

HUNGER FOR CHANGE: ENHANCING RESILIENCE AND SECURITY IN FOOD SYSTEMS

Announcer 00:02

Please welcome the panel on “Hunger for Change, Enhancing Resilience and Security and Food Systems,” moderated by Megan Willis, Associate, the Robertsbridge Group.

Megan Willis 00:25

Hi everyone. Thanks for joining us today for this important conversation about food systems globally, but with a particular focus on Asia, of course. It's such a pleasure to be joined today by panelists who sit really at every point of the supply chain, right? That's not usual to have all in one place. So should be a great conversation. We've got Simone from BASF, who works really on the input side. Bev, from Grow Asia, who looks at partnerships, multi-stakeholder partnerships, particularly to benefit farmers. Ren Hua from—bridging, really, the farmers to the manufacturing side, and finally, Alex, really at the retail side. So we're excited to have our conversation today. Food systems really are at a tipping point. We've talked about the risk facing farmers, facing the region really, and many panels here at Milken. But Simone, let's start with you. From your perspective, what are the most urgent risks facing farmers in the region?

Simone Barg 01:25

Yeah, at BASF, we have been in the agricultural space since the invention of the fertilizers, and ever since been on the centerpiece of the global foods systems, and it's been always our effort to put cutting edge R&D into bringing that transformation and shaping the future of farming. And I would say the biggest risk that farmers are facing right now is climate change and market instability. So we all know climate change rising temperatures, water scarcity or too much rainfall, but that's actually the daily reality that farmers are facing, and I'd say, like traditional cultivation techniques, like the wet paddy rice, they are becoming less viable. And we see that now 90 percent of rice is farmed in Asia, and it's already 21 percent less productive than it could be. So now that climate challenge poses another important risk here, and so smallholder especially here, are really exposed to that. So they're really looking

towards short term, you know, how to make a living, and also survival, versus, like really long term mitigation. And at the same time, there's this paradox that you have great disruptions and policy shifts which are also making it very, you know, insecure for farmers. And so here we really require to have support from the whole system, because this poses another risk when you have like export bans. Like in India, we had this in 2023 when the non-basmati rice was hauled down, and that spike in price increases, and then with that, even had nations to reconsider their crop strategies. And this really is so much, you know, pressure into that system that we really need policymakers, governments, and also investors to support farmers to really have, like a viable, more practical and also predictable environment to farm in. Otherwise, how can we build up not only a short-term system, but also a resilient long-term facing one. So I think it's about agriculture being vulnerable to policy, but at the same time, agriculture needs policy to thrive at the same time.

Megan Willis 03:53

Great, that's helpful. So we've got a policy angle. We've got an innovation angle. I think these are things we're going to dig into a lot on this panel. Ren Hua, I'm going to come to you next. You know, you represent a company really known for food innovation, but also one that heavily invested in sustainable sourcing. So from your perspective, what are the biggest challenges farmers face in adapting to these challenges that we've that we've just gone over?

Ho Ren Hua 04:15

You know, I think the biggest challenges will always be the ones that you can't anticipate. You know, as we currently as right now, I think over the last 10 days in Thailand, you know, we just had a big rainfall of floods. And as much as we try to de risk, you know, the value chain from, you know, production to processing to distribution, I think dealing with extreme weather is something which, you know, in daily life is something that is, you know, really challenging. How we try to do that, I think is twofold. I think, from a systems perspective, the fact that Taiwan today is quite globally diversified, we actually can provide a demand signals and entire supply chain infrastructure to buy from farmers throughout the entire year. So high season, low season, rain, shine, we have a supply chain system that runs through the entire year, and that really helps with them, right, because consumers run products every day. Farmers harvest every week, every month, and so and so forth. The second thing, which I think is increasingly important over time, is the surrounding infrastructure around what we think about food, energy and water. So we can't really think about food in isolation. If you think about the broader infrastructure around, what are your water systems, fresh water, wastewater, how do you think about energy efficiency, in terms of circularity, whether it's biogas, biomass boilers, we're trying to take much more infrastructure approach to really build the ecosystems around circularity for farmers itself. I think there's a lot to do in Southeast Asia. Clearly, you know, with 10 different countries, 10 different markets, I think it's significantly improved compared to last maybe 10 years, but next 10 years is going to be harder, right, because extreme weather is really, really real, and farmer level productivity income is also a challenge. So I think what we try to do is really to build, bring in approaches and bring platforms to different countries. The final point is political risk. I mean, we operate one of the largest processing factories in Cambodia, which is right off the border. And for the first time, you know, we actually had to, you know, train ourselves to deal with political risk. I mean, there were gunshots and fires, literally, like 10, 15, kilometers away. And that was just entirely just, you know, human safety and security first, you know. So we make sure we took care of people. We had, you know, over 200 staff. We had 2000 stakeholders. Unfortunately, the

