Draft Summary of the Global Expert Meeting on
“Agriculture and Agro-industries Development towards Sustainable and Resilient Food Systems”

24-26 April 2017; Victoria Falls, Zimbabwe

Background

The President of the United Nations Economic and Social Council (ECOSOC) proposed to dedicate sufficient time to address the achievement of SDG-9 and related Goals and targets by holding a Special Meeting of the Council on “Innovations for Infrastructure Development and Promoting Sustainable Industrialization.” In the lead-up to the Special Meeting, to be held at the UN Headquarters on 31 May 2017, the President of ECOSOC convened a preparatory global expert meeting on agriculture and agro-industries development towards sustainable and resilient food systems, in Victoria Falls, Zimbabwe, from 24 to 26 April 2017.

The Meeting was hosted by the Government of Zimbabwe and organized by FAO, UNIDO, UNDP and UN DESA. It was attended by 119 international experts and participants from 28 countries including representatives of national Governments, farmers associations, NGOs, the private sector, the UN System, African Union, NEPAD and other entities. The meeting comprehensively reviewed critical issues related to agriculture, agro-industry and the changing food systems. It also focussed on how to overcome the policy, capacity and financing gaps in these sectors to improve the prospects for poverty eradication and sustainable development.

Key messages and the way forward

1. Agribusiness and agro-industries have the potential to contribute to a range of economic and social development processes, including increased employment generation (especially for women), income generation, poverty reduction and improvements in nutrition, health and overall food security situation.

2. Developing countries, in particular LDCs, LLDCs and SIDS, will need to take a holistic approach to addressing the many challenges confronting their agro-industries. These include a lack of policy incentives for responsible private sector investment in agribusiness; weak industrial capacities and capabilities, including technology know-how; and low levels of entrepreneurship and institutional support.

3. A potential pathway to reach the critical mass, at the value chain development level, is to bring together small holders, value-adding SMEs and marketers for collective action in pursuit of clustering; capacity building; technology transfer; joint learning and services; supplier and product development; and support to standard compliance and contracting with buyers.

4. Value chain and agro-food system development need an enabling environment, including the policy and regulatory frameworks and the availability of basic infrastructure, such as energy, communication, water and transportation.

5. The competitiveness of a value chain within the agro-food system remains heavily dependent on the efficiency of the physical transformations that take place at each individual stage of the chain. The coordination among the various stages within that chain is essential to ensure sustainability, inclusiveness and market orientation.
6. Within product development, the rich resources of developing countries offer a plethora of opportunities. A key priority within value chains should be to move away from huge commodity markets and closer to value-added activities and products.

7. At the national level, Government ministries, institutions and policy-makers must integrate their programmes on agriculture and industrial development and related issues (including SME development, climate change adaptation, environmental sustainability, youth development and gender equality). Agricultural policies need to be discussed beyond the Ministry of Agriculture to make an impact and accelerate agro-industry development.

8. An inclusive approach at the national level should be prioritised, focusing on effective collaboration and partnerships by engaging at all levels of government and with informal and formal actors and markets.

9. Capacities need to be developed at country level through a range of measures, including human resources development and institutional strengthened in support of agriculture and agro-industry. Technical support to national Governments and the integration of capacity development programmes with agribusiness incubation and acceleration services, as well as entrepreneurship and vocational training, should be pursued.

10. The 2030 Agenda for Sustainable Development needs to be localised in national contexts, closer to the reality of the communities most likely to benefit from agriculture and agro-industries development. Locally available assets, structures and knowledge networks will need to be leveraged for making progress.

11. While locally driven solutions are important, it is also critical to connect these realities to the larger global backdrop with respect to trade, global value chains and other key regional and global emerging trends.

12. Regional integration, including through increased regional trade, should be promoted. A food security model based on national self-sufficiency cannot work in most countries due to different seasons and rainfall patterns, and variability in production.

13. Further, opaque and unpredictable trade policies and poor policy choices on importation and food relief can undermine local production, weaken markets, and dampen private sector partnerships and investment.

