

Initiative for Soaring Food Prices

Programme Document

Aiming to reduce the food insecurity caused by soaring food prices



May 2008

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EXECUTIVE SUMMARY

(i) *This Programme Document for the Initiative on Soaring Food Prices (ISFP) has been prepared to identify requirements for an immediate and short term response to the current situation of high food prices with the objective of reducing the food insecurity caused by these prices. Although the focus is on the short term, care is taken to lay the basis for longer term sustainable development of the sector. The programme focuses on the supply response necessary to address the situation in the most vulnerable countries, many of whom are already suffering from food security emergencies, other Low Income Food Deficit Countries and a few more particularly menaced by the soaring food prices who have requested assistance from FAO.*

(ii) *The resource requirements identified of USD 1.7 billion are for incremental public investment by Governments with supplementary budgetary support or other assistance provided by the international community. UN Agencies and development partners such as regional organizations and international financing institutions (IFIs) will play a supportive role.*

(iii) *The Programme covers activities required to address soaring food prices in the immediate to short term up till the end of 2009. These include:*

- *Policy analysis and assistance/advice;*
- *Productive safety nets to increase access to inputs;*
- *Rehabilitation of rural and agricultural infrastructure;*
- *Improvement of production systems;*
- *Improvement of agricultural markets;*
- *Reduction of crop losses (post-harvest)*
- *Disaster risk management.*

(iv) *Five percent of the resources are allocated to FAO for coordination and technical assistance in support of these activities to be provided at national, regional and global levels. However, it is anticipated that donors might also choose to channel some of the funding for activities at country level through FAO where it has comparative advantage (i.e. for policy assistance and for assisting with direct delivery in those countries that require some external assistance or emergency countries in which FAO has a strong emergency coordination unit). The tentative allocation of resources among the different activities is given in Table 1.*

(v) *The activities and associated resources have been identified on the basis of FAO's considerable experience with investment requirements of the agricultural sector required to rapidly boost supply of food as well as a few initial assessments carried out in selected countries. This has been supplemented with country level information and requests for support received from governments by FAO Representatives (FAORs) in about 60 countries.*

(vi) *This is a living document and it is expected that, as country processes unfold, assessments are conducted and more information is collected by FAORs as they interact with governments and partners, the level of detail of this Programme Document will progressively increase to incorporate elements of the country action plans that are currently being developed. The likelihood exists that some adjustments will have to be made to the total resources needed or to their breakdown by major types of activities.*

Background

1. The recent increase in food prices is unlikely to be a transitory phenomenon and requires a considered response. In the first three months of 2008, food prices reached their highest level in real terms for thirty years. Social unrest has been provoked often leading to short-sighted policy responses from governments which have further exacerbated instability in world markets. While the food insecure risk being pushed deeper into poverty in the absence of protective measures, there is also an excellent opportunity to promote agriculture and rural development in response to the strong market signals from the higher food prices. Particular attention is required to ensure that poor smallholder farmers are enabled to boost their production both in the next growing seasons and in the medium and long term.

2. There are seven major reasons for the current increase in food prices. First, world cereal production fell by 3.6 percent in 2005 and 6.9 percent in 2006 due to bad weather in major producing countries, although there was an estimated 5 percent increase in cereal output in 2007. Second, cereal stock levels are very low (18.7 percent of utilization in 2007/08) magnifying the impact of production shortfalls. Third, there is a high correlation between food and energy prices with the recent rapid rise in petroleum prices exerting upward pressure on food prices as fertilizer prices almost tripled and transportation costs doubled over a two year period. Fourth, increased demand for biofuels has had an impact as 100 million tons of grain, of which 80 percent from the United States, were estimated to be used for this purpose in 2007/8. Fifth, economic growth in some large developing countries is leading to changes in diet and increased demand for cereals through higher meat consumption as 5 kg of cereals are required on average to produce 1 kg of meat. Sixth, short-term trade policies such as export bans have aggravated the situation. Seventh, agriculture has been neglected in recent decades as illustrated by decreasing shares of government budget and international aid going to agriculture.

3. In the longer term, continuing economic and population growth in developing countries, the negative impact of climate change on food production in many areas and the continuing demand for biofuels linked to high oil prices are strong factors likely to maintain the pressure on food prices.

Initiative on Soaring Food Prices (ISFP)

4. Anticipating the widespread impact and grave nature of soaring food prices, in December 2007, the Director-General of FAO launched the Initiative on Soaring Food Prices (ISFP) to assist member countries to put in place urgent measures to boost the supply response during the next agricultural campaigns and to give policy support to improve access to food in the most affected countries. Acting in a catalytic role FAO has already allocated USD 17 million to initiate assistance to the most affected countries. A summary of activities underway is given in Annex 1.

5. The ISFP is intended to focus attention on activities required to address the issue of soaring food prices which FAO will support as requested in coordination with partners in the UN System, Bretton Woods Institutions, NEPAD and elsewhere. In this context, the ISFP will contribute to the Comprehensive Framework for Action (CFA) to address the Global Food Security Crisis being developed by the UN System and partners.

6. The time frame for the action considered in this Programme Document is approximately 18 months until the end of 2009, although, during this period and in addition to urgent

measures for immediate implementation, attention will also be given to planning the assessments, analysis and investments required to provide a comprehensive and sustainable response to the issue of higher food prices in the medium to long term.

7. This implies adoption of a twin-track approach, already applied by FAO in the context of hunger reduction, combining the promotion of quick-response agricultural growth, led by small farmers, with targeted programmes to ensure the most vulnerable and food-insecure consumers can have access to adequate supplies. In the context of the CFA and given the urgent need, it is anticipated that UN agencies such as WFP, UNICEF and UNHCR will play a major role in providing social safety nets to protect the most vulnerable consumers.

