



## EU Investment Policies and Initiatives in Agriculture: are they coherent with the development of family and peasant farming in the South?

The food crises of 2007 and 2008 put the fight against hunger back at the top of the agenda of the international community and of the European Union (EU) in particular. Following the “food riots” that struck dozens of Southern countries, the drop in public agricultural investments was pointed out as one of the main causes of this situation. For example, the share of official development assistance devoted to the agricultural sector dropped from 20% in the 1980s to 4% in the beginning of the 2000s, or from 15 billion to 2.3 billion euros per year.<sup>1</sup>



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This situation and this observation have led the international community to take up the issue again. This is why we have seen an increase in announcements about agricultural investments in the Southern countries and especially in Africa. This sudden financial burst of energy has been presented as the

key lever of a strategy that seeks to put a definitive end to hunger in the world. The EU and its Member States have been the main initiators of investments that then appeared to reach this objective. But what have been the impacts on family and peasant farming in the countries concerned?

1. OCDE, *Development finance data*

## 1. What role for the EU in agricultural investments in the Southern countries?

Food and nutritional security is a political priority and one of the international development objectives of the EU. In particular:

- The strengthening of the resilience of smallholder farmers and their means of subsistence, in order to improve food security in developing countries. This represents one of the four priorities of the EU's 2010 strategic framework in food security.
- Coherence of EU policies through which food and nutritional security is affected (by adopting a multi-sector approach to resolve the nutrition problems) and support for smallholder farmers. This was reaffirmed in particular in the EU communication on nutrition adopted in March 2013.

At the same time, the EU has affirmed the role of the private sector in the development of the agricultural sector of the Southern countries. It thereby suggested, in its 2011 agenda for change, that new forms of commitment be developed with the private sector in order to strengthen its mobilization. In a 2017 communication, the European Commission announced its intention to promote commitment by the private sector (including agri-business) in sustainable agriculture, notably via public-private partnerships.<sup>2</sup>

This has led to growing involvement by the EU in the development initiatives set up following the 2007 and 2008 food crises. First there was the Aquila Food Security Initia-

tive (AFSI), which was launched by the G8 in 2009. The EU undertook to contribute 3.8 billion euros, making it the second largest donor for this initiative (whose total investment amount was 22 billion euros). The second was the New Alliance for Food Security and Nutrition (NAFSN) launched by the G8 in 2012, for which the EU made a new commitment of 1.3 billion euros<sup>3</sup> and took over coordination for the initiative in Malawi and Côte d'Ivoire. If we take into account the investments of the EU and of its Member States in the agricultural development initiatives such as AFSI or NAFSN in the Southern countries, together they are the top donor.

More recently, the EU External Investment Plan launched in autumn 2017 considers agriculture as one of the five key sectors for the 44 billion euros of investments promised.

### Increased concentration of support from European donors

Agriculture is a priority sector for many European development agencies: not only the European Investment Bank, but also national agencies such as Agence Française de Développement, the German development bank, and others. Besides direct investments, the financial institutions are increasingly pooling their financing on the same investment projects, directly or by setting up and contributing to investment funds dedicated to agriculture, such as the African Agriculture Fund.

For example, between 2011 and 2014, the firm Feronia Inc. obtained more than 200 million euros in the form of loans from several European financial institutions (including the British development finance institution CDC Group PLC through a direct loan and Agence Française de Développement via the African Agriculture Fund). In December 2015, several other European agencies, from Germany (DEG), the Netherlands (FMO), and Belgium (BIO), as well as a consortium of other investors participating in an infrastructure fund undertook to loan the firm an extra 49 million dollars. This financing was granted even though civil society organizations give regular alerts on conflicts concerning land and working conditions in these plantations, and even though no independent impact study has been carried out by the financial institutions.<sup>4</sup>



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2. Concord, *Mixing means and ends, What role for (which) private sector in agriculture and food & nutrition security?*, 2017

3. Action contre la Faim, CCFD-Terre Solidaire, Oxfam France, *La faim, un business comme un autre*, 2014

4. GRAIN, *Land conflicts and shady finances plague DR Congo palm oil company backed by development funds*, 2016





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## 2. What impacts do these initiatives have on the food security of Southern countries?

