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P R O C E E D I N G S

MR. LINN: While we’re mic’ing up our colleagues, good afternoon, everybody. Thanks for joining us this afternoon at Brookings. It’s great to see you all. My name is Johannes Linn. I am a nonresident senior fellow at the Global Economy and Development program here at Brookings, and it’s my great pleasure to welcome you all this afternoon to participate -- it really stresses on participate in a discussion exchange on what is a very important topic, I believe, namely agricultural development: smart investing for global food security.

If you don’t know what is meant by smart investment, fear not because that’s my principal question, or one of my principal questions to the panelists who will be with us this afternoon -- are with us this afternoon. And indeed, it’s a very distinguished group of panelists that we’re happy to have here.

Let me start with Gilbert Houngbo, who is to your far right. Gilbert will lead off with a discussion. He is the president of the International Fund for Agricultural Development, also known as IFAD in Rome. He has been president of IFAD for just about a year now. He was appointed or took on his role as there in April 2017. In terms of his background, by the way, I believe you all might have seen the CV so I’ll be very brief but give you just the essence of what I think is his background. Correct me if I’m wrong, Gilbert.

So he started off his professional career in the private sector. He then spent a number of years, including senior positions at UNDP. He served as prime minister for his country, the Republic of Togo, for four years, 2008 to 2012. And before joining IFAD, he was the deputy director general for the ILO in
So we will first call on you. But before I do so, Gilbert, let me introduce next to him Karen Brooks, who is a director at the Consultative Group for International Agricultural Research, also known by the somewhat difficult acronym CGIAR. She has a distinguished academic career and spent more than 20 years at the World Bank, especially in Africa where she worked particularly on agriculture and rural development.

And third, last but not least, Julie Howard, who is the senior advisor to the associate provost and dean at Michigan State University. Today was particularly relevant I think for us is that she served as the first chief scientist in the Bureau of Food Security at USAID and was a key player in developing Feed the Future, which you may know as USAID’s flagship initiative on food security. She also had a career in academia and an important food security NGO.

So these are our three wonderful panelists. I really thank you all for joining us today.

But before I go on, before you get into substance, very important, there will be a reception after we’re done here at 5 o’clock. Roughly at 5 o’clock, outside, so I hope you all join us. And our panelists will also be there. And to the extent you couldn’t ask your questions or you didn’t want to raise your questions in a public context like this, you want to do it privately, you can catch them afterwards. So please stay on for the reception when we finish.

Which reminds me we don’t have a lot of time, so let’s move right into the discussion. And as I hope we’ll have an exchange, I’ll first address sort of
my question. And in that sense I’m privileged perhaps as a moderator here to each of the three of our panelists. We’ll see whether there is a follow-up that could be helpful. We’ll then throw it open for all of you.

Let me already note now when we turn the microphone over to you, please introduce yourselves. It’s very helpful to all of us to know who we are, and we’ve introduce ourselves. So please introduce yourselves.

But with that, let’s get started.

Gilbert, so IFAD, for those of you who don’t know, is a UN agency, but also a multilateral international financial institution and works at the intersection of agriculture, rural development, nutrition, and in a sense supporting it all, food security. So maybe you could tell us from your perspective at IFAD, why should we actually care about food security and all these other related issues? How does IFAD -- sort of what are the critical dimensions of IFAD’s support for smart investment, whatever you would help us understand that to be? And finally, why should I, as an American taxpayer, and for that matter, whoever is an American taxpayer in this room, why should we call on our members of Congress to support IFAD with appropriations in any other ways? Why should I go out and write to my congressman to support you guys?

So with that as three easy questions, what do you think?

MR. HOUNGBO: Thank you so much. Thank you for having us here today. As a matter of fact, it is quite a tricky question. From the IFAD perspective, I would say that we have to start by looking at the SDGs, sustainable development goals. And if you look at SDG 1 and 2, then look at what it takes.
Today, it is estimated hundreds of billions of investment, if we want to achieve SDG 1 and 2. And that is a huge amount. So to do that, one has to be smart and invest smartly. I hope that answers part of your question.

But more importantly, I think in today’s environment, from the IFAD perspective, investment in agriculture, you have to see it first of all as a matter of national security. Food security is a critical -- I think it’s almost number one in terms of national security.

Secondly, beyond the humanitarian side of it which we can easily, all of us can agree, the case we are making in IFAD is that long-term investment is not just a matter of food security; it’s also a matter of bringing back to a genuine rural transformation. Bringing back the youth to feel comfortable in practicing agriculture as a way of life, as a way of earning decent income, instead of looking at this as a last resort career.

What does that entail in terms of implementation? It means that not only for us in IFAD we are really focusing on the women because of the -- for the economic rationale. Not just a matter of principle, but also from the economic rationale, it is better to focus on the women in the rural areas. But doing it by (inaudible), the environment I mentioned, the (inaudible) smart agriculture, you mentioned nutrition, which is quite critical, and finally, focusing on mainstreaming also the youth. We do believe that when you take those four parameters and you mainstream them in an environment where you bring also the modern private sector to change the mindset as I mentioned before, not looking at agriculture just as surviving, but that will really help us moving in the right direction in achieving
the SDGs.

It is important to keep in mind, if we take Africa, for example, today, according to the African Development Bank report, we should have 35 billion a year of food-related imports, and that 35 million will grow to 100 million if nothing is done in the next 10-15 years, by 2030. At the same time, we know that the potential (inaudible) 25 percent of land in the world, the irrigation level is quite very low, which means there’s room for improvement.

