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for Food Security

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CONCEPT NOTE ON CREATION OF ISLAMIC FOOD PROCESSING ASSOCIATION (“IFPA”)

Introduction

Developing competitive agro-industries is crucial for generating employment and income opportunities in the 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-industrialization 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, the full potential of agro-industries as an 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 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 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 agri-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 grassroots 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;
- 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 robust private sector support for the various OIC programmes and activities;
- took note of the draft Statute of the Agri-Food Industries Association and expressed its appreciation to the following member states which were able to give their valuable comments and feedback on the draft and other correspondences concerning the matter: Afghanistan, Azerbaijan, Bangladesh, Cameroon, Iraq, Jordan, Kuwait, Lebanon, Libya, Niger, Oman, Pakistan, Qatar, Saudi Arabia, Senegal, Sudan, Turkey and UAE;
- 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 of 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 draft 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 competitiveness of the OIC member states in the field of agro-industries;
- to revise the Zero Draft Statute of Association.

Feedback from OIC/IOFS Member States

7. In line with Second GA Resolution № IOFS/GA/1-14-2019 on reducing post-harvest losses and activating cross-border business-to-business cooperation through the establishment of IFPA, Note Verbale including the IFPA Concept Note was sent to all OIC/IOFS member countries to find out their recommendations. Comprehensive responses were received from associations/unions, chambers, and Ministries of Agriculture from more than 11 member countries.

Support from OIC Institutions

8. A strategic agreement was signed with the Islamic Development Bank (IsDB) Group, such as ICD, ITFC, and ICIEC, which included the development of IFPA. The IsDB plays an important role in the institutionalisation of IOFS, providing essential support to its various activities and initiatives.

9. IOFS and ICCIA signed a Joint Action Plan for Sustainable Food Security in order to expand the food industry by developing a single value-added food market in the IOFS/OIC countries by creating favorable conditions for expanding mutual intra-OIC trade, attracting Islamic finance/investment and increasing exports and imports.

IOFS Activities on Promotion of IFPA

10. On 28 May 2020, IOFS organized a web conference “IFPA: Export Promotion and Investment Opportunities” with the participation of the private food sector of Kazakhstan. The web conference was attended by representatives of 30 different private companies and specialized associations/unions of the food sector of Kazakhstan.

During the web conference, the concept of creating IFPA was presented as the main platform for expanding cooperation of food processing companies of the IOFS member countries and providing access to their markets, increasing mutual trade and food supply, investment in food production and processing, and reducing post-harvest losses. Furthermore, opportunities were discussed for investment and trade cooperation with specialized development institutions of the OIC.

11. Moreover, on 27 July 2020, IOFS conducted a web conference “IFPA’s Role for OIC Private Sector Cooperation Towards Food Supply Chains”. More than 50 participants from OIC countries took part in the event, including His Excellency Minister of Agriculture of Kazakhstan, Mr. Saparkhan Omarov.

As a result of the above event, business representatives, as potential IFPA members, highlighted the particular importance of ensuring a sustainable food supply chain in the IOFS/OIC member countries, including within the framework of trade and humanitarian corridors. The participants of

the web conference agreed that they would jointly contribute to the effective implementation of the goals and objectives laid down in the idea of creating IFPA.

12. IOFS has established a Project office, consisting of consultants and staff of IOFS, to follow up closely on IFPA in-house working matters.

Feasibility Study and Business Plan

IOFS has commissioned an international consulting firm with expertise in OIC and global agri-food supply chains, Dinar Standard, based in Dubai, UAE to prepare a feasibility study and business plan for establishment and operations of IFPA.

The purpose of this project is to prepare a robust business plan for a separate private sector engaging organization, under IOFS, that will engage and facilitate private sector led trade development and food security across the OIC markets. The strategic goals of IFPA are to:

- enable significant growth of food exports of companies for member countries. This will address OIC food security of reducing import dependency and increasing exports
- enable building champion companies and businesses from OIC across key essential food sub-sectors and across value chains from agriculture to food processing to retail
- identify current OIC success benchmarks and disseminate across other OIC markets
- promote quantifiable reduction in food wastage and post-harvest losses and enhance sustainable agri-food growth
- promote advocacy and business linkages in the field of food processing among food processors and related producers in the whole value chain and relevant agri-food support institutions such as banks, vocational and research institutions, standardization agencies, farmers' associations, food unions and other relevant umbrella bodies for agri-food
- identify potential partnerships and investment opportunities in the field of food processing based on efficient mechanisms within OIC and IOFS Member States
- establish and enable key OIC food value chain hubs and nodes
- enable technology platform(s) for OIC food trade and development growth based on innovative technology which will allow importers, exporters and other entities within the supply chain across the OIC agri-food markets to directly liaise with each other with the ability to track and trace all the necessary data in real time

The strategic approach of IFPA to achieve the above goals will be to put into action:

- analysis of top OIC domiciled industry players across the agri-food value-chain
- analysis of relevant ecosystem players (regulatory, logistics, technology, finance, research)
- analysis of top global related players across the value-chain for competitive benchmarking
- comprehensive framework with key gaps and challenges in enabling OIC agri-food industry's role in driving food security
- comprehensive framework with strategic opportunity areas to be addressed by IFPA

- strong rationale-based business plan for IFPA covering market analysis, services proposition, sustainable revenue model, operating and governance structure, strategic partnerships and memberships and marketing and investment plans

Registration of IFPA

IFPA is proposed to be established at the Astana International Financial Centre (“**AIFC**”) which is based on English common law jurisdiction that is already widely known and commonly used across the OIC and IOFS Member States in order to provide good governance, transparency, robust regulatory framework and international standards. Under the AIFC laws, IFPA will be established as a wholly owned subsidiary of IOFS in the form of a holding company.

Timeline

#	Activity	Completion form	Time
1.	Obtain IOFS Executive Board feedback and approval	Resolution/recommendation	28 October 2020
2.	Feasibility Study	Business Plan for the establishment of IFPA	November 2020
3.	Approving IFPA at 3rd GA of IOFS	Resolution on establishment of IFPA	3-4 December 2020
4.	Registration of IFPA	Registration of IFPA at the Astana International Financial Centre	January 2021

Summary

The Executive Board is invited to consider and approve the creation of IFPA and make necessary recommendation to the General Assembly with a view to authorizing IOFS Director General to establish IFPA as a subsidiary of IOFS in the legal form of a holding company within the AIFC legal jurisdiction.

The Secretariat,

Islamic Organisation for Food Security,

Nur-Sultan, Republic of Kazakhstan

15 October 2020