

Africa Agri-Food Development Fund

Coiste Forbartha Agraibhia don Aifric



Establishment of an African Agri-Food Development Fund (AADF) to support a partnership between the Irish Agri-Food Sector and the food industry in Africa

1. Context

The Department of Foreign Affairs and Trade/Irish Aid (DFAT/IA) and Department of Agriculture, Food and Marine (DAFM) have worked in close partnership on a number of development issues in recent years. Both Departments have recently developed progressive Strategies which further the partnership and allow for other actors including Irish business. The Agri-Food sector has the potential to contribute to the targets of both Strategies.

The *Africa Strategy*, launched by the Tánaiste in September 2011, sets out a comprehensive framework for Ireland's business, political and development relations with Africa over the coming years. The Strategy recognises that many African countries have benefited from sustained periods of economic growth. This has resulted in a growing middle class and an increased demand for processed food. An Agri-Food sector is now emerging in many African countries.

For DAFM, Africa has been identified within the Department's trade team as a key focus for the expansion of trade in the future. The *Food Harvest 2020* Strategy, launched in July 2010, sets out ambitious targets for the development of the Irish Agri-Food sector in the coming years and is complemented in many respects by the Africa Strategy. As Irish food producers seek new markets, opportunities also arise for investment in development countries. In recent years, a number of Irish Agri-Food companies have invested in joint-ventures in Africa.

The Irish Agri-Food sector involves a successful partnership between the Department of Agriculture, Food and Marine (DAFM), its Agencies, universities, private business and producers. This partnership has involved significant investment in research and development to increase food production in Ireland. Many successful agri-businesses have invested in applied agroprocessing to produce food products for new markets, including those overseas.

In 2010, FAO estimated that 925 million people continue to suffer from hunger. Many of these are in Africa. The fight against hunger is a cornerstone of Ireland's Foreign Policy as outlined in the Hunger Task Force Report. African countries need to increase food production and access food imports at an affordable price. Food price inflation in recent years underlines the need for African countries to increase both food production and processing to meet their own needs.

Many of the skills developed and much of the experience gained in the establishment of the Irish Agri-Food industry could potentially be transferred to assist in the development of the food industry in African countries.

2. Existing Agriculture Support

Department of Foreign Affairs and Trade, through Irish Aid, supports a broad range of interventions in the Agri-Food sector through state and non state partners. These include support for agricultural production, value chains, nutrition, climate change, gender, farmer's organisations, research, extension, as well as macro policy support for the development of national agricultural development plans.

Irish Aid Country Programmes with direct engagement in the Agri-Food sector include Tanzania, Malawi, Ethiopia and Mozambique. In addition, Irish Aid supports research and livelihoods through the United Nations Agencies as well as extensive programmes through civil society organisations.

DAFM manages part of the Government's Overseas Development Budget and allocates this to development programmes managed by UN Food and Agriculture Organisation and UN World Food Programme.

DAFM and DFAT/Irish Aid both support essential food aid through the World Food Programme.

3. Opportunities and challenges in the Agri-Food Sector

The Africa Strategy outlines a more coherent approach to Ireland's relationship with Africa, particularly in the areas of trade and development. For African countries to move "beyond aid" they must increase their own trade and attract investors. The development of business and agri-trade is a priority for many African countries where the majority of the population live in rural areas and are dependent on farm incomes. Many agricultural interventions have relied on increasing primary production of food and cash crops without adequate investment in developing markets, infrastructure and the necessary investment climate for

business. There is broad consensus amongst development partners that increased trade will drive food production in developing countries.

For investors, Africa still poses many difficulties. Many Irish investors perceive Africa as a high risk environment due to a combination of limited human resources, weak services and fragile governance structures.

A new partnership is therefore required between private sector investors, development agencies and the host government. The desirable outcome is investment and trade that is profitable and sustainable beyond the normal cycle of development assistance programmes.

The Irish agri-food sector can play a central role in the development of agriculture in Africa by bringing a much needed business perspective to the sector, supported where possible by investment and mutually beneficial trade. Irish expertise, both public and private, in areas such as animal health, food production, veterinary, food safety, agri-food business is well established and respected internationally and represents a significant learning resource for the agri-food sector in Developing Countries.

