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Statement by the Spokesperson of the Private Sector Consultation

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1. Grow Asia is honoured to join all of you at this 36th APRC. Grow Asia is a multi-stakeholder platform for the agrifood sector that was established by the World Economic Forum and the Association of Southeast Asian Nations (ASEAN) Secretariat in 2014. We became an entity associated with ASEAN in 2020. Our mission is to build public-private partnerships to broker market-driven solutions for more inclusive, resilient, and sustainable food systems in Southeast Asia.

2. Grow Asia has launched and supports six locally driven Country Partnerships, in Cambodia, Indonesia, Myanmar, Papua New Guinea, the Philippines, and Viet Nam. Together, we engage 580+ organizations across the region, spanning the public sector, multinational corporations, local agri-businesses, civil society, farmer associations, and research/academia. Our network collectively supports 44 locally led Working Groups that reach more than 2 million smallholders.

3. Leading up to this APRC, Grow Asia was asked to solicit private sector perspectives on some of the discussion topics that will take place during the Regional Conference. As a neutral convening body, we believe in the power of public-private-producer partnerships and are pleased to play this bridging role, leveraging the deep experience of our partner network. The following are highlights and messages gathered and consolidated from our consultation with 11 industry associations, farmers' associations, and networks, and 27 major agri-businesses, corporates, financial institutions, investors, and small and medium enterprises (SMEs).

4. Four priority calls to action emerged from these consultations. These are:

- a. Scale up inclusive digitalization in agricultural value chains and support country-level capacity building for knowledge/research development to remove barriers and accelerate smallholder adoption of technology.
- b. Amplify the business case for women's economic empowerment, to incentivize investment into gender mainstreaming actions, practices and policies.
- c. Design market-driven impact pathways that respond to in-country priorities and reach the last mile with scalable business solutions for climate change adaptation and resilience.
- d. Work with governments and businesses to design harmonized approaches for responsible investment in food, agriculture and forestry and develop blended finance models to de-risk and co-fund collaborative investment in smallholder agriculture and inclusive and sustainable food systems.

5. Many of these priorities have been brought into closer focus by the ongoing global pandemic. We will start by reviewing the specific **vulnerabilities and accelerated trends in the food and agriculture sector that have been exposed by COVID-19**. Private sector respondents continue to face supply chain disruptions, higher shipping rates, and increases in input costs that are creating the inflationary pressure seen today, especially on food prices despite farmers seeing reduced incomes. SMEs are being more impacted by the pandemic due to the financial crunch and labour shortages that hampered production. During the initial months of the pandemic, gaps between national policies and on-the-ground state/provincial realities also came to light. Fast-moving consumer goods (FMCG) companies have seen shifts in consumer preferences for healthy/nutritious foods, a rise in cooking at home, and a pivot in consumer buying patterns towards e-commerce channels. Companies along the supply chain also report greater use of blended technologies and digitization including in their farmer outreach and engagement but these technologies have been slower to reach the smaller and more remote agri-businesses.

6. **The food and agriculture sector must adapt to global calls for more resilient, inclusive and sustainable agrifood systems.** Amidst these changes, recent summits such as the UN Food Systems Summit and COP 26, have once more stressed that the transformation of agrifood systems is pivotal in achieving the Sustainable Development Goals (SDGs), with a particular focus on reducing inequalities and addressing the impacts posed by climate challenges. To improve global agrifood systems, countries will need to lead national multistakeholder transformations while cooperating at regional and global levels. The private sector has a crucial role to play in this transformation through its investments and R&D, and driving innovation, knowledge transfer, and technology adoption at the farmer level.

7. **Stakeholders want to see action and delivery.** Researchers have flagged that based on the current trajectory, the world is unlikely to achieve the global goals by 2030, not least due to the setbacks dealt by the pandemic. Thus, robust, tri-sector mechanisms are needed to help high-level commitments translate to on-the-ground impact. This means designing market-driven impact pathways that respond to in-country priorities and reach the last mile with viable business solutions. The role of public-private-producer partnerships is all the more important in defining these delivery mechanisms.

8. **Building more robust and resilient regional agrifood systems necessitates supporting the region's smallholders, the backbone of Asia's food and agriculture sector and the engine for growth in most Asian economies.** The pandemic has affected farmers' buying power and reduced their willingness to invest for the future. Stakeholders point to the need of equipping producers with the tools, technology, and finance mechanisms to grow *more* food *more* sustainably, the regulatory policies to facilitate access to those solutions, and assisting small businesses to build up their farm management capacities. This highlights the important role of extension workers—both public and private—who in turn also require skills to educate and promote cost-effective productivity enhancing climate-smart solutions.

