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**ROUNDTABLE ON CREATION OF AN ISLAMIC FOOD PROCESSING ASSOCIATION (IFPA)**

**CONCEPT NOTE**

**Introduction**

Developing competitive agro-industries is crucial for the generating employment and income opportunities in majority of IOFS member states, considering the fact that more than 52% of the OIC and indeed IOFS populations live in rural areas and depend on agriculture. Potentially, agro-industrialisation presents valuable opportunities and benefits for OIC countries, in terms of overall processes of industrialization and economic development, export performance, food safety and quality. However, full potentials of agro-industries as engine for economic development has not yet been realized in many OIC countries. This potential could be used advantageously to achieve multiple goals such as increased income for farmers, rural industrialization, rural employment, better quality products to consumers, and indeed eradicating post-harvest losses. The latter problem has continued to pose a serious challenge to the socio-economic development in IOFS member states.

2. To address these issues, the Forum on Development of Agro-Food Industries in OIC Member States was organized in Kampala, Uganda on 11-12 October 2011. The Forum recommended, among other issues, the establishment of an Agro-Industrial Association that would promote agribusiness and a value-chain approach to agricultural development in OIC countries.

**Rationale for the Creation of IFPA**

3. In the line with the various demarches of the OIC on preventing post-harvest losses and developing an intra-OIC mechanism for a value-chain development of the agro-food sector, a consultative meeting was also held in Muscat, Sultanate of Oman on 14 May 2013.

4. The recommendations of the Forum held in Uganda centered mainly on the following:

* Enhancing intra-OIC investment in agro-food processing sector as well as creating a dedicated fund for agro-industrial development within the existing IsDB funding windows for agricultural development;
* Governments should encourage creation of platforms for grassroot participation in the agricultural policy advocacy and access to investment funds through the formation of farmers’ cooperatives and similar formal farming communities;
* Addressing the constraints of inadequate farm inputs through popularizing micro-leasing and similar financing mechanisms;
* Ensuring that research, extension, educational and farmers’ institutions offer skills that are relevant to the needs of farming communities, including necessity for transfer of those technologies, which are appropriate and relevant to existing conditions and realities of the farming population;
* Conducting a comprehensive study on modalities for the creation of an agro-Industrial association within the OIC system and determine the specific activities and priorities for public-private partnership among the various stakeholders within the OIC system for the promotion of agro-industrial development;
* Supporting research that will enhance the development of agri-food industries in OIC member states; and
* Developing effective mechanisms to promote access to credit and markets within the framework of the OIC Trade Preferential System (TPS-OIC).

5. Similarly, the Muscat Consultative Meeting on this issue:

- considered the various presentations made on activities relating to the mandate of the proposed Association. They particularly put emphasis on the need for a robust Private Sector support for the various OIC programmes and activities;

- .took note of the draft Statute of the of Agro-Food Industries Association and expressed its appreciation to the following member states which were able to give their valuable comments and feed-back on the draft and other correspondences concerning the matter: Afghanistan, Azerbaijan, Bangladeshi, Cameroun, Iraq, Jordan, Kuwait, Lebanon, Libya, Niger, Oman, Pakistan, Qatar, Saudi Arabia, Senegal, Sudan, Turkey and UAE; and

- made further comments on the draft statute and recommended it to be circulated widely for other stakeholders to make their comments and enrich its contents. The General Secretariat took note, with appreciation the valuable and comprehensive comments on the draft statute made by the delegates from Saudi Arabia and Sudan.

6. Having had a lively debate and deep consideration of the Background Report, the daft Statute and the presentations, the Meeting made the following recommendations:

- To continue with the efforts the General Secretariat is making to ensure that objectives enunciated in the draft Statute of the Association are attained.

