



Islamic Organization
for Food Security
Mangilik Yel ave.
55/21 AIFC, unit C4.2
Nur-Sultan, 010000
Republic of Kazakhstan

l'Organisation Islamique pour
la Sécurité Alimentaire
Mangilik Yel ave.
55/21 AIFC, unité C4.2
Nur-Sultan, 010000
République du Kazakhstan

المنظمة الإسلامية للأمن الغذائي
بنائية
AIFC, unit C4.2
21/55 Mangilik Yel
010000
نور سلطان
جمهورية كازاخستان

info@iofs.org.kz tel: +7 (7172) 99-99-00 fax: +7 (7172) 99-99-75 www.iofs.org.kz



Eng. Hani Salem Sonbol
Chief Executive Officer of The International
Islamic Trade Finance Corporation (ITFC)

No. IOFS/INM-158
8 April, 2020

Your Excellency,

Assalamu alaikum wa rahmatullahi wa barakatuhu

The notorious pandemic of coronavirus (COVID-19) is keep causing enormous socio-economic damage worldwide.

Many countries of Ummah are in the risky zone posed by the global recession of the world economy, and obviously it is becoming a sad reality when millions of human beings, in addition to the spread of the pandemic, are exposed to the threat of rising malnutrition, hunger, poverty, and unemployment.

In response to the devastating consequences of the pandemic, we are witnessing today active efforts by countries, governments, international organizations, and global financial institutions in the provision of urgent and emergency aids. In this context, the Secretariat of IOFS welcomes and commends the Islamic Trade Finance Corporation's (ITFC) decision to allocate funds in the amount of \$ 850 million for anti-crisis measures in the OIC countries.

In these circumstances, we strongly believe that a worthy response to these global threats would be only mobilization and concert of our joint efforts in overcoming all negative consequences of the crisis, strengthening close coordination of actions between our organizations and joint implementation of the most urgent tasks, primarily related to ensuring food security in our countries.

Having highlighted that we deem it appropriate, Hon'ble CEO, if the esteemed ITFC could consider the possibility of financial supports for flagship programmes and projects of IOFS, that have been featured as priority ones in the *Memorandum of the Proposed Response of IOFS* on 06 April 2020, which is herewith attached.

In anticipation of your kind reaction to this letter, please accept the assurances of my highest consideration and esteem.

Yerlan Baidaulet
Director General



ADDRESSING FOOD SECURITY CRISIS IN THE WAKE OF COVID-19 PANDEMIC:
MEMORANDUM ON THE PROPOSED RESPONSE OF ISLAMIC ORGANISATION FOR FOOD SECURITY
(IOFS)

Introduction

The outbreak of the global Coronavirus (COVID-19) pandemic is arguably the most devastating public health challenge in modern history, considering its far-reaching consequences on human and national security as well as social, political and economic development. It has registered its untold effects on almost all sectors of human lives and livelihood, including health, food security, tourism and education. Accordingly, more than 207 countries and territories have since been affected by this global pandemic with a confirmed infection of over 1.118 million people, and a death ratio of 5.29%. With the latter engendering an expected global GDP decline of 3-8% and a job loss exceeding 25 million to date, the world is fast experiencing an untold human and economic disaster owing to an imminent economic recession that may surpass the Great Recession of 2008. This is more so as the inevitability of the attendant social distancing and quarantine regime have led to a near paralysis of all sectors of human economic activities, including the untold disruption of the food supply chain as recently stated in a recent Joint Communique by WHO, WTO and FAO.

2. Expectedly, the continued global socio-economic decline in all sectors tends towards a negative growth, which already registered more than 821 million hungry people as at 2017, with more than 64.5 million people suffering from acute hunger in member countries of the Organisation of Islamic Cooperation (OIC). Given this unfavourable state of affairs, there is a need for concerted efforts among state, international and corporate stakeholders within the Muslim World to pool resources to address the debilitating effects of COVID-19 pandemic, especially in the area of food security, owing to the substantial break in food supply chain, food shortages and food price spikes.

3. In this regard, the Islamic Organisation for Food Security (IOFS), which is specialised institution of the OIC should blaze the trail in fast-tracking national and multilateral actions towards addressing the emerging food security crisis, attendant on the outbreak and aftermath of COVID-19 pandemic. This Memorandum would spell out the various national, intra-OIC and international

responses, which could be put in place to ensure collective but coordinated actions in the most effective manner.

National Responses

4. In addition to the various steps taken by countries affected by this global pandemic in monitoring, controlling and treatment of infected patients as well as tracing their contacts, various measures were put in place to mitigate the potential food security challenge occasioned by the social isolation and quarantine measures recommended across all countries.

