OVERVIEW

The World Bank Group and the Global Food Crisis
AN EVALUATION OF THE WORLD BANK GROUP RESPONSE

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The full evaluation is available on IEG’s website at:
http://ieg.worldbankgroup.org/publications
### Abbreviations

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<th>Abbreviation</th>
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<tr>
<td>ASAP</td>
<td>Agribusiness Strategic Action Plan</td>
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<td>DPO</td>
<td>Development Policy Operations</td>
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<td>FAO</td>
<td>Food and Agriculture Organization of the United Nations</td>
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<td>GFI</td>
<td>Global Food Initiative</td>
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<td>GFRP</td>
<td>Global Food Crisis Response Program</td>
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<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
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<td>IDA</td>
<td>International Development Association</td>
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<td>IEG</td>
<td>Independent Evaluation Group</td>
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<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
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<td>IFC</td>
<td>International Finance Corporation</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>LICs</td>
<td>Low-income Countries</td>
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<td>LTF</td>
<td>Long-term Finance</td>
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<td>MAR</td>
<td>Management Action Record</td>
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<td>RSR</td>
<td>Rapid Social Response</td>
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<td>SSN</td>
<td>Social Safety Net</td>
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<td>STF</td>
<td>Short-term Finance</td>
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<td>UN</td>
<td>United Nations</td>
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<td>WFP</td>
<td>World Food Programme</td>
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The 20 country case studies were conducted by Ismail Arslan (the Philippines), Ursula Martinez (Liberia, Honduras, and Nicaragua), Jennie Litvack (Kenya), Brett Libresco (Tanzania), Isabelle Tsakok (Ethiopia, Mozambique, and Madagascar), Hjalte Sederlof (Senegal, Burundi, Laos, Djibouti, and Yemen), Rahul Raturi (Nepal and Bangladesh), Utkir Umarov (Kyrgyz Republic), Jack Van Holst Pellekaan (Tajikistan), Keith Oblitas (Sierra Leone), and Xubei Luo (Rwanda). Field visits were conducted to Liberia, Kenya, Tanzania, Madagascar, Sierra Leone, the Philippines, Tajikistan, Nepal, and Nicaragua. A quantitative consolidation table based on country case studies’ results was prepared by Ursula Martinez.

The Bank’s project portfolio and country case studies were identified by Ursula Martinez. Ursula Martinez, Melvin Vaz, and Xue Li carried out the portfolio review for the agriculture and social protection sectors. Saubhik Deb, Marcelin Diagne, and Xue Li conducted all quantitative analysis for the evaluation.

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The unanticipated spike in international food prices in 2007–08 hit many developing countries hard. The World Bank (International Bank for Reconstruction and Development and International Development Association) organized rapidly for short-term support in the crisis, launching a fast-track program of loans and grants, the Global Food Crisis Response Program (GFRP). The GFRP mainly targeted low-income countries, and provided detailed policy advice to governments and its own staff on how to respond to the crisis. The Bank also scaled up lending for agriculture and social protection to support the building of medium-term resilience to future food price shocks. The International Finance Corporation (IFC) responded by sharply increasing access to liquidity for agribusinesses and agricultural traders in the short and medium term, as well as new programs to improve incentives for agricultural market participants. This evaluation assesses the effectiveness of the World Bank Group response in addressing the short-term impacts of the food price crisis and in enhancing the resilience of countries to future shocks.

Bank Group support for the short-term response reached vulnerable countries, though it is less clear whether it reached the most vulnerable people within countries. The program supported 35 countries, with Sub-Saharan Africa accounting for about 60 percent of funding. The majority of support went to four countries—Bangladesh, Ethiopia, the Philippines, and Tanzania. The speed of the response often had costs for quality, and design deficiencies could not always be rectified quickly during implementation. The Bank’s short-term assistance to agriculture took the form of input subsidy and distribution operations to increase food supply. Short-term support for social safety nets mainly consisted of in-kind transfers and public works programs. Existing public works and school feeding programs were continued or expanded, often in partnership with the World Food Programme (WFP). Only a few countries targeted support to infants and breastfeeding women—the most vulnerable segment of the populations. Most of this targeted support was for nutrition interventions.

The Bank’s medium-term response for agriculture significantly increased lending and focused on expanding productive capacity and resilience. At the same time, analytic work declined, with adverse implications for policy dialogue and the quality of lending. The quality of the Bank’s agriculture portfolio has declined, not only because of inadequate country analytical work but also because of resource and skill-mix constraints. In social protection, prospects for resilience are more promising, though risks remain, especially in low-income countries and for nutrition. Funding from the Rapid Social Response Initiative has enabled work on crisis-response capacity in low-income countries, which may help enhance future resilience.
IFC’s short-term response focused on expanding agribusiness-related trade finance, working capital, and wholesale finance to increase liquidity in the agribusiness value chain with an increasing share in countries eligible for International Development Association (IDA) support. These programs had a high degree of additionality and received positive client feedback on the quality of processing and turnaround time.

Five lessons from this experience stand out. First, a detailed strategic framework for crisis response—which the Bank Group had in this case—is necessary but not sufficient for the effectiveness of interventions. Second, expansion in the scale of operations requires commensurate enhancement of administrative budgets to ensure success. Third, owing to the small amount of additional funding made available, many countries received only modest assistance that could not have had significant crisis-mitigating impact. Fourth, the effectiveness of increased lending depends critically on adequate analytical work and staff resources. Finally, for short-term responses to food price crises—as for other kinds of crises—having social safety net systems in place before a crisis hits is key to protecting vulnerable households and individuals.

These findings support four recommendations. First, ensure that country-driven food crisis response programs are sufficiently resourced with administrative budgets. Second, develop quality assurance procedures for food crisis response programs that mitigate the potential adverse effects of speedy preparation and implementation. Third, assist countries to better target the people most vulnerable to a food price crisis (especially children under two and pregnant and breastfeeding women) with appropriate nutrition interventions in their mitigation programs. Fourth, work with client countries and development partners to identify practical mechanisms (including indicators) for monitoring nutritional and welfare outcomes and impacts of food crises and mitigation programs, and work with them to implement those mechanisms and to report the results.
Context and Background on the Food Price Crisis

International prices for food and other agricultural products increased by more than 100 percent between early 2007 and mid-2008. Prices for food cereals more than doubled; and those for rice doubled in the space of just a few months. Coming after a long period of low and fairly stable global food prices, the magnitude of the increases was unexpected, catching many governments off guard. The situation was aggravated by a concurrent rise in petroleum prices, affecting both consumers and businesses. Higher food prices might have served as an incentive to farmers, but this was offset by a spectacular rise in fertilizer prices, a key agricultural input.

The food price increases were particularly hard on the poor and near-poor in developing countries, many of whom spend a large share of their income on food and have limited means to cope with price shocks. An estimated 1.29 billion people in 2008 lived on less than $1.25 a day, equivalent to 22.4 percent of the developing world population. In addition, the Food and Agriculture Organization (FAO) estimated that 923 million people were undernourished in 2007. Simulation models suggested that poverty rose by 100–200 million people and the undernourished increased by 63 million in 2008. Although food and fuel prices leveled off in mid-2008, concerns about volatility remained; they surged again between June 2010 and June 2011.

