



联合国
粮食及
农业组织

Food and Agriculture
Organization of the
United Nations

Organisation des Nations
Unies pour l'alimentation
et l'agriculture

Продовольственная и
сельскохозяйственная организация
Объединенных Наций

Organización de las
Naciones Unidas para la
Alimentación y la Agricultura

منظمة
الأغذية والزراعة
للأمم المتحدة

E

FAO REGIONAL CONFERENCE FOR ASIA AND THE PACIFIC

Thirty-fifth Session

1-4 September 2020¹

Statement by the Spokesperson of the Private Sector Consultation

Executive Summary

1. We welcomed FAO's keenness to work better and closer with the private sector, and its intention to build upon FAO's strong data and analytical services. We asked that this could encompass benchmarking countries and national production systems as a way of lifting standards by comparing them with global and national good practices (e.g. input: output ratios, percentage of farmer price of export price for commodity, regulation and legislations).
2. Agricultural enterprises believe that the future will bring a raft of increasingly disruptive issues to the whole food system (e.g. climate change, environmental degradation, health and nutrition issues [obesity and stunting, food safety], changing and increasingly urban consumer demand, ageing farmer demographics, an increased number and intensity of unexpected events, e.g. Fall Armyworm). The UN Food Systems Summit in 2021 will bring even greater focus on these topics
3. Food spending in the Asia and the Pacific region is growing at 6 percent compound annual growth rate (CAGR), which would result in USD 3-4 trillion/year of increased cash flowing into the broader food system by 2030. This new cash flow would be the fuel to lift rural and farmer livelihoods, also would help attract significant addition investment. The estimated investment need is for ~USD 800 billion, of which 20-30 percent is on-farm. The Public/Donor proportion will be less than 2 percent. FAO should have a more active role in the increasing issues around food, as well as in helping shape investments to become more inclusive and sustainable. And that a modern and efficient food system would create multiple new jobs and business opportunities within the broader rural economy. However, if farming is not competitive, then much of this new income will flow offshore for imported food.
4. The Enterprise Sector are supporters of Public – Private – Producer/Civil society sector dialogues to help solve the multiple problems emerging in the Food System across the whole region. There is a need for these Multi-Stakeholder Partnerships to reach a shared vision on the definition of what success would look like. FAO could help make those convenings more effective and assist by mapping out the alternative scenarios for the

¹ Rescheduled from 17-20 February 2020, Thimphu, Bhutan

- future and their respective capability to deliver on the food and farming needs going forward.
5. There is an incredible generation of younger entrepreneurs excited to enter the food system – investing in digital technologies, foods with health, nutrition and sustainability embedded into them, new products (hazelnuts, biomass, low GI rice) farming service operations e.g. drone operators, contractor tractor services, etc. However, they struggle under the weight of regulatory burdens, which do not distinguish between the requirements for a small and medium-sized enterprise (SME) and a multinational corporation (MNC). Be it in registering new food products or trying to obtain financing. If FAO can assist countries in designing regulations that have a better fit for purpose and businesses size, that would help facilitate the positive contribution that the SME sector can deliver.
 6. The private sector is extremely keen to learn. Specifically, the practical and ‘how to’ lessons. FAO’s online training courses – would be an excellent conduit for distributing learnings to that sector, especially SMEs. The larger scale Agri-enterprise sector had indicated that it is willing to assist in creating practical, and experienced-based learning courses
 7. The Food system needs to attract a cadre of younger, better, more professional farmers. Technology would help but at the core is for farmers to be confident that farming will enable them to generate sensible livelihoods for them and their family’s needs. A multiple approach is needed: lowering transaction costs by smart public investment in infrastructure, lowering production costs by smarter use of inputs, increasing productivity, market information and intelligences, and access to larger parcels of land. It is envisaged that they would be supported in their activities by a network of local business providing services, e.g. ploughing, drones for information and spraying, labor gangs to deal with labor peaks etc. FAO could have an important role, through training, data, and policy and investment advice in helping countries in the region realize a future of more modern but inclusive and sustainable farming and food systems.

Queries on the content of this document may be addressed to:

APRC Secretariat

aprc@fao.org

Introduction

1. Grow Asia is honoured to contribute to the 35th Session of the APRC. Established by the World Economic Forum and endorsed by the Association of Southeast Asian Nations (ASEAN) Secretariat, we are a multi-stakeholder partnership platform that brings together stakeholders from different sectors to lift the productivity, profitability and environmental sustainability of smallholder agriculture. Today, we work with more than 500 organizations across the region, representing the public sector, multinational corporations, local agribusinesses, civil society, farmer associations and research/academia.
2. We are pleased to deliver the following private sector statement after a regional consultation with 10 industry associations and networks, and + 35 national and major agricultural enterprises. As well as financial institutions, digital operators, investors and small and medium enterprises.
3. Naturally the focus of their responses and ideas is those millions of farmers, and participants in commercial food value chains in the Asia and the Pacific Region.

