NEW ALLIANCE for Food Security & Nutrition

New Alliance for Food Security and Nutrition

2013 Progress Report Summary

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1. Introduction

The New Alliance for Food Security and Nutrition (hereafter New Alliance) was launched in 2012 under the US G8 Presidency. It is a joint initiative between African leaders, the private sector and development partners 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 Country Investment Plans and thereby support the Comprehensive Africa Agriculture Development Programme (CAADP) as the guiding framework for agricultural transformation in Africa.

The New Alliance works closely with the Grow Africa partnership, convened by the African Union Commission, New Partnership for Africa's Development (NEPAD) and the World Economic Forum, with the shared goal of mobilising responsible private sector investment in line with national agriculture strategies and CAADP plans.

This is the first annual progress report on the New Alliance. It draws on six country-level progress reports prepared in April 2013 by the governments of Burkina Faso, Cote d'Ivoire, Ethiopia, Ghana, Mozambique and Tanzania in conjunction with G8 members and private sector partners, as well as a Grow Africa review of progress against private sector commitments set out in Letters of Intent (LOI).

This report covers implementation since the launch of the New Alliance in 2012. It is somewhat premature to try and assess the overall impact of the New Alliance to date, therefore the report focuses largely on progress in implementing mutual commitments and issues and challenges emerging from this early experience.

2. Key challenges and opportunities

In its first year the New Alliance has begun to help promote responsible private sector investment in African agriculture, complementing existing efforts that support CAADP's agricultural transformation agenda. However, there is still much to do to ensure the New Alliance makes a lasting contribution to poverty reduction and food and nutrition security across Africa. This will require strong leadership at all levels and a willingness to work in partnership with, and learn from, other actors.

The following key challenges and opportunities have been identified from experience to date and will need to be addressed by the New Alliance in the future:

- **Country-level leadership:** the New Alliance will only be sustainable at country-level if it is led by each partner country. While countries are already providing high-level leadership, a key priority for 2013 is to strengthen this and ensure the alignment of the New Alliance with country-level processes and timelines for planning, budgeting, policy making and review. Cooperation Frameworks and other New Alliance tools can then be used effectively to catalyse investment in Country Investment Plans.
- **Facilitating a new type of dialogue:** Cooperation Frameworks provide an important tool to track and account for mutual commitments. To add real value, these commitments need to be developed through on-going dialogue involving all stakeholders (government, local and international private sector, development partners and civil society), rather than through a series of bilateral negotiations.
- **Institutional 'pace' and capacity:** private sector partners report a considerable mismatch between the response speed and capacity of government agencies and the pace of reform, on the one hand, and the responsiveness expected or required by the private sector to reassure investors and deliver on their investment, on the other.

- **Joined-up government:** high-level leadership and commitment in each country has been critical to the progress so far, but this leadership needs to be reflected in the priorities and commitments of line ministries and local government, who provide the day-to day contact points for local and international companies.
- **Access to finance:** access to investment and working capital in agriculture remains a major constraint to investment despite efforts to improve these services. While the New Alliance is seeking to improve access to finance in some areas through the 'Enabling Actions', further action by governments, financial institutions and development partners needs to be identified.
- **Leveraging and focusing public investment:** private sector partners identify many pre-competitive investment needs and market failures that constrain progress on investment projects. The New Alliance needs to find ways to support governments to assess and prioritise these constraints and to reflect them in Country Investment Plans. Public investment from governments and development partners can then be targeted strategically to address these gaps.
- **Women's economic empowerment:** improving women's access to productive assets and to agricultural services and supporting women as entrepreneurs in agriculture would make a significant contribution to the New Alliance's goals.
- **Learning how to work with smallholders at scale:** there are already some good examples of smallholder engagement in new investment projects, but the New Alliance needs to learn how to engage with smallholders at scale and how to help those that can, to make the transition to small, commercially viable family farms.
- **Engaging local and global civil society organisations (CSOs):** many existing partners recognise the contribution CSOs could play, for example in supporting smallholder aggregation or assessing the impact of investment projects. There is a need for closer engagement with CSOs and greater transparency on the New Alliance in order to address their concerns and draw on their expertise and insights.

