# NEW ALLIANCE FOR FOOD SECURITY AND NUTRITION

# AND

# GROW AFRICA

## JOINT ANNUAL PROGRESS REPORT: 2014-2015

**This report was endorsed by the African Union's Specialized Technical Committee for Agriculture, Rural Development, Water and Environment, at their meeting (October 5 - 9, 2015).**

Cover photo courtesy of Ruramiso Mashumba

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# EXECUTIVE SUMMARY

**Agricultural transformation is urgently required for Africa to achieve the goals and targets set by African Union Heads of State and Government in the 2014 Malabo Declaration.**

Agricultural transformation is urgently required for Africa to achieve the goals and targets set by African Union Heads of State and Government in the 2014 Malabo Declaration. Agricultural transformation in Africa is a shared interest of public and private sectors and presents a unique opportunity for a new model of partnerships. The Comprehensive Africa Agriculture Development Program (CAADP) provides the framework for partnerships such as the New Alliance for Food Security and Nutrition, and Grow Africa to support countries in implementation of the CAADP program through their National Agriculture and Food Security Investment Plans (NAFSIPs).

Grow Africa was established in 2011 by the African Union Commission, the New Partnership for Africa's Development, and the World Economic Forum to galvanise greater private investment and financing for African agriculture in support of CAADP. Launched in 2012, the New Alliance for Food Security and Nutrition set out to reaffirm continued donor support to reduce poverty and hunger, accelerate implementation of CAADP, leverage the potential for responsible private investment to support development goals, help lift 50 million people out of poverty in Africa by 2022 and achieve sustained inclusive agriculture-led growth in Africa. The New Alliance and Grow Africa provide practical focus through which cross-sector partners can collaborate to fulfil the ambition of the Malabo Declaration. The partnerships bring together the capacities and interests of diverse stakeholders, including African governments and institutions, the private sector, civil society, donors and research institutions to facilitate inclusive, agriculture led growth in Africa and address key constraints to private investment, and increased smallholder productivity and market access.

The New Alliance partnership comprises country specific commitments articulated in Cooperation Framework Agreements, as well as enabling actions that address broad constraints and support country-level actions.

In these frameworks, African governments commit to reform or develop policies that will facilitate responsible private investment in agriculture in support of smallholder farmers. Development partners commit to predictable funding levels directly aligned with NAFSIPs. Private sector companies commit, through Letters of Intent (LOIs), to pursuing investments in Africa's agriculture and food security through models that maximise benefits to smallholders.

As part of CAADP's commitment to mutual accountability, it is expected that each New Alliance country should conduct an annual review of progress against commitments. Annual reviews are the primary accountability mechanisms for all cooperation framework commitments and LOIs. The purpose of the annual review process is to bring together an inclusive group of stakeholders including government, domestic and international private sector, development partners, and civil society to transparently review, share, and discuss progress and challenges against all Cooperation Framework Agreement commitments, assess overall progress and challenges in creating an enabling environment for responsible, inclusive investment and identify key priorities for action to improve the quality of implementation towards results and impact. This report presents progress made in New Alliance and Grow Africa partnerships during 2014 and up to mid-2015, focusing on: government policy commitments; donor commitments; private sector commitments; and creation of an enabling environment for the private sector.

Overall, the results show that governments across the continent are committed to making policy reforms in agriculture, but it seems that the reforms require more time to be fully implemented. Nine[1] countries have reported progress on government policy commitments in the respective Cooperation Framework Agreements. Progress on 210 policy commitments was reported: 156 were due for completion by June 2015, while 54 were due for completion after June 2015. Overall, 33 percent of policy commitments were completed, 59 percent had made good progress, 4 percent had made no progress, and no progress was reported for the remaining 4 percent. For the policy commitments that were due by June 2015, 37 percent were complete and 54 percent had made some progress. For policy commitments due after June 2015, 20 percent were complete and 72 percent were reported as making some progress. Assessment of progress in government policy commitments by policy areas shows that policy reforms seem to be faster in input policy (62 percent), policy institutions (50 percent) and resilience and risk management (43 percent). Policy reforms were slowest in land and resource rights (27 percent) and in trade and markets (17 percent). For the six categories of policy commitments that were due after June 2015, most progress was made in input policy reforms (33 percent) and in creating an enabling environment for the private sector (28 percent). Least progress was made in policy reforms related to infrastructure development and nutrition.

In the 2014 reporting period, development partners provided significant funding to African countries in support of policy reforms in the agricultural sector. Development partners committed $6.3 billion in support through Country Cooperation Framework Agreements. About $3.2 billion was disbursed by G7 donors and other[2] donors which accounts for 85 percent of expected funding to date (prorated funding intention) and 50 percent of original funding intentions. The proportion of funds disbursed against funding expected to date varies considerably across recipient countries, ranging from 21 percent in Benin to 531 percent in Burkina Faso. The actual volume also varies considerably among countries, with the highest disbursement of $1.2 billion to Ethiopia and the lowest disbursement of $7 million to Benin. The proportion of disbursement against intention also varies among donor countries, ranging from the lowest rate of 19 percent by Italy to the highest rate of 147 percent by Japan. In terms of volumes disbursed, the United States of America disbursed the largest amount ($1.3bn) followed by European Union and United Kingdom.

In addition to policy and investment commitments, the New Alliance includes Enabling Actions, a set of activities that support country-specific efforts and tackle global constraints to agricultural development, such as reducing and better risk management, mobilising private capital for food security, and improving nutritional outcomes. Enabling Actions are designed to spur agricultural growth and create the right enabling environment for accelerated private sector investment in Africa, with a focus on smallholder farmers and women. They are intended to support the implementation of the New Alliance Country Cooperation Framework Agreements and to be integrated into country food security strategies. Assessment of progress made in 2014/15 shows that the New Alliance global commitments to advance enabling actions are mostly on plan, with the most tangible support being grants to specific commitments, for example, to assist with infrastructure investments or seed production.

In the review period, private companies participating in the Grow Africa partnership provided progress reports for 56 percent of the 292 LOIs. Through these LOIs, companies intend to invest close to $10.2 billion, of which more than $684 million was reported invested in 2014 in 12 partner countries. Overall 43 percent of LOIs were on plan, 3 percent of LOIs successfully completed in 2014, 12 percent of LOIs were performing well and 36 percent faced minor implementation problems. Only 7 percent of LOIs had major implementation challenges. Overall, the majority of LOIs (80 percent) were either on plan or facing minor implementation problems. Through their investments, private companies reached over 8.2 million smallholder farmers in 2014, two and a half times more than were reached in 2013. Smallholder farmers were predominantly reached through input products and services, financial or data services and through training. In 2014, through LOIs, companies created 21,366 jobs, a little lower than in 2013. The jobs created in 2014 were slightly more for women than men.

[1] Ethiopia did not report progress on previous policy commitments because it was in the process of revising them.

[2] Other non-G 8 donors include the African Development Bank (ADB), Belgium (FICA), Ireland, Norway and the World Bank.

Companies in the 10 New Alliance countries highlighted constraints facing their operations and investments. Addressing these constraints would significantly strengthen the impact and improve the investment climate for private companies, and even unlock further investment opportunities. There are common constraints that cut across several countries, although some are unique to particular countries. Limited access to finance is mentioned by all 10 countries as a major constraint. Other constraints reported by most countries include lack of availability of agricultural inputs, infrastructure problems (including supply of electricity, rural roads), lack of market access, unskilled man power for agribusiness and lengthy bureaucratic procedures. In addition to the country specific surveys, 154 LOIs companies across Africa responded to a Grow Africa survey in 2015 on the enabling environment for their specific investments. On balance, the overall sentiment recognised some strengthening of the enabling environment. Most positively, companies better understand national strategy and believe priority initiatives will help their investments. Secondly, value chains are perceived as better structured, with improved availability of both commercial partners and skilled labour. Cross-sector collaboration and investment facilitation support are also both improving for companies, including through national public-private platforms. Despite this progress, major constraints remain, with 90 percent of companies saying it is important that the enabling environment improves for them to successfully implement their investment commitment and many articulating concrete needs.

Multi-stakeholder validation workshops were held in seven of the 10 countries to validate the information obtained from governments on policy commitments, from donors on financial commitments, and from the private sector on investments through LOIs. However, all country reports were reviewed including in the three countries where it was not possible to organise physical validation workshops. Specific recommendations from the country workshops were made for governments, private sector, donors, non-state actors, and Regional Economic Communities.

GOVERNMENTS:

- Show more political will towards improving agricultural investment.
- Foster open dialogue and transparency in the spirit of mutual accountability.
- Fast track solutions for resolving structural constraints hindering private-sector investment impact in agricultural development.
- Mainstream the New Alliance reporting process into the Ministry of Agriculture M&E system and also country Joint Sector Review processes.
- Design and implement adequate financing mechanisms for the agricultural sector.
- Mobilise more resources to implement commitments.
- Responsibly facilitate secure land tenure that enables investment by farmers and businesses.
- Engage in public-private partnerships to address infrastructure deficit (electricity, irrigation, feeder roads, storage facilities).
- Facilitate access to finance and credit supply.
- Create awareness among different government agencies about the New Alliance and Grow Africa partnerships.
- Improve vocational training agricultural workers.
- Accelerate the pace of creation of enabling environments so that the private sector can play their roles more effectively to achieve their commitments.
- Invest more in agricultural research, development of human capital, bureaucracy reduction and fighting corruption.

- Minimise the uncertainty brought about by frequent changes in agricultural sector policies and regulations.
- Implement measures to enhance the competitiveness of selected value chains so that it can be more profitable to the farmers.
- Establish a framework for monitoring private sector investments.
- Build the capacities of civil society and farmers organisations.

PRIVATE SECTOR:

- Engage in public-private partnerships to address issues of infrastructure deficit.
- Provide more credit facilities to farmers.
- Engage more in the provision of private extension services.
- Improve awareness of the partnerships in the country.
- Improve ownership of the New Alliance and Grow Africa partnership platforms.
- Improve monitoring and evaluation of the private sector commitments.
- Provide more reliable statistical data and conduct a mapping exercise to identify the exact location of projects and their implementation time frames.

DONORS:

- Improve the review process through better donor financial commitment compliance reporting mechanisms.
- Provide data on progress of financial commitments, including a mapping exercise to identify the exact location of projects and timeframes.
- Encourage governments to provide more support towards improved government coordination, improved taxation policies and regulation, improved security of supply of agricultural commodities, and improved access to finance.
- Evaluate all the commitments made by partners including both financial and non-financial commitments.
- Enhance transparency on commitments, disbursements and outcomes.
- Strengthen national capacity for mutual accountability by promoting capacity-building activities of stakeholders in the agricultural sector (including government authorities and non-state actors) to participate effectively in the review process.
- Coordinate their activities and provide more resources including to the private sector.

