

Concept Note

Regional Workshop to Promote Agro-industrial Policy Measures for Micro, Small and Medium Food Processing Enterprises in the Asian Region

16 – 17 December, 2013, Bangkok, Thailand

Background

The Asian region is currently rapidly urbanizing. With urbanization, food systems across the region are changing and consumer demand for foods in a convenient format is increasing. Post-harvest losses in the region remain high, averaging at around 40 % for fruits and vegetables and 12-37 % for grains, and climate change threatens a reduction in the realisation of agricultural yields. Land resources for agriculture are declining and a growing scarcity of water in the region, highlights the need for an increased focus on sustainability issues and for the efficient use of technologies that can assist in preserving the environment, while delivering social and economic sustainability. If not properly managed, the changes described could negatively impact on the food security of current and future populations in the region.

Consumer retail pull, particularly in urban centers of the region and in export markets, continues to increase the demand for value added products and processed foods that are packaged in convenient formats. Cultural preferences of consumers are also a major market force and a driver of the region's processed food sector, while generating export market opportunities in areas where large populations of the region's diaspora reside.

Micro- small and medium food enterprises (MSMFEs), which constitute a majority of the food processing enterprises in the region, supply the bulk of processed food products consumed in the region's mass market. By and large, the outputs of the MSMFE sector are, unable to compete with outputs of large scale processors that are sold in supermarkets across the region, in terms of volume, quality, shelf-life and packaging. MSMFEs nevertheless contribute significantly to food security of local populations in countries across the region and their activities benefit national economies through employment generation, mitigation of rural-urban migration, and their strong linkages to the agricultural production base and value addition.

Much of the technology used for processing by MSMFEs in the region is antiquated, inefficient and is often locally manufactured. Few countries in the region can boast of indigenous processing equipment that has made substantial impact. MSMFEs are largely grown from in-country investments and are poorly equipped with the capacities to access credit, information, education, training or investment. Often working in isolation, they are poorly organized and do not command priority for long-term credit by lending institutions in the region. Poor linkages within their supply chains, limit their access to consistent supplies of raw materials and skills required to respond to growing and changing consumer demands for convenience, through product development, product innovation or packaging innovations. Quite often their processing activities are conducted with little consideration for the environment or sustainability issues or for the profitable utilization of their bye-products and wastes. In a number of countries, little attention is paid to the infrastructural support base that is accessible to MSMFEs, particularly in rural areas.

It, therefore, follows from the above that the MSFME sector is a strategic sector that plays a key role in mitigating the forces that currently threaten the region's poor and food insecure, through its contribution to value addition to the local raw material base, providing access to culturally accepted foods that are affordable, while contributing to nutrition, income and employment generation, to post-harvest loss reduction and to overall economic development within the region. While many governments across the region are engaged in creating "fundamental" enablers such as policies, infrastructure, intellectual property rights and standards and regulatory frameworks to support the sector, limited access to financial services to support the sector, limited technical and human resource capacity within the sector, poor compliance with standards and regulations, poor organization within the sector and the lack of a focus on sustainability, increasingly threaten its performance and competitiveness. Appropriate policy reforms that promote the development of supportive institutions, infrastructure, incentives and sustainability to support its growth, development and competitiveness are, therefore, required.

It is against this background, the FAO-RAP proposes to convene a 2-day regional workshop/consultation to review with key stakeholders, *the enabling policy and institutional environment to support the development of micro-, small and medium food processing enterprises in the Asian Region* with a view to assisting countries in identifying strategies and recommendations for policy reform designed to upgrade MSMFE performance in the region.

Objectives

The workshop will:

- Review the current context of the region and the forces that shape food systems across the region and their implications;
- Review critical issues for micro, small and medium food enterprises in the Asian region within the context of institutional support, infrastructure, incentives and sustainability issues.
- Discuss successful models from across the region - as they relate to joint action; institutional support; environmental and sustainability issues; access to finance and incentives that support MSMFE development
- Recommend policy options, propose areas requiring policy reform and strategic actions for improving the enabling policy and institutional environment to support the development of micro-, small and medium food processing enterprises that promote sustainability in the Asian Region.

Outputs

- Forces that shape food systems across the region and their implications for the region discussed and documented;
- Critical issues for MSMFE development in the Asian region analysed and documented.
- Enabling factors for MSMFE development in the Asian region discussed and gaps identified.
- Successful models from across the region, and gaps, as they relate to *joint action; institutional support; environment and sustainability issues* and *incentives* in the context of MSMFE development discussed and documented;
- Key policy options and recommendations for policy reforms and regulatory frameworks required to support the enabling environment for micro, small and medium food processing enterprises discussed and agreed.
- A workshop report that documents the findings and recommendations of the workshop

Activities

- An overview background paper will provide the regional context.
- An analysis of issues documented in country reports commissioned by FAO in eight countries: two SAARC countries – Bangladesh and Sri Lanka; four ASEAN countries – Indonesia, Malaysia, the Philippines and Thailand and from China and Korea will be presented.
- Plenary presentations will review critical elements of the enabling environment to support MSMFEs in the region; as well as environmental and sustainability issues of relevance to MSMFEs.
- Two round tables will review models of joint action and institutional support and will seek to identify gaps;
- Working group sessions will deliberate on policy instruments, institutions and regulatory frameworks and reforms, enabling factors and support service required to support the MSMFE sector.