

Scaling-Up Capacity, Partnerships, and Investment to Accelerate Agrifood Systems Transformation in the Sahel

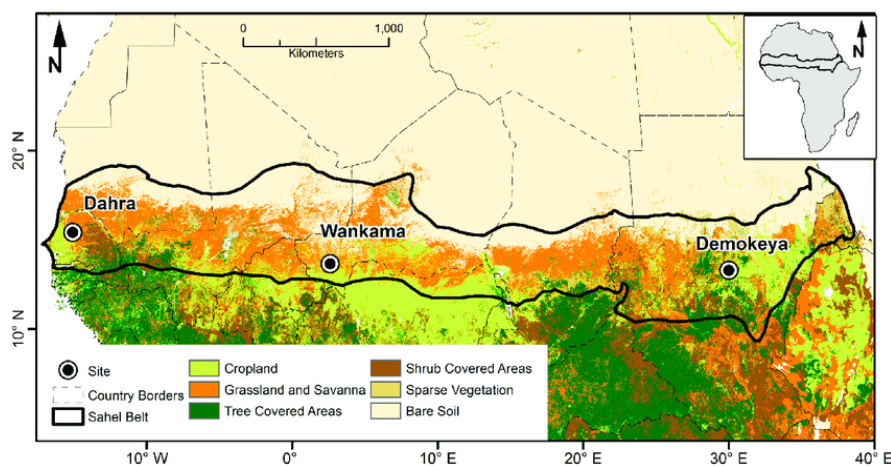
Hand-in-Hand Regional Investment Forum
Special Consultation Session for the Sahel

Rome, 18 October 2022, 18:30

1. Summary

The Sahel is a region facing great and mounting challenges. The region includes countries with the world's highest levels of poverty, hunger and malnutrition, and is exposed to continuous conflict, severe environmental degradation and the impacts of accelerating climate change. All this despite the launch of many ambitious undertakings by the countries, with impressive support from the international community. And yet, altogether, the current focus and level of capacity, resource and investments are proving inadequate to address the underlying problems of low productivity and incomes in the predominantly agricultural economy, low access to key productive resources, especially water, accelerated degradation and desertification of essential land and soils, underdeveloped food and agriculture markets and trade, and the growing vulnerability of food systems and livelihoods to climate change. The newly released Country Climate and Development Report (CCDR) for the G5 Sahel region of the World Bank "estimates that up to 13.5 million people across the Sahel could fall into poverty due to climate change-related shocks by 2050 if urgent climate adaptation measures are not taken"¹.

The Sahel in Crisis²



And yet, the Sahel is also a land of resilience and abundant opportunities. Food demand is rapidly changing in the region with a striking increase in total quantities needed, growing preferences for conveniences and diversification of diets as well as increased concern for product quality in more urbanized and connected countries. The regional food economy, the biggest employer in West Africa, is projected to reach USD 480 billion in 2030 with the non-agricultural sector expected to represent 49% of the value

¹ <https://www.worldbank.org/en/news/press-release/2022/09/19/sahelian-countries-can-boost-and-diversify-their-economies-to-take-on-the-climate-crisis-and-food-insecurity>

² Source: Abdi, A. M., Boke-Olén, N., Tenenbaum, D. E., Tagesson, T., Cappelaere, B., & Ardö, J. (2017). Evaluating water controls on vegetation growth in the semi-arid Sahel using field and earth observation data. *Remote Sensing*, 9, 294

added. These changes provide great opportunity for the West Africa and the Sahel food systems to increase production, value added, job creation and food security. Moreover, the Sahel region presents a huge potential for the world to accelerate achievement of its Sustainable Development Goals particularly the Goal 1: End poverty in all its forms everywhere and the Goal 2 of achieving "zero hunger". The region also offers real opportunities to sustainably invest at scale in the agricultural sector and its related infrastructure for production, processing, distribution and marketing. These market-based opportunities, when combined with focused efforts to improve access and promote sustainable use of land and water, unlock a comprehensive programme to transform agrifood systems and trade, and build local, national and regional capacities for leading transformational change, can be the game-changers required to meet the challenges and place the region on a different sustainable development pathway. But this will require a fundamental change in the modality of engagement.

