

AGRICULTURAL TRANSFORMATION AND MARKET INTEGRATION (ATMI) IN THE ASEAN REGION: RESPONDING TO FOOD SECURITY AND INCLUSIVENESS CONCERNS



Brad Collis/DFAT

BACKGROUND

Structural transformation in Southeast Asia poses challenges to the regions' food security and inclusive agricultural growth agenda. Integration of agricultural markets within ASEAN is high on the policy agenda given the current pressure on moving towards the establishment of a common market. An improvement in agricultural value chains' competitiveness is supportive of the broader effort towards achieving ASEAN economies that are competitive. Southeast Asia faces two fundamental challenges: First, regional supply chains of key crops are proliferating and primary producing countries fear losing sovereignty and missing opportunities for domestic industrialization and value addition. Second, national and rural food-security strategies are often at odds with farm diversification away from traditional staple crops. Furthermore, with a growing urban population food price shocks are perceived as a major threat by all countries in the region, leading to sub-optimal policy outcomes for each country as well as collectively.

Yet, both concerns need re-examination given the rapid transformation of Asia's farming systems and urban consumption patterns and the associated growing pressures for farm mechanization, downstream industrialization, diversification of rural livelihoods, and adoption of more stringent food safety and quality standards.

To mitigate the risk of food-price shocks and their impact on national food markets, ASEAN has



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established both the ASEAN Food Security Reserve Board (AFSRB) and the ASEAN Plus Three Emergency Rice Reserve (APTERR), which puts in place an emergency rice stock for ASEAN Member States plus the People's Republic of China, Japan, and the Republic of Korea. For maximum effectiveness, AFSRB could benefit from coordinating with national food-stock policies and food reserves as well as the ASEAN Plus Three Food Security Information System (AFSIS) with its ASEAN Agriculture Commodity Outlook (ACO) and Early Warning System (EWI).

Currently, progress in implementing the ASEAN Integrated Food Security (AIFS) Framework remains limited. Unless food security and smallholder inclusiveness are credibly harmonized with ASEAN's competitiveness agenda, improvements in regional agricultural and food markets will be inadequate, leaving them vulnerable to sudden disruptions.

Against this backdrop, there is a strong need for evidence-based, empirical policy analysis and dialogue to foster cooperation among ASEAN Member States and to help align and engage all stakeholders. This process of building confidence and enhancing cooperation will facilitate the development of national and regional roadmaps for food and agri-based value chains.

The ATMI program targets five ASEAN Member States—Cambodia, Lao PDR, Myanmar, Viet Nam and the Philippines—and ASEAN in general, with the following objectives:

- To strengthen targeted ASEAN Member States' capacity to develop policies and programs that help the smallholder farm sector adjust to changes in sub-regional agricultural and food markets; and
- To promote cooperation in food security and agricultural development among all ASEAN Member States by developing strategic programs and measures in the areas of R&D, food safety, and quality standards, as well as encouraging investments in food and agri-based industries.

Achieving these objectives should produce two key outcomes: improved smallholder competitiveness in the production of key food and industrial crops; and reduced exposure of less-developed Member States to food-security shocks.

PROGRAM COMPONENTS

Policy studies and expert workshops will (1) analyze the structural transformation of selected regional food and agri-based value chains, focusing on smallholder competitiveness and the spatial, institutional, and technological reconfiguration resulting from growing market integration within ASEAN; (2) assess current national sectoral strategies in targeted Member States in relation to the structural adjustment of the farm sector, smallholder competitiveness, and the establishment of systems to meet the requirements of the ASEAN common market; (3) review regional cooperation initiatives in R&D aimed at improving practices in regional food and agri-based value chains, food safety, and quality and environmental standards and the implications of such improvements for smallholder competitiveness, coordination of national food reserves and food-security policies, and the agribusiness investment climate; and (4) review the five targeted Member States' national strategies, policies, and institutions, as well as those of ASEAN, for the development of major regional agri-based and food value chains that are inclusive of smallholders.

High-level policy forums and roundtables will (1) support policy dialogues on the adoption of a shared vision and strategy on food security and agricultural competitiveness among Member States; and (2) develop a roadmap for future programs within ASEAN and at the national level with the objectives of improving smallholder competitiveness, increasing efficiency and adding value at the regional and national levels, and fostering food security.



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Technical assistance for planning and policy development will (1) assist, on request, the ASEAN Secretariat, related ASEAN Sectoral/Technical Working Groups, and technical agencies in targeted Member States in designing food-security cooperation programs and regional strategies for value-chain development through regulations, policies, preparation of multi-stakeholder roadmaps, and other planning tools; and (2) assist national agencies in targeted Member States in updating national policy and planning frameworks to enhance regional coherence in food-security efforts and cooperation on value-chain development.

TARGET COUNTRIES

All ASEAN Member States, with a focus on Cambodia, Lao PDR, Myanmar, the Philippines, and Viet Nam.

OUTCOMES

1. The AMAF-CSO/FO Annual Forum and its members develop the capacity to identify and design ASEAN policies, programs, and regional agri-food value chain investment initiatives that benefit small-scale rural producers.
2. The targeted ASEAN Member States develop the capacity to identify and design—in coordination with FOs and private-sector and other stakeholders—national strategies, policies, programs, and national agri-food value chain investment initiatives that benefit small-scale rural producers and improve their competitiveness in the context of the ASEAN regional integration of agri-food markets.

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