



# THE HIGH FOOD PRICE CHALLENGE

## A REVIEW OF RESPONSES TO COMBAT HUNGER

by Frederic Mousseau



The Oakland Institute

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A Publication of the Oakland Institute & the UK Hunger Alliance

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# LIST OF ACRONYMS

|        |   |
|--------|---|
| ADMARC | Agricultural Development and Marketing Corporation            |
| ASEAN  | Association of Southeast Asian Nations                        |
| CAADP  | Comprehensive Africa Agriculture Development Programme        |
| CAP    | Common Agricultural Policies                                  |
| CFA    | Comprehensive Framework for Action                            |
| CFS    | Committee on World Food Security                              |
| CSO    | Civil Society Organizations                                   |
| DFID   | United Kingdom Department for International Development       |
| EC     | European Commission   |
| ECHO   | European Commission Humanitarian Aid department               |
| ECOWAP | Economic Community of West African States Agricultural Policy |
| ECOWAS | Economic Community of West African States                     |
| EFSG   | European Food Security Group                                  |
| FAO    | Food and Agriculture Organization                             |
| GAFSP  | Global Agriculture and Food Security Programme                |
| GFRP   | Global Food Crisis Response Program                           |
| HLTF   | High Level Task Force on the Global Food Security Crisis      |
| IFAD   | International Fund for Agricultural Development               |
| IFC    | International Finance Corporation of the World Bank           |
| ISFP   | FAO Initiative on Soaring Food Prices                         |
| ILO    | International Labour Organization                             |
| IMF    | International Monetary Fund                                   |
| LDC    | Least Developed Countries                                     |
| LIFDC  | Low-Income Food-Deficit Countries                             |
| ODA    | Overseas Development Assistance                               |
| ODI    | Overseas Development Institute                                |
| P4P    | Purchase for Progress   |
| PFSRI  | President's Food Security Response Initiative                 |
| PRGF   | IMF Poverty Reduction and Growth Facility                     |
| PSNP   | Productive Safety Net Programme                               |
| RUTF   | Ready-to-Use Therapeutic Food                                 |
| SADC   | Southern Africa Development Community                         |
| SCF    | Save the Children Fund  |
| TIGRA  | Transnational Institute for Grassroots Research and Action    |
| UN     | United Nations  |
| UNICEF | United Nations Children's Fund                                |
| UNCTAD | United Nations Conference on Trade and Development            |
| WB     | World Bank  |
| WFP    | World Food Programme  |
| WHO    | World Health Organization                                     |
| WTO    | World Trade Organization                                      |

# EXECUTIVE SUMMARY

High food prices in 2007-2008 threatened the livelihoods and food security of billions of people worldwide for whom getting enough food to eat was already a daily struggle. All over the world, individuals, civil society groups, governments and international organizations took action to cope with the crisis triggered by skyrocketing food prices. This report investigates whether these responses were appropriate and effective and whether high food prices have brought about any changes in food and agriculture policies. Whereas price volatility remains a threat for the world's poor, the intention of this report is to draw key lessons from these responses in order to inform future policies and programmes.

## A CRISIS LESS "GLOBAL" THAN GENERALLY THOUGHT

International prices of major cereals started to rise in 2007, and doubled in the first months of 2008. However, some countries were successful in preventing price transmission from global to domestic markets. For instance, the price of rice actually decreased in Indonesia in 2008 while it was escalating in neighbouring countries. Public interventions to prevent this transmission were a mix of trade facilitation policies (for instance, cutting import tariffs or negotiating with importers) and trade restrictions or regulations (such as export bans, use of public stocks, price control, and anti-speculation measures).

The success of measures taken to limit domestic inflation depended primarily on governments' ability to control domestic availability and regulate markets, often based on pre-existing public systems. Export restrictions were certainly responsible for increased inflation in food markets and adversely impacted food importing countries that could not buy any more from traditional suppliers. Nevertheless, they appear to have constituted a fast and effective way to protect consumers by mitigating the effect of global markets on domestic prices.

## REMITTANCES AND KINSHIP AT THE FOREFRONT OF THE RESPONSE

The bulk of the response to the rise in domestic prices was borne by people themselves. Recorded remittances sent from migrants to their country of origin totalled close to \$340 billion in 2008, a 40 percent increase compared

to 2007. It is about three times the annual amount of international aid provided to the developing world. Different forms of help, such as borrowing and credit were among the most used mechanisms to cope with high food prices. People's own responses have remained mostly unnoticed by policy makers and practitioners, who tend to focus on international assistance. Yet, there are ways to intervene, for instance, by decreasing transaction costs on money transfers or by adopting fiscal measures that would either facilitate transfers or collect additional development resources from the companies involved in the business.

## HIGH FOOD PRICES CALLED FOR A BROAD APPROACH TO SAFETY NETS

A broad range of safety nets were used to mitigate the effects of high food prices on the poor. In Bangladesh, India, Brazil, and Indonesia, large-scale food-based safety nets combined social protection and support for food production. Provision of food subsidies was relevant in countries with high levels of poverty and for commodities that constituted a higher share of households' expenses (e.g. rice in Haiti). Despite questions over their cost-effectiveness, they sometimes appeared more feasible than targeted transfers, especially when they allowed some level of targeting at a relatively low transaction cost.

Cash transfers constitute an effective alternative to imported food aid and have been increasingly used as safety nets in recent years. However, high food prices undermined the value of the transfers and ultimately the effectiveness and relevance of the instrument. There have been some successful attempts by NGOs to index the amount of transfers on inflation or combine food and cash transfers in their programmes. However, national programmes, like the Ethiopian safety net, the largest in Africa, could not be adequately adjusted to high prices, which resulted in a significant drop in beneficiaries' purchasing power and required the setup of a massive humanitarian operation.

## A BOOST TO THE WORLD FOOD PROGRAMME (WFP)'S FOOD AID OPERATIONS

High food and oil prices dramatically raised WFP's operational costs. In 2008, the Programme had to find an additional \$755 million to maintain its activities at the 2007 level. It was eventually successful in fundraising this amount and financing more interventions with its largest

budget ever. While its resources increased by 85 percent in 2008, extra operational costs limited WFP's ability to expand its operations by the same extent. The number of WFP beneficiaries and the tonnage distributed thus only increased by 19 percent and 18 percent, respectively, between 2007 and 2008.

However, the change was also qualitative with a swift implementation of WFP's new Strategic Plan. WFP broadened its tool box and initiated cash and voucher programmes in 8 countries. While it used to rely mainly on in-kind food aid, WFP purchased a record 72 percent of its food. The Purchase for Progress (P4P) programme was launched in 2008 to develop procurement from smallholders in the poorest countries.

### **INCREASED COVERAGE BUT NARROW FOCUS OF NUTRITION PROGRAMMES**

High prices resulted in excess child malnutrition and mortality in countries where mitigation and prevention measures were not timely or effective. The food price crisis marks, nevertheless, a time of substantial increase in the number of malnourished children treated worldwide – from an estimated 260,000 in 2004 to some 1.8 million in 2008. This growth is however constrained by the cost of treatment, people's limited access to adequate health services in developing countries, as well as restrictions imposed by several governments on international humanitarian agencies. Furthermore, the fight against child malnutrition tends to focus primarily on treatment and feeding whereas little attention is given to some essential questions like the role of agricultural practices and policies to ensure a durable reduction of malnutrition.

### **QUESTIONS OVER REINVESTMENT IN AGRICULTURE**

High food prices favoured a reinvestment in food production to either take advantage of the good market prospects or to decrease dependency on food imports and increase self-sufficiency. A number of countries were successful in raising production levels through a variety of interventions, including provision of inputs and services, public procurement and price support to producers, and measures to provide credit and insurance.

The most used response was the provision of agricultural inputs, especially chemical fertilizers, often for the benefit of better-off farmers. In several instances, long-term development resources were diverted to finance such

short-term interventions. With some notable exceptions, such as FAO programmes in Niger, relatively little investment was made in favour of sustainable agriculture, diversification of production, local seed production, and preservation of natural resources. Structural problems like inequitable land distribution were ignored overall by the responses. They were actually aggravated by the rush to lease or purchase land from developing countries by wealthier nations and private investors.

While most international funding focused on the poorest countries, the International Finance Corporation (IFC) of the World Bank, financed food production by agribusinesses in middle-income countries. The overall focus on a short-term supply response seems questionable given the need to address structural issues. Also, a substantial part of the response took place in 2009 and 2010, *after* the peak in food and fertilizer prices of 2008. It is even more problematic when resources do not go to poor countries, as is the case with the IFC.

### **AN INSUFFICIENT RESPONSE**

The plethora of international summits and declarations on the food price crisis between 2007 and 2009 may have prepared the ground for more effective food and agriculture policies in the future. The creation of the High Level Task Force on the Global Food Security Crisis (HLTF) and the decision to reform the Committee on World Food Security (CFS) may result in increased coherence and an effective fight against hunger. However two years after the rise in food prices, it is hard to see much tangible result for the 1 billion hungry people. Overseas Development Assistance (ODA) increased by 25 percent in 2008 but aid to agriculture remained marginal, representing about 4 percent of the total ODA. Though some donors, like Spain or the EC, have actually disbursed the funds they committed in 2008, the promises made at different summits including the \$20 billion announced by the G8 in L'Aquila in 2009 have still not materialized. The HLTF estimated that \$40 billion incremental public financing was required per annum to meet the challenge of hunger, and it remains a farfetched goal.

WFP's historic budget increase allowed about 20 million more beneficiaries, reaching 100 million beneficiaries in total. However, this number is modest considering that high food prices added another 109 million people to the ranks of the undernourished. Even with the doubling of the number of children receiving malnutrition treatment

between 2007 and 2008, only 9 percent of the 19 million severely malnourished children received the treatment they needed in 2009.

For safety nets to keep up with food prices was a daunting challenge for countries experiencing high inflation. In Ethiopia, the value of cash transfers increased by 33 percent, far from matching the 300 percent increase in the price of the food basket. In Bangladesh, 25 percent additional spending on safety nets was still insufficient to match the 48 percent increase in rice prices. In Sierra Leone, the main safety net, funded by the World Bank, provided Cash for Work to only 5,400 youth, while some 4 million people were living below the poverty line.

### **A BOOST TO REGIONAL INTEGRATION**

A number of policy responses implemented in some large countries, such as trade facilitation and market regulation, food subsidies, or the management of food stocks, seemed difficult to put in place in smaller countries in Sub-Saharan Africa. Borders are often porous, with cross-border movement of food or cattle well integrated in a regional economy, which makes it difficult for individual countries to intervene effectively.

This explains to some extent why high food prices have favoured regional integration processes, including policy dialogue (e.g. around cross border trade) and the development of common instruments like food reserves in several regions. In West Africa, it revived and boosted the implementation of the ECOWAP, the common agricultural policy that was prepared for the region in 2005 but never implemented.

### **CONCLUSION**

High food prices necessitated a re-assessment of the food and agriculture policies and programmes that have been pursued around the world by governments, donors, and international institutions. They favoured an acceleration of important changes that were already underway for food security interventions: more responsible food aid, safety nets being established or scaled up, and nutrition treatments reaching more children than ever. However, research demonstrates that without adequate measures to prevent inflation, the effectiveness of these interventions is limited. This is, however, not yet recognized by a number of donors and financial institutions despite the reality check in 2007-2008.

Research also shows that remittances, borrowing, and other forms of “self-help” were far more important in value than international aid. Processes such as regional integration and national policy shifts also appear to be essential in developing robust food and agriculture policies that could address the root causes of hunger and poverty in a sustainable way. International development agencies must integrate these facts when considering future interventions.

With regard to agriculture, food production has received fresh interest and investment, but the focus on agricultural inputs makes it a missed opportunity. An important body of research, including the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD), clearly indicates the need to invest in sustainable agriculture, agro-ecology, and proper management of natural resources.

These findings show that the overall consensus seen around the twin-track approach to hunger meeting both immediate and long-term challenges encompasses a wide range of different and sometimes conflicting approaches to food and agriculture. This calls for the pursuit and expansion of policy dialogue on food and agriculture, and using lessons learnt from successes and failures to develop models, policies, and interventions, appropriate for diverse contexts.

### **RECOMMENDATIONS**

#### **1. PREVENTING PRICE VOLATILITY**

Safety nets and food aid are hardly sufficient to cope with increase in food prices in situations such as in 2007-2008. Measures to prevent price volatility in domestic markets are critical to protect livelihoods and prevent hunger.

#### **2. INTEGRATING REMITTANCES**

Given their major importance as a response, immigration and remittances should receive far more attention and investment.

#### **3. REVISITING SAFETY NETS AND SOCIAL PROTECTION**

Social protection must go beyond cash and food transfers and ensure a comprehensive range of interventions, including measures that may distort markets but are protective of consumers and supportive of producers.

Preparedness and flexibility in the choice of different instruments such as cash and food transfers is critical to ensure the best use of available resources.

#### 4. MOVING FOOD AID REFORM FORWARD

On-going reform of food aid must be encouraged, especially around local and regional procurement, flexibility in the use of different instruments, and support for local food systems (e.g. stocks). A balanced and flexible approach to cash transfers is required to ensure their effectiveness when used in the right conditions and at the right time.

#### 5. SCALING-UP AND BROADENING THE SCOPE OF NUTRITION

Increasing the number of malnourished children receiving proper treatment is imperative for reducing child malnutrition and mortality. Malnutrition also needs to be addressed in a more integrated manner in development programmes and policies.

#### 6. BOOSTING FOOD PRODUCTION IN A SUSTAINABLE WAY

A sustainable agriculture agenda is required to boost food production in the poorest countries, with less reliance on external inputs, enhanced management of natural resources, and investment in favor of small-holders, rural poor, and other marginal groups. This requires robust agricultural policies that can guide investments and interventions.

#### 7. MORE RESOURCES FOR FOOD AND AGRICULTURE

Despite some improvements in 2008, the share of food and agriculture in international aid as well as in national budgets still must increase dramatically. Donors' successive announcements around food price crisis funding should be closely monitored and more commitments must be secured in order to build local capacities and reduce vulnerability to price volatility.

#### 8. RESHAPING DONORS' POLICIES AND PRACTICES

Aid conditionality requiring further liberalization of the food and agriculture sector ignores the need for public intervention and regulation in the food sector. Governments must be allowed and encouraged to define and implement food and agricultural policies that prioritize small-scale, sustainable agriculture.

#### 9. ENHANCING COORDINATION AND COHERENCE

The activities of a reformed CFS and of the HLTF must ensure effective international cooperation and that food and agriculture remain a high priority on the global agenda. Practices must evolve to move away from the project approach of many donors and ensure convergence behind country-led plans as well as regional initiatives.

#### 10. ENHANCING CIVIL SOCIETY ADVOCACY ROLE

Civil Society has a key role to play to sustain and guide the action of governments and institutions at both the national and global level and to ensure a comprehensive approach to food and agriculture.

## INTRODUCTION

*“A world that doesn’t learn from history is condemned to repeat it.”*  
— World Bank Group President Robert B. Zoellick, April 2009<sup>1</sup>

January 2008 marked the first time in history when an international emergency aid appeal was launched because of high food prices. Recognizing the negative impact of skyrocketing food prices on the most vulnerable, the Government of Afghanistan, working together with the United Nations (UN), launched the Afghanistan Joint Appeal for the Humanitarian Consequences of the Rise in Food Prices.<sup>2</sup> This move, however, was not unique. Between 2007 and 2009, high food prices triggered action in more than 100 countries--by people who were impacted,

local groups, NGOs, governments, and international institutions as well.

The increase in food prices in 2007-2008 exposed and aggravated a pre-existing global food crisis. The number of people identified as being chronically malnourished – 850 million in 2007 – increased to over a billion in 2009. Many countries, especially the poorest ones and those dependent on food imports, were already impacted by the volatility of agricultural commodities prices. All major food crises in the past decade – in Southern Africa, the Sahel, and the Horn of Africa – had already witnessed inflation in food prices comparable to price increases in 2007-2008.



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What was different about the 2008 food price increase was the global nature of the crisis. Its impact was not limited to only a country or a region – rather, it was felt by the whole world, raising new concerns over food supply. However, it is important to note that food price increases were generally not fully transmitted from global markets to domestic ones, and most of the time remained lower in the latter.

