

## Best Food: EastAgri Annual Meeting conclusions

The theme of EastAgri 2014 - “best food” - emerged from growing trends in agricultural production and consumer behavior in the Europe and Central Asia region and beyond. Food safety and quality encompass considerations that need to be addressed at all levels of the food chain: from small producers, agro-processors, retailers, as well as investors, governments, and international organizations. The production of the “best food” entails optimizing food systems by making them safer, more efficient and more geared to quality. Meeting consumers’ expectations in terms of quality while preserving the competitiveness of the food industry can be achieved through the recognition of either traditional methods of production or innovation. Through backward linkages, small farmers and local agribusinesses that produce quality food can also benefit from the increased opportunities and access wider local or export food markets. Finally, producing the “best food” also entails reducing post-harvest and food wastes and using less resources - energy, inputs, land and water - at all stages of the food supply chain, to minimise the effect on climate and the environment.

At the EastAgri meeting, the Minister for Agriculture and Environmental Protection of Serbia acknowledged the need to reinforce the partnership between producers, processors and the Ministry to enable quality enhancements in the country’s agrifood sector.

At the first plenary session on “Upgrading quality in the region’s food chains: meeting new domestic consumers’ demands and export countries’ standards”, high-level public and private sector representatives debated ways for countries in the region to improve market access and competitiveness through higher quality standards. The second plenary session emphasized the importance of partnerships between regional actors and highlighted potential future steps for EastAgri. On day two, four roundtables discussed different themes and trends in agriculture in the region and developed concrete outcomes and next steps that will be pursued through EastAgri. These focus on four key areas:

### Food quality and standards

- Understanding markets and consumer demand, and learning from success stories is essential. As consumer quality expectations and international standards increase, farmers and processors will face pressure to upgrade their production practices. Increasing traceability, certification and monitoring throughout the supply chain will also be required.
- Access to the EU retail networks can be facilitated through quality and origin-based labels like geographical indications (GIs). FAO and the EBRD have helped develop quality labels and GIs in Georgia, Croatia, Macedonia and now Serbia, with two new projects: *Improving Food Quality and Safety Standards in Serbia’s Meat Sector*, and *Development of Origin-Based Labels in the Horticultural Sector*.
- To promote efficient agribusiness in Montenegro, the EBRD signed at the meeting a EUR 5 million deal with leading market meat producer/processor Goranović. The EBRD’s work with Goranović reinforces the Bank’s commitment to increasing the availability of high-quality products in the region, and echoes messages from the meeting on upgrading food quality standards.

### Access to finance

- There is still a lack of trust and market transparency in the region’s agricultural financial markets and public funding mechanisms. The public sector is encumbered by slow procedures to disburse structural funds, while banks are generally hesitant to lend to the farm sector or agribusiness SMEs because of lack of collateral and the perception that agriculture is riskier.

Stronger legal frameworks and improved capacities are necessary to upgrade both the agricultural financing sector and public funding mechanisms.

- Public private platforms to improve public authorities's understanding of financial needs and bottlenecks in the sector could be very helpful. EastAgri, with its capacity to mobilize both public and private players, could host one of these platforms.
- An important next step will be for the EBRD to explore possibilities to partner with the European Commission in order to extend advisory services to agribusiness SMEs in the region.
- The EBRD and FAO will continue their efforts to implement pre- and post-harvest financing instruments such as crop receipts (CPRs) and grain warehouse receipts (GWR) systems in the region, together with governments and the private sector. Continued awareness-raising combined with capacity building are core components of establishing successful systems. FAO and the EBRD have conducted a regional legal study on GWRs that will be disseminated in 2014, and will start a new regional legal study on CPRs. Once initial results are available in Serbia, an expert meeting on CPRs will be organized to share best practices and raise awareness.

### **Natural resources and greening food value chains**

- Consumer awareness is a driver of investment in greener food chains and stimulates skills development in the sector.
- The role of policy and government support, such as improved regulatory frameworks and financial incentives (e.g. accurate water pricing, reduced fuel subsidies, etc) are essential. In the meantime, the private sector can embrace greener technologies and practices that create positive business opportunities.
- A pilot standing roundtable on greener food chains (both commodity- and country-specific) is proposed to provide tailored solutions to interested stakeholders. This will be carried out through the creation of an online interactive platform on EastAgri, combined with thematic workshops.
- More emphasis on technical assistance – providing longer-term support to interested companies - for greening value chains can be supported by IFIs, with the EBRD and IFC potentially leading the process.
- Developing knowledge products can help raise awareness around the business case for improved resource efficiency and utilization of waste streams. There are ongoing EBRD-FAO projects in this context and the lessons learned in greening value chains can be disseminated across the region.

### **Creating enabling policies through partnership**

- Countries' overall competitiveness can be significantly increased through sound and stable agricultural policies that have clear targets, benchmarks, and priorities around which key stakeholders from the public and private sectors can align.
- Establishing linkages between processors and small producers, as well as between private and public players, will also help build inclusive food chains.

- Public private dialogue should focus on bottlenecks along the value chain. Successful working groups in the dairy and grain sectors in Ukraine can be replicated in Serbia, where upgrading standards is a must due to the EU accession process. EastAgri can facilitate this process.
- The EBRD, FAO and the Serbian Ministry of Agriculture will commence public-private policy dialogue in Serbia's meat and dairy sectors. Both associations of producers and processors will be represented in the policy platforms. A Letter of Intent was signed between the Serbian MoA, the EBRD and FAO during the EastAgri meeting to signal commitment to this initiative.
- High level platforms – such as those led by the Aspen Institute – are important to keep stakeholders engaged, as well as to bring policy discussion to the level of key decision-makers.

### **EastAgri**

At the occasion of the meeting, the FAO/EBRD Framework Agreement (FA), first signed in 1997, was extended until the end of 2016. The FA is a valuable co-financing mechanism for technical cooperation and policy dialogue projects in the agribusiness sector. EastAgri falls under the scope of the agreement. It is anticipated that future projects under the FA will focus more on food safety and quality.

Participants filled out a survey about the EastAgri Meeting, and results were encouraging: 92% rated the usefulness of the topics covered as excellent or good, and 92% also rated the level of interaction among participants as excellent or good. An overwhelming 97% think what they learned at the meeting will be useful in their professional life, and 70% would like to have the meeting every year.

With the FAO/EBRD Framework Agreement extended and the EastAgri mandate reinforced by the survey response, immediate next steps for the network include:

- reengage with key members and focal points to feed the network with more information – in particular lessons learned on investment projects related;
- develop online interactive platforms, including new thematic areas such as a green growth;
- develop thematic newsletters and host thematic online discussions;
- create an expert database for key topics and subsectors.

The discussion amongst all stakeholders will continue to achieve the needed results across the region.