NON-STATE ACTORS:

- Organise themselves in apex bodies so that they can play their roles in agriculture policy and planning, as well as reviews in the most efficient way.
- Monitor the implementation of commitments by stakeholders in the national Cooperation Framework Agreements.
- Strengthen coordination dynamics by ensuring more frequent meetings.
- Include examples of achievements of civil-society organisations in the evaluation report.
- Improve the representativeness of civil-society and farmer organisations in dialogue platforms.

REGIONAL ECONOMIC COMMUNITIES:

- Increase involvement in the New Alliance processes.

# INTRODUCTION

**Investment in agriculture is key to ending hunger and poverty in Africa. It is estimated that growth generated by agriculture in sub-Saharan Africa is eleven times more effective in reducing poverty than GDP growth in other sectors for sub-Saharan Africa.**

Investment in agriculture is key to ending hunger and poverty in Africa. It is estimated that growth generated by agriculture in sub-Saharan Africa is eleven times more effective in reducing poverty than GDP growth in other sectors for sub-Saharan Africa[3]. Responsible private investment is essential if agriculture is to fulfil its vital functions of contributing to economic development, poverty reduction and food security. Agricultural production needs to increase by at least 60% over the next 40 years to meet the rising demand for food resulting from world population growth, higher income levels and lifestyle changes[4]. Success in agriculture in Africa requires better functioning agricultural markets and increased market access and trade, increased private sector investment along agricultural value chains, increased availability and access to food and its utilisation, social protection and improved management of natural resources and environment for sustainable agriculture. Success will also require that investments are supporting smallholders, and that opportunities are reaching them and resulting in higher incomes with less vulnerability to risk.

African Union Heads of State and Government established the Comprehensive Africa Agriculture Development Program (CAADP) in 2003 as the overarching framework to drive agriculture-led economic growth and transformation on the continent. After 10 years of CAADP implementation and learning lessons, African Heads of State and Government met in Malabo, Equatorial Guinea, in June 2014 and adopted the Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods with goals and targets to be achieved by 2025.

The Malabo Declaration broadened the CAADP targets beyond the initial two targets in the Maputo Declaration: allocating at least 10 percent public spending in agriculture and 6 percent annual growth of the agricultural sector, to include a set of new targets for poverty reduction, job creation, food and nutrition security, resilience, agricultural productivity, intra-regional trade, agricultural value chain development, women and youth in agriculture, and natural resource management. The Malabo Declaration recognises the role of the private sector investment in agriculture to be able to achieve its goals by 2025.

The African Union (AU), the New Partnership for Africa's Development (NEPAD) and the World Economic Forum jointly founded the Grow Africa partnership platform in 2011. Grow Africa works to increase private sector investment in agriculture, and accelerate the execution and impact of investment

[3] IFAD 2013. Science can help smallholders feed Africa.
- http://ifad-un.blogspot.de/2013/07/science-can-help- smallholder-farmers.html

[4] OECD 2013. Policy Framework for Investment in Agriculture.
- http://www.oecd.org/daf/inv/investment- policy/PFIA_April2013.pdf

commitments with the aim of enabling countries to realise the potential of the agriculture sector for economic growth and job creation, particularly among farmers, women and youth. Grow Africa brokers collaboration between governments, international and domestic agriculture companies, and smallholder farmers in order to lower the risk and cost of investing in agriculture, and improve the rate of return to all stakeholders. The Grow Africa Partnership comprises more than 200 companies in 12 countries. These companies have made formal commitments (captured as Letters of Intent or LOIs) with the government in the respective countries to invest in agriculture. Ten of these countries are part of the New Alliance for Food Security and Nutrition. Grow Africa and various private sector companies, development partners and African governments identified the value for all parties to capture their shared commitments to achieving sustained, inclusive, agricultural-led growth in Africa via the New Alliance.

In 2012, recognising the need to increase the pace and impact of CAADP implementation, African leaders, development partners and the private sector launched the New Alliance for Food Security and Nutrition to accelerate responsible investment in African agriculture and lift 50 million people out of poverty by 2022. The New Alliance aims to catalyse responsible private sector investment in African countries' National Agriculture and Food Security Investment Plans (NAFSIPs) and thereby support the CAADP as the guiding framework for agricultural transformation in Africa. Under the New Alliance, African governments, their development partners, the African and global private sector, and civil society and farmer organisations agree to a set of concrete actions and commitments, including policy reforms, multi-year funding commitments, and responsible investments, aimed at establishing an enabling environment for investment and accelerating agriculture-sector growth. These commitments are captured in New Alliance Cooperation Frameworks for each country. The implementation of Cooperation Frameworks is supported by a package of 'enabling actions' aimed at mobilising capital, improving access to new technology, managing risk, and focusing on smallholder farmers. Parties involved in the creation of Cooperation Frameworks are held mutually accountable for their commitments and participate in an annual review process, which are or will be part of the planned, annual CAADP review of progress against National Agricultural and Food Security Investment Plans.

With a portfolio of $10.2bn in planned private sector investment, more than 200 policy reforms, and more than $6bn in donor pledges, the tripartite commitments forged through the "New Alliance for Food Security and Nutrition" and "Grow Africa" provide additional support to country efforts to improve the policy environment for the private sector to invest in agriculture, and also direct efforts to attract both domestic and private investors into various aspects of the agricultural value chains. This report presents progress made in New Alliance and Grow Africa partnerships during 2014 and up to mid-2015, focusing on four areas: (i) government policy commitments, (ii) donor commitments, (iii) private sector commitments and (iv) creation of an enabling environment for the private sector. New Alliance donors self-reported quantitative data on progress against their financial commitments for the year 2014. Data on New Alliance policy commitments was gathered and reviewed during the first half of 2015, allowing for further qualitative updates on progress during this period.

# PROGRESS AND CHALLENGES

**Reporting shows positive progress overall in meeting commitments, but more time needed in some areas, especially policy commitments**

## 2.1. GOVERNMENTS' POLICY COMMITMENTS

Nine[5] countries have reported the progress on government policy commitments in the respective New Alliance cooperation frameworks. A total of 210 policy commitments are reported: 156 were due for completion by June 2015, while 54 were due for completion after June 2015 (Annex 5.2). Overall, 33 percent of policy commitments were completed, 59 percent had made some progress, 4 percent had made no progress, while for the other 4 percent, no update was provided. For the policy commitments that were due by June 25, 37 percent were complete and 54 percent had made some progress. For policy commitments due after June 2015, less progress was made, with 20 percent complete and 72 percent making some progress. Overall, the results show that governments across the continent are committed to making policy reforms in agriculture, but it seems that the reforms require more time to be fully implemented.

Progress in government policy commitments is also examined by policy areas. Figure 1 shows progress for eight categories among the policy commitments that were due by June 2015. The results show that policy reforms seem to be faster in input policy (62 percent), policy institutions (50 percent) and resilience and risk management (43 percent). Policy reforms were slowest in land and resource rights (27 percent), nutrition (22 percent) and in trade and markets (17 percent). Figure 2 shows six categories for policy commitments that were due after June 2015. Again, most progress was made in input policy reforms (33 percent) and in creating an enabling environment for the private sector (28 percent). Least progress was made in policy reforms related to infrastructure development and nutrition.

[5] Ethiopia did not report progress on previous policy commitments because it was in the process of revising them.

FIGURE 1: PROGRESS AGAINST POLICIES DUE BY JUNE 2015

Complete Some Progress No Progress

## Progress against policy areas due by June 2015

Source: Compiled from validated joint New Alliance/Grow Africa country reports

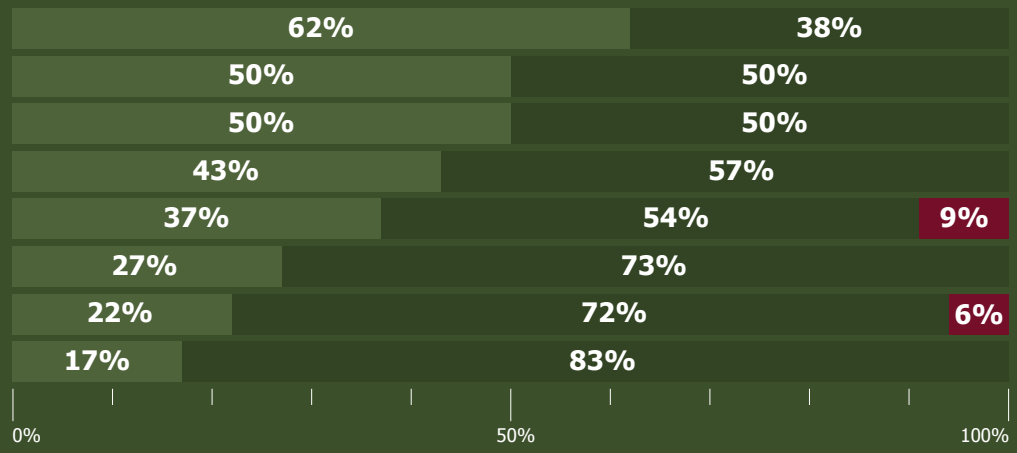
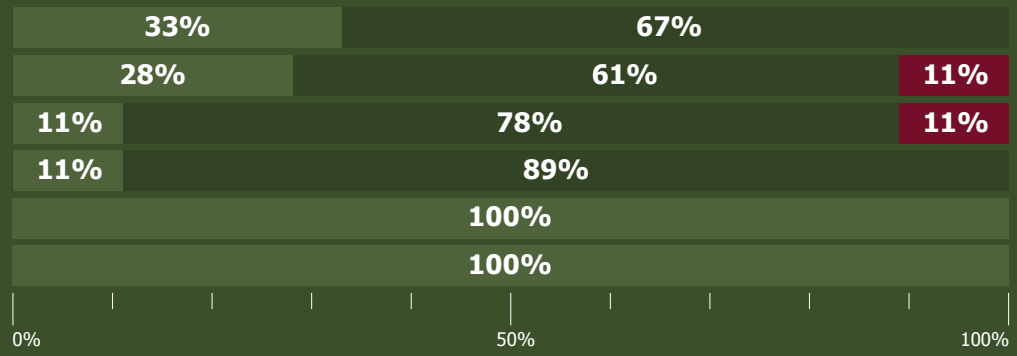