14. Consultations and partnership-based discussions provide a much needed reality check. Agendas and programme frameworks are devised at many global headquarters, but there are many challenges “on the ground” that need to be strongly considered as part of any way forward.

15. ECOSOC could encourage the UN development system to engage technical agencies in coordinated action to promote private agribusinesses and to forge partnerships for “delivering as one”, not just among UN entities, but also among a wider set of international, regional and national development agencies and Governments.

16. Knowledge about urbanization, rural-urban linkage, food systems and value chains in Africa is still limited, with many findings in this sector based on research and analysis of other regions. There is an opportunity to enhance research in this area for Africa and other countries in special situations.

17. Building up an open platform for the sharing, exchange and management of knowledge on agriculture and agro-industries development could help to promote partnerships and ensure coordination of efforts.
The opportunity to develop the 3ADI-plus should be pursued, taking into account lessons learned from the initial stage of 3ADI implementation and recent developments since then, including the adoption of the 2030 Agenda for Sustainable Development and the demand for support to agriculture and agro-industries development from Africa and beyond.

Main highlights of the discussion

The Global Expert Meeting consisted of opening and closing sessions, four plenary panel sessions, breakout groups and a special plenary panel structured around the 2030 Agenda for Sustainable Development. Particular emphasis was placed on the thematic areas of SDG 9 (industry, innovation and infrastructure). The main highlights of deliberations are presented below.

I. Setting the stage in the context of the 2030 Agenda

Economic growth in many developed countries is still largely driven by the export of commodities, subsistence agriculture and unlinked smallholder farmers. Smallholder farms represent over 90 per cent of the world’s 570 million farms, and produce most of the world’s food. Therefore, their role will be central to strategies that enhance the contribution of agriculture and agro-industry to sustainable development.

Increasingly the real value in agriculture is produced not at the farm level, but by processing and manufacturing. The modernization of food systems and globalization of supply and value chains is leading to substantial changes in the way agricultural and food chains function, with subsequent impacts on smallholder agriculture and rural livelihoods.

The vast transformations taking place are driven by population growth (“more food”), improved incomes (“different food”) and urbanization (“branding/marketing food”). By 2050, the world population is forecast to reach nearly 10 billion. Such rapid population growth raises questions about food security and larger-scale job creation - around 400 million new jobs in Africa alone - posing grave challenges for Governments.

Population growth will generally be accompanied with rising per capita incomes, and consequently greater consumption and higher caloric intake, particularly of cereal and meat. This has numerous implications for food systems, since it will require a much higher volume of crops and more processed foods.

Urbanization contributes to these trends, given its association with diet changes that result, in part, from exposure to different products, supermarkets and food marketing techniques. Some of these pressures are fueled by heightened competition for increasingly scarce land, water and energy resources, all within the broader threat posed by climate change.

Given the scale of the challenges faced, an integrated approach that aligns agriculture and agro-industries development to commitments for sustainable development is urgently needed. The 2030 Agenda for Sustainable Development provides an over-arching framework for pursuing such coherent policies and actions in this sector.

II. An enabling environment for sustainable and resilient food systems

Infrastructure

The development of necessary infrastructure – particularly with respect to upgrading rural roads and power supplies, developing irrigation systems and improving storage facilities – is an important component of
enabling a dynamic agro-industrial sector. Infrastructure associated with food safety and quality assurance, such as testing facilities, was also highlighted as increasingly important. In response to market demand and overall trends in production, linkages between rural production centres to the various links in the supply chain need to be improved through infrastructure investment.

Access to finance and risk mitigation

There was widespread agreement on the need to address the lack of access to finance and risk mitigation for investments in agriculture and agro-industry. Public funding is limited while banks and private investors often either do not see the market potential in these sectors or find them too risky or unrewarding. Smaller actors (smallholder farmers), “the hidden middle” (agribusiness SMEs) and specific population groups (youth, women) find access to finance and risk mitigation tools challenging.