Context, Opportunities and Risks

4. Two primary questions were posed: how do you expect to see farming and food systems change over the next decade? And how would you advise FAO and the Governments of the Asia and the Pacific region to do things differently?
5. There was a strong consensus of the main themes. That the situation is urgent. Change was happening and although difficult to predict, it is going to accelerate. Events will become more frequent, unusual and less predictable. Climate change and environmental degradation is very real and posing an existential threat. As does the ageing farming population, the shortages in farm labour and the increasing scarcity of water. The core driver of change was the urban consumer, their changing eating and purchasing habits. This is further complicated by an increasing consciousness of the issues of health, nutrition and food safety.

The Enterprise in Agriculture's Role and Activities

6. The Enterprises in Agriculture are not of one mind. A proportion are making an act of faith that the SDGs are both good for the world and will also deliver on a business case. They are making bold investment for a more sustainable and inclusive future for food and farming. Others are currently observers. Waiting to see whether these investments and innovations can be made to work. And, for others the short-term profit motive is still their key driver. However, the situation is amendable to change. Much will depend on the outcomes on the current round of sustainable and inclusive business initiatives.
7. It is enlightening to see the range of innovations and new approaches that these Enterprises in Agriculture are currently implementing. These included;
 - **Improved nutrition** – e.g. reformulation products, embedding sustainability and improved nutrition into new food products, foods adapted to changing health needs (e.g. low GI rice), digital learning applications to improve young peoples' food choices.
 - **Improving farmer livelihoods** in order to attract a cadre of younger, better, and more women farmers, through productivity improvements, lower production costs, investment in infrastructure to lower transaction costs.

- **The positive impact of the new digital technologies** offering the prospects of positively transforming the relationship between farmers and agricultural enterprises, by lowering transaction costs and opening new ways of operating;²
 - **Implementing and learning how to create inclusive business models with small scale producers**, through multi-stakeholder partnerships, both at a local and national levels,
 - **Support for the emergence of a rurally based farm service sector** - e.g. contract mechanisation services, labour gangs, drone operators, etc.
 - **Many multi-stake holder partnerships to solve food system problems in the pre-competitive space** (i.e. responding to SDG 17) e.g. Grow Asia, Global Agribusiness Alliance, Sustainable Rice Platform, World Business Council for Sustainable Development, Global System for Mobile Communications, Food System Dialogues etc.
 - Multiple field interventions to **prevent deforestation, take landscape approaches, lower use of inputs and water, reduce in food losses, improve crop diversity, and creating the new job opportunities** in the broader food system.
8. Surveys³ of the Asian Agricultural enterprises sector on their perceived challenges were; 26 percent climate change and environmental degradation, 19 percent Farmer education, practices and knowledge, 13 percent access to finance, 10 percent poor infrastructure/lack of Government support, 9 percent water shortages, 9 percent labour shortages, 14 percent others.

Powerful External Drivers of the Asian Food and Farming Sector

9. The future economic prospects for the Asia food and farming sector are excellent with projections of very significant increases in food expenditure⁴. The Food market in Asia-Pacific total value is expected to double between 2020 to 2030 to USD 7 to 8 trillion. This provides a huge opportunity to increase the income for farming and the broader rural economy (addressing SDG 1). It is also a challenge. If Asian farming isn't competitive much of that increase will be spent offshore to purchase imports. This is compounded by the issues highlighted above.
10. The urban population will increase by around 550 million over the next decade. With the amount spent on food being amplified by the region's exceptional and on-going economic growth.
11. The Asia consumer eating habits are changing. With increased consumption of animal proteins, higher value crops, and especially convenience and prepared foods. Their food priorities typically are taste, followed by quality and price. Food safety is an ever-increasing issue. By 2030 the region will contain 63 percent of the global middle class, and 56 percent of the population will be the young. Their food demands are difficult to accurately predict. But include a move away from brands and certification. To being increasingly interested in where their food comes from, food ethics, and, paradoxically, in luxury and high-end food products. Despite the continued economic growth there will also be the needs of the poor, for whom food needs to be cheap and nutritious.
12. These strong economic opportunities create the need and prospects for increased investment. In total over the next decade the estimated additional investment in Asia's farming and food will be USD 800 billion. The breakdown of investment needs in Asia is 57 percent food processing, 20 percent farm production, 19 percent in wholesale / distribution and 4 percent inputs. The high ratio of off farm investments is to be expected. The mapping of the agricultural transformation

² e.g. traceability, advisory services, digital credit scoring, rural logistics, e wallets for payments, peer to peer loaning, consolidating demand for contract services, identifying and predicting pest and disease outbreaks, low cost soil nutrition diagnostics, leveraging satellite data etc.

