

# South-South Cooperation in Agriculture

Understanding the 'Aid-Trade-Investment'  
Nexus

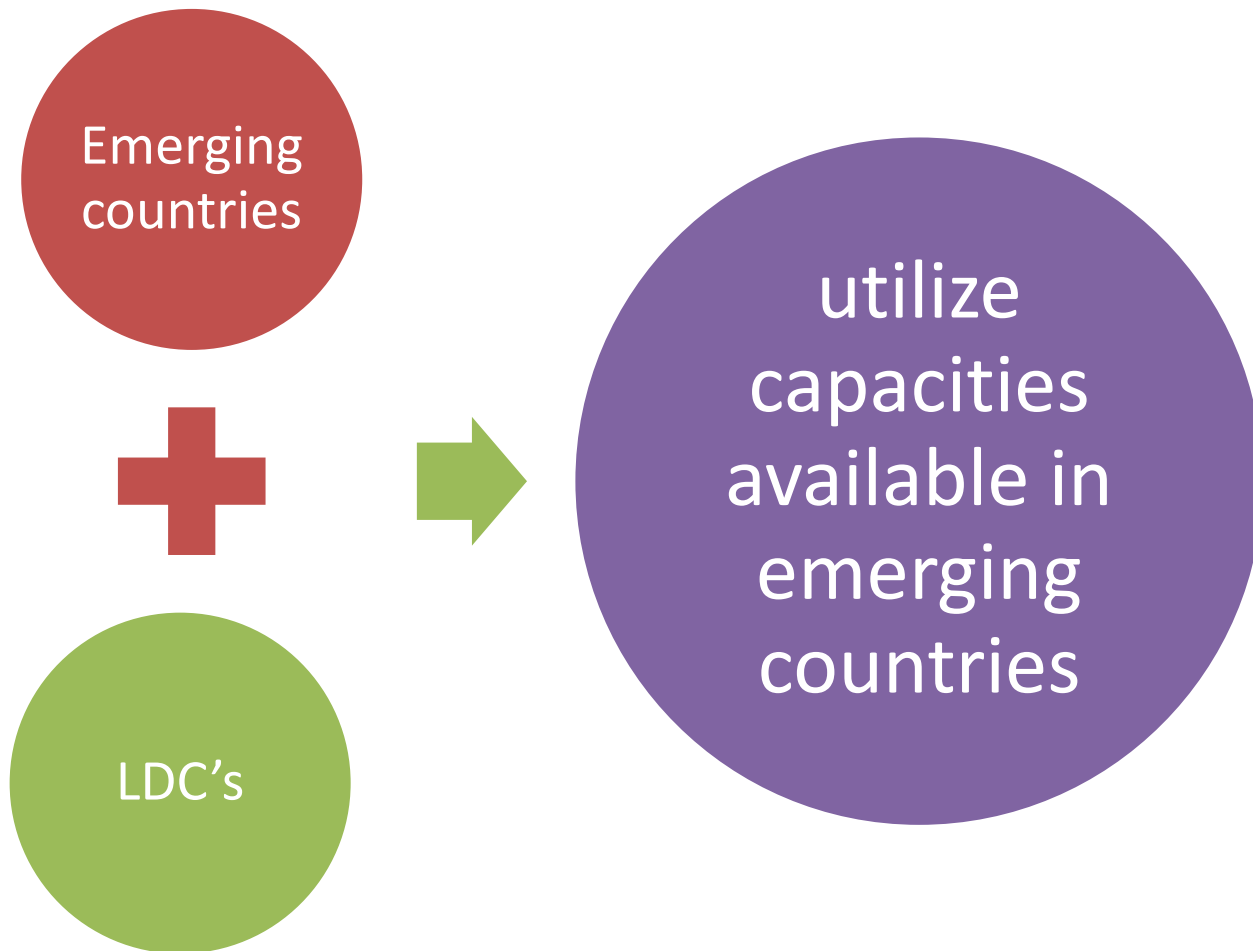
