

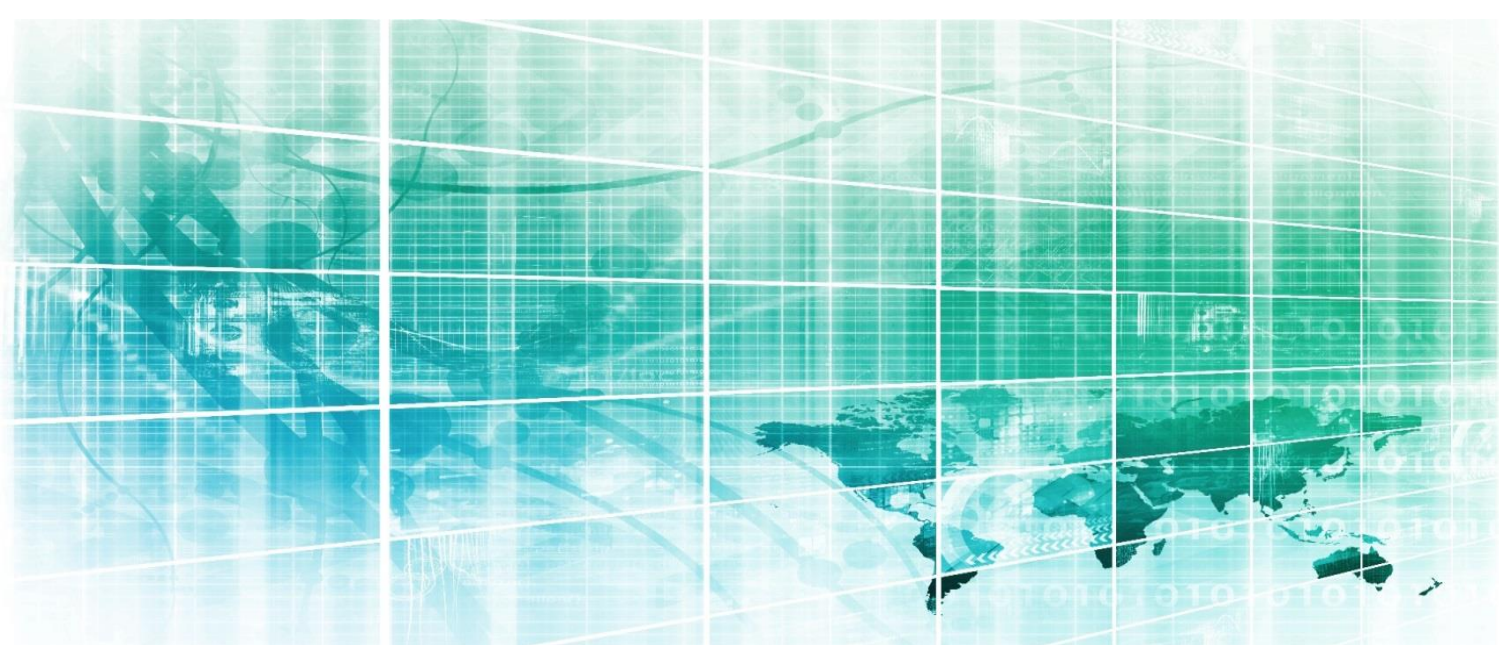


**COMCEC**

**Standing Committee  
for Economic and Commercial Cooperation  
of the Organization of Islamic Cooperation (COMCEC)**

## **Proceedings of the 10<sup>th</sup> Meeting of the COMCEC Agriculture Working Group**

### **“Improving Agricultural Market Performance: Creation and Development of Market Institutions”**



**COMCEC COORDINATION OFFICE  
October 2017**



**Standing Committee  
for Economic and Commercial Cooperation  
of the Organization of Islamic Cooperation (COMCEC)**

**PROCEEDINGS OF THE 10<sup>TH</sup> MEETING OF THE COMCEC  
AGRICULTURE WORKING GROUP  
ON**

**“IMPROVING AGRICULTURAL MARKET PERFORMANCE: CREATION AND  
DEVELOPMENT OF MARKET INSTITUTIONS”**

**(28 September 2017, Ankara, Turkey)**

**COMCEC COORDINATION OFFICE  
October 2017**

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## Introduction

The 10<sup>th</sup> Meeting of the COMCEC Agriculture Working Group was held on September 28<sup>th</sup>, 2017 in Ankara, Turkey with the theme of “Improving Agricultural Market Performance: Creation and Development of Market Institutions”.

The Meeting was attended by the representatives of 14 Member States, which have notified their focal points for the Agriculture Working Group namely, Bangladesh, Cameroon, Cote d'Ivoire, Gabon, Gambia, Mauritania, Morocco, Oman, Pakistan, Qatar, Saudi Arabia, Senegal, Tunisia and Turkey. Representatives of COMCEC Coordination Office, SESRIC and International Food Policy Research Institute (IFPRI) have also attended the Meeting.<sup>1</sup>

At the outset, the representative of the COMCEC Coordination Office (CCO) made a presentation on “COMCEC Agriculture Outlook 2017”. During the presentation of the COMCEC Agriculture Outlook 2017, the participants were informed about the general overview of agriculture sector in the OIC Member Countries through focusing macro agricultural indicators.

Afterwards, the Meeting considered the research report titled “Improving Agricultural Market Performance: Creation and Development of Market Institutions” which was conducted by specifically for the 10<sup>th</sup> Meeting with a view to enriching the discussions.

The Representatives of the Member States shared their experiences, achievements, and challenges regarding creation and development of market institutions in their respective countries. The participants had the chance to discuss the policy options for enhancing the cooperation in this important field in a moderation session. The Room Document based on the findings of the research report submitted to the Agriculture Working Group Meeting and the answers of the Member Countries to the policy questions sent to the Member States by the CCO were the main inputs for the discussions during moderation session.

Lastly, National Olive Oil Office of Tunisia, Konya Commodity Exchange and International Food Research Institute made presentations on their experiences with regards to their roles in the agriculture market.

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<sup>1</sup> The list of participants is attached as Annex 1.

## 1. Opening Session

In line with the tradition of the Organization of the Islamic Cooperation (OIC), the Meeting commenced with the recitation from the Holy Quran. Afterwards, Mr. Selçuk KOÇ, Director at the COMCEC Coordination Office welcomed all participants. Briefly informing the participants about the programme of the Meeting, Mr. KOÇ invited Mr. Hasan ÖZLÜ to chair the Meeting. Afterwards, Mr. ÖZLÜ welcomed all the participants to the 10<sup>th</sup> Meeting of the Agriculture Working Group.

## 2. The COMCEC Agriculture Outlook 2017

Mr. Mehmet TARAKCIOĞLU, Expert from the COMCEC Coordination Office summarized the key features of COMCEC Agriculture Outlook 2017.

Mr. TARAKCIOĞLU informed the participants the key features of COMCEC Agriculture Outlook 2017 through summarizing main progress made from the previous Outlook period. His presentation on Agriculture Outlook 2017 outlined the state of agriculture in OIC member countries in terms of macro agricultural indicators of agricultural value added, employment and trade, sector indicators of land use, production and productivity and undernourishment and domestic food price volatility as indicators of state of food security.

He underlined that the main structure of the Outlook remained unchanged while trade section was revised and new series of data was added for the details of partner countries and main trade items in exports and imports. He also emphasized that a new section on fisheries production statistics was introduced.

