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- The World Bank's 10-point plan for the food crisis
- The global food crisis has been written about for months now.
- Local manifestation in the shape of food riots and political protests cannot eliminate the global cause of the problem.
- World leaders are meeting in Rome currently to consider how to solve the problem.
- The meeting has been called by the UN Secretary-General.
- The World Bank's President, Robert Zoellick, in this context, has put forward a 10-point plan for solving the food crisis.
- The food crisis has been described by various observers as a silent tsunami.
- It is not, however, a natural catastrophe, says Zoellick, but man-made.
- There is a nexus between high energy prices and food prices.
- This connection is unlikely to be broken early and will be exacerbated by global climate change.
- Rising fuel prices not only increase costs of fertiliser and pesticides but also raise transport cost, which ultimately raises the cost of food.
- In April 2008, ministers from 150 countries met at the World Bank and endorsed a new vision for global food policy.
- The United Nations' summit in Rome this week, the Group of Eight leading industrialised nations' finance ministers meeting later in June and the G-8 summit in July offer opportunities for action.
- Indeed, well-coordinated steps on policy, based on resources, are needed.
- Fund emergency needs
- The first point in the World Bank President's plan is that the various nations should agree to fund fully the World Food Programme's emergency needs, support its drive to purchase food aid locally and ensure unhampered movement of humanitarian assistance.
- This is vital for reducing the starvation in the distressed countries.
- Second, the World Bank's President's agenda calls for support for safety nets, such as distribution of food in schools or offering food in return for work, so that we can quickly help

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World Bank's 10-point plan for the food crisis

S. Venkitaramanan

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The global food crisis has been written about for

months now. Local manifestation in the shape of food riots and political protests cannot eliminate the global cause of the problem. World leaders are meeting in Rome currently to consider how to solve the problem. The meeting has been called by the UN Secretary-General. The World Bank's President, Robert Zoellick, in this context, has put forward a 10-point plan for solving the food crisis.

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Fund emergency needs

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Second, the World Bank's President's agenda calls for support for safety nets, such as distribution of food in schools or offering food in return for work, so that we can quickly help



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The World Bank, working with the World Food Programme and Food & Agricultural Organisation (FAO), has already made rapid needs assessments for more than 25 countries. Third, the world needs more seeds and fertiliser for the coming planting season, especially for small holders in poor countries. The FAO, the International Fund for Agricultural Development, regional development banks and the World Bank together can expand this effort by working with local civil society groups and bilateral donors. The key is not only to get more money but also an effective delivery system.

The fourth item in the President's agenda is to boost agricultural supply and increase research spending, reversing years of agricultural underinvestment. In a pregnant sentence, the World Bank President's plan states that you must be neither Luddite nor advocates of a single scientific fix. The reference is obviously the organic farming critics of the Green Revolution and genetic modification, both of which will retard progress.

The World Bank sees a role in this for the International Consultative Group on Agricultural Research and has been allocating about \$450 million a year for the purpose. The President's statement says the investment on research and development should be doubled over the next five years.


More investment in agribusiness

Fifth, the plan emphasises the need for more investment in agribusiness so that we can tap the private sector's ability to work across the value chain, developing sustainable sources, such as water supply, cutting wastage, infrastructure and logistics, and effect larger savings.

This will help developing countries' producers meet food safety standards and connect retailers with farmers. This will also help to bring trade finance to the benefit of farmers. Misguided agitation in India against modern retail networks catering to food markets deserves to be discontinued.

Sixth in the World Bank's agenda is the call for innovative instruments for risk management and crop insurance for small farmers. There is a tantalising reference in the World Bank's suggestion for weather derivatives for developing countries. If a country suffers a drought but participates in the derivative, it would receive a pay out to offset the prices of imported foods necessitated by the drought. We await the details of the proposal.

Seventh on the agenda is the need for the US and Europe to ease the effects of subsidies, mandates and tariffs on bio-

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fuels that are derived from corn and oilseeds. The plan recognises that the US' use of corn for ethanol has consumed more than 75 per cent of the increase in global corn production over the past three years. The plan calls for safety valves that would ease these policies when prices are high.

Is food or fuel choice

The statement says the choice does not have to lie between food or fuel. Cutting tariffs on import of ethanol into the US and European Union markets would, for instance, encourage the output of more efficient sugarcane bio-fuels that do not compete directly with food production. It would incidentally expand opportunity for poorer countries, including those in Africa.

There is also need to advance technological research for producing ethanol from cellulosic products. This had been mentioned in President Bush's statement to Congress two years ago. He had suggested that cellulosic materials, such as wheat stalks and corn stalks, can be converted into ethanol, using appropriate processes already under development.

Another part of the agenda is the removal of export bans, which have led to even higher world food prices. It notes that as many as 28 countries have imposed such controls and removing these could have a dramatic effect, with only 7 per cent of global rice production traded on markets.

The plan calls for action on the part of countries such as Japan and China to release some of their buffer stocks to dampen the price rise situation. (The statement refers to India as a potential candidate for this option. Government of India beware!)

Importantly, the World Bank plan calls for an early conclusion of the Doha round WTO deal in order to remove the distortions of agricultural subsidies and create a more adaptable, efficient and fair global food trade. The need for rules that are agreed multilaterally has never been stronger.

Last, the plan calls for greater collective action to counter global risks. The interconnected challenges of energy, food and water will be drivers of the world economy and security.

The plan calls for an agreement among the G-8 and key developing countries to hold global food stocks, modelled on the International Energy Agency (IEA), governed by transparent and clear rules.

It is not clear to me whether IEA is an appropriate role model. It does not hold global energy stock. However, the

proposal is well-intentioned and will act as a global insurance for the poorest people offering affordable aid.

Crisis response facility

To support this agenda, the World Bank is launching a global food crisis response facility. The World Bank President promises fast-track action to address immediate needs arising from the crisis, including \$200 million grants, especially to vulnerable countries. Assistance will be for cheap fertilisers, safety net programmes and budget support. Overall, the World Bank will expand assistance for agriculture and food related activities from \$4 billion to \$6 billion over the coming year.

The above represents a remarkable initiative similar to the one that Henry Kissinger initiated in his capacity as US Secretary of State by launching the International Fund for Agriculture and Development in the 1970s.

It is to be hoped that India will play an important role in realising the agenda of the World Bank President, which is an imaginative global initiative for solving what is fundamentally a global problem, triggered by high energy prices, abetted by various countries' neglect of agricultural investment and intensified by the bio-fuels problem.

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