WHAT ROLE SHOULD THE PRIVATE SECTOR PLAY IN AGRICULTURAL AND FOOD POLICY IN AFRICA?

Big players in the private sector (multinationals and philanthropic foundations) are playing more and more of a role in food and nutrition security in Africa. With economic clout and support from public authorities, these players are helping define public policies and influencing governance structures and development models. They are renowned for their capacity to invest and transform agriculture in Africa, but their influence over agricultural and food governance raises questions. The debate is particularly heated. Why is the private sector becoming more involved in agricultural and food governance in Africa? And in what ways? What debates have emerged?

Note: This brief is based on the document "Le rôle croissant du secteur privé dans les politiques agricoles et alimentaires en Afrique" (in French) by Inter-réseaux, Bureau Issala and SOS Faim Belgique: http://www.inter-reseaux.org/IMG/pdf/ir-issala-sos_note_secteur_prive_mars19.pdf. It presents the major issues surrounding the role played by the private sector and the debates that it has sparked. It is just one milestone in Inter-réseaux's work on this topic. Your feedback will help us take things further. Feel free to send us a message, share your opinion or provide additional information by writing to us at inter-reseaux@inter-reseaux.org.

I- How did the private sector become so involved in efforts to prevent hunger?

A. Food security is a top priority at international and regional level

Food crisis of 2007-08. In the wake of the global food crisis, a number of initiatives were launched to improve food and nutrition security (Figure 1). Africa was particularly targeted by those initiatives for a number of factors, such as the continent’s high levels of food insecurity and population growth. There is a big gap between the ambition of public authorities to overcome those obstacles and their actual institutional, human and financial capacities to do so—and this has opened the door to assistance from private players, who played an important role in post-2008 food-security initiatives. Lastly, Africa’s agricultural resources (land, water, workforce, etc.) are believed to be underexploited and are seen as a crucial element when it comes to ensuring global food security over the long term [1].

Reviving agricultural production. During the 2007-08 crisis, African countries that imported more basic foodstuffs than they exported, faced shortages because it was impossible to stock up on international markets. "Hunger riots" erupted in response to skyrocketing prices, posing serious risks for those in power. After having long neglected the agricultural sector, most African governments responded with policies to revive production, based on rapid growth in agricultural productivity [1]. Thanks to its investment capacity, the international private sector appeared to be a key player in terms of boosting agricultural production.

Defining the "private sector"

The term "private sector" covers a wide range of entities "from farmer organisations, cooperatives and SMEs, to the largest international corporations" (FAO). The use of such a broad term may lead one to believe that the private sector covers a uniform field of players. In reality, those players sometimes have opposing interests and different impacts, and therefore cannot be involved in development in the exact same way. The use of the term "private sector" accounts for the ambiguity when it comes to calling on the "private sector" to support development, and supporting the development of the "private sector". But when it comes to the governance of food and nutrition security at international level, the term "private sector" most often refers to multinationals and the philanthropic foundations that are associated with them.
B. Public authorities reach out to the "private sector"

Insufficient public funding. Although several African governments and their partners pledged financial support in response to the 2007-08 crisis, they are struggling to mobilise the necessary funds. In 2003, African governments met in Maputo and agreed to allocate over 10% of their budgetary resources to agriculture. By 2013, fewer than 10 countries had achieved that objective [2]. In 2014, African heads of state gathered in Malabo and acknowledged the difficulties they were having complying with their 2003 objective. They therefore made a commitment to “encourage private investment in agriculture, agribusiness and the agro-industries”. The Sustainable Development Goals (SDG) adopted in 2015 revealed a similar gap between the investment needed and difficulties mobilising funds. When it comes to achieving the SDGs, Africa has an investment gap estimated at between 200 billion and 1.200 billion dollars a year [3]. The international community is therefore looking for more ways to mobilise private funds for development.

