THE UNHOLY ALLIANCE
FIVE WESTERN DONORS SHAPE A PRO-CORPORATE AGENDA FOR AFRICAN AGRICULTURE
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The Oakland Institute
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**List of Acronyms and Terms**

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>AATF</td>
<td>African Agricultural Technology Foundation</td>
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<tr>
<td>AECF</td>
<td>Africa Enterprise Challenge Fund</td>
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<tr>
<td>AGRA</td>
<td>Alliance for a Green Revolution in Africa</td>
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<tr>
<td>BAGC</td>
<td>Beira Agricultural Growth Corridor</td>
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<td>BMGF</td>
<td>Bill and Melinda Gates Foundation</td>
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<td>CCFs</td>
<td>Country Cooperation Frameworks</td>
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<td>DAF</td>
<td>Danish Agribusiness Fund</td>
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<tr>
<td>Danida</td>
<td>Danish International Development Agency</td>
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<tr>
<td>DFID</td>
<td>Department for International Development</td>
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<tr>
<td>EBA</td>
<td>Enabling the Business of Agriculture</td>
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<tr>
<td>FMO</td>
<td>Financierings-Maatschappij voor Ontwikkelingslanden N.V. (Dutch Entrepreneurial Development Bank)</td>
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<tr>
<td>FtF</td>
<td>Feed the Future</td>
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<td>G8</td>
<td>Group of Eight</td>
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<tr>
<td>NAFSN</td>
<td>New Alliance for Food Security and Nutrition</td>
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<td>NEPAD</td>
<td>New Partnership for Africa’s Development</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
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<td>PPP</td>
<td>Public-Private Partnership</td>
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<td>SAGCOT</td>
<td>Southern Agricultural Growth Corridor of Tanzania</td>
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<td>SAPs</td>
<td>Structural Adjustment Programs</td>
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<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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Executive Summary

Five Western donors including the Bill and Melinda Gates Foundation, the US, UK, Danish, and Dutch governments, are bankrolling the Enabling the Business of Agriculture (EBA) project, implemented by the World Bank. The EBA’s goal is to help create “policies that facilitate doing business in agriculture and increase the investment attractiveness and competitiveness of countries.” To achieve this, the EBA benchmarks areas including seeds, fertilizers, markets, transport, machinery, and finance, to determine whether or not countries’ laws facilitate doing business in agriculture. The EBA exemplifies a growing trend in international donors’ aid programs, which have become powerful instruments to impose a market-based, pro-private sector vision of agriculture.

Following the 2007-2008 food price crisis, G8 members gathered at L’Aquila summit in Italy and pledged to support country-owned food security strategies. However, it did not take long for this commitment to give way to aid programs that, instead of supporting robust national agriculture policies, favor private sector-led and market-driven food systems. In 2012, the G8 members launched the New Alliance for Food Security and Nutrition (NAFSN), an initiative that gives a central place to agroindustry and agrochemical companies, to the detriment of family farmers.

Africa, the site of NAFSN implementation, is a primary target of the pro-corporate push by several Western donors. The continent is marked by the proliferation of bilateral and multilateral initiatives to support the expansion of agribusinesses and the increased use of industrial inputs (synthetic fertilizers, pesticides, hybrid and genetically modified seeds, etc.). The US, UK, Danish, and Dutch governments are providing direct financing through business grants and other support mechanisms such as loans and insurance to agribusinesses operating in Africa.

Often, the recipients of aid money are national companies with an assumed goal to combine aid with commercial interests.

In parallel, rising amounts of taxpayers’ money is flowing into multilaterally funded entities such as the Alliance for a Green Revolution in Africa (AGRA), active in training, research, and advocacy around the use of hybrid seeds and chemical fertilizers. AGRA is also a vehicle used to manage multi-donor initiatives such as the Africa Enterprise Challenge Fund (AECF), which is investing in large-scale agricultural projects and industrial production of agricultural inputs.

With the creation of the NAFSN, in which the EBA is entrenched, donors are increasingly conditioning their aid to African countries to policy reforms and measures that will facilitate the corporate takeover of their agriculture. The five donors of the EBA are spearheading an aggressive campaign, aimed at pushing to expand agribusiness activity in Africa through the takeover of land for commercial agriculture, opening of countries’ input markets, privatizing of seed systems, and reforms of agricultural trade and tax laws to boost corporate profit.

The donors believe that an “agricultural transformation” based on global trade and agroindustry will increase economic growth and provide better incomes to farmers. But the impacts of such a transformation are likely to be devastating for the majority of African farmers. Rising pressure on land and natural resources; dependence on expensive and polluting agricultural inputs; increased vulnerability to climate shocks; criminalization of seed saving and exchange practices; and weakened government ability to support national agriculture are among the outcomes that the five donors investigated in this report will deliver to the continent.
Introduction

Feeding nine billion people by 2050 is a challenge that will need to be addressed through socially and environmentally sustainable solutions that ensure access to nutritious food for all and the preservation of our environment and climate. Family farms, which produce 70 percent of the food consumed worldwide, will play a key role to help meet the world’s food needs sustainably. Evidence shows that the productivity of family farmers is often higher than large farms, and that they are the best stewards of their land. With system-based approaches such as agroecology, farmers can further increase yields, preserve biodiversity, and improve their resilience to external shocks like climate variations, pest or diseases, or price volatility.

Yet, in recent years, prominent international donors’ initiatives have focused on supporting industrial agriculture and large agribusiness companies at the expense of family farmers. The World Bank’s “Enabling the Business of Agriculture” (EBA), is one of these initiatives. The EBA is a benchmarking tool created in 2013 to foster “policies that facilitate doing business in agriculture and increase the investment attractiveness and competitiveness of countries.”

