



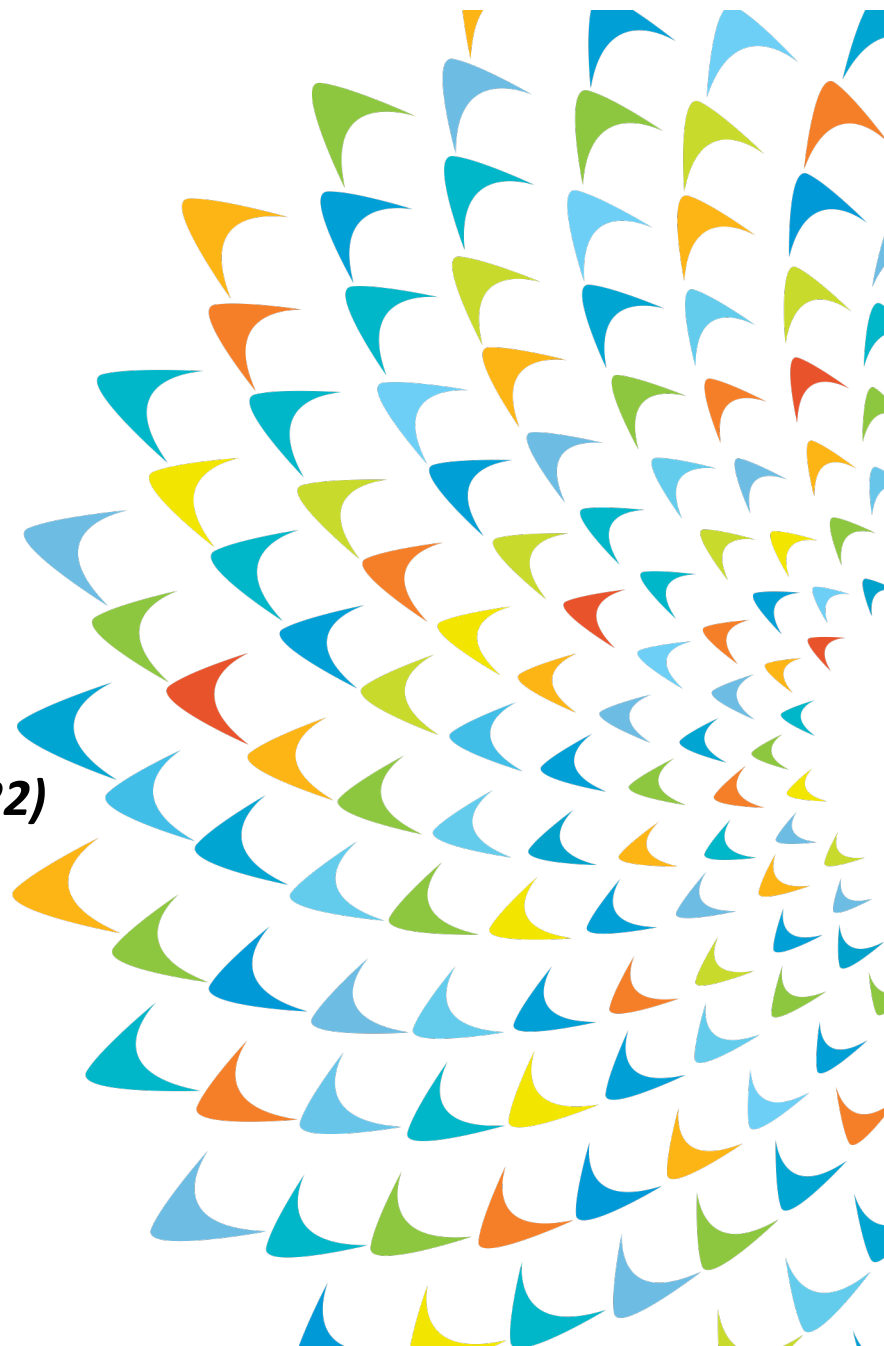
# Cooperation Framework for Agricultural Development and Food Security in the CAREC Region