Regarding progress in terms of macro agricultural indicators, he expressed that over the last three decades, OIC's agricultural value added was increased to 653 billion US Dollar with a share of 21% from 186 billion US Dollar with a share of 16% but relatively stable of around 20% pointed out to a lower performance compared to the world average. In terms of OIC groups, he emphasized that more than half of the value added in 2015 was made by Asian Group while African Group was the one that increased its share most among these three groups. Arab Group's contribution was shown remaining stable around 22%. He also reminded that there was an overall increase at the level of the value added in parallel to the rest of the world but the change was most striking in case of African Group's performance.

Furthermore, Mr. TARAKCIOĞLU stressed that the value added ranking of top ten country did not change over the year but took attention to the fact that there was a diverse structures of agriculture among these top ten countries where in 2015 the share of agricultural value added is the highest in Sudan with 28.4% while Iran, Malaysia and Turkey were only three countries whose share was below 10%. Regarding trends in growth rates, he also showed that over the last decades, average growth rates of OIC countries in terms of both agricultural and overall economy remained well higher than world average, except Asian Group countries' growth rates which remained around world average.

Mr. TARAKCIOĞLU showed a secular decrease in agricultural employment (reached to around 35.8% in 2015) in parallel to world average with a level while emphasized rise in rural population which showed the importance of agriculture as a key driver for development.

Moreover, Mr. TARAKCIOĞLU informed the participants that the figures showed a rapid increase at the levels of both exports and imports over the last two decades but seemed to be stabilized around 65% exports/imports ratio in post-2010 period because of slower growth and even decrease in world's export markets in the last 3 years. He further iterated that with this

performance the OIC's trade deficit mainly came from the trade of Arab Group while Asian Group enjoyed a trade surplus in addition to insignificant level of trade deficit of African Group.

Regarding broad trade structure of the OIC in terms of composition of trade partners and main products, he reminded that new series of disaggregated trade data introduced into Outlook 2017 showed that the African Group countries have trade networks with partner countries in other regions with lowest intra-OIC trade share in its exports, 7.4% while Arab and Asian Groups have intra-OIC trade shares of 46% and 11%. The Asian Group also appeared to have a higher share of its own regional exports share of 36%. He also took attention to a similar pattern in case of OIC's imports. He pointed out with this figures to the opportunity to increase intra-OIC trade integration. Furthermore, he showed that the product group of cereals was the top item in OIC's imports of different group of countries following by dairy and meat products. He also discussed the case of exports where OIC groups have their own regional specialty items as top exports items, namely cocoa for African, nuts for Arab and edible oils for Asian members of the OIC.

Mr. TARAKCIOĞLU informed the participants that although there were significant amount of production increase in the OIC countries, the rest of the world also had high growth performance which led to relatively stable share of the OIC in world production over the last decade. He also reiterated that OIC countries with almost one third of all agricultural area and one fifth of arable area indicated a great potential for further development efforts.

Mr. TARAKCIOĞLU briefed on the state of fisheries production and noted that this is the first time that the statistics on fisheries have been introduced into the Outlook. He touched upon the undergoing structural change in the fisheries production and further showed that there was a dramatic increase in fish farming while global capture fisheries production level remained stable and unchanged. He showed that the steep line for the share of OIC in global production indicated a better performance of OIC fisheries sector compared to the rest of the world.

Mr. TARAKCIOĞLU stated that OIC countries' land productivity showed a point of convergence to the world average in 2014 while labor productivity started to lag behind the world average after 2010 as a result of relatively higher rate of growth of the rest of the world. However, he reminded that the labor productivity rate of change was still on growth track despite relatively being lower than world average. He also stressed that the same trend of starting to lag behind was also case for the growth in individual staple crops productivity.

Mr. TARAKCIOĞLU also briefed the participants that the situation regarding the state of food security was getting worse in many parts of Africa and Asia recently due to various reasons including climate change. He pointed out that over the last two decades, while the nominal number of undernourished people seemed to be around the same level below 200 Million people, a relatively higher decrease in the rest of the world average led the share of OIC increased.

Mr. TARAKCIOĞLU concluded his presentation emphasizing the importance of stable domestic food price volatility for the state of food security, especially for the stability dimension of food security which affected the other dimensions of security, availability, Access and utilization as well. He showed that OIC countries had diverse trends of domestic food price volatility which also showed an opportunity to collaborate for agricultural and food policy approximation among OIC member countries.

## Questions and Remarks

**Question:** Referring to more opportunities for higher trade performance and expansion, would it be considered to include Halal food in Outlook?

**Answer:** Halal food may be considered to be a part of prospective Outlook publications in parallel to progress in data availability and reliability of these kind of labelling schemes.

### **3. Improving Agricultural Market Performance: Creation and Development of Market Institutions**

#### **3.1. Global Overview of Agricultural Market Institutions**

Mr. Laurens van der Schoor, Advisor at Investment Consulting Associates (ICA) made a presentation to introduce and explore the conceptual framework of the research study as well as to describe the developments and trends in the creation and development of market institutions around the world and specifically in the OIC Member Countries. The presentation ends with some observations and conclusions on the role of agricultural market institutions in the OIC Member Countries and to what extent they contribute to the performance of agricultural markets.

The presentation elaborated on the five concepts that collectively constitute the conceptual framework of the study which are general markets, general market institutions, agricultural markets, agricultural market institutions, and government intervention into agricultural markets.

General markets are defined as physical and conceptual contexts in which the rules-based exchange of goods, products, and services takes place and where, hence, the flow, value, and price of these goods, products, and services are determined. This is determined by market forces as well as rules governing the exchange (e.g. institutional framework, private contacts, and cultural norms and values). Market systems encompass the entire process from supplying inputs to final consumption.

There are three key groups of market participants involved in market systems:

1. Direct Market Participants, who directly engage in the markets' economic activities.
2. Indirect Market Participants, who do not have a mandate to be directly engaged in economic activities but who support Direct Market Participants and, hence, influence the market system's performance.
3. Line Ministries and market institutions, which set the institutional context and therefore have a regulatory and facilitative role in market systems.

Mr. Schoor mentioned that agricultural markets and market systems typically have important socio-economic policy objectives to fulfill such as food security, food self-sufficiency, reasonable prices, farmer protection, and agricultural value-addition. Therefore, it should rely even more on a well-established market system than general markets. For this reason, realizing these socio-economic objectives cannot be left alone to the private sector, as market failures impede the private sector participation in agricultural markets and market forces do not necessarily support governments' policy objectives. Thus, government intervention into the agricultural market system is justified as a means to complement the private sector, address market failures, mitigate risks and vulnerabilities, and improve its overall efficiency and performance.

Mr. Schoor stated that governments have developed and created a number of market institutions to implement, apply, and administer their intervention in agricultural markets. These include commodity market regulatory authorities, cooperatives, state-owned economic enterprises, marketing boards, licensed public warehouse companies, and commodity exchange platforms. These six market institutions - other than associations and federations, education and research

institutions, and development organizations - directly intervene in the market, thereby resolving market failures and directly contributing to an efficient market system.

Afterwards, Mr. Schoor pointed out that the market institutions typically take up one or more functions:

- Exchange function, whereby institutions themselves directly transfer agricultural products from one market participants to another.
- Physical function, where institutions enable agricultural products to move across space and time (e.g. infrastructure).
- Facilitating function, where institutions enable the exchange and physical function by coordination, market intelligence, and developing and enforcing rules and regulations.

Together, these six market functions taking up one or more of these functions have the ability to reduce supply and price volatility, protect farmers' incomes, encourage agricultural value-addition, and ensure food for (urban) consumers while simultaneously addressing market failures.

