12th CAADP PARTNERSHIP PLATFORM MEETING:

Delegate Brief on Sub-Themes

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Delegate brief on the sub-themes under discussion during the CAADP PP meeting 11th to 12th April 2016

11th-14th April 2016, La Palm Royal Beach Hotel, Accra, Ghana

Contents

THE 12th CAADP Partnership Platform Meeting (11-14 April 2016)
Delegate Brief on sub-themes of the meeting

1. Partnership Platform Meeting

The aim of this meeting is to identify the capacity needs and partnerships required at all levels to implement the Malabo Declaration including its Implementation Strategy and Road Map.

Each sub-theme will be discussed and a number of key activities necessary to improve or strengthen its development will be identified to ensure impact on delivering the Malabo Commitments. The identified activities or actions will be addressed by AUC and NPCA together with the various partners to develop a standard approach in which the identified activity can be addressed by the public or private sector with a focus on the creation of an environment conducive to attract private sector participation.

During the plenary sessions and specifically the breakout sessions, the moderator of the session will ensure that a number of actions and issues raised during the discussion are summarized for inclusion into the communique. The actions and issues raised will serve as a summary of the PP and serve as guidance into the efforts towards accelerating implementation of CAADP through innovative financing and renewed partnership.

1.1 The main theme

The 12th CAADP PP is organised around the theme "Accelerating Implementation of CAADP through Innovative Financing and Renewed Partnership". The theme reflects the urgency being placed on implementation by the African Union and its members. The PP meeting will serve as an important platform to take stock of success, how best this can be replicated and how existing gaps in the continent's capabilities to attain the goals and targets as set in the Malabo Declaration can be filled. The PP meeting will generate a number of key actionable activities that will have to be addressed by AUC and NEPAD Agency.

The meeting has been structured to address seven (7) sub-themes relevant for the acceleration of CAADP implementation through innovative finance. The sub-themes include the following:

Sub-theme 1: Funding the African Agricultural Investment to attain Malabo commitments
Sub-theme 2: Agricultural Finance Landscape and Policy Environment
Sub-theme 3: Inclusive Access to Finance to empower women and Youth
Sub-theme 4: Innovative Delivery of Financial Services
Sub-theme 5: Value Chain Finance
Sub-theme 6: Agriculture and Food Insecurity Risk Management
Sub-theme 7: Renewing Partnership for Accelerated Development

2. Funding the African Agricultural Investment to attain Malabo commitments

Africa has committed to the CAADP process and the declarations of Maputo and Malabo. Most of the development planning continues to follow a developmental or supply led approach. As a result most of the public sector initiatives have not been very successful in attracting private sector investment. The private sector tends to feel left out or crowded out of the development initiatives. The key challenge is how best to implement public sector policies that address the key bottlenecks faced by the private while ensure that we attain inclusive growth and impact.

2.1 Public Sector Lead

The key driver here should be attaining coordination that carries benefits across the public and private sector. The relationship has to be symbiotic for both the public and private sector. Ensuring that the ministry of finance and the central bank work together with other relevant ministries to create a policy environment attractive enough for the private sector to invest in what could be best described as the heavy lifting to improve financial inclusion. In such an approach the public investment builds the policy environment (the public good) which is able to leverage the investment of the various private sectors institutions that value the opportunity as attractive.

2.2 Attracting Private Sector Investment

The investment required to attain the Malabo commitments is massive and none of the African countries can attain it through the public sector working in insolation. The challenge is how the African governments can leverage the investments the governments are making to attract private sector investments and how can these be improved to increase the multiplier effect of public investment on private sector investment.

If acceptable, then the identification of bottlenecks of a public nature (public good) that limit private sector investments and operations becomes a priority.

2.3 Measurement of success

This will ultimately be the value of private sector investments made against public sector investment or the ability of Public sector funds to leverage private sector funds. There are great examples of public sector funds used to leverage private sector funds, the Nigeria Central Bank using US$ 500 million to leverage US$ 3 billion worth for debt funding from the private sector financial institutions (Using 1 US Dollar to attract 6 US 6 Dollars).

The other measure of success could include the ability to keep replicating this approach within the economy and multiply the effects.

3. Agricultural Finance Landscape and Policy Environment

Agriculture contributes more than 20% to GDP and accounts for about 70% of employment in Sub-Saharan Africa. Apart from food security issues, it is key to unlocking the economic potential of the continent. As world population increases, the major challenge that the world faces from 2050 due to projected human population of 9.6 billion is how to meet the food requirements of its citizens. Most countries have run out of arable lands with the exception of Africa where agricultural land is underutilized.