3. New Alliance goals and commitments

The overall goal of the New Alliance is to raise 50 million people out of poverty by 2022 whilst contributing to improved food and nutrition security. The New Alliance aims to achieve this goal primarily by stimulating responsible private sector investment in agriculture, contributing to inclusive agricultural sector growth.

The New Alliance Cooperation Frameworks in each country outline mutual commitments of governments, the private sector and development partners, including targeted public investment and crucial policy reforms. These coordinated, complementary commitments aim to create an enabling environment for responsible investment and address critical market failures, in order to accelerate private sector investment in support of Country Investment Plans.

A New Alliance Accountability Framework, (a draft of which is now under consultation) will set out how we will track and report results and impact in future years, in line with the overall CAADP results framework and as an input into its monitoring and evaluation framework at national, regional and continental level. It is intended that the Accountability Framework will be presented for approval at the next Leadership Council, for implementation in 2014.

While the evidence suggests a clear, positive relationship between agricultural sector growth and poverty reduction, understanding of the linkages between investment, agricultural growth and other important development outcomes, such as food security, nutrition and women's economic empowerment is still relatively weak. The New Alliance provides an opportunity for all stakeholders to investigate and develop a better understanding of these linkages in order to facilitate responsible public and private sector investments that contribute to these outcomes at scale.

4. Progress to date

Country-level implementation and coordination

- An important added value of the New Alliance is its contribution to the CAADP facilitated dialogue between government, private sector, development partners and civil society in each country to identify key constraints to responsible investment in agriculture and to advance coordinated action to address these constraints. This dialogue needs to be aligned with and support the existing policy and planning processes in each country.
- Cooperation Frameworks are intended to capture the outcome of this dialogue. They should be reviewed and updated regularly to reflect evolving circumstances and commitments.
- Developing this multi-stakeholder, country-level dialogue and establishing clear leadership to drive and track progress has taken time across the initial six New Alliance partner countries. Progress has been mixed, reflecting different capacity, priorities and events in each country. This is an issue also identified by the private sector, including some companies that have already signed LOIs but without participation in this type of exchange. There is also a particular need to engage civil society proactively in this dialogue and as a partner in investment projects.

Lozane Farms are a seed company working in Mozambique. Lozane Farms have started contracts with farmer group leaders and are now in the process of entering into Memorandums of Understanding with individual farmers. Lozane Farms are investing in a seed processing plant as demand grows ($150-180,000), and are extending business linkages and partnerships with local companies to foreign partners. They have formal relationships with 425 maize and soya (intercropping) farmers for seed supply and procurement.

Government policy commitments

- The Cooperation Frameworks agreed in the six New Alliance partner countries include a total of 97 government policy commitments to be implemented to different deadlines over a three-year period (see Annex 1 for more details). Of these 97 commitments, 27 have already been implemented in full, most of them in advance of their agreed deadline. Progress is underway implementing a further 55 commitments, approximately three-quarters of which are on a timeline beyond May 2013.

Government policy commitments in Burkina Faso, Cote D'Ivoire, Ethiopia, Ghana, Mozambique and Tanzania

	TOTAL	No progress	Some progress	Completed
Due by May 2013	25	1	16	8
Due after May 2013	72	14	39	19
TOTAL	**97**	**15**	**55**	**27**

- Of the 25 government policy commitments due to be completed by May 2013, around a third have already been completed, while just under two-thirds have made some progress. Of the 72 policy commitments with a timeline for completion beyond May 2013, just under a third have been completed and some progress has been made implementing half of these.
- While these aggregate figures suggest reasonable progress, the numbers conceal a much more complex and mixed picture, with notable successes on key policy reforms in some countries, including seed sector reform and land titling, and less progress, even delays, in implementing other policy reform commitment areas.
- It is too early to draw any clear conclusions from the progress reports to date, but in the coming years it will be important to understand what factors affect progress and, critically, to what extent policy implementation results in a tangible improvement in the investment climate for small and large farms and agribusinesses.
- Many important reforms in the enabling environment cut across different sectors and require concerted action across multiple line ministries. The New Alliance could potentially help leverage action at this level.
- More consideration must be given to how policy reforms in Cooperation Frameworks can promote and incentivise responsible investment. A number of Cooperation Frameworks already include policy actions to tackle undernutrition and advance the implementation of the, 'Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests'[1] endorsed by the Committee on World Food Security on 11 May 2012. Strengthening the policy dialogue in each country with the close and continued involvement of both local and international private sector and civil society organisations could help shape and prioritise policies reforms that encourage responsible investments.