Thai-Cambodia border situation is still continuing, but even more so, I think we have to take a really meaningful role to play a part at least keep the community safe, provide water and security. So over time, I think borders in Southeast Asia, whether it's human conflict, it's extreme weather, I think the role of how can we build a certain element of safety and security and stability within borders, across agriculture, is something that I think we're paying a lot of attention to.

Megan Willis 05:32

Great. Thanks. Yeah, I hear a lot of response as well to what Simone was saying about market stability. But yeah, of course, there is the political instability. Bev, I'm going to turn it over to you at this point. So given the risk and challenges that have been really well covered, how can regional governments and private sector actors really better align to support farmers in the region?

Beverly Postma 07:06

Well, alignment, I think, is the biggest challenge in a region this diverse and dynamic, trying to carve out time for governments, businesses, philanthropies, to sit in the same room together is extremely difficult. We managed to do it at conferences, and I, I was just sharing earlier that I seem to spend more time at conferences than I desire at the moment. Because if only we could stop talking and doing I think we could move from alignment into alignment very, very quickly, we're all in this building, and yet we're all sitting in sessions that align with our tribe. The philanthropies are upstairs in the philanthropy session, and the governments are downstairs in the government session, and the businesses are in the business session. And you know that's human. We choose and align with our tribe, and we all speak the language of our tribe, and we, we find the incentive that allows us to choose what we focus on today, because we cannot focus on everything all at once, but alignment is within our grasp when it comes to agriculture, because we have some common denominators, and climate is a common denominator. I find that breaking silos and bringing very different tribes together requires a common denominator that is sufficiently urgent and real to everyone that we don't have any choice—we have to come together, because none of us can solve these bigger issues alone. So I think the urgency that I've heard echoing in all of these sessions this week will drive the alignment we need. But then you need the super-conveners, those very unique organizations that have the trust with each of those sectors, and to some extent, can, can be that language coordinator and mythbuster that can sit and help those very different sectors find common, common decision making processes. I don't think it's anyone's lacking the desire to work with each other. It's just we lack the day to day systems to make it easy. I was looking, there was a, allegedly an ancient Chinese proverb. Those that know better in the room will know if this is a genuine Chinese proverb or one of those Google made up ones. But there is a proverb that says, "when the wind of change blows, some will build walls and some will build windmills", and I think that's very apt for the agricultural food system at the moment. When we have our backs against the wall, whether it's geopolitical pressure, whether it's climate business, we all tend to get busy and put our heads down and build artificial walls, we actually find it harder to reach out and work with a different sector when we're up against that type of pressure. But there are unique individuals, and many of them are sitting on this panel, particularly the one sitting to my left, who are renowned for building windmills and not walls when they need to. When the rest of the world needs them, companies like Thai Wah and Ren Hua himself, we need those change makers that will innovate and confront, embrace change. And again, the word adaptation is not just a word. We have 100 million small and medium sized enterprises. I don't like the word small-holder farmer, because I think it just romanticizes and

distracts from the fact that they're actually a business. We have 100 million small and medium sized businesses who want to adapt. They know more about their own farm business risk than any of us in this room. They want to adapt to digitalization and purchasing better irrigation, and moving to better crop science and better tools, but they lack the finance, the micro finance, that small ticket business loan that most small businesses need in order to take the next step on their ladder. And if there's one thing we could all align on in this room in this building, is on restructuring debt finance so that we can remove this fear of risk for providing finance to unsecured businesses at scale. Because it is possible, we've seen it in the urban environments that you can be innovative in creative finance for the unbanked. We've seen it with aggregated systems like Gojek and Grab. We can innovate our way out of this, but it's going to take finance, business, and government all finding those solutions together and providing these 100 million small businesses with the finance and tools so that they can adapt their way out of climate change.

Megan Willis 12:34

That's a lot. Thanks. Bev, so Alex, you're gonna have.

