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AID FOR TRADE AND VALUE CHAINS IN AGRIFOOD

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Acknowledgements

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Acronyms

3ADI	African (Accelerated) Agribusiness and Agro-industries Development Initiative
AFD	Agence Française de Développement
AU	African Union
CAADP	Comprehensive Africa Agriculture Development Programme
CSR	Corporate Social Responsibility
DFID	Department for International Development (UK)
ECOWAS	Economic Community of West African States
FAO	Food and Agriculture Organization (United Nations)
FARMD	Forum for Agricultural Risk Management in Development
GAFSP	Global Agriculture and Food Security Programme
GDP	Gross Domestic Product
ICT	Information and Communication Technologies
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IFC	International Financial Corporation (The World Bank Group)
ITC	International Trade Center (The WTO and UNCTAD)
LPI	Logistics Performance Index
MATEP	Market Access, Trade and Enabling Policies
NEPAD	New Partnership for African Development
OECD	Organisation for Economic Co-operation and Development
OIE	World Organization for Animal Health
PARM	Platform for Agricultural Risk Management
PPP	Public-Private Partnership
PRCC	Programme de Renforcement des Capacités Commerciales
SECO	Secrétariat d'Etat à l'Economie (Switzerland)
STDF	Standards and Trade Development Facility
TFF	Trade Facilitation Facility
UNIDO	United Nations Industrail Development Organization
USAID	United States Agency for International Development
USDA	United States Department of Agriculture

VSS	Voluntary Sustainability Standards
WEF	World Economic Forum
WHO	World Health Organization
WTO	World Trade Organization

Executive Summary

The economic context in which agriculture operates is changing rapidly, driven by population growth, urbanization, changing diets, information and communication technologies (ICT), and broader technological change. Changes in food retailing are leading to greater involvement of the private sector in agriculture and a focus on developing and improving agriculture value chains. Initially motivated by export market opportunities, value chains are also extending their reach into domestic markets as retail markets evolve to meet the needs of urban consumers.

For the 70% of the world's poor who still live in rural areas, agriculture remains the main source of income and employment. Agricultural development is one of the fastest ways to achieve poverty reduction: growth in the agricultural sector could be 2-4 times more effective at reducing poverty than growth in other sectors. Harnessing value chain development for poverty reduction is an opportunity for the trade and development community, albeit one not without risks.

The 2007-08 food price crisis galvanized action by donors and the focus on agriculture has since assumed a more prominent place on the development agenda. At the 2009 L'Aquila G8 Summit, the international community pledged USD 22 billion over three years to support agricultural development. They agreed to a set of principles to deliver more effective and strategic assistance by means of better coordination and long-term investment in the country-led development plans. Pledges were also confirmed at the 2009 World Food Summit in Rome and successive G20 summits.

Aid for trade contributes to these efforts. In recent years, the importance of aid for trade to the agrifood sector has significantly grown to reach a record-high of USD 870 million in 2010. However, in line with the decrease in total official development assistance (ODA), support dropped to USD 695 million in 2011. The European Union, Japan, the U.S. and France are the largest bilateral donors in the sector, while multilateral donors (IDA, IFAD, and FAO) also play a prominent role.

The results from the OECD/WTO private sector survey highlight that cost (*e.g.* production, transport, labor, and certification) is the main driver of business decisions, although the ability to meet standards and product specifications play an increasingly prominent role in the sourcing and investment decisions of lead firms, together with other factors such as the regulatory environment and labor skills. Access to finance and lack of infrastructure are also major source of concern for suppliers in developing countries.

The combined analysis of the survey results and a number of aid-for-trade case stories suggests that the boundary between public and private actions has become thinner. Efforts undertaken by lead firms to improve their value chains' efficiency include capacity building efforts (from infrastructure to skill-building) that are very similar to those undertaken as part of the Aid-for-Trade Initiative. A new generation of programs adopting a joint public-private approach to agricultural development is bringing all the elements together. These programs, such as the African (Accelerated) Agribusiness and Agro-industries Development Initiative (3ADI) and Grow Africa initiatives, offer promising prospects for maximizing the impact of both aid for trade and private sector investment.

1. Introduction

In recent years, participation in value chains has become a major vector of integration into the global trading system, contributing to both export growth and diversification. Value chains have also become an important channel of socio-economic upgrading, with suppliers in developing countries potentially benefiting from significant transfers of all kinds (from capital to knowledge and technology) from lead firms. With the support of aid for trade, the connection of developing countries to agrifood value chains has had a positive impact on both trade and agriculture development in some developing countries.

On the occasion of the 4th Global Review on Aid for Trade, the OECD and the WTO, in collaboration with Grow Africa, the International Chamber of Commerce, the International Trade Centre, the International Telecommunications Union and the United Nations' World Tourism Organization, conducted a private sector survey (hereinafter “the survey”) that identified barriers facing firms in developing countries attempting to connect to agrifood value chains, and the main drivers of lead firms’ decisions to source and invest in agrifood value chains.

This paper analyses and puts the results of the survey in context. Section 2 explores the rationale behind developing countries’ participation to agrifood value chains, and makes the link between trade and agricultural development as well as food security. Section 3 analyses the results of the survey and provides an overview of both the constraints faced by developing country suppliers and lead firms to connect, and the main factors of sourcing and investment decisions in value chains. Section 4 matches those results with current aid for trade flows and draws lessons for future priorities and methods to engage lead firms. Section 5 looks at aid for trade in action, and provides a number of concrete examples and case stories of actions aimed at improving developing countries’ connection to agrifood value chains. Section 6 presents a new generation of multi-stakeholder partnerships that allow a holistic approach to agricultural development. Section 7 concludes with recommendations.

2. Why connect to agrifood value chains?

Agriculture is a main contributor to economic development and poverty alleviation. Moreover, trade and agricultural development jointly contribute to increasing food security. While value chains have long existed in the agrifood sector, they now play a predominant role for the socio-economic upgrading of developing countries. Therefore, connecting developing countries to agrifood value chains has become a worthwhile objective for aid for trade.

Trends driving value chains development in the agrifood sector

The global expansion of agribusiness value chains is not a new process.[1] What is new in agrifood value chains systems today is their depth and economic value. For example, imports from the United States of agricultural products in 2012 were worth over USD 100 billion - with more than half of these imports (56%) sourced from developing countries.[2] The 27 members of the European Union imported annually close to Euro 60 billion worth of agricultural products from developing countries between 2008-10.[3] Agriculture accounts for over one-third of export earnings for almost 50 developing countries, and for about 40 of them this sector accounts for over half of export earnings (see Table 1). Trade in agricultural products is expanding both in the products traded, and the trading partners involved. Changes in trade patterns for other products and services are also at play in the agrifood sector. For example, China has overtaken the United States as the largest import market for agricultural products, importing a total of USD 144 billion in 2011 - up from USD 65 billion in 2005.

Table 1 World agricultural merchandise imports
(USD million, current)

2001	2003	2005	2007	2009	2011
595,408	727,594	898,440	1,178,589	1,213,154	1,745,208

Source: WTO Secretariat

The economic context in which agriculture operates is changing rapidly, driven by population growth, urbanization, changing diets, information and communication technologies (ICT) and structural transformation in retail markets. Collectively, these factors are altering the way in which food is produced, processed, and sold - albeit at different speeds both across and within markets in developed, developing and least-

[1] For example, refrigerated meat exports from Argentina to Europe date back to the 1870s. Kenya exported its first consignments of fresh vegetable in the 1950s.

[2] Source: USDA Outlook for US Agricultural Trade - February 2012.

[3] Source: The Common Agricultural Policy: A partnership between Europe and Farmers, European Commission 2012 *http://ec.europa.eu/agriculture/cap-overview/2012_en.pdf.*

developed countries. The same processes driving the emergence of global value chains in other sectors are also at work in the agrifood sector, notably technological change, transport and logistics innovation and the penetration of global agribusiness companies into local markets, through both direct contract relationships and investments.

At the heart of this structural change is the "value chain". Changes in food retailing are leading to greater involvement of the private sector in agriculture and a focus on developing and improving agriculture value chains in terms of quality, productivity, efficiency, and depth. As consumer demands for safety, quality and convenience is growing, so is the pace of change in food markets leading to a more active and assertive role for the private sector.

Box 1 What is an agrifood value chain?

A 'value chain' in agriculture identifies the set of actors and activities that bring a basic agricultural product from the field to final consumption and add value at each stage of the production process. A value chain can be a vertical link or a network between various independent business organizations involving processing, packaging, storage, transport and distribution. The terms "value chain" and "supply chain" are often used interchangeably.

Structural transformation in consumer markets is leading to duality in agricultural systems, often within the same country and sometimes in production of the same final consumer

- Traditional" agricultural value chains are generally governed by spot market transactions involving a large number of small retailers and producers. The primary interface of the farmer in this system is with a buyer, often with monopsony power in which information asymmetry prevails. Traditional agricultural value chains are not static and ICT systems in particular are catalyzing change in buying relationships.

- "Modern" value chains are characterized by vertical coordination or consolidation of the supply base, agro-industrial processing and the use of standards throughout the chain. Initially driven by export sector opportunities, modern value chains are becoming more prevalent in the domestic markets of developing countries as incomes rise, urban populations grow and retail structures change. Both "traditional" and "modern" systems may include smallholders.

Source: Adapted from FAO, 2005.

Adding value in export value chains

For developing country governments, adding value to their agricultural exports is a high priority. A joint Organization of Economic Cooperation and Development (OECD) and World Trade Organization (WTO) monitoring survey of developing country policymakers highlights that for 32 partner countries adding value ranked this as their main policy objective. Developing countries trail industrialized countries in processing and adding value in the agrifood value chain (see Table 2). The United Nations Industrial Development Organization suggests that developing countries process only 38% of their agricultural products, compared to 98 in industrialized countries; and the value-added of processed agricultural products is 4.5 times less important in developing countries than in industrialized ones.

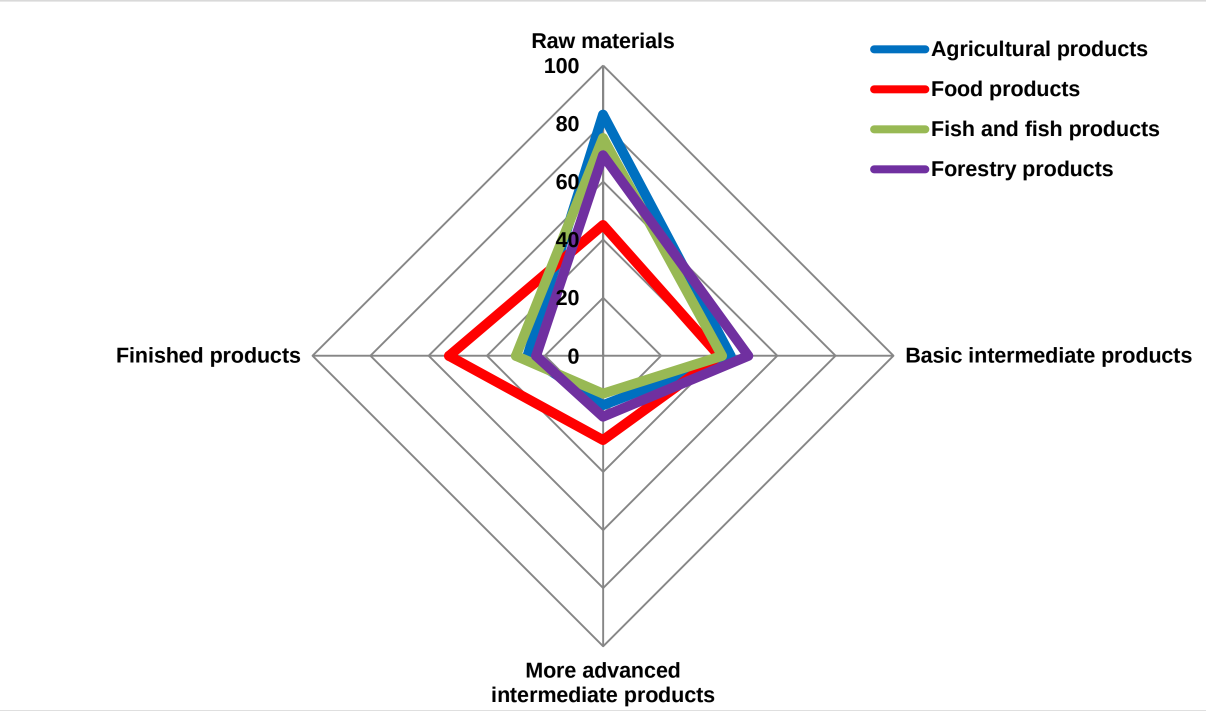
Table 2 Positioning of developing countries in value chains

	AGRICULTURAL PRODUCTS PROCESSED (%)	VALUE ADDED OF AGRICULTURAL PRODUCTS PROCESSED (USD/TON)	POST-HARVEST LOSSES (%)
INDUSTRIALIZED COUNTRIES	98	185	MIN.
DEVELOPING COUNTRIES	38	40	40

Source: UNIDO, 2009

This is corroborated by the findings of the OECD-WTO survey. Figure 1 suggests that partner countries concentrate most of their activity in the early stages of processing in the agrifood sector.

