

Staying competitive: innovation, product development, adaptation

The Proposition

The “innovation systems” of most developing countries are inadequate to respond effectively to innovation-based competition in agro-industry. A new (innovative) public sector approach, targeting the small to medium-sized agro-processor, is required.

Rationale and recommended response

Competition creates the imperative to innovate; innovation, in turn, provides the foundation for sustained competitiveness.

In agro-industry, and especially the food sector, capacity and readiness to innovate is widely recognized as being essential for international competitiveness. More recently, the increasing presence of food products from multinationals on domestic markets is intensifying local competition and placing new pressure on local firms to innovate in terms of what products they currently offer, and how they produce them.

Large agro-industrial firms have the resources to invest in process and product innovation. Smaller enterprises in the food sector do not. Their capacity to innovate is low and their linkages with larger firms are generally weak. They are, consequently, becoming increasingly vulnerable. Public sector action is required.

Innovation is a systemic activity, the essential components of which are: technical knowledge, information, entrepreneurship, networking, business linkages and finance. Public policy must, therefore, address each of these within the context of launching a comprehensive programme to stimulate and support innovation within the small to medium-sized enterprise sector.

Focus of the debate

1 What are relevant examples of innovation in the agro-industrial sector that have fundamentally influenced competitiveness in recent years? How have these examples impacted on or altered the competitive position of agro-industrial and agribusiness firms in developing and transition economies?

2 In agro-industry, is constant innovation essential for sustained competitive advantage? If so, should public policy

focus on promoting competition among local agro-industrial enterprises in order to stimulate innovation, or on promoting innovation in order to reinforce the competitiveness of local firms?

3 What are the key programmes in a national innovation effort? What are the examples of “good practice” that policy-makers in other developing countries should seek to emulate?

4 What is the ideal membership of a national “partnership for innovation”? What is the role of local and regional universities? How can they be brought into the innovation partnership?

5 In most developing countries, the limited capacity of public sector institutions that are concerned with agriculture development has tended to perpetuate the absence of a “national innovation culture”. How can this fundamental constraint be overcome? What are the examples of success?

6 In agri-business, the genesis of innovation often comes from traditional knowledge. How can this knowledge be protected and be best disseminated to support innovation within the SME sector?

7 Would the creation of an agro-industrial “knowledge network” to facilitate exchange of “good practice” in innovation effectively serve the needs of the SME? If so, what would be the first step in creating such a network?



Photo: ©FAO/E.Seidler

Gajendra Singh is Vice Chancellor of Doon University, Uttarakhand, India. Prior to his current position at Doon, he served as faculty member in Agriculture Engineering at the Asian Institute of Agriculture (AIT), Vice President for Academic Affairs and also Dean of AIT Extension. He has also been Deputy Director-General (Engineering) of the Indian Council of Agricultural Research. He is a Fellow of the American Society of Agricultural and Biological Engineering (ASABE).



Hans Eenhoorn is Associate Professor for "Food security and Entrepreneurship" at Wageningen University. He worked with Unilever for 32 years in commercial and general management functions in Europe and Latin America, ultimately as senior-vice president in Unilever's Foods division. He was member of the steering committee for Unilever's Sustainable Agriculture activities and chairman of a working party that developed Unilever's first environmental sustainability strategy. He is also on the United Nations Taskforce on Hunger. Mr Eenhoorn studied economics and business-administration at Groningen University.

Adam Brett founded the UK Fair-trade food business Tropical Wholefoods after setting up the Ugandan partner business Fruits of the Nile. He has worked on fair-trade food businesses producing products for the European market in Pakistan, Burkina Faso, Zambia, Guyana, Zanzibar, Tanzania & South Africa. He has also worked extensively as a consultant for food businesses in Africa. Later he set up Step Systems, a business which creates information systems for food businesses & NGOs to manage informational flows & auditing. He also is a Judge and Trustee for the Ashden Awards for Sustainable Energy and as a Trustee for the Kilimo Trust, an East African trust supporting innovation in agriculture & business.



Hay Ly Eang is a Pharmacist in France and co-owner of Sarl Theraprim. He is Founder and President of PPM which is the first laboratory in Cambodia and Confirel which is the country's first Fair Trade Company, and focuses on industrialization of the sugar palm tree. These companies have received numerous distinction awards and PPM, in partnership with CERP Bretagne, is now present in 10 countries for export market.

These companies, together with 3 others he created, help him realize his person mission of helping to develop his native Cambodia. Mr. Eang holds a Doctorate in Pharmacy and a Post-doctorate Diploma in Phytotherapy.

Moderator: Patrick Kormawa is an agricultural economist with 15 years experience in international research and development. He is presently the Special Assistant to the Director General, United Nations Industrial Development Organization (UNIDO) and heads the International Financial Institutions Partnership (IFI) Unit. Prior to joining UNIDO, he was a senior Economist at the International Institute of Tropical Agriculture (IITA), and later Assistant Director of Research and Leader of the Policy Research Program at the Africa Rice Centre (WARDA). He obtained a doctorate degree from Hohenheim University, Stuttgart, Germany and has published book chapters and journal papers in the areas of agri-business, policy, small and medium enterprise development and natural resource management.

