

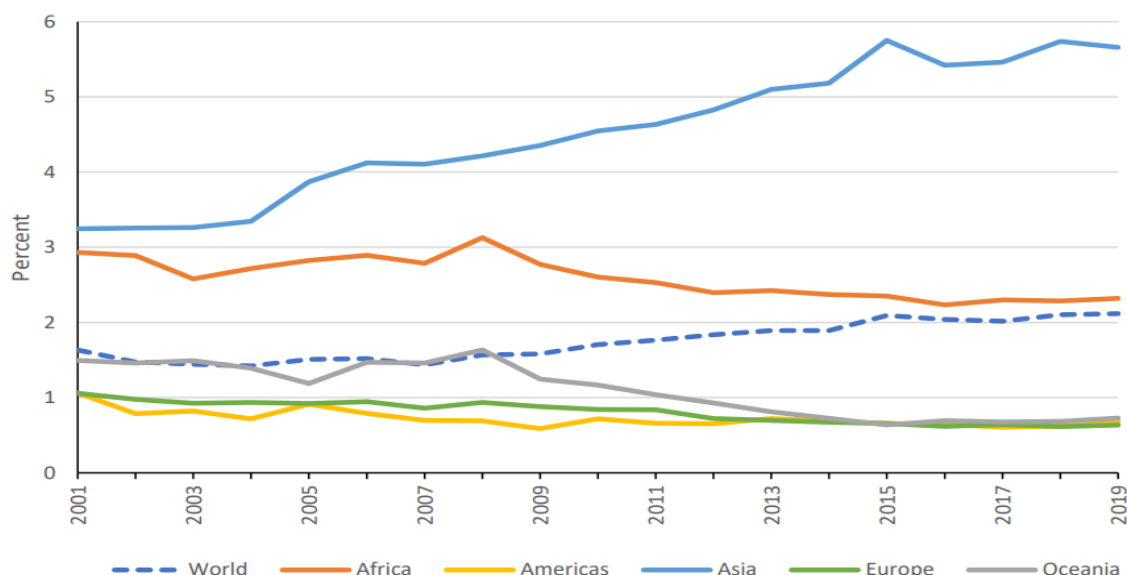
BACKGROUND

Africa defined the African Common Position on Food System (ACPFS) for the United Nations Food System Summit 2021, with a focus on providing an aggregation of views on key issues that shape the continent's food systems to achieve the SDGs concomitantly with Agenda 2063, with the Comprehensive Africa Agriculture Development Programme (CAADP)-Malabo Declaration on "Accelerated Africa Agriculture Growth and Transformation for Shared Prosperity and Improved Livelihoods."

The African Heads of State and Government are committed to enhancing public and private investment finance in agriculture. This commitment is tracked through six specific indicators on expenditures on agriculture by the government, donors, and the private sector and on increasing access to financial services by smallholder farmers. It is fundamental for African governments to increase investment finance in agriculture, especially public expenditures, to achieve food security, reduce poverty, and increase resilience and environmental health in Africa. Given the importance of increased public and private investments in transforming African agriculture, there is an urgency for Member States to address the problem of inadequate access to Finance for the agricultural sector.

Thus, Member States need to put more emphasis on this commitment by increasing public investments in agriculture and creating conducive environments to enhance private sector and donor investments in the sector as well as the food systems.¹

Building resilient food systems requires significant investments. About US\$76 billion annually is estimated to be needed until 2030 to transform African food systems. In 2019, Africa spent around US\$12 billion on agriculture which was three times the level of 2001². Africa is still well below the 10% level. From 2001-2019, Africa's share of agriculture expenditures declined slightly from 2.93% to 2.32% (figure 1).



¹ 3rd CAADP Biennial Review Report

² <https://www.fao.org/3/cb5128en/cb5128en.pdf>

How Africa finances its food systems from both public and private sources of capital is one of the game-changing solutions to shape its food sovereignty and resilience.

