



AGRICULTURAL COOPERATION

OIC/COMCEC/30-14/D(30)



CCO BRIEF ON AGRICULTURAL COOPERATION

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Agriculture is of particular importance for human life and provides fundamental needs for human survival. Agriculture is also an important sector for economic and social development due to its contribution to Gross Domestic Product (GDP) and employment. It is accepted as a key sector for reducing poverty and for sustainable rural development especially in developing countries. It is the only source of income for the majority of the rural poor in some countries, particularly in Sub-Saharan Africa.

Food crises in 2008, biofuel production and global climate change have raised concerns about food security and agriculture has occupied an important place on the world agenda which forced many governments to take additional measures for ensuring sustainable agriculture and food security.

Today, almost 870 million people are undernourished worldwide, particularly in Sub-Saharan Africa and Asia. In developing countries, even if agricultural production doubles by 2050, 5 percent of the people (one person in twenty) will be under the risk of being undernourished. That is approximately 370 million people will be in hunger in the World, particularly in Africa and Asia. In this respect, agriculture will continue to have an important role in addressing rural poverty¹.

Agriculture in the OIC Member Countries

Agriculture is also a significant sector for the economies of the OIC where 21 member countries are in the category of the least developed countries according to UN classification. Agricultural population represents more than one-third of the total population in the Member Countries².

As shown in Table 1, in 2012, agricultural population in the OIC Member Countries was 568 million, which represented 35 percent of the total OIC population. Regarding the OIC sub-regions, African Group has the highest share of agricultural population compared to the Asian and Arab Groups. At the individual country level, agricultural population represented more than 50 percent of the total population in 16 OIC Member Countries in 2012. Furthermore, the share of agricultural population to total population in the OIC was below the share in the World in 2012.³

Table 1: Share of Agricultural Population in the OIC and the World

	1990	1995	2000	2005	2012
African Group	61.7	58.3	54.8	51.5	47.0
Arab Group	38.3	34.8	31.6	28.5	24.2
Asian Group	49.9	45.0	41.7	38.6	34.4
OIC	49.8	45.5	42.3	39.2	35.0

Source: FAOSTAT

¹ COMCEC Agriculture Outlook 2014

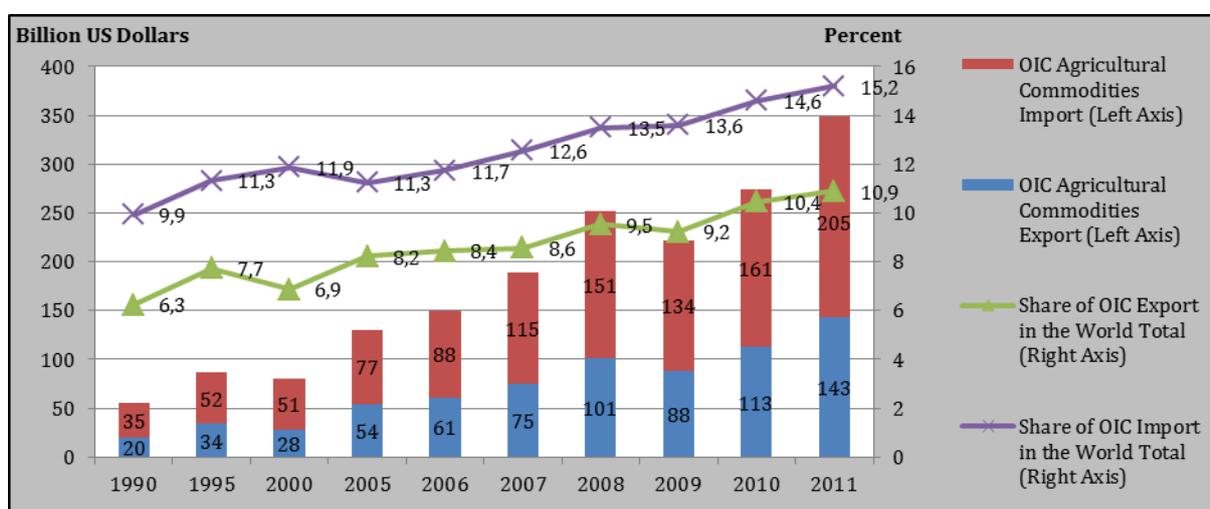
² Ibid.