Alexander Pestalozzi 12:39

I don't know if I can follow that.

Megan Willis 12:40

I was gonna say, you're gonna have the fun job of bringing a lot of concepts together here. We've got walls, windmills, infrastructure. That's a good place to start. You do see the entire food value chain from where you sit at the retail level, you have that access to consumers. You have that convening power. Where do you see the biggest gaps, and what solutions, from your perspective, can help fill those and any nods to innovation would be, would be great to hear about?

Alexander Pestalozzi 13:04

No, no, absolutely. And I think, as my former panelists have spoken, I think once we produce those products, the key is actually bringing it to the people. And one is in an acceptable quality, and the second one is at an acceptable price, and especially if you talk about Southeast Asia. So just if we kind of, like, want to drill down on the Philippines, because that's where I'm spending most of the times. I think some of the key issues there is really around logistics. I mean, if you look at food prices, it's about 25 percent of the price you pay for product is logistics, which is about double the OECD average costs, and that is a big issue. So my CEO from DALI, he always says, We're not a retailer, we're logistics company, and we own the trucks, and we make sure we have it completely integrated. And then the second one is, okay, now we can reduce the cost because we own the trucks, but what about making sure the quality is there? And that's also, of course, supply chain, and making sure that your perishable goods actually get to the consumer. And this is kind of like the same thing where you want to make sure

you own, you own the complete supply chain and the cold storage as well. And I think that's that has been a major challenge. I've seen it. I worked in the milk industry for about 13 years before that, and I think one of the key things is really making sure that things get chilled. We've seen it in China. I was on the board of Chinese Dairy Cow Farm where people kind of turn off the cooling because they want to save petrol, and that has an effect. Or my favorite one was Häagen-Dazs ice cream. Overnight at the retail store, they would turn off the electricity because electricity costs, the ice cream melts, in the morning they turn it back on, it's frozen again, right? But the quality diminishes. And I think these are some of the challenges where we decided in the Philippines to bring everything in house. And for example, with our trucks, we use a modular system. We're very basic, not as modern, no digitalization. We just use ice, but it's modular. So the big issue is you, you take a truck, or reefer container truck, you chill it down, but you have ambient goods. They don't need to be chilled, but you have the whole truck so it doesn't make modular that increases your cost. So that's kind of like how we, how we make sure we bring that and we are actually, on the other hand, very, very basic, right? We are— and the COO jokes —we build a hard discount from the 70s. We're in 2025 now, but that also helps, because it creates accountability. If you're building it basic, you don't have programs that predict you what to do, but you have people and they're held accountable. That really helps, especially if you're bringing a new concept, and yes, in the end, AI will take over most of the functions. But I think at this point in time when you're bringing something new, accountability is key. If you have it replaced by computer program, there is no accountability. It's like AI told me to do so. And I think this is really, and the important thing about infrastructure. And earlier sessions today, we heard about the digital infrastructure and how to build it up. But this is really, this is bricks and mortar and making sure you're building up infrastructure that works by delivering quality at a good price to the consumer.

Megan Willis 16:09

Thanks for that. Great examples of how you're bringing in innovation, not just in the hard technological way, but also in the model, in the way that you're working. Simone, I'm going to come back to you. You look at innovation from a very different lens, right at the farmer level. Maybe AI is not coming in quite to the same degree. Maybe it is. Can you tell us a bit about, you know, how do you define resilience? First of all, I think that's a topic we haven't quite dug in on yet. And you know, what are some examples of innovation that you're seeing applied in that lens?

Simone Barg 16:38

For me, resilience is to be able to, you know, adapt no matter what are the disruptions, be it from the environment, markets or socio-economic, and doing that without having scrutiny on productivity or livelihoods. So I think this is—it's all around, centered around the farmers here as well. So we at BASF, we are investing into an innovation pipeline, which is seeds, traits crop protection, and digital farming technologies. I'd say we see ourselves as a driver for resilience, and innovation is the driver for resilience, so we invest heavily into R&D to come up with climate resilient varieties as well as precision technologies, and that enables to have input use optimized, but also to protect the biodiversity. And if you take rice, which is the critical crop here in Asia, as you all know, we also see a systemic shift from the wet cultivated principles to a method which has been also around for a longer time, but it's increasing and accelerated at speed, which is the direct seeded rice, which means less water required. You also have less labor, because labor shortage is also a big item in the agricultural sphere. And at the same time, we are able to have less methane emissions. And I guess that is a big ticket item for everyone here as well. And so we are really working together. How can that new cultivation technique really prosper? And we are also using digital

