

International Governance Responses to the Global Food Crisis Conference Report

The Centre for International Governance Innovation

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The year 2008 was marked by massive turbulence in food and agriculture governance, with price spikes and food shortages creating significant challenges for food security and the livelihoods of poor people around the globe. Although real food prices have been increasing consistently since the early 2000s, the price spike in the first quarter of 2008 — an increase of 53 percent over prices in the first three months of 2007 — brought the issues of food accessibility and food security to the forefront (United Nations, 2008). With these soaring food prices, the poorest and most vulnerable populations faced greater undernourishment, and in many countries the rising costs of food were directly responsible for civil unrest.

While the immediate effects of the 2008 food crisis on global hunger and rural livelihoods are plainly evident, its underlying causes are the subject of considerable debate, and include increasing oil prices, changing global diets, environmental disasters, declining food stocks, agricultural trade restrictions, high levels of commodity speculation and changing currency values.

On December 4–5, 2008, The Centre for International Governance Innovation (CIGI) and the International Food Policy Research Institute (IFPRI) convened a workshop of experts in Waterloo, Canada, to discuss the challenges facing the international governance framework for food and agriculture. This event was part of a multi-year CIGI project on Agriculture, Food, and Environment in the New Global Context, examining how international mechanisms that govern food and agriculture are addressing issues in the global food landscape. Food security — the physical and economic ability of everyone to access food that is both healthy and safe — was an integral focus of the workshop, as the 2008 food crisis highlighted how quickly price increases affected people's access to food.

The papers presented at the workshop were organized around panels that focused on the origins and implications of the food crisis; short-term responses to the crisis in the form of food aid and other types of emergency assistance; long-term governance responses to ecological concerns about agriculture; and long-term strategies for promoting food security and sustainability. The participants considered the following key questions:

- What interests, ideas, and institutional processes have fostered the recent rise in food prices and food insecurity?
- What roles do existing institutions and systems of global governance play in ensuring and/or undermining environmentally sustainable food security for all?
- What innovations in global governance are required to deliver sustainable food security more effectively for all?

Origins and Implications of the Food Crisis

Global food prices gradually declined in the 30 years following the 1973–74 food crisis when prices for food and other commodities such as oil spiked sharply. Since the early part of the twenty-first century, however, there has been a notable trend toward rising prices, in both nominal and real terms. Workshop participants generally agreed that to understand the 2008 food crisis and to guard against future crises, it was important to determine the myriad underlying long- and short-term causes of food price spikes. It was also agreed that it is imperative to address the factors that contribute to the vulnerability of the poor to rising prices, particularly

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in terms of food-import dependence in developing countries. There was, however, considerable debate among workshop participants about the causes of the crisis and their contribution to food insecurity.

Both the long-term price trend and the short-term price spike are most frequently attributed to the declining supply of and increasing demand for food. The workshop reflected many of the common supply-and-demand explanations of price trends and the debates attached to these explanations. There was also debate about whether more than just market fundamentals had contributed to the price spikes.

Declining food supply was attributed to both long- and short-term factors. Some participants suggested the decline was a result of reductions in agricultural productivity, which are often linked to the decline in public investment in agricultural research and development, particularly in developing countries. Other participants, however, suggested that structural adjustment programs established since the 1980s, particularly trade liberalization policies, have impeded the ability of farmers in developing countries to compete in global markets, especially against heavily subsidized producers and in heavily protected markets in OECD countries. These programs have led many farmers in developing countries to take up other occupations, reducing domestic food production and contributing to increasing dependence on food imports.

Participants suggested that governments and development agencies needed to target investment at building rural infrastructure and increasing access to resources, markets, extension services, knowledge, and development opportunities. A rural-oriented strategy should also consider the role of laws and policies governing land use and access to resources, and a focus on increasing the productivity of small-scale farmers. Hunger could also be combated by improving the nutritional content of the diets of vulnerable people, while increased attention could be paid to developing urban agriculture, which has the ability to decrease dependence on imported food in urban areas.

Workshop participants also identified declining grain stocks, ecological degradation, and adverse weather conditions associated with climate change as contributing to declining food production. Indeed, drought in Australia and floods in China had a significant impact on global food supply prior to the onset of the 2008 crisis.

Increased demand for food is commonly tied to population growth as well as to rising incomes, which are linked to an increase in food consumption

generally and in particular to consumption of grain-intensive meat and animal bi-products such as dairy and eggs. The concern is that these demand pressures are outstripping productivity growth, thus contributing to food shortages. The more recent shift towards the diversion of maize (corn) for the production of biofuels as a substitute for fossil fuels has also become a widely cited demand pressure affecting global food prices, although the extent to which biofuels have contributed to recent food price spikes remains subject to debate. The participants did not engage in this debate, but generally agreed that the diversion of maize from the food supply was a contributing factor.

The participants also discussed proposals to establish either a virtual or a physical global grain reserve to stabilize prices. Questions remain, however, about the feasibility of coordinating such a reserve and about who would manage it. Participants also disagreed about whether a reserve would solve problems of food prices and supplies or allow them to persist.