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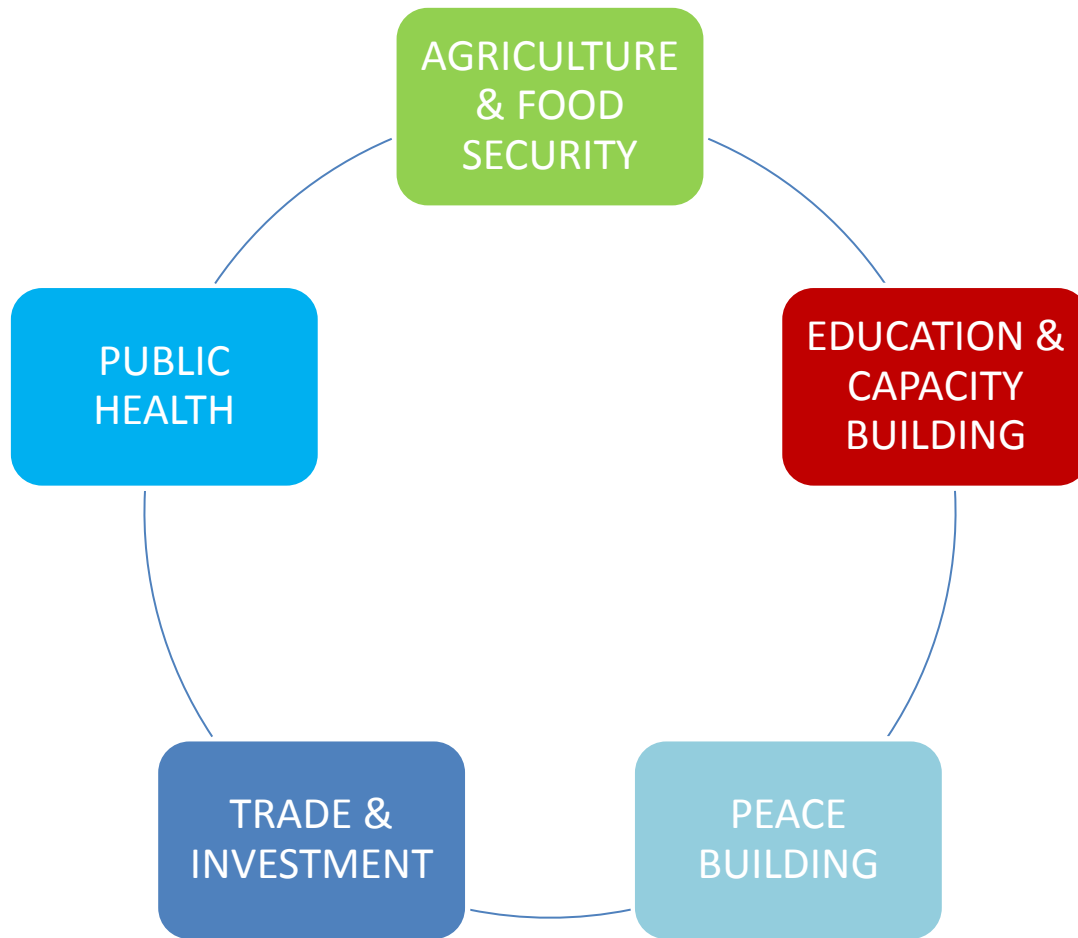
# The impetus for renewed South-South cooperation