8. The soaring food prices do not represent a “traditional” quick or slow onset emergency. While in many cases urgent action is required by the international community, the countries themselves and their Governments remain the prime actors who will have to take decisions and adopt strategies to address the situation in a comprehensive and sustainable way. The international community can help in providing advice and technical assistance on the best ways to do this. There is also an exceptional opportunity for concerted action at regional and global levels to address issues such as international trade in order to mitigate the impact of the soaring food prices on the most vulnerable countries. In the medium to long term much of the support will be to strengthen and prioritize existing development programmes for the agricultural and rural sector.

9. The **financing framework** for the implementation of the programme will include several windows:

- National execution by governments with external technical assistance and monitoring;
- Budgetary support to scale up existing government programmes;
- Existing agricultural credit institutions - increase of lending portfolio;
- Technical assistance and/or joint implementation with international agencies;
- Joint UN/Government programmes with an administrative agent.

ISFP Overall Goal

To reduce food insecurity caused by soaring food prices.

Components of the programme

10. Components of a global USD 1.7 billion programme to address soaring food prices in the immediate to short term up till the end of 2009 are briefly described below and summarized in Table 1. The programme focuses on the supply response necessary to address the situation in the most vulnerable countries, many of whom are already suffering from food security emergencies, other Low Income Food Deficit Countries and a few more particularly menaced by the soaring food prices who have requested assistance from FAO. It is envisaged that the majority of activities will be undertaken by the countries themselves using funds provided for general budgetary support or direct investment. UN Agencies and development partners such as regional organizations and international financing institutions (IFIs) will play a supportive role. Substantial components are those to be undertaken at the national level with regional and global level activities of a complementary and supportive nature. These are nonetheless important to ensure consistency of approach, coordination and mitigation of the global crisis.

National Level

1. Policy Analysis and Assistance/Advice – USD 25 million

11. **Objective:** Ensure policies contribute to long term reduction of food insecurity caused by high food prices.

Outcome: Countries policy decisions informed by good analysis of impact of price spikes

Outputs:

1. Regular updated information on food security situation and agricultural markets available at country and global levels;
2. Regional market synergies promoted through coordinated agricultural and trade policies;
3. Better understanding obtained of impact of policy measures initially adopted to address soaring food prices.

12. **Activities:** Many Governments have taken immediate policy measures to address soaring food prices such as eliminating import tariffs, taxes and duties or imposing bans on exports. Analysis is required of the implications of these measures and even to determine their overall cost.

13. Good policy practices in managing the current price hike are vital in securing sustainable and long term benefits for agricultural producers and in protecting consumers in both rural and urban areas. Price increases have to be appropriately managed by governments and other stakeholders (private sector, traders etc.) if they are to result in sustained benefits for commodity producing countries and minimum costs for importing countries. Dialogue should be increased between all stakeholders involved including development partners, producer organisations, private sector and civil society. Within countries, structured discussions between Government and the food industry as well as exporters and importers and other actors of value chains may take place through national fora such as for example grains councils in order to ensure cooperation.

14. In order to achieve the design and implementation of realistic “good practices” of policy options it is imperative that analytical work and impact analysis be conducted to broaden the understanding of the underlying causes at country/national level and determine the impact of high food prices on households, vulnerable groups in urban areas and the wider economy. A thorough examination of agricultural policy (and possibly other policy such as fiscal, environmental etc) is hence required. A better understanding of price transmissions of international prices into national markets, food consumption patterns and income would be part of this work.

15. Further and more sustainable reduction of the negative impact of higher prices on household food security will depend on the conditions prevailing in a specific country. Support will be required to update current policies and programmes to take account of the changing price scenarios. Policies with negative consequences for other countries should be avoided. There is no “one size fits all” policy solution that would be applicable with the same chances of success in every country. ***The mix of policy and programmatic actions has to be specifically adapted to local conditions and needs to be agreed upon by the key stakeholders.***

2. Productive Safety Nets – USD 950 million

A. Inputs and extension advice – USD 650 million

16. **Objective:** Immediate boost of food production for small farmers own consumption and sale of surplus to the market.

Outcome: Increased income for poor rural households from developing competitive and sustainable agriculture

Increased food supply in domestic markets

Outputs:

1. Small farmers' access to improved inputs and technical knowledge increased.
2. Diversification of small farmers' productive base enhanced.

Target population: Small farmers who do not produce enough for own consumption and are net food buyers. These vulnerable rural households are heavily impacted by increased food prices that may reduce their capacity for agriculture production and force them to sell productive assets.

17. **Activities:** Initial assessment to identify the vulnerable farmers, determine the right crops and appropriate varieties of seed. Inputs can be provided in a range of ways that include direct distribution to farmers, input trade fairs, voucher, credit schemes etc. The inputs can also be provided along with food rations to help insure that the inputs are used for agricultural production. High quality seed of appropriate crops and varieties will be provided from local sources to ensure that they are adapted to local conditions and are preferred by farmers. Procurement and distribution of inputs will be monitored to ensure that farmers obtain inputs meeting established quality standards. The use of existing mechanisms for the effective supply of productive inputs to farmers and the marketing of surplus production are integral elements of any productive safety net to support sustainability. Care will be taken to avoid disruption of commercial markets. Where warranted, attention will be given to alternative supply systems which are more private sector oriented.

B. Rehabilitation of rural infrastructure – USD 300 million

18. **Objective:** Income support together with improvement of infrastructure necessary to boost food supply.

Outcome: Productive capacity of rural poor protected and restored in the short term

Outputs:

1. Purchasing power of poor rural households increased.
2. Small scale rural and agricultural infrastructure rehabilitated.

Target population: Vulnerable rural households - small farmers and rural landless.