Transforming agricultural systems in Africa. Most national decision-makers clearly believe that family farming will not be able to ensure the continent’s food security. International companies, on the other hand, are allegedly capable of mobilising the know-how, technologies and production factors needed to boost farming productivity in Africa. Stimulus plans are opening the door for new players to get involved (entrepreneurs, businessmen, politicians, international investors, etc.), who are expected to help revolutionise farming. Those “new players” have capital and advantageous land deals, particularly in areas that have been newly developed for irrigation. Other players (farmers' organisations, NGOs, some researchers), however, say that the only way to achieve food-security goals is by promoting and securing family farms, which are the biggest food producers on the continent and the biggest investors in agriculture. They also point out that family farming provides a lot more jobs than capitalist systems. For international institutions and donor countries, the desire to support small-scale producers often coexists with the promotion of investment from multinationals [1].

Public aid: a lever for private funding. If the private sector is now seen as a key player in promoting development, it is owing in part to the limits of public development aid. The Third International Conference on Financing for Development, held in July 2015, considered that it was time for a big change in the approach to public development aid in order to meet future funding needs. Previously used to fund public goods and services, public development aid should instead seek to have a “catalytic” or “leverage” effect on private funding in order to mobilise savings and financial assets worldwide. In concrete terms, that means setting up instruments to fund development that are more and more complex and hybrid, thus blurring the traditional distinction between public aid and private funding (guarantee funds that use public resources to secure loans from financial institutions, funds combining public and private investors, etc.) [4].
C. Companies claim that they are the solution

Is Africa the new El Dorado? Agrifood companies have tended to remain outside the African market, which they saw as being too risky and offering little in the way of opportunities. But over the past few years, many multinationals in the seed, fertilizer, equipment, processing and food-distribution sectors have begun investing in Africa. For example, Danone generated turnover of 15 billion euros in Africa in 2015 and has invested massively on the continent, acquiring Fan Milk (leader in drinks and frozen dairy products in West Africa) and buying a stake in the Kenyan company Brookside Dairy.

A promising market. That change in sentiment can be explained by several factors. Economic-growth rates have been high in many countries since the early 2000s. Population growth, urbanisation and the emergence of a middle class offer important market opportunities for agro-industries. Plus, potential productivity gains for African farming are huge, owing to the available natural resources and production factors (unused arable land, potential for irrigation, abundant labour force, etc.). Lastly, supply has been stagnating in Western and Asian countries as yields level off and cultivated land becomes saturated, and as a result of the proliferation of environmental standards and the development of environmentally friendly production alternatives. Africa now offers two major advantages: the ability to produce goods with fewer constraints from social and environmental standards, and fast-growing demand [1].

Inset 2: A closer look at private investment

Though multinationals say that they want to become more engaged in Africa, several studies have shown that there is a gap between what those companies announce and what they actually invest. In Tanzania, foreign investment in land is said to be less than what is stated in international reports, because of the high number of projects that fail during the negotiation stage [6]. Likewise, the New Alliance for Food Security and Nutrition’s objective to promote private investment in the agricultural sector has not been achieved in Senegal. The participation of private partners in this initiative even seems to be declining (see opposite). But aside from the above reservations, it is difficult to quantify how much international companies are investing in Africa. There is little data, and several reports highlight the lack of transparency in terms of how much private players actually invest [7, 8].

II- What influence does the private sector have on public policies?

A. Philanthropic foundations play an important role

An important source of funding. Between 2013 and 2015, philanthropic foundations gave 1.9 billion dollars for agricultural development, with roughly 70% going to Africa. As in the health sector, the Gates Foundation invests far more than any other foundation in the agricultural sector. Foundations are particularly committed to supporting agricultural research, with total contributions reaching 7.7 billion dollars between 2013 and 2015 [9]. Research funded by private foundations that are associated with companies—whether Gates, Syngenta or the African Agricultural Technology Foundation—focuses primarily on farming inputs, particularly seeds (hybrids and GMOs) [10]. Support from those foundations is all the more important given that agricultural research receives little public funding in Africa.