Governments and international organizations launched special appeals to finance the additional cost related to their existing activities and to develop new ones to deal with increased hunger. In the North and South, governments formed special cabinet or inter-ministerial task forces while the UN Secretary General Ban Ki Moon created the High Level Task Force on the Global Food Security Crisis (HLTF) in April 2008. The food crisis was on the agenda of two G8 meetings, and the first meeting ever of the G8 agriculture ministers was organized in 2009. Three UN sponsored international conferences were held, two in Rome and one in Madrid, while a large number of conferences, symposiums, and workshops took place all over the world between 2007 and 2009 to discuss food prices, food production, and food security.

Rather than focusing on specific local factors, such as drought or conflicts, the global nature of the crisis emphasized the need for a reassessment of policies and strategies that were in place to manage agriculture and food production, and ultimately address hunger. Effective strategies to deal with hunger and increase food production have become an urgent issue, not just for the people facing hunger, but also for governments – as 30 countries faced civil unrest during the crisis.

The food price crisis was a wake-up call for those who realized that, contrary to the general belief, the world has not secured a food system that can sustainably feed 9 billion people, the earth's projected population by 2050.

It challenged those who believed that the development of international trade and the opening of markets had made food supply cheaper and more reliable, especially for the poorest food importing countries.

The plethora of international events provided many occasions to extensively describe and debate the causes of the price increases. This Report does not revisit those discussions. Instead, its main objective is to understand if and how policy and programmatic responses to hunger and undernutrition have changed as a result of high food prices and to what extent these responses are consistent with the more general changes and trends that were already underway within the international aid system. Whereas price volatility remains a threat for the world's poor, the intention is to draw key lessons from the analysis of responses in order to inform future policies and programmes.

The Report finds that a broad range of measures were taken by governments, international and regional institutions, and donors as well as private organizations in response to high food prices. These include trade and fiscal measures, consumer-oriented responses, and support for food production. The bulk of the response, however, was actually borne by the impacted people themselves, in particular through remittances and family networks.

The first three sections of the Report review and discuss the main areas of response to high food prices: (i) the measures taken to prevent transmission of increased global prices to domestic markets; (ii) measures taken to ensure peoples' access to food; and (iii) interventions in favour of agriculture. A fourth section looks at international cooperation. The Report concludes with a set of policy recommendations based on lessons learnt from the 2008 high food price crisis.

# I. PREVENTING INCREASE IN DOMESTIC PRICES: THE FIRST LINE OF DEFENCE AGAINST HUNGER

## I.1 Interventions to Prevent Increase in Domestic Prices

### TRADE AND FISCAL MEASURES

According to the Food and Agriculture Organization's (FAO) records from 81 countries,<sup>3</sup> reduced import tariffs and taxes were the most used measure to respond to high food prices. It was a relatively easy and quick response to ease consumer's access to food.

In the first half of 2008, food import taxes were decreased in 76 countries and VATs in 22 countries.<sup>4</sup> In most countries, however, lower tariffs had a limited impact, given that tariffs were already very low as a result of trade agreements and structural adjustment programmes. For instance, tariffs on rice and wheat were removed in Bangladesh, but they were only 5 percent to begin with; Sierra Leone decreased its import tariffs from 15 to 10 percent.<sup>5</sup> There were a few exceptions, such as Nigeria, which reduced rice imports tariffs from 100 to 2.7 percent, and India, which removed a 36 percent import tariff on wheat flour.

Some 25 countries banned or imposed restrictions on cereal exports during the first half of 2008. These

included some of the major grain exporters such as Vietnam, Argentina, and India, as well as countries that were not large exporters such as Kenya, Tanzania, and Bangladesh. In most countries, the ban was removed after a few months, while India made a few exceptions, allowing about two million tons<sup>6</sup> to be shipped abroad "via diplomatic channels."<sup>7</sup>

### MANAGEMENT AND RELEASE OF FOOD STOCKS

The management and release of public stocks, often coupled with subsidized sales of food, was also a key response to high food prices. Stock interventions took place in 35 countries, including Burkina Faso, India, Ethiopia, Senegal, Cameroon, China, and Pakistan.<sup>8</sup>

However, the nature and size of stocks varied greatly between countries, and their capacity to stabilize markets differed accordingly. The poorest countries have scaled down their grain reserves as a result of economic liberalization. As a result, in 2007-2008, the paltry size of the reserves reduced them to merely performing a safety net function where stocks were used for distributions or subsidized sales to vulnerable groups, with little impact on prices.

In India, Indonesia, and Bangladesh, the management of food stocks is part of a policy for price insurance in which government agencies buy grains from farmers at a guaranteed price every year. For instance, any given year, the Food Corporation of India purchases about 15 percent of the national production of wheat and rice. In 2007-8, it made additional purchases in order to increase stocks; the 25 million tons of grains entered in public stores were used to provide food for India's Public Distribution System as well as to serve as a buffer. In Bangladesh, the government upwardly revised the targeted size of public food stock to 1.5 million tons from its previous year's target of 1 million tons. For these countries, public stocks served several goals: they provided a buffer, limited inflation, supported food production, and provided resources for food distribution or subsidized sales to the poor.



© FAO/Giulio Napolitano

## PRICE CONTROL AND ANTI-SPECULATION MEASURES

Some countries adopted specific measures to control prices, often as part of food systems like those described above. For example, the government of Malawi announced that all maize sales would be conducted through the Agricultural Development and Marketing Corporation (ADMARC) and fixed the price at which ADMARC would buy from farmers and sell maize to the consumers. Others, like the governments of Sri Lanka and Malaysia, decided to fix maximum retail prices for rice. Some governments, including India, Pakistan, and Thailand, took measures against speculation and enacted harsh penalties for those hoarding grain. In the Philippines, an Anti-Rice-Hoarding Task Force was put in place to seek out hoarders and punish them with life sentences for “economic sabotage” or “plunder.” Other countries relied on police or armed forces to monitor retail prices and enforce a system of fines.

Some governments opted for negotiations with the private sector to prevent price hikes. The Mexican government, for instance, made a pact with the National Confederation of Chamber of Industry for a price freeze on 150 basic-basket food products until the end of 2008. The government of Sierra Leone dealt with rice importers to ensure availability of rice at affordable prices. The government of Burkina Faso negotiated with importers and wholesalers and announced indicative prices for some basic staple foods such as sugar, oil, and rice.

## 1.2 Uneven Results of the Interventions

*“Very little is understood about the mechanisms and the magnitude of the effects of macroeconomic food policies such as food price policies on nutritional status.”*

—Torlesse et al<sup>9</sup>

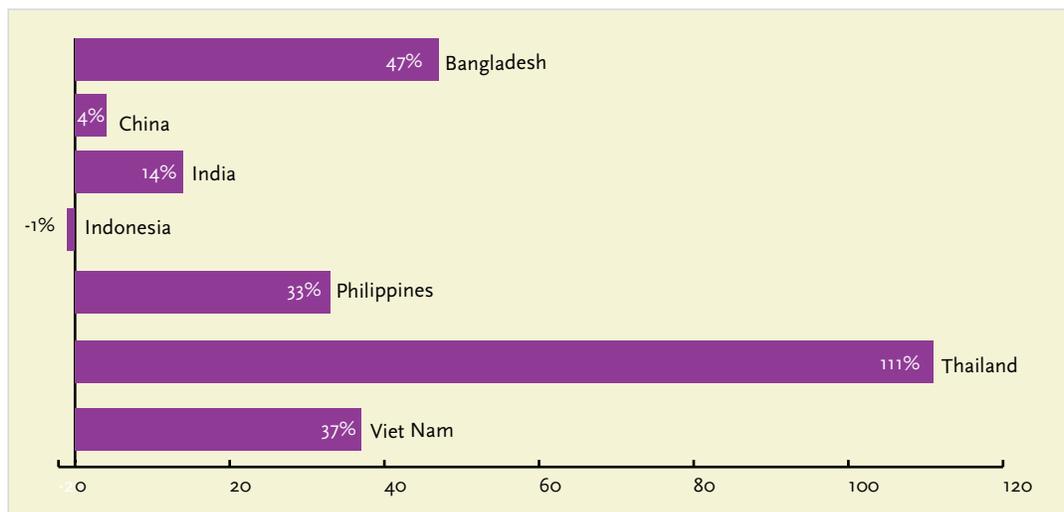
Rising food prices in global markets represented a serious threat for the majority of the world’s poor. However, it is domestic prices and not world prices that affect the food security and welfare of poor consumers. Countries that prevented inflation of domestic prices therefore reduced the effect of a global trend on people’s access to food.

Analysis by an FAO economist<sup>10</sup> shows that the price transmission from world to domestic markets varied from country to country in Asia. From the second quarter of 2007 to the second quarter of 2008, real domestic prices increased by more than 30 percent in Bangladesh, Philippines, Thailand, and Vietnam while others had much lower inflation: China (+4 percent), India (+14 percent) and Indonesia (-1 percent). (See Figure 1)

This analysis determined that the main factor behind this difference was the governments’ attitude towards trade, i.e. countries limiting exports and determining the volume of trade in order to preserve availability of food domestically. Thailand, which never banned exports during the crisis, saw the largest variation of prices at 132 percent in early 2008.

Research conducted by the Wageningen University in East

FIGURE 1: PERCENTAGE INCREASE IN REAL PRICES OF RICE, Q2 2007 TO Q2 2008<sup>11</sup>



Source: Dawe, D, FAO, 2010.

Africa reached the same conclusion. It showed that food prices decreased in Tanzania in 2008 while prices were increasing in neighbouring countries.<sup>12</sup> The main reasons were a combination of good harvest, import facilitation, and export bans.

Though Tanzania was under pressure to lift its export ban in order to ease the situation in Kenya, its action had some legitimacy. Policy measures taken in Tanzania maintained food security at a better level than its neighbour Kenya. Furthermore, public interventions in the food sector in Kenya were hampered by corruption and bad governance, which may have discouraged solidarity efforts from neighbours.

Other factors also helped limit price transmission for a number of countries, including low reliance on international trade<sup>14</sup> and availability of large public stocks, which reduced the likelihood of speculation and hoarding. A clear message from governments and sound policies also prevented speculation and panic among domestic farmers, traders, and consumers.

Moves to reduce taxes and tariffs had limited impact because tariffs are already generally very low in most countries. Besides, they resulted in net losses in fiscal

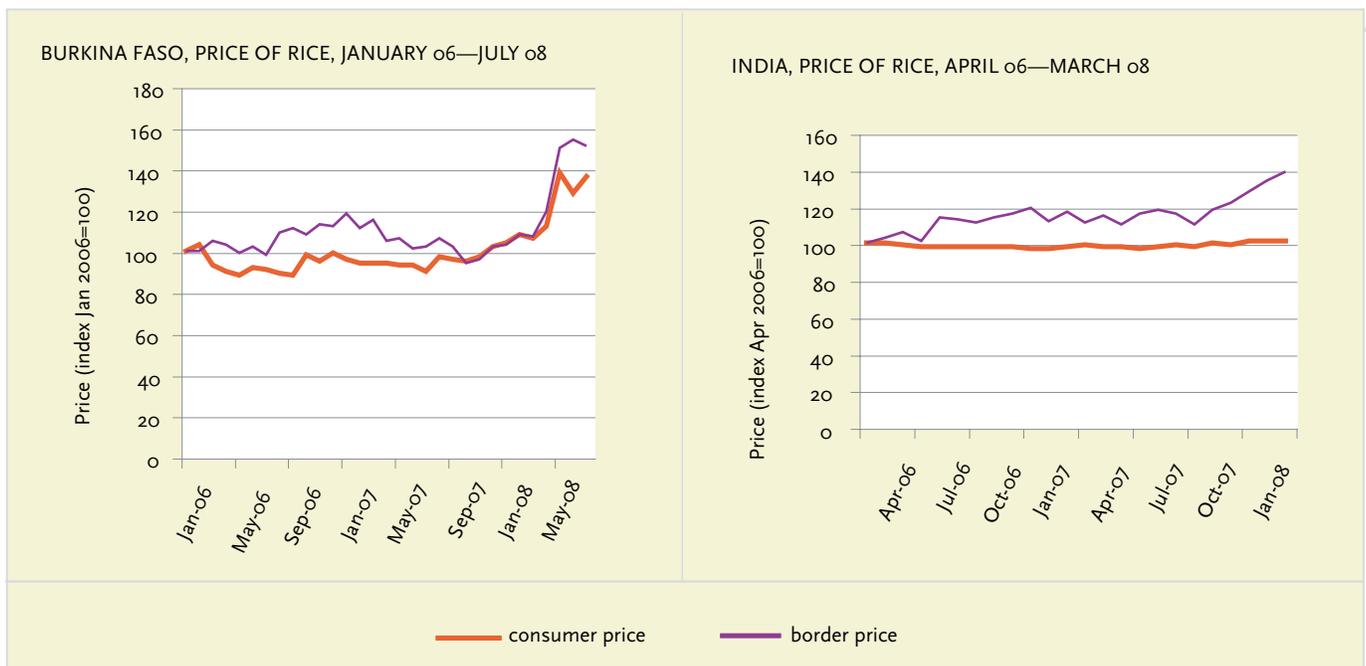
revenues for governments.

Overall, large and middle-income countries had more capacity to restrain transmission of global price shocks to domestic markets than poor countries. This is well illustrated in Figure 2, which compares real border prices and consumer prices for rice in Burkina Faso and India, with a strong transmission in the first but very limited in the second.

Price volatility in Burkina Faso is reflective of a common feature in many countries in Sub-Saharan Africa, where food prices have remained high and often higher than international prices after the 2008 peak.<sup>15</sup> Another common pattern is seasonal volatility, which has remained significant in many of these countries and constitutes a threat to the livelihoods of millions, regardless of the level of prices.<sup>16</sup>

In Sierra Leone, the government dealt directly with the government of India and importers to secure supplies and ensure that food was sold at below market prices. In doing so, it had some success in curbing inflation. However, this led some key importers to redirect cereal ships to neighbouring countries where prices were higher.

FIGURE 2: COMPARISON OF PRICE TRANSMISSION BETWEEN BURKINA FASO AND INDIA



Source: De Janvry, A., Sadoulet, E. UC Berkeley, 2009.

Export restrictions were much criticized by Bretton Woods Institutions and others,<sup>17</sup> and were held responsible for increased global inflation and tension in food markets, while creating disincentives for farmers. The effect of export restrictions on global inflation seems to be a valid concern, especially in the case of rice, which relies on a very thin international market (i.e. relatively low volumes are traded in international markets compared to wheat or maize). Despite a number of exceptions made in the form of bilateral agreements – for instance, India made special export deals with Bangladesh, Sierra Leone, and Ghana – export bans negatively impacted food importing countries that could no longer import from traditional suppliers. Pakistan’s restrictions affected Afghanistan,

Indian restrictions affected Bangladesh and Nepal, and Tanzania’s export ban affected Kenya. Nevertheless, export control measures appear to have constituted a fast and effective way to protect consumers by preventing high global food prices from impacting domestic prices.

Interestingly, the global food crisis appears to have been less “global” than generally thought. A number of countries were successful in preventing price transmission to domestic markets. This first line of defence against high food prices was easier for countries with resources, institutions, and public mechanisms in place to manage domestic availability of food.