19. **Activities:** This activity is primarily focused on income support. Food (in coordination with WFP or NGO partners) or cash for work will be the main means of injecting income to cope with the soaring food prices. In view of the limited time available and the need for immediate impact, rehabilitation activities already underway which could be quickly scaled-up to benefit a larger number of the target population will be prioritized. It will be important to obtain agreement of the local community on the priority of the work and the usefulness of the infrastructure to be rehabilitated. The work will be closely supervised to ensure technical standards for construction are met. Potential infrastructure to be rehabilitated includes small scale irrigation structures, market infrastructure and rural roads. Measures for soil conservation/restoration of fertility would also be covered by this approach.

3. Sustainable Improvement of Production Systems - USD 200 million

20. **Objective:** Provide basis for sustained increase in food production.

Outcome: Increased investment in agriculture

Outputs:

1. Quantity and quality of improved inputs used by small farmers increased
2. Commercial input supply systems reinforced.

Target population: Small farmers

21. **Activities:** In order to accomplish this objective a more systems based approach is needed that starts with the improved access to inputs for increased production of surpluses for the market within prevailing agriculture systems. Given the short time frame of this initiative, ongoing programmes need to be built on and extended. FAO has extensive experience in working with countries at the field level to improve the livelihoods of farmers through an integrated approach. A rapid assessment of the agriculture sector is the first step to developing country specific initiatives in order to analyze the critical needs and ensure that this initiative builds on- and complements ongoing activities. This integrated approach focuses on increasing inputs availability, boosting production and improving disposal of output through better market linkages.

22. A key input in boosting production is high quality seed of the appropriate crop and variety. Farmer access to quality seed will be improved through strengthening the national distribution seed system which may include: increasing early generation seed production, capacity building with the nation seed service, seed policy reform, establishment of farmer seed enterprises, creating awareness of better production practices and new improved varieties through community demonstration plots. There is an urgent need to replenish plant nutrients in depleted soils used by smallholder farmers to prevent serious productivity decline and to boost production. This occurs mainly in Africa where disposable household income is too low to enable farmers to advance from low-input/low-output farming without fallows, resulting in nutrient mining, to more intensive and specialised production responding to consumers' needs that involves greater investment in agriculture. Technical solutions to such problems exist in different agro-ecological zones. Another challenge is to find ways to overcome impediments to increased fertilizer use by organizing fertilizer supply and especially access to food and commodity output markets. Both public and private sector stakeholders need to be involved in order to increase farmer access to appropriate fertilizer and credit.

23. Boosting production not only requires access to inputs but better methods of crop production. Through extension methodologies that include Farmer Field Schools, appropriate advice will be provided through on-farm demonstrations on sustainable production intensification, good agriculture practices, conservation agriculture, soil fertility management, integrated pest management and crop diversification. The marketing aspect of this approach is covered in the next section.

4. Improving agricultural markets –USD 160 million

24. **Objective:** Contribute to better food security through more efficient agricultural markets.

Outcome: Internal market distortions reduced by improving agricultural infrastructure

Market contractual power of small holders increased

Outputs:

1. Market related infrastructure rehabilitated
2. Transparency, dissemination and utilization of market information improved.

Target population: Small farmers, traders, wholesalers, importers/exporters, millers and retailers.

A. Rapid interventions to link small farmers to markets

25. These would target constraints that rural food producers and sellers believe are hindering their ability to benefit from local, regional or global markets. Such interventions could address quality of produce; reliability of supply; efficiency improvements; waste reduction; collective marketing; investments in small-scale market infrastructure; value addition activities such as rural processing; and facilitation of contractual arrangements between smallholders and companies. All interventions should be context specific to address marketing constraints and should contribute to improving rural people's ability to compete and therefore their ability to increase income and reduce rural food insecurity.

26. This approach is currently being piloted by FAO in four LIFDCs in Oceania in collaboration with the World Bank, UNCTAD, and the International Trade Centre (UNCTAD/WTO) under an EC- funded programme. Under the same programme it is also planned to engage in similar rapid interventions in a number of LIFDCs in Central, West, East and Southern Africa.

27. Interventions can be identified by consulting with public and private stakeholders, in order to identify the most appropriate project partners such as farmer groups, traders or NGOs. Secondly, focus group meetings with the selected stakeholders are held to identify interventions that will improve commercial linkages and raise the income generating opportunities of smallholders and rural buyers. Thirdly, using the outputs of this consultation process, national intermediary organizations are contracted to implement the agreed rapid interventions.

B. Market support services

28. In order to respond to price signals farmers first need to be aware of price trends. The development of market information services, whether by governments or donors, has had a mixed success in recent decades, largely because of sustainability issues. However, the existence of ICTs, such as mobile phones and the internet, opens up the possibility of innovative market information provision at both national and sub-regional levels. The success of commodity exchanges such as the Multi Commodity Exchange of India and the South African Futures Exchange may provide a model for development in other countries.

29. Farmers often require advice on how best to carry out marketing. Considerable training material on agricultural marketing is available but this does not always reach those who work with farmers, such as extension staff, NGOs and other service providers. Training programmes tailored to local circumstances could quickly be developed.

C. Others

30. Activities relating to the policy environment and market infrastructure are dealt with in preceding sections. Within the time frame of the initiative, it is likely to be possible only to

initiate some rehabilitation of market infrastructure though cash or food for work, however, a start could be made to upgrading facilities as this could produce significant benefits in terms of reduced transaction costs and lower wastage, thus offsetting high food prices. For longer term improvement of market infrastructure, commitment is required from municipalities and local authorities. Caution is required with respect to credit schemes and attention might usefully be paid to upgrading skills of financing institutions so that they can develop products better suited to farmers' needs as well as to training of farmers and farmer associations in cash-flow management, simple bookkeeping and in agricultural risk management techniques in order to improve their capacity to efficiently negotiate and deal with financial institutions.

