



## **Ministerial Declaration**

### **ACTION PLAN ON FOOD PRICE VOLATILITY AND AGRICULTURE**

#### **Meeting of G20 Agriculture Ministers Paris, 22 and 23 June 2011**

1. We, the G20 Agriculture Ministers, meet today to address the issue of food price volatility with the ultimate objective to improve food security and agree on an “Action Plan on food price volatility and agriculture” that will be submitted to our Leaders at their Summit in November 2011.
2. Food security will remain a critical issue for the international community. In order to tackle the food security challenge, important commitments and actions have been taken, in particular at the L'Aquila Summit, the 2009 World Food Summit in Rome and the G20 Summits. All countries have stressed the need for improved and more effective agricultural policies at the global and national levels, better international coordination and concrete implementation of political commitments to promote food security and sustainable agricultural production. They have achieved a wide consensus and made progress in reforming the Committee on World Food Security (CFS), implementing the Global Partnership for Agriculture, Food Security and Nutrition and, for those involved, carrying out the L'Aquila Food Security Initiative.
3. The situation is still worrying, especially in developing countries, and many challenges remain. World population is projected to reach more than 9 billion by the middle of this century. Much of this increase is projected to occur in developing countries which currently face the greatest level of food insecurity. In this regard, we recall our commitments to support the Five Rome Principles for Sustainable Global Food Security presented at the World Summit on Food Security in November 2009.
4. We reaffirm the right of everyone to have access to safe, sufficient and nutritious food, consistent with the progressive realization of the right to adequate food in the context of national food security. To strengthen global food security, steps must be taken to improve access and availability of safe and nutritious food for the most vulnerable, particularly women and children in developing countries, through for instance national food security programs.



5. We stress the need to increase agricultural production and productivity on a sustainable basis. It requires improvements in land and water management, improved agricultural technologies, an appropriate and enabling environment which could lead to increased investments notably from the private sector, well-functioning markets and means to mitigate and manage risks associated with excessive price volatility of agricultural commodities. We recognize that agricultural policies have an important role to play with regard to all these challenges.

6. Our discussions focused on the mutually reinforcing challenges of increasing food production to meet future demand, and of short-term excessive volatility. This excessive volatility not only has negative impacts on access to food for the poorest, and on many producers, including livestock producers affected by the volatile cost of feed, but could hamper investments and an effective market response to a long-term increase in demand for food and may harm confidence in international markets.

7. Greater and sustainable productivity, better market information that improves transmission of market signals, more open trade, comprehensive rural development and agricultural policies, and sustained investments would enable agricultural producers to increase production, enhance their income and improve global supply of food and food security. These elements call for measures adapted to the specific situation of developing countries, in particular the most vulnerable. Small-scale agricultural producers represent the majority of the food insecure in developing countries and the bulk of production in many countries: increasing their production and income would directly improve access to food among the most vulnerable and improve supply for local and domestic markets.

8. As requested by the G20 Summit in Seoul, FAO<sup>1</sup>, OECD<sup>2</sup>, The World Bank group, IFAD<sup>3</sup>, UNCTAD<sup>4</sup>, WFP<sup>5</sup>, WTO<sup>6</sup>, IMF<sup>7</sup>, IFPRI<sup>8</sup> and the UN HLTF<sup>9</sup> joined forces for the first time to produce a policy report on “price volatility in food and agricultural markets: policy responses”. FAO and OECD coordinated the preparation of the report. We welcome this work and discussed their recommendations.

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<sup>1</sup> United Nations’ Food and Agriculture Organization

<sup>2</sup> Organization for Economic Co-operation and Development

<sup>3</sup> International Fund for Agricultural Development

<sup>4</sup> United Nations Conference on Trade and Development

<sup>5</sup> World Food Programme

<sup>6</sup> World Trade Organization

<sup>7</sup> International Monetary Fund

<sup>8</sup> International Food Policy Research Institute

<sup>9</sup> United Nations High Level Task Force of the Global Food Security Crisis



9. We welcome the contributions made for the preparation of the G20 meetings, in particular the agricultural producers' organizations that gathered in Paris on 16 and 17 June 2011 for the "*G120 – Défi alimentaire: les agriculteurs du monde prennent la parole*", the World Economic Forum and the private sector that took part to a public-private workshop held in Paris on June 6, and the non governmental organizations consulted by the French G20 Presidency.

10. We welcome the on-going work done by the G20 Finance Ministers, Central Bank Governors and securities and derivatives regulators on the regulation and supervision of commodities' derivatives markets including agricultural commodities' derivatives markets. We welcome the work done by the G20 Development Working Group on food security in the framework of the Multi-Year Action Plan on Development. We welcome the G20 workshop on commodities held in Buenos Aires in May 2011.

11. We recognize the need to increase sustainable agricultural production and productivity to improve food security and resolve to tackle the issue of food price volatility through this "Action Plan on food price volatility and agriculture" that will be submitted to our Leaders at their Summit in November 2011. We commit to five main objectives for this Action Plan: (i) improve agricultural production and productivity both in the short and long term in order to respond to a growing demand for agricultural commodities; (ii) increase market information and transparency in order to better anchor expectations from governments and economic operators; (iii) strengthen international policy coordination in order to enhance confidence in international markets and to prevent and respond to food market crises more efficiently; (iv) improve and develop risk management tools for governments, firms and farmers in order to build capacity to manage and mitigate the risks associated with food price volatility, in particular in the poorest countries; (v) improve the functioning of agricultural commodities' derivatives markets, this objective is being pursued through the work of Finance Ministers and Central Bank Governors, as outlined in paragraphs 52 to 55.

