



EC/FAO Programme on Information Systems to Improve Food Security Decision-Making in the European Neighbourhood Policy (ENP) East Area

National workshop:

“Agricultural policies to support economic growth and the reduction of food insecurity and poverty in rural areas”

19 March 2013

Baku, Republic of Azerbaijan

1. Background

A national workshop on **“Agricultural policies to support economic growth and the reduction of food insecurity and poverty in rural areas”** was organised on 19 March 2013 under the *“EC/FAO Programme on Information Systems to Improve Food Security Decision-Making in the European Neighbourhood Policy (ENP) East Area”*. The Programme is financed by the European Commission (EC) and implemented by the Food and Agriculture Organization of the United Nations (FAO). The objective of the EC/FAO Programme is to improve food security by enhancing the national capacity to generate, analyse, communicate and mainstream more relevant and reliable information into policies and programmes. It is being implemented in four countries: Armenia, Azerbaijan, Georgia and Moldova.

The development of agriculture is currently receiving a lot of attention from policy-makers in the four countries covered by the EC/FAO Programme, which is mainly explained by the determination of the countries to reduce their dependency on grain exporting countries (South Caucasus) and to increase the contribution of agriculture to economic development (Moldova). Renewed focus on agriculture is one of the outcomes of the global crisis with, among other consequences, rising food prices and difficulty to secure grain imports at affordable conditions in years of tight production due to export bans in traditional grain supplier countries in the region. A number of policies, strategies, subsidy programmes are therefore being implemented with main targets set in terms of increased production, productivity and self-sufficiency.

Agriculture has also been identified as a key sector for reducing food insecurity and poverty in Eastern Europe and South Caucasus as the sector employs a large share of the labor force in rural areas where poverty¹, an important indicator of food security, is widespread. Increasing agricultural productivity is fundamental to reducing food insecurity and poverty but not all policies and programmes will have the same impact, taking into account the fact that the bulk of agricultural output is currently produced by small farmers who rely on subsistence or semi-subsistence agriculture for livelihood. A national workshop was organized in each of the four countries to discuss selected agricultural policies of the country and analyze the extent to

¹ The poverty level increased from 27.6% in 2008 to 35.8% in 2010 in Armenia, from 22.7% in 2008 to 24.7% in 2009 in Georgia and from 31.3% in 2007 to 36.3% in 2009 in rural areas in Moldova.

which these policies fully contribute not only to economic growth but also to the reduction of food insecurity and poverty.

The national workshops took advantage of the skills and knowledge acquired by national professionals who have graduated from facilitated online training courses with the support of the EC/FAO Programme:

- (i) Twenty-six professionals from the national institutions of Armenia, Azerbaijan, Georgia and the Republic of Moldova have successfully completed the first facilitated online training course: “Food security: Assessment and Action” (seven of them from the Republic of Azerbaijan); and
- (ii) Ten professionals have graduated from the second training course: “Assessing the impact of Development Programme on Food Security” (three of them from the Republic of Azerbaijan).

Each course has provided 15 credits (European Credit Transfer System) that are fully transferable to the “UOC's Master's in Food, Society and International Food Governance”. The course was sponsored by the “EC/FAO Programme on Information Systems to Improve Food Security Decision Making in European Neighborhood Policy (ENP) East Area” and run by the Universitat Oberta de Catalunya's (UOC).

The national professionals who have graduated from these courses have acquired a strong and holistic understanding of food security, as well as skills and knowledge to analyze food security projects, put those skills into action during the national workshop, which aimed at debating agricultural policies to support economic growth and reduction of food insecurity and poverty in rural areas of the Republic of Azerbaijan.

2. Objectives of the national workshop

The main objectives were the following:

- (iii) Advance the national debate on agricultural policies related to food security and poverty reduction, in the context of agricultural development, taking advantage of the newly developed skills of the graduates.
- (iv) Stimulate the dialogue between participants from a range of government institutions and development agencies on the policy options available for agriculture to further contribute to food security and poverty reduction.
- (v) Reinforce learning by encouraging graduates to apply the skills and knowledge acquired during the training to their country context and to communicate their findings to a wider audience.

