CONCEPT NOTE

2013 CAADP INVESTMENT PROGRAM

UNDP African Facility for Inclusive Markets and
African Union Commission / NEPAD Planning and Coordination Agency
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1. Background

Agricultural development in Africa has been increasingly recognized and promoted as a critical pillar in the overall economic development of the continent by a wide range of multilateral institutions, including the World Bank, African Development Bank, UN Economic Commission for Africa, UNIDO, FAO and UNDP and the European Commission, and a growing number of bilateral development partners such as DFID, GIZ, USAID, SNV, and JICA.

The Comprehensive Africa Agricultural Development Programme (CAADP) is the key strategic plan and programme put forth by the African Union to guide and promote agricultural development on the continent.

Housed within the NEPAD Planning and Coordination Agency, CAADP calls for African governments to sign “Compacts” that outline their strategies to increase national investment in agriculture and establish a framework for systemic engagement with the private sector toward national and regional agricultural investment.

By December 2012, thirty Compacts had been established and twenty three countries and one region (ECOWAS) had developed “National Agricultural Investment Plans (NAIPs)” that laid out each country’s key target areas for national investment and also incorporated their desires for private sector investment. Specifically, each NAIP includes:

   a. A Strategic Agreement (Document) on joint and Collaborative Action on Agriculture;
   b. Political and Technical Content
   c. A roadmap to Specific Desired Areas of Investment
   d. Commitments desired from National Government and Development Partners
   e. Defined Roles and Responsibilities

To date the exact process toward developing the NAIPs have varied from country to country. However, all of the documents have been developed following broad guidelines encouraging inclusiveness in the development process and the promotion of an ultimate objective aim of establishing a framework that unlocks potential in the agricultural sector.

To aid the development of the NAIPs, in 2010, CAADP put forth “Post-Compact Review: Guidelines” to assist countries in developing investment plans that were aimed at mobilizing both domestic and external financial and technical support for the agriculture sector:

_The Investment Plan is a broader plan that builds from the broader goals and targets stipulated in the Compact, translates the sector challenges and opportunities into sector objectives and strategies and later details out specific programmes that will achieve sector goals, objectives and targets. The sector programs therefore are an integral part of the investment Plan. The programs detail out key investment_
areas such as extension, research, irrigation etc. into concrete packages on how each of these will contribute to attainment of sector goals. Each program can be broadened into sub-programs (with clear program targets) and later activities designed and costed. This programming and sub-programming, targeting and later costing is what defines an Investment Plan.\(^1\)

Investment facilitation and attraction utilizing the NAIPs for the most part has been aimed at getting national governments to increase their investment to ten percent (10%) of annual budgets. Very few of the NAIPs have been successfully utilized to promote private sector investment and private capital mobilization in the agriculture sector of the respective CAADP countries that have concluded the investment plan development process.

The current challenge that has been identified by CAADP revolves around how to mobilize private sector investment in support of the CAADP national investment plans.

CAADP Investment Facilitation Programme partners, the NEPAD Planning and Coordination Agency, UNDP’s African Facility for Inclusive Markets (AFIM) and the German Development Agency (GIZ) believe that CAADP can achieve this end by:

\[a)\] Leveraging Research and Consensus Development Process Gathered/Developed during the CAADP NAIP Development Process - Utilizing the CAADP Compact and CAADP NAIP development processes to extract key agriculture sector information and add key private sector investment relevant information to produce easy to read and analyze “project opportunity” focused “Investor Briefs”; and

\[b)\] Convening an Investment Forum to Bring together Key Private and Public Investment Actors and Regional and International Investors to Review NAIP related Priority Projects in the Agriculture Sector to Attracted Increased Private Investment and Explore Increased Public and Private Collaboration in the Agriculture Sector - employ a modified version of AFIM’s regional value chain development tool, the “Project Facilitation Platform”, to conduct one-day implementing Investment Facilitation Platforms (IFPs) that bring together key agriculture sector stakeholders in the respective countries, key investment promotion actors in the country, selected local agribusiness companies and financial institutions, and selected regionally active and international investors to review and “unpack” the investment aims of government in Compact countries (through a review of proposed priority agriculture sector investment projects) and seek to align with the investment appetite/interests of the agribusinesses in the private sector, and financial and investment community – with support from development partners.

Additionally, NPCA, UNDP AFIM and GIZ believe that there is an important role to be played in mobilizing private sector investment in the CAADP programme by the continent’s Regional Economic Communities, specifically where there is a focus on developing regional CAADP programmes, which is the case in West Africa in ECOWAS and in East and Southern Africa within COMESA.

