

# Engaging the Private Sector for Agricultural Development and Food Security

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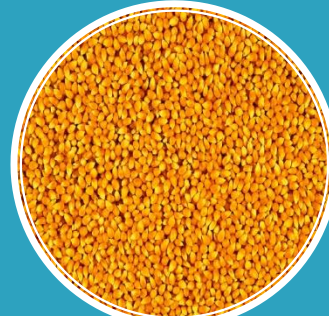
# A story with which we all agree



Despite the fact that agriculture is the backbone for development, it continues to lose competitiveness and the added value is not retained in the rural areas.



Poverty, particularly rural poverty, is excruciating and the gap between the urban and rural communities continues to widen.



Markets will continue to be globalized and competition will be more intense. This will intensify the challenges but also will open opportunities.



We are facing new challenges that are testing our abilities to find solutions.

# Goal

Contribute to find mechanisms that allow a greater participation of the private sector in agricultural development, the reduction of poverty and the improvement of food security in the region.

# Why do we have interest in this?

- ▶ Governments should try to solve societies' most pressing problems...but the solution to them cannot be achieved only by government intervention.
- ▶ “..We need big changes in industrial systems, business models, economic assumptions, market rules and governance frameworks, to tackle the huge challenges facing us all at once....”(Jorma Ollila, 2009, President WBCSD)

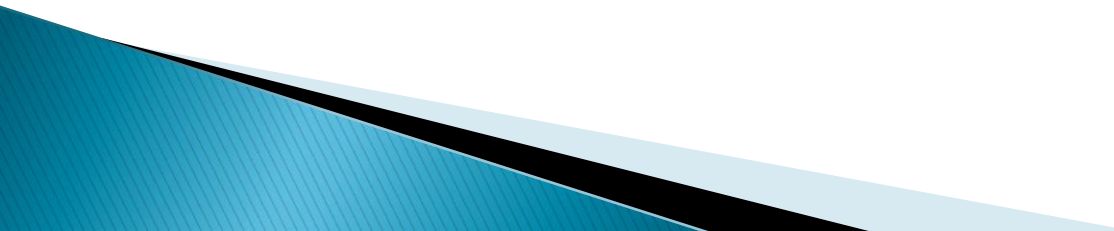
# Private Sector Contributions to Development

- ▶ Employment creation.
- ▶ Income generation.
- ▶ Economic Growth.
- ▶ Risk taking.
- ▶ If it is good for the private sector it does not necessarily mean that the poor will benefit.
- ▶ In LAC (20 countries) <50% people think that the private sector is good with its employees.

Positives

Negatives

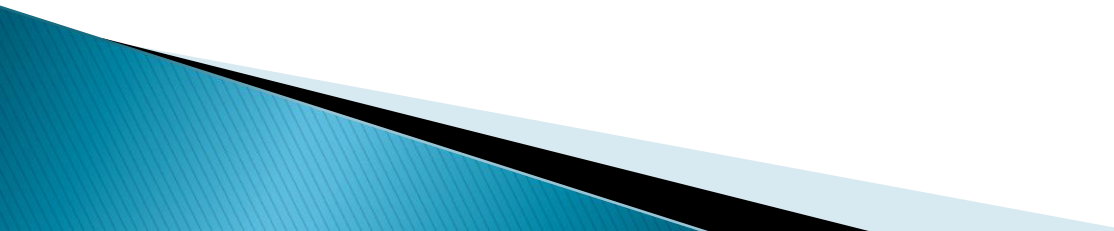
# How does the Private Sector Operate?

- ▶ Conducting commercial transactions that respond to market demands and signals.
  - ▶ Development of innovative efforts and new business models.
  - ▶ Applying “private sector principles” to the developmental problems.
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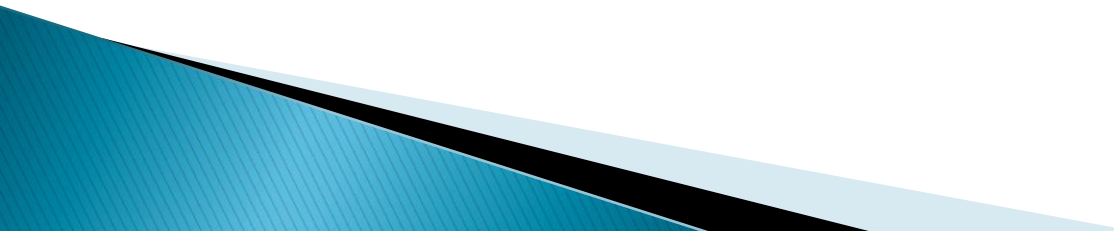
# What can be done to improve the participation of the Private Sector?

- ▶ Government Actions
  - Create conditions that reduce the uncertainty of taking risks.
- ▶ Actions from the Private Sector
  - Improve corporate governance.
    - Accountability.
    - Transparency.
    - Rule of the law.
    - Fairness.
    - Social responsibility.
    - Environmental responsibility.

