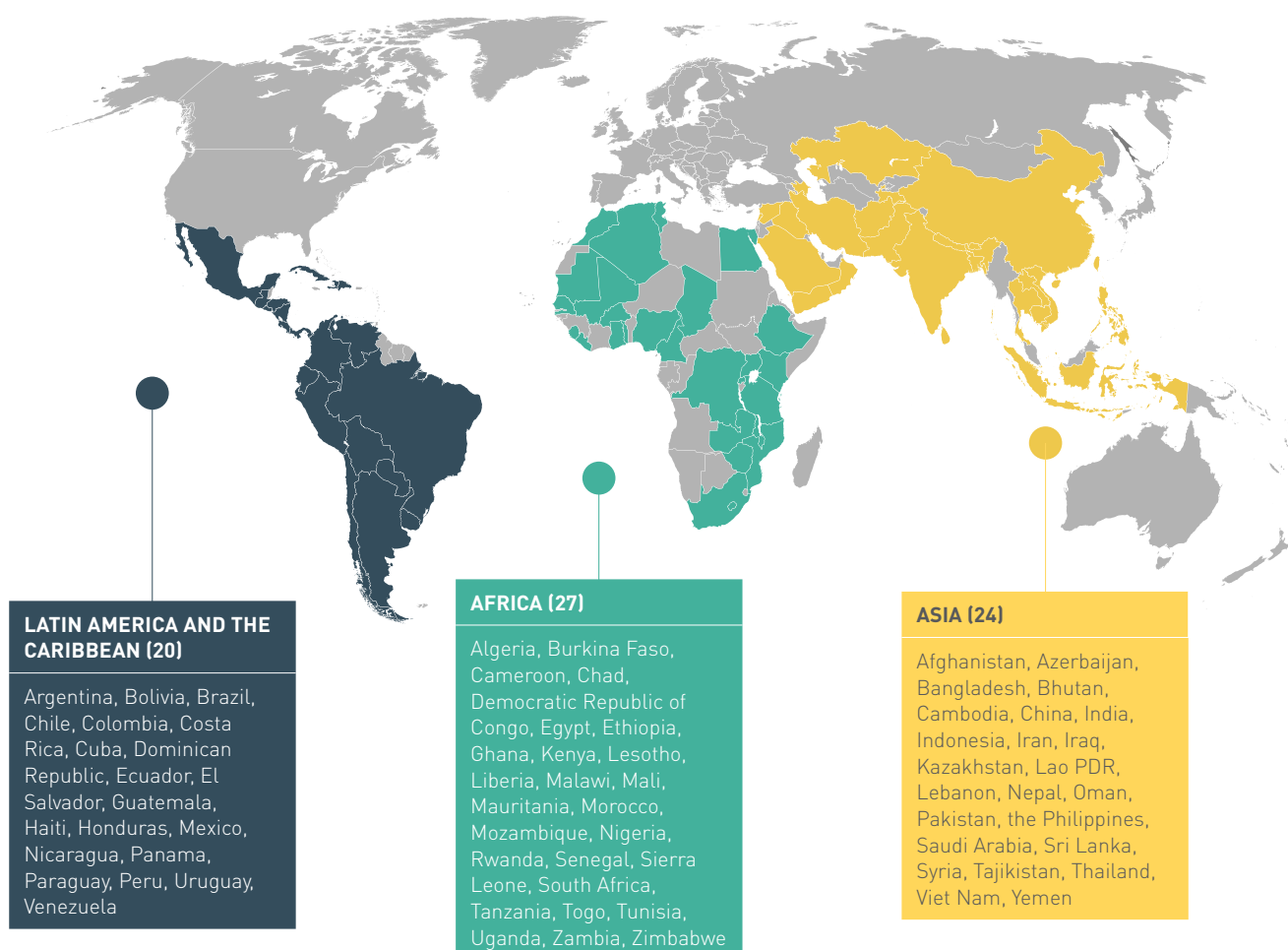


Food and agriculture policy decisions

Trends, emerging issues and policy alignments since the 2007/08 food security crisis

The 2013 FAPDA global report reviews a broad range of food security and agricultural development policy decisions implemented in 71 developing countries of Africa (27), Asia (24) and Latin America and the Caribbean, LAC (20). The countries covered represent 81, 90 and 98 percent of the total population in Africa, Asia and LAC, respectively. The review focuses on policy trends, common practices and emerging issues over the period 2007-2012.