3.1 Imperatives for smallholder finance in agriculture

Investment in improving smallholder agriculture could be the best way to generate and expand employment opportunities and create wealth at the grassroots level, generating demand for goods and services that create a broader base of jobs and incomes in rural areas. Smallholders farms offer generally best return on investment (compared to large scale farms according to the decreasing marginal return).

3.2 Africa’s Private agricultural financing systems

Private financial systems in most African countries are still underdeveloped relative to other regions, with only 24% of the adult population having bank accounts at formal financial institutions, which is half the global average. Banks and other deposit-taking institutions, such as cooperatives, dominate financial systems in most Africa countries, with regulated Microfinance Institutions (MFIs) increasingly playing an important role in expanding access to financial services to low-income earners.

Supported by rising incomes, urbanization and the innovative use of technology, the financial services industry is expanding. Technological innovation, such as mobile money solutions, is playing a major role in giving Africans access to banking and financial services. Kenya's M-Pesa mobile money transfer service has given more than 70% of the country's adults access to financial services.

3.3 Policy and regulatory Environment for Agricultural Lending

The policy and regulatory environment for agricultural finance in Africa has been somehow uneven. Population increase in Africa will require enhanced food and production systems most of which (in fact over 80%) are produced by smallholder farmers. The ever changing Africa's agricultural environment with digital technology coming, farmers are adopting to innovative technological advancements relating to enhancing productivity such as those electronic vouchers for access to agricultural inputs; as well as access to markets, mechanization and finance-related technologies such as mobile banking.

Countries like Uganda, Kenya, Burkina Faso, and Rwanda have a specific legislation that allow licensed deposit-taking micro finance institutions (MFIs). In these countries, the policies, laws and regulations are explicit on the maximum size for a single loan that an MFI can grant, as a percentage of the borrowers capital. This can best regulate the system but the practice is somewhat different from what the regulations provide. The other key policy is as to whether countries have mandatory deposit insurance system that MFIs must subscribe to. Although most countries have regulations to this effect, MFIs do not subscribe to this deposit insurance system and the enforcements of these are weak.

The emergence of mobile money and agency banking presents key opportunities to reduce costs and risks of smallholder lending. The cheaper alternative delivery channels (e.g. agents, bank on wheels, mobile wallets) and the possibility to track (cash) transactions and behaviour of farmers at a distance, creates opportunities for financial services providers to access new groups of customers such as smallholder farmers. Most countries do have policies and laws that allow e-money and some level of branchless banking services, each country has however chosen different views on how best to facilitate the financial inclusion agenda.

3.4 New Models and Products for Enhancing Agricultural Financing

AGRA has set itself the target to demonstrate to financial services providers that the perceived higher risks and costs of agricultural lending in Africa are not in alignment with the real risks and costs which (can be) are much lower and therefore key to leveraging substantial flows of funds in support of agriculture across the value chain. AGRA develops innovative risk sharing models for financing of Agribusinesses and it promotes the use of digital channels for financial services delivery to smallholder farmers in selected African countries to address the above listed challenges and unleash investments into the agricultural value chains.

The Central Bank of Nigeria made a US$500 million investment in the Nigeria Incentive Based Risk Sharing System for Agriculture Lending (NIRSAL) to leverage US$3 billion in loans from Nigerian financial institutions. In another initiative, the Ghana Ministry of Food and Agriculture (MOFA), the Bank of Ghana (BOG) and AGRA have resolved to design and implement a similar scheme for Ghana dubbed the Ghana Incentive-Based Risk Sharing System for Agricultural Lending (GIRSAL). In Kenya, AGRA is implementing the Program for Rural Outreach of Financial Innovations and Technologies (PROFIT), a $30 million program funded by IFAD and the Government of Kenya modelled along the NIRSAL and GIRSAL. PROFIT is expected to be implemented until 2018 after which it will be scaled up to KIRSAL, the Kenya Incentive-Based Risk Sharing system for Agricultural Lending.

The greatest challenge that remains is how best to use these initiatives to change the agricultural finance landscape and policy environment for greater impact and upscale across Africa.

4. Inclusive Access to Finance to empower women and Youth

In the context of youth employment and its attendant dynamics, especially in Africa, agricultural development along the value chain offers one of the best opportunities to create the best impetus for engaging emerging 'African youth' for inclusive growth in Africa. Given the dynamics of farming systems and agriculture food markets, food consumption both domestically and internationally; agriculture and agribusiness offer new opportunities for job creation and employment generation.

Inclusive financing in agricultural and agribusiness development remain a fundamental factor for increasing productivity, profitability and competitiveness in Africa's economic and rural development agenda. The continent currently holds 60% of the world's uncultivated arable land but continues to import more than $60billion worth of food annually; equivalent to 5% of Sub-Saharan Africa's Gross Domestic Product (GDP) or the combined Gross Domestic Product of Kenya, Uganda and Malawi.

