

## **Managing Vulnerability and Risk Caused by Price Volatility and Climate Change through Safety Nets for better Food Security and Nutrition**

### **Concept Note for a Policy roundtable at the 36th CFS Plenary Session, 13 October 2010**

This note outlines a proposed roundtable on “managing vulnerability and risk caused by climate change and price volatility through Safety Nets for better Food Security and Nutrition” to be held at the 36th CFS plenary session. The roundtable will debate high-priority policies and programs to enhance national capacities to manage vulnerability and risk under climate change and price volatility through safety nets, food reserves, financial regulation and policy integration.

Expected outcomes include

- I) Improved understanding of categories of risks and vulnerabilities, the women, men, boys and girls affected by them, and appropriate policy responses
- II) Increased awareness of key safety net policies and programs required for effective vulnerability and risk management,
- III) Look to the future by identifying critical needs for policy and strategic analysis with regard to price volatility and climate change in areas such as the causes of vulnerability and risk; the analytical basis for policy response; required international cooperation; and institutional linkages between different policy fora

This will enable the CFS Bureau to commission detailed studies to the High Level Panel of Experts as/if desired.

### **Background**

*Volatility in food and agricultural commodities prices* has become a permanent feature of global markets. Food prices spiked in 2008 but have fallen back since then. But they remain volatile and are hovering well above 2006 levels. A long-term balance between supply and demand in grain markets, which had kept prices relatively stable over the past few decades, has been broken by increased consumer demand, and by growing bioenergy demand. The purchasing power of poor consumers, who spend a substantial share of their income on staple foods, thus remains severely curtailed. The urban poor are especially vulnerable. They were severely impacted by the food and fuel price crisis; they are now experiencing higher rates of unemployment and lower incomes due to lower export demand and reduced foreign direct investment. Back-migration from urban to rural areas is occurring in many cases, further straining the resources of the rural poor. But the impacts on poor households of the prolonged period of high prices will linger. The impact on and response of households to these crises will be underpinned by the prevailing intra-household dynamics and gender constructs in society. Women and men, boys and girls face different risks and vulnerabilities, and their coping

strategies are predicated on differing levels of ownership, access to and control of resources and services between women and men.

*Climate change* is a hunger and food security risk multiplier for vulnerable people, making it even more difficult to plan and cope with weather variability and climate hazards. Climate change will also magnify challenges faced by governments and the international community to protect poor people from disasters and to support them in their efforts to become more resilient and food secure. The projected reduced food availability due to the effects of climate change in the most affected regions may also have additional and direct implications for food accessibility, food security and nutrition through higher food prices. Poor households that already spend the bulk of their income on food will respond to higher food prices by reducing intake, buying less nutritious food, cutting expenses in health care and education, selling assets and incurring additional debt. Vulnerability will increase as poor people mortgage their future to meet current needs. Women and children will be of particular concern.

Safety nets for the hungry poor and direct interventions to improve nutrition must feature prominently in vulnerability and risk management regimes. When appropriately designed, safety nets are key complements to growth strategies in fragile states. Safety nets can facilitate access to investments and supply-side interventions, enhance resilience, promote equitable distributions of economic and social benefits from growth, and draw vulnerable areas and groups into mainstream growth processes. Effective safety nets can be productive investments in growth. For that, programs must be integrated into broader national context, policies and programmes, targeted to the most needy, available in periods of need, as predictable as possible, as productive as possible. While safety nets need to have protective functions, they should be designed to the extent possible to achieve promotion of livelihoods simultaneously.

Macro and meso level social protection responses are also required to reduce the exposure to risk. These include potential food reserves at national, regional and international levels, and strengthened financial regulation particularly in the area of speculative trading in agricultural commodity markets.

Finally to maximize effectiveness it is important that there is an integration of policies across the arena of risk and vulnerability. It is vital to deploy strategies that protect and ensure that those who are most vulnerable and at greatest risk of hunger can access food and nutrition, and maintain the asset levels needed to protect their welfare and means of livelihood. This primarily means enhancing social protection including safety nets in the most vulnerable countries and regions.

## **Objectives**

The roundtable will debate high-priority policies and programs to enhance national capacities to manage vulnerability and risk under climate change and price volatility through safety nets.

## **Approach**

The format will be as outlined in the guidelines, with the roundtable, led by a chairperson, who will facilitate discussion. A panel of three experts, based on their knowledge of policy and best practice, in 1) vulnerability and risk in the food and agriculture sectors; 2) climate change risks

and vulnerabilities for food and nutrition security, and 3) the impact of price volatility on food and nutrition security, will then provide 10 minute foundational comments focused on the main challenges, policy responses, and potential needs for guidance from the CFS going forward to catalyze an open discussion among participants. At least one panelist will address the gender dimensions.

Acting as a catalyst for discussion by the panel of experts and participants, a background paper will be prepared using the following outline:

<b>Title: Managing Vulnerability and Risk Caused by Climate Change and Price Volatility</b>			
<i>Section</i>	<i>Sub-Section</i>	<i>Description</i>	
Introduction		This section will set out the aims of the paper, stressing the focus on managing vulnerability and risk <i>for enhanced food and nutrition security</i> . The numerous factors contributing to increased and gender differentiated vulnerability and risk with respect to different agents along the food chains, including producers and poor consumers, will be identified, as well as the range of policies to address them. The rationale for the RT's focus on climate change and price volatility will be provided while noting other risks such as those related to plant and animal health and to food safety.	
Global Drivers of Vulnerability and Risk: Climate Change and Price Volatility	Climate Change	This sub-section will outline the way in which climate change is expanding and deepening the range of vulnerabilities and risks facing countries, communities and households across the globe, again, focusing on food and nutrition security	
	Price Volatility	This sub-section will outline the way in which volatility in food and agricultural commodities prices has become a permanent feature of global markets, sharply increasing vulnerability to food insecurity.	
Policy Responses		Given these two global drivers of vulnerability and risk in food and agricultural sectors, this section will consider four important policy responses: safety nets, food reserves, financial regulation, and policy integration.	
	Safety Nets	This sub-section will focus on policies to provide safety nets for the hungry poor, recognizing differential needs, behaviour and access issues for women and men, boys and girls. Interventions to improve nutrition will be reflected.	
	Food Reserves	This sub-section will consider options for establishment and management of food reserves at the national, regional and international levels.	
	Financial Regulation	This sub-section will examine scope for strengthened regulation of financial speculation that impacts markets of agricultural commodities.	
	Integration of policies to tackle risk and vulnerabilities	This sub-section will explore options for strengthened linkages between risk and vulnerability management policies for food security, including prevention and remedial actions, for different types of risk and agents affected by them	
Strategic		This final section will draw potential implications of the preceding	

Priorities for the CFS	analysis for the work of the CFS, including the HLPE.	
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**Potential Participants – TBD**