During two years of data gathering, analysis, capacity development and consensus building on investment priorities under the Hand in Hand (HIH) Initiative, the Governments of the Sahel region together with FAO and other international partners have examined closely the requirements for a new territory-based strategy for enabling agrifood systems transformation in each country across the region. Through this work, it has become clear to the HIH Initiative partners working in the Sahel countries that greater attention and more resources needs to be invested in overcoming the underlying conditions of poverty, insecurity and vulnerability through an intensified, regionalized program to enable and sustain agrifood systems transformation with emphasis on three priority medium-term *axes of action*: (1) improved land and water tenure, access and governance (2) transformation of agricultural production systems and trade to unlock large new economic opportunities while protecting natural assets, and (3) strengthened technical capacities and regional institutions to coordinate this transformation and build inclusive socio-economic foundations for peace, security, and prosperity.

The HIH Investment Forum: Special Session for the Sahel is being convened to provide a space for Governments and their development partners to reaffirm their commitment to work together in a joint plan and roadmap for scaled-up action to address the deepening crisis in the region as well as to explore innovative ways to increase the synergy of actions to a sustainable development of this part of the African continent.

2. Background: The purpose and role of the HIH initiative

The Hand-in-Hand (HIH) Initiative was conceived and launched by FAO 3 years ago to offer the Organization's capacities and relationships as public goods to enable more ambitious and better-resourced collaborative approaches to scaled-up programming and investment by Governments and their development partners. The Initiative focuses on countries with the largest numbers of extreme poor and facing the most challenging economic, social and environmental conditions. HIH has now been embraced as a highly flexible but robust collaboration framework by a broad range of public and private partners in more than 50 countries. Nearly all countries with territory in the Sahel region have joined the Initiative, including (west to east): Senegal, The Gambia, Burkina Faso, Niger, Mali, Chad, Sudan and Eritrea, as well as Nigeria and Cameroon.

To add value to country and development partner's existing efforts and to mobilize and concentrate resources where they will have the most impact, the Initiative places FAO's core knowledge, capacities and relationships at the service of sustainable development by providing new data, high resolution geo-spatial tools and analysis, an integrative territorial approach to agrifood systems transformation, an innovative "match-making" approach to partnership facilitation, and a state-of-the-art monitoring and evaluation system. Most important, the HIH framework is designed to facilitate fresh, innovative large-scale investment in new methods, capital resources, and capabilities – the key drivers of transformative change – by multiple, diverse partners. Taken together, these HIH supports are meant to provide a robust,

evidence-based enabling environment that empowers Governments and partners to take on the complex challenges of sustainable development over time.

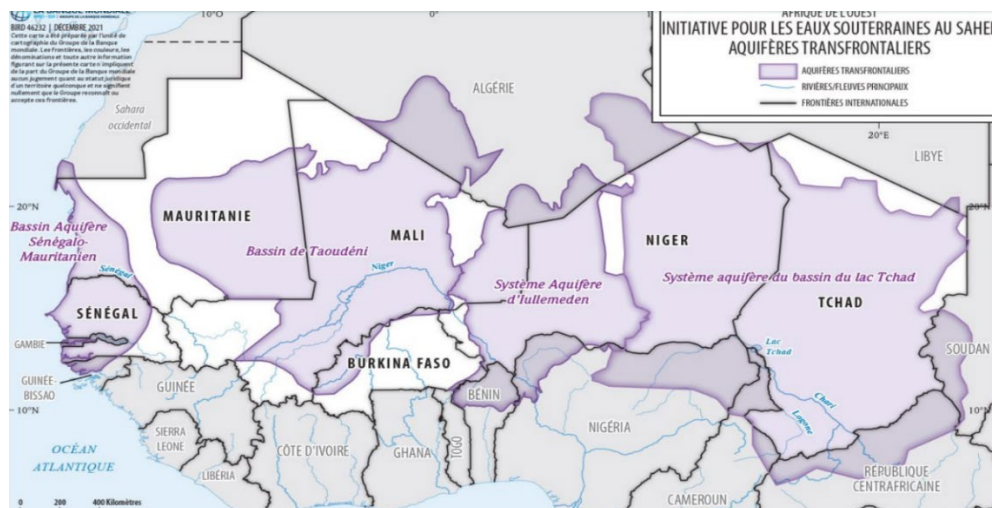
3. Enabling agrifood systems transformation in the Sahel: Three big challenges and a new opportunity

The Sahel countries include several of the countries that are the most vulnerable to climate change and least prepared to face its impacts. According to the Notre Dame Vulnerability Index, for example, out of 181 countries monitored, Sahel countries rank among the very lowest: Niger ranks 180th; Chad 179th; Mali 174th; Burkina Faso 160th; and Mauritania 151st. A similar situation persists with respect to poverty, hunger and malnutrition, where gains have been hard won and sustainability in the face of multidimensional crisis remains a constant concern.

