



**Sub-Regional Consultation on Policy and Programmatic Actions
to Address High Food Prices in the Pacific Sub-Region
Nadi, Fiji 14-15 April 2011**

SUMMARY OF PROCEEDINGS

**FAO Sub-Regional Office for the Pacific Islands
Apia, Samoa**

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**Sub- Regional Consultation On Policy
and Programmatic Actions To Address High
Food Prices In the Pacific Sub- Region
Nadi, Fiji 14-15 April 2011**

Acronyms

ADG/RR	Assistant Director General and Regional Representative
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FSSLP	Food Security and Sustainable Livelihoods Programme in Pacific Islands
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
PICs	Pacific Island Countries
PIFS	Pacific Islands Forum Secretariat
RAP	Regional Office for Asia and the Pacific
RAP-ESP	RAP Economic, Social and Policy Assistance Group
SAP	FAO Sub-regional Office for the Pacific Countries
SPC	Secretariat of the Pacific Community
TCS	Policy and Programme Development Support Division, FAO Headquarters
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund

Contents

1. Introduction	4
1.1 Background	4
1.2 Objectives and Expected Impacts, Outcomes and Outputs	5
1.3 Structure of the Sub-regional Consultation	6
2. Perspectives on the Sub-regional Consultation	6
3. Recent Trends in Prices and Supply of Food Commodities	
3.1 Global and Sub-regional Trends	7
3.2 Lessons from the 2007 - 2008 Food Crisis in the Pacific	7
3.3 Development Partner Initiatives	9
4. Responses to High Food Prices	9
4.1 Policy and Programme Responses of National Governments	9
4.2 Policy and Programmatic Options to Address High Food Prices	10
4.3 Summary of Panel, Group and Plenary Discussion	11
5. Conclusion and Next Steps	12

Annexes

1. Outcomes Statement	15
2. List of Participants	17
3. Agenda	21
4. Policy measures and Programmatic Actions taken by countries	24

1. Introduction to the Sub-regional Consultation

1.1 Background

1. The Sub-Regional Consultation on Policy and Programmatic Actions to Address High Food Prices in the Pacific Sub-region was held at the Tanoa International Hotel in Nadi, Fiji on 14-15 April 2011. The meeting was convened by the Food and Agriculture Organisation of the United Nations (FAO) in collaboration with development partners, and was linked to the implementation of the Food Security and Sustainable Livelihoods Programme (FSSLP) in Pacific Islands (GCP/RAS/267/IFA). The meeting agreed on an Outcomes Statement with key messages (Annex 1). The meeting was attended by representatives from national governments, regional and international partners, and civil society organisations (Annex 2).

2. World food prices surged to a new historic peak in February 2011, for the eighth consecutive month, according to the updated FAO Food Price Index, a commodity basket that regularly tracks monthly changes in global food prices. The Index averaged 236 points in February and was up 2.2 percent from January 2011. This is the highest level (both in real and nominal terms) since FAO started measuring food prices in 1990. Except for sugar, prices of all major commodity groups monitored registered gains in February with dairy products and cereals climbing the most.

3. While the wheat and maize prices continue to increase rapidly and rice prices have increased moderately in the world market, domestic markets in some Asia and Pacific countries have witnessed a steep increase in rice prices. Moreover, prices of sugar, cooking oils, vegetables and condiments such as onions, garlic and coconut, which form important parts of the food basket in the region, continue to remain high. In the Pacific sub-region, with the damage by floods to wheat and rice crops and dairy, beef and sheep industries in Australia and New Zealand, coupled with the rising price of fossil fuels, food grain and animal products, prices are expected to increase further in the coming months.

4. High food prices are of major concern, especially for poor households which spend a large share of their income on food. Food-deficit low-income countries may find it difficult to meet increased food import bills. During the 2007-08 food security crisis, millions of people in the region were unable to meet their minimum food requirements. In 2007 alone an additional 75 million poor people fell below the hunger threshold – of which more than half, or 41 million people, were from the Asia-Pacific region.

5. There is a growing concern globally and in the region that measures to address the emerging food price crisis should be initiated immediately taking into account the experiences and lessons from the previous crisis. It is also recognized that the emerging crisis can be better addressed through a better understanding of individual country situations, an in-depth review of measures taken by various countries, and the needs and priorities as well as perspectives and capacities of different stakeholders, such as governments, the private sector, development partners and civil society organizations.

6. In this context, the FAO Sub-regional Office for the Pacific countries (SAP) organized a Sub-regional consultation in Nadi, Fiji from 14 to 15 April 2011. Twelve of the fourteen FAO member countries in the Pacific sub-region were represented at the consultation. These countries included Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. Representatives of regional inter-governmental organizations, development partners and civil society organizations also participated.

1.2 Objectives and Expected Impact, Outcomes and Outputs

Objectives

7. The Sub-regional consultation aimed at assisting governments of member countries in identifying various options and designing country-specific immediate actions in response to the current food price crisis. Specifically, it aimed to achieve the following:

- sharing country experiences regarding rising food prices, the commodities involved, the government priorities, policies and action programmes, and the implementation problems/constraints and their impact;
- raising awareness of the various policy options and programmatic actions and their implications to facilitate appropriate policy and programmatic decisions at the country level;
- internalizing lessons from the 2007-08 crisis based on country and development partner experiences in the region as appropriate;
- identifying the needs and opportunities for external financial assistance and technical support to governments and potential development partners and stakeholders; and
- identifying the way forward and processes to design, coordinate and implement appropriate policy and programmatic actions as well as the arrangements for monitoring, updating and sharing of information on price changes, policy measures and results.

