

POLICY RECOMMENDATIONS HIGHLIGHTED BY THE 17TH MEETING OF THE AGRICULTURE WORKING GROUP

A policy debate session was held during the 17th Meeting of the Agriculture Working Group (AWG). The Working Group came up with some concrete policy recommendations for improving food supply chains in the Member Countries and approximating policies among the member countries in this important issue. The policy recommendations presented below have been identified in light of the main findings of the research report titled "*How to Ensure the Sustainability of Food Supply Chains in Turbulent Times: The Case of COVID 19*", which was prepared specifically to enrich discussions during the Meeting.

Policy Recommendation I: Strengthening the food supply chains of the member countries by mobilizing the financial opportunities available within the OIC

Rationale: Measures taken at national level to face and respond the global scale and complexity of the crisis such as the COVID-19 has not been sufficient for any country. Concerning the unique nature and the scale of the crisis and bearing in mind the heterogeneity of the member countries concerning their socio-economic capacities, the situation demands greater coordination and joint efforts at national, regional and global level.

With a large 1.5 billion-wide market, existence of 20 largest producers of world major agricultural staple food products, a young and vibrant youthful rural population and a relatively high revenue profile from its 18 middle income fuel exporting member states and halal food market reaching to around 440 billion USD; OIC has a big financial and labor potential to address the existing and future problems disturbing the food supply chain.

Existing mechanisms within the OIC (i.e. Islamic Development Bank and specific funds such as Islamic Solidarity Fund for Development) can be mobilized by developing strategic projects and programs to increase the resilience and sustainability of the food supply systems in the Member Countries.

Policy Advice II: Reduction of Food Loss and Waste (FLW) through promoting climate smart agriculture and socially responsible practices by offering incentives to suppliers and consumers

Rationale: With COVID-19 access to food and water has become more difficult. The COVID-19 pandemic was both a wake-up call to the vulnerability of OIC food systems and an insight into the ongoing threats posed by the climate crisis to nutritional security and member state's collective health. Extreme climatic events including droughts, floods, wildfires, and hailstorms etc. are among the threats to OIC food systems. This suggests that there is a need to integrate environmentally sound practices in terms of waste management, climate change and extreme weather events to the food supply chain. Likewise, integrating social responsibility value addition

schemes to the management of supply chains to increase economic and social viability of the food systems should be the main tasks to consider when it comes to ensuring sustainability of the whole and OIC food supply chain.

Promoting climate smart agriculture and socially responsible practices by offering incentives to suppliers and consumers either through private sector (such as by the large companies leading the food sector) or by public institutions is the key to increase the resilience of the food systems against any future crisis. Small farmers should also be supported to have climate smart practices whereas millions of farmers own little agricultural lands in many OIC Member Countries. These efforts may be used to adopt the principles of “Reduce, Reuse, and Recycle” and “One Health” - (i.e. designing and implementing programmes, policies, legislation and research where multiple sectors communicate and work together to achieve better public health outcomes) in every step of the food supply chain.

Reducing food loss and waste via awareness, providing incentives and leveraging new and existing partnerships to divert excess food is another aspect of the problem. In this respect, considering the “One Health” approach and recognizing the linkages between human, animal, and environmental health appears to be a key priority to prevent future pandemics that may pose a risk to the food security at a national, OIC or global level at large.

Policy Advice III: Protecting the most vulnerable groups through scaling up social protection and assistance programmes as well as food assistance

Rationale: Promoting resilient food and water resources is more essential than ever. The pandemic has disproportionately impacted the most vulnerable namely women, children, the displaced and immigrants, the poor, immune suppressed and persons with disabilities in terms of all four pillars of the food security: availability, access, utilization and stability. These groups have been affected the most from the increase in food prices and income decline, and faced with the problem of getting less diverse diets and less food. With the extra stimulus triggered by COVID-19, the cost of a healthy diet exceeded the international poverty line (established at USD 1.90 purchasing power parity (PPP) per person per day), making it unaffordable for the poor. In the last 25 years, the number of undernourished people in the World has fallen gradually but it remained almost the same in the OIC member countries.

Primary and secondary impacts of COVID-19 have overstretched governments’ capacities to protect these populations. Due to the loss in revenue of the governments and increase in the expenditure to contain the pandemic, the efforts to respond to the socioeconomic and health related impacts and to protect the most vulnerable through measures such as scaling up social protection programmes could not be sufficient in almost all countries around the World and in OIC.

The measures that are already applied in OIC countries are in the form of direct cash-transfer, basic food assistance, or both. The risk on the demand side threatened OIC members majorly

relying on food imports and fiscally exports of raw commodities (e.g., oil) of which the prices have collapsed during the pandemic. Without social and economic mitigation measures such as fiscal stimulus and expansion of social safety nets, the impacts on poverty would be more devastating. However, there is still an urgent need to offer extensive public programs for enhancing safety nets and food assistance in the OIC region.