This is especially notable at the production stage. The inadequacy of financing in this sector is caused by various factors including under-developed banking facilities, low levels of understanding of the sector by investors, and a shortage of products that are tailored to the specific risks and realities of agricultural businesses. When available, the potential of finance is often limited by high interest rates, difficult collateral requirements and short-term programmes.

Some participants highlighted the need to align perceptions with realities within finance. Improved approaches to quantifying risks and developing holistic methods for mitigating risks along the value chain would help to improve the understanding among investors about challenges and opportunities in the sector. Developing countries that have been successful in providing risk mitigation mechanisms, such as those in Asia, could be studied for adaptation and implementation elsewhere.

Public, private and innovative sources of financing

Addressing access to finance and risk mitigation will require improved capacities to leverage public, private and innovative sources of and methodologies for financing and related services. Major efforts are needed to scale up domestic public financing modalities in developing countries. Public investments in agriculture are needed to address market failures through subsidies, policies and regulations, public ownership, technical support and capacity-building, as well as to encourage the “crowding in” of private and external resources.

Public investments should be aligned with overall efforts to eradicate poverty and promote food and nutrition security, including through the development of key infrastructure, human resources and data and statistics. Public financing also has a special role to play in promoting growth and diversification of services in areas with good potential, such as programmes that target the “hidden middle” (e.g., SMEs) through public-private partnerships; the development of agro-corridors or clusters for value addition; and special economic zones.

Analysis is increasingly showing that public expenditures on agricultural research and development (R&D) generate high returns, both in improving productivity and broader welfare outcomes. Research by IFPRI has shown that returns to R&D spending often exceed returns to other agricultural and non-agricultural expenditures.

Public finance can tend to crowd out private sector if not structured properly, so creating an enabling environment that is conducive to private sector investments as well as to agro-industry development is essential. There was a call for greater innovation and redoubled efforts with respect to financing models.
Examples of recent innovations in agricultural finance include agricultural investment funds; remittances to the sector; “patient capital”; and increasingly widespread mobile banking.

**SME and value chain development**

Agriculture and agro-industries development offer the opportunity for value addition for primary agricultural products, catalysing the development of value chains and small and SMEs in agribusiness. The key to improving incomes in this sector is to move up, and link to, the value chain. Key trends driving the rapid pace of change in value chains development include the geographical lengthening of value chains; decreasing costs of transportation; upscaling to cold storages; and “supermarketization” in retail.

Value chain development can raise prospects for income generation and job creation, making it essential to find effective means for better linking smallholders to them. When clustered, smallholder farmers can take advantage of linking to the different stages of value addition within value chains. Many smallholders in developing countries are unable to participate because they cannot meet increasingly specific and strict quality standards, productivity requirements and logistical arrangements.

A key underlying challenge is a lack of coordination among value chain actors. Many farmers and SMEs lack the requisite information and skills are not always available for identifying niches with the greatest potential in complex value chains. While regional and global value chain development is often proposed as ripe for growth, there are many transboundary challenges that can stymie progress.

Another point made by participants was that there is surprisingly little research, knowledge and data on rural-urban food value chains in developing countries and especially in Africa. This is potentially an area to explore for further work and/or partnerships.

**Capacity- and institution-building**

Participants repeatedly emphasized the importance of adequate institutional and human resource capacity in agriculture and agro-industries development. This could be overcome through improved formal education, technical training and extension services. Skills are an essential prerequisite and it is necessary that education and skills be aligned to employers’ needs. Education should start at the primary level and permeate through all levels of education and training.

Better-qualified employees and managers with knowledge of off-farm business processes in the value chain would also help to improve competitiveness. It was suggested that educational institutions should integrate food systems into syllabi, even up to MBA level. Qualified workers and managers would enable a country to achieve greater competitiveness, thus creating a favourable investment environment.