### **Agricultural production and productivity**

12. We recognize the importance of a significant increase in agricultural production and productivity, considering the diversity of conditions world-wide and the need for a sustainable use of natural resources, in order to respond to the challenge of a growing demand. To feed a world population expected to reach more than 9 billion in 2050, it is estimated that agricultural production will have to increase by 70 percent over the same period, and more specifically by almost 100 percent in developing countries. As



stated in the Multi-Year Action Plan on Development, this requires a balanced set of measures to increase resilience, production, productivity and resources efficiency, especially in the least developed countries and with regard to small-scale family farming. This also requires significant advances to reduce pre and post-harvest losses and food waste along value chains.

13. We commit ourselves to implementing a broad scope of actions to boost agricultural growth. In this whole range of actions, we will give special attention to smallholders, especially women and young farmers, in particular in developing countries. We recall the importance of building resilience of societies, enhancing food supply capacities, in order to prepare for and respond to the impact of climate change and possible natural disasters, such as droughts and floods, earthquakes and tsunamis. In this regard, all measures should take into account the particular farmers' constraints. Specific attention should also be given to improving the quality and diversity of agricultural production and to developing a nutrition sensitive agricultural policy in all parts of the world in order to ensure access to nutritious food.

14. We agree to strengthen agricultural research and innovation and support results-based agricultural research for development through our national agricultural research systems, the Consultative Group on International Agricultural Research (CGIAR) and the Global Forum on Agricultural Research (GFAR). We welcome the "Montpellier road-map" coming from the first Global Conference on Agricultural Research for Development of 2010 (GCARD). We also insist on the need to enhance the transfer of the research results and technologies to farmers and to ensure that research activities respond to their needs and concerns and involve farmers in that process. We will promote technology transfers, knowledge sharing and capacity building through North-South, South-South and triangular cooperation. We will foster innovation in plant breeding, including by strengthening internationally agreed legal mechanisms for plant varieties.

15. We encourage the first G20 conference on agricultural research for development, involving our agricultural research centers, to be held in Montpellier on 12 and 13 September 2011 and the G20 seminar on Agricultural Productivity to be held in October 2011. We welcome the ongoing work by FAO and interested G20 members to develop a platform for capacity building in tropical agriculture in developing countries.

16. We agree on the importance of involving relevant international research centers, G20 countries, and other relevant bodies in new and existing agricultural research and development initiatives. We stress the importance of research and development on



agricultural productivity, including on orphan crops and crops most suitable for developing countries climate and constraints, such as legumes, making the best use of all available plant genetic resources for food and agriculture. As a first step, we decide to launch an International Research Initiative for Wheat Improvement (IRIWI) in order to coordinate our research efforts on this major crop for food security. This initiative, targeted on wheat and durum wheat, is complementary to on-going research efforts, particularly in the CGIAR research programs in order to avoid duplication of on-going work. The objectives, principles, modalities and schedule of this initiative are detailed in the annex n°1.

17. We recognize the importance of rice for food security, as the main crop consumed in Asia and increasingly in Africa. We stress the importance of strengthening rice research and development and the dissemination of its outcome and relevant cultivation technique to accelerate production and productivity growth in rice producing countries, particularly in Asia and Africa, through among others the CGIAR, the International Rice Research Institute (IRRI), the Global Rice Science Partnership (GRiSP) and the Coalition for African Rice Development (CARD).

18. We commit to creating an enabling environment to encourage and increase public and private investment in agriculture. In particular, we stress the need to support public-private partnership on investments, based on a value-chain approach, for services (such as access to financial services, agricultural education and extension services), and for infrastructure and equipment for production (such as irrigation), for agroprocessing, for access to markets (such as transport, storage, communication) and for reducing pre and post-harvest losses. We commit to reinforcing capacity building in developing countries in these fields and call upon international organizations to assist. We also encourage efforts to establish proper investment environments, including through improvement of law and regulations.

19. We encourage countries, international organizations and the private sector to increase investment in developing countries agriculture, and in activities strongly linked to agricultural productivity growth, food security and generation of income in rural areas, such as agricultural institutions, extension services, cooperatives, research, roads, ports, cold chain, power, storage, irrigation systems, information and communication technology, climate change mitigation and adaptation. We also encourage them to enhance public-private partnerships in this field, in particular to improve market and value-chain operators' cooperation and procurement from smallholders. Recalling the Rome Principles, these investments should be made in support of country-owned investment plans. In this regard, we welcome the contribution of the Global Agriculture and Food Security Program (GAFSP) and the



African Agriculture Fund. We encourage GAFSP to continue supporting country-owned agriculture strategies, and further strengthen its engagement with the private sector, other development partners and civil society. We also welcome the implementation of poverty reduction strategies and in particular the work done within the framework of the Comprehensive Africa Agriculture Development Program (CAADP).

20. With regard to investments, capacity building, risk management and mitigation and engagement with the private sector for agriculture, food security and nutrition in developing countries, we welcome the initiative of Multilateral and Regional Development Banks to scale up their interventions. We encourage further interaction with the Development Working Group and the joint Finance/Development Ministerial Meeting in September 2011. We encourage the Banks' coordination efforts including through their Joint Working Group on Food and Water Security to develop an Action Plan on Food and Water Security by November 2011.

21. We will promote sustainable crop diversification and agricultural systems which contribute to positive externalities and a sustainable use of natural resources in particular land, water and biodiversity. We emphasize the need for a sustainable supply of water resources. We take note of the concerns expressed by countries with scarce or insufficient water resources and therefore we invite international organizations to produce a report on how water and related issues could be addressed in 2012.

