

## ***Proposals for next steps on Food Price Volatility (FPV) – dec.28 2011***

### **Intro :**

The volatility of food prices on international markets is the expression that the international food system seems broken : price volatility becomes recurrent and is expected to remain for the coming years; food producers cannot rely on stable and remunerative prices; consumers cannot rely on stable and affordable prices; net food importing countries cannot rely on international markets for food imports; volatility induces financial speculation, hoarding, market abuse;

In Cordoba, the CSM identified the following principles to frame the responses on FPV :

- Priority of responses to reinforce local, sustainable food systems and markets by making them more resilient, and addressing the needs of those affected by the food crisis.
- Ensure that States can strengthen national and regional food security and agricultural policies.
- Ensure investments in resilient, sustainable, productive, carbon low, smallholders agriculture and costs of unsustainable production modes; address market power issues, inequalities in access to productive resources, gender inequalities.
- Ensure food price levels that allow decent income for smallholders, fair access for consumers, and sustainable access and management of productive resources.
- Governance of policies should be inclusive

### **Main conclusions on food price volatility from the 37<sup>th</sup> session**

CSOs walked out of the negotiations on FPV because of systematic neglect of some of the CSOs inputs (in particular on trade and biofuels) and as a reaction that the discussions were totally controlled by the G20 agenda.

The outcomes of the discussions of the round table were seen as insufficient and inadequate to address the recurrent food price crises.

In addition the CSOs regretted that the opportunity has been wasted to address price volatility in a coherent way, as no discussion on trade has been made possible at the 37<sup>th</sup> session or in future sessions through a HLPE report.

The decision box was re-crafted in a way that failed to adequately address the root causes that are driving price volatility, as identified by the High Level Panel of Experts and other multi-stakeholder assessments. The language of the decisions only served to reinforce the G20 Action Plan, which fails to address these root causes. The message this sends to civil society is that on the issue of food price volatility, the CFS has been co-opted by the G20 agenda. The wealthiest countries in the world will need to move beyond business as usual to secure the right to food for the most vulnerable people.

Some of the root causes not addressed by the CFS :

- lack of policy space for nations and regions to respond to FPV through comprehensive agricultural and price policies,
- inadequate trade rules (more focused on dealing with surpluses than with tight markets),
- lack of support to food reserves policies that can provide a buffer to price shocks and mitigate their effects
- unwillingness to address policies that artificially drive biofuels demand (through mandates and subsidies), and the unwillingness to address unsustainable consumption patterns leading to increased feed demand

Some measures might go into the right direction but remain too vague to deliver :

- Agreement on an improved agricultural market information system (AMIS), but no obligation for transparency to the private sector. Important questions related to the governance. It is mainly in the hands of the G20 members. At the CFS it was agreed that the Bureau will sort out relations between AMIS and the CFS. Apparently a decision has been made outside the bureau : the Rapid Response Forum or RRF (that encourages coordination of policies in case of abnormal international market conditions) reports to the CFS, and the CFS chair has an observers to the RRF.
- Speculation: “improve transparency, regulation and supervision of agricultural derivative markets”. It implicitly recognizes the fact that speculation plays a role in volatility. There is a need that the CFS secretariat with the AG, develop an adequate monitoring of decisions to ensure the need to report on the status of implementation of all recommendations.
- Biofuels: It was not possible to agree on concrete action. Instead of agreeing on eliminating mandate, subsidies and tariffs, the HLPE received the mandate to develop a study to review biofuels policies of the opportunities and challenges they may present for food security so that biofuels can be produced where it is socially, economically and environmentally feasible to do so.
- Food reserves: The outcome is very weak, but opens the door to develop a study to assess role of buffer stocks at local, national and regional levels. The critical issue will be what international organisation will take the lead on this. On Emergency reserves the decision is weak and might risk not to reinforce national and regional reserves and food security policies. The development of a code of conduct for humanitarian reserves let a bit the door open to keep food reserves in the CFS agenda.
- Gender dimension has been very weak. A reference was included in the paragraph on social protection but the gender dimension remain very weak if not absent in the debate.

#### **Some lessons of CSO participation :**

- CSO work generally seen positively. The preparation was last minute (also because of CFS late establishment of Task Teams to prepare the policy round tables), with limited participation of social movements. Strong statement of CSO participant at the Round Table.
- Lack of time to gather CSO cases of impacts of price crisis, of analysis of causes, proposals and demands of different constituencies. We were more reactive to the CFS and G20 agenda.
- Lack of time to engage with national delegations ahead the CFS, especially with the non G20 members
- Lack of good organisation of the CSM and the CC members to guarantee adequate presence during the last session where CSOs decided to leave the negotiations

#### **Prospects for 2012:**

FPV will remain on the CFS agenda in 2012 (with specific issues like food reserves, AMIS & RRF, but also through the monitoring/reporting of the decisions of 2011). It is also directly relevant to the HLPE reports on social protection and climate change. Finally it is also included in the propositions on the GSF and is relevant for the investment discussions as stable and fair prices are an important condition for smallholders investments. The biofuels study of the HLPE is due for 2013. Finally it is likely that the external context might continue to influence the debates, because the food price crisis is also not expected to disappear.