5. Reducing crop losses

31. A supply response is not equivalent to a production response. There are opportunities to rapidly increase the availability of food and thereby relieve the pressure on prices by addressing constraints of post-production handling, storage, distribution and preservation. Although there is no way of accurately measuring post-harvest losses, a global figure of between 15 to 20 percent has been quoted. Also, much can be done to prevent losses due to natural disasters and climate change, which exacerbate situations of food insecurity and high prices, by reinforcing disaster prevention systems.

A. Post harvest support USD 300 million

32. **Objective:** Rapid improvement in supply of food

Outcome: Effective post harvest systems contribute to reduced crop losses

Output: Crop losses reduced by 10%

Target population: Small farmers, traders, processors and distributors.

33. Post-production losses can be effectively controlled and reduced only by adopting a holistic approach to managing and building the capacity of the post-production chain, including development of the agro-industries sector. Critical components of such a strategy include: upgrading the skills of farmers, traders, processors and distributors in crop handling, storage and processing as well as of extension workers who frequently have no training in post-production management or food processing; establishment of knowledge platforms to make information on post-production and agro-industry available to a wider audience; capacity building of public and private institutions including promotion of dialogue amongst all institutions in the post-production chain; and provision of appropriate facilities, equipment and infrastructure.

34. The biggest single constraint to maintaining a safe supply of quality grain in the tropics is the lack of appropriate drying facilities. Most small farmers use only sun-drying, and in extended rainy periods (exacerbated by the increasing unpredictability of global weather patterns), farmers are simply not able to dry their grain to a sufficiently low level to assure safe storage. This problem has resulted in serious outbreaks of aflatoxicosis in several parts of Africa in recent years. Combined with compromised immune systems (a result of HIV/AIDS), this is a lethal combination, which has resulted in the deaths of thousands of people. Investing in mechanised drying facilities is required to secure a safe food supply for poor people. Improved storage facilities, both small-scale and centralised are also required to maintain food stocks in satisfactory condition until required for consumption.

35. In addition to drying, storage and transportation, other types of basic processing equipment may be considered to extend the availability of foods during the off season, or preserve and add value to perishable crops that might otherwise go to waste, or be sold at a low

price during the harvest period. Small-scale farmers and enterprises often lack the capital to invest in such equipment, and loans are difficult to obtain. These investments need to be considered on an individual basis, depending on the country, crop and situational analysis.

B. Reinforcement of disaster risk management – USD 15 million

36. **Objective:** Enhance resilience to shocks

Outcome: Disaster prevention and early warning systems enhanced

Outputs:

1. Reduced losses of small holders' assets and protection of rural livelihoods
2. Reinforcement of crop pests and disease prevention and control systems
3. Timely early warning provided

Target population: Vulnerable and food insecure

37. Concrete activities to build resilience to shocks and disasters improve vulnerable households' ability to cope with situations such as soaring food prices. These can be reinforced through regular awareness raising and training of those who might be affected by a disaster and those who will be providing support to the affected communities. In addition to many of the measures described in previous sections these include:

Agricultural measures such as

- appropriate crop selection (testing and introducing new varieties, drought/saline/flood resistant crops, quick growing crops) and animal breeding;
- improved cropping systems and cultivation methods (crop diversification, intercropping, adjustment of cropping calendars, soil conservation);
- sustainable water management: improved design, construction and maintenance of irrigation and water control infrastructure; rainwater harvesting; water conservation techniques; and
- afforestation/reforestation and agroforestry.

Sector specific infrastructural measures:

- raised seeds beds, dams, wind breaks, fire breaks;
- proofing of storage facilities and livestock shelters;
- erosion control structures;
- safe rescue places/platforms and strategic animal fodder reserves;
- drought resilient strategic water points;
- earthquake proof fish ponds and irrigation facilities;
- flood safe seed and fodder stocking infrastructure.

Socio-economic measures:

- risk sharing and transfer instruments: crop/livestock/fishery insurance, compensation and calamity funds, micro-credit and cash transfers; and
- livelihood diversification.

Control of transboundary pests and diseases

38. The most effective and critical measures that national governments could apply in the prevention of disasters induced by pest and diseases are the application of rational and sustainable intensification policies based on an ecosystem management approach (including rational use of agricultural inputs, increased genetic diversity, enhancement of ecological services, etc). National governments should have contingency plans to deal with potential

transboundary pests and diseases. Regular disease and pest surveillance, including the mapping of crops and varieties, is one of the most critical elements of national preparedness allowing for the early detection of emerging and introduced pests and accordingly their timely management and control. Capacity building, resource allocation for emergencies, and inter-institutional coordination are also essential elements of preparedness. A functional national seed system for rapid seed multiplication and distribution and national IPM programmes and policies as well farmers' education are all major elements of national control systems.

Early Warning Systems (EWS)

39. The purpose of the EWS is to detect, forecast and, when necessary, issue the alert relating to impending hazard events. Critical to the success of EWS is clear linkage to information users and institutional arrangements to ensure effective response when early warning is provided. In order to be effective and fulfil a risk reduction function in the agriculture sector alerts need to:

- be associated to information on possible impact on the agriculture sector and on what farmers can do to reduce disaster risk;
- be communicated in a way that is understandable by vulnerable people;
- be transmitted through media accessible to rural farming and fishing communities;
- take into consideration issues relating to people's risk perceptions and trust in public institutions; and
- where possible include medium and long-range climate forecasts to allow for contingency cropping plans.

6. FAO Technical Assistance and Coordination at national level – USD 40 million

40. **Objective:** Accompany and support national endeavours to address soaring food prices

Outcome: Global, regional and countries' responses coordinated and effective

Outputs:

1. National Action Plans prepared and implemented in the short term
2. Regional programmes developed supporting country programmes and promoting integrated regional policies.

41. FAO will play a catalytic role in providing technical and policy assistance to countries and contributing to mobilizing financial assistance for the implementation of national programmes to boost national production in the short term while contributing to build resilience of farming systems to cope with volatility of agricultural markets and climatic variability.