- ❖ ***Advances in education, science & technology*** in parts of the south, allowing beneficial technology transfers. (CHINA, INDIA, BRAZIL, TURKEY, etc.)
- ❖ ***Built-up southern capacity, experience & knowledge*** in solving social & economic issues in LDCs. (A more confident and assertive South)
- ❖ ***Strong growth in the south***, demonstrating potential to respond successfully to new global challenges
- ❖ ***'leapfrogging' possible owing to ICT.***

# Aim of new South-South Cooperation in the emerging context



# S-S cooperation: potential initiatives



# African Priorities: The Comprehensive African Agriculture Development Program (CAADP)

Pillar 1: extend land under cultivation

Pillar 2: improving rural infrastructure

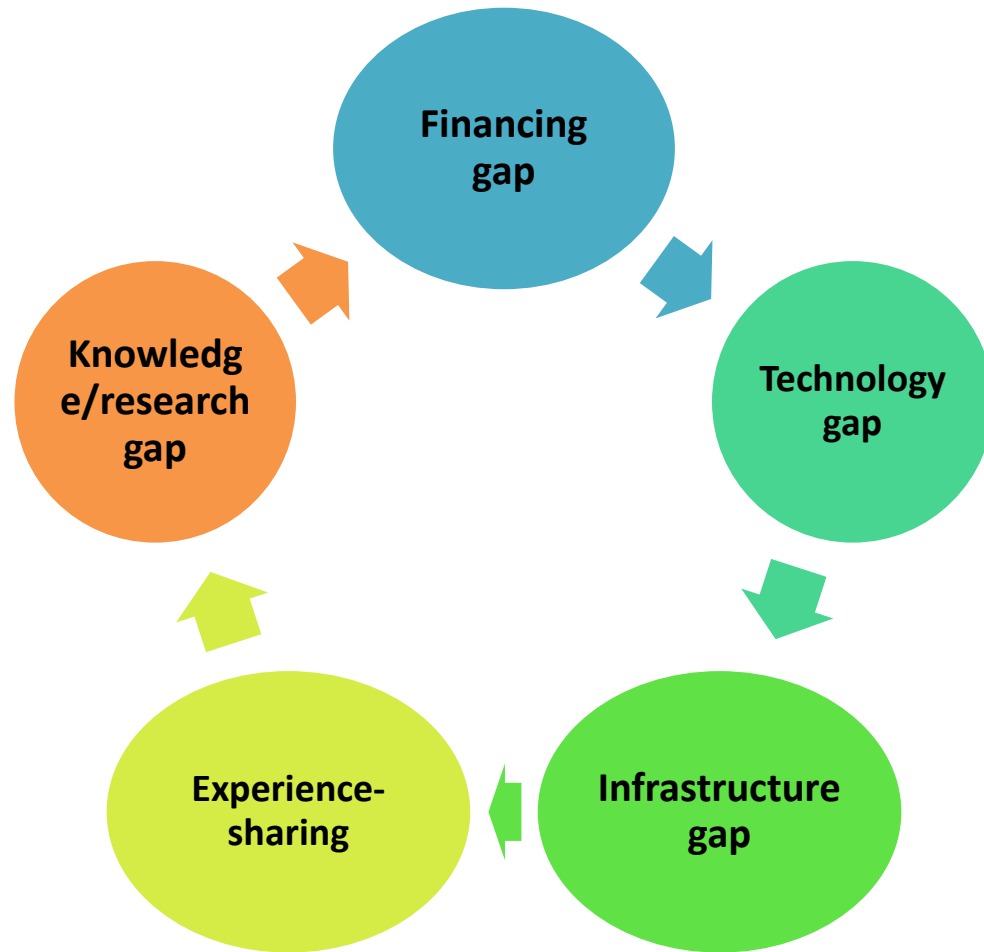
Pillar 3: increasing food supply

Pillar 4: improving agricultural research

Cross-cutting issues:

- Capacity strengthening/research/agribusiness
- Information on strategy formulation
- Integrating livestock/forestry & fisheries