*(Endorsed by the CAREC Ministerial Conference on 24 November 2022)*

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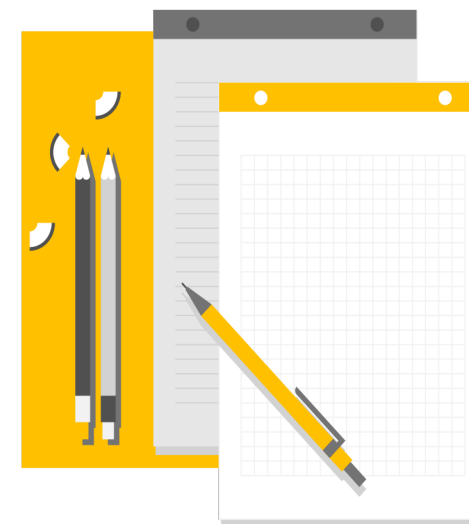
*Tbilisi, 25 January 2023*





# Outline

- Food Security in the Global Context
- Fundamental Constraints and Risks
- Modern Market-based Value Chains
- Prerequisites for Strengthening Agricultural Value Chains
- Climate Change and Agriculture: Two-Way Impacts
- Regional Food Safety Situation
- The Need for the Regional Cooperation Framework
- The Scope of the Regional Cooperation Framework
- Planned Next Steps





# Food Security in the Global Context

- COVID-19 pandemic and geopolitical conflicts have caused:
  - Serious supply chain and trade disruptions
  - Considerable supply gaps in key staple commodities (grains and edible oils)
  - Elevated input and food prices (well above baseline levels)
- These supply shocks have hit the low-income and poor population the hardest as their food affordability and accessibility decline
- Measures to improve resilience to future shocks:
  - Improve fiscal replenishment planning to ease inflationary pressures and urgent needs for social safety measures (especially food needs)
  - Address inherent weaknesses of agriculture sector in-country
  - Enhance trans-territorial cooperation in agricultural development and food security

