

Foreword

Innovation through the creation, diffusion and use of knowledge has been recognised as a key driver of economic growth. Trends in agrifood systems are challenging farmers, produce traders, processors and other stakeholders to improve the efficiency of their operations and to be more responsive to consumer demands as well as regulatory frameworks.

In the case of high income countries their agrifood systems exhibit a high level of sophistication, but competitive pressures threaten family farm units and rural communities. Conventional wisdom suggests that their agrifood systems should focus on high-value products and not try to compete in commodity markets on the basis of price. In the case of low and middle-income countries a variety of circumstances exist. On one hand some 1.2 billion people survive on less than \$1 per day and 800 million are undernourished. Seventy percent of these people live in rural areas and either directly or indirectly rely on agriculture. On the other hand there exist agrifood systems that effectively meet the requirements of national and international markets and successfully apply technical and business processes.

It is obvious that all countries face challenges in the evolution of their agriculture. In each case the focus must be on fostering competitive agrifood systems that can provide income, meaningful employment, and food and agricultural products that meet the demands of the intended consumer or user. The Agricultural Support Systems Division is launching work to build the capacity of stakeholders to lead the development of policies and institutions that can foster competitive agrifood systems within their constituency. This is expected to have two primary foci: supply chain management and commercial farming is one, the other is fostering product and agro-industry innovation. This working document on Food Product Innovation is the first element of work related to the focus on innovation.

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