As part of the Burkinabe Government policy reforms to improve efficiency and transparency in commercial and customs procedures for agricultural commodities, the customs authorities have established an electronic platform called the Virtual Link System for Imports of operations and Exports, which is currently being rolled out.

The platform ensures liaison between customs and government departments (Health, Laboratory Service, Department of Plant Protection, Department of Pharmacy and Medicine, etc.) and private organisations (banks, insurance, CCVA, etc.) that issue documents required for customs clearance. It enables the collection of electronic documents and accelerates clearance procedures.

Private sector investment commitments

- In 2012, over 80 companies made investment commitments covering Burkina Faso, Cote d'Ivoire, Ethiopia, Ghana, Mozambique and Tanzania. In March-April 2013, Grow Africa undertook a review[2] of progress against LOI commitments in all New Alliance partner countries except for Cote D'Ivoire, where a review was led by the Ministry of Agriculture. The Grow Africa review was based on self-reporting by companies, against a qualitative questionnaire as well as a set of performance indicators.

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[1] For more information, see http://www.fao.org/nr/tenure/voluntary-guidelines/en/.

[2] NB The Grow Africa review and the aggregate statistics on LOI progress included in this section also included LOIs in Kenya and Rwanda. The full review is included in Grow Africa's 1st Annual Report: http://growafrica.com/Grow_Africa_Annual_Report_May_2013.pdf

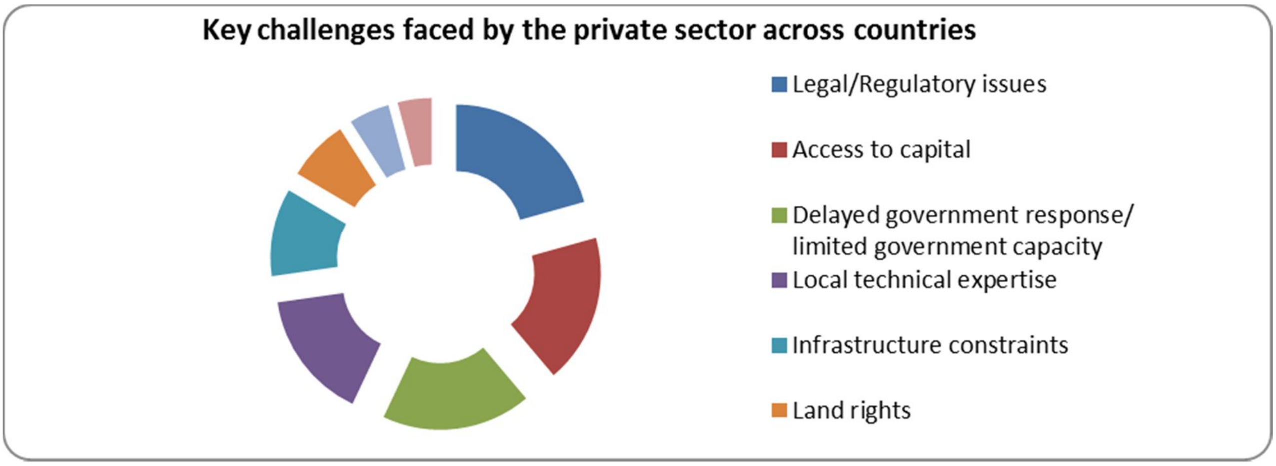
> *Tanseed are supporting a nutrition-enhanced quality protein maize project in Tanzania, working with over 8,000 smallholders for production and distribution of seed. Tanseed have initiated testing of drought-tolerant maize hybrids for possible registration in Tanzania and have finalised a partnership agreement with USAID to support certified rice seed production that will benefit 16,667 smallholder farmers.*