Expected Impact

8. Governments design policies and programmatic actions that better address rising food prices that threaten the food security of low-income consumers and at the same time provide opportunities for producers and/or exporters.

Expected Outcomes

- Participants share and learn lessons gained during the last crisis in 2007-08, and identify options to cope with emerging new crises.
- Participants use and disseminate knowledge gained from the Sub-regional consultation to design measures to address high food prices at the country level.
- Participants engage at the country level with development partners to seize opportunities for collaboration and support discussed during the Sub-regional consultation.
- FAO prepares a consolidated report to be shared with member countries.

Expected Outputs

- For participating countries:
 - Participants are familiar with the *FAO Guide for Policy and Programmatic Actions at Country Level to Address High Food Prices*, and exchange with their peers and other stakeholders measures for addressing high food prices.
 - Participants are better informed about opportunities for collaboration and support from development partners.
 - Participants have worked out the next steps for policy and programmatic actions to be implemented once back in their countries with the aim of launching policy dialogues and mobilising national resources and/or development partner support.

- For FAO and development partners:
 - FAO and development partners are better informed about the situation and needs of participating countries in addressing high food prices.
 - Questionnaires on the situation and measures taken in participating countries are collected and analyzed by FAO.
 - A report of the Pacific Sub-regional Consultation is prepared by FAO.

1.3 Structure of the Sub-regional Consultation

9. SAP organized the sub-regional consultation in collaboration with interested multilateral and bilateral partners, and linked the meeting to the implementation of the Food Security and Sustainable Livelihoods Programme (FSSLP) for Pacific Islands. The consultation maintained appropriate policy, technical and operational linkages with the Policy and Programme Development Support Division (TCS) in FAO headquarters and the Economic, Social and Policy Assistance Group (ESP) in the Regional Office for Asia and the Pacific (RAP). Direct technical support was provided by RAP-ESP.

10. The two-day sub-regional consultation was in four main parts – presentations by resource persons and panel sessions; plenary and break out group discussions; reflections from development partners, and conclusions. (Agenda is Annex 3). The three groups for the breakout sessions were Group 1 (Fiji, Papua New Guinea, Solomon Islands and Vanuatu), Group 2 (Cook Islands, Federated States of Micronesia, Palau, Samoa and Tonga) and Group 3 (Kiribati, Niue and Tuvalu). Other participants representing regional and international organizations, development partners, the private sector and civil society were free to join the breakout groups.

11. The consultation was attended by one senior Ministry of Agriculture official from twelve of the FAO member countries in the Pacific, and one senior official from the Ministry of Finance or other relevant ministry from four selected Pacific countries. SAP distributed a questionnaire to be completed by each country on its experiences with high food prices, the commodities concerned, the government priorities, policies and action programmes, implementation problems and constraints and needed support. The questionnaire helped the participants to prepare for the consultation and effectively present their countries' priorities and perspectives in break-out group sessions.

2. Perspectives on the Sub-regional Consultation

12. The FAO Assistant Director-General and Regional Representative for Asia and the Pacific, Mr Hiroyuki Konuma, said low and stable food prices are crucial for food security. In February 2011, the FAO food price index rose to 236 points, its highest level ever. In the Pacific, there is growing urbanization with the population density in some Micronesian countries rivaling the highest in the world. Increasing the agricultural productivity of farmers will require more public and private sector investment in agricultural research and infrastructure as well as value chain development. However, the proportion of resource allocation to agriculture has steadily declined. The proportion of ODA meant for agriculture declined from nearly 20 per cent in the early 1980s to barely five per cent today. In many developing countries, the proportion of government budgets devoted to agriculture and rural development has declined sharply over the same period.

13. The neglect of agriculture and food production by the international community and national governments must come to an end. FAO advocates a twin-track approach to hunger reduction in which measures to increase productivity are complemented by measures to broaden direct access to food for the most needy. This requires political will and the building up of global awareness and solidarity. It is also critical to harmonize global policies on trade, markets, and food and energy security. Secondly,

policies must aim at achieving broadly-based, inclusive economic growth. While no country can solve the problem on its own, there is no single solution that works for all countries.

14. The Chief Executive Officer for Fiji's Ministry of Agriculture, Mr Mason Smith, in his opening address, said the meeting would help to identify viable options in response to rising food prices. The Pacific islands are net food importers and are concerned about the impacts of high food prices which make it difficult for many people to meet their dietary requirements and other needs. The supply and prices of staple crops on domestic markets have largely remained stable.

15. The design of safety nets will assist households along with programmes to promote locally grown food. There is also a role for the private sector to invest in food security. The recent 9th FAO South West Pacific Ministers for Agriculture meeting in Vava'u, Tonga noted the value of locally grown nutritious food, the need to build capacity at national and regional level, and the importance of promoting resilience in domestic food security. The meeting in Nadi, Fiji aims to share experiences and lessons learned, raise awareness of the options available, and identify a way forward for policy and programmes.

