



# Contingency Planning for Volatile Food Prices

Policies to Respond to High Food Prices  
High-level Regional Consultation  
Bangkok, 1-2 October 2012

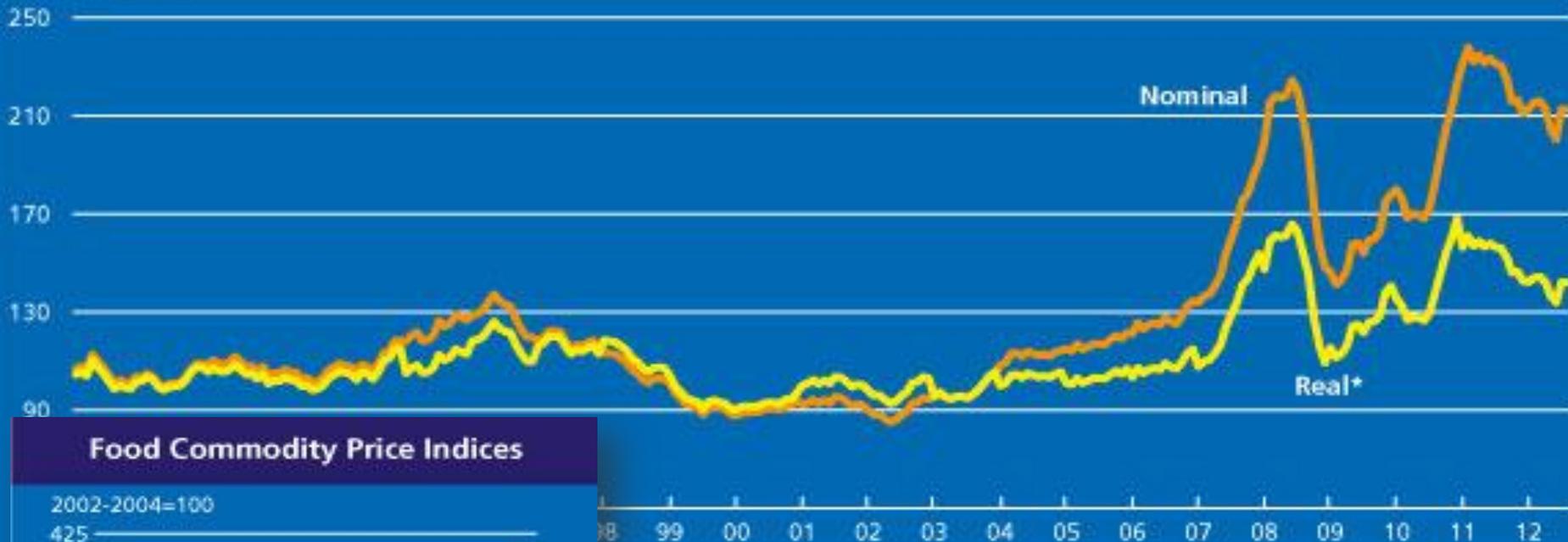
# Current shocks and future trends

High and volatile prices in agricultural commodity markets:

- has entered its fifth successive year ...
- likely to prevail in 2012 ...
- agricultural commodity prices in real terms likely to remain on higher plateau during next ten years compared to previous decade ...

# FAO Food Price Index

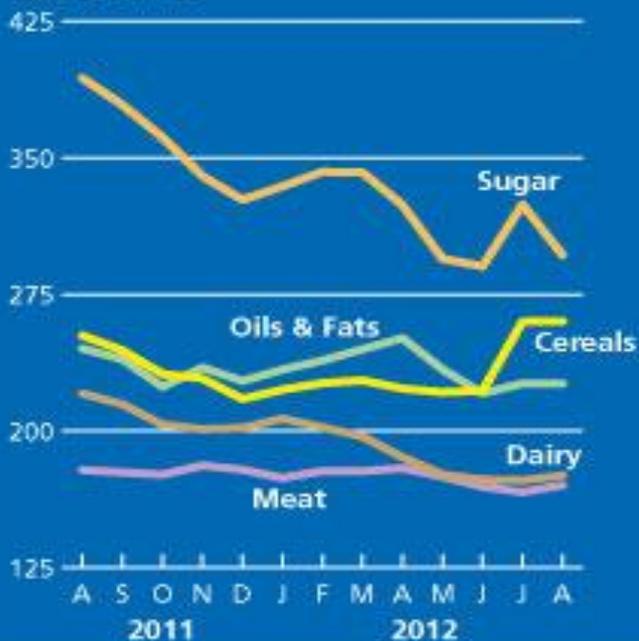
2002-2004=100



...ted by the World Bank Manufactures Unit Value Index (MUV)

## Food Commodity Price Indices

2002-2004=100



- **The FAO Food Price Index** averaged 213 points in August 2012, unchanged from the previous month. The Index value is 25 points below the peak (238 points) reached in February 2011.
- International prices of cereals and oils/fats changed little but sugar prices fell sharply, compensating for rising meat and dairy prices.

