

Attracting investment: agro-industry and agro-enterprise finance

The Proposition

To realize the economic potential and raise the social contribution of agro-industry, a new approach to attracting investment into the sector is required.

Rationale and recommended response

In many developing countries, investment in agro-industry remains comparatively low.

Given that the public sector has neither the resources nor the mandate to assume the lead as a direct investor, its role is largely one of ensuring that business conditions within the agro-industrial sector support private sector expectations with respect to growth potential and risk minimization. Promoting investment and facilitating investment processes is also an important aspect of the public sector's input.

Within this context, a differentiated, but comprehensive, approach to attracting and facilitating investment in agro-industry is called for. One that:

- a) seeks to address the competitiveness and related investment gaps along the entire value chain of agro-industry, through a targeted investment promotion programme, for potential investors both in-country and abroad;
- b) recognizes, and responds to the different needs and aspirations of the small, medium and large scale agri-business investor; and
- c) acknowledges the special requirements of the domestic investor, particularly with respect to access to financing and technical support services.

Focus of the debate

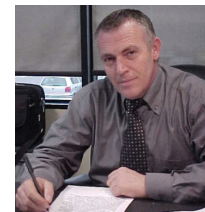
- 1 Why are investment promotion programmes of most developing and transition economies failing when it comes to agro-industry? What institutional and operational changes are required in the current approach to investment promotion, both national and international?
- 2 What policies are relevant to ensuring that the business environment for the agro-industrial sector is conducive to sustained, broad-based investment? What are the institutional and operational implications?
- 3 What strategies should be put in place to reduce the perception of risk with regard to the specific circumstances of agro-industry? What financial policies, services and products are most relevant to attracting investment and finance into agro-industry?
- 4 What are the particular needs of the small and medium-sized agri-business enterprise when it comes to investment decisions? What are the characteristics of a differentiated response that is tailored to the requirements of these enterprises?
- 5 The tendency of developing country policy-makers has been to look to industrialized countries for answers. Can important lessons in attracting investment into agro-industry be learned from the experience of other developing and transition economies and, if so, what are they? What sort of network could be created to facilitate the exchange of information and experience among developing and transition economies?
- 6 How does Foreign Direct Investment (FDI) impact domestic investment and vice versa in agro-industry? Are different strategies required to attract FDI and domestic investment? Is one better than the other in terms of impacts on economic growth and social development?



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Roundtable Proposition 6

Riccardo Bagni began his career as Financial Analyst and currently is Vice-Chairman and Chief Executive Officer of Coop Italia. Previously he was Vice-Chairman of Consorzio Nazionale Non-Food and Purchasing Director. He has been a leader in Private Brand, Quality, Technology and Information Systems Management and Responsible for SA8000 in Coop Italia. He has held a number of senior positions in Italian and European Co-operatives and was Vice-Chairman of Coind, a production co-operative of food and non-food products. He holds an engineering degree and a MS in Information Science and Technology from Pisa University.



N. V. Ramana is Chief Executive Officer of the BASIX group. BASIX is a new generation livelihood promotion and finance institution working with over 5 million households in 12 states of India. He is Managing Director of Bhartiya Samruddhi Finance Limited (BSFL), which is the flagship company of the BASIX Group, and is Managing Director of Bhartiya Samruddhi Investments and Consultancy Services (BASICS Ltd.) which is the holding company of BASIX Group. He first joined BASIX as Sr. Vice President for Strategic Initiatives and provided guidance to new initiatives in livelihoods and on commercial ventures in various sub-sectors in BASIX group. He anchored Business Development for the Group Companies as served as Managing Director of KBSLAB Bank. Prior to BASIX, he was with the ITC group in procurement, commodity trading, processing, marketing and exports of agricultural commodities. Mr. Ramana has graduate degrees in Business Management and Dairy Technology.

Anne Pacquet, a French citizen, is currently responsible of agri-business at the direction of agriculture and agri-business of Credit Agricole SA. She started her carrier as an Agriculture specialist and was appointed Director of the Office of economic strategy at the French Ministry of Agriculture and Fisheries. She was then appointed as Agricultural Attachée at the French Embassy in Italy from 1990-1994 before joining Credit Agricole SA. She was awarded the French « Legion D'Honneur ».



Gilles Recour is General Manager of Agropole Services (Managing structure of the agro-park Agropole Technopole) as well as director of various subsidiary companies, among others Lot & Garonne Initiatives (PFIL) which is a Managing Structure for honour loans in the French region of LOT & GARONNE. Mr. Recour is an Agriculture and Agronomy engineer and has a Master in "Management-accountancy" he also is an Operative specialist in company creation and support. He belongs to various networks, among which "Entreprendre En France" and "France Initiative Réseau", a network for financing company creation.

Moderator: Stefano Giovannelli is a former banker and currently works with UNIDO. He has served as Head of the Investment and Technology Promotion Office and was Special Representative of the Director General of UNIDO before the European Community. His areas of expertise are private sector development, investment promotion and financial analysis. He has specially focussed on linking technical assistance to financial instruments and the development of financial mechanisms for small and medium enterprise development. He has a teaching assignment with the University of Ferrara for which he recently published a book on the United Nations and Industrial Development. Mr Giovannelli holds a degree in Electronics and Computer Science.

