

Advancing African Agriculture
The Impact of European policies and practices on
African Agriculture

Monitoring Exercise by
European Civil Society Organizations

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"The triple global crisis which has affected us - the financial crisis, the energy crisis and the food crisis - is the red light flashing a clear warning: something is rotten in the global economy. It is warning us that the structural upsets due to past trade and financial practices are too serious and too deep to sustain the current state for a long time."

(Stjepan Mesi , President of Croatia, speech at the UN Food Summit, FAO, 3 June 2008)

"Family farm households and agricultural producers still suffer the consequences of agricultural and rural policies that do not reflect the realities they live and the concerns they continually proclaim."

(Pan African Farmers Platform, May 2008)

"An increase and strengthening of Agricultural Knowledge, Science and Technology towards agro-ecological sciences will contribute to addressing environmental issues while maintaining and increasing productivity."

(International Assessment of Agricultural Knowledge, Science and Technology for Development, April 2008)

The EU's critics are correct 'ethically and intellectually' to point out that its farm subsidies conflict with its stated desire to alleviate global poverty. "But politically perhaps you are not right. I agree this is a contradiction. Sometimes we have to live with this kind of contradiction. We are always trying to balance the interests of our farmers with the interests of the developing world."

(Louis Michel, the European commissioner for development and humanitarian aid, speaking to members of the European Parliament, July 2008)

INTRODUCTION

Nearly 80 percent of the world's hungry still live in rural areas where food is produced. Half of the people facing hunger and malnutrition are smallholder farmers, depending mainly or partly on agriculture for their livelihoods. Of these smallholders, two thirds live on marginal lands and under environmentally difficult conditions, such as in the hills or areas threatened by droughts or other natural risks, such as flooding and mud slides. Additionally, 22 percent of those suffering from hunger and malnutrition are landless families who have to survive from income obtained under precarious working conditions as landless labourers.¹

The current food crisis is hurting poor people everywhere, but in Africa most of all. Even before the crisis hit the media in early 2008, agriculture had once again climbed to the top of the agenda of development cooperation in Africa after a long period of marginalization. It has proved to be the key issue in the WTO Doha Round of negotiations. It is the theme of the World Bank's World Development Report 2008. The Millennium Development Goal No.1 implicitly highlights agriculture as an important component of strategies to reduce poverty and hunger. FAO, in redefining its priorities after its Independent External Evaluation, has given central importance to the formulation and application of agricultural strategies and policies. The renewed emphasis on agriculture in the context of multilateral cooperation was confirmed at the Second European Forum for Sustainable Rural Development (Berlin, 18-21 June 2007), whose conclusions were intended to feed into the Accra Conference on aid effectiveness in September 2008. On the African side, the resolution adopted by the members of the African Union in Maputo in 2003 to devote at least 10 percent of their national

¹ Task Force on Hunger of the United Nations: UN Millennium Project 2005. *Halving Hunger: It Can Be Done*. Task Force on Hunger. <http://www.unmillenniumproject.org/documents/Hunger-lowres-complete.pdf>

budgets to agriculture and the formulation of a continental framework for agricultural development constitute positive signs of a redefinition of priorities. Finally, the structuring and the mobilization of African smallholder farmers' organizations is obliging all actors to take into account, at last, the visions and the proposals expressed by the majority rural populations in the African region.

The fact that the agricultural sector is receiving the attention it deserves is an excellent development, but the question of "what agriculture" to promote is still open. The proponents of a technology-driven "new green revolution" pin their hopes on production, by large-scale enterprises, of commodities for which Africa can "hope" to become "competitive" on the world market. On the other side of the fence are the advocates of the thesis that "Africa can feed itself!"² if the millions of small farmers on which the continent's economy, food security and social cohesion depend are provided with the policy and program support they require. This option would require prioritising agro-ecological smallholder food production for local and regional markets that are protected from products dumped on their markets at artificially low world market prices with which African producers cannot possibly compete.

Advancing African Agriculture

It was in this context that on 24 July 2007 the European Commission took the important step of publishing a communication to the Council and the European Parliament entitled "Advancing African Agriculture (AAA): proposal for continental and regional level cooperation on agricultural development in Africa" (COM(2007)440 final)³. This objective was to provide strategic guidance for the allocation of European Development Fund (EDF) and other EC resources and to serve as a reference document for member states in order to facilitate overall coordination of European support for African agriculture. EU policy concerned with African agriculture also relates to the EU-Africa Strategic Partnership which was adopted at the Lisbon Heads of State Summit - 8-9 December 2007.

In reviewing the AAA, European civil society actors, while concurring with the importance of this initiative, pointed to some aspects which appeared to receive inadequate emphasis, including:

- the fundamental role of multifunctional family-based smallholder agriculture for development, food security and poverty reduction in Africa and the need to prioritize support for strengthening family farming in all aspects of agricultural development and development cooperation strategies;
- the priority that should be given to building and defending local, national and regional agricultural markets and to ensuring the access of small producers to these markets on terms that are advantageous to them;
- the centrality of regional agricultural policies formulated and applied with effective participation of the social actors directly concerned.
- the wealth of experience and partnerships with African farmers' organizations which European CSOs have built up over past decades and the contribution that they can and should make to a European initiative to advance African agriculture.⁴

² The slogan of a campaign promoted by the West African farmers' platform, ROPPA.

³ See summary in annex.

⁴ The role of civil society and the importance of ensuring CSOs' participation in the implementation and review of the strategy was subsequently underlined both in the Council Conclusions of 19 - 20 November 2007 and in the European Parliament's report reacting to the Commission's Communication.

In late November 2007 European civil society organizations (CSOs) brought these concerns to the attention of the Commission and proposed to make an autonomous contribution to monitoring the impact of the AAA proposal.⁵ This initiative was welcomed by DG Dev (D2). During subsequent discussions among civil society actors it was agreed to undertake this activity in an inclusive way, making full use of existing coordination mechanisms, CONCORD in particular, but reaching out to involve other sectors of European civil society as well, agricultural organizations in particular. It was also agreed to conduct the monitoring exercise in close consultation with African farmers' organizations and other African CSOs. Finally, it was agreed not to limit the monitoring exercise only to EU development assistance, but to look also at other important ways in which Europe impacts on African agriculture: agriculture, trade, agribusiness and investment.

This document is an initial monitoring effort, undertaken with minimum resources and limited time, upon which we intend to build in 2009. In this report we review some of the measures proposed in "Advancing African Agriculture" and explore the following questions concerning the impact of:

1. European aid on African agriculture
2. European trade policies on African agriculture and the security of food supplies
3. European agribusinesses on African agriculture and African farmers
4. European Investment Bank's investments in the African agricultural sector
5. EU's Common Agricultural Policy on African agriculture and African farmers?

The final section presents some alternatives and policy recommendations about how to make African agriculture and the food chain more sustainable and European aid more effective.

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⁵ By a delegation of members of the CONCORD Food Security Working Group and the European Platforms for Food Sovereignty.

CHAPTER 1 – HOW IS EUROPEAN AID AFFECTING AFRICAN AGRICULTURE?

by Patrick Mulvany (Practical Action, Uk) and Gert Engelen (Vredeseilanden, Belgium)

An evaluation of the European Commission's aid to rural and agricultural development concluded that EC aid, despite some successes, was 'limited... fragile... or hardly visible' and the EU-ACP Joint Parliamentary Assembly in June 2007 called for the interests of small-scale farmers to be adequately represented in remedying these deficiencies. AAA is the opportunity to achieve this. However, despite their involvement in some processes, there is no evidence that small-scale farmers' movements are being enabled to systematically influence how Aid to African agriculture is delivered to achieve food sovereignty and improve the long-term security of food supplies in ways that are socially and environmentally sustainable.

From a human rights perspective and using a human rights based approach to development cooperation and assistance, states have both negative and positive obligations.

Negative is to 'do no harm' in extra-territorial actions and not to prevent States to be in a position to comply with the obligations they have under international human rights law. While positive obligations include the proactive support for the fulfilment/realisation of human rights by supporting conducive policies.

Positive obligations are important when considering accountability. Human rights (the International Covenant on Economic, Social and Cultural Rights, for example, has been ratified by 159 states, to date) provide some crucial tools and principles for operationalizing this accountability. A reminder of states obligations would be fundamental to pinpoint the "schizophrenia" of states which are quick to undermine human rights or environmental commitments when it suits trade regulations or defence agreements, etc...

Aid to African agriculture is back on the international policy agenda.

- The European Commission and member states, with renewed commitments to increase aid to agriculture and rural development, have the opportunity to influence the international agriculture agenda under the umbrella of the EU's Advancing African Agriculture (AAA).
- All the main international agencies are undergoing, or have recently undergone, internal review processes related to food and agriculture (FAO, IFAD, WFP, CGIAR, World Bank, GDRD). These processes will have the opportunity to promote the provision of more investment in and aid to agriculture, especially in Africa, in a more coordinated way - as agreed under the UN's Common Framework for Action proposed by the High-Level Task force on the Global Food Crisis.
- African governments themselves, in their 2003 Maputo Declaration, have committed to allocating 10 per cent of GDP to agriculture.

The big question, though, is how much will be available in practice, for what type of investment and for whose benefit? Will these processes be inclusive, especially of small-scale farmers' movements, and will they result in the goals of reduced hunger, improved equity and a more sustainable envi-

ronment in the long-term. This question remains unsolved for each of the five main issues of the new agricultural agenda for Africa:

The New Agriculture Agenda: a benefit to small scale famers?