technologies. So here also AI comes in. We have tools like Xarvio Field Manager in Japan, which really helps to have in-field data decision points, no matter the weather, no matter what you can see, what you can't see. So it's really assessing when is the right time to apply and also where. And that helps to really have outcome models even, you even come to guaranteed yields models. And I think this shows what's possible. And it's also very important, what I what I also hear, is about partnerships. So here this Xarvio, for example, is a tool that we also connect with other tools, and we are partnering along the value chain, because in the end, it's about setting up a whole holistic system that embraces all the different needs, but also being able to scale it. So I think this is a very interesting endeavor, and for us, it's really innovation around enabling the farmer, because it's only measuring if it's working up to the point it needs to be practical, but also that's how it's becoming accountable as well, because otherwise it's a nice theory, but it needs to be working in the field, and it needs to be making the economic sense, but also having the scientific backing and that that keeps me running to have really a good sustainable agriculture practice.

Megan Willis 20:03

And the scaling point, I think, is something that most people in the room and really at this event, can appreciate is something that requires investment. So I'm going to turn back to you, Bev, you started to talk about investment, and that comes in with the theme of innovation as well, because you can have innovation in investment models and in finance models. So I'd love to hear from you, what kind of things are you seeing in the region, and what, in your opinion, is working well.

Beverly Postma 20:28

Well, I'm full of hope. Despite what you may have heard in the first round of questioning, I am really excited because of the numbers that I'm seeing. And I've got my crib sheet because I'm not reliable. My memory is not that reliable, but there is some remarkable statistics out there that are emerging that if we do use AI big data and precision agriculture tools like the ones that BASF are developing, we could raise productivity by up to 67 percent very quickly. That's the great thing about agriculture, is that you apply technology, and it works. You know, we're going to have to keep applying, because the downward pressure of climate change is going to get worse, not better. So it's not a question of a one-off technology working, and then we're done. We have to keep innovating. And that's exciting, because I think we are in a region that is embracing innovation as a way of life, and I think if I apply that to the fact that we've now got systems and governments that recognize that we've got to break down silos between the innovators and the financing, I think we can find solutions. We've got the DFIs, the big multilateral banks and the development banks are starting to understand how to de-risk businesses a little more effectively. Those technical assistance grants, as well as the loans, are being examined for fit-for-purpose. At the moment, the Asian Development Bank, I think, has gone through a huge renovation in the last 12 months or so, and I think what we're seeing emerging from that is a better understanding of how blended finance should work. Have I seen any working examples yet? No. And in fact, I put this to a representative from the ADB. I won't name names, and I said, "Can you give me an example of any blended finance model that you have seen that is actually delivering a scalable, replicable results in agriculture in Asia right now?" And this person, hand on heart, said, no, they had not witnessed one single blended finance model that was working or scaling. But we all agreed on that panel that there was so much innovation in the finance space at the moment. We have moved from not just innovating the technology that farmers need and that the food chain needs for upstream and downstream, we've

also started realizing that we have to innovate the finance. And where better than to innovate finance than in global centers like Singapore, Hong Kong, there is some really innovative ideas coming out there. And I'll finish by saying that blended finance is not linear. It's not just one company in a bank. Blended finance needs to blend across the food ecosystem, and the ecosystem includes tech companies and finance companies of all shapes and sizes. It includes retail, it includes food service, it includes manufacturing. So blending finance across such a complex ecosystem requires complex innovation. But we are seeing that happen. I think there's a number of funds that have been launched just in the last 12 months that are seeking to bring that ecosystem together, and philanthropy is going to play a much bigger role than it had for the last decade. When I came to Asia, 17, 18, years ago, most agriculture, extension work, technical assistance was funded through overseas development assistance. It was grant funded through major governments outside of Asia. I'd say that's reversed, one, almost 80, 90 percent now we're seeing that technical assistance for agriculture is coming from within the region. It's coming when ASEAN. It's coming from ASEAN+3 countries, Japan, Korea, China, are funding the innovation that's needed in ASEAN, and because the geopolitical shift has removed a huge amount of that external financing from the USA and from other governments that have followed suit, we're seeing Asian philanthropy step forward to start de-risking business in a much more holistic and targeted way and family wealth in Asia, that type of philanthropy is very unique, and it has a patient capital lens that is very different to some of the philanthropy we've seen in the past. So I'm very excited that de-risking is possible. We cannot expect any single business, any of the three sitting here to carry the full risk of extending their sustainability projects, just for the sake of sustainability. They have to be profitable. But if we can uniquely target a blend of government and philanthropy to de risk and solve the piece of their risk equation that they cannot solve through their P&Ls, I think we have hope, but it's going to take a huge amount of coordination.