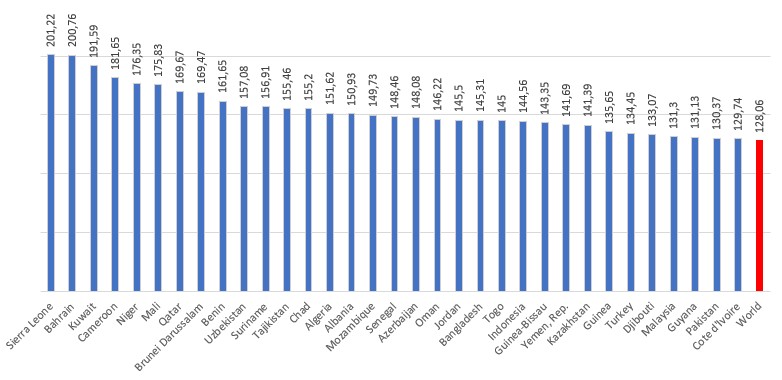
- To immediately establish an e-mail group among the stakeholders to enrich the draft statute and plan for future activities.

- To address the critical issues of technology transfer, research and networking among private sector entities with a view to increasing productivity and competitive of the OIC member states in the field of Agro-Industries.

**Food Loss and Waste**

Food losses and food waste are increasing greatly in the world, while, many are starving and malnourished. Annually loss and waste of food amount to 1.3 billion tons or one third of the food produced in the world for human consumption that would be enough to feed 3 billion people. The SOFA (State of Food and Agriculture) 2019 Report determined that food loss often occurs in places where hunger is most common.

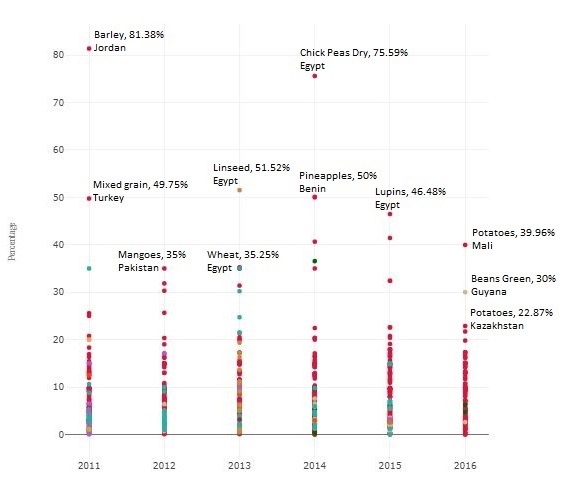
Table 1. Food Production Index; 2016



*Source: World Bank data*

Food production for half of OIC Member Countries in 2016 was higher than the world average. However, the share of OIC Member Country populations categorized as undernourished against the world total has risen from 17% in 1990-1992 to 21% in 2014-2016. According to the data in FAOSTAT, the average food loss level in OIC countries for 2011-2016 remains at the level of 18-20%. For example, in 2011Jordan lost 81.38% of barley, in 2014. Egypt recorded the highest loss of 75.59% of dried chicken peas, and, in 2016, Mali lost 39.96% of its potatoes harvest. This data focuses on food losses that occur only from production up to (and not including) the retail level.

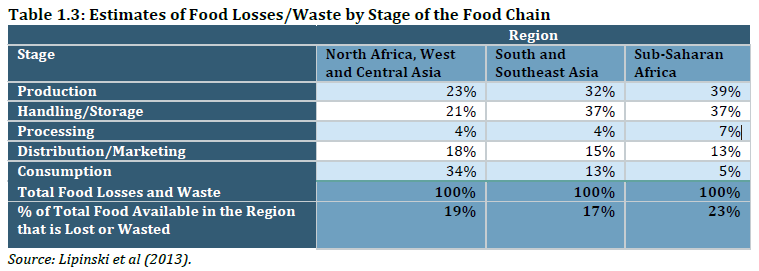
Table 2. Food Loss Percentage by Value of Domestic Production in OIC countries



*Source: FAOSTAT data*

Loss and wastage occur at all stages of the food supply chain or value chain. Lipinski et al. (2013, “Reducing Food Loss and Waste”) provided estimates of percentages of food losses at the five stages of the food chain for three regions of the world where OIC member countries are located, based on the report of Gustavsson et al (2011).