In a recent report⁶ of the UK Food Group, a number of questions are raised about how the new agriculture agenda will be realized.

a) Aid effectiveness. Will there be a shift in agricultural aid towards the production of food by local food producers, involving local communities and farmers' organizations in the design and implementation of targeted programmes that also secure their livelihoods? Or will the policy conditionality attached to aid merely change appearance from an 'aggressive' to a more 'tailored' liberalization tool supported by 'aid for trade'?

b) Market- and private sector-led agricultural growth. Will the 'growth agenda' be tailored to the increasing needs of local communities for the sustainable production of food using technologies that cannot be privatized? Or will it be dominated by export-led and high-value crop production, supported by proprietary technologies including GM crops and increased use of agrochemicals?

c) Exiting agriculture: Will the new agenda defend small-scale farmers, especially women, and protect local food production and food provision? Or will there be continued pressures on small-scale farmers to stop producing food, with safety nets, including food aid, providing welfare for those who lose their livelihoods and the resources with which to produce food?

d) Improved governance and political processes: Will the new aid architecture and related food, agriculture, trade and environment policies respond to the challenges of increasing food provision at a time of significant challenges including climate change? Or will governance systems be unable to deal with the pressures from the corporate-sector and powerful interests, seeking to benefit through dominance of the food system and the resources used, that limit options for local and national control.

e) African ownership: Will African peoples, from local communities to nation states, be allowed to determine their own development of their own food systems? Or will this mean that African states have to take ownership of historical problems and of imposed solutions that are compliant with donors' priorities.

EC Aid

In Europe, DG Development formulates the development policy applicable to all developing countries and conducts studies to this end. The main thematic and sectoral areas (sub-activities) covered are: promoting food security and sustainable rural development; linking trade with development; regional integration and cooperation; support for macro-economic policies and promoting equitable access to social services in coherence with the macro-economic framework; supporting transport; and support for institutional capacity building.

⁶ More Aid for African Agriculture: Policy implications for small scale farmers <http://www.ukfg.org.uk/more-aid-for-african-agriculture.php>

Spending – some 7 billion euro/year, in 150 countries and territories – is handled by EuropeAid/AIDCO, a separate department of the Commission. The most significant budget lines are food aid/food security, environment/tropical forests, health and NGO co-financing.

The aid is provided under the 10th EDF, which covers the period from 2008 to 2013 and includes 21,966 million euro allocated to ACP countries. This will continue to take place at the national level, through increased budget support measures, as guided by Country Strategy Papers (CSPs). Within the CSP framework, various sources of funding⁷ are combined in an integrated manner in support of national policies and strategies, reflecting national priorities. Thirty agreements have been reached, so far, including most African countries.⁸

Aid to rural development, agriculture and food security is substantially increasing. Financial resources allocated to rural development, agriculture and food security are increasing indicatively from about 9.5 percent to over 12.5 percent of the national-level EDF envelopes. In volume terms this implies an increase from 660 million to about 1.1 billion euro.

The new thematic instrument in support of food security has a strong rural development and Africa focus, recognizing that food security overwhelmingly prevails in the rural areas. In addition, a range of communications and policy guidelines has been developed for various aspects of agricultural and rural development, which, in conjunction, provide a wide-ranging EU framework in this area (EU council, EU Parliament and EC, 2005). They include the EU Action Plan on Agricultural Commodity chains, Dependence and Poverty, as well as EU–Africa Partnership in support of cotton sector development (EC COM, 2005); the Food Security policy⁹; the Communication on Fisheries and Poverty Reduction (EC COM, 2000); the Land Policy Guidelines (EU Task Force on Land Tenure, 2004); the initiative on Forest Law Enforcement, Governance and Trade – FLEGT (COM, 2003), and the EC and EIARD Strategies in Agricultural Research for Development adopted in 2001 and 2004 respectively.

An evaluation of the European Commission's aid to rural and agricultural development covering the period 1995-2005 was published in June 2007¹⁰. It concluded that EC aid, despite some successes, was 'limited... fragile... or hardly visible'.

These challenges were recognised by the EU-ACP Joint Parliamentary Assembly, and in proposing for how the deficiencies could be remedied called for the interests of small-scale subsistence farmers to be adequately represented:

ACP-EU Joint Parliamentary Assembly: a resolution which deserves promotion

The ACP-EU Joint Parliamentary Assembly debated these issues in 2007 and agreed a resolution¹¹.

⁷ Funding from the EDF (including Stabex resources) within National Indicative Programs; from the European Community Budget (budget lines related to specific crops like sugar and bananas, or to thematic programs on food security, environment, etc.); as well as national aspects of intra-ACP projects and programs (e.g. SPS, livestock, commodities and fisheries)

⁸ http://ec.europa.eu/development/how/methodologies/strategypapers10_en.cfm

⁹ Council regulation 1292/96 continues to guide assistance in the fight against hunger.

¹⁰ ADE, *Evaluation of EC cooperation in the field of rural and agricultural development in partner countries*, June 2007

¹¹ http://www.acpsec.org/en/jpa/wiesbaden/100.011_en.pdf

- They stressed that farmers’ organizations must be recognized as important players in initiatives affecting the rural and agricultural sectors and must be included in the non-government group regularly consulted by the EC on these matters.
- The Assembly also declared in its resolution that biological diversity, sustainable agriculture and food security depend absolutely on the recognition of ACP (African, Caribbean and Pacific) countries’ food sovereignty (in the face of the inequitable EPA negotiations) and the policy space necessary to protect ACP countries’ fragile economic sectors and farmers’ individual and collective rights to store, exchange, distribute and improve seeds, so as to enhance food production.
- The Assembly argued that small farmers in Less Favoured Areas should be given priority, having traditionally missed out on agricultural support under the well established principle of EU cohesion policy
- They deplored the fact that only four out of 78 ACP countries made agriculture a priority sector under the 9th EDF¹², and that EU development cooperation policy did not give priority to agriculture and rural development
- The Assembly considered that ACP-EU development cooperation policy should be based on recognition of the right of the ACP countries to protect their agriculture, as has been the case in Europe, in order to guarantee satisfactory earnings for small farmers, increase local production and guarantee food security, while allowing selective market openings.
- It also called on the EU to support the structural transformation of production in poor countries away from export-led economy towards an intra-regional sustainable development strategy, taking into account the real need of the populations and seeking to reduce dependency on industrialized countries and build domestic and regional markets. It calls for EDF assistance for conversion to organic farming where possible and Fair Trade farming where appropriate, and to reduce the use of capital intensive pesticides and synthetic fertilizers.

The European Commission should heed their resolution.

Challenges for EC Aid

EC aid has long been criticized for its lack of focus on poverty. An NGO study of EC aid to African agriculture concluded that there was no evidence that it was focused on the basic needs of small farmers; when EC aid reached the poor it was usually in the form of food aid only.

The new agriculture agenda should give priority to those approaches that can be locally-controlled and would realise the Right to Food and food sovereignty, rather than the use of agriculture as an 'engine of national economic growth'. These approaches are supported by the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) whose 22 Findings show the necessity for a radical transformation of agriculture if the world in 2050 is to have less hunger, increased equity and a more sustainable environment, see: www.agassessment.org

Future aid and investment programmes for will have to concentrate on more people-centred, food-focused and environmentally sustainable approaches if the development of African agriculture is to serve the long-term interests of the majority of Africans.

¹² '30.7% of the Ninth EDF has been allocated to structural adjustment programmes, 21.4% to transport, only 7% to rural development and 1.1% to sectors specifically related to agriculture.'

CHAPTER 2 – WHAT IS THE IMPACT OF EUROPEAN TRADE POLICIES ON AFRICAN AGRICULTURE AND AFRICAN FARMERS?

by Nora McKeon (Terra Nuova) and Marc Maes (11.11.11)

EU trade policies for Africa are still dominated by the Free Trade / Economic Partnership Agreements that defend the commercial interests of Europe and its corporations, despite the EU's commitment to the development objectives of the Cotonou Agreement. The continued impact on African agriculture and food security of neo-liberal market policies combined with continued production and export subsidies and market protection in Europe (and elsewhere) has been catastrophic. EPAs need to be turned around to meet their declared objective of stimulating regional integration and strengthening regional and continental markets. The combined strength of the 77 ACP and 27 European countries in international trade forums could win special and differential treatment for developing countries, especially in Africa. Farmers Organisations networks supported by European CSOs made four recommendations to the ACP negotiators: give priority to regional integration and markets; negotiate trade relationships based on asymmetry and equity and excluding food products; arrange for effective participation of actors; take the time and develop the necessary instruments to ensure that the agreements further the interests of the ACP regions.

It is universally recognized that trade policies are closely linked to agricultural development and food security. What varies is the assessment of *which* trade policies ought to be put in place in order to promote *which* approach to agricultural development. There are two basic issues involved. Are the EU's trade policies relative to Africa designed to further the development objectives which underlie the Cotonou Agreement, or are they essentially cut from the same stuff as the FTAs which the EU is churning out at a rapid rate to promote the commercial interests of Europe and its corporations? Secondly, are the trade recipes proposed by Europe likely to favour sustainable development of the family-based farming which the majority of the African population depends on for its livelihood, or are they more likely to promote large-scale export-oriented agriculture?

The EC's communication Advancing African Agriculture (AAA) makes three major references to the trade-agricultural development link. 'Accessing remunerative markets' (including what are termed 'niche markets' such as the controversial biofuels as well as fair-trade and organic agriculture) is identified as a priority for African agriculture. 'Trade facilitation, emphasizing quality assurance and improvement' is cited as a key area for cooperation, with a focus on regional markets "building on the opportunities offered by EPAs" (Economic Partnership Agreements). An annex to the AAA communication clarifies what model of agriculture is targeted by these measures: "larger and more market-oriented farming enterprises are expected to reap benefits from regional integration opportunities offered through other forms of AU-EU cooperation" whereas "smallholders can benefit from flourishing larger scale farming".

The First Action Plan for the Implementation of the Africa-EU Strategic Partnership adopted at the EU-Africa Summit in Lisbon in December 2007 integrates much of the content of the AAA communication into a Priority Action to "Accelerate the Achievement of the Food Security Targets of the

MDGs” which emphasises “enhanced intra-Africa trade, including staple foods”. The Action Plan’s partnership on “trade and regional integration” includes among its activities that of “ensuring that the EPAs support Africa’s regional integration efforts”. But regional integration is seen essentially as the prerequisite for Africa’s belated integration into the world market. This is clearly the orientation of the EC communication on “Regional Integration for Development in ACP Countries” (September 2008), which reiterates the Cotonou Agreement’s statement that EU-ACP economic and trade cooperation “shall aim at fostering the smooth and gradual integration of the ACP States into the world economy, with due regard for their political choices and development priorities, thereby promoting their sustainable development and contributing to poverty eradication in ACP countries.” (Title II, Art. 34)

Finally, moving beyond the bilateral EPAs, the Africa-EU Strategic Partnership foresees “coordination of African and EU positions in international fora” including the Doha Development Agenda, “in particular seeking common ground to address key issues for development”.