# Focus of NAI research on FDI and African agriculture



# Figure 1: Key Vectors of Interactions between Africa and Emerging partners

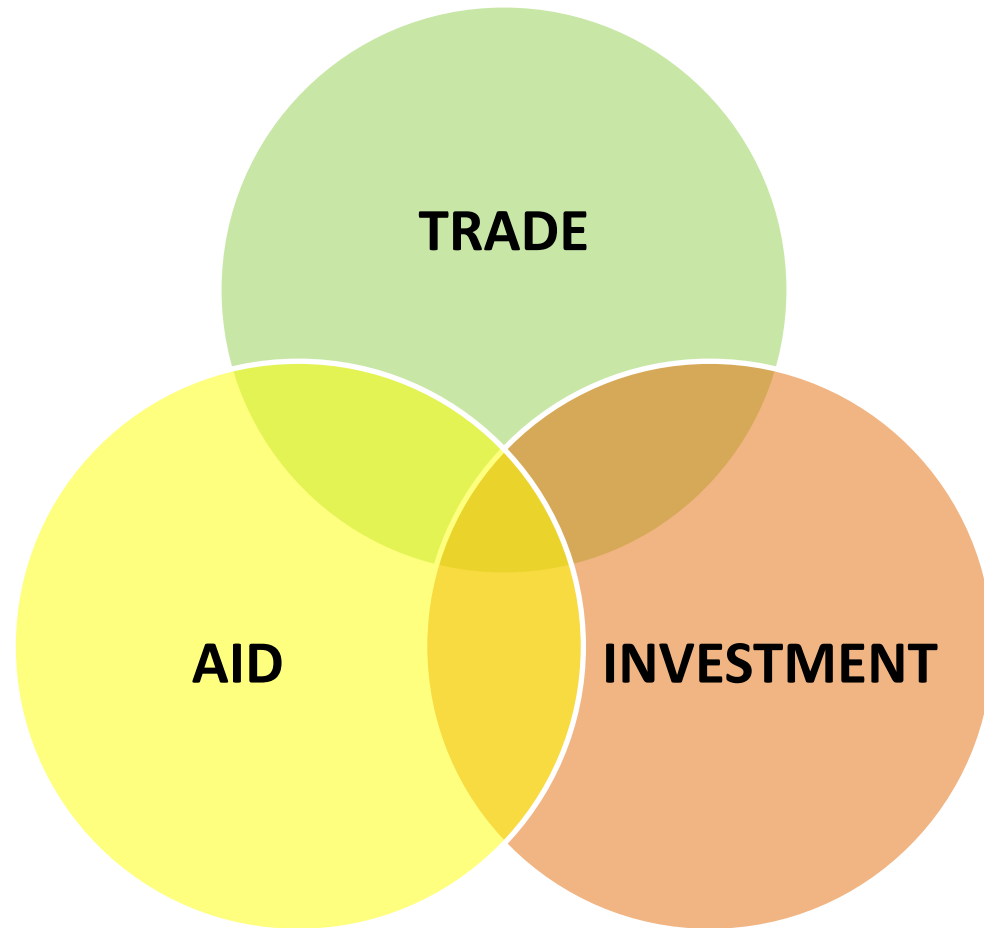


Table 4: Selected Features of support by traditional and emerging partners

<b>DAC donors</b>	<b>Mostly grants</b>	<b>Policy and non-policy conditions</b>	<b>Away from project and towards SWAPs</b>	<b>Development Effectiveness peer reviewed by other donors</b>
<b>CHINA</b>	Grants and loans	Non-policy conditions	<b>project</b>	FOCAC
<b>INDIA</b>	Grant and loans	Non-policy conditions	<b>project</b>	India-Africa Forum Summit
<b>BRAZIL</b>	Co-financing via triangular cooperation	Non-policy conditions	<b>project</b>	No platform except IBSA
<b>TURKEY</b>	Grants	Non-policy	<b>project</b>	Turkey-Africa Summit
<b>KOREA</b>	Grants and loans	Non-policy conditions	<b>project</b>	Korea-Africa Forum



# South-South Cooperation in African Agriculture: China, India and Brazil

CHINA	INDIA	BRAZIL
<p><b>CAPACITY BUILDING:</b></p> <ul style="list-style-type: none"> <li>▪ agricultural demonstration centers</li> <li>▪ Scholarship programs</li> <li>▪ Training and exchange visits for professionals</li> <li>▪ Dispatching of experts to African countries</li> </ul>	<p><b>CAPACITY BUILDING:</b></p> <ul style="list-style-type: none"> <li>▪ ITEC</li> <li>▪ Scholarships</li> <li>▪ Farm demonstration centers</li> <li>▪ Agricultural science parks</li> </ul>	<p><b>CAPACITY BUILDING</b> (training, research and transfer of technology):</p> <ul style="list-style-type: none"> <li>▪ <b>Embrapa</b></li> <li>▪ Scientific and Technical cooperation</li> <li>▪ Scholarships and training provided by Ministry of Education</li> </ul>
<p><b>Escrow Credit (EximBank) Preferential loans</b></p>	<p><b>Lines of Credit (EximBank)</b></p>	<p><b>No direct financial cooperation, except for direct financing by BNDES to Brazilian companies</b></p>
<p><b>FDI in agriculture limited, but will grow in the future</b></p>	<p><b>FDI in large-scale farming</b></p>	<p><b>FDI (in biofuel, cotton, soybeans)</b></p>
<p><b>FOCAC</b></p>	<p><b>IAFS</b></p>	<p><b>Dialogue Brazil-Africa</b></p>

