THE NEW ALLIANCE FOR FOOD SECURITY AND NUTRITION IN AFRICA: IS THE INITIATIVE BY THE G8 COUNTRIES SUITABLE FOR COMBATING POVERTY?

German NGO Forum on Environment and Development

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The New Alliance for Food Security and Nutrition (G8NA) was launched at the G8 Summit in Camp David at the initiative of the US government. Its declared goal is to bring 50 million people in Sub-Saharan Africa out of poverty by 2022. This is to be achieved with the aid of more private investment in agriculture. The G8NA group comprises the G8 governments, the private sector and African governments. So far, Country Cooperation Frameworks have been agreed with six African countries: Ethiopia, Burkina Faso, Côte d'Ivoire, Ghana, Mozambique and Tanzania. Benin, Nigeria and Malawi will join the initiative this year and first steps to develop a Cooperation Framework with Senegal have been initiated. The contents of the partnership agreements show that the predominant aim is to create conditions in African countries that are conducive to investment and to promote private-sector investment. No poverty alleviation criteria or indicators are included. Smallholders, who are supposed to benefit from the initiative, have so far not been involved in the development of the initiative. It has to be feared that the initiative is intended more to open up African markets to the purchase of agricultural commodities, access to land and the distribution of commercial seed, fertiliser and pesticides. Forum Environment & Development therefore proposes that the initiative either be radically reformed or stopped altogether.

A better form of governance?

The G8NA is part of a mosaic in a rapidly changing agricultural policy. Companies and, above all, transnational corporations are increasingly coming into the limelight of policy design. This is demonstrated by a whole series of new initiatives, partnerships and programmes over the last few years. Examples include the Alliance for a Green Revolution in Africa (AGRA) of the Bill and Melinda Gates/Rockefeller Foundation, the growth corridors in Mozambique or Tanzania or the Grow Africa partnership. The latter, an initiative by the World Economic Forum with the African Union (AU) and the New Partnership for African Development (NEPAD), is directly involved in the G8NA.

The G8NA purports to be an initiative by governments, enterprises and civil society. So far, it has not done justice to this claim. Smallholder associations and other organisations in civil society are hardly involved. African farmers' organisations and civil society have come out in public against the G8NA on several occasions.[1] Here, the G8NA falls way behind the integration of smallholders concerned as well as other civil society actors in the context of the Committee on World Food Security (CFS).

Moreover, the participation of society and the mutual accountability of the G8NA partners are complicated by a lack of transparency. The G8NA lacks its own representation on the Internet as well as a secretariat to provide focal reports on the implementation of its plans. At the moment, detailed information is only available via "Grow Africa"[2] or the website of the US government's Feed the Future[3] initiative. The latest meeting of the G8NA Leadership Council resolved to establish accountability mechanisms at country level involving local civil society. It is as yet unclear when this will be implemented in practice. For the time being, the structures of the Alliance remain confusing.

Agribusiness is dominating the New Alliance

So far, companies and financial service providers have drawn up 80 declarations of intent in which they describe what investments they seek to make in the context of the G8NA over the next few years. As yet, they comprise an investment volume of five billion US$. A major share of the investors come from Europe and North America. In five of the six African target countries, more multinational corporations than national companies are involved – Côte d'Ivoire is the only exception.

The list of companies reads like a "Who is Who" in international agribusiness. The world's largest grain merchants, Cargill, are represented as are the largest fertiliser manufacturers and merchants, Yara. Then there are well-known names such as Dreyfus, Syngenta, DuPont and Monsanto as well as a number of investors from emerging economies. These include, for example, the Indian corporation United Phosphorous Limited, one of the most important phosphorous fertiliser manufacturers world-wide. Most corporations are not only active in one of the states involved but in up to four countries.

