

POLICY DIALOGUE ON HIGH FOOD PRICES OUTLOOK AND DONOR MID-TERM RESPONSES

AGENDA

**12-13 FEBRUARY
OECD CONFERENCE CENTRE ROOM CC12
PARIS, FRANCE**

POLICY DIALOGUE ON HIGH FOOD PRICES: OUTLOOK AND DONOR MID-TERM RESPONSE

The peaks that food (and fuel) prices reached in mid-2008 have caused an additional 100 million people to fall back into poverty, equivalent to a seven year setback in progress towards meeting MDG1. But food and fuel prices have now fallen considerably and policy attention is now focused on the economic crisis, risking that food prices be seen as “yesterday’s crisis”, at least from the perspective of policy makers in the developed world.

Dealing with record food prices has caused many poor countries to use up important amounts of whatever fiscal space they had, thus limiting even further their ability to design and implement fiscal stimulus packages to deal with the present economic crisis. Despite falling food prices, more and more people are in need of assistance, a situation further aggravated for poor people by declining remittances.

Analysis suggests, however, that food prices will again start to rise (albeit not to 2008 peaks) once economies come out of the recession, as the basic structural demand and supply side determinants are still very much present, *i.e.* demand growing faster than supply. Meeting the poverty and hunger MDG will thus be even more elusive. In the time it takes for food prices to start to rise again, policy makers and farmers have an opportunity to design and set in motion policies and actions needed to tackle the structural issues to prevent excessive food prices resulting in serious impacts on poverty, hunger and malnutrition.

Food prices should therefore no longer be seen as a “shock” or short term “crisis”, but rather as a longer term structural issue. How then should donors be responding to the structural challenges highlighted by the high food prices in 2008 in such an environment? The short-term response is focusing on promoting safety nets and humanitarian aid in terms of food supply (in-kind or cash for food) in line with the Comprehensive Framework for Action (CFA) of the UN High Level Task Force.

But focusing on the medium/long term response, what objectives should donors be supporting and how can they better deliver that support in more effective ways? Policy guidance for donors developed by the DAC Network on Poverty Reduction (POVNET) provides a basis for determining appropriate medium/long term responses. “Promoting Pro-Poor Growth: Agriculture”¹ emphasises the need to improve productivity and market opportunities, to promote more diversified livelihoods and to reduce risk and vulnerability. The World Bank “World Development Report 2008: Agriculture for Development”² continued the argument, proposing an agriculture-for-development agenda as a key development pathway out of poverty for most countries. Yet donor support in the agricultural sector has proven to be particularly difficult, and bilateral aid to agriculture has dropped off considerably over the last decade, now standing at USD 2.8 billion, 5.2% (2006) of total bilateral ODA. Conscious

¹ Available from the Internet at: <http://www.oecd.org/dataoecd/9/60/37922155.pdf>

² Available from the Internet at: <http://go.worldbank.org/ZJIAOSUFU0>

of this reality, what are the lessons learned and how can donors respond? If there were to be much more aid to agriculture, what should donors do in support of developing countries' processes, what should it be spend on and how can it be delivered more effectively and for greater impact?

Focusing on the potential ability of developing country agriculture to increase food supply but also to generate income of poor people, key questions for policy makers and farmers alike are how to increase production, productivity, diversification and returns to agriculture in an environment previously characterised by disincentives and underinvestment? How can the momentum gained in the context of higher food prices be exploited to tackle longstanding bottlenecks in areas such as the development and implementation of national agricultural plans and processes? What can we expect from the private sector and from public-private partnerships and how can donors better support them to deliver their contributions? How can such process be designed to be pro-poor and sustainable?

In response to the keen interest in this issue from the 2008 OECD Ministerial Council Meeting (MCM), the DAC is organising this expert level policy dialogue as part of a broader OECD horizontal project on food prices. This will combine with broader OECD policy advice on tackling the food prices situation in a report to the 2009 OECD Ministerial Council Meeting. The results of this meeting will also feed into this work stream and others of the Global Donor Platform for Rural Development, joint organisers of this policy dialogue.

The present event focuses on how donors should best respond in the medium and long term to foster pro-poor agricultural production, thus sustaining access to affordable food in developing countries. Taking account of the Madrid High Level Conference in January 2009, it will bring together donor and developing country representatives and other high level experts. Following a brief review of causes and consequences, it will focus on two questions concerning donors' approaches – are they doing the right things, and are they doing them right? The meeting will thus be structured around the following themes:

- Reassess and review the causes high food prices, the medium term outlook and the consequences for poor people and poor developing countries;
- Identify how donors have responded so far, where the remaining policy and funding gaps are, and how to promote and achieve greater effectiveness of their assistance to tackle high food prices in a coordinated response; and
- Agree on how to better support partner countries' policies to tackle high food prices in ways that fully implement the Paris Declaration principles on aid effectiveness and the Accra Action Agenda.

In preparation of the meeting, the DAC secretariat will ask donors to answer a short questionnaire, outlining their actions taken so far in response to the high food prices. It will produce a Room Document compiling responses received.

Participation

The meeting is essentially set up as an event for donors, to reflect how they are responding to the situation and to share information and ideas with each other. We therefore look to senior participation from experts and policy makers in aid agencies. These will be supplemented by experts and resource persons from other areas, particularly from developing countries and relevant international organisations.

