

**\*\*\*Please note this was an informal meeting and that the opinions of the person present should not be attributed to countries.\*\*\***

## **Background**

The Policy Action Coalition (PAC) is an initiative of the Just Rural Transition (JRT) initiative, launched at the UN Climate Action Summit in September 2019. PAC comprises developed and developing countries committed to repurposing and reinvesting public support for more sustainable, productive agri-food systems, and key knowledge and implementation partners to support this transition. PAC seeks to support interested countries to unlock the potential of agri-food systems for land and water stewardship, climate change mitigation, employment opportunities, and improving the nutritional quality of food. To achieve this, it aims to:

- support countries and regional communities committed to moving forward with redesigning their agri-food policy and support systems by providing analytical, design and implementation support;
- create opportunities for knowledge sharing and technical support from knowledge partners;
- engage implementation partners to provide financial support for the policy reform process/transition;
- provide evidence best practice and global experience on repurposing and reinvesting agri-food policies and supports to achieve a sustainable food future

On Saturday, 18 January 2020, 15:00 – 17:00, a group of endorsing and interested countries, knowledge and implementation partners gathered at Hotel John F, Berlin, Germany. The agenda and a full list of participants and can be found in annexes 1 and 2.

## **Headlines:**

- [The challenge of integrating domestic and international food system issues, considering global value chains which often undermine national efforts to transform food and land use](#)
- [Support for producers, including insurance to mitigate risk](#)
- [Reviewing subsidies within a larger regulatory framework and considering both producers and consumers](#)

## **Overview**

- The first PAC workshop facilitated rich exchange and discussion between member and observer countries. While countries vary significantly in terms of agricultural systems, production attributes, climatic conditions and even the existence of subsidy regimes, there were also similarities. The countries and regions represented are looking to shift to more environmentally friendly support and deliver better outcomes whether environmental, nutritional or inclusion related.
- Participants saw huge value in peer-to-peer learning: some countries are already on the reform pathway and there is much to be shared on lessons, e.g. how to run an inclusive consultation process.
- There was appetite in the room to develop a more robust understanding of the trade-offs of certain policy choices in country: e.g. what are the implications on cross-border trade with neighboring

countries if a country decides to become organic or to ban a particular pesticide or herbicide? What are the impacts on consumer prices and food security?

- Participants noted that large markets (e.g. EU) are planning new policy instruments, such as deforestation free supply chains, which could have impacts on trading partner countries. Participants noted that the PAC could help to unpack those initiatives and analyse outcomes for trading partners.
- Participants noted the importance of factoring in consumer demand, behaviour and to take account of the subsidies governments are providing to consumers.

### ***Introduction***

**Rachel Waterhouse, UK Department for International Development**, gave opening remarks, and welcomed participants to the workshop.

**Martien van Nieuwkoop, World Bank**, reflected on increasing pressure on farmers and agricultural systems. A recent [FOLU report](#) estimates the significant hidden costs of the global food system and the importance of taking a food systems approach. Aligning around the 10 critical transitions mentioned by the report, could generate a huge social, economic and environmental dividend. As a major contributor to global emissions driving climate change, the agriculture and food system is a major area of focus to realize the goals of the Nature Based Solutions Manifesto set out at the 2019 UN Climate Action Summit (UNCAS). The current challenge is that many players in value chains do not have the right incentives to deliver sustainable outcomes. Much public support – subsidies, indirect price support – are poorly targeted and have ineffective outcomes. Available evidence indicates that the current level of direct (through public expenditures) and indirect (through policies) support for agriculture is substantial. In many countries the bulk of this support is distortionary, creating dis-incentives for producers to behave in a sustainable and climate friendly manner. Reviewing and repurposing agricultural policies and support programs is key to realign the incentives.

**Ann Tutwiler, PAC Coordinator from FOLU**, highlighted that the Coalition comprises countries that are interested in transforming their agricultural sectors for better outcomes – whether nutritional, environment or to improve rural livelihoods. This means getting to grips with the impact of current policy frameworks, analysing the trade-offs, the political economy, as well as sourcing finance to support the transition. One of the clear benefits of PAC we have seen so far is that countries can exchange lessons and learning: peer-to-peer learning

The introduction session allowed endorsing member countries, Edo State Nigeria and Switzerland, to share reflections on their participation in PAC. An intervention from the World Farmers Organization then followed.

**Edo State Nigeria** want to empower farmers to move in a direction that is ‘globally acceptable’: the PAC is aligned with this ambition, and their involvement in the Tropical Forest Alliance. **Switzerland** embarked on a process to support farmers to be more sustainable, shifting the focus of support from production to environmental and biodiversity outcomes. Switzerland has come a long way on this journey but is looking to PAC to learn from other countries.

After the initial introductions of Coalition-endorsing countries, an intervention was welcomed from the **World Farmers Organization**. WFO explained that food and land system transformation needed to make business sense, and ironically, farmers in the Global South are amongst the most food insecure. WFO asked that farmers are 'in the kitchen' during the design process of PAC, ensuring that the initiative is inclusive and does not exclude farmers.