Table 3. Estimates of Food Losses/Wastes by Stage of the Food Chain



According to studies, in developing countries a main part of food losses and waste occur at the production and processing stage due to poor management and lack of appropriate infrastructure, food processors, manufacturers are generally absent or underdeveloped.

In middle- and high-income countries, food waste is generated mainly at the stage of consumption - huge amounts of food are thrown out due to non-compliance with quality standards, expiration dates, as well as customers' habits to purchase products more than they can consume.

**Food processing**

As can be seen from Table 2, food processing has the lowest percentage of losses. Food processing is an effective way to ensure the quality and safety of perishable products. Canning, pasteurization, fruit and vegetable processing into dried/dehydrated products, juices, concentrates, jams and purees and sterilization, as well as packaging technologies, contribute to increasing the shelf-life of products, thereby reducing losses and waste in the chain (Langelaan et al., 2013). Similarly, food processing has also the advantage of improving digestibility, bio-availability of nutrients and energy, taste, appearance, safety, storability and distribution.

Based on SESRIC analysis in its 2016 Report, productivity levels in food processing in most countries are above the manufacturing average, making it one of the most efficient economic sectors in member countries. This also identifies the agro-food sector as one of the largest industrial activities in low- and middle-income countries in terms of value addition.

Table 4. Productivity in Agro-food vs Manufacturing Industries

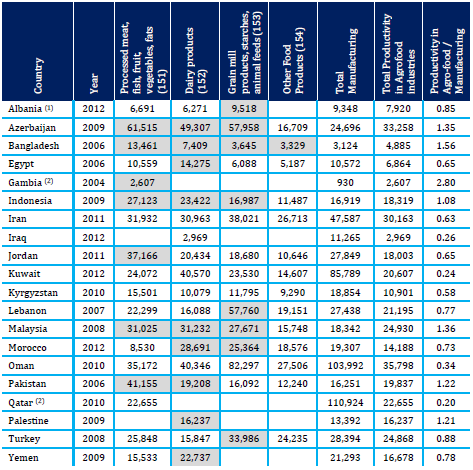
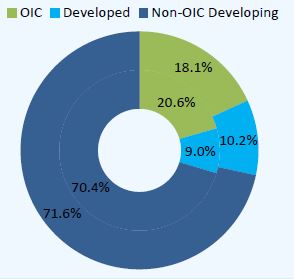
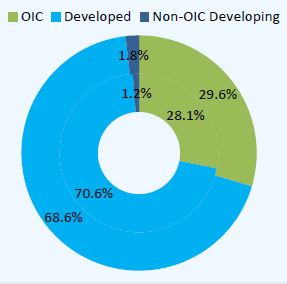
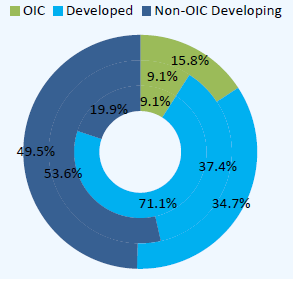


Table 5. Primary and Processed Ago-Industrial Production in OIC Countries

Cottonseed vs Cottonseed Oil Olives vs Olive Oil Total Milk vs Cheese & Butter

Studies on specific products show that OIC countries do not have the ability to transform all that they already produce, and do not benefit from added value in the processing of agricultural products.

The outer circles present the shares of primary products and inner circles present the share in processed products. While OIC countries produce 18.1% of cottonseed, they account for 20.6% of total cottonseed oil production. On the other hand, OIC countries as a group seem to be losing its share in processing olive and milk products. While they account for 29.6% of total olive production, they account only 28.1% of olive oil, similarly, OIC countries account for 15.8% of total milk production, they account only by 9.1% of cheese and butter production in the world[[1]](#footnote-1).