The agenda of the workshop is provided in **Annex 1**.

3. Participation

The national workshop gathered representatives from national institutions that are responsible for, or involved in, the formulation and implementation of agricultural policies and policies related to the reduction of food insecurity and poverty. Thirty four professionals participated in the workshop including, in addition to the five training graduates, representatives from the Research Institute of Agricultural Economy and the Organization of Agriculture (IEOA, Ministry of Agriculture) and the Ministry of Economic Development; representatives from the Agrarian University, Agrarian Science Center, relevant research institutes, Ministry of

Health, Ministry of Labour and Social Protection of Population, farmer association and EU Delegation in Azerbaijan.

The workshop was moderated by Dr. Kay Muir-Leresche and Ms. Françoise Trine, EC/FAO Programme Coordinator. Dr. Kay Muir-Leresche, a Professor at the University of Catalonia has led and facilitated the participation of national staff from Armenia, Azerbaijan, Georgia and the Republic of Moldova in the online food security training courses. Dr. Muir Leresche worked in marketing in the USA, Zimbabwe and the UK in the 1970s, then as a fulltime professor of agriculture and national resource economics for 22 years and as an international consultant in sustainable agricultural development, food policy analysis and evaluation for the last 10 years.

The list of participants is provided in **Annex 2**.

4. Process

4.1 Opening

The participants were welcomed by Mr. **Bahram Aliyev**, Deputy Minister of Agriculture (picture 1). Mr. Aliyev presented a brief summary of agricultural development in the country and stated that reforms undertaken in agriculture have resulted in the emergence of private farms that contribute to food production. He also emphasized that the rural population's food security mostly relies on their own production. He emphasized that the issues which were going to be discussed during the workshop, like fostering economic growth, increase food security and alleviation of poverty in rural areas, are in line with State Program of Azerbaijan Republic on Reliable provision of population with foodstuffs for the period 2008-2015.



Picture 1. Mr. Bahram Aliyev, Deputy Minister of Agriculture opens the workshop

The workshop was introduced by Ms **Françoise Trine**. Ms. Trine presented the objectives of the EC/FAO Programme and the main activities which were being implemented in the Republic of Azerbaijan. The workshop is part of the activities which are being implemented in all countries in collaboration with the graduates of the UOC training courses. All national

workshops focus on re-orienting agricultural policies which is considered highly relevant to the four countries in order to contribute to growth, food security and poverty reduction. The specific agricultural policies, to be discussed in each national workshop, have been selected by the graduates.

Mrs. **Tarana Bashirova**, Assistant of FAO representative in Azerbaijan welcomed the participants and made a brief summary of the EC/FAO Regional Programme.



Picture 2. Mrs. Tarana Bashirova, assistant of FAO representative in Azerbaijan makes an opening remark

4.2 Presentations

The keynote speech was delivered by Dr **Kay Leresche**. Dr. Kay Leresche delivered a presentation on “Agricultural policies for growth and reduction of poverty and food insecurity”. She emphasized the role of the state in providing an enabling environment for development and the importance of small farmers in addressing growth, poverty and food security. She stated that most agricultural production comes from small farmers – **increasing competitiveness of small farmers** will increase growth and also reduce poverty, address food insecurity by increasing availability and access of food, encourage more rural development and finally reduce rural-urban migration and political instability. In her presentation, she also highlighted the role of the government as facilitator of national welfare and stated that a modern state is judged by how well it facilitates sustainable and equitable growth. To achieve sustainable growth there needs to be security of persons, possessions and of basic needs – food, shelter, health. Food security is where all people in the country are able to consume nutritious food at all times to lead a productive life. Food security is not stocks of food. The presentation also clarified some issues related to agricultural policies. It was mentioned that perfect policies are not always possible, but any policy change that is able to make improvements in one goal (e.g. growth) without undermining the others (poverty reduction, food security) is a change for the better and noted that it is essential for decision-makers to be provided with the information and analysis that demonstrate potential impacts on these goals.