4. Establishment of an Africa Agri-Food Development Fund

A new initiative has been launched which will combine the expertise and experience of DAFM and DFAT (Irish Aid) to support initiatives that can directly contribute to the development of agriculture in Africa. The **Africa Agri-Food Development Fund (AADF)** is being established from the existing ODA budget but also seeks a new partnership with the private sector in the Agri-food sector in Ireland.

The AADF will complement the work of the Hunger Task Force.

5. Objective

The Objective of the Africa Agriculture Development Fund is to develop partnerships between the Irish Agri-Food Sector and African countries to support sustainable growth of the local food industry, build markets for local produce and support mutual trade between Ireland and Africa.

6. Principles

The Establishment of the AADF has received Ministerial approval and will be subject to evaluation and audit. All project documents will be in the public domain. The following guiding principles will apply;

- Allocation of Public Funds will follow the OECD DAC guidelines for development expenditure.
- The AADF will commence with a two-year pilot phase (2012-2013).

- Projects will be supported in Irish Aid Programme Countries preferably where there is an active engagement in the agricultural sector.
- Where feasible, projects should link with, and add value to, existing programmes funded by Irish Aid but must bring about additionality and not replace existing funding. This will ensure full participation by the host Government and the local agri-food industry. The Irish Embassy will facilitate monitoring and evaluation.
- While public funding will remain untied, this could complement co-funding with Irish private partners.
- The AADF will have an initial budget of €2 million, co-funded by DAFM and DFAT/Irish Aid.
- The AADF will not be used to support activities including those managed by Non Governmental Organisations which are already supported through various Irish Aid mechanisms.
- The programme will start with a pilot phase that will be independently evaluated upon completion.

The partnership will involve **new and additional resources to the sector**. This may involve a combination of finance and technical assistance. As the partnership develops it is anticipated that the Irish private sector may scope out opportunities for trade and investment which is of mutual benefit to Ireland and the African countries. The initiatives will be based around the key themes of:

- Food Safety
- Animal Health/Veterinary
- Business development
- Production systems
- Training/Mentoring
- Technology transfer
- R & D
- Project Management

7. Management

The Africa Agricultural Development Fund will be managed by a Steering Committee comprised of officials from DAFM and DFAT/Irish Aid. The Steering Committee will be supported by a secretariat based in DAFM and will draw upon appropriate expertise from within both Departments, its Agencies and any external expertise considered necessary when assessing programme proposals.

8. Role for Irish Embassies

The agri-food sectors in the countries selected for participation in the AADF have different characteristics in terms of their current levels of development, use of technology, and their needs. The Irish Embassies in the selected partner countries therefore have a key role to play and at the outset will lead on:

- formulating a brief overview of the local agri-food sectors identifying the key needs which might be addressed by the AADF
- identifying suitable projects and contacts of interest to Irish agri-food participants
- facilitating where possible the commencement of initiatives by Irish participants

9. Next steps:

1. Secretariat and Steering Committee overseeing the Fund are established
 2. The pilot phase (2012-2013) will concentrate on two countries - Tanzania and Kenya.
 3. The Steering Committee will prepare a report for consideration by both Ministers. This will prioritise areas for support in the pilot phase. The proposal will be supported by Terms of Reference outlining the proposed role for the Irish Agri-Food sector.
 4. Partners from the Irish Agri-Food sector will be identified to implement the recommended projects.
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Frequently Asked Questions

Why establish a special fund for the Agri-Food Sector in Africa?

The Africa Agri-Food Development Fund (AADF) merges the objectives of the Government's Africa Strategy and the Food Harvest 2020. If Africa is going to develop "beyond aid", Africa needs to ensure that each country can feed itself. This is in line with the objectives of the government's Hunger Task Force. A fully functioning Agri-Food sector can benefit small producers and provide consumers with safe and nutritious food. By combining the experience and expertise in the Departments of Foreign Affairs & Trade and Agriculture, Food and the Marine, we believe we can look at new ways to support agriculture and food supply in Africa.

What is the €2million for, and who will benefit?

The €2million will be used to part fund the development of the Agri-Food sector in each country with the balance of funding coming from the private sector. Funding will be used to address needs as identified by the Government and private sector in each country. Areas for possible support could include sector studies of constraints to development and the analysis of opportunities for scaling up existing business. Funding could be provided for short term expertise, with a view to bringing relevant (Irish) experience to Africa.

