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The U.S. Government's Global Hunger & Food Security Initiative

Unlocking Private Sector Investment in Climate-Smart Agriculture

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**Climate Change,
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Why should business care?



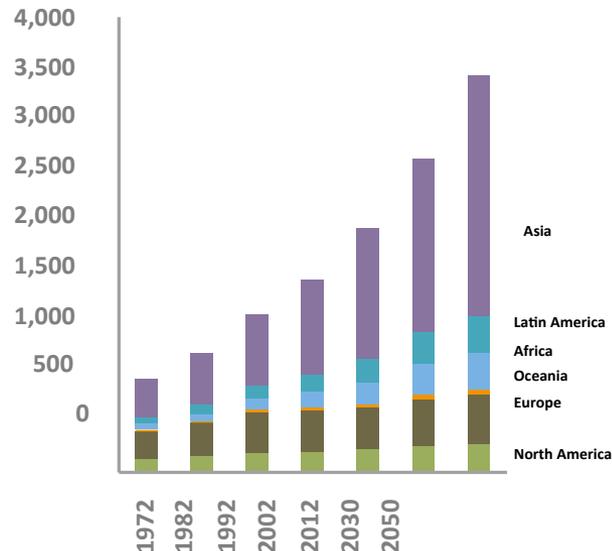
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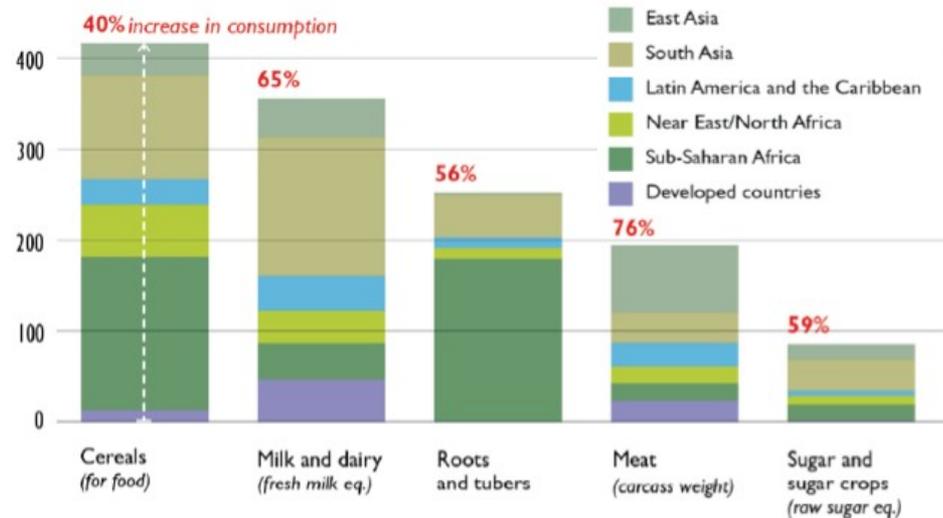
PRODUCTIVITY

Feeding 9 Billion People in 2050

Food Production by Region 1972---2050
(Constant 2004---06 US\$)



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



CEA 2013 based on FAO 2012

Sadler, M. 2015. The Role of Resilient Supply Chains in the Face of Climate Change

2a

ADAPTATION

Climate Change Impacts on **Food Systems**

Problems Today: Issues Tomorrow: Uncertain Future:

*Short Term
Volatility*

*Medium Term
Yield Losses and
Increasing Cost
Structures*

*Production
Collapse in the
Longer Term*

2b

ADAPTATION

Climate Change Impacts on **Food Companies**

Short term:

*Price Volatility
Impacts Shares*

Medium term:

*Increasing Cost
Structure*

Longer term:

*Disappearing
Supply Chains*

2030

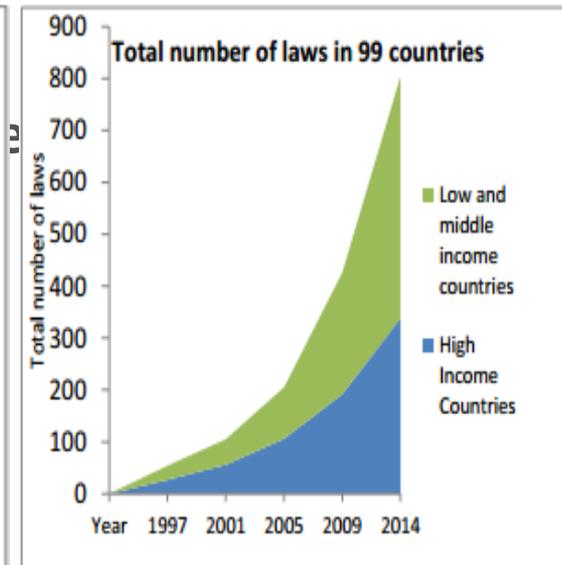
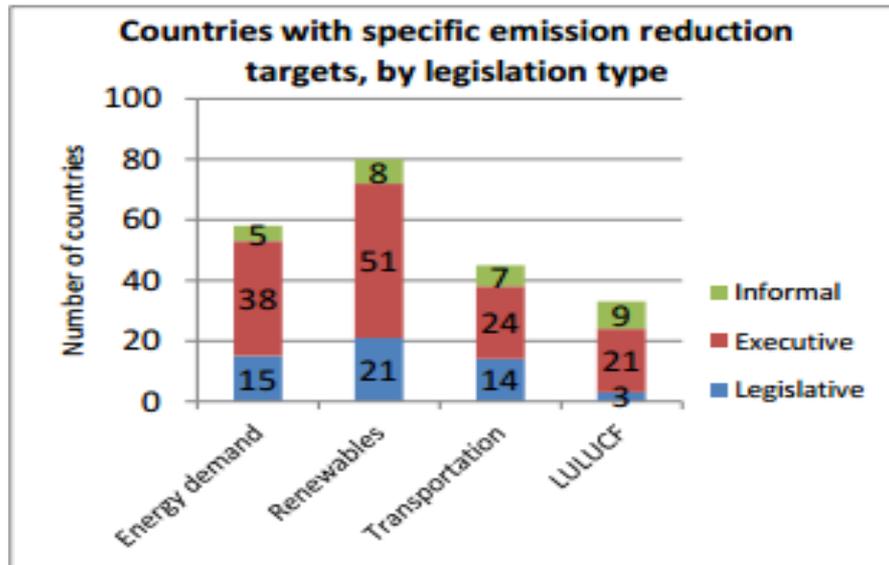
Food companies must build resilience at the farmer level through supply chain development (increasingly in developing countries)



3

EMISSIONS

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



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Why does business care?



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Drivers for CSA investments



**SUPPLY
STABILITY**



**REPUTATIONAL
RISKS**

General Drivers for Sustainability and CSR investments

- Shareholder / customer pressure
- Buyer requirements
- License to operate
- Legal compliance
- NGO advocacy

- Co-funding opportunities
- Avoided regulation
- Improved legislation
- Improved stakeholder relations
- Cost savings



Entry points vary for different companies



WATER RISK



SUPPLY STABILITY



REPUTATION



DEFORESTATION



COMMUNITY CONFLICT
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MICRO-CLIMATE



LEGAL COMPLIANCE



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Key pathways for USAID to partner with business



