



# Completion Report

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Project Number: 47208-001  
Technical Assistance Number: 8693  
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## Food Security and Resilience of the Association of Southeast Asian Nations Member States to Food Price Volatility

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TA Number, Country, and Name: TA 8693-REG: Food Security and Resilience of the Association of Southeast Asian Nations Member States to Food Price Volatility			Amount Approved: \$800,000.00 Revised Amount: Not Applicable	
Executing Agency: Asian Development Bank		Source of Funding: Japan Fund for Poverty Reduction	Amount Undisbursed: \$468,243.75	Amount Utilized: \$331,756.25
TA Approval Date:  11 July 2014	TA Signing Date:  Not Applicable	Fielding of First Consultant:  30 January 2015	TA Completion Date Original: 30 September 2016  Account Closing Date Original: 30 September 2016	Actual: 30 September 2016  Actual: 22 December 2016
<p><b>Description:</b> Rice prices spiked by as much as 300% during some months in 2007–2008, adversely impacting about 13.7 million poor people in Southeast Asia. The Association of Southeast Asian Nations (ASEAN) responded by establishing the ASEAN Integrated Food Security Framework (AIFSF) and an accompanying Strategic Plan of Action for Food Security (SPAFS) for 2008–2013. The AIFSF has four main components: (i) food security and emergency shortage relief; (ii) sustainable food trade development; (iii) integrated food security information system; and (iv) agricultural innovation. The ADB regional technical assistance (TA) financed by the Japan Fund for Poverty Reduction in 2010, TA 7495, supported the first three components of the AIFSF.<sup>1</sup></p> <p>Considerable headway was made in implementing the SPAFS with support of TA 7495, but much work was still needed. The TA's key lesson was that ASEAN's regional public goods and services were aimed in the right direction but needed to be strengthened further to boost the resilience of ASEAN member states to volatility in rice prices. More specifically, improvements were necessary in ASEAN's (i) regional rice reserve system, (ii) rice and food trade policies, and (iii) regional food market information system. Thus, this regional TA 8693 was approved to support the ASEAN in its implementation of the AIFSF and the second phase of the SPAFS, covering 2015–2019.</p> <p><b>Expected Impact, Outcome, and Outputs:</b> The TA's impact was to reduce food price volatility in the ASEAN region. The TA outcome was improved resilience of the food trade to natural and economic shocks. The TA had three outputs: (i) regional rice reserve system strengthened; (ii) policies that will increase ASEAN rice and food trade and investments developed; and (iii) market intelligence capacity of ASEAN Food Security Information System (AFSIS) developed.</p> <p><b>Delivery of Inputs and Conduct of Activities:</b> The ASEAN Secretariat (ASEC), through its partner agencies, ASEAN Plus Three Emergency Rice Reserve (APTERR) for Output 1, ASEAN Food Security Reserve Board (AFSRB) for Output 2, and AFSIS for Output 3, served as the implementing agencies of the TA.</p> <p>The TA was processed by SDCC-AR (formerly RSDD-AR). To directly link the TA with ADB's investment operations in ASEAN countries, the administration of the TA was transferred to SEER in August 2014.</p> <p>Following ADB approval in July 2014, the ASEAN partner agencies needed to validate the activities to ensure relevance and responsiveness to the TA objectives. The inception workshop in February 2015 validated the TA activities and produced a draft work plan and a mutually agreed budget proposal. However, the new project guidelines adopted by ASEC in November 2014 required approval of the work plan and budget by the ASEAN Member States before TA activities could officially commence. The workplan and budget was approved by the ASEAN Member States in May 2015.</p> <p>The TA provided for 20 person-months of consulting services comprising 15 person-months of international and 5 person-months of national inputs. In view of the diversity of the TA's activities and needs, consultants were selected on an individual basis. The methodology was appropriate in achieving desired results. Individual consultants' performances were satisfactory as they successfully catered to the needs of ADB and implementing agencies.</p> <p>The TA hosted the (i) 8<sup>th</sup> Directors General of Agricultural Statistics and Information Meeting in June 2015 where the appropriate subregional structure and proposal on the transformation of AFSIS into a permanent entity were discussed; (ii) ASEAN Food Trade Forum: Food Security and the ASEAN Economic Community (AEC) held in November 2015 where ASEAN governments, farmers/producers, consumer groups, NGOs, academia, and development partners discussed the</p>				

<sup>1</sup> ADB. 2010. *Technical Assistance for Support for the Association of Southeast Asian Nations Plus Three Integrated Food Security Framework*. Manila. The TA facilitated the development of the protocols for the ASEAN Plus Three Emergency Rice Reserve (APTERR). It also piloted the multistakeholder ASEAN Rice Trade Forum as a platform to discuss and recommend evidence-based policies conducive to regional rice trade and helped improve the regional food market information database.

implications of AEC on food trade and food security in the region; and (iii) Working Meeting on Strengthening the Rice Reserve Implementation and the Subsidiary Regulations of the APTERR Secretariat in July 2016 which presented the results of the studies on Tier 1 (forward contracts) protocols, Tier 3 process review and the draft Food Emergency Monitoring and Information (FEMI) manual.

