



## European Commission on Agriculture (ECA)

### 37/4 Meeting of the Executive Committee 5 February 2019

#### Agenda item 4 – Background note Regional Initiative 2 on Improving agrifood trade and market integration in Europe and Central Asia

### **I. Introduction on regional priorities and the three regional initiatives**

The 31<sup>th</sup> European Regional Conference (ERC) in Russian Federation in 2018 confirmed<sup>1</sup> the regional priorities for the medium term period within the corporate Medium Term Plan 2018-21, as follows:

- 1) Formulating effective policies for sustainable and inclusive growth for farmers and the rural population with emphasis on smallholders and family farms;
- 2) Enhancing the reach towards new markets through alignment of trade, food safety and sanitary and phytosanitary (SPS) policies to meet WTO commitments and through value chain development to meet international food safety and quality requirements;
- 3) Promoting sustainable natural resources management, combating land degradation and desertification, including mitigation and adaptation to climate change;
- 4) Addressing food insecurity and reduction of all forms of malnutrition.

In line with the agreed regional priorities, the work programme has been reviewed, taking into account the shift in trends and developments at regional and global level. Particular focus was given to external and internal challenges, including the policy processes in the region related to smallholders, trade, market integration as well as meeting the commitments made by countries under the Paris Climate Agreement<sup>2</sup>, the Rome Declaration on Nutrition<sup>3</sup> and the Framework for Action agreed at the Second International Conference on Nutrition (ICN2)<sup>4</sup>, and national efforts underway towards achieving the Sustainable Development Goals (SDGs).

In this context, the two ongoing Regional Initiatives (RIs) have been revised and a new Regional Initiative on sustainable natural resource management under a changing climate has been launched. Food security and nutrition related support and activities are embedded in the three Regional Initiatives as crosscutting area of work. Therefore, FAO's regional programmatic and results framework for 2018/ 19 is based on following three RIs:

- Regional Initiative 1: Empowering small holders and family farms for improved rural livelihood and poverty reduction
- Regional Initiative 2: Improving agri-food trade and market integration
- Regional Initiative 3: Sustainable natural resource management under a changing climate

<sup>1</sup>ERC/18/REP <http://www.fao.org/3/mw908en/mw908en.pdf>

<sup>2</sup> [http://unfccc.int/files/essential\\_background/convention/application/pdf/english\\_paris\\_agreement.pdf](http://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf)

<sup>3</sup> <http://www.fao.org/3/a-ml542e.pdf>

<sup>4</sup> [http://www.fao.org/fsnforum/sites/default/files/files/107\\_ICN2-FFA/ML079\\_ICN2\\_FfA\\_en.pdf](http://www.fao.org/fsnforum/sites/default/files/files/107_ICN2-FFA/ML079_ICN2_FfA_en.pdf)

The Regional Initiatives provide a programmatic umbrella, that guides and supports the implementation of the country programmes and regional work plans in a coherent manner. Each Initiative is further strengthening its technical support provided to priority areas for countries and its synergies and ensures that cross-cutting issues, such as nutrition, gender, statistics, governance and climate change, are adequately addressed and mainstreamed in the national and regional programmes to increase impact. This results also in a better response to country demands for coordinated support to the interlinked development processes, such as the setting of SDG targets at national level.

## **II. Regional Initiative 2 on Improving Agrifood Trade and Market Integration in Europe and Central Asia**

### **Main objective**

The objective of the Regional Initiative on improving agri-food trade and market integration (RI2) is to support member countries in enhancing the agri-food trade policy environment for small and medium-sized agricultural and food producers.

In pursuit of this goal, RI2 focus on enhancing the capacities at country level for trade agreements and domestic food safety and quality standards and contributes to creating a supportive environment for trade and sustainable value chain development, facilitating integration of the national and global value chains.

The lead Strategic Programme for the Regional Initiative is SP4<sup>5</sup>, and it also contributes to Strategic Objectives 1, 2 and 3.

### **Main components of Regional Initiative 2**

#### *1. Capacity development on WTO trade agreements and effective use of WTO procedures*

FAO continues to assist countries to develop a trade policy environment, which enables access to diverse markets, including global, regional and domestic. The capacity development aims at enhancing specialized knowledge on WTO trade agreements and procedures, including global trade issues; an ability to analyze the impacts of trade, food and agriculture related policies; and an understanding of the different strategies for national agrifood systems development. In 2018, the annual meeting on agri-food trade "How to use WTO instruments in the interests of agribusiness" was held in Odessa, Ukraine including the launch the related technical guide . It was followed by the meeting of the Agricultural Trade Expert Network (ATEN) in Europe and Central Asia, currently comprising over 70 active experts and issuing regularly newsletters and publications on agri-food trade issues. The partnership with BSEC was strengthened by a joint event with BSEC Members promoting agrifood-trade in the BSEC region through technical analysis activities and expert consultations.

The 2018 FAO-UNITAR online course focused on "Trade, Food Security and Nutrition". At country level, workshops on export diversification and promotion, trade policy, were held in Georgia, Kyrgyzstan and Uzbekistan.