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Pathways for partnering

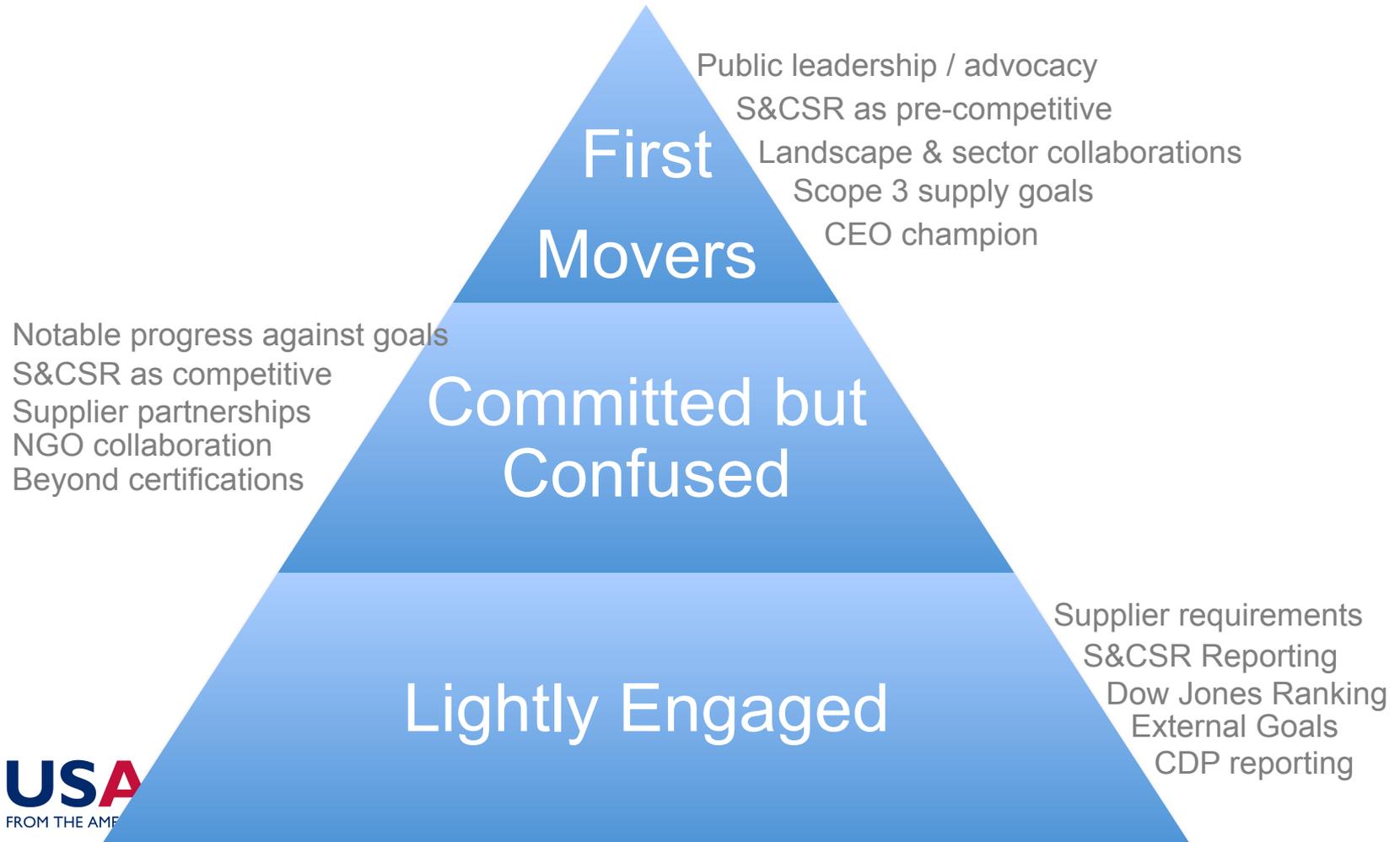
- **Use the right language:** Secure private sector commitments to smallholder CSA by framing the discussion in business terms
- **Make knowledge actionable:** Work with private companies to develop and implement CSA action plans based on climate science
- **Facilitate learning:** Connect innovators 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.



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A tailored approach





1. Understand the risk

2. Make sense of data

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

**4. Develop crop and site specific
investment strategies**



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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

TRANSFORM



More intervention
from the **private** sector



More intervention
from the **public** sector



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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*



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Thanks for your attention

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