³ PwC Asian agri-food survey 2019

⁴ The Food market in the Asia and the Pacific has been growing at a Compound Annual Growth Rate (CAGR) of 6%

processes shows that the value addition per capita in primary agriculture is relatively static. While the proportion GDP created in the rest of the value chains increases dramatically. This in turn creates multiple new jobs and opportunities in the broader food system. Less than 2 percent of this new investment will be from public sources, about 11 percent will be sourced directly from companies and consumers, while 88 percent will be derived from the financial sector. With China accounting for about ½ the total India a ¼ and 17 percent in South East Asia.

The asks of the Enterprises in Agriculture of FAO and the Asia-Pacific Governments

Taking a Food Systems Approach

13. **Situation:** The region's food systems will have to go through a period of rapid change and transformation, given the looming series of issues e.g. urbanisation, ageing farming populations, climate change, environmental degradation, health and food issues. As well as being able to respond to an increasing number of extreme, and new events. National Governments and Development agencies will need to be prepared, have plans, and be able to execute programs to solve these issues. Elements of which are likely to include: the creation of a cadre of younger, better, more professional farmers, assisting on the emergence of multiple new jobs and enterprises opportunities in the rural economy and investment in rural infrastructure. In particular to efficiently deliver water, reduce flooding, facilitate the transport of agricultural products to urban markets and storage. As well as the transitioning into more healthy and nutritious food products and enabling consumers to be able to make smarter food choices. These are in addition to the traditional prerogative of food security and tackling hunger. The implication is that a food system perspective will drive a change in the way that Government think about farming and food. FAO is mandated to cover food and agriculture. Going forward FAO needs to broaden its range of activities. Develop the expertise to become acknowledge respected adviser to Governments, and able to work in concert with Food System actors.

14. **Action:** There is an insightful quotation that 'The future is already here, it's just not very evenly distributed'. Many of the issues highlighted by the consultation are already being tackled. There is enormous innovation going on. Solutions are being found. There is a vitally important role for FAO to capture the Good Practices emerging from countries, projects and programs on the ground. Distil them into effective knowledge products and disseminate them. So that in the Asia region all the players in its Food Systems can be accelerated in their learning, confidently introduce of proven good practices, and that the existing positive results amplified. FAO could play an imports role, both at a Regional and Country level, as a convenor of dialogues between the disparate sections of the Food System (see section below).

To achieve scale and effective change will require the concerted action of Multi-Stakeholder Partnerships

15. **Situation:** Going forward even more rapid changes, more extreme events and greater complexity of needs will be demanded by the Food Systems of the countries in the region. As emphasised by SDG 17, to achieve the speed and scale of change can only happen if all the links in the various Food Systems can operate with a degree of concert with one another. This dialogue must encompass the Public Sector, the Enterprise Sector, the producers and their representatives. The effectiveness of such partnerships is greatly enhanced if they can be brought together with a shared vision of what future success will look like.

16. **Ask:** That Governments build on existing networks or create new effective forums where dialogues can take place between the Public-Private-Producer sectors. FAO could function as the

convener of these conversations whereby enterprises in agriculture, plus Farmer organizations, can have dialogues and knowledge exchange with Governments. Experience shows that these dialogues can take value chains approaches, and/or tackle cross cutting issues. To be effective there are important roles, and skills that are needed in supporting these processes. This could be a valuable function for FAO to take on. Important elements could be (i) to distil from the existing global experiences what are the Good Practices for creating effective dialogues. (ii) helping to map out the options and consequences of alternative future scenarios for food and farming systems, and their ability to deliver on the SDGs⁵, (iii) Technical support for the development and delivery of action plans to solve agreed constraints or pursue new opportunities⁶.