9. **Grow Asia's partners identified four priority areas of work, in response to global and regional priorities:**

- a. **Agrifood Innovation** – driving adoption of climate-smart solutions and farmer-centric digital technologies.
- b. **Women's Economic Empowerment** – integrating gender-sensitive approaches into all multi-stakeholder programming.
- c. **Climate Change Adaptation and Resilience** – strengthening regional pathways and accelerating knowledge transfer and adaptation.
- d. **Responsible Agricultural Investing** – developing harmonized policies and best practice for businesses and governments.

Agrifood Innovation

10. **Innovation is one of the key enablers that can spur agrifood systems transformation and accelerate progress towards achieving the SDGs.** Transforming agrifood systems necessitates taking a broad view of innovation: 1) how we collaborate and work with different stakeholders, including the most vulnerable; 2) how businesses and governments operate and with whom they engage; and 3) how data, knowledge, and technology are used.

11. **A network of multistakeholder Agrifood Innovation Hubs can accelerate the adoption of climate-smart solutions and farmer-centric digital technologies in Southeast Asia.** The agrifood industry lags behind other sectors in terms of adopting and scaling technology solutions, and adoption is fragmented due to socio-economic inequalities. Innovation ecosystems with multiple stakeholders are critical to creating capacity and investments in agrifood technologies, knowledge sharing, and addressing local challenges with scalable impact. Highly connected agrifood innovation hubs are a proven and practical way to translate innovation into value chain interventions, with concrete benefits that improve farmer livelihoods and climate resilience. Such hubs can connect digital climate-smart agriculture solutions directly to farmers. Currently, less than 5 percent of farmers in ASEAN are active users of these technologies. The role of such hubs is also to facilitate pilot-ready partnerships; reduce policy barriers to scaling up solutions; unlock financing for startups and farmers; and share and scale best practices both virtually and on the ground.

12. **We welcome the development of the FAO [Science and Innovation Strategy](#) as well as the consultation paper on scaling up inclusive digitalization in agricultural value chains.** The identified pillars—strengthening the evidence base, assessing innovation impacts, assessing and mitigating risks, increasing uptake (adaptation and scaling), identifying and addressing trade-offs, capacity building, coordination, resource mobilization and partnership—align with our experience of

critical success factors. Promising technologies include both low-tech and high-tech solutions. Some of those specifically cited by private sector contributors include sensors, drones, satellite imaging, precision farming technologies, biotech and digital platforms including e-marketplaces, and those that can be used in the agriculture merchant and financing space. A general comment is that policy is lagging the pace of innovation. As policymakers think about scaling up digital innovations in an inclusive and sustainable manner, recommendations include building up digital literacy; building or enhancing Information and Communications Technology (ICT) infrastructure and related support services such as digital payments, data security, etc.; promoting cross-border sharing and collaborations with universities or research institutes with deep food science and technology experience; and developing harmonized standards and language for interoperability across data applications in collaboration with the private sector.

Women's Economic Empowerment

13. **The pandemic has amplified gender inequalities:** due to their predominance in low-income and front-line care roles, women have been disproportionately impacted in the sectors most affected by lockdowns. They bear unequal burden for care work, are disproportionately affected by the impact of climate change, and are unfairly discriminated against when it comes to new economic opportunities.

14. **Companies operating in agricultural value chains are increasingly committing to empower women in their own workplaces, among their suppliers, their distributors, and within the communities they serve.** They do so because of direct financial benefits, such as positive ROI/revenue generation. For example, companies shared that training female farmer group leaders has improved market penetration by targeting segments of the potential customer base that were otherwise untapped. Supporting gender equality can also lead to increased positive impacts on organizational culture and operations, improved talent attraction and retention, and increased efficiency and productivity. Finally, supporting gender equity can contribute to risk mitigation in the workplace due to better employee engagement, and lower turnover thanks to an improved and more inclusive work environment. In local communities, supporting gender equality can mitigate other risks, such as child labour.

15. **We need to amplify the business case for women's economic empowerment, to incentivize investment into gender mainstreaming actions, practices, and policies.** This can be done by consolidating and sharing research to demonstrate the benefits of gender mainstreaming in agricultural value chains and engaging partners in the process by asking for data and case study contributions. The consultations would also identify key opportunities relevant for program investment at regional and country levels, e.g. women's access to finance, women's access to technology, etc. An inventory of existing resources that can support private sector partners in developing relevant gender equality policies and strategies, and implementing gender-aware programs in agricultural supply chains would also be useful.

Climate Change Adaptation and Resilience

16. **The private sector recognizes the imperative to demonstrate real progress on corporate net-zero announcements,** and is turning to science-based benchmarking, consolidated and standardized sustainability reporting, and technologies such as real-time greenhouse gases (GHGs) data collection. A recent McKinsey study, [Agriculture and Climate Change](#), identifies proven GHG-efficient farming technologies and practices that could achieve 20 percent of the sector's required emissions reduction by 2050.