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## II. MEETING PEOPLE'S FOOD NEEDS AMIDST HIGH FOOD PRICES

### II.1. Responses by Individuals, Governments, and International Organizations

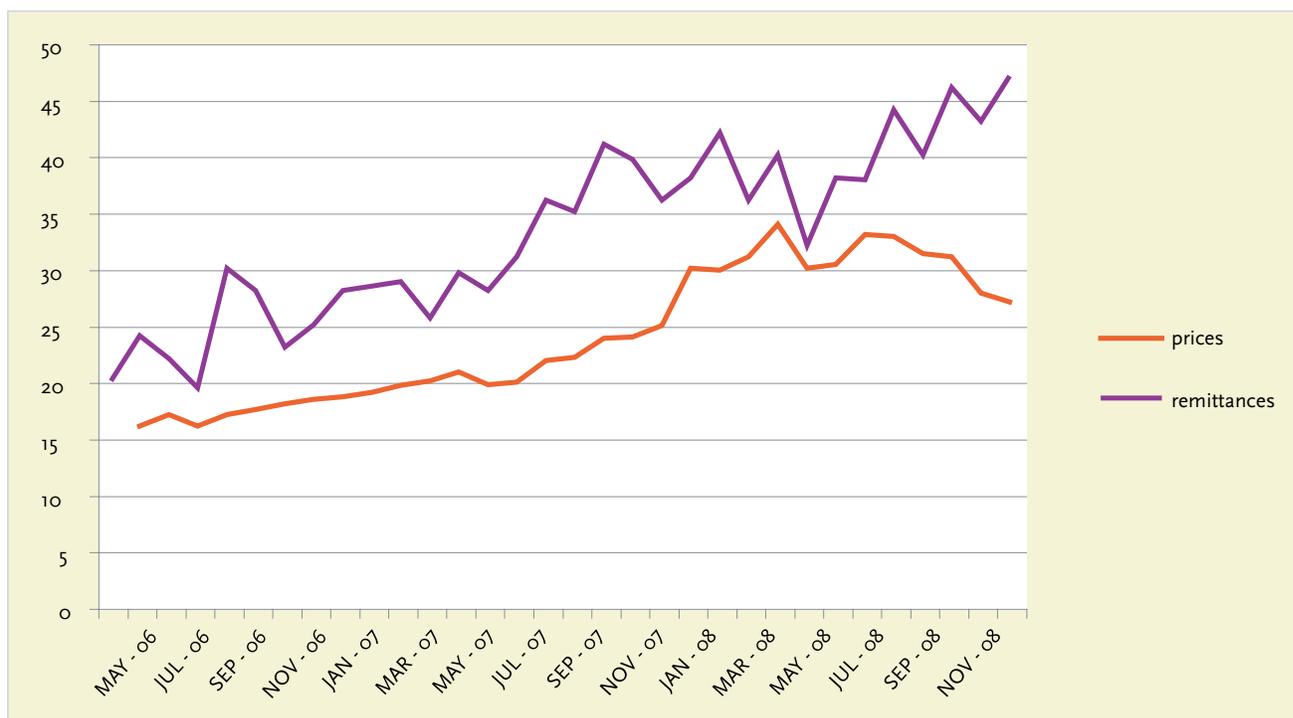
#### REMITTANCES AND KINSHIP

Recorded remittances sent from migrants to their country of origin totalled close to \$340 billion in 2008, a 40 percent increase compared to \$240 billion in 2007. The true size of remittances, including unrecorded flows, is believed to be even larger.<sup>18</sup> It is about three times the annual amount of Overseas Development Assistance (ODA) provided by rich countries to the developing world and constitutes the second largest source of external funding after Foreign Direct Investments. Not surprisingly then, remittances constituted a major buffer to the pressure on livelihoods and economies, resulting from the increase in food prices.

According to Oxfam, remittances increased by 30 percent in Nepal in 2008 and continued to increase in 2009. Figure 3 shows a similar evolution for Bangladesh. For Sub-Saharan Africa, remittances jumped from an estimated \$13 billion in 2006 to above \$20 billion in 2008, i.e., more than 50 percent increase in two years. The level of remittances slightly decreased in 2009, possibly as a consequence of the economic crisis; but at \$317 billion, it is still much higher than before 2008.

A number of studies also indicate that enlisting different forms of help, such as borrowing from relatives or neighbours or securing credit, was one of the most used mechanisms to cope with high food prices. For instance, a national survey in Cambodia found that along with cutting back on meals, people's main mechanism to cope with the high prices, used by 70 percent of the people, was to borrow food or money.<sup>19</sup>

FIGURE 3: REMITTANCES AND RICE PRICES BANGLADESH JUNE 2006—DECEMBER 2008



Source: Chhibber et al, UNDP Regional Centre for Asia and the Pacific, 2009.

## CASH AND FOOD TRANSFERS

The food crisis gave a boost to the establishment or reinforcement of safety nets to mitigate the effects of high food prices on the poor. FAO has recorded 23 countries where cash transfer programmes were created or extended, 19 with new or extended food assistance interventions, and 16 countries with measures aimed at increasing disposable income. A number of countries, such as Bangladesh, India, Brazil, Ethiopia, and Mexico already had cash or food transfer programmes. They scaled up the quantities provided or the level of payment to compensate for the high prices or expanded the coverage of the programme.

International support to safety net programmes was primarily in the form of grants and loans provided by international and regional financial institutions as well as a number of bilateral donors. These funds helped scale up existing interventions or put in place new ones. One of the programmes that received the most significant support from international donors was in Bangladesh, where food safety net spending increased by 24 percent in 2008 – from \$688 million to 854 million – while \$300 million was used to start a cash-for-work programme.<sup>20</sup> Bangladesh received support from the IMF (\$217 million), Asian Development Bank (\$170 million), and the World Bank (\$130 million). In the Philippines, the World Bank financed a social protection programme with a \$200 million loan. Kenya got a \$50 million loan for the same.

In some countries, the so-called safety net programmes that were put in place had limited coverage and were relatively symbolic. In Sierra Leone, for example, where nearly 4 million people live under the poverty line, only 5,300 youth participated in the \$4 million World Bank funded cash-for-work project, with an average of only one month of work in the whole year. In other cases, the population covered was higher. For instance, 14.5 percent of the Nicaraguan population was covered by the food subsidies programme in 2008 and some 173,000 households were covered by the Productive and Food Security Coupons, representing 39 percent of the families living below the poverty line.

## A RETURN OF FOOD SUBSIDIES

*In low-income contexts where “everybody is poor,” it is challenging to differentiate rigidly between chronic and transitory poverty.[...] Most developing countries face critical institutional and financial challenges that can only be met gradually and progressively. However, some actors advocate for an immediate institutionalization of social protection. Inadequate attention is often paid to competing priorities and trade-offs, bringing the risk of misinforming or misguiding decision makers.*

—Ugo Gentilini and Steven Were Omamo<sup>21</sup>

The 2008 food price crisis helped restore some level of confidence in food subsidies as a safety net instrument to provide food at affordable prices. The World Bank estimates

TABLE 1: FOOD BASED SAFETY NET PROGRAMS IN BANGLADESH (IN BILLION TAKA)

|   | 2007  | 2008  | % increase |
|---|-------|-------|------------|
| Subsidy for Open Market Sales (OMS)     | 18.49 | 26.75 | 44.7       |
| Vulnerable Group Development (VGD)      | 7.21  | 8.37  | 16         |
| Vulnerable Group Feeding (VGF)          | 8.55  | 7.08  | -17.2      |
| Test Relief (TR)-(FFW)                  | 4.11  | 6.31  | 53.6       |
| Gratuitous Relief (GR) for Food         | 1.74  | 2.01  | 15.8       |
| Food Assistance in CTG-Hill Tracts Area | 2.04  | 2.38  | 16.6       |
| Food For Work (FFW)                     | 5.03  | 5.84  | 16         |
| Total                                   | 47.17 | 58.74 | 24.5       |
| Total (in million \$)                   | 688   | 854   |            |

Source: Ministry of Finance and Planning, Government of Bangladesh, 2009.

that the OMS, the self-targeted subsidy programme in Bangladesh that was the primary form of safety net in the country (see table 2 below), was successful in reaching the relatively poorer and more severely affected segments of the population, particularly in urban areas.<sup>22</sup>

In 2008, the Haitian government decided to subsidize rice, since almost all Haitian households consume rice, rice expenditure as a percentage of income is much higher among the poorest Haitians, and the 76 percent of the population living on less than \$2 a day consumes roughly 70 percent of the rice. A World Bank study observed, “the subsidy is close to being distributionally neutral—that is, less sharply targeted than most safety net programmes—but less regressive than is usual for commodity subsidies. Moreover errors of exclusion are lower than would be expected from the employment generation, agricultural input and food assistance programmes, as these often do not reach the poorest households in Haiti.”<sup>23</sup>

The practical and political difficulties of targeting vulnerable households with cash or food transfers, as well as the practical challenges of putting in place such programmes, created a favourable situation for food subsidies, especially in countries where high poverty levels made targeting less relevant.

### A BOOST TO WFP FOOD AID PROGRAMMES

High food prices meant bad news for WFP on several fronts: more hungry people, more expensive food, and in-kind food aid likely to be less if donations were to follow historic trends (food aid donations commonly go down when food prices go up). To make things worse, high oil prices added to the cost of transport.

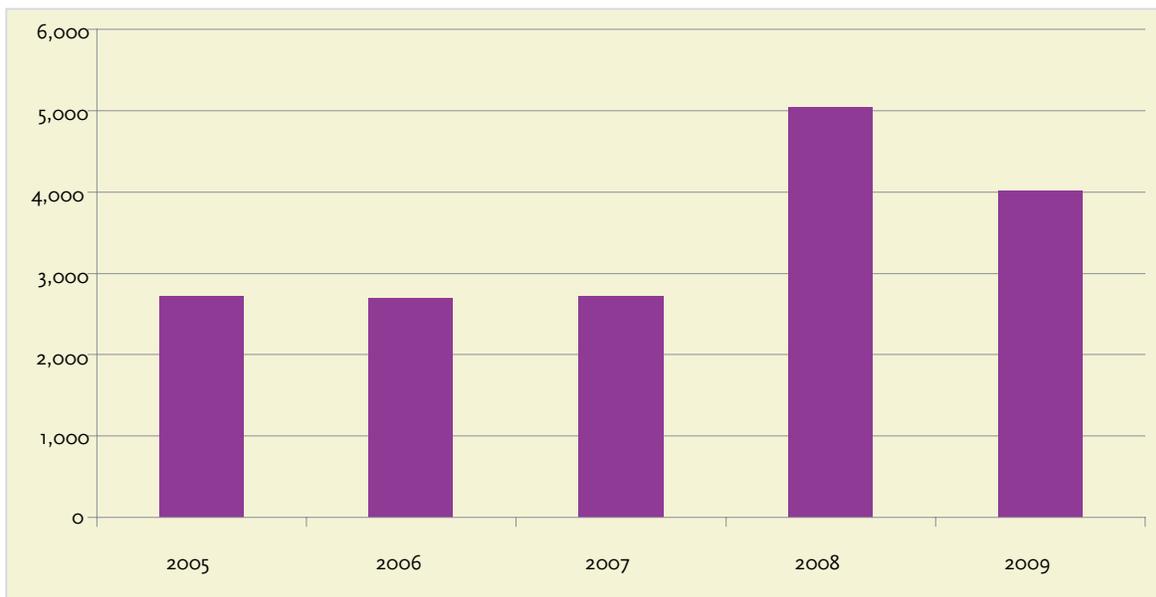
As a result, in 2008, WFP was confronted with a 35 percent increase in operational costs and had to find an additional \$755 million to maintain its assistance to some 70 million

TABLE 2 : KEY WFP FIGURES 2007-2008

|  | 2007 | 2008  | Diff. % |
|--|------|-------|---------|
| Budget (\$ billion)                    | 2.7  | 5     | 85      |
| # Beneficiaries (million)              | 86.1 | 102.1 | 19      |
| Tonnage (million metric tons)          | 3.3  | 3.9   | 18      |
| In-Kind Food Aid (million metric tons) | 1.2  | 1.1   | -8      |

Source: WFP 2009.

FIGURE 4: TOTAL CONTRIBUTIONS TO WFP (\$ MILLION) 2005-2009<sup>26</sup>



Source: WFP 2010.

people. It was eventually successful in fundraising this amount and even more (Table 2), enabling it to finance its biggest budget ever.

In 2008, WFP allocated funds to 30 countries to respond to new caseloads resulting from high food prices<sup>24</sup> and provided food assistance to 102 million people in 78 countries, an increase of 18 percent compared to 86 million people in 2007. The quantity of food distributed increased by the same proportion to 3.9 million tons in 2008. In terms of budget, the increase was historic – WFP’s budget nearly doubled between 2007 and 2008, to reach \$5 billion in 2008.

The change was also qualitative. WFP scaled up food assistance to fill gaps in existing social protection or livelihood programmes. At the end of 2009, WFP presented impressive records of cash and voucher interventions for the first year implemented at scale, with more than 1 million beneficiaries in 8 countries, the largest involving some 500,000 beneficiaries in Bangladesh.<sup>27</sup> While it used to rely mainly on in-kind food aid, WFP purchased a record 72 percent of its food in 2008—2.8 million tons compared to 2.1 in 2007—and 78 percent of the food was purchased in developing countries.<sup>28</sup>

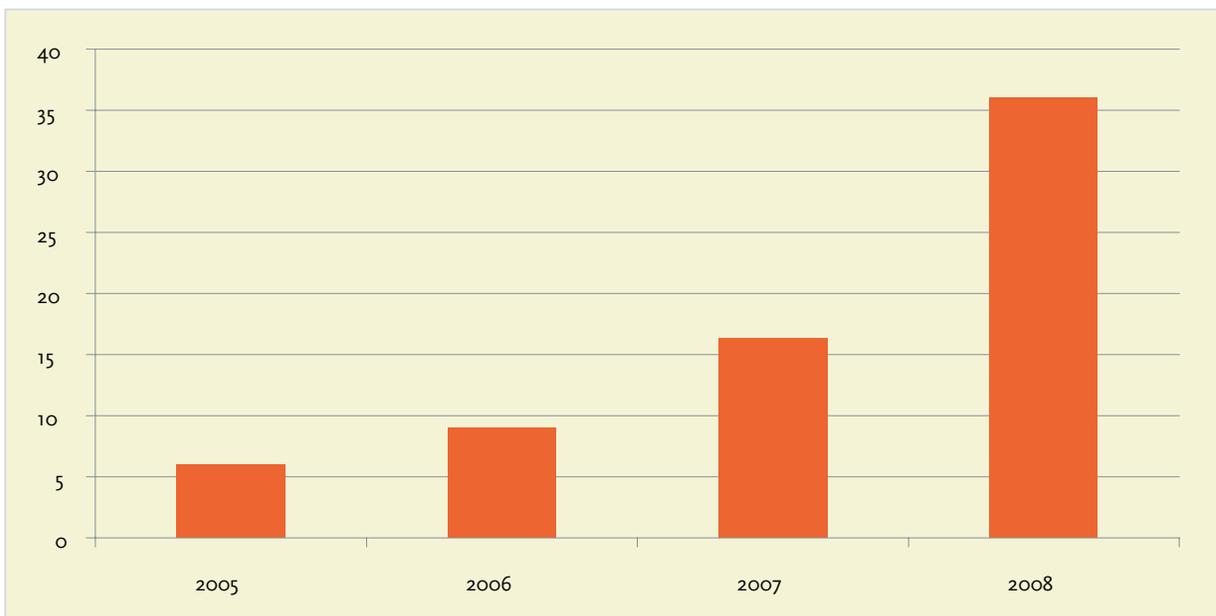
The Purchase for Progress (P4P) programme was launched in 2008, with a five-year pilot in 21 countries. P4P aims to develop procurement from smallholders in

the poorest countries, to connect them to markets, and ultimately improve their livelihoods through increased food production and income. The project has been linking up with other important initiatives aimed at supporting smallholders, such as the warehouse receipts being developed in East Africa as well as the commodity exchanges and provincial stores in Zambia.<sup>29</sup>

WFP is developing relationships with farmer organizations and looking for innovative ways of working, including around pricing (a challenge when international prices may be lower than local prices of smallholders). The P4P pilots can lead to a real revolution in the way aid is provided. The \$1.4 billion of food purchases in 2008 represents nearly one third of ODA to agriculture in recent years. However, even if bought in developing countries, food commodities were only marginally procured from smallholders in the poorest countries. If this changes, it could have a significant impact in terms of aid to these countries.

School feeding has increasingly come to be seen as a safety net in the past three years. It has thus become a significant form of intervention for international institutions and governments.<sup>30</sup> School feeding accounted for almost half of WFP’s beneficiaries in interventions initiated or expanded as a result of high food prices.<sup>31</sup> In 2008, one out of four beneficiaries of WFP food aid was receiving school meals.<sup>32</sup>

Figure 5: UNICEF Global Procurement of RUTF 2005-2008 (\$ million)<sup>39</sup>



Source: UNICEF 2009.