22. We encourage the coherent work done by the international organizations on the "Voluntary Guidelines for Responsible Governance of Tenure of Land, Fisheries and Forests" and the "Principles for Responsible Agricultural Investments" (PRAI). We reaffirm the G20 Leaders' commitment of the Seoul Multi-Year Action Plan for Development to uphold the PRAI and we support the ongoing extensive consultations on these principles launched within the framework of the CFS. We welcome the ongoing work of the international organizations to field test and operationalize the PRAI through pilot projects which will inform the CFS consultation process. We also encourage engagement with the private sector in the development of pilot projects related to PRAI.

23. We recall the triple challenge for agriculture: meeting food security objectives while adapting to climate change and reducing its contribution to greenhouse gas emissions. This requires to improve the efficiency, productivity and adaptive capacity of agricultural systems in a sustainable manner. We stress the need to invest more and increase cooperation in research and development for climate change adaptation,



especially for smallholder farmers, and mitigation technologies, and to help developing countries to enhance their capacity for addressing climate change in agriculture.

24. We support the work of the United Nations Framework Convention on Climate Change (UNFCCC). We note the Global Research Alliance on Agricultural Greenhouse Gases.

25. As far as public health, animal health and plant health are concerned, we stress the importance of strengthening international and regional networks, international standard setting taking into account national and regional differences, information, surveillance and traceability systems, good governance and official services, since they ensure an early detection and a rapid response to biological threats, facilitate trade flows and contribute to global food security. We encourage international organizations, especially FAO, the World Health Organization (WHO), the World Organization for Animal Health (OIE), the Codex Alimentarius Commission (Codex), the International Plant Protection Convention (IPPC) and WTO to continue their efforts towards enhancing interagency cooperation.

### **Market information and transparency**

26. We recognize the importance of timely, accurate and transparent information in helping to address food price volatility, and agree on the need to improve the quality, reliability, accuracy, timeliness and comparability of data on agricultural markets (production, consumption and stocks). We decide to launch the Agricultural Market Information System (AMIS) in order to encourage major players on the agri-food markets to share data, to enhance existing information systems, to promote greater shared understanding of food price developments, and further policy dialogue and cooperation. The AMIS will involve G20 countries in the early stage and invite other main grain and oilseeds producing, exporting and importing countries, representatives from major commodity exchange markets and the private sector to participate. Early efforts will focus on the main market players which account for the greatest part of world food production, consumption and trade. The AMIS will be housed at the FAO with a secretariat including other international organizations. In view of its long experience and expertise, the International Grains Council (IGC) will be cooperating in the development of this initiative.

27. This initiative will be based upon existing structures and resources in order to avoid increasing costs and duplication of effort. We welcome the international



organizations report that provides a review of the existing food market outlook information mechanisms, identifies most problems and gaps to determine the scope and operations of AMIS and establish its institutional basis. The objectives, principles, modalities and schedule of this initiative are detailed in the annex n°2.

28. We commit to taking part in this initiative by disclosing reliable, quality, accurate, timely and comparable data and where needed to improving our national systems of collection and dissemination of such data. We support the Global Strategy to Improve Agriculture and Rural Statistics and we invite international organizations to create synergies between this Global Strategy and AMIS.

29. For developing countries which need to improve and enhance progressively their food security information systems, including national early warning systems and vulnerability assessment and monitoring systems, we stress the need to implement capacity building actions, in conjunction with AMIS, through existing mechanisms, in particular in FAO, WFP and IFAD.

30. We recognize the key-role that the private sector plays, in particular on stocks data. Recognizing that comprehensive agricultural data benefits all market players, we urge private sector entities to participate in AMIS and also to contribute to national information systems and to share data within these frameworks. We commit to improving public-private partnership. In order to facilitate this, AMIS will have a framework to ensure the confidentiality of proprietary and sensitive information.

31. We also call upon international organizations to create links between AMIS and existing global, regional or national early warning systems for food security and vulnerability (e.g. FAO-GIEWS<sup>10</sup>, USAID-FEWS-NET<sup>11</sup> and WFP-VAM<sup>12</sup>).

32. In order to improve crop production projections and weather forecasting, with the use of modern tools, in particular remote sensing tools, we decide to launch, via the Group on Earth Observation, an international voluntary network of agricultural production monitoring based on geoinformation. This “Global Agricultural Geo-Monitoring Initiative” will be a useful input for AMIS concerning the provision of more accurate crop forecasts data. The objectives, principles, modalities and schedule of this initiative are detailed in the annex n°3.

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<sup>10</sup> FAO’s Global Information and Early Warning System on food and agriculture

<sup>11</sup> United States Agency for International Development (USAID) Famine Early Warning System Network

<sup>12</sup> WFP’s Vulnerability Analysis and Mapping



## **International policy coordination**

33. We believe that strong global governance is an indispensable element for achieving global food security. The UN system, and in particular the FAO, has a crucial role to play. The FAO is a central organization within the global governance architecture on food security. We call on the FAO to fulfill its potential and fully realize its crucial role. To achieve this, the FAO should fully implement the on-going reform in order to improve its efficiency, transparency and effectiveness and focus its efforts on its core strengths and central mandate. Member states also have an important role to play, particularly in ensuring good governance. We commit to ensure the FAO makes the necessary decisions to prioritize actions that are most likely to lead to significant global and regional progress in improving food security.

34. We also recognize the important role played by the other international organizations. We call on them to pursue and strengthen their efforts to contribute effectively to global food security in a coordinated manner. In this regard, we welcome the work of the UN HLTf and all the international organizations involved in this task force since 2008.