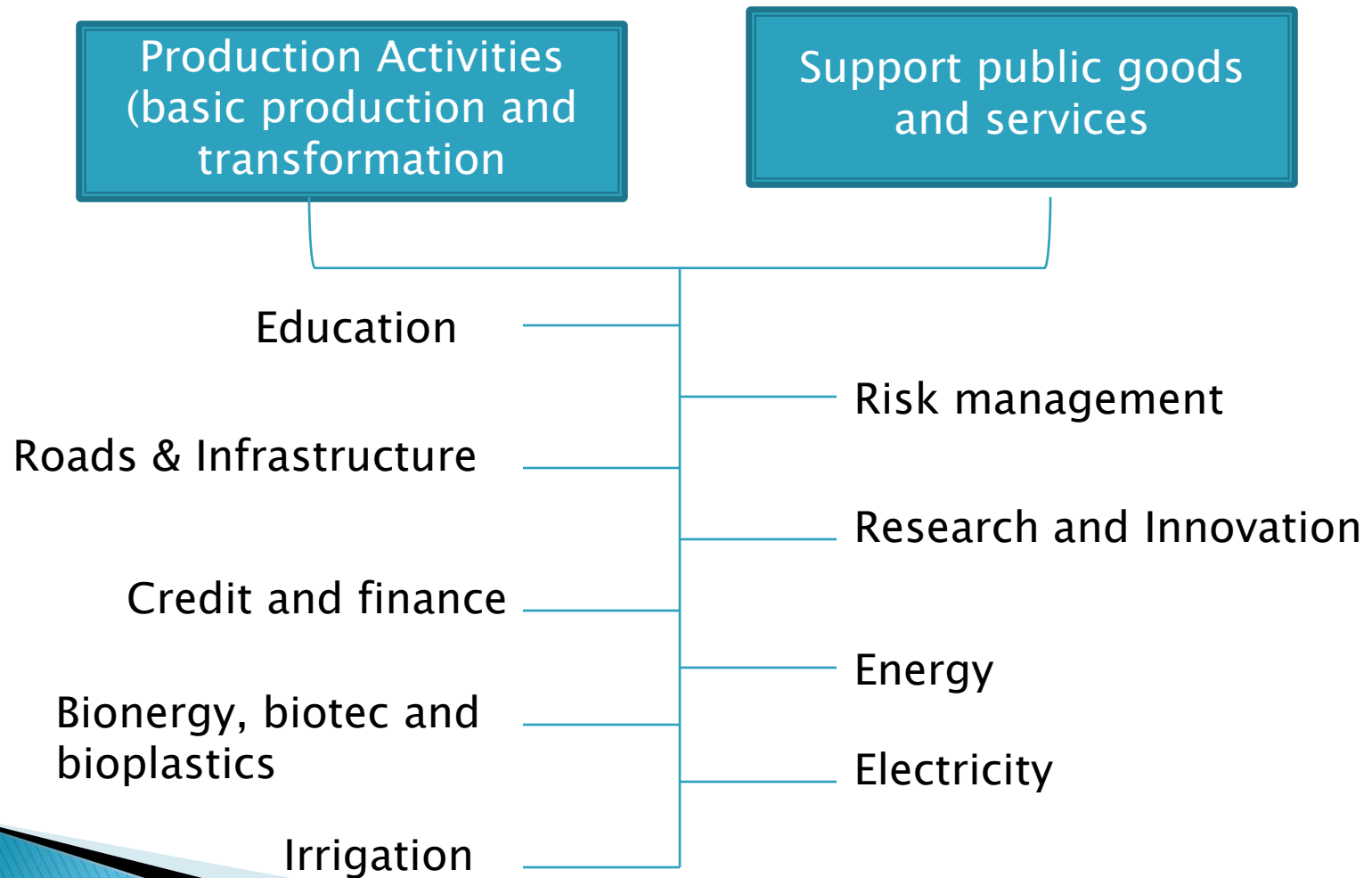
# What is needed to attract the Private Sector?

- ▶ An enabling environment conducive to the expression of the entrepreneurial capacity.
    - Improve the performance of the existing private sector.
    - Facilitate the expression and expansion of the entrepreneurial spirit and new business models.
    - Attract investment.
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# What is needed to attract the Private Sector?

- ▶ Development of innovative finance mechanisms.
  - ▶ Transparent risk management instruments.
  - ▶ Efficient Agricultural Market Information Systems.
  - ▶ Favour the operation of cooperation networks.
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# Investment Opportunities for the Private Sector



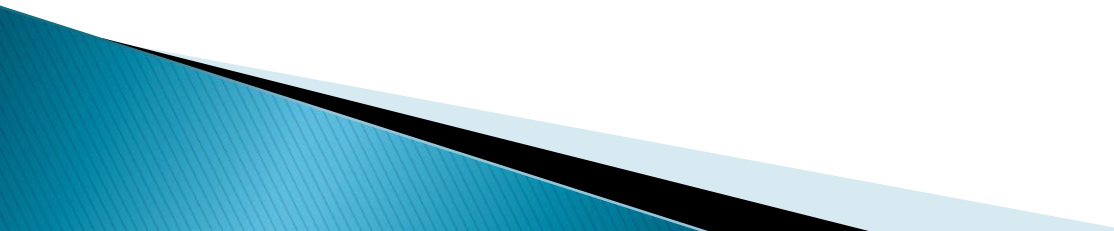
# Opportunities for Private Sector Action

- ▶ Vehicle for linking small farmers to value chains and to international markets.
- ▶ New economy businesses.
- ▶ New business models.
  - Business at the “bottom of the pyramid”
  - Social Businesses.

