On the road towards a world without hunger in 2030

Food and Nutrition Security as a key domain in Foreign Trade and Development Cooperation policy

Input from food and nutrition security stakeholders for the new Dutch policy for Foreign Trade and Development Cooperation based on a consultation session hosted by NFP 5 April 2022.

Introduction

This document aims to provide synthesised input from food and nutrition security stakeholders for the new Dutch policy for Foreign Trade and Development Cooperation, in view of contributing to the online consultation hosted by Minister Liesje Schreinemacher. On April 5th 2022, the Netherlands Food Partnership facilitated an online meeting for food and nutrition security professionals, with the objective of leveraging their collective ideas and experiences to generate useful input to the Ministry on this important sub-topic. This document provides a structured summary of the discussions, distilling the most important points that the participants would like to share with the Ministry to take into consideration when drafting the new policy paper.

The meeting saw the active participation of over 35 stakeholders, working on food and nutrition security from many different angles and in many different places. The participants included stakeholders from the private sector, civil society organisations, research institutes, international development organisations and others. Furthermore, the group of participants represented a wide variety of geographies, joining stakeholders based in the Netherlands and stakeholders from low- and middle-income countries, including Ethiopia, Ghana, Nigeria, Kenya and India.

Beforehand, NFP had clustered the different questions of the online consultation into four sub-groups (role of private sector; policy coherence; multi-stakeholder collaboration; and innovation in development cooperation). The participants were divided into these sub-groups and each group discussion was facilitated by NFP. This set-up resulted in lively and fruitful discussions, where everyone had a chance to share their views, experiences and concrete suggestions.

Summary by sub group

Role of (Netherlands) private sector (*Consultation questions: 1, 4, 5, 6)*
How can the Dutch government better support companies (and -local- SMEs specifically) that are doing or wish to do business in LMICs to contribute to SDG2?

Strengthening the local private sector is of paramount importance for improving food and nutrition security in developing countries. All participants agreed that Dutch government policy should work on this, both by supporting local SMEs directly, and by encouraging Dutch companies to invest in LMIC markets and partner with local SMEs, sharing technology and know-how and strengthening

them in business and sector development processes. The current policy instruments are not always up to this task and require some adjustments.

To support local SMEs, interventions should start from their needs and requirements. The recently published Africa Agribusiness Outlook by AGRA, was mentioned as a useful starting point, as it is based on interviews with a large number of SMEs in African agriculture. It is clear that access to finance continues to be one of the major constraints. Various participants voiced their concern that current Dutch policies do not manage to address this constraint for agricultural SMEs. Existing instruments, like the Dutch Good Growth Fund, are seen to focus on rather high-tech fast-growing SMEs. Although important for economic development, the bulk of SMEs, especially in the agricultural sector, face difficulties in adhering to the requirements of these instruments. More should also be done to leverage development bank finance for agricultural SMEs. The FMO, for instance, is hardly investing in SMEs working on food and nutrition security, because they do not fit the risk parameters that FMO works with. As a result, FMO finance tends to reach the much larger companies, and often the sectors with lower risk profiles.

Similarly, Dutch policy instruments for Public-Private-Partnerships, such as the FDOV, are too much geared to supporting large (Dutch) companies. In practice, these instruments are out of reach for local SMEs, and also lack clear incentives and conditionalities for the larger companies to engage with local SMEs in a structured manner. Although FDOV supports some training for local companies, it is not seen to lead to structural transfer of skills and technology which would have benefitted local entrepreneurs in a sustainable fashion.

In sum, private sector support instruments should be designed in such a way that local SMEs can access them. Instruments geared at Dutch companies seeking to invest in LMICs must include clear incentives to partner with local SMEs in such a way that they are strengthened along the way.

Besides supporting specific businesses and entrepreneurs, it is very important to work on improving the wider enabling environment for the local private sector. By working on that level, one can reach scale in impact. In this line of work, it is important to move beyond general business environment issues, and look much more carefully at specific constraints that actors face in the local context. Trade can be an important enabler, and momentum is now gathering around the African Continental Free Trade Agreement (AFCFTA). The Netherlands should support the opportunities it offers for the local private sector.