Exchange visits to Ireland to study our own experience from farm gate to consumer could also, for example, be an area that would be considered.

Ultimately, it should be the people of Kenya and Tanzania who benefit from the fund.

What will the role of the private sector be?

The aim of the Fund is to assist in facilitating strong partnerships between the Irish Agri-Food sector and their counterparts in African Countries. The role of the Fund is to facilitate

establishment of these partnerships and provide seed funding for initiatives which would complement the input of Irish private sector participants. The Fund envisages these partnerships being of long-term duration so that public sector funding can withdraw and allow the new found cooperation to prosper. The Fund is intended to be catalytic in nature. It is not intended as a medium or long term financial instrument.

This is primarily a development initiative where Irish expertise, knowledge and technology are transferred to suitable enterprises in Tanzania and Kenya in order to raise local standards in agri-business. The initiatives will be based around a number of key themes such as production systems and business development. Exact priority areas for assistance will become clearer as the Fund engages in detailed analysis of the agri-food sector in both countries.

Is the private sector benefiting from Ireland's ODA budget?

No, there will be no direct public funding of the Irish private sector in the Fund. The private sector will bring new and additional resources to the initiative. These resources could be a combination of financial, technical assistance, capacity building or technology transfer.

These resources can be complemented by the Fund depending on the circumstances

Will the AADF result in Tied Aid?

The AADF involves a partnership with the Agri-Food sector, this is not tied aid. It will not provide funds to Irish business but will work together to address food and hunger challenges in Africa through establishing a sustainable of a local agri-food sector.

What are the interests in the Agri-Food companies in Africa?

Half of the population of Africa will need to buy food on a daily basis in urban areas by 2030. The Agri-food sector can help African countries rise to meet this challenge. If this creates an opportunity for Irish companies to invest in Africa, creating employment and helping the local economy, this can be seen as a win-win situation. This is about investing in prosperity and human well being in Africa.

Why has the programme focused on Kenya and Tanzania?

Ireland has strong relations in both countries with substantial support for development at many levels. The Embassy of Ireland in Dar es Salaam covers both countries and has existing

expertise in agriculture. The pilot phase will build on this expertise to ensure that we avoid mistakes and get maximum impact from investment by the Fund.

How much is the Fund costing?

There is no additional funding required as the €2million for the pilot phase is being met from existing ODA resources from both Departments.

This is a real innovative development between two Departments of Government bringing their complementary experience to bear on Food security and investment in Africa.

Who can apply for funding?

This fund is a partnership fund with the private sector. It will not be used to fund any activities already supported by Government Departments including the Aid programme.

How can the private sector engage with the Fund?

The Steering Group for the Fund will engage in immediate analysis of the agri-food sectors in Kenya and Tanzania and report on priority areas for investment and also on suitable projects. At that point, there will be full engagement with the private sector. In the meantime the private sector is encouraged to think about both what they can offer and what might be suitable projects for their involvement.

The Fund can be contacted at aadf@agriculture.gov.ie.

What are the areas envisaged for investment?

The Steering Committee, comprising officials from both Departments will prepare a report for the Ministers setting out a detailed analysis of the agri-food sector in Kenya and Tanzania and where Irish expertise would be of most benefit. Irish agri-food expertise is extremely wide-ranging and examples of where the contribution could be best used include:

- Business development
- Production systems
- Technology Transfer
- R & D
- Project Management

Will similar initiatives be considered with other sectors?

If the pilot phase is successful we will look favourably at extending our support. The process will be evaluated and we can determine if the structure represents real opportunities for further involvement with other government sectors. If we can develop a formulation that meets the needs of development in Africa, we will certainly be positively inclined towards further consideration.

Why did DFAT prepare an Africa Strategy?

Africa is a very fast-growing region. Growth rates are more than 5% per year and this trend is forecast to continue into the future. While it is growing from a low base and the growth is unevenly spread, there is no doubt that Africa has enormous potential in the long-term.

Ireland has been engaged at a Governmental level in Africa now for around 40 years, operating highly successful official aid programmes in a number of countries and also growing our political relationships. There are 11 Irish Embassies in Africa.