The creation and development of agricultural market institutions reflects changes in political and philosophical perspectives on government intervention (e.g. periods of Industrialization, "Laissez Faire" liberalization, and Post-World War II Welfare States). The last decades have been characterized by rapid change in perspectives and ideologies:

- 1960s and 1970s: "Getting the markets right" - Strong government intervention to address agricultural market failures.
- 1980s and 1990s: "Getting the price right" - Government withdrawal and privatization of market institutions as Government intervention was inefficient and impeding effective markets.
- 21<sup>st</sup> century: "Getting the institutions right" - Realization not everything can be left to market forces as market failures still prevail. Market forces should be complemented with intervention.

Mr. Schoor stated that agricultural market institutions take up the form of a state-owned economic enterprise (36%), followed by cooperatives and marketing boards (both 20%) in the OIC Member Countries. These state-owned economic enterprises may be involved in different areas of interest, such as regional economic development, the provision of credit or loans specifically for the agricultural sector, and direct production and trade. Most of the agricultural market institutions play a facilitating role (38%), followed by a combination of exchange and physical functions (36%) and exchange and facilitating (25%).

Furthermore, Mr. Schoor underlined that independent, private sector institutions are critical to the effective functioning of market systems. Markets tend to perform better when institutions harness market forces to serve social goals and try to make markets work more effectively, rather than when they try to displace market forces with uneconomic and ultimately unsustainable controls. Finally, he pointed out that individual market institutions tend to be most effective when their interventions focus on eliminating or mitigating market failures, thereby transmitting information and mediating transactions, reducing volatility and managing competition, facilitating the transfer and enforcement of property rights and contracts, and increasing the market power of producers.

## Questions and Remarks

**Question:** The market institutions such as marketing boards and cooperatives can have functions more than one and sometimes they do not limit themselves and can overlap the main functions of other market institutions. Is this beneficial or not?

**Answer:** Having various functions is a good thing for the agricultural market institutions such as licencing or warehousing. However, it is not good to interfere and/or overlap other institutions' tasks. To overcome this challenge there should be a coordination mechanism, for example a coordinator authority under the Ministry of Agriculture can be established.

**Q:** How can the productivity of the agriculture sector and market institutions be enhanced while there is already established market institutions and relevant regulations, however not functioning well?

**A:** Market institutions can sometimes be inefficient and it may be difficult to change the existing legal framework. In this case the relevant market institutions themselves or the relevant authorities should make advocacy towards the policy makers regarding the challenges they face. With this advocacy the policy makers can be encouraged to change the legal regulations hindering the productivity of the sector or efficiency of the market institutions.

## 3.2. Creation and Development of Agricultural Market Institutions in the OIC

In the second presentation Mr. Laurens van den Schoor elaborated on the conceptual framework, development, and trends in three country case studies conducted in Indonesia, Tunisia, and Uganda in an attempt to identify bottlenecks that may be resolved by creating or developing (new) market institutions.

Mr. Schoor stated that the three country namely, Indonesia, Tunisia and Uganda have been selected based on their presence in each of the OIC sub-regions, level of economic development, and position in international agricultural trade and investment.

Indonesia's agricultural market system is mostly challenged by the absence of warehouse and storage capacity, poor post-harvest management and weak distribution channels and infrastructure, leading to relatively high logistics costs. The Government of Indonesia aimed at balancing support for agricultural producers with stabilizing food prices and ensuring the availability of food at reasonable prices.

Mr. Schoor pointed out that existing intervention mechanisms include national stock piling, setting reference prices for ten strategic commodities, input subsidies on irrigation, fertilizers, and pesticides, import restrictions, tariffs, and import requirements to protect farmers (e.g. rice and sugar), and the RASTRA/RASKIN "rice for the poor" distribution program, which provides rice at below-market prices to selected and targeted poor households.

The Government of Indonesia has developed a number of institutions which support to implement, apply and administer these interventions:

- BULOG, which has been established as state-owned trading company in 2003, responsible for maintaining farmer production and producer prices, stabilizing consumer prices, and maintaining the Government's rice stock.

- PTPN III, which is a state-owned economic enterprise active in owning plantations and processing units for rubber, palm oil, tea, and sugar.
- PT Pupuk Indonesia, which is a state-owned economic enterprise manufacturing subsidized pesticides and fertilizers in its five manufacturing facilities across Indonesia.
- COFTRA, which supervises the warehouse receipt system, auction markets, and futures trading.

Mr. Schoor mentioned that these government interventions required US\$2 billion of public budget in 2014. Positive NRA rates have been recorded for import competing agricultural commodities (e.g. rice, sugar, soybeans, and maize) while negative NRA rates have been registered for export commodities (e.g. coffee, tea, rubber, and palm oil).

The key bottlenecks concern the fragmented coordination of Indonesia's agricultural marketing system and market intelligence, lack of diffusion of technologies and farming practices, lack of agricultural value-addition and specialization, and lack of diffusion of standards. Hence, Indonesia's agricultural agenda continues to be set by self-sufficiency, competitiveness, value-addition, agricultural diversification, and protecting agricultural producers as well as consumers. This shows the inability of Indonesia's farmers to get integrated in the country's agricultural market system, leading to lower prices for their production.

Mr. Schoor continued his presentation with Tunisian case study. He expressed that Tunisia's agricultural market system is challenged by issues similar to Indonesia: lack of sufficient post-harvest management and storage capacity, the need to diversify the agricultural product portfolio and appliances of traditional commodities, reluctance among farmers to engage in value-addition activities and absence of economies of scale, which undermines effective distribution and marketing.

The Government of Tunisia looks to control foreign competition, control production and producer prices and encourage agricultural investment. Hence, its intervention mechanisms focus around border protection, subsidized inputs, guaranteed minimum prices, direct market intervention and incentives.

The Government of Tunisia has developed a number of institutions which support to implement, apply, and administer these interventions:

- UTAP and IPAAAs, which, together with the private sector, have the ability to intervene as a direct public storage body to stabilize supply and demand by buying or selling additional supply.
- SOTUMAG, which is responsible for managing Tunisia's Bir El Kassaa market of national interest.
- ONAP, which collects, disseminates, and processes data and produces agricultural forecasts.
- ARRU, which is involved in upgrading market infrastructure (e.g. warehouses and abattoirs).
- A number of commodity-specific marketing boards and state-owned economic enterprises for olive oils, cereals, and sugar (e.g. ONH, OC, STS, and OCT).

The effectiveness of Tunisia's agricultural market institutions is undermined by a general slackening of government control since 2011, which, combined with high taxes levied and a large number of traders and intermediaries, encouraged farmers to circumvent formal markets and oriented towards informal markets. Tunisia's agricultural agenda continues to be set by

addressing several bottlenecks related to a lack of commercialization of commodities, missing coordination between various market participants, absence of post-harvest management and ineffective overall management of the agricultural market system.

Mr. Schoor expressed that Uganda's agricultural marketing is challenged a focus on "traditional" systems, complicated land tenure system, imbalanced agricultural market due to absence of storage facilities and post-harvest technologies, limited value-addition due to high electricity costs, and degraded road network in rural areas.

Despite its predominantly private-sector led agricultural market, the Government of Uganda has developed a number of institutions to implement, apply, and administer these interventions:

- UCDA, which supervises, promotes, and regulates the coffee sector together with extension.
- DDA, which promotes the dairy sector as well as conducts policy advocacy for the sector.
- CDO, which supervises, promotes, and regulates the cotton sector together with extension.
- UWRSA, which is responsible for implementing and regulating the warehouse receipt system.