Smallholder farming families - victims of neoliberal market policies

The impact on African agriculture and food security of nearly three decades of neo-liberal market policies combined with continued production and export subsidies and market protection in Europe (and elsewhere) has been catastrophic. Donor-induced policies and programmes have promoted export commodity markets, presumed to be most the promising route to African development. They have prioritised investment in infrastructure and services for export markets, to the detriment of smallholder food production and marketing. African markets have been swamped by “dumped” European (and other regions) food products.

Neoliberal trade dogma has been invoked to prohibit African governments from increasing tariff barriers against this unfair competition with the result that local smallholder producers can no longer sell their products in their own local and national markets. Africa’s share in the world market has declined, contrary to the teachings of free trade prophets. Africa has become a net food importer with disastrous consequences as highlighted, dramatically, by the current food price crisis. FAO foresees an increase of 74 percent in the amount that low income food-deficit African countries will have to pay out in 2007-2008 for the purchase of cereals from abroad that could have been produced in Africa with appropriate agriculture and trade policies. Without these, smallholder farming families have continued to sink further into poverty and to leave the land, embarking in option-less and often life-threatening migration to African cities and the southern coasts of Europe.

With such a bleak scoreboard it is hard to believe that powerful players including the EU are able to recommend more of the same. But that is just what is happening. It is of fundamental importance for African farmers and their food and agriculture systems that the political opportunity offered by the current food crisis be seized in order to seriously question and fundamentally recast the agricultural trade policies of the past three decades. If EPAs were turned around to meet their declared objective of stimulating regional integration and strengthening regional and continental markets they could make a positive contribution to African agricultural development and food security. If the EU maintains its pledge to work together with ACP countries in international trade forums in order to win special and differential treatment for developing countries, the combined strength of the 77 ACP and the 25 European countries would be formidable. If the European response on both of these issues is negative, the impact will be devastating.

EPAs in their current form are not pro-development

The EC - in good faith or not - is operating on the false assumption that EPAs, as presently being negotiated, do offer opportunities for regional integration and support the development agenda of Cotonou Agreement. In reality nothing could be further from the truth. This is demonstrated by a growing body of literature produced not only by civil society organizations but also by such authoritative sources as FAO, the Carnegie Institute and the European Centre for Development Policy Management. Major problems which have emerged since the negotiations started in 2002 include:

- Vastly unequal negotiation capacity between EU and the ACP regions, making it difficult for the latter to define and defend their own interests;
- Domination of the process by DG Trade with DG Development playing a subordinate role, going so far as to use development aid as a “carrot” in the negotiations and to countenance conversion of EDF resources to “aid for trade” designed to help ACP countries cope with difficulties they could avoid by not signing EPAs to begin with;
- Inclusion of issues like government procurement, investment and competition which the developing countries have rejected in the context of the WTO negotiations;
- Totally inadequate involvement of stakeholders, in contravention of the rhetoric of both the Cotonou Agreement and the Africa-EU Strategic Partnership;
- Failure to explore alternatives to EPAs and to take into account the results of the impact assessments conducted by various actors and commissioned by the EC itself;
- Failure to seriously consider the situation of the ACP regions regarding real (not only “on paper”) implementation of regional integration and their requirements for addressing supply-side constraints and non-tariff barriers;
- Insistence on meeting the 31 December 2007 deadline ignoring the increasingly evident fact that the ACP regions needed more time and despite the stall in the Doha talks which would have justified a delay in any case;
- Use of aid funds and threats of cutting market access for strategic non-LDC commodities as “inducements”;
- Initialling interim EPAs with “pieces” of ACP sub-regions thus damaging - rather than enhancing - prospects for regional integration.
- Refusing for four years to include development cooperation provisions in the EPAs
- Insisting on high levels of tariff elimination and inadequate transition periods (especially for the LDCs), on MFN clauses that limit the ACP opportunities for South-South agreements and on standstill clauses and the elimination of export limitations
- Failing to provide adequate and user friendly infant industry and food security safeguards

On the multilateral front, the EU has not opted to act in cooperation with ACP countries in the context of the WTO Doha Round in pursuit of objectives like revision of Article XXIV of GATT and definition of Special and Differential Treatment for developing countries. The EU has also not given much support to the G33 proposals for special products and an adequate and user friendly Special Safeguard Mechanism (SSM) to protect the food security, income security and rural development of developing countries.

Nor has the eruption of the global food crisis brought about a change of mind. The EC communication on “Tackling the challenge of rising food prices. Directions for EU action” (COM(2008) 321 final of 20 May 2008) lists, among the actions to be taken to address the effects of the crisis at international level, that of: “continuing to promote an open trade policy and working towards an early conclusion of the DDA. There are significant potential gains for developing countries from the Doha

Round in terms of new market opportunities, which would help generate additional export income, stimulate agricultural production and facilitate access to foodstuffs, thereby alleviating the current food price hikes. The EU has already autonomously granted duty and quota free access to least developed countries. The same approach is now extended to the ACP countries in the framework of the EPAs”.

Recommendations of African farmer organizations and CSOs

The EPA negotiations have provided scope for exceptionally fruitful cooperation among and between African social movements, European civil society organizations (CSOs) and the international UN food / agriculture organizations (IFAD and FAO) that have enabled the regional African farmers’ networks to prepare their own autonomous assessments of the EPA negotiations. Respect for the different identities and roles of each partner has been a key factor. Political control of the reviews has been firmly in the hands of the farmer networks. IFAD provided financial support, FAO gave technical assistance, while the European CSOs ensured the farmer organizations’ (FOs) access to strategic documents and information and facilitated their interaction with European and international institutions.

The results have been compelling. In the space of just six months, five autonomous assessments were prepared and presented to the respective regional integration organizations. A synthesis of the assessments presented to ACP Secretary General on 15 December 2006 won recognition of FO networks at the global level and their inclusion in the deliberations of the all-ACP experts. It made four recommendations to the ACP negotiators:

- give priority to regional integration and markets
- negotiate trade relationships based on asymmetry and equity and excluding food products;
- arrange for effective participation of actors;
- take the time and develop the necessary instruments to ensure that the agreements further the interests of the ACP regions.

Many European CSOs, including European farmers’ organizations as well as NGOs, have based their advocacy work on these views expressed by the social actors directly affected, with an unhoped-for impact. Concerted campaigning has brought what had been a non-issue to public attention. The EPA process as conducted by the EC was delegitimized and its policy incoherence exposed. Increasingly rigorous questioning took place in the European Parliament and in a number of national parliaments. Most recently a report by a French parliamentarian, the country that holds the EU Presidency in the strategic latter half of 2008, has recommended an about turn in the negotiations putting development objectives as a top priority.

On their own home front the African farmer networks have worked actively to sensitize and mobilize rural people, to defend farmers’ interests in the negotiations undertaken by their regional economic organizations, and to conduct ongoing lobbying along with other sectors of civil society. Their advocacy and alliance-building has made an undoubted contribution to the outcome that no full EPAs were initialled by the 31 December 2007 deadline and that some regions, West Africa in particular, are taking a far more forceful negotiation stance. Exchanges among the four regional farmer networks in the context of the EPA negotiations has contributed to the establishment in May 2008 of a Pan African Farmers’ Platform that will strengthen their participation in policy negotiations between the African Union and the EU.

By 31 December 2007 eighteen African states (including most of the non-least developed and some least developed countries) had initialled interim EPAs. The remaining African countries, apart from South Africa, continue to export to the European market under the EU Generalised System of Preferences (GSP): its favourable Everything But Arms (EBA) sub-regime in the case of least developed countries, and the less favourable standard GSP for Nigeria, Republic of the Congo, and Gabon. An authoritative study¹³ published by ODI/ECPDM published in March 2008 (*The new EPAs. Comparative analysis of their content and the challenges for 2008*) sums up the differences among these agreements in the following terms: “countries have a deal that reflects their negotiating skills: that countries able to negotiate hard, knowing their interests, have obtained a better deal than those lacking these characteristics”, a situation which is hardly acceptable given the EPAs’ development objectives. The interim agreements are judged to pose significant difficulties for African agriculture: they create additional barriers to regional integration, they offer no guarantee that development assistance will be provided to support agricultural production, they do not provide adequate protection for African products against dumping and import surges. The way forward must ensure ownership not only by African governments but by all stakeholders. This means taking the time necessary, increasing the transparency of the negotiation process and redressing the negotiation asymmetries.

Therefore, current advocacy objectives for civil society and farmers organizations include:

- Independent assessments of initialled agreements before any further steps are taken;
- For ACP regions, rather than pursuing negotiations on the basis of EU proposals by trade ministers, define autonomous strategies for agricultural development and regional integration, with full involvement of stakeholders, parliaments and relevant ministries;
- Moratorium on EPA negotiations until the above has been done (and so long as the Doha Development Round is blocked).

¹³ Christopher Stevens, Mareike Meyn and Jane Kennan ODI and Sanoussi Bilal, Corinna Braun-Munzinger, Franziska Jerosch, Davina Makhan and Francesco Rampa. 2008. The new EPAs: comparative analysis of their content and the challenges for 2008 (Policy Management Report 14). Maastricht: ECDPM
[http://www.ecdpm.org/Web_ECDPM/Web/Content/Download.nsf/0/E8036BBF7CB4214BC1257421002B30D2/\\$FILE/ODI-ECDPM%20EPA%20Analysis%20-%20Final%20Report%2031-03-08%20Amended%2003-04-08.pdf](http://www.ecdpm.org/Web_ECDPM/Web/Content/Download.nsf/0/E8036BBF7CB4214BC1257421002B30D2/$FILE/ODI-ECDPM%20EPA%20Analysis%20-%20Final%20Report%2031-03-08%20Amended%2003-04-08.pdf)

Agrofuels: an additional challenge to food security in Ghana?¹

Production of agrofuels and loss of arable land for food. Another alarming trend and sign of schizophrenia of donors concern the production of agrofuels. Many donors have committed themselves to invest to actively fight against the lack of affordable food and thus to start again investing and supporting subsistence agriculture. At the same time, their companies are granted large tracts of arable lands for the production of ethanol or agrofuels. As controversy rages over the ethics of producing agrofuels at a time of soaring food prices and while studies already proved the impact of the production of agrofuels on this soaring, foreign companies are scrambling to grab lands in Ghana to produce agrofuels.