In the last quarter of 2008, attention shifted to the global economic crisis and the ensuing recession. These developments broadened the scope of economic hardship to people in richer countries, while leaving the poor in low-income countries most vulnerable.
The Global Response

During 2007, the FAO and forecasters within the World Bank and other agencies raised concerns about escalating food prices. But a concerted international response only began to take shape in 2008.

At the 2008 Spring Meetings of the World Bank and the International Monetary Fund (IMF), the Development Committee endorsed Bank management’s proposal for “a New Deal for Global Food Policy, combining immediate assistance with medium- and long-term efforts to boost agricultural productivity in developing countries…” and urged donors to support WFP to provide immediate assistance for countries most affected by high food prices. It also encouraged the World Bank Group to strengthen its engagement in agriculture.

Meanwhile, the United Nations (UN) Secretary General convened a High-Level Task Force and called for a Comprehensive Framework of Action. This marked the beginning of a sequence of international meetings, conferences, and working groups involving UN agencies, the Bank Group and the International Monetary Fund (IMF), and parallel developments in G-7/8 and G-20 circles, focused initially on the construction of an action plan, subsequently on securing funding for it, and most recently on implementation.

**FIGURE 2** Timeline of the Crisis and the Response (Calendar Year)

- **2007/Q1**: International grain prices start to rise sharply
- **2007/Q4**: Initiative on Soaring Food Prices announced at FAO
- **2008/Q2**: World Bank launched the GFRP up to $1.2 billion
- **2009/Q2**: GFRP increased to up to $2 billion
- **2010/Q2**: Global Agriculture and Food Security Program was launched to support food security ($20 billion over three years)
- **2010/Q2**: International grain prices spike again
- **2011/Q2**: World Bank extended the GFRP until June 2012. World Bank launched $500 million support program for the Horn of Africa
- **2011/Q3**: World Bank increased to $1.88 billion its support program to the Horn of Africa
Evaluation Questions

This evaluation addresses three main questions:

• How did the Bank Group respond to the global food crisis?

• How effectively did the Bank Group help countries address the short-term effects of the food crisis?

• To what extent did Bank Group engagement during and after the crisis help countries to enhance their resilience to future food price shocks?

The evaluation analyzes the inputs, outputs, and intermediate outcomes associated with the Bank Group’s response to the global food crisis, based on a review of the lending and nonlending portfolios, interviews with key stakeholders, and 20 country case studies. The assessment focuses on key aspects of the design, implementation, and early outcomes of the response. It distills from this experience lessons and recommendations for responding to future food price crises.

The Bank Group Response

In May 2008, the Bank introduced as a central part of its response to the crisis, the GFRP, which set out a menu of fast-track interventions totaling up to $1.2 billion (including $200 million from the Food Price Crisis Response Trust Fund, financed from Bank net income). GFRP operations would be processed as “emergency projects,” which have specific guidelines for preparation, appraisal, and approval. In April 2009, the Board increased the funding ceiling to $2 billion, which was available until June 2012. The Bank also called for an expansion of resilience-building agricultural and social protection coverage in its country programs under normal processing requirements.

The GFRP had three objectives:

• Reduce the negative impact of high and volatile food prices on the lives of the poor in a timely manner.

• Support governments in the design of sustainable policies that mitigate the adverse impacts of high and more volatile food prices on poverty, while minimizing the creation of long-term market distortions.

• Support broad-based growth in productivity and market participation in agriculture to ensure an adequate and sustainable food supply.

In pursuing these objectives, the GFRP supported operations in 35 countries. About one-third of the GFRP’s 55 operations, the bulk of which were approved in fiscal 2008 and 2009, focused on food supply and pricing; one-third on social protection; and one-third on a mix of objectives. Of the 55 operations, 27 were freestanding and 28 were components added to ongoing operations.

IFC’s response was mainly a sharp increase in agribusiness-related trade finance, working capital, and wholesale finance to increase liquidity in the agribusiness value chain and enhanced advisory services.

Findings

• GFRP resources went to vulnerable countries, most of which received small amounts of support. Thirty percent of GFRP funds were allocated to the “most vulnerable” countries and a further 65 percent to “vulnerable” countries, based on a composite index of vulnerability developed by the Independent Evaluation Group (IEG) for this evaluation. About 60 percent went to Sub-Saharan Africa, the most affected region, where food expenditure accounts for over half of overall household spending; and about half of rice and 85 percent of wheat consumption is imported.
More than half of GFRP’s resources went to four countries—Bangladesh, Ethiopia, the Philippines, and Tanzania. The remaining funds were distributed among 31 countries with large numbers of poor households facing serious food insecurity. Most countries accessing the GFRP received small amounts of assistance, generally less than $11 million per country. This was largely due to the limited availability of GFRP grant funds and the fact that in most IDA-eligible countries IDA resources were already largely committed to ongoing operations.

GFRP operations were prepared and launched more rapidly than standard Bank operations. As emergency projects, GFRP operations were prepared using expedited processing rules. The median preparation time was 71 days, compared to 236 days for the Bank’s broader portfolio. One-third of the evaluation’s 20 country studies found evidence of trade-offs between the speed of preparation and the quality of project design and implementation.

The range of cross-disciplinary skills needed to respond to the food crisis was stronger in the policy framework than in specific operations. The overall GFRP strategy and framework were commendably developed as a cross-sectoral and cross-network effort. However, in the design and implementation of specific operations, the range of sector and network skills was rarely available, with adverse implications for quality in some cases. The results frameworks underlying GFRP operations varied widely in quality and had particular design weaknesses in development policy operations (DPOs).

There were particular shortcomings in the design and supervision of GFRP operations that took the form of additional and supplemental financing. In several cases, the “parent” operations were augmented without considering the implications of the additional activities for the results framework. This contrasted with freestanding GFRP projects, in most of which implementation status reports were regularly prepared, with evidence of due diligence by Bank management in reviewing them.

More than half of the GFRP operations that were in the form of additional and supplemental financing were not mentioned in the implementation status or completion reports of the parent project.

Many of the potential risks identified in the GFRP Framework Paper materialized. The Framework Paper highlighted potential risks to achieving results, such as limited availability of resources, capacity of client delivery structures, oversight arrangements, coordination among development partners, leakage in the targeting of beneficiaries, and inadequate component design. IEG’s field-based project evaluations and country studies found that all of these risks were relevant, but many operations had been weak in addressing them. GFRP operations were granted the same flexibility with regard to Bank financial management and procurement policies as earlier emergency operations. This flexibility allowed the projects to shift the establishment and maintenance of financial management and procurement rules satisfactory to the Bank from the project preparation stage to the implementation stage. Indeed, almost all the pre-approval project documents that IEG reviewed stated the intent to have the necessary financial management expertise in place during implementation. However, IEG found no direct evidence that this commitment was kept in all GFRP operations.

Fewer than half of GFRP operations have closed; two-thirds of those have been rated moderately satisfactory or better. Project outcome ratings reflect the relevance of operations’ objectives and design, the extent to which they achieved their objectives, and (for investment lending) the efficiency with which they achieved their objectives. Among the 21 closed operations rated to date by IEG, two-thirds have been rated moderately satisfactory or...
higher on outcome. However, it is important to note that for operations with GFRP-financed components, these ratings reflect the performance of the entire project, not just the component. The outcome rating for GFRP operations are similar to project ratings for closed operations in Africa and in low-income countries in the Bank-wide portfolio. The quality of monitoring and evaluation for more than 60 percent of GFRP operations was rated by IEG as modest or negligible.

