



Speaker Summary Note

Session: Social Levers

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Title: **Social Levers to Advance Agriculture, Nutrition, and Health Linkages:
The role of the private sector**

Overview: The private sector can be highly instrumental in activating economic, social, inclusive growth and science and technology levers along the agriculture-nutrition-health value chain, and thus will be an important partner and driver of effective large-scale solutions. Improving the management of agriculture to strengthen nutrition and health outcomes will require a coordinated effort encompassing the whole value chain. To be effective, this must engage the full array of stakeholders that contribute to the chain, leveraging each actor's unique capacities and knowledge, while challenging them to apply those talents and engage with others in new ways. A number of new initiatives demonstrate the potential of the private sector as a partner in providing both specific solutions, and comprehensive approaches, to meet societal needs for agriculture, nutrition and health.

The role of the Private Sector in Empowering Communities and Improving Food Value Chains

Business can act as an important social lever when it empowers communities to improve their diets through improved access to information, increased incomes, or greater access to quality foods.

Companies are increasingly recognizing that the "base of the pyramid" market, earning USD 8 per day and less (PPP), represents a large scale business opportunity. This market encompasses nearly 4 billion people who spend over USD 1.3 trillion per year on food, and 70% of whom rely upon the food value chain for their livelihoods as either producers or entrepreneurs. It encompasses poor communities in rapidly-growing economies, many of whom will be tomorrow's middle-class consumers. The business incentive to engage these markets is now widely recognized; however the challenges are evident as well. Through experimentation and innovation, companies are developing new business models to engage poor communities as partners in their business activities along the food value chain.

Companies can engage with community members in three different business-oriented roles: as producers, consumers, and entrepreneurs. Engaging the community on these terms recognizes both the practical needs and the dignity of the poor as full business partners who are entitled to fair income opportunities and high-quality, affordable products. Effective business models include the following:

- **Producers**, particularly smallholder farmers, can be empowered to increase the quantity and quality of their production, improve their incomes in the process. This can be achieved by companies providing affordable access to agricultural inputs (finance, information, seeds, fertilizer, tools); strengthening farmer capacity through training and outreach; providing reliable access to markets at fair prices; and improving supply-chain efficiency to increase farmer incomes.

Examples from India: rural retail hubs by Godrej Agrovet/Tata Agrico; sourcing from small-scale producers by Nestle and Bharti Wal-Mart; improved horticulture value chains by Metro Cash & Carry.

- **Consumers** can be empowered to improve their nutrition and health through expanded access to quality products. This can be achieved through companies developing appropriate, high-quality and low-cost products for poor communities; expanding retail distribution networks to enable access to those products in poor and isolated regions; and by strengthening consumer knowledge and demand for nutritional products through educational campaigns and outreach.

Examples from India: fortified biscuits by Britannia; wholesaling through micro-retailers by Subhiksha Trading; Hariali Kissan Bazaar rural retail hubs by DCM Shriram Consolidated.

- **Entrepreneurs** can be empowered to operate effectively as key links in the food value chain—whether they are farmers, food retailers, or service providers essential to the value chain (such as telecom operators, bankers, millers, transport providers or others). This can be achieved through innovative new business models and practices that provide entrepreneurs with market information, access to financial services, and new solutions to overcome infrastructure gaps.

Examples from India: Crop insurance by ICICI and Swiss Re; Lifelines information service by BT and Cisco; Low-cost water treatment by Naandi Foundation and Tata Projects.

Relevant industries to implement these solutions include agribusiness, food and retail companies; finance and IT/Telecom; energy and infrastructure firms. Governments, NGOs and research institutes can help encourage the implementation and scaling-up of innovative BOP business models through organizing and capacity-building of poor producers, consumers and entrepreneurs; strengthening the business enabling environment through policy and infrastructure improvements; and sharing effective models through knowledge exchange, monitoring and evaluation.

These models and recommendations for scaling them are described in more detail in a World Economic Forum report titled *The Next Billions: Business Strategies to Enhance Food Value Chains and Empower the Poor*, available at <http://www.weforum.org/agriculture>.