Companies serving the common good? When international companies say they want to help "modernise farming in Africa" and "prevent hunger", it is also a good way for them to improve their image. Since the 1990s, they have been integrating more and more social and environmental issues into their activities by developing corporate social responsibility policies. Integration of those issues, however, differs depending on the company: some are more focused on launching a communication strategy (not always fully in tune with reality), while others are truly dedicated to working with local supply chains and farms. On the whole, companies are no longer using philanthropy as a way to simply offset or correct their negative impact; instead, they are looking to position themselves as players who promote development directly through their business [5]. They say, for instance, that fertilizers help limit the expansion of cultivated land and deforestation, and that certified seeds help reduce the use of certain chemical fertilizers. Yara, the leader in nitrogen fertilizers, says that its objective is to be the "global leader in sustainable farming in order to promote green growth and sustainable development". In the communications of many multinationals, there is no longer any antagonism between private interests and the management of public goods—on the contrary. That major change has opened the door for them to be included in the creation of public policies.

B. A closer look at agro-industry

With growing demand, agricultural companies have tended to position themselves as players who promote development directly through their business. The agro-industry, through its targeted investments, has now become a major player in the agricultural market. That change has opened the door for them to be included in the creation of public policies.
and development agencies and banks. AGRA is directly involved in defining and revising agricultural policies and regulations in Africa. In Ghana, the AGRA working group on seeds drafted revisions to national seed policy, which were submitted to the Ministry of Food and Agriculture.

B. Multinationals behind policies to promote the "private sector"

"New vision" for agriculture. At the World Economic Forum (WEF) in 2009, 17 multinationals launched a project called The New Vision for Agriculture (NVA), which recommends a market-focused approach to sustainably boost productivity in the agricultural sector. The initiative consists in setting up large public-private partnerships, such as Grow Africa.

Grow Africa supports public-private partnerships. Launched in 2011 by the WEF, the African Union Commission and the New Partnership for Africa’s Development (NEPAD), Grow Africa is a regional platform for partnerships, bringing together more than 200 companies and 12 national governments. It aims to create partnerships between African governments and the private sector through investment commitments from the private sector to support the Comprehensive Africa Agriculture Development Programme and national strategies for agricultural growth. Grow Africa has helped facilitate over 1.5 billion dollars in investments and over 10 billion in investment commitments.

A "New Alliance" between the public and private sectors. Grow Africa also set up the New Alliance for Food Security and Nutrition (NASAN) at the request of the WEF and with support from Yara. This partnership comprises 8 members (except France, which pulled out in February 2018 under pressure from civil society), the governments of ten African countries (mainly from West Africa), national and international companies, international organisations and African farmers’ organisations. Co-chaired by the African Union, the WEF and the United States, NASAN aims to improve food security and nutrition in sub-Saharan Africa by mobilising private capital to develop Africa’s agricultural sector.

Agricultural growth corridors. "Agricultural growth corridors" and "agricultural growth poles" are concepts that have also been promoted by multinationals, such as Yara International (world’s top producer and seller of fertilizers). Those concepts encourage the development of commercial agriculture and rely on massive levels of private investment given by companies in exchange for advantageous land, customs, tax and regulatory deals [5].

C. Multi-stakeholder partnerships: where international firms can exercise influence

Rise in the number of multi-player platforms. Since the 2000s, there has been a rise in the number of platforms uniting governments, regional institutions (such as the West African Economic and Monetary Union (UEMOA) and ECOWAS in West Africa), international institutions, civil society and the private sector around a shared objective. In the case of the New Alliance, the idea is to attract private investment in order to develop the agricultural sector in Africa. In the cases of Scaling Up Nutrition, the Food Fortification Initiative and the Alliance for the Seed Industry in West Africa, the goals are (respectively) to prevent malnutrition, to improve health by fortifying industrial grain-based products and to boost the production, distribution and use of certified seeds. The rise in the number of these theme-based alliances reveals a certain fragmentation in agricultural and food governance. Nevertheless, the interconnectedness of the different players and levels within those alliances ensures the promotion of a shared vision.
Inset 3: What is a multi-stakeholder partnership?

