

Skeleton Overall Report

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**The 2nd Meeting of ASEAN Ad-hoc Taskforce on Developing New
Vision on Food, Agriculture and Forestry (ATF-FAF) towards 2020
18 July 2014, Bangkok**



To avoid unnecessary repetition, the detailed information given in the sectoral reports on priority areas and plans, STs etc are omitted in this overview presentation but will be incorporated in summary form in the final report.





Part 1- OVERVIEW OF ASEAN COOPERATION ON FOOD, AGRICULTURE AND FORESTRY SECTORS



Introduction

- Though ASEAN economies are undergoing rapid structural changes in the process of economic growth, the FAF sector in most countries will continue to be of major importance because a large proportion of the population, and the majority of poor, will live in rural areas, and natural resource based FAF industries will directly and indirectly be their main source of incomes and employment.
- The ongoing process of ASEAN economic integration and growth takes place in the context of opening up and deepening links with the global economy. Trends in both ASEAN countries and global markets place an increasing premium on product quality, diversity, safety and sustainability, and integration into value chains. At the same time, as natural resource based industries, FAF industries confront the adverse consequences of climate change, environmental degradation and pressures from competing demands for land, labour and other productive factors.
- This presents both great opportunities as well as major threats/challenges for the FAF sector, which is dominated on the supply side by small producers and SMEs facing constraints on resources and access to technology and markets.



Goals and Activities

ASEAN is committed to achieving a range of ambitious goals from establishment of integrated markets and production bases within the region to ensuring equitable, inclusive and socially and ecologically sustainable growth. These goals are articulated in ASEAN's Three Pillars, of which the AEC and ASCC Blueprints are most directly relevant to this exercise. The timeframe for achieving the goals are now set at 2025.

In the FAF sector, as outlined in the sub-sectoral reports, a variety of cooperative initiatives, sometimes also involving other partners, have been implemented – and are ongoing – to progress towards these goals.

- To what extent have these activities been effective and to what degree have the goals been achieved?
- What are the remaining challenges?
- How should ASEAN cooperative activities be designed and implemented to best utilize available resources to ensure continuing progress towards achievement of these goals within the target timeframe?



Successes and Achievements

Clearly, as evident from some assessments there have been some important successes and achievements. According to the AEC Scorecard, : “By the end of March 2013, approximately 78 percent of measures due under the AEC Blueprint were implemented, with significant gains across pillars”. (Further progress has been recorded since); the MTR Report by ERIA (2012) focuses on the AEC measures and points to ‘substantial achievements’.

- ASEAN has sharply cut down tariff barriers to intra-regional trade – a major step towards market integration. Other initiatives have progressed in the areas of investment liberalisation, enhancing cross-border labour mobility, and facilitating regional production networks.
- Progress has been made – and efforts are continuing – to enhance trade facilitation, establish and harmonize standards, improve controls over spread of animal and plant diseases, enhance food safety, cooperate in coping with climate change and natural disasters, conserve bio-diversity and reduce environmental degradation, initiate joint R&D and share information, technology, experiences and skills, and address gender equity and poverty.
- In partnership with several other countries and organisations, it has cooperated to set up mechanisms to improve food security – particularly in the rice sector.



Other Assessments and Remaining Challenges

But other assessments (much) less positive: e.g. *The Asian Economic Community: A Work in Progress* (ed. Das, Menon et al, ADB-ISEAS, 2013)

- These reflect differences in how ‘success’ is measured and what benchmarks are used. If the benchmark of market integration is used, the AEC Scorecard is a very weak indicator of progress towards AEC goals: progress with ‘implementing agreements’ is not the same as achieving tangible progress in real markets.

These studies highlight the prevalence and importance of non-tariff measures (NTMs) such that “ASEAN is far from being a single production base” and unlikely to be one for quite some future.

– Unfortunately no rigorous studies of FAF industries available that consultants could draw on, and rigorously measuring the extent of progress towards market integration was beyond the scope of the TORs, and impossible in the time available.

But NTMs remain particularly important and pervasive in the FAF sectors and trade is constrained in important FAF markets with no scientific rationale. In some cases, they are transparently trade impeding (e.g. restrictions on intra-ASEAN rice trade; controls on horticulture products in some countries). Hence, there is a long road yet to travel.



Overall, the sector reports indicate that while we cannot establish precisely where each sector is in relation to the overall goals of the blueprints, we can identify the important gaps, tasks and challenges that need to be addressed.