First of all, the political, financial, as well as physical significance of investments by the EU must be considered: they cover a total of approximately 36 million hectares of land in the developing countries, including 20 million hectares linked to intensive livestock production.<sup>5</sup>

Further, the development initiatives launched in recent years have been accompanied by commitments to modify legislation, made by the States benefiting from the financing. Concretely, in the case of the NAFSN, the 10 African States concerned have undertaken to establish an environment favorable to investments by modifying legislation relative to land, seeds, and taxes. In reality, this leads to the adoption of systems that are favorable to private investors but to the detriment of local populations, family farming, and small and medium enterprises not benefiting from the same facilities.<sup>6</sup> Furthermore, the tax and customs advantages aggravate a structural problem in Africa's agricultural sector, which faces a significant lack of public investment. It will thus not be possible to remedy lack of public investment from the tax revenue that the arrival of these actors could have generated.

Finally, even though these initiatives have been presented as ones that should fight against food security of the countries concerned, it is difficult to measure their real reach. This is above all because it is not this indicator that is used to measure the "success" of all the projects undertaken. Rather, it is the World Bank's "Ease of Doing Business Index" and the improvement of the country's rank in this index that are considered. Priority is thus given not to the fight against hunger, but to the degree of liberalization of the economies concerned. The very purpose of the projects is worrying, as The Guardian pointed out in an investigative report based on 211 investments declared as part of the NAFSN. Indeed, only 27 of them can be considered as directly benefiting the food and nutritional security of the local populations.<sup>7</sup>

### A European Parliament resolution denouncing EU commitment to NAFSN

Olivier De Schutter, former UN Special Rapporteur on the Right to Food, produced an investigative report for European Parliament in November 2015. The report judges that the model promoted by the NAFSN is both out of date and harmful.<sup>8</sup> European Parliament's resolution of 7 June 2016 corroborates this observation and calls on the EU "to address all the deficiencies of NAFSN outlined above, to act to enhance its transparency and governance, and to ensure that actions taken under it are consistent with development policy goals."<sup>9</sup> Maria Heubuch, a German MEP in charge of work at European Parliament on the NAFSN, goes even further: "If the New Alliance does not address the severe problems that we are witnessing, the EU should withdraw from the initiative." The European Parliament resolution challenges the talk about the "automatic" benefits of public-private partnerships with agro-industry multinationals. It deplores the legislative reforms that the multinationals are urging within the framework of the NAFSN to reinforce the rights of seed companies at the expense of the rights of smallholder producers, and it calls on the EU Member States to invest in agro-ecological agricultural practices in the developing countries. The resolution also calls on the members of the G7 not to support the promotion and dissemination of GMO crops in Africa.

5. Steffen Noleppa and Harald von Witzke, *EU agricultural production and trade: Can more production efficiency prevent increasing 'land-grabbing' outside of Europe?*, Humboldt Universität, 2010

6. Action contre la Faim, CCFD-Terre Solidaire, Oxfam France, *Bilan d'étape de la nouvelle alliance pour la sécurité alimentaire et la nutrition*, 2016

7. Taku Dzimwasha, Rich Harris and Claire Provost, *The G8 and the fight for the future of African farming*, The Guardian, 2014

8. Olivier de Schutter, *The New Alliance for Food Security and Nutrition in Africa*, Directorate General for food security and nutrition in Africa, European Parliament, 2015

9. European Parliament resolution of 7 June 2016 on the New Alliance for Food Security and Nutrition

Thus, despite the objectives and targets that are regularly reaffirmed by the EU, its recent commitments to the development of the agricultural sector in the Southern countries have led to priority being awarded to private actors, to the detriment of family and peasant farming and to the food security of local populations.

### 3. Les propositions de Coordination SUD

In order to make EU policies and initiatives coherent with its commitments to human rights, and especially to the right to food and to prioritization of family and peasant farming in the development of agriculture in Southern countries, the EU must redirect its foreign investment today. To do so, Coordination SUD recommends that the EU:

- Refer systematically to its strategic framework in food security, as well as to the action plan on nutrition, as guidelines applicable to all its agricultural investments, and reaffirm that its priority is both the empowerment of smallholder farmers and the promotion of their access to farming resources and their control over them.
- Carry out a re-examination of policies and initiatives dedicated to support for the private sector in order to ensure that its projects and investments do not harm food security in the Southern countries. In particular, the issues of transparency, accountability, and governance must be taken into account. In this respect, the EU External Investment Plan must be revised.
- Launch impact studies regarding the rights of the populations concerned by the different initiatives devoted to agriculture in the Southern countries. In particular, as the NAFSN leader in Malawi and Côte d'Ivoire, the EU should

initiate specific studies (as has been done by France in Burkina Faso). Special attention will have to be paid to local populations' access to natural resources and to land; to their free, prior, and informed consent; and to the establishment of a complaint mechanism.



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