The potentially positive effects of the SME sector are being inhibited by the type of regulations in place and their aims to improve the way they operate

17. **Situation:** There is remarkable level of innovation and creativity emerging in the SME sector. Especially from younger entrepreneurs seeing opportunities in food and farming⁷. The innovation and creativity are impressive. If encouraged and supported, they offer the hope and prospects of increasing the jobs and opportunities in the rural economy. As well as becoming a role model and inspiration for other young entrepreneurs. The re-occurring complaint (a view also voiced by the major companies on their behalf) is that the level of regulation and the bureaucratic processes that they are forced to navigate. Securing finance for their businesses is a major impediment. Disadvantaging them against their major competitors, who can afford specialist staff to guide them through these complex processes.
18. **Action:** There is a real need for Governments to reduce the regulatory burden on SMEs. An activity that could be supported by FAO, by demonstrating best case examples of how some countries have already achieved this. One characteristic of all sizes of Agricultural Enterprise is their keenness to learn. A more sophisticated Food System will need to be staffed by trained people. There is a need to enable national education systems to facilitate the emergence of a higher level of knowledge and understanding of commercial farming, and value additional enterprises. SMEs for example are keen to learn about; HACCP and Food Safety, reformulation of food products, the emerging business opportunities in servicing the farming sector. Major Agricultural enterprises have volunteered to provide inputs and expertise on these learning program. The FAO's online training services could usefully organize and distribute these knowledge products.

There was much criticism of the process and procedures for SMEs in obtaining finance. These were seen as being too slow (paralysis by analysis was much quoted), too onerous for relatively small amounts of money, and much of the information gathered were often not germane to their investments. FAO could have an important role is enabling SMEs financing by assisting foreign investments (FIs) in developing loaning processes that are fit for purpose and in helping de-risk these important investments with tools such as blended finance, first loss covers etc.

Building on FAOs expertise and global reach on Statistics, Data and Analysis

⁵ Example Scenarios to kick-start dialogue could be, (i) traditional mix of small scale, low input and subsistence farming with localised markets sheds, (ii) a cadre of younger better farmers, supported by local service enterprises able to feed into modernizing food systems, (iii) few large scale farming operations supplying a few concentrated food business, (iv) the emergence of laboratory based food production.

⁶ Examples could be the delivery of national road maps, including the sequencing of actions by the public, private and producer sectors on investment, policies and programs

⁷ This consultation included; investing in food laboratories, in multiple new digital technologies and farm robotics, providers of contract tractor services, production of low GI rice, premium products in tea, chocolate and coffee and bio-mass production

Situation: FAO has a unique global role in creating a robust foundation of statistics, analysis and understanding that inform decisions by Government and Enterprises. With the exponential growth data and computing power the potential and significance of this kind of information in improving practices, decision making and leveraging positive change will only increase.

Action: The modalities and ways of consolidating and analysing increasingly large quantities of data are an obvious area of increased emphasis by FAO. In particular the Agricultural enterprises sector suggested that FAO and Governments need to create valuable benchmarks by which the individual sectors, and Countries can compare themselves and measure their performance and progress⁸. Highlighting these facts is amongst the important first steps to improving efficiency and lowering costs and GHG. The second area is to promote better policies, regulations and effectiveness by benchmarking countries against one another.

Attracting a cadre of younger better and more professional Farmers

Situation: The farming population is aging. Their daughters and sons are leaving farming. There are serious concerns on who will be the future food producers. Closer examination of research and field observation paints a slightly less bleak picture. There are young people who do stay in farming and the food sector. They may only be a minority, but through them is the potential to create a cadre of younger, better and more professional farmers. Research in Bangladesh identified that they typically were found in the expanding, more intensive and profitable sectors e.g. livestock, fruit and vegetables, value addition. And there is a considerable body of evidence that the life of a small holder is not one that people aspire to. Struggling to make a decent livelihood growing staples crops on a small plot of land, with its hard physical work, little or no control over weather and price. Therefore, at its core is the need is for farming to provide younger farmers provide with a good livelihood.

Action: To create a cadre of younger, better and more professional farmers will require concerted action across multiple areas. This will include smart investment in rural infrastructure to lower transaction costs, (roads, marketplaces, plus access to services like internet, electricity, and water) by Governments. Lowering production cost – through smart use of inputs, increasing yields by the dissemination of good practices⁹. Access to market information and intelligence can be useful in improving price negotiation. As is facilitating competition by improved access to alternative off takers. Better enabling access to services that can improved productivity or lower production costs. Finally, they will need for these farmers to have access to large parcels of land. So that their productivity and profitably can be amplified. This may include changes in land titling, land markets, leasing arrangements’ etc. All of these efforts will be greatly facilitated by the access to digital and other new technologies by the farmer sector.

