

## A Quality Agriculture Newsletter

**A Call to Farms****Climate Change Offers Opportunities**

As we move closer to the 15th Conference of the Parties of the UN Climate Change Conference in Copenhagen on 7-18 December, there will no doubt be more news, analyses, and proposals on climate change policies. A good overview on the potential effects of climate change on agriculture was published in *The Lancet* magazine and is available on Marion Nestle's Food Politics blog [www.foodpolitics.com/wp-content/uploads/lancet\\_climatechange.pdf](http://www.foodpolitics.com/wp-content/uploads/lancet_climatechange.pdf)

However, food and agriculture is also a large contributor to climate change with estimates stating between 15% and 30% of greenhouse gas emissions come from agriculture and land use changes (which are often for agriculture). A good overview of the possibilities that this gives farmers (e.g. payments for ecosystem services for changes in production practices for crops such as rice so that they produce less greenhouse gases or innovative activities such as using hog farm waste to produce energy) can be found on the U.S.-based Environmental Defense Fund website here - [www.edf.org/page.cfm?tagid=1516](http://www.edf.org/page.cfm?tagid=1516)



The International Federation of Agricultural Producers (representing 600 million farmers in 79 countries) produced a declaration with proposals for including agriculture in a Climate Change agreement. The declaration argues that carbon sequestration must be considered when analysing farming's role in climate change and that an integrated approach to water, energy, and food is needed. More information can be found here - [www.ifap.org/en/ClimateChangeFarmersSolutions.htm](http://www.ifap.org/en/ClimateChangeFarmersSolutions.htm)

Meanwhile the Investor Responsibility Research Center (IRRC), a non profit institute founded by Harvard Law School Professor Lucian Bebchuck, has teamed with Trucost, a provider of services to measure carbon and environmental impacts, to produce an analysis of the carbon intensity of S&P 500 companies. The Food & Beverage sector is the fourth most energy intense sector (behind Basic Resources, Chemicals, and Oil & Gas) based on a number of measures. The report is available - [www.irrcinstitute.org/projects.php?project=37](http://www.irrcinstitute.org/projects.php?project=37)

Finally, there are new efforts underway to provide markets to connect businesses with a "social" element with investors. Examples from South Africa and Brazil are cited in the online version of Ode Magazine (a great source of news about positive innovations) [www.odemagazine.com/doc/63/markets-with-social-mission/](http://www.odemagazine.com/doc/63/markets-with-social-mission/)

What's the connection? As I mentioned last time there are clearly fundamental economic, political and social shifts occurring. Business

models are becoming obsolete and others are rising quickly. The Climate, Financial, and Food Crises are connected and will lead to new opportunities. Markets will play a role and any large scale changes will require new ways to price and finance the production and delivery of goods and services. While it creates uncertainty, it is also an exciting time.

Comments to [judson.berkey@ubs.com](mailto:judson.berkey@ubs.com)

## News

The provision of food aid often sparks controversy. As commodity prices rose in 2007 and 2008, the UN Food and Agriculture Organisation (FAO) reported a record number of undernourished people (now reported at more than 1.02 billion worldwide – see here [www.fao.org/news/story/en/item/20568/icode/](http://www.fao.org/news/story/en/item/20568/icode/)), and the World Food Programme called for additional funds to prevent what it feared would become mass starvation, a number of policy studies focused on the current system for providing food aid.

The U.S. Government Accountability Office (GAO) produced a study at the time on the U.S. system of emergency food aid. The report made a number of suggestions to improve the efficiency and effectiveness of that aid by improving logistics, transportation methods, and monitoring programs (see here - [www.gao.gov/new.items/d07560.pdf](http://www.gao.gov/new.items/d07560.pdf)).

Noted in that report was the fact that the U.S. is one of the few remaining countries (Canada changed its policy in 2008) that provides food aid in kind and places restrictions on how that aid can be provided (e.g. the majority has to be U.S. sourced and transported on U.S. flagged ships). Most other countries have switched to providing money instead of goods which then allows for the possibility of local and regional procurement (LRP) of the food. In theory, this allows for food to reach the needy quicker and also provides incentives to further develop the local agricultural markets in the countries that need food.

The 2008 U.S. Farm Bill did provide funds for a pilot LRP program and requires the U.S.

Department of Agriculture to report in 2012 on its effects.

