

Private Sector Meeting

**HIGH LEVEL DINNER:
PRIORITIES FOR ACCELERATING IMPLEMENTATION OF RESPONSIBLE
AGRICULTURAL INVESTMENT**

HOSTED BY:

International Agri-Food Network www.agrifood.net



DATE, LOCATION:

Tuesday, October 16 19:00 for cocktails, 20:00 for dinner
Bernini Bristol Hotel, roof top restaurant, Piazza Barberini, 23, Roma

SPEAKERS:

Master of Ceremonies:

Luc Maene
Chairman, International Agri-Food Network

Welcome:

His Excellency Yaya Olaniran (Nigeria)
Chairman, Committee on Food Security

Keynote Speaker:

Lucy Muchoki (Kenya)
CEO, Pan African Agro-Industry Consortium

Greetings:

Franklin Moore (USA)
Vice-Chairman, Committee on Food Security

MEETING SUMMARY (NO MORE THAN 300 WORDS)

The meeting saw a gathering of 86 delegates including Ambassadors and permanent representatives, CEO's, association representatives, donor organizations, leaders from the Rome-based agencies and World Bank. The theme of the dinner was "Priorities for accelerating implementation of responsible agricultural investment", with the objective of understanding the key policy recommendations that are needed to build better private sector engagement in the food value chain in developing countries. The delegates were encouraged to consider what governments need to do, what international companies

need to do, what local companies and donors need to do.

Using the list of priority topics created by CAADP/NEPAD (Partnership Platform meeting, Nairobi, May 2012), one topic was assigned for each table:

- 1) Appropriate policy environment
- 2) Innovative financing mechanisms
- 3) Capacities for agricultural lending
- 4) Non-equitable access to financing e.g. youth, women, small holder farmers
- 5) Poor investment in infrastructure
- 6) Poor coordination of PPP Platforms
- 7) Public sector financing

Each table was headed by a facilitator and rapporteur. The delegates had very active discussions around the topics and provided a long list of recommendations to enable stakeholders to focus and prioritize its objective in achieving better private sector engagement in the food value chain in developing countries.

KEY THEMES & DISCUSSION POINTS

- A long term vision is needed to create an enabling framework
- Agriculture needs sustainable investments; social, environmental, economic, but also human rights concerns should be covered
- It is important to encourage discussion/consultation and make this as transparent as possible
- Voluntary and public guidelines or principles are both very powerful
- A conducive operating environment for responsible investment must be stable and predictable. The enabling environment should be neither too permissive nor too restrictive. Corruption, security risks must be minimized and eventually eradicated
- Capacity building and knowledge transfer are essential to success
- A greater emphasis is needed on shared-value business models
- Mutual understanding amongst all stakeholders and this can be better achieved by working within value chains to cover all actors
- Organizational innovation is important such as cooperatives, finance geared to women and smallholders, and public-private partnerships
- Long term partnerships are needed particularly when building markets from scratch. An emphasis on needed infrastructure, training and quality assurance is needed

	Actions for Governments	Actions for Private Sectors Companies	Investors and Donors
Appropriate policy environment	<ul style="list-style-type: none"> • Policy on institutionalisation of farmers, facilitation to negotiate finance 	<ul style="list-style-type: none"> • Capacity building, knowledge, transfer, technology • Integrate local economy, and 	<ul style="list-style-type: none"> • Private sector investors have difficulties in understanding donations

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	<ul style="list-style-type: none"> and other services • Business environment (governance, level playing field that encourages competition, justice, etc) • Public goods-infrastructures • Access to education and training • A stable policy environment • Insist on greater transparency, social, environmental inclusion • Insist on greater community involvement in monitoring • Consultations per participative planning 	<p>development of human resources</p> <ul style="list-style-type: none"> • Help public sector doing public goods • Sustainable business, but with human rights • Enhanced disclosure to achieve transparency, recognizing commercial considerations. • Aim for inclusive business models. 	<ul style="list-style-type: none"> • Subsidies against the rules of the market • Two types of donors: one goes through governments or UN organisations so they support create the public good; the other type are the bilateral donors with own interest • Investment is needed in enabling environment where entrepreneurs can work • Supporting inclusive models • Reducing corruption
<p>Innovative financing mechanisms</p>	<ul style="list-style-type: none"> • Governments and the international level have a role to play for this culture change • International soft law and principles can help to harmonize national operations between countries / trans boundary operations • Some of the tools governments use for development are too constrained: it is too easy to say 	<ul style="list-style-type: none"> • Need for a clarity on business models - also from the Private sector side: show case what did not work • Innovative financing is often "back to basics" • Importance of aggregation (e.g. cooperatives) and up-scaling. This can be embedded in the business model (training, follow-up etc) 	<ul style="list-style-type: none"> • Cooperation with government agencies can be done regarding training