Opinions were divided on the relationship between price spikes and speculation on the futures markets for agricultural commodities. Some participants denied that commodity speculation had any bearing on the price of food, while others believed it was linked to the price spikes. Debate focused especially on whether commodity speculation was a symptom or a cause of the food crisis. Some argued speculation took place because of the rise in agricultural commodity prices, particularly in response to the imposition of export restrictions by some countries. Others interpreted speculation as a cause, linked to the credit crisis, the declining value of the US dollar, and rising oil prices. Although futures markets are intended to stabilize food price volatility, a few participants voiced concerns that non-commercial investment (investment by those not actually in the agricultural market) was motivated by profit, and that this was generating greater price volatility. Although not all participants were in agreement about the role that speculation played in the 2008 food crisis, some advocated the monitoring and potential reform of agricultural commodities markets to ensure they were contributing to price stability for farmers.

The participants agreed that the causes of both food price volatility and the vulnerability of the poor to that volatility were not yet fully understood, that many of the implications were likely still to unfold, and that the current global financial crisis only added to this uncertainty.

Food Aid and the Food Crisis

With the number of hungry people skyrocketing as a result of the food crisis, a key element of the short-term response to the crisis is the delivery of emergency food aid. The participants discussed some of the problems associated with the provision of food aid and with the institutions through which food aid is currently administered, including the chronic struggle of the United Nations World Food Programme (WFP) to meet its budgetary needs. Even prior to the food crisis, the need for hunger relief was rising as aid donations were declining. Although the WFP received a great deal of support to address the immediate effects of the food crisis, concerns remain about the organization's ability to face the longer-term challenges of the food crisis.

The participants also voiced concerns about the Food Aid Convention (FAC). Although the FAC places the burden of food prices on donors by obliging them to commit to certain amounts of grain, it says nothing about the nutritional quality of aid, its rules on adding transportation costs to donations are problematic, and it does little to ensure the effectiveness of aid despite its strong wording about avoiding harm to local suppliers and markets and its exhorting donors to "achieve greater efficiency in all aspects of food aid operations." The FAC, moreover, still permits monetization and in-kind aid, which some participants proposed might be responsible for displacing local production and livelihoods. The Convention's membership is comprised only of donor countries, which some say contributes to a lack of transparency and public access to information on its operations and on donor compliance.

Although many participants viewed both the FAC and the WFP as important for the delivery of emergency aid and as a safety net for importing countries, they suggested these institutions were in need of major reform in order to improve emergency aid effectiveness and address governance shortfalls. Other global food and agriculture institutions were also mentioned as being in need of reform, notably the Food and Agriculture Organization of the United Nations (FAO) and the Consultative Group on International Agricultural Research (CGIAR), which lacks funds and must compete for donor agencies' scarce resources. Some felt that cooperation to manage the food crisis and food security could be enhanced between the latter two organizations and other national and international institutions.

Ecological Concerns

There was a consensus among workshop participants that the current food crisis offers the international community an opportunity to reform the global food system and to move towards agricultural practices that are sustainable as well as locally and regionally appropriate. Climate change was emphasized as a key driving factor of food insecurity, which imbues the need for reform with a new sense of urgency. Some participants linked climate change and its effects on small-scale farmers, who were already vulnerable prior to the onset of the current food crisis. There was broad agreement about the moral imperative to prioritize, through development assistance and public policies, the concerns and needs of producers affected by climate change. For example, it was suggested that the production of biofuels using fossil fuel inputs was a counterintuitive strategy, and that the rising demand for biofuels was having an impact on global demand for productive land and grain stocks.

The participants had divergent views on the appropriate role of agricultural biotechnology in addressing the food crisis. There was a general consensus, however, that, whether the approach was agro-ecological or involved agricultural biotechnology, policies should support smallholders and strengthen local and regional food systems. Participants also discussed the ecological footprint of rising global meat production. It was suggested that, although the rising demand for meat in countries such as India and China benefited smallholders, it also raised concerns about the long-term ecological implications of increased global meat consumption. Some participants suggested it was unfair to blame the negative ecological effects of rising meat consumption on India and China without also addressing consumption in North America and Europe.

Sustainable Agriculture: The Way Ahead

The participants agreed on the need to move towards more sustainable agriculture practices to achieve food security and to strengthen institutional capacity in developing countries to ensure support for governance processes at the local, national, regional, and global level. If food security is considered a national responsibility, a strengthened role for the public sector is necessary to create the conditions to achieve it. National public policy is also critical in building a sustainable global food system, as governments can foster sustainable practices that are already developing in national and local contexts.

Participants disagreed, however, about how to move ahead and on what constitutes sustainable agriculture. Some advocated a move towards complete trade liberalization and the elimination of all subsidies and protection in both developed and developing countries, which, they argued, would stabilize food prices and increase market access for developing country products, promoting rural development. Others pointed out that, prior to the introduction of structural adjustment programs in the 1980s, governments in developing countries used more interventionist policy tools and programs such as marketing boards and floor prices for agricultural commodities. They argued that although these policies and programs had flaws and were inefficient in some countries, the purely market-based approach of the past 25 years had led to increased food insecurity and vulnerability among small-scale farmers in developing countries. They further argued that governments could mitigate volatility and promote food security through public policies to promote sustainable agricultural practices and protect small-scale farmers. Moreover, production for local and regional markets would be more sustainable given the increased economic and environmental costs associated with the transportation of food over long distances.

