

GLOBAL FORUM ON FOOD SECURITY AND NUTRITION  
**HLPE CONSULTATION ON PRICE VOLATILITY**  
DISCUSSION No. 65 FROM 24 JANUARY TO 6 FEBRUARY 2011

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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 assessments (See the document [HLPE Key elements](#) for more information).

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 the causes and consequences, including market distorting practices, actions, tools and institutions to manage the risks linked to excessive price volatility in agriculture. The CFS suggested that the study and its recommendations should include prevention and mitigation for vulnerable producers and consumers, particularly 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.

This consultation aims at promoting broad, inclusive inputs for the finalisation of the terms of reference for the HLPE Project Team that will be charged by the HLPE Steering Committee (StC) to prepare the study and policy recommendations on price volatility in agriculture.

The possible policy instruments to be investigated by an expert panel are set out in Table 1.

**The purpose of this consultation is to gain opinion on whether the HLPE has identified the key policy instruments (refer to column 1 of 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 also seeks innovative ideas of possible examples of these policy instruments to populate columns 2, 3 and 4 of Table 1.**

The outcomes of this consultation will inform the terms of reference for the study to be presented to the CFS in September 2011. The final recommendations will take into account the principles set out in the HLPE's methodology for preparation of these papers, and include consideration of:

- 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

**Table 1: Draft policy instrument options for dialogue and finalisation**

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 of resources - producing more with less			

A second public consultation will follow once the draft recommendations have been drafted. You will be informed of the arrangements for this second consultation.

We look forward to your kind response.

Yours sincerely,

On Behalf of the Chairperson of the Steering Committee of the HLPE.