The implementation of the short-term support program helped build experience for broader institutional crisis response mechanisms within the World Bank Group. In the past few years, the Bank Group has introduced several new instruments to mainstream some of the lessons learned from the GFRP. These include the IDA Crisis Response Window and the IDA Immediate Response Mechanism. These instruments have improved the Bank Group’s crisis preparedness.

The GFRP helped to reposition the Bank as a key player in agriculture and food security matters. The Bank Group’s short-term response program in May 2008 was unique among global financial institutions in speedily articulating a comprehensive, concrete, and fast-disbursing financial support program to provide hard-hit clients with a menu of options for crisis mitigation. Along with the Bank Group’s longer-term regular agricultural and social protection programs, and knowledge-based policy advice, the GFRP helped solidify the Bank’s place as a key player in food security matters. The Bank’s constructive participation in the UN High-Level Task Force and contribution to G-7 and G-20 meetings helped the international community to initiate several food security programs.

The Response to the Short-Term Effects of the Food Price Crisis

Pre-crisis analytic work by Bank staff provided a platform from which the Bank could offer timely policy advice. Food crisis mitigation policies were elaborated by the Bank as early as 2005. For example, the Agriculture and Rural Development Department issued a report in 2005 entitled *Managing Food Price Risks and Instability in an Environment of Market Liberalization*. This report anticipated that there would be occasions requiring short-term interventions, such as the use of publicly held strategic reserves and adjustments in variable tariffs. It warned that such short-term interventions should avoid undermining long-run market development. Prior analytical work on poverty and trade issues, notably by the Bank’s Development Economics Vice-Presidency, was useful in assessing potential crisis impacts and formulating general mitigation policies and interventions.

With respect to safety nets, extensive analyses and lessons relating to the social impacts of and policy responses to previous economic crises indicated that, in the short term, the causes, transmission channels, and main poverty impacts of a crisis need to be assessed at the country level. They also indicated that the response needs to focus on protecting pro-poor social expenditures and on expanding large and effective safety net programs to operate in a “countercyclical” fashion as “automatic fiscal stabilizers.” The studies also found that safety net programs, comprising cash transfers, public works programs, and human development interventions, needed to be country-specific.

Overall, a lack of data at the country level for assessing the welfare impacts of the crisis and hence for targeting specific interventions represented a significant constraint for the development of crisis responses in most GFRP countries.
The policy advice provided through the GFRP framework document for the short-term response was pragmatic and cognizant of the need for second-best solutions. While export bans and price controls were considered undesirable under any circumstances, food subsidies were considered acceptable if targeted safety nets could not be expanded. Similarly, the use of strategic reserves to lower prices for all consumers was considered acceptable where better targeting was not possible. Input subsidies were recommended where credit and input markets were underdeveloped, given the long time required to establish functioning markets.

The GFRP’s short-term objective was to promote a supply response to alleviate crisis effects. Support for agricultural activities was granted to 27 of the 35 countries receiving GFRP funding. It was packaged into 32 GFRP agricultural operations, mostly investment operations of relatively small sizes (less than $6 million)—totaling $668 million. The very small size of Bank-supported operations limited their leverage and the operations’ impact.

Attempts to lower prices through tax and tariff reductions were not always effective. While the reduction of taxes and tariffs on food staples consumed mostly by the poor was recommended in Bank policy advice reports, it was also emphasized that these made sense in countries where the starting levels of taxes and tariffs were high. Nevertheless, the Bank supported operations in Burundi, Djibouti, and Sierra Leone where the rates were low to begin with, and where reductions did not affect prices, but did reduce government revenues.

Operations supporting agricultural supply response did not in most cases produce downward pressure on domestic food prices. The Bank’s approach to support the distribution of agricultural inputs varied widely across countries. In some cases it supported the targeting of input subsidies to smaller and poorer farmers for redistributational reasons and in other cases to larger and better-off farmers for supply-response reasons. In some cases the necessary complementary inputs were not available, which precluded the full supply response from materializing. The low coverage of subsidy programs also likely limited their impact.

Regarding social protection, the short-run objective of the GFRP was to ensure food access and minimize the nutritional and poverty impact of the crisis. Safety net activities were included in 60 percent of GFRP operations (33 projects in 27 countries). Of the 27 countries supported by the GFRP with social safety net activities, 23 were classified as either “most vulnerable” or “vulnerable” to the food price crisis, based on the composite index prepared for this evaluation. These two groups of countries received 96 percent of all GFRP funding for social safety net activities. Overall, GFRP social safety net funding increased Bank post-crisis financing for safety nets to low-income countries by 38 percent in the period fiscal 2009–11, compared to fiscal 2006–08.

Country studies found that in most GFRP countries, analytical work to underpin social safety net lending was limited due to insufficient prior Bank engagement. The social protection interventions most frequently supported by the GFRP were in-kind transfers and public works programs, while cash transfers and direct nutritional support to young children and pregnant and breastfeeding women saw limited use. This mix of interventions reflects the dominance in the program of Sub-Saharan Africa, which accounted for more than half of GFRP operations with social safety net activities and almost a third of GFRP social safety net commitments. The Bank had limited previous engagement or analytic work in social protection in many of these countries, which constrained the choice of interventions and the ability to target vulnerable groups. Yet there was limited use of rapid assessments before launching these operations. Instead,
the Bank used more general existing economic and sector work—in Bangladesh, Ethiopia, Kenya, Kyrgyz Republic, and Madagascar—or assessments by other donors—in Ethiopia, Kenya, Kyrgyz Republic, and Nepal.

- GFRP-supported in-kind transfers mainly involved the expansion of school feeding programs. The school feeding programs were often implemented in partnership with WFP. From a nutrition perspective, these programs do not ensure that the most vulnerable people—in infants and pregnant women—are reached. From an education perspective, they may help raise enrollment and attendance, although they are not a substitute for a well-performing education program.

- Many safety net operations that aimed to target poor people in vulnerable countries relied on existing public works programs. GFRP projects also financed the continuation or expansion of existing food-for-work programs—through community-driven development and social investment funds in projects financed by the Bank, other donors (such as the WFP), or the government—designed to provide poor workers with an additional source of income even as they supported the creation, rehabilitation, and/or maintenance of public infrastructure. For public works programs to meet social safety net objectives, they need to have clear criteria for location, low wages to ensure self-selection of poorer workers, high labor intensity and use of unskilled labor, a portfolio of community-level investments, and sufficient duration to provide meaningful income transfers. These elements were not always present due to political economy considerations taking precedence.

In the emergency situation, these programs were constrained by lack of data for targeting. Most GFRP projects with social safety net activities used practical
approaches to targeting such as combining geographic and community-based targeting, which led to risks that the intended beneficiaries would not be reached and/or that the non-poor might benefit. Weak monitoring and evaluation of interventions during implementation compounded this risk.