35. We recognize the need to improve policy coordination and coherence for food security among countries. In this regard, we support the on-going work of the CFS as the foremost inclusive international and intergovernmental platform, and recognize its important responsibility. We also welcome the implementation of the High Level Panel of Experts to the CFS. We stress the CFS responsibility towards enhancing engagement with the private sector and strengthening North-South, South-South and triangular cooperation.

36. Building on the AMIS initiative, we stress the need to improve international policy coordination at the senior agriculture policy officials level to share views and plans for immediate actions in order to prevent or mitigate world food price crises. This senior officials group constitutes a “Rapid Response Forum” for market policy coordination. We decide to implement the Rapid Response Forum in the framework of AMIS and in that context to create appropriate links with the CFS. The objectives, principles, modalities and schedule of the Rapid Response Forum are detailed in the annex n°4.

37. We recognize the important role that international trade can play in improving food security and in addressing the issue of food price volatility. Open and well functioning markets are essential to allow more investment in agriculture. This is critical to ensure an increase in agricultural production and productivity to meet growing demand in the coming years. A stable, predictable, distortion free and transparent system for trade



allows the unrestricted flow of food and agricultural commodities, contributing to food security. This requires further cooperation in strengthening international governance of agricultural trade in favour of open, rules-based and well functioning global markets for agricultural products, through the WTO and its agreements, such as the Agreement on the Application of Sanitary and Phytosanitary measures, and its rules based on scientific standards and recommendations developed by the relevant international standard setting bodies (Codex, OIE and IPPC).

38. Bearing in mind the current state of the negotiations, we underline the need to bring the Doha Development Round to a successful, ambitious, comprehensive and balanced conclusion, consistent with its mandate. Russia's partners in the G20 welcome the considerable progress made by Russia to complete its accession to WTO and reaffirm their commitments to working closely with Russia, with the intention to finalize this process in 2011.

39. We recall commitments in previous G20 Leaders' Summits since 2008 to refrain from raising existing trade barriers or imposing new trade barriers or implementing WTO inconsistent measures that undermine global trade. Policies that distort production and trade in agricultural commodities can impede the achievement of long term food security. There are still significant barriers to international trade in agriculture, which need to be reduced.

40. We recognize that the first responsibility of each member state is to ensure the food security of its own population. We also recognize that food export barriers restricting humanitarian aid penalize the most needy. We agree to remove food export restrictions or extraordinary taxes for food purchased for non-commercial humanitarian purposes by WFP and agree not to impose them in the future. We will seek support within the United Nations agencies and will also recommend consideration of the adoption of a specific resolution by the WTO for the Ministerial Conference in December 2011.

41. We will continue to address the challenges and opportunities posed by biofuels, in view of the world's food security, energy and sustainable development needs. We recognize the need to further analyse all factors that influence the relationship between biofuels production and (i) food availability, (ii) response of agriculture to price increase and volatility, (iii) sustainability of agriculture production, and further analyse potential policy responses, while recognizing the role biofuels can play in reduction of greenhouse gases, energy security and rural development. We continue to support the work of the Global Bioenergy Partnership (GBEP) that brings together public, private and civil society stakeholders in a commitment to promote sustainable bioenergy. In



particular we support its set of sustainability indicators for bioenergy and we welcome the future GBEP work on capacity building for sustainable bioenergy. We recognize the FAO Bioenergy and Food Security (BEFS) analytical framework, which can be used as appropriate as a basis to design national bioenergy policies that are in line with national strategies of poverty reduction, rural development, local energy and food security. We also recognize the importance of research and development on biofuels, including those produced through new processes or new feedstocks, non food feedstocks and other vegetal materials and on energy efficiency. We also note the role of the International Renewable Energy Agency (IRENA).

### **Reducing the effects of price volatility for the most vulnerable**

42. We agree that managing the risk and mitigating the adverse impact of excessive food price volatility in developed and developing countries would provide an important contribution to longer term agricultural development and strengthen global food security. We recognize the importance of targeted safety nets, to mitigate the impact of excessive food price volatility, and the importance of a specific focus on nutrition in safety nets. We support increased country-led efforts to provide vulnerable households (including producers' households), communities and governments with an effective, market-based risk management tool-box that reduces household and community vulnerability to economic and climatic shocks. We also agree that agricultural insurance and contracts between farmers and buyers or suppliers of agricultural inputs can improve risk management of price volatility and provide better predictability in the agricultural value chain.

43. We stress the need to develop in-country capacity building and other efforts to make it easier for farmers, firms and governments to access appropriately regulated risk management markets. We call on national, regional and multilateral development banks or agencies and organizations to help mainstream risk management in developing countries agricultural development policies, in particular for smallholders. We also encourage developing countries to implement such policies that are key elements for food security. In this regard, we welcome the interest expressed by NEPAD<sup>13</sup> for possible pilots at the regional or national level in the context of CAADP.

44. In this context, we encourage the multilateral, regional and national development banks or agencies to set up a risk management advisory Mechanism to enable information and best practices sharing, coordinated action and the provision of

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<sup>13</sup> The New Partnership for Africa's Development



advisory and intermediation services in response to requests from developing countries.

45. We encourage the multilateral, regional and national development banks or agencies, to further explore, by November 2011, counter-cyclical instruments or mechanisms for vulnerable countries in the event of external shocks, including food price surges and collapses and, in connection with the private sector, weather index insurance and guarantee mechanisms to support contract farming in order to provide producers, including smallholders, and purchasers with better predictability in the long term on food prices.

46. We welcome the decision of the World Bank Group to develop innovative risk management tools for governments and firms in developing countries, including IFC<sup>14</sup>'s new Agriculture Price Risk Management (APRM) product. It will help expand access to sound and appropriate risk management tools for the private sector in developing countries. We welcome the World Bank initiatives to expand capacity building for commodity risk management as an integral part of broader fiscal risk management in developing countries; to integrate risk management approaches into loans and credits; and to facilitate commodity hedging by governments. We call on other multilateral and regional development banks to initiate similar initiatives.