WFP's new Strategic Plan 2008-2011, approved at the peak of the price increase in June 2008, is meant to revolutionize WFP. Its adoption and swift implementation was without any doubt assisted by high food prices, which favoured several of the shifts it proposed:

- Local and regional purchases became cheaper options than before, which proved especially key at a time when high oil prices were also increasing transport costs.
- High food prices made food aid more expensive and difficult to procure and thus favoured alternatives to food aid, such as cash and vouchers.
- Several governments requested WFP's assistance to set up or strengthen public food reserves and safety nets.

### ENHANCED NUTRITION PROGRAMMES

The FAO estimated that by the end of 2008 high food prices had added 109 million to the ranks of the undernourished.<sup>33</sup> Research in Asia and Africa has confirmed the correlation between food prices and the level of child malnutrition.<sup>34</sup> One can thus conclude that high food prices did result in excess child malnutrition and mortality in countries where

mitigation and prevention measures were not timely or effective.

Nevertheless, the food price crisis marks a time of substantial increase in the number of malnourished children treated worldwide – from an estimated 260,000 in 2004 to some 1.8 million in 2008.<sup>35</sup> UNICEF reported a doubling of the use of Ready-to-Use Therapeutic Food (RUTF) between 2007 and 2008. The number and coverage of nutrition interventions have grown since 2005, thanks to the development of RUTF and community-based treatment for severe acute malnutrition.<sup>36</sup> This was also made possible by the advocacy efforts of a number of specialized NGOs and UN agencies following the 2005 food crisis in Sahel.

In Ethiopia, therapeutic feeding programmes increased significantly, with a total of 164,400 new admissions registered between January and October 2008. The number of therapeutic feeding sites rose from less than 200 to more than 1,200 in 2008.<sup>37</sup> UNICEF also reported tremendous progress in the capacity of the local health services to deal with malnutrition.<sup>38</sup>



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In the aftermath of the food price crisis, WFP, as well as the United Kingdom Department for International Development (DFID) and the European Commission (EC), have developed new policies or strategies on nutrition. In October 2009, the UN Secretary General created the position of the UN Special Representative for Food Security and Nutrition. The World Bank's lending for Health, Nutrition, and Population reached an unprecedented \$2.9 billion in 2009, a threefold increase over the previous year's commitments,<sup>40</sup> and at the end of 2009, the Bank also launched a Global Action Plan on nutrition, estimated at \$10 billion.

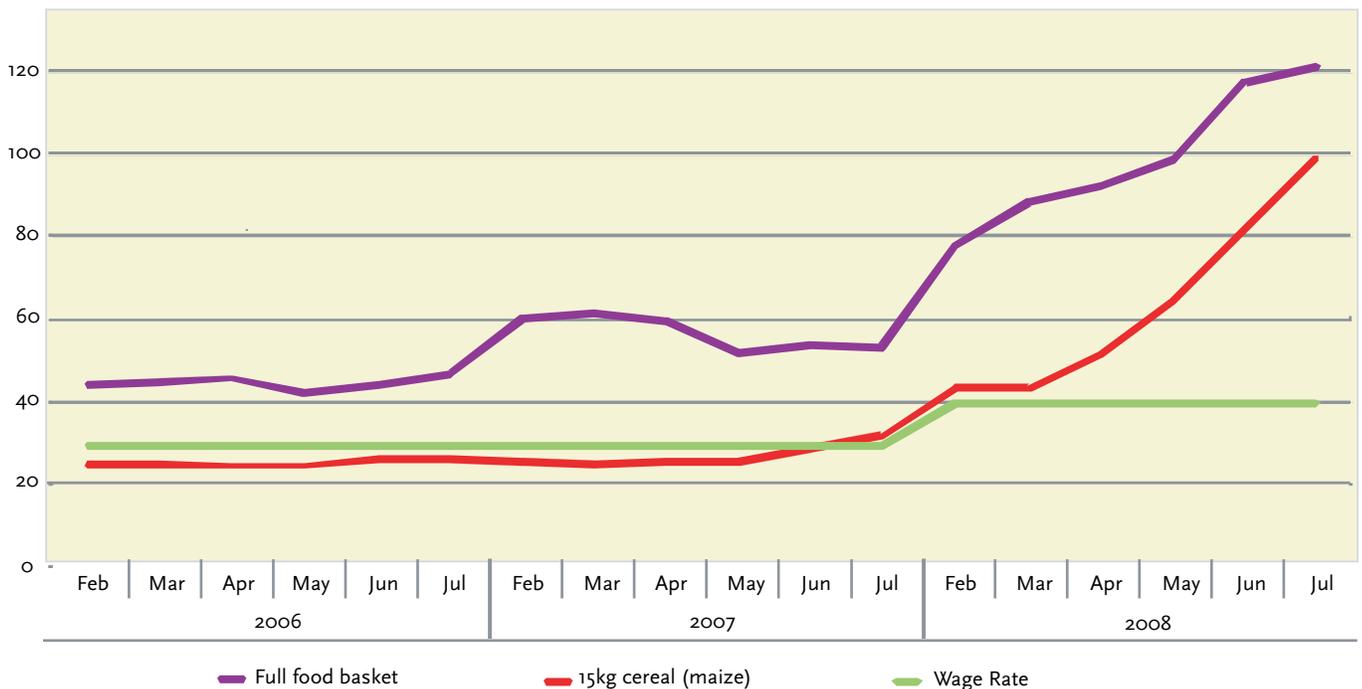
Despite the growing importance given to nutrition, even after the 2008 increase in programmes' coverage, it was estimated in 2009 that at most 9 percent of the 19 million severely malnourished children were getting the treatment they needed.<sup>41</sup> India alone is home to some 6 million children in this condition but only a small proportion receives proper treatment. The Indian Government has an extensive programme of support, the ICDS (Integrated Child Development Services), which has been criticized for its poor effectiveness, inequity, and coverage.<sup>42</sup> In 2008, twelve Indian states reported alarming levels of hunger, the situation was extremely acute in the state of

Madhya Pradesh, where excess mortality due to hunger was reported.<sup>43</sup>

UNICEF, which had started scaling up nutrition programmes in India in 2008, had to stop following disapproval of its programme by the local authorities.<sup>44</sup> Similarly, in Niger and Ethiopia, governments restricted nutrition interventions by NGOs. This is a matter of concern in countries where public intervention does not yet deliver a proper treatment of malnutrition.

A more collaborative relationship between the different actors could avoid such restrictions. This is the objective of the REACH initiative, a partnership for action against child undernutrition that was launched in 2008. Spearheaded by WFP, UNICEF, World Health Organization (WHO), and FAO, the initiative aims to intensify action through government-led partnerships between UN, civil society, and private sector by knowledge sharing, resource mobilisation, and advocacy for promoting a comprehensive approach against child malnutrition. A first national initiative showed promising initial results in Mauritania and is now being replicated in other countries in Sub-Saharan Africa.

FIGURE 6: RELATIVE VALUE OF DIFFERENT TRANSFER MODALITIES IN GUBALAFTO WOREDA, ETHIOPIA, 2006-2008<sup>49</sup>



Source: Save the Children UK, 2008.

## 11.2 A New Lens to Look at Food Interventions

### REMITTANCES AND THE SELF-HELP DIMENSION OF THE RESPONSE TO THE FOOD CRISIS

Despite a World Bank Development Report in 2006 focusing on the issue, remittances remain a marginal area of research and policy work. Valued at three times the amount of ODA, it has received little attention by international organizations that tend to focus on ODA and humanitarian assistance.

Recent initiatives show different possible ways to maximise the impact of remittances. Some NGOs for instance, are campaigning to cut profit margins, which can be as high as 20 to 30 percent in the lucrative industry devoted to money transfers, which generates more than \$15 billion in revenue.<sup>45</sup>

In its 2006 report, the World Bank observed that the “remittance fees are high, regressive, and non-transparent and reducing remittance fees will increase remittance flows to developing countries.” The World Bank study suggested that decreasing the cost of each transaction by as much as 33 percent will still produce profits for these companies.<sup>46</sup> In addition to direct action targeting companies like Western Union, a civil society group, Transnational Institute for Grassroots Research and Action (TIGRA), also advocates for a Community Reinvestment Fund that could function as an alternative economic resource to be used for grants, loans, and technical assistance to promote development initiatives.

Underlying remittances, the question of immigration is often ignored in humanitarian and development discussions. Yet, the socioeconomic conditions of migrants and the legal and fiscal arrangements in countries of immigration constitute important humanitarian issues. This was evident in the aftermath of the earthquake in Haiti, when intense debates took place in Canada and French islands of the Guadeloupe about allowing more migrants as a humanitarian measure.

### SAFETY NETS: THE END OF THE CASH-ONLY CREDO?

*“Rather than regulate food prices, poor countries should consider making targeted cash transfers to the poorest sections of the population, allowing them to buy basic foodstuffs.”*

—World Bank President Robert B. Zoellick, January 2008<sup>47</sup>

*“The Productive Safety Net Programme (PSNP) was developing well up to 2007. It went off track in 2008.”*  
—DFID official, June 2009

Prior to the increase in food prices, cash transfers were often a preferred form of safety net for a number of international actors. In early 2008 the momentum for cash transfers was growing worldwide, with a mounting recognition of its relevance and effectiveness, as well as the development of new technologies like electronic cards and cell phones, which eased implementation of programmes. Cash and vouchers were also included for the first time in the new WFP tool box as part of its Strategic Plan. High food and oil prices also helped in getting more support from donors and governments who saw the economic interest in providing cash instead of increasingly costly food aid. However, high food prices made cash less relevant and less effective to address hunger, with risks of aggravating inflation. High food prices have thus forced rethinking of a cash-only approach which may have sometimes been too simplistic.

Cash transfers can be very effective in addressing hunger, especially because of multiplier effects on the economy and stimulation of local food production and trade. However, programmes were not flexible enough to be adjusted to a situation of high food prices. Following the 2008 food price crisis, some have recommended that the amount of cash transfers should be indexed on inflation, and that safety net programmes should be well balanced between food and cash in order to provide the right form of aid at the right time. This did not happen in Ethiopia, where the PSNP continued in 2008 with cash transfers despite people’s demand for food after prices started to increase. The value of cash transfers was increased by 33 percent at the end of the year, but this was far from keeping up with the cost of the food basket, which had increased 300 percent. (Figure 6)

It is difficult to imagine large-scale programmes fully indexed on inflation, especially in the context of important seasonal fluctuations and resource constraints. As observed in a 2008 Save the Children UK study, “a one birr adjustment in wage rate results in a \$25 million increase in the cost of the PSNP per year. There are similar implications in providing a greater proportion of transfers in food. Therefore, any increase in the wage rate and in the proportion of food in the PSNP will exacerbate already existing funding deficits and undermine PSNP predictability in both the short and the long-term.”<sup>48</sup>

International donors provide about \$500 million a year to the PSNP. Adjusting the programme to a 200 percent increase in food prices would cost several hundred million dollars just to adequately cover those already benefiting from the programme, and obviously much more if the programme was to integrate new caseload resulting from high prices. Combining cash with food in safety net programmes and indexing cash transfers on inflation are valid options for sustaining the effectiveness of safety nets and protecting livelihoods against price fluctuations. However, they seem insufficient to deal with situations of high price volatility as seen in recent years. This makes it necessary to combine these options with some price stabilization measures, as well as stock mechanisms through which food can be procured early enough, when food is available and prices are low.

“A case of “maximum synergy” is one in which safety nets and food assistance programmes are supplied with local production: supplying safety nets with locally produced food whenever possible will lead to an expansion in market opportunities, farm output and employment, while providing food to those who need it.”

—IFAD, WFP, FAO, 2002

### **SAFETY NETS: AN INSTRUMENT OF POLICY REFORM**

A direct effect of the food price crisis has been for the World Bank and the IMF to slightly move away from their neoliberal orthodoxy. They have financed subsidy programs, public stocks, and certain forms of public intervention. However, they favour safety nets, and in particular cash transfers, as the priority option to respond to high food prices because it minimizes market distortion and public intervention.<sup>50</sup>

The food price crisis confirmed that for the Bretton Woods Institutions safety nets belong to a broader policy reform agenda. The World Bank’s social protection project in the Philippines supports the long-term food policy reform in the country, which would require the government to

abstain from trade distorting measures such as rice subsidies.<sup>51</sup> The project document is explicit about this programme’s role in supporting a policy shift away from the policy of self sufficiency in rice, which is consistent with the commitment made by the Philippines at the World Trade Organization (WTO) to lift quantitative restrictions on rice trade by 2012 and to privatize parastatals involved in rice trading.<sup>52</sup> In Bangladesh, the World Bank provided budget support to allow the government to expand safety nets and build up food stocks.<sup>53</sup> However, this aid was contingent on a reduction of energy and fertilizer subsidies by the government.<sup>54</sup>

The World Bank argues that food transfers are not as efficient as cash transfers because of leakages associated with procurement, storage, and distribution of grains. This justified its support to shifts from food-based to cash-based systems in South Asia.<sup>55</sup> But food transfers also often involve a significant level of public intervention in agriculture, though price support, public procurement, and public storage, as seen in Indonesia or Bangladesh. This is not the case for cash transfers, which are expected to stimulate the market.

The HLTF’s Progress Report published in November 2009 describes two tracks to support food and agriculture, one that requires investment in public institutions for social protection and the other focused on investment in agriculture, that is, not in institutions that would help farmers directly.<sup>56</sup>

Confining public intervention to safety nets and leaving investment in agriculture to the private sector is not going to address the root causes of the food price crisis. Public interventions are needed to guide investment and establish more equitable and sustainable food and farming systems. Instead of separating social protection and agricultural growth as two distinct tracks, the twin-track approach should seek synergies between the two and allow them to be better integrated. As seen earlier, preventing price increase in the first place is crucial.

### **INTEGRATING SOCIAL PROTECTION AND SUPPORT TO FOOD PRODUCTION**

In recent years, the development of safety nets has often been confined to the establishment of cash or food transfer programmes targeting vulnerable groups. Yet broader models have been in place for years, with apparent success in countries where social protection was developed



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through a comprehensive approach to food security. In Brazil, family farmers benefit from credit, insurance schemes, technical assistance, and a food procurement programme that buys food from them for redistribution to the poor along with cash transfer programmes.<sup>57</sup>

Public distribution systems, used in response to the crisis in India, Bangladesh, or Indonesia, are primarily supplied by purchases from farmers. The system thus provides farmers with a minimum price for their crops, and therefore some insurance over their investment in production. Thus, these programs can stabilize prices, support farmers' incomes, and provide food for the public distribution system. However, public procurement and constitution of stocks needs to be carried out in normal times in order to prevent speculation and additional pressure on food markets. Food subsidies seem to have advantages that have been overlooked in the past, under the assumption that targeted transfers would be more cost-effective. Arguments used against them, such as concerns around high cost and phase out difficulty, are valid, but are also true for cash or food transfers. For instance, there is no expectation of phasing out Ethiopia's costly PSNP any time soon. Food or cash transfers can sometimes be more targeted,

but can also bear higher transaction costs given the means needed for effective targeting and distribution. Subsidies certainly deserve reconsideration, especially in countries affected by high poverty levels. Attention must also be given to systems like those in Bangladesh where the design of the programme allows some level of self-targeting, through less preferred food or packaging or the location of the sales points, which tends to exclude the better-off people from the programme.

Though it can be argued that subsidies and public procurement systems crowd out public spending, the cost effectiveness of these responses is difficult to evaluate given their multiple objectives. Furthermore, the difference between countries such as India or Brazil and other poorer and smaller countries, such as most of Sub-Saharan Africa, is not just a matter of resources and capacity. Programmes like the PSNP in Ethiopia are an illustration of the sort of undertaking that is possible in Africa when the vision and the political will are present.

However, integrating social protection and support to food production is a model that does not fit well with the neoliberal orthodoxy that has framed development



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policies for the past thirty years. High food prices have shaken the Washington Consensus but the promotion of safety nets is still part of a policy reform agenda that remains unchanged.

