



KEYNOTE ADDRESS ON THE LAUNCH OF PUBLICATIONS ON FOOD SECURITY INVESTMENT REQUIREMENTS, CLIMATE-SMART PRACTICES, AND HORTICULTURE VALUE CHAIN DEVELOPMENT

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Good morning everybody. I hope you had a good chance to enjoy some networking opportunity just before this session. Welcome to this launch event.

Mr. Oliver Frith representing Dr. Mathew Morrel, Director General of the International Rice Research Institute; Vice-President Bambang Susantono. Thank you very much for making it here because I know you arrived at 6.00 in the morning; ladies and gentlemen, welcome.

I am honored to deliver this message at the launch of these four (4) technical reports and four (4) country briefs today during the Rural Development and Food Security Forum. These are:

- Climate-Smart Practices for Intensive Rice-Based Systems in Bangladesh, Cambodia, and Nepal;
- Ending Hunger in Asia and the Pacific by 2030: An Assessment of Investment Requirements in Agriculture;
- Policies to Support Investment Requirements of Indonesia's Food and Agriculture Development during 2020-2045;
- Application of Information and Communication Technology for Agriculture in the People's Republic of China; and
- Country Briefs on Dysfunctional Horticultural Value Chains and the Need for Modern Marketing Infrastructure in Bangladesh, Nepal, Pakistan and Viet Nam: Dysfunctional Horticultural Value Chains and the Need for Modern Marketing Infrastructure.

These publications are the outputs from the joint research with our long-standing partners, IRRI and IFPRI for over two years. We also have a new partner, Mercasa, a public company based in Spain that specializes in horticulture value chain development and modern wholesale markets. The joint research was also done in close collaboration with national research organizations and think tanks in Bangladesh, Cambodia, Indonesia, Nepal, Pakistan, People's Republic of China, and Viet Nam.

The launch of these publications and the Forum itself are very timely contributions to understanding and analyzing the challenges facing the rural development and food security sector.



In spite of this great progress, there are still 822 million people who are still food insecure, 517 million of which are in the Asia and the Pacific region. Basic services are limited especially in terms of access to sanitation and safe drinking water.

In the People’s Republic of China, Philippines, and Thailand, for example, the average age range of farmers is 56 to 58 years old. At the same time, the youth, even the children of farming families, are lured to urban areas for better opportunities resulting to the aging of farmers. This is a critical problem for sustainability of the sector.

The inefficient and ineffective markets and agricultural value chains, which result in high postharvest losses, are another area of concern. According to a United Nations Study, around 42% of fruits and vegetables, 30% of grains, are lost before reaching the consumers.

Based on a 2009 ADB-IFPRI study, climate change impacts the yields of primary commodities. Examples are the yields of irrigated rice, wheat, and soybeans, which could fall by 9% to 44% in 2050, thereby lifting commodity prices by up to 50%. Because of high prices, micronutrient intake of children decreases which leads to 20% more malnourished children by 2050.

The publications are also timely because the ADB Board endorsed the action plan of the seven Operational Priorities for our Corporate Strategy 2030 in October 2019. Rural development and food security are one of the seven priorities of Strategy 2030 that paves the way for ADB’s efforts to eradicate extreme poverty while expanding its vision of a prosperous, inclusive, resilient, and sustainable Asia and the Pacific.

With Strategy 2030, ADB has committed to call for renewed focus of ADB operations in three areas:

- **accelerated rural development** to focus on improving rural services, attracting private sector investments, and generating jobs in the rural areas;
- **efficient agricultural value chains** to distribute food efficiently from farmers to consumers, reduce postharvest losses, improve farmer profitability, and provide sufficient, safe, nutritious and affordable food; and
- **food security for all** to focus on building food systems to sustainably produce more with less resources while addressing malnutrition.

The findings of publications we are launching today will also help strengthen our operations in promoting rural development, improving agricultural value chains, and achieving food security.



I would like to highlight three key insights based on the joint work with IFPRI, IRRI and Mercasa:

First, there are investment opportunities that can address the challenges in agriculture. The publication on *Ending Hunger in Asia and the Pacific by 2030: An Assessment of Investment Requirements in Agriculture*, quantifies the amount of investments needed by countries to reduce the number of food insecure people below 5% of the total population by 2030. To achieve this goal, we have to increase annual investments in agricultural research and development, water resource management, and infrastructure to reduce postharvest loss from the current level of \$41 billion to \$78 billion.

