



## Virtual Consultation towards a Multi-Sectoral ASEAN response to COVID-19's Impact on Regional Food Systems

27 October 2020 | Summary

On 26 May 2020, Grow Asia - in partnership with the World Economic Forum and the International Fund for Agricultural Development - convened a virtual roundtable between 95 leaders from the public sector, private sector, donor, civil society, and farmer organizations to brainstorm an action-orientated regional response to COVID-19. The purpose was to promote Public-Private-Producer collaboration to solve some of the weaknesses that COVID-19 has revealed in the ASEAN food system. Four multi-stakeholder Working Groups (WGs) emerged, developing action plans around:

- Rural Logistics
- Mobile Money
- Digital Marketing Platforms
- Digital Enabling Environment

In partnership with the ASEAN Secretariat, this follow-up Virtual Consultation presented the findings and recommendations from the four WGs. The full report from the WGs may be [accessed here](#). The consultation was attended by over 140 participants across ASEAN Member States (AMS), and represented a diverse mix of public sector, private sector, civil society and development partners. Discussions and highlights from each WG are presented below, as an input to the ASEAN Comprehensive Recovery Framework and its Implementation Plan to the ASEAN summit later this year.

### Rural Logistics WG

The goal of the Rural Logistics WG was to improve rural logistics in ASEAN with technology and other best practices that enhance vehicle utilization and food preservation. Solutions aimed to bring convenience to farmers and benefit consumers.

Amongst the ideas surfaced during the WG meetings, the top recommendation was to create a "Logistics Resilience" matrix to provide an overall picture of how AMS' food supply chains are performing, and which areas (i.e. safety, market flexibility, cold storage, grains storage, transport infrastructure, transport timeliness) can be improved. This would be a similar benchmarking tool to the [Logistics Performance Index](#) of the World Bank, with AMS agreeing on the indicators to be measured and the reporting frequency. The WG believed that these logistics resilience indices would also be relevant for measuring any type of supply chain disruption (i.e. other potential disruptions from climate and disaster related impacts).

The second recommendation was to support innovation around new business models and technology applications that enable rurally-based freight brokers or load aggregators so that consolidation can be done and multiple-stop routing by truckers can be increased. The goal must be to increase vehicle utilization and decrease empty backhauls. Shipping data gathered may potentially lead to development in upstream agricultural processes (e.g. where to locate processing or storage facilities to be closer to farms). Countries were encouraged to support innovation challenges in their countries. Grow Asia is helping the WG organize a Rural Logistics Challenge with Indonesia as a pilot and are currently looking for sponsors.

During the discussion segment, participants raised the need for a neutral coordinating body to ensure that it represents the interests of various stakeholders, and that resources are used efficiently. The audience also emphasized the importance of involving smallholders as part of the technology development, as well as to embed sustainability (societal and environmental) considerations into how food and forestry products are transported. One participant pointed to their experience that there is a gradual trend of spending less at traditional markets for foods, which could lead to greater food loss and waste especially for vegetables at traditional markets at distribution stage.



Looking ahead, participants asked whether some of these recommendations could facilitate logistics and trade flows among AMS (e.g. application of green lane concept, SPS requirements) post COVID-19. The WG's recommendation identified the need to further discuss the common standards that would be used for the movement of food within ASEAN. If the common standards are similar to EU-type regulations, then an added benefit could be access to those markets with little modification.

### **Mobile Money WG**

The Mobile Money WG recognizes that mobile money is a beneficial vehicle to deliver reliable, affordable and trustworthy financial services for the mass market. Bundling of services to scaling-up effective value chain models could offer new opportunities for growers and facilitate improved market linkages. At the same time, attention must be paid to strengthen uptake support and contracts, which will mitigate financial risks and improve smallholder access to credit.

To create a conducive ecosystem and encourage digital transformation, the main recommendation areas of the WG are (i) increasing access to financial literacy training, especially for women and youth, (ii) developing more use cases for digital services and products, including savings, payments, remittances, payroll, and insurance, and (iii) improving quality of mobile money in terms of reliability, affordability, lower transaction costs and improved transparency.

On the policy front, the biggest challenge of internationalization of mobile money amongst AMS is the different standards and licensing requirements by each country. Access to affordable payment platforms to send money across borders is limited. This must be balanced by necessary safeguards and protections against fraud, money laundering, terrorist financing, etc. A participant noted that mobile money is typically individual provider driven, hence moving towards open multi-stakeholder platforms will enable digital and non-digital financial services for value chains. Encouragingly, such a collaborative effort is underway in Cambodia with future lessons for the region from stakeholders' experience and challenges encountered.

Educating consumers about mobile money as well as digital financial literacy programs are important to ensure that beneficiaries, especially women and youth, benefit from the technology. The audience noted that rural household debt is higher due to the pandemic and emphasized the need for interventions to "do no harm," and highlighted the role of regulators and policymakers in monitoring what represents "reasonable" interest rates, removal of predatory or hidden fees—especially if the intention is to steer beneficiaries away from the informal money lending sector.