19. There is also an argument for deliberately raising the profile and status of these farmers. Or as the Training Program in Indonesian schools on the opportunities in farming ends with the children attending the classes singing in Bahasa “Menjadi petani itu keren”, or “Farming is cool.”

Four Specific Technical Areas

Innovation and Digital Technologies

⁸ Examples include the relatively poor input/output ratio of Vietnam’s coffee growers i.e. the fertilizer and water application rates are significantly higher than others, helped trigger Good Agricultural Practices to improve. Or comparators between countries on the percentage of final price that goes to farmers has been used to leverage better returns (e.g. farmer price of tea at the auction, comparing Rwanda, Kenya and Sri Lanka)

⁹ Smaller scale producers’ yields are most typically between 1/3 and ½ of what is realistic, and most value chain projects start with productivity improvements,

20. **Situation:** China and India estimated to be 3 to 5 years ahead of the rest of the region in digital technologies. In the ASEAN an only 2% of farmers are using digital technologies to inform their farming. There is a gap in the understanding between the Technology sector and farming. Both of the opportunities that they present and of capacities and needs of the farming sector. As often in the case in development, some of the greatest progress occurs when two siloes, hitherto separated, are given opportunities to work together i.e. farmers and digital experts. Large scale Enterprises in Agriculture believe that digital technologies have the potential to positively improve their relationship with smaller scale farmers in multiple ways. The digital sector is changing rapidly. As is the digital capacity and understanding of farmers. Farmers use voice calls, Face Book and WhatsApp to gather information and ideas. These echo the natural ways that they gather information (i.e. from other farmers in piecemeal fashion and in small bites). Much of what is being developed in the digital technology sector is project based and with limited ambition for reaching necessary scale. Much of the emphasis is on developing applications. Farmer survey data paints a different picture. Most farmers are already using their cell and smart phones as a farming tool (e.g. calls, chats, WhatsApp, Facebook, Messenger). Only a tiny percentage in ASEAN are actively using Agricultural applications. There is a lack of real insight into the capability and true needs of the farming sector, and start-ups are weak at presenting compelling business cases on how to become economically sustainable.
21. The Agricultural Enterprise sector also strongly made the point, that farming, and the food sector was under multiple looming threats. The situation urgently is demanding a raft of new and really innovative technologies and techniques, if we are going to successfully surmount the mounting future threats.
22. **Action:** There is an important need to build capacity in using digital applications in Farmers and Farmer Organizations by Governments and supported by FAO. This process needs to assist the farming communities on its ongoing journey into greater digital literacy. And greater sophistication in using the opportunities that mobile, digital and ITC systems provide.
23. There is an important role for organizations like FAO in helping bridge the gap between the Technology community, who have little insight and knowledge of the rural economy, and the Farming sector¹⁰. There a great number of new applications that have been developed or being developed. Most will fail. Start-ups and Digital companies are not be able to carry out fundamental public good research. (e.g. correlating the appearance of early stage crop development with ultimate yields or creating and disseminating localised and accurate weather forecasts). This back-office public good type data can be developed and maintained by the public sector. While the dissemination can be better enabled by using the existing ecosystem of agricultural applications. This would amplify reach and accelerate the uptake and utility of digital technologies to modernize farming. This role of synergising the Start-up/Digital Sector with the public good needs would be a role for Governments, with support and guidance by FAO. Much has already been done by a range of Enterprises in Agriculture to invest in digital technologies, especially in the last few years, e.g. significant investment, appointing specialist staff, sponsoring hackathons, and accelerators to position themselves to spot at an early stage promising innovation, etc.
24. There in a need for the Public sector to be brought up to speed on the development and opportunities that digital technologies bring. Trainings in the opportunities for digital to improve public service and goods delivery, and potential for being able to help Governments to leverage the skills of the Start-Up and Digital community could be a valuable role for FAO.