In this context, the United Nations Interdepartmental Task Force on African Affairs (IDTFAA) agreed, in December 2022, to focus its thematic meetings on Africa Food Systems Transition. The IDTFAA focus of this meeting is on enhancing investment finance in Agriculture to support Africa's food sovereignty and resilience.

RATIONALE

At the food sovereignty and resilience summit held in Dakar in January 2023, forty African Food and Agriculture Delivery Compacts were released. These compacts bring together selected priority investment areas identified by governments in the CAADP. Despite the disparities in the amounts, value chains, and implementation period, they attest to the magnitude of the financing gap. Our analysis of the food system compacts submitted by forty African Member States suggests that about US\$76 billion³ in annual investments throughout the value chains will be required in response. That is far less than what is needed for African food system transformation. However, reaching that amount will only be possible with domestic resource mobilization, strong public investments, and private capital.

The African Food and Agriculture Compact reveals key issues highlighted by countries (Table 1) to enable sustainable and quality investments and build efficient food systems to shape Africa's food sovereignty and resilience.

Key levers the African Member States consider in their food systems financing plans			
Re-orient policies by targeting resilience and sustainability	Early warning systems	Access to insurance	Prioritize investments in interventions
An ambitious plan to attract the private sector to agriculture must be formulated while building on public investment.	Leverage AfCFTA and integration to the global trade value chain and market access.	Prioritize value chain attractive to investments.	Nexus food systems, energy, technological innovation, infrastructure, water, climate, and land.
Agriculture input prices increase.	Water stress management	Financial inclusion and access to credit	Financial management and governance gap
Value chain integration.	Finance to integrate smallholder farmers.	High-yield seeds adapted to climate, soil, and smallholder farmers' needs to improve agricultural productivity.	Make public funding available for investments through guarantees and blend Finance.
Increasing trade	Digital agriculture	Evolution in prices for key commodities	National agriculture Investment plans.
Improvement in the broader investment climate and competitiveness challenges.	Africa's Food Systems transformation as part of an African structural transformation strategy through a regional approach.	Support and capacity development for African smallholder farmers at the forefront of Africa's agri-food systems transformation.	Closing the infrastructure deficit is vital to Africa's agri-food systems transformation.
Improve spending on food and agriculture and leverage trade and fiscal policies, per the CAADP and Malabo Framework and the AfCFTA.	De-risking investment in agriculture.	Decarbonizing should be part of the strategy of large-scale agriculture projects.	Reducing information asymmetry for the private sector and IFIs to mobilize Finance.
Capacity development to leverage Sustainable Finance for Africa's agri-food system	Policy regulations are essential for creating an enabling environment for green Finance in Africa.	Embed the informal sector in any new intervention in Africa.	Repurpose public expenditure.

³ OSAA Policy Paper: Building Africa's food sovereignty and resilience through sustainable investments | 2023

These challenges to accessing Finance were equally mentioned in the National Agricultural Investment Plans (NAIPs) of the CAADP/Malabo process, as they also extend to the food systems value chain.

OBJECTIVES

Africa must coalesce to realize its aspiration to build its food sovereignty and resilience through sustainable investments by leveraging the African Common Position on Food System's game-changing solutions and enabling policies and partnerships.

The IDTFAA meeting's main objective is guided by **Africa's quest to identify pathways and key drivers that enable sustainable and quality investments to build efficient agri-food systems to shape Africa's food sovereignty and resilience that hinges on the African Common Position on Food Systems** (ACPFS) as desired by the Malabo Declaration.

The specific objectives are:

1. Foster agreement around key pillars of a policy advocacy strategy to support expanding investment finance in agriculture in Africa.
2. Promote stakeholder agreement around key elements of an African financing agenda for food system transformation and the priority actions required to realize this agenda.

OUTCOMES

The meeting aims to achieve the following outcomes:

1. Enhanced investment finance in agriculture.
2. Improved support to smallholders, especially women, and youth, with financing tailored to their needs.
3. Articulated key elements of an African financing agenda for food systems transformation.
4. Identified priority actions to realize the agenda under domestic resource mobilization, public expenditures, support to and de-risking of sustainable private Finance, and financial inclusion.