**Part 2 - STRATEGIC PLAN ON ASEAN
COOPERATION IN FOOD, AGRICULTURE
AND FORESTRY (2016-2020)**



Vision

An internationally competitive, equitable, resilient and ecologically and socially sustainable FAF sector integrated with the global economy, based on a unified regional market and production base

Goals

Equitable (gender, household and regional) and inclusive growth

Poverty alleviation

Food security, food safety and better nutrition

Deeper regional integration

Profitably exploit global market



Priority Issues across FAF

- *Increase crop, livestock and fishery/aquaculture production and food security*
 - *Move beyond a simple rice-focus*
- *Enhance trade facilitation, and remove barriers to trade to foster competitiveness and economic integration*
- *Enable sustainable production and equitable distribution*
- *Increase the resilience to climate change, natural disasters and other shocks*
- *Ensure competitiveness: improve productivity, technology and product quality to ensure product safety, quality and compliance with global market standards*



Major cross cutting issues

Because all FAF sub-sectors are natural resource based, and dominated by small, often poor, resource constrained, producers, they share major cross cutting issues, though the relative importance of each differs:

- *Food security, food safety and nutrition*
- *Sustainable use/management of natural resource base*
- *Climate change adaptation & mitigation*
- *Disaster risk reduction and management*



Cross-Sectoral Thrust Areas- 1

Food Security and food safety – interpreted broadly and inclusive of not only rice but other commodities and dimensions remain a major priority area for collaboration in FAF.

- Moving forward with increasing food production, catering to the growing diversity in food preferences and consumption patterns, requires a continuing concerted efforts in the context of high and volatile prices and potential supply threats.
- This also requires modernization of the food chain and enhancing the competitiveness of small producers and SMEs.



Cross-Sectoral Thrust Areas-2

- **A major task across all FAF sectors is to devise strategies to facilitate the movement of small producers/SMEs to be technologically sophisticated suppliers who can be competitive in both domestic and international markets.**

Though the specifics would differ from industry to industry and location to location, the task of integrating these producers into value chains raises some ***common issues – technology generation and transfer, institutional (cooperatives, contract farming) etc - with both efficiency and equity dimensions*** that have the potential for high pay-off ASEAN-wide cooperative efforts. They would involve issues of targeted assistance for technology transfer/acquisition, safety nets, controls on market power etc.



Cross-Sectoral Thrust Areas- 3

- **Devise strategies to cope with the effects of climate change and environmental degradation and develop market acceptable, 'green' technologies for productively and sustainably utilizing natural resources.**

Again, *technology generation and transfer, institutional arrangements (common property management)* issues are posed.



Cross-Sectoral Thrust Areas - 4

From the standpoint of achieving AEC Blueprint goals, accelerating measures to reduce and finally eliminate the trade impeding NTMs (i.e. those that are non-tariff barriers – NTBs) is the urgent task.

In FAF industries, not all NTMs are trade-impeding; indeed many have a legitimate scientific rationale and some can even be trade enhancing (e.g. appropriate product quality standards). As detailed in the sub-sector reports initiatives are being undertaken across a range according to the ADB-ISEAS study, “NTBs, most of them behind-the-border measures, are probably the most formidable impediments to the achievement of a “single market and production base”

- Given the huge range of products, requirements and resource demands, prioritization on the basis of highest expected pay-off is essential
- Involve and utilize private sector to identify and prioritize NTMs for action



Planning for the Future

The broad overarching strategy for the FAF sector is based on this vision and goals, within which detailed sub-sectoral priorities, plans, objectives and strategic thrusts are embedded.

The proposed sub-sector plans and strategic thrusts for details are all in the areas of high priority. The task and challenge is to develop plans with concrete measures and performance indicators.

Involving the private sector in planning and implementation essential

Not all high priority issues justify ASAN-wide cooperative activities that use up limited resources. Strategic Plans to address the high priority issues focus on identifying activities where cooperative initiatives will have potentially high pay-off. Careful identification and prioritization on the basis of expected pay-off would guide selection of plans.