- Of the 79 investment projects which reported progress to Grow Africa (out of a total of 97 projects): 100% are moving forward with internal company approvals; 94% have begun preparatory work, including market research, field visits, partnership exploration/negotiation, and stakeholder consultation; and 61% have started to invest with tangible progress on-the-ground. Many of these are in a pilot stage awaiting scale-up, but about 40% are at investment stage with operations moving to scale in at least one component of their overall commitment. Investments in production and processing are taking longer than those for inputs and sourcing from farmers for existing supply chains.
- These investments include a variety of business models and institutional arrangements, some facilitated by Grow Africa, including joint ventures between multinational and local companies, public-private partnerships and partnerships between private companies and NGOs. New models of smallholders entering value chains are also emerging.
- Private sector partners have reported a number of significant constraints to implementing their investment plans (see the diagram below based on Grow Africa's review). The three most common challenges identified in all countries were:

  (a) Laws, policies or regulations that constrain business operations

  (b) Government capacity to respond quickly

  (c) Access to capital



- There is also a clearly identified need for enhanced communication between governments and the private sector, including opportunities for continued dialogue, as companies refine business plans. This requires companies to have a strong presence on the ground to facilitate regular, face-to-face engagement with governments and local partners.
- Another recurring barrier is the lack of adequate finance to kick-start activities. Access to appropriate capital is a particular challenge for farmers and small and medium enterprises (SMEs), but is also a concern raised by many larger companies. Several companies have established input pre-financing arrangements with smallholders supplying them to address gaps in local commercial credit markets. However in many value chains this is not a suitable, sustainable or competitive solution.

Development partner financial commitments

- In the six existing New Alliance partner countries, a total of almost $4 billion has been committed from 2012-2015 in support of Country Investment Plans and the goals of the New Alliance. Based on a very approximate assessment of progress to date, reported in the table below, disbursement of funds at this aggregate level is broadly on track in four out of the six countries.

Country	G8 commitments 2012-2015 (USD)	Estimated proportion committed to end April 2013	Disbursement to date	% disbursed against committed to April 2013
Burkina Faso	$644m	$361m	$313m	87%
Cote d'Ivoire	$290m	$59m	$20m	34%
Ethiopia	$1,199m	$485m	$637m	131%
Ghana	$542m	$151m	$138m	91%
Mozambique	$384m	$134m	$106m	79%
Tanzania	$894m	$264m	$109m	41%
Total	**$3,952m**	**$1,455m**	**$1,323m**	**91%**

NB: All figures are rounded to the nearest million USD. Commitments are taken from Cooperation Frameworks, with 2013 commitments pro-rated. Disbursement figures are from G8 members and may differ from those listed in Country Reports due to exchange rate differences, reporting on commitments, rather than disbursements or varying report periods used. USD conversion has been done at exchange rates on 8th May 2013 except in the case of the Japanese Yen where OECD DAC 2012 rates have been used.

Cote d'Ivoire made a number of policy commitments with the objective of securing rural land tenure and facilitating access to land for smallholder farmers and private enterprises. A pilot of the Rural Land Act, implemented through programmes to demarcate village land and through the issuance of land tenure certificates, is due to be completed in Cote d'Ivoire by December 2015. Already, a national programme for land rights is being implemented; a pilot programme is being signed with the EU. The Government of Cote d'Ivoire has also acted on their commitment to increase access to land for women and youth from rural areas by ensuring development programmes are targeted to reach at least 15% rural women and 40% youth.

- At this stage, it is not possible to comment on how these funds have been allocated or to assess their contribution to leveraging private sector investment. Not all progress reports provided detailed information on how development partner funding was aligned with the Country Investment Plan (see Annex 3 for more details). Future reporting will assess more closely if and how development partner funding is aligned with Country Investment Plans.

- Despite clear progress on disbursement and a commitment to align funding with Country Investment Plans, development partner funding could be prioritised more strategically in the future to support governments to address key gaps or bottlenecks that constrain responsible private sector investment and growth.

Responsible investment

- Promoting responsible investment is a core New Alliance commitment and concern, incorporating not just measures to ensure investments 'do no harm' but also positive action to maximise the positive impact that investments can have on women, smallholder farmers and families' nutritional status.