¹⁰ e.g. the relevance of Human (Farmer) Centred Design, to help align technology with needs/capacity

25. One key learning from digital program is the value of initially setting structured challenge statement for Start-Up and Digital Companies to address. Examples might be (i) being able to generate figures of yield improvements using satellite data and AI to create an incentive structure for extension services, (ii) the potential of mandating the use of individual identifier for each farm by all digital platforms, (iii) the possibility of sharing data, or using the existing ecosystems of digital application as a conduit for public good information, (iv) data to create much clearer picture and benchmarks that farming and food might need¹¹. In the context of supporting the emergence of a cadre of younger, better more professional farmers, one of the mechanisms that have provide valuable elsewhere has been to use benchmark and standards to enable producers to compare themselves with and challenge themselves to improve. This could be an area of activity which builds on FAOs expertise in statistics and data, coupled with new digital technologies to both gather and disseminated these measures. Information like this will be invaluable in underpinning greater productivity, improving efficiency, lowering costs and driving forward the need for farming to generate more with less which in turn will lift farmer profits.
26. The farmer survey results on how farmers mainly use existing ways of exploiting their cell smart phones, and the little use of applications. That there will be ways that innovations can be brought in to amplify the positive impact of the existing mediums on farmers. An example might be to train Extension agents in the role of influencers, to promote new techniques and technologies through the existing chat and messenger mediums being used.
27. Digital technologies will, in the main, only deliver marginal gains. However, in view of the number, scale and seriousness of the challenges to Food Systems a more ambitious approach is needed. FAO and Regional Governments need to promote research that is much more innovative and targeted at solving the raft of serious problems going forward. And from the outset, to take into consideration how these solutions would be able to be taken up by the region's small-scale producers. Particularly in view of the likely stream of new, urgent and unexpected problems that will arise.

Water Scarcity

28. **Situation:** The themes emerging were not only increasing scarcity of water, because of drought and increased demand from other sectors, but also the expected increase in flooding events. The respondents are convinced that yields and/or number of annual crops can be very significantly increased through the application of greater agronomic skills and knowledge.
29. **Action:** This is an area of where Agriculture Enterprises and Public sector can very usefully partner. There is real need for investment in irrigation water infrastructure, to reduce water losses, both in storage and in delivery. Coupled with research on much greater precision on irrigation practices, improving the water use efficiency without negatively impacting on yield. The private sector has an important role to play. For example, on producing ever more efficient irrigation systems, (e.g. low-cost drip irrigation) and the new technologies enabling even greater precision on responding to real crop water needs.

Sustainable Fisheries

30. **Situation:** Asia has high consumption of fish and sea-food products. Demand is growing at a faster rate than the population. Output from the caught fish sector has been flat. Although

¹¹ e.g. building an accurate benchmark of yield, cost of production, to enable farmer to compare themselves against national or region standards, with which to incentivise self-improvement

informed opinion is that with a better system management, coupled with a greater diversity of sea food products the sustainable output from the caught fish sector could be improved many fold. However, in the main growth in supply to match the increasing demand has been from aquaculture. This sector is going through a period of both great innovation and expansion. It is attracting increasing private investment. Especially in consolidating together supplier of germplasm (fingerlings, elite stock), feed (especially with the move away from fish meal into other sources fish of proteins, such as insects) and health products. There are excellent opportunities for improving yield and efficiency of the existing aquaculture systems. Especially amongst smaller scale producers. Nascent but developing are the type of integrator systems that have provide so successful as inclusive business models in the broiler sector. They are now being developed in aquaculture (i.e. input supply plus technical advice to out growers, coupled with guaranteed buy back arrangements) Farmed fish have low greenhouse gas (GHG) emissions per unit of protein by comparison with most land-based animal production systems. The government propagators have, in the main not been able to match the demand for young stock. This is generally far better executed by the Agriculture Enterprise sector.

31. **Action:** Partnership with private sector input suppliers to promote the most sustainable and efficient the emerging best practices. There is the need for better regulations to control investments. Particularly to protect mangroves . Work with fishery and food companies to improve the monitoring and management of the existing fishing areas. Encourage innovation and development of food products that broader biodiversity of sea food products. Better enable that demand for animal proteins to be met by fish and water food products that can be both produced locally and generated consistently less GHG than many other animal protein sources.

Food Systems

32. **Situation:** The concept of Food systems is forcing us all to take new and broader perspectives. Moving from an almost exclusive focus on production, and especially small holder production. To a view which acknowledges the multiple challenges effecting and threatening the global Food System. For example, food security, safety, and quality; population health, and, reducing the role of food and farming in GHG emissions. Plus, the need to address all the SDGs. With particular reference to SDG 17, that speaks to achieve change at scale, will necessitate action through broad coalitions of multi-stake holder partners.
33. To this end 29 Food Systems dialogues have been conducted globally, bringing together the voices of Producer Organizations, Country and Regional Partnerships, Civil Society, Agricultural enterprises of all sizes and activities, plus those of Politicians, Scientists and Academics.
34. These dialogues have highlighted the four key themes. (1) Incentivising the production and consumption of healthy and nutritious food products, (2) Promoting access to food systems through inclusive approaches; (3) engaging food producers, especially smaller scale producers, and processors in all aspects of climate action and in the promotion of sustainable farming and land use practices', and (4) aligning financing and investment with the desired food systems transformation.
35. Under these are 10 discrete areas of action. (1) Accelerating the movements towards healthier food choices, reducing waste, and leveraging public procurement. (2) Importantly, taking an inclusive multi-stakeholder partnership approach to transitioning the food systems, whilst being aware of the livelihoods needs of those embedded in supply chain, and supporting upstream and downstream actors in the changes they have to make. (3) financially incentivising positive contribution to ecosystems, using science-based evidence, plus promoting climate smart agricultural practices, and (4) ensuring that finance is aligned to invest in nutritious foods.