**Science, technology and innovation**

Numerous technologies for agriculture and agro-industries development could be used or scaled up across developing countries. They include the relatively well known – such as the use of tractors, high-quality seeds, herbicides and pesticides – to the more advanced, such as digital and mobile technologies that bring decision support systems (DSS) together with information and communication technologies to adapt farming and other practices. Technology transfer could be done relatively affordably, as many of the relevant technologies are not very expensive.
Innovation - its development, diffusion or scaling up – is generally a strength of the private sector, with the public sector proving most effective in its facilitation. However, in many LDCs, LLDCs, and SIDS, the private sector is still small. There is, therefore, a key role for the public sector to bridge the gap until the private sector is capable of taking it on.

Innovation at any level of the value chain will normally imply innovation at the farmer level. Extension services are critical, but the provision thereof can prove challenging, with neither public nor private providers fully equipped to deliver. In the initial phases, as agro-industry develops, a hybrid model could be tried where the extension services are privately delivered but made available to farmers by the public sector through vouchers to farmers, or their associations, that are gradually phased out. Additionally, such models would be advantageous because they would create business opportunities for young entrepreneurs.

On the production side, practicing climate-smart agriculture was emphasised, with a number of strategies proposed, such as decreasing use of fertilizer to increasing use of animal tractors, as well as the potential of carbon sequestration through bio-char and other methods. Another innovation emerging from the private sector is the development of branding and marketing tactics for products. Some producers innovate through building an identity for their product.

III. Roles and responsibilities for major stakeholders in agriculture and agro-industries development

Public and private sector roles and responsibilities

Many participants identified an important task of Governments in agriculture and agro-industries development as creating an enabling environment for public-private partnerships and private sector development, including through the financial cost and risk-sharing. The public sector has a crucial role in setting policies that are consistent and predictable in the areas of taxation; property rights; contracts enforcement; and other regulatory mechanisms. This can help to clarify incentives for the private sector, and ensure private sector activities occur within a guaranteed policy environment. To ensure stability and predictability, strong political commitment and prudent leadership are essential.

With respect to these responsibilities, the public sector should facilitate consultative processes, so that the concerns of all parties are understood, can be addressed in advance and essential mechanisms for transparency and accountability are put into place.

Other roles that were identified for the public sector to support sustainable and resilient food systems included: regulatory reform; documenting and disseminating case studies and good practices; capacity building for incorporating value chain concepts in public sector programmes and policies; creating new educational programmes related to technical and business development skills; strategic public investments in infrastructure; creating localized information and data systems.

Collaboration and partnerships, including public-private partnerships

Partnerships and multi-stakeholder arrangements can facilitate the development of holistic interventions and lead to greater impact. Coordinated multi-stakeholder initiatives towards agricultural and agro-industrial development are preferable over an isolated and partial approach. Existing structures and partnerships can be built upon. Numerous countries have demonstrated how partnerships can lead to success. The experience of Comprehensive Africa Agriculture Development Programme (CAADP) shows that participating countries generally performed better than their counterparts, largely due to the mobilization of partnerships.
Public-private partnerships in this sector can consist of formalized partnerships. These could include public institutions, private partners and at times, financial institutions or civil society organizations designed to address sustainable agricultural development objectives where public benefits anticipated from the partnership are clearly defined; investment contributions and risks are shared; and active roles exist for all partners.

Some areas for public-private partnerships in value chain development include innovation and technology transfer; business development and advisory services; market infrastructure and logistics; compliance/standards; and market linkages. Key challenges to PPPs in this sector include the ongoing gap between policies and implementation. In addition, actions are usually set over the short term, with no clear strategy for more sustainable funding or upscaling past the initial phase. Some partnerships do not benefit from the required technical expertise regarding value chains and agricultural and food markets.

**Inclusion of smallholders**

The importance of a bottom-up approach was emphasised so as not to super-impose misplaced or badly adapted ideas to local contexts. Farming practices differ; there is, therefore, a need to capture the different adaptive capacities among smallholders to transform agriculture. A community-based approach is necessary to build ownership among local communities, especially those characterized by a preponderance of smallholders.