The HLPE defines multi-stakeholder partnerships as "any collaborative arrangement among stakeholders from two or more different spheres of society (public sector, private sector and/or civil society), pooling their resources together, sharing risks and responsibilities in order to solve a common issue, to handle a conflict, to elaborate a shared vision, to realise a common objective, to manage a common resource and/or to ensure the protection, production or delivery of an outcome of collective and/or public interest" (HLPE, 2018) [13]. Certain writers, however, question the extent to which risks and responsibilities are actually shared within those alliances, where "stakeholders" have extremely different interests, responsibilities and abilities.

A handful of international companies. Behind the proliferation of multi-stakeholder partnerships, the same companies can often be found: a few large companies in the agricultural and agrifood sector (Figure 3) [12]. They play an important role in setting up the platforms. Yara, for instance, teamed up with AGRA to launch the African Green Revolution Forum (AGRF), which brings together each year leaders from Africa and from around the world as well as representatives from the private sector. The Forum is organised by theme-based working groups, comprising representatives from international organisations, multinationals and foundations. It therefore presents an important opportunity for actors in the private sector to exercise influence. In 2016, Yara and the African Fertilizer and Agribusiness Partnership chaired the working group on inputs, which the company Syngenta (producer of seeds and plant-protection products) and the Moroccan group OCP (producer and exporter of phosphate fertilizers) also participated in.

Structuring different levels of intervention. The presence of multi-stakeholder partnerships at different scales (international, continental, regional, national) ensures consistency at all levels when it comes to deciding policy and investing, and allows international companies to have influence all the way up to national level. The Seed Alliance is a good example. Seed companies are involved in defining international standards (Union for the Protection of New Varieties of Plants (UPOV) 1991; International Treaty on Plant Genetic Resources for Food and Agriculture; codex alimentarius). They have a connection with the continental level through the Agency of the African Union in charge of the implementation of the Seed Programme (AfricaSeeds). They support and participate in the Alliance for the Seed Industry in West Africa (ASlWA), which aims to "build a sustainable, inclusive and effective platform for doing advocacy work and getting involved in key national and regional issues relating to the development of the seed sector in order to boost the production, distribution and use of certified seeds in West Africa" (to learn more about the platform, visit: https://bit.ly/2UzM4OP). Lastly, the companies and foundations that are more or less directly linked to them are involved in regional regulatory reforms. That is the case, for example, with the definition and implementation of ECOWAS’s regional seed regulations, through the West African Seed Programme, supported by the West and Central African Council for Agricultural Research and Development and funded by USAID [1].

Vectors of influence. Multi-stakeholder partnerships are playing a growing role in producing consensus and policies for food security. It is within the African Green Revolution Forum, for example, that investment plans are created to speed up the green revolution in Africa. According to the press release from Nairobi, the 2016 Forum brought together "more than 1,500 delegates from 40 countries [...] a diverse and influential group of agents of change within the sector from Africa and the rest of the world" and concluded with commitments in terms of policy, strategy and funding of over 30 billion dollars. New Vision for Agriculture, Grow Africa and the New Alliance for Food Security and Nutrition also had an impact on the policies implemented in Africa, such as "growth corridors", and are inspiring other similar trends throughout the rest of the continent. The corridors are mentioned as one of the pillars of the continent’s industrialisation plan implemented by the African Development Bank and NEPAD. At the sub-regional level too, growth corridors are a key component in strategies for economic integration [1].