³ FAOSTAT

On the other hand, on average, the OIC Member Countries have a relatively lower performance in agriculture as compared to the developed countries. Despite having almost one third of total world agricultural area, according to the UN data, the share of the OIC Member Countries in the world agricultural GDP was 21.3 percent with 648 billion USD agricultural value added in 2012.⁴

Agriculture sector has a great potential for enhancing intra-OIC agricultural trade. According to the FAO statistics, Saudi Arabia, United Arab Emirates, Egypt, Algeria and Iraq are the main importers of agriculture products in the Member Countries. On the other hand, Indonesia, Malaysia, Cote d'Ivoire and Turkey are the major countries having surplus in terms of their agricultural trade balance.

Figure 1: OIC Agricultural Commodities Trade and Share in World Total (1990-2011)



Source: COMCEC Agriculture Outlook 2014.

Agricultural commodity trade of the Member Countries increased considerably from 1990 to 2011. As demonstrated in Figure 1, total agricultural commodity import of the OIC Member Countries increased from 35 billion US Dollars in 1990 to 205 billion US Dollars in 2011. Correspondingly, total agricultural commodity export of the Member Countries reached 143 billion US Dollars in 2011. Accordingly, total agricultural trade in the Member Countries reached 348 billion US Dollars in 2011.

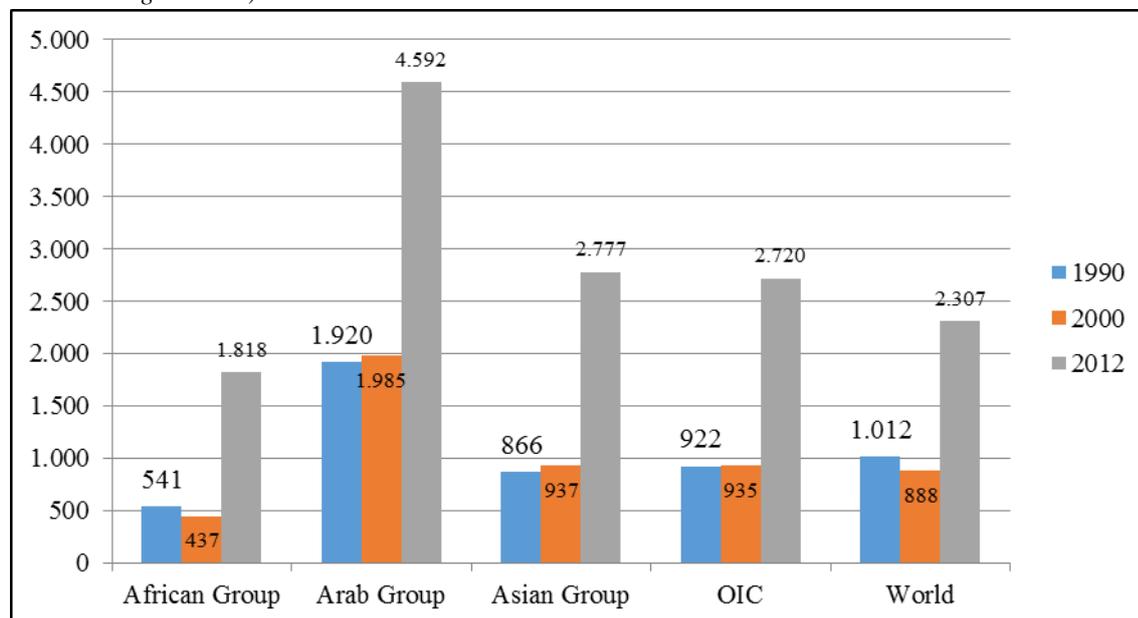
In terms of agricultural labor productivity, the OIC Member Countries has recorded a remarkable increase in the last decade. Figure 2 shows a comparison of agricultural labor productivity in the OIC Member Countries and with the World.⁵ It is understood from the figure that the labor productivity is higher than the world average in the OIC Member Countries. This figure also reveals that Arab Group has the highest labor productivity among the three regions. On the other hand, African Group Countries has the lowest agricultural labor productivity among the OIC Member Countries. Among the African Group Member Countries, Uganda, Mozambique, Guinea and Burkina Faso have the lowest levels of labor productivity in the OIC. The low level of mechanization and fertilizer use, water scarcity and