Social and Humanitarian Intervention

5. In addition to the measures by most countries, aimed at ensuring that workers within the food supply chain are exempted from the total nation-wide lockdown, a host of social palliatives was introduced to assist those who might suffer job losses, among the estimated 25 million job losses by United Nations during this period of social isolation. Similarly, the Conditional Cash Transfer programme is targeted at the poor and vulnerable segments of the population in accordance with the National Social Register. This is in complementary to the distribution of food rations to peoples designated as refugees or internally displaced persons in areas affected by terrorism and armed conflicts, especially in Africa and Middle East.

Use of National Strategic Reserve and Food Aid

6. Most countries have also sought recourse to their national strategic reserves by approving the release of the food items to stem the pressure on prices of food and inflationary trends. However, reports indicate that some OIC countries do not have sufficient reserves, while some do not maintain any strategic reserves at all. In this regard, such countries may need to rely on food aid and donations from fellow OIC member states. It is on record that Afghanistan and Kyrgyzstan received some food shipments from fellow Central Asian countries during this crisis period. It should be mentioned that, since most OIC member states rely on food imports to the tune of US\$67 billion annually, alternative funding mechanisms to pay for food imports would need to be explored. This can be through grants or loans from multilateral funding institutions, through debt remission in case of poor credit worthiness or utilisation of Islamic social finance (sadaqah, zaqat or waqf).

Export and Food Trade

7. Considering the above-mentioned food trade deficit gap within OIC member states, the most credible option is to encourage all countries to support unfettered flow of intra-OIC food trade. Available reports show that some countries have removed their ban on food and livestock exports to other OIC member states, efforts should be made to encourage other countries to allow export of food items or at least grant favourable quantitative exports quota to fellow OIC member states, in line with the established intra-OIC solidarity. In this regard, Saudi Arabia and Djibouti made deliberate efforts to remove the technical bottlenecks over importation of livestock to Saudi Arabia. In fact, Kazakhstan, after imposing an initial ban on all food exports, has immediately reconsidered

this decision to allow exporting wheat and rice. Such show of pan-Islamic solidarity and support is highly recommended to other OIC member countries.

Supporting Low Income Food Deficit Countries (LIFDC)

8. Notwithstanding the fact that OIC has thirteen Least Developed Countries with their populations living below poverty level, about 28 OIC member states are classified as Low-Income Food Deficit Countries (LIFDC) with increased food import bills and trade deficits, such that engendered undernourishment, stunted growth among children and poor health and educational attainment. Sadly, the current crisis would further aggravate the economic hardship in these countries. Accordingly, efforts would have to be made to support these countries through generous donations and emergency food security palliatives.

Eradicating Food Waste

9. Some countries, including Saudi-Arabia, Bangladesh, Turkey and Kazakhstan, have adopted measures, aimed at reducing food waste during this period. These measures place emphasis on the role of the household in ensuring prudence in food purchasing and increased share of nutritional organic food (instead of junk food), reducing food waste and observing food safety measures as well as imbibing urban and school gardening practices. In addition, the Government of Saudi Arabia on 2nd April 2020 announced its initiatives to stop food waste, which is valued at 40 billion Saudi Riyals per annum. These campaigns are worthy of emulation by many OIC countries as both food waste and post-harvest losses are said to approximate the value of food deficits in the entire OIC member states. To this end, the role of the Private Sector and the relevant Chambers of Commerce can be leveraged upon for the proposed creation of Islamic Food Processing Association (IFPA), which would mobilise the required advocacy for mitigating food waste and post-harvest losses and for setting up quality-based food supply chains ("from farm to fork").

Role of Private Sector and Net-Worth Individuals

10. The current actions of some OIC countries are aimed at increasing role of the private sector in mobilising funds to address the challenges posed by inadequate health and social infrastructure to combat the effects of COVID-19. The generous donations by corporate persons and establishments, as well as net-worth philanthropists have been very considerable and could be emulated by other OIC member states to address their funding constraints both in the healthcare and food sectors.

OIC/IOFS Response- (Immediate Term)

Food Trade

11. There are various OIC agreements and conventions, which provide for free trade regime among OIC member states. These agreements include: the General Agreement on Economic, Technical and Commercial Cooperation (1977), the Agreement on Promotion, Protection and Guarantee of Investments (1981), and the Framework Agreement on Trade Preferential System (1990) have provided the required legal frameworks for promotion of trade and investment among OIC member states. Accordingly, member states are encouraged to allow free trade access to their countries, especially as they relate to food products, most especially during the current emergency

period. This need becomes paramount considering the constraints of logistics among the landlocked countries in the OIC region, which number twelve states. In this connection, the International Trade Finance Corporation (ITFC) has allocated an amount of US\$850 million in emergency financing to Governments to help cushion the impact of COVID-19 in the healthcare sector, energy and food.