### REVISITING SAFETY NETS AND SOCIAL PROTECTION

High food prices enhanced the development of safety nets as a policy response to hunger. It is positive to see safety net systems replacing the systematic resort to food aid from rich countries, as seen with many food crises in the past. This evolution also represents progress in terms of growing recognition that everyone should be entitled to some form of assistance to help meet basic needs.

Scaling up safety nets in response to high prices was problematic, due to practical, political, or financial constraints. The first international UN appeal came from Afghanistan in January 2008, a country with very little capacity and almost no effective safety net in place.

In Ethiopia, the March 2008 humanitarian appeal did not refer to high food prices and was only intended to complement the Productive Safety Net Programme with relatively modest interventions. It was only four months later, in July, that a fresh appeal referred to the combination of drought and high food prices to justify a 500 percent increase in humanitarian needs. In Bangladesh, 25 percent additional spending on safety nets was still insufficient to match the 48 percent increase in rice prices.

This suggests that the pre-existence of a safety net was not necessarily the guarantee of a buffer to respond to an event like this. What mattered more was the flexibility and ability of pre-existing mechanisms to be scaled up. Fiscal and trade measures as well as subsidies were generally much faster to implement, with a lower transaction cost.

This Report shows that deep policy divides and differences of agenda are hiding behind the unifying concept of social protection. A broad definition of social protection should include a range of measures taken to protect people and their livelihoods. Yet in recent years the concept of social protection has been very often confined to safety nets and cash transfers in particular.

Social protection implies the notion of right to be protected and the responsibility of the State to fulfil this right. This is not the case for safety nets. For some, safety nets, and in particular cash transfers, are part of a policy reform agenda that promotes further liberalization of food and agriculture, although this can hardly be seen as a solution to market volatility and hunger.

This is a matter of concern because, at the end of the day, the right to cash is not the right to food. Millions worldwide may not be able to meet their basic needs if they receive cash-based assistance with no mechanism in place to limit inflation. The case made for cash versus food aid often refers to the dignity and autonomy of choice for the beneficiaries. This concern is valid as long as cash can buy enough food. However, narrowing social protection to transfer of resources – cash or food – confines social protection to handouts, which does not necessarily give people more power or dignity. Overseas Development Institute (ODI) research conducted in 2008 in Ethiopia pointed out that food aid was the least preferred intervention for pastoralists, who, instead of handouts, called for measures to limit the volatility of food prices.<sup>58</sup> Cash transfers constitute a potentially powerful instrument to fight hunger but flexibility is paramount to

allow combining them with other forms of interventions determined appropriate by market conditions.

### CHANGES ON THE FOOD AID FRONT

In the past, international food aid has sometimes been part of the problem, when it undermined local production and favoured dependency on food imports. However, it has experienced some positive evolutions recently. WFP's new Strategic Plan is a good illustration of more responsible aid, which tackles immediate needs while seeking durable solutions to hunger. WFP has broadened its tool box beyond the provision of food aid to incorporate cash and vouchers, and is working to increase its local procurement

from smallholders in the poorest countries. In addition, it is working with governments to put in place sustainable systems that can prevent price fluctuations and enhance local capacity to respond.

However, WFP faces a number of practical and policy challenges that it may not be able to tackle alone in the implementation of the new plan. This is the case, for instance, in the P4P initiative. It is unclear how far WFP can go and what donors can accept in terms of pricing policy and preferential purchases from small and marginal farmers given local procurement can sometimes be more costly than imports.



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Also, some donors have insisted in the past on the emergency focus of the programme. Current engagement of WFP in building capacity of governments and local systems goes beyond this emergency focus, though it is about preventing crises and reducing the need for emergency interventions.

The shift in WFP approach was favoured by changes in the USA, the main in-kind donor, where attempts have been made recently to reform the food aid system and develop local procurement.<sup>59</sup> Other major changes in food aid practices have been pushed by NGOs through their advocacy work and internal strategic choices. Care International, for instance, decided to transition out of monetization of food aid by the end of 2009.<sup>60</sup>

School feeding, in addition to promoting school attendance, has advantages in terms of management and targeting, which made it an easy-to-use instrument to scale up interventions at short notice in 2008. However, the programme's effectiveness to tackle hunger and malnutrition remains in question because it does not concern children under two years of age, the group that is the most at risk of mortality due to malnutrition. Besides, the hungriest and most undernourished children are generally not in school. Some NGOs have thus expressed their concern over the prominence given to school feeding programmes in WFP's new strategy.<sup>61</sup>

### **WANTED: A COMPREHENSIVE APPROACH TO FOOD SECURITY AND NUTRITION**

*"The remit of nutrition tends to be narrowly defined, and confined to three dimensions: reduction of micronutrient deficiencies, improvement of infants and young children feeding practices and treatment of acute malnutrition."*

—Claire Chastre, 2009<sup>62</sup>

The growing coverage of nutrition programmes is likely to reduce child mortality as well as the incidence of malnutrition related diseases. Thus, nutrition experts advocate for scaling up nutrition interventions centred on the "feeding" aspect. For instance, the Lancet Series in 2008 noted that "breastfeeding promotion, appropriate complementary feeding, supplementation with vitamin A and zinc, and appropriate management of severe acute malnutrition showed the most promise for reducing child deaths and future disease burden related to undernutrition."

However, this growth is constrained by a number of factors, such as the cost of treatment and people's limited access to adequate health services in many developing countries. Furthermore, this is seen as too narrow an approach by others, who argue that the fight against child malnutrition must be more comprehensive if it is to be sustainable and successful. As put by a FAO staff member in West Africa, "most of the research is on therapeutic food, vitamin A, and other pills, while very little focus is placed on the relationship of nutrition with livelihoods, food production, or trade. Therapeutic products are important but insufficient to deal with malnutrition." Nutrition does not appear to guide agricultural policies and programmes. Yet agricultural diversification and promotion of nutritious crops such as the orange-fleshed sweet potato, which provides important micronutrients and vitamin A, have an untapped potential to reduce child mortality and malnutrition.<sup>63</sup> As observed by Chastre, "nutrition objectives do not appear clearly or remain of little ambition" in rural development strategies.<sup>64</sup>

Different factors tend to keep nutrition in the sole hands of nutritionists. Policymakers and representatives from social movements and farmer organizations may show little interest in the field of nutrition, which is sometimes seen as an imported issue that intends to bring in imported products and practices, and serves the interests of some specialized agencies. On the other hand, specialized international organizations tend to focus on the technical aspects of prevention and treatment of malnutrition, and give little attention to questions of inequitable distribution of resources or inadequate agricultural policies.

While the lack of financial resources is often cited as a reason for slow progress in reduction of malnutrition, more attention could be given to using existing resources more wisely in order to alleviate malnutrition. This could mean, for instance, when programming rural development and agricultural investment and services, giving priority to areas and populations that may have a lower potential in terms of economic growth but higher malnutrition records. Therefore, the REACH initiative seems relevant as it develops a more integrated approach to nutrition, bringing together all of the relevant sectors and actors in this field.

### III. SUPPORT TO AGRICULTURE

#### III.1 A Wide Range of Interventions in Support of Food Production

When food prices went up, many policymakers realized the importance of increasing food production either as a way of taking advantage of the good market prospects, to increase sales and exports, or to decrease dependency on unaffordable and uncertain food imports. A number of countries like Senegal and the Philippines went further and declared self-sufficiency in rice as a medium-term policy objective. Thus, the nature and the amplitude of responses in support of boosting food production varied between countries, depending on available resources, external support received, as well as policy objectives.

Import facilitation can ease food consumption but it can potentially have detrimental effects on local production and may reduce local farmers' sales and incomes. For food importing countries, support for domestic production was therefore important to counterbalance the effects of short-term measures that favoured food imports. Incentives to produce food were also important in countries where export restrictions could have discouraged farmers' investments.

Measures taken to support food production included a variety of interventions, such as:

- Tax waivers, vouchers, subsidies, or distributions of agricultural inputs
- Tax waivers or subsidies on fuel for irrigation
- Price support to producers (guarantee of minimum prices)
- Public procurement for food distribution, subsidized sales, and national stocks
- Support to credit and insurance, cancellation of farmers' debts
- Support to value chain management and market information
- Support to irrigation and storage infrastructures

With its Initiative on Soaring Food Prices (ISFP), FAO was the first institution to launch a specific response to the food crisis in December 2007. The ISFP presented a brief plan of action at an estimated cost of \$1.7 billion.<sup>65</sup> The ISFP was established to assist countries put in place measures for boosting the supply response and to provide policy support to affected countries. By March 2009, its budget was about \$107 million. IFAD allocated \$200 million to support agricultural production by poor farmers. In 2008, its eighth replenishment for loans and grants to rural development saw an unprecedented increase in resources of \$1.2 billion.

The most-used policy response in agriculture was the provision of agricultural inputs. The provisional estimate for Africa's short-term needs, made by the Comprehensive Africa Agriculture Development Programme (CAADP) in May 2008, was \$1.29 billion, including \$112 million for seeds and \$749 million – nearly 60 percent of the total – for fertilizers.<sup>66</sup> Through the ISFP, FAO distributed agricultural inputs to some 370,000 smallholders in more than 80 countries. Out of 40 countries assisted under its Global Food Crisis Response Program (GFRP), the World Bank assisted 20 with the provision of agricultural inputs. For several of them, such as Ethiopia, Benin, Niger, Rwanda, and Nicaragua, inputs represented 90 to 100 percent of the funding.<sup>67</sup> A few programmes supported irrigation and extension services. All international efforts were concentrated in the poorest countries. In sharp contrast with other institutions, which supported poor countries, the International Finance Corporation (IFC) of the World Bank invested more than \$1.4 billion in 2008 to support agribusinesses in middle income countries, including Argentina, Brazil, Uruguay, Russia, Ukraine, and Kazakhstan.<sup>68</sup>

Other measures were of importance in individual countries. For instance, the impressive move by the Indian government to cancel the entire debt of the country's small farmers in a giant scheme was announced in February 2008, and is estimated to have cost about \$15 billion.<sup>69</sup>

## Box 1: Bangladesh: Integrating Safety Net, Price Regulation, and Support to Food Production (adapted from World Bank Bangladesh)<sup>70</sup>

The government scaled up its safety net programmes to support direct food transfers/subsidies. Resources for seven such programmes were increased by 25 percent from \$688 million in 2007 to \$854 million in 2008. The government also announced a new cash transfer scheme in 2009. Designed in response to the food crisis, the scheme is the largest single safety net programme in the country with an initial allocation of \$300 million.

Actions taken to ensure adequate availability of food grains included efforts to improve farmers' access to fertilizers through expansion of the fertilizer distribution network and increase in the procurement price of rice. The higher procurement price contributed significantly to the bumper *Boro* harvest, as farmers took this as a big incentive and increased their production. Finally, the Government upwardly revised the targeted size of public food stock to 1.5 million tons from its previous year's target of 1 million tons.

These actions, at least in the short-run, were critical to ensure that (a) there is enough food in the country to feed the population during a crisis when import channels may be temporarily blocked; (b) the food stock is large enough to influence, if necessary, the open market price while able to sell food to the poor and low-income groups at subsidized prices.

In India and Bangladesh, the governments supported farmers by procuring rice at a higher price and providing subsidies to poor and marginal farmers to mitigate higher costs of production for irrigation and fertilizer. In Bangladesh, the government's commitment was well illustrated by the diversity of measures adopted, including power cuts in cities to provide more electricity to farmers' water pumps. (Box 1)

In the course of the response, following a strong focus on chemical fertilizers, some governments started to shift their support to more sustainable forms of agriculture. For instance, the government of the Philippines decided to stop its fertilizer subsidy programme in 2009 in order to encourage the use of organic fertilizers. It has adopted the *balanced fertilization approach*, which is based on the use of a combination of chemical and organic fertilizers. The government is also promoting the System of Rice Intensification (SRI) to enable small farmers increase their yields while reducing their use of chemical fertilizer and other external inputs.<sup>71</sup> In Bangladesh, the first of four new large-scale waste composting plants opened in south-east of Dhaka in November 2008, with some €12 million of international investment.<sup>72</sup>

### III.2 Questions Raised By the Responses

#### WHO BENEFITED FROM AGRICULTURAL SUPPORT?

In June 2009 the FAO reported an overall effective supply response to high food prices: "with the new 2009-2010

marketing season commencing, prospects continue to be positive as world cereal production is expected to be the second largest, after last year's record."<sup>73</sup> However, it also observed that large commercial farmers in developed countries, as well as those in most food exporting countries, benefited more from high food prices. According to the FAO, cereal production in developed countries increased by 11 percent between 2007 and 2008, while production in developing countries increased only by 2.6 percent.<sup>74</sup>

The effectiveness of individual measures to support food production is difficult to estimate because they were generally taken as part of a package combining different interventions. Furthermore, beyond public interventions, high prices obviously encouraged farmers to grow more food to benefit from the situation. It is also difficult to evaluate beyond macro records which farmers actually benefited from various interventions that were implemented in individual countries.

Certain developing countries could take advantage of high cereal prices. For instance, Uganda was less adversely affected and responded by boosting production of crops for which prices were high and demand was increasing in neighbouring countries. It benefited from several factors: it was less dependent on food imports; specialised in maize as a cash crop rather than as a staple food crop; people relied on a more diversified diet; and national food production was more diversified than the average African country.

Despite international commitments in favour of small farmers, many reports indicate that programmes

supporting food production have generally targeted farmers seen as better off and more productive. For instance, in Ethiopia, which has been the largest recipient of World Bank's GFRP programme, the use of imported fertilizers was concentrated in areas considered to be more productive and more accessible.<sup>75</sup>

In Benin, in order "to ensure production," the majority of beneficiary farmers were big producers who grow more than two hectares (60 percent).<sup>76</sup> Similarly, the World Bank-funded fertilizer programme in Niger targeted producers of irrigated rice.<sup>77</sup>

In some cases, guaranteeing purchase prices for food commodities was disproportionately supportive of better-off farmers. For instance, in Kenya, less than 2 percent of producers account for 50 percent of the marketed

maize production, and their average maize sales income is 20 times more than that of the bottom 70 percent of households. A World Bank study observed that price support measures were mainly driven by the objective to safeguard the interests of large farmers, without due consideration of the impacts on consumers and the poor.<sup>78</sup>

#### **QUESTIONABLE FOCUS ON AGRICULTURAL INPUTS**

*"During the peak of the food crisis, very high priority was given to the provision of basic inputs for agricultural production, particularly seeds and fertilizers [...] Practically all the [Interagency Assessments] IAAs confirm this priority."*

—FAO, 2009



The strong focus of the response on the provision of fertilizers has been questioned by a number of observers. In Ethiopia for instance, the supply of fertilizers was not coordinated with humanitarian agencies. In June 2009, WFP warned that essential food aid could not be imported because of the government's decision to prioritize fertilizer imports before food aid at the crowded Djibouti port.<sup>79</sup>

Besides, massive imports of fertilizers have not been matched with parallel investment in improved seeds and seeds systems. Agricultural experts in Ethiopia argue that the weakness of the seed sector (only 3 percent of the seeds used in Ethiopia are improved seeds) should have encouraged part of the spending on seeds, both for the short-term supply and for the development of the seed sector (e.g. for developing local capacity for multiplication and trade). FAO followed this different approach in certain countries, such as Niger, where it worked at developing seed multiplication of improved varieties of local crops such as millet and sorghum. Following this approach elsewhere would have resulted in a stronger and more sustainable impact than just fertilizers.<sup>80</sup> This argument resonates even more when one considers that a substantial part of the response took place *after* the peak in food and fertilizer prices and in several instances input programmes diverted development money that was earmarked for rural development and construction of infrastructure.<sup>81</sup>

The strong focus on chemical fertilizers also raises questions about which agricultural practices are being supported in the context of climate change. For a number of experts, adaptation to challenges posed by climate change requires an evolution towards sustainable agricultural practices. An Oxfam report, for instance, observed in November 2009 that "farmer adoption of agro-ecological practices is constrained by various barriers coupled with policy frameworks that emphasise external input-based strategies and largely neglect sustainable agriculture."<sup>82</sup> In Malawi, more than half of the Ministry of Agriculture's budget goes to input subsidies. This seems unsustainable because the country needs resources to develop effective alternatives to the monocropping of maize, which will not happen if most of the spending focuses on inputs for the next season.