For the Sahel’s HIH partners, the unexploited potential of food and agriculture transformation represents the most powerful means of altering the underlying conditions that account for the parlous condition of the Region and its peoples and doing so in a manner consistent with Africa’s 2063 Agenda and the Sustainable Development Goals. The partners concur that a focus on local as well as regional and international market-oriented opportunities presents an important lever for mobilizing sustained public and private investment and for complementary policy interventions in the Sahel that can help sustain diverse efforts to overcome the complex challenges presented across the region.

Within this overall vision, it has become clear to the HIH partners in each country that important specific challenges must be addressed if this overall mission is to be achieved. These challenges cluster around three priority “axes of action” of utmost urgency: (1) ensuring secure access to productive resources by strengthening land tenure security and expanding water access while protecting land and water through improved governance, (2) regionalizing agrifood systems transformation and trade to unlock the full socioeconomic benefits, and (3) investing in technical skills and institutional capacities that empower governments, aid their domestic and international partners and support transformational leadership. Preventing and reversing, while building resilience to, the impacts of climate change and of water, land, and soil degradation are common objectives across all three action areas.

Cross-Border Subterranean Water Resources in the Sahel (WB)



This concept note proposes to assess and reflect on the three following themes as potential axes of priority action to drive the overall programme:

Axis 1: Ensuring land and water access, tenure, sustainability and governance

Without improved, sustainable access to land and water and new local or subregional frameworks for inclusive management and governance of land and water resources, agrifood transformation becomes impossible. In the Sahel, where most bodies of water (both underground and surface) cross national borders, gaining or ensuring access to water is both a fundamental challenge and a motor of development. In rural areas, lack of access to water intersects with lack of access to energy, climate change, conflict, food insecurity and migration, often driving the degradation of natural resources and increasing poverty. Securing sufficient water for agriculture, while reconciling other, competing water needs and ensuring the sustainability of water resource consumption is a primary challenge across the region.

The way that land and water resources are monitored, and resource management requirements are addressed, will be determinant for the potential of agrifood systems development to drive any sustainable exit from the deepening regional crisis. Inclusive water governance arrangements are typically difficult to work out but are indispensable if the benefits of change are to be shared widely and the rules of water resource management are to be perceived as transparent, fair and legitimate. Building in water governance with improved water access is a critical formula for sustainable long-term success. Above all this, land and water tenure security and governance are required as a catalyst for multiple benefits in poverty eradication, food security and nutrition. They strengthen people's willingness to protect and use sustainably natural resources as productive assets and create an enabling environment that supports and rewards private and public investment in new resource-protecting methods, practices and infrastructure for agri-food systems.

Axis 2: Transformation of agrifood production and post-production systems and trade

Unlocking the agroeconomic potential of the region requires a comprehensive agrifood systems perspective, one that differentiates among territories to increase the efficiency of investment but that also provides flexible and efficient means of promoting change and adaptation in land and soil use and protection and simultaneously attends to critical market development requirements, including risk control mechanisms to foster investment especially from the private sector, at country and regional levels.

Developing local markets and public investment in enabling greater intra-regional trade are essential for unlocking the agroeconomic potential of the region and are therefore critical drivers of expanding production and post-production activities, as well as the adoption of new cultivation methods and practices at the farm level. As a critical share of the investment needs will be undertaken by the farmers themselves, it is vitally important to demonstrate that prospective market returns will be ample enough to justify the kind of risk-taking that stands behind all agrifood production. Agrifood systems resilience and adaptation to climate change are also essential aspects of agrifood systems transformation. Providing access to appropriate knowledge, tools and technology is a featured component of agrifood systems transformation and is enabled by the HIH match-making approach to partnership building.

Within this overall context, special attention must be paid to strengthening post-production systems for more local value addition to production and to enable expanded trade within and among countries, including through the development of improved collection, storage, processing, and distribution systems in agricultural, livestock and fishery and aquaculture value chains, while fostering job creation (especially for youth and women) and improving nutrition for the most vulnerable. Reducing post-harvest losses at critical loss points while promoting the principle of circularity along the value chains will contribute to the overall sustainability of the interventions.

