food-related parts of NAPs and NDCs of African countries under the Paris Climate Agreement. This includes dedicating adequate and predictable funding from climate finance (including from the EU and by using a fixed share of the Green Climate Fund) for agriculture adaptation activities in Africa to foster environmental stewardship and increase benefits of REDD+ (Reducing Emissions from Deforestation and Forest Degradation), and the payment for environmental services to people and rural communities.

A-2.2. Consolidate secure access to land

Decisions on the utilisation, management and governance of land and natural resources use, have remained ineffective in many cases because of critical data gaps and inadequate databases. The European Commission can support Africa in updating land and natural resource data as a basis for informed decision-making. This would include supporting a transparent and comprehensive information system that enables analysing and monitoring suitability of land use practices in fragile agro-ecological areas (e.g. semi-arid areas), and minimising their adverse impacts on natural resources, livelihoods and biodiversity. Reliable data can also help addressing conflicts over natural resources and understanding obstacles to intervention, like irrigation development such as upscaling irrigation. .

Since responsible governance is critical to securing land rights, it is important to develop and implement conducive land policies and corresponding laws, with a particular focus on access and user rights, particularly for marginalised and disadvantaged population groups. Land law reforms should merge the most important elements of traditional and modern systems and adjust legislation accordingly. It is essential that all who are involved can participate in this process, from the national government to traditional local authorities and groups. Legal certainty needs to be enhanced by clarifying and documenting land rights. Individual and communal certificates, recorded deeds and provisional titles, as well as land-use agreements are examples of feasible means for doing so. Such means also provide legal security, facilitate access to loans and enable authorities to levy local taxes.

Land-use planning should be practiced to promote good land governance and management of land and other natural resources. This requires building and broadening capacities, competencies and skills among the institutions involved. Land-use planning and efforts to secure land rights need to be linked. Without the necessary control of the land market and of land transactions, there is a risk of speculation and illegal parcelling and land use. Implementation must be strictly monitored for full compliance, and building regulations and land-tenure rules must be effectively enforced.

Women are severely disadvantaged in many land rights systems. It is therefore imperative that consideration be given to women in all initiatives and measures, whether in the formulation of international and national policies and strategies, or in concrete actions at local level such as targeted granting of land certificates to women, or modified rules of inheritance for land access.

Action No 3:

Start a knowledge, innovation and networking initiative for transformation of agriculture and rural areas

A-3.1. Create knowledge platforms to feed national and regional policy dialogue

The knowledge platforms should be implemented with the support of the AU at the national and/or regional economic communities level for the strategic collection of existing knowledge for example on natural resources and agriculture best practices; available cropland, soil and water resources; the systematic review of the labour content (number and quality of jobs) in agriculture and value chains. These platforms will develop and manage databases feeding national and local dialogue on agriculture transformation and regional innovation hubs.

As part of its support to STISA-2024, which is a component of the long-term AU Agenda 2063, the EU will assist science research organisations, universities and multi-stakeholder platforms, including the Regional Centres of Excellence. The collaboration will benefit from the 'EU-Africa Research and Innovation Partnership on Food and Nutrition Security and Sustainable Agriculture' (RIP-FNSSA) and the Climate Relevant Development-Smart Innovation through Research in Agriculture (DeSIRA).

For education, the emphasis would be on (1) science and technology cooperation, (2) practical agricultural experience/apprenticeships, and (3) agricultural training.

Europe has a dense network of training establishments, with secondary schools, apprenticeship locations, vocational training sites and higher education establishments. Apart from supporting African in-country institutions, this vast European network should be opened up to African 'agripreneurs', particularly women and young people. Development exchange programmes in digital and technological skills will help reducing the digital gender divide and transforming farming activities from manual to technological.

Programmes supporting the mobility of students, staff and researchers and the collaboration between universities in Africa as well as between African and European higher education institutions should be offered on an inclusive basis.

A-3.2. Implement Innovation Hubs to support agripreneurs and go digital in extension services, learning and vocational training

The innovation hubs bring together national research, higher education systems and the private sector to provide practical knowledge to 'agripreneurs', with a particular focus on women and youth, through digital innovations and vocational training.