So I would like to argue that it is time for us to think more on the long-term investment.

And just to finish quickly this introductory remark, let’s take a little bit, which is not agriculture, the health sector. We all have seen when we have the Ebola crisis in the Guinea, Liberia, and Sierra Leone, we know the costs that the world has to spend to eradicate the crisis and partially, or if not almost because of lack of long-term investment to start with. So it is not to create a panic, but what I mean here is that investing in the long-term agriculture and farm and nonfarm activity, what IFAD does is essential for the long-term food security, and therefore, national security.

MR. LINN: Thank you. Great. That starts us off I think very effectively, but we may come back and ask a couple of follow-up questions.

But let me then turn to Karen. So from your perspective at CGIAR, but maybe also more broadly your background, World Bank and academia and so on, how do you see smart investment? What can help us perhaps understand what we mean by that? What is the role from your perspective of external actors,
like CGIAR, the World Bank, IFAD, and others, USAID, how are they contributing? And what do we sort of collectively need to do better to actually contribute to food security and the other good things -- rural poverty reduction, agricultural productivity growth, and so on?

MS. BROOKS: Those are a lot of questions.

MR. LINN: Six and a half minutes.

MS. BROOKS: They're wonderful questions, but I want to pick up on one of the comments that President Houngbo put before us, and that's the importance of young people. And I'll get to that, but I want to focus on youth and youth employment, and I expect that Julie may actually be saying a little bit about that as well. I want to do that actually by way of focusing on agricultural research and the role of productivity growth.

And I'll start by recognizing that we're basically at a 10-year anniversary. It's 2018. In 2008 and 2009, everybody got really excited about food security because food prices spiked up and they had been perceived as somewhat low before that and there was tremendous concern about food security, about feeding the world, focusing toward 2050, how are we going to feed 9.5 billion people, and concern about the prices. Now, actually, it's 10 years later, and what we tend to hear about is not so much high prices and prices spiking, but if you just look at the American press you see about, you know, low cereal prices. There's really very little concern and emphasis on food price issues. But if you look at the FAO price index, actually, the index now is approximately at the same level that it was in 2008. We have high prices, and prices are projected,
according to our models and most of the models that I know of, they’re projected to be going up even more by 2030 and 2050. And so we do have an issue of how are we going to feed, provide affordable food to 9.5 billion people in 2050, and in the intervening years as well?

Now, the way we have done that in the past, we’ve had a model in the back of our minds, and it’s been one that has served us well for understanding history. But I think a smart investment now means that we have to revisit that and understand how the future might be different from the past.

Now, that story that we told in the past was that we invested in agricultural research. Agricultural research led to productivity growth, which led to lower food prices, which in turn led to creation of opportunities for job creation in manufacturing, labor-intensive manufacturing and the services. So people had an opportunity to move out of agriculture because there were jobs being created by the low food prices and there was tremendous poverty reduction. There was reduction in hunger. All of this happened in the mindset of this historical approach to agricultural research, productivity, structural transformation, job creation, and a lot of good things that happened afterwards.

Now, I think that’s a very good way to understand the past. And to some extent it’s still serving us and it’s still an operative model. But I think where we have to understand the change now is that that link through structural transformation is no longer as strong as it was before. And so investment in agricultural productivity, which brings down prices globally, is not going to have the same effect in creating labor-intensive manufacturing in places where the
labor force is growing very rapidly.

So when we look at the places where we have the youth bulge, tremendous growth in the cohort of people between the ages of 15 to 24 who are entering the labor force. Where are they going to find jobs? In the past, those low food prices that were produced from global productivity growth anywhere in the world were filtered into the local economy, created jobs off the farm and people could move into them. Now, where we have a weaker link between global food prices and job creation in manufacturing and services, it means that those global food prices are not going to do the same job in job creation that they did in the past. And that means that for the young people entering the labor force in countries that are predominantly dependent on agriculture and that will be dependent on agriculture in 2030 and 2050, although to a somewhat lesser degree, that means that the productivity growth has to take place in those countries.

We heard about the growth in imports. The space where local production can move into those imports, young people can be employed on farms to create food for local and for regional consumption, but that will only happen now if the productivity growth takes place in those countries, not if it takes place across the ocean, because it’s not going to have the same job-creating effect.

So I think the point that I’d like to make is that we have to look at food systems. We have to look at our investment in food systems as something that creates food, affordable food, but that also creates jobs. And jobs where people need the jobs. And that’s where IFAD comes in because those countries
where millions of young people are moving into the labor force that need to be employed in agriculture, those are IFAD member countries and borrowing countries. And IFAD works with them on the agricultural productivity agenda. IFAD finances investment in agriculture research and productivity, and IFAD is able to work with local partners and to advocate for it. But IFAD can’t do it alone. There has to be a major commitment of the countries to look at their own productivity, their own agricultural sectors, and to get the job done themselves with the help of IFAD. And I’m concerned that we’re not seeing that enough. And so I try to ring alarm bells anytime I have a chance to sit in a chair like this one, and say we have to have much more emphasis on agricultural productivity growth in the places where it’s lagging most now because that’s where it’s going to be needed. So I have a somewhat less concern than President Houngbo does about the attractiveness of agriculture for young people, but rather, I have concern that there simply -- it’s not that they won’t want to go into agriculture. They’ll have to go into agriculture and there has to be a very productive agriculture that can serve their needs.