47. We note the Public-Private workshop on risk management and food security which took place on 6 June 2011 in Paris, involving multilateral, regional and bilateral development partners and the private sector. We welcome the proposal from the private sector to continue a multi-stakeholder dialogue and partnership on risk management for food security and agricultural development, with a view to developing pilot projects in response to requests from vulnerable countries.

48. We agree on the objectives, principles, modalities and schedule of an "Agriculture and food security risk management tool-box" detailed in the annex n°5.

49. We recognize that modern, flexible and diversified food assistance, relying on a wide range of instruments which ensure that the specific needs of target populations are addressed, remains a critical tool to address food insecurity and mitigate the negative impact of high and volatile food prices on the most vulnerable. Against this background, we support initiatives to maximize efficient delivery of food assistance and strengthen supply chains against price and supply shocks, in particular through forward positioning networks and mainstreaming risk management in international food assistance procurements.

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<sup>14</sup> International Finance Corporation



50. We support the development of a proposal for a targeted emergency humanitarian food reserves system to complement existing regional and national food reserves, in response to the expressed needs of developing countries. We request the WFP and other international organizations to conduct a feasibility study and cost-benefit analysis with a view to developing a proposal of a pilot project for such a system, consistent with annex II of the WTO Agreement on Agriculture, focused on regional approaches, ensuring ownership by and partnership with the countries concerned, and providing evidence of added-value in terms of cost effectiveness and optimization of existing mechanisms (physical and financial). Objectives, principles, modalities and schedule for this pilot are detailed in annex n°6.

51. Moreover, we invite the interested international organizations to develop a code of conduct for responsible emergency food reserves management, compiling a set of voluntary principles and good practices, involving the countries and regions concerned, academics, civil society and private sector, according to the timeframe included in annex n°6.

### **Financial regulation**

52. We recognize that appropriately regulated and transparent agriculture financial markets are indeed key for well-functioning physical markets. These markets facilitate price discovery and allow for market participants to hedge their exposure to price risks.

53. We emphasize that AMIS will enable financial actors and market regulators to be better informed of the fundamentals of physical markets. Transparency on physical markets is important for derivatives markets and the reverse is also true. A better collaboration between authorities, regulators and bodies responsible for agriculture physical and financial markets will improve regulation and supervision of markets.

54. We welcome the forthcoming work of International Organization of Securities Commissions (IOSCO) based on the set of concrete measures mentioned in its report to ensure a better functioning and more transparent agricultural financial markets (including Over-The-Counter derivatives), to prevent and to address market abuses, cross-market manipulations and disorderly markets. On this topic, we also welcome the joint international organizations report on food price volatility.



55. On this basis, we strongly encourage G20 Finance Ministers and Central Bank Governors to take the appropriate decisions for a better regulation and supervision of agricultural financial markets. We support G20 Finance Ministers and Central Bank Governors stressing at their Washington Meeting on 14-15th April 2011, the need for participants on commodity derivatives markets to be subject to appropriate regulation and supervision, calling for enhanced transparency in both cash and derivatives markets as previously recommended by IOSCO, and looking forward to the finalization of IOSCO recommendations, by September 2011 on regulation and supervision in this area especially to address market abuses and manipulation, such as through formalized position management powers including the authority to set *ex-ante* position limits where appropriate, among other powers of interventions.

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56. We commit to monitoring and reporting regularly the progress made in the implementation of this Action Plan.



## **Annex n°1: International Research Initiative for Wheat Improvement (IRIWI)**

We decide to launch the International Research Initiative for Wheat Improvement (IRIWI), bridging national research programs and the international WHEAT program coordinated by CIMMYT (the CGIAR's International Maize and Wheat Improvement Center). We agree on the objectives and next steps of this initiative that were defined and supported by several national and international research and funding organizations. The IRIWI should avoid duplication of efforts with and add value to the existing public and private initiatives.

The main objectives of the IRIWI, coordinated by the International Wheat Research Coordination Committee, are the following:

- Cooperate in world-wide bread and durum wheat improvement research efforts in the field of genomics, genetics and agronomy, to increase food security, wheat nutritional value and safety while taking into account societal demands for sustainable and resilient agricultural production systems;
- Provide a forum to identify synergies and encourage collaborations among major nationally, regionally and internationally (public and private) funded wheat programs with the result of maximising opportunities for gaining added-value internationally;
- Facilitate open communication and exchange of germplasm, data and materials in accordance with the International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA) and facilitate exchange of ideas within the wheat research community;
- Support the development of publicly available integrated databases and platforms;
- Recommend minimum data-reporting standards and develop protocols to allow consistency for screening and analyses;
- Organize knowledge transfer and capacity building;
- Monitor and summarize progress of scientific activities;
- Establish and periodically update priorities for wheat research of global relevance;
- Communicate to national and international funding agencies as well as to agricultural ministries the needs of the wheat research community of participating nations.

INRA (Institut National de la Recherche Agronomique), BBSRC (Biotechnology and Biological Sciences Research Council) and CIMMYT will contribute to the coordination of activities of the International Wheat Research Coordination Committee for the 4 first years of the project. Over this initial period, sustainable funding mechanisms will be created through engagement of research and funding organizations in the public and private sector, on a voluntary basis.

IRIWI will pave the way to similar initiatives for other crops constituting the predominant basis of human nutrition (rice, maize, millet, sorghum, root crops, barley, legumes, etc.).