Part 3 - ASEAN COORDINATION MECHANISM IN FOOD, AGRICULTURE AND FORESTRY FOR CROSS-CUTTING ISSUES

- Working Groups should remain under SOF-AMAF, with the Secretariat performing the coordinating functions.
- Retain flexibility in coordination mechanism to accommodate unique requirements of each specified activity:

Working Groups sometimes need to interact and cooperate with several other agencies, including external agencies

- Consolidate WGs where possible and consider other options to maintain greater continuity within Working Groups: frequent/regular changes may be disruptive
- Consider establishing bodies with specialised technical skills to assist WGs (e.g. 'Crops Centre')
- **Consider private sector representation**



Part 4 -IMPLEMENTATION, MONITORING AND EVALUATION

- Implementation of each plan/activity would be done by the member states and progress reported through the relevant WG to SOF and the information provided to the Secretariat and monitoring body.
- Strategic Plans and specific activities to achieve goals would incorporate **objectively verifiable performance indicators (PIs)** that clearly indicate why, how and the degree to which the activity would lead to progress towards the desired goal (i.e. indicate measurable impact).
- **Monitoring and evaluation would be based on PIs.** Feedback mechanisms should be established so that the responsible ASEAN body can discuss and deal with the issues, and address any problems that crop up during implementation.
- The need or desirability of a dedicated monitoring and reporting body with the appropriate skills should be considered. .
- Plans and activities with well specified PIs and M&Es would facilitate resource mobilisation from both AMS and external sources.



Thank you



**ASEAN COOPERATION ON FOOD, AGRICULTURE AND
FORESTRY SECTORS AND ITS STRATEGIC PLAN (2016-2020)**

Skeleton Notes for Overall Report
Sisira Jayasuriya

Strictly for internal discussion only among
participants at meeting on 17 July
- to solicit/clarify ideas/elicit guidance -

The next four slides summarise the scope of the overall report

Part 1- OVERVIEW OF ASEAN COOPERATION ON FOOD, AGRICULTURE AND FORESTRY SECTORS

1. ASEAN CURRENT COOPERATION OF THE FOOD/ AGRICULTURAL/ FORESTRY SECTOR

TOR: Desk review on progress and achievement and identification of gaps of current progress with regards to ASEAN integration and development of the FAF sector. Assessment of progress thus far of sectoral and subsidiary bodies

2. GLOBAL AND REGIONAL ISSUES AND CHALLENGES FOR ASEAN COMMUNITY

3. RECOMMENDATIONS

TOR: Desk review to identify current issues and challenges, opportunities (both substantive and mechanisms) and recommendations and strategy beyond 2015, alignment to ASEAN frameworks and provide guidance to SOM-AMAF and its subsidiary bodies sectoral/working groups in addressing ASEAN cooperation, integration and development towards 2020

Part 2- STRATEGIC PLAN ON ASEAN COOPERATION IN FOOD, AGRICULTURE AND FORESTRY (2016-2020)

- VISION
- GOALS, OBJECTIVES AND STRATEGIC THRUSTS
including cross sectoral issues (i.e: RESEARCH &
DEVELOPMENT, COOPERATIVES, TRAINING &
EXTENSION)

Part 3 - ASEAN COORDINATION MECHANISM IN FOOD, AGRICULTURE AND FORESTRY FOR CROSS-CUTTING ISSUES

- FOOD SECURITY AND NUTRITION ; FOOD SAFETY**
- TRANSBOUNDARY ISSUES [ANIMAL DISEASES
COOPERATION ; HAZE POLLUTION/COOPERATION;
CLIMATE CHANGE ADAPTATION & MITIGATION]**
- BIOENERGY**
- GENDER**
- DISASTER RISK REDUCTION AND MANAGEMENT**

Part 4- IMPLEMENTATION, MONITORING AND EVALUATION

1. IMPLEMENTATION OF THE STRATEGIC PLAN

- Implementing through the Sectoral SPAs and Responsibility of Relevant ASEAN Sectoral Working Groups, National Implementation, Recommended Organizational Structure and Functional Responsibility, Role of ASEAN Secretariat

2. MONITORING AND EVALUATION

- National level, Regional level, Performance Measures

3. PARTNERSHIP AND RESOURCE MOBILIZATION

TOR: Provide recommendations and guidance to SOM-AMAF and its subsidiary bodies as well as other stakeholders and Dialogue/Development partners on how to enhance ASEAN integration and development of the sector and its contribution in support of FAF and ASEAN Community Building and linkages with other sectors towards 2020

There is general consensus across sub-sector reports on the broad context, main trends and challenges.

Current Global Context and Trends: general agreement across sub-sector reports

FAF needs to be part of modern industry

- Markets demand: standards., quality, technological sophistication
- Must be technologically advanced, internationally competitive, integrated into value chains as agro-industrial activities
- Resilient to natural and man-made shocks/changes, ecologically and socially sustainable
- Food security and safety should be interpreted more broadly: no longer simply rice-dominated; nutrition, quality, standards etc.
 - **Special issues arise because of dominance of smallholders/SMEs**
 - **Livestock must be treated as a priority sector**
- **Major opportunities, also major threats:**
ASEAN integration - internal and external (open regionalism) opens markets

Not enough information to adequately assess actual extent of progress towards goals and impact of cooperative activities

Assessing Present Status: what is the benchmark?