- One example of this is the commitment in each New Alliance Cooperation Framework to support the implementation of the 'Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests' in the context of National Food Security. Many Cooperation Frameworks include specific policy measures to strengthen land tenure and rights.
- While it is too soon to evaluate the impact of investment commitments made in 2012, early results reported by companies to Grow Africa include:
  - More than $60 million invested in activities that incorporate smallholder farmers into commercial, market-based activities.
  - Approximately 270,000 metric tonnes of commodities sourced within partner countries – the vast majority from smallholders, and the equivalent of around $300 million in sales from these farmers fed into the market system.
  - Almost 800,000 smallholders reached with a mix of training, service provision and market access.

Enabling Actions

- At its launch in 2012, the New Alliance supported a package of Enabling Actions that were 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. These Enabling Actions were 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 actions will be an effective catalyst for accelerated agricultural sector growth and sustained poverty reduction.

The Agriculture Fast Track was launched at the World Economic Forum in Cape Town, South Africa. An initial pipeline of projects was developed through a scoping exercise, and the first two grants are expected to be announced at the launch event. The Fund currently has $27m in commitments from the USG, Sweden and the AfDB, and additional donors, including Denmark and Norway, have expressed an interest in participating.

- In 2013, the United States has continued to lead on these commitments and substantial work has been done to bring several prioritised activities to fruition, focused initially on New Alliance partner countries (See Annex 4 for details). The Enabling Actions moving forward in 2013 include:
  - Launching an Agriculture Fast Track Fund that supports the preparation and financing of bankable agricultural infrastructure projects, hosted by the African Development Bank.
  - Setting 10-year targets for yield improvements and the adoption of improved technologies, and launching a Technology Platform with the Consultative Group on International Agricultural Research and the Forum for Agricultural Research in Africa in consultation with the Tropical Agricultural Platform and the Coalition for African Rice Development (CARD).
  - Launching a Scaling Seeds and Other Technologies Partnership, housed and coordinated by the Alliance for a Green Revolution in Africa (AGRA).
  - Convening an international Conference on Open Data for Agriculture in April 2013, hosted by the United States Government and the World Bank, to develop options for the establishment of a global platform to share reliable agricultural and related information specifically of relevance to African countries, farmers, researchers and policymakers.
  - Launching the Platform for Agriculture Risk Management (PARM) as a facilitative entity, drawing from the collective expertise of its contributing entities, connecting demands in low-income countries and lower middle-income countries.

- Completing National Agricultural Risk Assessments in three New Alliance countries, conducted by the World Bank in close partnership with New Alliance countries.
- Supporting the Scaling Up Nutrition (SUN) movement, and committing to a process to improve tracking and disbursements for nutrition across sectors and ensuring the coordination of nutrition activities across sectors.
- The Global Agriculture and Food Security Program (GAFSP) had raised an additional $375 million at the end of 2012, as part of the Public Sector Window's $1.2 billion recapitalization campaign.

Expansion

- Sustained progress towards the New Alliance goal of lifting 50 million people out of poverty by 2022 relies on more countries joining the New Alliance and working in partnership to unlock private sector investment and growth. Four new potential partners expressed an interest in joining the New Alliance in 2013: Benin, Malawi, Nigeria and Senegal. All of these have shown a commitment to and have made progress under the CAADP framework. They have all demonstrated a commitment to, and readiness for, a policy reform process to promote responsible private sector investment in agriculture; and all four have the necessary backing of development partners.
- Nigeria, Malawi and Benin have been developing new Cooperation Frameworks as a joint effort between government leads, development partners, private sector and civil society. These will be formally launched at a New Alliance event on 8 June 2013. It is anticipated that Senegal will finalise their Cooperation Framework later in 2013.

5. Annexes

Annexes to follow. For more information on the New Alliance, visit: http://bit.ly/New-Alliance

Department
for International
Development

This report has been produced by the Department for International Development (DFID) with the support of the other two convening co-chairs of the Leadership Council, the African Union Commission and the World Economic Forum. It draws on country reports produced by the governments of Burkina Faso, Cote d'Ivoire, Ethiopian, Ghana, Mozambique and Tanzania and a Grow Africa review of private sector investment commitments. The full report and its annexes are available to view at: www.gov.uk/government/news/new-alliance

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