COUNTRIES REVIEWED IN THE GLOBAL REPORT



Concerns about food security have increasingly prompted measures to boost production and manage price volatility and other risks

Since the global food crisis of 2007/08 there has been a renewed focus on production support measures. Most countries have implemented policies and programmes designed to enhance support for domestic producers, especially small farmers.

Subsidizing inputs and improving access to credit have attracted increased policy attention

Subsidizing inputs and improving access to credit have gained widespread popularity in all the three regions during the reference period. Many countries have opted for large-scale national subsidy programmes to lower input costs, especially following the significant and rapid increases in the international price of fertilizers in 2008 (Figure 1). However, the report also finds that there is a growing interest in improving the efficiency of subsidy programmes by switching the design from universal coverage to targeted households and/or staple grains. The high cost and insufficient supply of private sector credit resources have also been responsible for government interventions to guarantee the availability of credit at preferential interest rates in many countries. Market failures in the credit market are being addressed through special programmes, credit guarantee schemes and specialized banks in many countries.

The reduction of price, production and land tenure risks has gained widespread public support

A recent series of high price volatility events and production shocks has triggered a number of government interventions to stabilize prices and promote insurance as part of their production support measures. Several countries adopted price stabilization and support measures in 2007/08 to protect producers against price risks. These policy decisions were retained in 2009/10 and 2011/12 although the interventions were applied more consistently and systematically in Asia than in Africa or LAC. Both public and private agricultural insurance schemes were expanded to tackle production shocks including disaster risk management. State-owned insurance companies were often required to operate alongside private insurance companies and provide special services, such as reinsurance and insurance coverage for catastrophic risks.

The period was marked by a considerable increase in global demand for farmland. As a consequence the proportion of countries adopting measures to improve access to land for smallholder farmers and increase security of land tenure witnessed a marked increase. Legislative and administrative measures as well as broader land reform programmes are being applied to improve the security of tenure of smallholders in a number of countries. Concern about potential social and political conflicts associated with large-scale land acquisitions has also led to responses at the global level, including the *Principles for Responsible Agricultural Investment that Respect Rights, Livelihoods and Resources* (PRAI) presented

FIGURE 1. PROPORTION OF COUNTRIES WITH INPUT SUBSIDY PROGRAMMES (2007-2012)

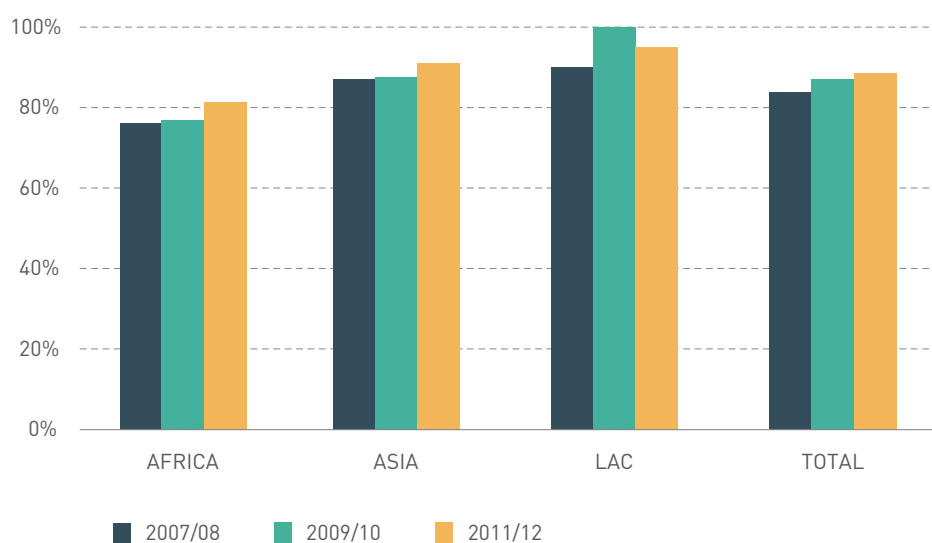


FIGURE 2. PROPORTION OF COUNTRIES IMPLEMENTING CASH-BASED TRANSFER PROGRAMMES (2007-2012)



Source: FAPDA

by FAO, UNCTAD, IFAD and the World Bank, and the *Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security* adopted by the UN Committee on World Food Security.

Since the 2007/08 global food crisis, governments have focused on improving the access and utilization of food to ensure food security

Consumer support policies to lessen the impact of the 2007-08 food and fuel crisis on the poorest and most vulnerable groups were used by countries in all three regions (Africa, Asia and LAC). However, although the implementation of these policy measures between 2007 and 2012 followed different trends, approaches and practices, some common features and patterns have emerged.