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<sup>5</sup> Enable inclusive and efficient agricultural and food systems

## *2. Implementation of global food quality and safety standards including addressing sanitary, animal health and phytosanitary issues.*

Within this component, RI2 helps countries to adopt global food safety and quality standards. Government officials and policy-makers, scientists, agricultural producers, value chain operators and academics receive training in modern risk analysis methods, and in designing strategies and implementing programmes for ensuring food, sanitary and phytosanitary safety. To upgrade these standards at country level, officials and practitioners learn about standards, guidelines and codes of practice of the Codex Alimentarius<sup>6</sup>, the International Plant Protection Convention (IPPC)<sup>7</sup>, and the World Organization for Animal Health (OIE). Addressing Trans-boundary Animal Diseases is also an important priority. Countries are also being supported to build capacities to minimize the threat of Anti-microbial resistance. These enhanced skills and knowledge, strengthen countries' abilities to contribute to the standard setting processes, as well as to implementation and use of these standards at country level.

In 2018, highlight at regional level include the background document for the ERC outlining the key role of the sustainable agriculture and food systems in the economy of the region, including in enhancing the employment and livelihoods opportunities and in achieving the Sustainable Development Goals.

The implementation of the EU Renewable Energy Directive (RED), could be strengthened in cooperation with Italy, Germany and Ukraine, by developing a methodology to assess bioenergy production potential on available contaminated lands in Europe and by promoting the establishment of effective partnerships between farmers, bioenergy producers and local institutions, to enable the establishment of competitive bioenergy value chains which meet the highest sustainability standards.

In 2018/19, RI2 focuses on:

- In close cooperation with Kazakhstan as coordinator for the FAO/WHO Coordinating Committee for Europe, FAO facilitated a regional workshop for 17 countries for inclusive and participatory policy dialogue on food safety and preparedness on CODEX issues.
- Addressing plant health issues through support to the Regional Plant Protection Organisation and National Plant Protection Organizations in the implementation of IPPC in collaboration with WTO STDF.
- Capacity development in trade analysis and facilitation, of regional bodies, such as the Black Sea Economic Cooperation (BSEC) and on biosafety of the Black Sea Biotechnology Association (BSBA). The regional biosafety networks will be strengthened for compliance with WTO agreements.
- Building capacities to reduce the advance of antimicrobial resistance (AMR) is a priority work is ongoing to assess the legal framework, and assess laboratory capacities in Armenia, Belarus, Kazakhstan, Kyrgyzstan and Tajikistan. Furthermore, an FAO/OIE/WHO workshop took place in Kazakhstan in October, 2018 on AMR National Action Plan implementation facilitating discussions among the agriculture, health, and veterinary sectors.
- Throughout the year, dialogue took place with Kazakhstan as Coordinator for the FAO/WHO Coordinating Committee for CODEX in Europe culminating in a regional workshop for 17 countries in Kazakhstan, in October 2018, to strengthen the food safety

<sup>6</sup> <http://www.fao.org/fao-who-codexalimentarius/>

<sup>7</sup> [https://www.ippc.int/static/media/files/publications/en/2013/06/06/1329129099\\_ippc\\_2011-12-01\\_reformatted.pdf](https://www.ippc.int/static/media/files/publications/en/2013/06/06/1329129099_ippc_2011-12-01_reformatted.pdf)

policy dialogue in the region, and preparedness on Codex issues). In the second semester of 2018, a regional expert consultation on the Review and Assessment of Biosafety Regulations has focussed on WTO-SPS compatibility with domestic biosafety laws and on genome-editing in Prague, on the 28-30<sup>th</sup> of August 2018.

- With the goal to strengthen capacity in preventing and responding to threats from Transboundary Animal Diseases, with a focus on Central Asia and addressing plant health and IPPC implementation related issues, regional level activities were launched.

### *3. Supporting domestic food markets and food export diversification and promotion in view of developing more inclusive and efficient agri-food systems*

This component involves both support to the development of domestic markets and identifying potential export commodities, capacity building on market information system and commodity/market analysis (domestic and key exporting markets). The RI2 promotes information sharing and policy dialogue at sub-regional, regional, and global levels through capacity development and south-south cooperation; capacity development on export-oriented value chains (VC), and on increasing export competitiveness. Besides, RI2 provides assistance in the preparation of export promotion strategies at national level and campaigns in reaching new markets for food products. Activities combine analysis and capacity building to achieve an improved policy environment for trade promotion and diversification).

A key focus of RI2 is to enable more sustainable, inclusive and efficient food systems, and for the development of sustainable value chains, geographical indications (GI), organic production. During the ERC, a side event on geographical indications and organic production was held, and reports were made available on the status of GI's in Armenia, Russia, Kyrgyzstan, Moldova, Georgia and Albania, the experience of Hungary, Croatia and Poland on GI's, and on food export promotion policies in the ECA region.

