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FAO REGIONAL CONFERENCE FOR ASIA AND THE PACIFIC

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Statement by the Spokesperson of the Private Sector Consultation

1. Honorable Ministers and Senior Officials from the Asia-Pacific Region, Distinguished Guests, Ladies and Gentlemen, good morning.

2. Grow Asia is honored to join all of you this 37th APRC. Grow Asia is a multi-stakeholder platform for the agri-food sector that was established by the World Economic Forum and the ASEAN Secretariat in 2014. Our mission is to broker public-private partnerships and scale up market-driven solutions to deliver more inclusive, resilient, and sustainable food systems in Southeast Asia. We became an Entity Associated with ASEAN in 2020.

3. To achieve this mission, we work with more than 660 diverse partners across the region, spanning governments, multinational companies, local agribusinesses, civil society, farmer associations, and research/academia. Our network operates through six Country Chapters, in Cambodia, Indonesia, Myanmar, Papua New Guinea, the Philippines, and Viet Nam. Through them, we support 44 locally-led Working Groups that are reaching more than 2.5 million smallholders.

4. Leading up to this APRC, Grow Asia was asked to solicit perspectives for our private sector partners on some of the discussion topics that will take place. 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 Business Council and wider partner network. The following are highlights and messages gathered and consolidated from our consultation with 16 industry associations and networks, and 31 major agribusinesses, corporates, financial institutions, investors, small and medium enterprises, and cooperatives.

5. These consultations yielded a common recognition that the private sector stands not in isolation but as an essential partner in the quest for a sustainable and prosperous future. As we gather for this APRC, the monumental challenge of achieving the UN SDGs by 2030 looms large. Our journey towards these goals has been marked by both progress and hurdles, and it is together, in the spirit of collaboration, that we will transform challenges into opportunities and make lasting change. Within this ambitious agenda, two critical pillars resonated most strongly with our private sector partners: The role of innovation - in both Technology and Finance - to accelerate the region's transition to a low carbon economy, and the role of efficient public-private pathways to ensure these

innovations can be adopted at scale by farmers and rural SMEs as they lead the transformation of our agri-food systems.

Regional Challenges

6. **Climate change and food and agriculture are intricately woven and the defining challenge of our time.** Climate change is impacting productivity of the food system, while agriculture is also contributing to climate change as a massive greenhouse gas emitter. Without substantial progress on climate change mitigation in line with international agreements, climate-related disasters will become more frequent and extreme.

7. **Food and agriculture sector transformation could not be more urgent.** At the UN Food Systems Summit Stocktaking Moment last July 2023, and at the recent COP 28 climate summit's food systems and agriculture agenda, there was an overriding sense that not enough has happened. The compounding crises over the past three years have had a dramatic impact on our already fragile food systems. The persistence of war and conflict and the deepening of geo-political silos have exacerbated the unequal distribution of finance, and contributed to the deterioration of international financial architecture that was already fragmented and not fit-for-purpose. The ever-worsening impact of climate change has led to shifting global priorities—and yet, less that 1% of global climate finance is currently targeted at transforming smallholder agriculture. At COP 28, 159 countries formally recognized food systems transformation as a global priority for climate action. Over the next two years leading up to COP 30 and the UN Food Systems Summit Stocktaking Moment, there is an urgent need to turn commitments into field-level action.

8. **Impact is especially acute for the most vulnerable, young people and women.** The pandemic has already disproportionately affected groups of people marginalized due to their socio-economic standing, gender, immigration status, or race/ethnicity in different countries across Asia Pacific. Lower-income countries—particularly SIDS and landlocked countries—are being squeezed by soaring debt and currency depreciation. We should be cognizant that although price indices may show moderating food prices, these indices are often priced in US dollars. A consumer or SME paying for imported food or energy in local currency loses out even more when their currency is worth much less. These underscore the importance of innovating our finance systems and developing policies that are responsive to those socio-economic factors – especially in post-COVID policies aimed at recovery.

9. **Time is not on our side; we need to accelerate action together**. Strengthening regional and subregional partnerships across the energy-food-finance nexus is vital to help countries become more resilient in the face of current and future shocks. National strategies that make use of cross-sector collaborations can foster coherent and cohesive policy solutions. Preparing the Asia-Pacific region to navigate ongoing and future crises will require coordinated and inclusive transformations of the energy, food, and finance systems at regional, subregional, national, and local levels.