16. The Federated States of Micronesia, Fiji, Kiribati, Samoa, Tonga and Vanuatu were nominated to help draft the outcomes document for the meeting.

3. Recent Trends in Prices and Supply of Food Commodities

3.1 Global and Sub-regional Trends¹

17. Rising food prices are perceived as a threat to political stability and a major cause of high rates of inflation, particularly for import-dependent countries. The causes of the crisis include lower yields, diversion of farmland to other uses, rising oil prices, extreme weather, falling global stocks and a weak US dollar. Policy responses have had mixed results and global prices have remained high and volatile. Effective policy measures include consumer policies that do not undermine producer incentives, government interventions that do not hinder private sector activities, government commitments to develop agriculture, and strong partnerships between countries including regional and international cooperation.

18. The most vulnerable population to high food prices are the poor who spend a large share of their income on food. Higher food prices may force the poor to reduce their food consumption, reduce expenditure for other needs such as education and health, lead to the selling off of productive assets, and push more people into poverty. However, high food prices may also benefit smallholder farmers depending on whether they are net food buyers or sellers, how their benefits are protected in the marketing chain, their access to financial resources, the competitiveness of markets, the timing of harvests and planting, accurate and timely information on supply and demand, and the specific national context.

3.2 Lessons from the 2007-2008 Food Crisis in the Pacific²

19. The Pacific sub-region is seen as having 'subsistence affluence' and poverty usually means hardship, rather than hunger. Hardship includes a lack of access to basic services, lack of access to

¹ The discussion on global and sub-regional trends is based on presentations made in Session 1 by Mr David Phiri, Chief, TCSP, FAO headquarters; Mr Purushottam Mudbhary, Coordinator, ESP/FAO-RAP, and Ms Reiko Yoshihara, UNICEF).

² This discussion is based on presentations made in Session 2 by Dr Stephen Rogers, FAO Consultant; Mr 'Ata'ata Finau, Tonga; Ms Kinaai Kairo, Agriculture, Kiribati and Mr Tekena Kiroi, Statistics, Kiribati.

adequate nutritional food, lack of economic opportunities, and a lack of resources to meet the basic household needs and customary obligations. UNICEF, together with other partners, monitored the social impact of recent economic shocks on vulnerable families in selected Pacific islands. The initial results in 2010 showed increased economic stress for vulnerable families in trying to meet the higher cost of food. The vulnerability to increased food and commodity prices varied between and within countries. The more remote and import-dependent Pacific island economies, especially the Federated States of Micronesia, Kiribati, Marshall Islands and Tuvalu are particularly exposed to the economic costs of higher world food and fuel prices.

20. The ability to access reliable data poses a serious challenge to assessing and monitoring food security and policy performance and outcomes. All Pacific Island Countries (PICs) are net food importers except Fiji, due to Fiji's sugar exports and re-exports of wheat products. The PICs are vulnerable to global food and commodity price fluctuations due to their reliance on food imports and primary exports. There is no one-size-fits-all in the policy responses to food price swings in the Pacific. Most policy responses to high food prices (tariff reductions, subsidies and transfers of cash and food) have implications for macroeconomic stability in small island economies and most countries cannot afford them. It is important to understand that investing in food production now will pay future dividends. Domestic production should be in a position to gain a competitive advantage in times of high international commodity prices.

21. The traditional social systems are still the most important safety net in the Pacific for ensuring welfare and food security, and complement the safety nets provided by governments, community groups and other stakeholders. Policy responses need to be designed and implemented in ways that do not undermine the traditional social systems. In general, short term measures do not address long term food security issues.

22. High prices for food imports in countries such as Tonga are cushioned by the seasonal supply and stable prices of locally grown food. In Kiribati, about 30,000 people are living below the poverty line and, particularly in the urban area, most food is imported except for fish. High food prices therefore have a large impact on the population. Kiribati faces further challenges linked to its atoll environments, geographic spread, high transport costs, limited rainfall and a lack of interest by young people in agriculture. The policy response includes the promotion of agricultural production, use of state lands on some outer islands to grow root crops, and direct help by public servants to grow food for selected community groups. Kiribati has requested FAO and other partners to assist with these policy initiatives.

23. Whilst there is limited information in Tuvalu on local food production, traditional networks provide a lot of food security which is unrecorded, and are a key safety net. During the 2008 food crisis, mainly involving imports, a lot of food came in to the capital Funafuti from the outer islands. Papua New Guinea has an interest in the social safety net provided by the traditional systems and the government has a community development department which looks at this issue. In Fiji and other countries there is no system to accurately obtain data on subsistence food production, and it is much easier to get data on exports. A recent agricultural census in Fiji confirmed fewer people are entering the agriculture sector.

24. Accurate data collection and analysis is necessary to assess vulnerability and to target the delivery of assistance. Tonga noted that an International Monetary Fund report noted the vulnerability of the local economy. However, Tonga felt the value of subsistence farming was not adequately reflected in the report. Better information was needed on local domestic markets and how they responded to external food prices and supply. In Fiji, no single crop is able to replace sugar although some sugar lands have been converted to residential, commercial or other agricultural use. Fiji is trying to rebuild the sugar industry.