FIGURE 2: PROGRESS AGAINST POLICES DUE AFTER JUNE 2015

Complete Some Progress No Progress

## Progress against policy areas due after 2015

Source: Compiled from validated joint New Alliance/Grow Africa country reports



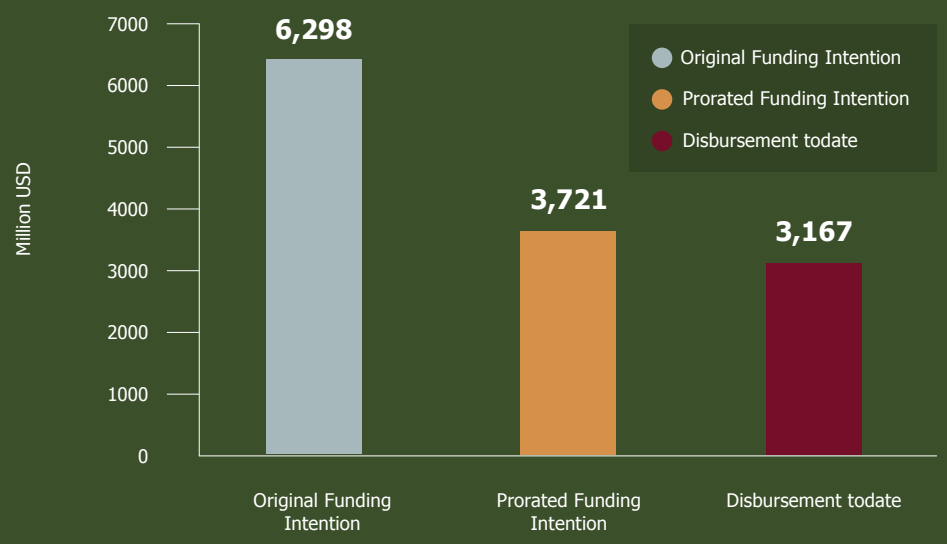
## 2.2. DEVELOPMENT PARTNER FINANCIAL COMMITMENTS

Donors committed more than $6.3 billion in support through New Alliance Country Cooperation Framework Agreements. About $3.2 billion has been disbursed by G7 donors and other[6] donors which accounts for 85 percent of expected funding to date (prorated funding intention) and 50 percent of original funding intentions (Figure 3).

The proportion of funds disbursed against funding expected to date varies considerably across recipient countries, ranging from 21 percent in Benin to 531 percent in Burkina Faso (Annex 5.3b). The actual volume also varies considerably among countries, with the highest disbursement of $1.2 billion to Ethiopia and the lowest disbursement of $7 million to Benin. Figure 4 shows funding status for each of the 10 countries in the New Alliance partnership. The proportion of disbursement against intention also varies among donor countries. Figure 5 shows the disbursement rate of the G7 countries, ranging from the lowest rate of 19 percent by Italy to the highest rate of 147 percent by Japan. In terms of volumes, the United States of America disbursed the largest amount ($1.3bn) and Italy disbursed the lowest amount ($12mn). Overall, donors have provided significant funding to African countries in support of policy reforms in the agricultural sector, and also shown commitments as evidenced by the high rate of disbursement against expected funding.

[6] Other non-G 8 donors include the African Development Bank (ADB), Belgium (FICA), Ireland, Norway and the World Bank.

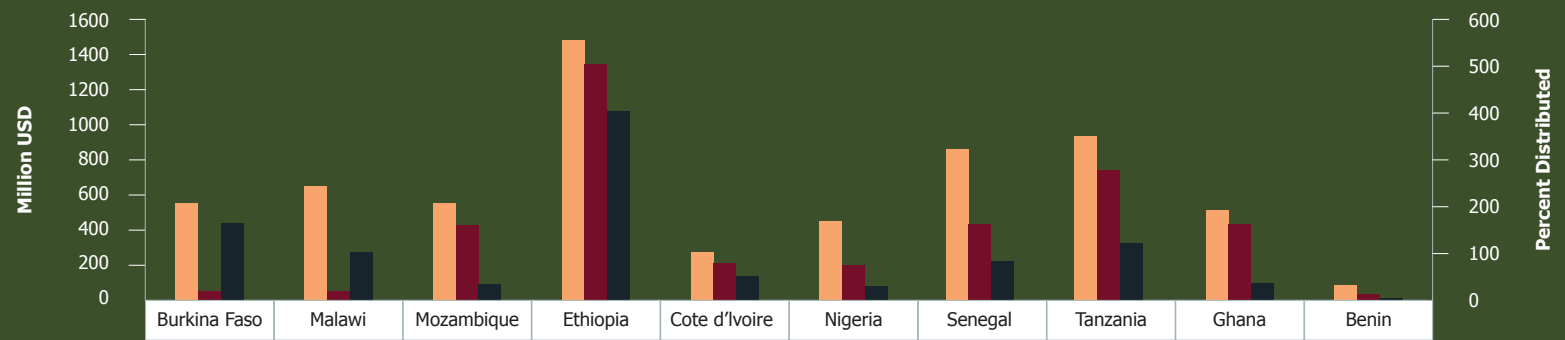
FIGURE 3: TOTAL DONOR FUNDING INTENTIONS AND DISBURSEMENTS IN 2014




Source: Authors' computation based on self-reported data by donors.

## FIGURE 4: DONORS REPORTING AGAINST FUNDING COMMITMENTS BY RECIPIENT COUNTRY IN 2014

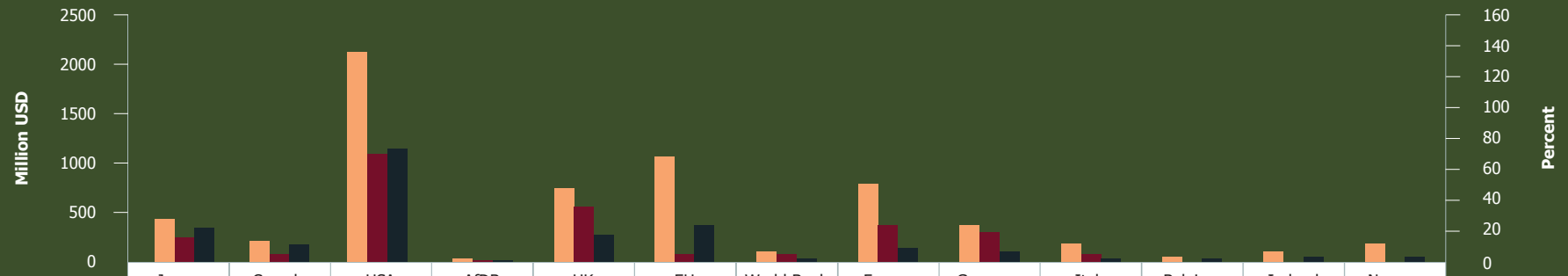
Source: Authors' calculations based on self-reported data by donors.




| | Burkina Faso | Malawi | Mozambique | Ethiopia | Cote d'Ivoire | Nigeria | Senegal | Tanzania | Ghana | Benin |
|---|---|---|---|---|---|---|---|---|---|---|
| Original Funding Intention (million USD) | 563 | 629 | 514 | 1489 | 261 | 477 | 851 | 867 | 573 | 65 |
| Prorated Funding Intention (million USD) | 81 | 61 | 84 | 1364 | 259 | 209 | 429 | 732 | 467 | 35 |
| Disbursements to date (million USD) | 428 | 257 | 195 | 1151 | 218 | 128 | 253 | 337 | 192 | 7 |
| Percent disbursed against prorated | 531 | 421 | 233 | 84 | 84 | 62 | 59 | 46 | 41 | 21 |

## FIGURE 5: DONORS REPORTING AGAINST FUNDING COMMITMENTS BY DONOR COUNTRY IN 2014

Source: Authors' calculations based on self-reported data by donors.




| | Japan | Canada | USA | AfDB | UK | EU | World Bank | France | Germany | Italy | Belgium | Ireland | Norway |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Original Funding Intention (million USD) | 453 | 242 | 2149 | 16 | 727 | 1135 | 166 | 694 | 361 | 168 | 25 | 50 | 111 |
| Prorated Funding Intention (million USD) | 280 | 166 | 1218 | 6 | 540 | 668 | 73 | 405 | 303 | 63 | | | |
| Disbursements to date (million USD) | 411 | 223 | 1288 | 5 | 419 | 435 | 41 | 157 | 97 | 12 | 16 | 33 | 39 |
| Percent disbursed against prorated | 147 | 135 | 106 | 89 | 78 | 65 | 56 | 39 | 32 | 19 | | | |

## 2.3 GLOBAL NEW ALLIANCE ENABLING ACTIONS

In addition to policy and investment commitments, the New Alliance includes Enabling Actions, a set of activities that support country-specific efforts and tackle global constraints to agricultural development, such as reducing risk and better risk management, mobilising private capital for food security, and improving nutritional outcomes. Enabling Actions are designed to spur agricultural growth and create the right enabling environment for accelerated responsible private sector investment in Africa, with a focus on smallholder farmers and women. They are intended to support the implementation of the New Alliance Country Cooperation Frameworks and to be integrated into country food security strategies. When implemented together, in conjunction with coordinated country strategies and investment plans and private sector investments, these enabling actions are expected to be effective in supporting accelerated agricultural sector growth and sustained poverty reduction.

Assessment of progress made in 2014/15 shows that the New Alliance global commitments to advance Enabling Actions are mostly on target, with the most tangible support being grants to specific commitments, for example, to assist with information communications technology (ICT) services or seed production (Scaling Seeds and Technologies Partnership). Progress in the implementation of individual commitments is summarised in Table 1, with more details provided in Annex 5.4.

## TABLE 1: ENABLING ACTIONS: NARRATIVE UPDATES

| Commitment | Progress in 2014/15 |
|---|---|
| Agribusiness Index | • First "Enabling the Business of Agriculture" (EBA) report in November 2014.<br>• 2015 EBA data collection underway with more topics and countries. |
| Agriculture Fast Track Fund | • AfDB and donors working to increase efficiency of grants to support preparation of bankable agricultural infrastructure investments. |
| Technology Platform & 10 year Yield Targets | • Platform established for CAADP-CGIAR partnership to help assess impact of technologies on yields, income, nutrition and environment;<br>• IFPRI developed tool to help countries set 10-year yield targets and prioritize commodity value-chains to invest in. |
| Scaling Seeds and Technologies Partnership | • $12.4m in grants awarded, including 21 for improved seed production, 11 to promote improved varieties and/or technologies, and 2 to support policy reform commitments. |
| ICT Extension Challenge Fund | • Three grants awarded to ICT-enabled service providers that help increase the reach and impact of the Scaling Seeds and Technologies Partnership. |
| Global Open Data Initiative for Agriculture and Nutrition | • GODAN partners agreed to host a high-level event in May 2015; and to advocate for G20 members to join GODAN including endorsement by Ministers of Agriculture and Leaders during Turkish Presidency in 2015. |