10. **As recognized during the 2021 Food Systems Summit, increased private sector investment is critical for successful food system transformations.** But this investment needs to be innovative, harmonized, and "responsible." It should contribute to sustainable development by generating scalable, positive socio-economic and environmental impacts, such as improved food security and nutrition, better-protected ecosystems, and more sustainable use of natural resources. It should also respect, protect, and promote human rights—including the rights and interests of local communities. The ASEAN Guidelines on Responsible Investments in the Agriculture, Forestry, and Fisheries Sector[1] distil global best practices including the CFS-RAI and VGGT for ensuring such scale agribusiness investments are socially, economically, and environmentally sustainable and inclusive.

Recommendations

11. **An increasing proportion of companies are making sustainability core to 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 create

[1] https://www.aseanraiguidelines.org/

profits and business opportunities; prepare for standardized policy; de-risk agri-portfolios; demonstrate sustainability commitments; and attract new types of financing.

12. **Food and agriculture companies have a unique opportunity to lead the drive for innovation,** signalling to investors, policymakers, and consumers that they are investing in and adopting solutions to drive down global emissions and incorporate nature as a critical part of their climate strategies. Increasingly climate-minded consumers are also seeking more sustainable food options. Reducing supply chain emissions requires partnering with farmers, input providers, and other supply chain partners to deliver incentives, technical support, and education to transition to more climate-smart production practices.

13. **SMEs need to be supported more.** Up to 90% of large companies' emissions sit in their value chains, much of which is made up of SMEs who comprise more than 98% of enterprises in the region and employ 50% of the workforce.[2] These Scope 3 emissions are notoriously difficult to both measure and cut. Helping SMEs in value chains to cut their emissions enables large companies to also ensure their Scope 3 emissions go down. SME owners are aware of climate change and know that they need to adopt decarbonization practices in order to participate in supply chains, but they face obstacles, especially in accessing information about the changes to be made in their businesses and the cost of change. Some supplier programmes have helped SMEs reduce emissions across energy, waste, packaging, nature, transportation, and product use. National governments can also implement business-friendly policies and investments to streamline permitting processes for renewables, roll out grid infrastructure, and incentivise reduced energy use and energy efficiency.

14. **Solutions must work with and for farmers.** Smallholders are most vulnerable to the impacts of climate change, but solutions are failing to reach the 'last mile'. Challenges include capital constraints, limited access to technology, and an adherence to traditional 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 NDCs and national adaptation plans, many are still not well targeted or costed. Indigenous peoples, farmers and landscape stewards must be able to reap the rewards and increase their bottom-lines for their efforts to produce food in ways that sequester carbon, build back biodiversity, maintain water quality, and feed a healthy planet. At the same time, policies are needed to protect their rights, communities, territories, and traditional knowledge.

15. **Innovations in energy and food production offer sustainable and cost-effective solutions.** Asia is witnessing promising practices on smart and low-carbon farming and technological advances that offer the opportunity to optimize the use of inputs, raise agricultural yields and reduce environmental impact. Emerging approaches to making energy and food systems more efficient and less wasteful, along with the promotion of sustainable consumption, can further reduce environmental degradation and benefit both farmers and consumers. Replicating and scaling up existing innovations and solutions will promote more sustainable and inclusive energy and food systems, capitalizing on opportunities to overcome the poly-crises and advance the SDGs.

16. **Nature-based solutions have the potential to help the world tackle climate change and biodiversity loss.** By conserving nature and natural ecosystems, we can ensure they act as high-capacity carbon sinks, able to reduce emissions or sequester 7.3 GtCO2e per year from 2020-2050 (IPCC).[3] At the same time, we preserve forests, biodiversity, soil health, water quality and help local communities thrive. To be most effective, we need to implement natural climate solutions rapidly. For example, we must end and reverse tropical deforestation before the end of this decade to prevent tropical forests from reaching a tipping point at which they'll become net carbon emitters. One tool to help scale up forest conservation financing is high integrity carbon markets. Carbon markets with high social and environmental integrity can cut carbon emissions substantially from avoided deforestation, enable greater climate ambition, and support indigenous and other forest peoples' struggles to protect their forests and resources.

