

PRIVATE SECTOR FORUM ON FOOD SECURITY IN THE SOUTHERN AND EASTERN MEDITERRANEAN REGION

Barcelona, 5-6 May 2015 - Palacio de Pedralbes



**BOOMING DEMOGRAPHY IN THE SOUTHERN
AND EASTERN MEDITERRANEAN REGION
WITH MORE PURCHASING POWER**



**YOUNG AND DIVERSE POPULATION
EAGER TO CONTRIBUTE TO THE ECONOMY**



**LIMITED RESOURCES
MORE DEMAND ON LAND AND WATER
FROM AGRICULTURE**



**INCREASING FOOD DEMAND
AND CHANGING CONSUMPTION PATTERNS**



**LEVERAGING AGRICULTURAL
POTENTIAL IN THE REGION
ADDRESSING DISPARITIES
TO REACH THE RURAL POOR**



**MINISTERS OF AGRICULTURE, AGRIBUSINESS CEOs,
INVESTMENT FUNDS, PRIVATE BANKS, INTERNATIONAL
FINANCIAL INSTITUTIONS, DEVELOPMENT AGENCIES
OVER 200 PARTICIPANTS FROM 20 DIFFERENT COUNTRIES**



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The Private Sector Forum on Food Security in the Southern and Eastern Mediterranean Region (“the Forum”) took place in Barcelona on 5-6 May 2015. It was the first event jointly organized by the European Bank for Reconstruction and Development (“EBRD”), the Food and Agriculture Organization of the United Nations (“FAO”) and the Union for the Mediterranean (“UfM”), following the signing of a Memorandum of Understanding (“MoU”) between the three organizations in December 2014. The Forum built on past EBRD/FAO-facilitated policy dialogue efforts across various countries in Eastern Europe and the Southern and Eastern Mediterranean region (“SEMED”). It was preceded by successful public-private forums in London, Kiev, Istanbul, Cairo and Belgrade.

The Forum brought together 200 participants from more than 70 companies represented at the CEO level, international financing institutions (“IFIs”), banks, farmer organizations, academia and governments to share lessons learned and best practices in agricultural/agribusiness investment, identify investment priorities and coordinate activities in strategic areas of common interest.

Discussions were held in four panels: Panel 1 - Agricultural trade and food security in the Mediterranean; Panel 2 - Producing more food with less: Investing in resource-efficient technologies and practices; Panel 3 - Private sector approaches to more inclusive value chains and agricultural policies; Panel 4 - Investing in better food: Enhancing quality standards for local consumers and improved export opportunities.

Below are the main findings of the panels and concluding remarks of the Forum.

PANEL 1 - AGRICULTURAL TRADE AND FOOD SECURITY IN THE MEDITERRANEAN

- Investments are needed to improve the efficiency of grain import supply chains and logistics. Targeted investment can help reduce exposure to international market volatility, decrease the total cost of importing grains, increase the reliability of grain supplies, and minimize product losses.
- It is essential that governments engage in policy dialogue with the private sector to better understand how to reduce costs and facilitate investment. The example of public-private dialogue in the Ukrainian grain sector shows that results can be significant – this dialogue brought more than US\$ 1 billion private investment in grain production, storage and trade. The Ukrainian government has listened to private sector feedback and has not imposed export restrictions in the last three years. Similar dialogue between the public and private sectors can be replicated in SEMED.
- Some progress towards liberalization has been made in the recent years through the EU-Mediterranean Partnership. However, there is still protection for sensitive products, notably many fruit and vegetable products. Therefore, further trade liberalization might be required.
- Companies from SEMED need technical assistance to introduce their products into international markets. The example mentioned by Mr. Pont Amenos, CEO of Borges, shows that support on branding and quality standards are what many SEMED companies need to become fully competitive on international markets and to gain significant market shares.

PANEL 2 - PRODUCING MORE FOOD WITH LESS: INVESTING IN RESOURCE-EFFICIENT TECHNOLOGIES AND PRACTICES

- It is essential to advance the transition to resource “smart” food systems in SEMED. Globally, FAO estimates that by 2050 a 70% increase in food availability over the 2005-2007 levels will be necessary, which will increase demand for energy and water by 40%. This is particularly relevant for the Mediterranean region, which is highly dependent on the availability and efficient use of energy and natural resources.
- The public and private sectors can work together to promote and implement energy and resource efficient technologies. IFIs can play an important role fostering the development of partnerships between governments, donors and the private sector for increasing access to finance for these

technologies. The example of Lesieur Cristal demonstrates that investing in energy and resource efficient technologies can, in some cases, bring significant cost savings.

- Governments should create conditions for the private sector to invest in energy and resource efficient technologies. Increased awareness about available best practices and technologies combined with technical assistance as well as public-private dialogue to support implementation of an appropriate policy mix can contribute to technology development and adoption in individual countries.