Megan Willis 26:00

Yeah, I find an awful lot of the time this line, we can't do it alone. We can't do it alone. Then there's also that expectation that, yeah, someone else can just solve it, but it's never that, right? It's a piece of everything. Ren Hua I'm going to come back to you. First I did see you have a bit of a reaction to Bev's statement that there are no blended finance models. Would love to hear if you've seen anything. But on top of that, as you balance the need for innovation and scale, you know, what kinds of innovations, tools, business models, financing models, are you seeing at the very practical level within your supply chain?

Ho Ren Hua 26:35

No, I reacted to Bev, because I think we had a similar panel probably some time ago. And I think with the great work at the Grow Asia—I've actually advocated that, you know, I would think that food infrastructure, hopefully, in the fullness of time, can actually be thought of as an asset class in itself. You know, the fundamental problem with blended finance is, how do you aggregate a certain risk-return level like all finance, right? So if you say, okay, you know, equities is a double-digit return. Infrastructure is a 9, 10 percent return, right? How we can think of food infrastructure, or food security systems is maybe like, you know, 5, 6, 7 percent return. So for argument's sake, we can say, can we think about food asset class as investment asset class, where you can get somewhere between a 5-7 percent return, and then you could then actually explain it, you know, a lot more better about blended finance. Blended finance. The problem is, and the reason I reacted is that I was actually, just recently, I spoke at the UNDP masterclass in Bangkok a few days ago. And as we think about transition risk itself, and you think about that, I

mean, there are three primary things that are really first and foremost in the food agri system, first is the physical risk, right? Like, literally, weather is a physical risk, you don't really know, so you have to underwrite the physical risk. Second is the credit risk, right? And I think, as Bev said, there's certainly a lot more innovation. I think that's improving creditworthiness, credit scoring, so on and so forth. And third thing, particularly for farmers, agriculture working capital, is liquidity risk, right? How do you actually solve a liquidity risk. Can you underwrite? Can you think about working cap? So I have very similar ethos to Bev, I think to operate in food and ag, you have to be optimist by nature, because the weather changes every day. You have to care about other people. But I think over time, we can start to build models, whether through public private partnerships, through the international institutions, and a better sense to how we underwrite different aspects of physical risk, credit risk, liquidity risk. I think we're moving, hopefully moving, the right direction. I've advocated publicly that, you know, we can think about food as an asset class and, you know, as a 5, 6, 7 percent yield. You know, I think that will certainly improve a lot. Beyond that, I think what we're trying to do internally as a team, as a platform, so we operate in eight countries across Asia Pacific. Now we've got over 100 SKUs and probably over 1000 customers. The other thing about food, which is just fascinating but also complex, is that food is generally not produced in one country, like a finished food product is probably produced in like three, four or five countries, right? I take a raw material from Germany, I bring it to Thailand, I repackage it, I modify it, and then I go out. So the value chain of food is probably one of the longest value chains, depending on the crop and depending on the product. That being said, I think the role of companies to innovate along that, to really keep your supply chain as fast as possible, to keep your energy efficiency as low as possible, to keep your friction as least as possible, is increasingly important. So over time, I think of our role as a company for Thai Wah, as an Asia Pacific company, as a supply chain enabled, technology enabled company is more important. It means a lot to me to make sure that what's ever happening is with the farmers. We have the supply chain that can go to Shanghai like every day. We can continue to export to Indonesia every week. We can, you know, make sure that if there's a war, there's no war, we import, you know, potato starch from Europe. So I think food security, food supply chain, agility, are you know, part and parcel, the same coin, but over time, I think the concept of thinking of food as a supply chain business, where it's produced in multiple points in time along a chain, I think it's something that we care a lot about

Megan Willis 30:13

And even within a country, right? You talk about multiple different countries, but I think some things, times, people don't realize how many points there are even within the same country, right?