# Composition of China's Foreign Aid

## **RESOURCE BACKED LOANS**

Resource-for-infrastructure loans (Angola, DRC, Gabon, Sudan)

## **CONCESSIONAL LOANS**

Carries an interest rate of 3.1%, a 4 yrs. grace period, and maturity of 13 yrs. ( at least 50% of procurement must come from China).

## **INTEREST FREE LOANS**

mainly for infrastructure projects and usually written off as debt relief.

## **BUYERS CREDIT (EximBank loans)**

interest rate based on LIBOR. 50% domestic content required for exported goods.

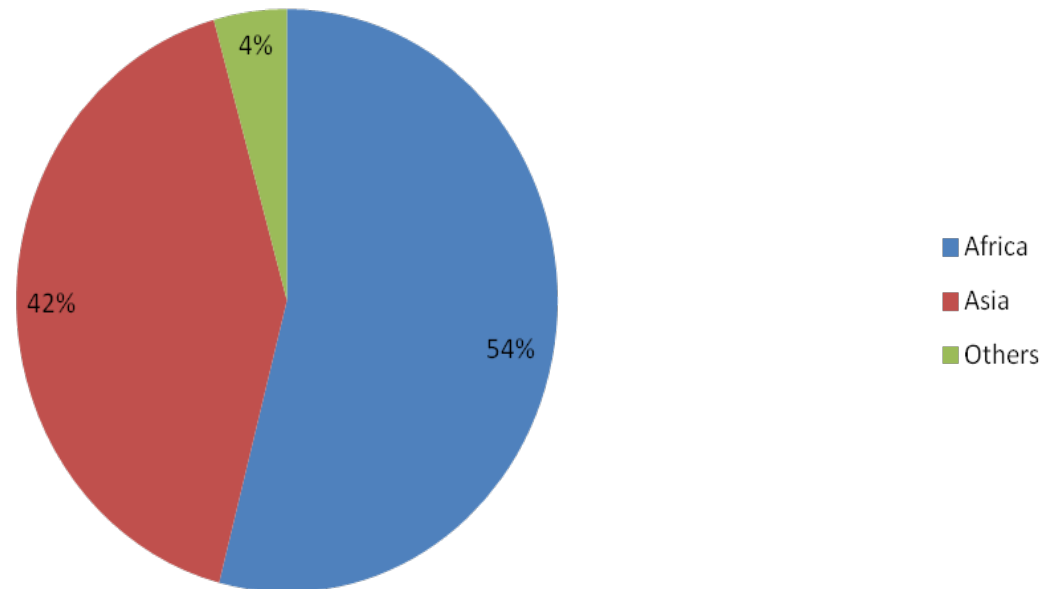
# 1. Chinese-funded agricultural technology centers in Africa

COUNTRY	MAJOR FOCUS OF THE CENTER
BENIN	Crop cultivation; farming technology demonstration
LIBERIA	<b>Rice and corn</b> ; training, technology transfer
UGANDA	Training and technology transfer
TANZANIA/DRC	Technology demonstration; training; improved seeds
SUDAN	Irrigation technology; demonstration and training
MOZAMBIQUE	<b>Soybean</b> and corn cultivation; demonstration & training
ETHIOPIA	Horticultural cultivation; livestock; training
RWANDA	<b>Rice cultivation</b> ; soil conservation; training and dem.
ZAMBIA	Technology demonstration and training
ZIMBABWE	<b>Corn cultivation</b> ; technology transfer and training
SOUTH AFRICA	Research on freshwater aquaculture; training
TOGO	Research and training
CAMEROON	Research, training, technology demonstration