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	no. What should be important is “how to make it happen” – need for less rigid frameworks		
Capacities for agricultural lending	<ul style="list-style-type: none"> • Find partners and scale up what works • Regulatory control for acceptable investments • Co-sharing risk such as loan guarantees • Create proper investment opportunities where investors make a difference • Cut subsidies 	<ul style="list-style-type: none"> • Consult with people before changing their livelihoods • Design clear conditions to be explained to stakeholders • Commit to public dimension of investment • Have business representatives at a local level • Provide information on how to use products 	<ul style="list-style-type: none"> • Develop practices policies for investors collectively • Run checks and balances on recipients • Assist with thorough feasibility studies • Inform who will be affected by investments • Invest in projects that have livelihood impact
Non-equitable access to financing	<ul style="list-style-type: none"> • Share and reduce risks for providers of financing • Support private-public partnerships • Give attention to needs of rural women 	<ul style="list-style-type: none"> • Work with private sector companies • Direct support, inputs and guaranteed purchase can be actions by private sector • Encourage private sector to interact with governments 	<ul style="list-style-type: none"> • Support development agencies to work more closely in the field country/ regional • Identify and target unrevealed risks (costs as entry points, including relationships) • Learn from other sectors, such as health
Poor investment in infrastructure	<ul style="list-style-type: none"> • Establish infrastructures tariffs and distribution (water, electricity) • Provide platform for engagement for all stakeholders • Identify and promote markets • Develop clear 	<ul style="list-style-type: none"> • Be transparent in all infrastructure engagements • Be public • Basic compliance with rules is essential • Helping/Publicizing the use of environmental assessments (By Co. Size) • Assist supplies for voluntary certifications 	<ul style="list-style-type: none"> • Be cautious about scale and type of investments • Follow Paris, Accra, Busan principles for using systems • Ensure participation by all stakeholders • Be aware of IFC/WB guidelines

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	<p>country/district level for agricultural development strategies & investments</p> <ul style="list-style-type: none"> Public extension and knowledge sharing 	<p>(sustainability) stream to almost be sustainable</p> <ul style="list-style-type: none"> Subscribe to publically accepted standards 	<ul style="list-style-type: none"> Assist countries in developing investment strategies Donors should follow vetted standards Donors should assist with risk mitigation
Poor coordination of PPP Platforms	<ul style="list-style-type: none"> Transparency Respect for investment Negative perception of a country's infrastructure can harm partnerships Farmers should be the centre of government development 	<ul style="list-style-type: none"> Dialogue with all stakeholders Look after themselves and their actions Definitive and clear guidelines/ policy Empowerment/ know-how transfer for farmers 	<ul style="list-style-type: none"> Knowing partners Contribute to the livelihood of farming community Long term commitment to investment
Public sector financing	<ul style="list-style-type: none"> Have a compelling case to attract private sector investment Adopt a new mindset: market based approach Tax cutting on FDIs is a smart solution when creating jobs, but can be a race to the bottom Need to set up standards 	<ul style="list-style-type: none"> Accountability towards people and planet and means to monitor that Listen to find out what matters: cooperatives, community-based work, or stakeholders It takes time to build partnerships 	<ul style="list-style-type: none"> Countries should be setting their own expectations, not donors CFS should champion work on design and auditing on patient capital to stimulate outcomes at country level

MAIN CONCLUSIONS

Investment in agriculture is very important and needs to be fostered. Doing so will require trust on all sides and clarity of roles and responsibilities. All aspects of the value chain should be involved in discussions and investments are best when they share value. CFS Principles should be clear and concise or they will be unworkable.