Given representatives from **Indonesia** had to leave early, they added preliminary reflections to the discussion stating that Indonesia faces huge challenges due to its varied rural environments and climate change. Colleagues were supportive of the initial proposal outlined and they would present this to the Ministry of Agriculture.

The introduction session concluded with **A Tutwiler** recognising the need to engage globally, but also in each country, highlighting that farmers must be engaged early in PAC discussions.

***Breakout sessions: Benefits from and contributions to the Policy Action Coalition.***

The room was divided into two break out groups to discuss ways in which member states and knowledge partners could contribute to and benefit from the Coalition. Breakout group I included Togo, Brazil, Canada, Switzerland, CGIAR, OECD, WWF and group II included the European Commission, Germany, Malawi, Nigeria, New Zealand, Brazil, South Africa, IMWI and the World Bank.

***Empowering women and civil society, at the heart of domestic policy***

For **Canada**, women's empowerment and strong civil society engagement had been at the centre of development, specifically on their new domestic food and agriculture policy, which was consultative and integrative.

***The challenge of integrating domestic and international food system issues, considering global value chains which often undermine national efforts to transform food and land use***

In the case of **Togo**, smallholder farmers work in clusters which helps facilitate market access and make production more efficient. Togo wants to be an organised supplier, and the government has taken several measures like banning pesticides such as glyphosate to implement more sustainable agricultural practices, yet the same doesn't apply to import models. A tension exists between Togo's exports (i.e. pineapples, bananas, etc.) that adhere to strict organic guidelines, with imported agricultural goods (i.e. rice, tea, etc) that may not follow the same guidelines.

In **Switzerland**, last fall voters voted no on the Federal Popular Initiative 'For healthy, environmentally-friendly food fairly produced (Fair Food Initiative)', in which one of the aims was to only import food that followed the same sustainable rules as Switzerland. Ultimately, consumers didn't want to pay higher costs. In the wet season, or winter in Switzerland, imports are needed, so the tension lies in domestic policies vs global ones, and there is a trade-off that needs to be further analysed.

**Canada**, amongst other countries in the workshop, would like to know how to better integrate domestic and international policies in a way that address food and land use system issues. Knowledge partner

organisations like the **United Nations Conference on Trade and Development (UNCTAD)** and the **World Trade Organization (WTO)** could help review the balance of import and exports and understand how trade fits with this tension.

On the topic of biodiversity and land conversion, it was recommended that places like **Europe** more closely examine imported deforestation and imported conversion and pay attention to what is needed in the producer countries. There could be some benefit to policy instruments enacted from a collective force like **Europe**, which could globally impact deforestation into the future.

### ***Regional governments take the lead***

In the context of Africa, **Togo** is part of the [African Risk Capacity](#) (ARC), which is a specialised agency of the African Union established to help African governments improve their capacities to better plan, prepare, and respond to extreme weather events and natural disasters. It is run by 33 African Union Member States and is dedicated to helping African governments improve their disaster risk management capacities.

As for **Europe**, the recently launched Green Deal is leading the world's biggest agricultural economy to reduce 55% GHG by 2030 and be a climate neutral continent by 2050. This will involve mobilising large sums of money and focusing on the right policies and legislation to make transformational change. The knock-on effects could lead to impacts on trading partners and that could risk creating an un-level playing field in the market.

Through leadership from Europe and Africa, and the mechanism and plans proposed by the Green Deal and efforts like the African Risk Capacity, there is potential for regional transformation.

### ***Drivers for the efficient use of land***

Countries like **Togo**, that have less land mass, are currently seriously address deforestation and dedicate their agriculture to niche markets. In this way they increase forest cover, and their export strategy centres around quality goods, rather than quantity.

On the other side of the spectrum, **Brazil**, despite having more land than a country like Togo, is also targeting efficient use of land, which involves a combination of technology, and legislation to model expansion of agriculture, which allows production, while also preserving environmental assets. Current national code obliges farms to protect 80% of Amazon land and use only 20% for agriculture. For the forest code, national government doesn't provide any support for its preservation. On one side, land is being conserved and mitigated, but poor, unsustainable methods are being used on lands used for production. This is a dichotomy that several others are also experiencing. Brazil sees the PAC as a way of exploring ways to increase production using technology, increasing land use efficiency by preserving native vegetation assets while also achieving the goals of the Paris agreement.

### ***Support for producers, including insurance to mitigate risk***

In **Switzerland** extensive payments from the government was redirected into environment services. In **Brazil** there is an aim to design a programme to improve insurance offer for farmers, working with

companies. In general, Brazilian farmers do not receive very much in subsidies or extension services and they have minimal access to credit. In **Togo** social contributions and subscriptions can be accessed individually by the farmer and provided by the government.