# Indian Aid and Technical Assistance program

<b>FOCUS AFRICA PROGRAM:</b>	financial assistance to trade promotions orgs.
<b>INDIAN TECHNICAL COOPERATION (ITEC):</b>	short-term training to up to 1,000 Africans each year
<b>COMMONWEALTH ASSISTANCE PROGRAM:</b>	SAME AS ABOVE
<b>TECHNO ECONOMIC MOVEMENT (T-9):</b>	focuses on 9 west African cotton growing countries
<b>PAN-AFRICAN E-NETWORK</b>	to bridge the digital divide
<b>LINES OF CREDIT (LOCS)</b>	by EximBank of India

# Distribution of EXIM Bank Lines of Credit (in terms of value)



Source: Compiled from EXIM Bank data ( as in mid August 2012)

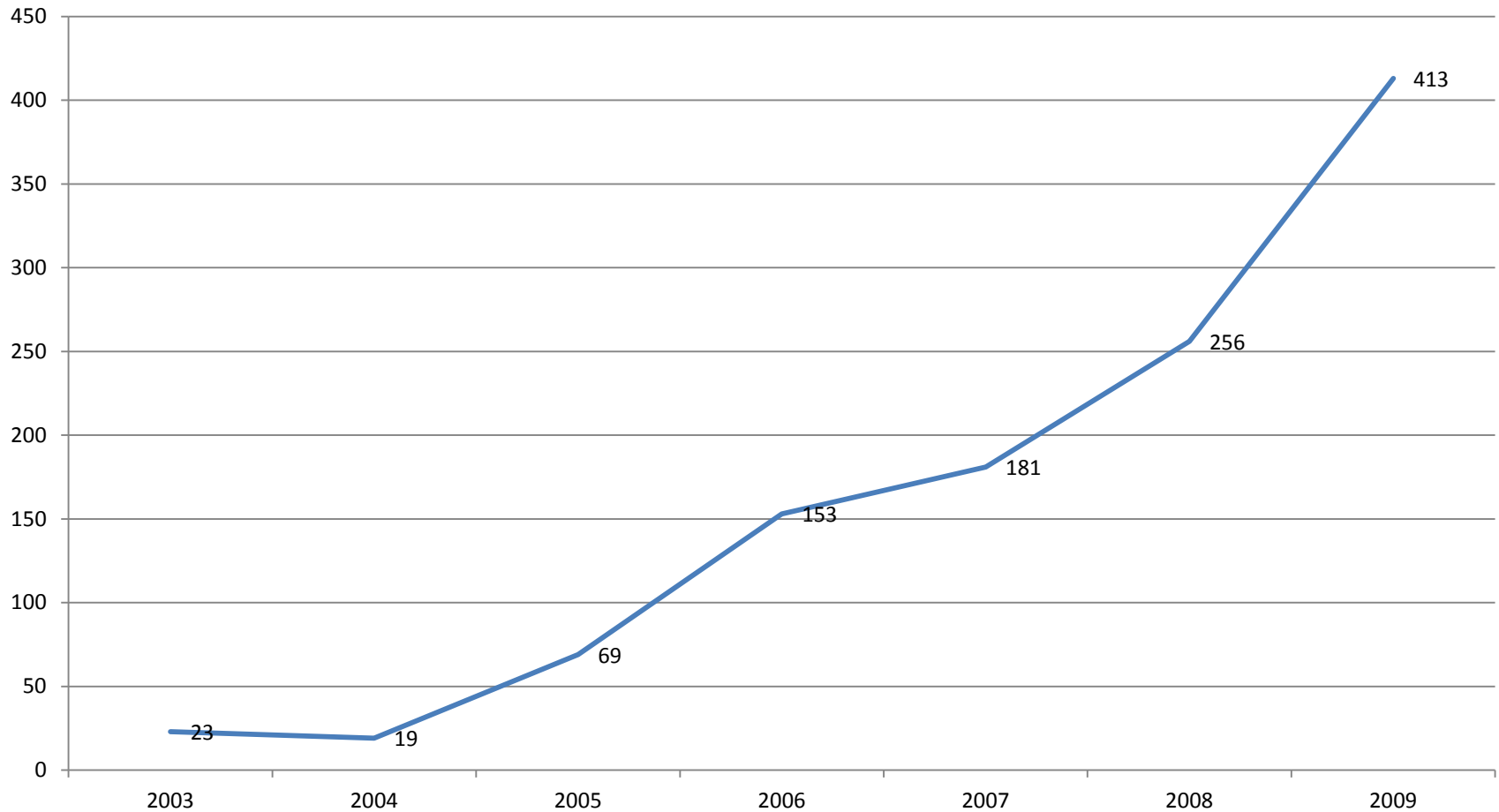
# Agriculture related projects funded by Exim Bank (partial listing)