MR. LINN: Great. Thanks very much, Karen. Actually, I think we may have the beginning of a good discussion here with everybody else in the room also because the focus on youth is something I want to come back to with Gilbert, give him a chance, because under his leadership, in the last replenishment, the focus on youth moved very much to the forefront of IFAD’s strategic concerns, and we can perhaps come back to that. We'll see whether there are differences of perspectives on this.
But Julie, Karen thought you might want to say something about that topic, and please do, because I think it may be a defining sort of question for us. But maybe you can also say something about sort of from your perspective working with USAID. Maybe also from your perspective now as sort of an independent observer in a sense of the scene. What’s the complementarity of these various agencies, whether it’s IFAD, whether it’s USAID’s Feed the Future, whether it’s the World Bank’s work, Asian Development Bank, African Development Bank? I mean, there are so many operating in that space. Are we actually doing enough from your perspective and your experience to bring these together into some kind of common effort so that we’re really scaling up because we partner with each other and have an impact that really makes -- is larger than some of our individual efforts?

So if you can start a little bit on this, because I also want to push Gilbert perhaps a bit more on that.

MS. HOWARD: So I’ll return to your second question.

MR. LINN: Good.

MS. HOWARD: But the short answer is no, we’re not doing enough.

MR. LINN: Okay.

MS. HOWARD: And yes, I will talk about youth. I’m happy that President Houngbo started to talk on this. But I want also to say what I think smart investment in agriculture is.

MR. LINN: Great.
MS. HOWARD: And reiterate that smart investment is smart investment not only for global food securities sake but for national and global security. Very, very important, and I think he has very much to do with that.

Smart investment I also think takes into consideration what’s the context that we’re living in now and how are things changing? And Karen, I think your comments are very instructive on that, and I agree with most of them. Maybe not all of them.

But just to put some numbers on, we’re really going through some incredible demographic changes in the world right now. I mean, it’s just -- we know the current population figures are going up to 9.7 billion by 2050. But think about the geographic distribution of population is also changing. Right now Africa has 13 percent of global population. By 2050, it’s going to have a quarter. So, and by 2050, half of the world’s population growth is going to be concentrated in nine countries globally. Five of them are going to be in Africa. So to me, smart investment means really laser focus, large focus on Africa.

The other thing, and President Houngbo alluded to this, in Sub-Saharan Africa, population is very, very young. Two hundred million right now between the ages of 15 to 24, and that’s going to double by 2045. So we’ve got a preponderance of population going to be in Africa. They’re predominantly young. And as Karen said, the formal job market is just not keeping up at all. And right now, the figures for un- and under-employed youth are staggering, 60 percent, double unemployment rates for adults.

So it’s a double-edged sword; right? I mean, on one hand this is a
A generation that has had increased access to school, so if harnessed -- harness is a bad word to put for youth, but if channeled -- that's better -- if channeled, you know, they could be a driving force for transformation of these economies. But on the other hand, and especially in the more fragile countries, not channeled, you know, they are increasingly I think a threat to stability. And we're seeing that in places like Northern Nigeria.

A poll that my colleagues at Michigan State carried out a couple of years ago found that in 34 countries of Sub-Saharan Africa, the citizens said that unemployment was their number one concern. And for youth who have joined and then left rebel movements, most of them say we joined because we had no economic options. So it's very, very scary.

So what does that have to do with agriculture? Well, I think the agri-food system, agreeing with Karen, presents opportunities for youth employment. But at the same time, the food system is transforming very, very rapidly in Sub-Saharan Africa. So some of it is on-farm opportunities, but increasingly, the opportunities are off-farm. And I believe, you know, switched on on-farm activities will be of interest to youth. You know, sort of tractor service or, you know, things to do with ICT. When I speak with youth, they want nothing to do with the hand hoe agriculture. They see how it's broken their parents and grandparents. They want something new. But increasingly, there are opportunities off-farm. And why is that happening? Well, incomes are going up. Urbanization is increasing very rapidly in all three continents -- Asia, Africa, and Latin America. And consumer demand. Tastes are transforming. You can only eat so much cereal, so demand
for things like fish and poultry and oil, oil seeds, oil for processed food. Demand for prepackaged, semi-packaged and processed foods. Demand for food eaten away from home is increasing. And it’s in those areas of the value chain -- I think that’s like -- it’s like a gold mine for us right now, and it’s largely hidden. Those opportunities that youth could seize, as well as other small and medium scale entrepreneurs, to do that wholesale job, to do that retail job, to do that fancy packaging that you need for vegetables going to supermarket or to local market. Those opportunities are there. And that’s different. You know, that’s been a big change in Sub-Saharan Africa I think over the past decade.

The systems that we have right now are not friendly for youth to take up those opportunities. They’re not. Access to credit, especially if you’re a young woman, where’s your land? Sorry. You know, the cultural traditions auger against a young woman having land.

Finance, transport difficulties, training. Training programs. I’ve been involved in developing a program at Michigan State where we went out and talked to private sector potential employers or potential contractors. How are the training programs? How do you find the youth? Please don’t send me anybody from colleges. Don’t send me anybody from a polytechnic. They don’t have the skills that I need and they come equipped with attitude. You know, I need to pay them, even though I had to train them to do what I need them to do.

So we’ve got a big job to sort of reprogram our policies to make them more welcoming and accessible. Finance land training programs for poor youth, and we’ve got quite a job to turn things around fairly quickly, a very short
time fuse for this growing youth population.