Figure 1 Positioning of partner countries in the agrifood value chain[4]
(percentage of partner countries declaring an activity at the different stages of processing)



Source: OECD/WTO Questionnaire 2013, *www.aid4trade.org.*

Modern value chains require smooth product flows, high standards and error-free production. Consequently, lead firms are willing to invest in knowledge, technology, and other forms of transfers to the benefit of local suppliers. Case stories presented in section 5 reveal the importance and diversity of transfers between lead firms and developing

[4] 78 partner countries declared come activity in the agricultural products value chain; 73 in the food products; 63 in the fish and fish products; and 48 in the forestry products.

country suppliers. How a connection to value chains can help developing country suppliers grow their exports is illustrated in Figure 2.

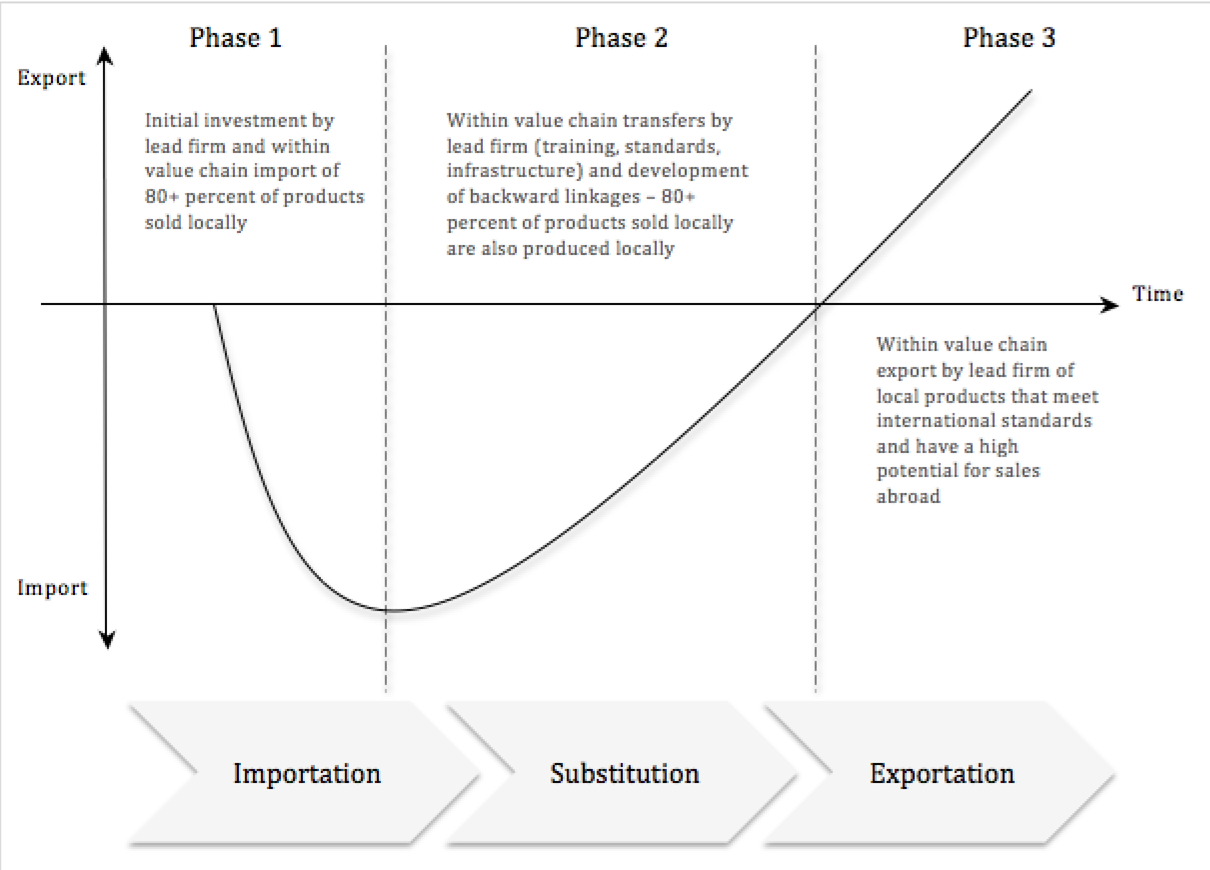
Figure 2 is based on the analysis of the Shoprite experience in Zambia and Madagascar, Carrefour experience in Morocco and Tunisia as well as Metro in Kazakhstan, it distinguishes three phases of connection to the global value chain (see *e.g.* Mattoo and Payton, 2007).

1. Lead distribution firms established in developing countries import most of their food products because the local producers cannot satisfy the product requirements and standards set by the lead firm;

2. Local capacity is built and local suppliers start supplying the lead firm,

3. Those supplies meeting the highest standards and having a high potential for sale in the rest of the lead firm's network are exported.

Figure 2 From import to export: The role of global value chains in the retail and agrifood sector



Source: Authors

Agrifood value chains and development

For the 70% of the world's poor who still live in rural area, agriculture remains the main source of income and employment (World Bank, 2007). Agricultural development is one of the fastest ways to achieve poverty reduction (World Bank, 2008). Agriculture has features that make it a unique conduit for development (World Bank, 2007):

- As *an economic activity* - Agriculture can be a source of growth for the national economy, a provider of investment opportunities for the private sector, and a prime driver of agriculture-related industries and the rural non-farm economy. Two-thirds of the world's agricultural value is added in developing countries. In agriculture-based countries, it generates on average 29% of the gross domestic product (GDP) and employs 65% of the labor force. The industries and services linked to agriculture in value chains often account for more than 30% of GDP in emerging and urbanized countries.

- *As a livelihood* - Agriculture is a source of livelihoods for an estimated 86% of rural people. It provides jobs for 1.3 billion smallholders and landless workers, "farm-financed social welfare" when there are urban shocks, and a foundation for viable rural communities. Of the developing world's 5.5 billion people, 3 billion live in rural areas, nearly half of humanity. An estimated 2.5 billion live in households involved in agriculture, and 1.5 billion in smallholder households.

- *As a provider of environmental services* - In using natural resources, agriculture can create good and bad environmental outcomes. Agriculture is by far the largest user of water (representing 70% of world consumption) and contributes to approximately 30% of greenhouse gas emissions. The sector is also a major provider of environmental services, generally unrecognized and unremunerated, such as sequestering carbon, managing watersheds, and preserving biodiversity.

Despite the importance of agriculture for development, the sector suffered in the past from relative neglect from policymakers in developing and donor countries. The African Union (AU) 2003 Maputo Declaration was a turning point for agricultural development in Africa. Leaders committed to allocate 10% of their national budgets to agriculture and reach a 6% annual agricultural growth by 2008. The Comprehensive Africa Agricultural Development Program (CAADP) provides a vehicle for implementing these commitments through country-owned agricultural development programs involving multiple stakeholders (*i.e.* technical experts, farmer organizations, agribusiness companies, and governments). The New Partnership for Africa's Development (NEPAD) facilitated consultations and the review of the CAADP roadmaps with the private sector and civil society. As of November 2012, 30 countries had signed agreements, known as compacts, to develop and implement national agriculture investment plans; 13 of the 15 countries with available data had achieved annual agricultural growth of 6% or more. However and despite progress, financing commitments were off track with only four of the 19 African countries meeting their Maputo target of spending 10% of their national budget on the agricultural sector (ONE, 2013).

The 2007-08 food price crisis galvanized action by donors and agriculture has also assumed a more prominent place on in the global development agenda. At the 2009 L'Aquila G8 Summit, the international community pledged USD 22 billion over three years to support agricultural development, and agreed to a set of principles to deliver more effective and strategic assistance through better coordination and long-term investment in the country-led plans. Pledges were confirmed at the 2009 World Food Summit in Rome and the successive G20 summits.

3. Barriers in connecting to agrifood value chains

In preparation of the 4th Global Review on Aid for Trade, the OECD and WTO in collaboration with Grow Africa undertook a survey (hereinafter "the survey") of binding trade-related constraints in connecting suppliers form developing countries to value chains. The feedback form the private sector that operates in agrifood value chains was impressive with 257 responses from firms located in 78 countries or territories.[5] This response allows for a comparison between the perception of the private and the public sector regarding the barriers limiting the expansion of value chains in agrifood to developing countries.

The main obstacles identified by the private and public sector in the survey largely confirm findings of previous work aimed at estimating the constraints to agricultural trade of developing countries (OECD, 2012b) and can be classified in four categories:

Business environment and investment climate: Both suppliers and lead firms highlight access to finance, and trade finance in particular, as the main obstacle to developing countries' participation to value chains. For lead firms, more specifically, corruption and graft, as well as other informal practices and payments, are major obstacles to the establishment of commercial relationships with developing country suppliers. Finally, lead firms pay attention to investment and tax incentives that could be tipping points for sourcing and investment decisions.

Productive capacity: Production cost is the main decision factor for sourcing and investing in value chains. Other dimensions of the productive capacity are also important, for example, the ability to meet quality and safety standards. Lead firms estimate that this is the factor that would most positively affect their decision to source or invest in a specific country. It is also crucial that suppliers meet product requirements, and that standards are respected to deliver quality and safe products to the consumer. In that perspective, certification cost is equally important. Productive capacity also refers to the ability to meet quantity requirements, *i.e.* supply capacity. This depends on the availability of skills in the labor force: shortage of qualified workers is among the top constraints identified by the private sector.

Infrastructure: The quality of infrastructure, and transport infrastructure in particular (capacity and links), is primordial to the agrifood business. Risks of power outages, inadequate storage or cold chain infrastructure, excessive delays or bad transport conditions are main contributors to food waste, which is estimated at 30 to 50 percent of annual global food production. According donors and partner countries infrastructure is the main problem that needs to be addressed.

Trade facilitation: The private sector identified a number of trade barriers as affecting the possibility to connect developing country suppliers to value chains. In a sector where delivery time is of the essence, excessive customs procedures and delays could threaten business operations: for close to 60% of the lead firms, customs delays are the main trade problem when dealing with developing country suppliers. In addition, the sector is subject

[5] 15 respondent firms and 7 sectoral associations had a turnover in excess of USD 1 billion.

to periodic trade restrictions such as seasonal trade bans that could affect the predictability of trade within value chains. Market access is a source of concern that is commonly referred to. Trade facilitation also is about the reduction of transport and logistics costs: for more than half of the lead firms, high transport and logistics costs negatively affected their decision to source or invest in developing countries.

Main barriers according to the public sector

Donors and partner countries agree that inadequate infrastructure is the main barrier to developing countries' participation to value chains. This is largely reflected in aid-for-trade practice, with a preponderant share of aid spent on infrastructure. The negative impact of a limited access to finance is also widely shared. In line with the views of the private sector, partner countries and donors point at standard compliance as the third most important obstacle to developing countries participation to value chains.

There is, however, an important divergence of views with regard to other obstacles to be tackled as a priority. This probably reflects institutional priorities. Donors emphasize the lack of labor force skills and the inability to attract foreign investment, while partner countries and South-South providers both refer to the lack of comparative advantage and, respectively, to market entry costs and trade restrictions (Table 3).