Finally, private sector development efforts should better integrate the social impact perspective. It is important that development actors, like the Dutch Ministry and international organisations, recognise the trade-offs that may exist between efficiency and social impact. For instance, when

international organisations like the FAO or WFP source local seed, they often go for the cheapest, most efficient option, which is to import seed from overseas. They should revise their procurement guidelines, so that they source the seeds from local farmers much more often. This can really strengthen the local private sector and foster learning-by-doing and efficiency gains, generating more lasting and sustainable impact. This is particularly the case in fragile settings; to generate long-term change may require choosing an apparently less efficient option in the short term.

Policy coherence (*Consultation Questions 3 (+4))*
How can the Netherlands' efforts to achieve policy coherence for development in and with LMICs be further strengthened?

Attention to policy coherence is important to ensure policy effectiveness to reach overarching policy goals, in this case the SDGs and specifically SDG2. The world is infinitely complex and different policies interact, in some cases undermining each other. Such cases need to be recognized and mitigated.

In relation to Foreign Trade and Development Cooperation, we can distinguish different dimensions of policy coherence. The Ministry of FT&DC itself has set five goals for policy coherence, based in an updated action plan from 2018. Discussion in this group focused mainly on goals 2 (development friendly trade agreements) and goal 4 (sustainability of production and trade). Around these goals, participants focused on different dimensions of the internal coherence of Dutch policies from the perspective of promoting inclusive development.

The first dimension relates to interactions between FT&DC policy and other policy areas, such as Dutch agriculture policy. When encouraging sustainable practices abroad through FT&DC, the Netherlands should first do homework and make sure that it gives the right example at home. It was mentioned, for instance, that in order to be a credible actor on stimulating ecologically sustainable food systems in developing countries, the Netherlands should do much more on this at home. There is a lot of work to be done in terms of reducing nitrogen emissions and food waste, for instance.

Secondly, some participants stressed there are still major issues around the interactions between Foreign Trade policy on the one hand and Development Cooperation policy on the other hand. Whereas the latter seeks to promote sustainable and inclusive societies, the former too often still accommodates harmful agro-industrial production structures that lead to the exploitation of human and environmental resources. In particular participants referred to the potential to invest more in trade that helps reduce greenhouse gas emissions, and to invest in the protein transition (export less meat, invest more in plant-based alternatives). Although progress is being made in terms of promoting sustainable trade, further efforts are needed to enhance the development and

implementation of policy coherence in view of SDG2. The Handel Anders manifest was highlighted as a useful resource with concrete recommendations to further reform the trading system. The recent IOB evaluation on coherence between 'aid' and 'trade' was also referred to as providing useful directions.

Finally, due attention should also be paid to internal policy coherence, within FT&DC. There are many feedback loops and trade-offs in the food system that are often poorly understood. One participant from academia, and linked to the LandAc, stressed that it is important to recognize that any intervention can generate exclusion because it does not, almost by definition, target everyone. Thus, an inclusive agricultural development programme aiming to link smallholders into commercial value chains may be of great benefit to the farmers who are in the programme. The very same programme, however, may lead to increased pressure on land and water resources, hurting farmers who are outside the programme. The same goes for big infrastructure projects that may come with a cost for vulnerable communities.

Even though such potentially negative trade-offs are increasingly recognised, the discussion stressed that the Ministry too often does not act upon it. It needs to take the lead on this, as guarding coherence is very much a task for the public sector. We cannot expect the private sector to solve or mitigate all externalities. The public sector needs to do this through norms and regulations. It was suggested that inclusion should be taken up as a sixth pillar in the policy coherence action plan.

The participants advise the government to pay much more attention to the role of embassies at country-level in strengthening coherence, also stressed in the IOB evaluation. Studies show that it is really at this level that concrete progress can be made. Firstly, embassies can work with the national governments on long-term strategies that pursue internal coherence. The example of Bangladesh was highlighted, where the embassy supported the elaboration of a comprehensive long-term Delta strategy. Such a coherent long-term and locally owned strategy is extremely valuable, since different development actors can evaluate their policies and interventions in relation to this common goal, and ensure coherence with it. It was suggested that similar initiatives could be undertaken with regard to long-term food systems strategies at country-level, in the spirit of the EAT-Lancet report. Secondly, embassies have a stronger link with local dynamics and a better sense of how to ensure inclusion. Embassies will be able to better pick up when policy instruments turn out to be exclusionary, for instance because local companies struggle to meet the conditions for access.
The group referred to a recent study by the Netherlands Working Group on Nutrition that examines how Public-Private-Partnerships for food and nutrition security could be improved. Finally, embassy staff should also be used more to pick up on external coherence issues, through frequent interactions with civil society organisations and government departments at the country-level.