42. The FAO Representative in the country will support existing food security structures or help establish a national coordination mechanism for addressing soaring food prices.

43. On receipt of a request for assistance from the Government, there will initially be support for assessments and preparation of country action plans and, in line with funding of this component, technical assistance for capacity building and programme implementation including productive safety nets.

A. Assessment phase

44. Wherever possible, assessment missions will be carried out jointly with other UN Agencies, World Bank etc. to cover the extent and impact of soaring food prices in the country, identification of vulnerable groups, assessment of the policy framework and measures already adopted by the Government. This will result in determination and agreement with Government and other stakeholders on short, medium and longer term measures required address the issue and the need for external support to implement these effectively. There will be specific identification of activities where further FAO assistance may be provided.

45. In cases where urgent assistance is required, the assessment would focus on requirements for immediate action to be undertaken to boost production and result in an urgent action plan for external assistance to supplement local resources. Coordination/collaboration with partners such as WFP, World Bank and IFAD would again be important. In the plan, there should always be a provision for more in-depth analysis along the lines of the standard approach in order to ensure short-term measures are followed up by more sustainable activities.

B. Implementation phase

46. Given the magnitude of the programme, it is envisaged that many activities will be carried out directly by Governments and other national stakeholders. However, FAO country offices will deploy specialised technical assistance to intervene as requested in the fields of: policy assistance, productive safety nets, improving production systems, improving agricultural markets and reducing crop losses to support activities described above. On request, FAO would implement certain activities such as productive safety nets, early warning systems and measures to control transboundary pests and diseases, whose investment costs are included under the relevant components above.

Regional Level

FAO Technical assistance and Coordination at regional level – USD 20 million

A. Policy initiatives and support to regional organizations

47. It is imperative that a better understanding – and lessons learned - of the multitude of on-going actions and planned initiatives at Regional Level be attained. One possible way to achieve this is to enhance the capacity of existing national and regional structures to monitor and disseminate market, price and trade information i.e. to develop market information systems. The first-round of policy measures undertaken by national governments e.g. the decision to close borders and ban trade of food and agricultural commodities needs to be better understood and analysed since more convincing evidence is required why these may not be “good policy”. To do so, regional cooperation with a broad range of stakeholders: international research organizations, NGOs and others is required. In West Africa, for example, a regional approach and analysis of maize and the livestock sectors (two of the most strategically important value chains in the region, on the assumption that rice is covered by WARDA) would be crucial to identify opportunities for and constraints to future development, and investments and policy measures to contribute to an adequate supply response needed to meet growing industrial and consumer demand of these commodities. In other regions in Africa, Asia and Latin America, similar regional approaches will be required to develop sustainable policies which may benefit the involved countries. In the Near East review of the options for wheat production in the light of the new prices parameters has already been proposed (with possible collaboration with ICARDA). Several oil-producing countries in the region are currently considering investing in food production enterprises in other countries in order to enhance their own food security. In Asia, FAO has initiated consultations with ASEAN and SAARC Secretariats on more effective utilization of regional food security stocks. It is important for attention to be given to strengthening regional price systems and price analysis, provision of sufficient price and market data information to producers, and getting a better understanding of supply and demand patterns in the region. FAO needs to play a role of coordination and facilitation which stems directly from FAO’s core mandate as a knowledge organization.

B. Technical support to food crisis activities

48. The regional and sub regional offices with the support of the FAO HQ will provide key support to regional/sub regional organization and to the national level. Particularly in Africa regional organizations such as the African Union and NEPAD and sub regional organization such as the Regional Economic Communities (REC) ie ECOWAS, SADC, COMESA etc are playing a key role. Similarly in Asia, Central and South America, regional organisations are important. A coordinated approach will be developed with the member countries through the FAO regional/sub regional offices with the support of FAO Headquarters. FAO has a long history of working with regional and sub regional organization on food security, transboundary pests, harmonization of rules and regulations regarding trade and standards, fertilizer trade, and working with the crops that are common in the region for trade of seed and exchange of germplasm. A significant element of the regional sub regional component will be the development of databases of important crops and varieties along with inventories of seed and lists of seed sources as well as pests and diseases.

49. By the nature of their spread, the effective prevention and control of transboundary plant pests and diseases require action at the regional and global levels. This includes improved cooperation, networks, exchange of information and sharing experience on the pests

and pathogens and their management. Exchange of surveillance and crop information allows for the development of regional and global early warning systems as well as improvement of national contingency plans.

50. Under this component, the regional and/or subregional offices will be strengthened with additional staff necessary to support FAORs in implementation of country level activities.

Global Level

FAO Technical assistance and Coordination at the global level – USD 20 million

A. Coordination and liaison

51. In line with the emphasis of the response to the crisis on country level activities, the coordination structure established at FAO Headquarters is light with a small Secretariat of dedicated staff, guided by an inter-departmental Task Force and the whole overseen by a senior Policy Committee, headed by the Director-General himself or, in his absence, by the Deputy Director-General. The coordination structure is tasked with guiding and monitoring implementation of the Initiative on Soaring Food Prices to ensure consistency and impact. A strong role is also anticipated for liaison with UN and other partners, such as NEPAD, and advocacy for the Initiative. The headquarters team is supported by a network of ISFP focal points in each regional and sub regional office that will coordinate the tasks of:

- Providing technical support to FAORs in ISFP countries, including assisting in the formulation of projects, fielding of missions and identification of mission members;
- Facilitating exchange across ISFP countries in the region/subregion;
- Liaising with Regional Organizations of the region/subregion.
- Monitoring ISFP activities in the region/subregion.-.