Table 3 Main barriers to firms entering value chains identified by governments (by order of importance and category of countries)

	Partner countries	Donors	South-South providers
Inadequate infrastructure	1	1	1
Limited access to finance	2	2	2
Standards compliance	3	3	8
Lack of comparative advantage	4	6	4
Market entry costs	5	7	-
Structure of value chains	6	9	7
Lack of labor force skills	7	4	5
Cumbersome border procedures	8	11	6
Inability to attract FDI	9	5	-
Trade restrictions	10	8	3
Burdensome documentation	11	10	-

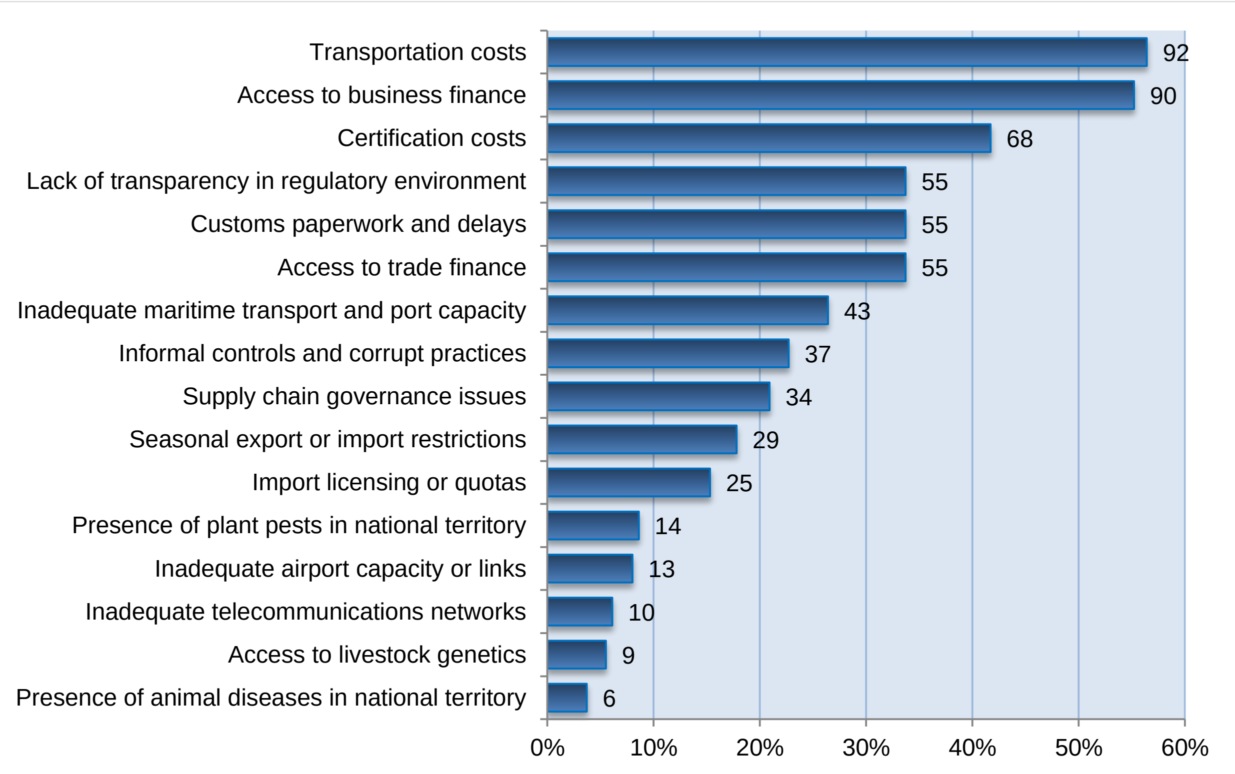
Source: OECD/WTO Questionnaire 2013, *www.aid4trade.org.*

Main barriers according to the private sector

The analysis of national supply-side constraints fairly reflects the priorities evoked above. More than half of the developing country suppliers point to access to finance as the main obstacle to their participation to value chains. Transport infrastructure, labor force skills, and business environment come next. Interestingly, most of the main barriers faced by local suppliers are generic in nature, and not specific to the agrifood sector. Cold chain management is the most important constraint that is specific to agrifood, with about one third of the firms referring to it. Regarding the establishment of commercial presence in developing countries, lead firms point at business environment and infrastructure as the main problems. Regarding trade, they point at customs delays and procedures, as well as financing problems (including trade finance).

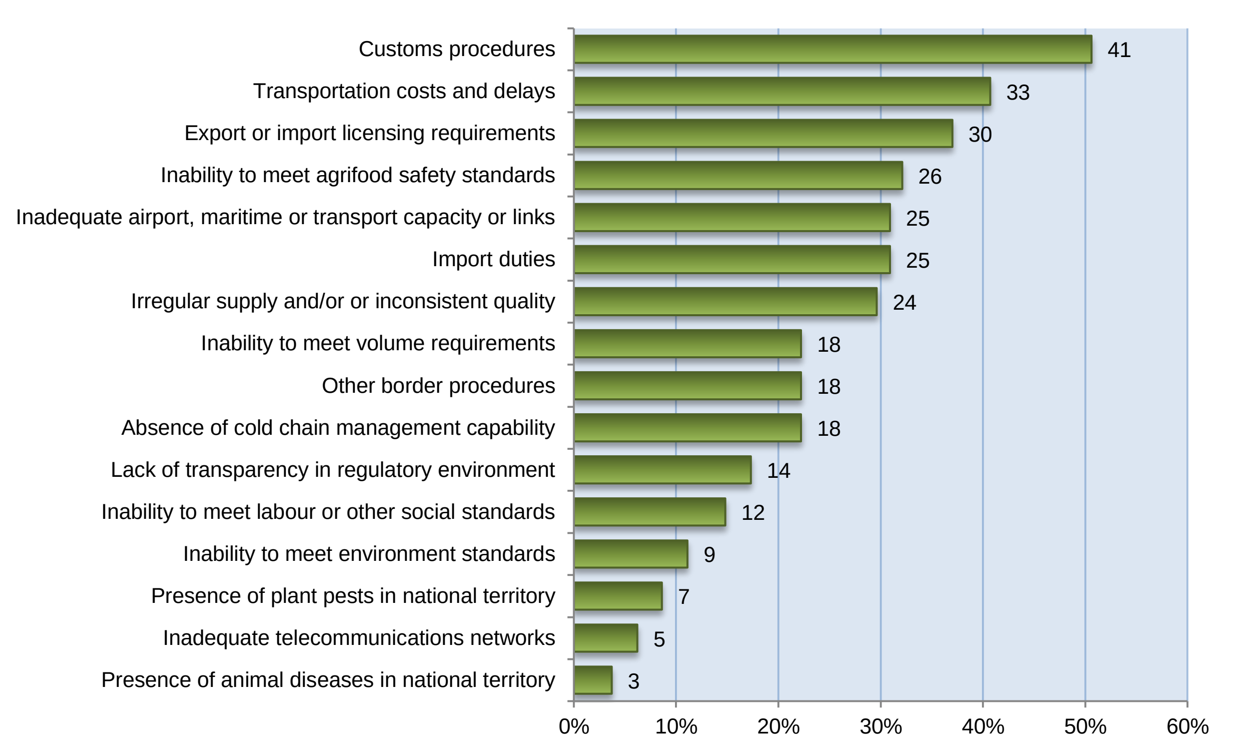
Turning to the most important difficulties facing developing country suppliers that aim to join or move up value chains in the agrifood sector, suppliers point at the same problems already identified as national supply-side constraints: these relate to high costs (transportation and certification costs for respectively 56 and 42 percent of the firms), difficult access to finance (either business, for 55% of the firms, or trade finance, for 34% of the firms), and administrative burdens at or behind the border (customs paperwork and delays, and lack of transparency in regulatory environment, for one third of the firms each). (Figure 3) Lead firms have a slightly different focus and put a greater emphasis on trade issues, such as customs procedures, export/import licensing requirements, or import duties. Transport and logistics costs are also prevalent, as well as standard issues.

Figure 3 Difficulties faced by developing country suppliers to connect to agrifood value chains



Source: OECD/WTO Questionnaire 2013, *www.aid4trade.org.*

Figure 4 Difficulties lead firms face in connecting suppliers to their value chains



Source: OECD/WTO Questionnaire 2013, *www.aid4trade.org.*

Beyond the difficulties to enter, establish and move up value chains, or to bring in and trade with developing country suppliers in the value chains, a large majority of suppliers point at production costs and the ability to meet quality and safety standards (respectively 64 and 60 percent of the firms) as factors that influence sourcing and investment decision in their value chains. They also perceive business environment, the quality of infrastructure, and labor skills/productivity as the main drivers of lead firms' decisions.

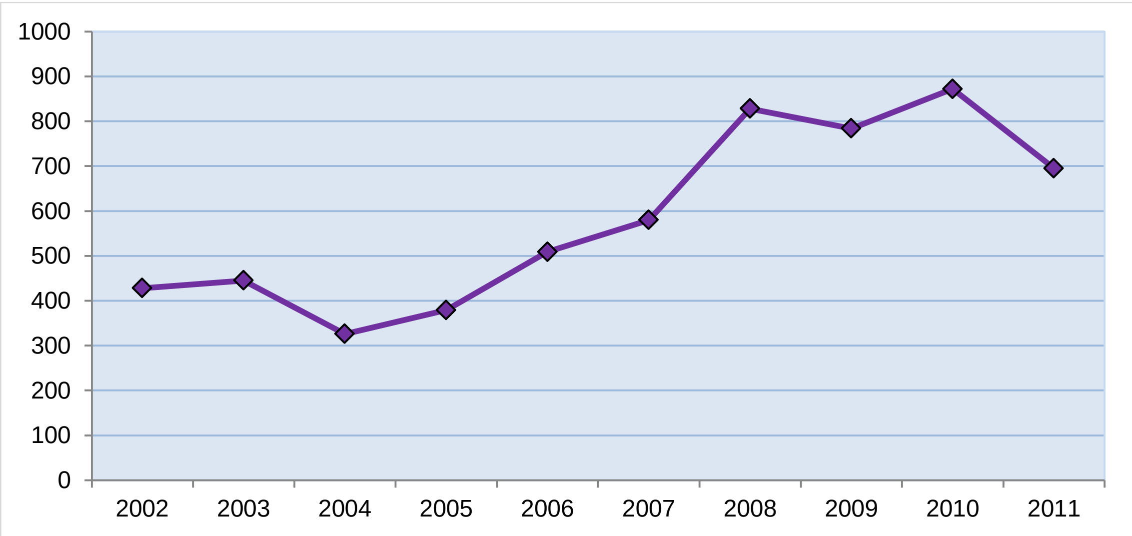
This perception is largely confirmed by lead firms. A developing country supplier will be attractive to lead firms seeking sourcing and investment opportunities, if it is able to consistently able to meet product specifications (58% of the responses) and has low production and labor costs (41% and 33%). In addition, lead firms will pay attention to the investment or tax incentives that are offered by the local government, as well as a number of the country's characteristics such as its market size, its proximity, or its language. Other factors mostly pertain to business environment, productive capacity, and trade openness. On the contrary, for more than half of the lead firms, a country will be unattractive, if subject to corruption and graft, or bears high transport and logistics costs. A large share of the firms also point at the business and regulatory environment as well as customs delays (38%).

4. Overcoming the barriers: Aid-for-trade flows

Once the main obstacles to developing countries' participation to agrifood value chains have been identified, it is important to assess whether current aid for trade flows are properly oriented. The following analyses aid-for-trade flows and suggests priorities for future resource allocations and private sector engagement.

Aid for trade in the agrifood sector covers a wide range of activities, which fall under the five categories identified by the Aid-for-trade Task Force, *i.e.* technical assistance for trade policy and regulations, economic infrastructure, productive capacity building, trade-related adjustment, and other trade-related needs. Aid-for-trade commitments to the agrifood sector have doubled between 2002 and 2010 (Figure 5). The drop in commitments between 2010 and 2011 is not specific to the agrifood sector and reflects general cuts in the main donors' budgets as a result of the crisis.

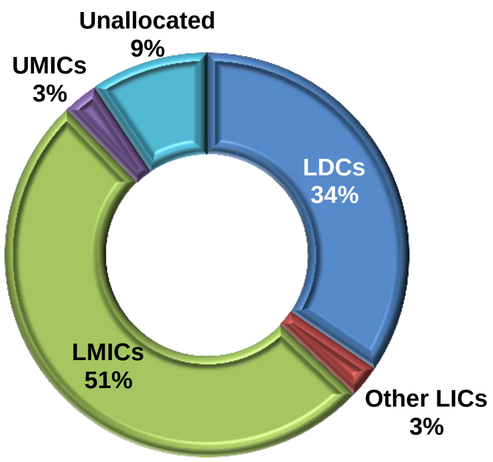
Figure 5 Evolution of aid-for-trade commitments in the agrifood sector (USD million, 2011 constant)



Source: OECD/CRS

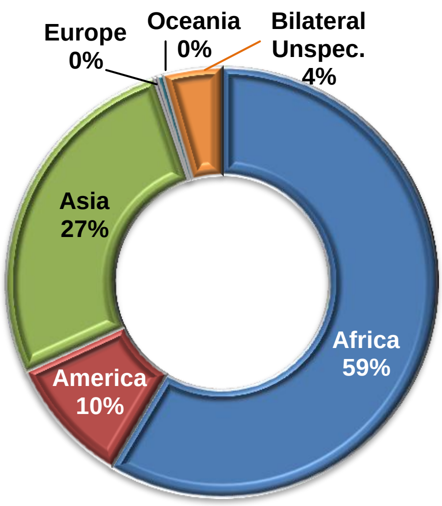
A breakdown of aid for trade to the agrifood sector reveals that about half of the commitments target low-middle income countries; least-developed countries represent one third of the commitments. Africa receives the lion's share of the aid, with about 60% of the commitments, and Asia receives another 27% of the commitments. This reflects both donors' priorities and the importance of rural and agricultural development in those two regions (Figures 6 and 7).

Figure 6 Aid for trade to agrifood, by income group (2011 commitments)



Source: OECD Creditor Reporting System Database, *http://stats.oecd.org/index.aspx?DataSetCode=CRS1#*.