AGENDA

Day 1: 12 February 2009

09:00 Registration

09:30 Opening

Welcome

- 09:30
- **Mr. Pier Carlo Padoan**, Deputy-Secretary General, OECD
 - **Dr. Christoph Kohlmeyer**, Chair, GDPRD

Setting the context of the meeting

- 09:40
- **Dr. David Nabarro**, UNHLTF

Opening Remarks by the Chair

- 09:50
- **Prof. Joachim von Braun**, Director General, IFPRI

10:00 Session I: Setting the scene: Causes and consequences

This session reviews the causes of rising food prices and their impacts on poor countries and poor people and puts them in the current context of economic crises. It considers the medium-term implications on growth, incomes, poverty reduction and nutrition. It will also provide an outlook on possible scenarios on how food prices and global food markets are likely to evolve in the medium term.

Setting the scene

Issues to discuss:

What are the causes of high food prices and what is the outlook?

What are the impacts on developing countries and poor people?

What are the implications of the financial and economic crises?

How can we reduce vulnerability to global food price peaks and short term shortages?

Lead speakers:

- **Mr. Chris Delgado**, Strategy and Policy Advisor for Agriculture and Rural Development, World Bank.
- **H.E. Mrs. Rhoda Peace Tumusiime**, AUC Commissioner for Rural Economy and Agriculture.
- **Prof. Olivier de Schutter**, UN Special Rapporteur on the Right to Food.

Open discussion (incl. coffee break)

13:00

Lunch Intermezzo³

Dr. Glenn Denning, The MDG Centre, East and Southern Africa, The Earth Institute at Columbia University, Kenya: ‘A Mechanism to Mobilise and Disburse Additional Funds for Smallholder Agriculture’.

14.30

Session II: Are donors doing the right thing?

What should be the overall objective? How do donors support the development of country plans and strategies?

This session discusses how donors have responded considering the overall objectives that developing countries have for their agriculture sectors (e.g. food affordability/security, higher and more productive domestic food production) and how donors can better support the development and implementation of those policies and programs. How are policies developed and what can we learn from them? What are the appropriate roles for donors and how can they engage in a broader dialogue beyond government and including farmers’ organisations and the private sector?

Sharing the overall objective

Issues to consider include:

- *How are developing countries and donors responding to the medium/long term challenges? What are the key directions for development co-operation; where should donors invest?*
- *How can donors competently support processes translating global or regional initiatives into national development plans?*
- *What policy analysis is needed?*
- *What is missing so that national plans are successfully drafted, broadly owned and effectively implemented?*
- *What can we learn from agricultural policy development in OECD countries?*

Lead speakers:

- **Mr. Komla Bissi**, Agribusiness Advisor, NEPAD/CAADP
- **Ms. Sarojeni V. Rengam**, Executive Director, Pesticide Action Network Asia-Pacific, Co-chair of People’s Coalition on Food Sovereignty
- **Mr. Hiroyuki Kubota**, Senior Advisor to DG Rural Development, Japan International Cooperation Agency

Open discussion (incl. coffee break)

17:00

End of Day 1

18:00

Cocktail Reception

³ A box lunch will be available for participants.

Session III: Are donors doing it right?

09.30

What does the Accra Action Agenda mean for how donors need to work with governments and other stakeholders in agriculture?

How can donors improve aid delivery for agriculture? Based on the aid effectiveness principles agreed in the Paris Declaration and the Accra Action Agenda, what do donors need to do better and differently in respect of e.g. aligning with country/sector programmes, coordinating their interventions in partner countries and contributing to the capacity development and dialogue needed for more effective responses to the challenges posed by high food prices. How can donors work better with the private sector and support public-private partnerships? Will there be more aid for agriculture and what are their responses to date and are they increasing commitments? What are the bottlenecks to invest in the agriculture sector?

How to deliver aid for agriculture?

Issues to consider include:

- *The do's and don'ts of donor support for agriculture – lessons from experience?*
- *What have donors done so far improving aid effectiveness in the agricultural sector?*
- *How can inclusive ownership of the development process in the sector be supported by donors?*
- *How can donors better support actors, in a coordinated approach that promotes shared objectives?*
- *How can the coherence among different donors (traditional and non-traditional) be strengthened?*
- *What services need to be provided to whom and who pays for them?*

Lead speakers:

- **Dr. John Barrett**, DfID (Member Steering Committee, Donor Platform)
- **Dr. Ibrahim Assane Mayaki**, Le Hub Rural, Dakar
- **Dr. Hans Herren**, Millennium Institute

Open discussion (incl. coffee break)

12.00

Concluding Session

Policy recommendations for donors

This session wraps-up the main findings and sets out the 4-6 key policy recommendations for donors to improve and make their efforts with developing countries to tackle the food prices problem more effective.

Policy recommendations for donors

Issues to consider include:

- *What are the critical issues to be addressed?*
- *How would a coordinated donor response look like?*
- *What needs to be done beyond HLTF recommendations on increasing production? Are there agreed priorities?*
- *How will donor approaches need to differ among different rural worlds and across countries at different stages of development?*
- *If there are new, additional funds, what should they be spent on?*

The Rapporteur's summary:

- **Prof. Philip Abbott**, Purdue University (Consultant for OECD/TAD horizontal project, compiling OECD policy for the MCM)

The Chair's conclusion:

- **Prof. Joachim von Braun**, Director General, IFPRI

13:00

End of Event

Room Documents

- OECD/DAC, 2009, POVNET at Work: Pro-Poor Growth and Agriculture as a Response to High Food Prices
- OECD/DAC, 2009, Donor Response to High Food Prices, Summary of a survey
- Global Donor Platform for Rural Development, 2008, Agricultural sector experiences in implementing the Paris Declaration on Aid Effectiveness