And Johannes, just quickly on your last question, are we working together? No. I think this is a kind of wicked problem. I also think it’s a wicked opportunity. For the same program that we were working on designing, we used to go to the Nigerian government and say, look, we’re working on this. What do you think? We’re training 10,000 youth in your state. Isn’t that great? And their faces fell. Ten thousand is a big number for a university to train. They said, 10,000? Only 10,000? That is a drop in the bucket compared to the need that we have. We said, okay, well, consider this as a pilot. So just amazing. But it shows the scale of the problem, and it shows the importance of all of us, you know, to a really traumatic step change in how we think about we cannot any longer have the luxury of going incremental pilot project by incremental pilot project to solve this kind of wicked problem. You know, the transformation of a food system that’s inclusive of youth and young women, we have to work together. There has to be incentives in place by management, senior managers. There has to be involvement by local stakeholders.

MR. LINN: Thanks, Julie.

So I think we put a lot of issues on the table. Let me come back to Gilbert, if I may, with actually in a sense the same two questions where I ended up with Julie. One, on youth. So I know it’s maybe a bit unfair because you’ve only recently started sort of at an institution at least, to explicitly focus on youth. But are there any early thoughts that you might have that you can share? Also, especially bouncing off what you’ve heard from Karen and Julie, of where you
think you want to take this and where you see the opportunities for IFAD?

But also, maybe say a little bit about how you see the scale issue that Julie ended up with. You know, so it’s great to do a great little project and you do lots of good little projects in my experience, but is there a way to translate a good project a good pilot, actually into something that leads to impact at scale, whether it’s provincial or national, or maybe even national, cross-national scale? So maybe on those two things, if you can share your thoughts a bit more, and then I think we’ll throw it open if that’s okay.

MR. HOUNGBO: Thank you, Johannes. If I come back to the issue about the youth. I’m very glad that’s at the center of the discussion.

I would just kind of reinforce or reiterate what Karen was saying in terms of the productivity dimension. It’s going to be crucial. The heart of the matter, today, if you look at the youngsters in the rural area, I am convinced that they are not looking at getting exactly the same thing as in the big cities. If they can get reasonable, decent income with what I would call the minimum social services, basic social services, and in social services, obviously, I included technology dimension. If they are able to have (inaudible), you know, with connectivity. If they access into the feeder roads, access to the big cities relatively easy, they can go back and forth, they will think twice before deciding to be in the slum in the big city than to be in the rural area.

So the hardship of agriculture, you have to take that into account. And therefore, the solution for me is technology is the productivity, what it matters, not across the Atlantic, and I believe Karen’s point, we can’t underestimate that
dimension.

So what are we doing in IFAD? We also talk about the access to credit and all the rural finance issue that we have. So what we are doing, we have launched what we call the ABC, the Agribusiness Capital Fund. The objective here for IFAD is to, in addition to our current portfolio, which is (inaudible) loan, we serve the communities but through loans to the government. So what we want to do, to complement that, to be able to finance directly the youngsters for projects that are below one million dollars and as low as $50,000 or $100,000, with technical assistance facility, helping them to put together bankable projects. So we do believe -- and the first, we expect by the end of the year do be able to do the first loan in that context. So (inaudible) told me that concrete contribution to the magnitude of the problem on the youth.

It's going to also be important, in looking at the youth dimension, not only from the -- I will agree with you, not only from the on-farm but also off-farm activity is quite important. In looking at the off-farm activities, even though we are serving the rural area, we also have to be quite mind-open how we define - - if you are struggling to define smart investment, I will also say it is not of use to define a rural area. And the more we look at it, the more you have the second level, the third level of cities that are mushrooming around the world, the suburban area becomes also an element of investment, of that smart investment that I will include in my definition of rural area.

So the definition of rural area (inaudible) centered in one of the big cities, but is not also the traditional definition, especially if you want to target the
youth.

Lend to the youth. I just cannot help it but to bring in here the whole bit on the migration and the refugee dimension. We have a project in Senegal that we put together a scheme where the returnees from Libya, from Mediterranean neighboring countries, like Italy or Southern Europe, will go through a training and identify bankable projects that we had them put together and can be on- or off-farm activity and quite very successful is picking up much more than we expect. And in the rural area.

So for rurals, what we are discussing about is also part of the solution for the migration. If you really want to keep migration a choice, rather than a last resort solution that we see in our youngsters, looking at that from the scale up that you are talking about. And again, I’m talking about the magnitude of the investment that I require if we were to achieve SDG 1 and 2. So to me, there’s absolutely no way to get that ambition, that target if we are not smart or smarter in scaling up the success stories. And that has to start from the time you are preparing, you are conceiving your projects. You have to, at the beginning, thinking about what is going to happen at the end of the project. And also be very systemic during the midterm reviews or the MNEs, during the whole life, the cycle of the project.

And at the end, we are developing (inaudible) in our knowledge center. And one of the objectives is to be able to systematically collect those success stories. And those success stories are not only IFAD. And again, it’s quite important to keep in mind that we cannot do it alone. I believe Julie was
reminding us on that. So once you have collected those success stories, looking at others in addition to IFAD, that can also help in scaling up what we have done.

And also, IFAD to also be ready to scale up success stories that others have experimented, including the results of the research centers. Very often we have a very good result done and then piloted, but we are not picking it up enough, at least from what I see.