“The food, agriculture and forestry sector is placed with a particular emphasis in the ASEAN Economic Community (AEC) Blueprint, which characterises the AEC as (a) a single market and production base, (b) a highly competitive economic region, (c) a region of equitable economic development, and (d) a region fully integrated into the global economy. The ASEAN single market and production base aims at achieving free flow of goods, services, investment and skilled labour, freer flow of capital; and integration of the priority sectors, and food, agriculture and forestry. Under the AEC Blueprint, the objective of ASEAN cooperation and integration in the food, agriculture and forestry sector is to enhance intra- and extra-ASEAN trade and long-term competitiveness of ASEAN’s food, agriculture and forestry products/commodities.

Recent assessments of overall progress of ASEAN towards AEC

- Based on the The AEC Score Card, the ASEAN Economic Community (AEC) has made good progress: “By the end of March 2013, approximately 78 percent of measures due under the AEC Blueprint were implemented, with significant gains across pillars”.

But other studies are (much) less positive in assessment:

- *The Asian Economic Community: A Work in Progress* (ed. Das, Menon et al, ADB-ISEAS, 2013)
- *Achieving the Asian Economic Community 2015: challenges for member countries and business* (ed. Das, ISEAS, 2012).

Also, ERIA...

Note: AEC Score Card has major limitations

Where is FAF in relation to AEC?

- Sectoral reports provide only **limited** information.
- AEC Score Card is one source – but, as indicated, many limitations as a guide to state of progress
 - Progress with ‘implementing agreements’ is not the same as achieving actual progress
 - Reliable performance indicators weak or absent.
- Major declines in tariffs but extensive use of NTMs – that may become NTBs
- No major improvement (even some recent declines) in intra-ASEAN trade in FAF products
 - note: by itself this does not necessarily signify integration has not occurred or has been reversed

The *Crops Report* highlights a major challenge across FAF:

“Reaching the goal of economic integration requires the removal or lowering of tariffs as well as the implementation of trade facilitation measures--important among which are the reduction in and elimination of Technical Barriers to Trade (TBT). This is key to achieving this goal as the differences in regulations, standards and conformance assessment measures are impediments to the movement of goods from one country to another within the region. ASEAN has adopted a Trade Facilitation Framework. This is aimed at becoming a fully economically integrated region.

Over the years, the target has been the low hanging fruits. However, these issues are not always the most economically important for ASEAN or for the individual member states. The crux in the coming years is to review both the barriers and the potential economic benefits of tackling them.” (my emphasis)

NTMs in FAF

- Tariffs have come down a lot – in FAF as well. But, according to the ADB-ISEAS study, “NTBs, most of them behind-the-border measures, are probably the most formidable impediments to the achievement of a “single market and production base”
- **NTMs – SPS and other safety standards, quality, certification issues, quarantine, animal and plant safety measures etc . - pervasive in FAF**
 - Some have strong scientific rationale; some may even facilitate trade
 - Which? What effects? How to proceed? **Harmonization, MRAs..**
 - Overlaps: food safety, food standards, ..
- Progress reported in several areas on harmonization of standards, quarantine procedures etc

Case of Rice- the elephant in the room: an illustration

- Rice - main staple, key commodity for food safety etc.
 - Trade restrictions are pervasive
 - not based on scientific rationale
- Discussions about enhanced cooperation to address food safety in context of shocks but
 - no discussion of how this sector will need to move towards an ‘integrated market and production base’

How to progress on NTMs – an issue across all FAF sub-sectors

- All FAF sectors affected by NTMs, but impact may be substantially different among sectors
- Large agenda, many commodities, must prioritize!
 - But assessing economic impact of NTMS, particularly SPS/Quarantine type measures very difficult
 - Involve private sector-business more closely to identify priority areas

Future: vision, goals, plans, thrusts..

A broad overarching strategy for the FAF sector as a whole is needed within which detailed sub-sectoral priorities, plans, activities can be embedded

Plans must focus on high priority (i.e. potentially high pay-off) cooperative activities among member countries in the FAF sector that .