36. Much of this thinking is aligned with what we have heard from our own consultation process (e.g. the importance of dialogues, fears of the impact of climate change and long-term environmental degradation, etc). Where this differs stems from need to suggest ways FAO and Governments behave differently. As well as the more specific nature of these conversations. Examples include, the serious concerns about the rapidly aging and falling farming population, the hope for the positive impacts of digital technologies, and how to improve livelihoods – both on farms as well as the rural economy and the emerging new jobs in the broader supply chain¹². Plus, the comments on the complexities of regulations – in food and finance, having a disproportionately large negative impact on the SME sector. We also heard of the need for urgent action, for even greater innovation than digital technologies to tackle the existential threat of climate change, and the support for a restructured farming and food sector¹³. This was coupled with a plea that Development agencies and Governments need to be more time conscious.
37. **Action:** The areas of solution based activity are (i) broaden the areas of FAO and Government action to encompass Food systems approaches¹⁴ (2) creating and supporting multi-stakeholder partnerships to develop common themes of responding to needs, action plans and the division of responsibilities in delivering results, (3) emphasising and promoting examples of successful solutions, based on practice based research, (4) Helping shape future food systems that work with the positive transformative process already starting in the food systems, and responding to the food needs of a younger, more urban based consumer sector.

ASEAN Covid Convening

38. In Cambodia, Wing money convened a meeting, moderated by H.E. Serey Chez, the DG of the National Bank, to explore the idea of setting up a digital marketing platform to better enable agribusiness to purchase from Cambodian farmers.
39. In Myanmar a conversation has taken place between the World Bank and a handful of the country's major suppliers of agricultural inputs, and some of the mobile money companies to explore ways that the private sector can be 'crowded in' to deliver the program (e.g. e-voucher for inputs, e-extension).
40. The intension is to create specialised Working Groups (WG, bringing together partners from the major sectors to develop together an action plan to build medium to long term solution to the weaknesses in the ASEAN Food Systems revealed by Covid 19.
41. In discussions with participants the areas of activity, in order of level of support were Logistics, followed closely by Digital Marketing. Next was Mobile money, with issues like Livelihoods, Digital information, the digital enabling environment, creating a farmer registry as a practical step in underpinning a future farming system that is more organized, understood and where service delivery can be more targeted, all receiving about equal levels of support.

Turning to the individual areas

42. **Logistics:** Failure of product being able to reach end markets through hold up in the supply chain are generally seen as being the root cause of many of the problem in the ASEAN food supply system. It has resulted in product being thrown away, in income not reaching farmers, disabling farmers in being able to afford to make the necessary investments in their next crop. Although there is known to be a problem, its extent, quantum, and geographic location(s) are much more opaque. The greater interest was particularly strong amongst the private sector.

¹² Plus, the positive impact that increases in food spend in Asia- Pacific for all the links in the food system

¹³ Cadre of younger better farmers, supported by a network of service business – tractor contractors, drone operators, labour gangs

¹⁴ The Food System Summit of 2021 will sharpen the focus and understanding of Food Systems and the possibilities of bending the arc of change towards more positive outcomes that are aligned with the SDG.