I was just having a long discussion a month ago with Africa Rise. For example, they want to see how we can really use opportunity, but also assisting them.

One dimension which I believe is important when we talk about scaling up is also more and more easy our -- the traditional way of doing development where you put the project or the program approach. Then you go through it five, six, seven years down. The project is over. It comes back to kind of square one. We really need to make sure that we put an end to that. So, for us, the challenge, the real sustainable scale up is when the government picks up the good success stories.

And literally a week ago last Wednesday, you know, I had the official representative of Indonesia telling what they need from IFAD. Now, they want us not necessarily making loans from IFAD, getting loans from IFAD, but together with them, having a review about the past 10 years. We know there have been a lot of success stories when they are ready themselves to embed that in the national projects, to scale up those activities. So having the government picking up what has worked and also sharing it at the subregional level with other
countries in the subregion or in the continent.

And the last one, scaling up -- we're not talking about the continent.

I also cannot help it by thinking about the south perspective. So something what has worked in the Philippines, being able for us to copy that and implement that in Ethiopia or implement that in Honduras, for example.

MR. LINN: Great. Thank you very much.

Let's throw it open now. Who would like to -- I see one hand, two hands. Okay, three hands. Let's take these first. Microphones will be coming to you. And please introduce yourselves. And if you have specific questions to any of the panelists, by all means, tell them.

MS. SEGERO: Good afternoon, ladies and gentlemen. Thank you so much for your presentation.

My name is Rosemary Segero. I'm a president of a profit and nonprofit company called Hope for Tomorrow and Segero International Group. We focus on the rural areas. Julie, happy to see you. I've seen Julie a long time ago talking about agriculture. I'm still here talking about agriculture.

So my question and comment is we just finished the World Bank Annual Spring Meetings talking about this again -- agriculture, agriculture, agriculture. But we come next again to the annual meeting, the same thing. Nothing is happening because they are giving the money to the government. So when they give the money to the government, the government is not giving money to the local people like rural. And they don't even want to hear about the rural areas at all. So because we're looking at government, public sector, civil society,
community (inaudible) from us. There is no collaboration. There is no information. Nobody knows who is doing what. So we have always, especially I come from Kenya. When we talk about from us, you’re talking something you don’t know. Like, so, we are talking about IFAD. Nobody in Africa rural areas knows about IFAD because IFAD would be talking to the government. I’m civil society. I’m not on the table. So if I’m not on the table, I don’t know. And the farmer even doesn’t even understand. So now that IFAD is here, experts are here, Julie is here and Brookings. So how do we make this happen? Can you put me on your table so that I can present the civil society? I take the message to the farmers and the rural people who are actors of the agriculture? When you talk of agriculture, it’s not in town. Agriculture food is grown in the rural areas. Women, like me, have crawled on the ground. You can see my hands here (inaudible) food or anything. So how do we sit with you guys on the table and see that what you are saying really will happen? Thank you.

MR. LINN: Great. Thank you very much. That really kicked us off well. Thank you.

Over here.

MR. HENSON: Yeah, I’ll try to be brief. My name is David Henson. I’m a partner in Brookland Capital.

My question is for anyone who wants to answer, Julie, Gilbert, what is the role of equity investing in the food chain, the food security supply chain? What’s interesting is that you have debt investing, whether it’s the World Bank, IMF, there’s always debt investing loans. You never talk in terms of equity
investing. And how would the role of equity investing influence the ability to move more young people as private business owners into the food supply chain?

MR. LINN: Great. That's -- thank you very much. And then there was as question over here.

MR. RAMASWAMY: Hi, Dave Ramaswamy with IndusLatin Ventures.

I've worked for a year in rural Ethiopia so my question comes from that perspective.

In Ethiopia, I was shocked to see in the capital instant coffee imported from Singapore and strawberry jam imported from Dubai. And these, Singapore and Dubai, don't grow coffee or strawberries. So, and then it becomes the reason is why? And it turns out there's like tax policy implications, and the bigger issue is energy. Access to stable energy supplies and infrastructure to store and process food. So my question is, how do you ensure all future multilateral funding in Africa, or rural Latin America in energy or infrastructure has an agricultural component? Thank you.

MR. LINN: Great. Thank you very much.

Yes. Let's take one more question and then I'll give back so they don't lose track and then we'll come towards the back there.

MS. DAY: Thank you. My name is Barbara Day. I was formerly with --

MR. LINN: A little closer.

MS. DAY: Formerly with the Overseas Private Investment
Corporation. And I wonder if you could, sort of following on this question, give a couple of examples of what you think were really good bankable projects that the private sector can be involved in in supporting the agricultural sector.

MR. LINN: Thank you very much.

Let me turn back then to Gilbert. A lot of the questions actually around the sort of private sector engagement. You gave a little bit of a taste of what you’re engaging in now, but maybe you can say a bit more on that question, but also let’s not forget about the first set of questions about how do we get civil society and in a sense, complementary, you know, deal not only with government but also get down to the ground. And if Karen and Julie would like to come back on any of these questions, please do.

Gilbert?

MR. HOUNGBO: Maybe I’ll start, if I may, with the private sector dimension. Right now as I’m speaking in Uganda, what we did is to -- working with the European Commission, we set up a fund, a private sector fund, domestically in Uganda, with both -- a few, very few I have to say, but a few international private sector, domestic private sector with the European Union and IFAD. And we start with debt. And progressively, it’s a matter of risk management. And progressively going to equity. So it’s not like equity is totally excluded. It’s very, very important. Originally, you simply want to start with the debt just for being able to bring the private sector first.