Embedded in the G8’s Africa-focused New Alliance for Food Security and Nutrition (NAFSN), the EBA, formerly called Benchmarking the Business of Agriculture (BBA), is financed by a pool fund of five donors.

EBA Donors:
- British Department for International Development (DFID), $4.5 million
- Bill and Melinda Gates Foundation (BMGF), $4.5 million
- Danish International Development Agency (Danida), $3.5 million
- Netherlands Government, $1.5 million
- United States Agency for International Development (USAID) initially committed over $470,000. Inquiries about further US support were rejected by the World Bank’s International Finance Corporation.

With the EBA, the World Bank is adapting its Doing Business index to agriculture, ranking countries according to “the ease of doing business.” In a series of reports, the Oakland Institute has documented how the ranking system of the Doing Business index has created harmful competition among countries to reduce or remove economic, social, and environmental safeguards and regulations. The EBA, which is being promoted to African governments and institutions as a powerful tool to guide policymaking, is set to expand to the agricultural sector and create a similar race to the bottom between countries. The 2016 EBA report studied 40 nations, including 15 African countries, assigning them performance scores in six sub-indicators: Seeds, Fertilizers, Markets, Transport, Machinery, and Finance.

These reforms are marketed as necessary to “support thriving agribusinesses,” which the World Bank and its donors say will boost African food productivity and ensure the continent’s food security. This narrow approach, however, fails to acknowledge the complexity of food security and the root causes of hunger on the continent. Far beyond a problem of food scarcity, the problem of hunger encompasses a range of issues related to power dynamics, economic policy, poverty, conflicts, and much more. Ensuring food security requires strong government policies and country-owned strategies, obstructed from top-down and standardized projects like the EBA.

An in-depth analysis of the activities and aid programs of the EBA donors, especially in Africa, is essential to understand their true intent when influencing food and agricultural policies. Why does the EBA promote reforms that jeopardize key elements of small-scale farming, including the ability to save and exchange seeds? What are the consequences of reducing governments’ role to enabling business, with the objective to support the private sector? This report investigates how the EBA is part of a larger ‘development’ agenda of the World Bank and five Western donors, which places the interests of rich countries and corporations above the well-being of nations, citizens, and farmers.
International Donors Put Corporations at the Center of Agricultural Development

The Post-Food Crisis Agenda Bets on the Private Sector to Achieve Food Security

In the follow up to the 2007-2008 high food price crisis, international donors announced a series of commitments to increase aid for agriculture and food security. The G8 summit organized in L’Aquila in 2009 pledged over $20 billion for food and agriculture. When the G8 met again in Camp David in 2012 it agreed that, despite the progress realized after L’Aquila, further efforts were necessary to leverage the role of the private sector in agricultural development. This prompted the launch of the G8’s NAFSN, a large public-private partnership (PPP) involving development institutions, multinationals including Monsanto, Syngenta, and Yara, and 10 African partner countries, with the goal to increase private investments in Africa’s agriculture.

From L’Aquila to Camp David: A Shift from Country-Support to Private Sector Financing

- At the 2009 L’Aquila summit, the G8 Leaders pledged to “partner with vulnerable countries and regions to help them develop and implement their own food security strategies, and together, substantially increase sustained commitments of financial and technical assistance.”

- The 2012 post-L’Aquila accountability report indicated that “an important characteristic of the G-8’s approach under AFSI [Aquila Food Security Initiative] is support for country-owned plans and priorities. […] Largely absent from this financing picture is the private sector.”

- The 2012 launch of the G8’s NAFSN marked a shift from public to private sector support: “Today we commit to launch a New Alliance for Food Security and Nutrition to accelerate the flow of private capital to African agriculture, take to scale new technologies and other innovations that can increase sustainable agricultural productivity, and reduce the risk borne by vulnerable economies and communities.”

The G8’s NAFSN shift from supporting country-owned food security policies to partnering with large agribusinesses in market-based aid strategies embraced a model that several donors had already put into effect. The United States’ $3.5 billion L’Aquila commitment for instance brought forth Feed the Future (FtF), a program through which USAID partners with some of the largest agribusinesses in the world including PepsiCo and General Mills among many others. As part of its L’Aquila commitments, the UK also began financing large PPPs such as the Beira Agricultural Corridor in Mozambique. The Beira Corridor puts forward a mission to foster investments in commercial agriculture and agribusiness in three provinces of Mozambique, and partners with large multinationals, including Dupont, Yara, and Rio Tinto, to achieve its goals.

With the claimed objective to bolster Africa’s ability to produce more food for itself and for global markets, a number of international donors began bankrolling and working jointly with the Alliance for a Green Revolution in Africa (AGRA). AGRA was created in 2006 through a partnership between the Gates and the Rockefeller foundations. Based on the model of the 1970s Green Revolution in South Asia and Mexico, AGRA aims to increase agricultural productivity through the introduction and promotion of “new technologies,” including hybrid seeds and synthetic fertilizers. Unlike the old Green Revolution, AGRA and its donors — which include all the funders of the EBA initiative — bet on the private sector rather than public intervention to make the critical changes happen.
Imposing “Business Enabling Environments” to Leverage Private Sector Investments

A key element of the NAFSN’s strategy to unlock private investments in agriculture has been to foster “business enabling environments” in Africa. Each of the 10 New Alliance partner countries made a number of policy commitments and agreed on reforms to accomplish this goal. For most of the partner countries, the New Alliance Country Cooperation Frameworks (CCFs) outline commitments to design seed and fertilizer regulations that encourage greater private sector participation. Some countries are also taking measures to release land for large-scale commercial agriculture and promoting private investments through tax incentives and reduced tariffs.

The Nigeria–New Alliance CCF illustrates the belief “that agriculture is a business and that the role of government is to provide an environment that enables the private sector to succeed.”