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1 *A number of responses, including e.g. the Concord Statement, are listed among the sources at the end of the Paper.*
2 *More information at http://growafrica.com/.*
3 *More information at www.feedthefuture.gov/.*

A number of African enterprises are part of the G8 initiative, too. However, a closer look reveals that while some of the companies are seated in one of the six African countries, they themselves can be regarded as internationally operating actors of the private sector. Some African enterprises are financed by foreign money sources. For example, Agrica is listed as a Tanzanian company, but it is British-owned and is financed by Finnish and Norwegian investment funds. This company runs the largest commercial rice farm in East Africa, with an area of 5,000 hectares.

Investor-friendly reforms in the African target countries

The reforms listed in the partnership agreements aim for the active promotion of an industrial agriculture model with all the social and environmental problems that it entails. In the main, the reforms relate to four areas:

1. *Reforms addressing the promotion of private-sector investment in the field of agricultural input (seed, fertilisers, pesticides)*
   For example, the Tanzanian government has committed itself to join the Act of the International Convention for the Protection of New Varieties of Plants UPOV 91. Parts of UPOV 91 can be interpreted as stipulating a drastic restriction of the free exchange of seed or reseeding. In the partnership agreement with Burkina Faso, the increase in fertiliser input per hectare is given as an indicator.

2. *Access to land and other natural resources for investors*
   For example, the Ethiopian government has announced changes in the country's legislation to facilitate large-scale selling and leasing of land in order to allow for commercial agriculture in areas under cultivation. In Ghana, there are plans for the establishment of a land data bank for interested investors.

3. *Liberalising international trade*
   Ethiopia is committing itself to not imposing any export quota for agricultural produce.

4. *Provision of services*
   A state agency is to be established in Burkina Faso that will provide standardised, meteorological and natural environment data for agricultural investors.

Which business models are behind the investments and reforms – who benefits from them?

The planned investments are based on the notion that smallholders can be "levered" out of poverty by agribusiness companies and the food industry by becoming integrated in value-added chains. This is supposed to lead to income stability, improved productivity in cultivation, access to services and to the creation of jobs. However, so-called inclusive business models have only a very limited range. A survey by the International Institute for Environment and Development (IIED) arrives at the result that an estimated two to ten percent of smallholders world-wide can be integrated in such chains, whereas another survey estimates a maximum of 25 percent. The overwhelming majority of producers lack sufficient market proximity, volumes required to be produced and assets and technical training to be able to fulfil the extremely high demands on the management of production, accounting, hygiene measures and investments.

Contract farming

Contract farming is a central element in integrating smallholders in value-added chains dominated by corporations. Indeed, contract faming can be a form offering smallholdings price and sales guarantees and reducing price fluctuations. However, the development potentials of contract farming cannot be assessed. For example, there are several reports of problems such as running into debt owing to excessively hard credit terms, worsening of the food security situation through the growing of monocultures and the abandonment of mixed cropping. Furthermore, in the context of liberalised land markets, the widespread adoption of contract farming can considerably accelerate the concentration of ownership of landed property.

Investing in land

Around ten percent of the corporate projects in the context of the G8NA aim directly at access to land. There are many reports on the disastrous effects of large-scale investment in land on the local population, who lose their customary tenure and are marginalised. Some of the promises made in reforms aim at a simplification of long-term tenure of land or access to land titles for commercial investors.

Many of the investment projects in the context of the G8NA are explicitly based on the growth corridors in countries such as Tanzania and Mozambique. The corridor concept features the creation of entire agribusiness zones at a record pace by simultaneous public investment in infrastructure and private investment in agriculture. A 2012 Tanzanian government report points to considerable problems regarding the SAGCOT growth corridor, where intensive agriculture is planned in an area of 250,000 hectares. The report arrives at the result that corruption is widespread and that the land is largely being used informally. Therefore, it concludes, there is a high probability of conflicts over land (Econexus 2012). Furthermore, in the context of the G8NA, Tanzania has promised a complete demarcation of the SACGOT region by mid 2014.