Food and fuel subsidies remain popular despite ongoing attempts to reform

Food and fuel subsidy measures have remained popular with a number of countries seeking to rationalize their public spending by gradually moving from generalized universal subsidies toward more targeted interventions directed at vulnerable households. Although attempts to phase out subsidy regimes have often proved challenging, there is a growing recognition that universal price subsidies represent a burden for public finances, benefit better-off groups more than poor ones and distort the market.

Food and cash-based transfers have received growing attention

Food-based transfer schemes have been widely utilized to protect vulnerable people from hunger and malnutrition. A growing number of countries in all three regions are shifting from short-term, ad-hoc food-based interventions, in most cases implemented in response to emergencies, towards mainstreaming and institutionalizing free food distributions, nutritional support initiatives and school feeding into their national social safety net programmes. School feeding has gained popularity but there is a large discrepancy among the regions, with all selected LAC countries operating such programmes, compared to only 40 percent in Africa and 50 percent in Asia. Several countries have institutionalized long-term nutritional interventions to address hunger, especially among children and mothers. Nutritional programmes are more common in LAC and are often implemented as mother and child health care, delivery of food and micronutrients, nutritional extension and education. On the other hand, government-based food for work programmes have declined in popularity compared to nutrition or school feeding programmes.

Cash-based transfer schemes have emerged as a preferred policy instrument against poverty and food insecurity in LAC (mainly as conditional cash transfers) as well as Africa and Asia (mainly as unconditional transfers) (Figure 2). Among the major attractions of cash transfer schemes are the greater choice they give to beneficiaries in how to use the additional income, the higher cost-effectiveness due to reduced administrative costs, lower transaction costs, and

the greater impact on long-term education and poverty. The *Bolsa Familia* of Brazil, the best known of all conditional cash transfer schemes in the developing world, has the objective of reducing short-term poverty by direct cash transfers and fighting long-term poverty by increasing human capital among the poor through linking education and health services to cash transfers. A growing number of countries are also institutionalizing cash transfer as well as cash-for-work programmes.

Trade and market development policies are being applied to influence prices in favour of producers or consumers

Various trade and market development policy measures were used to mitigate the impact of high and volatile food prices on consumers, producers and other value chain operators throughout the reference period with differing degrees of intensity and policy mix. Some policies were adopted on an ad-hoc and short term basis while others were applied more consistently and with a longer term perspective.

More open import policies are being pursued often along with restrictive export policies

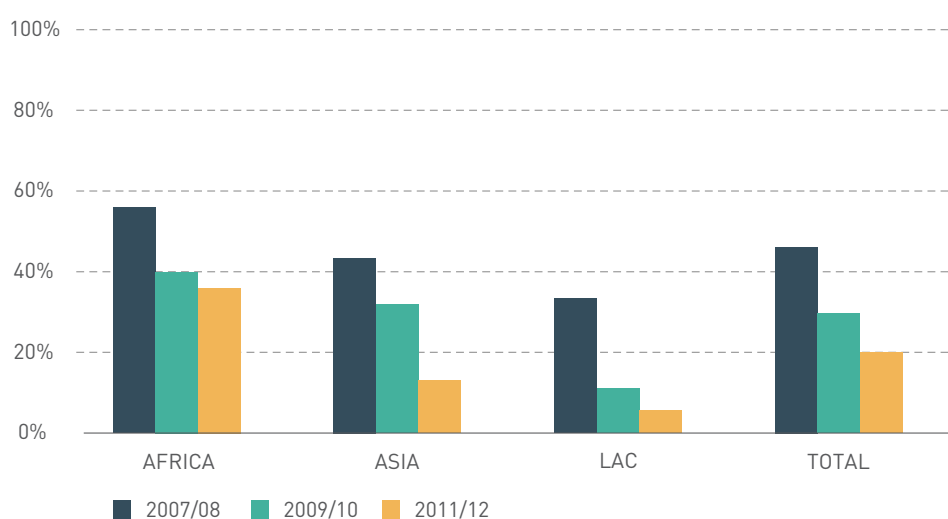
In the immediate aftermath of the 2007/08 food crisis a number of governments adopted more open or non-restrictive import policies but imposed export bans and restrictions to ensure the domestic availability of food staples at affordable prices. Import tariffs on staples were commonly reduced

and/or suspended while exports of important crops such as wheat, maize and rice were banned or restricted. Over the 2009/10 to 2011/12 period, however, an increasing number of countries removed export bans and modified import tariffs, with the goal of securing food for consumers (e.g. reducing tariffs) or protecting producers (e.g. increasing tariffs) (Figure 3). The negative impact of export bans on producers' incentive was recognized and many countries replaced the bans with export taxes, minimum export prices and quotas. A few countries also reintroduced import tariffs to support domestic production.