Technical assistance providers such as the EXPECT Ten cadre in ECOWAS and regional business organs such as the COMESA Business Council can also potentially be key catalysts for the mobilization of private capital and private corporate investors in support of CAADP. Thus, the RECs and the regional business organs are key institutions that would be invited to participate in the overall CAADP Investment Facilitation Programme and, in particular, in convening the Investment Facilitation Platform.

2. **Introducing the CAADP Investment Facilitation Programme**

a. **Aim**

The goal and intent of developing a CAADP Investment Facilitation Programme is to:

\(^1\) CAADP Post-Compact Review Guidelines, p. 7, 2010, NPCA
1) Focus the activities of CAADP Agriculture Investment Plan development within CAADP Compact Countries around the identification, packaging and promotion of value chain structured “programmes/projects”;
2) help align the various phases of the value chain process with targeted investors within government, the private sector; and with assistance from the development partner community;
3) bring key public sector and private sector parties together to help them agree on their respective (and shared) roles, responsibilities and projected benefits; and
4) produce a private sector investor focused knowledge resource(s) that can be utilized by National investment authorities and CAADP stakeholders broadly to showcase and promote agriculture sector investment opportunities to private investors - particularly from within the local and regional investment community.

b. Phase 1 – Development of the Investor Brief
The first component of the Investment Facilitation Programme involves the development of an Investors Brief for the country. The Investor Brief development process involves three components:

1) Step 1 – Identify Key Public and Private Stakeholders involved with Agriculture Investment Attraction- Expand the local CAADP Committee to include increased private sector participation including organized business bodies, financial institutions, selected individual corporations and selected farmer led institutions – and which involves selected leading public sector architects and stakeholders of the NAIP process;

2) Step 2 – Bring the Key Stakeholders Together to Contribute Projects and Assess Priorities to be conveyed in the Document - Convene a workshop to discuss and prioritize the key agricultural investment opportunities in the country; to map these opportunities across the country; to highlight the incentives and sector development support available; to assess the level of local investment capital available (from government and development partners) and to recognize where this funding is targeted, to also assess the capacity of the human capital available in the various regions and the country overall; and to discern what the ideal type of investor/ investment would be for the respective regions, specifically, and the preponderance of the country, overall. This exercise would help establish the private sector investment needs assessment;

3) Step 3 – Prepare and Validate the “Investor Brief” - Draft the “Brief” based on the inputs gathered during the workshop, undertake any additional research necessary, and create a concise yet comprehensive guide to the country’s agriculture investment opportunities (focused on specific projects) and available investment-support mechanisms and programmes. The “drafting” can be done by internal stakeholders or commissioned. If commissioned, the selected author should be engaged and required to participate in the workshop that precedes the development of the publication.

The Investors Brief includes key agriculture sector related information gathered during the NAIP development process and adds to this information germane to investors, including but not necessarily limited to, the following information:

1) The availability of incentives and government finance programmes (tax incentives, employment creation incentives, SME and micro-finance etc.);
2) The existence of a strong legal framework and judiciary (relating to land tenure, regulations, policies, contract enforcement), and efficient dispute resolution mechanism;
3) The availability of debt and equity finance supporting agriculture and insurance products supporting farmers;
4) Strong macro-economic, solid national financial structures that allow profit repatriation, and the availability of investment guarantees;
5) Existing infrastructure and funded development plans (for projects such as rural roads, electricity, water, one stop border posts, rural electrification, and rail and port development);
6) The existence of clear cross border trade policies, with preferably low, or few non-tariff barriers;
7) Already developed sectoral clusters and organized farmer cooperatives (specifically, producer or marketing cooperatives) and/or contract production structures (such as out-grower schemes, lead farmer structures, warehouse receipt programmes);
8) Sector mapping studies which highlight what crops grow well where (agro-ecological mapping\(^2\)), which track rainfall patterns/ trends, which indicate where transport corridors exist, value chain mapping etc.;
9) Export and trade mapping studies that highlight national demographics related to population flow, local markets, regional markets and international trade markets and key players within the market (producers, processors, traders, off-take and/or international buyers which these initiatives act as further inducements for private companies to pursue investment project development in a given country/jurisdiction; and
10) Available independent economic, political and sector related risk assessment(s).

c. **Phase 2 – Convening of a One Day Investment Facilitation Platform**

To disseminate the Investor Brief, the CAADP Investment Facilitation Programme also involves the convening of a one day forum intended to promote projects featured in the Investor Brief and to bring together local, regional and international financiers and investors to review the projects being promoted and explore potential opportunities for public-private collaboration toward the implementation of CAADP priority projects/programmes.

