

1st Azerbaijan Conference
SUSTAINABLE DEVELOPMENT AND
CORPORATE SOCIAL RESPONSIBILITY

AGRICULTURE SECTOR IN ECONOMY OF
AZERBAIJAN

PREREQUISITES FOR SUSTAINABLE GROWTH,
FOOD SECURITY AND VALUE CHAIN MANAGEMENT

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2015 onwards...

This year:

- * 70th Anniversary of UN & FAO,**
- * 16 October is 39th World Food Day,**
- * International Year of Soil,**
- * Agriculture Year in Azerbaijan,**
- * Recognition of Achievements of Azerbaijan in MDG**
- * FAO – AZERBAIJAN Partnership Programme and**
- * Country Programming Framework 2016-2020**

Agriculture in Economy

- * Identified as one of Priority sectors
- * Share in the GDP is 6%
- * Main economic and socio-economic activity in rural area
- * Source of livelihood
- * Largest employment area, 36% engaged in agriculture
- * >50 % of population spend >60 % of expenditure for food
- * Country has favourable agricultural potential in terms of natural resources and diverse climatic zones allowing a range of subtropical and temperate zone plant products
- * Has some serious restrictions, limitations and problems
- * Sustainable agriculture policy should take into account all them together within a balance, which policy option relies there

Policy in Azerbaijan -1

Strategic priorities: *decrease the gap between urban and rural areas and reduce urbanisation trend*

- i. State Programme on Socio-Economic Development of the Regions of Azerbaijan for 2014-2018
- ii. Draft Agricultural Development Strategy (2015-2020)
- iii. "Azerbaijan -2020: Vision to future" development concept
- iv. Ministerial level policy documents and programmes

Policy in Azerbaijan - 2

Direct subsidies on area basis:

- * **State budget: area payment subsidizing over 372,000 agricultural producers**
- * **Crop yields in 2015 increased by 38,9% compared to 2003**
- * **State budget finance to Agro-leasing - 788 million AZM 2005-2014**

Gaps:

- * **Framework for performance monitoring of sector policies**
- * **Good practices in the subsidy framework**
- * **Farm register**
- * **A rural development policy: the strategic approach, priorities and methodology**

“Azerbaijan -2020: Vision to future” development concept.

Azerbaijan 2020: Agriculture and rural development:

- * Development of agro-industry based on local raw materials**
- * Continued support to agricultural production**
- * Simplified credit mechanism for the agricultural sector**
- * Improved insurance system in the agricultural sector**
- * Promotion of corporative activities**
- * Increased soil fertility**
- * Promotion of ecologically clean agricultural production**
- * Support for research activities and agricultural education**
- * Security for the internal market and promotion export of agricultural products**

FAO in Azerbaijan -1

- * FAO has been operating in Azerbaijan about 20 years
- * FAO mandate in Azerbaijan is to support national efforts to promote **food security and sustainable development by creating and implementing an institutional, legal and regulatory environment** in the field of agriculture and rural development.
- * Support must conform to FAO's three global goals: overcoming **hunger and malnutrition**, agriculture contributing to **economic and social development**, and **sustainable management of the natural resource** base for food and agriculture.

FAO in Azerbaijan -2

- * Over the past 20 years of its presence in Azerbaijan FAO provided assistance within the frame of global programmes and projects at national and regional levels
- * Policy advice related to the economic transition, animal and crop production, plant protection and animal health, fisheries, forestry as well as through its emergency activities such as in the field of transboundary animal diseases (Avian Influenza, FMD).

Sustainable agriculture – 1

Sustainability is the right balance between **economic viability, environmental benefits and social acceptability** which are strongly linked.

Sustainable farming should aim at:

- ***Increasing productivity** without affecting the capacity of soil and water to regenerate and to be maintained;
- *Producing high **quality, safe, healthy food**;
- *Generating enough **income for farms** to keep going;
- *Delivering **ecosystem services** improving quality of life in rural areas;
- *Strengthening the economy

Sustainable agriculture – 2

The sustainable development of the agriculture sector requires investments and attentions in:

- * Policies and programmes for enhanced food security, sustainable agriculture and exports in Azerbaijan,
- * Better institutions are needed: private sector development, improved institutions, including extension, research and development, supported with higher spending from the state budget,
- * Investment in new technologies that are efficient, economic and environmentally friendly and investments in infrastructure.

Main issues for food security-1

Multi- sector and cross cutting factors

- * Access: economic growth & wealth distribution including gender issue
- * Availability: agricultural productivity and natural resources
- * Price volatility
- * Stability: trade liberalization and stabilization
- * Stability: macroeconomic, agriculture policy, investment, and social policy
- * Utilization: food consumption pattern
- * Social protection system and social food safety net including female headed smallholders

SUSTAINABLE DEVELOPMENT GOALS



Country Programming Framework – CPF

- * **Animal health and plant protection, animal and plant disease and pest control**
- * **Supporting Investments in Agriculture, food security and rural development**
- * **Capacity development, including agricultural education, research and extension**
- * **Strengthening the Policy and Institutional Framework for Agriculture and Rural Development**
- * **Improved crop, fisheries and livestock production**
- * **Sustainable, equitable and efficient forestry, land and water resources management**

Main issues for food security-2

Main Challenges

- * Growth of population driving demand
- * Increasing income level in new growing economy
- * Less land, land degradation
- * Limited water resources
- * Climate Change
- * Environmental aspects
- * Volatility of food prices as results of impact of complex factors

Food security policies – challenges

Food security aspect of climate change impacts adaptation and mitigation in the medium and long term.

- * Main policy issue : different Ministries are involved: Agriculture, Trade, Environment and Social Policy
- * Responsibility should be aligned to coordinate all aspects of national food security policy
- * Support policies for private sector family farms and farmers' organizations- nationwide
- * Building market economy institutions: private public partnership with rural and regional development agencies and processors and unions are the necessary policy instrument, working in close collaboration with the MoA
- * Social policies in the countryside and well-designed support system

Institutional building

Building institutions for sustainable agric. & food security and social policies and well-designed support system:

- * Involvement of all stakeholders in building institutions
- * Developing a market and private sector institutions, organizations, cooperatives to provide high quality, nutritious food products in rural areas in addition to the supermarkets chains in urban areas
- * Support programs for creation or growth of SMEs linked to private family farms, cooperative type organizations, following the pattern of domination of voluntary cooperatives in trade and processing and marketing of farm food products for promoting farmers and processors up the value chain and increasing share of profits.

Investments in agriculture - 1

- * **Sustainable growth of agriculture in Azerbaijan requires:**

- (i) investment in new technologies that are efficient and economic:
 - * Areas that determine technological progress in agriculture such as biotechnologies and prevention of emerging diseases (new virusology), improved yields of crops and livestock also through conservation agriculture methods (limited or no tillage and reduce chemical inputs use)
 - * Conservation and protection of agricultural genetic resources, plant and animal, are a key responsibility for preserving biodiversity and indigenous crops and animals both in gene banks and through in situ programs with participation of farmers
 - * Government programmes and support to reduce losses and waste in agriculture production, processing and marketing are needed

Investments in agriculture - 2

- * Specific programmes to protect scarce land and water resources, prevent degradation and loss of soils, including more efficient farm irrigation systems due to increasing salinity
 - (ii) increased research and development programmes and support to national institutions, supported with higher spending from the state budget for research and development
 - (iii) investments in advisory and extension services by the Government to help farmers in technology transfer
 - (iv) investment in agricultural infrastructure