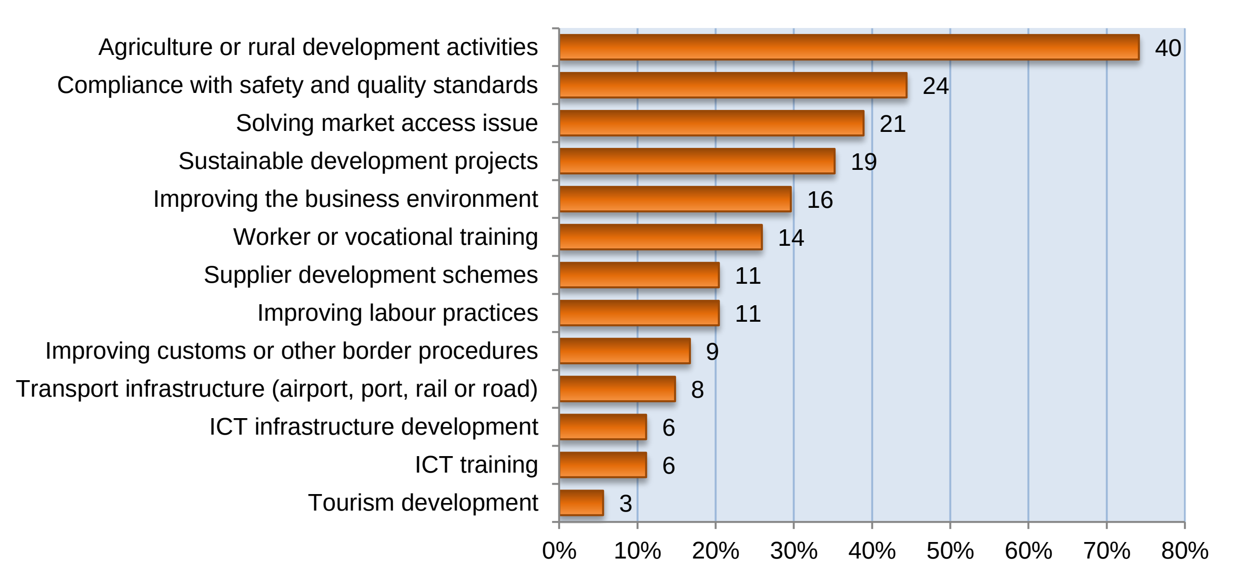
Figure 7 Aid for trade to agrifood, by regions (2011 commitments)



Source: OECD Creditor Reporting System Database, *http://stats.oecd.org/index.aspx?DataSetCode=CRS1#*.

The survey also provides additional information about the areas of focus of the lead firms' capacity building efforts in the agrifood sector. For three-quarters of lead firms, those efforts are primarily targeted at rural and agricultural development. But they also tackle the main obstacles to value chain development that had been identified earlier, including compliance with standards, market access issues, or business environment. Sustainability is also at the core of many initiatives (Figure 8).

Figure 8 Business initiatives aimed at linking developing countries to value chains

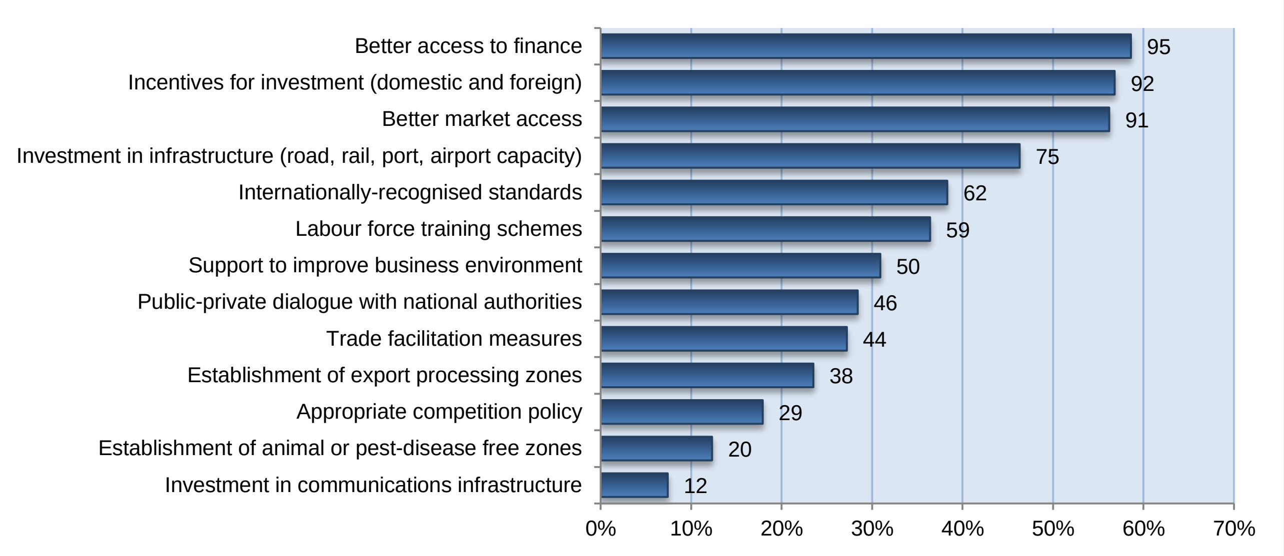


Source: OECD/WTO Questionnaire 2013, *www.aid4trade.org*.

Where to focus resources?

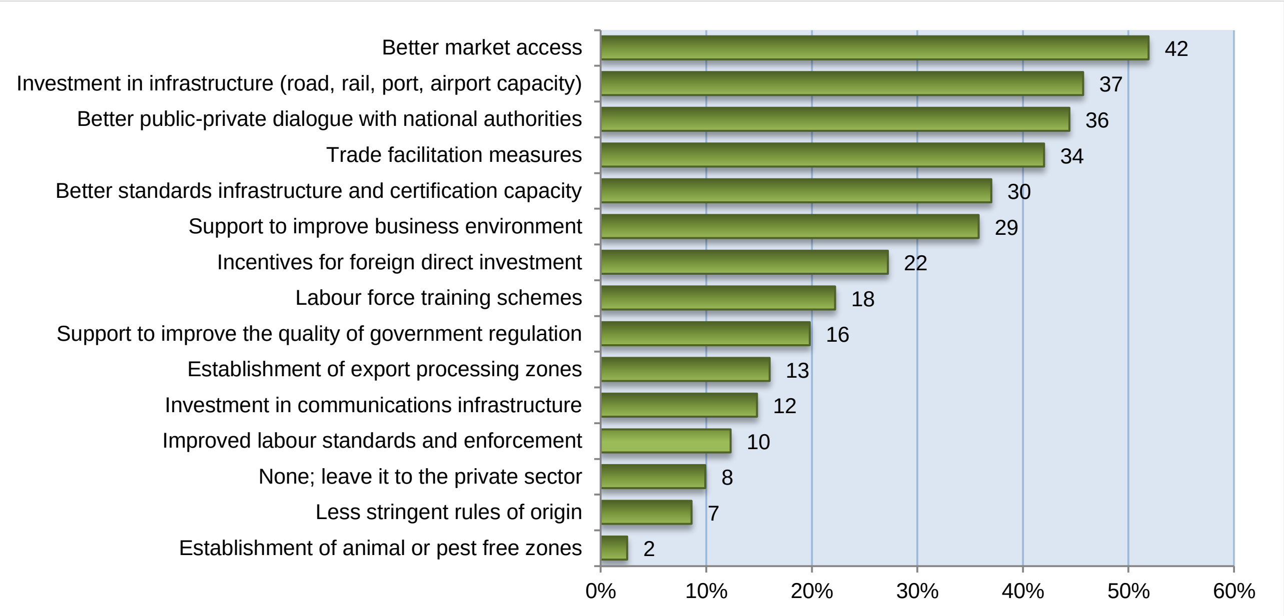
Asked about priorities and types of aid that would be most effective in helping developing country to enter, establish and move up value chains, partner countries point at infrastructure development (for over 80% of the respondents), workforce skill development, and business climate improvement. Developing country suppliers put access to finance, once again, at the top of their priorities. They also stress the need for the creation of additional investment incentives and better market access. According to lead firms, better market access is the most effective type of aid in helping developing country firms to join value chains, followed by infrastructure development. Lead firms also refer to trade facilitation and standards infrastructure and certification capacity as effective actions. Finally, they stress the need for a better public-private dialogue with national authorities. (Figures 9 and 10)

Figure 9 Types of support most effective to enter, establish or move up agrifood value chains (Developing country suppliers)



Source: OECD/WTO Questionnaire 2013, *www.aid4trade.org.*

Figure 10 Types of support most effective in bringing developing country suppliers into lead firms' agrifood value chains



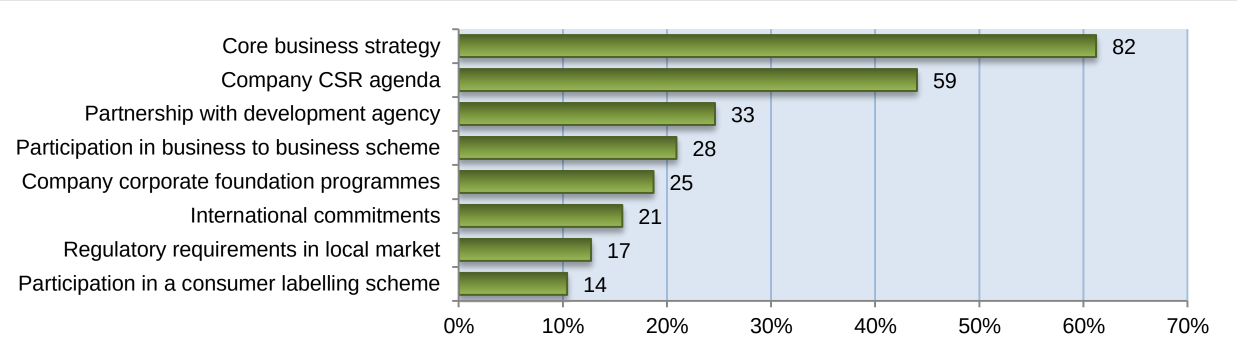
Source: OECD/WTO Questionnaire 2013, *www.aid4trade.org.*

Engaging the lead firms

Over 65% of the lead firms surveyed declared they were engaged in actions aimed at better connecting developing countries to their value chains (*i.e.* 54 out of 83 answers). These actions are primarily led by the companies themselves (for over 71%), but also significantly taken in association with governments and donor agencies: more than 40% of the lead firms are involved in projects with either governments (23 out of 53 answers) and/or development agencies (22 out of 53 answers).

The main driver of lead firms' engagement in actions to better connect developing countries to their value chains remains, by large, their core business strategy (for over 61% of the firms, *i.e.* 33 out of 54 answers). The firms' corporate social responsibility (CSR) agenda is also progressively becoming part of this strategy and explains more than 40% of the actions (25 out of 54 answers). About one firm out of three refers to partnerships with development agencies (30%, *i.e.* 16 out of 54 answers) (Figure 11).

Figure 11 Actions to connect developing country suppliers to their value chains (Lead firms)



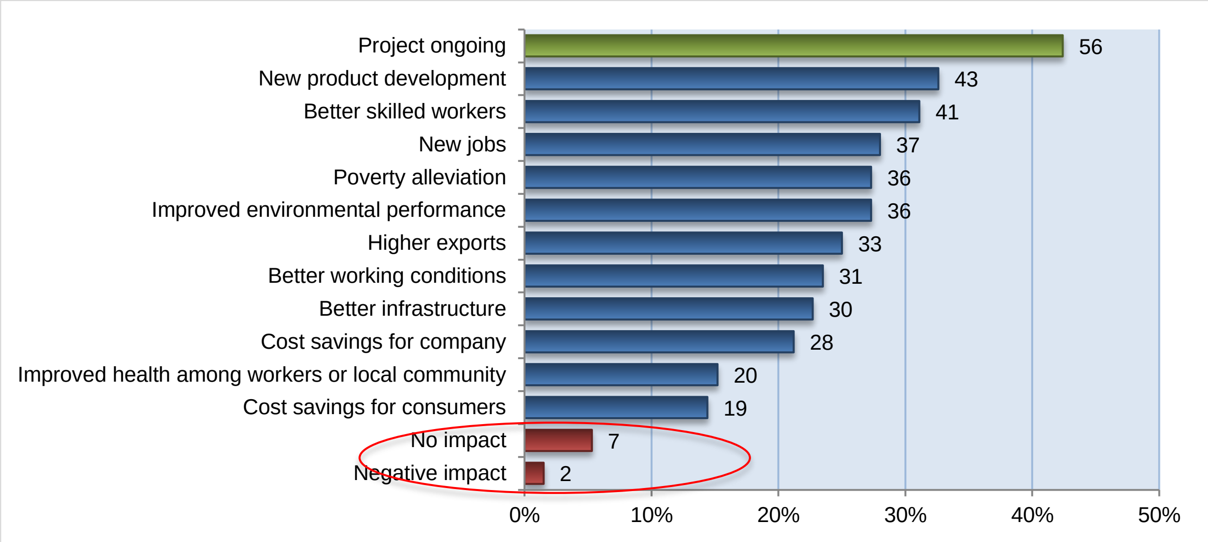
Source: OECD/WTO Questionnaire 2013, *www.aid4trade.org*.

Impact of initiatives

For both developing country suppliers and lead firms, the impact of actions aimed at developing value chains has been largely positive: only a marginal share (less than 5%) of the participating firms found those actions had no impact or a negative impact. The developing country suppliers stress that those actions contributed to improve their export market intelligence, and boost their exports at the margin, with new markets and new products. They have also helped improve their productive capacity, in particular with regard to compliance with standards and competitiveness.

