

Private Sector Statement to World Summit on Food Security

Introduction –

1. We as representatives of the private sector meeting in Milan consider that engagement of the private sector on food and nutritional security is critical to translate government commitments into implementation actions on the ground. The most effective way for the private sector to make its contributions is as part of an integrated, long term strategic approach that involves national governments, international institutions, development agencies and food chain partners.

Issues related to productivity and efficiency in achieving food security –

2. We consider that there is enormous potential to increase yields of farmers worldwide through access to knowledge, improved varieties, inputs, and markets. New farming techniques have to be successfully introduced. Sufficient funds, training and markets must be made available. Private sector companies are already working with farmers across the globe and can continue to play a key role in implementing programs to support and work with farmers.
3. We as representatives of the private sector recognize that smallholders represent a significant part of food production capacity worldwide, and that private sector actions to improve food security must include attention to enhancing the productivity, incomes and food security of smallholders. One of the surest ways to improve the food security and livelihoods of small farmers is to expand opportunities for them to increase value addition and sell high quality products in reliable markets. When possible, our companies will develop proactive procurement procedures targeting inclusion of smaller scale producers in value chains. Our initiatives to work with smallholders will have all the more impact if complementary actions are taken to build the capacities of small farmers to be reliable suppliers.
4. One of the private sector's main roles in reducing food insecurity, especially in developing countries, is to provide agricultural inputs in an efficient, cost effective and sustainable manner. In order for input supply companies to play this important role, there is a need to establish and maintain appropriate infrastructure and institutions for technology dissemination and inputs distribution. Intellectual property protection is crucial for a sustainable contribution of the private sector to inputs development and supply.
5. While farm productivity improvements are essential, we would like to recall that it is important to think about the consumer as well as the farmer. Food supply chains in developing countries are very inefficient. The lack of post harvest controls and poor post-harvest management, logistics and handling practices create huge wastages and higher costs in food chains. If one can improve operational efficiency, minimize logistics costs and reduce wastages, including through better storage and processing facilities, then a significant amount of food can be made available at affordable consumer prices. It is important as well to ensure the supply of nutritious, high quality and safe food because food security is not limited to adequate calories and protein alone – the target is food and nutritional security through well balanced diets even for the poorest consumers.
6. The private sector is already contributing throughout the developing world to reducing waste on the way from farm to consumer and to improving the quality and nutritional

value of products. More needs to be done; the private sector is willing to be involved and to actively participate where it can add value. Our companies are ready to work closely with smaller and medium scale agricultural enterprises, including input suppliers as well as food manufacturers, distributors and retailers, in order to develop locally adapted solutions.

Issues relating to ensuring sustainability -

7. One important requirement for sustainable improvements in productivity and food security is markets that offer remunerative prices for farm products and affordable prices to consumers. The private sector can and does contribute to sustainability, food security and value addition by providing a viable and ready market for farm produce. We urge that the programs put in place to address food security should include attention to establishing links between farms and markets on a sustainable basis.
8. To establish these market linkages and value chains, we consider that urgent and substantial steps are needed to improve and ensure the sound management and maintenance of market-oriented agricultural infrastructure – both hard and soft infrastructure. Attention is needed to transport infrastructure, including farm to market roads, electrification and safe water supply. We urge that national agricultural development plans and the programmes of international and regional financial institutions include strategies, priorities and resources for addressing infrastructure related constraints.
9. A key concern of most of our companies with respect to sustainability is the efficiency of resource use in agriculture. We are convinced of the need to make rapid progress towards knowledge intensive agriculture in order to ensure environmental sustainability. We believe that water use efficiency requires particular attention. Growing water scarcity and competition for water is not only a challenge for future expansion of food production, but it puts even the supply for present world population at risk. Steps to ensure the efficient use of water thereby can play a pivotal role in reducing food insecurity. Attention is also need to biodiversity, soil depletion and land availability and use.
10. Actions to improve the sustainability and efficiency of resource management in agriculture must as well taken into account risks and impacts due to volatility – both price volatility as seen in 2007 and 2008 and climatic volatility and change. Producers need training, appropriate technologies and sound resource management practices in order to cope with climate change and mitigate their risks in the face of high climatic and market volatility.
11. We in the private sector call on governments and other developmental partners to ensure that sustainability is established as one of the main goals of agricultural development assistance programs. We also urge that governments take steps to work with the private sector to help develop appropriate market mechanisms to address the lack of valuation of increasingly scarce natural resources such as water and soil.

Issues relating to food value chains and business practices –

12. The private sector is committed to developing sustainable food value chains through our own operations as well as through partnerships. An ever growing number of our companies are giving priority to creating shared value in food chains - by conducting our business in a way that not only increases value for shareholders, but also for consumers,

suppliers and other business partners, and communities at large where we are active. We will continue to increase the emphasis on sustainable food value chains as elements of our core business strategies.

13. We stand ready to invest meaningfully to help build national capacities in applied agriculture and food systems research and technology transfer in developing countries. We also recognize and embrace the need to take a longer term view of investment and business operations in developing regions, since the global challenge of food security requires sustained commitment.
14. While our companies, national and multinational, are committed to increasing investment in the food value chains of developing countries, there is a need for complementary innovative financing including through value chain financing, public private partnerships, catalytic funds, guarantee funds, and other financing mechanisms in order to enhance the capacities of small farmers and small and medium agricultural enterprises to actively engage in commercial agriculture.

Issues relating to partnerships and enabling policies -

15. We would like to emphasize that the many possible initiatives the private sector might undertake can only be effective within a broad strategy that brings together all stakeholders. We consider that strong partnerships are critical, and that there are important untapped opportunities for partnerships involving farmers, the food industry, governments, international organisations, NGOs, and donors. Capacity to create partnerships and coordinate action at the local level in support of entrepreneurship and farming as a business must be reinforced. The private sector can contribute but cannot do this alone. All stakeholders need to commit to collaboration and partnership. Ideological barriers that have impeded such partnerships in the past must be overcome.
16. In our efforts to enhance productivity and develop sustainable value chains in partnership with other stakeholders, we in the private sector count very much on government cooperation. National governments in particular have a central role in creating the right stimulus and regulatory conditions to unleash the potential of the land and the private sector, including farmers. Governments must create an enabling environment through science-based regulation, increased investments on R&D as well as agricultural extension support and infrastructure development and optimization. We in the private sector would like to see strong commitments by governments to establishing fair, transparent and predictable regulatory frameworks so both local and international companies can confidently invest along the whole food chain.
17. We urge that progress continue on negotiations to reduce market barriers and market distorting incentives, and also urge governments to resist the pressures during times of short term crisis to impose export and import restrictions that undermine confidence and reduce incentives needed to mobilize the resources, technologies and expertise for developing sustainable value chains.
18. We in the private sector consider that there is a clear need for policy change, realistic priority setting based on understanding of market trends and requirements, and improved inter-institutional cooperation at the very top levels of the international agriculture and food security organizations in order to provide the necessary enabling environment and multi-stakeholder partnerships for sustainable growth of the sector.

19. Finally, the companies we represent are action oriented. It is important to translate the good intentions expressed during this Summit into concrete actions and timelines for implementation. We call on and stand ready to work with FAO, IFAD and WFP, our own food industry federations, and important platforms such as the Expo Milan 2015 and the World Economic Forum to promote, coordinate and facilitate global and local actions leading to improved food and nutritional security.