The heart of the matter we all know, the things that I talk about agriculture itself is not the most appealing to the private sector, let alone if it’s in
Africa. When you put agriculture plus Africa together, let’s face it, it’s seen by the private sector investors as not -- I won’t say the riskier.

Again, it’s also the perception. Yesterday, I was with a colleague in the IFC and was reminding her that globally speaking, Africa agriculture and outside agriculture, if you look at the projects in Africa, they are more or less the same pattern as projects elsewhere. But maybe the cost of running those projects in African could be different or higher. But the perception of investing in Africa, in agriculture in Africa, you really have to start with the debt, followed by the equity. The ABC that I referred to, the agribusiness capital is also the same principle that we set out the first years. I believe we said the first three years, we were going to essentially focus on debt hoping that by the fifth year we can move to equity. So it does happen. The example I will give, even outside, what if it does -- does the Dutch private sector that is also doing it with Bill and Melinda Gates Foundation I think in Malawi, that we also do have a few examples which I can double-check and give you so much more confirmation on that.

So it seems to me that that is also linked a little bit to the question on the energy on the transformation, that dimension that we’re talking about. You just cannot look at that in an isolated manner. You have to put a little bit -- I do believe that when you look globally, the case in Ethiopia is quite -- Ethiopia, Kenya, Rwanda, Senegal, good cases that cleared home when you look at it. Yet, it is true that the food conducive environment for the transformation. But our opposition in IFAD is that we need to start with the basic transformation and hoping that we will get progressively there.
The whole issue on the involvement of civil society into the -- I will (inaudible) much more involved -- it is important maybe to explain how our business model works. You know what? I give the example -- the Uganda example that I gave. Let me give an example in Zambia. I was there almost eight months now in June last year. And first of all, when I arrived in Lusaka, I didn’t have a chance even to look at Lusaka. I need to take another flight for three hours to go to the Northeast Zambia and then an hour and a half drive before we get to our project. So talk about being at the heart of the community is not going and living in the capital, you know, which is one.

Secondly, our model is that I talk about sovereign loan, which means we made the loan to the government. But before we made that loan, we worked together with the community and the government to build up the project. You see, the project starts -- as a matter of fact, the community (inaudible) us with their money. There’s 100 percent of IFAD project you have a contribution from the communities as a matter of principle. It’s not a big amount, of course, but as a matter of principle we have that. So we take on average, sometimes we will spend a lot of time at the concept level because we want to make sure that we engage with the community. We engage with civil society. That is relevant in that community or in that province through the loan. And it’s just like it’s not the community to pay back the loan. That is the difference. It is the government that pays back the loan. It’s a sovereign loan.

The last point on that is that moving forward what I see, the importance of the civil society bill much more on the table is when we prepare our
country strategy notes, which we call our COSOP or equivalent of the PRSP or alike. That's where I do believe that the presence of the civil society is also critical.

The point, and I will stop, the point was also by the colleague on Ethiopia reminded me also of the importance of making clear the complementarity that we see in the commercial approach to agriculture in Africa and the small holders, which we do believe that they are much more complementary, particularly, you know, keep in mind that 80 percent of the production in Africa is still coming from small holders, farmers. It’s important to know that, okay, the commercial (inaudible) also opened up markets and opportunities for training, for addressing the productivity issue, and so forth.

MR. LINN: Karen or Julie, do you want to pick up on any of these questions? I’m conscious of time. I will borrow five minutes beyond 5 o’clock from all of you guys and gals with your permission, so we’ll run a little bit over. But very briefly, any particular sort of comeback?

MS. BROOKS: Yes. Very briefly. I want to say I think I failed terribly because I really wanted to get across the idea that agricultural science is really important, and none of the questions have come back about agricultural science.

MR. HOUNGBO: Because you were clear.

MS. HOWARD: Accept it.

MS. BROOKS: In framing the response to some of these questions, I really do want to emphasize the agricultural science dimension. And
in the work with civil society organizations, a lot of the interaction between farmers and researchers comes mediated through farmers' organizations. They, you know, work jointly in testing new varieties, new technologies. So there's a big role for civil society organizations that are engaged in agriculture in looking at the science and technology continuum.

In energy and agriculture, we're seeing a lot of exciting things in solar energy for irrigation, in kind of locally dispersed new kinds of energy which is easier to get to agriculture and to rural areas than, you know, putting things on the grid. So that's also very exciting.

And just very quickly, in terms of equity investment in the food system, I think there's a lot actually of local equity investment that's going into the food system. Certainly, in Latin America and, you know, East Asia, you're going to see that everywhere. But if the question was really focused on Africa, I mean, look at the milling. Look at the beer. Look at, you know, all of the locally processed, affordable items in high demand, there's a lot of equity investment going in there. So certainly there's room for more. And I'm sure it has a science dimension.

MR. LINN: Julie? A minute, two?

MS. HOWARD: Sure. Yes. A couple of points. Yes, thank you very much for your question mark about whether it always makes sense to invest only through the government. I agree with you. You know, I think there are some governments, I think Rwanda is a case where you could provide a nickel and know exactly what happened to the nickel and what good that it did. But there are
very few systems that I worked with that are that transparent.