[2] https://www.smefinanceforum.org/post/the-role-of-smes-in-asias-economic-growth
[3] https://www.carbonbrief.org/in-depth-qa-the-ipccs-sixth-assessment-on-how-to-tackle-climate-change/

17. **Beyond land, we need to also consider the oceans.** While land-based food systems are carbon-intensive and increasingly unstable, research shows aquatic food presents real, tangible opportunities to feed more people with fewer climate impacts. Despite the adversities posed by climate change, the productivity of aquaculture in SIDS has witnessed remarkable growth in recent years. These regions have demonstrated a commitment to combining climate-adaptive fishery management strategies with innovations in feed technologies, as well as making informed and climate-smart decisions about the species cultivated and the locations chosen for farming.

18. **The success stories from SIDS underscore the importance of comprehensive, science-based policies that govern sustainable aquaculture.** It is not merely a matter of innovation but also of implementing best practices and establishing standardized permitting procedures. Clear and well-informed policies serve as the bedrock for fostering sustainable practices in aquaculture, ensuring that the delicate ecosystems of SIDS remain resilient in the face of climate challenges, and local communities continue to thrive.

19. **Blue foods are a solution to a major nutrition gap and can be an integral climate solution when invested in and managed for climate resiliency.** Over three billion people depend on fish for their nutrition, and yet fisheries and aquatic food security continue to be globally undervalued and underfinanced. SDG14: 'Life Below Water' is the least funded of the seventeen SDGs.[4] We acknowledge FAO's *Blue Transformation – Roadmap 2022–2030: A vision for FAO's work on aquatic food systems*.[5] In countries without a history of aquaculture, we need to invest in technical training and supply chain infrastructure. And in all countries, we'll need policies that ensure sustainability and increase equitable access to the industry and to the seafood it produces.

20. **Finance is a critical enabler of climate action.** Private capital is vital in supporting the transformation of value chains for resilient and efficient food systems, financing new tech solutions, and promoting knowledge for more sustainable operations. But to unleash its power, climate finance must be affordable, available, and accessible to developing countries.

21. If we are to achieve the goals of the Paris Agreement, emerging and developing countries need in excess of USD 2.4 trillion of annual investment in climate action by 2030.[6] This requires urgent innovation and renovation of out-dated financial systems and services.

22. **The current international financial architecture is fragmented and offers insufficient solutions.** Agri-SMEs in Southeast Asia are estimated to need USD 70 billion annually, of which 45% of this financing needs remain unmet.[7] Climate finance arrangements need to transform to deliver at this scale, to work better as a system and support finance mobilization directed to developing countries at unprecedented levels. For governments to accelerate progress, we need to reform and harmonize regulatory systems, including agreeing on definitions for transition finance and disclosure of climate-related data, and unlock voluntary carbon markets.

23. **Blended finance can address the challenges limiting investment in developing market food systems** by de-risking transactions, both improving project bankability and mobilizing finance to bankable projects. Aggregating financing for smaller-scale food system solutions within easily replicable portfolio structures that can channel funding to financial intermediaries and agri-food companies will be key to mobilizing private capital at scale. Grow Asia launched the GrowBeyond Fund to address the current fragmentation of climate finance.[8] By consolidating strategic investments from governments, financial institutions, private investors, fintech/agritech companies, alongside technical assistance providers, agrifood SMEs will receive a comprehensive suite of crop-specific financial and market services to scale their businesses and adopt regenerative practices.

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[4] https://impact.economist.com/ocean/sustainable-ocean-economy/whats-the-score-on-sdg14-at-half-time
[5] https://www.fao.org/3/cc0459en/cc0459en.pdf
[6] https://www.reuters.com/business/cop/cop-27-developing-countries-need-1-trillion-year-climate-finance-report-2022-11-08/
[7] https://isfadvisors.org/wp-content/uploads/2022/04/ISF_AgriSME-Finance-state-of-the-sector-report.pdf
[8] https://www.growasia.org/post/grow-asia-launches-its-largest-public-private-climate-fund-to-leverage-1bn-of-green-investment

24. Distinguished delegates, ladies and gentlemen, the world's future depends on our actions today. The challenges are daunting, but the opportunities are boundless. The private sector is not just a profit-seeking entity but a force for good and a partner in progress. 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.