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## COLLECTIVE ACTION FOR THE SDGs: INVESTMENT

# AgriInvest

Enabling sustainable private investment in agri-food systems and specific value chains

## The issue

The United Nations Conference on Trade and Development (UNCTAD) estimates that achieving the Sustainable Development Goals (SDGs) will require investment of USD 5 trillion to USD 7 trillion, with an investment gap in developing countries of about USD 2.5 trillion. There is growing recognition that overseas development assistance (ODA) will not meet this funding gap and that massive private-sector funding will be required. In agriculture, private investment is not constrained by financial liquidity, but by high risks and low returns. ODA should be used strategically, therefore, to leverage private agricultural investment towards achieving the SDGs by de-risking and increasing profitability.

## The action

The AgriInvest initiative attracts and de-risks private-sector investment in agri-food systems and value chains. It builds on FAO's decades of expertise in formulating, implementing, supervising and evaluating agricultural investment plans, in addition to its policy and legislative advisory role. AgriInvest facilitates public-private policy dialogue and undertakes sector analyses and value-chain studies, including for sustainable mechanization and agricultural innovation to boost decision-making that will draw sustainable private investment to agri-food systems. It eases access to finance for agrifood-system actors through solution-oriented platforms, lending technical assistance for critical backstopping. To this end, it will:

- Create enabling conditions, laws and policies, to support access to finance and investment for micro, small and medium-sized agro-enterprises, as well as a vibrant, efficient and sustainable business environment for financial institutions and investors;
- Enhance inclusivity by involving smallholders in policy dialogue, developing smallholder-based market linkages, promoting the formation of cooperatives and addressing the financial needs of the "missing middle", agriculture's small and medium-sized enterprises;
- Leverage FAO's expertise and international instruments for sustainability and SDG alignment, such as its Guidance for Responsible Agricultural Supply Chains, to ensure that agrifood-system development is environmentally and socio-economically sustainable;
- Capitalize on the potential of innovative finance, including blended finance, to de-risk and mobilize more private investment to achieve the SDGs and address the challenges of climate change, hunger and malnutrition;
- Enhance the knowledge and innovation focus of private investment to promote the use of digital solutions and other disruptive technologies to achieve the SDGs.

## The issue in numbers



**33%**

of global gross domestic product is generated by agriculture



**USD 80 billion**

investment per year required to meet SDG 1 and SDG 2



**70%**

of Africa's food is supplied by small holders

## Programme targets



**20**

countries develop a national strategy linked to global value chains



More than **15**

countries see a sustainable and significant increase in profit for small-scale producers



**2 million**

rural farmers improve livelihoods through value-chain development

## The budget



**USD 40 million**



**8 years**



**20 countries**

## Expected results

- In-depth analyses of selected agricultural sector-based value chains completed with a view to identifying (and resolving) practical legislative, regulatory and institutional issues;
- Proactive dialogue platforms established between public and private stakeholders for each of the selected value chains, complementing the processes already supported, such as those under the Comprehensive Africa Agriculture Development Programme (CAADP) and GrowAfrica;
- Value-chain bottlenecks resolved through facilitation and technical support, starting from low-stake entry points, with provision for the inclusion of sustainable mechanization and innovation practices;
- Platforms for dialogue to communicate with private-sector actors; dialogues escalated to more complex policy issues; alliances formed with political partners;
- Innovation fostered, with special focus on climate resilience and digital technologies.

## Geographic focus

The AgrInvest initiative is global in scope, but will initially target “low-hanging fruit”, namely, communities in 20 countries with political will, opportunities for production and value growth potential in their agriculture, fisheries and forestry sectors, where the creation of enabling conditions to support access to finance and a business-friendly environment can be achieved in five years or less.

## In partnership with

Governments, private-sector investors (including impact investors and patient capital investors), UN Environment, the United Nations Development Programme, the International Union for Conservation of Nature, the United Nations Economic Commission for Africa, the African Union Inter-African Bureau for Animal Resources, public financial institutions (such as the World Bank and the African Development Bank), private financial institutions (including private funds and national banks), non-governmental organizations, including World Wildlife Fund, The Nature Conservancy, Rare and the International Centre for Advanced Mediterranean Agronomic Studies



### SDG contribution



## FAO and EBRD team up on value-chain development

AgrInvest is an approach that leverages private investments in agrifood systems by fostering enabling policies and conducive regulatory conditions, while ensuring they contribute to the achievement of the SDGs. Since 1997, FAO and the European Bank for Reconstruction and Development (EBRD) have been closely working on an AgrInvest approach by funding 163 joint assignments in more than 30 countries worth around USD 39 million. This has led to the creation of solution-oriented platforms for structured and private dialogue, fostering relationships of trust and evidence-based monitoring of results. The long-standing collaboration between the EBRD and FAO has produced excellent results, particularly in Kazakhstan, where inclusive dairy value-chain development has been improved thanks to technological upgrades.



## Why invest?

AgrInvest offers a targeted, efficient and responsible approach to public and private financing for agrifood-system development. Investments will be leveraged in ways that are technically sound, but which also foster long-term investment to sustain established agrifood systems. What's more, the sustainable development of agriculture, fisheries, forestry and associated value chains will have a multiplier effect on reducing poverty, improving food security, enhancing decent work and creating industry, all with a view to achieving the SDGs.

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