52. The Initiative and the resulting programme described in this document will feed into the UN Comprehensive Framework for Action being elaborated to provide a broader response to the global food crisis taking advantage of the comparative advantage of concerned UN agencies as well as partners in the Bretton Woods institutions and the Regional Development Banks. As indicated in the section on Technical Assistance at the national level, it is planned to carry out assessment missions jointly with UN and World Bank partners. In view of the nature of the crisis, particularly close working relationships are being established with the other Rome-based agencies, WFP and IFAD. There will be occasions when FAO will rely on WFP for its logistics expertise and also opportunities for joint implementation such as rehabilitation of rural infrastructure where WFP may provide the food for work supervised by FAO or joint food and seed distributions where WFP will provide food rations to ensure that the seed supplied by FAO is planted. In the reprogramming of its assistance to meet the challenges of soaring food prices, it is anticipated that IFAD and other funding agencies may work with FAO to ensure effective productive safety nets.

53. To ensure consistency of approach throughout the Organization, the Secretariat with the support of the rest of the Organization will ensure production and diffusion of guidelines and templates. A Guide for Country Level Action has already been prepared which provides a review of policy and programmatic instruments available, their likely impact and the conditions under which they are best adopted as well as warnings about quick fixes which may have

negative longer term impact. This Guide has already been distributed to FAO's country-level representatives. Standard terms of reference for the Assessment Missions have been prepared and guidance will be provided as required on country-level project documents oriented to activities under the ISFP.

B. Information and Analysis

54. The recent trend in rising global food prices and initial round of policy and programmatic measures undertaken in response to the situation have highlighted the increasing murkiness between emergency interventions, social protection or safety net programs and long term development actions that address structural and chronic constraints to improved welfare. The situation raises serious questions about who is vulnerable, what type of actions (i.e., immediate support, safety net, etc.) can most effectively improve their welfare and how to target and prioritize this assistance given that the large number of vulnerable people far surpasses available resources.

55. The situation challenges governments, Regional Economic Organizations (REO)s and development partners to collaborate in the analysis, design, targeting and monitoring of a more nuanced and coherent set of actions that concurrently address the transitory aspects and safety net dimension of the acute food access problem while fine-tuning or shifting the target of development-oriented policies and programmes to more effectively address the major constraints of chronically food-insecure populations.

56. FAO has a fundamental obligation as a knowledge organization to provide information on the evolution of food prices and analyze their impact. Its capacity to do this will be strengthened through the establishment of a specialized "Monitoring and Market Intelligence Unit". This will carry out analysis of food security and market price information systems at national, regional and global level to guide the in-country projects and advise governments, decision-makers and external partners. The activities will aim to develop tool kits and analytical work to assess the impact of food prices on food security and vulnerability. The work will be coordinated with WFP's Vulnerability Analysis Mapping (VAM) and other in-country or regional food security and market information systems.

57. In order to produce quick results a start will be made with strengthening the cereal price data base. A significant number of national cereal prices and import datasets have, over time, been developed, maintained and used in FAO's Global Information and Early Warning System (GIEWS). These records are critical to the GIEWS capacity to undertake up-to-date analysis on food security situation for its different reports and publications and require supplementing with additional data.

58. FAO's considerable expertise in development of early warning and food information systems will also be at the disposal of countries which might opt to strengthen their own services in this area. Substantial projects are already under implementation in many African countries, including Somalia and the Sudan, as well as in other parts of the world.

C. Technical agricultural support

59. A major strength of FAO is its technical services. The ISFP provides an opportunity for the technical services to work in an integrated approach to boost food production and increase food security in a wide range of countries. A working group will be established in FAO Headquarters specifically to provide assistance to the ISFP in the following areas.

i) Develop an integrated approach that includes best practices, seed system development, integrated pest management (IPM) and soil fertility management and including post harvest, marketing and value adding. This systems approach has been piloted in a number of countries and through the Special programme for Food Security (SPFS). The ISFP will provide the platform to extend it more widely with national and NGO partners.

(ii) Build capacity at regional, sub regional and national level for implementation of projects/programmes in sustainable production intensification including quality seed production, as well as pest surveillance. Training workshops will be conducted in partnership with technical partners. Training materials, web based training and information will be developed and disseminated.

(iii) Provide training and assistance at the national level as required for the development of national projects. Up request FAO will provide technical staff to assist at the national level for both the development and implementation of ISFP projects that compliment ongoing initiatives.

D. Communication and Visibility Campaign

60. In order to promote the ISFP and an effective response to soaring food prices a campaign will be developed with the overall goal of reaching target audiences with consistent messages that will build understanding of the ISFP - and its (potential) impact - and engage political and citizen support for the initiative. A secondary objective will be to show that the ISFP does not take place in isolation but is part of a broader initiative involving other stakeholders, in particular the UN, IFIs and NGOs, and supports governments' existing development programmes. Specific messages will be developed for target audiences such as: decision-makers in developed and developing countries, IFIs, other UN agencies, CSOs, the general public (through the media), regional economic organizations, agricultural research centres and private sector foundations. The messages will be delivered through a variety of communication tools including:

- Face to face presentations and briefing sessions
- Production and management of a web site on high food prices
- Dedicated regional or country webpages, where possible
- Placement of OpEd articles
- Preparation and distribution of news releases
- Arranging print and electronic media interviews with FAO spokespersons
- Arranging field trips for media and government representatives
- Production and placement of television and radio news and feature stories (possibly co-productions with key media outlets)
- Production of photoreportages for web distribution
- Distribution of a brochure/booklet or multipurpose fact sheets highlighting success stories
- E-newsletter - also to be distributed to FAORs- with regular updates on donor contributions and donor -funded projects
- Production and placement of PSAs in print (main newspapers and free dailies as well as magazines) broadcast and web media

- Distribution of a calendar featuring donor-funded projects (with donor logo).

E. FAO Reporting and Monitoring Activities

61. FAO has established a system of weekly updates on the soaring food prices situation and activities being taken to address this based on reports from its representatives in the field.