On the whole, Uganda's agricultural sector is fragmented as it features a high degree of small-scale farmers together with a complicated land ownership structure, limiting farmers to obtain credit and finance, eventually leading to an under-capacity of production.

Mr. Schoor concluded that the key recommendation following from these country case studies is to create an authority responsible for managing farmer registration. This would firstly improve the institutional coordination of the entire agricultural market system, while simultaneously leading to better market surveillance and market intelligence, both on the demand as well as supply side. This could, in turn, lead to improved practices with regards to the provision of high-quality inputs, aligning agricultural research with current market needs, efficiency of warehouses, and enforcement of traceability and standards. Points-of-departure are provided by Turkey's CKS system and Indonesia's INATRADE system.

## Questions and Remarks

**Question:** What kind of differences exists between functions of the market institutions, in particular between the facilitation and physical exchange functions?

**Answer:** There are three key functions that the market institutions can have. The first one is exchange function. In the exchange function, the market institution is a kind of middleman and it directly buys the commodity from farmers. Then it processes the commodity and come up with a product and it sells this product to the consumers.

The second one is the physical function which enables providing infrastructure, for example public warehousing companies provides storage capacity to the market.

Facilitation function means enabling the other two functions which are exchange and physical functions. It provides coordination through getting appropriate rules and regulations in place. Facilitation function also serves to promote specific commodities for export or domestic consumptions, collecting data and statistics for the market intelligence and therefore, it supports the two other functions.

**Q:** Which institutions are more effective in facilitating the marketing of products: state-owned economic enterprises or farmers-owned cooperatives?

**A:** Privately owned cooperatives are very effective since they are owned and managed by the primary producers and thus fully controlled by the private sector. It is an effective way to collect the products from the farmers. It can be said that the farmers-owned private cooperatives are more efficient compared to the state-owned cooperatives.

When compared the farmers-owned cooperatives with the state-owned economic enterprises, the latter is quite operational in wide range of fields from production to distribution to the consumers. Therefore, it is difficult to say one predominates other. Rather, they can complement each other. For example it can be very efficient if they engage in processing or distribution phases. Nonetheless, farmers-owned private cooperatives are more preferable since the profit sharing is more rational for farmers and more profit shared with the producers. In state-owned economic enterprises the less profit is shared with the producers.

## 4. Policy Discussion Session

The session was moderated by Ms. Fatima Zahra ELMIRI, Head of Bilateral and Technical Cooperation, Ministry of Agriculture of Morocco.

At the beginning of the session, Mr. Selçuk KOÇ, Director at the COMCEC Coordination Office, made a short presentation on the responses of the Member Countries to the policy questions on agricultural market institutions that were already sent by the CCO. Afterwards, the policy recommendations provided in the Room Document were presented.

Later on, the participants expressed their views and comments for each policy recommendation as well as the experiences of their respective countries concerning agricultural market institutions. Following the intensive discussions, the participants have agreed on the following policy recommendations:<sup>2</sup>

- ✓ Establishing/improving a Farmer Registry System for famers/farmer organizations to provide customized supports and assistance as well as extension and market information for farmers
- ✓ Developing policies/programs/mechanisms to improve farmers' timely access to quality inputs (e.g. seeds, pesticides, fertilizers, and other key ingredients) with a view to increasing quality, quantity and marketability of end products
- ✓ Providing need based capacity development support and training to farmers and farmer associations for increasing their access to warehousing and storage capacity
- ✓ Establishing/improving the ingredient and input traceability as well as marketing oriented product standardization and certification to enhance safety and marketability of agricultural products in both domestic and international markets

The policy recommendations are attached to this report as Annex 4.

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<sup>2</sup> The Room Document attached as Annex 4 for further information regarding the rational of the policy recommendations.

## 5. Utilizing the COMCEC Project Funding

Mr. Burak KARAGÖL, Director at the COMCEC Coordination Office made a presentation on the COMCEC Project Funding introduced by the COMCEC Strategy. At the outset, Mr. KARAGÖL informed the participants about instruments of the COMCEC Strategy; working groups and project funding. Mr. KARAGÖL emphasized that the project funding is a policy support instrument and it has been implemented since 2013.

After briefly explaining the instruments of the COMCEC Strategy, Mr. KARAGÖL highlighted the essentials of the COMCEC Project Funding. Mr. KARAGÖL mentioned that COMCEC Funded Projects can be in two different types as activity-based projects and research projects. He also touched upon the eligible activities under each type of project.

Then, Mr. KARAGÖL stated that topics of the funded projects should be in line with the COMCEC Strategy, Policy Recommendations adopted by the COMCEC Ministerial Session and Sectoral Themes published on the COMCEC website. He continued his presentation by explaining the timeline for the project submission, rules and procedures of the COMCEC Project Funding as well as benefits of the Program for the member countries.

Mr. KARAGÖL shared brief information with participants regarding common characteristics of successful project proposals and stated that “sufficient and informative project summary”, “sound project activities and relevant details about them”, “qualified human resources in line with Project Submission Guidelines requirements”, “detailed and well-designed work plan”, “realistic cost estimations in the budget and sufficient explanations for them” are key success factors.

Mr. KARAGÖL also gave information on previously supported projects. He stated that 31 projects were implemented in 2014, 2015 and 2016 and 8 of them were tourism projects. They were titled as “Pakistan Bioremediation Model for wastewater treatment and capacity building program among OIC countries”, “Improving the Income of Small and Medium Scale Farmers in OIC Member Countries through Integrated Farming System”, “Project for Support to the Agricultural Training Centers”, “The establishment of database, network connection and web pages of smallholders/family farmer’s agricultural cooperatives between COMCEC member states”, “Good Agricultural Practices (GAP) for Greenhouse Vegetable Crops; Principles for Tropical Climate Areas”, “Rural Household Empowerment on Management of Production, Supply and Market Access”, “Establishment of Database, Network Connection and Web Pages of Smallholders/Family Farmer’s Agricultural Cooperatives between OIC Member States”, “Improving Small Ruminates Productivity by using different technologies as silage, feed block and hydroponic in Palestine, Jordan and Tunisia” implemented by Pakistan, Indonesia, Chad, Turkey, Suriname, Iran, Turkey, Palestine respectively. He also mentioned that 2 tourism projects are being implemented in 2017 by the Gambia and Indonesia.

### Questions and Remarks

**Question:** Who are the potential beneficiaries of projects financed by the COMCEC Project Funding?

**Answer:** OIC Member Countries which are registered to the COMCEC Working Groups and the relevant OIC Institutions are potential beneficiaries of projects financed by the COMCEC Project.

## 6. Member Country Presentations

In this section, member country representatives had chance to present their experiences with regards to reducing post-harvest losses. Participants from Iran, Sudan, Senegal and Turkey made presentations.

### 6.1. Morocco

Ms. Fatima Zahra ELMIRI, Head of Bilateral and Technical Cooperation, Ministry of Agriculture of Morocco made a presentation on the experience of Morocco with regards to improving the performance of the agricultural markets.

At the beginning of her presentation, Ms. ELMIRI briefed the participants regarding the Moroccan Green Plan. She expressed that Moroccan Green Plan is based on two pillars:

- Aim of promoting and developing efficient farming that responds to market rules through the promotion of private investment around modern assembly models.
- An approach that focuses on combating poverty and raising the incomes of the most vulnerable land users and small farmers.

She stressed that the Green Plan Morocco attaches particular importance to the development of methods for marketing agricultural products on the internal market in order to increase its contribution to food security and farmers' incomes as well as enhance agricultural products.