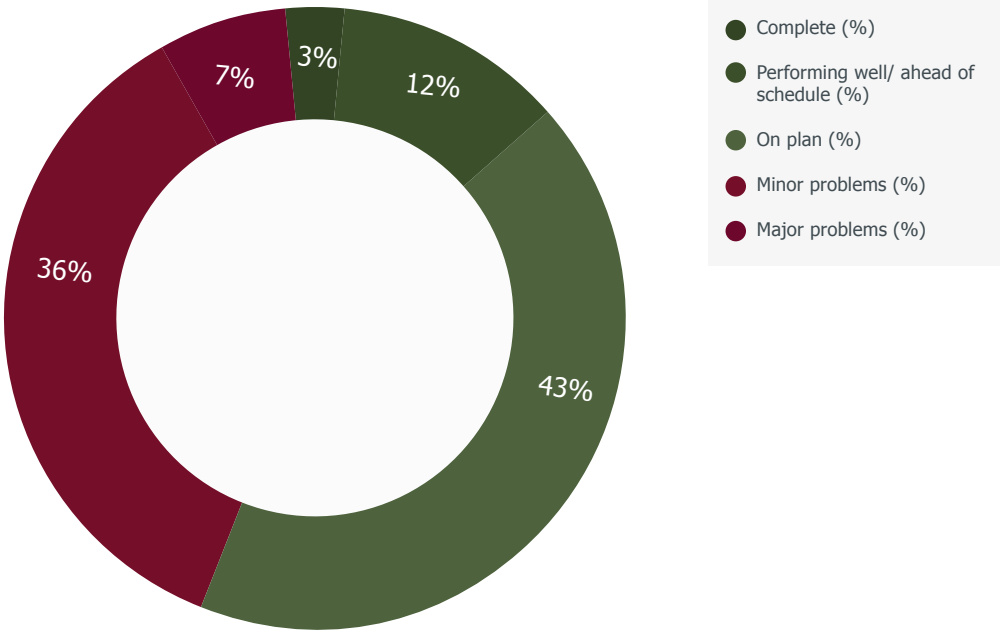
| | |
|---|---|
| National Risk Assessment Strategies | • Risk Assessments completed with World Bank support in Ghana, Tanzania, and Mozambique, in order to initiate risk management planning process. |
| Global Action Network for Agricultural Index Insurance | • Launched in Mexico City in November 2014, formed three expert cross-sector working groups to address specific constraints to insurance market development, agreed six month work plans. |
| Nutrition Deliverables | • Inaugural Global Nutrition Report launched in November 2014 to help close nutrition data gaps and improve resource tracking.<br>• SUN Movement conducted evaluation of its impact and progress, with future strategy to be launched at UNGA in September 2015. |
| Global Agriculture and Food Security Programme | • In 2014, GAFSP expanded to five new countries with $107m in new grant financing, bringing total public sector financing commitments now to more than $1bn. Private Sector Window has committed $171.7m to 26 investments, and $6m to 26 private sector advisory projects.<br>• In March 2015, stakeholders confirmed vision for GAFSP up to 2030, and now seek new funding from current and prospective donors, and will refine several program aspects. |

## 2.4. PRIVATE SECTOR INVESTMENT COMMITMENTS [7]

Private companies participating in the Grow Africa partnership provided progress reports for 56% of the 292 Letters of Intent (LOIs). Through these LOIs, companies intend to invest close to $10.2 billion, of which more than $684 million was reported invested in 2014 in 12 partner countries (Annex 5.1). Progress in the implementation of the LOIs is assessed at five levels: complete; performing well/ahead of schedule; on plan; with minor problems, and with major problems. Overall, three percent of LOIs were successfully completed in 2014, 12 percent of LOIs were performing well, 43 percent were on plan, while 37 percent faced minor implementation problems. Only 7 percent of LOIs had major implementation challenges (Figure 6). Overall, the majority of LOIs (80 percent) were either on plan or facing minor implementation problems.

[7] In the spirit of mutual accountability, each year Grow Africa asks companies to report on their progress against their commitments made through Letters of Intent. With the exception of short, public narratives on progress, data has then been aggregated to respect commercial and political sensitivities. All companies are self-reporting and the data is not independently verified.

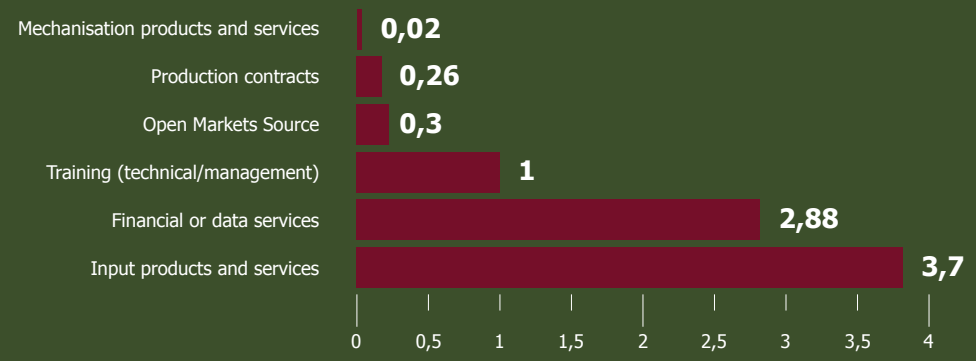
FIGURE 6: LETTERS OF INTENT IMPLEMENTATION PROGRESS




Source: Authors' calculation based on validated joint NA/GA country reports

Through their investments, private companies reached more than 8.2 million smallholder farmers in 2014, more than two and a half times the number reached in 2013. Smallholder farmers were predominantly reached through input products and services, financial or data services and through training (Figure 7). More effort may be needed to promote mechanisation among smallholder farmers because that was the least implemented way to reach them (Annex 5.1).

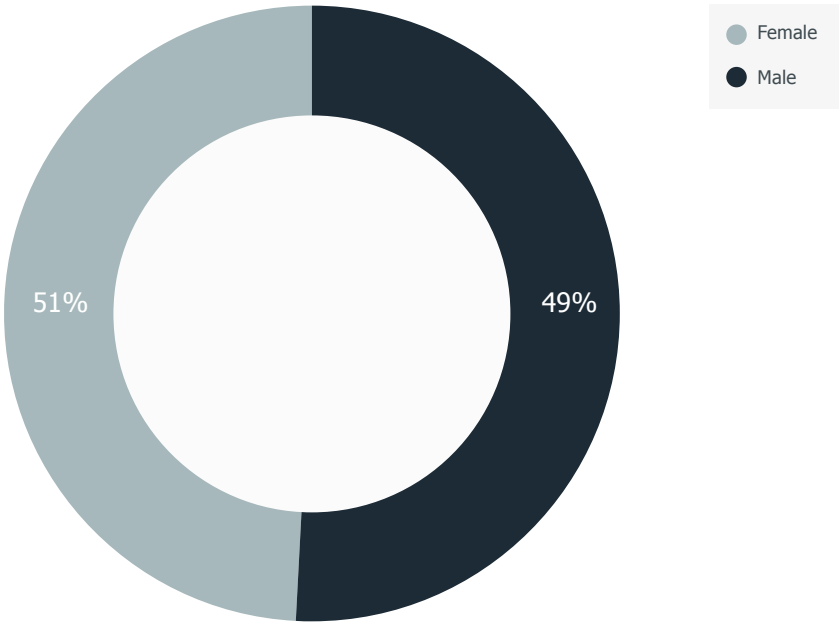
FIGURE 7: SMALLHOLDER FARMERS REACHED BY SOURCE IN 2014 (MILLIONS)




Source: Authors' calculations based data in country reports.

In 2014, through LOIs, companies created 21,366 jobs, a little lower than in 2013. Slightly more jobs created in 2014 were for women than for men (Figure 8).

FIGURE 8: JOBS CREATED THROUGH LOIs IN 2014 (PERCENT)




Source: Authors' calculations based data in country reports.

## 2.5. CREATING AN ENABLING ENVIRONMENT FOR THE PRIVATE SECTOR

Companies in the 10 New Alliance countries also highlighted constraints facing their operations and investments. Addressing these constraints would significantly strengthen the impact of existing investments, improve the investment climate for private companies, and even unlock further investment opportunities. There are common constraints that cut across several countries, although some are unique to particular countries. Limited access to finance is mentioned by all 10 countries (Table 2). Insufficient credit prevents companies from, among other things, purchasing equipment and materials. Outdated financial policies have also complicated the process of obtaining credit in some countries such as Burkina Faso. In Ghana, companies struggle to stretch their investment beyond what they can self-finance. Companies reported that only a few commercial banks have financial products that are suitable to agribusiness, and the cost of credit is very high and unaffordable for small and medium enterprises. Companies in Ethiopia reported similar problems, especially accessing credit through financial institutions. Companies in Nigeria, Senegal and Tanzania reported that lack of finance results in cash flow problems.

Companies in four out of 10 countries reported lack of skilled labour and lack of access to inputs as the next most challenging set of constraints after finance. Companies need skilled and professional employees to operate efficiently, but this can be a challenge, especially in countries where there are low levels of training in skills required by the companies. In Senegal, companies have difficulty finding technicians and engineers for their projects. In Malawi, companies reported that finding people with required experience in agribusiness outside the tobacco sector is a challenge. In Ethiopia, companies reported increased spending in training programs for employees.

Access to agricultural inputs, such as seed, fertiliser and equipment is critical for companies involved in production. In Benin, Ethiopia, Ghana and Nigeria, companies reported that they struggle to find the required inputs for the production process. In Ethiopia companies listed a lack of access to improved seed as well as agricultural machinery as major constraints, which resulted in prohibitive costs. Other problems reported by three out of the 10 countries include weak policies and institutions,

TABLE 2: CONSTRAINTS TO CREATING AN ENABLING ENVIRONMENT

| Country | Benin | Burkina Faso | Cote d'Ivoire | Ethiopia | Ghana | Malawi | Mozambique | Nigeria | Senegal | Tanzania | Count |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Access to finance | • | • | • | • | • | • | • | • | • | • | 10 |
| Access to inputs | • | | | • | • | | | • | | | 4 |
| Skilled workforce | | | | • | | • | | • | • | | 4 |
| Policies and regulations | • | | | | | | | | • | • | 3 |
| Availability of inputs | | • | | • | | | | • | | | 3 |
| Availability to land and water | | | | | | • | • | | • | | 3 |
| Infrastructure | | | • | | | | | • | | | 2 |
| Bureaucratic procedures | | | | | | | • | • | | | 2 |
| Locating partners | | • | | | | | | | | | 1 |
| Young business environment | | | • | | | | | | | | 1 |
| Training and development | | | | | • | | | | | | 1 |
| Access to power | | | | | • | | | | | | 1 |
| Environmental concerns | | | | | | • | | | | | 1 |
| Market accessibility | | | | | | | • | | | | 1 |
| Climate change | | | | | | | | | | • | 1 |

Source: Compiled from country reports.

In addition to their narrative input on constraints, 154 LOIs companies across Africa responded to a Grow Africa survey on the enabling environment for their specific investments. While the sample sizes were too small to confidently draw conclusions for most individual countries, the aggregated continental data provides useful insights. Overall the data shows companies have seen some strengthening of the enabling environment. Most positively, companies better understand national strategies, and believe priority initiatives like the New Alliance will help their investments. Secondly, value chains are perceived as better structured, with improved availability of both commercial partners and skilled labour. Cross- sector collaboration and investment facilitation support are also both improving for companies, including through national public-private platforms.