In view of developing more sustainable food systems, RI2 is strengthening its work on food losses and waste (FLW) reduction, in line with the 2014 Regional Conference for Europe recommendations and interest expressed by countries. Substantial effort is continuing to minimize food loss and waste through a regional platform and to support five countries in their national Food Loss and Waste reduction strategy development. Advocacy for minimizing food loss and waste and creating a regional platform and network of collaborators across the region is ongoing, and national strategies and actions to address food loss and waste are being supported in Albania, Armenia, Georgia, Moldova and Macedonia and new related activities are being developed in Turkey and in Central Asia countries. The regional workshop convening countries and various stakeholders engaged in FLW reduction to exchange knowledge and launch the platform is foreseen in the second half of 2019.

FAO's Investment Centre (TCI) continues contributing towards increasing public and private investments for inclusive agri-food systems, promoting and implementing best international and regional experiences in risk management mechanisms and in supporting and developing open policy dialogues between public-private stakeholders to improve the policy and regulatory environment in selected agri-food sectors. It further supports the preparation of investment projects, development of VC and Geographical indication schemes. Selected achievements in 2018 include: Supporting the Development of Agricultural Cooperatives in Serbia, Strengthening Grain Association and Export Activities in Serbia, Capacity Development of Agribusiness Associations in Emerging Export Markets in Serbia, Support to the development of Self-Regulatory Organization in Agribusiness in Ukraine and to the Development of Ukrainian

Agricultural Cooperatives. Ongoing activities in 2019 include: Support to Sustainable Value Chains through the Development of Geographic Indicators in Georgia, Supporting Sustainable Value Chain Integration in Montenegro's Fruit and Vegetable Sector, Improving Ukrainian Agribusiness' Access to Export Markets, Supporting an Inclusive Dairy Value Chain Development in Kazakhstan.

RI2 aims to address increased interest in the area of inland commercial fisheries and freshwater aquaculture development in the region through strengthening technical capacities of countries on WTO agreements and accession, market access and fish trade issues both through capacity building and e-knowledge sharing.

Resources mobilization efforts are on-going to identify additional resources within the framework of the corporate Resource mobilization initiatives and at regional and country level, to enable full scale implementation and meeting country requests.

### **Cross-cutting activities under Regional Initiative 2**

In 2018/19, RI2 is strengthening its work on cross-cutting issues, including nutrition, gender, policy, statistics and climate change. The Initiative aims to improve the capacity of governments and stakeholders to use financial resources to address food insecurity and malnutrition. As part of its gender mainstreaming efforts, RI2 works closely with the REU Gender team, to ensure that gender issues relevant to the context are considered in formulating and implementing the RI2 activities and for sharing of good practice and guidance for gender-sensitive interventions. At the same time, RI2 promotes support to income diversification activities for grass-root rural women groups in remote areas, to enhance their linkage with the markets and improve trade potential of their products. To inform policy processes on the implications of trade measures on and malnutrition, RI2 is conducting an analysis on the linkages between trade and food security and nutrition outcomes in the region, and by offering a facilitated e-learning course on trade and food security and nutrition that is specifically targeted to the needs and priorities of the region. Cross cutting analysis on food systems, healthy diets and malnutrition analysis, including obesity and overweight, at national and regional level will be conducted through 2019 with a focus on food and nutrition and evidence-based interventions.

### **Partnerships under Regional Initiative 2**

Current and potential partners of RI2 include UNITAR, EBRD, EC, WB, IFAD, USAID and IFIs active in the region. UNITAR in particular provides RI2 the technical platform for conducting e-learning courses, in addition to the FAO e-learning platform developed jointly with the EU. EBRD financial resources are used for the implementation of joint EBRD-TCI projects on boosting export diversification and promotion, supporting value chain integration and improving linkages with traders in specific agri-food sectors. RI2 is partnering with the Black Sea Biotechnology Association (BSBA) and the Organization of the Black Sea Economic Cooperation (BSEC) to. FAO is exploring the possibilities of collaboration with the Central European Free Trade Agreement (CEFTA) entities, in view of facilitating regional policy dialogues on agri-food trade

related issues in the region. The Initiative supports FAO/WHO Coordinating Committee for Europe (CCEURO) to ensure inclusive and participatory food standards and policy dialogue. The Initiative cooperates with SAVE FOOD, the Global Initiative on Food Loss and Waste Reduction, and EUROFISH, partner organization of FAO GLOBEFISH project. Potential partners include WB, IFAD, EC, USAID and IFIs in the region. RI2 has established a strong partnership with research institutions and academia within the framework of the regional trade network, and is

exploring opportunities for increased South-South and Triangular cooperation, including in the context of the Belt and Road Initiative.

### **Linkage to Agenda 2030 and SDGs**

Regional Initiative 2 contributes to several SDGs<sup>8</sup>, in particular by studying the role of trade policies in achieving SDG Target 2.B.2, developing capacities of governments and private sector in WTO instruments and promoting transparent markets (under SDG Target 8.a.1) and supporting the development of national strategies to reduce food losses and waste, as well as strengthening the official food control system under SDG Target 12.3. Furthermore, the Initiative contributes to SDG 15 on life on land and SDG 17 on partnerships (target 17.11 on increasing the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports).

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<sup>8</sup> RI2 contributes to SDG 2 (Target 2.B.2), SDG 8 (8.a.1), SDG 12 (Target 12.3), SDG 15 and SDG 17 (Target 17.11).