Countries	Projects
<b>Burkina Fasso</b>	•Tractors,harvestors, agro-proceesing equipment
<b>Cameroon</b>	•Mazie and rice plantation projects
<b>Chad</b>	•Cotton yarn plant, agro-processing and irrigation equipment
<b>Cote d-Ivoire</b>	•Vegetable extration; cocoa and coffee production; fishery processing; coconut fibre processing plant; rice production
<b>Ethiopia</b>	
<b>Gambia</b>	•Development of Sugar Industry
<b>Ghana</b>	•Supply of tractors
<b>Guinea-Bissau</b>	•Fish harvesting and processing
<b>Lesotho</b>	•Purchase of tractors and water pumps
<b>Mali</b>	•Irrigation equipment
<b>Malawi</b>	•Agriculture and food processing
	•Irrigation, storage and tobacco threshing plant;cotton processing and greenbelt initiatives
<b>Mozambique</b>	•Rice,maize and wheat production

# Inida: Proposed agriculture-related institutes in Africa

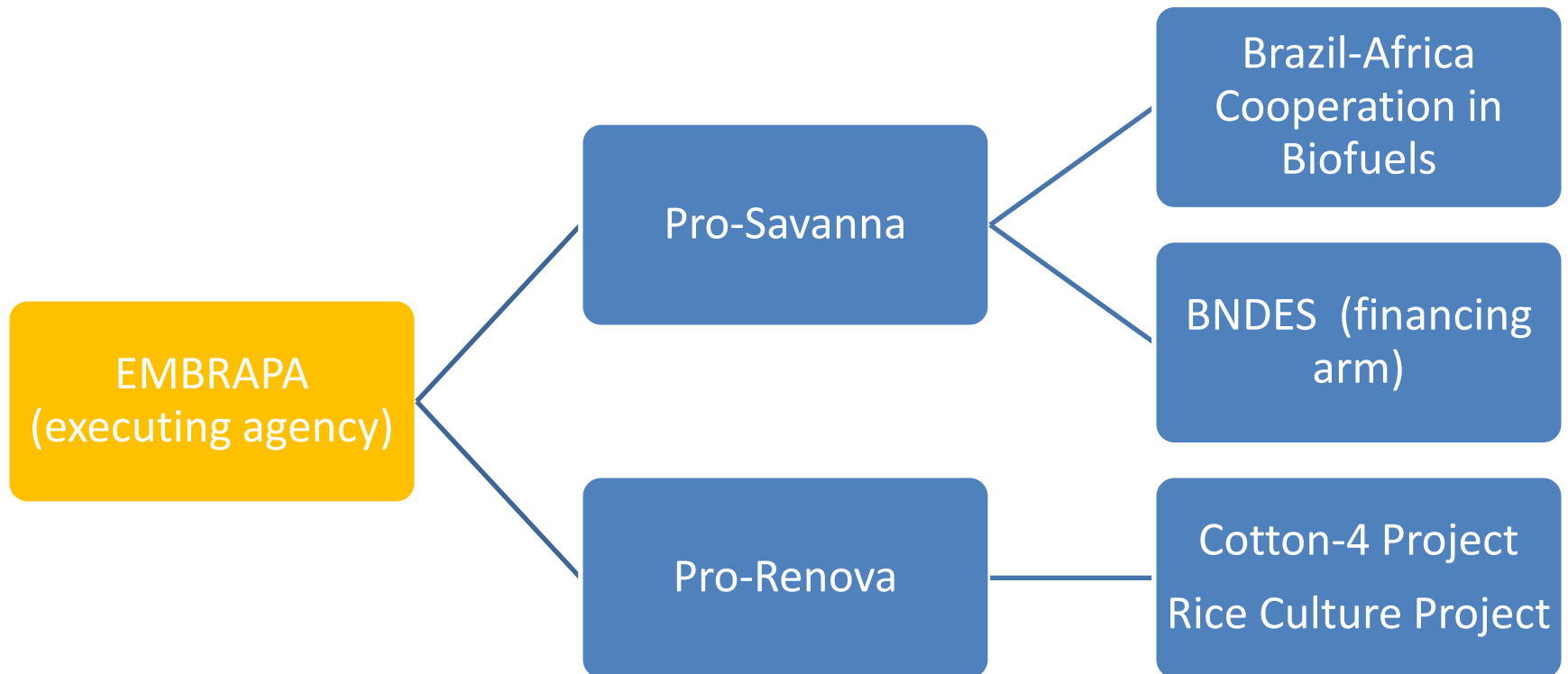
Type of Institution	Proposed locations
<b>RURAL TECHNOLOGY PARKS</b>	Zimbabwe, DRC, Malawi, South Sudan, Cote d'Ivoire
<b>FOOD TESTING LABORATORIES</b>	DRC, Benin, Zimbabwe, Gambia, Chad
<b>FOOD PROCESSING BUSINESS INCUBATION CENTERS</b>	Uganda, Cameroon, Ghana, Mali, Angola
<b>TECHNICAL ASSISTANCE PROGRAM IN COTTON SECTOR</b>	Benin, Burkina Faso, Chad, Mali, Malawi, Uganda, Nigeria
<b>INDIA-AFRICA FOOD PROCESSING CENTER</b>	To be decided by the AU
<b>INDIA-AFRICA INSTITUTE OF RURAL DEVELOPMENT</b>	To be decided by the AU
<b>REGIONAL SOIL, WATER AND TISSUE TESTINCE LABS</b>	Kenya, DRC, and Burkina Faso
<b>REGIONAL FARM SCIENCE CENTERS</b>	Ethiopia, Central African Rep. Liberia
<b>REGIONAL SEED PRODUCTION &amp; DEMONSTRATION CENTERS</b>	South Sudan, Republic of Coongo, Togo