Policy Recommendation IV: Promoting international trade and logistics through temporarily reducing VAT for agricultural products, reducing customs on essential imports, addressing trade barriers, incentivizing e-commerce of agricultural products, and improving the smallholder farmers' access to the market

Rationale: Border closures and suspension of weekly and open-air markets in many OIC countries have led to reduced regional trade and prevented farmers selling their produce, sometimes leading to localized food scarcity and increased prices. In addition to their social and cultural importance, informal markets (bazaars etc.) support short food supply chains, healthy, nutritious diets as well as livelihoods of poorer population groups. The fresh foods sold in supermarkets and formal markets are often less affordable or inaccessible to urban vulnerable and poor groups. The interruptions in the trade of perishable nutritious foods could be prevented by being exempt from the trade bans.

In order to keep the food value chain alive and keep global trade open, many OIC member countries have also made successful efforts to remove the key logistics bottleneck, such as temporarily reducing VAT for agricultural products, reducing customs on essentially important imports where applicable, and relaxing the trade barriers. However, the FAO identified 28 OIC countries with weak food systems. OIC member states should be building back better – not returning to business as usual following the COVID-19 outbreak –to transform food systems to reduce poverty, improve food, agriculture and nutrition security.

Rural transformation to empower small producers and retailers and mainstream them in the food systems economy can help build resilient food supply chains. It is critical that smallholder farmers and micro, small, and medium-sized enterprises (MSMEs) keep operating during such crisis where they were hit hard by supply chain disruptions, and need urgent access to fiscal aids and loans to stay fully operational. In poorer countries, these play a crucial role in supplying food to poor and vulnerable consumers.. If small enterprises in agricultural value chains are shut down, the problems to food access and food availability could intersect, creating more hunger.

Therefore, a concerted, innovative, clear, cross-sectoral, and intra-OIC intervention is needed to get a food trade system providing better diets and resilience. A comprehensive plan involving communities, businesses, and partnerships, might be worked on to ensure international trade systems can be foreseen in the face of a future crisis. International trade should be accelerated by making necessary adjustments in trade and tax policies where applicable. Moreover, smallholder farmers can be more linked to the market by improving their access to financial aid and loans and

promoting e-commerce of agricultural products and removing artificial constraints to domestic and OIC trade throughout the food supply chains.

Policy Recommendation V: Providing unemployment insurance to the labor force working in the food supply chain layers

Rationale: COVID-19 caused millions of people around the world to be left unemployed due to lockdowns and travel restrictions. Food systems, which directly employ over a billion people, are about to lose 35% of its formal employment, according to the FAO/IFPRI estimate. The jobs most at risk are in food processing, services, and distribution, disproportionately affecting female workers especially in food insecure hotspots. On average one-third of skilled workers were only able to continue to work efficiently. Labor shortages have further disrupted the food chain, and mainly availability pillar of food security with many laborers returning from neighboring countries or urban centers to their native homes, awaiting the restrictions to be eased and the risk of infection to be minimized. Consequently, the income and purchasing power of rural households decreased due to limited opportunities for daily labor, closure of local markets, decline in local demand under lockdowns. Supporting these labor force groups by unemployment insurance in takaful and general insurance system will prevent them from totally moving out from the sector during the pandemic.

Policy Recommendation VI: Preventing a new supply crisis in the face of a possible food crisis by promoting primary production

Rationale: In most of the OIC member countries, agriculture is the leading sector in terms of its contribution to income, employment, and trade where the number of people employed in the agricultural sector in the OIC member countries reached 26 percent of world's total agricultural employment. However, OIC member states are still heavily importing from non-OIC members. The main problems of the agriculture industry can be listed as poor market access, low level of agricultural productivity due to limited rural infrastructure and weak policy and institutional framework. With the pandemic, increase in the input prices, shortage in labor and inputs and the decrease in the demand has economically diminished the recent years' production as well as the next season's crop.

Suppression measures like physical distancing requirements and restrictions on movement are affecting the production and transportation of high-value, labor intensive, perishable and nutritious foods. Fresh produce, in particular, often requires many people to work in close proximity to cultivate, harvest, process and need to be moved quickly from farm to consumers, which makes them more vulnerable to travel restrictions and market shutdowns in turbulent times. The primary production stage of the supply chain encompasses agricultural activities, aquaculture, fisheries and similar processes resulting in raw food materials (i.e. farming, fishing, livestock rearing and other related production methods).

Therefore, development of strategic commodities for each OIC member country, reducing post-harvest losses and improving food stocks along the value chain, and promoting primary production and self-sufficiency at national level may help preventing a new supply crisis in the face of a new food crisis.

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 issues calls for project proposals 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 realizing above-mentioned policy recommendations, the member countries can utilize the COMCEC Project Funding facility. These projects may include organization of seminars, training programs, study visits, exchange of experts, workshops and preparation of analytical studies, needs assessments and training materials/documents, etc.

COMCEC COVID Response (CCR) Program: With a view to address the existing and potential ramifications of the COVID-19 Pandemic, the CCO has initiated the CCR for the benefit of member country public institutions. The CCR is mainly about alleviating the negative impacts of the pandemic on member country economies. Under the Program, the CCO finances certain types of projects which would focus on needs assessment, sharing expertise and providing direct grants to final beneficiaries.