For instance, Northern Sugar Resources Ltd claims that it will start exporting ethanol to Sweden from Ghana soon. The company plans to grow sugar cane on 30,000 hectares of land and turn it into ethanol in a plant that will be built by Constran S/A of Brazil. At full capacity the plant will produce 150,000 cubic metres of ethanol per year. Svensk Etanol AB (Sekab), a Swedish green fuels company, has committed to buying the first 10 years of the plant's production. The project requires a total investment of 306 million dollars (197 million euros). Of that total 260 million dollars will come from a loan granted to Northern Sugar by the Brazilian government development bank BNDES. This is the first loan by the Brazilian government to Ghana in the history of bilateral relations. The site where the sugar cane is to be cultivated and the plant built lies at the northern tip of the Volta Lake, about 100 kilometres (63 miles) south of Tamale. It is thus situated in the Northern region where subsistence agriculture still prevails and where major staple food crops are produced (rice, millet, etc.). As the Vulnerability Analysis and Mapping conducted in 2004 by the University of Development Studies in Tamale on behalf of the World Food Program Ghana, the rural communities in the region are also among the most affected by chronic malnutrition with prevalence around 50%. It is doubtful that the kind of project envisaged by the Sekab will help these communities in terms of food security and sustainable management of already marginalised and fragile lands.

The case of Sekab is not an isolated one. A Norwegian agrofuel company recently took advantage of Africa's traditional system of communal land ownership to claim and deforest large tracts of land in Kusawgu, Northern Ghana with the intention of creating "the largest jatropha plantation in the world". This investor clearly deceived the chief to sign away 38,000 hectares with his thumb print. When the community realized that they had been tricked, 2,600 hectares of land had already been deforested. Many have now lost their incomes from the forest and face an uncertain future.

Agrofuels attract new donors to Ghana. Currently Ghana is eagerly investing in agrofuels with the help of Brazil, the world's leading agrofuels producing country. Brazilian President Luiz Ignacio Lula da Silva argues that the sugar cane cultivated in Brazil for ethanol is not a food crop and it not grown on land that would otherwise be used for food crops. While in Ghana for the United Nations Conference on Trade and Development (UNCTAD XII) meeting in April, 2008, Brazilian President Luiz Inacio Lula da Silva signed an agreement with the Ghana government to grow sugarcane for bio-ethanol in Ghana. During the signing ceremony, da Silva said, "in Ghana we are developing a project that will result in growing 27,000 hectares (of sugarcane) for the production of 150 million litres of ethanol per year that are destined for the Swedish market." President da Silva who is encouraging farmers in his country to grow agrofuels including sugarcane, castor beans and corn, instead of traditional food crops, says that rising fuel prices and not agrofuels are responsible for the high cost of food. Early in May this year, the new UN Special Rapporteur on the right to food, Olivier de Schutter made a scathing criticism against the investments that are being made in agrofuels by some countries. In an interview with the BBC, he described the investment in agrofuels as "irresponsible" and a "crime against humanity." He went ahead to call for an immediate freeze of the policy and asked for restrain on investors whose speculation he says is driving food prices higher.

1) FIAN, Aid Effectiveness and the Human Right to Adequate Food. A contribution to the Third High Level Forum on Aid Effectiveness, Accra, Ghana, September 2008

<http://www.fian.org/resources/documents/others/aid-effectiveness-and-the-human-right-to-adequate-food/pdf>

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<http://www.fian.org/resources/documents/others/aid-effectiveness-and-the-human-right-to-adequate-food/pdf>

CHAPTER 3 – WHAT IS THE IMPACT OF AGRIBUSINESS ON AFRICAN AGRICULTURE AND AFRICAN FARMERS?

by Myriam Vander Stichele, SOMO

AAA recognises that ‘market failures have been prevalent’ and that this has had negative impacts especially on marginal groups in Africa. However, business investment is still supporting export-oriented, large-scale and foreign agribusinesses, with their large financial, human and technical resources, at the expense of small-scale family farming, local seeds development, diversification and local value-adding processing. A market failure in the financial sector has been that private banks have failed to provide appropriate credit and financial services to small-scale, family farms and rural areas. European supermarkets operating abroad still use their buying power to impose their conditions on suppliers and to extract lower prices, with lower social and environmental standards, than their competitors. The standards and delivery conditions imposed are difficult to meet (tight timing, large volumes, year round delivery). This report shows that increased regulation is essential with improved governance in the agribusiness sector to deal with: equitable distribution of benefits and risks, labour rights, environmental protection, political influence, hedging and speculation in food.

EPA negotiations on the liberalisation of investment in agriculture specifically includes restraints on regulation by African countries (national treatment and market access rules). This must change. The EU and African countries should agree on cooperation mechanisms for stabilising and improving prices and ensuring that small-scale farmers and farm workers receive a fair share; design competition policy and cooperation that effectively deals with concentration in commodity markets and its abuses; deal with unfair marketing by European agribusiness in Africa; prohibit and sanction abusive buyer power practices by supermarkets buying African products for European markets or by European supermarkets operating in Africa; change the relationship within the standard setting companies and bodies so that they consult with African producers, cooperate in order to find locally appropriate standards, and provide appropriate means to producers to adopt new standards; prohibit unlimited financial speculation on food and commodities.

Agribusiness, in this document, is understood to be agricultural production, processing & distribution of agricultural products beyond the informal sector and family farms or micro businesses linked to agriculture. This text focuses on foreign agribusiness aiming at exports and those operating on local or regional markets with products imported or produced in Africa. Attention is also paid to African agribusinesses operating in Africa (at local, national or regional level) with African agricultural products from Africa, or imported agricultural products. This document raises issues related to agribusiness that need to be further explored from a perspective of improving sustainable agriculture and food supply and ensuring nutritious food for all Africans, with priority for agricultural production by family farms.

Admitting market failures... by agribusiness

A basic starting point in the EC's "Advancing African Agriculture" communication is the recognition that "market failures have been prevalent" and that this has had negative impacts especially on marginal groups. This market failure relates to particular features and trends of agribusiness which are particularly visible in Africa.

- Agribusiness has not set up the services - like extension services and market intelligence systems, business development, market information and public transport - or diversified production when the state was unable to provide support or when so-called market unfriendly state intervention was halted. When infrastructure (roads, communication networks, cold chain, etc.) is too poor or when the purchasing power of the farmers is too low to buy services, business can make no profit and does not (start) operat(e)(/ing). The lack of infrastructure for (foreign) investment in agriculture might be the reason why very large commodity agribusinesses like ADM and Bunge are barely operating in Africa. In order to attract agribusiness, governments, with the advice and support from donors, might tend to invest large sums in infrastructure. If this is to support export-oriented, large-scale and foreign agribusiness, this might be at the expense of budgetary spending for supporting small scale family farming as their needs for infrastructure might be different than those of large scale agribusiness.
- The existing agribusiness, and particularly the commodity export agribusiness, has failed to invest in diversification and for some sectors to invest in processing, in order to increase value added to agricultural production. For a long time, agribusiness has failed to deal with oversupply and low prices. The very low income for African farmers and farm workers has resulted in lack of purchasing power and lack of resources (from tax incomes) to invest in sustainable agriculture, including for food for local consumption. Given that foreign agribusiness controls the more lucrative parts of many export commodities and that they are concentrated in a few hands, as for cocoa, the question remains how much of the benefits from the current increased commodity prices go to African farmers and whether the history of price volatility currently undermines confidence for farmers to invest in agricultural production. Small scale farmers also do not benefit from price increases because of a lack of access to local markets (due to a lack of infrastructure and also because of cheap imports) which means that they are often reliant on middle men for trading.
- A market failure in the financial sector has been that private banks have failed to provide appropriate credit and financial services to small and family farms, and rural areas. The need for collateral has disadvantaged the access to financing by women who often are unable to provide collateral. In general, large agribusiness such as Cargill have set up their own financial support system from inputs to price risk aversion mechanisms whereby farmers have to deliver their produce to these agribusinesses (and follow the indicated production method). The consequence is that a large part of the production might not come on the market, making price manipulation to the disadvantage of the farmers possible.
- Agribusinesses with large financial, human and technical resources are able to easily out compete local farm production, trading and processing because they are unequal players in the market compared to the majority of their African counterparts. The huge marketing power of foreign agribusinesses undermines the development of domestic farming and agribusiness in different ways. For instance, the marketing of seeds from foreign companies can prevent

seeds developed domestically from being distributed to farmers. This is about market power, but also about the right of local farmers to control their access to seeds and reduce their dependence on agribusiness in general

- For exports, and also on some domestic African markets where (European) supermarkets are operating, market failures start in the EU, namely by the abuse of market dominance by European supermarkets. Food sales in some major European countries are in the hands of a few supermarket chains, some with national market shares of more than 20%. This gives supermarket chains buyer power to impose their conditions on suppliers and to extract lower prices than their competitors with lower market shares. Small scale farmers from Africa might feel the negative impact of buyer power through low prices received, and the standards and delivery conditions that are difficult to meet (tight timing, large volumes, year round delivery). European supermarkets operating abroad also use such practices.