I think though the good news is that we have increasing tools for transparency of investment and civil society and youth can get better at using those to demand accountability at all levels -- at local levels, at regional levels, and at national levels for investments. So that’s one thing.

I was at an interesting meeting in Tanzania last year where we had a wonderful government spokesman stand up and say, you know, here’s the national youth and agriculture strategy. It’s wonderful. It’s all release. You all know about it. A young Tanzania woman stood up and said, “Excuse me. I know nothing about your program.” “Well, perhaps it’s because you don’t visit the government offices.” “I visit them regularly. I know nothing about your program and I don’t see it as relevant to me.” Well, you know, she was a little impertinent but, you know, it’s no policy about us without our voices included. I think that’s what we need. We think of it for farmers, but also for youth.

Last point on importance of private sector investment, equity investment, and also just the engagement of private sector overall I think is just absolutely critical. And I think that’s the whole attitude about private sector engagement in programs and in development of projects and coinvesting with donors and with other private sector, there’s been a huge sea change over the last decade. That was I think one of the defining hallmarks of Feed the Future is to really embed that. Say, you know, really we are looking for private sector partners. We are going to try and reduce some of the red tape so it’s easier to work with USAID. But look at it not just as one off. You know, look at sort of what
is the big thing that we’re trying to do and who can be around the table and what can you contribute. And not just multinationals. Not just, you know, we did work with DuPont. We did work with some of the big multinationals. But a lot of investment also went out to create local private sector companies.

So a huge issue, of course, is seed availability. So, and Monsanto and Pioneer and all those are not going to produce the kind of millet seed that we need or, you know, the kind of African indigenous vegetables that we need. So we need African seed companies, and there’s no way except to grow them and to provide them finance and nurture them.

And really, the last thing I’ll say, yeah, is it’s not just investment. It’s not just finance that’s needed from private sector. It’s mentoring. It’s nurturing. It’s sort of the creation of local chambers of commerce and rotary that can be around to nurture young businesses and help see them through their questions.

MR. LINN: Thank you, Julie and the others.

Let’s, one more round very briefly back there. I have a question over here. And one more up here. Okay. So there last questions. Thank you. Keep it short, please.

MR. MARKS: Very short. Howard Marks, formerly associate administrator at the Office of International Cooperation and Development at the Department of Agriculture.

Visited Togo during my trips and there was an amazing project that we sponsored in Cameroon which brought together the scientists from the
University of Maryland Eastern Shore with the Cameroonian agricultural officials to work on roots and tubers, a very successful project. Very big in Africa, roots and tubers, as you know, Mr. President.

My question is dealing with training, because it seems to me training and extension seem to be back then, and probably still today, is the key to success. And maybe we could talk a little bit about training, training of trainers, how to use the new technology, considering we have satellites, which we didn’t have back then and so on, to bring this right to the rural areas. Thank you.

MR. LINN: Thank you very much. Good question.

On this side, and then we’ll come to the last question up front.

MR. POST: Todd Post from the Referral Institute. This is a question for any of the panel.

This is specifically about Africa. An acronym, you know, I’ve been hearing or have, you know, been aware of for a long time is CAADP, the agreement that African countries have made that they were going to invest a certain amount in their agricultural sector. I can’t remember what it was. I think it may be seven percent of GDP or seven percent of the national budget. You know, if -- I mean, I’m sure these countries are aware of their youth bulge and they’re aware of their need to create employment. And if it’s going to come from the agricultural sector, I guess my question is, how successful are they in living up to the commitments they’ve made? I may assume that you’re going to say probably not as much as they should be. What can, you know, what can we do? Is there a way to stimulate more investment in this critical area?
MR. LINN: Great. Thank you very much.

Please, the microphone up here. Josh, right here. Yeah, thank you.

SPEAKER: Hi, my name is (inaudible). I’m from the Hunger Project and I’m originally from Ethiopia.

I have two questions. The first question is are we fighting a losing battle, I guess, for security, especially in context of doubling population in 2050? And when we consider limited land resources as well as, you know, (inaudible) 9:36:28 effect that’s regularly affecting and limited land resources?

The second question is when we talk about food security, I believe it’s really important to talk about nutrition security as well. Because while we are trying to address food issues, you know, we are getting into double burden. So how is IFAD trying to address those issues?

MR. LINN: Thank you very much.

Now, I’ll go back in reverse order. Julie first, Karen, and the last word for Gilbert. Pick up on one or more of the questions very briefly, and maybe leave with us sort of your one last thought that you’d like us to take away from this discussion and mull over as we maybe continue discussion outside in the reception.

Julie?

MS. HOWARD: I think we need another session to talk about what food security is.

MR. LINN: Okay.
MS. HOWARD: That’s what I think.

Maybe just if I could say about the training and extension and training of trainers. What we found out when we were designing this project and sitting with private sector and sitting with youth is that the training needs that were expressed were completely different from what we expected. In fact, the private sector said, you know, you’re used to training agriculture. You’re used to training enterprise, you know, for youth. Deemphasize that. We can actually do a lot of that ourselves. What we really need are youth who are disciplined, who know how to set priorities, who know how to communicate, and can work. You know, and I think it’s very consistent with what’s evolving here. The labor market is changing. We’re all beginning, and youth more than anyone, to operate in the gig economy. You need a different set of soft skills to function in that. And it’s no different in these emerging markets. So I think, you know, my takeaway, is listen. Listen first to what really seems to be needed. Don’t assume that you already know. And I think that’s also part of the scaling process, right, is that be open to iterate and try, yeah, and to fail. Right, I think that’s a big lesson for all of us is that one of the reasons that scale up hasn’t taken off yet is because the incentives of donor organizations and governments are whatever you do, don’t admit that you weren’t successful. Right. So claim success. As a result, everything is successful but it’s really not. It’s really not.