By reducing vulnerability to economic shocks and boosting job creation, financial inclusion can support poverty reduction and inclusive economic growth, and shore up the reliability and stability of national financial systems. Strengthening financial institutions can help mobilize domestic savings and incentivize the domestic financial sector to increase lending to the MSME "missing middle". Providing access for the un-banked to a range of financial services, sustainably and responsibly, and deepening financial intermediation can grow local economies, strengthen the private sector, and create jobs and economic opportunities, especially for women and youth.

4.1 Some challenges for financial Inclusion in Agriculture

Lack of access to finance is one of many challenges preventing youth and participation in agriculture

- lack of innovation in the formal banking industry (no structured products for youth in agriculture)
- lack of youth financial capabilities
- Lack of Resources (especially land), Assets and Social Capital for both youth and women
- Limited or Lack of Knowledge, Information and Adequate Education (Technical and Business Management Skills)
- Limited Policy Processes for Financial Inclusion (the political process)
- Underdeveloped and Exclusion from Agricultural Value Chain (Poor linkages to Input and Output markets)

4.2 Relevancy to agricultural transformation

The Malabo Declaration and the subsequent forward march of the CAADP Process into the new decade have been explicit on the inclusive approach to agriculture development. With specific reference to youth and women in an inclusive approach, Africa is confronted with financing, innovation and the sustainable achievement of these specific goals:

- Establishing and/or strengthen inclusive public-private partnerships for at least five (5) priority agricultural commodity value chains with strong linkages to smallholder agriculture;
- Creating job opportunities for at least 30% of the youth in agricultural value chains;
- Supporting and facilitating preferential entry and participation for women and youth in gainful and attractive agri-business opportunities.

The African Union declared 2015 as the Year of Women's Empowerment and Development towards Africa Agenda 2063 prioritized financial inclusion and women economic empowerment by focusing on the realization of this momentum in the agricultural sector where most of rural African Women work to ensure their daily subsistence and also support the realization of the Malabo 2025 objectives. CAADP is therefore refocusing to improve the economic well-being of women and youth through entrepreneurship, financial inclusion, increased access of women to new technologies, capital, financing, land, markets and integration to previously restricted agricultural value chains.

Enabling gender responsive policies, financing and services and business environments are crucial to stimulate the startup and upgrading of women's businesses and thereby help generate decent and productive work, achieve gender equality, reduce poverty and ensure stronger economies and societies. Ensuring that youth successfully participate in agriculture requires the development of innovative finance models. This can be done if financial services providers (FSPs), non-financial services providers (NFSPs) and government adopt key principles during the design of the products and provide a suitable environment for youth to express themselves

4.3 Public sector contribution to attract private sector

The public sector, led by the government have the responsibility to seek to reduce the risk of lending to youth and women in agriculture essentially by creating opportunities for them to express themselves, and by providing an enabling regulatory environment that permits a secure interaction with Financial Service Providers (SPs) through innovative mechanisms to support these target groups. Creating an enabling environment to enhance women's economic participation and entrepreneurship includes all measures and conditions that aim to remove socio-cultural, legal and political barriers in order to achieve gender equality and the advancement of women in economic life.

Several governments have set up special funds to support youth enterprises as a direct response to high rates of youth unemployment. Examples include the Botswana Youth Fund, the Kenya Youth Enterprise Development Fund, the Namibia Youth Credit Scheme, the Umsobumvu Youth Fund in South Africa (now the National Youth Development Authority), and the Youth Venture Capital Fund in Uganda. These funds normally combine credit at a subsidized rate with training for the beneficiaries. They often include mechanisms to reduce the risk of loan default. For example, Botswana's fund does not pay out loans to the borrowers, but rather, pays directly to the suppliers of assets to the borrowers. In Kenya, the government is committed to source 10% of its procurement needs from youth enterprises in order to reduce these enterprises market risks .