Macro economic policies on investment vs. the development agenda in agriculture

Many African countries have macro economic policies that are geared towards attracting foreign investment, amongst other things in order to earn foreign exchange to repay debts and to import many essential goods. These policies to attract foreign investment might disadvantage small scale and family farming in comparison with foreign agribusiness in the following ways:

- Tax holidays, including no import duties agricultural products for example, undermine income for the national budget which could be used to improve services to farmers and results in unfair competition from untaxed imports, making it difficult for small scale farmers to sell their produce in their local markets.
- Large costs are made to attract foreign investment, some of which are covered by aid or loans, such as for infrastructure especially geared towards foreign investors.
- Foreign investors in agriculture seem to be more export orientated, which might undermine agricultural production for domestic consumption.
- Part of the policy to attract investment is to show stable legislation and domestic discipline in regulations. This results in the signing of trade and investment agreements (including EPAs) that provide foreign investors with governmental treatment at least equal to local agribusinesses and other producers. Such agreements undermine measures to prioritise small domestic and/or sustainable farms, and the policy space and capacity to regulate (including regulating imports at the border) foreign investors.
- An important aspect of providing legal certainty to foreign investment is to secure land ownership. In the efforts of governments to accommodate investors, or practices by investors themselves, land may be grabbed from local farms or people might be pushed off their small farms or off fertile ground. There is also increasing competition for access to water. Some large scale monoculture cash crops require high levels of irrigation for fast growth and high turnover.

Sector governance

Beyond policy harmonization and coordination, there are many issues of good governance in the agribusiness sector that need to be dealt with. They are amongst others:

- *Equitable distribution of benefits and risks:* In some sectors such as tea and cocoa the low prices of the last decades have led to the few dominating large agribusinesses disinvesting in large scale production and/or (increasingly in the case of tea) buying their supplies from small scale farmers. This means that price for produce can be provided to agribusiness traders at low prices because of (unpaid) family work, no legal obligations for minimum payments as is the case for plantation workers and no social security costs for the farmer or his informal farm workers. Also, when the harvest fails, the risks are left to the farmer. Such practices, amongst others, have an impact on food producing farmers because commodity farmers do not have sufficient purchasing power to buy food.
- *Labour rights:* Where agribusiness uses large plantations, decent wages and working conditions (health, safety, etc.), respect for labour rights, child labour, overwork might still be problems that affect farm workers and their families who cannot live from family farming. Government intervention to guarantee respect for collective bargaining rights to increase wages (and thus purchasing power for food) might not be sufficient as some plantations might (increasingly) use contract workers.
- *Environmental protection:* Do African authorities have the power to control and sanction large agribusinesses when they produce with unsustainable methods? Also, the increasing use of marginal land and the increasing production by poor farmers in some sectors might be unsustainable. The question is whether agribusiness has more resources to produce or to switch to producing sustainably, while the lack of income for small and poor farmers prevent the latter from doing so?
- *Political influence:* Moreover, some governments are reluctant to intervene and protect farm workers as this is feared to be seen by foreign investors as negative attitude towards foreign investors. The same applies for adopting and enforcing environmental laws that aim at sustainable agricultural production. Moreover, foreign investors might threaten to leave if too high standards are adopted or applied. This might affect the sustainability of the whole agricultural production in a country where, as a result, the regulations and measures to promote sustainable agriculture might be lacking.
- *Getting income:* One issue that is increasingly getting attention is whether foreign investors and large businesses are paying sufficient taxes in the host country. An interesting agribusiness to research this question might be the French agribusiness Louis Dreyfus.

Research vs marketing

The EU's emphasis on better research and coordination might underestimate the fact that research for better seeds for instance is being undermined by the marketing power of large agribusinesses which reaches farmers better than governmental researched products, methods, etc.

In the research institutions mentioned in the EC communication such as GFAR and CGIAR, the private sector plays a role. It would be interesting to know in how far large agribusinesses are able to influence the agenda of large research institutions and forums.

Trade facilitation with focus on quality is export oriented

The trade facilitation agenda proposed by the EC is oriented towards export strategies, assuming that export markets are remunerative. The concentration in the hands of agribusiness of the trading, transportation and retailing of food and agricultural products do not guarantee that exports get remunerative prices for African farmers and producers at the beginning of the chain.

Foreign agribusiness seem to be relatively more involved in exports (commodities, fresh fruit and vegetables, grains) than in production for local consumption and compromises crop diversification. Exports tend to be larger scale in order to meet delivery demands. Also low commodity prices have made agribusiness aim at increasingly larger scales of operation. Small-scale farmers are, or become, less competitive than the larger scale export oriented agribusiness and abandon their exports. For instance, the Kenyan green bean exports are dominated by Homegrown, a large UK owned agribusiness.

Some large export agribusiness, such as Louis Dreyfus, have their own traders, transport system (ships, cold chain) up to importing countries, etc. When this infrastructure can only be used by the private company, it means that infrastructure is not provided for the local farmers.

Direct relationships with supermarkets and importers seem to be normal for some export products such as mangoes, which means that wholesale markets decrease and small farmers have less outlets and opportunities to sell their produce. Also, agricultural products such as fresh fruits and vegetables that were produced for export but then rejected, can end up in local markets, thus flooding the market and decreasing the price. From a quality and nutrition point of view, the best products are more likely to be used for exports. In addition, export products such as sweet pineapple might be patented so that the patent/licensing income goes to agribusiness and local smaller exporters are not allowed to produce the same products.

The problem of the standards set by the importing countries, not only by governments but also by the private retailing sector in the EU (EUREPGAP), is being tackled in the EC document, and in current practice, by supporting implementation and certification. However, solutions also need to be found by changing the relationship with the standard setting companies and bodies who should consult with developing countries' producers, cooperate in order to find locally appropriate standards, and provide appropriate means to producers to adopt new standards.

Risk management

The financial risk management instruments are sometimes offered to farmers by large agribusiness companies such as Cargill (Cargill is present in Africa operating in sectors like cocoa, grain, cotton), but it needs to be investigated whether this is also the case in Africa.

Although hedging against changes in prices and currency values has been a long time practice, the current price increases and the increase in analysis of financial products reveals that there are also a

lot of speculative financial instruments on the financial market (due to deregulation) that result in farmers not receiving a large part of the price increases and making food unaffordable for many parts of the population in Africa.

Conclusions

The EU should orient its aid programmes, its own trade and agricultural policies and its negotiations with African countries on trade and investment (in EPAs, WTO) towards support of family farming as well as local or regional processing of African farm products. This means among others :

- The need for budgetary support to be particularly spent on infrastructure for transporting family farm products;
- support for accessible and cheap financing of agricultural production beyond micro finance, including cooperative banking;
- support risk management instruments that are not only based on financial markets or corporate instruments;
- support domestic and regional processing and marketing of African farm products;
- support for governments in order to review their investment incentives for foreign agribusiness and evaluate whether the costs of such incentives should be better spend to support African family farming.
- Perhaps here we could also address the issue of land ownership/agrarian reform.

Rather than agreeing in the EPA negotiations on liberalisation of investment in agriculture, which includes restraints on regulation by African countries (national treatment and market access rules), the EU and African countries should agree on cooperation mechanisms to:

- avoid volatility and low prices in the commodity markets, and ensure that farmers and farm workers get a fair share of the commodity prices;
- design competition policy and cooperation that effectively deals with concentration in commodity markets and its abuses;
- deal with unfair marketing by European agribusiness in Africa;
- prohibit and sanction abusive buyer power practices by supermarkets buying African products for European markets or by European supermarkets operating in Africa;
- change the relationship within the standard setting companies and bodies so that they consult with African producers, cooperate in order to find locally appropriate standards, and provide appropriate means to producers to adopt new standards;
- prohibit pure financial speculation on food and commodities.

CHAPTER 4 – WHAT IS THE IMPACT OF INVESTMENTS BY THE EUROPEAN INVESTMENT BANK IN THE AFRICAN AGRICULTURAL SECTOR?

by Antonio Tricarico, Campagna per la Riforma della Banca Mondiale (CRBM)

EIB is a major financier of development projects, now managing EU budget resources of the EDF and the EU-African Partnership in addition to its own funds.. The EIB is biased towards private sector development and exports as a 'key engine of development'. Large infrastructure development and global loans remain the primary area for its investment in ACP countries (756 million euro in loans in 2007). EIB project finance to the agricultural sector is minor but difficult to monitor much of it is channelled through financial intermediaries with no transparency. Although the EIB has no explicit development mandate, all mandates and agreements approved by the EU Council must have a strong focus on development cooperation policy consistent with the Cotonou Agreement and AAA. The EIB has a mid-term review in 2010 involving not only those finance ministers who sit on the EIB board, but also for the first time foreign affairs and development ministers of Member States. The European Parliament has recommended a comprehensive reform of the EIB so that it will align the its external lending with EU development goals and policies. Small-scale African farmers' organisations and CSOs campaigning for food sovereignty and innovative aid financing mechanisms for supporting and protecting local markets in Africa should consider how to seize this important opportunity.

The EIB should promote local markets, in a transparent manner, and should not move into bio fuels global business.

Looking forward to how European development finance mechanisms are changing and adapting to a different context, in particular in relation to lending to sub-Saharan Africa, it is key to look at the recent evolution of the European Investment Bank (EIB), unknown to most, but set to potentially become a key player in the EU external relations.

Originally set up to finance the physical infrastructure of the EU member states and to provide investments in less-developed areas of the European Union, the EIB has now become one of the largest international financial institutions in the world. With an annual portfolio of almost 50 billion euro, the EU house bank is responsible for almost double the amount of financial investments made by the World Bank. Besides the World Bank, only European governments and the European Commission sit on the board of the EIB – no Southern recipient countries are included.

Its portfolio, mission and area of interest investment has grown substantially since then and now the EIB is a major financier of development projects around the world, with 6.3 billion euro or more then 13 percent of its overall lending portfolio lent outside of the EU in 2007. However, with regard to lending to developing countries as well as within the EU, the EIB is biased towards private sector development as a key engine of development. In the context of the emerging European consensus on development, subordinating aid policies to European trade, political and security priorities, the EIB might play a more prominent role in the near future with severe impacts on developing countries and in particular in Sub-Saharan Africa.

The EIB lends to developing countries under mandates given by the European Union

Even though the EIB has no explicit development mandate by statute and does not consider itself a development bank, all mandates and agreements approved by the EU Council have a strong focus on development cooperation policy. This is valid for all financial mechanisms the EIB is using: the use of their own resources, an EU guarantee against losses, or the management of budgetary resources as in the case of ACP countries.