Axis 3: Building technical and institutional capacities for transformational leadership

Support for programme implementation has been the critical constraint on effective action. The region does not lack ambition, or political will, but is confronted at all levels with the need to enhance essential skills and institutional capacities to meet what are without doubt the most complex challenges of sustainable development. To provide the most useful knowledge at the point of greatest challenge is the fundamental need to be addressed under axis 3.

Enabling agrifood systems transformation simultaneously in the three – economic, social and environmental – dimensions of sustainable development is a complex undertaking even in the best of circumstances. To manage this process effectively, Governments and partners need assured access to high quality data, as well as the tools to analyze this data and provide knowledge to support technical, policy and investment decision-making. They also need to exploit the potential of technology to support new forms of collaboration and to support dynamic programming and joint problem solving among partners. Disruption due to a variety of recurring causes, is a primary impediment to ultimate success; new program management principles and methods can help governments and their partners to cope more effectively with these events – and to seize new opportunities when they present themselves.

Recognizing that the experience with capacity development programs in the region have too often led to frustration, we propose as a practical target to enable governments to move to the frontiers of knowledge by unlocking access to data, enabling a variety of technical partnerships to develop specific and regionally relevant analytical tools that use that data. We believe that a sustainable programme of institutional capacity building will also require that we providing additional technical supports to facilitate joint learning and innovation. Capacity development will not focus on general knowledge, but on developing innovative ways of applying knowledge to the immediate challenges for agrifood systems transformation as they present. Learning by doing, will be driven by the mobilization of international support to aid in processes of joint problem solving using the most powerful tools and thinking available. This type of approach has been adopted under the HIH initiative and has proven appealing both to national professionals, especially the young, and to thought leaders working in prestigious international institutions. Transfer of all public-good knowledge generated in HIH-supported programs is a core commitment and main driver of the Initiative.

The opportunity: New program modalities of the GCF and GEF 7/8

During the last three years a new modality of climate finance, based on a “programmatic approach” has emerged as a key potential financing source for scaled-up, dynamic multi-country programming. As explained in a 2019 background paper for Green Climate Fund (GCF) Board³ a programmatic approach differs from traditional project-based climate financing in several ways. First, programmatic approaches are widely used to address complex issues, work in several countries or enable correlated interventions in a single country (or both), and help to increase efficiency and flexibility in delivery. A program can be defined as a “set of interlinked individual subprojects and/or a mechanism that allows for the approval of such subprojects, unified by an overarching vision, common objectives and contribution to strategic goals.”⁴ The difference is more than one of scale. It is recognized that transformational programming operates within a different dynamic: it “can enhance coordination and strategic alignment of subprojects in a manner that can increase the prospects of transformational change, provide operational efficiencies, and accelerate implementation.” A programmatic approach can also promote flexibility in financing approach by, for example, allowing the “creation of financing facility programmes (e.g., framework programmes, revolving facilities, warehousing lines, grant facilities, etc.)”, thus making it possible to

³ Green Climate Fund, “Policy Guidelines on the programmatic approach” (GCF/B.23/17), 28 June 2019.

⁴ Ibid., p. 7.

service a wider cross-section of micro, small and medium-sized enterprise sectors.⁵ Furthermore, funding can be used to strengthen local capacities and ownership through grant-based technical assistance funding and collaborations.

Again, as recommended in the GCF background paper, the financing should adhere to a few defining principles:

- (a) Common and specific objective
- (b) Coherence among subprojects or phases in terms of their contribution to overall programme outcomes or goals
- (c) Clearly defined value of the programme versus a project (or series of projects) and at a lower transaction cost
- (d) Response to country/regional needs and national/regional priorities
- (e) Alignment with GCF Policies⁶

Alignment with GCF (or similar GEF 8) policies is built into the focus of the proposed Sahel program, largely because the key drivers of agricultural transformation will be the introduction of new methods, practices and technologies to improve water management and governance, protect and restore land and soil resources, and improve economic sustainability through appropriate market and trade development.