Ho Ren Hua 30:23

Look at the ingredient list, right?

Ho Ren Hua 30:25

You look at ingredient some ingredients, technically, they have like, 10, but then an ingredient list, there's maybe 10 to 15, but behind the 10 to 15 is another 50. So if you look at the ingredient list for any kind of finished product, when you go to a supermarket, you may, on average, I think you've got like, 10 to 12 ingredients, but behind the 10 to 12 ingredients, you've got like, you know, maybe another 50 micro ingredients that come from,

like five different crops. So it's, I think, you know, food is our space is what you know nature has given us. I extremely, you know, completely similar sentiments as that we have to be optimistic in this industry, and we have to keep pushing the needle on certain models. So I'm hopeful too. I think blended finance the, you know, with the banks and financial institutions getting more sophisticated. I think, you know, hopefully we'll get there over a period of time.

Megan Willis 31:11

Yeah, and I think the average consumer doesn't necessarily understand this complexity that goes behind that one ingredient label, you know, Alex, it really falls on you. You spoke about this already, but to bring—there's an imperative to bring healthy diets within reach of the mass market, right? And these are a lot of different moving parts that come into that. We've talked a lot about finance. We'd love to hear you have anything to add on that, but would also like to hear how policy intersects with that.

Alexander Pestalozzi 31:41

I'm happy to deep dive a little bit into finance as well. I think what we see in regards to Southeast Asia, especially on food, I think there is, there's the demographics that play a big role in Asia. So you have growing populations, right to look at Indonesia, look at the Philippines, you look at China. That's originally why I came out to Asia. About 15 years ago, it was about the emerging middle class. They want to consume and you want to contribute in that. But we looked at it from an investing point of view. And I think if I just take Southeast Asia as an example, if you want to unlock institutional capital, and you want to unlock the capital of the VCs and the PEs, you need to show exits, right? Because a lot of these funds, they have certain timelines they need to show exit. That's one of the key difficulties in Southeast Asia. And then you have examples like eFishery, which doesn't really help the whole ecosystem. On top of that, we don't have to deep dive into food tech, but that's another thing. I mean, no disrespect, but I haven't heard 30 by 30 in Singapore for a long time. I think this is really a little bit the thing where we need to figure out how to overall solve that. And to Bev's point, I think it's a great kickstarter to use philanthropy for that. But then the business model needs to be proven, and the business model needs to deliver returns, and then you need to have an opportunity to exit through stock market or through trade sales, right? And then maybe to the original questions. I mean healthy diets. I don't know how familiar you are with the Filipino food landscape, but I think healthy is maybe a little bit of a stretch. They add sugar into your pasta Bolognese, so, just so you kind of like understand it, but I would kind of look at it from the other side. I would say, affordable quality, right? And this is something in the Philippines that's extraordinary. It's 40 percent of income goes to food. The pricing in the Philippines is extremely high. It's actually if you take into consideration GDP per capita, it's nearly the highest in the world. As an example, a deodorant in Germany costs the same as a deodorant in the Philippines, despite the different GDP per capita. So our business model is all about the economies of scale, right. We open one store a day, and we're going to increase that. And the goal is, if you have a limited amount of SKUs, we don't have 100 we have 550, a normal supermarket has 10,000 you're getting better and better prices. And for us, the business model is we have a fixed margin where we aspire to everything we make on top of that goes back to the consumer, because that way we keep the price competitiveness. And what we're actually doing, and this is interesting in the Philippines, is we don't have security guards, we don't have packers. We have nothing. We don't need it. We're ingrained within the community. They know exactly if we close our shops, they need to go back to the existing retail market and pay 30 to 40 percent more. So that means we have the acceptance. Our CEO