## Next steps

- The International Research Initiative for Wheat Improvement (IRIWI) will be presented to the wheat scientific community during the 2011 International Triticace Mapping Initiative (ITMI) Workshop (Mexico, September 5-9), to ensure input and support from the international community. Interactions with the Chiefs Executive Officers (CEOs) of the G20 countries research organizations working on wheat will be pursued through e-mail and video-conferences to develop a common vision and agenda.
- A high level meeting bringing together international wheat scientific leaders, CEOs of major G20 countries and international research organizations and representatives of the G20 countries will be organized in Paris on the 15th of September 2011 to implement the first steps of the International Research Initiative for Wheat Improvement.
- The International Wheat Research Coordination Committee will be set up before September 2011 using a mechanism ensuring a good and flexible representation of the participating countries and international organizations. It will be open to all countries interested. Rotating Chair and Co-Chairs will be selected from representatives. Representatives from private companies will be welcomed as observers.
- A web portal and discussion forum will be launched before December 2011.
- A vision paper and strategic plan will be written by the International Wheat Research Coordination Committee to develop a common research agenda to be undertaken for January 2012.
- The International Wheat Research Coordination Committee will undertake a scoping study to determine the best platform for the centralized information system for January 2012. It may be possible to build on existing wheat databases or to modify an existing system developed for other crop species. The wheat centralized information system will operate as soon as possible and before March 2012.
- IRIWI will be presented to International Grains Council, to the German Global Forum for Food and Agriculture in January 2012 and to the next Grain Summit in Saint Petersburg in June 2012.

International Wheat Research Conferences and International Wheat Genetics Symposia are organized every 4-5 years. The International Wheat Research Coordination Committee will endeavour to link these two initiatives and organize every other year an international conference bringing together scientists involved in wheat research, to share the latest results in the different fields of wheat research and to create or sustain links between the research groups and help setting up international collaborations.

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## **Annex n°2: Agricultural Market Information System**

Information on the current situation and outlook for global agriculture shapes expectations about future prices and allows markets to function more efficiently. Lack of quality, reliable, accurate, timely and comparable information on market fundamentals may reduce efficiency and accentuate price volatility.

We decide to launch an Agricultural Market Information System (AMIS) in order to enhance the quality, reliability, accuracy, timeliness and comparability of food market outlook information through strengthening the collaboration and dialogue among main producing, exporting and importing countries, commercial enterprises and international organizations.

The collaborative effort of AMIS will help to increase transparency and restore confidence in markets, reduce uncertainty and provide a more level playing field for poor countries by enhancing the dissemination of quality food market information. AMIS will particularly focus on the collection of reliable data on major food crops in order to enhance the quality of global food balance sheets. In addition to the participating countries, the private sector will significantly assist the collection of data, in condition to be defined by the participating countries. AMIS will also provide the basis for more timely global food market alerts to price surges and for a forum to discuss effective policy responses to market developments (cf. annex n°4 on Rapid Response Forum).

AMIS will improve agricultural market outlook and forecasts at both national and international levels for four major crops: wheat, maize, rice and soybeans. Additional commodities will also be added to AMIS' work in the future.

Maximum use would be made of existing mechanisms and resources. The Secretariat of AMIS will include a number of international organizations (FAO, the World Bank, OECD, UN HLTF, UNCTAD, IFPRI, WFP, IFAD and WTO) and will be housed in FAO. It will collate and assess the submitted data, develop appropriate methodologies and indicators, and ensure the market outlook information products are of high quality and are disseminated frequently.

In view of its long experience and expertise, the International Grains Council will be cooperating in the development of this initiative.

The provision of official data to the Secretariat will be carried out by the AMIS Global Food Market Information Team, comprising agriculture and food market experts designated by the competent Bodies of all participating countries. Commercial enterprises will be invited to contribute to its work under conditions to be defined by participating countries. Current food market situation and outlook analysis will be undertaken by the Secretariat in collaboration with this group. The AMIS Global Food Market Information Team will also be responsible for the identification of problems and gaps in the collection of data and for the formulation of capacity building projects in participating countries.



The assessment of the data provided by participating countries will be carried out in terms of standards to be set by AMIS reflecting quality, reliability, accuracy, timeliness and comparability. Apart from the assessment of global market current situation and outlook, the AMIS will aim to increase the scope of analysis, if further needs are agreed by participating countries: additional analytical capacity can be exploited through the collaboration of international organizations in areas such as agricultural futures markets, energy markets, price transmission from world to domestic markets and food security and vulnerability assessments.

Building capacity in developing countries to collect market outlook information and improve the quality of the data will be an important component of AMIS. More precisely, AMIS efforts in capacity building will focus on:

- a manual defining best practices and methodologies for agricultural market data collection and analysis;
- a series of regional training sessions to enhance data collection capacity and to assist in the development of methodologies for food market outlook; and,
- the identification, design and implementation of special projects, aiming at enhancing data collection.

### Next steps

- The Secretariat of the AMIS is set up in June 2011 and hosted at the FAO.
- A first meeting of the AMIS Global Food Market Information Team will be organized in September 2011 involving countries with the advice of international organizations to discuss the terms of reference of AMIS to be established: institutional aspects, data needs, collection methodologies, analytical capacities, need for comprehensive market indicators, alert mechanisms, and scheduling. The private sector will be included in the relevant parts of this meeting's agenda.
- Data collection methodologies will be identified by September 2011 and assessed across participating countries; training and capacity building needs will be identified.
- AMIS Global Food Market Information Team will meet twice per year to discuss market trends, emerging issues and policy changes that may affect agricultural markets.
- Comprehensive food market indicators are developed between January and March 2012, in accordance with the terms of reference to be established. Special studies will be undertaken to do so.
- Data collection, examination, and consolidation will be carried out by the AMIS Secretariat from March 2012. The collection of data will be realized by means of electronic questionnaires and an AMIS collaborative website where participating countries will directly input the data.