Despite this progress, major constraints remain, with 90 percent of companies saying it is important that the enabling environment improves further for them to successfully implement their investment commitments and many articulating concrete needs. Table 3 presents the top constraints ranked by companies who say they are "very important" to address. Details for each of the ten New Alliance countries are provided in Annex 5.5.

TABLE 3: COMPANIES' RESPONSE TO GROW AFRICA CONTINENTAL SURVEY ON THE ENABLING ENVIRONMENT

| 'Occurence of issues in percent | Specifics |
|---|---|
| **Access to finance** (69%) | • Financing issues are most acute for growing domestic SMEs, primarily for capital investments rather than working capital.<br>• Banks lack sector understanding, so may over-price risks.<br>• Private equity investors show growing interest but cite poor pipeline of well-prepared business plans.<br>• Companies lack access to tools to manage financial risks e.g. through insurance, loan guarantees, or minimum pricing. |
| **Cross-sector Collaboration** (66%) | • Increased recognition that companies cannot overcome specific constraints within value chains and market systems, unless they work with public sector partners. |
| **Infrastructure** (65%) | • Companies cannot advance without improved public investment in infrastructure needs such as transport and irrigation.<br>• Instability of electricity supply is a particular issue in West Africa. |
| **Skilled labour** (59%) | • Smallholders lack the skills to increase quality and quantity of production, and cost of training is prohibitive for companies.<br>• Farmer organisations can be poorly managed.<br>• Shortage of commercial managers to oversee operations. |
| **Policy** (57%) | • Some investment progress slowed by certain current policies including for inputs, trade, subsidies.<br>• Frustration at unpredictable policy decisions that compromise commercial viability due to short-term political interests. |
| **Bureaucracy** (54%) | • Slow, opaque decisions on permits and approvals for companies, often from multiple agencies.<br>• Ambivalent or weak government capacity to support private sector investments at technical-level.<br>• Land issues are especially problematic and weak government capacity is an underlying cause of subsequent civil-society accusations of broken promises to communities by companies. |

Source: 2015 survey of private companies by Grow Africa.

# SUMMARY OF RECOMMENDATIONS FROM COUNTRY VALIDATION MEETINGS

**Virtual and in-person multi-stakeholder workshops to review country reports resulted in a series of specific recommendations for all stakeholder groups.**

The 2015 joint New Alliance/Grow Africa country reports were prepared by each organisation's country teams, with support from the Regional Strategic Analysis and Knowledge Support System (ReSAKSS) teams in Eastern,Central Africa, Southern and West Africa. In order to validate the information obtained from governments on policy commitments, from donors on financial commitments, and from the private sector on investments through LOIs, country validation workshops were organised, with support from the Africa Lead program. The multi-stakeholder validation workshops were held in seven of the 10 countries. However, all country reports were reviewed, including in the three countries where it was not possible to organise physical validation workshops.

From the various country reports, several recommendations were made for governments, private sector and donors to take actions that will improve the quality and outcomes of implementing their respective commitments. Governments were encouraged to hold regular and inclusive dialogue with stakeholders in the agricultural value chain, including civil society. There was also a strong call for governments to show better commitment to policy implementation and to strengthen capacity of relevant institutions supporting implementation. Stakeholders called for improvement in creating awareness of the New Alliance and Grow Africa partnerships at all levels. In order to effectively support the process of documenting and tracking implementation progress, mainstreaming of the New Alliance and Grow Africa reporting process into each country's monitoring and evaluation system and also into the country's Joint Sector Review process was recommended by the majority of the participating countries. Private companies were called upon to engage more in public-private partnerships to address infrastructure deficits, as well as in provision of private agricultural extension services to farmers. Development partners were called upon to be more transparent and provide more public information regarding their funding and commitments.

Specific recommendations from the country workshops were made for governments, private sector, donor's non-state actors, and Regional Economic Communities.

## SUMMARY OF RECOMMENDATIONS FROM COUNTRY VALIDATION MEETINGS

### GOVERNMENTS:

- Show more political will towards improving agricultural investment.
- Foster open dialogue and transparency in the spirit of mutual accountability.
- Fast track the solutions for resolving the structural constraints to make the private-sector easier to position itself in agricultural development.
- Mainstream the New Alliance reporting process into the Ministry of Agriculture M&E system and also countries' JSR process.
- Design and implement adequate financing mechanisms for the agricultural sector.
- Mobilize more resources to implement commitments.
- Facilitating access to finance and credit supply.
- Engage in public private partnerships to address infrastructure deficit (electricity, irrigation, feeder roads, and storage facilities).
- Responsibly facilitate secure land tenure that enables investment by farmers and businesses.
- Create awareness among different government agencies about the New Alliance and Grow Africa.
- Improve vocational training for agricultural workers.
- Accelerate the pace of creation of enabling environment so that the private sector can play their roles more effectively to achieve their commitments.
- Invest more in agricultural research, development of human capital, reduce bureaucracy and fight corruption.
- Minimise the uncertainty brought about by frequent changes in agricultural sector policies and regulations.
- Implement measures to enhance the competitiveness of selected value chains so that it can be more profitable to the farmers.
- Establish a framework for monitoring private-sector investments.
- Build the capacities of civil society and farmers organizations.

### PRIVATE SECTOR:

- Engage in public-private partnership to address issues of infrastructure deficit.
- Provide more credit facilities to farmers.
- Engage more in the provision of private extension services.
- Improve awareness of the partnerships in the country.
- Improve ownership of the New Alliance and Grow Africa partnerships platforms.
- Improve monitoring and evaluation of the private-sector commitments.
- Provide more reliable statistical data and conduct a mapping exercise to identify the exact location of projects, their time frames.

## SUMMARY OF RECOMMENDATIONS FROM COUNTRY VALIDATION MEETINGS

### DONORS:

- Improving the review process through better donor financial commitment compliance reporting mechanism.
- Provide data on progress of financial commitments including a mapping exercise to identify the exact location of projects and timeframes.
- Encourage governments to provide more support towards improved government coordination, improved taxation, policies and regulation, improved security of supply of agricultural commodities and improved access to finance.
- Evaluate all the commitments made by partners including both financial and non-financial commitments.
- Enhance transparency on commitments, disbursements and outcomes.
- Strengthen national capacity for mutual accountability by promoting capacity building activities of stakeholders in the agricultural sector including government authorities and non-state actors to participate effectively in the review process.
- Coordinate their activities and provide more resources, including to the private sector.

### NON-STATE ACTORS:

- Organise themselves in apex bodies so that they can play their roles in agriculture policy and planning as well as reviews in the most efficient way.
- Monitor the implementation of commitments by stakeholders in the national Cooperation Framework Agreements.
- Strengthen coordination dynamics by ensuring more frequent meetings.
- Include examples of achievements of civil-society organisations in the evaluation report.
- Improve the representativeness of civil-society and farmer organisations in dialogue platforms.

### REGIONAL ECONOMIC COMMUNITIES:

- Increase involvement in the New Alliance processes.

# NEXT STEPS AND CROSS-CUTTING ISSUES

**In its third year, the New Alliance and the Leadership Council have advanced cross-cutting actions to support small-scale farmers through mutual accountability and country review processes**

In its third year, the New Alliance and the Leadership Council have advanced cross-cutting actions to support small-scale farmers through mutual accountability and country review processes, as well as through the establishment of a women's economic empowerment working group to exchange best practices and advance women's economic empowerment through agriculture investments. In addition, the New Alliance spearheaded the development of an Analytical Framework for Land-Based Investments in African Agriculture, designed to help investors ensure that their land-based investments are inclusive, sustainable, transparent and respect human rights. This Framework builds upon and harmonises efforts of donors (who in recent months have released operational tools to help the private sector) and other actors to operationalise the principles of the Voluntary Guidelines on the Responsible Governance of Land, Fisheries and Forests in the Context of National Food Security (VGGT), and of multilateral institutions including the Africa Union whose Guiding Principles on Large Scale Land Based Investments in Africa are an important source document.

The Leadership Council, which was formed as an informal group of leaders committed to realizing the investment commitments pledged within the New Alliance and Grow Africa, meets annually to monitor, support and advance progress. This year, the Leadership Council welcomed and recognised the Analytical Framework as a tool for investors and agreed to assess experience with the framework in one year, as well as to work with the CAADP Non-State Actors Group to expand dialogue and engagement with civil society on the Council. The Council also welcomed the recommendation to include a survey of farmers' perspectives in the annual joint progress report of the New Alliance and Grow Africa, in future years.

These commitments, in addition to those outlined throughout the report, will be supported by a New Alliance unit within the African Union Commission's Department of Rural Economy and Agriculture. This unit is being developed as part of the CAADP framework and will work with New Alliance partners and the Leadership Council to further realise the commitments made by all parties.

# 2014 HIGHLIGHTS ACROSS THE CONTINENT

REPUBLIC OF SENEGAL

- 35 LOIs from 27 domestic companies and eight international.
- $414,988,104 of planned investment.
- $25,776,549 reported as invested in 2014, making a cumulative total of $152,296,685 to date.
- 221,559 smallholders reached in 2014.
- 926 jobs created in 2014.
- $252 million donor disbursements in 2014 (59% of expected).

BURKINA FASO

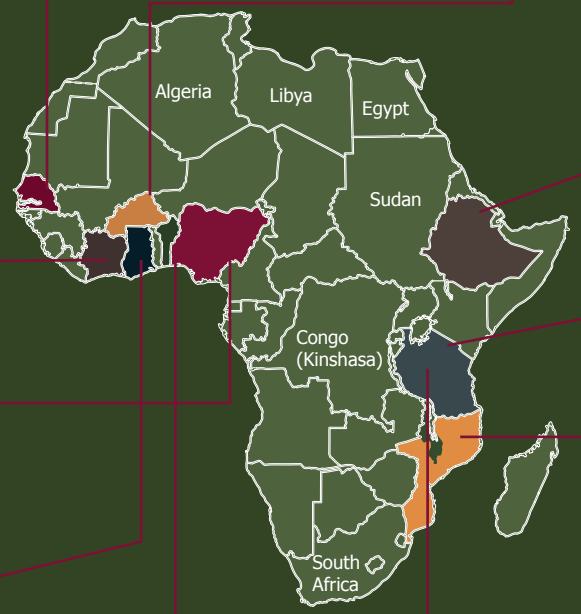
- 18 LOIs from eight domestic companies and 10 international.
- $64,169,454 of planned investment.
- $3,970,872 reported as Tinvestedin 2014, making a cumulative total of $37,763,419 to date.
- 503,739 smallholders reached in 2014.
- 19 jobs created in 2014.
- $428 million donor disbursements in 2014 (531% of expected).