Implementing NEPAD has provided some lessons. The experience of implementing agriculture development policies indicates that such policies produce better results. An on-going challenge is that of limited access to markets for smallholder farmers, particularly women and youth. While this situation of limited access to markets persists, Africa's resources are not being fully harnessed to support sustainable growth.

**Regional cooperation and other forms of development cooperation**

Developing countries have achieved various successes in agriculture and agro-industries development that are both cost-effective and have potential to be adapted and up-scaled elsewhere. Through regional cooperation and other forms of development cooperation (e.g., South-South and triangular), development partners can generate new tools and partnerships for overcoming food insecurity, poverty and weak productivity and value chain development.

Regional markets can be used as springboards to global markets and provide a safe place to perfect products before entry into global markets. To take advantage of greater regional cooperation in this sector, improved integration in developing regions is urgently needed, especially in Africa.

The Malabo declaration of 2014 is the guiding document of the African Union for agricultural development and regional cooperation in support of it. The Malabo Declaration is underpinned by the principle of mutual accountability that places agriculture at the top of efforts to transform African economies. In the Declaration, African leaders commit to end hunger by 2025 and make production systems more resilient.

The African Union is in the process of supporting countries to formulate national investment plans and identifying mechanisms at the national level to roll out these plans. AU and NEPAD have also developed indicators to measure progress in the implementation of the Malabo Declaration. There is potential for much more to be done to improve regional cooperation on agriculture and agro-industries development. On the
African continent, for example, intra-regional trade is only 15%, and regional value chains are underdeveloped.

IV. Existing initiatives

Various initiatives and strategies in agriculture and agro-industries development were proposed as potential solutions that could be adapted, replicated and/or scaled up. Many participants emphasised the need to invest in what has begun, rather than focus on the creation of new mechanisms or processes. Underpinning this is the need for the value added of any given initiative to be clearly demonstrated.

The African Agribusiness and Agro-industry Development Initiative (3ADI)

The 3ADI was created in 2010, in response to a call from the African Union for UNIDO, FAO, UNECA, IFAD and AfDB to join efforts in improving agricultural productivity and value chain development in Africa. The 3ADI has supported an investment programme that significantly increased the proportion of agricultural produce in Africa that is transformed into differentiated high-value products. It highlights the critical role of agri-businesses in the process of economic development, food security and sustainable reduction of poverty and hunger.

The roll-out of 3ADI generated some key lessons for future initiatives. First, the initiative has proved very relevant to priority challenges in Africa, drawing on innovation, useful guiding principles and diverse technical competencies. Second, the 3ADI identified the importance of partnerships early on and engaged the private sector from the outset. In some instances, strong partnerships at the national and institutional levels were difficult to sustain. Third, integrated approaches to joint planning analysis and technical assistance among the various partners proved challenging as the result of different institutional practices. Fourth, some partners felt that the funding rules crowded out the technical assistance, and co-financing did not fully materialize. Donors need to be sensitized to ensure coherent funding for integrated, inter-agency programmes.

In the light of the demand for capacity development in this sector by developing countries, the opportunity arises to explore an adapted 3ADI-plus initiative. Such an initiative would re-energize the global partnership to achieve a sustainable and inclusive transition of agriculture in the context of the 2030 Agenda, and design a platform for doing so in Africa and developing countries outside of the region. Such a 3ADI-plus initiative would bring together: (i) technical assistance to foster agricultural and agro-industry development and, enhance the crucial parts of the value chain simultaneously; (ii) the necessary finance for private business development and public support; (iii) expertise and skills for technical, market and organizational innovation; and (iv) building and strengthening of local capacities.