So how do we get to a place where you all, the constituency for, and taxpayers, you know, demand something different, like shareholders demand from private sector? Right? We want a different kind of investment. We want
something. We want different kinds of indicators. We want to see how you're partnering with others.

MR. LINN: Thank you.

Karen?

MS. BROOKS: I'm going to jump on the question about CAADP and investment in agriculture. The Comprehensive African Agricultural Development Program was adopted in 2003. It had its 10 year anniversary, actually, 15 year anniversary. A few of the countries have met the commitment, which was to put 10 percent of their national budgets into agricultural public expenditure, mostly on the investment side. But the issue is not so much whether they met the 10 percent. That was always a very questionable commitment and objective. It's the composition of that investment. It's what are they spending that money on? It's not just the quantity.

And that allows me to come back to my concerns about science. The longer term payoff from that investment in agriculture will come from building the scientific foundations for modern dynamic agriculture. Too many of the countries took even an increased commitment of spending in agriculture and put it in short-term things. Rehabilitating irrigation schemes that had been rehabilitated already five times and already need rehabilitation again. Fertilizer subsidies, the things that kind of make a short-term splash but don't move the needle in the long run and we really need a focus and understanding on how to address these long run issues.

MR. LINN: Thank you.
MS. BROOKS: Thanks for the question about science.

MR. LINN: Great.

Gilbert, the one question we haven’t address is the losing battle. Maybe you’re the right person to hopefully reassure us that it’s a winning battle. So, and there may be other points you want to raise.

MR. HOUNGBO: I’m not so sure that I’m the right person because I’m always the optimistic guy. So I don’t think that we are losing the battle. Though, last year, the report from (inaudible) IFAD (inaudible) on the state of food security and nutrition in the world. The results were not encouraging because for the first time in the 10 years it has been picking up into the food insecurity which put all of us in a sad mode. Globally, still, I believe all of that being said, we have to recognize the progress. The question is, is the progress sustainable enough? Is it strong enough when you compare that to the population growth that Karen and Julie touched on at the very beginning? This is what is my concern for Africa alone. Every year, according to the (inaudible) statistics, every year we have 12 million youngsters that are joining the labor market. Are we having enough progress to be able -- or the gap is widening. On absolute terms, I refuse to accept that we are losing the battle. That one is very clear in my mind.

I also cannot help it, on one hand to be quite frank, I agree with Karen. On the flip side, my former formal hat of prime minister also comes into play, that the 10 percent, yes, it’s true. As I said, I 100 percent agree with that, but it does raise another challenge when mostly the low income countries, when your -- I wouldn’t say your short-term priorities compared to the long term. I will
say your short term, like I don’t have the choice, because what have your people -
or you have the farmers start going to the streets because the price of the
fertilizer is deemed too high. You almost have no choice then making sure the
subsidy is enough for them to be able to have access to it. Then, usually
sometimes you make the decision knowing that it is not the wisest decision,
honestly speaking. So this is another debate that I would be interested in.

My last -- my last point I remember was challenging -- right now I
believe you only have eight countries that are meeting the (inaudible) declaration,
that score card, that (inaudible) others put together. But you know, we also have
the challenge of data, making sure that we can also have the data on the different
segments that, you know, it sometimes seems to me that one country to another,
the way they did that has been put together to lower the percentage is a little bit
doubtful. And maybe I will -- or the training you saw. What IFAD is really pushing
for is also bringing in the farmers’ organization. To use through the farmers’
organization is easier to be able to have the appropriate assets. What are the
needs? And you’re fully right. And making sure that you can maximize the impact
at the training level.

MR. LINN: Thank you very much.

What I take away from this, I borrow one more half a minute,
thinking, so what do I understand now having this to what is smart investment? I
think it’s starting with Gilbert. It’s gender smart. It’s environmentally and climate
smart. It’s nutrition smart. And very importantly, we didn’t pursue it perhaps as
far as we can do next year when we come back to this, youth smart. But it’s also
linking rural-urban. It’s not only agriculture; it’s also off-farm, of course. Investment in off-farm. It’s very much linking public-private and drawing in the private investors, hopefully increasingly also with equity. It’s scientifically smart, but actually, I would say it’s evidence-based, in addition to sort of the now what maybe I misunderstood you. It’s not just science. And I think we need to have good evidence which goes back to the data. And by the way, IFAD does very well when collecting evidence, and if you want to talk to Paul Winters, who sits in front and is sort of in charge of evidence-based, grab him in the corridor because IFAD really does well on this score.

And finally, two, to me important points, one is scale-up smart. In other words, we’re not just sticking to one project. We actually think long term and what is the trajectory after the project? And we, and I think Gilbert (inaudible) is politically smart. Because if we can’t sell whatever we have to offer to the people, to the farmers, to the people, then forget it. So we have to listen and be politically really smart in how we sell the solutions that maybe hopefully are science based and evidence based, but we have to be able to sell them. So that, to me, is what I take away from this wonderful discussion.

And please, let’s all thank you for your questions and the panel.

(Applause)

MR. LINN: And please join us for the reception. Thank you.
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