The New Alliance uses the score of the World Bank’s Doing Business index as an indicator of the countries’ success in reforming their agricultural sector. It champions another World Bank’s index, the Enabling the Business of Agriculture (EBA), as well. The EBA is listed among the NAFSN’s larger “enabling actions” to encourage regulations that facilitate doing business in agriculture.

The 2016 EBA report considers private sector’s involvement in the decision to release new seed varieties; policies that facilitate the importation of fertilizers; enactment of laws to protect commercial plant breeders’ property rights; creation of infrastructure to facilitate agribusiness activity as “good regulatory practices.”

Even before the launch of the NAFSN, some G8 members had pushed for the use of global indicators to influence agricultural policy. The US, in particular, developed a plethora of agribusiness-related indexes under the “Enabling Agricultural Trade” (EAT) project banner. The USAID-developed indicators included AGRI (Agricultural Regulations and Institution index), VcCLIR (Value Chain Commercial, Legal and Institutional Reform), AgTCA (Agricultural Technology Commercialization Assessment), and SeedCLIR (to evaluate seed sectors weaknesses), among others. These tools, designed to help address “regulatory burdens affecting agricultural growth,” laid the groundwork for the EBA project, which uses similar benchmarking topics (access to seed, fertilizer, land, finance, etc.). In 2012, the US and the Danish government led the Copenhagen Initiative to create a global and inclusive “Agricultural Transformational Index” (ATI). In the wake of the G8’s NAFSN launch, it was however decided to fast-forward the work, thus creating an agribusiness index — the EBA — rather than wait for a more comprehensive tool.

Our Land Our Business

In 2014, Our Land Our Business, an international campaign of over 280 organizations including farmers groups, unions, think tanks, and NGOs, was launched to demand the end of both Doing Business and EBA, which promote structural reforms that harm smallholder farmers and facilitate the trend of large-scale land grabs.

Learn more at: www.ourlandourbusiness.org

2016 EBA benchmarking topics. © World Bank
The concept of “business enabling environments” has become a buzzword for development agencies. The donors supporting the EBA have designed aid strategies for food and agriculture that share the goal of fostering policy changes to reduce the cost of doing business. Officially, this is because business-friendly policies will help mobilize the desired private sector investments in agriculture and supposedly drive economic gains for countries in the long-term. Yet, for the governments who fund the EBA, there are significant self-economic interests linked to the shaping of regulatory environments in developing countries.

In 2014, the White House stated that the EBA was to be rolled out as part of the Obama Administration’s “Doing Business in Africa campaign,” which intends to increase US exports and investments in African economies. Similarly, Denmark’s development strategy advocates that fostering better business environments creates more opportunities for Danish companies. DFID, which finances large PPPs involving British groups including Unilever, Diageo, SABMiller and others, is also driven by the goal to help UK companies do business overseas. Finally, as the world’s second largest exporter of agricultural products, the Netherlands explicitly seeks to bridge development objectives with the corporate “Dutch expertise.”

As a non-governmental donor to the EBA, the BMGF has long affirmed its preference for industry-led agriculture solutions, while the Foundation’s trust invested in some of the largest agri-food/beverage companies in the world including Monsanto, Coca-Cola, and PepsiCo. In addition to generating business-friendly environments, aid budgets are also assisting corporations in doing business overseas by directly subsidizing their investments. The US, UK, Danish and Dutch governments have designed abundant aid-funded mechanisms to allocate project grants, loans, insurance, and support to exports for private companies aiming to do business in Africa (some examples provided in Table 1). These bilateral mechanisms are complemented by multilateral funds that channel large amounts of public money into corporate hands. DFID, Danida, and the Netherlands, for instance, contribute to the $244 million Agricultural Enterprise Challenge Fund (AECF), which is housed at AGRA and awards 69 percent of its grants and loans to agribusiness projects. DFID is the AECF’s largest backer with $99 million in funding. Hugh Scott, the fund’s director, was formerly a senior advisor at DFID.

Business grants and support to private companies are supposed to offset the risks and costs that investors might encounter in developing countries. It is assumed that helping corporations do business in Africa will create jobs, infrastructure, and generate tax and economic gains for the host countries. Yet, it is hard to track true development outcomes resulting from taxpayers’ money subsidizing agribusinesses. Studies show that the promise of job creation is often misleading, as many investments in the agricultural sector create insecure, low-wage, and seasonal jobs. In addition, with an increasing push (notably through the NAFSN) to provide fiscal incentives for investors, the tax revenue that African governments collect from agriculture investments may dwindle significantly. Finally, in terms of ensuring food security, the subsidizing of agribusinesses that inherently seek quick returns on investments and often target profitable export crops is unlikely to feed the poorest and most marginalized populations.

In 2014, a partial review of Denmark’s 20 years-long “Private Sector Program,” found insufficient impact in terms of employment creation, poverty reduction, and fostering of sustainable growth in targeted countries, resulting in suspension of the program by the Danish Minister of Foreign Affairs. The Dutch Private Sector Investment (PSI) program and its forerunner the PSOM (Programma Samenwerking Opkomende Markten) lasted for 15 years and allocated over 60 percent of its funds to the agriculture sector, with many projects involving outgrower schemes (also known as contract farming). By 2010, PSI was considered successful because 57 percent of the funded projects resulted in a “lasting enterprise seven to ten years after the approval date.” A 2011 review of the Dutch Development Assistance by the Organization for Economic Cooperation and Development (OECD) however highlighted the risk that combining aid with Dutch commercial interests would shadow development objectives.
Table 1: Examples of EBA Donors-Funded Mechanisms for Agribusiness Financing