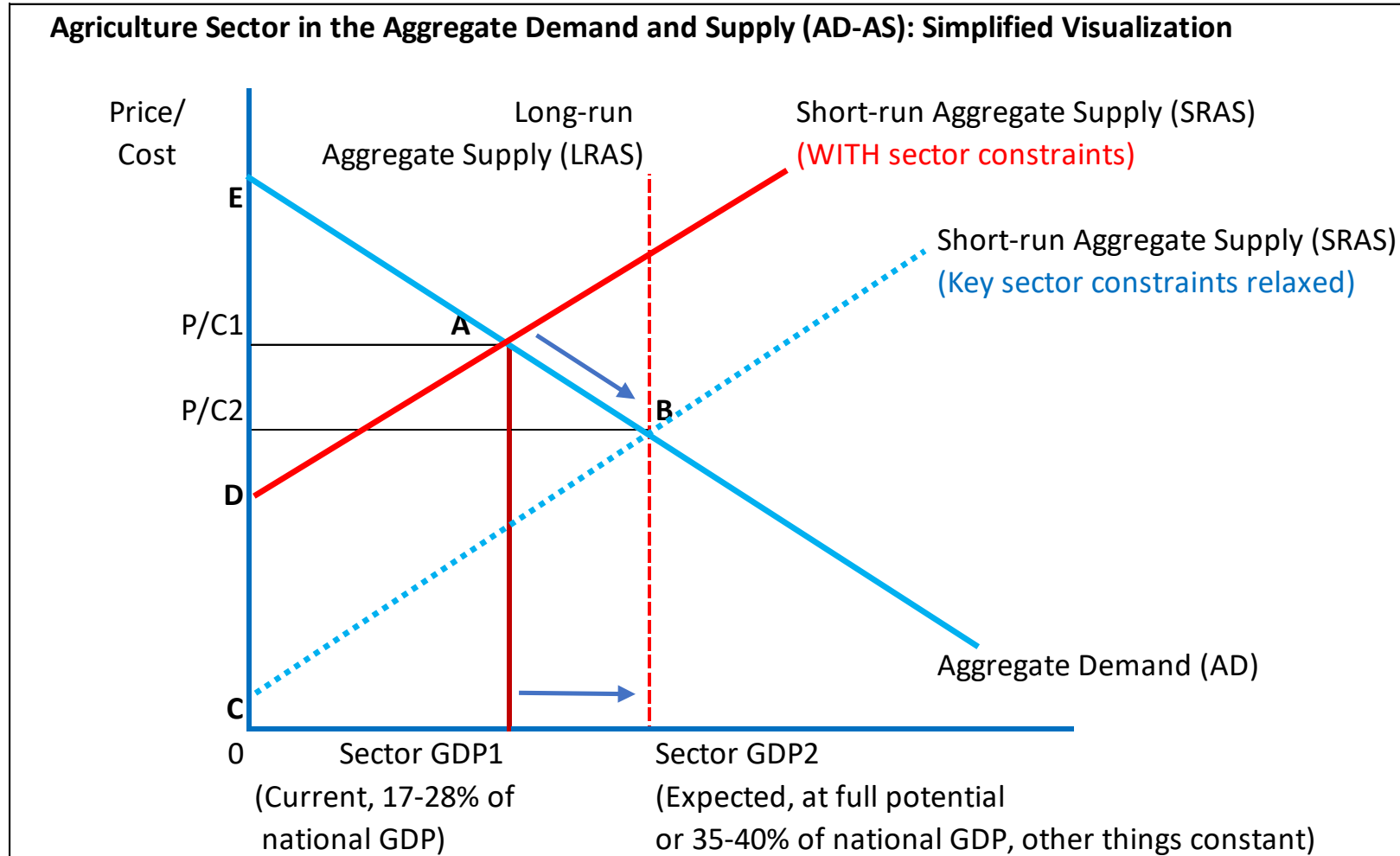


# Fundamental Constraints and Risks to Agriculture Sector and Food Security

- Low productivity (land, labor, and capital)
- Low total factor productivity (outdated technologies and slow innovation catch-ups in production, processing, and marketing)
- Lack of investment in human capital and limited entrepreneurship
- Inadequate requisite infrastructure and market systems
- Traditional markets and marketing (producer-pushed)
- Lack of incentive for private sector participation
- Weak resilience to market volatility and climate change
- Lack of conducive institutional and legal/regulatory environment and regional harmonization, especially for food trade