In December 2006, the Council of the European Union approved a new external mandate for the EIB for the 2007-2013 period, providing a total of 27.8 billion euro of Community guarantees compared to 20.7 for the period 2000-2006. In particular more than 6 billion euro will go to ACP countries, and more than 8 billion to the Mediterranean region, including Northern Africa.

EIB lending in the ACP countries has grown substantially since 1990. There are EIB loans in most of the 79 ACP countries. In ACP countries the EIB lends its own resources and in addition increasingly manages EU budget resources of the European Development Fund (composed of EU Member State funds managed by the Commission). On behalf of the European Commission, the EIB manages the Cotonou Investment Facility (IF), a risk-bearing instrument established in June 2003, which makes available more resources and new financial instruments.

Additionally, under the EU-Africa Partnership, a Partnership on Infrastructure has been established, supported by a new EU Infrastructure Fund for Africa (Trust Fund). The Fund provides grant funds, which implement leverage of the provision of long-term loan finance by the finance institutions. The EIB provided an initial allocation of up to 260 million euro in loans for the operation of the Fund and additional funds will be provided from the 10th EDF (2008-2013).

Even though the amount it lends puts it in line with other international financial institutions, the EIB differs in that it is an EU institution, so guided by EU objectives. Unlike the World Bank, it does not offer structural adjustment loans, nor are its loans officially tied to conditions affecting government policy. Hence the EIB is kept out of the debate surrounding debt issues.

The Cotonou Agreement states that the EIB shall 'act in accordance with the objectives of this Agreement', defined as 'reducing and eventually eradicating poverty consistent with the objective of sustainable development and the gradual integration of ACP countries into the world economy'. Fundamental principles in the agreement include ownership of development strategies, participation of a wide range of non-state actors including civil society, the pivotal role of dialogue and mutual obligations and respect for regional differentiation.

In 2007 the EIB provided loans to ACP countries for 756 million euro. While large infrastructures and global loans remain the primary area of interests for the EU house bank in ACP countries, the EIB project finance to the agricultural sector is minor, accounting for only 286 million euro in ten years from which 36.2 million euro have been lent to ACP countries as follows (African countries in bold).

<i>Year</i>	<i>Country</i>	<i>Project</i>	<i>In euro</i>	<i>Description</i>
2006	Solomon Islands	Kolombangara Forestry Project	3,500,000	Rehabilitation of approximately 3 750 hectares of poor quality tropical hardwood plantation and replacement of ageing equipment
2005	Mauritania	Seph-Nouadhibou	2,500,000	Extension of seafood preparation, freezing and packing plant
2005	Madagascar	Aqualma III	5,000,000	Expansion of shrimp farm in Mahajamba delta on north-west coast
2004	Borswana	Fabulous Flowers	2,000,000	Production and export of roses
2002	Cameroon	Plan Bananes 2002-2006	8,000,000	Modernisation and strengthening of the competitiveness of three banana plantations in western Cameroon
2001	Kenya	Kenya Geraniums	4,400,000	Construction of plant-breeding and propagation facilities in Thika, east of Nairobi
2000	Belize	Belize Citrus Sector Operation	8,800,000	Finance for replanting of existing citrus groves
2000	Madagascar	Aquamas Aquaculture	7,000,000	Construction of shrimp farm and packing facility at Baly Bay on north-western coast
1999	Madagascar	Moramba Aquaculture	1,000,000	

Source: European Investment Bank's website

Currently there is one additional project submitted in 2008 and still under appraisal related to a 4.65 million euro loan for the New Forest Company Ltd in Uganda for a commercial plantation of eucalyptus and pine – another highly controversial application.

As has clearly emerged, despite the limited financial support, all these interventions focus on investments in controversial sectors, with a strong bias in favour of export oriented production. Furthermore, among sectors in which the EIB could get strongly involved is carbon trading and carbon reductions generating projects, a field which deserves careful attention given the highly negative local environmental and social impacts, in particular on rural communities, often associated with this kind of projects.

A major issue is indeed represented by the global loans. They are credit lines provided to intermediaries (banks, leasing companies, or financial institutions), which in turn give loans for local authorities or Small and Medium-sized Enterprises (SMEs) for new capital investment projects worth up to 25 million euro. The objective is to serve SMEs, which require numerous smaller loans that the EIB is

too unwieldy to handle. However, there is a complete lack of transparency in how this money is further distributed and used. While the EIB provide a list of intermediaries that have received the credit lines, in practice global loans are almost impossible to track not only by ordinary citizens but also by responsible national decision makers. In 2007 alone, the bank lent 90 million euro to 9 intermediaries (mostly private banks) in 9 ACP countries.

Since it is not possible to scrutinize this type of loan, the exact amount allocated for the agricultural sector remains unknown.

Political opportunities

From intelligence gathered in informal meetings with EIB senior management and other EU officials, it is expected that the mid-term review of the external mandate of the EIB (2007-2013) - scheduled in mid-2010 under a European Council decision due to the pressure of the UK government - will go far beyond a technical exercise.

The next two years see a significant change in the whole European development finance architecture. EC officials, EIB management and some member states are considering the need for closer coordination between EU aid/European Development Fund - just replenished in 2007 for 22 billion euro for the new EU budget period - and the EIB. The latter may be enlarged to include the EBRD, possibly establishing a new and comprehensive European Development Bank through the merger of some of these institutions and funding.

The potential structural change under discussion will have important implications for how the European governments would contribute to other Multilateral Development Banks, including the World Bank. The EC - in particular DG Development and to a certain extent DG Ecfm - has already shown its interest in moving along alternative paths to a certain extent through new ad hoc European-controlled trust funds not involving the World Bank. For instance, the African trust fund and the Global renewable energy and energy efficiency fund, both managed by the EIB.

The EIB mid-term review in mid-2010 is an important deadline when different European stakeholders will be called to the table and new scenarios could emerge. This review will involve not just those finance ministers who sit on the EIB board, but also for the first time foreign affairs and development ministers of Member States, thus generating new and unpredictable dynamics around the EIB, which so far has been mainly discussed just at the ECOFIN level.

In recent years the European Parliament has played a key role in challenging EIB operations both within and outside the EU, by recommending a comprehensive reform process of the EIB. It has sought to align the EIB's external lending with EU development goals and policies and include it in the harmonisation processes at the EU and OECD.

Therefore, groups struggling for food sovereignty and innovative aid financing mechanisms for supporting local markets in the South should consider how to seize this important opportunity.

CHAPTER 5 – WHAT IS THE IMPACT OF THE EU COMMON AGRICULTURAL POLICY ON AFRICAN AGRICULTURE AND AFRICAN FARMERS?

Edoardo Calzabini (Crocevia), Francesco Benciolini (ARI + Via Campesina Europe), Greet Goverde, Dutch platform Aarde Boer Consument, Gert Engelen (Vredeseilanden) and Samuel Ferret (Réseau Agriculture Durable)

From 2009 – 2013, the Common Agriculture Policy will be under review and could change radically. It could do so in ways that will support the goals of AAA and realise food sovereignty - healthy food, protection of the environment, fighting global warming and supporting rural development. The new CAP must reverse the current tendency to concentration in food and agriculture businesses. It should be focused on methods of production that support smaller-scale family farmers, local knowledge and organization of sustainable agricultural practices that not only guarantee the provision of food but also improve agriculture's social and multi-functional roles. There should be a ban on export subsidies and exports that undermine local African production. The EU should support community preference and the right for all countries/groups of countries to protect themselves from low-price imports. The Least Developed Countries in Africa should have general preferential access to the EU and tariff escalation for processed agricultural products should be abandoned. The EU should abandon the WTO's agricultural rules and agreements and recognise UNCTAD, in conjunction with FAO, as the international governance institutions for agricultural trade supported by an independent international legal proceedings institute for dispute settlement. Agricultural research priorities should be determined by those social actors most affected i.e. small-scale farmers' organisations.

A. The Common Agricultural Policy in a nutshell

Agriculture has always been one of the mainstays of the European integration process. The CAP is the set of legislation and practices adopted by the EU to provide a common policy on agriculture. The CAP brought together the farm policies of the six original members of the EU. Its overall objectives were spelled out in the Treaty of Rome (1957). They were:

- to improve the productivity of farms
- to ensure that farmers had a fair income
- to stabilise agricultural markets (that is to stabilise supply and demand so that prices did not fluctuate excessively during the farming year)
- to provide a stable food supply to the population and to ensure that the price that people paid for their food was reasonable.

Instruments:

- a price floor for products, i.e. Europe intervened if prices fell too low, and paid the difference to farmers, cooperatives etc.

- import tariffs on products from abroad, so that those products were more expensive than European products.
- Export subsidies on products (sugar, milk powder, butter, pork, beef, chicken...), so that traders can export at low prices with these subsidies
- direct payments linked to the production (1992-2006), then decoupled from the production (from 2006 onwards)

So, EU protected its agriculture, and promised its farmers 'normal' incomes, to be compared to the incomes for industrial workers.

The original objectives could only partly be met due to failures in the set of instruments and we lack sustainability objectives.

We have seen a huge fall out of farmers in EU who cannot make a living out of their agricultural practices, we have seen unstable prices which don't cover production costs, and the development of an agricultural model which very poorly meets sustainability criteria (use of energy, loss of biodiversity, high environmental pressure, poor social embedding, poor contribution to rural development...), and leads to dumping in third countries.

Which are the failures of the CAP?

The EU didn't control production. This led to overproduction - the butter-mountain, grain surpluses and wine-lakes - and to subsidised dumping in other countries, including developing countries, which harmed these countries' agriculture. Farmers did want to control production but agribusiness was interested to keep on buying agricultural inputs at low price.

The US (American industrialists) didn't like EU protection and attacked it. A compromise was achieved by providing free access to Europe for foreign oilseeds for animal feed (a 'dumping' experience which led to problems for the European arable farmers), it still led to a trade war. America enlisted the support of the Cairns group in its demand for '*liberalisation*'.

This eventually led to the agricultural treaty of the GATT Uruguay Round (precursor of WTO). It proposed that traditional forms of price support have to decrease by specific percentages in all countries to achieve a 'level playing field' for all players on the market, but *direct income support is exempt from this decrease*.