<table>
<thead>
<tr>
<th>Donor</th>
<th>Program</th>
<th>Goal</th>
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<tbody>
<tr>
<td>Danida</td>
<td>Danish Agribusiness Fund (DAF)</td>
<td>The DAF was launched in 2016 with commitments reaching DKK 700 million (Danida contributed DKK 88 million) to invest “in projects throughout the entire value chain from farm to fork, where a Danish commercial interest is included – thereby increasing the export of Danish technology and know-how.”</td>
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<tr>
<td>Netherlands</td>
<td>FMO (Dutch Entrepreneurial Development Bank)</td>
<td>The FMO, 51 percent funded by the Dutch government, invests in companies operating in developing countries. In 2011, the FMO added agribusiness, food, and water among its areas of operation. By 2015, FMO’s portfolio of investments in agribusiness sector totaled $700 million.</td>
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<tr>
<td>USAID</td>
<td>Partnering for Innovation</td>
<td>The Partnering for Innovation program, launched in 2012, plans to provide approximately $50 million in grants by 2017. It supports US and non-US businesses and organizations that introduce and commercialize agricultural technologies (seeds, fertilizers, inoculants, and more) destined to developing markets and smallholder farmers.</td>
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<tr>
<td>DFID</td>
<td>Agri-Tech Catalyst</td>
<td>Agri-Tech Catalyst was launched in 2014 with £70 million in funding, with the goal to finance academics and businesses working “to commercialize the best of UK innovation to develop new solutions to global food security challenges.” DFID has contributed £10 million for the period of 2014-2019.</td>
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Donor-Backed Private Investments Increase Pressure on Land and Natural Resources

The International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) report, released in 2009, emphasized the need to support small-scale farmers to ensure an inclusive and sustainable agricultural development. However, key donors have chosen to ignore this recommendation by favoring agribusiness investments which hinder farmers’ access to land and natural resources.

The Dutch-funded FMO was one of the lead arrangers for a €142 million loan to Addax Bioenergy, a Sierra Leone-based subsidiary of the Swiss Addax and Oryx Group. In 2008, Addax secured a 50-year lease on 20,000 hectare (ha) for a sugarcane plantation, to be used for ethanol production for Europe. Although the FMO claimed that Addax was developing “mostly unused land” in Sierra Leone, local villagers depended on this land for their livelihood, cultivating rice, cassava, and vegetables. The FMO also affirmed that the investment complied with “high environmental and social standards,” but field research found that Addax failed to properly compensate displaced villagers and to fulfill its promise of contributing to local development by providing jobs and social services. Addax’s activities also resulted in intense stress on local water resources, as the expansion of its plantation and irrigation schemes drained nearby swamps and rivers.

In 2015, the FMO went on to provide $15 million to support the British New Forest Company’s activities in Tanzania and Uganda. While the Dutch bank claims that forestry investments are “highly inclusive” and generate “large economic benefit,” reports show that New Forest’s carbon project in Uganda evicted over 22,000 villagers from their land without compensation.

The recently launched Danish Agribusiness Fund (DAF) has come under criticism for failing to uphold the FAO’s voluntary guidelines on land tenure and to meet the criteria of the UN Guiding Principles on Business and Human Rights. Although it is too early to assess the DAF’s investments, it should be noted that the initiative combines funding from the government as well as two Danish pension funds (Pension Danmark and Pensionskassernes Administration - PKA), which have become major players in the race for African farmland through their investments in intermediaries such as Silverlands Fund. Similar concerns around land and water grabbing arise from multilateral initiatives supporting agribusinesses’ investments in Africa. In 2011, the $244 million AECF backed by DFID, Danida, and the Netherlands invested in Mtanga Farms Limited, a company developing an 8,000 ha cattle operation on land that was previously grabbed from local...
communities in Tanzania. In 2013, the fund also provided $300,000 to Garden of Eden Co., a subsidiary of a large Thai-South Sudanese group that secured 100,000 acres of land in South Sudan, with the help of the President of South Sudan, Salva Kiir, who has vested interest in the company.

Multilaterally funded “agricultural growth corridors” are another donor strategy to foment private investments in agriculture. These corridors are large PPPs involving multinationals, bilateral donors, international financial institutions, local governments, and other partners. They aim to develop large areas for commercial agriculture, realizing economies of scale through common efforts to build infrastructure (road, ports, etc.) and through taking advantage of the local land, natural resources, and cheap labor. The most prominent corridors are SAGCOT – the Southern Agricultural Corridor of Tanzania, and BAGC – the Beira Agricultural Growth Corridor in Mozambique. Both DFID and USAID are contributing to SAGCOT, with $62 million from the British agency for the period of 2013-2018 and at least $139 million committed by USAID between 2010 and 2012. The BAGC funders include the Netherlands ($10 million) and DFID (£6.5 million). Both corridors have partnered with AGRA and large multinational companies, including Bayer CropScience, Monsanto, Syngenta, Yara, Unilever, Nestle, SABMiller, and others, claiming to contribute to the development of zones that otherwise would be categorized as “underutilized land areas.” With SAGCOT, the government of Tanzania is allocating about one-third of the country’s most fertile lands for commercial agriculture, and has resolved to open large tracts of land, between 20,000 and 60,000 ha, for tender. While donors hail the corridors as an investment blueprint, SAGCOT supports projects that have been marked by land disputes, such as the Swedish company EcoEnergy’s sugarcane plantation in Bagamoyo. According to the NGO Action Aid, 1,300 villagers who lived and farmed on the 20,000 ha allocated to EcoEnergy were denied their right to free, prior and informed consent. In the BAGC corridor in Mozambique, the government promised to unlock as much as ten million hectares for commercial agriculture, stating that land availability is not a concern in Mozambique. UCAMA, a farmer organization, has however expressed concern that all land with transport access in the BAGC is already occupied.
With the implementation of the New Alliance’s CCFs, it is likely that the pressure on land and water resources will continue to increase. Nearly 180 companies have signed letters of intent to invest in the New Alliance partner countries, with international corporations implementing a large part of the projects. In Nigeria, for instance, the New Alliance investments include a 30,000 ha rice plantation in the state of Taraba (Dominion Farms), 50,000 ha oil palm plantations in Cross River State (PZ Wilmar), and up to 200,000 ha for an oil palm and sugarcane production and processing program (Industrial Development Group). In addition, countries like Ethiopia agreed to modify land laws to boost long-term land leasing and Malawi committed to “take measure to release 200,000 hectares for large scale commercial agriculture by 2015.”