### **UNEVEN SUPPORT TO MARKETING**

The reduction of investment in agriculture in the past thirty years has also taken the form of withdrawal of institutions and mechanisms, such as marketing boards, which helped

with commercialization and prevented price volatility. This partly explains why efforts to boost production were not necessarily backed by measures to ensure adequate commercialization of the extra production.

In a number of countries, farmers expressed concerns that a short-term boost in inputs consumption was only relevant and sustainable if this was to be combined with the necessary development of output markets and regional trade that could absorb the increased production. Price support measures were seen as essential to allow farmers to benefit from increased production.<sup>83</sup>

ODI research in Bangladesh shows that the combination of different measures, including an attractive purchase price, paid good dividends. Furthermore, apart from a few exceptions such as Uganda, which specifically increased maize production to export to neighbouring countries, investment to support domestic production was often combined with protectionist measures aimed at preventing the food produced from moving across the borders. This has been problematic in regions such as West and East Africa where cross border trade is very important and where informal trade is difficult to prevent, which ends up as a loss on import and export revenues for all countries.

It is remarkable that successful measures taken in 2008 to keep prices low in Indonesia followed the opposite interventions of two years ago. The government was thus able to keep domestic prices 20 to 50 percent above world prices for 2006 and 2007 by restricting imports.<sup>84</sup> According to research by Cummings et al. in 2006, these grain price stabilization policies played an important role in several Asian countries in terms of protecting farmers' income and favouring their investments through the elimination of the risk of price fluctuation.<sup>85</sup>

### **WHAT MODEL OF FOOD PRODUCTION?**

Only a few people will remember 2008 as the FAO's International Year of the Potato (IYP), which was launched to raise awareness about the great potential of potato, tubers, and agricultural diversification in the fight against hunger.<sup>86</sup> Crop diversification and sustainable intensification of small farming systems are among the key solutions to make a lasting improvement in the livelihoods of the world's poorest farmers. However, in its focus to boost cereal production, FAO failed to link its response to the food crisis to this solution.

The primary focus of the response to high food prices has been to increase the production of main cereal crops. Priority appears to have gone to conventional agriculture in particular through the provision of imported seeds and fertilizers as well as support for irrigation. This has been particularly the case of FAO's ISFP and World Bank's GRFP funded projects.

A number of countries combined agricultural inputs interventions with credit, insurance, pricing, and stocks policies. Bangladesh sought synergies between different instruments: food and cash-based safety nets, price regulation, support to food production through inputs, and public procurement of food production at a guaranteed price. This was viewed as a success by several observers.<sup>87</sup> Other countries did not or could not put in place comprehensive approaches, which limited the impact of interventions.

Overall, few responses prioritized changes needed for durable solutions such as investments in the value chain and local capacities of production of seeds and fertilizers. Only a few countries reported increased investments towards sustainable methods of production. The rationale was to urgently help with the provision of agricultural inputs at a time when they were expensive, in order to boost production, and reduce the import bill. However, past the peak in food and fertilizer prices, focus could have shifted to support ways to make these changes sustainable.

#### **LAND DISTRIBUTION: A FORGOTTEN YET CENTRAL ISSUE**

One effect of high food prices has been the lease or purchase of vast tracts of land from poor, developing countries by wealthier nations and private investors. Today it has become a widespread phenomenon, with foreign interests seeking or securing between 37 million and 49 million acres of farmland between 2006 and the middle

of 2009.<sup>88</sup> This constitutes a serious concern for future food security in countries already affected by hunger, like Ethiopia and Mali.

While a number of farmer movements and NGOs have rightly started engaging in this question, the broader land reform and land redistribution issues were missing in policy discussions that took place between 2007 and 2009. The Comprehensive Framework for Action (CFA) noted that the need to secure access to land rights for communities or individuals, particularly marginalized groups (e.g. indigenous people and women) was critical for long-term sustainability and growth.<sup>89</sup> Yet, no action appears to have been taken to this end, except by those challenging the land grabs.

In many countries, the inequity in land distribution remains one of the main reasons for millions of small farmers working on small plots of poorly fertile rain-fed land, which can hardly feed their family even with improved access to inputs and technology. In May 2008, Senegal's main farmers' organisation, the National Rural Exchange and Cooperation Council (CNCR) responded to the Government's offensive on the food crisis with a demand for the government to respect its previous commitments toward land reform.<sup>90</sup> In the Philippines, the land redistribution programme that started in 1987 is reported to have largely failed to meet its objectives.<sup>91</sup> Yet land redistribution is seen as essential to reduce rural poverty in a country where 10 percent of the population owns 90 percent of the agricultural land.

With a few notable exceptions like Action Aid, international NGOs have not taken up the issue of land rights. Neglecting the question of access and control over land is a serious failure of policymakers and development experts: discussions on agricultural technologies, productivity, adaptation to climate change and resilience are often irrelevant if no solution is found to secure more and better land for small farmers.

# IV. INTERNATIONAL COOPERATION

*“It is a time of extraordinary change. Things are moving fast, groups of governments are being involved in different ways. CSOs, INGOs but also social movements, have also become more important and have a key role to play. It is a time we need to display imagination, to be transparent and coherent.”*

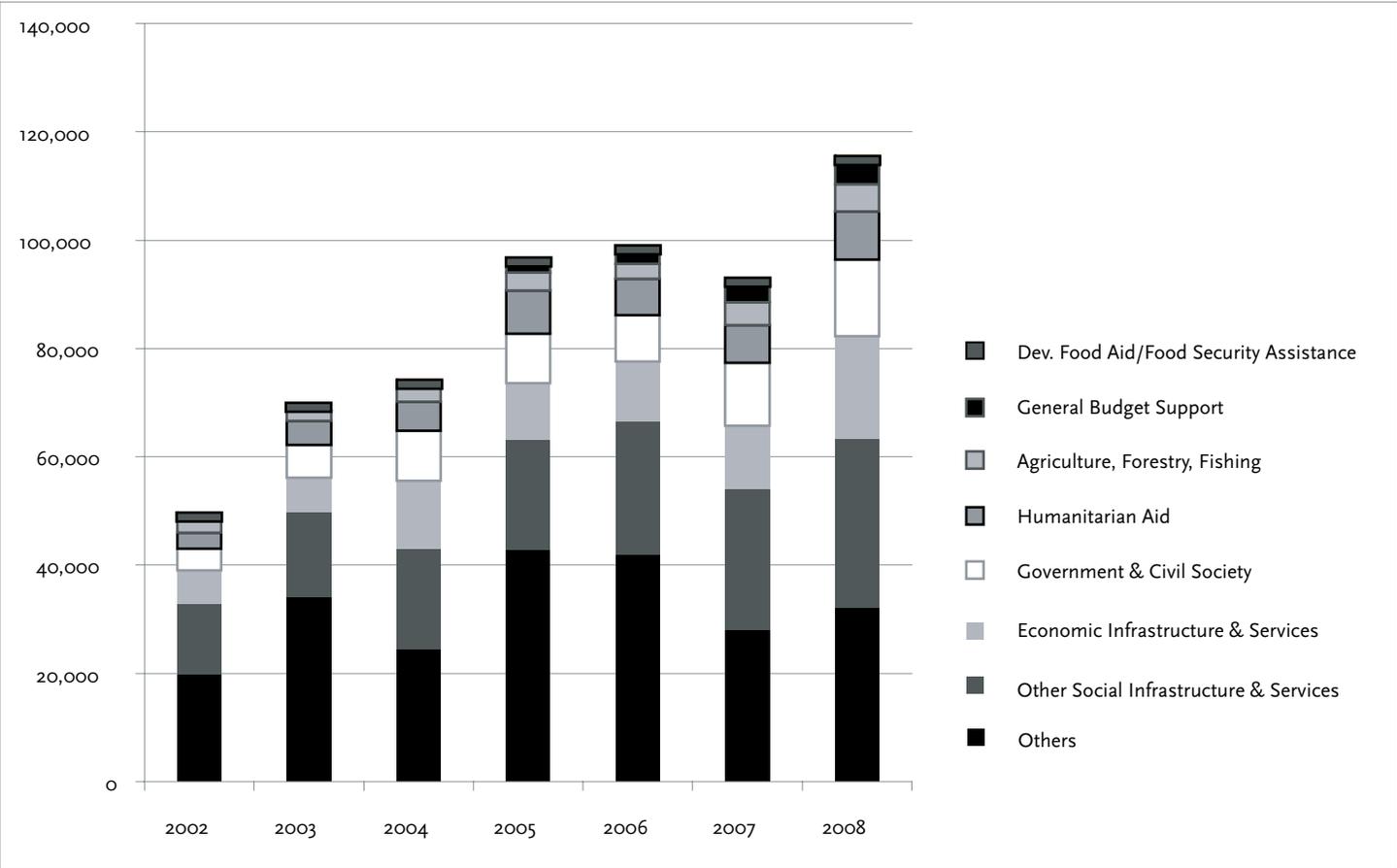
—David Nabarro, UN Food Special Representative for Food Security and Nutrition, January 2010

## IV.1 An Unprecedented International Effort

### OVERALL ODA INCREASE

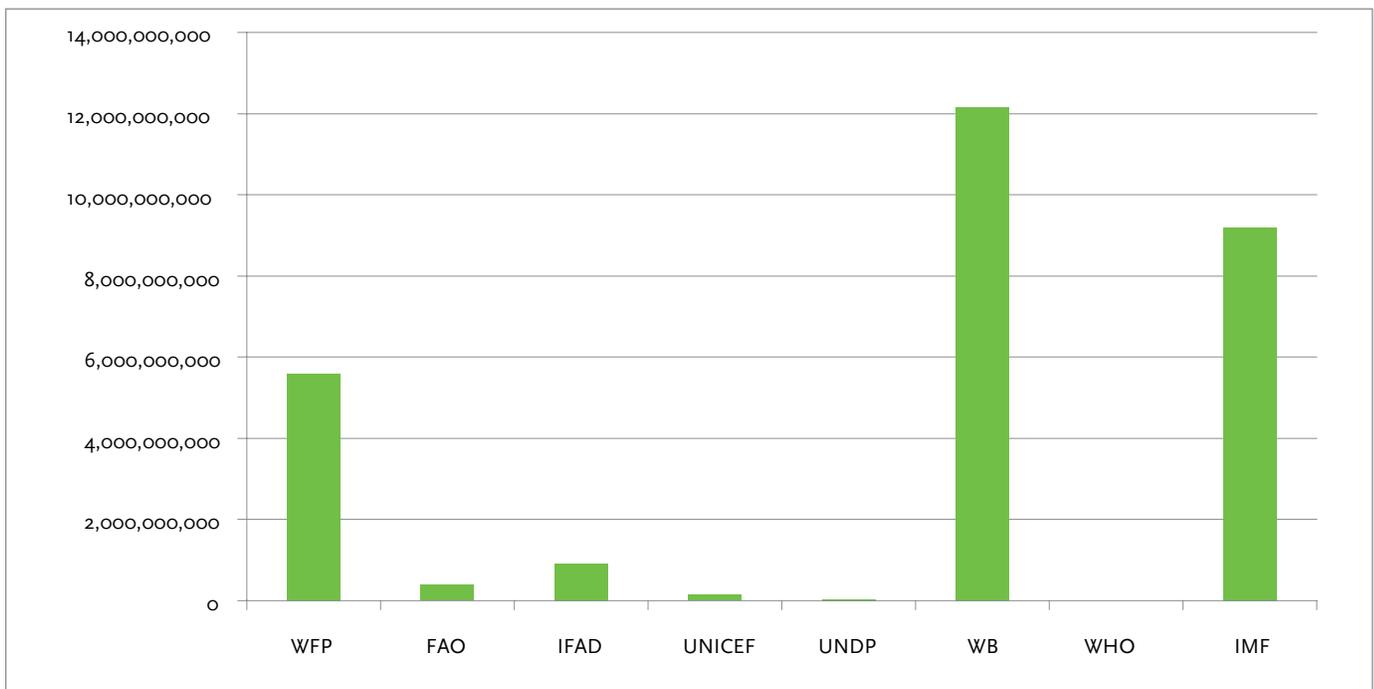
The food price crisis had a major impact on international funding for food and agriculture. Figure 7 shows the evolution of ODA in recent years, with a decline of 7 percent in 2007 and a 25 percent increase in 2008.

FIGURE 7: EVOLUTION OF ODA 2002-2008(\$MILLIONS)



Source: OECD 2009.

FIGURE 8: FUNDS INVESTED/MOBILIZED/ALLOCATED, JUNE 2008-SEPT. 2009 (\$) <sup>95</sup>



Source: HLTF 2009.

However, international aid to agriculture remains marginal, representing about 4 percent of the total ODA. (Figure 7) Though some donors, like Spain or the EC, have disbursed the funds they had committed, the promises made in different summits, including the \$20 billion announced by the G8 in L'Aquila in 2009, still need to materialize. The challenge of raising \$40 billion every year incremental public financing for food and agriculture, as estimated by the HLTF, remains a farfetched goal.<sup>92</sup>

### INTERNATIONAL FINANCIAL INSTITUTIONS

The World Bank's GFRP, launched in May 2008 as a \$1.2 billion facility, increased to \$2 billion in 2009. It was used to support governments' budgets, safety nets, and food production in countries affected by high prices.<sup>93</sup>

The IMF provided direct budget support and assistance to countries that were facing widening trade imbalances and increased deficit spending for needed imports. Like the World Bank, IMF's budget support helped governments take a range of measures to respond to high prices. These served to compensate the loss of revenue due to the reduction of tariffs and taxes and also financed the

management of safety nets, subsidies, food stocks, and agricultural support.

The IMF augmented pre-existing lines of credit for 11 countries with Poverty Reduction and Growth Facility (PRGF) arrangements, and opened new PRGF programmes in four additional countries.<sup>94</sup> The IMF reports \$9 billion of lending in response to the food crisis between June 2008 and October 2009. However, this figure incorporates multiyear loans that were already in place prior to the crisis as well as new ones. IMF's response to the food crisis is actually difficult to establish, given its multiyear nature and because its objectives were not merely related to high food prices (for instance it provided balance of payment support to help countries with increased import bills, which were also due to high oil prices).

The efforts of regional banks have been remarkable. Between May and July 2008 alone, they announced more than \$4 billion of loans and grants to food and agriculture: the Inter-American Development Bank allocated \$500 million and the Asian Development Bank loaned \$500 million in immediate budget support to 7 countries, and redoubled its aid to agriculture in 2009, bringing it to

over \$2 billion. In June, the Islamic Development Bank announced \$1.5 billion in loans and grants to support 25 countries over 5 years. Lastly, the African Development Bank launched the Africa Food Crisis Response Initiative to mobilise \$745 million in the short-term and \$2.1 billion in the medium-long term.

## DONOR GOVERNMENTS

A number of donor governments made specific allocations in response to high food prices, involving often both humanitarian and development funding. Among the largest donors, the European Commission Humanitarian Aid department's (ECHO) food aid budget increased by 50 percent between 2007 and 2008. The EC, whose aid to food and agriculture had been declining in recent years, committed €1 billion additional money, on top of substantial new spending by Member States. In June 2008, the U.S. Congress awarded \$770 million to USAID as part of the President's Food Security Response Initiative (PFSRI). China's response to the 2008 food crisis is unknown but it announced in November 2009 that it will double its aid to Africa, providing \$10 billion in three years, and that it will send 50 agriculture technology teams to Africa and train 2,000 agricultural technology experts.

## COORDINATION AND COHERENCE OF INTERNATIONAL EFFORTS

The HLTF was created to enhance the efforts of the multilateral system in response to the crisis and ensure a coherent system-wide response.<sup>96</sup> One of the first tasks undertaken by the HLTF was to produce a Comprehensive Framework for Action (CFA) to guide global and local actors, institutions, and governments. The CFA identified priority actions for improving global food security and furthering poverty reduction in the context of the food price crisis. In accordance with the twin-track approach developed by FAO in 2003,<sup>97</sup> one set of actions aims to meet the immediate needs of food insecure populations, while the second set aims to build resilience and contribute to longer-term global food and nutrition security.