These cover information on:

- political, socio-economic developments in the country related to soaring food prices;
- government measures (short term and medium to long term) to address the situation;
- local organization and coordination, including consultative process with government, local UN agencies, donors, other development partners;
- progress with local initiatives to better assess the situation;
- preparation of a plan of action;
- identification of needs and requests for assistance, for immediate/emergency, short or medium term;
- ISFP project formulation, funding and operationalization;
- implementation of FAO ISFP projects, including supply of agricultural inputs.

62. Information collected through the FAO network of regional, subregional and country offices will be consolidated and analysed at headquarters to produce overview reports.

63. Monitoring tools include a standard template for the Representatives' weekly report and a special facility in FAO's Field Programme Management Information System (FPMIS) to produce automated management reports and funding tables regarding ISFP field projects operated by FAO.

Follow-up

64. The Programme Document will be made available to Governments of both target beneficiary and potential donor countries as a tool to raise the funding required. Further discussions may be carried out bilaterally or FAO may be applied to for advice and direction as to which countries are requesting what type of assistance. Based on further consultations with governments and as needs are better identified, the Programme Document will be elaborated and updated.

Table 1. ISFP Summary of Cost estimates

INITIATIVE ON SOARING FOOD PRICES			
Costs Estimates of Global Countries Needs			
Item	Types of Measures - Initiative on Soaring Food Prices	Cost (000,000)USD	%
1	POLICY		
1A	Following adoption of policies to address soaring food prices such as import tariffs, export bans, subsidies etc., ensure diffusion of good policy practices, dialogue between all stakeholders, analysis of impact, further review of causes of price rises to inform policies.	25	1%
2	PRODUCTIVE SAFETY NETS		
2A	Inputs and extension advice (Immediate support to small farmers/net food buyers: direct distribution to farmers, input trade fairs, voucher, credit schemes etc; quality control; use of existing supply mechanisms).	630	37%
2B	Rehabilitation of Rural and Agriculture Infrastructure: scaling up of ongoing rehabilitation through cash or food for work for small scale irrigation structures, market infrastructure, rural roads, soil conservation/restoration of fertility. Technical supervision. Prioritization of activities in agreement with local community.	300	18%
3	IMPROVEMENT OF PRODUCTION SYSTEMS		
3	Scale up seed development programmes, increase early generation seed production, capacity building with the nation seed service, seed policy reform, establishment of farmer seed enterprises, demonstration of improved varieties; increase soil fertility; good agricultural practices; improve extension.	200	12%
4	IMPROVING AGRICULTURAL MARKETS		
4A	Rapid interventions to link small farmers to markets: address quality of produce; reliability of supply; efficiency improvements; waste reduction; collective marketing; investments in small-scale market infrastructure; value addition activities such as rural processing; and facilitation of contractual arrangements between smallholders and companies. Innovative provision of market information .	160	9%
5	REDUCING CROP LOSSES		
5A	Post harvest support (storage rehabilitation, supply of small scale silos, small processing equipment, improvement storage techniques)	290	17%
5B	Reinforcement of existing prevention systems, reducing harvest losses, early warning and control of transboundary diseases and pests, i.e wheat rust Uganda 99, Locust, etc)	15	1%
6	COORDINATION AND TECHNICAL ASSISTANCE		
6A	Reinforcement of FAO's technical capacity for coordination and technical support to countries at Global, Regional and Country level, including agricultural policies, economic analysis, agricultural productivity technology, partnerships with regional institutions and CGIAR)	80	5%
6A	Country Level	40	
6B	Regional Level	20	
6C	Global level	20	
	TOTAL	1,700	

Annex 1. FAO ISFP Projects as of 22 May, 2008

Country	Status	Project symbol	Title	Budget (USD)
Mauritania	Approved	TCP/MAU/3105	Assistance aux agriculteurs vulnérables affectés par la hausse des prix des céréales et le déficit céréalier	310,000
Mauritania	Approved	OSRO/GLO/216/SPA		614,500
TOTAL Mauritania				924,500
Burkina Faso	Approved	TCP/BKF/3104	Assistance aux populations victimes des chocs climatiques et de la hausse des prix agricoles	496,000
Burkina Faso	Approved	OSRO/GLO/216/SPA		460,000
TOTAL Burkina Faso				956,000
Senegal	Approved	TCP/SEN/3104	Augmentation des prix et déficit céréalier	500,000
Senegal	Approved	OSRO/GLO/216/SPA		442,500
TOTAL Senegal				942,500
Haiti	Pipeline	TCP/HAI/3104	Appui au Programme de Relance de l'Agriculture dans les zones prioritaires affectées par la crise alimentaire 2008	498,000
Haiti	Approved	OSRO/GLO/216/SPA		1,000,000
Haiti (CERF)	Pipeline	OSRO/HAI/XXX/CHA	Intervention d'urgence en appui des moyens de vie des agriculteurs les plus vulnérables affectés par la crise alimentaire 2008	2,520,000 (CERF)
TOTAL Haiti				4,018,000
Mozambique	Pipeline	TCP/MOZ	Support to smallholder cassava production and processing to counter soaring food prices	500,000
Mozambique	Approved	OSRO/GLO/216/SPA		460,278
TOTAL Mozambique				960,278
Timor-Leste	Pipeline	TCP/TIM/		500,000
Timor-Leste	Pipeline	OSRO/GLO/216/SPA		850,000
TOTAL Timor-Leste				1,350,000
Regional-Central America	Pipeline			
Regional- wheat stem rust	Pipeline	OSRO/GLO/216/SPA	Ug99 Response Programme	551,100
Philippines	Pipeline	TCP/PHI		
Peru	Pipeline	OSRO/GLO/216		20,000
Bangladesh	Under discussion			
Mongolia				
Indonesia	Under			

Initiative for Soaring Food Prices

	discussion			
TOTAL (as of May 08)				9,722,378

Approved projects from the TCP Facility

Country	Budget (USD)	Project Title
Pakistan	85,654	Assessment of the impact of the food crisis and recommendations for short, medium and long term responses.
Tonga	60,832	
China	12,840	
Angola	Under discussion	
Central African countries	Pipeline	Sub regional TCPF requested by ECCAS
Ecuador		Analysis of causes and identification of actions
Haiti	Under discussion	
Madagascar		
Nepal	54,000	
TOTAL (as of May 08)	213,326	

Annex 2. Other activities reported by FAORs as of 22 May, 2008

Formulation of needs by countries

Out of the 48 countries having requested assistance, almost two thirds (30 countries) have formulated their needs in terms of the type of intervention expected from FAO. The others are waiting for FAO consultations or for their own government's assessment in order to get further orientation on the type of assistance they may request.