The Case of the Kilombero Plantations Ltd (KPL) in SAGCOT

Kilombero Plantations Ltd (KPL) was established in 2007 as a public-private partnership between Agrica Tanzania Ltd, a subsidiary of the British company Agrica, and the Rufiji Basin Development Authority. KPL developed a 5,818 ha rice plantation in the fertile Kilombero Valley, one of the key areas targeted for agricultural development under the SAGCOT initiative. In addition to developing the plantation, KPL’s business plan includes working with local farmers through an outgrower model.

KPL’s plantation, supported by DFID and USAID, has been used as a showcase project of the G8’s New Alliance and SAGCOT. However, villagers in the surrounding communities complain of adverse impacts on their livelihoods resulting from KPL’s acquisition of land. According to reports, compensation offered for the loss of land and houses was largely underestimated, preventing those displaced by the project to have access to adequate alternative land for their livelihoods.

In addition, KPL’s outgrower scheme, which sought to justify the “responsible investment” label and attract funding from aid agencies, proved to be harmful for the farmers. The contracts signed between KPL and local rice farmers stipulated that nearly half of the loans awarded to producers had to be spent on purchase of an input package of seeds, Yara’s chemical fertilizers, and weeding equipment. Farmers reported overwhelming debts with difficult payment deadlines, and expressed doubt if the input package was necessary for obtaining a good harvest.

Finally, the environmental consequences of the project cannot be ignored given it is located in an area of high ecological and biodiversity value. The prolonged use of agro-chemicals raises concerns about the presence of their compounds in soil and water and the pollution of nearby rivers, streams, and wetland areas used by the local communities. Villagers surrounding the plantation allege having experienced several negative effects from KPL’s agro-chemical application regime due to the drifting and surface run-off.
Pro-Input Programs that Favor Agribusinesses’ Interests at the Expense of Farmers

The EBA donors claim that partnerships with large agribusinesses are not only generating increased investments in agriculture, but also boosting agricultural productivity by improving smallholders’ access to agricultural inputs such as hybrid seeds, fertilizers, and pesticides. Ultimately, they promote this as a necessary evolution to feed the growing population.105 The EBA project and the NAFSN uphold the vision that liberalized input markets are essential for agricultural development and food security.106

There are many drawbacks with this approach. First, the global input market is largely controlled by an oligopoly of corporations: in 2014, only six multinationals, Dupont, Dow, Bayer, Monsanto, Syngenta, and BASF, controlled 75 percent of the world’s agrochemical sales and 63 percent of the commercial seed sales.107 These companies view Africa as a promising market, which they are taking over through aid programs. During the 2014 World Economic Forum in Davos, USAID announced a five-year-long collaboration with DuPont/Pioneer to “increase farmer productivity.”108 The initiative builds on work undertaken within the New Alliance’s framework in Ethiopia and Ghana, where USAID and Dupont invested over $4 million to roll out hybrid maize seed adoption programs.109 Since 2014, USAID has also been working with Syngenta to train Nigerian farmers in the use of agricultural inputs.110 Finally, USAID partnered with the large Norwegian input producer, Yara, in 2015 to train farmers on fertilizer application in Northern Ghana.111 By 2014, USAID estimated that its numerous FfF programs helped “1.8 million African farmers (7 million globally) apply new technologies such as high-yielding seed varieties on about 3.7 million acres of land.”112

The US efforts to increase adoption of input technologies in Africa are complemented by those of other EBA donors, all of which have notably bankrolled AGRA to carry out training, research, and advocacy around agricultural inputs (see Table 2 for examples of programs involving EBA donors). Between 2006 and 2015, AGRA received an estimated $424 million from the BMGF,113 very generous funding, which allows it true leverage to push its chemical-based intensive “green revolution” agenda. In 2012, AGRA created the African Fertilizer and Agribusiness Partnership (AFAP), which aims at “doubling total fertilizer use” in the countries where it works.114
Table 2: Examples of the EBA Donors Financing of Pro-Inputs Programs Implemented by AGRA

