



CFS Bureau and Advisory group meeting, 16 March 2011

Subject: HLPE Project Team on Price Volatility

The CFS, at its 36th session (October 2010) has requested the HLPE to undertake studies and present policy recommendations on a wide range of outstanding issues for the world's food and nutrition security, including land tenure and international investments in agriculture, price volatility, social protection and climate change.

In December 2010, the HLPE StC met with the CFS Bureau and it was further decided that the two studies on Price volatility and on Land tenure and international investments in agriculture will be carried out by the HLPE in 2011 with findings to be presented at CFS 37 in October 2011. The two studies on Social protection and on Climate change, will be subject of intermediate progress reporting by the HLPE at CFS 37, and the final reports will be presented at CFS 38 in October 2012.

As per the HLPE procedures, the preparation of draft reports will be undertaken by HLPE Project Teams, under the responsibility of Team Leaders and under the oversight of the HLPE Steering Committee.

The Steering Committee of the HLPE is pleased to announce that it has appointed the following Project Team for its Price Volatility study:

Benoit Daviron (Team Leader, France)
Sophia Murphy (Canada)
Niama Nango Dembele (Mali)
Shahidur Rashid (Bangladesh)

Short bios of the Project Team members are attached, as well as the terms of reference of the Project Team finalized by the Steering Committee following the results of the electronic consultation held from 24 January to 10 February 2011 (complete proceedings of the consultation are available here <http://km.fao.org/fsn/discussions/price-volatility>).

The HLPE Steering Committee will inform the CFS Bureau and Advisory Group as soon as appointed, of the composition of the Project Team for the study on Land tenure and International investments in agriculture.

Next steps

The Project Team will elaborate a first version (V0) of its report for mid-April 2011, which will be submitted to further expert input through the organization of an electronic consultation through the FSN Forum, to which experts will be openly invited to contribute, and through an expert workshop. The Project Team will then finalize its draft report (V1) for mid-May 2011, date to which it will submitted to external expert review. According to the provisions of the Rules and Procedures for the work of the HLPE (article 32), prior to their publication, the final reports are to be approved by the HLPE Steering Committee. This is scheduled to take place in July 2011 at the 3rd meeting of the HLPE Steering Committee.

On behalf of the Steering Committee of the HLPE, the HLPE Secretariat.

High Level Panel of Experts on Food Security and Nutrition (HLPE)

HLPE Project Team on Price Volatility

Appointed by the HLPE Steering Committee (March 2011)

Benoit Daviron (Project Team Leader)



Benoit Daviron is a Senior Researcher at the Centre de Coopération Internationale en Recherche Agronomique pour le Développement (CIRAD) in Montpellier, France. He is co-author (with Stefano Ponde) of *The Coffee Paradox: Global Markets, Commodity Trade and the Elusive Promise of Development* (Zed Books, 2005). He has published widely on issue of food policy, trade in agricultural commodities, as well as tropical commodity chain, international agreements and agriculture in developing countries. He published various papers in peer-reviewed journals including *Journal of Agrarian Change*, *Development Policy Review* and *Journal of Global History*.

Niama Nango Dembele



Nango Dembélé is an Assistant Professor, International Development, with the Food Security Group in the Department of Agricultural, Food and Resource Economics at Michigan State University. Based in Bamako, Mali, he directs the activities of [PROMISAM](#) (Project to mobilize food initiatives in Mali), as well as West Africa regional activities. Nango Dembélé is a food security advisor to Mali's Food Security Commissioner at the Office of the President, and a member of the national agricultural research advisory board. In recognition of his contributions to Malian agriculture he received a Diploma from the Minister of Agriculture in 2010. Dr. Dembélé received an MS in Public Finance from the École Nationale d'Administration of Mali in 1979, an MS in Applied Economics from the University of Michigan in 1986, and a PhD in Agricultural Economics from Michigan State University in 1994.

Sophia Murphy



Sophia Murphy is a political economist with twenty years experience working on food security, agricultural trade, and development issues. She works as an independent consultant and is a senior advisor on trade and global governance issues for the Institute for Agriculture and Trade Policy in Minneapolis. Sophia has worked in public policy at local, national, and multilateral levels. She has published extensively and has lectured at a number of universities. She previously worked for the United Nations in Geneva and the Canadian Council for International Cooperation in Ottawa. Sophia has a degree in Politics, Philosophy and Economics from Oxford University and a master's with distinction in Social Policy and Planning in Developing Countries from the London School of Economics. Canadian national, she is bilingual in English and French.

Shahidur Rashid



Shahidur Rashid is a Senior Research Fellow in the Markets and Trade division of the International Food Policy Research Institute (IFPRI). Trained as a development economist, Dr. Rashid has worked on agriculture and food policy issues in South Asia and East Africa for more than a decade. Three main themes of his research have been: (a) agricultural price and risk management policies; (b) food markets and safety net / poverty alleviation programs linkages; and (c) microfinance and households' wellbeing. He has led IFPRI's multi-country research programs on agricultural price policies in Asia and East Africa and served as a member of another multi-country program on micro-finance, poverty, and nutrition. From September 2005 to June 2010, Dr. Rashid was based in IFPRI's regional office in Addis Ababa, where he conducted research and coordinated regional activities of the markets and trade division of the institute. A native of Bangladesh, he received his Master of Social Science in economics from the Chittagong University, Bangladesh in 1987 and a Ph.D. in economics from the University of Illinois at Urbana-Champaign in 1999. Prior to joining IFPRI in 1999, Dr. Rashid worked for the Bangladesh Institute of Development Studies (BIDS), was a research associate at IFPRI, and taught at the University of Illinois.