- Amongst the potential focus points that potential participants thought warranted discussion were: 1. Improving the operations, execution, and trade in ASEAN, both across borders and internally, 2. Catalysing innovation in rural logistics, particularly 1st mile connectivity 3. Strengthening the investment, and operations in the post-harvest infrastructures. A number of suggestions were made including: a web site consulting the regulations and cross border restrictions for trading products to make the situation less opaque than it currently is, aligning process procedures and paperwork to facilitate trade, introduction of track and trace systems, investments in rural roads, storage, creating open sources applications to facilitate the consolidation of consignments and their collection and delivery by the network of multiple small private trucking operations who presently operates in the rural space.
43. **Digital Marketing Platform;** Covid has highlighted the need and the benefits of having a more flexible marketing system, able to more easily switch product between market outlets, create competition between buyers, and respond to consumers increasing interest in fresh products, local supply chains and direct purchase from farmers to consumers and/or agribusiness. The best of these marketing platforms provides the important function of keeping the producers informed on the changing demand and buying habits of the buyers, whether agribusiness or consumers. The public sector were very interested in the potential of this technology, and wanted to be able to better understand what were the basic requirements that needed to be in place for digital marketing of agricultural products to be able to take off (e.g. e wallets / mobile money, sufficient middle class consumers, the necessary infrastructure such as roads, logistics, Wi-Fi / internet). The companies venturing into these activities are especially keen to learning the potential mistakes to avoid and ingredients in success. The outcomes maybe: a webinar for the Senior policy makers in ASEAN on the requirements, needs and benefits of these new marketing platforms, creating a regional working group/ community of practises to better enable the exchange of good practices.
44. **Mobile Money:** Mobile money is seen as an enabler of improved cash flow into the rural economy, purchasing products and a core ingredient of a successful digital marketing platform. We have the sense that Cambodia is probably the most developed in this area, especially Wing money, although there are a number of other companies there too (e.g. OnGo, True). In Myanmar Wave money is probably the leading player with 17 MN users, plus 57K agents, but also True and OnGo. We don't know where mobile money is operating elsewhere in the region, what business models are they introducing, and would there be some benefit from creating a Community of Practice to lobby for mobile money to become a regular feature of the future in bringing its benefits of selling, buying and new marketing options to the rural. The next steps, which include convening the sector to articulate their needs to Governments and Donors, and to support these arguments with some empirical evidence of its broader economic benefits, are relatively unclear.
45. **Information:** Farmers have been handicapped during the Covid pandemic by lack of information. For example of the dramatic changes in consumer demand (e.g. away from F&B outlets, towards products they can cook at home, with preference for fresh products, local supply chains, and products being purchased on-line) – so they could make plans for remedial actions, or about the health implications and good practices for keeping safe. There have also been incidents where agricultural products in the green lanes have been held up because local jurisdictions were not informed of the rules and new regulations. Additionally, there are the ongoing difficulties in being able to communicate good practices on productivity, sustainability, and resilience. Covid has revealed effective new ways of communicating. Singapore has used social media to inform its population of the Covid situation and the good practices to keep themselves, their family, and employees safe. The particularly in China, where in response to Covid conferences, and University lectures by Professors, targeted on farmers, have been live streamed. Most countries are looking for more cost effective, and less face-to-face contacts in Agricultural extension system, while input companies recognize that to disseminated technical messages to thousands of smaller scale farmers is too expensive to do with agronomist visits,

there is considerable interest in using digital media. And regionally, in views of the low usage of Agricultural application, and the high participation in Chat rooms, ways of leveraging social media is a channel which, to date, has probably been under exploited. Nevertheless, within the region there is a plethora of ideas, new techniques, and innovation, but without sufficient cross sharing of emerging good practices, what is working.

46. **Livelihoods:** Although there was support for the Livelihoods approach, the feeling was that this was more a generic statement of intent, and a reflection on the need for solutions that would improve livelihoods. In the discussion there were no specific areas of action suggested, save the existing suggestions on mobile money, new digital platform, better operating logistics, and improvement in farmer information.
 47. **Digital Policy:** There was considerable interest both from the Donor community, and some of the region's agribusiness (and other business) in the need for very significant improvement in the internet infrastructure, and the rural bandwidth within the region. This was seen as fundamental foundation for positive rural transformation. The core of this is around investments. And being able to demonstrate what might be the positive implication of improved access / bandwidth of the digital infrastructure. Issues raised included the effect of the new digital cable across the Pacific on rural bandwidth, and that this is likely to impact initially in the Philippines, and there could be an ideal location to pilot an enhanced digital service. There was also the question as to whether Governments are not using the funds that were mandated to be set aside from the mobile money operators specifically to fund rural digital infrastructure. Is there something that could be done to unlock that particular trove of funds?
 48. **Farmer Registry:** (NB this could be combined with the initiative above) Amongst the Donors (esp. WB and IFAD) there is considerable interest in creating in each country a farmer registry (more than a listing) to build a picture of who are farmers, landlords. Tenants, their land areas / location, and ideally being able to apply a unique identifier to each farmer, to be able to improve the efficiency and effectiveness of digital services.
-