# # of Brazilian technical cooperation projects, 2003-2009





# Channels for supporting African Agriculture



# Emerging Risks in S-S cooperation in agriculture

Externalities include:

- 1. *Labor standards***
- 2. *Environmental practices***
- 3. *Modalities of large-scale land acquisitions***
- 4. *Biofuel versus food crops?***
- 5. *Small farmer versus large scale commercial farming***
- 6. *Appropriateness of technology transfer.*** There is a need for a more targeted model of knowledge transfer and capacity development.

# Main issues raised by the critics of large-scale land investments

- **Consultation**: action to safeguard, or even consult, local interests has been scanty;
- **Land rights**: owing to widespread tenure insecurity and limited record of land rights, local livelihoods are undermined by such acquisitions;
- **Transparency**: is often lacking in contract negotiations;
- **Enforcement**: Host governments lack robust enforcement mechanisms
- **Poor Governance**: Host government elites are part of the problem—facilitating land acquisitions through bilateral investment treaties; revised investment codes, etc.

# 3 perspectives for mitigating the ill-effects of large-scale land investments

Human Rights approach	Investors perspectives	Local civil society perspectives
<p>-free, prior and full <b>participation</b> of local communities;</p> <p>-<b>Protection of environment</b>, based on impact assessment of sustainability of projects;</p> <p>-Full <b>transparency</b>, with clear enforceable obligations for investors, backed by sanctions;</p> <p>-Measure to <b>protect human rights</b>, labor rights, land rights</p>	<p>-distribution of <b>ownership</b> of key assets (land, - processing facilities, etc.)</p> <p>-<b>voice</b> (who takes/influence business decisions)</p> <p>-<b>risk</b> (how supply, production, market and other risks are shared)</p> <p>-<b>reward</b> (how costs and benefits are shared)</p>	<p>-development by investors of business models to <b>share value added</b> with local producers;</p> <p>-closer <b>scrutiny of investment proposals</b> by host governments;</p> <p>-<b>negotiation and enforcement</b> of deals that maximize local benefits;</p> <p>-<b>scrutiny of contract negotiations</b> by civil society;</p> <p>-action by local farmers &amp; NGOs to <b>protect local land rights</b></p>