**New Zealand** suggested caution on proposing policies and products that ‘lock in’ certain types of production. Climate change will inevitably change what it is possible to produce and where. Insurance could be one of the instruments that locks in certain kinds of production,

warned that insurance could be problematic. As cropping and land management systems are inevitably changing due to climate change, it could mean, for example, that if droughts are to be expected every year from now on, insurance premiums would need to be higher to compensate the long-term risks. A better solution would mean adapting to climate change by shifting land use and practices and not being overly reliant on insurance schemes.

Since 2015, the **Nigerian** government has been looking to provide access to funds and has begun to offer a lower interest rate. This results from farmers’ struggle to access credit from commercial banks, which are not willing to give loans.

*Despite the challenge of different land types and financial access, there is a richness of support and will across national and multi-national support for producers, so the end goal is not identical, but a move toward something better.*

### ***Reviewing subsidies within a larger regulatory framework and considering both producers and consumers***

Subsidies in **Brazil** account for less than 9% of income for producers, which is why the private sector has been involved, creating more opportunities for the agriculture sector including offering credit and insurance.

In **Nigeria**, much of the production cycle is subsidised as there are subsidies for irrigation, buying seedlings, mechanisation and in the past, fertiliser.

**Malawi**, who recently joined the Coalition as an endorsing country, stated that a national one-size-fits all approach for maize production has resulted from subsidies and has compromised diversification. However, there is an opportunity to re-evaluate the 10% of the national budget allocation for agriculture and re-purpose the 60-70% of it from subsidies to something more sustainable for the long-term.

In **New Zealand**, there are no agricultural subsidies and farmers produce for the market, so they are pricing agricultural GHGs to ensure that their agriculture sector is aligned to better environmental outcomes. This effort is done through regulation and pricing, not subsidies.

### **Conclusion**

**M van Nieuwkoop** concluded that many of the highlights in the discussions relate to the key messages in the recently drafted Global Forum for Food and Agriculture [Communiqué](#) 2020 “Food for All! Trade for

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Secure, Diverse and Sustainable Nutrition”. This declaration highlights the need to pay attention to trade policies. In close collaboration with PAC, the World Bank is committed to supporting interested governments to re-purpose their public agricultural policies and support towards measures that promote sustainable food systems.

**R Waterhouse** closed the session but explaining that participants can expect to receive regular communication – continue to engage and help in the formation of the Coalition, keeping in mind you don’t need to officially “endorse” to be a part of the dialogue.

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Annex 1: Agenda of the Policy Action Coalition Workshop in Berlin, 18 January 2020

## **AGENDA**

**Policy Action Coalition Workshop**  
**Arcotel John F Berlin, Werderscher Markt 11, 10117 Berlin**  
**Meeting room: Paris and Moscow**  
**15:00-17:00**

**Moderator:** John Ehrmann, Meridian Institute

**15:00-15:15: Session 1: Welcome and introductions** (Rachel Waterhouse, DFID)

**15:15-15:35: Session 2: Setting the stage**

- Global perspective (Martien van Nieuwkoop, World Bank)
- Introducing the Policy Action Coalition (Ann Tutwiler, FOLU)

**15:35-16:45: Session 3: Country exchange**

- Perspectives from endorsing countries
- Discussion topics covering:
  - Country needs and priorities
  - Role of knowledge and implementation partners in supporting policy reform processes
  - Opportunities and partnerships to take forward

**16:45-17:00: Session 4: Next steps and close** (Martien van Nieuwkoop, World Bank)

*\*Coffee and refreshments will be served*

**Annex 2: Participant list of the Policy Action Coalition Workshop in Berlin, 18 January 2020**

1. AGRI, European Commission
2. International Water Management Institute (IWMI)
3. World Farmers Organization (WFO)
4. Southern Africa Agriculture Initiative
5. World Wide Fund for Nature (WWF)
6. Ministry of Agriculture, Brazil (2 participants)
7. Global Affairs, Canada
8. BMZ, Germany
9. GIZ & BMU, Germany
10. Ministry of Agriculture, Malawi (2 participants)
11. Ministry of Agriculture, Animal Production and Fisheries, Togo (3 participants)
12. Ministry for Primary Industries, New Zealand
13. Ministry of Agriculture, Animal Production and Food, Edo State Nigeria
14. Indonesian Embassy, Brussels
15. Indonesia Embassy, Berlin
16. Organisation for Economic Co-operation and Development (OECD) (2 participants)
17. Switzerland

**Organizers:**

18. Rachel Waterhouse, Department for International Development (DFID), UK
19. Ann Tutwiler, FOLU
20. Danielle Gent, FOLU
21. Aman Sidhu, FOLU
22. Julian Lampietti, World Bank
23. Martien van Nieuwkoop, World Bank
24. Astrid Jakobs de Padua, World Bank
25. Flore Martinant de Preneuf, World Bank
26. Loraine Ronchi, Practice Manager, World Bank
27. John Ehrmann, Meridian Institute