Figure 5: Multinationals within multi-stakeholder partnerships

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<tr>
<th>Unilever</th>
<th>Cargill</th>
<th>Syngenta</th>
<th>Yara</th>
<th>Monsanto</th>
<th>Bayer</th>
<th>PepsiCo</th>
<th>Coca-Cola</th>
<th>Nestlé</th>
<th>Dupont</th>
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Adapted from Aubert (2018) [12]. For more information, and to see the data online, visit: https://bit.ly/2Gz7RTE
III- Inclusion of the private sector in defining and implementing policies: controversies and debates

A. Lack of debate on the agricultural-development model

Spreading a common vision. Many initiatives involving the private sector that were launched after the 2007–08 crisis share a common vision of how to develop agriculture and combat hunger in Africa. That vision is based on a “green-revolution” model that involves intensifying production through mechanisation, artificialisation production processes and performing varietal research that focuses solely on yield. It also makes use of public-private partnerships and seeks to create an environment that encourages private investment. The model predates the 2007–08 crisis, which has probably done more to accelerate and reinforce certain trends than to introduce disruptions. As early as 2004, Kofi Annan, then secretary-general of the United Nations, called for a “green revolution in Africa”[1].

A technical approach to preventing hunger. The various platforms and alliances divide food-security and nutritional issues into segments, defining technical objectives (boosting private investment, increasing the use of certified seeds, developing food fortification, etc.) without discussing the policy issues that underly those technical options. There is therefore little or no public debate as to which agricultural-development models should be promoted. New issues—such as adapting to climate change—are taken into consideration in these initiatives, but there is no fundamental questioning of the paths leading to agricultural transformation and modernisation.

Debate about development models is necessary. While most initiatives launched since the 2000s aim to give a big boost to production in Africa, there are many hurdles to overcome. For many, agricultural transformation needs to boost agricultural production while also supplying healthy and nutritious foods to a fast-growing population, sustainably preserving natural resources and offering jobs and a decent income to the tens of millions of young people entering the job market each year—and it needs to do all of that despite rising tensions over access to natural resources and climate change. What can be done to open public debate about these issues and the underlying development options, and to create the conditions for more democratic debate and decision-making?

B. Inclusive governance?

Which private sector? The development of multi-stakeholder partnerships should help expand participation in public policy to include a greater diversity of actors. But today, the private sector is almost exclusively represented by huge multinationals in international and continental policy initiatives. Agrifood supply chains are forming throughout the continent, and national and regional private companies that specialise in inputs, processing and distribution could, and should, be represented within those groups. Although those initiatives often emphasise the role that local companies play in a country’s economic growth, the presence of national companies in multi-stakeholder partnerships is relatively limited, as can be seen in the 2012-13 commitments for NASAN (Figure 4).

An unbalanced balance of power. Beyond representation, certain observers question the ability of the different types of actors to participate in multi-stakeholder partnerships. In platforms such as Scaling Up Nutrition and Global Alliance for Improved Nutrition, different types of participants are often grouped together in the same space without distinguishing roles, responsibilities or interests, and without worrying about imbalances in power [14]. Those groups, however, bring together actors with very different levels of influence. While they can lead to better mutual understanding, some observers believe that they run the risk of reproducing existing power imbalances and giving more power to the most influential actors. Many reports therefore recommend acknowledging the unequal balance of power and offering solutions. Faced with companies that are particularly well-equipped to have their voices heard, most observers agree on the need to improve the ability of farmers’ organisations and African civil society to band together and engage in advocacy work [13,15]. Some NGO groups, however, believe that the private sector should be allowed to participate only in multi-stakeholder partnerships that implement policies that have already been decided, and not in platforms that are directly involved in defining policy [15].

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Figure 6: Origin of companies in NASAN

Commitments for 2012–14

| Africa | 119 projects supported by multinationals, foreign-owned companies or subsidiaries of international companies |
| 94 projects supported by companies founded in Africa |

Ivory Coast

- 8 projects

Benin

- 2 projects

Adapted from ACF, Oxfam, CCFD-Terre-solidaire, 2014 [8]
**Inversed subsidiarity?** Paradoxically, while everyone agrees that participation and inclusive dialogue are important when it comes to defining policies, agricultural and food governance is moving towards a more top-down structure. Having alliances at different levels allows concepts promoted mainly by multinationals ("growth corridors", "agricultural growth poles", "public-private partnerships", etc.) to spread to regional and national level. Those concepts are not generally based on national consensus with agricultural organisations, civil society, or even the national private sector. We are therefore observing a form of alignment that is opposite to the principles of subsidiarity and national or regional leadership: norms are established at international level and subsequently applied to other levels [1]. This process raises questions as to how to combine the top-down trend with current bottom-up systems. While management of global public goods (biodiversity, climate change, food systems) is now more than ever revealing global interdependencies, debate cannot belong to the sphere of international players only. How can global interdependencies be reconciled with democratic management of local decision-making?

