



Brussels Policy Briefing no.39

Global food systems, local impact: the role of agribusiness and development partnerships in advancing African agriculture

Organised by CTA, the ACP Secretariat, the European Commission (DG DEVCO/DGAGRI), Concord, AUC/CAADP, BMZ/GIZ

25th November 2014, Brussels
ACP Secretariat, 451 Avenue Georges Henri, 1200 Brussels, Room C
<http://brusselsbriefings.net>

EU DEVELOPMENT COOPERATION MODELS WITH THE PRIVATE SECTOR- AN OVERVIEW

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Executive Summary

Developing a viable and vibrant agriculture sector presents a significant market opportunity for companies, especially small and family farmers, who are the largest private investors in agriculture. Further integration into the agricultural economy provides the possibility for rural and urban farming households, as well as agribusinesses, to earn a living to increase wealth and prosperity. The new EC Communication “A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries” outlines a new strategic framework to ensure that private sector operations in developing countries have a positive impact. Against this background and in line with the guiding principles of the recently adopted EU Food and Nutrition security action Plan the EU Heads of agriculture, rural development and food and nutrition security departments in development cooperation ('HARDs') agreed to establish an EU WG PSDA (Working Group on Private Sector Development in Agriculture). The working group intends to make recommendations about the cooperation with the private sector in agriculture based on the assessment of current cooperation models within the EU and EU partner states portfolio. The paper summarizes and highlights first results of the current cooperation models. (Work in progress)

The agriculture sector in this context includes a) natural resources like forests and natural reserves b) the aspects of nutrition linked to agriculture and food for rural and urban population (nutrition-specific and c) non-agricultural aspects of rural development including infrastructures managed by communities etc. or rural services. Development of agriculture in the context of rural development contains three dimensions a) agriculture as a commercial business b) agriculture linked to a social component (create jobs to sustain livelihoods of rural households), c) absorbing a labour force,, managing the natural resources and national assets (environmental dimension).

Assessing the current portfolio of cooperation with the private sector a set of seven criteria are used: current donor support modalities and instruments of aid delivery for cooperation with the private sector, the donor perspectives and objectives, the business perspectives and objectives, the vertical supply chain view, financing value chains, development partnerships with the private sector and the inclusion of rural poor, the impact orientation on rural households.

In general there are four entry points for the cooperation with the private sector: financial/capital and non-financial mainly technical support. Financial and non-financial support might be channelled directly or indirectly via a third party often service providers. Through the donor perspective the cooperation with the private sector might reach different levels of “intensity” from informal exchange of information to full and sole implementation partner. The intension of the business community differs starting from information exchange over capacity development to Base-of the Pyramid business

concepts. Support of value chain development is very high on the development agenda but only few programs target the entire chain. Financing of value chain is a new pressing topic, but only few programs are currently implemented. The inclusion of rural poor is addressed in wide range of approaches according to the number of target groups to be addressed. The impact on households might be addressed in its social, environmental and financial.

Currently the working group has discussed the current portfolio of cooperation models within the portfolio of the EU and EU partner states. In a further move it will develop guidelines for future orientation. For further details contact the secretariat or members of PSDA.