- Few GFRP social safety net operations targeted assistance to children under two and pregnant and breastfeeding women, who are the most vulnerable to malnutrition. Countries vulnerable to the food price crisis had the largest global malnutrition burden, yet only a few countries targeted nutrition support to children under the age of two and pregnant and breastfeeding women as part of their food crisis response. Only Kyrgyz Republic, Lao Peoples Democratic Republic (a pilot), Liberia (small sub-component), Moldova, Nepal, Senegal, Sierra Leone, and Tajikistan focused on infant and maternal nutrition.

- The key welfare outcomes related to the food crisis—poverty and malnutrition—were not sufficiently tracked to assess the welfare impact of the short-run response. Very few of the 20 case study countries provided an assessment of the impact of the food price crisis on the poor and vulnerable. Bangladesh, Nepal, and Nicaragua were exceptions. None of the 20 tracked malnutrition.

- IFC’s short-term crisis assistance was mainly channeled through increased trade, working capital, and wholesale finance; and enhanced advisory services to agribusiness. Its liquidity financing operations supporting agribusiness and agricultural trade grew by 83 percent between fiscal 2008 and fiscal 2009. By fiscal 2010, its trade finance operation had grown by 160 percent relative to pre-crisis levels. While the effectiveness of trade finance operations specific to the agribusiness sector could not be assessed, IEG analysis of the main trade finance program (Global Trade Finance Program) suggested that it had a high degree of additionality and received positive client feedback on the quality of processing and turnaround time. Meanwhile, in line with its strategy supporting the building of medium-term resilience in the sector, IFC initiated programs expanding access to insurance against agricultural risks and focused its advisory services on high-productivity exporting countries. IFC’s direct agribusiness investment strategy focused on the two ends of the food production spectrum—middle-income food-exporting countries able to affect global supplies and importing countries in Sub-Saharan Africa.

Enhancing Resilience to Future Food Price Shocks

In the medium term, the Bank aimed to help countries build sound safety net programs and systems so that they would be better prepared for future crises. Earlier analytical work on agricultural development suggested several interventions and actions relevant to building resilience to food crises, including promoting agricultural productivity growth, and developing market-based risk management instruments such as futures markets.

- World Bank agricultural lending expanded significantly after the crisis and is now more directly focused on support to productive agriculture. Agriculture-oriented lending increased by 48 percent, from $8.8 billion in the pre-food crisis period of 2006–08 to $13 billion in the post-crisis period of 2009–11. The subsectoral composition of agricultural lending changed as well, and the share of lending directly supporting agricultural production increased. This trend suggests a potential increase in resilience.

- Deterioration in the quality of the expanded agriculture portfolio risks compromising the impact of Bank support on resilience to food crises. The volume of analytic and advisory activities in agriculture has declined in the Bank and is now focused more on nonlending technical
assistance than on economic and sector work, with adverse implications for the knowledge base. In addition, the quality of Bank supervision of the agricultural portfolio has declined. The timing points to a crisis-related strain on resources available for supervision. These factors come on top of the recorded drops in performance for completed Bank agricultural projects—from 82 percent moderately satisfactory or higher in the pre-crisis period to 69 percent post-crisis. The main drivers of these trends (such as declines in the Bank’s technical expertise and knowledge base) predate the crisis, but addressing them is key to enhancing resilience to future food crises.

While the quality of IFC’s mature trade and liquidity finance operations related to agribusiness could not be specifically assessed, IEG’s three-year rolling average of development outcome ratings for agribusiness investment projects shows no significant change between the pre- and post-crisis periods, with 71 percent of operations rated mostly satisfactory or better.

Prospects for resilience of safety nets are more promising. Middle-income countries have continued to receive the largest share of social safety net lending post-crisis, but funding from the Rapid Social Response Initiative enabled social safety net work on crisis response capacity in low-income countries, which may help enhance future resilience. Regular social safety net operations also show limited emphasis on improving nutrition among the most vulnerable—children under two and pregnant and breastfeeding women in the post-crisis period. The volume of analytical and advisory products increased considerably, but this was exclusively in the form of nonlending technical assistance. The social protection
projects continued to perform well (76 percent rated moderately satisfactory or better on development outcome by IEG) relative to the Bank average of 70 percent in fiscal 2009–11.

**Country Focus and Partnership**

The Bank built on the ongoing aid effectiveness agenda in supporting country ownership and coordination with other aid donors. Against a backdrop of profound differences across countries in levels of development and in relations with development partners, the Bank built on the aid effectiveness agenda that has been progressing among donors, with a view to maximizing country ownership and minimizing strains on authorities’ implementation capacity. In countries like Nicaragua and the Philippines, strong government oversight of donor activities shaped what the Bank and other donors did, ensuring (or not) coherence across partners’ programs. Nevertheless, this approach sometimes led to frictions among donors, such as between the Bank and WFP over the government-determined geographic division of labor between them on school feeding programs. In other cases, existing donor coordination structures provided platforms on which the Bank’s and others’ response to the food and other crises could take shape. In the poorest countries, such as Liberia, Madagascar, and Nepal, there was considerable fragmentation across donors and donor programs—especially on safety net programs. According to partners interviewed by the evaluation team, in these situations the Bank played a constructive role, adding muscle to country authorities’ efforts to establish greater coherence across donor-supported programs.
In agriculture, coordination with other donors worked relatively well. At the level of the individual project or program, coordination was the norm for food and agricultural activities, especially with the Rome-based agencies. For the most part, coordination with the FAO and International Fund for Agricultural Development (IFAD) covered the provision of agricultural inputs—or in the case of WFP, school feeding programs—as the Bank and others provided only limited support for policy reform in the agriculture sector, given the very complex political economy of reform in the sector and country authorities’ reluctance to tackle vested interests during the crisis.

In social protection, coordination was more challenging. The partnership situation was different for social protection, for which there were far more donors and donor-supported programs seeking to help the poor and the vulnerable. In low-income countries, a common denominator was the school feeding programs pioneered by WFP and used by a number of UN agencies and bilateral donors—and by the Bank in Sierra Leone and other countries. The Bank approach in IDA-eligible countries also included food-for-work, social action funding, and support for the beginnings of social protection programs.

Lessons

Key Lessons

Clearly there will be other global food price crises in the future. What lessons can the evaluation offer about how the Bank Group should respond to them? Five stand out:

First, a detailed strategic framework for the Bank Group’s crisis response is necessary but not sufficient for the effectiveness of the interventions. This evaluation found that the GFRP Framework Paper was an important conceptual tool for organizing the Bank Group’s response. However, there was often a disconnect between the intent of policy prescriptions in that paper and what was actually implemented, especially in short-term, fast-tracked programs.

Second, enhanced administrative resources—either incremental or redeployed from other purposes—and internal strengthening and collaboration are essential to an effective response that involves an expanded scale of operations. This lesson is reflected in evaluation findings for both the Bank and IFC. For the Bank, fast processing had a cost in terms of design quality, implementation, and results in some emergency operations. Moreover, launching such an ambitious crisis response program without a corresponding increase in the operational budget and staffing undermined the quality of existing lending and nonlending operations and had adverse effects on staff work-life balance. IFC’s response benefited from the creation of a variety of trade finance facilities earlier in the decade; however, to some extent the benefits were limited initially by coordination problems across IFC units and between headquarters and regional offices. Subsequent consolidation of three investment departments and significant decentralization mitigated these issues.