3.3 Development Partner Initiatives

25. The EU has an extensive bilateral and multilateral programme in the Pacific and continues to work with PICs on their priorities. UNICEF promotes good nutrition policies and measures and works with partners on these initiatives. SPC helps to deliver technical assistance to PICs in collaboration with FAO and other partners. These cover areas such as food security, agricultural development, research, capacity building and technical support. FAO works closely with Pacific countries on food and agricultural priorities. These include the Food Security and Sustainable Livelihoods Programme (FSSLP) in Pacific Island Countries. FAO is also collaborating in another initiative to build capacity in data collection and analysis.

4 Responses to High Food Prices

4.1 Policy and Programme Responses of National Governments³

26. Group 1 (Fiji, Papua New Guinea, Solomon Islands and Vanuatu) found that while high food prices applied in particular to imported food, the prices for staple local foods remained stable or declined in some cases. This has implications for policy and programmes. For imported foods, e.g. rice, there was some price fluctuation although the main supply issues were related to transportation and freight costs. The countries recognised the need to increase local food production and productivity to improve their food security. Tariff and trade measures include duty concessions on major imported foods such as rice. The countries offered a range of safety nets, including food vouchers and bus fares or allowing food in exchange for school fees, targeted to vulnerable groups. Price controls are also applied to selected food items.

27. Group 2 (Cook Islands, Federated States of Micronesia, Palau, Samoa and Tonga) considered the supply of staple foods to be seasonal but the prices are relatively stable. There is a continuing need to encourage farming in general as well as sustainable farming practices. One of the common constraints is the lack of capacity for the implementation and the monitoring of programmes, a lack of information or awareness about the options available, and a lack of political will to support programmes.

28. Group 3 (Kiribati, Niue and Tuvalu) noted some price rises for selected food items although the use of government subsidies, especially in Kiribati, kept these prices relatively stable. The collection of trade data is good, particularly for exports, but there is limited statistical information on local food production and the subsistence sector. The capacity for local food production is generally good except in Kiribati, especially for outer islands, due to limited transport links and relatively high freight costs. The policy and programme responses have included tariff reductions and/or subsidies, selected tax increases and price controls. Kiribati has found that subsidies are becoming a drain on the national reserve fund (Trust Fund), although higher taxes on selected items have helped to offset the loss of revenue. The countries have a limited and small market for producers and consumers. In addition, food prices are often determined not by a supply/demand balance, but by other factors such as politics and culture.

29. In Papua New Guinea, one of the commodities that affects prices of food items is the betel nut which is a popular staple cash crop. In the Federated States of Micronesia, the cash return from betel nut sales will sometimes reduce the incentive for growers to plant other crops, including food crops. Some importers are able to keep prices low for selected food items by changing to cheaper brands of the same item. The high prices for some food items also has health implications as the prices lead to consumer preferences for cheaper and less nutritious foods. Prior to the global crisis, Fiji banned the

³ This discussion draws on the group breakout sessions in Session 4.

import of lamb flaps, while Samoa banned the import of turkey tails and chicken backs, largely for health reasons.

30. Kiribati noted the conflict between the environment and agriculture sectors over food production and the impacts of climate change such as sea level rise. Some donors have queried the continuing investment in agriculture given the likely impacts of climate change. However, the countries believe it will always be important to grow local food to feed their people. Climate change is a longer term impact and the more immediate need is to provide food. In this regard, there is a need to have reliable and accurate data, as well as good data analysis, to properly assess food security in the Pacific.

31. A number of countries, such as Tuvalu, have a food security policy which aims to increase local food production as well as promote local traditional food, such as pandanus, and support more local food processing and value adding. Home gardens for families are also being promoted in a range of programmes by the countries. There is a need for some care with the balance between providing subsidies for selected food items and ensuring that this does not reduce the incentive for local producers to produce food.

32. In the Pacific sub-region, FAO has found that food prices are generally stable with some price increases. Part of the reason is that the transmission of global price rises to Pacific countries may take 3-4 months to emerge. Some of the responses by governments appear to be over price controls rather than trying to boost local food production. The incentives to increase food production means that local food supply is often high and the prices stable, especially for local foods. One issue is to consider is what will happen if price controls, and other measures such as subsidies and tax increases, make local food production become less attractive for producers.

4.2 Policy and programmatic options to address high food prices⁴

33. The *FAO Guide to Policy and Programmatic Actions at Country Level to Address High Food Prices* provides a menu of options which need to be modified to the local context. Topics covered include trade measures, tax policies, improved access to consumer safety nets, improvement of food production, use of fertilisers and sustainable food production. Some features of good interventions include recognising the differential impacts of high food prices, accounting for the level of market development and evaluating the relative costs and benefits of alternative policy options. This needs to be based on strengthened market information systems and the capacity to analyse the implications of alternatives. The issue of ownership and participation includes the issue of who should fund and deliver the interventions. There is also a need for clear timelines for results and withdrawal.

34. There is wide diversity in the Pacific sub-region including between and within countries. While the prices of food imports are rising, the prices for local staple crops are largely stable. Urbanisation is often linked to a shift to convenience foods due to changes in lifestyle and access to resources such as land. A number of governments are actively promoting the use of family gardens as part of the FSSLP. The issue of rising food prices needs wider awareness both in government and at the community level, as the impacts of high food prices extend to other sectors such as health and education. As recognised by the FAO SWP Ministers at their meeting in April 2011 in Vava'u, Tonga, countries need to lobby in appropriate fora about the impacts of high food prices. The meeting recognised that traditional agriculture remains an important safety net for food security in the Pacific.