She continued her presentation by giving details on the following aspects of the Green Plan Morocco:

- Qualifying health and safety standards
- Adoption of the price information system for wholesale markets and slaughterhouses
- Developing market access through progressive liberalization of national markets
- Aggregation and creation of agricultural cooperatives and economic interest groups
- Establishment of Agropoles
- Development of local products and establishment of logistics platforms, for their commercialization;
- Development of the agro-food industry sector;
- Export Development of Agricultural Products

### 6.2. Turkey

Mr. Melik AYTAÇ, Expert in Ministry of Food, Agriculture and Livestock of Turkey and Mr. Serkan YENAL, Coordination and Evaluation Branch Manager, Toprak Mahsulleri Ofisi (TMO) made a joint presentation regarding the Turkey's experience on creation and development of market institutions. At the first part of the presentation, Mr. AYTAÇ shared general information and statistics about Agricultural Sector in Turkey. Following Mr. AYTAÇ's presentation, Mr. YENAL started his presentation with informing the participants about the duties of the TMO as:

- Regulating cereal markets,
- Producing morphine and its derivatives from opium poppy which is required by pharmaceutical industry,
- Keeping extraordinary cereal stocks that can be used in the state of emergency,

- And carrying out the duties for other agricultural products which is given by the Cabinet Decree.

He also shared some information on financial Structure of TMO. He mentioned that the Capital of TMO is 2 billion 550 million TRY. He underlined the financial resources of TMO as: capital, sales revenue, internal and external loans and treasury loan.

Mr. YENAL continued his presentation by giving information on organisational structure, products in the field of TMO's activity and storage capacity of TMO. He expressed that under the following events, TMO intervenes the market and briefed the participants about the market regulations instruments:

- The drop of producer prices below the level at which the sustainability of production is ensured,
- Enormous price increase to the detriment of the consumer,
- Fluctuation in the market due to speculations,
- The influence of fluctuations in the world market on domestic market,
- Supply deficit in the market.

Regarding the Opium poppy production he stated that production is carried out in the framework of annual planning for a limit of 700,000 decare given by United Nations. He underlined that giving permission for opium poppy cultivation and purchasing poppy capsules are carried out only by TMO.

At the last part of his presentation, Mr. YENAL gave information about the social programmes carried out by TMO and licensed warehouse system.

## **7. Perspective of International Institutions / National Market Institutions**

### **7.1. National Olive Oil Office: The Pillar for Development of Olive Oil Sector in Tunisia**

Mr. Ben Amor MOEZ, Director at National Olive Oil Office of Tunisia (ONH)), made a presentation on the pillar for development of olive oil sector in Tunisia. At the outset, Mr. MOEZ shared key figures of the olive oil sector in Tunisia. He stated that olive growing has a millenary history in Tunisia. According to his presentation, 88 million olive trees are cultivated from the north to the south of the country on a total area of 1.8 million hectares. Tunisia is ranked second after Spain with about 18% of world surface areas dedicated to the olive tree and it is ranked fourth world olive oil producer with an average of 180000 metric tons per annum. He expressed that olive oil sector in Tunisia there are 1700 oil mills and contributes to 40% of agri-food exports.

He informed the participants that ONH is an industrial and commercial public establishment created in 1962 under the supervision of the Ministry of Agriculture, Water Resources and Fisheries. He mentioned that ONH is a monopoly of the collection and the export of olive oil as well as the supply of the local market in edible oil subsidized by the State.

He stated that, since 1994, exports of Tunisian olive oil have been ensured by the ONH and more than 200 private exporters have been involved in the commercialization of this product. ONH is involved in all the steps of the supply chain of olive oil and plays a role of regulator between farmers, producers and exporters.

Mr. MOEZ highlighted the role of ONH in the production and processing stages, promotion of olive oil, communication, market regulation as well as international scale. He underlined the objectives of Tunisian olive oil sector in short and medium terms as:

- Sustainable growth of olive oil production and productivity to improve competitiveness.
- Continue to improve product quality.
- Develop promotion activities and packaging to help more access to world markets and expand bottled olive oil exports.
- Promote investments in olive oil sector and develop public-private partnership.

At the last part of his presentation, Mr. MOEZ mentioned that a training centre will be established in 2018 to disseminate knowledge skills in olive oil value chain. He enumerated the aim of the training centre as:

- Training tasters and heads of jury of olive oil tasting
- Training technicians in the chemical analyzes of the olive oil and fat
- Organizing technical courses in the area of olive cultivation
- Improving new methods for the chemical analysis of olive oil in collaboration with national and international institutions.
- Conducting studies on the quality of olive oil
- Conducting national programs and projects for development of productivity and production to allow more competitiveness of Tunisian olive oil in the worldwide market.
- Improving business partnerships in selected supply chain to increase value addition.

## 7.2. Commodity Exchange and Licenced Warehousing

Mr. Esat Bilici, General Secretary of Konya Commodity Exchange made a presentation about the experiences of Konya Commodity Exchange (KCE) and its three Subsidiaries and three Markets.

At the outset Mr. Bilici informed the participants about commodity exchanges advantages, operations and supports. Firstly, he mentioned that the KCE is the most active centre of grain transaction with the 2,5 billion USD volume in 2016. Therefore, the KCE is leading commodity exchange in the field of grain trade. Mr. Bilici continued with the advantages of commodities such as creating an efficiently functioning market mechanism and also determination of the real prices of products. Mr. Bilici added that commodity exchanges provide stability in price movement. Then, he summarized some operation details and gave information about supports for farmers such as deficiency payments which is a subsidy mechanism for products that amounts are determined by government. He added that 50% withholding tax relief is applied to producers if they register their products in commodity exchange.

He continued his presentation by giving information about the subsidiaries that owned by the KCE. One of them is Konya Laboratory and Warehousing Co. (KLD) which is Authorized Classifier with approval of the Customs and Trade Ministry. He stated that the KLD provides service to 24 Licenced Warehouses. It is also Quality Provider Laboratory in wheat and flour. Moreover, the KLD serves as the seed registration and certification centre. Mr. Bilici continued with the second and other important company of KCE namely, Anadolu Selcuklu Licensed Warehouse Co. (ASLİDAŞ) that has licensed 100 thousand tons capacity in the same territory which is the biggest in Turkey. The third company that he mentioned is BorsaKonya Co. which is the leader in

providing brokerage services to investors in the Electronic Warehouse Receipt Transaction Market all over the country.

Afterwards, Mr. Bilici mentioned about BorsaKonya Agricultural Products and Commodity Specialty Markets. One of them is Electronic Sales Hall Market, which was opened in 2011, with trading Volume 250 Million USD and Trading Quantity is 1 million tons in 2016. Also he gave information about Electronic Sales Hall Analysis, transaction and publication processes. Secondly, he informed the participants about Electronic Warehouse Receipt Transaction Market (EWRT). He stated that since the opening of EWRT Market in 2014, trading volume reached to 200 million USD and 850 thousand tons trading quantity. EWRT Market has 5300 members from 34 different cities. He mentioned that the number of contracted licensed warehouses is 24 with 875.150 tons total capacity, which means 54% of total capacity of Turkey. He continued his presentation with giving information about the market operation process. The entire trade flow is monitored by MKK (MKK is the central securities depository for capital market instruments). MKK conducts full dematerialization model on a rights owner basis (direct model) for the Turkish capital market instruments. Takasbank is also a stakeholder of the system. Lastly, Mr. Bilici also gave information about Wheat Future Contracts with Physical Delivery. Wheat Future Contracts with physical delivery through Electronic Warehouse Receipts are launched after signing of a cooperation agreement between Borsa İstanbul and KCE.