Multi-stakeholder collaboration (*Consultation Question: 2)*
How can government, the private sector, civil society and knowledge institutions from NL and LMICs (better) work together to achieve the Sustainable Development Goal 2?

Effective multi-stakeholder collaboration is key to achieving SDG 2. The Dutch Diamond Approach, fostering collaboration of government, private sector, civil society and knowledge institutes is a very strong and useful framework and should continue to play a central role. In this regard, the participants were surprised that question 2 of the Ministry's consultation, on multi-stakeholder collaboration, mentions governments, companies and knowledge institutes, but forgets about civil society. The policy paper needs to rectify this and pay due attention to the role of civil society and civil society organisations in effective partnerships, and design new instruments to facilitate this.

This touches on one of the recurring points in the discussion in this sub-group: the importance of engaging all the important stakeholders, right from the beginning. Most participants felt that there is a role for the Ministry in incentivising, and requiring such engagement, when funding or facilitating partnerships. In this way, the Ministry can use its influence to break through the silos that often still separate different actors working on similar issues. Ensuring the inclusion of local partners is key for ownership, which is also an important precondition for sustainability; so that the results of a partnership outlast the programme.

The participants highlighted several examples. AMEA, for instance, works together with the Dutch embassy in Benin to facilitate networks that can collectively work on strengthening farmer organisations. Inclusion of local actors is also very much about the private sector, as the example of MDairy in Nigeria shows, a fruitful collaboration of young Nigerian start-up entrepreneurs and Dutch multinationals, supported by 2Scale. MDairy is a digital platform, developed in a collaborative way, and is specifically geared to the local context and needs of small-scale Nigerian dairy farmers. The platform helps them to strengthen and professionalise their operations, which gives them access to large buyers. This collaboration is locally owned, sustainable and caters to a huge opportunity, as Nigeria currently imports most of its dairy consumption.

The participants agreed that it is also very important to include the government of the countries in which partnerships are active. Depending on the precise nature of the partnership, this can be national, regional or local-level governments. The example of the Cascape project in Ethiopia was mentioned (part of BENEFIT). This project was aimed at capacity building for scaling up of evidence-based best practices in agricultural production and was strongly aligned with the Ethiopian government's Agricultural Growth Program. It was recognized that including national governments can sometimes lead to extra complications, related to slow procedures or institutional obstacles. In facilitating partnerships one should also beware of power relations between the partners, e.g. when

certain partners dominate the space. To mitigate such risks it is important to be clear from the start on mutual expectations and the different roles and responsibilities.

The participants also had some specific advice for the Ministry. The first relates to timing issues. It is important to recognise that partnerships may need considerable time to really get up to speed and start delivering results. It takes time for partners to get to know each other and discover how they can benefit from each other. Policy support instruments for partnerships must take this into account. Finally, it is important to reflect on the Ministry's own role in partnerships. This should go beyond being just a provider of financial resources. In many cases, there is opportunity for the Ministry to play a more proactive role as well, as a convener, a facilitator, or even as a buyer. A representative of a company developing digital solutions for agriculture, for instance, stressed that the procurement power of the state can be used more effectively to create markets and leverage investment.

The innovative (Dutch) added value (*Consultation Questions: 7, 8, 9).*
What can policy do to make innovative (Dutch) added value work (even) better?

The participants of this session agreed that the main value added of the Dutch approach is related to fostering effective international multi-stakeholder co-creation, built on knowledge and evidence.

One example that was highlighted is the earlier MoFA funded Applied Research Fund (ARF), through NWO-WOTRO, that supported researchers to join forces with private and public sector actors to produce concrete, relevant and innovative solutions to development-related questions in LMICs. Support for joint research in Ghana, led by the private sector with close engagement of government representatives, on using organic waste to produce compost and mulch that can be used by local SMEs, for instance, has shown direct and tangible social benefits. This type of support must be continued and expanded.

Another key element of an innovative approach is to not work on the basis of individual projects, but to adopt an ecosystem impact approach. The Dutch Greenhouse Delta has really adopted this way of working and praises the Dutch Ministry for facilitating it.

The participants stressed a number of key points of attention that the Ministry should focus on for building on current strengths and reach even more impact in the coming years.

One relates to the crucial role of embassies for enabling innovative international multi-stakeholder collaboration. Representatives from the private sector praised the network of embassies and their staff, both international and local, for their knowledge of the local context and eagerness to engage

and connect initiatives with local partners. The resource capacity of embassies should be further enhanced to build on this strength.