Thanks to these initiatives, lead firms could develop new products, increase their exports, and save costs. In addition, they achieved some results that are perfectly aligned with the development community's objectives, such as: improved workers' skills, poverty alleviation, improved environmental performance, job creations, and better infrastructure, better working conditions, or improved health among workers or local community. Consumers also benefited from lower prices. This shows that all efforts toward value chain development, whether led by governments or the private sector, are worthwhile and could have an important development impact (Figure 12).

Figure 12 Impact of activities to connect developing countries to value chains (Lead firms)



Source: OECD/WTO Questionnaire 2013, *www.aid4trade.org*.

5. Case stories of initiatives: Aid for trade in action

Aid for trade in the agrifood sector is significant and many programs or projects focus on value chains. All the donors with experience in value chain development had some experience in the agricultural sector (close to 90% in the food sector), compared to less than half of the donors with such experience in other sectors like textile or tourism.

The following aims to provide examples of aid for trade in action, and illustrates how initiatives led by governments and/or the private sector have contributed to address the problems affecting developing countries' participation to value chains. It uses categories defined on the basis of the survey results. A summary of selected private and public-private projects is provided in the Annexes.

Actions aimed at improving the business environment and investment climate

Access to finance

According to the survey, access to finance and trade finance is the main obstacle to developing country suppliers' connection to value chains. Donors contribute to finance private sector initiative in the developing countries' agrifood sector. For example, IFC has made agribusiness one of its priorities: with over USD 300 million of pledged contributions. The French PROPARCO (Agence Française de Développement, AFD) and Unigrains (private company) invested respectively USD 7.5 and 2 million in India Agribusiness International with a view to co-invest with the India Agribusiness Fund up to USD 75 million in the agrifood sector over a period of 9 years (2012-20), with financial support to local rural SMEs.

Concerns about inadequate sources of finance and capital have led USAID/Zambia to pursue the provision of financial and business development services for the private sector as one of the components of their *Market Access, Trade and Enabling Policies* (MATEP) project that ran in Zambia between 2005 and 2010. The investment fund disbursed over USD 3 million for a total of 33 loans servicing 17 sub-sectors, including, in the agricultural field, canned horticultural produce, processed beef, horticulture (cucumbers), honey, molasses, groundnuts, organic cotton, paprika, poultry, seed and soy cake (OECD, 2012b).

Improving the functioning of markets and value chains

The development of local value chains is essential to many aid-for-trade projects in the field of agriculture. For example, building on the success of the Ethiopia Commodity Exchange, Morgan Stanley and IFC made an equity investment in a Kenya-based company, which will incubate and support the formation of commodity exchanges across Africa, delivering turnkey projects on a public-private partnership basis, and helping to promote food security.

Lead firms also help to improve the functioning of developing country value chains. For example, Danone is helping to transform individual Ukrainian milk producers into professional cooperatives able to produce milk according to international standards allow them into its value chain. Nestlé co-funded a community coffee-processing center in

Colombia to allow farmers produce higher quality coffee. Through its Direct Farm Program, Walmart partners with local institutions to create market linkages locally and internationally (*e.g.* in Central America, Brazil, China, and India). Coca Cola Project Nurture helps Kenyan and Ugandan fruit farmers access new markets and join global value chains. Yara Grains Partnership in Ghana initiated a market based smallholder farmer maize integrated value chain. Kraft Foods' Africa Cashew Initiative improves links between smallholder farmers and the marketplace, increasing capacity and promoting a sustainable global market for African cashews.

Fight against corruption

Corruption and graft are negatively affect sourcing and investment decisions in agrifood value chains. Actions are taken all along the value chain. For example, the World Bank conducted a project to increase transparency and revenue collection in Cameroon customs by making operational the use of performance indicators in the human resource policy in less than two months. The behavior of customs officials changed and revenues collected per customs declaration increased on average per 5%, which is equivalent to over USD 30 million on a yearly basis. On the private sector side, Diageo also developed a program in Cameroon aimed at addressing corruption that has a significant negative impact on business.

Managing risk

Income uncertainty can be a major obstacle to private investment in agriculture. Initiated by the French development Agency (AFD) and currently endorsed by IFAD, FAO, WFP, World Bank, some regional development banks, and some bilateral cooperation agencies, the Platform for Agricultural Risk Management (PARM) is an initiative to promote the integration of agricultural risk management. The Forum for Agricultural Risk Management in Development (FARMD) is a platform for sharing experience and knowledge mainly supported by the Swiss State Secretary for Economic Affairs (SECO) and the Dutch Ministry of Foreign Affairs and hosted by the World Bank.

Some innovative solutions have also been found by the private sector. For instance, SwissRe developed a yield index cover to protect rice farmers in Vietnam against crop shortfall. It also developed a holistic risk management framework for farmers in drought-prone areas of Ethiopia. Syngenta offered affordable weather insurance to Kenyan smallholder farmers to enable them to invest safely and increase their yields and profitability. As the IFC agriculture price risk management product confirmed, public-private partnerships are part of the solution to increase access to risk management products for the most vulnerable. Also, a number of initiatives presented in the Annex show that an increase in income and security of income is made possible through long-term contracts and quality-related rewards.

Actions aimed at building productive capacity

Meeting standards (quality, safety, sustainability, etc.)

The ability to meet product specifications and standards was identified by the survey as the main factor that positively influenced sourcing and investment decisions in agrifood value chains. Standards are at the core of many aid-for-trade initiatives. For example, the Standards and Trade Development Facility (STDF) is a global partnership and trust fund established by the FAO, the World Bank, the WHO, the OIE and the WTO, with the support of several donors, that promotes the integration of sanitary and phytosanitary (SPS) issues in wider economic development initiatives.

Various initiatives have been launched to improve the implementation of SPS measures in a way that facilitates safe trade. Some governments are working, sometimes in cooperation with other border authorities and the private sector, to harmonize, streamline and simplify SPS controls, procedures and processes. Experiences with these initiatives are mixed, however. In some regions, notably in Latin America and the Caribbean, promising initial results have been obtained from efforts to improve the implementation of SPS measures and reduce transaction costs (time and money) though the use of authorized economic operators to build and/or operate SPS facilities, develop cooperation with customs to better target or jointly implement SPS inspections, use modern IT systems to issue export certificates. However, in some other cases, particularly least-developed countries, national SPS systems remain weak. In these cases, countries often need substantial support to improve their own internal SPS systems before can effectively engage in more sophisticated initiatives focused on trade facilitation. (STDF 2013).

The International Trade Center (ITC) has many projects focusing on the improvement of quality and standards to meet the requirements of lead firms (see *e.g.* Ethiopian coffee quality improvement). SECO developed with the ISEAL Alliance and Accountability a donors' network dedicated to harmonizing and scaling-up the impact of Voluntary Standards Systems. In 2012 SECO and ISEAL launched a three-year project to improve the use of sustainability standards in emerging economies and public procurement. The France Programme de Renforcement des Capacités Commerciales promotes standards in Cambodia (rubber) and Thailand (shrimps).

The largest private sector initiative pertaining to standards is the Global Food Safety Initiative bringing together over 650 retailers, manufacturers, service providers and other stakeholders across 70 countries (over USD 2 trillion of sales). It aims to strengthen small companies' trade capacity by building food safety knowledge and capacity. The label and program for sustainable farming of agricultural products UTZ Certified is another global multi-stakeholder initiative that promotes the quality improvement of crops. Quality control and reward is at the core of initiatives led by global retailers such as Walmart or Metro, intermediaries like Cargill, and final producers like Nestlé or Kraft Foods. For instance in Côte d'Ivoire, cocoa farmers improving the quality of their crop receives bonus payment.

Donors and the private sector have also worked toward the diffusion of sustainability standards and practices. For example, ITC is currently implementing a project in Zambia to increase the competitiveness of SMEs exporting products in the organic and sustainability segments of the food and natural products market. Twenty companies, linked to over 6,000 producers, have participated in ITC's training events. ITC also developed a project to increase the competitiveness of Peruvian SMEs exporting biodiversity-based products.

Sustainability is at the core of many private sector-led projects, such as the ADM projects in Brazil (soy) and West Africa (cocoa), the Kraft Foods projects in Africa (cashews, cocoa), and projects by Monsanto, Nestlé (dairy, cereals, apples, coffee), Syngenta, Walmart, Yara (Africa). Sustainability can be understood in a broad or narrow sense, and targets could vary *e.g.* from the protection of water or soil resources (*e.g.* Unilever Drip Irrigation project in India and China, Syngenta Pani-Pipes project in Bangladesh or Conservation Tillage project in Colombia) to the reduction of pesticide applications (Nestlé Protecting the Environment). In some cases, the objective is also to restore the habitat, such as in the Miller Coors partnership.

Workforce skill development, productivity and production capacity

The objective to develop workforce skills and increase productivity is embedded in a vast majority of the initiatives. For example, the DFID Trade and Global Value Chain Initiative (2013-15) supports increased and better employment opportunities, as well as improved incomes and working conditions within horticulture value chains in Kenya and South Africa.

Cargill enrolled 2.4 million farmers in China in its productivity-enhancing programs on animal nutrition, sanitation, genetics and farm management. Cargill also trained over 100,000 cotton farmers in Southern Africa. Cargill's Rural Development program in Zimbabwe allowed yields to triple at some locations and PepsiCo's Educampo program in Mexico (over 12,000 hours of training of corn farmers) allowed an 80% land productivity increase in targeted areas.

Food waste is also a major challenge to be addressed along value chains, affecting both productivity and production capacities. Among others, the African Development Bank, in collaboration with the FAO and UNIDO, designed a Program on the Reduction of Post-Harvest Losses aimed to enhance supply chain efficiencies and to reduce physical losses of food.

Actions aimed at facilitating trade

Trade facilitation and customs reforms

Efforts of private companies to facilitate trade have concentrated along trade corridors, in Africa in particular. This is the case, for instance, of the Southern Agricultural Growth Corridor of Tanzania (WEF) or the TransFarm Africa (Aspen Global Health and Development) initiatives. A number of trade facilitation public-private partnerships have been developed by the World Bank and private companies (*e.g.* Global Association of Express Carriers, Unilever, IBM) to facilitate goods clearance at the border of selected developing countries.

Market access

According to lead firms, providing a better market access could be the most effective type of support to help developing countries connect to value chains. Many aid-for-trade projects aim to develop trade links between the donor and the aid recipient. For example, the objective of the Africa Agriculture Development Fund is to develop partnerships between the Irish agrifood 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. The DFID Food Retail Industry Challenge Fund awards grants through a competitive selection process open to UK and European businesses to develop and test new ways for African food exports to reach consumers.

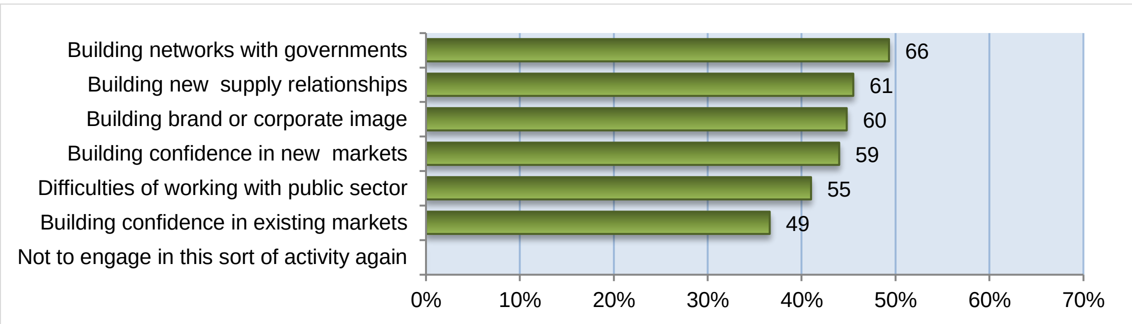
6. A new generation of programs: *Grow Africa* bringing all the elements together?

Case stories reveal the importance and scope of actions that take place, both in the public and private sectors, to build capacity in developing countries and improve connections within agrifood value chains. Often, those actions have been uncoordinated, however. A new generation of multi-stakeholder partnerships has emerged that brings all the elements together and is a promising way forward for agricultural development.

Lessons from public-private partnerships

Lessons learned from value chain development experiences are largely positive. None of the firms, who participated to activities aimed at helping developing countries to enter, establish or move up value chains excluded their future participation to such activities. Lead firms found their value chain development activities in developing countries were very useful to their business: in particular, they helped building new relationships with suppliers and consumers, and contributed to improve their corporate image. However, close to 40% of the firms still evoke difficulties of working with the public sector, suggesting some margin for improvement of public-private partnerships.

Figure 13 Lessons from lead firms' participation to value chain development projects



Source: OECD/WTO Questionnaire 2013, *www.aid4trade.org.*

The international community (see *e.g.* G20 Action Plan on Agriculture) encourages country-owned agriculture development strategies that should be supported by multilateral, regional and bilateral donors, the private sector, other development partners and civil society. This multi-stakeholder approach to country-owned agriculture development programs has already been implemented in a number of countries, for instance within NEPAD (CAADP) or GAFSP projects.