- AMIS Manual on best practices and methodologies for data collection will be prepared and available between April and May 2012.
- The first enhanced global market outlook and situation (the main information product of AMIS) will be published by June 2012; food market indicators will be monitored and market information disseminated on a monthly basis.

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### **Annex n°3: The Global Agricultural Geo-Monitoring Initiative**

We decide to launch a Global Agricultural Geo-Monitoring Initiative. This initiative will strengthen global agricultural monitoring by improving the use of remote sensing tools for crop production projections and weather forecasting. We agree on the objectives and next steps for this initiative that were proposed by the intergovernmental Group on Earth Observation (GEO) and several research centers from G20 countries.

This initiative will involve representatives from various organizations and institutions interested in enhancing international monitoring capabilities around the world, including the organizations that comprise the GEO Agricultural Monitoring Community of Practice (FAO, World Meteorological Organization - WMO, etc.) created in 2007 by GEO.

The objective of this initiative is to reinforce the international community's capacity to produce and disseminate relevant, timely and accurate forecasts of agricultural production at national, regional and global scales. This will be achieved by:

- enhancing national agricultural reporting systems, including through a global geo-spatial education curriculum to ensure training of participants world-wide;
- establishing a sustained international network of agricultural monitoring and research organizations and practitioners;
- creating an operational global agricultural production monitoring system of systems based on both satellite and *in situ* observations.

This initiative will be a useful input for AMIS concerning the provision of more accurate crop forecasts data. The initiative will be coordinated by the intergovernmental Group on Earth Observation secretariat hosted by WMO in Geneva. The articulation with AMIS can be ensured through a GEO-FAO agreement.

### **Next steps**

- An international workshop on “strengthening agricultural monitoring at national and global scales to improve market transparency” will be organised in September 2011.
- On this basis, participants in the initiative will take the following decisions:



- Definition of framework, missions, rules and resources for the establishment of an international network of national and regional agricultural production monitoring organizations.
- Definition of international programs in support to experiments and research activities in global agricultural monitoring.
- Establishment of a roadmap for international coordination of space agencies in the design and implementation of a satellite observing system covering agricultural production monitoring needs, and ensuring its long-term operation.
- Before June 2012, specific roles and responsibilities of the various actors (GEO, FAO, WMO, Space Agencies and national agricultural monitoring organizations) will be defined, a strategy to provide satellite data to these actors will be elaborated and dedicated contacts will be made with funding agencies to gather and secure resources for a 6 years period. National, regional and international actors of the agricultural monitoring domain will be involved in the detailed definition of the project objectives, work-plan and calendar. G20 countries will be invited to provide, as in-kind contributions through their space agencies, the necessary satellite data for all countries involved. The budget for this one-year preparatory phase will cover only missions and workshops necessary to define this strategy and secure the 6-years budget. G20 countries can support this preparatory phase by funding the participation of their national experts and representatives or by direct contribution to the budget, on a voluntary basis.

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#### **Annex n°4: Rapid Response Forum**

We decide to establish a Rapid Response Forum within the framework of the Agricultural Market Information System (AMIS).

Through the participation of senior, capital-based agricultural policy officials from the major producing, exporting and importing countries, the Rapid Response Forum will promote early exchange of key information on and discussion of prevention and responses to crises among policy-makers and assist in mobilizing wide and rapid political support for appropriate policy response and actions on issues affecting agricultural production and markets in times of crisis.

To promote policy coherence and coordination in times of crisis, the Rapid Response Forum will:

- assess information and analyses from AMIS Secretariat on the current global market situation and outlook;
- receive information and assessments electronically from early warning systems on the extent to which global market developments affect vulnerable countries and assess the ensuing implications for food security;



- when the market situation and outlook as evaluated by the AMIS Secretariat indicates a potential crisis, meet to discuss and promote appropriate policy options on issues affecting agricultural production and markets (but not seek influence on humanitarian responses); and,
- work closely with the Committee on World Food Security (CFS) to promote greater policy convergence and strengthen policy linkages at global level.

### **Next steps**

- The Secretariat of AMIS will be set up at the FAO and the first meeting of the Rapid Response Forum will be organized in the second half of 2011 involving countries and international organizations to discuss processes and scheduling.
- During the discussion of the terms of reference of AMIS in September 2011, the guidelines for the functioning of the Rapid Response Forum will be finalized. It is expected that the Rapid Response Forum will meet as needed following issuing of an alert, but in principle not less than once per year. Meetings will, to the extent possible, be held in back to back with other international meetings to promote efficiency.
- Definition of Guidelines for crisis management, that define the procedures to be followed by the Rapid Response Forum in case of an alert on food prices at a global level, will start at its first meeting .

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### **Annex n°5: Agriculture and Food Security Risk Management Toolbox**

Market-based risk management tools, such as physical or financial commodity price hedges, insurance and guarantee instruments, as well as counter-cyclical lending, can play an important role in helping vulnerable countries mitigate and manage the risks associated with excessive food price volatility.

Each country, firm and farm faces different combinations of challenges, and there is no single instrument that addresses all needs. The most effective approach is a toolbox of instruments, from which they can choose, and which can be tailored to their individual circumstances.