### Questions and Remarks

**Question:** How the farmers' interest is reflected in e-market? Is there any risk for farmers to sell their products at a price less than it ought to be?

**Answer:** The commodity exchange does not involve in price determining. There are market prices and Turkish Grain Board prices. The Commodity Exchange is only a platform bringing the buyer and seller together. The producers estimate the price according to quality of their product. Afterwards, if they accept the highest price given by the bidders then they sell the commodity.

### 7.3. Developing Market Institutions to Prevent Food Crisis in Southern Africa: Lessons from Malawi

Dr. Suresh Chandra BABU, Head of Capacity Strengthening and Senior Research Fellow at International Food Policy Research Institute (IFPRI), made a presentation on Developing Market Institutions to Prevent Food Crisis in Southern Africa: Lessons from Malawi. He began his presentation stating that promoting structured markets is a possible solution to inefficiencies in the market. The current food crisis - increasing poverty linked to price volatility and high food prices - have put agricultural growth and food production issues back on the development agenda.

He continued by explaining the situation in Malawi. Despite progress, according to World Bank 2017 data, Malawi continues to face challenges concerning food crisis and 6.7 million people were affected by Malawi's largest food crisis in decades in 2016–2017. He added that and the country remains vulnerable to weather extremes that could create food emergencies. Maize accounts for 66% of average calorie consumption and is grown by 85% of households in Malawi. Government of Malawi has a long record of intervening in maize markets, often in *ad hoc* and untransparent

ways. Two leading interventions include minimum farm gate (MFG) prices and bans on maize exports.

Dr. Babu stated that Malawi has taken several steps to prevent food crisis by promoting structured markets. These steps included export and trade regulations and improving infrastructure.

Export mandates (where no commodity should be exported unless it goes through a structured market) are one way to promote the development of structured markets in Malawi. Currently, export mandates are in place for two commodities in Malawi: tea and tobacco. Expanding export mandates to cover other commodities (such as soybeans, pigeon peas and sunflower) could help Malawi to diversify its foreign exchange earnings in the face of declining demand for tobacco.

Dr. Babu expressed that Malawian government banned export on maize (ostensibly to protect national food security) in November 2011. The ban on maize exports remains in force despite favorable production estimates for the 2016/17 cropping seasons and attractive prices in neighboring countries. Removal of such export restrictions should increase the volumes traded via structured markets. Domestically, export restrictions can limit price increases in the short run by increasing supply to the domestic market. However, with time, producer prices are also likely to be pushed downwards thereby resulting in production disincentives in the domestic economy. The effectiveness of export restrictions, whether in the form of export taxes or quantitative limitations, can be further undermined by unregistered activities which are not visible to authorities. Globally, export restrictions placed by several exporters at the same time may reduce international supplies and contribute to volatilities and uncertainties in markets.

Another policy that promotes structured markets in Malawi is merging of ACE (Agricultural Commodity Exchange) and AHCX (AHL Commodities Exchange; AHL = Auction Holdings Limited). Dr. Babu mentioned that Malawi is unique in having two agricultural commodity exchanges. This is surprising given the limited volumes of agricultural commodities that are produced in and exported from Malawi; neither of the exchanges could continue to operate without implicit subsidies. He stressed that one of the necessary conditions for the success of commodity exchanges is the ability to generate enough revenue to sustain its operations. Commodity exchanges can increase their revenues by either increasing the volumes of trade or charging higher commission and other fees. However, if the latter are set too high, this will discourage exporters and other traders from using the commodity exchange thereby reducing traded volume.

The volumes traded by both ACE and AHCX are low thereby casting doubt on the financial sustainability of their operations. Merging ACE and AHCX would reduce operating costs through economies of scale/scope, reduce commissions, and enhance volumes traded and revenue in the long-term.

Lastly, Malawi has also adopted policies to improve its infrastructure thus promoting structured markets in Malawi. These policies focus on improving road network, telecommunications infrastructure and internet connectivity, and extension and rehabilitation of storage facilities.

Dr. Babu pointed out that improving road network would provide better transport linkages and storage facilities. Malawi's road network is one of the poorest in southern Africa, with vehicle operating costs that exceed those in neighboring countries. Building better roads and maintaining the existing network could significantly reduce transportation costs and improve trader's margins. The successful rehabilitation and operation of the Nacala rail corridor (connecting to Malawi's Central East African Railway with the port of Nacala in Mozambique) could reduce freight costs for Malawi's overseas exports by at least US\$30 per MT (The Nation, 2016). Improving telecommunications infrastructure and internet connectivity will improve access to information for participants at most stages of the export marketing chain. Better markets and storage facilities may also reduce the high post-harvest losses experienced in Malawi while simultaneously promoting food safety.

Dr. Babu expressed that international organizations like IFPRI has taken steps to prevent food crisis in Malawi such as implementing IFPRI's Malawi Strategy Support Program (MaSSP) which works closely with the Malawian government, particularly the Ministry of Agriculture, Irrigation and Water Development (MoAIWD),

In conclusion Dr. Babu enumerated some recommendations for the countries like Malawi. Expanding export mandates could help to diversify the famine-prone countries' foreign exchange earnings. Improving infrastructure like road network, extension and rehabilitation of storage facilities helps to develop market institutions, and telecommunications infrastructure and internet connectivity can reduce transportation costs and improve trader's margins, reduce the high post-harvest losses experienced in Malawi while simultaneously promoting food safety. Current initiatives to improve Malawi's telecommunications infrastructure and internet connectivity will improve access to information for participants at most stages of the export marketing chain. These lessons learnt from Malawi can be applied to develop market institutions to prevent food in other developing countries.

### Questions and Remarks

**Question:** If the market works very well is there still a possibility to have a food crisis?

**Answer:** If the agricultural market of the country is well connected to the international markets and local infrastructure is well established as well as the information is shared with all the market players then the probability to face food crisis is low.

### Closing Remarks

The Meeting ended with closing remarks of Mr. Hasan ÖZLÜ, Chairman of the Meeting and Mr. Selçuk KOÇ, Director at the COMCEC Coordination Office (CCO).

Mr. ÖZLÜ expressed his kind appreciation to the all member country representatives as well as participants from SESRIC, IFPRI, ONH and Konya Commodity Exchange for their participation and valuable contributions.

Mr. Selçuk KOÇ also thanked all participants for their attendance and valuable contributions. He expressed that the main outcome of the Meeting is the Policy Recommendations Document that

includes a number of policy recommendations for the member countries. He underlined that these recommendations will be submitted to the 33rd COMCEC Ministerial Meeting as an output of the 10<sup>th</sup> Meeting of the Agriculture Working Group.

Furthermore, Mr. KOÇ informed the participants that the 11th meeting of the COMCEC Agriculture Working Group will be held on February 22<sup>th</sup>, 2018 in Ankara with the theme of *Improving Agricultural Market Performance: Developing Agricultural Market Information Systems*". He mentioned that a research report will also be shared with the focal points and other participants at least one month before the aforementioned meeting.