As illustrated by the case stories, a number of public-private partnerships have been developed in recent years, and a number of lessons could be drawn for the way forward. A list of six elements common to the most successful transformational multi-stakeholder partnerships has been established (WEF, *New Vision for Agriculture* and *Grow Africa*):

- **Leadership & alignment** – Impetus and engagement of system leaders, translated into joint commitments and practical working arrangements. Committed partners need to be drawn together from government, domestic and international companies, investors, development partners, farmers and civil society.

- **Strategy & priorities** – Defining the priorities of the transformation based on the country's development priorities, comparative advantage and market-based opportunities. A CAADP Investment Plan offers a basis for then identifying concrete focus areas (regions or value chains) around which partners have a mutual interest in targeting their activity.

- **Investment & entrepreneurship pipeline –** Market stimulus to enable broad-scale entrepreneurship around specific priority initiatives. Value chain analysis, project preparation, and private sector outreach, can prompt the public and private investments with greatest scope for commercial and development returns.

- **Delivery & implementation mechanisms –** Designing, managing, and monitoring implementation of activities to drive change at scale. Without on-going leadership and coordination, multi-stakeholder partnerships stall and fail.

- **Hard & soft infrastructure –** Physical infrastructure, policy and regulations, and human and institutional capacity that are key enablers for the transformation.

- **Finance & risk management** – Mechanisms that will fund the effort and mitigate risks to ensure the transformation's longer-term success. This may be unlocking existing finance through policy reforms or interventions that reduce risk; or raising new catalytic finance.

In some cases the private sector has taken the lead, as illustrated by the WEF *New Vision for Agriculture* that has catalyzed several country-level and regional initiatives aimed at facilitating public-private investment and multi-stakeholder collaboration for sustainable agricultural development and food security. These partnerships provide multi-stakeholder platforms to align public-sector, private-sector and civil-society investments and programs, leveraging stakeholder capacities to accelerate progress around agreed priorities within the framework of country-led plans for agricultural development. Annex B presents a sample of such new generation projects.

Grow Africa

Launched in 2011, Grow Africa is a partnership platform that seeks to accelerate investments and transformative change in African agriculture based on national agricultural priorities and in support of the CAADP. Building on public-private partnership models piloted by the WEF's New Vision for Agriculture Initiative, Grow Africa has had a catalytic role that:

- *Increases private-sector investments* - Grow Africa works to increase private-sector investment in African agriculture by supporting partner countries in developing investment blueprints, building a pipeline of investments, and strengthening cross-sector collaboration. It provides support for innovative finance, risk management and partnership building, with the intent of boosting smallholders and agricultural SMEs by tackling constraints to their commercial viability.

- *Enables multi-stakeholder partnerships* - Grow Africa supports the development of partnerships to attract investment in initiatives that complement national agriculture-sector strategies. The initiative facilitates best-practice exchange and stakeholder engagement to combine the capacities of local and international stakeholders for new and existing initiatives.
- *Expands knowledge and awareness of best practices and existing initiatives* **-** Grow Africa seeks to strengthen investor interest in agriculture by building increased trust and shared commitment. This is accomplished by sharing information, lessons and best practices drawn from existing and successful projects; engaging all stakeholders including smallholder farmers; and addressing key issues such as gender inclusion, land tenure, climate change and resource management.

Grow Africa is a partnership between three convening organizations: African Union Commission, NEPAD Agency, and the WEF to link developing country suppliers to value chains. It operates according to the following principles:

- *African-led and country-owned*: Engage global partners with African leaders, in support of national agriculture investment strategies (aligned with the CAADP process). Complement existing structures/processes.
- *Market-based*: Prioritize market-based solutions.
- *Sustainable*: Increase economic opportunity & food security in an environmentally sustainable manner.
- *Multi-stakeholder*: Promote multi-stakeholder collaboration, including engagement of farmer and civil-society leaders.
- *Inclusive*: Enable opportunities for small-scale farmers and entrepreneurs as well as facilitating sustainable large-scale investment.
- *Transparent*: Practice transparency and share information, experience and learning widely.

In 2012, Grow Africa was instrumental in prompting over USD 3.5 billion of investments in seven countries across Africa (*i.e.* Ghana, Ethiopia, Mozambique, Tanzania, Kenya, Burkina Faso, and Rwanda). An eighth country, Nigeria, joined in early 2013. Grow Africa attracted 97 commitments from 62 companies, including 39 based in Africa. By April 2013, companies reported progress against 79 of these commitments (81%), with an additional 14 updates expected in summer 2013. 61% of these commitments are in pilot phase, and 40% in investment phase.

The first Grow Africa Annual Report (2013) provides a detailed overview of the projects and results achieved in the seven countries of operation – selected examples are reproduced in Annex C. While it is too soon to fully evaluate the impact of these investments, early reports (Grow Africa, 2013) show promise for smallholders, including: more than USD 60 million invested in activities that incorporate smallholder farmers into commercial, market-based activities; approximately 270,000 MT of commodities sourced within partner countries – the vast majority from smallholders, and the equivalent of around USD 300 million in sales from these farmers fed into the market system; and almost 800,000 smallholders reached with a mix of training, sourcing, and service provision.

Grow Africa is also articulated with individual initiatives of partner companies that are presented in Annex A (see *e.g.* Armajaro in Ghana and Tanzania, Shambani in Tanzania, Diageo in Ethiopia, Yara in Ethiopia, Tanzania, Ghana and Burkina Faso), as well as value chain initiatives such as the African Cashew initiative, the Competitive African Cotton Initiative and the World Cocoa Foundation.

7. Recommendations

In line with commitments and pledges made in international forums such as the G8 or G20, agriculture should remain a priority for development assistance, including in the context of the Aid-for-trade Initiative.

The OECD/WTO survey of firms undertaken in preparation of the 4th Global Review on Aid for Trade provides, for the first time, a clear picture of the obstacles to developing countries' participation to agrifood value chains, as well as the factors most positively or negatively influencing lead firms' sourcing and investment decisions in value chains. The findings of the survey provide useful guidance for prioritizing and increasing the impact of AFT projects. It could be a first step toward a more systematic and regular consultation with the private sector (*i.e.* those who do trade) to identify AFT projects.

Beyond the identification of projects, participation of the private sector could be promoted and organized at all stages of the aid-for-trade project cycle. This would include the stages of identification, conception, implementation, and evaluation. Successful collaboration on the collection of firm data to elaborate indexes such as the Logistics Performance Index (LPI) could lead the way in other areas.

Enhanced and continued multi-stakeholder dialogue and partnerships could help the implementation of agricultural development plans defined by local governments and actors. Progress made in other forums, such as the G8 or G20, to define consensual action priorities and an agenda could provide some guidance to the aid-for-trade community.

Priorities for aid for trade in the agrifood sector, as identified by the survey and reflected in private sector trade capacity building efforts, include:

- *Improving business environment and investment climate* – this includes access to finance and trade finance, improvement of business environment and transparency of the regulatory environment, tax and investment incentives, fight against corruption/graft and informal practices or payments, improvement of the functioning of the markets and value chains, risk management;

- *Building productive capacity* – this includes an increase in production capacity and reduction in production cost, an increase in the ability to meet international standards (*e.g.* quality, safety, environment and nutrition), the development of workforce skills;

- *Developing infrastructure* – this includes transport, telecommunications and power;

- *Facilitating trade* – this includes the removal of obstacles to trade, the reduction of customs delays and other border procedures, and the reduction of transport costs.

A new generation of multi-stakeholder partnerships has appeared that seek to accelerate investments and transformative change in agriculture on the basis of on national agricultural priorities defined by the countries themselves (see *e.g.* Grow Africa). Such multi-stakeholder partnerships, which are country-owned, sustainable, market-based, transparent and inclusive, could be encouraged.

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Annex A

Examples of private sector value chain development initiatives[6]

(by alphabetical order of the lead company)

Case-Study Name	Region	Scope	Partners
Doing it Right Program	Brazil	Support and encourage soy growers to adopt sustainable farming practices in Brazil.	ADM, Alianca Da Terra (Brazillian NGO)
The Socially and Environmentally Responsible Agricultural Practices (SERAP) program	West Africa	To help local cocoa growers meet customer demand for sustainable cocoa that is traceable and auditable.	ADM, West African farming cooperatives
Farmer Development Centers	Ghana, Tanzania	Delivering farmer-level technical assistance such as training, inputs on credit, improved planting material, and measures to improve the yields and livelihood of cocoa (Ghana) and coffee (Tanzania) farming communities.	Armajaro, Coffee Management Services
Sun-dried Tomatoes Initiative	Jachal, Argentina	Sun-dried tomato exporting initiative (technical support and infrastructure) to help struggling farmers develop a sustainable livelihood and expand their production and markets.	Barrick, Jachal Farmers Association and the Government of San Juan Province
Rural Development	Multiple countries	Initiatives to help farmers increase their productivity. Activities include training farmers on best practices in crop and animal agriculture; providing credit, inputs, transport and infrastructure; establishing fair and transparent pricing policies; and increasing access to markets.	Cargill
Rural Development	China	Over 2.4 million farmers have participated in free productivity-enhancing programs on animal nutrition, sanitation, genetics and farm management.	Cargill
Rural Development	Venezuela	Helping promising small businesses overcome obstacles to growth, thereby expanding their businesses and creating jobs and markets for supplies and services.	Cargill, TechnoServe
Rural Development	Côte d'Ivoire	Cocoa buying stations provide transparent pricing information and conduct quality checks. This ensures that farmers get the best price for their crop, are rewarded for good quality beans and get paid upon delivery.	Cargill
Rural Development	Southern Africa, Zimbabwe	Provide inputs and training to more than 100,000 cotton farmers and operate a credit program on an in-kind basis in Zimbabwe to protect farmers from currency fluctuations. Farmer training in the region has more than tripled yields at some locations.	Cargill

[6] *Source*: World Bank, 2011, WEF, 2011 and diverse websites.

Case-Study Name	Region	Scope	Partners
Project Nurture	Kenya, Uganda	Helping more than 50,000 smallholder fruit farmers in Kenya and Uganda grow their incomes by improving productivity and competitiveness, gaining access to new markets, and joining global value chains (training programs, facilitating financial services and helping farmers access inputs).	Coca Cola, TechnoServe, Gates Foundation
Milk Cooperatives	Ukraine	Helping transform individual milk producers into professional cooperatives with greater market opportunities. Provision of services such as efficient milk collection, hygiene fundamentals, cattle management training, improved feeding and agricultural inputs, these cooperatives are able to produce milk that conform to international standards, incorporating these small milk producers into global supply chains.	Danone, Heifer Ukraine (NGO)
Barley local sourcing pilot	Ethiopia	Through ATA-facilitated links with farmers' associations, expecting to source USD 500,000 of barley from just under 1,000 smallholder farmers during the first pilot season.	Diageo, Ethiopia Agricultural Transformation Agency
Addressing Corruption	Cameroon	Sharing best practice standards and expertise to effect a change in the way companies do good business. The program develops a common vision on compliance and ethics, with the goal of improving transparency and decreasing the cost of doing business.	Diageo, Business Council for Africa
African Bioforitified Sorghum project	Africa	The project is developing improved varieties of sorghum, an affordable, African staple for more than 300 million people in Africa many of whom reside in the drier, more vulnerable areas, such as the Sahel.	DuPont, Africa Harvest, Danforth Center; Howard Buffet research foundation
Improved Maize for African Soils partnership	Kenya	Public-private partnership to enhance lives of smallholder farmers. Large-scale and systematic application of modern biotechnological tools, including transgenic varieties and marker-assisted selection to the critical problem of increasing maize yields under the severely nitrogen-limited conditions facing most African farmers.	DuPont, CIMMYT, the Agricultural Research Council of South Africa and the Kenya Agricultural Research Institute, Bill and Melinda Gates Foundation, USAID
Student Lunch Program	Thailand	A collaboration of schools, communities, and local businesses worked to improve nutrition in the school lunch program.	DuPont, USAID, Bill and Melinda Gates Foundation, local partners
Global Market Program	Multiple countries	GFSI Global Markets program strengthens trade capacity by building food safety knowledge and capacity. For owners of small- and medium-scale farms and businesses in emerging markets as well as OECD countries, market opportunities often exist within formal supply chains where entry requirements may be high. These small companies do not necessarily have access to the expertise, technical and financial resources to meet all necessary food safety requirements in terms.	GFSI (brings together over 650 retailers, manufacturers, service providers and other stakeholders across 70 countries representing EUR 2.1 trillion of sales), Michigan State University, UNIDO