An overview of agricultural policies in Azerbaijan was provided by Dr. Sadig Salahov, Director of Research Institute of Agricultural Economy and the Organization of Agriculture (IEOA) (picture 3). He described the agrarian policy for the periods before independence (1985-1991), the first years of independence (1991-1993) and transition to market economy. He emphasized that agricultural policy before independence was for the country characterized with centralized planned economy, division of labour within the Union, public property. Agricultural policy during the early years of independence was accompanied by collapse of economy, political crisis, chaos, civil war, unannounced war against Azerbaijan and collapse of socialist farming systems. Dr. Salahov listed main documents that were adopted during market economy transition period:

- Basis of agricultural reforms (16/07/1996);
- Reforms of “kolkhozes” and “sovkhozes” (18/02/1995);
- State program on privatization of state properties in Republic of Azerbaijan for the period 1995-1998 (21/07/1995);
- On Land Reforms (16/07/1996);
- The State programs for privatization of state property.

He emphasized that all these actions have contributed to economic growth, reduction of food insecurity and poverty in the country. He also underlined the importance of the government support (like subsidy policy) to agriculture, including the Concept of farmers' subsidy system for 2008-2015.

He stated that the Agricultural Strategy which has been developed by the Ministry of Agriculture presents priority direction in agricultural sector including:

- Food security and food safety;
- Establishment of large cereal production farms;
- Support to the development of a modern market infrastructure;
- Promotion of conservation agriculture in the country;
- Achievement of self-sufficiency in cereal production by increasing productivity of cereal crops;
- Establishment of sustainable extension system to disseminate innovations down to farmers;
- Implementation of a basic information system for the support of food chain functioning.



Picture 3. Dr. Sadig Salaho, director of Research Institute of Agricultural Economy makes some comments

Presentations by graduates

The Food Security situation in Azerbaijan was presented by Namig Shalbusov, UoC graduate. The presentation was based on a recent survey carried out by the country team. M. Shalbusov mentioned that food energy requirements for Azerbaijan's residents are on average largely being met. According to official statistics, the prevalence of poverty continued to decrease in 2012 and reached a minimum level of 6.0% following a continual decrease in the last decade. However, the proportion of people living under poverty line is still about 6.7% (2011). There were a range of findings presented including the fact that the prevalence of food insecurity increases with the household size. He presented the policies that are important in achieving food security in the country. They are:

- State Program on Poverty Reduction and Sustainable Development (2008-2015);
- State Program on Reliable Provision of Population with Foodstuffs (2008-2015);
- Food Security Program of Azerbaijan Republic;
- State Programs on Social-Economic Development of Regions (2004-2008) (2009-2013).

Investment in the agricultural sector has been increasing significantly. In his presentation he underlined importance of the government's subsidy policy and presented the structure of the subsidies. Mr. Shalbusov highlighted targets of state programs on reliable provision of population with foodstuffs against actual indicators. The table presented by him described real picture of consumption of basic foods by population against minimum consumption rate.

Level of self sufficiency for basic foods in the country though varies among basic foods but is growing and it ranges between 65-120% for different foods. He also presented the results of analysis conducted on economic profitability of some agricultural crops. According to results of analysis potato and fruits show high profitability compared to cereals.

The analysis of the impact of the government agricultural subsidy policy on economic growth, food security and poverty reduction, was the policy selected by the country team (composed by the graduates from Azerbaijan), for discussion. The presentation was delivered by Mr. Namig Shalbuzov. Mr. Shalbuzov mentioned that the strategic priorities in agriculture serve as a basis for the growth of the sector and the subsidies fund has an important role in this process.