## **ANNEXES**

### **Annex 1: List of Participants**

#### **LIST OF PARTICIPANTS 10<sup>th</sup> MEETING OF THE COMCEC AGRICULTURE WORKING GROUP (28 SEPTEMBER 2017, ANKARA)**

##### **A. MEMBER COUNTRIES**

##### **THE PEOPLE'S REPUBLIC OF BANGLADESH**

- Mr. SHELLEY SALEHIN  
Counsellor, Embassy of Bangladesh in Ankara

##### **THE REPUBLIC OF CAMEROON**

- Mr. ABDOUL AZIZ ABDOULAYE  
Diplomat, Ministry of External Relations
- Mr. ABAKAR MAHAMAT  
Coordinator, Ministry of Agriculture and Rural Development
- Mr. JAMES ENANG  
Inspector, Ministry of Agriculture and Rural Development

##### **REPUBLIC OF COTE D'IVOIRE**

- Ms. MEMEL FOTE NEE DIWA  
First Secretary, Embassy of Cote d'Ivoire in Ankara

##### **THE GABONESE REPUBLIC**

- Mr. CLEMENT MANDONGAULT  
First Counsellor, Embassy of Gabon in Ankara

##### **THE REPUBLIC OF THE GAMBIA**

- Mr. EBRIMA S. NJIE  
Assistant, Embassy of Gambia in Ankara

##### **THE ISLAMIC REPUBLIC OF MAURITANIA**

- Mr. DHEHBI DHEHBI  
First Counsellor, Embassy of Mauritania in Ankara

## **THE KINGDOM OF MOROCCO**

- Ms. FATIMA ZAHRA ELMIRI  
Head of Bilateral and technical cooperation, Ministry of Agriculture
- Mr. JAOUAD IDRISSE IBRAHIMI  
Desk Officer, Ministry of Agriculture
- Ms. HANAA BOUCHIKHI  
Diplomat, Embassy of Morocco in Ankara

## **THE SULTANATE OF OMAN**

- Mr. NASSER SAID ABDULLAH AL- MANWARI  
Diplomat, Embassy of Oman in Ankara

## **THE STATE OF PAKISTAN**

- Mr. TAHIR MAHMOOD  
Second Secretary, Embassy of Pakistan in Ankara

## **THE STATE OF QATAR**

- Mr. MASOUD ALMARRI  
Director, Ministry of Agriculture

## **KINGDOM OF SAUDI ARABIA**

- Mr. SAAD ALAJLAN  
GM Cooperatives, Ministry of Environment Water and Agriculture

## **THE REPUBLIC OF SENEGAL**

- Mr. AMADOU NDAW  
Undersecretary, Embassy of Senegal in Ankara
- Mr. AMADOU ABDOUL SY  
General Manager, Agency Regulation of the Markets

## **THE REPUBLIC OF TUNISIA**

- Ms. BOUTHEINA BELKAHIA JEMAA  
Director, Ministry of Agriculture

## **REPUBLIC OF TURKEY**

- Mr. HASAN ÖZLÜ  
Deputy Undersecretary, Ministry of Food, Agriculture and Livestock

- Mr. MUSTAFA SAMI CUCELOGLU  
Head of Department, Ministry of Food, Agriculture and Livestock
- Mr. MEHMET AYDINBELGE  
Coordinator, Ministry of Food, Agriculture and Livestock
- Mr. MELİK AYTAÇ  
Coordinator, Ministry of Food, Agriculture and Livestock
- Mr. MEHMET KİLCİ  
Coordinator, Ministry of Food, Agriculture and Livestock
- Mr. ERDAL EROL  
EU Expert, Ministry of Food, Agriculture and Livestock
- Mr. HAKAN AKSOY  
Expert, Ministry of Food, Agriculture and Livestock
- Ms. NEŞE ALTINTAŞ  
Expert, Ministry of Food, Agriculture and Livestock
- Mr. KURŞAT YILMAZ  
Expert, Ministry of Food, Agriculture and Livestock
- Mr. MEHMET ALİ ÖZDEM  
EU Expert, Ministry of Food, Agriculture and Livestock
- Ms. ESRA ÇALIŞKAN  
Engineer, Ministry of Food, Agriculture and Livestock
- Mr. ERHAN EKMEK  
Engineer, Ministry of Food, Agriculture and Livestock
- Mr. HAKAN ARSLAN  
Engineer, Ministry of Food, Agriculture and Livestock
- Ms. BURÇİN DEMİREL  
Agricultural Engineer, Ministry of Food, Agriculture and Livestock
- Ms. ESMA ELDEN  
Engineer, Ministry of Food, Agriculture and Livestock

- SERKAN YENAL  
Manager, Ministry of Food, Agriculture and Livestock
- Ms. FULYA HASGÜL  
Sociologist, Ministry of Food, Agriculture and Livestock
- Mr. ADİL ALTAN  
Agricultural Engineer, Ministry of Food, Agriculture and Livestock

## **B. THE OIC SUBSIDIARY ORGANS**

### **STATICAL, ECONOMIC, SOCIAL RESEARCH AND TRAINING CENTER FOR ISLAMIC COUNTRIES (SESRIC)**

- Mr. MAZHAR HUSSIAN  
Senior Researcher

## **C. SPECIALIZED ORGANS OF THE OIC**

### **ISLAMIC DEVELOPMENT BANK (IDB)**

- Mr. SABRI ER  
Senior Technical Cooperation Specialist, Islamic Development Bank Group

## **D. INVITED INSTITUTIONS**

### **KONYA COMMODITY EXCHANGE**

- Mr. ESAT BİLİCİ  
Secretary General

### **INVESTMENT CONSULTING ASSOCIATES (ICA)**

- Mr. LAURENS VAN DER SCHOOR  
Free Zones and Incentives Advisor

### **INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE (IFPRI)**

- Mr. SURESH CHANDRA BABU  
Head of Capacity Strengthening and Senior Research Fellow

### **NATIONAL OLIVE OIL OFFICE OF TUNISIA (ONH)**

- Mr. BEN AMOR DOEZ  
Director

## **E. COMCEC COORDINATION OFFICE**

- Mr. SELÇUK KOÇ  
Director
- Mr. BURAK KARAGÖL  
Director
- Mr. MEHMET ASLAN  
Director
- Mr. MEHMET TARAKCIOĞLU  
Agriculture Sector Specialist
- Mr. MEHMET AKİF ALANBAY  
Expert
- Mr. OKAN POLAT  
Expert
- ALİ ORUÇ  
Expert

## Annex 2: Agenda of the Meeting



### AGENDA

#### 10<sup>th</sup> MEETING OF THE COMCEC AGRICULTURE WORKING GROUP

(September 28<sup>th</sup>, 2017, Crowne Plaza Hotel, Ankara)

***“Improving Agricultural Market Performance:  
Creation and Development of Market Institutions”***

#### Opening Remarks

1. COMCEC Agriculture Outlook
2. Global Overview of Agricultural Market Institutions
3. Creation and Development of Agricultural Market Institutions in the OIC
4. Policy Options for Creation and Development of Market Institutions
5. Utilizing COMCEC Project Funding
6. Member Country Presentations
7. Perspective of International Institutions / National Market Institutions

#### Closing Remarks

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## Annex 3: Programme of the Meeting



### PROGRAMME

#### 10<sup>th</sup> MEETING OF THE COMCEC AGRICULTURE WORKING GROUP

(September 28<sup>th</sup>, 2017, Crowne Plaza Hotel, Ankara)

***“Improving Agricultural Market Performance:  
Creation and Development of Market Institutions”***

08.30-09.00 **Registration**

09.00-09.05 **Recitation from Holy Qur'an**

09.05-09.15 **Opening Remarks**

**COMCEC Agriculture Outlook**

09.15-09.35 Presentation: “Outlook of Agriculture in the OIC Member States”

*Mr. Mehmet TARAKCIOĞLU, Expert  
COMCEC Coordination Office*

09.35-09.45 Discussion

**Global Overview of Agricultural Market Institutions**

09.45-10.25 Presentation: “Agricultural Market Institutions in the World and OIC”

*Mr. Laurens van der SCHOOR, Consultant  
Investment Consulting Associates (ICA)*

10.25-10.55 Discussion

10.55-11.10 **Coffee Break**

## **Creation and Development of Agricultural Market Institutions in the OIC**

- 11.10-11.50 Presentation: “Agricultural Market Institutions in the OIC and Selected Case Country Evaluations”

*Mr. Laurens van der SCHOOR, Consultant  
Investment Consulting Associates (ICA)*

- 11.50-12.20 Discussion

- 12.20-14.00 **Lunch**

## **Policy Options for Creation and Development of Market Institutions**

There was a moderation session under this agenda item. Participants deliberated on the policy options/advice for improving agricultural market performance through creation and development of market institutions in the OIC Member Countries. At the beginning of the session, the CCO made a short presentation on the responses of the Member Countries to the policy questions as well as the Room Document.