Soon after the creation of the HLTF, President Sarkozy of France launched the idea of a Global Partnership on Food and Agriculture, consisting of political, technical, and financial pillars, at the Rome Conference in June 2008. This idea was further developed at the Madrid High Level Meeting on "Food Security for All" in January 2009,

where it was endorsed and a decision was made to take it forward within the context of the reform of the Committee on World Food Security (CFS). Since then a proposal for a revitalized Committee was agreed to at the 35th CFS meeting in October 2009 and endorsed at the World Summit on Food Security in November 2009.

Another important step in global coordination was taken in July 2009, when 26 countries and 14 international bodies endorsed the L'Aquila joint statement on food security and agreed on five principles that should be at the core of the Initiative. Initially called the L'Aquila principles, they became the Rome principles when endorsed by the October 2009 World Food Summit, and include the following:

1. Programmes must be country-led
2. Approaches must be comprehensive
3. Assistance must be strategically coordinated
4. Multilateral agencies must have a strong role
5. National efforts must be supported by a sustained commitment of financial resources

The idea of a Global Partnership led to a proposal made by the World Bank at the request of several governments for a Global Agriculture and Food Security Programme (GAFSP). The proposal was presented in October 2009 and revised through different consultations at the end of 2009. The proposal consisted of three windows for country support: (i) transfer of resources to support the public sector via World Bank, IFAD, and Regional Development Banks; (ii) support to the private sector via IFC; and (iii) support for technical cooperation via FAO and other technical agencies at global and regional levels.

## A BOOST TO REGIONAL INTEGRATION

High food prices favoured regional integration processes, including policy dialogue (e.g. around cross-border trade) and the development of common instruments like food reserves. In May 2008, the Economic Community of West African States (ECOWAS) countries launched the "offensive for food production to combat hunger." This three-pronged regional strategy revolved around rapid and sustainable increase of staple food production, value chain organization, and regional market integration and regulation along with safety nets. This strategy is meant to boost the implementation of the ECOWAP, the common agricultural policy that was prepared for

the region in 2005 but never implemented. The strategy includes the establishment of an ECOWAS commission that would support member states in developing agricultural investment programmes and prepare the adoption of “compacts,” i.e. partnerships, for coordinated implementation. ECOWAS also plans investment at the regional level, for instance in stocks, trade, or information systems. The regional body has called for donor support for these programmes but instead of merely waiting for it, it has already mobilized \$900 million of its own funds to support them.<sup>98</sup>

Though West Africa seems the most advanced area in terms of regional integration, other countries are following the same path: governments in East Africa decided in November 2009 to create a common market;<sup>99</sup> the Southern Africa Development Community (SADC), like the Association of Southeast Asian Nations (ASEAN), revived regional grain reserve plans.<sup>100</sup>

## IV.2 Effectiveness of International Cooperation in Response to High Food Prices

### TARGETING

While the response to high food prices by governments and international organizations has varied widely, it was determined by the capacity and needs of the countries. FAO assisted 80 countries, the European Food Facility provided assistance to 50 countries, and the US PFSRI focused on 20.<sup>101</sup> The World Bank’s GFRP provided funds to 40 countries, with 70 percent going to just 4 nations (Ethiopia, Tanzania, Bangladesh and the Philippines), and 36 receiving an average of \$9 million. (See Annex for the list of countries assisted by different programmes)

The targeting of countries by donors and international institutions seems consistent – 40 out of 50 Least Developed Countries (LDCs), all Low-Income Food-Deficit Countries (LIFDC), were covered by at least one of the above programmes – exceptions were oil exporting countries such as Angola and Equatorial Guinea as well as small island countries such as Samoa or Maldives. As mentioned earlier, a notable exception was IFC’s focus on middle income countries.

### TIMELINESS

A few countries with sufficient resources and adequate systems in place were in a position to respond to the food price increase as early as 2007. In several instances, international organizations were already dealing with the consequences of recent disasters. In Bangladesh, for instance, assistance programmes in response to Cyclone Sidr in 2007 were up and running when the food prices started increasing. When food prices started to rise in the Horn of Africa, the region was already impacted by conflicts and droughts. Similarly, in Afghanistan, where high food prices were an additional factor of vulnerability, relief assistance was already being provided on a large-scale. Timeliness of interventions is therefore difficult to determine, as response to high prices was sometimes the scaling up of programmes dealing with pre-existing problems.

The €1 billion EC Food Facility was announced in July 2008 by President Barroso of the European Commission as “a strong and rapid agricultural supply response.”<sup>102</sup> The final administrative decision for the EC facility was not taken before March 2009, i.e. nearly one year after the peak of cereal prices. However, the approval was relatively quicker as compared to the EC usual procedures. The EC has been praised for speeding up this decision, while still consulting with the council and the parliament, which allowed some positive changes to be made to the scope of the facility. That said, by early 2010 only a minor part of the funds had been disbursed, raising questions about the “emergency” nature of the response.

Like the EC, responses by the World Bank and several bilateral donors were actually implemented in 2009 and will continue in 2010 and 2011. Given that most agricultural programmes have actually been implemented after the price increase, this raises a question about the relevance and objective of some of the programmes that were established to urgently boost food production at a time when food and fertilizer imports were expensive or unaffordable for many.

### SUSTAINABILITY OF FUNDING

It is unclear whether the increased funding to food and agriculture in 2008 will be sustained now that food prices are not in the news anymore. WFP projected a budget requirement of \$6.2 billion for 2009 but could only secure

## Box 2: The Project Approach of Aid to Agriculture in West Africa<sup>106</sup>

In 2007, 27 donors were supporting agriculture, forestry, and pastoralism in Burkina Faso through 131 projects (out of a total of 551 projects registered in all sectors).

In 2008, 28 donors were involved in 67 projects in the rural sector in Niger.

In Burkina Faso and Ghana, 80 and 63 projects, respectively, were being implemented within the Ministries of Agriculture alone.

\$4 billion, i.e. a shortfall of 35 percent. The announcement of \$20 billion to food and agriculture made by the G8 in July 2009 as part of the L'Aquila Initiative still needs to be confirmed and effectively disbursed. It seems unlikely that this will be new money.

However, there are some signs of durable changes: the World Bank's investment in safety nets is projected to increase to \$4.5 billion during fiscal years 2009–11, more than triple the spending of the previous three years.<sup>103</sup> In its Agriculture Action Plan 2010-2012, the Bank projects a significant increase in support to agriculture, from a baseline average support in 2006–08 of \$4.1 billion annually to between \$6.2 and \$8.3 billion annually over the next three years.<sup>104</sup> This is however a plan that will need financial support by donors and the amount of ODA to food and agriculture in the coming years is still unknown.

### COORDINATION AND COHERENCE

A 2009 Oxfam study in West Africa examined how the commitments made at international summits over the previous two years were materializing at country level. One of its main findings is that boosting aid to food and agriculture requires more than money, and that major changes in the way aid is provided are necessary to address major flaws in terms of coherence and coordination.

The study shows how in Sub-Saharan Africa, 60 to 80 percent of public expenses for rural development and agriculture are typically externally funded by donors. The major part of international aid is “implemented through a plethora of different projects that are often poorly coordinated and at times disengaged from national programmes.”<sup>105</sup> The project approach tends to weaken local capacity in administrative and financial management, especially because it puts in place independent management structures that hijack

major human and financial resources from productive investment and different administrations. The food crisis illustrates the failure of this approach in achieving sustainable development and food security. Donors have renewed their commitments to “country-led processes” and national leadership, but the project approach may undermine the materialization of these commitments.

Overall, bilateral aid still constitutes about 75 percent of ODA.<sup>107</sup> The L'Aquila Declaration made a commitment to multilateralism, which seems a relevant path toward more coherence and harmonization given its potential to reduce the number of donors, with their different projects and approaches.

However, the multilateral system is not yet in a position to offer a solid alternative for change. According to its mandate, FAO should have played a central coordinating and catalyzing role in response to the crisis. A number of member states, however, do not trust FAO's ability to perform this role and the reform of the institution has not yet moved forward, which leaves it unable to perform its mandate especially at the country level properly.

Response to the food crisis has highlighted the lack of clarity in roles and responsibilities of different multilateral institutions, as well as the resulting competition and redundancy between some of them. Furthermore, when coordination does take place, it generally fails to bridge long-term and short-term interventions, as well as sectors such as food security, trade, and agriculture.

This fact tends to justify the institutional developments that have taken place at global and regional levels. The affirmation of the L'Aquila principles could help to clarify the respective roles and comparative advantages of individual agencies and help with coordination. For instance, the question of who provides leadership on agriculture may be less of an issue in a country-led process. Individual



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agencies can play a different role in different countries depending on their respective capacity.

The Bank's initial proposal for the GAFSP was criticized by a number of NGOs and CSOs because of its scope and proposed governance mechanism. It gave a great deal of decision-making power to donor countries and the World Bank and appeared quite directive on the orientation of the interventions to be financed, in contradiction with the principle of country-led processes. Furthermore, it opened a window for private sector financing through the World Bank's IFC. The IFC has focused on increased food production through agribusinesses, leading to concerns that this may favour land grabs in the name of foreign direct investments and further concentration in the agricultural sector rather than supporting locally rooted small enterprises serving the development of small-scale agriculture. Lastly, findings of this Report point to some level of conditionality and ties between policy reforms and aid programmes put in place in response to the crisis. This raises concerns about the level of leadership that governments can effectively exercise in aid-dependent countries.

#### **QUESTIONS ABOUT REGIONAL INTEGRATION**

While some may view export restrictions as some kind of anti-trade regression towards protectionism, the reality is

quite different in the case of Sub-Saharan Africa. In Africa, cross-border trade relations are habitually very strong and often very old. Borders are generally porous, making it difficult to enforce trade measures. As a result, export restrictions lead to informal cross border trade, with higher transaction costs and less fiscal revenue for the countries. Furthermore, grain traders often operate at the regional level and individual governments have little leverage on them. As seen in the case of Sierra Leone, where importers diverted shipments to neighbouring countries, measures taken to regulate prices or food availability in one country cannot be effective if not coordinated and consistent with what neighbours are doing.

Therefore, successful strategies like those implemented in India, Bangladesh, or Indonesia—involving a combination of price support, trade measures, public procurement, safety nets, and food subsidies—are often considered difficult to replicate in an effective way in Africa. But what may not be achievable at national level seems more realistic at the regional one. As put by Nyoro et al. in 2007,<sup>108</sup> “food security in [East Africa] could be improved when countries would move away from a national perspective and adhere to the principles of the regional trade agreements.” Regional blocks like those currently under construction in Africa could overcome many of the problems seen at country level, and be the ideal framework

for the establishment of effective food and agriculture policies. For many African countries, the only realistic way to both reduce their vulnerability from uncertain global markets and to increase domestic food production is to actually open regional trade more broadly.

Until recently it was unclear how CAADP,<sup>109</sup> which was established in 2003 as a broad policy framework at the continental level, could link up with regional processes and institutions such as ECOWAS or SADC. New regional initiatives are now providing flesh to this framework. The approach taken by ECOWAS/CAADP in West Africa is exemplary of a transition from short-term responses to the implementation of regional agricultural policy based on the implementation of investment programmes at the regional and national levels. Regional efforts are now providing a framework for programming activities in the agricultural sector and coordinating international aid.

Though CAADP compacts at national or regional levels offer a relevant framework for country leadership, some donors are reluctant to provide support to the West African agricultural policy, because of its emphasis on food sovereignty. The British Government is very critical of Common Agricultural Policies (CAP) that could be implemented by regional unions. The main argument put forward against the idea is based on a criticism of the European CAP – the costs of its subsidies and impact of markets distortions. A 2009 UK policy document thus claimed “The evidence suggests not only that the notion that policies such as the CAP are a force for food security is implausible, but that they damage food security, both within the EU and internationally.”<sup>110</sup>

This vision ignores the fact that the main agricultural producing and trading nations gained from interventionist policies. It also fails to recognize that such an evolution is the will of developing countries themselves, who see important advantages for themselves in doing so. Opposing these efforts, or denying support to them, contradicts the commitments made by the UK at L’Aquila, Rome, Paris, and Accra in favor of country-led processes as well as DFID’s support to CAADP.

### **DESPITE SOME POSITIVE MOVES, KEY DONORS FAIL TO RETHINK THEIR APPROACH**

Several humanitarian donors have taken positive steps in recent years to make aid more effective. For instance, ECHO and DFID have both created specific mechanisms

to favor more timely interventions.<sup>111</sup> DFID’s support has been instrumental in the creation of large-scale safety net programmes such as the PSNP in Ethiopia.

As mentioned earlier, the US has started considering local and regional purchases of food aid. However, it remains the largest food aid donor and provides mainly in-kind commodities, which tends to undermine agriculture in developing countries.

In the agriculture sector, policies and practices have not necessarily followed the repeated commitments made by key donors to support small-scale farmers.<sup>112</sup> For instance, the 2009 policy document of the British government calls for a necessary “adjustment” of small-farmers: “if the agricultural sector doesn’t adjust, and if marginal farmers do not leave the agricultural sector sufficiently quickly then it is more difficult for more successful farmers to expand and for new entrants to get into farming.”<sup>113</sup>

The vision of development displayed here seems to contradict DFID’s commitment to support small farmers.<sup>114</sup> More important, it ignores a massive set of analyses and evidence that demonstrates the importance of investing in small and marginal farmers to fight hunger and trigger development.<sup>115</sup>

As seen in the report, both the IMF and the World Bank oppose trade distorting measures, and see targeted safety nets as the priority answer to high food prices.<sup>116</sup> The Bank’s policy positions have evolved recently, for instance around the question of agricultural subsidies and state intervention to support food production.<sup>117</sup> However, this is not a change of paradigm for the institution. The promotion of safety nets belongs to a vision that leaves very little room for public intervention in food and agriculture. In its response to the food crisis, the Bank emphasised large farmers as well as agribusinesses through the IFC Country programme documents and the new Agriculture Action Plan: FY2010-12<sup>118</sup> still places “policy reform” as a major goal for the institution.

This Plan presents a number of positive orientations in support for agriculture and recognizes the threat of volatile food markets.<sup>119</sup> However, one of its key objectives is to facilitate agricultural entry and exit through an effective functioning of land markets, which raises concerns for small producers as well as pastoralists, who may lose their land and livelihoods for the benefit of larger farmers and agribusinesses.

## RECOMMENDATIONS

*“Times of crisis can be creative times, times when new visions and new possibilities emerge. The Chinese ideogram for crisis, wei-ji, is composed of the characters for danger and opportunity. This is not simply a contradiction or paradox; the very dangers we face stimulate us to look deeper, seek alternatives, and take advantage of opportunities.”*

—Mark Hathaway, *The Tao of Liberation: Exploring the Ecology of Transformation*

### PREVENTING PRICE VOLATILITY

Preventing domestic volatility was an important first line of defence against soaring global food prices in 2007-2008. The ability of governments to prevent domestic price increase was dependent on a number of factors, including pre-existing stabilization mechanisms. With the support of international organizations and donors, developing country governments should determine the best policy options for them, even if some result in market distortions. The clarity of governments' policies and planning is also critical to make the best use of private sector's capacity, and prevent panic and speculation behaviour.

Regional integration favouring exchanges between neighbouring countries can play a key role in preventing tension in domestic markets and should be encouraged, particularly in Sub-Saharan Africa where it seems highly relevant.

### INTEGRATING REMITTANCES

Immigration and remittances have already become humanitarian issues in the globalized world. Humanitarian actors and advocates should engage, research, and reflect on these issues in order to identify the best ways to integrate them into their scope of operational and advocacy work.

### REVISITING SAFETY NETS AND SOCIAL PROTECTION

Decision makers should broaden their vision of social protection to go beyond cash and food transfers and to include a comprehensive range of interventions, including measures that may distort trade and markets but could be protective of consumers and supportive of producers. International NGOs, who have been advocating for safety nets and cash transfers, should promote a broader vision of social protection, one that is rights-based and inclusive of all relevant interventions.