This crucial provision made a hole in the original GATT agreement of 1947. The GATT agreement allowed support to agriculture so long as you also control production and export. This Uruguay Round allowed income support without controlling exports.

This income support was still coupled to production and was therefore called 'trade distorting'. It was easy to understand that subsidised products sold far beneath the production cost.

That's why in the review of the CAP in 2003, EU 'decoupled' subsidies and provided 'direct income support' to farmers instead. This change allowed the major share of EU support to agriculture to be moved from 'trade distorting' classification under WTO-rules (Amber Box) towards 'minimal or non-trade distorting' category (Green Box). In fact the EU and US have a similar system and agreed to call this non-trade distorting, which of course is not correct. Farmers can still sell below the costs of production because they are compensated for these losses by income subsidies. In itself, there is nothing wrong in supporting farmers' income, unless these subsidised products are exported and distort markets abroad.

In the US, a third of the farmers' income is derived directly from support. In Europe it varies but it can be as much as 50%.

B. Effects of the CAP on developing countries

Two thirds of developing countries have now become net importers of food instead of exporters and they have become very vulnerable now that the food prices are volatile. The EU is certainly partially responsible for these developments.

Products in some key sectors like milk, sugar, beef, chicken, were, or are, dumped in developing countries below the cost of production in the countries of origin. It is not always easy to distinguish the origin of products being dumped on Africa, but a large part comes from Europe.¹⁴

Some examples:¹⁵

- *The imports of subsidised European milk powder costs **Senegal** 55 million. If that could be replaced by Senegalese milk production it would benefit tens of thousands of Senegalese producers and processors.*
- *In 1995 **Cameroon** imported 500 tonnes of chicken – in 2003 this has exploded to more than 22.000 tonnes. 90% of the employment in the poultry industry has been lost in the past decade, more than 100.000 jobs. There is no unemployment benefit. The same scenario is played out in Ghana, Ivory Coast, Benin and Togo.*
- *In Kenya half of all exports are agricultural and horticultural products. In 1992 three quarters of the exports were produced by small farmers, now it is only one fifth. The vegetables flown into Europe use almost twice as much energy as the greenhouse vegetables from Europe, and more than 100 times as much as vegetables that are grown in the open air in Europe.*
- *In **Senegal** the price of peanuts has fallen by 75% in real terms, in thirty years. People earn hardly a quarter of what their parents or grandparents earned. They have switched over from growing peanuts to sorghum but in the towns people are now eating French loaves from subsidised European wheat instead of sorghum. The farmers are envious of their grandparents who had a good life compared to their own..*

It is crucial for developing countries to have the right to protect their local and regional agricultural markets against cheap imports – subsidised or not. Also because the world market price is an artificial price which only reflects the cost of the cheapest producer and is even decreased by agricultural subsidies (also income subsidies) to farmers who export their products. 88% of all the grain in the world is traded in local markets, and yet it is on the world markets that prices for grain are decided. In itself there is nothing wrong with exporting agricultural products, when it is done without subsidies (including income subsidies) and when countries have the right not to open their markets for imports which are cheaper compared to local production costs.

C. Health check: a healthier prospect for Africa?

The health check is a light mid-term review of the current policy and is not changing any of the fundamentals explained above.

¹⁴ A detailed analysis is to be found at : Réformes de la PAC et présence européenne sur les marchés des PED - http://www.gret.org/news/document_travail_PAC_PED.pdf

¹⁵ All examples are cited from the book: 'Koe 80 heeft een probleem', Dirk Barrez 2007, editor: EPO, co-produced by Vredeseilanden, isbn 978 90 6445 453 0

The only place where developing countries are mentioned in the 'health check' paper is in the introduction: The EU ... is also the biggest agricultural importer in the world, remaining by far the largest market for developing countries.

This is true but the impact of European trade (excluding oil) on Africa is much bigger than vice versa: 38% of the ACP exports are to Europe and 30% of their imports are from Europe (excluding oil). That is much more than the other way round: the trade in ACP products with Europe, both imports and exports, is only about 1% of Europe's total trade (excluding oil).

It is easy to be generous to poor countries that do not have much to export to the EU anyway. We find it baffling that in the 'health check' paper the Commissioner ignores the fact that the impact of exports from Europe on Africa is much larger - as described in section B above - than the impact of exports from Africa on Europe.

D. A Common Agricultural Policy which is mutually supportive for farmers in EU and elsewhere: proposals for a trend change:

More than one hundred organizations from 5 continents took part in the Tetra Petra Forum which took place in Rome 1st to 4th June 2008 at the same time as the Food and Agriculture Organization Summit of. They proposed sustainable means of dealing with the current ecological and agri-food crises. Taking as the starting point the rejection of the industrial and intensive production and consumption model, which forms the basis of the continuing crises, these organisations reaffirmed the necessity of creating a new model for food and agriculture.

Its central objective should be the promotion and implementation of Food Sovereignty from a sustainable agriculture and the Right to Food, both for developed and developing countries.

Many European civil society organizations demanded a change of direction for the CAP to meet the expectations of society in terms of healthy food, protection of the environment, fighting global warming and rural development. A new CAP must be focused on small-scale agriculture and the specific characteristics of these methods of production based on the work of the farmer, and local knowledge and organization of agricultural practices, not only in relation to production but also to reproduction of production factors and short lines. It must ensure rural and sustainable agriculture, not only to guarantee provision of food, but also for its social and multi-functional role. It is necessary to reverse the current tendency to concentrate operations. A substantial network of small and medium operations should be maintained because it plays an irreplaceable role in the production of high-quality and diverse food, maintenance of landscapes, clearing of woodland and forests, human occupation of the land, etc.

In order for the CAP to be consistent, sustainable and legitimate, it is necessary to combine several levels of proposals that should be implemented together.

Here are some suggestions, focusing on those that would have an impact on developing countries, especially Africa:

Agricultural prices and income for rural people

In order to maintain farming in Europe, given that it is a region with higher production costs than those in many other regions of the world, it is necessary to protect the EU market from low-price imports. This is legitimate only if the EU stops exporting at low prices. The EU must fix a community preference level for all agricultural products using a reference price for the European market linked to an average European production cost. The revenue linked to agricultural production

would consist firstly of the sale of products based on a European market price linked to European production costs, to which may be added a direct payment that varies according to region. Then, decoupled aid could be eliminated and the agricultural budget could be used in a more effective and legitimate way.

Supply management and production methods

The objectives for sustainability and supply-management are connected. Given the scale of the costs to society of overly intensive agricultural production methods, it is necessary to deintensify these, specifying a transitional period and financial support for small and medium operations. In the case of cyclical surpluses, other additional measures are necessary, such as establishment of minimum agricultural purchase prices for the agri-food industry and mass retail.

Regional equilibria

The CAP must favour regional markets and local processing and sale of products. EAGGF and structural

Funds must support the local and regional markets, direct sales and small transformational structures.

International agricultural business without dumping

The various regions of the world have regional products to be exchanged and the world needs fair rules for these exchanges. But these must be implemented without economic dumping (export below production cost), or social or environmental dumping. Low-price exports of basic products should be discouraged in favour of local and regional food production.

The Least Developed Countries should get general preferential access to countries with a considerably higher GDP, and tariff escalation for processed agricultural products should be abandoned.

International agricultural trade negotiations are to be limited and they should not decide on agricultural policies, as is the case currently.

A new CAP must be linked to the creation of employment, fair working conditions and safety conditions.

The policy described above will put the European Union into a better position for negotiations and alliances due to the removal of direct and indirect subsidies for export. It will be better able to justify the community preference and the right for all countries/groups of countries to protect themselves from very low-price imports.

The WTO should not play a role in the definition of agricultural policies (nor for that matter in policies concerning public services - health, education, water, energy, etc.). The commercial rules would have to be subjected to the Universal Declaration of Human Rights as well as international conventions on social and environmental issues. UNCTAD, in connection with the FAO, should be rehabilitated to deal with the agricultural commercial rules and with an independent international legal proceedings institute set up to settle commercial disputes.

These changes would benefit European as well as African populations.

CONCLUSIONS

Introduction

This 2008 monitoring document is the result of a first, experimental exercise, aimed at highlighting some of the principal issues and the context within which AAA is located. It is also the start of a process to build links among networks of different kinds of CSOs interested in continuing to work on AAA and related instruments in the future.

Sectoral conclusions and recommendations

1. European aid and African agriculture

Conclusions

- EU aid to African agriculture is insufficiently focused on sustainable smallholder agriculture and poverty reduction.
- AAA intended to provide a policy framework that should be applied to the overall European aid effort, but it is difficult to enforce this oversight because:
 - Pressure to act quickly to meet immediate needs, for example in a food crisis, may conflict with coherent long-term engagement to tackle structural causes of poverty and food insecurity.
 - There are many pockets in the European aid effort at regional level, little transparency, and insufficient capacity for quality control.
 - Mechanisms for promoting exchange of information and aid policy and program coherence among member states and with non-state actors is insufficient.

Recommendations

The new agriculture agenda should give priority to those approaches that can be locally-controlled and would realise the Right to Food and food sovereignty, rather than the use of agriculture as an 'engine of national economic growth'. These approaches are supported by the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) whose 22 Findings show the necessity for a radical transformation of agriculture if the world in 2050 is to have less hunger, increased equity and a more sustainable environment, see: www.agassessment.org

Future aid and investment programmes for agricultural development in Africa will have to concentrate on more people-centred, food-focused and environmentally sustainable approaches if the development of African agriculture is to serve the long-term interests of the majority of Africans.

2. European trade policies and African agriculture

Conclusions

- EPAs as currently being negotiated are an intensification of neo-liberal market policies that have damaged African smallholder agriculture. They are not pro-development nor pro-regional integration, and ACP governments are increasingly aware of this. The EPAs are a major area of incoherence in the context of Europe's overall impact on African agriculture and a blot on Europe's image.
- The EPA process has sparked positive developments that should be encouraged and built upon, in terms of networking and mobilization of African farmers' organizations and other CSOs, of interaction between these organizations and their REOs/AU, and of effective partnerships between African and European civil society.