PANEL 3 - PRIVATE SECTOR APPROACHES TO MORE INCLUSIVE VALUE CHAINS AND AGRICULTURAL POLICIES

- Successful cooperatives redistribute created value across the value chain and ensure that farmers have the ownership of brands and are the shareholders of cooperatives. They also need to be focused on bringing value to customers and addressing market needs.
- Entrepreneurial spirit and skills, empowerment of farmers and the availability of microfinance lending are key to ensuring successful operations of farmers' cooperatives in the long run.
- More work is needed to share success stories in fostering inclusive value chains and best practices in improving corporate governance and management practices. These examples should be used as tools for cooperatives and farmers to help them replicate best practice in their specific context.

PANEL 4 - INVESTING IN BETTER FOOD: ENHANCING QUALITY STANDARDS FOR LOCAL CONSUMERS AND IMPROVED EXPORT OPPORTUNITIES

- In order to boost sales of products from Mediterranean countries, exporters need to adjust to quality standards set by buyers in importing countries. They also need to be aware of the quality expectations of consumers in importing countries and offer products that meet those requirements. Improving quality standards comes at a cost since investments have to be made along the whole value chain. At the same time, prior to embarking on improving quality standards for products sold locally, it is essential to assess how quality improvements can better address consumer expectations and whether consumers would be eager to pay a higher price.
- Efforts should be made to promote and properly communicate the benefits and the value of high food quality standards to the general public. Precise targeting of quality enhancement communications is key to ensure success.
- Governments should take measures to standardize food safety requirements as minimal standards, in order to benefit both consumers' health and well-being, and producers who can better target their investment.
- Quality assurance processes employed by food companies could help significantly boost sales in the domestic markets.

GENERAL CONCLUDING REMARKS

- The Southern and Eastern Mediterranean region faces an important food security challenge, due to its dynamic demography and increasingly limited resources for agriculture.
- A more active involvement of the private sector – from farmers and their organizations to agrifood processors and retailers – is key to solve the region's food security equation, in particular to mobilize investment and innovation in sustainable agricultural and food systems, including more efficient import supply chains.
- The agribusiness sector needs strong government commitment and support with clearly defined strategic directions and relevant policies fostering growth, as well as a regulatory environment that helps businesses to flourish.



- With the urgent need to advance the transition to resource “smart” food systems in SEMED, governments should create enabling conditions for the private sector to invest in energy and resource efficient technologies.
- Improving the business environment requires the engagement and collaboration of the public and private sectors, with international organizations fostering partnerships among countries and providing technical assistance, and with development banks providing the necessary financing.
- A more systematic engagement of the private sector in policy-making processes is needed in the region.
- It is essential to capture best policy and investment practices and lessons learned, effectively communicate them to various stakeholders, and apply them in different projects or country settings. FAO and IFIs can help transfer this know-how.
- Water scarcity was identified as a common priority for governments and IFIs operating in the region. IFIs can contribute, jointly as well as separately, at different levels: helping governments to shape up water smart policies, supporting public investment, as well as private investment and the introduction of technologies enabling efficient water use. A general policy direction is that governments should progressively charge for water.
- There is a pressing need to help smallholder farmers to get organized and better access markets. Participants, in particular IFIs, all agreed that supporting the emergence of cooperatives and farmers’ organizations is a priority for the region. IFIs can play a role in sharing best practices and lessons learned in terms of policy and regulatory framework, incentive schemes, and/or management structure. They can also support with training at different levels.
- Food security is key to ensure peace and stability in the Mediterranean region. Smallholder farmers, who are amongst the poorest social groups in the region, should receive assistance to build resilience to external economic shocks in the Mediterranean, due to conflicts or natural causes. That is the objective of FAO’s regional initiative on resilience and the World Bank’s focus on lagging rural regions.
- All participants concurred that strengthened public-private dialogue and multilateral cooperation are key to enhancing food security in the Mediterranean region.

These follow up steps were agreed upon:

- FAO and IFIs will work jointly or/and in a coordinated manner on water resources and the development of cooperatives in the region. EBRD specifically expressed its interest in supporting the development of agricultural cooperatives in Turkey through the FAO/EBRD cooperation.
- UfM and the Parliamentary Assembly of the Mediterranean (PAM) will provide their political support to IFIs and FAO/IFI initiatives on food security in the region.
- FAO and CIHEAM will reinforce their cooperation. CIHEAM will convey the key conclusions of the Forum to the Ministers of Agriculture of the region at the occasion of its September 2015 Ministerial meeting.
- EBRD and FAO will step up their efforts in the area of policy support, and public private dialogue at the national level, e.g. in Egypt’s grain import supply chain, Morocco and Tunisia’s olive oil and horticulture sectors, Turkey’s key food chains, and others to be agreed upon. EBRD and FAO will start exploring joint activities in Palestine supporting agricultural and rural development.
- The EBRD, FAO and UfM will work on a joint project to enhance quality standards and resource-efficiency in key food chains in Tunisia and Morocco to promote exports of higher value-added products.

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