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On the Occasion of the

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Food Program in Uzbekistan”**

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Honorable Guests,

Ladies and Gentlemen,

I am most honored to be invited to deliver my speech at the opening ceremony of this august gathering. On behalf of the Islamic Development Bank Group, and its private sector arm, the Islamic Corporation for Development of Private Sector (ICD), I would like to take this opportunity to thank the organizers, especially the government of Uzbekistan for inviting me and for selecting such an important topic as the theme of this conference. It could not have been a more opportune time to organize this event as agriculture and agri-business are dominating the global and regional agenda on economic transformation and inclusive growth.

Excellences,

Today, global and regional food markets keep witnessing a drastic volatility and there is every indication that this trend can no longer be treated as a temporary thing. There are wide ranges of causes for such phenomenon. Rapidly growing demand, limited supply and production capacity, insufficient levels of food stocks, global climate changes and irrelevant or unstable policy environments are among the causes and these have created enormous difficulties in sustaining the growth in agriculture industry and food security.

Against this backdrop, some regions, particularly Central Asia has large untapped production potential in agricultural industry. Private sector investment, to me, is the key to take advantage of this large potential. Agri-business industry is indeed the first and foremost activity that has to be led by the private sector actors as they can support and promote the industry through numerous means. These

include, among many, fostering productivity and operational efficiency, enhancing storage and logistics, and providing production inputs in a sustainable manner.

Dear Audience,

Let me now bring your attention to the state of the agriculture sector and food security in our member countries, and how the IDB Group and specifically Islamic Corporation for the Development of the Private Sector (ICD) has been contributing to the industry through its private sector operations.

The agriculture sector contributes an average of 12% to the GDP of ICD member countries. More than 52% of the ICD's member countries population live in rural areas and the total labor force engaged in agriculture represents, on average, more than 40% of the total work force of which 65% are represented by women. Still, the food security appears to be the most severe problem in these countries and the majority of our member countries are short of sufficient agriculture production. According to the Food and Agriculture Organization (FAO), 35 out of 52 ICD member countries are among the world's seventy-seven Low-Income Food-Deficit Countries. Sub-Saharan African (SSA) countries have the highest number of net food importing countries, followed by the Middle East and North Africa (MENA), and Central Asia region.

To expedite its assistance, the IDB Group has initiated a US\$1.5 billion Food Crisis Response Program under the Jeddah Declaration (JD) Initiative in 2008. The main objective of the program was to help address immediate and longer term food challenges in member countries. The program supported the member countries

affected by the global food crisis to strengthen their food security and agricultural sector over the five years – with the overall aim of reducing food poverty in the member countries. The program included some immediate, short term and medium to long term measures.

The IDB Group's support for agricultural development and food security in the member countries is not only through the Jeddah Declaration initiative, but also through other poverty reduction initiatives, namely, the Islamic Solidarity Fund for Development (ISFD) and the Special Program for the Development of Africa (SPDA). These initiatives are intimately linked to the Jeddah Declaration Initiative as they also include agricultural development as one of the top priority areas.

Excellences,

The objective of food security and sustainable agriculture sector features high in ICD's strategic priorities too. In agribusiness, our corporation has approved over 100 million US dollars of investment since its inception in 2001. Just recently, we have approved a total of 30 million US dollar investments in Turkey and Mozambique to support the agricultural industry.

In addition to our traditional investment vehicles, we were also active in searching for alternative and effective mechanisms to support the agribusiness in our member countries. In this regard, ICD has initiated a Food Security and Agriculture Fund in 2012, with the aim of promoting the sustainable development of the food and agriculture value chain and enhancement of the food security in our 52 member countries. The fund envisions to have 600 million US dollars of total capital in order to invest in the equity of different companies across various value

chains of the industry including inputs, infrastructure, food processing, logistics and trade.

Distinguished Delegates,

Agriculture is of vital importance to Uzbekistan in terms of employment, rural livelihoods, food security and self-sustainability and exports. It accounts for almost 18% of the total GDP and 27% of national employment. Almost half of the total population live in rural areas and to some extent depend on agriculture. Given the tremendous importance of agri-business industry in Uzbekistan's economy, the country has implemented major structural and policy reforms in recent years. Among many, the reforms with regard to the land distribution, management of agro complexes, organizational and legal reform of farms, and engagement of an increasing number of households in agriculture diversification have contributed to significant growth in the sector. Today, more than 85% of Uzbekistan's cropland is irrigated and crops such as cotton and wheat account for the largest share of the agricultural products.

Although there is an increasing trend in the production of agriculture sector in Uzbekistan, the development of agri-business in the country still remains below its full potentials due to inadequate utilization of capacity and resources and less supportive policy environment. The agriculture sector is faced with constraints in production, demand, export potential and processing capabilities in addition to land availability for agriculture, which is continuously decreasing due to rising population. Therefore, there is a need for Uzbekistan to overcome these challenges.

Given the enormity of these issues, it is clear that new approaches must be explored to address the above challenges and to create a more conducive environment for the private sector involvement in agri-business. In my opinion, the following could be considered as some of the possible measures to be taken:

First, on the policy level, the Uzbek government may reinforce the importance of overall agrarian development in its policy agenda. Today, the governments should particularly consider improving governance and macroeconomic circumstances, initiating adequate policies and increasing the business climate.

Second, in order to benefit from Foreign Direct Investment (FDI) inflows greatly, the government needs to resolve the currency convertibility and trade liberalization issues. Freely convertible local currency would allow the economy in general and agri-business sector in particular to bring new and best technologies, know-hows and healthy private investors from other countries of the world.

Third, attention to the value of public-private partnerships (PPP) - joint activities between public and private sector – may be increased. The PPP approach can reinforce the role that private sector is playing in developing agricultural production and ensuring food security.

Fourth, Uzbekistan may give greater focus to the development of rural infrastructure as the foundation on which business climate can be improved with fully functioning markets. A particular focus must be given to the water management and supply in rural areas.

Finally, there is a room for other non-traditional approaches and tools to be explored. For example, encouraging collaboration and joint efforts with various

industry players from all around the world could be productive, and shall help developing irrigation, processing and harvesting technologies for the country.

Ladies and Gentlemen,

I am sure that this platform would provide a unique opportunity for the participating policy makers, business leaders, and other important stakeholders to exchange ideas and experiences on the subject of growing demand for agricultural market stability and sustainability in this great country. The conference may also assist all of us in exploring strategic partnerships opportunities for adoption of best practices and to maximize benefits through technology and know-how transfer.

With this, I would like to express my sincere desire that the distinguished participants in this Conference enjoy fruitful deliberations in their various sessions. I wish all of you a successful outcome.