

## FOOD SYSTEMS SOLUTIONS DIALOGUES – Summary

### *Financing food systems transformations – The role of the private sector*

Wednesday, 28 September 2022

This Dialogue, led by the UN Food Systems Coordination Hub, discussed how the private sector can be an actor of food systems transformation, what country level mechanisms support scaled-up private sector investments, and how these can be enhanced. Representatives from FAO, WFP, and IFAD were invited to start the discussion by presenting how each organisation is mobilizing the private sector to accelerate positive transformations towards more resilient and sustainable food systems. National Convenors were invited to share their reflections in breakout rooms on their experiences engaging with the private sector for the implementation of national pathways for food system transformation.

#### **The importance of Dialogue in public-private partnerships**

National Convenors described governmental initiatives to connect with the private sector through advocacy efforts and cooperation mechanisms such as regular meetings, roundtable discussions, engagement forums, MOUs, multi-stakeholder platforms, and public-private partnerships. Governments are engaging with private sector actors to find ways to overcome challenges, identify innovative solutions, mobilise resources and expertise, identify policy gaps, and to advocate for key issues. Throughout the session, transparency, clarity, and accountability were highlighted as crucial for collaboration. Private sector actors are motivated by profit, which may not necessarily clash with government goals, but motivations for engagement and expectations of returns should be clearly stated. Convenors requested support to communicate the importance of investments contributing towards the achievement of the SDGs and to build a narrative about long-term profitability benefiting populations on the ground. Convenors emphasized the importance of continued dialogue with the private sector despite issues faced regarding diverging interests and approaches, and the need to involve youth and women and further involve farmers and farmer unions to gain trust.

Coordination was also emphasized as a key for good partnerships. Convenors mentioned the importance of having one interface in government for the private sector in order to avoid parallel conversations between the private sector and different ministries when addressing cross-sectoral issues such as food systems or nutrition. A clear strategy needs to be established to bring in the private sector into government initiatives, and to encourage durable public-private partnerships rather than project partnerships.

#### **Efforts to attract private sector engagement and investment**

Convenors reported the efforts of national governments to attract investment towards food system transformation by looking beyond traditional donors and diversifying sources of funding by further involving the private sector and stimulating its engagement. Success stories included the experience of Côte d'Ivoire, where the private sector is very present and contributed more than 60% of the financing of the country's national development

plan. National governments are advocating for public-private partnerships and working to develop enabling environments for private sector investment and create incentives through a range of legislative measures. In some countries, taxes around agricultural production, inputs, and machinery have been lifted, or subsidies have been implemented. Several participants noted the reluctance of private sector actors to take risks, and the high-risk nature of investments in agriculture, especially in regions increasingly affected by climate change.

The high-risk nature of the sector also affects private sector actors' access to credit and micro-credit. Risk-management tools are being developed in countries to overcome these barriers, including micro-insurances for small producers and the development of agricultural banks to facilitate credit access, and governments are negotiating with banks to lower interest rates. Other support includes government efforts to improve infrastructure such as roads for the transport of agricultural products and enhanced connection between production and consumption areas.

Convenors recalled the importance of balancing public and private sector interests and emphasized the most challenging issue regarding private sector engagement is conflicts of interest. National Convenors were advised to keep flexible approaches to regulations and keep the ability of adapting them as needed. It was also suggested that conflicts of interests can be reduced by focusing on partnerships at the local level and the engagement with SMEs.

Several Convenors in countries suffering from internal conflict highlighted the essential role of innovative small producers and small and medium industries who operate and even flourish in conflict areas and constitute the base of the private sector in these regions. There is no "one size fits all" approach to foster engagement from both multinationals and smallholders, and Convenors highlighted the need to direct financial incentives to small businesses, those led by youth and women in particular. The Food System and Nutrition for Growth Summits enabled small producers and small value chain actors to take part in national and global discussions, and several national governments have put programmes and strategies in place to support these small entities and reinforce their financial capacity.

### **Key areas for private sector engagement**

Several Convenors highlighted the private sector's leading role in the production, storage, and distribution of food, and its potential to make an important contribution to the transformation of food systems. In many countries, efforts to increase domestic food production have been further increased as a response to ongoing crises. Governments are incentivising private domestic food production by conducting soil assessments to inform potential investors, building food processing facilities, providing equipment and machinery for smallholder farmers to respond to growing demand, linking farmers to markets, and ensuring the availability of agricultural inputs. Private sector actors are also participating in the development of food stocks and the creation of short value chains encouraging local food consumption.

The private sector's engagement has also been incentivised on issues surrounding nutrition, school meals, and food loss and waste. Private sector actors and governments have been partnering to work on the production of high-nutritional value foods, research

improved seeds, review food quality before its delivery into school canteens, and identify the most nutritious food combinations to promote and convert food waste into nutritious food items, among others. Several of these partnerships have been established through the SUN Business Network. Throughout the session, the role of the private sector in the influence of consumer behaviour was repeated as key for successful food system transformation. Private sector actors are encouraged to work with organic certification, improve food labelling to better inform consumers, improve the traceability of produce, and ensure wide consumption of healthy diets.

#### **Additional questions and closing remarks**

Convenors in countries suffering from political instability and conflict or experiencing low private investment rates requested support to generate interest and increase private sector investment. Convenors requested guidelines from the Hub on best practices to engage with the private sector, attracting investments from transnational companies, identifying key actors to engage with, reducing conflicts of interest, and examples of country experiences. The Hub is expected to support countries in the mobilisation of resources and to provide concrete next steps.

The Hub announced it will continue this discussion with the Rome Based Agencies, WHO, UNEP, and other UN agencies to identify what best support can be offered to the Convenors and leverage partnerships in a transparent and inclusive way.