Case-Study Name	Region	Scope	Partners
EDUCAMPO	Mexico	Contribute to the development of low income peasant families in the State of Mexico through an educational project that increases productivity and the standard of living of these families.	Grupo Bimbo, Fundación Mexicana para el Desarrollo Rural, A.C. ; Government of the State of Mexico, 16 municipalities, Monsanto, Bayer, Tepeyac, General de Seguros and Grupo Bimbo.
Africa Cashew Initiative	Sub-Saharan Africa (Benin, Burkina Faso, Cote d'Ivoire, Ghana, Mozambique)	The project is designed to improve the quality of raw cashew nut cultivation, increase farmer productivity, improve links between smallholder farmers and the marketplace, increase African processing capacity, and promote a sustainable global market for African cashews.	Kraft Foods, Bill and Melinda Gates, GTZ
Sustainable Coffee Initiatives	Pilot Countries: Peru, Vietnam, Ethiopia, Clombia. Expanded to 12 Countries	Supporting farm workers and their families to improve their crops, become more self-sufficient and competitive and reduce costs in sustainable coffee farming.	Kraft Foods, Rainforest Alliance
Cadbury Cocoa Partnership	Cote d'Ivoire	Increase cocoa farmers incomes, increase crop yields and create thriving rural communities.	Kraft Foods, Rainforest Alliance, GTZ, USAID, Armajaro, Care, WorldVision
Ghana Cocoa Farmers	Ghana	Increase current incomes by increasing cocoa yields, improve village life, make cocoa farming an attractive business for youth, and provide additional sources of income and better access to goods and services.	Kraft Foods
CI – Brazil	Brazil	5-year program providing information to farmers on forest conservation and tools to intensify productivity on existing farmland and reclaim forest.	Monsanto, Conservation International; Brazilian farmers
Project Sunshine	Gujarat, India	5-year, 10-point program aiming to increase the income of 150,000 farmers by 100% through improved seed and agriculture practices.	Monsanto, Gujarat Tribal Development Department; local NGOs and farmers
Field to Market	USA	Aims to define and promote implementation of sustainable agricultural practices measured by outcome-based indicators, including an online calculator for farmers.	Monsanto, Large network of producers, companies, and conservation organisations
Driving investment in sustainable dairy farming	Mexico	Public-private partnership -focused on environmental farming- providing technical support and financial assistance to 5.300 farmers in the dairy sector.	Nestlé, Constructors of biodigesters, Governmental finance program FIRCO
Investing in farmers' capacity building to ensure market access and food safety	Central & West Africa	Aims to train 30,000 farmers, suppliers and transporters on "Good Agricultural & Storage Practices" in order to enhance local sourcing of grains to produce Infant Cereals.	Nestlé, Research Centre IITA

Case-Study Name	Region	Scope	Partners
Protecting the environment through apple pest management	USA + 6 countries	Reducing pesticide applications by 50% over 4 years while increasing fruit's quality and contributing to less environmental impact.	Nestlé, Michigan State University, Environmental Protection Agency
Protecting the environment through silvopastoral dairy farming	Colombia	Improving environmental farming practices through the introduction of trees and shrubs in the farming system leading to an increase in milk production and biodiversity.	Nestlé
Nespresso: Helping Farmers Improve Business Skills	Guatemala	Providing business training to coffee cooperatives in Guatemala (accounting, internal credit management, organizational management and financial planning) to improve productivity and profitability, increase exports of coffee and improve farmers' quality of life.	Nestlé, Root Capital (NGO)
Nespresso: Helping Farmers Share their Workload	Colombia	Co-funding a community coffee processing centre in Jardín, Colombia that allows coffee farmers to produce higher quality coffee with significantly reduced water usage, earn a premium and increase their income.	Nestlé, Regional and national farming associations, NGOs, USAID, Expocafé (coffee supplier)
Nespresso: AAA Program	Central America	Training coffee farmers in sustainability and productivity best practices, with the aim of helping them comply with the Nespresso AAA Sustainable Quality™ Program: extra technical support and training to complete a self assessment of farm management, access to finance in order to make investments that help them reach the next level of the program. Net income for AAA farms was 27% higher than for non-AAA farms.	Nestlé, IFC, ECOM (coffee supplier)
Lays Andinas	Peru	Cultivation of potato crop with 6,000 small holder farmers.	Pepsi Co
Educampo	Jalisco, Mexico	Educampo contributes to the overall development of low-income farming families in corn-producing communities, while also guaranteeing high-quality seeds for PepsiCo snacks production in Jalisco. The program impacted nearly 300 small farmers and their families through technical support and 12,237 hours of education. Land productivity in targeted areas increased by 80% and income increased by 300%.	Pepsi Co, Sabritas Foundation (PepsiCo) and Mexican Foundation for Rural Development (FUNDAR)
Miller Coors-partnership	Sivler Creek Preserve, Idaho	Restoring the riparian habitat and conserving water to protect the creek's renowned trout population. The partnership has also worked with local barley farmers to develop water conservation measures.	SAB Miller, Nature Conservancy
Rural Resilience Initiative	Ethiopia	5 year program to develop a holistic risk management framework to enable poor farmers in drought-prone areas in Ethiopia and three other countries to strengthen their food and income security through improved resource management (risk reduction), microcredit ("smart" risk taking), risk transfer (insurance), and risk reserves (savings).	Swiss Re, Oxfam America, World Food Program, the International Research Institute for Climate and Society at Columbia University (IRI) and local partners
Vietnam's rice farmers yield protection	Vietnam	Help small holders rice producers to get protected against crop shortfall through a innovative yield-index cover.	Swiss Re, Agribank Insurance Joint Stock Company (ABIC)

Case-Study Name	Region	Scope	Partners
Kilimo Salama	Kenya	Offering affordable weather insurance to Kenyan smallholders, enabling them to invest safely in better seeds and inputs, thereby increasing their yields and profitability.	Syngenta Foundation (project leader), Safaricom
Crop Advice by Mobile Phone	India	Providing timely, appropriate pest and disease information and advice on crop solutions to farmers through Nokia Life Tools Agriculture Interface.	Syngenta, Nokia
Conservation Tillage Program	Colombia	Ensuring the protection of water and soil resources by training and supporting small farmers in the adoption of various best management practices, such as conservation tillage and the responsible handling of crop protection products.	Syngenta, Local authorities, Colombian university
Environment and Climate Compatible Agriculture	Tanzania	Piloting new farming models –based on a framework which measures the environmental impact of agronomic best practice and technology use - while increasing yields and profitability for the farmers.	Syngenta, Yara, University of Life Sciences, Norway, Sokoine University of Agriculture Tanzania
Operation Pollinator	Europe + USA	Providing essential habitats to boost numbers of pollinating insects on farmland, protect and enhance overall biodiversity, improve crop yields and quality, and educate society about biodiversity on farms and sustainable agriculture.	Syngenta, Universities, government and NGOs
Pani-Pipes	Bangladesh	Helping farmers decrease the amount of water used in rice cultivation, which also reduces irrigation costs and improves profitability for farmers.	Syngenta, International Rice Institute, leading farmers
Sustainable Sourcing	Africa (Kenya and Tanzania) Asia (Indonesia and Malaysia)	Unilever is committed to source 100% of its agricultural raw materials sustainably by 2020, and to link over 500,000 smallholder farmers and small-scale distributors to its supply chain. Initial focus is on the "top ten" crops by volume: palm oil, paper and board, soy, sugar, tea, fruit & vegetables, sunflower oil, rapeseed oil, dairy, and cocoa.	Unilever, Rainforest Alliance, IDH
Drip Irrigation	India, USA, China	Drip irrigation helps reduce water use and can increase yields and profits; project focused on demonstrating the benefits to smallholder farmers.	Unilever
Cocoa Plan and Farmers Field Schools: Investing in the Future of Cocoa Farming	Côte d'Ivoire	300 schools will train 10,000 farmers spread over 35 farmer co-operatives to become UTZ certified. As a result of the training and provisions of the latest high performance plantlets, farmers are benefiting from a 30% increase in their incomes from higher yields, as well as an improvement in the quality of their crop. This quality improvement also leads to an increase in farmers' earnings as they receive a quality-related bonus payment.	Cargill, Nestlé, Heinz Benelux, Ahold, UTZ Certified, Mars, Ecom, Solidaridad, WWF and Oxfam Novib
Vodafone Farmers Club	Turkey	Supporting farmers to gain access to information and agriculture discounts aimed to boost their livelihoods.	Vodafone, Ministry of Agriculture and Rural Affairs of Turkey
Direct Farm and Fertile Soil	India, China, Central America, Brazil	Providing small farmers with technical training (seed and crop quality, soil use, safety, and crop rotation) and market linkages locally and internationally in return for higher quality products. Sustainable, scalable and replicable agricultural value chain programs, result in increased and consistent income stream for farmers.	Walmart, Partnerships with local institutions and governments, IFAD, USAID

Case-Study Name	Region	Scope	Partners
Catalyzing SAGCOT and BAGC	Tanzania Mozambique	Catalyzing "agricultural growth corridors" in Africa: the Southern Agricultural Growth Corridor of Tanzania and the Beira Agricultural Growth Corridor Mozambique. Complementing a USD 20 million investment in a port fertilizer terminal at Dar es Salaam by working with national and international partners to improve Tanzania's fertilizer distribution and agro)dealer network.	Yara, Government s of Norway, Tanzania, Mozambique, AGRA, ProRustica, AgDevCo and Transfarms
African Green Revolution Forum	Africa	Transformation of African Green Revolution Conference series into a genuinely African platform to promote and scale up public private partnerships and actions necessary to drive agricultural productivity in a sustainable manner.	Yara, AGRA, Standard Bank, IFAD, NORAD, AU, NEPAD
Bagré Growth Pole Initiative	Burkina Faso	Advancing dialogue to develop a business partnership targeting the rice value chain under the Bagré Growth Pole Initiative.	Yara
Ghana Grains Partnership	Ghana	Initiating market based smallholder farmer maize integrated value chain initiative. Helped 8,500 farmers triple yields and double profits on average compared to traditional farming.	Yara, Weinco, AECF, Prorustica, Masara N'Arziki

Annex B

Examples of national or regional-scale partnerships[7]

Case-Study Name	Region	Scope	Partners
Grow Africa	Ghana, Ethiopia, Rwanda, Tanzania, Mozambique, Burkina Faso and Kenya	A partnership platform that seeks to accelerate investments and transformative change in African agriculture based on national agricultural priorities. In 2012, domestic and international companies have announced intent for investments worth over USD 3.5 billion.	AUC, WEF, NPCA, USAID, WB, FAO and others
3ADI	Africa	Offers technical assistance to governments to analyse value chains and identify interventions to accelerate development of agribusiness and agro-industries that ensure value-addition to Africa's agricultural products.	AUC, AFDB, FAO, IFAD, UNIDO
African Agriculture Fund	Africa	Private equity fund seeking USD 300 million capitalisation for investments in companies that implement strategies to enhance and diversify food production and distribution in Africa.	IFAD, UNIDO, AFD, AfDB, AECID, FISEA, DBSA, BOAD, EBID
Africa-Brazil Marketplace Initiative	Africa	This is a partnership between African and Brazilian institutions to enhance agricultural innovation and development. Using best practices from Brazil, the initiative is currently implementing 10 innovative projects in 7 African countries with 20 new projects approved for implementation in 2012.	FARA, Embrapa, ABC, DFID, GATES, IFAD, WB.
Agvance Africa	Africa	Agribusiness-focused Fund of Funds, seeking to catalyse private sector investment in to African agriculture.	Linked to 3ADI. Managed by Credit Suisse. USD 500m target with USD 100m initial equity invested by AfDB.
Making Finance Work For Africa	Africa	MFW4A has developed a set of policy recommendations designed to help promote the expansion of agricultural finance in Africa. It now seeks to operationalize these in partnership with CAADP.	AUC, GIZ, BMZ, AfDB, AFRACA
Agricultural Fast Track Facility		A project preparation facility to help countries advance investment-ready agricultural infrastructure projects and PPPs by defraying front-end project development costs that commercial developers are unwilling to shoulder.	To be housed at AfDB, with funding from G8
UNDP African Facility for Inclusive Markets	Africa	A platform to facilitate strategic partnerships and promote inclusive market development in Africa. Works with AU institutions, governments, UNDP country offices and private sector to strengthen regional value chains.	AU, UNDP, governments
Private Sector Window – Global Agriculture & Food Security Program (GAFSP)	Multiple	Financing window for long and short-term loans, credit guarantees and equity to support private sector activities for agricultural development and food security. Initiated by G8 and in Africa aligned to CAADP.	World Bank, IFC administered, financed by G8 plus.

[7] *Source*: African Union, 2012, WEF, 2011 and diverse websites.