Third, limited additional resources and pre-crisis IDA allocations can constrain the ability of the Bank to respond to the crisis in IDA-eligible countries. Beyond the $200 million Food Price Crisis Trust Fund, the Bank Group did not secure additional funding to respond to this crisis, and consequently adjustments in assistance to many countries was constrained by IDA allocations that had been determined by criteria unrelated to the crisis, and by limited flexibility within the ongoing country program. For most countries, this resulted in modest operations that could not have a significant impact on food prices. This experience led to the establishment of Crisis Response Mechanisms that allow IDA countries access to resources beyond their standard IDA allocations.
Fourth, the effectiveness of increased lending— as seen in the case of agriculture— depends critically on adequate analytical work and staffing. The crisis led to greater Bank Group emphasis on agricultural lending. But that emphasis was not supported by the increased staffing, analytic effort, and resources for portfolio management that were needed to ensure the quality and results of new and ongoing operations in the sector.

Fifth, in countries where social safety net systems are already in place, they can be critical to protecting vulnerable households and individuals during a crisis, but these are rarely in place in low-income countries and fragile states. As indicated in earlier IEG evaluations (on the Global Economic Crisis Response and on Social Safety Nets), the Bank provided major support for social protection programs in middle-income countries, matching growing country demand with innovative approaches and solutions. Although clearly established as a key priority for the new Social Protection and Labor Strategy, what clearly emerges from this evaluation is that the development of feasible approaches in the Bank’s tool kit for use by low-income countries is a work in progress. This remains a priority for the Bank’s social protection team, with feasible interventions included in Country Assistance Strategies, thereby positioning countries to respond better to future shocks.
Additional Lessons from the Bank Group’s Short-Term Response

The findings also suggest early lessons that are specific to the short-term response.

- Senior management pressure to deliver particular crisis programs carries the risk of distorting program composition. The intensive promotion of the emergency program led to the inclusion of activities not addressing the crisis.

- Pre-existing country-owned agendas and ongoing programs can provide effective platforms for emergency operations. Building on a pre-existing country-owned agenda and the Bank’s strong analytical work, the Philippines GFRP DPO achieved all of its short-term outcomes while catalyzing progress on the longer-term social protection agenda, including the establishment of an improved and expanded conditional cash transfer program.

- Context is important in considering the wisdom of tax and tariff reduction in a crisis response. A cautious approach is warranted, balancing likely pricing effects with possible implications for fiscal stress. In many cases, tariffs and taxes on staple foods were low to begin with, and rate reductions did little to help vulnerable groups, while aggravating the fiscal situation and threatening other government programs. Some emergency support compensated for budget shortfalls, but typically there was no a priori country-specific analysis to advise governments on the utility (and risks) of their tax and tariff policies.

- Good quality results frameworks and monitoring and evaluation arrangements for emergency operations are essential. The evaluation identified quality risks and concerns in results frameworks of GFRP operations (in both project lending and DPOs), especially where the crisis support took the form of additional and supplemental financing arrangements. The latter often bore little substantive relationship to their “parent” operations, thus missing opportunities to identify emerging impacts (and problems) and the need for remedial action. There were also problems in monitoring and evaluation, where, in several cases, monitoring surveys conducted after the closing of operations found evidence of sizable leakages, as a number of beneficiaries targeted under the program and included in the distribution lists had not received food packages at the time when they were interviewed or had received incomplete packages.

- Simple, tried-and-true nutrition and health interventions are essential complements to social safety net programs in a food crisis and deserve wider use. The Bank’s response to the food crisis had limited focus on targeting nutrition interventions, with Bank programs in only four low-income countries emphasizing nutrition support to children under age two and pregnant and breastfeeding women as part of their food crisis response program.

- Effective partnerships at the country level play a vital role in successful implementation of crisis-response programs. The donor coordination involved in Ethiopia, for example, was unique. In an effort to move to more predictable support and reduce fragmentation in humanitarian support, partners pooled their funds and came together in a unified stream of technical assistance supporting the government-led program. But partnerships were also important in countries where the authorities provided less leadership and the risk of donor fragmentation and duplication was greater—in these cases effective communications across donor groups and agencies is even more important for results.

Recommendations

The findings point to four main recommendations to improve Bank Group effectiveness in responding to food crises.
First, in cases where the Bank decides to respond to similar crises in the future: ensure that country driven food crisis mitigation programs are adequately resourced with administrative budgets to facilitate effective preparation and supervision of food crisis mitigation operations. The GFRP Framework Paper was an important conceptual tool for organizing the Bank Group’s response, but implementation encountered problems. Operational resources were not expanded sufficiently for preparation and supervision to match the increased and accelerated volume of operations with adverse consequences for the quality of operations and staff work-life balance, and at the risk that other country priorities would be neglected.

Second, develop quality assurance procedures for food crisis response programs that mitigate the potential adverse effects of speedy preparation and implementation. The Bank’s fast processing of crisis response operations exacted a cost for design quality, implementation, and results in some emergency operations, suggesting that additional oversight of the standard quality assurance procedures was needed. In some food crisis response operations, the Bank acquiesced with, or supported, policies and actions that were inconsistent with its own food crisis-related policy advice or that were not aligned with the country context. For example, in many countries, tariffs and taxes on staple foods were low to begin with and rate reductions did little to help vulnerable groups while aggravating the fiscal situation and threatening other government programs. In input subsidy operations, the underlying policy rationale was to stimulate a supply response to mitigate the adverse effects of input and food price increases, but the targeting was not consistently conducive to maximum supply response. The presence of other constraints (such as limited supply of quality seeds) was not always considered.

Furthermore, the coverage of input subsidy operations was often too small to generate a significant supply response at the national level.

Where additional or supplemental finance instruments were used, the monitoring and evaluation arrangements, and the reporting on implementation and results did not consistently cover the food crisis response components of the project, limiting the potential for remedial steps and hindering impact assessment.

Third, assist countries to better target the people most vulnerable to a food price crisis (especially children under two and pregnant and breastfeeding women) with appropriate nutrition interventions in their mitigation programs. Few Bank programs, in either low- or middle-income countries, emphasized nutritional support to children under age two and pregnant and breastfeeding women (the most vulnerable people) as part of their food crisis response program, even though most countries “vulnerable” to the food crisis have the highest global malnutrition burdens. Thus only a handful of low-income countries (Kyrgyz Republic, Lao Peoples Democratic Republic, Liberia, Moldova, Nepal, Sierra Leone, Senegal, and Tajikistan) focused on infant and maternal nutrition in their crisis response.

Fourth, work with client countries and development partners to identify practical mechanisms (including indicators) for monitoring nutritional and welfare outcomes and impacts of food crises and mitigation programs, and work with them to implement those mechanisms and to report the results. The main welfare outcomes and impacts from the crisis—poverty and malnutrition—were not sufficiently tracked to assess the welfare impact of the short-run response.
The Independent Evaluation Group’s (IEG) evaluation focuses primarily on a temporary facility—the Global Food Crisis Response Program (GFRP)—created in May 2008 to help clients deal with spiking food and agricultural input prices and their negative impacts on food security. It also reviews the International Finance Corporation’s (IFC) strategic food crisis response largely through the Global Food Initiative of mid-2008.

The evaluation does not examine the externally funded Bank-supervised GFRP projects, worth nearly $350 million and adding an additional 14 countries to the response efforts.