The Role of the Private Sector in Wholistic Improvements to Agriculture Systems

Most of the BOP business models described above address a specific point in the agriculture and food value chain—one “piece of the puzzle” in a larger, more complex agriculture system. However achieving a step-change or major transformation in an agriculture system requires a wholistic approach, addressing the entire system. That type of step-change is urgently needed today, to address pressing needs for improvements to enable agriculture to deliver the nutrition and health outcomes, food security, environmental sustainability, and economic opportunity demanded by a growing global population.

Agriculture systems are comprised of not only each individual activity at each step of the chain, but an operating environment made up of policy, infrastructure, and market structure. Aligning these elements can enable a “virtuous cycle” of increasing skill-building and investment in a given agricultural system. The result can be a community that is supported and empowered by a thriving market-based system. However in many regions of the world, poor infrastructure, policy and market structures limit the benefits that productive farmers and effective business models can generate. Kick-starting a “virtuous cycle” dynamic requires coordinated efforts by government, business (both large and small-scale), civil society, farmers and other stakeholders.

A number of new models for this type of collaborative effort are being piloted. These include coordinated, multi-stakeholder efforts to improve either the value chain of a specific commodity; or multiple value chains within a given region—whether that be a high-potential “breadbasket” area; a key trade and production corridor; or an entire country.

In each of these cases, stakeholders are combining efforts according to their strongest capacities and specific roles. Governments set the direction—establishing public-interest goals; policy frameworks; and public infrastructure and services. The private sector innovates and invests within that framework—developing and scaling production, and meeting consumer demand. Civil society mobilizes the community, building skills and bargaining power among producers; providing education and information; and actively representing the voice of citizens in holistic transformation.

This wholistic, multi-stakeholder, and market-based approach is outlined in more detail in a newly-released report titled *Realizing a New Vision for Agriculture: A Roadmap for Stakeholders*, launched two weeks ago at the World Economic Forum in Davos, and available at <http://www.weforum.org/agriculture>.

Engaging the Private Sector as a Partner in Agriculture-Nutrition-Health Solutions

The private sector is a central driver of agricultural value chains, and of the food and agricultural markets that will ultimately deliver improved nutrition and health outcomes to populations on a large scale. As such, it is a key actor to engage early and integrally in efforts to improve nutrition and health outcomes. At the World Economic Forum, we work with business leaders in many industries to develop public-private partnerships and multi-stakeholder approaches to these issues. Many senior business leaders are already recognizing the inter-linkages among agriculture, nutrition, health and environmental issues, and are initiating efforts to explore and address them.

Addressing agriculture, nutrition and health linkages is a challenge that requires three responses among both leaders and community members: changing mindsets, commitment to action, and improved coordination.

- ***Changing mindsets***, for policymakers and business leaders alike, requires expanding the concept of the agricultural value chain to include the end result to the end user, in terms of nutrition and health status and outcomes. The nature of many companies’ business already requires them to be customer-focused and results-oriented; this mindset can be usefully applied by all stakeholders to a jointly desired “result” at the end of the expanded value chain: namely, a healthy and well-nourished customer and community member.
- ***Commitment to action*** can be secured when both public and private-sector leaders feel a shared sense of responsibility and ownership for the end “product” or result they are seeking to deliver. This must be mirrored by a sense of empowerment and commitment among consumers or community members, to choose and enable that result.
- ***Improved coordination*** will be essential for effectively implementing change across long and complex value chains. This will require new approaches by institutions of all kinds who in the past have tended to focus their efforts in one sector, or among a limited set of stakeholders.

As leaders of all stakeholder groups start working to define this new approach and operate more effectively to achieve agriculture, nutrition and health goals in an integrated manner, several activities will help support this process. First, open dialogue and knowledge-sharing across sectors, such as that taking place at this conference, is an essential initial step. Continued dialogue can then help facilitate deeper coordination and partnership across sectors and stakeholder groups. Aligning these efforts around shared goals, defined in the public interest, will provide guidance on what is sure to be a complex and challenging journey.