

Initiative on Soaring Food Prices

Programme Document

Aiming to reduce food insecurity caused by soaring food prices



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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 food insecurity caused by these prices**. The focus is on the short term and the nature and number of activities proposed has been determined by this time frame although the basis is provided 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 (LIFDCs) 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 technical 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. It is anticipated that donors might also choose to channel some of their funding for activities at country level through FAO where FAO has comparative advantage (i.e. for policy assistance or for assisting with direct delivery in those countries that require some external support 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 accumulated experience with investment requirements of the agricultural sector in order 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. It is expected that, as country processes unfold, assessments are conducted and more information is made available via close interaction with governments and other partners, the level of detail in 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 can boost their production both in the next growing seasons and in the medium and long term.

2. There are six 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 tonnes of grain, of which 80 percent from the United States, were estimated to be used for this purpose in 2007/8. **Fifth**, agriculture has been neglected in recent decades as illustrated by decreasing shares of government budget and international aid going to agriculture. **Sixth**, the apparent uncontrolled financial speculations in the cereal markets.

3. In the longer term, 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 FAO Director-General 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 following agricultural campaigns and to give policy support to improve access to food in the most affected countries. These urgent measures need to be identified taking into consideration policy and programmes existing in the country such as the Poverty Reduction Strategy Papers (PRSPs), other national agricultural and food security policies and development programmes such as the National and Regional Programmes for Food Security (N/RPFS). 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 closely collaborate and coordinate with national and international partners, including the UN System organizations, Bretton Woods Institutions, African Union, NEPAD, CGIAR Centers and others. In this context, **the ISFP will contribute to the Comprehensive Framework for Action (CFA)** to address these challenges 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. During this period, and in addition to urgent measures for immediate implementation, attention will also be given to assist affected countries in planning

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, promoted and 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 that 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 challenges posed by soaring food prices are different from those of a “traditional” 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 and programmes to address the situation in a comprehensive and sustainable way. The international community can continue to help in providing advice and technical assistance on the best ways to do this. Many of the interventions suggested are already ongoing in the countries, but **added value will come from a significant increase in international investment permitting an important up-scaling of the activities**. 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 rural development and food security.

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 under Multidonor Trust Funds with the help of 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 LIFDCs and a few more particularly affected 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 situation.

National Level

1. Policy Analysis and Technical 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:

- regular updated information on food security situation and agricultural markets available at country and global levels;
- regional market synergies promoted through coordinated agricultural and trade policies;
- 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 organizations, 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 design and implement realistic “good practice” policy options, it is imperative that analytical work 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 930 million

A. Inputs and extension advice – USD 630 million

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

Outcomes: Increased income for poor rural households from more competitive and sustainable agriculture.

Increased food supply in domestic markets.

Outputs:

- small farmers' access to improved inputs and technical knowledge increased;
- 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 or animal feed requirements. 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 ensure their use for production purposes. 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. This will include support to home gardens and peri-urban agriculture, often vital to provide the vulnerable poor with fresh food of high nutritional value. Procurement and distribution of inputs will be monitored to ensure that farmers obtain inputs that meet established quality standards. The use of existing practices and 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:

- purchasing power of poor rural households increased;
- 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 and improvement in productive infrastructure. 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. Intensification of Production Systems - USD 200 million

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

Outcome: Increased investment in agriculture

Outputs:

- quantity and quality of improved inputs used by small farmers increased;
- 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 and food security 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 programmes and activities. This integrated approach focuses on increasing the availability of inputs, 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 seed distribution 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 phenomenon 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 specialized production that responds to consumers' needs and involves greater investment in agriculture. Technical solutions to such problems exist in different agro-ecological zones and can be rapidly applied. Another challenge is to find ways to enable increased fertilizer use and access food and commodity output markets. Both public and private sector stakeholders need to be involved in the process.

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 production intensification, good agricultural 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 smallholders increased

Outputs:

- market related infrastructure rehabilitated;
- 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. The approach has already been successfully piloted by FAO in selected LIFDCs.

26. Interventions are scoped 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

27. 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 Information and Communication Technologies (ICTs), such as mobile phones and the internet, opens up the possibility of innovative market information provision at both national and subregional 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.

28. 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, Non-governmental Organizations (NGOs) and other service providers. Training programmes tailored to local circumstances could quickly be developed.

C. Others

29. 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 through 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 and Livestock Losses - USD 290 million

30. 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 crop losses, a global figure of between 15 to 20 percent has been quoted. Livestock losses can be reduced through basic disease prevention precautions. 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

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

Outcome: Effective systems contribute to reduced crop and livestock losses

Output: Crop losses reduced by 10 percent

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

32. Post-production crop 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. Animal health can be improved through reinforcement of local veterinary services with inputs, refresher training and logistics.

33. 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 mechanized drying facilities is required to secure a safe food supply for poor people. Improved storage facilities, both small-scale and centralized are also required to maintain food stocks in satisfactory condition until required for consumption.

34. In addition to drying, storage and transportation, other types of basic processing equipment might 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

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

Outcome: Disaster prevention and early warning systems enhanced

Outputs:

- reduced losses of smallholders' assets and protection of rural livelihoods;
- reinforcement of crop pests and disease prevention and control systems;
- timely early warning provided.