This toolbox critically needs to include assistance to help governments, firms and farms develop the capacity to evaluate risk and ways of managing it. Against this background:

- 1) We encourage vulnerable countries and regions to integrate risk assessment and management strategies into their agricultural development programs. We take note of the interest expressed by African Union (AU)/NEPAD to consider a possible pilot at the regional or national level to that effect in the context of CAADP. We welcome the initiatives of the World Bank Group to provide support to countries



to expand capacity building for commodity risk management as an integral part of broader fiscal risk management and of agricultural development strategy. We encourage other Multilateral and Regional Development Banks to consider similar initiatives.

2) We invite multilateral, regional and national development banks or agencies to coordinate the provision of risk management advisory and intermediation services to developing country clients through a new risk management advisory Mechanism, which could provide support to a few pilot programs, elaborated on the basis of expressed interest by developing country clients.

We welcome the introduction of products and services which will help vulnerable countries, firms and farms to use sound and appropriate market-based risk management tools, in particular:

1) The International Finance Corporation (IFC) new Agriculture Price Risk Management (APRM) product will allow producers and consumers to hedge against downside or upside price risk on a pilot basis with a financial intermediary with global reach and particular expertise in Latin America. We welcome IFC efforts to roll-out the APRM product with two other financial intermediaries focused on lower income countries in Sub-Saharan Africa as well as North Africa and the Middle East and to explore other Multilateral and Regional Development Banks interest in risk-sharing in APRM facilities, and taking advantage of its operational infrastructure.

2) The World Bank proposal to facilitate governments' access to risk management markets by helping to structure and execute financial and physical commodity risk hedging and to build capacity about legal/regulatory/technical requirements associated with using these tools.

We invite the multilateral, regional and national development banks or agencies to further explore, in connection with the private sector as appropriate:

- Development of hedging strategies that could help international humanitarian agencies, in particular WFP, to optimize food procurements and maximize the purchasing power of financial resources, building upon forward purchase;
- Counter-cyclical instruments and mechanisms for vulnerable countries, which could include rapid availability of financing through emergency drawdown of undisbursed monies or deferred repayment options in the event of external shocks, including food price surges and collapses;
- Weather index insurance and risk management schemes, in connection with modernization of meteorological services, building on ongoing initiatives in vulnerable countries;



- Possible guarantee instruments designed in particular to facilitate contract farming, so as to enhance price predictability in the food chain to the benefits of the purchasers and producers.

### Next steps

- A dialogue is engaged with AU/NEPAD and interested multilateral and bilateral development partners on a possible pilot to implement risk assessment and management strategies within the framework of CAADP by November 2011.
- A progress report on the development of a risk management advisory Mechanism involving multilateral, regional and national development banks or agencies is presented at the Development Working Group and the Joint Finance/Development Ministerial Meeting in September 2011.
- Building on the pilot for the APRM product, the World Bank Group presents an update on its efforts to expand this pilot to Sub-Saharan Africa and North Africa and the Middle East by November 2011.
- A concept paper on a hedging strategy for international humanitarian agencies, in particular WFP, is presented for consideration at the latest in early 2012.
- Multilateral and Regional Development Banks provide a state of play to the Development Working Group and the Joint Finance/Development Ministerial Meeting in September 2011 on the risk mitigating instruments and mechanisms listed in this toolbox.

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### Annex n°6: Emergency Humanitarian Food Reserves

We invite WFP and other interested international organizations and bilateral development partners to elaborate a proposal for a pilot program for small targeted regional emergency humanitarian food reserves, consistent with annex II of the WTO agreement on agriculture:

- strengthening synergies with ongoing regional initiatives;
- taking into account the aid effectiveness principles;
- operating with the active participation of the countries concerned;
- providing evidence of cost effectiveness and efficiency compared to other instruments;
- optimizing existing instruments.

The proposal for a pilot will be designed to cover a limited group of countries, selected from Low Income Food Deficit Countries as determined by FAO and Least Developed Countries as defined by the United Nations General Assembly in a particular region.



The proposal for a pilot will ensure integration with schemes of targeted assistance to the most vulnerable, such as safety nets, and clear, transparent and pre-determined trigger mechanisms, such as early warning systems.

The proposal for a pilot will determine the best combination of physical and financial instruments for small regional emergency humanitarian food reserves and specify technical requirements and financial conditions for the best options for procurement, size, composition, release terms, replenishment and rotation.

The proposal for a pilot will benefit from lessons learnt and experience gained through other initiatives promoted by the G20, in particular in the context of the Agricultural Market Information System, the risk management toolbox and the development of a code of conduct for responsible emergency food reserves management.

### **Next Steps**

#### *Emergency humanitarian food reserves*

- To support the preparation of a feasibility study and a proposal for a pilot, the WFP and other international organizations will establish by the end of June 2011 a working group with bilateral development partners and potential eligible countries in a particular region that could participate in an emergency humanitarian food reserves pilot, involving expertise from the civil society and the private sector.
- A high-level stakeholder workshop early September 2011 will bring together senior officials from the countries and regional organization concerned, relevant multilateral development banks and others to examine the feasibility study and the proposal for a pilot and to discuss financing and implementation.
- The WFP and other international organizations, with the support of the working group, will prepare for the Development Working Group in September 2011 a feasibility study and a proposal for a pilot setting out detailed recommendations for the operation (obligations of participating eligible countries, size and composition of the reserve, trigger criteria and release terms), financing (estimate of initial and recurring costs and potential sources of funds) and management (governance structure and management agent) of the emergency humanitarian food reserves pilot.
- The final proposal for a pilot for the emergency humanitarian food reserves will be discussed at the Joint Finance/Development Ministerial Meeting in September 2011.

#### *Code of conduct*

Interested international organizations will report to the Development Working Group and the Joint Finance/Development Ministerial Meeting in September 2011 on the progress made for the Code of conduct for emergency food reserves, including options for further consideration in forthcoming sessions of the Committee of World Food Security.