The report also identifies the priority areas for investments within the agriculture and natural resources sector. Additional annual investments in agricultural research and development can reduce the number of food insecure people in ADB's developing members countries by 84 million by 2030. Although return from investments in irrigation will not be equally impressive, they will reduce the agricultural use of water by 7%, making more water available for alternative uses. Higher annual investments in rural infrastructure, such as rural roads, railways, and rural electricity by \$16 billion can reduce the number of food insecure people by 67 million.

Second, agriculture can be made more productive and less resource intensive. Our agricultural resources are shrinking. The results of the joint research with IRRI in Bangladesh, Cambodia, and Nepal showed that climate-smart practices can increase profits from rice production and make it less resource intensive. These practices can result to lower water use, less greenhouse gas emissions, improved labor productivity, increased carbon sinks, and improved soil quality to enhance and sustain production. Depending on the country, climate-smart agriculture can reduce agricultural water use by 32%, labor by 79%, and emission of greenhouse gases by 41% without affecting rice yields.

However, to realize these benefits, we need supporting policies and an enabling environment for technology adoption, and affordable financing for farmers. The farmers' lack of access to knowledge and technology could create roadblocks in the successful promotion and adoption of climate-smart agriculture. ADB and key partners, including IRRI, will continue to work on developing the appropriate approach, mechanism, and institutions to deliver the knowledge and technology to farmers.



Third, we need to fix the value chain to minimize post-harvest losses. The agricultural value chains, especially of fruits and vegetables, are most often dysfunctional and inefficient. These inefficiencies result in high postharvest losses and fail to generate fair profit for producers.

The conclusions of the four country briefs show that by reducing fruit and vegetable postharvest losses, countries like Bangladesh and Viet Nam can save up to almost \$2 billion every year. This amount is far more than the cost of building modern wholesale market infrastructure, which can help preserve produce longer and reduce the losses.

The country briefs also tell us that market-price fluctuations of fruits and vegetables in these countries are very high, which reflects inefficient value chains. For instance, in 2017, the price of tomatoes in Lahore, Pakistan, fluctuated by more than 800%. In the same year, the price fluctuation of fresh potatoes was about 177%. If these countries can regulate these fluctuations by reducing prices by 10%, the annual savings in Bangladesh, Nepal, Pakistan and Viet Nam will be \$815 million, \$145 million, \$825 million and \$581 million, respectively based on 2018 data.

We hope the joint finds of ADB, IFPRI, IRRI and Mercasa will motivate us all to reflect and rethink our engagement in agriculture and food security. For example, how should we design our projects to achieve on the ground impact with optimal use of resources? How can we effectively partner with other institutions to avoid duplication of effort and instead supplement and complement each other's efforts?

Moving forward, agriculture projects need to follow a holistic and cross-cutting approach. ADB is already financing operations that adopt integrated approaches encompassing gender equity, climate adaptation and mitigation, water resources management, natural resources management, and use of ICT and high-level technologies. The horticulture value chain projects in Uzbekistan and Pakistan; the use of Internet of Things (or IoT) to promote food safety and traceability in the People's Republic of China; the climate-friendly agribusiness value chains sector projects in Cambodia, Myanmar and Lao PDR; and the agriculture and rural development project in Mongolia that assists agro-processing enterprises, are only good examples. You will hear more in Session 4 on ADB Knowledge Sharing and Experience on Climate Change, Gender Equity, High-Level Technology, and Natural Resources Management.

Under the Strategy 2030, one of the cross-cutting theme is enhancing our partnership with everyone we work with because the task at hand is so vast and bigger than what we can do ourselves. Maximizing synergy from partnerships is also critical. We can only make a difference if we join forces with partners and relevant stakeholders to improve the lives of people in the Asia and Pacific region, and I am particularly grateful to our three knowledge partners.



Finally, let me, once again, express our appreciation for the cooperation and hard work of all our partners for the successful completion of this important knowledge sharing initiative.

The digital copies of the four reports and four country briefs, as well as the Strategy 2030 and the operational plan for Rural Development and Food Security, are available for download from ADB's website. We also invite you to read the ADB Blogs and feature articles in Development Asia on these publications.

Thank you very much.