Marketing development has received renewed public interest

A renewed public interest in foodgrain stocks (especially in Asia and Africa), warehouse receipt systems (WRSs), agricultural commodity exchanges and market information systems was observed as a longer term solution to manage price fluctuations, enhance farmers' incomes and promote market efficiency. Many of the countries reviewed increasingly promoted public-private partnership in grain marketing, particularly in stock management and market information systems. Measures to address regulatory and legislative challenges in the operation of WRSs and commodity exchanges have also attracted growing attention. Many African, Asian and LAC countries have seen a rapid expansion of mobile phone networks and other ICT applications to provide pricing as well as matching (sellers with buyers) services (virtual trading floors).

FIGURE 3. PROPORTION OF COUNTRIES ADOPTING EXPORT BANS (2007-2012)



Source: FAPDA

Policy harmonization within Regional Economic Communities remains a major challenge as integrated policies are pursued to achieve food self-sufficiency at national level

Food-self-sufficiency policies are being pursued despite regional free trade agreements

A systematic promotion of mutually reinforcing actions and coordination to achieve food-security related goals at national or regional levels is generally seen as positive. At national level, goals such as food self-sufficiency have led to an integrated and coordinated approach. Since 2007/08, a few countries in Asia, Africa and LAC have shifted from a policy of food self-reliance (this includes food imports to achieve national food demands) to food self-sufficiency. To this end, a comprehensive programme, which entailed a package of subsidized technological inputs and services, price support, import tariffs to protect domestic producers, and increased public spending in agriculture, was launched during the reference period. Strategies aimed at national food self-sufficiency, however, could mean less dependence on trade with negative implications for regional food security and intra-regional food trade.

High international prices, on the other hand, encouraged few countries to adopt integrated policy packages to stimulate the export of selected food commodities. A small number of countries (from all three regions) have recently launched export promotion policies that include measures for facilitating trade (by easing export procedures) along with integrated programmes to boost production and enhance private sector participation. Such an export strategy is consistent with trade and food security policies of many Regional Economic Communities (RECs) as most of their member countries are dependent on food imports to feed the population and would benefit from being able to obtain adequate and reliable sources of food within the REC. Other member countries could also see this as a sign to pursue more open trade policies rather than follow a food self-sufficiency strategy.

National concerns about food availability and prices have led to regional policy misalignment

At the regional level, attempts have been made to harmonize trade and stock policies to achieve regional food security. However, export restrictions were widely implemented by members of most of the RECs covered in the study, whilst at the same time reducing or suspending import tariffs, particularly in 2007/08, causing policy misalignment with regional commitments. Food deficit countries restricted exports and facilitated imports with the objective of increasing domestic food supply and keeping prices lower for consumers. As a result, most RECs appear to have run into difficulties attaining collective region-wide food security because of divergent national interests, especially between food-deficit and food-surplus countries. In at least one particular case, that of the Central American Common Market (MCCA), trade policies seem to have been aligned with minimal trade restrictions on the selected staples thus boosting trade among the REC members and enhancing regional food security during the reference period.

The food price surge of 2007/08 has revamped policy debates on strategic food stocks at global and regional levels and a few RECs in Asia and Africa have shown greater interest in harmonizing their policies to establish a regional stock. The Economic Community of West African States (ECOWAS), the Association of South-East Asian Nations (ASEAN), and the South Asian Association for Regional Cooperation (SAARC) are all trying to set up such mechanisms to create regional food reserves. However, it is unclear how countries can remain committed to regional reserves while simultaneously implementing policies and stepping up investment to establish or expand their own national stocks. It is still to be seen whether regional stocks could be a useful and effective tool for tackling future food emergencies, or whether national food stocks would be the most effective option for countries dealing with unexpected food shortages, or whether a combination of the two is a better solution.

About FAPDA

The Food and Agriculture Policy Decision Analysis (FAPDA) initiative promotes evidence-based decision making by collecting and disseminating information on policy decisions through a freely accessible web-based tool. The FAPDA tool gathers policy decisions collected since 2008 from more than 80 countries.



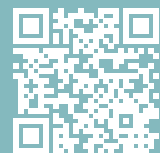
To learn more about FAPDA and its tool, please visit:

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This activity is funded by the European Union under the Improved Global Governance for Hunger Reduction Programme