4.4 Sustaining private sector investment

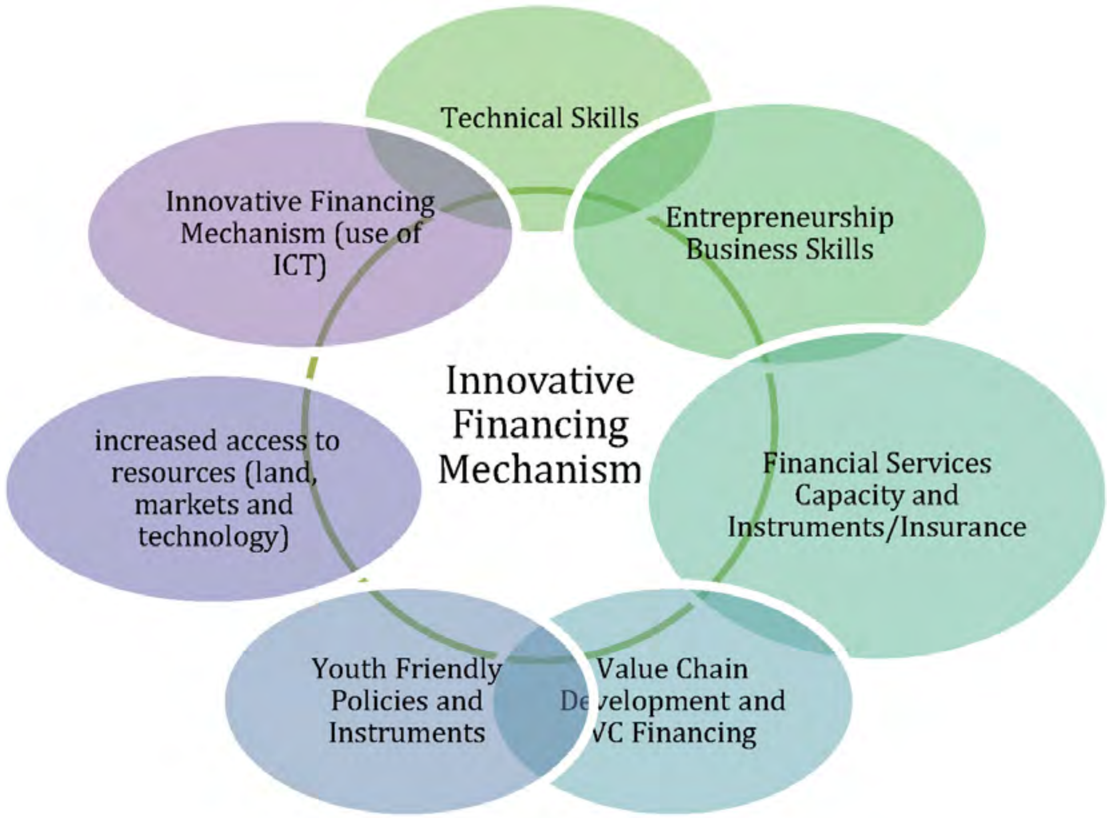
Sustaining private sector inclusive financing also requires a critical volume of public and private investment for secondary and tertiary infrastructure development along specific value chains to help stimulate local economies, and provide expanded access to essential services and opportunities for better jobs. Inclusion in well-organized agricultural value chains addresses many of the prime constraints that youth face when becoming involved in agriculture. Markets must be reasonably secure, inputs provided on credit, the availability of additional funding against the security of future sales, access to technical support, well-established logistics to bring goods to market, etc.

Given that the factors limiting women's entrepreneurship are manifold and intertwined, integrated measures are needed to realize women entrepreneurs' potential. Programmes and services should take into account rural and women-specific needs and recognize that women-led businesses are diverse in nature, operate in various agricultural and non-farm sectors, and follows a range of business models, including micro, small, medium and large enterprises, cooperatives and social enterprises.

There is also the need to establish flexible capital vehicles for local investment which can serve as last-mile investors to de-risk the local investment climate and lay the groundwork for other investors and stakeholders – both public and private - to enter with confidence. Lastly there is the need to accelerate investment in financial inclusion, including through digital pathways, in order to support poverty reduction and women's economic empowerment, and expand employment through small and medium enterprises, especially for young people.

4.5 Measurement of success

Innovative financing especially for youth requires an integrated approach to achieve the measure of success requires. It involves access to resources like land and technology including irrigation facilities, mechanization and modern equipment. However, the need for skills in agriculture is also very critical in the direction of supporting young people not only to access financing but to profitably utilize financing in pre-production, production and post-production phases in a sustainable manner.



Public sector support in special purpose vehicles for financing for youth and women is required. Public policies and political economies should look at frameworks, policies and strategies that are aligned to the national developmental agenda especially the National Agriculture Investment Program (NAIP) of the CAADP Process with public policy on 'youth voice' for all spheres of agriculture development

5. Innovative Delivery of Financial Services

An estimated 80% of the world is fed today by smallholder farmers. Yet these farmers lack access to financial services and are unable to rely solely on their savings to reach production levels that will address extreme poverty issues in which most smallholder farmers are trapped, and help reduce hunger and malnutrition. Some of the reasons why financial institutions do not extend their services to rural areas include high transaction fees to conduct business in highly dispersed populations, lack of collateral, high perceived risks of agricultural loans, weak financial infrastructure, limited financial literacy of clients, etc. Often, many financial institutions have very limited understanding of rural clients and low expertise in delivering financial services to rural areas because of the highly perceived cost of traditional ways of delivering financial services. As a result, these financial institutions become reluctant to provide financial services to the agricultural sector because rural populations are perceived to have limited ability to save and a poor credit culture.