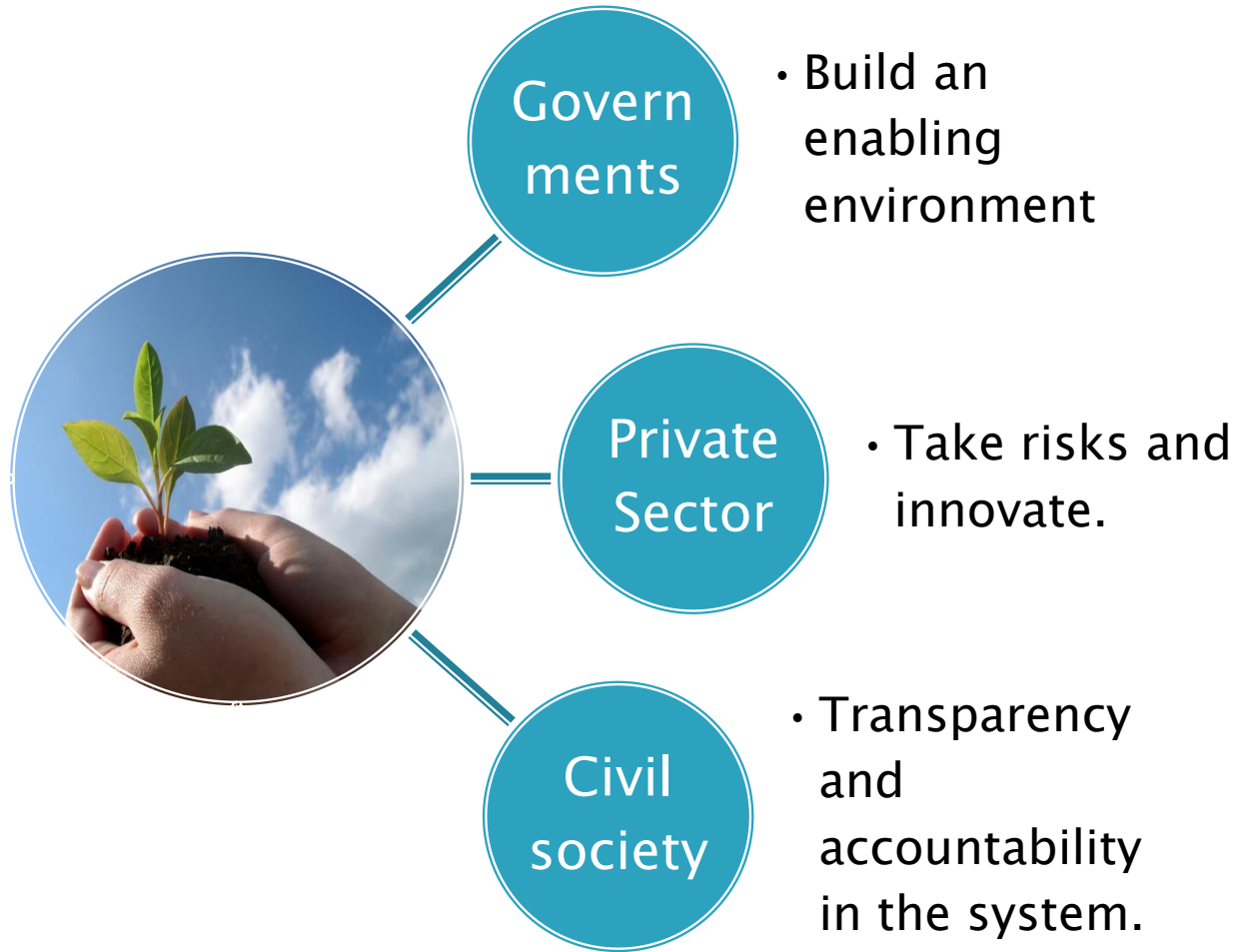
# What could reduce the chances for engaging the Private Sector in Agriculture?

- ▶ Lack of transparent mechanism to face risk.
- ▶ Lack of security in investment.
- ▶ Non comprehensive or non functioning Policies and Institutional frameworks.
- ▶ Subsidies, protectionism and non opening to trade.
- ▶ Paternalistic governments and attitudes.
- ▶ Lack of security for land ownership
- ▶ Corruption
- ▶ Illicit activities.

# Final Considerations

1. The participation of the Private Sector (and Civil Society) is needed to achieve the development of the agricultural and rural sector that is being demanded by the society.
  2. Governments must develop efforts to create an enabling environment for the expression of the entrepreneurial capacity of their people.
  3. The Private Sector cannot continue “business as usual”. They need to develop transparent governance mechanisms and embrace accountability and social responsibility principles.
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# A New Agriculture



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