# Fundamental Constraints to Agriculture Sector Growth: Macro Level Illustration



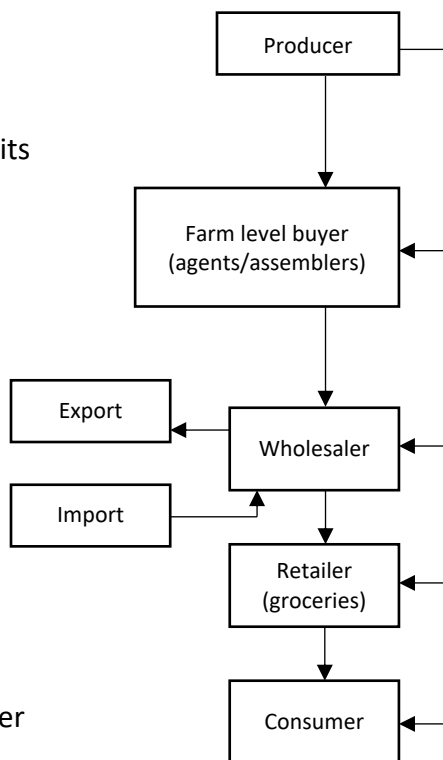


# Modern Market-based Value Chains to Enhance Food Security on Market Principles

## Key Characteristics:

### Traditional Agricultural Marketing

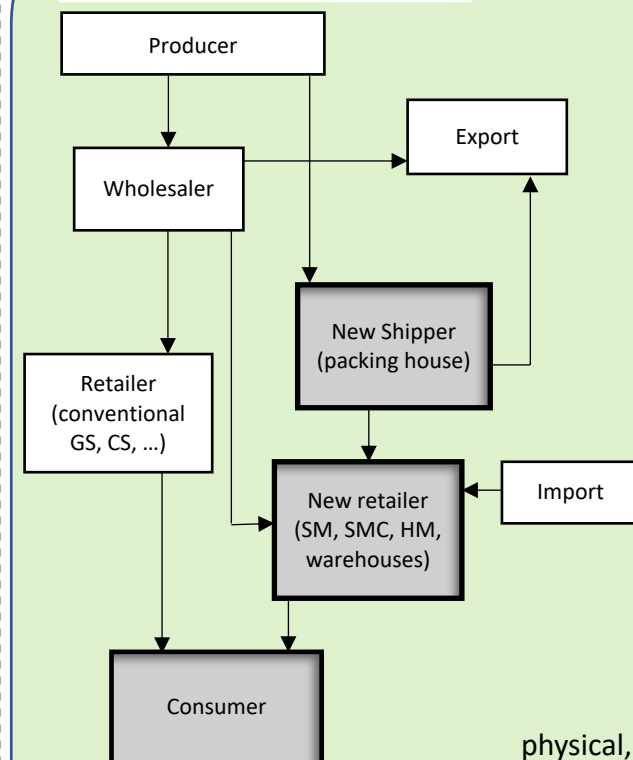
- Production-Oriented
- Fragmented Production units
- Multi-layered channels
- Undifferentiated Products
- Focus on Distributive function
- Minimal Grading
- Minimal Value-added
- Predominance of wholesaler



### Producer- Pushed Market

GS = Grocery Stores  
CS = Convenience store  
SM = Supermarket  
SMC = Supermarket chain  
HM = Hypermarket

### Modern Value/Supply Chain



## Key Characteristics:

- Consumer - oriented
- Focus on processes
- Differentiated product
- Grading and private labeling
- Food safety
- Traceability
- Value creation
- Predominance of retailer
- Integrated structure, physical, information & control
- Logistics as backbone
- ICT as enabler
- Global outsourcing