⁴ UNSTAT- National Accounts Main Aggregates Database

⁵ In order to calculate labor productivity, agricultural value added (at current price-US Dollar) is divided by economically active people in agricultural sector.

the use of labor intensive methods are the main reasons of the low agricultural labor productivity in this sub-region⁶.

Figure 2. Agricultural Labor Productivity in the OIC and the World (US Dollar Per Economically Active Worker in Agriculture)



Source: COMCEC Agriculture Outlook 2014.

Main Challenges of the Agriculture Sector in the OIC Member Countries

The majority of the OIC Member Countries are not self-sufficient in terms of food production and considerably depend on the import of agricultural products. Besides, agricultural production in the Member Countries is mainly concentrated in several Member Countries, namely Indonesia, Turkey, Bangladesh, Nigeria, Pakistan, Iran, Egypt, Kazakhstan, Uzbekistan and Morocco. More than 75 percent of the total agricultural products in the Member Countries are produced by these countries. In addition, millions of people in the OIC Member Countries suffer from food shortages and they do not have access to sufficient food.⁷

The agriculture sector in the OIC Member Countries has been suffering, among others, from :

- Low agricultural productivity,
- Lack of institutional framework to provide necessary adjustments for more efficient and productive agriculture sector,
- Inadequate public sector investments in infrastructure.
- Lack of private sector investments in farming and agribusiness enterprises,
- Lack of sustainable natural resource management (land, water, fisheries and forests)
- Post-harvest losses.

⁶ COMCEC Agriculture Outlook 2014

⁷ Ibid.

Efforts under the COMCEC

Agriculture is one of the significant cooperation areas of the COMCEC. It was prioritized by the COMCEC Economic Summit held in November 2009 in İstanbul. The COMCEC Strategy, adopted by the 4th Extraordinary Islamic Summit held on 14-15 August 2012 in Makkah, also identified agriculture as one of the six cooperation areas of the COMCEC.

The COMCEC Strategy defined “Increasing the productivity of agriculture sector and sustaining food security in the Member Countries” as its strategic objective. With a view to achieving this objective, the Strategy envisages four output areas, namely “increasing productivity”, “regulatory framework and institutional capacity”, “reliable and up-to-date data” and “market performance and access”.

Agriculture Working Group (WG) was established as part of the implementation of the COMCEC Strategy. The WG provides a regular platform for producing and disseminating knowledge, sharing experiences and good practices, creating a common understanding and approximating policies in this field.

Agriculture WG has convened four times since its establishment in 2013. Its three meetings have been held since the previous COMCEC Session. The Second Meeting of the Agriculture Working Group was held on December 19th, 2013 in Ankara with the theme of *“Encouraging Foreign Direct Investments (FDIs) in the OIC Member Countries for Increasing Agricultural Productivity”*. In order to enrich the discussions during the Meeting, an analytical study on the theme of the Meeting and *“COMCEC Agriculture Outlook 2013”* were prepared. In addition, “Proceedings of the Second Meeting of the Agriculture Working Group” was prepared and published on the COMCEC Website in order to reflect the outcomes of the Meeting (www.comcec.org).