Finally, policymakers can also incentivize the expansion of digital payments infrastructure and agent banking models. The agent banking model can help facilitate access to cash and help cut down operating costs for traditional financial institutions, buyers/traders, and other players along the value chain. This will also expand concrete use cases such as: (i) loan collection services for MFIs, (ii) remittance for migrant workers, (iii) insurance premium collection and (iv) government-to-person (G2P) transactions, payroll, and other transfers. As the potential customer base grows, more resources can be directed towards developing tailored products to address their specific needs. Participants also pointed out that solutions need to be accessible through both smart phones and feature phones.

### **Digital Marketing Platforms WG**

The WG identified three ways that digital marketing platforms can contribute to SDG2: No Hunger by increasing food access and increasing the consumption of nutritious food: They (i) enable direct sales between farmers and consumers (or between groupings of farmers, and groupings of consumers), (ii) enable disintermediation (i.e., significantly reducing the number of intermediaries between farmers and customers) and (iii) better enable trade between farmers (and farmer groups) and agribusinesses in need of raw materials for their food products – reaping positive benefits for growers in the process.

The main recommendation from the WG was around the development of an enabling environment that supports the growth of new and existing digital marketing platforms. These include internet connectivity,



transport infrastructure (adequate roads, cold-chain, post-harvest storage facilities), electronic payments (including mobile money and e-wallets). These are prerequisites to facilitate farmer to consumer (B2C) sales, as well as help farmers coordinate with agribusinesses, food processors and smaller retailers (B2B).

The WG emphasized the need to understand the food needs of low-income communities in ASEAN, as they are more vulnerable to supply chain disruptions and are more food insecure. A government-led survey to understand the main types of food consumed (frequency, volumes) could help identify products with high demand. Limiting the range of products offered (i.e. limited SKUs) to these major food types can concentrate demand, facilitate setup of the marketing platform, reduce logistical hurdles by providing sufficient critical mass, and drive user adoption.

In the discussion, participants sought to understand how best to engage farmers and encourage them to use the digital marketing platforms. The WG recommended starting with a small range of products with a ready market and identifying local farmers who produce those specific crops. If the platform takes responsibility for the logistics and provides confidence that the product can be sold, farmers gain trust in being part of the platform.

Such platform can also be reversed in the sense of reaching out to farmers and selling to them as customers. For instance, WG members had experience selling agricultural inputs to farmers. It was easier to sell commoditized inputs and harder for products that need instruction or expert advice. One solution was to livestream experts to engage with potential customers. For countries with limited internet access, SMS advisory services may be considered in conjunction.

On the consumer side, participants noted that food affordability, accessibility and acceptability are important considerations. Marketplaces with many farmers or sellers need mechanisms for quality control—systems to promote or demote better quality or better farmers. This ensures that customers can get good quality products from the platform while farmers with good products may be able to price higher.

The discussion highlighted that digital marketing platforms may have a variety of modalities of operation depending on the commodity and country context. Marketplaces can also be hybrid—both digital and connecting with the brick and mortar. This is especially useful in places where digital infrastructure may not yet be fully developed. For the time being, the WG's recommendations are focused on food, but have potential applications as well for non-timber forest products.

### **Digital Enabling Environment WG**

The WG analysed the fundamentals needed to create an enabling environment for digital solutions in ASEAN. Two key areas were identified that can shape the development: (i) data regulation and (ii) payments—the latter has been more fully explored by the Mobile Money and Digital Marketing Platforms WGs.

A list of how data is valuable and used by various stakeholders was developed. For example, better data would allow lenders to make better lending decisions with potentially lower interest costs for farmers. The Rural Logistics WG mentioned how operators and truck drivers need better data to schedule pickups and make more effective use of their vehicles. Better data would allow extension workers to provide targeted advice to farmers, even remotely over digital channels allowing them to reach more farmers. The full list of use case examples can be found in the [report](#).

There are significant overlaps in the kind of data each stakeholder needs: farmer demographics (especially the needs of women farmers), plot sizes, yield and production, GPS location, crop variety, input usage, etc. However, users are collecting data for their own use and not sharing—which is inefficient as data collection is expensive. Furthermore, much of the data governments and businesses collected are out of date.

Sharing data is useful yet users must be cognizant of the challenges such as (i) privacy issues, (ii) errors in data, particularly self-reported data, (iii) lag between the cost of collection, and realizing the data's value, etc. The WG thus recommends a joint consultation amongst governments, industry and farmers to find the right



balance between privacy and openness. During the discussion, two potential regulatory framework was mentioned: (1) a government-centric approach, where government collects data on farmers and then farmers can share data with service providers, or (2) allow the private sector to collect data on farmers and share it amongst themselves whilst adhering to government guidelines and regulation. IFAD shared that they would be willing to assist in the design and development of digital farmers registry systems, as well as to help expand access to such registries to farmers located in remote rural areas.

The WG further recommends that farmers must be empowered to control how their data is used. The audience highlighted that this must be complemented by education to help farmers learn what their rights are and how they can share or use their data.

In terms of a low-hanging fruit of where to start, discussants identified that localized weather data is a great starting point since datasets are free available and highly valuable to farmers. A successful collaboration between industry, government and farmers can demonstrate to farmers the value of accessing data. Grow Asia would be willing to support such a joint initiative in conjunction with donors and interested multi-stakeholders.