likes to say, we're the Robin Hood of food retail, but it really works well, but that only works with a limited assortment and just blitz scaling. I mean, one store a day. We're over 1000 now, within five years, we're going to have a billion US dollars of revenue this year, and we're ingrained within the ecosystem. And that's also a little bit a lot of fears come up. You have the Sari Sari stores in the Philippines, the moms and pop shop. They actually buy from us. We're so low that they buy from us, and they're like, you call it the last mile delivery. We cannot get with our trucks into the into those streets, so they buy from us, they're 24/7 open, and so we do the last mile delivery on top of that. And I think it's, it's less about healthy. Health is the next step. I mean, in the beginning, if you have a limited amount of budget and we have a lot of day laborers, the average ticket size, it is about five to six there, and maybe 10 US dollars a day, and that's the money they have to spend, right? From that point of view, they need to feed themselves and their family. So what is on offer? And unfortunately, it was always more the unhealthy products on offer, because an apple just costs a lot more than a sugar bar, right? And in the end, you're still fed. One is a more healthy way you fed, the other one is a little bit more unhealthy, but if you're restrained on budget, that's an issue. So now we're also, again, through the scale, we can import apples from China, and we can offer at the same pricing point. And I think that's kind of like where you can create this shift, because you cannot bring healthy snacks if they're priced 2x than the other snacks, right? And I think this is where you really need to bring in pricing. And we can bring in pricing just purely through economies of scale.

Megan Willis 36:07

And healthy can be in the eye of the beholder. At times, I've seen markets or benchmarks that will say the cost of a healthy diet, but then it's defined, perhaps from a Western notion, and it's priced according to what people would actually never touch in that local market anyway.

Alexander Pestalozzi 36:24

I don't want to go into again to food tech too much, but I think the whole idea with the plant based burgers and the plant based milk was that in the perception it's healthy. And we talked about ingredients list, yes, antibiotics in meat is bad as well, but if you think about it, you're replacing milk, which something you perceive as healthy. If you then look at the sugar content behind it, you'll see, actually it's three to four times as much sugar. Most of it is added wherein milk has been more of the milk sugars. Yes, I worked for the dairy industry for 13 years, but nevertheless, I think that's just something reading the label. I think this is really from a perception of healthy. It's not about what you think, but actually reading the label and understanding what the ingredient is.

Beverly Postma 37:05

May I just pick up Alex? I think we should talk food tech. I do think that the learnings from 30 by 30. And for those that don't know, which I'm sure many of you do, Singapore launched a fantastic incubation experiment to try and grow 30 percent of its nutrition and become self-sufficient in two or three key commodities, and that meant creating a space for innovation that I think we have benefited from. Yes, we learned that it takes more than just creating an incubative space. You've got to put in place all of the other enablers. And food is not tech. Food is food, and you can have lots of tech innovation coming from other parts of the world, but selling a burger is not the same as selling an iPhone. There's very different parameters. And I think if we learned a little bit more from what

was in the existing food ecosystem, rather than just looking only at novel tech, I think we could have avoided some of the valuation challenges that hindered that, that lack of exits that we've seen. But the other thing we've learned is that it's not just about the 30, that Singapore's 70 percent, the 70 percent that it is always going to rely on importing, is also and probably more important than the 30 that can possibly be incubated here. And that's, I think, giving us a lot of hope to look at the context of regional climate resilience, rather than every country looking at their own national climate resilience. There is an opportunity to look at this on a regional level and on a global level. Food is global. There's very few commodities that are traded and turned into a final product, as Ren Hua says, in the—in their own country. We are. It's a global foods system. So the learnings from experiments like 30 by 30 are huge. I personally think that we can speed up exits if we look at the full end of the value chain. One of the reasons we lack exits in innovation is because the go-to-market strategy is flawed, because there's usually a small and medium sized enterprise at both ends of that go to market strategy. If you're producing a food tech product, you need an ingredient that is grown by a small holder farmer. If you're selling an AgTech product, you need a farmer to buy that AgTech product. So if we don't invest in solving the bankability, the credit worthiness and the livelihoods of the tiniest producers that are going to buy or sell at both ends of that market, then exits are going to be limited because we don't have a market to exit from. So there is a good investment thesis to solve debt finance at the farm level. It makes sense. We have a huge opportunity, just some big numbers, if I may. There is finance there. A lot of this is good old-fashioned technical assistance. You know, we can solve some of this. The world gathered in New York last week for New York Climate Week. Again, there were huge pledges on climate finance made, but less than 7 percent of current climate finance goes to food and agriculture, and less than 1.7 percent of that 7 percent go to small and medium sized enterprises. So therein lies an opportunity.