GFRP handled more than $1.2 billion in Bank funding from the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), and trust funds out of IBRD net income in Bank funding to 35 countries (60 percent Sub-Saharan Africa) over the FY2009–12 period, including grants out of the Bank’s net income targeted to the poorest and most vulnerable countries. Externally funded Bank supervised GFRP projects brought the total number of supported countries to 49.

- GFRP projects reached 66 million people (49 million people benefited directly from agricultural interventions, and 17 million benefited from food-oriented social protection activities).
- GFRP funding from IDA, IBRD, and a trust fund out of IBRD net income accounted for 86 percent of the people reached. The remaining was reached by activities financed with mobilized external grant funds.
- The trust fund financed out of Bank net income allocated grants fairly equally (with due regard for size differences) among 27 smaller IDA countries. Other larger countries made use of the GFRP fast-track procedures to mobilize their own IDA allocations, or in some cases IBRD funds, for the crisis response.
- As stated in the IEG review, the median processing time for Bank-funded GFRP projects was 71 days compared to 236 days for all Bank projects over the same period, while IEG’s outcome ratings for 21 closed GFRP projects evaluated were comparable to the overall Bank portfolio during the same time frame for the sectors in question.

The context for food crisis response has changed significantly since late 2007. Both the Bank and clients have made substantial progress in developing mainstreamed instruments and procedures to deal with high and more volatile food prices, after a period of increasing complacency (late 1970s to 2007) when international food prices were declining in real terms at a fairly steady pace.

There are now also mainstreamed instruments that did not exist in 2008 such as the IDA crisis response window, the IDA Immediate Response Mechanism, streamlined procedures for overall project restructuring, and enhanced flexibility in restructuring or cancellation of IDA operations with retention of resources in the country for on-going or additional operations. Similarly, the food price crisis served as a key catalyst for a broader strategic assessment of IFC’s engagement in the agricultural sector that culminated in the 2011 Agribusiness Strategic Action Plan.
Introduction

World Bank Group management thanks IEG for carrying out this ambitious and helpful evaluation of the World Bank Group Response to the Global Food Crisis. Management appreciates the extensive consultations at the concept note and draft stages. Management thanks IEG for the considerable effort expended towards close collaboration and the resulting exchange of views, which led to a more accurate, focused, and useful report of the GFRP.

The first section of this document sets out comments from management of the World Bank (the Bank). The second section provides IFC management comments. Management’s specific response to IEG’s recommendations is noted in the Management Action Record (MAR) matrix on page 24.

World Bank Management Comments

GENERAL COMMENTS

- **Scope.** This report is clearly focused on the GFRP and less so on the regular portfolios of Bank financed operations in agriculture and social protection, or alternative trust funds such as the Rapid Social Response (RSR) trust fund. Furthermore, the evaluation did not include nearly $350 million in externally funded Bank-supervised GFRP projects.

- **The 2007–11 Context.** In 2007, countries had no cause to expect a change in international food and fuel markets. Food prices had been declining in real terms on trend and in a relatively stable fashion since 1980. Neither the clients nor the Bank in early 2008 had the chance to adjust their staffing, financial resources, or processing instruments to a rapidly changed set of external circumstances after major food, fuel, and fertilizer price spikes starting in the late fall of 2007. More than 60 countries experienced food riots in early 2008 associated with food price increases. Affected clients appealed desperately to Bank management for urgent help at the April 2008 Spring Meetings. However, neither clients nor the Bank were at that time ready to provide rapid response to the crisis in terms of instruments or resources, especially in the poorest countries.

Management acted rapidly, and by May 29, 2008, it presented for the Board’s endorsement the GFRP Framework Document providing guidance to staff, particularly in crisis-affected field offices, on ways to respond to clients’ urgent requests for assistance through budget support, social protection, and short term agricultural support. It also created a needed common understanding between management and the Board on how fast-disbursing response was to be achieved, and established a new suite of processing options tailor-made for the circumstance. The Board of Governors and Board of Executive Directors also approved a $200 million trust fund out of IBRD surplus to provide grants to the poorest and most vulnerable countries. As operations became effective, weekly reporting of new disbursements and concrete results were provided to the President and Managing Directors, decreasing to monthly reporting over the life of the facility. Executive Directors also received monthly reports over the same time period.

The GFRP allowed for a rapid response in recipient-executed projects for four reasons:

- **The GFRP Framework Document provided contextualized policy advice and a menu of project design options for clients to choose from that helped Bank staff in the field accelerate the dialog with clients.**
- **It provided a set of procedures for fast-tracked processing, approval, and effectiveness.**
- **It allowed for very rapid communication between field teams and senior management, and with senior management regularly relating guidance and encouragement back to staff.**
• It provided substantial additional Bank-sourced funding in the form of trust fund grants, and facilitated the use of IDA resources for restructured IDA projects.

The results of these actions were:

• GFRP projects and externally financed GFRP supervised projects in 49 countries reached 66 million people; of these 49 million people benefited directly from agricultural interventions intended to bolster food production, and 17 million benefited directly from food-oriented social protection activities.

• More than 95 percent of GFRP funding from IBRD, IDA, and trust funds out of IBRD net income (out of a total amount of $1.2 billion) was disbursed by closing of GFRP fast-track authority on June 30, 2012, financing 55 projects in 35 countries.

• As stated in the IEG review, the median processing time for Bank-funded GFRP projects was 71 days compared to 236 days for all Bank projects over the same period, while IEG’s outcome ratings for 21 closed GFRP projects evaluated were comparable to the overall Bank portfolio during the same time frame for the sectors in question.

• An additional $350 million in external GFRP trust funds were mobilized, assisting 14 additional poor countries and financing additional GFRP operations in the other 35 countries financed from Bank-sourced GFRP funds.

• Increased visibility and effectiveness of the Bank in global discussions of how to deal with food crisis issues since 2008.

The GFRP represented both an innovation valid for a specific context and a carefully calculated set of risks. The GFRP Framework Document was an institutional innovation to create trust and understanding between the Bank’s Board, staff, and clients when a rapid response was contingent on both the Board and some Bank departments adapting or accelerating regular procedures. It also bought time for all concerned to identify better approaches.

The specific temporal and institutional context dictated the menu of country options for investment that were allowed under the GFRP Framework Document, and the rules for their implementation. Management is pleased that the evaluation recognizes that context is key to the assessment of the GFRP, and that the GFRP Framework Document provided sound advice and a solid menu of options for the specific objectives it was designed to address within that context.

The present context is very different from that in 2008, as there is now increased awareness of food price uncertainty and volatility and their impact on the poorest. Both clients and the Bank have had time to adapt. There are now also mainstreamed instruments such as the IDA Crisis Response window and the IDA Immediate Response Mechanism that did not exist in 2008, the outcome in part of the GFRP experience.

The GFRP provided support to social safety nets (SSNs) which were missing in most countries before the crisis and helped (with other instruments, such as the RSR) to elevate the agenda of safety nets in international discussion and country level policy dialogue. It has proven to have lasting benefits, as 80 percent of countries in the world, according to IEG’s own report on SSNs, are now considering measures to strengthen their safety nets.