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

- 16 LOIs from four domestic companies and 12 international.
- $33,270,000 of planned investment.
- $25,513,000 invested in 2014,making a cumulative total of $52,388,475 to date.
- 630,689 smallholders reached in 2014.
- 93 jobs created in 2014.
- $1,151 million donor disbursements in 2014 (84% of expected).

REPUBLIC OF COTE D'IVOIRE

- 25 LOIs from 12 domestic companies and 13 international.
- $963,285,545 of planned investment.
- $3,710,392 reported as invested in 2014, making a cumulative total of $112,994,692 to date.
- 551,417 smallholders reached in 2014.
- 1,390 jobs created in 2014.
- $218 million donor disbursements in 2014 (84 % of expected).




UNITED REPUBLIC OF TANZANIA

- 35 LOIs from 17 domestic companies and 18 international.
- $846,127,524 of planned investment.
- $13,888,700 reported as invested in 2014, making a cumulative total of $31,147,533 to date.
- 749,298 smallholders reached in 2014.
- 2,209 jobs created in 2014.
- $336.84 million donor disbursements in 2014 (46% of expected).

FEDERAL REPUBLIC OF NIGERIA

- 36 LOIs from 20 domestic companies and 16 international.
- $4,465,425,000 of planned investment.
- $529,769,143 reported as invested in 2014, making a cumulative total of $1,141,285,809 to date.
- 850,350 smallholders reached in 2014
- 4,240 jobs created in 2014.
- $128 million donor disbursements in 2014 (62% of expected).

REBUBLIC OF MALAWI

- 27 LOIs from 13 domestic companies and 14 international.
- $144,750,000 of planned investment.
- $7,622,979 reported as invested in 2014, making a cumulative total of $39,522,979 to date.
- 863,738 smallholders reached in 2014.
- 1,291 jobs created in 2014.
- $256 million donor disbursements in 2014 (421% of expected).

REPUBLIC OF GHANA

- 20 LOIs from 8 domestic companies and 12 international.
- $132,223,650 of planned investment.
- $14,877,879 reported as invested in 2014, making a cumulative total of $48,402,212 to date.
- 742,947 smallholders reached in 2014
- 2,416 jobs created in 2014.
- $192 million donor disbursements in 2014 (41% of expected).

REPUBLIC OF BENIN

- 26 LOIs from 22 domestic companies and four international.
- $378,263,487 of planned investment.
- $33,973,500 reported as invested in 2014, making a cumulative total of $64,204,543 to date.
- 675,475 smallholders reached in 2014.
- 6,926 jobs created in 2014.
- $7.3 million donor disbursements in 2014 (21% of expected).

REPUBLIC OF MOZAMBIQUE

- 41 LOIs from 25 domestic companies and 16 international.
- $571,100,000 of planned investment.
- $23,198,951 reported as invested in 2014, making a cumulative total of $114,044,451 to date.
- 90,087 smallholders reached in 2014.
- 1,663 jobs created in 2014.
- $195 million donor disbursements in 2014 (233% of expected).

# ANNEXES

## ANNEX 1. LETTERS OF INTENT IMPLEMENTATION PROGRESS[8]

| Letter of Intent Implementation Progress | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Country | | Benin | Burkina Faso | Côte d'Ivoire | Ethiopia | Ghana | Malawi | Mozambique | Nigeria | Senegal | Tanzania[9] | Kenya | Rwanda | Regional commit-ments | Total |
| LOIs (African Based Companies) | | 26(22) | 18(8) | 25(12) | 16(4) | 20(8) | 27(13) | 41(25) | 36(20) | 35(27) | 35(17) | 9(4) | 4(1) | | 292 |
| Value of Planned Investment (million USD) | | 378 | 64 | 963 | 33 | 132 | 145 | 571 | 4,465 | 415 | 846 | 32 | 5 | 2,158[10] | 10,207 |
| Investment made in 2014(million USD) | | 33 | 4 | 4 | 26 | 15 | 8 | 23 | 530 | 26 | 14 | 1 | 0.20 | | 684 |
| Jobs Created in 2014 (% of female) | | 6,926 (77%) | 19 (53%) | 1,390 (13%) | 93 (94%) | 2,416 (69%) | 1,291 (24%) | 1,663 (29%) | 4,240 (28%) | 926 (40%) | 2,209 (50%) | 193 (79%) | 0 | | 21,366 |
| Small holders reached | Small holders reached in 2014 (% of female) | 22% | Sample size too small | Sample size too small | Sample size too small | 30% | 59% | 41% | Sample size too small | 14% | Sample Size too small | Sample size too small | 0 | | 34% |
| | Financial or data services | 331,988 | 2,100 | 475 | 40,000 | 19,180 | 147,708 | 19,350 | 367,230 | 103,612 | 25,550 | 1,676,809 | 145,000 | | 2,879,002 |
| | Input products and services | 656 | 500,575 | 502,475 | 546,063 | 513,950 | 389,294 | 19,875 | 43,820 | 52,400 | 655,250 | 501,809 | 3,253 | | 3,729,420 |
| | Mechanization products and services | 5 | 575 | 475 | 0 | 400 | 0 | 1,460 | 11,820 | 360 | 0 | 525 | 0 | | 15,620 |
| | Open Market sourcing | 6,821 | 42 | 7,042 | 6,000 | 129,977 | 50,000 | 31,350 | 63,550 | 1,051 | 12 | 1,260 | 0 | | 297,105 |
| | Production contracts | 352 | 0 | 475 | 11,563 | 10,202 | 53,118 | 1,827 | 120,510 | 41,952 | 19,900 | 549 | 3,253 | | 263,701 |
| | Training | 335,653 | 447 | 40,475 | 27,063 | 69,238 | 223,618 | 24,225 | 243,420 | 22,184 | 48,586 | 1,809 | 3,253 | | 1,039,971 |
| | Total | 675,475 | 503,739 | 551,417 | 630,689 | 742,947 | 863,738 | 98,087 | 850,350 | 221,559 | 749,298 | 2,182,761 | 154,759 | | 8,224,819 |
| LOIs implementation status | Complete (%) | 6 | 0 | 0 | 0 | 0 | 10 | 0 | 4 | 6 | 5 | 0 | 0 | | 3 |
| | Performing well/a head of schedule (%) | 18 | 11 | 0 | 17 | 33 | 0 | 4 | 4 | 12 | 5 | 40 | 0 | | 12 |
| | On plan (%) | 18 | 22 | 29 | 50 | 33 | 40 | 44 | 46 | 29 | 43 | 60 | 100 | | 42 |
| | Minor problems (%) | 47 | 44 | 71 | 33 | 25 | 40 | 44 | 38 | 53 | 43 | 0 | 0 | | 36 |
| | Major problems (%) | 12 | 22 | 0 | 0 | 8 | 10 | 8 | 8 | 7 | 5 | 0 | 0 | | 7 |
| | Cancelled (number) | 0 | 1 | 3 | 0 | 2 | 2 | 0 | 1 | 4 | 1 | 0 | 1 | | 15 |

[8]Source: Grow Africa 2015 | [9]Tanzania data is provisional pending in-country review | [10]No spending shown against regional commitments, because this is always allocated to specific countries

## ANNEX 2. SUMMARY OF GOVERNMENT POLICY COMMITMENTS PROGRESS

TABLE 2A: PROGRESS AGAINST POLICIES (BY COUNTRY)

| Country and Due date | | Complete | Some Progress | No progress | No Update | Total |
|---|---|---|---|---|---|---|
| Benin | By June 2015 | 24%(4) | 76%(13) | 0%(0) | 0%(0) | 17 |
| | After June 2015 | 0%(0) | 86%(6) | 14%(1) | 0%(0) | 7 |
| | Total | 17%(4) | 79%(19) | 4%(1) | 0%(0) | 24 |
| Burkina Faso | By June 2015 | 38%(10) | 62%(16) | 0%(0) | 0%(0) | 26 |
| | After June 2015 | 0%(0) | 100%(4) | 0%(0) | 0%(0) | 4 |
| | Total | 33%(10) | 67%(20) | 0%(0) | 0%(0) | 30 |
| Côte d'Ivoire | By June 2015 | 17%(3) | 67%(12) | 0%(0) | 17%(3) | 18 |
| | After June 2015 | 100%(1) | 0%(0) | 0%(0) | 0%(0) | 1 |
| | Total | 21%(4) | 63%(12) | 0%(0) | 16%(3) | 19 |
| Ghana | By June 2015 | 54%(7) | 46%(6) | 0%(0) | 0%(0) | 13 |
| | After June 2015 | 0%(0) | 100%(2) | 0%(0) | 0%(0) | 2 |
| | Total | 47%(7) | 53%(8) | 0%(0) | 0%(0) | 15 |
| Malawi | By June 2015 | 0%(0) | 0%(0) | 0%(0) | 0%(0) | 0 |
| | After June 2015 | 0%(0) | 87%(13) | 13%(2) | 0%(0) | 15 |
| | Total | 0%(0) | 87%(13) | 13%(2) | 0%(0) | 15 |

Source: New Alliance for Food Security and Nutrition based on National Sources 2015.

## ANNEX 2. SUMMARY OF GOVERNMENT POLICY COMMITMENTS PROGRESS

| | | | | | | |
|---|---|---|---|---|---|---|
| Mozambique | By June 2015 | 47%(8) | 24%(4) | 6%(1) | 24%(4) | 17 |
| | After June 2015 | 0%(0) | 0%(0) | 0%(0) | 0%(0) | 0 |
| | Total | 47%(8) | 24%(4) | 6%(1) | 24%(4) | 17 |
| Nigeria | By June 2015 | 21%(5) | 71%(17) | 8%(2) | 0%(0) | 24 |
| | After June 2015 | 21%(1) | 67%(2) | 0%(0) | 0%(0) | 3 |
| | Total | 22%(6) | 70%(19) | 8%(2) | 0%(0) | 27 |
| Tanzania | By June 2015 | 23%(3) | 69%(9) | 0%(0) | 8%(1) | 13 |
| | After June 2015 | 0%(0) | 0%(0) | 0%(0) | 0%(0) | 0 |
| | Total | 23%(3) | 69%(9) | 0%(0) | 8%(1) | 13 |
| Senegal | By June 2015 | 64%(18) | 25%(7) | 7%(2) | 4%(1) | 28 |
| | After June 2015 | 41%(9) | 55%(12) | 5%(1) | 0%(0) | 22 |
| | Total | 54%(27) | 38%(19) | 6%(3) | 2%(1) | 50 |
| Grand Total | By June 2015 | 37%(58) | 54%(84) | 3%(5) | 6%(9) | 156 |
| | After June 2015 | 20%(11) | 72%(39) | 7%(4) | 0%(0) | 54 |
| | Total | 33%(69) | 59%(123) | 4%(9) | 4%(9) | 210 |

Source: New Alliance for Food Security and Nutrition based on National Sources 2015.