*Moderated by Ms. Fatima Zahra ELMIRI  
Head of Bilateral and Technical Cooperation  
Ministry of Agriculture of Morocco*

- 14.00-14.15 Presentation: “Responses of the Member Countries to the Policy Questions on Agricultural Market Institutions in the OIC Member Countries”

*Mr. Selçuk KOÇ, Director  
COMCEC Coordination Office*

- 14.15-15.30 Discussion

## **Utilizing the COMCEC Project Funding**

- 15.30-15.45 Presentation: “Utilizing the COMCEC Project Funding”

*Mr. Burak KARAGÖL, Director  
COMCEC Coordination Office*

- 15.45-16.00 Discussion

- 16.00-16.15 **Coffee Break**

## 16.15-17.15 **Member Country Presentations**

- Sharing Experiences and Good Practices in Agricultural Market Institutions

Discussion

## **Perspective of International Institutions / National Market Institutions**

17.15-17.25 Presentation: “National Olive Oil Office: The Pillar for Development of Olive Oil Sector in Tunisia”

*Mr. Ben Amor MOEZ, Director*

*National Olive Oil Office of Tunisia (ONH)*

17.25-17.35 Presentation: “Commodity Exchange and Licenced Warehousing”

*Mr. Esat BİLİCİ, Secretary General*

*Konya Commodity Exchange*

17.35-17.45 Presentation: “Developing Market Institutions to Prevent Food Crisis in Southern Africa: Lessons from Malawi”

*Dr. Suresh BABU, Head of Capacity Strengthening*

*International Food Policy Research Institute (IFPRI)*

17.45-18.00 Discussion

18.00-18.10 **Closing Remarks and Family Photo**

## Annex 4: The Policy Recommendations

### THE POLICY RECOMMENDATIONS HIGHLIGHTED BY THE 10<sup>TH</sup> MEETING OF THE COMCEC AGRICULTURE WORKING GROUP

The COMCEC Agriculture Working Group (AWG) has successfully held its 10th Meeting on September 28th, 2017 in Ankara, Turkey with the theme of “Improving Agricultural Market Performance: Creation and Development of Market Institutions”. The Room Document, prepared in accordance with the main findings of the analytical study conducted specifically for the 10<sup>th</sup> Meeting of the COMCEC Agriculture Working Group titled “Improving Agricultural Market Performance: Creation and Development of Market Institutions” and the answers of the Member Countries to the policy questions sent to the COMCEC Agriculture Working Group focal points by the COMCEC Coordination Office. During the Meeting, participants agreed on the policy recommendations included in the Room Document. The Existing document includes these policy recommendations highlighted during the Meeting.

**Policy Advice I: Establishing/improving a Farmer Registry System for famers/farmer organizations to provide customized supports and assistance as well as extension and market information for farmers.**

#### **Rationale:**

Lacking institutions/authorities where farmers are registered hinders collection of market information. Registration of farmers enables governments to develop customized policies and to collect, analyze, and disseminate statistics, data, as well as information related to agricultural sector. The registry system could also be utilized for granting and monitoring incentives as well as developing customized support and assistance to upgrade farmers’ production capacity and enhance their access to information about the indicative prices. It may also increase the efficiency and performance of the overall agricultural market system as the available market information would indicate opportunities for connecting agricultural production with processing, value-addition, and other post-harvest activities, and, eventually, consumption.

**Policy Advice II: Developing policies/programs/mechanisms to improve farmers’ timely access to quality inputs (e.g. seeds, pesticides, fertilizers, and other key ingredients) with a view to increasing quality, quantity and marketability of end products.**

#### **Rationale:**

Many smallholders/small-scale farmers have a limited access to high-quality, certified inputs and often only have access to low-quality or even imitated inputs. Governments may develop and supervise authorities (or re-mandate one of the current ones) which would be responsible for the quality assurance, distribution of inputs (e.g. feeds, seeds, fertilizers, pesticides, and equipment) and certification of the domestic and imported inputs. This would also help to increase the overall productivity and performance of the entire agricultural market system.

**Policy Advice III: Providing need based capacity development support and training to farmers and farmer associations for increasing their access to warehousing and storage capacity.**

**Rationale:**

Lack of storage, warehouse, and post-harvest facilities compel farmers to sell their products immediately after harvest. This causes surplus of products during the post-harvest period and results in lower prices. Warehousing and storage systems facilitate smallholders' access to storage facilities, which would enable them to store and sell their products when supply is low(er) and, hence, market prices are better. In addition, storage facilities also increase smallholders' access to credit (storage of products as form of collateral).

Agriculture cooperatives can set up warehouses of their own. A key to success for cooperatives is the direct involvement of primary producers through ownership or contractual arrangements backed by the producers' common market power of the downstream processing, marketing, and distribution elements of the agricultural market system. Without this, the producers can only be price-takers and can get very limited benefit/profit from the market system.

**Policy Advice IV: Establishing/improving the ingredient and input traceability as well as marketing oriented product standardization and certification to enhance safety and marketability of agricultural products in both domestic and international markets**

**Rationale:**

The traceability of food in the market system is critical for food safety and for broader strategic as well as market monitoring purposes. The functioning of the broader food market system is considerably hampered without traceability in the supply chain.

A traceability system could enable agricultural market institutions to trace farmers or areas which do not meet export requirements in terms of standardization, food safety, and sanitary and phytosanitary measures. As a critical complementary to traceability, qualified standardization of products (e.g. size, volume, and ingredients) is required to improve the market access for smallholders' products. Traceability systems based upon sanitary, phytosanitary, feed and food safety regulatory framework, (like animal identification system) feed monitoring and food establishment registry would be an important step to develop the capacity for the surveillance of the supply chain.

**Instruments to Realize the Policy Advices:**

**COMCEC Agriculture Working Group:** In its subsequent meetings, the Working Group may elaborate on the above-mentioned policy areas in a more detailed manner.

**COMCEC Project Funding:** Under the COMCEC Project Funding, the COMCEC Coordination Office calls for projects each year. With the COMCEC Project Funding, the member countries participating in the Working Groups can submit multilateral cooperation projects to be financed through grants by the COMCEC Coordination Office. For the above- mentioned policy areas, the member countries can utilize the COMCEC Project Funding and the COMCEC Coordination Office may finance the successful projects in this regard. These projects may include organization of seminars, training programs, study visits, exchange of experts, workshops and preparing of analytical studies, needs assessments and training materials/documents, etc.