Target population: Vulnerable and food insecure.

36. 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 seed 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, microcredit and cash transfers; and
- livelihood diversification.

Control of transboundary pests and diseases

37. The most effective and critical measures that national governments can apply to 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 integrated pest management (IPM) programmes and policies as well farmers' education are all major elements of national control systems.

Early Warning Systems (EWS)

38. 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 with 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

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

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

Outputs:

- National Action Plans prepared and implemented in the short term;
- regional programmes developed that support country programmes and promote integrated regional policies.

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

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

42. On receipt of a request for assistance from the government, there will initially be support for assessments and preparation of country action plans or for the identification of priority actions included in the existing national food security programmes and action plans and, in line with the funding of this component, technical assistance for capacity building and programme implementation including productive safety nets.

A. Assessment phase

43. 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.

44. In cases where urgent assistance is required, the assessment would focus on requirements for immediate action 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. The plan will make provision for more in-depth analysis in order to ensure short-term measures are followed up by more sustainable activities.

B. Implementation phase

45. This programme is intended to assist national governments in ensuring food security of their population in the framework of the soaring food prices. It is therefore envisaged that most of the activities will be carried out directly by governments and other national stakeholders. However, FAO country offices will deploy specialized 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

46. There is a need to better understand and extract lessons from the multitude of ongoing actions and planned initiatives at regional level. One possible way to achieve this would be 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 to provide more convincing evidence as to why such measures may not be “good policy”. This needs to be a collaborative effort involving international research organizations, NGOs and others.

47. 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 the Africa Rice Center [WARDA]) could identify development opportunities for and constraints and investments and policy measures needed for an adequate supply response to growing industrial and consumer demand. Similar regional approaches are needed in other regions in Africa, Asia and Latin America. 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 the International Research Centre for Agricultural Research in Dry Areas [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 the Agricultural Development Planning Centre (ASEAN) and the South Asian Association for Regional Cooperation (SAARC) Secretariats on more effective utilization of regional food security

stocks. Attention needs to be given to strengthening regional price systems and price analysis, provision of relevant price and market data information to producers, and developing and disseminating a better understanding of supply and demand patterns in each region. As the world's key agricultural knowledge organization, FAO can play a role of coordination and facilitation in this process.

B. Technical support

48. Through its network of Subregional Offices in North, West, Central Southern and Eastern Africa, Central Asia, Pacific Islands and the Caribbean countries, but also for Eastern Europe, which are reinforced by Multidisciplinary technical teams FAO is well placed to provide the relevant technical advice at the relevant levels, based on its framework of regional and national programmes for food security. Particularly in Africa regional organizations such as the African Union and the New Partnership for Africa's Development (NEPAD) and subregional organizations such as the Regional Economic Communities (REC) i.e. Economic Community of West African States (ECOWAS), South African Development Community (SADC), and the Common Market for Eastern and Southern Africa (COMESA), etc. are playing a key role. Similarly in Asia, Central and South America, regional organizations are important. FAO has a long history of working with regional and subregional organizations on food security, transboundary pests, harmonization of rules and regulations regarding trade and standards, fertilizer trade, and the crops that are common in the region for trade of seed and exchange of germplasm. A significant element of the regional/subregional 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 on country level activities, a light coordination structure has been established at FAO headquarters tasked with guiding and monitoring implementation of the ISFP 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 subregional office that will coordinate the tasks of:

- providing technical support to FAORs and UN country teams 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 situation 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 the governments, 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, the World Food Programme (WFP) and the International Fund for Agricultural Development (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, the Secretariat, with the support of the rest of the Organization, will ensure production and diffusion of guidelines and templates. For example, 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.

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 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. As a knowledge organization, FAO has a fundamental obligation 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 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 way 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 in seed system development, integrated pest management and soil fertility management, incorporating post harvest, marketing and value added. This system is based on an important element of capacity building and empowerment of farmers and has been piloted in a number of countries including through the Special Programme for Food Security (SPFS). The ISFP will provide the platform to extend it to more national and NGO partners.

(ii) Build capacity at regional, subregional 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. Upon request, FAO will provide technical staff to assist at the national level for both the development and implementation of ISFP projects that complement ongoing initiatives.

D. Communication and visibility campaign

60. In order to promote the ISFP as an effective response to soaring food prices a campaign will be developed to reach out to 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 web pages, 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 brochures/booklets or multipurpose fact sheets highlighting success stories for targeted audiences;
- E-newsletter - also to be distributed to FAO Representatives - with regular updates on donor contributions and donor-funded projects;
- production and placement of articles 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 on activities being undertaken to address it 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 funding tables regarding ISFP field projects operated by FAO. Options are under review for the production of regular management reports.

Follow-up

64. The Programme Document will be made available to governments of target beneficiary countries and to potential donors as a tool to raise the funding required. Further discussions may be carried out bilaterally or FAO can be consulted 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 further 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 USD (000 000)	%
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	INTENSIFICATION 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 AND LIVESTOCK LOSSES		
5A	Post harvest support (storage rehabilitation, supply of small-scale silos, small processing equipment, improvement storage techniques);reinforcement of veterinary services with inputs, refresher training and logistics.	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	