### Consumer-Pulled Market

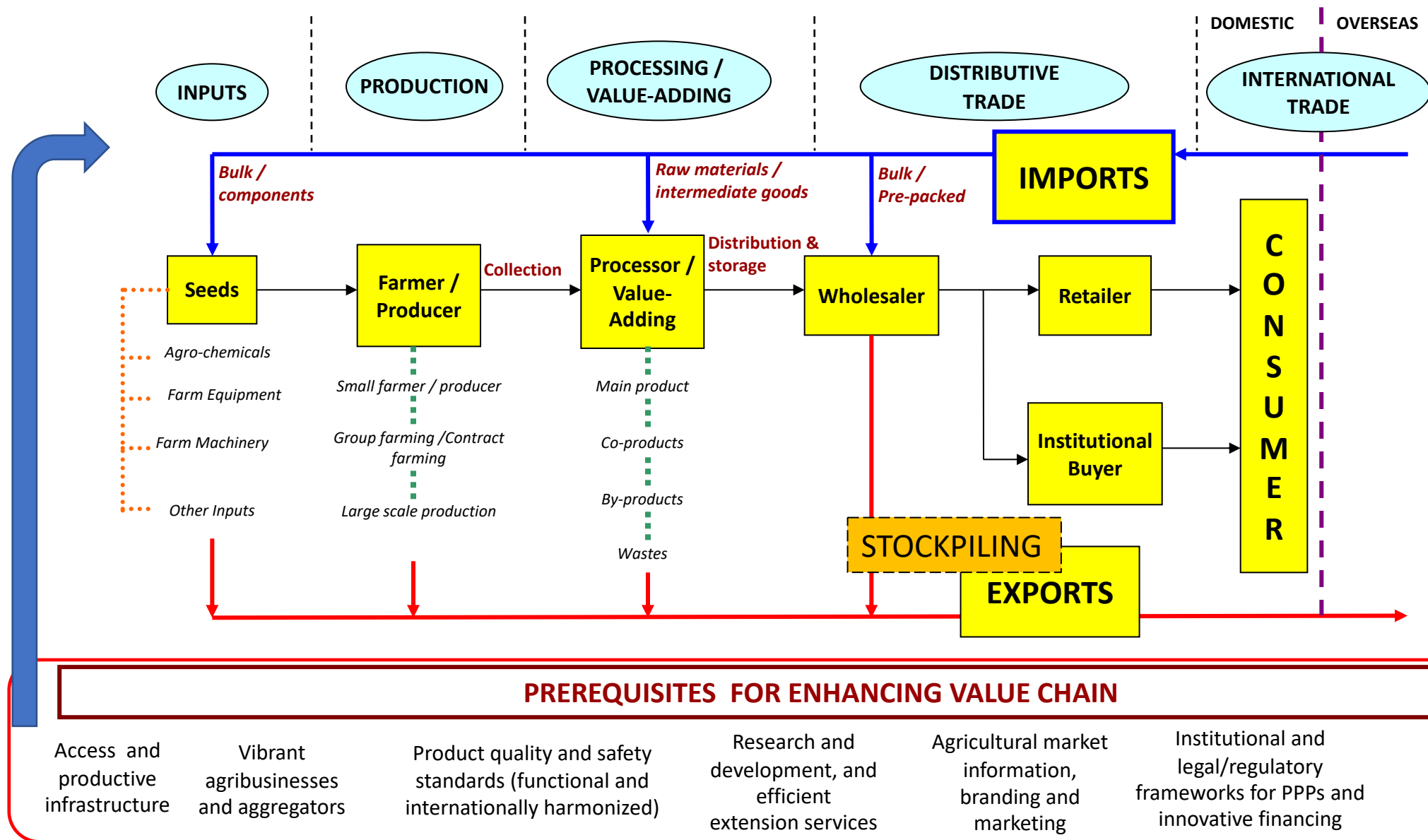
More private sector investment enabled for cluster business, aggregation, processing, and value-added services

Increased profitability for farmers and agribusiness enterprises (due to lower transport cost (10-15%), higher crop yield (at least 10%), and lower post harvest losses (15-20%))

More local jobs created, purchasing power increased, and urban migration reduced

Government tax revenue increased and investment in human capital (health and education) enabled