Megan Willis 40:48

Thanks. Bev. That brings me into our final question, because we're in our last five minutes. So this is one I'd like to hear from all of you. It's on that theme of we can't do it alone. But I'd like to make that very concrete. So I'd like to ask from each of you an example of a partnership, and this can be cross-sector, within, within the business that helps you to drive the benefit that you're attempting to drive is that for farmers, is that for your business, bottom line is that for consumers, what's, what's the key partnership that you rely on or that you don't yet have, but wish you had to really unlock you know that next level. Simone?

Simone Barg 41:29

I'd say, we found that integrated partnerships across the value chain, by connecting seeds, crop protection, digital means are really benefiting with tangible results for farmers. So that's why we partner as well with institutes like the IRRI and also local growers. And I would say a partnership is most effective when it's multidisciplinary. It's locally grounded, because agriculture itself is local, and it also needs to have a scalability ability, and it has to have farmers at the center. So please put farmers at the center and innovation as an enabler.

Megan Willis 42:11

Great. Thanks. Bev?

Beverly Postma 42:12

Well, I have to cite my own organization. In Grow Asia, with an experiment 10 years ago in bringing together governments, finance, business and philanthropy, and I think we are finally seeing that 780 partners working together to try and solve some of these problems. But what we have learned is that it must be market led. You cannot inject technical assistance into the bottom of the supply chain if there's no market driver or no price at the other end. So valuing agriculture through those partnerships and providing good data is where we've seen the best success. So starting with the fundamentals, that's that on which partnership can be based, trust data, and a shared a shared goal.

Megan Willis 43:00

Great. Thanks. Ren Hua?

Ho Ren Hua 43:00

One of which I think we're doing already internally, which is kind of, you know, trying to work with the local government, or kind of the public sector sources, and just build up data systems and data tracking, you know. So for farmers levels, you know, biodiversity, crop species. So I think, you know, farm level data management. I think it's essentially important, because ultimately they can look at crop level and farm level data. But over time, I guess the next, you know, 5, 10, years, you know, my dream would be, you know, there'll be some kind of an ASEAN food bank, or ASEAN, like regional infrastructure food system. I think, you know, we think about the few big things happening, right? So in the next 6, 7 years, it's going to be the ASEAN power grid. I think different nations are putting together their own (inaudible) plan. But I think if we really believe, we really want ASEAN to act with a bit more cohesion around food and agriculture, some kind of an ASEAN level, you know, mechanism around, you know, financing, I think would be very important. If I were 10 years younger, if I would start something like totally new, and I didn't have to build Thai Wah, I would start a, you know—ASEAN's first food-agriculture—just kind of like, you start a digitally native institution that focuses kind of primarily on physical risk, credit risk, liquidity risk. And of course, there are different startups and solutions doing that, but to be able to do that at scale, you know, over like it takes 5, 10, 15 years to build that. But I do think there's an opportunity. And I think over the over the next 10 years, I think if we can bring that systems thinking to financing and underwriting risk, I think it'd be certainly very appealing.

Megan Willis 44:38

Great. Thanks for that. Alex?

Alexander Pestalozzi 44:40

Thirty seconds, right? I think for us, it's really about the ecosystem around us, right? We work with a lot of producers. We have 90 percent locally produced. And when we started out, we had one small, little bakery doing the bread for us. They grew with us in two years. We're going to double volume in another four years after that, we're going to double volume again. So we need the local ecosystem, and that's also very nice. So it's not just about us winning, but actually the local ecosystem growing with us, because, again, just limited amount of assortments, and that just means we're going to double volume in two and then in four years. And that gives them also kind of like a planning credibility in regards to financing as well, right? They need to take money into their hands to build a bigger factory, but they have off-take agreements with us, and that kind of supports the ecosystem, and that makes all of us around grow. And I like that kind of like symbiotic approach.

Megan Willis 45:31

Great. Thank you. Well, thank you so much to our panelists and to the audience. Today, we've talked about the urgency of action, the power of innovation, the importance of affordability, the need for data, the need for collaboration. That sounds like a lot, but I think it tells us something that our esteemed panel, by and large, has come to the stage today with hope. So while we're at that inflection point, small changes could bring us one way or another, but at this point, we're all feeling quite hopeful that we will make the right decisions, have the right partnerships to lead us to a more resilient and food secure region. So let's continue the conversation outside of this room. There's a lot of work still to be done, so let's get to it. Thanks, everybody.

Disclaimer: This transcript was generated by AI and has been reviewed by individuals for accuracy. However, it may still contain errors or omissions. Please verify any critical information independently.