Its objectives are: increasing productivity and competitiveness; increasing farmers' income and poverty reduction; attracting young farmers to the sector; as well as efficient use of natural resources. Government continued supporting agricultural production in 2012 through subsidies and other measures for the cultivation of wheat and rice: some 24.9 million AZN was provided to producers of wheat and rice (AZN 40 per hectare), 56.7 million AZN for fuel and lubricants, 2.5 million AZN for fertilizers and 7.3 million AZN for certified seed production. Government offered AZN 210 per tonne (about USD 248) to local farmers for procurement of high quality grain for the State Grain Reserves in order to stimulate local production. Existing subsidy policy does not contribute to increasing crop productivity. Average productivity of wheat in the country is 2.6 tonnes/ha and the gross margin returns and the use of labour is much higher for other commodities. Existing subsidy policy leads to mono-cropping i.e. it encourages farmers to grow wheat rather than cotton, grape, tea and other profitable crops. At present crop area under wheat makes up 60% of total cropped area.

Mr Muzaffar Ismayilov, UoC graduate made an oral speech on subsidies. He mentioned that beneficiaries of subsidy policy are not only small subsistence farmers, but market-oriented farmers as well. In his opinion subsidy policy is an important tool to achieve food security in the country.

Participants presented different views related to subsidy policy. All participants underlined the importance of subsidy policy but some of them noted that agriculture subsidies fund is currently focused more on addressing competitiveness of the sector and less on poverty reduction. All the recipients of grants are market-oriented households and mainly large scale production enterprises. Thus, the fund is essentially a tool to generate growth of agriculture through increasingly supporting large-scale private farmers. They mentioned that existing mechanism of subsidization should be changed to reduce dependence on crop area. The area subsidy does not improve yields and does not increase the productivity of wheat. Some participants suggested it may be better to increase the amount of subsidies and include other crops for subsidization.

Another suggestion was to give subsidies for those farmers who join in cooperatives. In their opinion this would allow to introduce advanced technology that would result in increased productivity of agricultural crops.

Recommendations made by the Graduates

- Improve the current subsidy mechanism;
- Stimulate the production of more profitable products;
- Stimulate the production of labor-intensive products;
- The establishment of large cereal production farms (50 such farms with total area of 200 thousand ha are planned) should be carefully planned taking into account possible environmental impact;
- Government needs to encourage crop diversification and support the marketing and export of higher-value crops;

- Subsidies need to address both growth and poverty reduction and one way is to encourage small farms to work in groups or create farmers-owned co-operatives.

4.3 Group work

The participants of the workshop were divided into three groups (pictures 4,5 and 6) to discuss and provide recommendations on: (i) how to redirect subsidies and still ensure food availability; (ii) how to ensure that subsidies have more impact on the economic development of the country (iii) how to ensure subsidies have a positive impact on other national goals. After discussions in the groups, each group presented the results of the discussions. Recommendations were summarized as following:

- Subsidies should also be used for introduction of innovations and environmentally friendly technologies;
- Inclusion of livestock sector into subsidy scheme;
- Subsidies to encourage production and certification of organic agriculture;
- Inclusion of other crops into subsidy scheme to reduce rural exodus as it would encourage land owners to increase production;
- Importance of subsidies in achieving food security, reducing poverty and hunger was emphasized by all groups;
- Grant subsidies for establishment of better marketing system for farmer groups in the country to solve problems of producers in sale of agricultural products.

Each group reported back to the Plenary, outlining their recommendations and the key ideas to be communicated in the policy briefs.



Picture 4. Group 1 during the work process



Picture 5. Group II providing their opinions on the proposed subject.



Picture 6. Group work

5. Follow- up

The conclusions and recommendations of the National Workshop will be summarized in a Policy Brief that will be widely disseminated in the country.