In this meeting, Agriculture Working Group discussed not only the ways and means of creating an enabling environment for encouraging agricultural FDIs in the member countries but also the challenges faced by the member countries. Some of the issues highlighted, among others, for reducing the risk of agricultural FDIs during the Meeting are as follows:

- Proper land use planning and respect for property rights;
- FDI attraction programs need to focus on large scale agricultural investors;
- Host-country governments’ assessment of the economic viability and sustainability of the proposed investment projects,
- Taxation of idle land and establishment of an appropriate level of lease payments.

Moreover, the Third Meeting of the COMCEC Agriculture Working Group was held on April 3rd, 2014 with the theme of *“Improving the Statistical Capacity of the Agriculture Sector in the OIC Member Countries”*. For this meeting, an analytical study on the theme of the Meeting and *“COMCEC Agriculture Outlook 2014”* were prepared. The “Proceedings Document” reflecting the discussions made during the meeting was published and is available on the COMCEC Web Page (www.comcec.org).

In its third meeting, the WG highlighted the following issues:

- Encouraging Member Countries to prepare reports on agriculture statistics in their countries
- Building comprehensive and integrated databases for agricultural statistics

- Integrating agricultural statistics into National Statistical Systems
- Focusing on the training of human resources and raising the level of scientific data in the field of agricultural statistics
- Developing of strategic plans for agricultural statistics

The Fourth Meeting of the Agriculture WG was held on October 25th, 2014 with the theme of “Facilitating Smallholder Farmers' Market Access in the OIC Member Countries.” A research report on the theme of the WG was specifically prepared for this meeting. Promoting the producer organizations, disseminating technical and market information and encouraging contract farming in the Member Countries were the main issues that have been highlighted by the participants during the Meeting. These issues were also underlined in the answers of the Member Countries to the policy questions, in the inventory study sent to the Working Group focal points by the COMCEC Coordination Office as well as in the research report prepared specifically for the this WG Meeting. Following discussions of the mentioned issues, the Working Group came up with the following policy advices:

1. Promoting the Establishment of the Producer Organizations and Increasing the Effectiveness of the Existing Ones
2. Disseminating Technical and Market Information to Smallholder Farmers
3. Encouraging Contract Farming

The Proceedings of the Meeting and the presentations made during the Meeting are available on the COMCEC web page (www.comcec.org).

The COMCEC Agriculture Working Group will convene two times in 2015. The themes and dates of these meetings are given below:

- The 5th Meeting of the COMCEC Agriculture Working Group Meeting will be held on March 5th, 2015 in Ankara, Turkey with the theme of “*Strengthening Institutional Capacity: Establishing and Strengthening Farmer Organizations in the OIC Member Countries*”.
- The 6th Meeting of the COMCEC Agriculture WG will be held on October 8th, 2015 with the theme of “*Promoting Agricultural Value Chains in the Member Countries*”.

Furthermore, the member countries, having registered to the Agriculture Working Group, have the chance to propose multilateral cooperation projects within the framework of the COMCEC Project Funding, which is another important implementation instrument of the Strategy. The projects to be financed under the COMCEC PCM need to serve multilateral cooperation and be designed in accordance with the objectives and the expected outcomes defined by the Strategy in its Agriculture section.

The first Project Call under the COMCEC Project Funding was made in September 2013. Within the framework of the first project call, the project titled “Pakistan Bioremediation Model for Wastewater Treatment and Capacity Building Program among OIC Countries” proposed by Pakistan is being implemented successfully and will be completed in December 2014.

Moreover, the second Project Call was made in September 2014 and Member Countries of the Agriculture WG have submitted 15 projects to the CCO in this regard. 10 of these projects are announced as short-listed.

Lastly, till now 6 Ministerial Meetings on Agriculture have been held. The 6th Ministerial Meeting on Agriculture was held on 3-5 October 2011 in İstanbul, Turkey, with the theme of “Food Security: Agricultural Development and Access to Food and Nutrition in OIC Countries”. The Meeting highlighted the importance of exchanging knowledge and experiences and developing technical cooperation, capacity building and training programs among the member countries.

In this framework, several capacity building activities and training programmes have been organized by SESRIC in the agriculture sector.