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<thead>
<tr>
<th>Program for Africa’s Seed Systems (PASS)</th>
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<tr>
<td>Donors: BMGF ($168 million), USAID ($52.2 million), Netherlands ($11.5 million)</td>
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<td>The objective of PASS is to provide farmers with commercial seeds. Started in 2007, PASS operates through four sub-programs focused on education, research, seed production, training and building of agro-dealers networks. By 2014, PASS had supported 80 seed companies, funded 66 PhDs and 135 Master’s degrees “for training the crop breeders of tomorrow,” helped generate 464 crop varieties in SSA, and trained over 15,000 rural agro-dealers.</td>
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<th>Soil Health Program (SHP)</th>
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<td>Donor: BMGF ($164.5 million)</td>
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<td>The SHP aims to promote the use and adoption of integrated soil fertility management (IFSM) practices among smallholder farmers. The SHP objectives include giving access to soil nutrients and fertilizers to 4.1 million farmers in Africa and influence national policy for countries to invest in fertilizer.</td>
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<th>Scaling Seeds and Technologies Partnership (SSTP)</th>
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<tr>
<td>Donor: USAID ($47 million)</td>
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<td>The 2013-2017 SSTP was rolled out in six partner countries of the G8’s New Alliance to increase the use of agricultural technologies such as improved seeds and fertilizers. The program’s objectives include commercializing at least 50 improved production technologies, generating 45 percent increase in the adoption of improved seed, fertilizers and other production technologies, and leveraging $40 to $50 million in investment in private sector seed and related technology supply at national levels.</td>
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<tr>
<th>Seed Trade Associations (STA-Africa)</th>
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<td>Donors: BMGF (estimated minimum of $4 million), USAID (funding through the SSTP)</td>
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<td>In 2015, the BMGF announced its intention to provide direct support to the African Seed Trade Association (AFSTA) as well as to national seed trade associations in Burkina Faso, Mali, Ghana, Nigeria, Ethiopia, Tanzania, and Uganda. The BMGF will invest around $100,000 per year for five years in AFSTA and in each national seed trade association. The USAID-funded SSTP will provide support to seed associations in Malawi, Mozambique, and Senegal. AGRA will lead the implementation of the program with the AFTSA.</td>
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The reliance on agricultural inputs for food production often results in absorbing a major part of farmers and states’ resources and trapping them in unsustainable cycles of debt. In Tanzania, local farmers engaged in outgrower contracts were forced in economically unviable purchasing of inputs (See Box: The Case of the Kilombero Plantations Ltd in SAGCOT). In Malawi, 9 percent of the national budget goes to subsidizing agricultural inputs every year, without remediating the impact of droughts and a declining productivity. Instead of encouraging better management of natural resources and reducing countries’ reliance on external inputs, donors are fueling this dependence on chemical fertilizers. Between 2011 and 2015, DFID budgeted nearly $50 million to support Malawi’s Farm Input Subsidy Program and provide “350,000 vulnerable farmers a year with high yielding maize and legume seeds.” Before that, the UK support had focused on fertilizer procurement, through financing the distribution of thousands of tons of fertilizer to Malawian households. In 2013, the Netherlands contributed $12 million to Burundi’s National Fertilizer Subsidy Program with the aim to “increase total national fertilizer consumption rates from 10,000 [ton]/year to 60,000 [ton]/year.” The program provided fertilizers to 250,000 farmers and liberalized fertilizer supply in...
Burundi. The EBA follows the same approach and gives better scores to countries that allow imports and sale of fertilizers by foreign companies and “fertilizer products already registered in another country […] to be imported without needing to be re-registered in the importing country.”

The promotion of chemical agricultural inputs goes against the pressing necessity to create sustainable and resilient food systems. The use of synthetic fertilizers made from fossil fuels is the fastest growing source of agriculture greenhouse gas emissions and directly contributes to the worsening climate crisis. In addition, the use of standardized commercial seeds risks undermining biodiversity and agricultural diversification, critical to mitigate the effects of climate change. Yet, expansion of fertilizers and seed sales is a major economic interest of a few corporations. Overlooking environmental concerns, three EBA donors (USAID, DFID, and the BMGF) have partnered with multinationals and research institutions to go beyond the promotion of hybrid seeds towards the development of genetically modified (GM) varieties specifically designed for Africa and the developing world (see Table 3 for examples of GM research projects funded by the EBA donors).

The EBA project and the donors’ focus on food productivity supports input suppliers, but this narrow approach oversimplifies the issue of food security. The World Bank Institute’s experts indicated in a 2011 document (which has since disappeared from the Bank’s website) that human populations produce enough food to feed 14 billion people, nearly twice what is needed. Food scarcity then, is not the issue. Addressing hunger and food insecurity requires addressing the root causes of the issue: inequality, poverty, market failures, and more. By promoting chemical intensive agriculture, the donors to the EBA are not only fostering farmers dependence on inputs and endangering biodiversity and whole ecosystems, but they also risk hampering the development and adoption of agroecological practices, which are cost effective, and in many cases more efficient in increasing farmers productivity.

Table 3: USAID, DFID and the BMGF’s Common Portfolio of GM Research

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<tr>
<th>Partnership</th>
<th>EBA Donors Funding</th>
<th>Description</th>
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<tr>
<td>Water Efficient Maize for Africa (WEMA)</td>
<td>BMGF (minimum $85 million), USAID</td>
<td>Developed in collaboration with Monsanto and various research centers, WEMA develops drought-tolerant GM maize varieties. The project has undertaken field trials to evaluate the performance of GM plants in Kenya, a first step to foster the acceptance of GM crops in Africa.</td>
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<td>Improved Maize for African Soils (IMAS)</td>
<td>BMGF, USAID ($19.5 million)</td>
<td>This PPP uses Pioneer Hi-Bred’s technology to improve capture of nitrogen in African maize (using both marker-assisted breeding and transgenic varieties). The transgenic varieties could be made available by 2020, pending approval of GM laws in countries.</td>
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<td>C4 Rice</td>
<td>BMGF (minimum $7.6 million), DFID ($4 million)</td>
<td>The International Rice Research Institute’s C4 Rice project, aims to genetically modify rice to increase productivity through an improved conversion of sunlight into rice grain.</td>
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<td>Banana 21</td>
<td>BMGF (over $8.5 million), DFID ($3.8 million)</td>
<td>The project aims at developing GM Bananas with increased levels of vitamin A and iron. Human feeding trials in partnership with the Iowa State University (ISU) have triggered intense backlash from civil society, with a petition gathering over 57,000 signatures to denounce the testing of the banana on ISU students.</td>
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New Aid Conditionality in Agriculture Jeopardizes Small-Scale Farmers

The goal put forward by the NAFSN and EBA donors to mobilize the private sector to increase cash flows in agriculture sounds praiseworthy. However, their financing comes with conditions and the imposition of policies, such as those outlined in the New Alliance’s CCFs and EBA report, which have extremely negative consequences on small-scale farmers.