A study was conducted to examine areas for improvement along the entire process of APTERR in securing rice reserve for emergencies which recommended options such as programmed commitment to stockpiled emergency rice reserves, procurement of domestic rice stocks, prepositioning donated stocks in vulnerable countries, rapid response arrangements, donation of cash for procurement of domestic stocks, larger donations to reduce transaction cost, and simplified procedures and conditions for rice distribution.

In September 2015, AFSIS terminated the implementation of the Rice Market Model activity as certain training workshops proposed during project implementation were not considered eligible for JFPR funding since they were not included in the original approved TA project profile. Consequently, other AFSIS-related activities could not be implemented resulting to a large portion of the TA being underutilized. Fifty percent of the total TA amount was allocated for AFSIS-related work (Output 3).

AFSIS, AFSRB and APTERR as implementing partners performed satisfactorily by providing the needed support in implementing the activities. ADB conducted activities to monitor progress as well as provided necessary support and guidance, and its performance was satisfactory.

**Evaluation of Outputs and Achievement of Outcome:** Only two out of three target outputs were achieved. The pre-feasibility study for Tier 3 programme concluded that a preposition system could be the most viable means of getting the rice to beneficiaries immediately in the aftermath of an emergency. The study also recommended robust resourcing, funding model, corresponding streamlined procedures, elaboration of linkages between the three APTERR programmes, integration with national disaster management capabilities, and closer links with other emergency entities. The draft FEMI manual will guide in recommending stock releases to the APTERR Council where the proposed alert levels will use indicators to determine self-sufficiency, production shortfall, adequacy of domestic stocks, and availability of foreign stocks. The proposed pricing formula for Tier 1 stock was commented favorably by the private sector and will inform protocol development for Tier 1 transactions. The process review of Tier 3 will help relevant agencies and APTERR member countries to direct efforts in streamlining rice shipment and release procedures.

The ASEAN Food Trade Forum provided a platform to discuss policy options to promote food security in the ASEAN region including opportunities in farmer-led enterprises, increasing productivity, role of small and medium-sized enterprises, consumers, self-sufficiency, food safety, financing and investment, and building network groups.

**Overall Assessment and Rating:** The project design is relevant as the intended outcomes are strategically aligned with the ASEAN's development priorities. However, the project was less than effective in meeting the expected outcomes and less than efficient in rationalizing the TA cost. TA outputs are likely sustainable as the ASEAN Member Countries agreed during the ASEAN Food Trade Forum to lead future discussions on the following policy options and actions in promoting food security and trade within the framework of inclusive and sustainable growth: (i) building inclusive economies by exploring trade in products that contribute to sustainable and inclusive growth; (ii) fostering small and medium-sized enterprises' participation in regional and global markets through enabling trading environment; (iii) building sustainable and resilient communities within disaster-resilient economies; (iv) investing in human capital development by empowering people with the tools to benefit from and participate in economic growth; and (v) enhancing the regional economic integration agenda by developing the services sector as an enabler of economic growth and inclusion. Significant contributions were also made in strengthening the regional rice reserve system through the development of APTERR mechanisms and protocols. Overall, the TA is rated less than successful in meeting the target outcome of improving resilience of food trade to natural and economic shocks.

**Major Lessons:** Unutilized TA funds should have been reallocated for a new AFSIS strategy to achieve the TA target. Given the identified eligible expenses under fund sources, project activities should have been adjusted during implementation to better achieve project outcome.

**Recommendations and Follow-Up Actions:** It is recommended that APTERR Secretariat seeks approval of the APTERR Council to implement proposals from the studies on forward contracts and Tier 3 process review. The APTERR Secretariat requested another technical assistance to sponsor a detailed feasibility study of a regional rice storage system. However, this appears to be premature since a support commitment from country members for such a system is not confirmed. AFSRB should consider the policy options on lower trade costs in agriculture, rice security and implementation of forward contracts presented during the ASEAN Food Trade Forum.