While the GFRP Framework Document of 2008 is context specific and its applicability is unique to that period, it is clearly useful to the Bank and its clients to have an independent evaluation of its work and achievements.
LESSONS LEARNED: THE LESS TANGIBLE ASPECT OF GFRP IMPLEMENTATION

While we broadly agree with IEG’s findings, the evaluation does not take into account the less tangible aspects of GFRP implementation, which may have yielded additional knowledge and learning from this program. There are a number of additional issues that are relevant for the lessons to be derived by the implementation of the GFRP framework, including:

• Did the GFRP provide insights and time for the Bank itself to mainstream crisis response procedures better, such as with the IDA Crisis Response Window, the IDA Immediate Response Mechanism, its own internal approaches on food-related social protection, the Bank’s reporting of food price movements, etc.?

• Did the GFRP help the Bank strengthen its cooperation with donor partners on food security? Did the Bank have impact on what other agencies did, such as the United Nations (UN) food agencies, through GFRP? Did it lead to new activities for the Bank?

• While the GFRP alleviated immediate pressures in 2008 on clients to take precipitous or unwise action with regard to the food price situation, did GFRP assistance help avert unfortunate country policy responses to soaring food prices of the type seen in 1974 (and that in some cases stayed for decades after) that began to resurface in 2008 (export bans, forcible procurement, food price fixing. etc.)?

• Did the GFRP improve trust about the fast response approach and the role of the Bank among Bank management and other key stakeholders such as the Board, clients, UN agencies, and nongovernmental organizations?

Overall, management feels that IEG’s report provides useful information to answer positively about the first two issues. However, addressing the last two bullets would have required a different approach, including interviewing more extensively those who had been involved in using or approving GFRP.

The evaluation appropriately focuses on lessons learned about outcomes of projects in the crisis-specific context of the period, as opposed to a portfolio review of regular projects devoid of context. However, in addition to the interviews of UN partners, it could have addressed the less tangible aspects of what GFRP did for the Bank in terms of building trust and facilitating further collaboration.

OTHER ISSUES

Management welcomes the recognition of the important role SSNs have played as an instrument to mitigate the negative effects on the poor and vulnerable. Management agrees with the acknowledgment that response to the crisis in most cases was in line with the broad strategic framework and at the same time pragmatic and adapted to country circumstances. Management also welcomes the recognition of the transformation in the Bank’s social protection sector that was triggered by the crisis: increasing engagement with Low Income Countries (LICs) and the catalytic role of the RSR. Management recognizes the importance of building country-tailored systems in advance of the crisis and the need of long-term country engagement for the social protection agenda, as it takes time to build elements of systems and to secure political buy-in. The report also stresses a number of other important points regarding the SSN crisis response, such as limited availability of analytical work to inform the initial responses, incorporation of nutritional objectives in the SSN portfolio, and the importance of early warning information.
The evaluation’s conclusion that the Bank failed to get additional resources for GFRP is erroneous, since the Bank did receive nearly $350 million in external trust funds for GFRP alone, on top of the additional funding for administratively separate but closely related food crisis response activities, such as the $60 million RSR.

In reference to a statement in the report that: “Four countries (Bangladesh, Ethiopia, the Philippines, and Tanzania) received more than half of GFRP’s resources…,” management would like to clarify that three of these four countries chose to request GFRP fast-tracking of projects funded by their relatively large existing country IDA envelopes, and the Philippines used GFRP procedures to accelerate an IBRD loan for food-oriented social protection. Additionally, the evaluation refers to “headroom” for fast-tracking existing country IDA resources as being a new “allocation” of funding. This imprecision of language matters where the evaluation implies that “GFRP allocated” a lot of financing to Bangladesh and Ethiopia, but less to Sierra Leone and Liberia. In fact, the grant funding to the latter two were grants fungible across countries and were truly “allocated” by the GFRP Steering Committee (composed of five Network Vice Presidents and a Managing Director), whereas the large IDA allocations of the first two was already at the disposition of the countries, which only had to follow GFRP rules to get the fast-tracking. The trust fund financed out of $200 million in Bank net income allocated grants fairly equally (with due regard for size differences) to 27 small IDA countries. Additional, external trust fund grants of nearly $350 million were allocated to 32 IDA countries, with some overlap with countries receiving Bank-funded GFRP.

IEG’S RECOMMENDATIONS

The MAR focuses on four main issues:

1. Adequacy and time alignment of operational resources.
2. Bank quality assurance procedures for food crisis response programs.
3. Protecting the most vulnerable groups.
4. Monitoring nutritional and welfare outcomes.

Management is in general agreement with the specific recommendations in the MAR, although it wishes to highlight a disagreement with the statement of the evaluation findings in column one of the MAR under the second set of issues discussed. While management agrees with the recommendations for strengthening quality assurance as laid in the MAR, in column two, it does not agree with what could be read into the premise laid out in the “Findings” under column one, that “fast processing of crisis response operations exacted a cost in terms of design quality, implementation, and results”.

In fact, the quantitative evidence in the report is summarized on the first page of chapter 2 of the evaluation: “The performance of two-thirds of the 21 closed GFRP operations was rated moderately satisfactory or better. These projects were prepared and became effective more quickly than the rest of the GFRP portfolio and most closed on time.” This is substantially the same score result as the average for the much larger overall agricultural portfolio in the same period, which in turn showed a weakening of ratings at exit than the average for the three years before 2008.
Management concludes that while strengthening the overall quality and impact of operations remains a key priority for all sectors and for agriculture in particular, it is not clear that GFRP projects fared worse than other agricultural projects implemented since 2008. Furthermore, the evaluation does not provide conclusive evidence, other than anecdotally, that fast preparation was associated with lower impact at exit scores. Importantly, there is nothing in the evaluation to suggest that GFRP’s specific “fast track procedures” themselves, at the heart of GFRP as an innovative approach, contributed to quality issues.¹

The GFRP provided insights on how to better serve the Bank’s stakeholders in an emerging world context that has become even riskier for the malnourished poor. While the policy advice and modalities of assistance in the GFRP Framework Document were appropriate (as recognized by IEG) for the context of 2008 and a couple of years afterwards, it is important to recognize going forward that that context has changed. Following the GFRP experience, the Bank now has a series of new mainstreamed instruments to help clients with response to crises, such as the IDA Crisis Response Window, the IDA Immediate Response Mechanism, streamlined Investment Lending procedures for project restructuring, and enhanced flexibility in restructuring or cancellation of IDA operations with retention of resources in the country for ongoing or additional operations. Like in the case of GFRP, future crisis responses will need to be designed to fit the specific context at hand. The trust developed between management and the Executive Board and the experience accumulated through the achievements of GFRP should provide the foundation to designing new responses, but the instruments will necessarily be different from what was laid out in the 2008 GFRP Framework Document.

International Finance Corporation
Management Comments

IFC management welcomes IEG’s evaluation of the World Bank Group’s Response to the Global Food Crisis. The report provides a useful independent assessment of IFC’s immediate and subsequent activities in response to the unexpected rise in international food prices in 2007–08. The impacts of this crisis were especially difficult for the poor in developing countries, many of whom spend a large share of their incomes on food.

The report correctly recognizes IFC’s strategic crisis-response through the Global Food Initiative (GFI) that IFC initiated in mid-2008. IFC expanded its agribusiness-related short-term finance (STF) in trade, working capital, and wholesale to increase liquidity in the food supply chain. It shifted its long-term finance (LTF) focus in agribusiness toward Sub-Saharan Africa and food exporting countries. It used its advisory services to build medium term resilience, help increase access to finance, enhance farm productivity, and improve the investment climate in the sector.