1) **Proposed Participants**
   - Target Number: 75 - 100 delegates
   - Selected private sector value chain developers/lead firms/exporters/transnational agribusiness companies
   - Selected regionally active agriculture private equity investors
   - Depending upon region in focus, REC Representative from ECOWAS, EAC and/or COMESA
   - Representatives of regional Business Councils
   - CAADP Country Focal Points and Country Compact Committee Representatives
   - Selected Development Partners
   - Selected Banking and Finance Institutions

2) **Proposed Programme**

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<tr>
<th>Time</th>
<th>Activity</th>
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<tr>
<td>08:00 – 09:00</td>
<td>Registration</td>
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<tr>
<td>09:00 – 09:30</td>
<td>Welcome (Hosts- CAADP, UNDP, GIZ, REC, Country)</td>
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<td>09:30 – 10:00</td>
<td>Programme Purpose (CAADP)</td>
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<td>• Introduction of IFP</td>
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<td>• Dual Aim: 1) Encourage CAADP countries to develop Briefs and to promote</td>
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<td>private sector participation in the implementation of NAIPs, and 2)</td>
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<td>to show case investment opportunities in selected CAADP countries</td>
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<td>10:00 – 11:00</td>
<td>CAADP Regional and Country Focus (Example: Discuss ECOWAP and Liberia CAADP</td>
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<td>Country Program) Priorities and Public-Private Collaboration Opportunities (Panel Discussion)</td>
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<td>11:00 – 11:15</td>
<td>Networking Coffee and Tea Break</td>
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\(^2\) See [FAO Agro-Ecological Zoning Guidelines](https://www.fao.org/docrep/006/xb015e/xb015e03.htm)
11:15 – 12:00  CAADP Investment Opportunity Presentation – Project One (20-30 min presentation followed by Q & A)
12:00 – 13:00  Networking Lunch Break
13:00 – 14:00  Investment and Finance Availability for CAADP Programme (Panel Discussion)
14:00 – 14:45  CAADP Investment Opportunity Presentation – Project Two (20-30 min presentation followed by Q & A)
14:45 – 15:00  Networking Coffee and Tea Break
15:00 – 15:45  CAADP Investment Opportunity Presentation – Project Three (20-30 min presentation followed by Q & A)
15:45 – 16:45  Investment Incentives and Support for CAADP Programme Investment (Panel Discussion)
16:45 – 17:30  Wrap Up and Vote of Thanks
17:30 – 18:30  One-on-One Investment Opportunity Meetings between Government Officials and Prospective Investors/ Private Sector Partners/ Project Financiers (Optional)

18:30 for 19:00 – 20:30 Networking Reception

3) **Desired Outcomes**

The core aims of this programme are:

1) To help representatives of RECs and the countries within them to gain insight about how to develop “Investor Briefs” and use “investment facilitation platforms” to improve their ability to attract private capital and private sector agri-food corporations to invest in their national/regional Investment Plans for the agri-food sector;

2) To facilitate a mutually educational discussion among and between public sector, private sector and development partner stakeholders to determine how best to effectively leverage their respective comparative investment advantage toward accelerating the overall development of the continental agri-food sector;

3) Discuss good practice in public-private investment partnerships in the agri-food sector and create a mechanism to develop cross cutting networks involving RECs, Countries, Investors, Bankers, Development Partners and Agri-Food Corporations toward the reengineering of CAADP Investment Plans to be more catalytic and dynamic tools of investment attraction for sectoral development; and

4) Commence a more interactive dialogue between prospective financiers and CAADP stakeholders around private sector investment opportunities within CAADP (i.e. promote CAADP Pillar II implementation).

4) **Benefits for Attendees**

1) CAADP Focal Points within Government (Principal Beneficiary) – receive insight into key decision drivers for prospective partners within the private sector, and among development partners;

2) Private Sector and Investors – to get an overview of selected investment opportunities the target CAADP countries/regions, and better understand how to leverage CAADP country investment and to development projects/partnerships through value chain development that is supported by both the public and private sectors;

3) Development Partners – gain insight on how best to align agriculture sector capacity development programme plans with national government and private partners investment plans to maximize the benefit of aid support provided; and

4) Bankers and Development Financiers – to more ably unpack commercial investment/lending opportunities within CAADP NAIPs through identification and support of proposed opportunities presented in the Investor Briefs/presentation.