FPV should also be put on the agenda by CSOs. When walking away from the negotiations they have stated that they would ask governments to account at the CFS 2012 for their lack of decisions made.

## What can be done ?

### a. Need to react on CFS agenda

On the basis of the priorities set, we could provide specific attention to the food reserves

Issue	CFS decision	Agenda
Food reserves	- International Organisations to assess the constraints and effectiveness of local, national and regional food reserves (50 j) - pilot project in West Africa, for a targeted regional emergency food reserve - IOs to develop a framework for a draft voluntary code of conduct for emergency food reserves management (50 m, n)	- to be decided  - by June 2012  - to be decided
[Biofuels]	- HLPE study of the positive and negative effects of biofuels (50 i)	- participation in the consultation process, to be debated in CFS 2013

### Food Price Volatility and HLPE reports

Climate Change	HLPE Report Is one important cause of price volatility (could link with price policies, food reserves, agrofuels, crisis prevention...)	To be discussed at CFS 38
Social Protection	HLPE Report Is one important instrument to mitigate the effects of price volatility (link with food reserves, public procurement policies, income support...)	To be discussed at CFS 38

### Food Price Volatility and other issues

GSF	- Development of Draft 1 of the Global Strategic Framework	Endorsement of Draft 1 at CFS 38
Investments	- more relevant for the HLPE report on the constraints of smallholders investments in agriculture	- participation in the consultation process, to be debated in CFS 2013
Reporting	Monitoring of, & reporting on, implementation of all the different policy recommendations at country level	Reports to CFS 38, but process unclear; important for CSOs to ask governments to account

- I. Based on the debates in Cordoba, the first priority should be to concentrate on **Food Reserves**.
  - The assessment of the constraints and effectiveness of local, national and regional food reserves which CFS member states requested International Organisations to undertake, should be done according to CFS ways of working, i.e. it should be undertaken by all stakeholders participating on an equal footing... especially civil society. This means that the assessment should be facilitated by the CFS Advisory Group which ensures the participation of the full range of stakeholders. The AG would identify experts from the different organisations / networks represented on the AG to undertake the assessment.
  - At CFS 37, CSOs advocated that "a code of conduct for the best use, governance and use of food reserves should be prepared and endorsed in CFS 40 in 2014". We should continue aiming at this and using the decisions made at the CFS 37 as first steps to achieve this.
  
- II. Different constituencies are engaged on **climate change** and there might be a need to organise an internal discussion on what CSOs expect from this debate.
  
- III. On **social protection** it might be useful to first organise a quick mapping of CSO constituencies and regions engaged on this issue, and identify what our resources are to be prepared for the next CFS session.

IV. On the reporting it is important that we could get organised to do our own **assessment of the decisions** made at the CFS 37, and prepare a statement of potential failure to address food price crises. This is consistent with the declaration CSOs have made when they walked out of the negotiations.

*b. Consolidate CSO agenda*

V. In Cordoba we have decided that FPV responses should in priority be seen in support of local food systems. The FPV issue might be supportive in certain regions to **support national and regional CFS processes**. We could propose to organise national/regional seminars on FPV that would aim to have those affected by the food price crises fully engaged, and, if appropriate, to engage with national and regional authorities on the CSO analysis and proposals. If the HLPE report is seen as a useful input for this, the authors of the HLPE report are possibly willing to participate in regional initiatives.

VI. Another area of work would be to increase our capacity to collect information, stories, analysis, proposals at local, national, regional, constituency level that can consolidate our mutual understanding, learning, as well as our policy work

VII. Strengthening the CFS as the platform of coordination and coherence. We should make sure that we can participate in the reporting and making stakeholders accountable to the decisions they made, and also making sure that all relevant issues can be addressed at the CFS. More specifically on FPV, this implies that CSOs have a specific role in ensuring that trade measures could in the future be discussed at the CFS.

**Internal Organisation:**

The FPV working group could be asked to support very specific work related to points I., IV., V. as well as on ensuring inputs to the GSF.

Depending on the level of priority on the issues of Social Protection and Climate Change, specific working groups might need to be put in place