⁴ This section summarizes: (i) the presentation made in Session 5 by Mr Jamie Morrison, FAO, based on the FAO Guide entitled *FAO's Initiative on Soaring Food Prices: Guide for Policy and Programmatic Actions at Country Level to Address High Food Prices* published in 2011.

4.3 Summary of panel, group and plenary discussion⁵

35. Most PICs are food secure in terms of local food crops. However, there are vulnerable groups including those without access to land, young families, youth, women, the elderly and low income consumers of imported foods. Key steps to dialogue included stakeholder meetings, awareness raising, identification of actions, data collection and analysis, and making sure the information reached the right people.

36. The processing of local food crops offers policy and programme options. This includes measures such as encouraging people to add flour, made from locally processed traditional crops, to imported flour. Local food security faces added pressure from changing food preferences linked to urbanisation, and the reluctance of young people to take up agricultural careers as a livelihood. The range of safety nets available from governments is complemented by those run by churches and community groups. The importance of the role of women in agriculture must be reflected in the policy and programmes approaches for promoting agriculture and food security. Women often make the major decisions regarding household food needs including the work involved in putting food on the table.

37. Governments and other stakeholders are trying to do more to encourage young people to work in the agricultural sector. One way of making farming more attractive to young people, as a career choice, is to also make it an economic choice where they can earn a good living from it. This involves building skills as well as changing the mindsets of people towards farming. The issue is becoming more important as the agriculture sector generally has a declining and aging population. Farming offers good options for those looking for work and also serves to promote food security.

38. More effective use of the media, and other avenues for public awareness, is needed to help to promote local foods as a healthier choice and to also address the shift in consumer preferences for imported foods. Many consumers depend on food imports and need better information on local food choices and food security. There is a long term need to improve infrastructure, transport links and market development, including the provision of local market places. Farmers need markets for their products to maintain their interest in farming and in food production. Among the challenges for local market places is the convenience of supermarkets, which are open after-hours for working people, and that have better facilities such as parking.

39. The biggest factor affecting prices of local products is seasonality. The opportunities for meeting demand and stabilising prices through different seasons include the use of technologies such as hydroponics, using a mix of crop varieties to extend the harvesting period, and growing crops under cover. There is a need to better understand the value of traditional crops and the importance of preserving resilient local crop varieties for future adaptation programmes. While it is a positive step to promote local crops, this approach also needs to take account of the nutritional values of the food being promoted to consumers.

40. The value of data is only realised when good decisions emerge from the data analysis and more support is needed in technical areas, capacity building, and in data collection and analysis. Food price information at country level is available in hard copy but not at the regional planning level, making it harder to coordinate or assess joint initiatives, and this may need to be addressed in future. Support is needed in the area of Consumer Price Index information which is not disaggregated by food crop items. The PICs have CPI information but differ in the timeliness of the data and access to it.

⁵ The panel members were Ms Maria Tuoro, Cook Islands; Mr Itaita Lausaveve, Tuvalu, and Mr Timm Martyn, SPC. The discussion includes the feedback from group breakout sessions in Session 6 and the plenary.

41. FAO noted the idea of having one steering group for food security under the FSSLP as this may assist with coordination and implementation. Regular meetings with stakeholders are part of the engagement strategy and the monitoring and evaluation mechanisms. On data studies, FAO said two meetings in 2010 covered data collection and analysis and an agricultural data scoping study. Regional networks, including the Secretariat of the Pacific Community (SPC) and the Pacific Islands Forum Secretariat (PIFS), are useful avenues for information sharing.

42. The use of subsidies for selected food items will have short term benefits but is not generally useful in the long term for the development of agriculture. In some countries, state land is being leased to farmers to produce food. While trade integration is on the regional agenda, the barriers to trade include the lack of transport links and the level of infrastructure between the PICs. Fiji is seeking to engage development partners in dealing with commodities such as tobacco where such crops provide livelihoods but also have health implications for the wider community.

43. The Sub-regional consultation should be followed by national level dialogue on the impact of high prices and food security involving government, development partners and other stakeholders. The sub-regional and regional reports will be input into a global report to be presented at the meeting of the Committee on World Food Security in October 2011.

5 Conclusion and Next Steps

44. The participants discussed the trends and impacts of high food prices and agreed, in an Outcome Statement adopted by the meeting, that the following principles could guide their actions:

- a) The Sub-Regional Consultation recognised that high food prices have impacted on food security for Pacific people, and affected their ability to meet and fulfil other needs such as health, education, and socio-economic opportunities.
- b) The most vulnerable group to high food prices are the poor who spend a large share of their income on food. Higher food prices force the poor to reduce their food consumption to meet their nutritional requirements, reduce expenditure for other needs such as education and health, lead to the selling off of productive assets, and push more people into poverty.
- c) There is a need to increase the productivity, production and consumption of local nutritious food to promote food security and reduce the impacts of high imported food prices. Partnerships with the media, and other avenues for public awareness, can help to promote local nutritious foods for consumers. Processing of local food for more convenient use is also helpful.
- d) The Pacific region has a strong subsistence sector and hunger is thus rare: poverty usually means hardship. Hardship includes a lack of access to basic services, lack of access to adequate nutritional food, lack of economic opportunities, and a lack of resources to meet the basic household needs and customary obligations.
- e) A better understanding is needed on the contribution of the subsistence sector to food security and Pacific island economies, to help guide improved policy responses and programmes for action. Effective policy measures may include consumer policies that do not undermine producer incentives, government interventions that support private sector activities, government commitments to develop the agriculture sector, and strong partnerships between countries including regional and international cooperation.
- f) The community-based social systems in the Pacific islands are the most important safety net for ensuring welfare and food security, and complement the safety nets provided by

governments and other stakeholders. This needs to be factored into policy and programme responses so that they do not undermine the social systems. Safety nets such as cash vouchers and other targeted approaches need to be promoted.