There is a great potential for synergies of systems that integrate social protection of vulnerable groups and support for local food production. Instead of separating social protection and agricultural growth as two distinct tracks, a twin-track approach that integrates them should be sought.

The design of safety nets should better integrate the risks of price shocks and disasters so that programmes can play a preventive role and be adjusted to evolving conditions. Mixing food and cash resources, integrating contingency funding, and possibilities of scaling-up are important options that may require complementary interventions in stocks and markets.

### MOVING FOOD AID REFORM FORWARD

Showing the benefits of local purchases is critical to encourage further shifts in the US food aid policy toward local and regional procurement. Policy shifts of NGOs toward more responsible practices such as Care International's abandonment of monetization should also be encouraged.

This Report claims that a cash-only approach is problematic and insufficient to constitute a social protection strategy in developing countries. However, cash and voucher programmes should still be promoted as important alternatives to food aid to meet people's basic needs in contexts where food markets are stable and functioning. A balanced and flexible approach to cash transfers is required to ensure their effectiveness when used under the right conditions and at the right time.

The effective implementation of WFP's new Strategic Plan needs the engagement of NGOs to help, guide, and influence the programme on the new path it has taken. NGOs should participate to update knowledge and understanding around issues such as cash and vouchers, local procurement of food, and school feeding through research and evaluation of experiences.

### SCALING-UP AND BROADENING THE SCOPE OF NUTRITION

Increasing the number of malnourished children who can receive proper treatment is imperative to reducing child malnutrition and mortality. This requires funding for resource-poor countries, but also more dialogue and better collaboration between specialized agencies and Southern governments. Involving producer and consumer organizations, women, and human rights groups could

allow more participation of local actors as well as a better acceptance and integration of nutrition within development policies. The new comprehensive approach embedded in the REACH initiative seems relevant to move in this direction.

Malnutrition also needs to be viewed in a more integrated manner. More research is needed to understand the relationship between livelihoods, food production, markets, and malnutrition. This could provide guidance on practices and policy responses. Measuring the impact of programmes, policies, or strategies on nutrition outcomes will help build up the evidence on what works and how to prioritise effective actions.

### **BOOSTING FOOD PRODUCTION IN A DURABLE WAY**

A sustainable agriculture agenda should be promoted to boost food production in the poorest countries, with less reliance on external inputs, enhanced management of natural resources, and more investment in favor of small holders, rural poor, and marginal groups. This requires that agricultural policies to guide investments and support measures be developed at the regional level when relevant. Humanitarian organizations should invest more resources in programmes and in advocacy to support sustainable agriculture and access to land and natural resources.<sup>120</sup>

### **MORE FUNDING FOR FOOD AND AGRICULTURAL ISSUES**

The momentum is still there for governments, donors, and international institutions to put in place appropriate policies and programmes that will ensure progress in the fight against hunger. However, this requires engagement by all actors, and civil society has a key role to play in sustaining and guiding the efforts made since 2008.

Some of the donor initiatives put in place in 2008 should be maintained in order to build local capacity and reduce vulnerability to price volatility. For instance, the development of a second EC facility to operate after 2011 should be considered, as it will give time for the EC to revise its overall approach to food security and agriculture in the light of the food price crisis.

### **RESHAPING DONORS' POLICIES AND PRACTICES**

Neither the World Bank nor the IMF has developed a critical analysis of the policy implications of the past 25

years of Washington consensus. They still don't recognize the need for governments to implement robust food and agricultural policies and for prioritizing small-scale, sustainable agriculture. Their influence over future strategies of response to the challenges of hunger and food production is a concern and calls for scrutiny over their reinvestment in food and agriculture in the coming years. Aid conditionality requiring further liberalization of the food and agriculture sector ignores the need for public intervention and regulation in the food sector.

Ensuring better monitoring and accountability of national and international efforts on food and agriculture is crucial, including new aid mechanisms such as GAFSP and the EU food facility.

### **ENHANCING COORDINATION AND COHERENCE**

The project approach of many donors makes convergence behind a country-led plan difficult. Donors' practices must evolve to make the principle real. The flaws of this approach must be exposed, while it is also critical to explore alternative ways of providing international assistance as part of country-led processes and compacts.

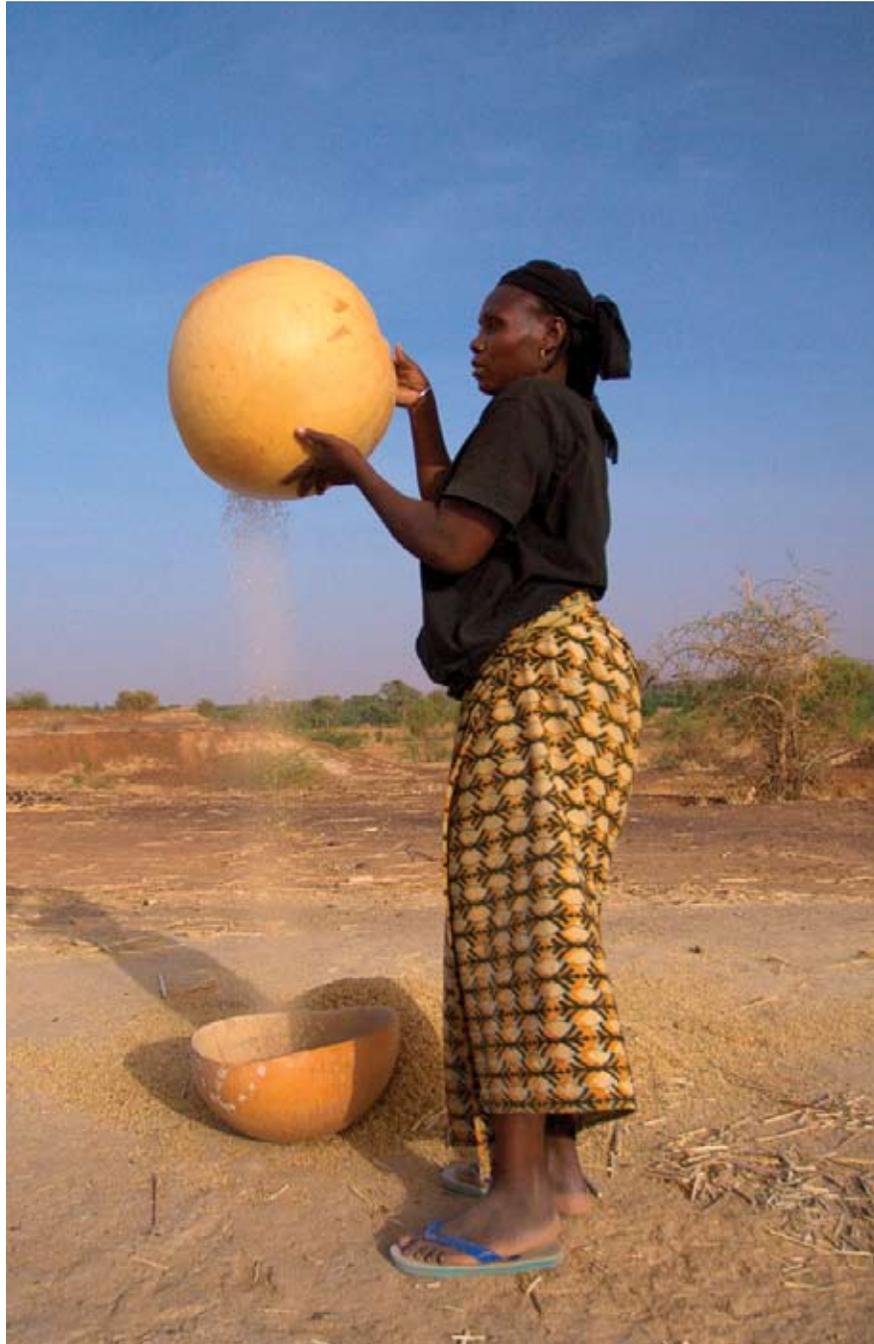
The effective implementation of the L'Aquila/Rome principles needs political attention and investment to be sustained at global level. The successive summits and conferences that took place in 2008 and 2009 kept food and agriculture on the international agenda, but it is unlikely that such an event will be repeated in the near future. The activities of a reformed CFS, along with the work of the HLTF, must therefore ensure that food and agriculture remain high on the global agenda and that timely discussions take place on relevant policy issues. As proven by the important role they played in policy discussions around the CFS reform in 2009, the active participation of civil society organizations will be essential to move this agenda forward.

### **ENHANCING CIVIL SOCIETY ADVOCACY ROLE**

NGOs and CSOs' engagement in a number of policy debates at the global level has, without any doubt, helped to keep food and agriculture on the international agenda following the 2007-2008 food crisis. These efforts must continue to sustain and guide the action of governments and institutions at both national and global level. Civil Society has a key role to play to ensure a comprehensive approach to food and agriculture, inclusive of all relevant sectors and beneficial to all.

For International NGOs, work in alliances and coalitions such as the UK Hunger Alliance, the European Food Security Group (EFSG), or the US Food Crisis Group offers great opportunities to conduct joint advocacy and to bring in expertise on issues that may not be traditional specialities of individual organizations. Alliances could

also be used to create bridges between North and South, across the different silos, so that synergies can be found in terms of policy development and advocacy. Alliances could also be a way to participate in important global processes, such as the reform and the future work of the CFS and ongoing activities of the HLTF.



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## CONCLUSION

Whereas more than 850 million people were already undernourished before 2007-2008, high food prices during that period resulted in a major change in thinking around hunger. Hunger is no longer viewed as something endemic that will take decades to address through long-term economic growth and “development,” but as a problem that can be actually solved quickly if adequate responses are put in place.

This recognition is essential because it opens the space for a very concrete policy discussion on what causes food insecurity and how to address it. In addition, it constitutes an important step forward for the enhancement of the Right to Food. If it is now recognized that effective measures can be taken to prevent hunger, it is then the responsibility of the states to take such steps and for citizens to claim their rights and hold the governments accountable.

High food prices emphasized the need to reassess food and agriculture policies and programmes that have been pursued around the world by governments, donors, and international institutions. They favoured an acceleration of important changes that were already underway for interventions in favour of food consumption: food aid becoming more responsible, safety nets being established or scaled up, and nutrition treatments reaching more children than ever. However, research has found that without adequate measures to prevent inflation, the effectiveness of these interventions is limited. This is not yet recognized by a number of donors and financial institutions, which still promote further economic liberalization despite the 2007-2008 food crisis.

Research has also shown that remittances, borrowing, and similar forms of self-help were far more important in value than international aid. Processes such as regional integration and national policy shifts appear to be also essential to develop food and agriculture policies that could address the root causes of hunger and poverty in a sustainable way. International development agencies must integrate these facts when considering the future of their interventions.

With regard to agriculture, food production has received fresh interest and investment but the focus on agricultural inputs is a missed opportunity. An important body of research, including the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD), and literature on the type of agriculture needed to adapt to climate change clearly indicates the need to invest in more sustainable agriculture, agro-ecology, and proper management of natural resources.

These findings show that the overall consensus seen around the twin-track approach to hunger, meeting both immediate and long-term challenges, encompasses a wide range of different and sometimes conflicting approaches. This calls for the pursuit and expansion of policy dialogue on food and agriculture, using lessons learnt from successes and failures to develop models, policies, and interventions that will be the most appropriate for every specific context.

# ANNEX I

## COUNTRIES COVERED BY THE WORLD BANK, EUROPEAN COMMISSION OR UNITED STATES INITIATIVES

|                            | WB<br>GFCRP | EC Food<br>Facility | US PFSRI | LDCs |
|----------------------------|-------------|---------------------|----------|------|
| 1 Afghanistan              | X           | X                   | X        | Y    |
| 2 Bangladesh               | X           | X                   |          | Y    |
| 3 Benin                    | X           | X                   |          | Y    |
| 4 Bolivia                  |             | X                   |          | Y    |
| 5 Burkina Faso             |             | X                   | X        | Y    |
| 6 Burundi                  | X           | X                   |          | Y    |
| 7 Burma/Myanmar            |             | X                   |          |      |
| 8 Cambodia                 | X           | X                   |          | Y    |
| 9 Central African Republic | X           | X                   |          | Y    |
| 10 Chad                    |             |                     | X        | Y    |
| 11 Comoros                 | X           | X                   |          | Y    |
| 12 Cuba                    |             | X                   |          |      |
| 13 DRC                     |             | X                   | X        | Y    |
| 14 Djibouti                | X           |                     |          | Y    |
| 15 Eritrea                 |             | X                   |          | Y    |
| 16 Ethiopia                | X           | X                   | X        | Y    |
| 17 Gambia                  |             | X                   |          | Y    |
| 18 Ghana                   |             | X                   |          |      |
| 19 Guatemala               |             | X                   |          |      |
| 20 Guinea Bissau           | X           | X                   |          | Y    |
| 21 Guinea                  | X           | X                   |          | Y    |
| 22 Haiti                   | X           | X                   |          | Y    |
| 23 Honduras                | X           | X                   |          |      |
| 24 Jamaica                 |             | X                   |          |      |
| 25 Kenya                   | X           | X                   | X        | Y    |
| 26 Kyrgyz Republic         | X           | X                   | X        |      |
| 27 Laos                    | X           | X                   |          | Y    |
| 28 Lesotho                 |             | X                   | X        | Y    |

|                        | WB<br>GFCRP | EC Food<br>Facility | US PFSRI | LDCs |
|------------------------|-------------|---------------------|----------|------|
| 29 Liberia             | X           | X                   |          | Y    |
| 30 Madagascar          | X           | X                   |          | Y    |
| 31 Malawi              |             | X                   |          | Y    |
| 32 Mali                | X           | X                   | X        | Y    |
| 33 Mauritania          |             | X                   | X        | Y    |
| 34 Mozambique          | X           | X                   | X        | Y    |
| 35 Moldova             | X           |                     |          |      |
| 36 Nepal               | X           | X                   | X        | Y    |
| 37 Nicaragua           | X           | X                   |          |      |
| 38 Niger               | X           | X                   | X        | Y    |
| 39 OPT (Palestine)     | X           | X                   |          |      |
| 40 Pakistan            |             | X                   | X        |      |
| 41 Philippines         | X           | X                   |          |      |
| 42 Rwanda              | X           | X                   |          | Y    |
| 43 Sao Tomé e Príncipe |             | X                   |          | Y    |
| 44 Senegal             | X           | X                   | X        | Y    |
| 45 Sierra Leone        | X           | X                   |          | Y    |
| 46 Somalia             | X           | X                   | X        | Y    |
| 47 Sri Lanka           |             | X                   |          |      |
| 48 Sudan               | X           |                     | X        | Y    |
| 49 Swaziland           |             |                     | X        |      |
| 50 Tajikistan          | X           | X                   |          |      |
| 51 Tanzania            | X           | X                   |          | Y    |
| 52 Togo                | X           | X                   |          | Y    |
| 53 Uganda              |             |                     | X        | Y    |
| 54 Yemen               | X           | X                   |          | Y    |
| 55 Zambia              |             | X                   |          | Y    |
| 56 Zimbabwe            |             | X                   | X        |      |

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The Hunger Alliance is a joint NGO-DFID coalition concerned with tackling hunger and working towards the achievement of the first Millennium Development Goal.

The following organisations within the Alliance financially supported this project:



Action Against Hunger is committed to ending child hunger. We work to save the lives of malnourished children while providing communities with sustainable access to safe water and long-term solutions to hunger.



The British Red Cross helps people in crisis, whoever and wherever they are. We are part of a global voluntary network, responding to conflicts, natural disasters and individual emergencies.



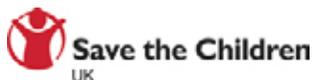
CARE is one of the world's largest aid agencies; we work in more than 70 countries, tackling the deep-seated causes of poverty and helping more than 59 million people every year.



Concern Worldwide helps the poorest people in the poorest countries to transform their lives. We seek out those who most urgently need our support, and work with them through thick and thin to tackle poverty, hunger and disaster.



Oxfam GB delivers emergency assistance to people affected by disasters or conflict, and helps to build vulnerable people's resilience to future crises. We also work with others on long-term programmes to eradicate poverty and combat injustice.



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