➤ *Requests related to measures in favour of producers*

Government's request concerns mainly production support measures. The most requested measure is **access to inputs** related to agriculture (seeds, fertilizers, pesticides tools) but also to fisheries and animal husbandry inputs. 20 countries are requesting assistance in the form of input supply, most of these requests concerning in particular access to seeds. Another measure frequently requested is assistance in form of **technical support and advisory services on production** (9 requests), followed by the development of **capacity building and training** (7 requests), and the **improvement of facilities for storage and/or reduced post-harvest losses** (5 requests).

Requests of assistance in terms of market management measures concern mainly the development of **market information systems** (4 requests) and the **enhancement of value chains** (3 requests), particularly the improvement of processing capacity and the facilitation of marketing arrangements.

➤ *Requests related to measures in favour of consumers*

There are fewer requests for assistance related to measures in favour of consumers. Four countries are expecting FAO support for the development of **social safety nets**, in the form of assistance to vulnerable groups or through "cash-for-work". Only 2 countries are at this stage requesting FAO assistance in **market management policies** in order to avoid massive price fluctuation.

➤ *Requests related to long-term measures*

FAO's assistance is in some cases requested for the application of long-term measures like **irrigation development** (5 requests) or the **formulation of a National Strategy** against escalating food prices (6 requests). Finally it is worth noting that three countries are also expecting FAO to facilitate thematic local/regional meetings on the ISFP.

Feedback from the Regional/Sub-regional Offices in terms of assistance

The FAO Regional Office for Asia and the Pacific is proposing to set up a regional mechanism to monitor, collect, analyse and disseminate market intelligence and information on agricultural policies for selected commodities critical for food security in the ten major countries in the Asia-Pacific region. The regional mechanism is expected to build on existing FAO work such as EST's "Crop Prospects and Food Situation" and "Food Outlook". The Regional mechanism will also work in cooperation with several actors in the region (EC, WFP, UNDP, ASEAN and possibly SAARC) who have also indicated their interest in the subject.

The FAO Regional Office for Europe and Central Asia continues to communicate with those Central and Eastern European and Central Asian countries that may require assistance under the FAO

initiative on Soaring Food Prices (ISFP). Although food prices are an issue in many of the countries in the region, only the Ministry of Agriculture of the Republic of Armenia has expressed an interest in participating in the FAO ISFP initiative.

The FAO Regional Office for the Near East, in collaboration with the Sub-regional Office for North Africa, will hold a regional workshop on soaring food prices in Cairo (1-4 June) with the participation of officials from the Ministries of Agriculture from 13 countries from the region. Additional country requests and/or needs assessment are likely to result from this workshop. Consultations are ongoing with the World Bank on possible collaboration in holding of a high level meeting in the region to discuss, among others, soaring food prices, and also with the WFP regional office in Cairo to explore possible collaboration on SFP issues at the regional-level. The Regional Office is also pursuing the possibility of intra-regional South-South collaboration regarding agricultural investments since several oil-producing countries in the region are currently seriously considering investing in food production enterprises in other countries as a possible option for enhancing their own food security. Based on the request from the Secretary General of the Arab Maghreb Union (AMU), the Sub-regional Office for North Africa prepared (jointly with TCAS) a TCPF activity at regional level to assist AMU member countries to develop a regional agriculture strategy.

The FAO Sub-regional Office for Southern Africa is focusing on 1) providing technical support to FAORs and UNCTs (including in-country analysis of information; programme formulation, and facilitating in-country dialogue, as requested), 2) coordinating information sharing among countries, and facilitating dialogue among stakeholders in the sub-region on issues of cross-border relevance in close collaboration with regional economic organisations; 3) reinforcing food and nutritional security dimensions of on-going and upcoming sub-regional programmes, 4) contributing to the development of common methodologies, and harmonising field and market data collection to strengthen information collection, analyses and dissemination to better inform policies and strategies to be adopted at country or sub-regional level.

The FAO Sub-regional Office for Central Africa is assisting the Economic Community of Central African States (ECCAS)¹ in assessing the situation in each of its member countries, most of those being importers of food. The proposal focuses on the collection, monitoring, and analysis of national prices, and of agricultural goods produced locally and imported. The study will support the formulation of a common agricultural policy and the implementation of the regional programme on food security.

The FAO Sub-regional Office for Central America is supportive to the Regional Plan of Action prepared by the Central America Region and is identifying with the Ministries of Agricultures its involvement in those actions where FAO can add value. A regional TCP is under discussion and its formulation will be backstopped by the Investment Centre.

Collaboration

FAO is cooperating mainly with the UN system, in particular with the WFP, but also with UNICEF and UNDP (less present are IFAD and WHO). Other organizations involved in providing assistance along with FAO are IFPRI, USAID, AUSAID, the EU, and in some countries also NGOs and/or the private sector.

¹ Angola, Burundi, Cameroun, Congo, Gabon, Guinée Equatoriale, République centrafricaine, République démocratique du Congo, Sao Tomé et Príncipe, Tchad