TABLE 2 B: PROGRESS AGAINST POLICY AREA ONLY FOR THOSE REPORTED ON

| Due date and Policy area | Complete | Some Progress | No progress | Total reported on |
|---|---|---|---|---|
| Due By June 2015 | | | | |
| Enabling Environment for Private sector investment | 37% | 54% | 9% | 46 |
| Land and Resource Rights and Policy | 27% | 73% | 0% | 26 |
| Nutrition | 22% | 72% | 6% | 18 |
| Other | 50% | 50% | 0% | 2 |
| Policy Institutions | 50% | 50% | 0% | 8 |
| Resilience and Risk management | 43% | 57% | 0% | 7 |
| Trade and Markets | 17% | 83% | 0% | 6 |
| Inputs Policy | 62% | 38% | 0% | 34 |
| Infrastructure Development | 0% | 0% | 0% | 0 |
| Totals for commitments due before June 2015 | 40% | 57% | 3% | 147 |
| Due after June 2015 | | | | |
| Enabling Environment for Private sector investment | 28% | 61% | 11% | 28 |
| Land and Resource Rights and Policy | 11% | 89% | 0% | 9 |
| Nutrition | 0% | 100% | 0% | 3 |
| Other | 0% | 0% | 0% | 0 |
| Policy Institutions | 11% | 78% | 11% | 9 |
| Resilience and Risk management | 0% | 0% | 0% | 0 |
| Trade and Markets | 0% | 0% | 0% | 0 |
| Inputs Policy | 33% | 67% | 0% | 3 |
| Infrastructure Development | 0% | 100% | 0% | 2 |
| Totals for commitments due after June 2015 | 20% | 72% | 8% | 54 |

Source: New Alliance for Food Security and Nutrition based on National Sources 2015.

# ANNEX 3. COOPERATIVE FRAMEWORK FINANCIAL COMMITMENTS

3A: COOPERATIVE FRAMEWORK FINANCIAL COMMITMENTS BY DEVELOPMENT PARTNERS (MILLION USD)

| Donors | Original Funding Intention (million USD) | Prorated Funding Intention (million USD) | Disbursements to date (million USD) | Percent disbursed against original | Percent disbursed against prorated |
|---|---|---|---|---|---|
| AfDB | 16.39 | 6.15 | 5.46 | 33 | 89 |
| Belgium | 25.30 | | 15.94 | 63 | |
| Canada | 241.70 | 165.52 | 223.41 | 92 | 135 |
| EU | 1135.32 | 668.29 | 434.90 | 38 | 65 |
| France | 694.11 | 404.65 | 156.71 | 23 | 39 |
| Germany | 361.31 | 303.03 | 96.72 | 27 | 32 |
| Ireland | 50.40 | | 32.67 | 65 | |
| Italy | 167.90 | 62.81 | 12.13 | 7 | 19 |
| Japan | 452.92 | 279.99 | 402.25 | 89 | 144 |
| Norway | 111.20 | | 38.60 | 35 | |
| United Kingdom | 727.07 | 539.62 | 419.32 | 58 | 78 |
| United States of America | 2148.56 | 1217.92 | 1288.25 | 60 | 106 |
| WORLD BANK | 166.00 | 72.63 | 40.50 | 24 | 56 |
| Grand Total | 6298.18 | 3720.60 | 3166.88 | 50 | 85 |

Source: Authors' calculation based on donor self-reporting compiled by France for 2015.

3B: COOPERATION FRAMEWORK FINANCIAL COMMITMENTS BY RECIPIENT COUNTRY (MILLION USD)

| Countries | Original Funding Intention (million USD) | Prorated Funding Intention (million USD) | Disbursements to date (million USD) | Percent disbursed against original | Percent disbursed against prorated |
|---|---|---|---|---|---|
| Benin | 65.20 | 35.18 | 7.29 | 11 | 21 |
| Burkina Faso | 563.33 | 80.63 | 427.98 | 76 | 531 |
| Cote d'Ivoire | 261.33 | 258.80 | 218.30 | 84 | 84 |
| Ethiopia | 1498.34 | 1364.33 | 1151.11 | 77 | 84 |
| Ghana | 572.54 | 467.04 | 192.36 | 34 | 41 |
| Malawi | 629.27 | 61.08 | 256.98 | 41 | 421 |
| Mozambique | 514.06 | 83.58 | 195.07 | 38 | 233 |
| Nigeria | 476.57 | 208.51 | 128.26 | 27 | 62 |
| Senegal | 850.54 | 429.35 | 252.69 | 30 | 59 |
| Tanzania | 867.00 | 732.10 | 336.84 | 39 | 46 |
| Grand Total | 6298.18 | 3720.60 | 3166.88 | 50 | 85 |

Source: Authors' calculation based on donor self-reporting compiled by France for 2015.

## ANNEX 4. SUMMARY OF NEW ALLIANCE ENABLING ACTIONS

| Enabling Action | **Specific Commitment** |
|---|---|
| 1. Agribusiness Index | Call on the World Bank, in consultation with other relevant partners, to develop options for generating a Doing Business in Agriculture Index. |
| | **Current Status** |
| | • First "Enabling the Business of Agriculture" (EBA) report in November 2014.<br>• 2015 EBA data collection underway with more topics and countries. |
| 2. Agriculture Fast Track Fund | **Specific Commitment** |
| | Support the preparation and financing of bankable agricultural infrastructure projects through multilateral initiatives, including the development of a new Agriculture Fast Track Fund. |
| | **Current Status** |
| | • ADB and donors working to increase efficiency of grants to support preparation of bankable agricultural infrastructure investments. |
| 3. Technology Platform & 10-year Yield Targets | **Specific Commitment** |
| | Determine 10-year target in partner countries for sustainable agricultural yield improvement and adoption of improved technologies. Launch a Technology Platform with the CGIAR/IFPRI and the Forum on Agricultural Research in Africa (FARA) that will assess the availability of improved technologies for food commodities critical to achieve sustainable yield, resilience, and nutrition impacts, identify current constraints to adoption, and create a roadmap to accelerate adoption of technologies. |
| | **Current Status** |
| | • Platform established for CAADP-CGIAR partnership to help assess impact of technologies on yields, income, nutrition and environment.<br>• IFPRI developed tool to help countries set 10-year yield targets and prioritise commodity value-chains to invest in. |

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| 4. Scaling Seeds and Technologies Partnership | **Specific Commitment** |
| | Launch SSTP in Africa, housed at the Alliance for a Green Revolution in Africa, to strengthen the seed sector and promote the commercialisation, distribution, and adoption of high quality seed of superior varieties and complementary technologies prioritised by the Technology Platform to meet established goals in partner countries. |
| | **Current Status** |
| | • $12.4m in grants awarded, including 21 for improved seed production, 11 to promote improved varieties and/or technologies, and two to support policy reform commitments. |
| 5. ICT Extension Challenge Fund | **Specific Commitment** |
| | Launch an information and communication technology innovative challenge fund on extension services. |
| | **Current Status** |
| | • Three grants awarded to ICT-enabled service providers that help increase the reach and impact of the Scaling Seeds and Technologies Partnership. |
| 6. National Risk Assessment Strategies | **Specific Commitment** |
| | Support the Platform for Agricultural Risk Management to conduct national agricultural risk assessment strategies, to be conducted by the World Bank and other international institutions in partnership with the New Alliance countries. |
| | **Current Status** |
| | • Risk Assessments completed with World Bank support in Ghana, Tanzania and Mozambique, in order to initiate risk management planning process. |
| 7. Global Action Network for Agricultural Index Insurance | **Specific Commitment** |
| | Accelerate the availability and adoption of agricultural index insurance in order to mitigate risks to smallholder farmers. This network will identify constraints, synthesise and disseminate best practices and support regional training and capacity building. |
| | **Current Status** |
| | • Launch in Mexico City in November 2014, formed three expert cross-sector working groups to address specific constraints to insurance market development, agreed six month work plans. |

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| 8. Nutrition Deliverables | **Specific Commitment** |
| | a. Actively support the Scaling Up Nutrition (SUN) Movement and welcome the commitment of African partners to improve the nutritional well-being of their population, especially during the critical 1,000 days window.<br>b. Commit to improve tracking and disbursements for nutrition across sectors and ensure coordination of nutrition activities across sectors.<br>c. Support the accelerated release, adoption, and consumption of bio-fortified crop varieties, crop diversification, and related technologies to improve the nutritional quality of food in Africa. |
| | **Current Status** |
| | • Inaugural Global Nutrition Report launched in November 2014 to help close nutrition data gaps and improve resource tracking.<br>• SUN Movement conducted evaluation of its impact and progress, with future strategy to be launched at UNGA in September 2015. |
| 9. Global Agriculture and Food Security Program (GAFSP) | **Specific Commitment** |
| | Support the GAFSP with the goal of securing commitments of $1.2 billion over 3 years from existing and new development partners, scaling up and strengthening the operations of its public and private sectors windows, and support other mechanisms that improve country ownership and align behind CAADP national investment plans. |
| | **Current Status** |
| | • In 2014, GAFSP expanded to five new countries with $107m in new grant financing, bringing total public sector financing commitments now to more than $1bn. Private Sector Window has committed $171.7m to 26 investments, and $6m to 26 private sector advisory projects.<br>• In March 2015, stakeholders confirmed vision for GAFSP up to 2030, and now seek new funding from current and prospective donors, and will refine several program aspects. |

Source: Grow Africa 2015

## ANNEX 5. RESPONSES OF COMPANIES IN THE 10 COUNTRIES ON CONSTRAINTS AND THE ENABLING ENVIRONMENT

COMPANIES IN THE 10 COUNTRIES HIGHLIGHTED SOME OF THE FOLLOWING CONSTRAINTS FACING THEIR OPERATIONS AND INVESTMENTS.

| Country | Constraints facing operations and investments |
|---|---|
| Benin | 1. **Access to finance** – Nearly all companies reporting from Benin cited a lack of access to sufficient credit as a barrier to operation and growth. The "limited financial environment", companies say, is not conducive to agricultural investment. Insufficient credit prevents companies from, among other things, purchasing equipment and materials.<br>2. **Policies and regulations** – Companies raised issues related to the enabling environment as barriers to growth, including high tariffs, restrictive policies and corruption. State policies are not caught up with the current market environment.<br>3. **Access to inputs** – Access to inputs, such as seed, fertiliser and equipment, are of utmost importance for agricultural companies. Companies in Benin need better access to inputs of the quality and quantity necessary to make the agricultural sector as productive as possible. |
| Burkina Faso | 1. **Access to finance** – Every company reporting from Burkina Faso noted a lack of access to finance as a major barrier. Without adequate financing for the agricultural sector, companies cannot obtain the credit they need to grow.<br>2. **Availability of inputs** – Successful agribusinesses need to use the best inputs. The lack of appropriate seed and fertiliser in Burkina Faso makes operations difficult.<br>3. **Locating partners** – Large projects are rarely completed alone. In order to have a truly successful business, companies partner across industries and supply chains. In the small agribusiness environment, companies in Burkina Faso have a hard time locating appropriate companies to partner with. |
| Cote d'Ivoire | 1. **Infrastructure** – To conduct operations, businesses rely heavily on the existing infrastructure around them. Poor provision of water and electricity, as well as inadequate conditions of roads and ports negatively impact business operations.<br>2. **Finance** – Access to, as well as policies regarding, finance and investment pose a challenge for businesses in Cote d'Ivoire. Lack of access to lines of credit leads to insufficient funds to purchase needed materials and out-dated policies make investing in agribusiness difficult.<br>3. **Young business environment** – Several companies cited problems that arise from inexperience in the local business environment. This included a lack of merchants from which to purchase inputs, as well as immature financial and business practices by partners. Companies struggled to find partners whose financial documentation and record keeping was up to standard. |