Special Fund/Donations

12. The OIC General Secretariat and the Islamic Solidarity Fund (ISF) launched an urgent initiative to create a special fund to assist OIC member states combat the Coronavirus pandemic through increasing their response capabilities in the health and related sectors. The Press Statement issued on 2nd April 2020 urged member states to donate generously to the dedicated account created for this purpose. The statement also lauded the recent effort of the Islamic Development Bank (IsDB), a specialised institution of OIC, to allocate US\$730 million to member states for this purpose.

Multilateral Funding

13. Considering the importance of financing the increasing food deficit in OIC member states, all efforts must be intensified to mobilise additional resources through the various national and regional funding agencies, including the Arab Coordination Group institutions, African development partners and local stakeholders. To this end, the declaration of the Arab Bank for Economic Development of Africa (BADEA) on 27 March 2020, allocating US\$100 million to support Sub-Sahara African countries in their efforts to limit and prevent the spread of Coronavirus and related issues.

Humanitarian Intervention and Regional Food Security Reserve

14. In addition to the foregoing, the proposed OIC Food Security Reserve and the creation of a Grain Fund should be fast-tracked, while placing emphasis on the creation and reinforcement of the various national strategic food security reserves. It is envisaged that the mechanism of public-private partnership can be utilized for this purpose. Similarly, the Islamic financial instruments, including Sukuk issues can be utilised to finance the construction of the relevant infrastructure for the food security reserves. It bears repeating that member states should be encouraged to support Least Developed Countries and indeed Low-Income Food Deficit Countries within the OIC in confronting the enormous challenges of the COVID-19 pandemic. In this regard, IOFS implores member states to consider the creation of an OIC-wide Food Security Reserve, considering the strategic but critical importance of this program for collective food security and effective humanitarian emergency response.

Pest and Disease Control

15. Owing to the increasing devastation of pest and cross-border plagues and animal diseases during the year, such that have affected many OIC countries and reduced their harvest and food security profile, it is important to lean on OIC member states to provide technical and financial support for the immediate eradication of this plague. IOFS may embark on the mapping of countries

currently suffering this pest invasion and launch a flash appeal for technical and financial support in this regard.

Medium Term Measures

16. The medium-term measures are part of the scheduled programmes of IOFS during the 2020/2021 biennium. The programmes and projects are geared towards increasing the productive capacities of the countries in the following domains:

Increased Productivity/ Supply Chain Development

17. The OIC Programme of Action for Development of Strategic Commodities (Rice, Wheat and Cassava (including Palm Oil) is being implemented by IOFS, in line with its mandate, through incorporation of the agreed objectives in the national strategies for development of strategic commodities. The main goal of the Programme is to ensure self-sufficiency in primary agrifood commodities in the short and medium terms, while enabling export to the regional and international markets. In due course, the identified Centers of Excellence for the said strategic commodities would embark on capacity-building activities to enhance productivity and self-sufficiency among member states.

Pest Resistant and New Seed Varieties

18. Pursuant to the OIC Science, Technology and Innovation Agenda (STI Agenda 2026), IOFS, in collaboration with the Government of United Arab Emirates, the OIC Standing Committee for Scientific and Technological Cooperation (COMSTECH), the Islamic Development Bank (IsDB), and the Food and Agricultural Organisation (FAO), will convene a Workshop on the Development of National Gene Banks in OIC member states in Dubai, United Arab Emirates on 5-7 July 2020. The Workshop is aimed at developing the capacity of member states to increase agricultural productivity through seed variety improvement and the sharing of plant and animal genetic resources for food and agriculture among its member states.

Increasing Water Use Efficiency and Modern Irrigation Systems

19. Similarly, IOFS is seized with the preparation for the convening of a Roundtable to review the state of water management, use and conservation for agriculture in member states. This activity is also within the OIC STI Agenda and would be taking place during the 8th OIC Conference of Ministers Responsible for Water, scheduled to hold in Jeddah, Saudi Arabia in October 2020. The Roundtable is expected to propose a mechanism for sharing best practices among member states in the area of efficient water use and management, including recommendation of modern cutting-edge irrigation systems.

Framework of Action on Food Trade and Investment

20. In order to scale up its activities in the trade and investment sector, IOFS has come up with a Framework of Action in the domain agri-food trade and investment through utilisation of the current trade promotion and trade facilitation instruments existing within the OIC system. Based on this

Framework, IOFS Secretariat can organize periodic Food and Agriculture Fairs, while encouraging the implementation of the various OIC Agreements on commercial cooperation, investment promotion, trade and export financing and insurance, among others. In this regard, IOFS would require all member countries to define a framework for an integrated OIC food market allowing local farmers, food processors and joint ventures to establish cross-border food supply chains with high value-added effects.