**Value-chain development of the agro-food sector**

For most agricultural products in the OIC Member Countries, value chains remain overwhelmingly local and do not extend to international markets. One of the main problems for the promotion of agricultural value chains in OIC countries is the lack of standards for food safety and quality or low levels of compliance with standards. The heterogeneity of food quality standards prevents producers from entering the international market. Except this, the OIC Member Countries have relatively weak agricultural infrastructure, especially in terms of storage facilities and means of transport, which result in high costs and high post-harvest losses, and hinder smallholder farmers’ access to market. Shortening the chain between farmers and end-users will reduce on farm food losses and increase the money that producers receive for products as middlemen are cut out, time for spoilage is reduced, and potential risk from spillage and infestations are reduced.

**Intra-OIC trade and investment in agro-food processing sector**

Trade costs among OIC Member Countries are lower than trade costs between OIC and other developing countries, but significantly higher than trade costs between OIC and developed countries. Despite of the considerable efforts made by the Member States, OIC General Secretariat and its Institutions to promote intra-OIC trade and reduce bottlenecks, many obstacles remain. According to the latest study conducted by ICDT, the difficulties faced by exporting companies are related to customs services (76%), then logistics and legal aspects with 33% each. However, against the common belief, financial issues are mentioned in only 10% of cases[[2]](#footnote-2).

**Business Roundtable**

Public-private partnerships can foster innovation, scale-up best practices for improving production and create important market linkages at a larger international level. Public-private partnerships can pool resources and govern the global value chain including regulation, tariff and taxation, economic incentives, learning and information and organizational support.

To this end, a Business Roundtable is being proposed to sensitise all stakeholders in OIC member states on the creation of The Islamic Food Processing Association (IFPA), which is to act as a bridge between state authorities and the private sector, uniting them to promote food safety and food processing, thereby increasing productivity in the food chain.

Expectedly, Chambers of Commerce and Industry, Agro-Industry Associations, Food Manufacturers Groups and private companies would be considering and discussing the Draft Statute / Articles of IFPA, challenges and objectives of Association, including the following issues:

1) identification of potential members of the Association;

2) definition of specific objectives of the Association;

3) preparation for the first Meeting of the Association General Assembly, including the election of the President, Board and members of the Association;

4) urging State organs and public and private organizations to assist in:

* identifying the gaps in knowledge and information on the levels and specific causes of on-farm food losses for key crops and food products;
* promoting food loss assessment studies for the crops and animal foods of highest interest to the OIC Member Countries;
* assessing their local food supply chains and determine when and where to invest directly to better connect farmers to buyers;
* reducing the supply chain of products through direct marketing to processors or consumers, thereby reducing the number of intermediaries involved, to assist farmers in linking to formal value chains;
* developing integrated pest measures, sanitation and hygiene, use of maturity indices, gentle harvesting and handling, proper curing of roots and tubers or drying of cereals, pulses, and oilseeds, use of protective containers and providing shade or cooling during delays after harvesting;

**Languages**

The Roundtable shall be conducted in all the three official languages of OIC as efforts would be made to provide simultaneous interpretation.

**Outcome Document**

The Roundtable should review the Draft Statute / Articles of IFPA and identify the main players in the agro-industrial industry as potential members of the Association, government and private sectors support bodies, relevant research and scientific community, as well as make recommendations to all OIC Member countries to assist in promoting the activities of the Association.

**The Secretariat**

**Islamic Organisation for Food Security**

**Nur Sultan, Republic of Kazakhstan**

1. Agriculture and Food Security in OIC countries, SESRIC, 2016 [↑](#footnote-ref-1)
2. ICDT Annual Report on Trade among the OIC Member States, 2017 [↑](#footnote-ref-2)