17. **Smallholders are most vulnerable to the impacts of climate change, but solutions are failing to reach the 'last mile'.** A survey of ASEAN farmers by CropLife Asia last year showed that

more than 68 percent of smallholders were concerned with the impact climate change is having on agriculture. Challenges include capital constraints, limited access to technology, and less informed local practices. In addition, while countries in Asia and the Pacific have identified a range of policies and measures as priorities for agrifood systems under their nationally determined contributions (NDCs) and national adaptation plans, many are still not well targeted or costed.

18. **Biodiversity loss must also be addressed alongside the climate agenda.** Climate change is one of the main drivers of biodiversity loss, but the destruction of ecosystems undermines nature's ability to regulate GHGs emissions and protect against extreme weather, thus accelerating climate change and increasing vulnerability to it. These twin crises must be tackled together with holistic policies and not in silos.

19. **Nature-based solutions have the potential to play a major role.** Interest in such solutions from governments, businesses, and media has grown in recent years yet significant barriers inhibit their deployment at scale. Protecting, restoring, and managing the land requires a shift in the way the world thinks, invests, and consumes. Investment decisions need to think beyond sustainability to regeneration and include longer time spans for return on investments.

20. The new [Strategy on Climate Change](#) provides various entry points of collaboration for stakeholders. Stakeholder recommendations fall into six pathways: consolidating the knowledge base into an open community of practice; promoting information transfer via training events, demos, and field visits; country-level capacity building through tailor-made resources and climate consultants; supporting the research community; building a database of consultants and climate experts to support implementation by public/private/NGOs; and mobilizing blended resources for climate change adaptation to reduce fragmentation.

Responsible Agricultural Investing

21. **Increased investment in agriculture and food systems—from both the private and public sectors—is critical to enhancing food security and nutrition, reducing poverty, and adapting to climate change.** In order to generate sustainable benefits, however, it is crucial to ensure not only that more investments are made, but that these investments align with the UN Sustainable Development Goals. These include adequate safety nets, the protection and regeneration of vital ecosystems, and the creation of decent work and livelihood opportunities for those who need them most. Mechanisms that promote responsible investment in agriculture and food systems are thus critical to addressing the systemic vulnerabilities and inefficiencies COVID-19 has exposed.

22. **Governments and businesses need to work together to design harmonized approaches for Responsible Investment in Food, Agriculture, Forestry and Fisheries.** Beyond essential public goods, governments also play an important role in facilitating and supporting investment by small-scale producers and private sector investors. Strategic policy interventions, such as targeted investment incentives, can help to steer investors to invest more and in a responsible manner. In 2018, the ASEAN Ministers for Agriculture and Forestry approved the [ASEAN Guidelines on Responsible Investments in the Agriculture, Forestry, and Fisheries Sector](#), also known as the ASEAN RAI. The Guidelines distil global best practices including the Committee on World Food Security, Principles for Responsible Investment in Agriculture and Food Systems (CFS RAI) and the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT) for ensuring that larger-scale agri-business investments are socially, economically, and environmentally sustainable and inclusive. Private sector respondents welcome more opportunities to participate in consultations for future policymaking and program design.

23. **An increasing proportion of companies are placing sustainability at the core of their business strategy.** The perception that one can have profits or sustainability, but not both, is changing. A growing body of evidence from the private sector indicates that sustainability initiatives can help to create profits and business opportunities. Incorporating the ASEAN RAI Guidelines into strategic planning helps investors prepare for standardized policy; de-risk agri-portfolios, demonstrate sustainability commitments, and attract new types of financing.

24. **Blended finance models are needed to fund collaborative investment in inclusive and sustainable agrifood systems.** The Finance Lever of the UN Food Systems Summit 2021 estimates an additional USD 300 billion is needed to transform agrifood systems. The development sector needs to collaborate with private financial institutions and investors to leverage limited public funding and increase investment. Specific recommendations include championing successful financing solutions especially those that demonstrate the business case for private sector participation; collecting and disseminating primary data that allows public and private investors to more accurately value risk-return profiles and assess impact; and collaborating between the development community and private-sector financial institutions with comparative advantage in agriculture to improve mutual understanding and increase the efficiency of investments.

25. 2022 started with a note of uncertainty. Nations are grappling with the Omicron variant, the climate crisis loomed nearer, and economic recovery and development seemed to stall. Nevertheless, it is not without hope. Through multi-stakeholder collaboration, public-private partnerships, innovations and new models, gender-responsive and climate-smart approaches, we can create a more inclusive, sustainable, and resilient world. We look forward to continuing to work with all of you to make that vision a reality.