Another is that the Ministry should expand the time horizon of its (successful) programmes and other interventions. Often, just a few years is not enough to generate sustainable impact. The ARF is a case in point. Although many of the supported initiatives did continue by themselves, others ended up getting stranded after the programme finished. Structures and facilities to pick up on such loose ends should remain in place for much longer.

Local ownership and dedicated knowledge exchange is key to generate lasting impact on the ground. The Zero Hunger Lab, linked to Tilburg University, stressed the importance of trainings, but also that knowledge sharing should happen in both directions. To be innovative also means moving beyond traditional donor-recipient relations. There is much to learn for Dutch stakeholders from their Southern counterparts. For stakeholders, mainly also from the private sector, piloting and innovating in LMICS always delivers a benefit: the learning. Even if it is not (immediately) financially profitable. The Ministry could be bolder in facilitating this kind of mutual learning and exchange. Also facilitation of (synthesised) learning between (Dutch funded) projects and programmes should be given priority.

Another way for the Netherlands to be bolder in its development cooperation is to be more flexible and creative in finding ways to support unusual suspects. Due to the dominant procedures for access to funding, only certain organisations tick the required boxes. There are many strong individuals with good ideas and the dynamic drive to make them work, but developing countries mostly lack the strong institutions and organisational structures through which we like to work. There should be more hand holding, and risk-taking, from the Ministry's side to let such organisations go through the process, make mistakes and learn from them. The Ministry must avoid supporting only those who do not really need it, and go out of its way to reach those who could benefit from support the most.

Conclusions

Each of the four sessions led to a lively and fruitful discussion. Although each group had a different focus, it is interesting to observe that a couple of points featured strongly in all of them. We use this concluding section to highlight some of those:

- The Netherlands' efforts at improving food and nutrition security worldwide are relevant, valuable and have real and lasting impact. It is important that the policy paper of the new government continues this focus, building on the ambitions laid out in the last dedicated letter to parliament on global food and nutrition security from the Minister for Foreign Trade and Development Cooperation and the Minister of Agriculture, Nature and Food Quality

(2019). The current multiple crises even reinforce the need for bold action to achieve this agenda's ambitions.

- Lasting change and impact will not be achieved through individual projects, but rather through a food systems approach at all levels. Coherence between Dutch policies and programmes is an integral part of this, as is support for improved governance of LMIC food systems.

- A systems approach is also important from a perspective of policy coherence, since it invites the different stakeholders in the food system (from civil society, business, public sector, knowledge) to carefully consider the impact of their actions and interventions on other parts of the system and on system outcomes.

- Putting systems-approaches in practice requires effective knowledge-based multi-stakeholder collaboration. This is a major strength and innovative element of the Dutch approach and should be further built upon.

- Effective multi-stakeholder collaboration does not come about automatically: it requires investment of time and resources. The Ministry's new policy should recognise this and ensure longer time horizons and additional resources for knowledge brokering and partnership facilitation, which enable effective connections between local, national and international levels.

- For innovative, workable solutions multi-stakeholder collaboration must be driven by local ownership, i.e. by local civil society, local SMEs, local knowledge institutions and local government in the partner countries of the Netherlands Ministry of Foreign Affairs and in the other LMICs the Netherlands are connected to via the Ministry of Agriculture and through multilateral and trade relations. In facilitating and supporting multi-stakeholder collaboration, the Ministry should include facilitation of mutual knowledge exchange and learning.

- Embassies play an important role in connecting stakeholders, facilitating effective collaboration and ensuring local ownership in support of national governance for sustainable food systems. Their capacity to play this role should be strengthened.

- To stimulate innovative non usual workable solutions for SDG2 procedures for access to funding should become more broadly and easily accessible.

Participating organisations

The recommendations reflected in this document are a result of a conversation between representatives of a range of organisations and companies. Readers and users of this document should observe that not all particular statements in this report are reflecting the position of all participants, nor can these be read as formal statements of the organisations mentioned. NFP thanks all participants for their contributions.

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Clingendael
Cordaid/ICCO
CropIn
Dutch Greenhouse Delta
EKN Cotonou
FAO regional office
Fobek b.v.
GAIN
IITA
IOB
Jimma University, Ethiopia
Maklumi Technology Services
MDF Ghana
Netherlands Working Group on International Nutrition
Nothern Agro Services Ltd
Nutrition International
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