Together with the private sector, local and regional innovation hubs should be established, as an avenue for skills development

and fostering innovation. Such hubs must build on existing organisations and institutes wishing to modernise and use new technology, and be used as an avenue for skills development and fostering innovation. There is a need for technology development as well as digitalisation of agri-food value chains, especially with a view to attract young people to agriculture. This will increase operational efficiency, productivity and profitability of farming systems, as well as the availability and accessibility of food. Innovations may also include suitable institutional arrangements, such as machinery rings for a cost-efficient introduction and management of mechanization, with either different farmers as shareholders of machines or different players in a value chain.

Through these innovation hubs, opportunities will be created for youth employment and entrepreneurship, especially with respect to high-potential value chains where consumer demand is increasing. It is crucial that young Africans develop new technologies and innovations that will allow them to transition into more commercially oriented and higher-paying work. Under the local and regional innovation hubs, a digital innovation fund can promote innovative ideas with potential to stimulate agricultural transformation using digital technologies. It will inspire a culture of innovation, enable creative minds in Africa to present innovative ideas at an early stage, and continue developing them together with others, including European partners. Thus, the Fund intends to create a culture of experimentation, provide a new scope for creativity and offer innovative impulses to African agriculture.

Information and communication technologies can improve the integration of education, training and research through webinars, websites as platforms for exchanging and disseminating information, through access to various e-learning materials and by reducing the costs of reaching students. E-learning, however requires a robust infrastructure that includes reliable power supply, wide-scale internet connectivity and student's or farmer's access to an adequate number of computers, laptops and tablets.

There is a need for continuous training of extension officers and the sufficient and timely release of funds so as to provide farmers with up to date information on technology use and maintenance. Particular emphasis should be given to private extension services, linked to functioning value chains. Digital innovations, internet-based extension service platforms and mobile phone extension apps can radically improve agricultural extension and can be developed with common services for countries with similar farming systems and agro-ecological zones to take advantage of economies of scale.

Action No 4:

Improve access to private finance and to EU cooperation instruments for small and medium size agriculture and food business

A-4.1. Scale up technical assistance to support the agri-food sector to prepare bankable investments

Support the African rural economy by prioritizing European investments towards small and medium-size agriculture and food businesses. Ensure the European Investment Plan (EIP) works for Africa's agriculture and food sectors and its rural economy. This requires allocating sufficient resources to the EIP investment window on Sustainable Agriculture, Rural Entrepreneurs and Agribusiness (Pillar I of EIP); supporting smallholders producer associations, SMEs and local financial intermediaries (including cooperative banks and linking financial instruments to insurance solutions) via technical assistance (Pillar II); designing and enforcing policies for agricultural transformation via an enabling environment (Pillar III); and ensuring close coordination between these three EIP Pillars.

Public and private investors and entrepreneurs supported under the agricultural investment window need to link up effectively with territorial and local initiatives for agricultural, agro-industrial or infrastructural development and job creation. Foreign investments should also be linked to both African farmers and SME's own investments and to the priorities indicated in National Agricultural Investment Plans (NAIP).

A-4.2. AU-EU Agribusiness Platform

Accelerate the introduction of the proposed AU-EU Agribusiness Platform as an instrument to catalyse sustainable and inclusive investments in African agriculture

Considering the key role of agricultural development for structural transformation in Africa, the aim of the Platform on Agribusiness is to:

- Identify key sector-specific barriers and challenges to private investment and trade, to be raised with relevant policymakers,
- Promote agri-business twinning, for example through exchange of best practices, mentoring schemes between companies or B2B, and
- Promote vocational training programmes.
- Give a structure and an effective voice to the African agri-business sector comparable to those in Europe

The interest of small-scale producers, women and informal traders should be well represented in the platform.