Opening the Field for Industrial Seed Producers, at the Expense of Farmers

An important emphasis of the NAFSN policy push in the 10 partner countries is on allowing increased marketing of manufactured seeds from the private sector to African farmers.148 For instance, Burkina Faso, Ghana, Ethiopia, Ivory Coast, Mozambique, Nigeria, and Tanzania all agreed to modify their seed laws or seed taxes to allow higher private sector participation in input markets.149 The EBA project extends the push for privatizing seed sectors by encouraging the protection of breeders’ property rights; involvement of the private sector in committees for the release of new seed varieties; allowing private companies to use local public varieties to produce breeder and foundation seed; and making germplasm in national seed banks available to private sector for development of new varieties, and more.150

The EBA donors have developed their own strategies to ensure the transformation of Africa’s seed systems. In Ethiopia, Uganda, and Burundi, the Netherlands runs “Integrated Seed Sector Development” (ISSD) programs,151 with the goal to influence the creation of “enabling and evolving policies for establishing a dynamic seed sector.”152 DFID, USAID and the BMGF, who fund genetic modification (GM)-related research, are bankrolling the African Agricultural Technology Foundation (AATF), which was created in 2003 to increase the delivery of technologies to boost agricultural productivity.153 The AATF’s work is divided between coordinating donor-funded projects for GM and other biotechnology research and conducting advocacy to “enhance knowledge-sharing and awareness on agricultural biotechnology.”154 Between 2004 and 2015, the AATF received nearly $18 million from DFID155 and $100 million from the BMGF.156 USAID’s database indicates nearly $28 million in support of the AATF between 2005 and 2016.157 USAID is one of the most vocal promoters of GMOs in Africa, and notably leverages its influence in regional organizations such as the Common Market for Eastern and Southern Africa (COMESA) to lobby for the harmonization of “national systems for regulating genetically modified crops, which will help prevent the creation of new trade barriers, assist in the targeting of technologies, and resolve issues related to the acceptability of GMOs in Food Aid.”158

Expansion of the use of commercial seeds, whether hybrid or genetically modified, is tied to the enactment of plant variety protection laws and adherence to bidding international treaties such as UPOV. While proponents of intellectual property rights (IPRs) argue that this is necessary to trigger private sector innovation and agricultural development, IPRs result in criminalizing the traditional saving, use, and exchange of seed varieties.159 This interferes with traditional breeding practices, which for centuries have been a tremendous motor of innovation and have provided farmers with varieties adapted to their needs and specific agroecological conditions.160 The introduction of plant variety protection laws and the privatization of seed systems, however, serve Western agribusinesses and favor the corporate takeover of African seed market.
Reducing Taxes and Maximizing Profits for Agribusinesses

The reforms encouraged by the New Alliance and the EBA are costly: infrastructure, creation of seed registration system, policies on land titles, etc. require significant investments from governments. These measures mostly serve agribusinesses, which need land titles to settle in countries and benefit from revised seed laws and development of infrastructure. While public money is spent to support corporations, little budget is left for research, extension services, price-support or crop insurance mechanisms to support smallholder farmers.

The EBA and NAFSN reforms also deprive governments of their ability to collect taxes from exports and imports of agricultural products. For instance, under the New Alliance CCF, Benin revised tax provisions to favor investment in agricultural sector and exempt certain food and agricultural products from value-added tax. Tanzania agreed to reduce or abolish the pre-profit tax at farm-gate and tax on seed and seed packaging. Senegal promised to promote “tax incentive for investment” and raise awareness “of the measure exempting agricultural equipment and food fortification inputs from value-added tax.” Malawi’s governments has committed to “fast track the doing business reforms and review taxation regimes in order to maximize incentives to investment in the growth clusters.”

The creation of tax incentives greatly diminishes the ability of states to raise revenue from private investments, and reduces resources needed to support national producers. Cutting down tax revenue undermines governments’ ability to design and implement sound public policies in food and agriculture. During the 2008 food price crisis, the countries that most effectively dealt with the increase of agricultural commodity prices were actively involved in supporting their farmers’ production. This was the case in Indonesia, one of the few countries where the price of rice was stable between 2007 and 2008, which adopted regulatory measures. In contrast, nations who suffered the worst impacts were those with weak agricultural policies, often imposed by decades of neoliberal Structural Adjustment Programs (SAPs) rolled out by the World Bank and IMF in the 1980s. These programs forced the liberalization of trade policies and led to the dismantling of public intervention in agriculture, such as commodity boards, which helped manage the production and availability of agricultural products. The SAPs were discredited and shut down for driving poverty, however “business enabling” policies of the EBA and NAFSN are the continuation of such programs, and promise a grim future for food security and sovereignty of countries.

“Hard” and “Soft” Conditionality in Agriculture Aid

Combined agriculture aid from the five EBA donors represents 22 percent of the official development assistance to the sector. However, this does not include the financing of intermediaries, such as the World Bank and the European Union, who are also implementing agriculture programs. Together with other NAFSN donors and entities such as AGRA, which in April 2016 announced a partnership with the World Bank to “identify policy constraints that are hindering agricultural transformation in Africa,” the EBA donors are a tremendous financial and institutional power. They are using this power and influence to reform Africa’s agricultural sector.