Case-Study Name	Region	Scope	Partners
Removing the Barriers in Agriculture Program – NEPAD Business Foundation	Beira corridor (Southern Africa)	Private sector-led interventions working in partnership with governments, to address barriers to investment and trade in African agriculture. Southern African Agriculture Development Partnership Platform is actively enabling stakeholders to collectively address issues in Mozambique, Tanzania, Malawi, Zambia, and South Africa (all linked by Beira Corridor).	Hewlett Foundation, USAID
Pan African Agribusiness and Agro Industry Consortium (PanAAC)	Africa	Mobilizing the private sector through supporting the development of agribusinesses in Africa. Collaborates with African Union (AU) and New Partnership for African Development (NEPAD) to establish the platform for agribusiness partnerships in Africa and globally.	AU, NEPAD
Southern Agricultural Growth Corridor of Tanzania (SAGCOT)	Tanzania	Led by the Government of Tanzania in partnership with global and local companies, multilateral and bilateral donor partners, civil society and farmers organizations, this initiative aims to catalyze investment in agricultural production, value chains and infrastructure along a corridor extending from Dar es Salaam port to the western frontier. It aims to leverage substantial private-sector investment, complemented by public-sector investment, to generate up to USD 1.2 billion in annual farming revenues and 420,000 new jobs. Opportunities for smallholder farmers and climate-friendly agricultural practices are special priorities of the initiative with an environmental framework for a green corridor under development. The partnership has completed an investment blueprint with a 20-year perspective identifying key investment opportunities; established a Catalytic Fund and an investment coordination center, and in 2011-2012 will focus on mobilizing investment to realize the corridor's potential. A fertilizer terminal is under construction and a rice partnership has been established as part of the corridor development.	World Economic Forum, Government of Tanzania
African Agricultural Growth and Investment (AAGI) Task Force	Africa	Led by the African Union Commission and NEPAD Agency in collaboration with the World Economic Forum, global and regional companies, and development partners, this Task Force aims to support multiple African countries in building effective platforms for public-private investment in agriculture in alignment with national agricultural plans. Organizations affiliated with the Task Force will coordinate to provide leadership, strategic, financial and advisory support to countries initiating large-scale public-private investment initiatives in agriculture. The Task Force is championed by the Presidents of Tanzania and Mozambique, together with other distinguished global leaders. Activities were recently launched and in 2011-2012 will focus on supporting initiatives in 4-5 African countries, including by hosting the first Grow Africa Investment Forum in November.	World Economic Forum, Governments of Tanzania, Mozambique, NEPAD

Case-Study Name	Region	Scope	Partners
Mexican Partnership for Sustainable Agriculture and Rural Economic Opportunity	Mexico	Led by the Government of Mexico in partnership with 15 global and 20 Mexican companies, together with other stakeholders, this partnership aims to improve sustainable production of 5 key commodities (grains, oilseeds, fruits, fish and coffee/cocoa) while also addressing key issues in the enabling environment. Providing sustainable opportunities for rural livelihoods is a key priority. The partnership has recently initiated activities and in 2011-2012 will be working to refine strategies and begin piloting action in the focal area.	World Economic Forum, Government of Mexico
Partnership for Indonesian Sustainable Agriculture	Indonesia	Led by the Government of Indonesia in collaboration with 14 global and local companies, this partnership is working to improve sustainable production of 5 or more key commodities (dairy, cocoa, corn, black soya, root vegetables, and others). Ensuring food security, climate-friendly agricultural practices and rural economic opportunity are key priorities. The partnership has recently initiated activities and in 2011-2012 will be working to develop strategies and implement pilot initiatives in the focal crops.	World Economic Forum, Government of Indonesia
Public-Private Task Force on Sustainable Agricultural Growth in Vietnam	Vietnam	Led by the Government of Vietnam in collaboration with 13 global companies and a range of local and global stakeholders, the Task Force works to improve sustainable production of 5 key crops (coffee, tea, fisheries, fruit & vegetables, and corn) within the framework of Vietnam's 10-year agriculture-sector plan. Developing environmentally sustainable practices, value-added opportunities, and greater income for smallholders are priorities. The crop-focused groups have developed strategies and piloted new approaches, developing and testing models that will be scaled up in 2011-2012. The group is also addressing cross-cutting challenges such as financing, policy, and smallholder farmer capacity-building.	World Economic Forum, Government of Vietnam
TransFarm Africa	Africa	TransFarm Africa (TFA) is an initiative by Aspen Global Health and Development, which aims to promote equitable and sustainable commercial agriculture along Africa's Development Corridors. TFA includes a private equity investment fund, which will invest between USD 500,000 and USD 5 million in growth-oriented small to medium agribusiness enterprises who depend on commercial relationships with small farmers. The agribusiness enterprises will be required to provide seed, fertilizer, training and infrastructure support to small farmers. The fund will allow small farmers to grow from subsistence farming into SME's, thereby incorporating them into global value chains.	Aspen Global Health and Development with Hewlett Foundation, NEPAD Business Foundation, Aspen Global Health and Development, Soros Economic Development Fund, Lion's Head Global Partners, Total Impact Advisors and the Calvert Foundation, Enterprise Answer, Ltd, Sidley Austin, LLP, CAADP Pillar II, Initiative for Global Development, TechnoServe

Annex C

Examples of results achieved by the *Grow Africa* program[8]

Ethiopia

The government's strong leadership and strategic planning for agriculture in recent years is starting to yield tangible results in the form of inclusive investments by agriculture and food businesses. Policy reforms, infrastructure improvements, resolution of bottlenecks, and investment facilitation are building the confidence and interest of domestic and international companies alike.

In 2012, 14 companies directed "Letters of Intent" to Ethiopia, all of which reported progress with implementation. Over the last year, most companies focused on preparatory work such as training farmers, agreeing contracts, sourcing finance, testing products and constructing warehouse facilities. Some, however, began commercial operations impacting along the value chain. Banks have given loans for the purchase of farming equipment. The multinational brewer Diageo sourced 225 MT of barley from smallholders in its pilot crop season, while local company GUTS Agro Industry sourced 4,000 MT of produce for local processing from 52,000 smallholders, and launched a new packaged shiro product for the Ethiopian market.

Beyond company investments linked to Grow Africa, several government initiatives are also helping accelerate the commercialization of small-scale agriculture. For instance, in 2012, 163,033 farmers adopted new technologies for the production of teff (a traditional staple crop) and are demonstrating improved productivity. Cooperatives have been harnessed to link smallholders to end markets, so that, for example, integrated support to 16 unions in three regions resulted in the delivery of 30,000 MT of maize to the UN WFP's Purchase for Progress (P4P) initiative.

In addition, the Ethiopia Commodity Exchange, which provides a low-cost, secure marketplace accessible to smallholders and their cooperatives, continued to grow with a 23% increase in trading volumes. Since its establishment in 2008, it has facilitated 109,500 transactions worth USD 3.5 billion with no default, and reached 2.5 million smallholder farmers.

Ghana

For much of the past year, the Government of Ghana's (GoG) attention has been occupied by an unexpected – followed by a planned – transition of political leadership. With leadership of the country's governance structures in flux over such a protracted period, progress on carrying forward the country's agricultural transformation has at times been slower than would otherwise have been the case. That being said, a number of

8 *Source:* Grow Africa, 2013.

initiatives to support private investment in agriculture that had been in development for some time were approved in 2012. These include:

- the Ghana Commercial Agriculture Project (GCAP): a USD 145 million World Bank- and USAID-supported agricultural development project was approved by government, with the principal objectives of improving the investment climate for agri-business and developing inclusive PPPs and smallholder linkages to increase on-farm productivity and value-addition in selected value chains;

- a PPP promotion project: implemented by the Ministry of Finance and Economic Planning, this USD 45 million World Bank-funded initiative is aimed at tackling the binding infrastructure constraints that hamper agricultural productivity and employment generation. The project will provide a Viability Gap Financing facility to assist private-sector investment in those PPP projects that – while having commercial potential – have substantial initial capital outlays that require additional public-sector support in order for them to be effectively structured for the market; and

- a political risk insurance facility: to the tune of USD 119.5 million was approved by the Overseas Private Investment Corporation (OPIC) to help modernize Ghana's agricultural sector, by supporting the installation of modern silos, grain mills, cold storage and livestock-breeding facilities, as well as computers and other technical equipment to assist in statistical research and agricultural monitoring throughout Ghana. The OPIC insurance will cover loan financing for the project being raised in the US bond markets by US-owned company Belstar Capital Ltd.

Additionally, 11 companies signed Letters of Intent outlining concrete investments in multiple commodities, spanning cocoa, maize, soya and cassava, and throughout the value chain, including in seeds, mechanization, fertilizer, produc- tion, consumer goods, financing, logistics infrastructure and storage. Many of these companies are laying the ground- work by staffing up, completing market research and feasibility studies, establishing farmer training programs, and introducing new technologies. For instance, with the procurement of 45,000 MT of commodity from smallholders this past year, Ghana Nuts is well on its way to meeting its goal of increasing procurement from 25,000 MT to 70,000 MT by 2015. As a result of a single investment by Injaro Agricultural Capital Holdings in a local cashew processing company, the latter has increased domestic processing capacity usage while also growing employment and local sourcing. The Yara-supported Masara N'Arziki Farmers Association has also assisted 8,500 farmers to triple their yields and double their profits with improved inputs and market access. Further, Finatrade has invested in new collection hubs to expand its logistics infrastructure, through which the company supports about 900 jobs and reaches over 200,000 farmers. Given the strong foundations laid in 2012 and active implementation already underway, the next year promises even more substantial and tangible results in terms of production and revenue.

Mozambique

In recent years, the government, CEPAGRI and other partners have demonstrated leadership in defining a clear national strategy focused on the country's agricultural growth corridors and key value chains. In 2012, Mozambique saw this start to attract serious private-sector interest.

17 companies signed "Letters of Intent" through Grow Africa, articulating concrete investments in multiple commodities spanning cotton, livestock and cashews, and all along the value chain from seeds and mechanization to insurance. Most of these companies spent 2012 laying the groundwork for commercial operations, such as training farmers, securing land, signing contracts, and building storage or processing facilities.

As yet, only a few companies well-advanced in their efforts are demonstrating increased outputs, such as SABMiller, which purchased 4,000 MT of the cassava from 1,200 farmers in 2012 as part of their local sourcing strategy for their cassava-based beer "Impala". JFS Holdings increased their cotton sourcing in 2012 to 27,000 MT from over 40,000 farmers, and invested in a new cotton gin to increase processing capacity. Given the strong foundations laid in 2012, the next year promises more substantial and tangible results in terms of production and revenue.

Underpinning the boost in private-sector activity are a number of innovative public-private partnerships (PPPs) operating in Mozambique. These have provided a vital bridge from the aspirations enunciated by the PEDSA to an enabling environment that is now attracting investment. Some of the more successful PPPs underway include:

- the Beira Agricultural Growth Corridor (BAGC), with its USD 20 million Catalytic Fund;
- the USD 25 million loan guarantee facility provided by the Alliance for a Green Revolution in Africa (AGRA);
- and Standard Bank;
- PROIRRI, a USD 70 million irrigation program run by the government and the World Bank;
- Agrifutoro, a USAID program promoting agri-business; and
- ProSavana, an agri-business development partnership between the governments of Mozambique, Japan and Brazil.

Nigeria

Nigeria's aggressive agriculture policy agenda and new private-sector investment incentives are already bearing fruit. In its first year, domestic food supply increased by 8.1 million MT, representing 41% of the sector's cumulative target for 2015, and created 2 million new jobs, exceeding its target by 200,000. These renewed efforts have also seen the launch of the "Nagropreneurs" initiative, aimed at creating a new generation of young commercial, market-driven farmers.

In terms of investment, in 2012, the agenda attracted USD 8 billion in commitments for current and upcoming agriculture projects across the value chain. This includes projects by Dominion Farms, Cargill, SAB Miller and AGCO – the world's largest manufacturer of Massey Ferguson tractors. The World Bank, African Development Bank, the US Agency for International Development (USAID), the International

Fund for Agricultural Development (IFAD), the Overseas Private Investment Corporation (OPIC) and the UK Department for International Development (DFID) have in total committed USD 1.25 billion for Nigeria's agriculture sector. The Bill & Melinda

Gates Foundation has in turn selected Nigeria as a priority country for its investment in agriculture, while the Tony Elumelu Foundation, Ford Foundation and United Nations Development Programme (UNDP) are providing significant technical support.

Nigerian companies are upbeat about taking advantage of the agricultural transformation agenda. Dansa Foods, of the Dangote Group, is establishing a tomato processing plant in Kano as well as a fruit concentrate processing plant; Famag-Jal has a large investment in Halal-certified meat processing plants in Abuja; Teragro of the Transcorp Group has invested in the processing of fruits in Benue State; and Flour Mills of Nigeria, Multitrex and Olam have all begun deploying capital to develop new agricultural operations. The Leventis Group has also embarked on new investments to revive all its previously abandoned farms and processing facilities, all down to the new reforms in the agricultural sector. On the Nigeria Stock Exchange, shares in agricultural companies (PRESCO, Okomu Oil) are now the best- performing stocks, and in the space of one year, the government reports that there has been a tangible shift in the perception of agriculture, from a development program to a viable business.

WORLD TRADE ORGANIZATION

growafrica

OECD

AID FOR TRADE AND VALUE CHAINS IN AGRIFOOD

This report highlights that urbanization, rising income and changes in retail markets in developing countries are catalysing ever greater private sector engagement in agrifood markets. The main constraints affecting the ability of developing countries to connect to value chains are access to finance, compliance with standards, and trade facilitation issues. Aid-for-trade flows to the agriculture sector have risen steadily since 2005, while the private sector has also become an important actor, both in joint activities with the public sector and through company and sectoral initiatives – with significant scope to expand public-private collaboration.

Contents

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