4. Objectives and expected outcomes of the special session for the Sahel

The Special Session will be a consultation with Governments and Partners to assess the necessity, rationale and value addition of a scaled-up regional programme of action specific to the Sahel and will briefly review the suitability of a regional Hand-in-Hand approach as a framework for sustaining enhanced collective action. The Session will consider the proposed areas for focused action as complements that add value to existing efforts but that also address dynamically important existing and future gaps in the all-determining transformation agenda. Participants will also consider the compatibility of the proposed HIH approach with the new modalities of large-scale programmatic approaches such as those recently proposed or adopted by the GCF and GEFs 7 and 8. During the special session, potential partners will be invited to briefly outline their own experiences in the region and to highlight priority areas of contribution to address one or more of the challenges outlined above.

The meeting will provide impetus and direction to FAO's effort to elaborate, in close collaboration with the countries, regional institutions and international partners, an agreed, inclusive program of action with a strong funding and investment potential and commitment. The proposed regional program will recognize, complement and build upon learning from existing programs in the Sahel countries, reduce overlaps where necessary, and redirect increased attention to the most urgent medium-term developmental needs.

The outcome of this meeting is expected to be a clarification and reaffirmation of the three axes as a shared agenda for the participating partners and a programmatic approach supported by the HIH Initiative as the appropriate mechanism. The dialogue will enable better understanding of how each partner sees its potential role and contribution to the overall effort, including both the ambitions and the constraints. They will also consider how the program can be designed to maximize benefits for all involved while avoiding remaining pitfalls. Partners will be invited to participate in a follow-on program of work to formalize the working arrangements for supporting the programme, including development of a new climate financing proposal as described in the attached road map (Appendix 2).

⁵ Ibid.

⁶ Ibid, p. 3.

APPENDIX 1:

Proposed Roadmap for Follow-up Action

Step 1: Priorities for sharpening focus and intensifying action established at the 2022 HIH Investment Forum: Special Session for the Sahel

The Forum will establish the basis for stepped up, more sharply focused programming for agrifood system transformation in the Sahel, using work already conducted under the HIH Initiative as a basis, catalyst and support. The intended result is not a new initiative, but an extension and a step change in the regionalization, pace and resources (both technical and financial) for HIH-supported implementation of existing national and regional strategies. We add a regional dimension to ongoing national efforts to provide a more efficient “hub” of additional technical assistance and expertise within the region, supported by FAO’s regional and country offices, and to more effectively engage and leverage the programmatic approach enabled by the HIH supports (data, analysis, capacity building, technology access, collaboration framework, Investment Ideas development and M&E framework) and by the new GCF or GEF8 program-oriented funding modalities.

Step 2: Road Map/Plan of Action for scaled-up partnership

Following the event, Governments and FAO invite international partners will liaise virtually to develop roadmap (2-3 pages maximum), *working within the framework of the HIH Initiative and building on the program of work agreed under the HIH Initiative to date.*

Step 3: Review/Revision of first draft Road Map/Plan of Action at country level

To flesh out the high-level document prepared for Step 2, Country teams will meet to review and where necessary identify priority national objectives and adjust the country team coordination mechanism, incorporating the extended partners. They will short briefs outlining existing and possibly additional priority objectives to supported by additional funding and by a more regionalized support structure. The entire process is to be conceived as an auxiliary to country planning, implementation, monitoring and evaluation processes and capacities. A specific need will be to identify priorities for capacity and human capital development.

Provide data and analytics, including FAO-HIH-GIS standard analysis, to identify candidate locations for interventions and investment analysis in collaboration with Academiya2063 and other partners⁷. This will contribute to the foundation of a large, multi-country proposal for GCF/GEF8.

Step 4: Establish cross-cutting priorities for enhancing regional coherence

Working closely with regional as well as national institutions, identify cross-cutting themes, needs and opportunities requiring regional approaches, as well as common cross-regional capacity development requirements that could be best implemented through a hub and spoke (country-to-territories) arrangement. Develop regional complementary investment plans for the Sahel in regional and global forums as part of overall regional programme proposal.

Step 5: Secure funding

Develop proposal and secure GCF/GEF8 Funding based on the programmatic funding modality. This is likely an 18-24 month process but could be accelerated on the basis of existing HIH- and other partner data collection and analysis that is highly relevant for the climate/environmental focus of the two IFIs.

⁷ Academiya2063 has supported FAO on the Pro-Sahel project for Innovation and technologies in smallholder irrigation systems in Burkina Faso and Niger.