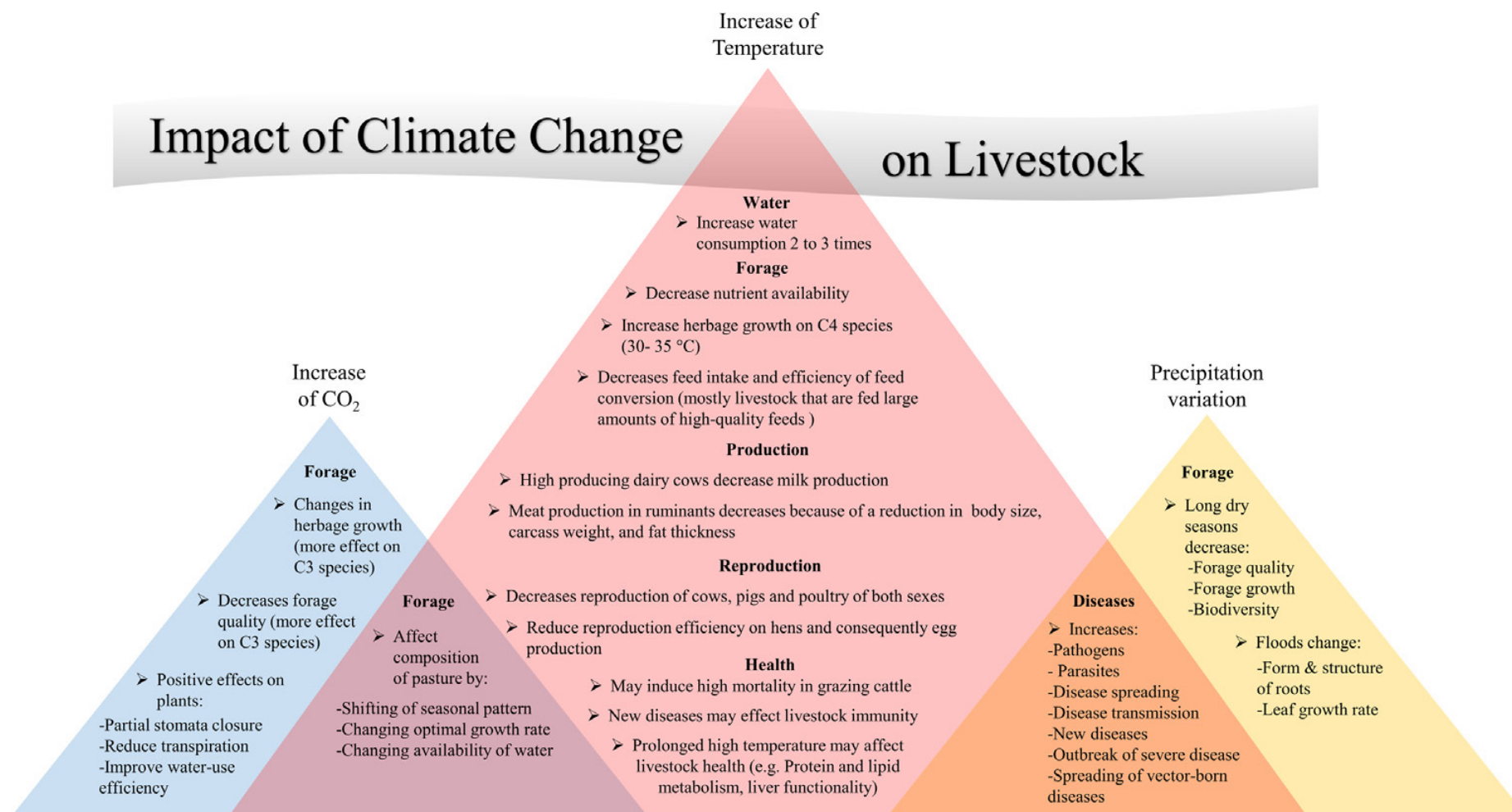
# Prerequisites for Strengthening Agricultural Value Chains





# Impacts of Climate Change on Agriculture

- Climate change reduces agricultural productivity, and threatens food safety and food security
- Agricultural production, processing/storage, and marketing/distribution exacerbate climate change
- Cost-effective adaptation and mitigation measures are critical to ensure food security and food safety