In 2013, Danida, DIFD, and other donors pushed for broadening the EBA with a capacity building component that integrates the indicator in the New Partnership for Africa’s Development (NEPAD). This involves training around 20 of NEPAD’s regionally based policy advisors in the use of the EBA. In addition, outreach to governments and at least five African institutions is planned, as well as training of another 29 stakeholders from African nations, to help the project’s “acceptance by the broader African community as a tool to improve agricultural policy development.” Finally, the EBA donors insisted that the report should rank countries similarly to the World Bank’s Doing Business model. This is a classic way to reinforce the indicator’s influence, by bidding nations against each other in a performance ranking.

Responding to a 2016 letter from the Oakland Institute alerting that the EBA will lead to the reduction of environmental and social standards, the BMGF justified its investment in the EBA, stating, “it generates robust evidence about the nature and extent of the laws and regulations that national governments need to put in place to attract and facilitate responsible investment.” However, it is misleading to present the EBA as a pure knowledge tool that provides “robust evidence.” The results produced by the EBA are inherently biased, given the choice of the 6 sub-indicators (seeds, fertilizers etc.) relies on assumptions rather than objective data proving their effectiveness in improving the agricultural sector.
By conveying scientific validity to its findings, while assessing countries that do not implement the reforms as “lagging behind,” the EBA develops “soft conditionality” to push the agenda of its donors. The press release accompanying the launch of the 2016 EBA report was entitled “Agribusiness Rules Lag in Agriculture Dependent Countries.” It called for countries where agriculture constitutes a large part of the GDP to implement “smarter regulations” to “enable agribusinesses to thrive.”

The report findings were echoed in many developing countries’ media outlets, which pointed out national “deficiencies” in agriculture and compared country performance with the others benchmarked by the EBA. This quickly generates a race to the bottom between the poorest countries that wish to appear more agribusiness-friendly in order to attract private investments.

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EBA report table. © World Bank
Conclusion

The 2007-2008 food price crisis should have created momentum to address the root causes of food insecurity. With their aid budgets, donors could have helped African countries restore effective food and agriculture policies that would address hunger and put in place adequate mechanisms to lessen nations’ and people’s vulnerability to volatile global food markets.

Instead, the NAFSN and the EBA donors believe that profit-driven corporations will ensure food security, taking the risky bet that integration into the global markets and private investments “can sustainably support small-scale farming and help reduce poverty, hunger and undernutrition.”

To support their belief, rising amounts of taxpayers’ funds are financing private sector investments and large PPPs that, instead of supporting smallholders, risk depriving them of their land, natural resources, and other production means (such as the ability to reproduce and exchange seeds) that are crucial for their livelihood and food security.

On the policy level, the World Bank, G8 countries, and private entities such as the BMGF have formed a tenacious alliance to lobby for regulations that will enable further corporate exploitation of Africa’s tremendous agricultural potential. The EBA is yet another instrument through which international donors are using the World Bank’s traditional influence as a global development institution to transform sovereign states into docile “business enablers.” While governments’ crucial ability to support producers is sacrificed at the altar of pro-private sector policies, further dependence of smallholder farmers on highly volatile and oligopolistic global markets is encouraged, resulting in serious threats to food security.

There is a major danger in putting profit-driven corporations in charge of food security and alleviating poverty in the world. Instead, strong national policies are needed to support sustainable production by smallholder farmers. These polices cannot be dictated by the World Bank and a cluster of international donors. Rather, sound food security strategies will arise from national debates and policy building processes that involve farmers and seek to address context-specific needs and demands.
Endnotes


9 Ibid.


20 At L’Aquila, the United States pledged $3.5 billion and the EU $3.8 billion for aid to agriculture and food security. Other G8 countries and donors commitments brought the later brought the total amount pledged to about $22 billion. See: Feed the Future. “Feed the Future Meets 2009 L’Aquila Pledge.” News. http://www.feedthefuture.gov/article/feed-future-meets-2009-%E3%80%99aquila-pledge (accessed March 20, 2016);


In 2010, USAID administrator Rajiv Shah gave a discourse on FTF priorities that stated the following: “We will do things differently. First, we’re getting feedback from the private sector on our investments, and aligning investments in grain storage, market-information systems and feeder roads with private-sector priorities. Second, we will refocus efforts to increase agricultural business investments in priority countries. [...] Third, we are encouraging more creative partnerships with large-scale buyers of food [...] Fourth, and last but certainly not least, is our effort to use regional investments to actually implement the trade and investment corridors that so many African partners have asked for and called their top integrated, regional agriculture priority. See: Shah, Rajiv. “Remarks by Dr. Rajiv Shah, Administrator, USAID.” Chicago City Council Symposium on Agriculture and Food Security. Washington, DC, May 2010. http://web.archive.org/web/201005250707355/http://www.usaid.gov/press/speeches/2010/sp100520.html (accessed April 31, 2016).


Denmark’s Private Sector Program was successively rebranded “Business to Business” (B2B) in 2006 and “Danida Business Partnership” program in 2011.


Ibid.


Africa Enterprise Challenge Fund (AECF). “Garden of Eden Co. Ltd.” Projects. http://www.aecfafrica.org/windows/south-sudan-window/projects/garden-eden-co-ltd (accessed March 22, 2016); According to the Sudanese newspaper Radio Tamazuj, Garden of Eden has been described as both “a sister company” and “a project” of the of ABMC Thai-South Sudan


94 Ibid.


100 Ibid.

101 Ibid.


104 Ibid.; Direct communication with villager, November 3, 2014.


109 In Ethiopia, the program was called Ethiopia Advance Maize Seed Adoption Program (AMASP) and in Ghana it was the Ghana Advance Maize Seed Adoption Program (GAMAP). See: Dupont. “Advancing Food Security in Malawi & Ghana.” Action & Innovation. http://foodsecurity.dupont.com/2014/10/28/advancing-food-security-in-malawi-ghanache/ (accessed March 20, 2016).


170 Ibid.


172 Ibid.