5.1 Relevance to agricultural transformation

Digital financial services (DFS) have the potential to address financial access and payment issues that farmers face today, especially those living in rural and remote areas. Where traditional banking sector has failed to meet the needs of smallholder farmers, digital financial services could reap the benefits of rapidly increasing cell phone usage and branchless banking to deepen financial inclusion, thereby increasing farmers' income while addressing malnutrition. Farmers face a range of bottlenecks in the pursuit of the management of their farms as a business, from acquiring inputs, to accessing financial services, to storing, processing and selling their harvest. The absence of financial institutions in most rural places in Africa deeply affect the ability of farmers to save, access loans and perform regular banking transactions. Although it is too early to draw conclusions on the positive effects of DFS, initial evidence from various parts of the world suggests that digital financial services present a real opportunity to address financial access challenges in agriculture in the following ways:

1. Ability of farmers to access a range of savings products and services for short to long-term investments;
2. Low transaction costs to lend in rural areas will make credit more available to farmers;
3. Cost and risk reduction, improving farmers' liquidity management, enhancing buyers' cash distribution and suppliers' payments;
4. Digitization of payments across the value chain will lower cost to buyers, and eventually increase price transparency;
5. Farmers will have the ability to purchase quality inputs thanks to increased purchasing power resulting from decreased transaction costs;
6. Increased transparency and efficiency in Governments' process of distributing subsidized farm inputs or cash subsidies to farmers;
7. Access to storage facilities with inventory-based credit will improve the ability of farmers to manage post-harvest loss and speculate for higher prices for harvests;
8. Improved access to markets and better control of funds will empower women in decision-making in agriculture;

5.2 Public sector contribution to attract private sector

Public sector contribution to the use of digital financial services in expanding access to finance in the agricultural sector lies mostly in the establishment of an environment that is conducive to the establishment of payment systems that are flexible enough to allow partnerships between mobile network operators and financial institutions, digital payments as an acceptable form of payment and branchless banking. The public sector would also have a role in building the regulatory framework, minimum infrastructure, e-payment switches at the central bank, on which the telephone companies and financial institutions rely to complete the needed transactions. The public sector also has a crucial role to play in the financial education of the population, which would eventually drive technology adaption.

5.3 Sustaining private sector investment

Digital financial services involve private institutions across different industries willing to make the necessary infrastructure investments in telecommunications and financial services. As such, it is important for various actors to understand the benefits of cooperation/partnership without which private institutions across different industries would not have the ability to sustainably increase their button line while reaching out to the rural population with their services.

5.4 Measurement of success

Success will be measured by the increased number of people who have access to formal financial sector, improved livelihoods and ability to transact efficiently along the agricultural value chains, savings made possible per transaction, the number of businesses enabled, new jobs created.

6. Value Chain Finance

The Malabo Declaration on Accelerated Agricultural Growth and Transformation explicitly commits AU member States to:

- Create, enhance appropriate policy and institutional conditions, and support systems to facilitate private investment in agriculture, agribusiness and agro-industries;
- Establish/strengthen public-private partnerships for at least 5 priority agricultural commodity value chains;
- Create job opportunities for at least 30% of the youth in agricultural value chains; and
- Support and facilitate preferential entry and participation for women and youth in agri-business opportunities.

These provisions call for major efforts at developing and scaling up inclusive financing systems that meet the needs of the entire set of interdependent actors of the value chains of the agrifood systems. Yet, traditional financial services that respond well to the demands of some individual categories of actors -- especially those of the high-value and low-risk stages of the value chains -- typically exclude actors of the lower-end and higher-risk stages of the chains. Indeed, some actors (especially smallholder farmers, women and youth) are often not well served by the formal financial sector because of lack of collateral, perceived or actual high repayment risk or cost of outreach. Value chain finance (VCF) has emerged globally and is gradually being experimented in Africa as an innovative, comprehensive and integrated approach to addressing the challenge of granting inclusive access to the necessary financial products and services to all actors for coordinated and effective deployment and performance of agricultural value chains.

6.1 Relevance of Value Chain Finance to Agricultural Transformation

In a way, agricultural transformation is about walking through and up the value chains of the agrifood system, i.e. the sequence of value-adding activities, from inputs to production to consumption, through processing and commercialization. As these segments are inter-linked backward and forward, the whole value chain is only as strong as its weakest link. Hence, agricultural transformation requires strengthening the links among the stages and securing the flow of financial products and services within the value chains.