Removing Technical Barriers to Food Trade and Halal Food Sector

21. It is essential to encourage member countries to adopt common regulations on food safety, phytosanitary measures and Halal food standards to forestall existing technical barrier to intra-OIC food trade. Considering the increasing importance of the Halal food sector within the realm of intra-OIC trade, IOFS is collaborating with relevant OIC institutions in establishing a mutually recognized regulatory framework and mainstreaming the development of Halal Food industry, which includes food processing, pharmaceutical, cosmetics, fashion and tourism sub-sectors.

South-South and Triangular Cooperation/Value-Chain Development of Palm-Oil Subsector

22. Considering the importance of capacity development and knowledge sharing in promoting intra-OIC socio-economic relations, the need to intensify South-South Cooperation through reverse linkage methods hitherto introduced by the Islamic Development Bank is featuring prominently on the agenda of IOFS. Accordingly, the envisaged activities of IOFS during the next phase would include initiating triangular cooperation that will facilitate exchange of knowledge among member states with identified capacity within the food value chain and other countries in need of increased capacity in these areas.

23. In particular, the experiences of Malaysia in executing some reverse linkage programmes on palm oil development in Sierra Leone can be leveraged upon in this regard. Similarly, Bangladesh experiences in the value-chain development of Rice can be of immense value within the cooperation framework of IOFS.

Debt Relief

24. It is high time the various OIC institutions focused on debt remission, relief and cancellation as a gesture of increased solidarity and sadaqah among OIC member states. The OIC General Secretariat and other multilateral funding institutions collaborating with OIC can mainstream this item on the agenda of regional organisations as well as other national funding institutions.

International Actions

25. On the global plane, the OIC is poised to collaborate with the various multilateral agencies to ensure the implementation of its above-mentioned policies within its partnership for shared prosperity, quick socio-economic recovery, sustainable development goals and multilateralism.

Free Trade and Food Market Access

26. The international consensus is focused on the need to support international trade regime as opposed to trade restriction and trade diversion. In this regard, the United Nations and indeed the G-

20 Summit recently underscored the need to send a strong signal to restore confidence in the global economy by resuming as soon as possible the normal flow of good and services. The United Nations and the UNCTAD also underscored the need for unfettered flow of trade across borders in their recent pronouncements over COVID-19.

Recommendations

27. Pursuant to the foregoing, the following actions are to be embarked upon by IOFS in both the immediate and medium terms.

28. On the national level, encourage member states to:

- Cushion the effect to social isolation due to COVID-19, through providing palliatives, food aid, conditional cash transfer, job security and free volunteer programmes to assist poor and vulnerable segments of the populations;
- Promote the utilisation of national strategic food reserves, while providing food aid to fellow member states ;
- Support free flow of food commodities across national borders and access to intra-OIC food market focused on domestic Halal food production and trade;
- Mobilise support for Low Income Food Deficit Countries through provision of food aid;
- Mount national awareness campaign for eradication of food waste and encourage household and community actions on urban and school gardening, nutrition security and food safety;
- Mainstream role of private sector and net-worth philanthropists in contributing to Government efforts on palliatives and social intervention programmes;

29. On the intra-OIC level, IOFS would:

- Pursue implementation of the various OIC agreements on free trade and investment promotion, including the funding commitment made by ITFC to the tune of US\$850 million for trade financing;
- Develop its Food Balance Database for the benefits of member states and its private sector
- Coordinate with relevant OIC institutions, ISF and IsDB on the utilisation of the Islamic solidarity fund and the recent financial commitment made by IsDB to the tune of US\$730 million for financing recovery efforts with regard to COVID-19;
- Liaise with relevant multilateral and national funding institutions within the OIC member states on securing further commitments for development financing and technical cooperation towards implementation of the related food security programs;
- Implement the proposed OIC Food Security Reserve and Grain Fund and expand the scope of national strategic food reserves of member states;
- Ensure quick intervention on pest control and transboundary animal diseases by all stakeholders;

30. In the medium term, IOFS undertakes to:

- Implement the Programme of Action for Development of Strategic Agricultural Commodities (Rice, Wheat and Cassava, including Palm Oil), as well as the role of Centers of Excellence for agrifood supply chain development;

- Establish a mechanism for conserving and sharing plant and animal genetic resources for pest resistant seed varieties;
- Also establish a mechanism for capacity-building on water use for food and agriculture and acquisition of modern irrigation systems;
- Implement the Framework of Action on Food Trade and Investment;
- Promote elimination of technical barriers to agrifood trade through food safety and Halal food development, including the creation of Islamic Food Processing Association (IFPA);
- Mainstream debt relief on the agenda of OIC and IOFS;
- Support free trade on the international fora, including the outcome of the last G-20 virtual Summit and the UN Sustainable Development Goals
- Utilise existing platform of UN-OIC inter-agency coordination to elaborate on all indicated activities in the domain of food security.

The Secretariat

Islamic Organisation for Food Security

Nur Sultan, Kazakhstan

6th April 2020