Annex 1. Agenda

National workshop

“Agricultural policies to support economic growth and the reduction of food insecurity and poverty in rural areas”

Baku, 19 March 2013

9.00 - 9.30	Opening Mr. Bahram Aliyev, Vice Minister, MoA Mrs. Tarana Bashirova, Assistant of FAO representative in Azerbaijan Mrs Francoise Trine, FAO
9.30 – 10.00	Presentation (Dr. Kay Muir Leresche): Agricultural policies for growth and reduction of food insecurity and poverty
10.00 - 10.30: Coffee/Tea Break	
10.30 – 11.15	Presentation: Overview of agricultural policies in Azerbaijan (Dr. Sadig Salahov, Director of RI Agricultural Economy and its Organization) Q&A
11.15 – 12.00	Presentation (Country Team): <ul style="list-style-type: none">- Role of subsidies in securing food security (Mr. Namig Shalbuzov, MoA, RI Agricultural Economy & its Organization)- Action taken to achieve food security and results obtained (Muzaffar Ismayilov, MoED) Q&A
12.30 – 14.00: Lunch	
14.00 – 15.15	Group work: the objective is to review the recommendations made by the Country Team
15.15 – 16.00 ²	Presentation of the results of group work – Plenary discussion on the conclusions of the working groups
16.00 – 16.30	Wrap up
16.30	Closure

Annex 2. List of participants

#	Name	Position	E-mail/telephone
1	Bahram Aliyev	Deputy Minister of Agriculture	
2	Naila Garayeva	SSC, chief consultant	
3	Vugar Valiyev	SSC, chief consultant	khalilg@azstat.org
4	Huseyn Husetnov	MoLSPP Living consultant	mammadov@mlspp.gov.az
5	Anar Islamov	MoLSPP, Living conditions and aktuar calculations department, consultant	Askerov-75@mail.ru
6	Jafarov Rauf	MoLSPP, State Social Protection Service, consultant	
7	Muzaffar Ismayilov	MoED head of sector	Muzaffar.ismayilov@economy.gov.az
8	Elburus Bagirov	MoED, chief consultant	
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11	Sabir Ahmedov	MoA, chief consultant	sabirahmadov@yahoo.com
12	Sadig Salahov	MoA, IEOA, Director	Salahliagronak@gmail.com
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15	Ramil Huseyn	MoA, IEOA, Deputy Head of FDU	ramilhuseyn@box.az
16	Rana Aliyeva	MoA, IEOA, Farm Data Unit, consultant	renaaliyeva@mail.ru
17	Vusale Babyeva	MoA, IEOA, researcher	b-vusale@mail.ru
18	Mehdi Mehdiyev	IEOA, Head of Department	tiut@list.ru
19	Farida Mammadova	IEOA, Agricultural Engineer	faridier17@yahoo.com
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21	Khanbala Rustamov	MoA. RI Crop Husbandry	xanbala.rustamov@mail.ru
22	Ramil Nabiyev	MoA. RI Vegetable Growing. Researcher	
23	Nasrin Huseynzade	MoA. RI Vegetable Growing, researcher	
24	Pərvanə Feyzullayeva	MoA. RI Forage Crops	fpervane@mail.ru
25	Togrul Valiyev	MoA. RI Forage Crops	Veliyevtogrul88@mail.ru
26	Zohrab Guliyev	Ministry of Health, Republican center of Hygiene and Epidemiology	
27	Shukur Ahmedov	MoA, Agrarian Science Center	ahmadovshukur@yahoo.com
28	Nizami Seyidəliyev	MoA, Agrarian University, Deputy Rector	

29	Samir Mahmudov	MoA, Agrarian University, head of PhD Courses	
30	Saleh Mammadov	MoA, Agrarian University, chief teacher	
31	Fariz Ələkbərov	MoA, Agrarian University, dosent	
32	Cumar İsayev	A seed growing farmer	
33	Parviz Yusifov	EU Delegation	
34	Tarana Bashirova	Assistant of FAO representative	Tarana.Bashirova@fao.org
35	Trine Francoise	FAO, Program Coordinator	Trine.Francoise@fao.org
36	Kay Leresche	FAO, International consultant	
37	Yagub Guliyev	Country Program Coordinator	Yagub.Guliyev@fao.org