Action No 5:

Scale up sustainable value chain development, regional integration and intra-regional trade

A-5.1. Use, promote and disseminate tools and methods to assess value chains in economic, environmental and social terms

Value chains sit at the heart of any effort to convince the private sector to invest in agriculture. Prior analysis of the value chain is a pre-requisite to understand both its likely development impact and commercial attractiveness. This analysis should be in line with the value chain priorities of the respective National Agricultural Investment Plans (NAIP). Vigilance on the development impact and sustainability of investment is required, and tools such as the Value Chain Analysis for Development facility (VCA4D) have been developed by the European Commission and can be used for this purpose.

African initiatives for regional and continental cooperation and trade integration should be enhanced and supported. The EU should support implementation of the CAADP Regional Agricultural Investment Plans and strengthen the related institutional governance (including through regional inclusive multi-stakeholder partnership platforms to guide priority food value chain development).

A-5.2. Scale up support to regional integration and harmonisation of food safety and sanitary regulation through a knowledge-sharing platform

The AU, the EU and their Member States must scale up support to Regional Economic Communities and value chain operators to harness local and regional markets. Acceleration of the development of intra-African trade, in accordance with the Malabo Declaration, can be facilitated through: better coordination and alignment of regional exchanges, trade corridors and stronger governance of food quality and safety infrastructure; working on regulatory harmonisation and investing in infrastructures; enhancing coordination between stakeholders in the value chain and financing bodies to establishing funds to address the removal of technological bottlenecks and shortcomings; and scaling up successful innovations to improve producers' benefits, resource efficiency and increase market shares. Lessons from the EU's unique experience of building a common agricultural market could help in establishing regulations to ensure fair competition, free circulation of goods at the regional level, fiscal obligations, or developing specific activities.

We propose to set up an Africa-EU knowledge-sharing platform on value chains that would operate similarly to the Standards and Trade Development Facility (STDF) for SPS-related matters at WTO level.

Considering the key role of functioning value chains for agricultural development, the aim of the knowledge-sharing platform should be to:

- Foster knowledge exchange and coordination about ongoing and planned value chain initiatives,
- Promote knowledge exchange about development impact and sustainability of value chain promotion using tools such as VCA4D
- Promote cross-border regional value chain developments
- Highlight needs and concrete bottlenecks and link up to value chain fund and AU-EU agribusiness platform.
- The platform could discuss role, options and support to develop the AU Continental Strategy for GIs

Regional integration and harmonisation of regulations can help connect these value chains – and vice versa – so that the development of an inclusive regional value web and regional food markets may be achieved.

Members of the platform should represent relevant African and European value-chain actors, (including representatives from small-scale farmers, women and informal traders), donors, and NGOs. The Africa-EU knowledge-sharing platform on value chains could be an instrument to support, coordinate and complement already existing value chain initiatives by the African Union, EU and EU Member States.

Action No 6:

Bring together European and African expertise for agriculture and rural development

A-6.1. Facilitate twinning programmes for the linkage of experts from associations, businesses and public entities with peers

The new partnership between Africa and Europe will enable a broad connection and collective action between African and European societies, business communities and governments and it should facilitate the interactions at different levels. At the core of this should be a new Europe - Africa Twinning Programme bringing together sector expertise from EU Member States and countries in Africa with the aim of achieving concrete results through peer-to-peer activities.

Twinning is an established instrument in the Commission and focusses generally on public administrations. The twinning programme with Africa should extend beyond public administrations to also emphasise linking agricultural bodies (collective action groups, associations, public bodies) of EU Member States and partner countries in Africa. It could link for example African and European Farmer organisations and cooperatives, rural women's and youth organisations, machinery rings, vocational schools, cadastral bodies, land-use planning administrations, etc.

The twinning would strive to share good practices and foster long-term relationships between the partners. It has to connect to overall reform processes and have a specific objective, and identify the legal and institutional framework in which the twinning project will be implemented, the baseline data, the mandatory results to be achieved. Activities would include sharing of best practices through workshops, training sessions, expert missions, study visits, secondments, internships, etc. Twinning projects will need to be developed via an inclusive and evidence-based process, involving both internal and external stakeholders.

Each partner in a Twinning project will need to demonstrate strong and proven demand, sufficient staff and absorption capacity, and a similar structure and mandate to work with the other partner. Enduring commitment and ownership needs to be demonstrated. The twinning would not be seen as a one-way technical assistance instrument but a shared commitment.