- g) High food prices may also benefit smallholder farmers. The benefits may depend on whether they are net food buyers or sellers, how their benefits are protected in the marketing chain, their access to financial resources, the competitiveness of markets, the timing of harvests and planting, and accurate and timely information on local and other markets. One of the main issues affecting the prices of local products is seasonality. There are good opportunities to meet demand and stabilise prices in different seasons through innovative technologies such as hydroponics, using off-season crop varieties to extend the harvesting period, and growing crops under cover.
 - h) More investment is needed in capacity development in data collection and analysis. This will assist in making informed policy decisions and the delivery of programmes as reliable data is critical to assessing and monitoring food security, policy decisions, and outcomes.
 - i) There is a need to make farming more attractive to young people as a career choice, where they can earn a living, by changing mindsets and building skills. The agriculture sector generally has a declining and aging population and farming needs to be promoted more vigorously by government and other stakeholders.
 - j) Governments and other stakeholders should invest more to improve agricultural infrastructure, including better transport links and the development of local market places.
 - k) Regional trade integration offers opportunities for intra-island trade to address issues such as food security, market development, income generation and economic growth.
 - l) Improved public awareness is needed regarding the impacts of high food prices and possible responses by consumers, governments and other stakeholders. Information sharing, and the identification of actions, should maximise the use of stakeholder engagement to share experiences and lessons learned.
 - m) Particularly in urban areas, vulnerable people are switching to cheaper less nutritious food. There is a need to recognise and accelerate support for the urban poor. Nutrition education and awareness, as well as crop and agricultural diversification to increase supply of nutritious food such as vegetables, fruits, meat and milk at an affordable price should be promoted.
 - n) Maximise the utilization of the Food Security and Sustainable Livelihoods Programme in the Pacific Island Countries (FSSLP) for the implementation of actions. Additional financial resources need to be mobilised.
 - o) The Sub-Regional Consultation needs to be followed by further dialogue at national level and involve government, development partners, private sector and other key stakeholders.
45. In closing, the FAO thanked the Host Government for their hospitality and excellent meeting arrangements. There is common ground between all the participants on the issue of food security and the development partners will work closely with member countries to advance the outcomes of the meeting. FAO, EU, UNICEF and SPC welcomed the opportunity to contribute to a successful meeting and reaffirmed their commitment to assisting the member countries with their national priorities. On behalf of the participants, Kiribati expressed sincere gratitude to FAO for organising the meeting and for sharing their experiences and knowledge. The meeting allowed all the participants to contribute and the outcome reflected the views of the Pacific sub-region.

46. The FAO ADG thanked the participants for their valuable contributions to the discussions and the outcome of the meeting. The issue of high food prices again showed the need to prepare in advance for the impacts of high and volatile food prices. Food security is a top priority for Pacific countries and communities. Whilst the food price hike may not affect people in the Pacific as much as in other regions, due to government preparations and the delay in the transmission of price hikes, the situation may yet change due to high food prices and other factors such as high fuel prices. Following a meeting with Fiji's Minister of Agriculture, the FAO ADG noted that Fiji is encouraging sugar cane farmers to reserve some of their lands for food production and land banks will be established to make better use of idle land by leasing it for food production.

47. The FAO ADG thanked the development partners and regional and international organizations for their continued support in advancing food security in the region. The FAO ADG said it is important for member countries to take the outcomes of the meeting further and to raise awareness of the issues discussed at the meeting with key stakeholders.

**Sub-Regional Consultation on Policy and Programmatic Actions
to Address High Food Prices in the Pacific Sub-region**

**Nadi, Fiji
14-15 April 2011**

Outcome Statement

1. The Sub-Regional Consultation on Policy and Programmatic Actions to Address High Food Prices in the Pacific Sub-region was held in Nadi, Fiji on 14-15 April 2011. The meeting was convened by the Food and Agriculture Organization of the United Nations (FAO) and participants included representatives of national governments, regional and international partners, and civil society organizations.

2. The main objectives were to: 1) share country experiences regarding rising food prices, the commodities involved, the government priorities, policies and action programmes, and the implementation problems/constraints and their impact; 2) raise awareness of the various policy options and programmatic actions and their implications to facilitate appropriate policy and programmatic decisions at the country level; 3) internalize lessons from the 2007-08 crisis based on country and development partner experiences in the region as appropriate; 4) identify the needs and opportunities for external financial assistance and technical support to governments and potential development partners and stakeholders; and 5) identify the way forward and processes to design, coordinate and implement appropriate policy and programmatic actions as well as the arrangements for monitoring, updating and sharing of information on price changes, policy measures and results.