**C. Does family farming face unfair competition?**

**Tax competition...** Some African governments are changing their laws to encourage private investment. Burkina Faso, for instance, adopted a law creating an agro-forestry-pastoral, fish and animal investment code that should help improve the business climate in the agricultural sector by granting tax and customs advantages to private investors. Such legislative changes are being offered in exchange for private investment, and they are encouraged by the World Bank through the Doing Business index (created in 2002) and Enabling Business of Agriculture index (created in 2013). Those indices rank countries by the regulatory frameworks applicable to companies and the transaction costs for investors. Countries rank higher if they reduce tax costs as well as the time and content of procedures for importing chemical fertilizers, selling industrial seeds and exporting agricultural products. The indices also offer an agenda of reforms to improve the agricultural business environment. They are therefore incentivising African governments to compete with one another to improve the "business climate" by relaxing the regulatory and tax framework for agriculture.

**...is weakening governments.** Several questions have been raised as to the relevance of these incentives. First, there is a contradiction between the need of governments to sharply reduce taxes on agriculture and agrifood business on the one hand, and the need to increase budgetary resources and allocate those resources to the agricultural sector on the other. With agriculture being considered as the main source of economic growth for many African countries, is it possible to reduce taxes in the agricultural sector without further weakening the government and its ability to exercise its sovereign functions? How then can the necessary funding be provided for sector policies and social protection, given that greater taxation of household income is a delicate issue?

**Unfair competition in family farming?** The second question addresses the risk of unfair competition between economic players and private investors who benefit from tax measures, and producers (particularly family farms) who don’t. When governments address issues relating to small producers, it has less to do with equality and more to do with creating the right conditions for completing investment projects. The constant efforts of governments to attract private investors raise questions about the role of those governments as regulators and defenders of the general interest.

**Is regional integration at risk?** Lastly, there is a third question concerning the risk of regional disintegration. Indeed, the race is on to find the best tax and regulatory conditions among countries in the same area, as regional integration institutions work to promote harmonisation of national policies.

**Regulation is needed.** As decision-making shifts to platforms and alliances comprising actors with very different interests and influence capacities, the role of public authorities as regulators and defenders of the general interest is more important than ever. Private actors are a valuable financial resource. But their rationale—despite the ideal of conciliation between shared goods and private interests promoted by some—differs from that of a community or country, whose main objective should be to ensure the social and economic well-being of its people. The problem is that there is sometimes a big gap between the technical, human and financial capacities of giants in the agro-industry, and those of governments and public institutions. How can public institutions subject to such conditions fulfil their role as regulators? How can we ensure that there are checks and balances and guarantee transparency when it comes to the joint drafting of policies and regulations?

**Conclusion**

The growing involvement of major players from the private sector in agricultural and food governance in Africa is raising fundamental questions when it comes to choosing agricultural-development and governance models. While the desire for more inclusive governance is legitimate, the risk is having governance monopolised by a handful of players to the detriment of others in the private sector and civil society. Faced with the economic strength and influence of large international companies and the foundations that are associated with them, it seems essential to set up tools for monitoring and regulating their influence in order to create the right conditions for more democratic debate and decision-making.
REFERENCES


For more reading material on this topic, be sure to read the Bulletin de Veille newsletter no. 343: Le secteur privé : Implication dans la gouvernance alimentaire et nutritionnelle (in French) http://www.inter-reseaux.org/IMG/pdf/bdv_343_secteur_prive_1.pdf

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