High Level Panel of Experts on Food Security and Nutrition (HLPE)

HLPE STUDY ON PRICE VOLATILITY

Terms of Reference of the HLPE Project Team
Agreed by the HLPE Steering Committee (March 2011)

In October 2010 the newly reformed Committee on World Food Security (CFS) requested its High Level Panel of Experts on Food Security and Nutrition (HLPE) to conduct a study on price volatility and to present the findings at the next CFS session in October 2011.

The study of the HLPE is bound by the mandate received from the CFS in October 2010, and its purpose is therefore to undertake analysis and formulate policy recommendations regarding: all of its causes and consequences, including market distorting practices and links to financial markets, and appropriate and coherent policies, actions, tools and institutions to manage the risks linked to excessive price volatility in agriculture. This should include prevention and mitigation for vulnerable producers, and consumers, particularly the poor, women and children, that are appropriate to different levels (local, national, regional and international) and are based on a review of existing studies. The study should consider how vulnerable nations and populations can ensure access to food when volatility causes market disruptions.

Following the Rules and Procedures of the HLPE, the preparation of the draft report will be undertaken by an HLPE Project Team, under the responsibility of a Team Leader and under the oversight of the Steering Committee.

The Project Team appointed by the HLPE Steering Committee is comprised of Benoit Daviron (Team Leader, France), Sophia Murphy (Canada), Niama Nango Dembele (Mali), Shahidur Rashid (Bangladesh).

The Steering Committee's oversight work is led by Dr. Sheryl Hendriks, in coordination with the following Steering Committee members: Derek Byerlee, Alain de Janvry, Renato Maluf, Carlos Perez del Castillo.

Following an open electronic consultation process, the HLPE Steering Committee has finalized the following terms of reference of the Project Team's work and scope of its draft report.

The High Level Panel of Experts for Food Security and Nutrition (HLPE) was created in October 2009 as an essential element of the reform of CFS, and as the scientific and knowledge-based pillar of the Global Partnership for Agriculture, Food Security and Nutrition. The HLPE was launched in July 2010 with the appointment of its Steering Committee. The HLPE seeks to improve the robustness of the policy making by providing independent advice to assist the CFS

in reaching political consensus, and in turn, take political decisions based on comprehensive assessments¹.

Following the 36th meeting of the CFS, the HLPE was entrusted with the mandate to undertake studies and present policy recommendations on issues related to world food security. This includes a study on price volatility that covers *all of its causes and consequences, including market distorting practices and links to financial markets, and appropriate and coherent policies, actions, tools and institutions to manage the risks linked to excessive price volatility in agriculture. This should include prevention and mitigation for vulnerable producers, and consumers, particularly the poor, women and children, that are appropriate to different levels (local, national, regional and international) and are based on a review of existing studies. The study should consider how vulnerable nations and populations can ensure access to food when volatility causes market disruptions.*

The development of recommended options for consideration by governments will be undertaken as a priority for the HLPE in 2011. The focus of the study will be to present policy options that reduce risk and build resilience at all levels, with a special and deliberate focus on options for developing countries with special attention on policies with positive impacts on household food security.

There are different forms of food security (transitory, acute, chronic, seasonal etc.). There are also many different entry points and policy instruments that respond to different crises and subsets of the population. So too, there are short, medium and long-term options to be considered. In any country or region, there are multiple policy instruments that can be used either in anticipation (ex-ante) or in response to shocks (ex-post). The policy mix needs to provide a range of responsive instruments and processes that respond to changing contexts and situations (for example new shocks, unexpected events etc.) requiring a balance of risk management vs risk response options to ensure resilience.

The Project team shall write a draft report putting forward analysis, and advice of key policy instruments (see Table 1) to reduce the frequency and magnitude of price shocks, manage risk, strengthen coping strategies and improving resilience at all levels (household, national, regional and international). The HLPE Project Team should also seek innovative ideas of policy instruments.

In its work, the HLPE Project Team is asked to take into account the results and complete proceedings of the electronic consultation conducted by the Steering Committee through the FSN forum between 24 January and 10 February 2011.

By doing so, the Project Team shall give consideration to:

- Developing economy perspectives
- Climate adaption and mitigation measures
- Provide incentives for farmers to keep producing vs short-term cheap food for consumers
- Comprehensive and holistic solutions
- Conflict and instability
- Pro-poor growth focus
- Nutrition-sensitivities
- Impact on vulnerable groups, including women and children

¹ See the document "HLPE Key elements" available at <http://www.fao.org/cfs/cfs-hlpe> for more information.

Table 1: Draft policy instrument options matrix

Possible policy instrument options	Policy instruments to reduce the frequency and magnitude of price shocks	Policy instruments to improve <i>ex-ante</i> responses – mitigating risk and improving resilience at all levels	Policy instruments to improve <i>ex-post</i> responses – coping with shocks and improving resilience at all levels
Agriculture and weather risk insurance for farmers and governments			
Biofuels and coherence of policy and practice with food security policies			
Control of vector borne diseases and food safety standards			
Coordination of information mechanisms at country, regional and multi-national levels			
Diversification of farming systems (including livestock and fish)			
Improved infrastructure – roads, infrastructure, communication			
Improving public food reserves and the efficiency of responses to demand for drawing on these			
Improving household income – including non-Increasing farm incomes			
Improving household resilience through increasing food availability, access and utilisation			
Increased investment in agricultural production and productivity			
Information systems and equitable access to reliable information for decision making, early warning and monitoring and evaluation			
Innovative social protection			
Management of transmission effects of price changes			
Reduction of post harvest losses			
Reduction of protective trade measures (bans)			
Regulation of market speculation and futures			
Responsive financial services (insurance and credit)			
Strengthened research related to food security with regard to climate mitigation, second generation biofuels			
Sustainable use use of resources - producing more with less			