3. The participants discussed the trends and impacts of high food prices and agreed that the following principles could guide their actions:

a) The Sub-Regional Consultation recognised that high food prices have impacted on food security for Pacific people, and affected their ability to meet and fulfil other needs such as health, education, and socio-economic opportunities.

b) The most vulnerable group to high food prices are the poor who spend a large share of their income on food. Higher food prices force the poor to reduce their food consumption to meet their nutritional requirements, reduce expenditure for other needs such as education and health, lead to the selling off of productive assets, and push more people into poverty.

c) There is a need to increase the productivity, production and consumption of local nutritious food to promote food security and reduce the impacts of high imported food prices. Partnerships with the media, and other avenues for public awareness, can help to promote local nutritious foods for consumers. Processing of local food for more convenient use is also helpful.

d) The Pacific region has a strong subsistence sector and hunger is thus rare: poverty usually means hardship. Hardship includes a lack of access to basic services, lack of access to adequate nutritional food, lack of economic opportunities, and a lack of resources to meet the basic household needs and customary obligations.

e) A better understanding is needed on the contribution of the subsistence sector to food security and Pacific island economies, to help guide improved policy responses and programmes for action. Effective policy measures may include consumer policies that do not undermine producer incentives, government interventions that support private sector activities, government commitments to develop

the agriculture sector, and strong partnerships between countries including regional and international cooperation.

f) The community-based social systems in the Pacific islands are the most important safety net for ensuring welfare and food security, and complement the safety nets provided by governments and other stakeholders. This needs to be factored into policy and programme responses so that they do not undermine the social systems. Safety nets such as cash vouchers and other targeted approaches need to be promoted.

g) High food prices may also benefit smallholder farmers. The benefits may depend on whether they are net food buyers or sellers, how their benefits are protected in the marketing chain, their access to financial resources, the competitiveness of markets, the timing of harvests and planting, and accurate and timely information on local and other markets. One of the main issues affecting the prices of local products is seasonality. There are good opportunities to meet demand and stabilise prices in different seasons through innovative technologies such as hydroponics, using off-season crop varieties to extend the harvesting period, and growing crops under cover.

h) More investment is needed in capacity development in data collection and analysis. This will assist in making informed policy decisions and the delivery of programmes as reliable data is critical to assessing and monitoring food security, policy decisions, and outcomes.

i) There is a need to make farming more attractive to young people as a career choice, where they can earn a living, by changing mindsets and building skills. The agriculture sector generally has a declining and aging population and farming needs to be promoted more vigorously by government and other stakeholders.

j) Governments and other stakeholders should invest more to improve agricultural infrastructure, including better transport links and the development of local market places.

k) Regional trade integration offers opportunities for intra-island trade to address issues such as food security, market development, income generation and economic growth.

l) Improved public awareness is needed regarding the impacts of high food prices and possible responses by consumers, governments and other stakeholders. Information sharing, and the identification of actions, should maximise the use of stakeholder engagement to share experiences and lessons learned.

m) Particularly in urban areas, vulnerable people are switching to cheaper less nutritious food. There is a need to recognise and accelerate support for the urban poor. Nutrition education and awareness, as well as crop and agricultural diversification to increase supply of nutritious food such as vegetables, fruits, meat and milk at an affordable price should be promoted.

n) Maximise the utilization of the Food Security and Sustainable Livelihoods Programme for the Pacific Island Countries (FSSLP) for the implementation of actions. Additional financial resources need to be mobilised.

o) The Sub-Regional Consultation needs to be followed by further dialogue at national level and involve government, development partners, private sector and other key stakeholders.

LIST OF PARTICIPANTS

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Food Prices in Asia and the Pacific Sub-region**

14-15 April 2011, Nadi, Fiji

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**Sub-Regional Consultation on Policy and Programmatic Actions
to Address High Food Prices in the Pacific Sub-Region**

**Nadi, Fiji
14-15 April 2011**

Agenda and Timetable

Day One: 14 April 2011

- 8.30 – 9.30** Welcome remarks by Mr Hiroyuki Konuma, ADG/RR, FAO-RAP
Opening address by Mr. Mason Smith, Chief Executive Officer (CEO),
Ministry of Agriculture, Fiji
Introduction to the Sub-Regional Consultation by Mr David Phiri, Chief, TCSP,
FAO Headquarters
Introduction of participants
Nomination of facilitation group members
- 9.30 – 10.15** **Session 1:** Overview of the global and regional trends in food prices
(Mr David Phiri, Chief, TCSP, FAO headquarters, Mr Purushottam Mudbhary,
Coordinator, ESP/FAO-RAP, and UNICEF)
- 10.15 – 10.45** Tea/coffee break
- 10.45 – 11.45** **Session 2:** Panel discussion - Experiences and policy lessons from 2007-2008
food crisis in Pacific sub-region (Mr Steven Rogers, UNICEF, Tonga, Kiribati)

Plenary discussion
- 11.45 – 12.30** **Session 3:** Panel discussion - development partners on the high food prices in
the sub-region and their initiatives to address it (on request from development
partners)