If implemented according to the principles given above, we see twinning as a unique institution-building tool, which could contribute substantially to the new partnership.

Exchange programs should be established (or upscaled), supporting the development of education and capacity development. In the past, agreements between European and sub-Saharan Africa universities have already allowed higher education institutions to send or receive around 100 students and staff for short-term study or teaching under Erasmus+ programme per year. Such existing programmes should be upscaled significantly and a specific link between agricultural training institutions be established as capacity-building projects for youth.

A-6.2. Establish exchange between farmers and peers from society, business and governments

The potential of Africa's Rural Youth to build their social and economic capital and independence is undermined by a set of challenges: low access to quality education and vocational training, assets such as land and finance, and limited opportunities to participate in decision-making. Joining farmers' organisations or cooperatives can help youth gain trust and solidarity, as well as make access to quality inputs, services, financing and markets easier. Agricultural co-operatives have proven to be an effective mechanism for engaging young people in agriculture and increasing social capital and employment opportunities through on-farm and off-farm activities.

It is recommended that the EU to supports the setting up of an African European exchange programme among farmers' organisations. It could include practical farmer-to-farmer exchange, with a special focus on young farmers from Africa and Europe (people-to-people). It would enhance knowledge exchange, peer learning and innovation diffusion with European farmers/business organisations, also benefitting from the networks established via the AU-EU business platform (business-to-business).

The specific objective of an Africa European Farmers' Exchange Programme would be to facilitate knowledge sharing between farmers organisations/cooperatives through the promotion of exchanges among peers in the two continents for innovation, generation of knowledge products, replication and scaling up in the areas of production, processing and marketing.

If successful, such a programme will boost technology transfer, business-to-business linkages and improve mutual understanding.

Where to from here?

As a Task Force, we are acutely aware of the scale of the challenge facing Africa. Creating 800 million jobs over the next 30 years to meet the aspirations of the new African workforce is a daunting prospect.

We believe that Africa is a continent of opportunity. If that opportunity is to be realised, the African agri-food sector and rural economy must be developed to its full potential. Until very recently this potential was not adequately recognised or supported by political leaders. The more positive approach by today's political leaders provides an opportunity to remedy this. We have been impressed by the support from the EU Commission and AU Commission in establishing the Task Force and encouraging our work.

We have situated our final report in the context of the new Africa-Europe Alliance for Sustainable Investment and Jobs. The short-term initiatives proposed in chapter 7 could serve as an Action Plan funded within the Alliance, paving the way for the longer term recommendations proposed in chapters 3 to 6. The combination of the short and long-term proposals represents a policy sequencing, with the short-term measures hopefully representing 'early wins' in terms of development outcomes, to be followed by sustainable gains from the longer term investments of agricultural intensification, agro-industry, infrastructure, intra-regional trade and increased investments.

As a Task Force, we would like to see a two part follow up to our report. First, a high level political commitment to the spirit and content of the main recommendations of the report. Second, the development of an implementation plan by the AU Commission and EU Commission, on the basis of the old adage 'what gets measured gets done'. We see our short and long-term recommendations as a set of policy options, which should be tailored to reflect the national and regional political and economic circumstances. But we would like to see policy choices being made, committed to and subsequently monitored so that politicians and policymakers can be held to account. We propose that there should be political oversight by a high level group of African and European political leaders and stakeholders.

We wish to suggest that these twofold follow up actions will be taken up when at the next AU EU Agriculture Ministerial Conference. This now recurrent event is both an opportunity to enhance the policy dialogue and to consider the launch of this Action Plan for the agri-food and rural agenda within the new Africa-Europe Alliance for Sustainable Investment and Jobs.



https://ec.europa.eu/info/food-farming-fisheries/farming/international-cooperation/africa/eu-africa-partnership_en

#EUAU

DISCLAIMER:

This report was written by the Members of the Taskforce Rural Africa. The views expressed are the authors' alone and do not necessarily correspond to those of the European Commission
© European Union, 2019 - Reproduction authorised provided the source is acknowledged