Value chain finance helps achieve this function. It is a systemic approach to ensuring that financial services, products and support services flow to and/or through, up and down a value chain to address the needs and constraints of the inter-linked stakeholders involved in the chain. In a comprehensive approach, value chain finance looks not only at the direct borrower taken independently, but rather considers the entire value chain, those (producers, traders, processors, etc.) involved in and the linkages among its different segments, in order to best structure and align financing according to the needs of various value chain stakeholders for the specific purpose of getting products to markets. Value chain finance not only helps meet the financial needs of chain actors but is also used as a way to secure sales, procure products, reduce risk and improve efficiency within the chain. It therefore contributes to increasing and expanding financial flows, improving financial inclusion, and enhancing efficiency, competitiveness and sustainability across the value chain.

Value chain finance uses a set of financial instruments in a tailor-made approach to expand and improve financial services to most efficiently meet the needs of those involved in the value chain. In essence, these instruments allow finance products and services to be "plugged in" the value through a high-value and low-risk segment of the value chain and, through contractual linkages, to flow to "less credit worthy" actors across the chain. These instruments include:

- Product financing instruments such as trader credit, input supplier credit, marketing company credit and lead-firm financing;
- Receivables financing instruments, including trade receivables finance, factoring and forfaiting;
- Physical asset collateralization through warehouse receipts, repurchase agreements and financial lease;
- Risk mitigation products such as insurance, forward contracts and futures; and
- Financial enhancements through securitization instruments, loan guarantees and joint-venture finance.

6.2 Public sector contribution to attract private sector

Value chain finance operations are primarily of private-sector domain. However, governments have a critical role to play in setting conducive "rules of the game" and providing the necessary "public goods and services" for private-sector operations to be secure, profitable and transparent. Besides providing for the necessary value chain infrastructure (e.g. road systems, electricity, storage facilities, information systems, etc.), governments need to create the appropriate policy and regulatory frameworks to level the playing field, increase the opportunities and incentives and reduce risks for private sector financing and investment. Government policy and regulations should also aim at financial system governance and stability, customer protection, effective and efficient use of investors' funds, the setting of minimum standards, clarification of the legal position of financial institutions and instruments, and contract enforcement. Legislation may also target support to the development of managed warehouses that enable collateralization of inventory, the certification of agricultural inputs, the registration of agribusinesses, the development of industry standards, and the opening of domestic and international markets. Governments can also utilize funds to assist in reducing risk in financing agriculture and agro-industry, for example, through support to guarantee funds, agricultural insurance or incentives for start-up. They should facilitate and support the organization and capacity development of the weakest segments of value chain actors, especially smallholders. Affirmative-action policy interventions by governments should also help enhance inclusiveness in agricultural value chain finance, especially for women and youth.

6.3 Sustaining Private Sector Investment in Value Chain Finance

The viability of value chain finance depends on how value chain governance, relations and linkages are structured to respond to market opportunities. Sustaining private sector investment through value chain finance requires strong and reliable end-market demand, as well as transparency, trust and strong transaction relationships among value chain players. As value chain finance takes place within a market system and is based on commercial transactions between value chain actors, the viability of value chain finance mechanisms can be limited by low or unreliable end-market demand, mistrust among actors, and unsupportive regulatory and policy environment. Failures in contract enforcement, production and price risks and side-selling can undermine buyer-based finance mechanisms. As a result, sustaining private sector investment through value chain finance requires new and additional capacities for public policy and regulatory bodies, financial institutions as well as private sector actors (farmers, traders, processors, etc.) of the value chains.

6.4 Measurement of success in Value Chain Finance

Success in value chain finance is ultimately measured by its contribution to improving the performance of the concerned value chains. Elements of this assessment can be expressed in terms of increment in:

- Overall volume of financial flows to value chain actors;
- Inclusiveness in categories and numbers of actors accessing financial products and services;
- Production and productivity of activities performed by these actors;
- Competitiveness of the concerned value chains in market penetration and market shares; and
- Self-sustainability of the financial mechanisms and instruments used.

7. Agriculture and Food Insecurity Risk Management

While African rural producers face a high level of risk in their daily activities, they are globally, the less equipped to address those risks. This is a major impediment in achieving the Goal of Agriculture Transformation.

Agriculture and Food Insecurity Risk Management is therefore gaining momentum in the context of implementation of the Malabo Declaration for impact and results. It is cutting across 5 of the Commitments including Enhancing Agriculture Finance, Ending Hunger, Halving Poverty, Boosting Intra-African Trade and Enhancing Resilience. Two major reasons for this: 1/ Africa is the only continent where the Green Revolution has not yet been successful and where food insecurity and malnutrition, poverty and inequality are still major challenges with little progress or none during the past decades. 2/ While the developed world and emerging countries in Asia and Latin America have widely developed agriculture risk management instruments to boost agriculture productivity and growth, these tools are still at an infant stage in most African countries. It is therefore recognized that unlocking the potential of Agriculture in Africa will require a long term and collective effort to design, develop and implement a large range of risk management instruments (most of them being related to financial instruments), while expanding rural infrastructure and providing an enabling environment.