Plenary discussion
- 12.30 – 2.00** Lunch break

- 2.00 – 3.30** **Session 4:** Parallel break-out group sessions
Break-out group discussions on:
- Recent developments in prices of major food commodities
 - Current supply situation for major agricultural commodities
 - Policy and programme measures undertaken to address them
 - Problems/constraints in implementing the policies and programmes
 - Results of policies/programme implementation
- 3.30 – 4.00** Tea/coffee break
- 4.00 – 5.00** Break-out group presentation and discussion⁶
- 5:00 - 5:30** Report to plenary by the break-out groups and discussion

Day Two: 15 April 2011

- 8.30 – 10.30** **Session 5:** Policy and programmatic options to address price increases and volatility
(Mr Jamie Morrison, Senior Economist, EST, FAO headquarters)
- Policies to support increased production
 - Trade and supply management policies to stabilize domestic food prices
 - Food subsidies and safety net policies to protect consumers
- Panel discussion (Panel – SPC, Cook Islands, Tuvalu)
Plenary discussion
- 10.30 – 11.00** Tea/coffee break
- 11.00 – 12.30** **Session 6:** Parallel break-out group sessions to discuss and generate recommendations on:
- Which groups/countries are most vulnerable to the high food price crisis?
 - The specific support needed from development partners in the short and long run to address differing vulnerabilities of groups/countries
 - Step to be undertaken to launch dialogues on policies and programmatic actions at the country level
 - Existing processes and suggested improvements to mobilize support from development partners
- Arrangements for monitoring, updating and sharing of information on price changes, policy measures and results

⁶ Break-out groups:

1. Countries that have comparatively high food costs in total import costs: Fiji; PNG; Solomon Is; Vanuatu.
2. Countries that have comparatively low food costs in total import costs; high tourism/remittance revenue; and high capacity to rapidly increase food production: Cook Islands; Federated States of Micronesia; Palau; Samoa; Tonga.
3. Countries that have comparatively low food costs in total import costs; low tourism/remittance revenue; and low capacity to rapidly increase food production: Kiribati; Marshall Islands; Nauru; Niue; Tuvalu.

12.30 – 2.00	Lunch break
2.00 – 3.00	Break-out group presentations and stakeholder dialogue on cooperation and collaboration
3.00 – 3.30	Tea/coffee break
3.30 – 4.30	Session 7: Conclusions, key messages and the way forward <ul style="list-style-type: none">- conclusions and key messages- the way forward – next steps
4.30 – 5.00	Closing remarks

Annex 4

Policy measures and Programmatic Actions Taken by Countries

	Group 1: Food costs relatively low				Group 2: Food costs high % of import costs; high tourism / remittance revenue; can rapidly increase prod				Group 3: Food costs high % of import costs; low revenue; low capacity for increasing production				
	percentage of total import costs												
	Fiji	Papua New Guinea	Solomon Islands	Vanuatu	Cook Islands	F. States of Micronesia	Palau	Samoa	Tonga	Kiribati	Marshall Islands	Niue	Tuvalu
Trade policies													
Reduction of import tariffs (ST)		✓		✓	✓			✓	✓			✓	✓
Other measures to encourage food imports		✓		✓									✓
Other measures to encourage food exports		✓			✓			✓	✓			✓	
Safeguards, sanitary and phytosanitary measures		✓		✓	✓			✓	✓			✓	✓
Social safety nets													
Food assistance in kind (ST)				✓						✓			
Food subsidy (ST)		✓			✓					✓			✓
Fair price shops (ST)		✓										✓	✓
Food for work (ST)		✓						✓					
Subsidized school fees		✓						✓					
School lunch programme		✓						✓			✓		
Food as part payment for school fees		✓											
Cash transfers (ST)					✓			✓			✓		✓
Income generating activities (ST)												✓	

Notes: Fiji and Solomon Islands were represented at the consultation but did not share completed questionnaires
 Marshall Islands was not represented at the consultation but shared completed questionnaires

Policy measures and Programmatic Actions Taken by Countries (Continued)

	Group 1: Food costs relatively low percentage of total import costs		Group 2: Food costs high % of import costs; high tourism /remittance revenue; can rapidly increase production				Group 3: Food costs high % of import costs; low revenue; low capacity for increasing production						
	Fiji	Papua New Guinea	Solomon Islands	Vanuatu	Cook Islands	F. States of Micronesia	Palau	Samoa	Tonga	Kiribati	Marshall Islands	Niue	Tuvalu
Policies to raise food production													
Tax incentives (ST)		✓		✓		✓		✓	✓			✓	
Input subsidy/distribution (ST)		✓			✓	✓							✓
Price support policies (ST)													
Improve credit access (ST/LT)				✓									
Introduction of risk management instruments (ST)		✓							✓			✓	
Improved seeds and/or distribution (ST)		✓			✓	✓		✓	✓	✓			
Improve land access (LT)		✓			✓	✓	✓			✓			
Improve soil quality (MT)		✓			✓	✓				✓			
Extend planted area (ST/MT)		✓			✓		✓	✓	✓	✓			
Increase public infrastructure investment (LT)		✓		✓		✓		✓		✓			
Increase agriculture research (LT)		✓			✓	✓				✓			
Promote farmer organisations (MT)		✓			✓	✓		✓	✓			✓	✓
Domestic market management													
Price control (ST)		✓				✓			✓		✓	✓	
Wage control (ST)		✓				✓		✓					
Support agriculture marketing (ST)								✓					