In the meantime, the GAO has produced a follow-up report. This study, which was based on a number of visits to African countries, provides interesting statistics on the average time for aid to reach the needy and discusses a number of the potential impediments to LRP. As usual, the GAO has provided an accessible and well written analysis that should be of interest to anyone who is involved in food aid and assistance. The report can be found here [www.gao.gov/new.items/d09570.pdf](http://www.gao.gov/new.items/d09570.pdf)

## Resources

Kiva in the U.S. – the microlender Kiva, in an interesting twist, is now providing loans to US based entrepreneurs. In announcing this Kiva paints a future vision where a Guatemalan woman makes a loan to an entrepreneur in Detroit, a man in Uganda makes a loan to an entrepreneur in Rwanda, and an Italian lends to a Filipino farmer. <http://www.kiva.org>

A new Kiva-like service allows for individuals to provide loan guarantees rather than direct loans to small businesses. This potentially expands the amount of available credit as guarantees are usually for a smaller amount than the overall loan. The first round of guarantees has been filled already but you can watch for more possibilities in the future here [www.unitedprosperity.org/us/](http://www.unitedprosperity.org/us/)

A series of posters by the Pew Charitable Trust near the US Congress in Washington, D.C. target lawmakers considering the Food Safety Enhancement Act of 2009. The posters specifically advocate reducing use of antibiotics in food production. See here <http://www.foodpolitics.com/wp-content/uploads/metro-ads-in-car-cards-final.pdf>

The FAO and OECD have released their annual updated outlook on agriculture over the next 10 years. The Agriculture Outlook 2009-2018 predicts a small decrease in crop prices over the next 2-3 years but that over the next 10 years average crop prices will be 10-20% higher in real terms relative to 1997-2006 and

vegetable oil prices will be 30% higher. Meat prices are not expected to increase but dairy prices are expected to increase slightly. The oil price assumption used in the study is USD 70 per barrel. While the report is generally positive on agricultural commodity market developments it does register concern about food security. The report is available at [www.agri-outlook.org](http://www.agri-outlook.org)

Associated with the report was the OECD annual Global Forum on Agriculture held on 29-30 June 2009 in Paris. Many of the documents and presentations given at the forum are available on the website. [www.oecd.org/document/24/0,3343,en\\_2649\\_33797\\_42303192\\_1\\_1\\_1\\_37401,00.html](http://www.oecd.org/document/24/0,3343,en_2649_33797_42303192_1_1_1_37401,00.html)

Following up on the “land grab” theme, the International Fund for Agricultural Development (IFAD), a specialised UN agency, has produced a report that tries to provide a detailed and objective review of major land purchases and leases in five African countries. Per its title, the report tries to determine whether these really are “land grabs” or are development opportunities. While being careful about drawing too firm conclusions, the report does state that the outcome largely rests on the conditions attached to the deals. The report provides a number of suggestions for how transactions can be structured so that they tip more toward the opportunity end of the spectrum. The report can be found here [www.ifad.org/pub/land/land\\_grab.pdf](http://www.ifad.org/pub/land/land_grab.pdf)

A more “suburban” land grab was documented in the Washington Post in early July. This article describes the efforts by one ex-CIA officer to create a new suburban farm. It highlights the difficulty in creating truly “local” food communities in major urban areas due to land prices. The article can be found here [www.washingtonpost.com/wp-dyn/content/article/2009/06/30/AR200906300924.html?hpid=artslot](http://www.washingtonpost.com/wp-dyn/content/article/2009/06/30/AR200906300924.html?hpid=artslot)

Taking local food one step further is the new craze for having your own pet chickens in the U.S. An article on the confusion this is causing around Washington, D.C. (if this trend expands to include pigs this could bring a whole new dimension to the phrase “pork barrel politics”) can be found here [www.washingtonpost.com/wp-dyn/content/article/2009/05/13/AR2009051301051.html](http://www.washingtonpost.com/wp-dyn/content/article/2009/05/13/AR2009051301051.html)) In fact, there is now a whole website devoted to the topic of raising chickens in cities - <http://urbanchickens.org/> Where this will stop who knows but the fact that people are learning more about how their food is produced (and even doing more of it themselves) cannot be a bad thing.

### Upcoming Events

**16-22 Aug** – World Water Week in Stockholm will focus on a range of issues related to the sustainable use of water. Of particular focus this year is the impact of climate change. [www.worldwaterweek.org/](http://www.worldwaterweek.org/)

**7 Sep** – Slow Food USA is sponsoring a National Pot Luck lunch day to promote the idea of changing school lunch menus to focus more on healthy, local and sustainable foods. [www.slowfoodusa.org/index.php/campaign/ti-me-for-lunch/](http://www.slowfoodusa.org/index.php/campaign/ti-me-for-lunch/)

**10-11 Sep** – Slow Money Alliance will hold its first national gathering in Santa Fe, New Mexico to promote the idea of local finance for local food. More details on the Slow Money alliance website here [www.slowmoneyalliance.org/national-gathering.html](http://www.slowmoneyalliance.org/national-gathering.html)

**17 Sep:** New Seed Advisors is organizing a conference on Investing in Sustainable Agriculture. This is part of a growing trend of investment oriented activities and conferences. [www.newseedadvisors.com/conference/](http://www.newseedadvisors.com/conference/)