7.1 Relevancy to agricultural transformation

Agriculture and Food Insecurity Risk Management should be considered as an entry point for capacitating rural producers and financial institutions in the agriculture transformation agenda. Through appropriate risk management policies and strategies, risk aversion of relevant stakeholders is reduced, and they are able to make informed and well planned decisions while taking a reasonable and manageable level of risk. It is only under such circumstances that the potential of the agriculture sector can be unlocked, become attractive in particular to the young population, and lead to quality and sustainable investment. By building appropriate tools to manage agriculture and food insecurity risk and providing it to rural producers and processors, we are contributing to strengthening their ability to perform in a market environment. Hence, they will be graduating from low productivity/social protection type of assistance to market instruments and contractual arrangements with higher returns.

7.2 Public sector contribution to attract private sector

It is expected that the public sector provides a range of public goods and services that will provide the appropriate and differentiated incentives to the private sector in its diversity, i.e. including SMEs. Those public goods and services have to be tailored to the needs of the range of agriculture risk management tools to make them effective and efficient.

It is also expected that an appropriate combination of policies and regulations be designed and formulated. These policies and regulations have to be predictable and enforced. Improved information systems may guide both the design of such policies and that of the risk management tools (index based insurance for example).

Inter-institutional coordination is critical for the various measures undertaken to become effective and efficient, provided the multisectoral dimension of agriculture risk management. Those various measures have to be integrated and designed in such a way to avoid conflicting with each other, and rather complement, synergise and stimulate one another.

Public sector contribution has also to evolve over time and adapt to the current situation. The focus may be at the beginning on providing the appropriate tools/incentives for lifting up smallholder farmers towards graduating as business oriented farmers. This entails facilitating and supporting the provision of a set of risk management tools and enabling environment that will create the paradigm and effective shift from subsistence oriented activities to market oriented ones. It also entails incentivising financial institutions and social enterprises to design and provision risk reduction and preparedness measures that allow smallholders to uptake riskier activities by adopting new technologies for exploring new, alternative markets, hence increasing productivity. It also entails supporting financial institutions themselves in addressing and sharing or transferring the risk burden.

Very basic public goods and services to provide and make accessible, are regular agriculture and market as well as food security and early warning information systems. This could guide all stakeholders in building prevention/preparedness measures as well as adaptation strategies. Such information systems are also critical for designing and operationalising most risk management instruments like index insurance and warehouse receipt systems, and are major contributors to well-designed and predictable public policies. These latter uses of information systems constitute an alternative and marketable demand, hence ensuring sustainability of such public services.

While soft infrastructure as described above is an enabler of agriculture risk management tools, public sector has also to provide hard infrastructure like irrigation schemes, storage facilities, roads, energy… in a broader partnership with private sector, NGOs, financial institutions, development partners, CSOs to build effective markets for private sector involvement in product development and distribution.

7.3 Sustaining private sector investment

Private sector investment in agriculture will be sustained through effective provision and adoption of agriculture risk management tools and policy instruments that will reduce the level of risk of rural producers, actors along the value chain and financial institutions. The leitmotiv of private sector being to undertake risky activities for profit, private sector investment will also be sustained through the provision of those specific instruments to an increased market provided through the graduation of smallholder rural producers from social protection/productive safety nets to market instruments. This is the path to agriculture transformation.

7.4 Measurement of success

Success of Agriculture Risk Management is based on the level of integration of agricultural risk management policies and strategies into national development policies and their implementation. This should ideally consist of 5 broad components namely:

- Integration into public budgeting;
- Capacity development in the design of appropriate risk management instruments;
- Integration of Agricultural and Food Insecurity Risk Management instruments into local development plans and projects;
- Adoption of laws and regulations to attract financial/private sector investment into engineering of risk management instruments;
- Accessibility and affordability of the designed instruments to smallholder rural producers.

Once these have been achieved, the measures of success could be dropped down to community and household level to measure access, affordability, utilisation and effectiveness as well as impact on livelihoods and investment in agriculture.

8. Renewing Partnership for Accelerated Development

Attaining the CAADP Malabo goals places emphasis on partnerships for accelerated implementation to bring to bear the enabling capacity (technical-policy –social-political analysis and supporting institutional reforms; etc.) in addition to increased investments and financing to transform African Agriculture. This vision requires a broad range of multidisciplinary, multi- sectoral, multi-level institutions, partnerships and alliances to coalesce, co-create and innovate towards delivery and realisation of the CAADP Vision 2025.