# FAO involvement in volatile food prices

## Food price monitoring

- FAO Global Food Price Monitor (9 June 2011).
- FAO Bi-annual Food Outlook (June 2011).
- OECD-FAO Agricultural Outlook 2011-2020 (17 June 2011).

## Policy support

- Raise awareness, exchange experience, identify needs, avoid pitfalls.
- 12 regional seminars, 11 completed.
- FAO Guide for policy and programmatic actions at country level to address high food prices.

## Country contingency planning

- FAO commitment to ensure high risk countries are prepared in event of crisis.
- Foundation for programmatic support in short- and medium-term.

# The High Risk Countries

	Countries	Exposure Index	Vulnerability Index	Food Insecurity Risk Index
1	Liberia	7.42	7.75	7.59
2	Mauritania	7.82	5.35	6.58
3	Somalia	3.02	8.89	5.96
4	Sierra Leone	5.18	6.62	5.90
5	Gambia	6.20	5.07	5.63
6	Guinea Bisau	5.78	5.41	5.60
7	Yemen	6.27	4.79	5.53
8	Congo DR	2.83	8.09	5.46
9	Haiti	4.53	6.15	6.34
10	Comoros	4.56	6.15	5.34
11	Djibouti	4.00	4.87	4.43
12	Chad	2.83	6.02	4.42
13	Niger	3.12	5.87	4.42
14	DPR Korea	2.19	3.96	3.08
15	Timor Leste	4.01	4.43	4.72
16	Ethiopia	2.75	6.04	4.61
17	Lesotho	4.55	4.47	4.56
18	Togo	4.49	4.59	4.54
19	Afghanistan	2.87	6.21	4.54
20	Burundi	2.29	6.78	4.53
21	Cote d'Ivoire	5.24	3.80	4.52
22	Sao Tome-Principe	4.44	4.33	4.48
23	Zimbabwe	3.02	5.66	4.34
24	Cent Afr Rep	2.52	6.42	4.47
25	Er. Tea	4.18	4.72	4.45
26	Nepal	2.30	4.39	3.35
27	Guinea	5.06	5.58	5.32
28	Burkina Faso	3.91	4.91	4.41
29	Sudan	1.78	5.37	3.58
30	Honduras	5.52	2.98	4.25

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# Results

## Productive Social Safety Nets (6-24 months duration)

Countries

22 (100%)

Total budget

Usd 668 million

## Production and Marketing Support (24-60 months duration)

Countries

17 (77%)

Total budget

Usd 1,794 million

# FAO Contingency Planning

1. Interdepartmental (TCE, TCI, TCS, EST) + FAOR's, Emergency Coordinators and country counterparts.
2. Identify countries at most risk (exposure, vulnerability) – poverty level, household food insecurity, food import balance, energy dependency.
3. Lessons from 2008 food price experience and from EU Food Facility; consult partners, especially HLTF and WFP.
4. Template to FAO offices and emergency coordinator in 30 countries.
5. Consultation with government and national partners.
6. Contingency planning exercise finalized (July 2011), updates beginning September 2012.

# Productive Social Safety Nets

1. All countries signaled need for developing and strengthening productive safety nets.
2. Includes targeted input distribution and veterinary support.
3. Modalities of support vary from direct distribution of inputs to vouchers, input fairs and combinations.

# Production and Marketing Support

Medium-term support in following areas:

- **Inputs and related** crop production services.
- **Increase availability of** high quality seed **through** local seed industry.
- **Reduce** post-harvest losses **and improve** downstream activities.
- **Improving** market monitoring and information systems.
- **Improve quality and quantity of animal protein through** animal health and fisheries production **support.**
- **Reduce transactions costs and improve integration and efficiency of** domestic food market infrastructure **and** market information.

# Key messages

1. Good progress made in global monitoring and warning about international food prices
2. Food price increases affect each country differently
3. International commodity price increases not always leading to food price increases.
4. Limited progress made in national food price monitoring and programming
5. Need national frameworks in affected countries which reflect domestic needs and protect most vulnerable and food insecure groups

# Key messages

6. In current price context, a strong argument for medium-term investment NOW (e.g. Eu food facility) to reduce exposure and risk and increase resilience in most vulnerable countries – Inputs and crops, Animal production and fisheries, Post-harvest management, Market infrastructure, ...
7. If prices increase rapidly, launch productive safety net measures based on Contingency plans accompanied by medium-term investments. Rapid surge response and funding will be required



Thank You