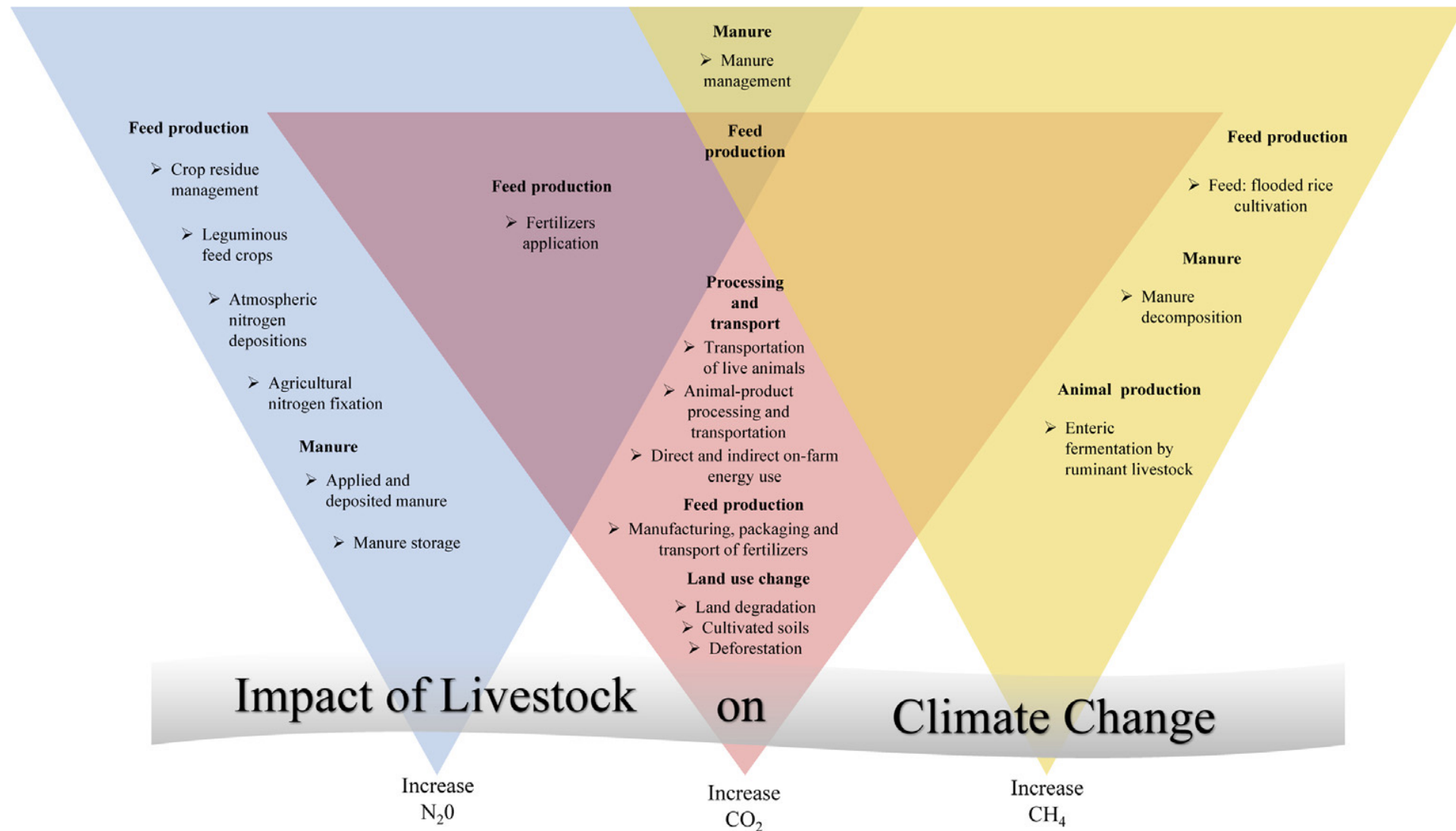


Example of two-way impacts: climate change and livestock





# Impacts of Agriculture on Climate Change



Example of two-way impacts: climate change and livestock (continued)