This session aims to discuss how best to attract more private sector engagement, leverage existing and emerge with adapted partnership arrangements for enhanced agricultural policy dialogue, mutual accountability, performance monitoring learning; inclusiveness, collective leadership and coordination at continental, regional and national levels.

8.1 Context of the CAADP PP

The CAADP Partnership Platform (PP) was established to serve as a mechanism for peer review and engagement amongst the core CAADP support institutions and partners. The overall goal of the CAADP PP was to facilitate a mutual review of progress, performance and challenges within CAADP and to enrich dialogue amongst stakeholders on implementation priorities and processes. Over the years the Partnership Platform has provided the much needed leadership to galvanise country level actions and ownership, with added voice and participation of non- state actors particularly farmers and civil society as well as to ratchet up global attention on African Agriculture. Under the leadership of the African Union Commission and NEPAD Agency, the Partnership Platform has also provided the centre stage for critical thinking and learning resulting in noteworthy milestones such as the Sustaining CAADP Momentum Report (2012/13) which led to the emergence of the CAADP Results Framework (2014). It is upon this basis that the 23rd African Union Summit of the African Union Heads of State and Government endorsed the Malabo Declaration on Accelerated African Agriculture and Transformation Agenda (3AGTs) (Malabo, Equatorial Guinea, 2014) as the defining bold and aspirational targets for the next decade of CAADP implementation.

This 12th CAADP PP therefore takes places at a defining moment, as the AU gears to roll out implementation support to the countries to begin to domesticate the set goals and targets of the Malabo Declaration. As added impetus, the CAADP Results Framework provides the basis for a systematic biennial Agricultural Review to help with performance monitoring and reporting by actors and member states. The Results Framework also aims to foster alignment, harmonisation and coordination among multi-sectorial efforts and multi-institutional platforms for peer review, mutual learning and mutual accountability.

The renewed focus on results and impact implies also that CAADP implementation support should help align and strengthen systemic capacities for effective delivery and implementation, and more so in a cohesive and harmonised manner for inclusive and sustainable development.

8.2 Key implementation success factor for CAADP during the second decade

Transformation of African Agriculture is coalescing factor for CAADP partnerships and alliances. To this end, this PP aims to reflect further and help frame the institutional arrangements that should guide the adaptation of the Partnership Platform architecture. Underlying the re-engineering of the partnerships towards more focus on implementation, results and impact, the following CAADP principles and result orientations for the next decade serve as foundational critical success factor. To mention a few:-

- Aligning and strengthening local systemic capacities to deliver results
- Embracing cross-cutting issues which underlie both sustainability and inclusiveness principles and values, such as women and youth empowerment; entrepreneurship development; climate change, resilience and risk management to mention a few
- Rallying technical-policy- political analysis including foresight towards catalysing implementation of economic policy measures whiles also demonstrating early wins and results and continuing to manage immediate technical and political needs
- Foster and enhance quality of dialogue at country and regional level to support monitoring, reporting, mutual accountability and learning
- Enhance quality and returns of Investment Financing of both public and private sector investments
- Foster multi-sectorial approaches and coordination to link strengthen linkages between Agriculture and other sectors, along shared national development agenda

8.3 Key guiding questions

1. Looking back on the gains and insights from first decade of CAADP, how should the CAADP Partnership Platform (and its associated structures) continue to contribute towards agriculture's contribution to economic growth and inclusive development?

2. What should be the principles by which the existing platforms can attract and be used to increase private sector dialogue and engagement to drive agricultural transformation and sustained inclusive agricultural growth, particularly at national level?

3. In view of the goals and targets set for the next decade of CAADP transformation agenda and emerging trends (challenges and opportunities) to what extent should the CAADP partnership Platform architecture evolve (objectives; key principles and values) to help strengthen cooperation, collaboration and accountability amongst stakeholders to:

    a) to contribute towards strengthening and aligning of systemic capacities for effective execution and delivery of results;
    b) to leverage and increase investments and financing

In view of emerging implementation support demands, the four categories of partnerships highlighted in this 12TH CAADP Partnership Platform cover the following areas: Financing; expert knowledge and analysis; private sector involvement and in-country coordination.

8.4 Break-away group sessions

The four breakaway sessions are the following:

1. Financing arrangements in support of CAADP coordination and process
2. Partnerships for Knowledge, skills and capacity building
3. Harness private sector dialogue
4. In-country coordination, multi-sector approach and new coalitions to deliver results and impact

8.5 Expected Outcomes

Building on the guidance provided above and the plenary panel discussion each working session is expected to provide stakeholder expectations on what should be guiding principles to help frame and strengthen multi-partner, multi-disciplinary collaboration, coordination, coherence, harmonisation and mutual accountability of individual and collective efforts towards effective delivery of the Malabo Commitments.

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