Some participants countered, however, that markets and market access can serve as engines of sustainable growth in developing countries, and that the problem was one of remaining market barriers to developing country exports and the highly subsidized agricultural sector in developed countries. Other participants asserted that markets were biased towards large-scale operations and that state intervention was required to make market conditions more favourable to small-scale producers and sustainable agricultural practices. Some who argued for a less liberal approach to trade conceded that certain aspects of trade liberalization might provide sustainable development and equitable growth, but that export-led development strategies should be accompanied by stable prices in commodity markets, which could then foster long-term development strategies.

There was consensus that improvements in productive capacity are central in addressing the current food crisis. Although opinions diverged on how best to achieve this goal, there was agreement that progress would require substantial public investment in research and development. Participants were also divided as to what constituted a sustainable food system, with some equating agro-ecological farming practices with sustainability and arguing that such practices are more adaptive to local and regional contexts and more resilient in the face of crisis, and, therefore, that governments needed to encourage them. Other participants argued for publicly funded agricultural biotechnology research to improve production capacity and to improve farmers' ability to adapt to environmental stresses, particularly issues related to climate change. The participants stressed that research should focus on regions most vulnerable to the negative effects of climate change, on traditional crops in developing countries that can help increase food security, and on the stresses on marginal environments, while at the same time protecting biodiversity. Participants could reach no consensus on whether genetic modification should be pursued, nor on whether and to what extent corporations should be integrated into this research and development. Some argued that the technological knowledge and capacity of the life sciences industry could accelerate the research process, while others voiced concerns over the trend towards corporate concentration and the potential for intellectual property rights to usurp traditional seed-saving practices.

The participants agreed that flexibility and modularity were important principles in the design of localized and regionalized sustainable agriculture systems, since sustainable agricultural policy would take a different form in each country and region. One participant noted the risk of "boutique projects" that work in one context but cannot be applied as a model in another. It was suggested that innovation would be fostered by partnerships forged among local farmers, extension workers, and scientists to determine context-appropriate responses.

Policy Directions

The policy prescriptions that emerged from the workshop reflected the participants' consensus that it was necessary to address both the underlying causes of the long-term trend of rising food prices and the factors contributing to short-term price volatility. They further agreed on the need to address the developing world's vulnerability to fluctuating international food prices. Opinion also converged on general directions new policy should take, though there was some divergence in terms of the appropriateness of certain specific measures.

First, an interim safety net system should be firmly established by reforming the WFP and FAC, and more research should be undertaken regarding potentially establishing a virtual or real global grain reserve to address the immediate implications of price spikes for vulnerable populations.

Second, other global food and agriculture institutions, such as the FAO and the CGIAR, should be redesigned to enhance global food security. These international institutions should work more closely with national and local institutions to manage both the current food crisis and broader food security objectives.

Third, public investment in agricultural research should be expanded, both domestically and within international and bilateral development assistance budgets.

Fourth, policymakers should give greater consideration to rural areas, where populations are most vulnerable to food insecurity.

Fifth, the international trading system for food and agricultural products should be reformed to provide more support for agricultural development in developing countries. More research is required, however, on the precise nature of the reforms required.

Sixth, policies at all levels — global, national, regional, and local — should focus on sustainability and should consider its social, economic, environmental, and institutional aspects. Further research is needed, however, on the role and implications of agricultural biotechnology and agro-ecological approaches in the promotion of sustainability.

Finally, as both a policy direction and an academic imperative, any work on food security should be reflexive and integrated. Donor agencies might not assess consistently the policies they implement; transnational corporations, which are self-regulating and which self-assess the safety and value of their products, might be lacking in adequate accountability; and institutions that strive to solve the problems

of global hunger and food insecurity often work in isolation. More attention should be paid to differentiating between short- and long-term causes and implications of food insecurity, including separating long-term trends from short-term spikes. Policy makers should heed the lessons of past food crises and global responses. In short, the current food crisis needs to be more fully understood if the appropriate response is to be implemented. It is in working together through a more thoughtful, inclusive, and collaborative process that gains in food security can be achieved.

Works Cited

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CIGI has also developed IGLOO™ (International Governance Leaders and Organizations Online). IGLOO is an online network that facilitates knowledge exchange between individuals and organizations studying, working or advising on global issues. Thousands of researchers, practitioners, educators and students use IGLOO to connect, share and exchange knowledge regardless of social, political and geographical boundaries.

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Le CIGI a été fondé en 2002 par Jim Balsillie, co-chef de la direction de RIM (Research In Motion). Il collabore avec de nombreux partenaires stratégiques et exprime sa reconnaissance du soutien reçu de ceux-ci, notamment de l'appui reçu du gouvernement du Canada et de celui du gouvernement de l'Ontario. Le CIGI exprime sa reconnaissance envers le gouvernement du Canada pour sa contribution à son Fonds de dotation.

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