Vision

An internationally competitive, ecologically and socially sustainable, resilient FAF sector based on a single regional market and a unified production base

Goals

Equitable and inclusive growth

Poverty alleviation

Food security, food safety and better nutrition

Deeper regional integration

Profitably exploit global market

Overarching Priority Issues in FAF

The overall **priority issues identified in the Crops Report for the Crops Sector** could be generalized to the FAF as a whole and extended as follows:

- *Increase crop, livestock and fishery/aquaculture production and food security*
- *Enhance trade facilitation and enhance competitiveness and economic integration*
- *Enable sustainable production and equitable distribution*
- *Increase the resilience to climate change and other shocks*
- *Improve productivity, technology and product quality to ensure food safety, compliance with global market standards and international competitiveness.*

Important to reiterate the dominance of smallholders/SMEs

Major cross cutting issues

The major cross cutting issues across the different sub-sectors share much in common, though the relative importance of each may differ:

- *Food security, food safety and nutrition*
- *Sustainable use/management of natural resource base*
- *Climate change adaptation & mitigation*
- *Gender*
- *Disaster risk reduction and management*

Clearly identify what categories of cooperative activities generate synergy, enhance policy effectiveness, and produce cross-border, regional benefits.

The list of recommended measures, policies and activities in each sector is long.

With many priorities nothing becomes a priority

Many of the excellent recommendations involve policies/measures that can and should be the basis for good national policy.

Desirable to focus on a (smaller) compact set of clear cut, potentially high impact, ASEAN-wide cooperative activities (involving as appropriate other partners) that can be assessed/monitored through appropriate performance indicators to generate measurable impact towards specified goals

Each sub-sector will develop more detailed plans, activities, performance indicators

Trade facilitation, Harmonization and Competitiveness: Integration and Technological Advancement

- Enhance product standards, quality upgrading, certification to improve competitiveness and market branding (ASEAN brand)
- Remove NTMs that have no scientific rationale but hinder trade and integration
- Address special problems of Smallholders/SMEs with targeted assistance, foster linkages and enable smallholders/SMEs to participate in regional and global value chains, facilitate moving up the processing ladder to be competitive within and outside ASEAN markets

When plans, thrusts and activities are planned for 2020, ask if the successful implementation of the full set of them will result in (at least) AEC goals being achieved.

If not, specify why, and reformulate strategic plans.

Implementation, Monitoring and Evaluation: issues for discussion

“ASEAN has a very comprehensive set of Blueprints, policies and plans at three levels – regional (ASEAN), cross-sectoral with the Food, Agriculture and Forestry portfolio and sectorial (Fisheries). Ideally, these plans should be nested so that activities at the sectoral level contribute to the cross-sectoral objectives and the ASEAN vision and goals. Unfortunately, the current plans are not well nested and not well aligned making assessment of progress very difficult.”
(extract from - *Fisheries Report*)

Performance indicators and Impact measurement

- All SPAs and specific activities should aim to generate concrete, monitorable performance indicators with clear impact objectives and measures.
 - A better AEC scorecard system with *measurable targets* to monitor the *achievements and impact* at both the regional as well as the national level is required, though it is recognized that some activities - such as technology transfer, sustainability and climate change - might be difficult to measure at national level.
- Monitoring and feedback mechanisms should be established within the Secretariat

Relationships between SOM/AMAF, Secretariat and Working Groups etc

- **Streamlining all Working Groups under SOM/AMAF**
- **Should there be a single model for all sub-sectors?**
 - **Sector Reports have many suggestions – desirable to choose a general framework that can accommodate sector-specific needs:**
 - In many cases (e.g. in food security) a large number of organizations, including non-ASEAN organizations will be involved
- **Issues**
 - Proposal to set up a Crops Centre to provide technical support
 - Does this idea have a rationale in other sub-sectors?
 - Who sets priorities: in fisheries does SEAFDEC has too much weight??? How to ensure ASEAN priorities dominate?
 - Food sector has to operate closely with several other organizations in several key areas
 -

Involvement of Private Sector a major weakness so far, and a key priority for future.

How can the private sector be brought in more effectively into decision making, planning and implementing bodies?

Resource Mobilisation

- The Secretariat needs much greater funding support to develop the resources to implement a serious integration programme in the FAF sector.
- This is an area where the recommendations and suggestions basically boil down to two simple ideas:
 - Generate internal funds from within ASEAN for activities with a primary ASEAN focus
 - Tap partners/ other donors for activities capable of attracting external funding
- Some concrete suggestions have been made for specific funding initiatives but requires more discussion.

Thank You