## ANNEX 5. RESPONSES OF COMPANIES IN THE 10 COUNTRIES ON CONSTRAINTS AND THE ENABLING ENVIRONMENT

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| **Ethiopia** | 1. **Access to finance** – Companies need capital in order to purchase inputs and operate on a large scale. A number of companies cited lack of access to finance through financial institutions as well as poor contract enforcement as hindrances. As a result, companies turn to lending organisations who take on high risks of default.<br>2. **Availability of inputs** – Companies listed a lack of access to improved seed as well as agricultural machinery as a major constraint. Companies need direct access to inputs, a lack of direct supply chains for such inputs leads to prohibitively high costs, and prices out companies from purchasing the equipment they need to expand operations.<br>3. **Skilled workforce** – Finding highly educated, skilled workers can be a challenge in countries where the majority of population has low levels of education. This requires companies to invest heavily in training programmes for employees. |
| **Ghana** | 1. **Inputs** – Access to quality inputs remains a challenge. Policies that subsidise seed and fertiliser do not allow business models to be developed for farmers, and ensures their dependence on free materials. In addition, some companies have struggled with contaminated hybrid seeds.<br>2. **Access to finance** – Finding that their financial capacity cannot reach the demand of their growing businesses, companies struggle to stretch their investment beyond what they can self-finance. Only a few commercial banks have financial products that are suitable to agribusiness, but the cost of credit is very high and unaffordable for small and medium enterprises.<br>3. **Training and development** – Technology changes quickly, and companies without access to modern technologies cannot build the capacity of farmers and staff to use current tools. As a result, farmers use out-dated techniques and cannot compete with those using more modern, more efficient methods.<br>4. **Access to power** – Lack of access to reliable power is one of the key constraints to value addition in agribusiness. |
| **Malawi** | 1. **Environmental concerns** – Environmental degradation and changing climates negatively impact the activities of many agribusinesses, who rely on consistent seasons to plan harvests and pre-determine what types of fertilisers and seed are most appropriate and how much (if any) irrigation is needed. As most crops in Malawi are rain-fed, drastic changes in weather can ruin outcomes of entire seasons. Erratic rainfall in some regions changed led to production challenges. Additionally, soil degradation decreases productivity and increases reliance on fertilisers.<br>2. **Access to finance** – High interest rates on loans prevented companies from making large and necessary purchases, such as for farming implements and equipment.<br>3. **Human resources for crop diversification** – With few commercial farms in Malawi, agribusinesses have a difficult time finding staff with experience to the level that their ventures demand. Few people have expertise outside of the tobacco growing industry.<br>4. **Access to land and water** – In order for agriculture to be a viable economic activity, agribusinesses have identified that ensuring access to irrigable land and access to water is a critical step. The GOM had promised to develop an access to land and water programme by end of 2013 to be implemented over a five-year period up to 2018 for most priority crops. However, progress to date has been minimal. |

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| **Mozam-bique** | 1. **Access to finance** – Access to lines of credit is of utmost importance for agribusinesses that are looking to grow and expand their operations. Without access to this credit, many businesses are self-funded and face cash-flow challenges.<br>2. **Bureaucratic procedures** – Official approvals for land leases, procedural licences, tax payment, and other processes are necessary at every step of business operations. Companies cited slow and arduous bureaucratic procedures that took up valuable time and delayed work plans.<br>3. **Market accessibility** – Key to accessing markets is the infrastructure needed to get to markets. Poor road quality makes accessing markets difficult and time consuming, and poses challenges, especially when agricultural goods have time sensitive lifespans. In addition, with no official grading standard for grains and other products in the market, there is a lack of level playing field for goods.<br>4. **Land selection and approval** - Establishing secure land tenure is vital for many agricultural investments, but the costs, risks and time to do so responsibly are significant impediments. Companies report that length of time to obtain DUAT (land licence) is debilitating, and requires a cumbersome process. The costs of Environmental Impact Assessment are too much for smaller businesses. Provincial Governments are not always cooperative. |
| **Nigeria** | 1. **Infrastructure** – Companies use significant portions of their budgets on infrastructure projects, drawing money away from their own operations. For example, diesel-powered generators are needed by companies to compensate for the lack of reliable electrical current. A lack of reliable water also is an issue. Poor road infrastructure means difficult market access. A lack of local policing structures for some regions makes security a serious concern for companies, some of which have had equipment stolen and even employees kidnapped. Companies resort to hiring their own security staff.<br>2. **Recruiting competent personnel locally** – Like many high-growth economies, demand for technically skilled staff exceeds availability. The lack of local technical expertise on equipment repair and maintenance forces companies to attempt to bring in staff from outside. In addition, low levels of education in staff have at times resulted in poor internal record keeping.<br>3. **Access to finance** - Agriculture requires long term financing, however local financial institutions take a cautious view of the industry. As a result, companies encounter cash flow problems that hold up operations.<br>4. **Inputs** – Companies struggle to find inputs that are of the quality needed. At times, companies encounter counterfeit inputs, which, when distributed on large scale, could endanger their entire production. Tighter regulation of agricultural products would solve some of these issues. |

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| **Senegal** | 1. **Access to finance** – Companies met challenges in locating financing partners willing to offer viable terms, especially long-term partners. This rendered it difficult to make necessary investments and plans for their operations, such as construction of warehouses.<br>2. **Obtaining land** – Several companies noted that the process of obtaining a land lease was very long and complex, and in several cases this led to projects not being implemented. They spent valuable time and resources tangled in complex land problems. With a simplified and clearer process, fewer resources would be wasted.<br>3. **Tax law** – Similarly, companies noted that tax regulations, in particular VAT laws, were not transparent. Companies felt they confused by complex laws. A clear and transparent tax regime benefits both the private sector and the state—with easy to follow regulations, companies are more compelled to comply with laws, bringing in more revenue for the state and decreasing the number of penalties incurred by businesses. Additionally, while essential goods such as rice are free from VAT, VAT is added to the inputs vital for domestic production. This additional cost makes it harder for domestic producers to compete with imported goods.<br>4. **Skilled workforce** – Companies need skilled and professional employees to operate efficiently, but this can be a challenge, especially in countries where there are low levels of education among the general population. Companies in Senegal have an especially difficult time finding technicians and engineers for their projects. |
| **Tanzania** | 1. **Climate** – Global climate change is leading to increasingly erratic weather patterns. For agricultural companies who rely on natural seasons of dry and rainy weather, this is posing a serious threat.<br>2. **Funding** – A number of factors make attaining and repaying loans difficult. A lack of value addition facilities makes paying returns to borrowers difficult. Banks tend to rely on formal collateral, instead of on cash flows, limiting potential issue loans to potential borrowers. Long-term financing is necessary to for capital equipment.<br>3. **Taxes** – Unpredictable tax regulations, especially import tax, leads to confusion and wasted time for companies. Clear and easy to understand tax regimes are of interest for all parties, as they increase compliance and decrease penalties. |

Source: Grow Africa 2015.

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At continental-level, the management, compiling, validation and production of this report was undertaken collaboratively by the following partners:

## DISCLAIMER



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| African Union Commission | The African Union Commission chairs and coordinates the New Alliance for Food Security and Nutrition, and is permanent co-convener of the Leadership Council. |
| Regional Strategic Analysis and Knowledge Support System | On behalf of the AUC, Regional Strategic Analysis and Knowledge Support System gathered progress updates from governments, compiled country reports, supported country reviews and drafted the continental report. |
| Grow Africa | Grow Africa gathered progress updates from companies with Letters of Intent, supported private sector participation in country reviews, and provided coordination and editorial support for the Continental Report. |
| USAID | On behalf of development partners, the United States Agency for International Development gathered progress updates on commitments with regards to "Enabling Actions". |
| Government of France | On behalf of development partners, the Government of France gathered progress updates from donors regarding their financial commitments. |
| Africa Lead | Africa Lead provided facilitation support for country reviews and undertook translations of country and continental reports. |
| World Economic Forum | The World Economic Forum is a co-convener of the Leadership Council. |

New Alliance
FOR FOOD SECURITY AND NUTRITION

GROW AFRICA

## ABOUT THE NEW ALLIANCE FOR FOOD SECURITY AND NUTRITION

Launched in 2012, the New Alliance for Food Security and Nutrition set out to accelerate implementation of key components of the Comprehensive Africa Agriculture Development Programme (CAADP). CAADP is Africa's plan for transforming the agriculture sector including achieving ambitious goals relating to poverty, hunger, growth, trade and resilience as articulated by the Africa Union's Malabo Declaration of 2014. In this context, the New Alliance aims to:

- Achieve sustained inclusive, agriculture-led growth in Africa.
- Leverage the potential of responsible private investment to support development goals.
- Reaffirm continued donor commitment to reducing poverty and hunger.

The New Alliance is a partnership in which stakeholders commit to specific policy reforms and investments, outlined in Cooperation Agreements, which accelerate implementation of National Agricultural and Food Security Plans as develop under CAADP.

The New Alliance is now chaired by the African Union Commission, with a small coordination team housed within the AUC's Department of Rural Economy and Agriculture. Coordination efforts are supported by G7 and other development partners, organised through a New Alliance Working Group.

www.new-alliance.org

## ABOUT GROW AFRICA

Grow Africa is a partnership platform to accelerate responsible and inclusive investment into African agriculture in support of the Comprehensive African Agriculture Development Programme. Grow Africa is mandated to support private sector engagement in the context of the New Alliance and the Malabo Declaration. Grow Africa is co-convened by the AUC, NEPAD Agency and the World Economic Forum. Since its launch in 2012, Grow Africa's secretariat has been hosted by the World Economic Forum in Geneva, and is now transitioning to the NEPAD Agency in Johannesburg.

The work of Grow Africa's secretariat is made possible by generous financial support from United States Agency for International Development, the UK Department for International Development and the Swiss Agency for Development and Cooperation.

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