



**WORLD FOOD CRISIS**

**FAO ACTIVITIES**

### Context

- ❑ **Today** over 850 million people go to bed each night without anything to eat
- ❑ **Climate change** leading to greater crop and asset losses as well as higher variation in agricultural systems.
- ❑ **Soaring prices** related to biofuels, changes in food demand, etc.
- ❑ **New market opportunities** for producers if they have access to production inputs, assets and capital

### What is happening and why?

Food prices have been rising and particularly since 2006. Forecasts for the next ten years predict continuing high prices because of structural changes in supply and demand.

**On the supply side:**

- ❑ Rising oil prices mean increased costs for fertilizer, machine operations and transport.
- ❑ Costs of production of cereals are expected to rise by up to 15% between 2006-7 and 2016-17.

### What is happening and why? Contd.

- ❑ Short-term supply shocks include poor harvests in some exporting countries at a time of dwindling world cereal stocks.
- ❑ Some exporting countries have imposed taxes, minimum prices, quotas and bans on exports of rice and wheat.

**On the demand side:**

- ❑ Growing incomes in China and India mean rising demand for meat.
- ❑ Additional meat and dairy produced by feeding grains to livestock.
- ❑ Once oil prices top \$60 a barrel biofuels will become more competitive; grains diverted to biofuel production.

### Impact on the poor

- ❑ The greatest concern is the impact on their food consumption. Not all of the poor are farmers and even some farmers buy staples.
- ❑ The poor generally spend large fractions of their budgets on food, so rising prices make them more likely to reduce their food consumption. But this may not have a large fall in calorie intake.

*Short-term impacts:*

- ❑ income fall by more than 25% and food consumption by almost 20%.

### Impact on farming

- ❑ Higher food prices could raise farmers' incomes if global price movements transmit to local markets, and if farmers can respond.
- ❑ But, transmission can be muted by policies on domestic prices and by transport costs.
- ❑ Experience suggests that farmers may lack the credit and inputs needed to respond in the short term. But they could benefit in the medium and long term.

## Impact on low income countries

- ❑ Low-income countries face inflationary pressure and rising import bills – both of which undermine economic growth and development.
- ❑ Many receive food aid that is likely to be reduced just when it is most needed. As food aid is programmed by budget, not volume, rising prices depress supply, food availability will fall.
- ❑ But, higher food prices are incentives to produce local food and could stimulate agriculture, cushioning the impact on the poor.
- ❑ Outcomes, weighing costs to consumers against gains to farmers, are hard to predict and vary.
- ❑ Overall, the economy suffers and reduced consumer spending on other goods and services puts a brake on economic growth.



helping to build a world without hunger

### MANDATE of FAO

- To improve agriculture productivity
- To fight hunger and improve nutrition
- To improve the lives of the rural population



## FAO initiatives on Food crisis:

- ❑ World Food Summit (1996):
  - Plan of Action - Commitment Three (out of Seven):
    - \* We will pursue participatory and sustainable food, agriculture, fisheries, forestry and rural development policies and practices in high and low potential areas, which are essential to adequate and reliable food supplies at the household, national, regional and global levels, and combat pests, drought and desertification, considering the multifunctional character of agriculture \*
- ❑ WFS:fyI (2002):
  - Anti-Hunger Programme
  - International Alliance Against Hunger
  - Voluntary Guidelines on Right to Food

## Initiative on Soaring Food Prices

1. Launched in December 2007 by FAO
2. Highlighted in the World Food Summit in Rome – June 2008
3. Global commitment to boost agriculture production – 6.5 billion pledged
4. Initial 500,000\$ for current maha season

## CHALLENGES in Sri Lanka

1. record high petrol / diesel prices
2. rising costs of agricultural inputs
3. soaring food prices
4. global warming and changing climatic patterns
5. non-economical agriculture as some imports are cheaper than local production
6. large numbers of internally displaced people and abandoned farm lands
7. improving income for farmers
8. reinvigorating research and extension services

Current agriculture support under the FAO Representation in Sri Lanka

- ➔ Emergency relief and rehabilitation
- ➔ Capacity building / technical assistance
- ➔ Food security and poverty alleviation
- ➔ Policy support
- ➔ Initiative on soaring food prices

## Emergency Relief and Rehabilitation 2008



1. Emergency assistance to Internally Displaced People (IDPs) in the North: Jaffna, Kilinochchi / Mullaithivu, Mannar and Vavuniya (9,950 households – CERF funded)



2. Immediate agricultural assistance in support of household returnees to west Batticaloa (5,265 households – Spanish funded)



3. Agriculture assistance in support of the returnees, IDPs, host families and other vulnerable families in the north and east provinces (10,000 households for the 2008 maha season – Swedish funded)

4. Provision of paddy seed and other inputs for 6,150 hectares in Batticaloa, Ampara, Polonnaruwa and Anuradhapura districts – 2008 maha season (TCP)



## Supporting activities by FAO on Technical assistance / capacity building

1. Bird flu control (USA)
2. Hybrid rice development (TCP)
3. Development of national bio-technology R & D Programme (TCP)
4. Pepper development (Japan)
5. Support to NARA for fisheries resource assessment and management (Canada)

## Programme for Food Security



*To enhance production and income of resource poor communities through intensification, diversification and efficient use of production resources.*

**Special Programme for Food Security**, implemented with the Ministries of Agriculture, Lands and Irrigation.



**National Programme for Food Security** now prepared for review, finalization and implementation



## Current FAO ISFP activities:

1. Planning and implementation with the Ministry of Agriculture and the Provincial / District staff. Ministry of Nation Building now also directly involved.
2. Distributing 615 tons of paddy seed in Batticaloa (12,500 bushels), Ampara (6,250 bu), Polonnaruwa (6,000 bu) and Anuradhapura (6,000 bu).
  - \* also mammoties to each (WFP providing 28,000 to the eastern province)
  - \* plus 30 tons of zinc sulphate (5 kg / ha)
3. **IOM** providing 11,000 additional bushels to the eastern province

## Opportunities

1. Global interest in supporting agricultural production
2. New opportunities for farmers
3. New technologies will be stimulated
4. Increase production and higher productivity will be the outcome

## National Campaign to Motivate Domestic Food Production 2008-2010

1. Expand area under cultivation (reclaim abandoned lands)
2. More reliance on less expensive inputs such as organic fertilizers
3. Use of improved varieties and technologies
4. Achieve self-sufficiency in rice, other field crops, fruits and vegetables