Recommendations

The way forward must ensure ownership not only by African governments but by all stakeholders. This also means taking the time necessary, increasing the transparency of the negotiation process and redressing the negotiation asymmetries and giving priority to regional integration and markets

Therefore, current advocacy objectives for civil society and farmers' organizations include:

- Independent assessments of initialled Agreements before any further steps are taken;
- For ACP regions, rather than pursuing negotiations on the basis of EU proposals by trade ministers, define autonomous strategies for agricultural development and regional integration, with full involvement of stakeholders, parliaments and relevant ministries;
- Moratorium on EPA negotiations until the above has been done (and so long as Doha Round is blocked).

3. European agribusiness and African agriculture

Conclusions

Rather than agreeing in the EPA negotiations on liberalisation of investment in agriculture, which includes restraints on regulation by African countries (national treatment and market access rules), the EU and African countries should agree on cooperation mechanisms to:

- avoid volatility and low prices in the commodity markets, and ensure that farmers and farm workers get a fair share of the commodity prices;
- design competition policy and cooperation that effectively deals with concentration in commodity markets and its abuses;
- deal with unfair marketing by European agribusiness in Africa;
- prohibit and sanction abusive buyer power practices by supermarkets buying African products for European markets or by European supermarkets operating in Africa;
- change the relationship within the standard setting companies and bodies so that they consult with African producers, cooperate in order to find locally appropriate standards, and provide appropriate means to producers to adopt new standards;

- prohibit pure financial speculation on food and commodities.

Recommendations

The EU should orient its aid programs, its own trade and agricultural policies and its negotiations with African countries on trade and investment (in EPAs, WTO) towards support of family farming as well as local or regional processing of African farm products. This means among others :

- The need for budgetary support to be particularly spent on infrastructure for transporting family farm products;
- support for accessible and cheap financing of agricultural production beyond micro finance, including cooperative banking;
- support risk management instruments that are not only based on financial markets or corporate instruments;
- support domestic and regional processing and marketing of African farm products;
- support for governments in order to review their investment incentives for foreign agribusiness and evaluate whether the costs of such incentives should be better spent on supporting African family farming.

4. The European Investment Bank (EIB) and African agriculture

Conclusions

- The EIB is a relatively unknown but increasingly powerful player in EU external relations, now managing EU budget resources of the EDF and EU-African Partnership in addition to its own funds.
- Its operations in Africa are biased towards private sector development and exports as the key engine of development.
- The agricultural sector is not a priority for the bank's project financing but the amounts channelled to the sector through financial intermediaries is unknown. The global loans have no transparency.
- A major political opportunity is in the offing in the context of the mid-term review of the external mandate of the EIB (mid 2010) which could lead to a review of the entire European development finance architecture and its relations to other Multilateral Development Banks.

Recommendations

- The EIB should align its external lending with EU development goals and policies and include it in the harmonisation processes at the EU and OECD. Groups struggling for food sovereignty and innovative aid financing mechanisms for supporting local markets in the South should consider how to seize this important opportunity before mid 2010.
- The EIB should be held accountable by the European Commission and other relevant EU Institutions, according to the Cotonou Agreement stating that the EIB shall 'act in accordance

with the objectives of this Agreement', defined as 'reducing and eventually eradicating poverty...'. Fundamental principles in the agreement include ownership of development strategies, participation of a wide range of non-state actors including civil society, the pivotal role of dialogue and mutual obligations and respect for regional differentiation.

- The EIB should promote local markets, in a transparent manner, and do not step into biofuels global business.

5. The EU Common Agricultural Policy and African agriculture

Conclusions

- The European Commission, and above all DG Trade, is pushing for a strong market liberalisation and does not allow agriculture to choose a different path. They urge free market access for agricultural products and processed food, also from poor African countries. Transition periods are being offered and special products are foreseen to safeguard domestic African agricultural markets from sudden import surges. This protection will not be enough. Two thirds of developing countries have already become net importers of food instead of exporters and they have become vulnerable now that food prices are volatile. The EU certainly has some responsibility for these developments.
- At the same time EU allows export of products for which direct income support has been paid to farmers. It is said that 'direct income support is not, or only minimally, trade-distorting'. This is not correct. In America a third of the farmers' income is derived directly from support. In Europe it varies but it can be as high as 50%. Direct income support is not problematic – so long as the produce is not exported

Recommendations

- It would be better to ensure incomes are derived from higher prices for farm produce to cover all production costs without subsidies. The removal of direct and indirect subsidies for exports would put the European Union into a better position for negotiations and building alliances. It will be better able to justify the community preference and the right for all countries/groups of countries to protect themselves from very low-price imports.
- Various regions of the world have regional products for exchange and the world needs fair rules for this trade. But these must be implemented without economic dumping (export below production cost in either production or recipient country), or social or environmental dumping. Low-price exports of basic products should be discouraged in favour of local and regional food production.
- The Least Developed Countries should get general preferential access to countries with a considerably higher GDP, and tariff escalation for processed agricultural products should be abandoned.
- The WTO should not play a role in the definition of agricultural policies (nor for that matter in policies concerning public services - health, education, water, energy, etc.). The commercial rules would have to be subjected to the Universal Declaration of Human Rights as well as

international conventions on social and environmental issues.

- UNCTAD, in connection with the FAO, should be rehabilitated to deal with the agricultural commercial rules and with an independent international legal proceedings institute set up to settle commercial disputes.

These changes would benefit European as well as African populations

6. Overall conclusions and recommendations

- Current food crisis offers opportunity for rethinking paradigms of agricultural development, global governance architecture of food and agriculture issues, modalities of North/South partnerships.
- EU has an extremely significant role to play in this context.
- To play this role authoritatively will require far higher degree of coherence than presently obtains.
- European civil society – acting in concert with African farmers’ organizations and other civil society sectors – has an important role to play in proposing alternative approaches, monitoring implementation (at both global and country levels) and pointing to coherence issues that governments and intergovernmental institutions have difficulty in acknowledging. Important to involve sectors of European civil society not normally concerned with foreign policy/aid issues (farmers, consumers, environmentalists, trade unions...) and to win their support for coherent European policies that promote sustainable, equitable development for both European and African societies (vs Michel’s thesis that the interests of European agriculture are in contradiction with poverty alleviation in Africa).

Annex 1

Advancing African Agriculture:

Proposal for continental and regional level cooperation on agricultural development in Africa

The proposal was published on 24 July 2007 as a Communication from the European Commission to the Council and the European Parliament. It is designed to create an improved enabling environment for agricultural development in Africa. European Cooperation will be based on the following principles:

- **Commitment to the Millennium Development Goals**, with specific reference to the 1st (Hunger and Poverty) and the 7th (Environment) MDGs.
- **Alignment with African priorities**, based on the CAADP processes, principles and targets.
- **Donor harmonisation and alignment**, following the principles of the Paris Declaration.
- **Building on other AU-EU Partnerships and Facilities**, complementing EU initiatives which directly or indirectly support rural development in Africa and using existing Africa-Europe partnerships.
- **Drawing lessons from relevant EU experiences and good practice**, building on nearly 50 years of agricultural policy experience in the EU.
- **Application of subsidiarity**, supporting only those regional and continental functions that add value to national level interventions.
- **Policy Coherence**, between EU development policies and agricultural, fisheries, trade, consumer and energy policies.

Advancing African Agriculture covers 7 areas of cooperation based on the main challenges to agriculture in Africa and on African priorities, as reflected in the CAADP. A central role for CTA is envisaged in this facilitating information exchanges relating to this proposal:

1. Agriculture in Development Strategies

This area will address the need for agricultural development to be an integral and strategic part of the development agenda at national, regional and continental levels, recognising agriculture as a key sector for economic growth and poverty reduction. Regional Farming Organisations will form a group of partners and help will be given in the establishment of a continental farmers forum, linking national and regional farming organisations, and strengthening their roles in CAADP processes.

2. Sector Governance

This cooperation area will assist in capacity building at regional and continental levels, with a view to improving governance that will contribute to a smoother transition of smallholder farming towards commercially viable and sustainable family-based agriculture. This will include strengthening of regional and continental-level representations of producer and professional organisations, with effective advocacy and lobbying capacity, including comparative analysis and lesson-learning from

liberalisation and privatisation processes in agriculture, public-private relations and government performance.

3. Research, Knowledge Systems and Dissemination

The aim of this cooperation area is to increase the impact of agricultural research and knowledge systems on rural productivity, poverty reduction, food security and sustainable management of natural resources, taking into account challenges posed by climate change. There will be an emphasis on multidimensional research approaches, on sustainable agricultural production systems and on research with positive impacts on the rural poor. Extension systems will include support for farmer to farmer exchanges. The main partners will be FARA and the related Sub-Regional Research Organisations (SROs), the Global Forum on Agricultural Research for Development (GFAR) as well as the European Forum (EFARD).

4. Trade Facilitation, emphasising Quality Assurance and Improvement

The aim of this cooperation area will be to strengthen Africa's ability to make markets work for poverty reduction, focusing on regional markets for agricultural produce. Proposed cooperation includes strengthening the ability to influence, set and adhere to meaningful production and trade standards in order to (continue to) access remunerative markets for agricultural produce and to guarantee product safety for consumers. Support will specifically build on the opportunities offered by EPAs.

5. Natural Resource Management: Land, Fisheries, Forestry

This cooperation area will back improvements in governance and management regimes for land, fish and forest resources that aim to combine environmental sustainability and biodiversity with profitable utilisation and poverty reduction. It includes, inter alia, promoting a policy environment that makes it easier to allocate responsibility and accountability in terms of natural resource use and monitoring and surveillance of the state of (and pressure on) natural resources and of the effects of climate change on agriculture and natural resources.

6. Livestock Development and Disease Control

This cooperation area will enhance the sustainability of the livestock sector and its contribution to poverty alleviation and growth, with an emphasis on strengthening animal disease control knowledge and systems. Cooperation will aim to reduce animal mortality, lower livestock production risk and improve public health prevention, as well as to improve access to regional and international markets, facilitate rational land use and reduce livestock related environmental problems.

7. Risk Management

This area of cooperation will address capacities for reducing risks related to climate change, natural disasters and price shocks, with a focus on organisational questions and financial instruments.