Although the technical content would need further work and refinement, the 3ADI-plus would address agribusiness development in food and non-food-related sectors, using a market system and value chain approach. It would avoid fragmentation and enhance impact by pooling technical assistance from across the most relevant resources among involved partners. The 3ADI-plus could work with local knowledge hubs to ensure that local capacity has been engaged and strengthened. It would also ideally have a technical assistance facility accompanying public and private investments, to be complemented by a sound results-measuring system.
Other regional and/or pan-African frameworks

The Comprehensive Africa Agriculture Development Programme (CAADP) and its successor, the Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods are Africa’s overarching policy frameworks for agricultural transformation, wealth creation, food security and nutrition, economic growth and prosperity for all. The Malabo Declaration is in its implementation stage and continues to emphasize the key role of agro-industry in agriculture development, poverty reduction, nutrition and food security. Both CAADP and Malabo are good examples of the frameworks that have inspired and energised African agricultural research institutions, farmers’ associations, governments and the private sector. The continent-wide policies strongly emphasize boosting public and private investment to stimulate growth in the agricultural sector.

The Continental Free Trade Area (CFTA) for Africa is one of the most ambitious goals of the AU’s 2063 Agenda, with its main objective being the creation of a single continental market for goods and services, with free movement of business persons and investments. This would pave the way for accelerating the establishment of a Customs Union and will expand intra-African trade through better harmonization of rules and standards, as well as the coordination of trade liberalization and facilitation instruments across the various African Regional Economic Communities. The establishment of the CFTA and the implementation of the Action Plan on Boosting Intra-African Trade (BIAT) provide a comprehensive framework to pursue a developmental regionalism strategy.

Agribusiness incubators

Agribusiness incubators operate similarly to “one stop shop” incubator services in other sectors. Agribusiness indicators are often most successful when they engage the entire value chain, rather than focusing on an individual business. The African Agribusiness Incubators’ Network seeks to advance entrepreneurial talent, networking, science and technology for job, and wealth creation in Africa. The network helps entrepreneurs to create business plans and ensure that they are finance-ready. The network also helps businesses to work with banks through sensitization and special financing arrangements.

Although agribusiness incubators have demonstrated success, they still comprise a very small percentage of incubators overall (in Africa, only 7 per cent). There is potential to expand the network of agribusiness incubators in support of agriculture and agro-industries development.

Agro-industrial parks

An agro-industrial park is a geographic cluster of independent agro-industrial firms grouped together to gain economies of scale and positive externalities by sharing infrastructure and taking advantage of opportunities for bulk purchasing and selling, training courses and extension services. They are constructed around modern infrastructure (roads, power, water, communication, etc.), as well as specialized agro-industrial infrastructure, such as cold storage units, quarantine facilities, quality control labs, etc. They tend to be located near to urban areas, and are served by a network of rural producers.

UNIDO is fostering the promotion of such parks. A significant example of these efforts is within the new UNIDO flagship Country Partnerships programmes (PCPs) in Ethiopia and Senegal. The PCPs have assessed the feasibility and are attracting investment in several food industrial parks that are close to primary production areas to shorten the supply chains, add value and reduce post-harvest losses, thereby increasing
food security and safety. This, in turn, will increase jobs opportunities, especially for youth and women as well as income for the rural communities.

Although agro-industrial parks can solve some of the problems of norms and standards, not everyone can move to the agro-industrial parks. Therefore standard-setting and other key support services for agro-industry remain important at the national level.

Selected case studies

Zimbabwe gave a country perspective on agriculture and agro-industries development. Among recent initiatives highlighted, was the three-year special programme on maize production begun in 2016 and producing positive early results. The purpose of the programme is to curb the importation of maize, which was draining the country of foreign currency. It is being implemented under the food and nutrition pillar of the national development plan, the Zimbabwe Agenda for Sustainable Socio-Economic Transformation. This programme is private sector-funded and partners would pay back after harvesting. Preliminary assessments of this programme have revealed that the country will produce in excess of the output target.

The programme is now being rolled out to include other crops like wheat and soya beans, and also livestock production. Given its success to date, Zimbabwe is on course to achieve SDG9. There are intermediate points for assessments to track progress; everyone involved has been given targets to meet with clear objectives. The private sector has been incentivized because of the opportunity to make money from this programme.