Unlocking private sector investment in Climate Smart Agriculture

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Why should business care?
### Food Production by Region 1972–2050
(Constant 2004–06 US$)

<table>
<thead>
<tr>
<th>Year</th>
<th>Asia</th>
<th>Latin America</th>
<th>Africa</th>
<th>Oceania</th>
<th>Europe</th>
<th>North America</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972</td>
<td>500</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1982</td>
<td>1,000</td>
<td>500</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1992</td>
<td>2,000</td>
<td>1,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2002</td>
<td>3,000</td>
<td>2,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2012</td>
<td>3,500</td>
<td>2,500</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2020</td>
<td>4,000</td>
<td>3,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2030</td>
<td>3,500</td>
<td>2,500</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2050</td>
<td>4,000</td>
<td>3,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### Food Demand By Commodities in 2050 relative to 2005–07
(Billion kg per year)

- **Cereals (for food)**: 400 (40% increase in consumption)
- **Milk and dairy (fresh milk eq.)**: 300 (65%)
- **Roots and tubers**: 200 (56%)
- **Meat (carcass weight)**: 100 (76%)
- **Sugar and sugar crops (raw sugar eq.)**: 50 (59%)

CEA 2013 based on FAO 2012

Sadler, M. 2015. The Role of Resilient Supply Chains in the Face of Climate Change
ADAPTATION
Climate Change Impacts on Food Systems

Problems Today:
Short Term Volatility

Issues Tomorrow:
Medium Term Yield Losses and Increasing Cost Structures

Uncertain Future:
Production Collapse in the Longer Term

CCAFS 2014; World Bank 2008

Sadler, M. 2015. The Role of Resilient Supply Chains in the Face of Climate Change
2b ADAPTATION
Climate Change Impacts on Food Companies

Short term: Price Volatility Impacts Shares

Medium term: Increasing Cost Structure

Longer term: Disappearing Supply Chains

Food companies must build resilience at the farmer level through supply chain development (increasingly in developing countries)

Sadler, M. 2015. The Role of Resilient Supply Chains in the Face of Climate Change
EMISIONS
Getting ahead of the legislative push

Source – 2015 Global Climate Legislation Study by Globe
The Bottom Line – Climate Smart Agriculture (CSA)  
*Challenge and Response*

**Challenge**

*Build food systems that meet increasing demand while remaining profitable and sustainable in the face of Climate Change.*

**Can it be done?**

*Yes, but we need to connect Climate Change with the bottom line of food business and understand where public support is needed to catalyze action.*

**How?**

*Build resilience at the farmer level and along the supply chain*
Why does business care?
Drivers for CSA investments

General Drivers for Sustainability and CSR investments

<table>
<thead>
<tr>
<th>Supply Stability</th>
<th>Reputational Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholder / customer pressure</td>
<td>Co-funding opportunities</td>
</tr>
<tr>
<td>Buyer requirements</td>
<td>Avoided regulation</td>
</tr>
<tr>
<td>License to operate</td>
<td>Improved legislation</td>
</tr>
<tr>
<td>Legal compliance</td>
<td>Improved stakeholder relations</td>
</tr>
<tr>
<td>NGO advocacy</td>
<td>Cost savings</td>
</tr>
</tbody>
</table>
Entry points vary for different companies

- WATER RISK
- SUPPLY STABILITY
- REPUTATION
- DEFORESTATION
- COMMUNITY CONFLICT
- MICRO-CLIMATE
- LEGAL COMPLIANCE
Key pathways for USAID to partner with business
Pathways for partnering

- **Use the right language**: Secure private sector commitments to smallholder CSA by framing the discussion in business terms
- **Make science actionable**: Work with private companies to develop and implement CSA action plans based on climate science
- **Facilitate learning**: Connect innovators across countries, commodities, market conditions and scales to learn what works where, for whom and under what conditions
- **Identify leverage points for investments**: Where do business interests and international development goals intersect.
A tailored approach

First Movers
- Public leadership / advocacy
- S&CSR as pre-competitive
- Landscape & sector collaborations
- Scope 3 supply goals
- CEO champion

Committed but Confused
- Notable progress against goals
- S&CSR as competitive
- Supplier partnerships
- NGO collaboration
- Beyond certifications

Lightly Engaged
- Supplier requirements
- S&CSR Reporting
- Dow Jones Ranking
- External Goals
- CDP reporting
1. How exposed is your cropping system / geography?

2. Make sense of data

3. What can we do and how much will it cost us?

4. Develop crop and site specific plans and investment strategies
Entry points for private sector action

1. Individual or company-specific supply chain
2. Multiple companies from the same sector
3. Multiple products from a common landscape

Complementary roles of private and public investment

ADJUST

COPE

More intervention from the private sector

Transform

More intervention from the public sector
Private Sector Engagement in CSA

A consortium BAA project to:

• **Engage global private sector**: Learn how to frame CSA as a business issue, identify key information needs and language, build partnerships and select 3-4 pilots :: *Sustainable Food Lab*

• **Make science actionable**: Regional climate risk mapping, CSA practice menus, cost benefit analysis, enterprise level assessment tool for CSA implementation and M&E Toolkit on climate resilience :: *CIAT, IITA, Root Capital*

• **A learning community**: Webinars, regional fora and USAID mission meetings & support :: *Sustainable Food Lab*
Thanks for your attention

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