Seed

Behind all reforms called for in the field of seed, there is the attempt to open up the entire African seed market to the major industrial seed corporations. This is to be achieved via the harmonisation of African seed legislations in the sense of UPOV 91. The G8NA is supporting this policy approach with its partnership agreements and is starting to implement this in individual countries. Thus a new dependence of producers is being created. They will now have to buy new seed each year or pay reseeding fees to corporations. Just how this business approach is to become a success given the reality of African agriculture remains completely unclear. Almost 80 percent of the breeding or reproduction of seed is performed by the producers themselves, and the free exchange of seed plays a vital role for them. Furthermore, negative impacts on biodiversity and the wide range of informal African seed varieties are to be feared because under UPOV 91, these would no longer have access to the markets.

Fertiliser

One key element of the G8NA is the plan put forward by the Norwegian fertiliser giant Yara to establish a 1.5 to 2 billion US$ fertiliser plant in connection with regional fertiliser sales points in one of the African countries involved. However, Yara's making a profit by no means has to imply benefits for farmers. Synthetic nitrogen fertiliser can accelerate soil acidification and reduce humus content in the long run. Furthermore, the cost-benefit ratio of nitrogen input to harvest yields has dropped considerably over the last few years.

It is above all the degraded African soils that urgently require soil improvement, which is difficult to achieve without agro-ecological measures. At the same time however, these measures require a relatively small amount of external inputs, which makes them easier to implement for the marginalised small-scale producers. But such approaches are of no significance to the G8NA. Instead, the focus here is on a business model that is strongly oriented on the interests of the fertiliser corporations.

What is the yardstick for the success of the G8NA?

The indicators established in the cooperation frameworks for an assessment of the further development of the G8 initiative and its possible success are of particular interest. Three indicators are referred to again and again – the World Bank's Doing Business Index, the percentage increase in private investment in the commercial production and sale of improved seed and the rise in private investment in the agricultural sector.

The World Bank's Doing Business Index mainly assesses the investment climate for foreign investors, in particular the tax burden for companies, regulations governing international trade and the protection of intellectual property. In addition, a special Doing Business in Agriculture Index is to be developed over the next few years.

With its choice of selection criteria, the G8NA has declared its political bankruptcy. The emphasis is not on reducing the number of undernourished people, not on increasing income for small-scale producers, not on sustainable production measures and not on improvements in access to land for smallholders. If indicators had been chosen relating to the existing guidelines, such as the FAO Guidelines on the right to food (Voluntary Guidelines on the Progressive Realization of the Right to Adequate Food in the Context of National Food Security), the orientation of the political reforms and investment would have been fundamentally different.

Demands on the G8

The G8NA has to be either radically changed or stopped altogether. In no circumstances must the initiative be extended to further African states in its present form.

It is obvious that greater support for and more investment in the agricultural sectors of the countries in the South are needed more than ever. Aspects that a viable agriculture combating poverty and reducing hunger needs to address include the following.

- The Committee on World Food Security (CFS) is the body that is internationally legitimised to make strategic decisions regarding agricultural issues. It is in particular general principles that are developed for responsible agricultural investment (rai) by the CFS in a participatory process. This process has to be taken into account.

- In future, private-sector investment must not play an institutionalised and privileged role in the development of political regulations.

- Smallholder producers form the backbone of the food system in many African countries. At the same time, they are the largest investors in agriculture. Therefore, they and the issue of meeting their needs have to be at the centre of any programme addressing the combating of hunger and poverty in rural regions. Correspondingly, farmers' organisations need to play a key role in developing initiatives. The measures of the initiatives have to be submitted to a human rights assessment and promote the implementation of the FAO guidelines on the right to food.

- In the global South, women make a very significant contribution to food security. But at the same time, they are often discriminated against and enjoy only marginal access to agricultural extension services, loans or land and other important natural resources. Women and their needs have to be considered more strongly in initiatives and investments.

- In many areas of agriculture, smallholder producers have to be given more support via special programmes. These include, for example, government financing of farmer-family-oriented seed production.

- Agro-ecological cultivation and soil improvement measures with long-term effects, such as those described in the IAASTD report, are always to be preferred to e.g. the promotion of synthetic fertiliser input. In this area, agricultural research needs to be strengthened in particular.

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