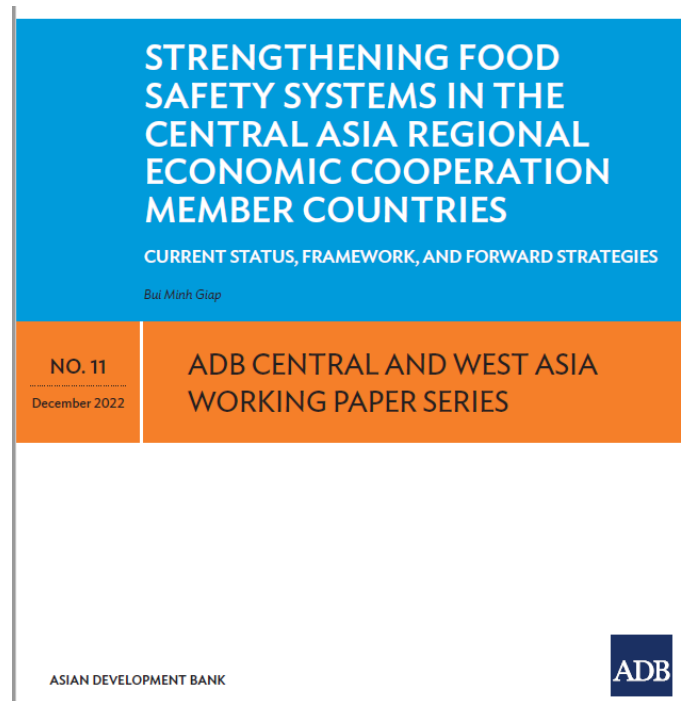
## Regional Food Safety Situation in CAREC

- CAREC region relying heavily on imports to meet demand for food: with food imports increasing 6.7% per year, in 2020 accounting for 34% (\$74.8 billion) of total agricultural import
- More food imports leading to higher exposure to unsafe or unverified food products
- At country level: fractured food safety control systems; outdated systems and standards (inconsistent with WTO SPS standards)
- At regional level: varying food safety systems, structures, maturity levels, and supporting national infrastructure across member countries
- Going forward, it is critical to:
  - Harmonize food safety legal frameworks, regulations, and practices
  - Strengthen capacities of stakeholders of agricultural value chains in implementing food safety standards
  - Undertake market-based regulatory reforms
  - Improve infrastructure and develop capacities of value chain actors
  - Enhance institutional linkages in food safety policy-making, management and evaluation



# ADB Publication: Strengthening Food Safety Systems in the Central Asia Regional Economic Cooperation Member Countries: Current Status, Framework, and Forward Strategies

<https://www.adb.org/publications/food-safety-systems-carec-member-countries>





# The Need for the Regional Cooperation Framework

- Many ongoing and planned CAREC activities (country-specific and regional) have, will have, or can have positive impacts on agricultural development and/or food security in the CAREC countries
- The Regional Cooperation Framework is needed to:
  - Align these activities more closely with the priorities of the governments of the CAREC countries with regard to agricultural development and food security
  - Increase synergies among the activities and enhance value addition
  - Magnify their positive effects on agricultural development and food security in the CAREC countries
  - Enhance regional cooperation in agriculture development and food security



# The Scope of the Regional Cooperation Framework

- Five thematic focus areas:

- Modernization of agriculture
- Strengthening of the policy framework
- Development of food value chains
- Harnessing of international trade in food products, and
- Strengthening of food security information sharing

- Six cross-cutting priorities:

- Innovation and digitalization
- Protection of the environment
- Climate change adaptation and mitigation
- Improvement of food safety
- Private sector development, and
- Promotion of gender equality and youth employment

- Modalities of regional cooperation:

- South-South technical cooperation, including triangular technical cooperation
- Coordination, harmonization and data exchange
- Mutual recognition
- Regional investment projects



## Planned Next Steps

ADB's Knowledge and Support Technical Assistance (KSTA) approved by Quarter 2, 2023 to support:

- Implementation of regional cooperation priority activities stated in the Regional Cooperation Framework
- Preparation of the medium and long-term Strategy for Agricultural Development and Food Security in the CAREC Region
- Identification of business opportunities for bankable investment projects relevant to the focus areas of the Regional Cooperation Framework
- Improvement of implementation readiness of climate–resilient agriculture and food security investment projects