Management agrees with the report’s overall positive findings on IFC’s interventions. The report highlights the high degree of additionality and positive client feedback on IFC’s STF response during this difficult period. It finds that despite the crisis, the development outcomes of IFC’s LTF held up well based on IEG’s data.

Management believes, however, that the report’s focus on a fairly narrow time window means IEG may have inadvertently missed the most profound long term impact of IFC’s institutional response. The food price crisis served as a key catalyst for a broader strategic assessment of IFC’s engagement in the agricultural sector that

¹ Management agrees with IEG that there has been an overall weakening trend in outcome ratings for the entire investment lending portfolio in recent years, as discussed in the 2012 IEG Report on Results and Performance of the World Bank Group. Management has been analyzing the root causes of this trend and has begun to address them as a matter of priority.
culminated in the 2011 Agribusiness Strategic Action Plan (ASAP). Covering the FY2012–14 period, ASAP defines an integrated multi-sectoral approach to the sector to leverage development impact, support environmentally and socially sustainable outcomes, and increase food production and availability. It reflects a concerted effort to apply financial innovation and expertise across IFC departments. Underpinned by ASAP, the agriculture sector is now IFC’s number one strategic priority.

ASAP focused IFC activities in the agriculture sector around three strategic priorities: i) enhancing food security, ii) increasing inclusiveness in the sector with greater benefit for smallholders and women, and iii) making environmental and social standards a business driver. These strategic priorities are addressed in an integrated approach, taking into consideration the different needs and capacities of countries. ASAP is consistent with the strategic themes of World Bank Group’s Agriculture Action Plan FY2010–12.
Adequacy of Operational Resources.

<table>
<thead>
<tr>
<th>IEG Findings and Conclusions</th>
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<td>IEG Recommendations</td>
<td>In cases where the Bank decides to respond to similar crises in the future: ensure that country driven food crisis response programs are adequately resourced with administrative budgets to facilitate effective preparation and supervision of food crisis mitigation operations.</td>
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<tr>
<td>Acceptance by Management</td>
<td>WB: Agree</td>
</tr>
<tr>
<td>Management Response</td>
<td>Management agrees with the notion that undertaking similar crisis response in the future should be matched with adequate resources, both financial and human, for project preparation and supervision. In the case of the GFRP implementation, the challenge was to mobilize internal resources commensurate with the administrative needs of GFRP project teams that were responding fast to the crisis. The GFRP trust fund financed out of Bank net income funded 27 small emergency projects in the poorest and most vulnerable countries, 26 of them approved in the first seven months of GFRP before matching supplementary administrative funding became available from the President’s budget. Rapid adjustments of administrative budgets and staffing to respond to similar crises in the future will likely continue to pose a challenge under current resource allocation systems and a flat budget environment. Management is developing a single World Bank Group strategic framework and is progressively aligning business planning to it. This strategic alignment offers the opportunity to reflect and discuss with the Bank’s shareholders how to address this challenge.</td>
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### IEG Findings and Conclusions

The Bank’s fast processing of crisis response operations exacted a cost in terms of design quality, implementation, and results in some emergency operations suggesting that additional oversight was needed over the standard quality assurance procedures.

In some food crisis response operations, the Bank acquiesced with, or supported, policies and actions that were inconsistent with its own food crisis-related policy advice or that were not aligned with the country context. For example, in many countries, tariffs and taxes on staple foods were low to begin with and rate reductions did little to help vulnerable groups while aggravating the fiscal situation and threatening other government programs. In input subsidy operations, the underlying policy rationale was to stimulate a supply response to mitigate the adverse effects of input and food price increases, but the targeting was not consistently conducive to maximum supply response. The presence of other constraints (such as limited supply of quality seeds) was not always taken into consideration. Furthermore, the coverage of input subsidy operations was often too small to generate a significant supply response at the national level.

Where additional or supplemental finance instruments were used, the monitoring and evaluation arrangements, and the reporting on implementation and results did not consistently cover the food crisis response components of the project, limiting the potential for remedial steps and hindering impact assessment.

### IEG Recommendations

Develop quality assurance procedures for food crisis response programs that mitigate the potential adverse effects of speedy preparation and implementation.

Specifically, the Bank needs to:

A. strengthen ex-ante quality assurance oversight for food crisis response programs prepared under accelerated preparation procedures. Such oversight would ensure, inter alia, better alignment between the design of operations and the Bank’s food crisis-related policy advice at times of spiking food, fuel, and fertilizer import prices, particularly with respect to taxes, tariffs, subsidies, and their targeting, considering the country contexts.

B. ensure that food crisis response components, processed as restructured projects, additional or supplemental finance, include appropriate monitoring and evaluation arrangements; and

C. require specific reporting on the crisis response components of restructured, additional or supplemental finance projects in implementation status reports, implementation completion reports and other project reports.

### Acceptance by Management

WB: Agree
While management agrees with the specific recommendations for strengthening quality assurance, it does not agree with the premise laid out in the findings that “fast processing of crisis response operations exacted a cost in terms of design quality, implementation, and results.” In particular, management finds nothing in the evaluation to suggest that GFRP’s specific “fast track procedures” per se, as opposed to rapid preparation, contributed to quality issues. Rather the answer must lie in other factors operating since 2008 common to GFRP and the regular portfolio.

A. Management agrees that the design of food crisis response programs prepared under accelerated preparation procedures needs to be aligned with Bank policy advice applicable to the country, temporal, and sectoral context. Management will consider how to optimize ex-ante quality assurance oversight for food crisis response programs prepared under accelerated procedures.

B. Management will strive to include specific monitoring and evaluation measures targeted to additional and supplemental funding that are appropriate for the project development objectives of that additional or supplementary funding, and that allow assessment of the separate contribution of that supplemental or additional financing.

C. Management recognizes the need to have separate results reporting for additional or supplemental financing, especially when different funding sources are involved.
### IEG Findings and Conclusions

Few Bank programs, in either low- or middle-income countries, emphasized nutritional support to children under age two and pregnant and breastfeeding women (the most vulnerable people) as part of their food crisis response program, even though most countries “vulnerable” to the food crisis have the highest global malnutrition burdens. Thus only a handful of low-income countries (Kyrgyz Republic, Lao PDR, Liberia, Moldova, Nepal, Sierra Leone, Senegal, and Tajikistan) focused on infant and maternal nutrition in their crisis response. Likewise, only a few middle-income countries emphasized infant and maternal nutrition in their crisis response.

### IEG Recommendations

Assist countries to better target the people most vulnerable to a food price crisis (especially children under two and pregnant and breastfeeding women) with adequate nutrition interventions in their mitigation programs.

### Acceptance by Management

WB: Agree

### Management Response

Management will work with client countries to strengthen the targeting of nutrition programs supported by Bank projects responding to food price crises to the most nutritionally vulnerable populations (pregnant/lactating women and children up to 24 months) with a range of appropriate nutrition interventions.
### Monitoring Nutritional and Welfare Outcomes.

| IEG Findings and Conclusions | The main welfare outcomes from the crisis—poverty and malnutrition—were not sufficiently tracked to assess the welfare impact of the short-run response. While theory and the Bank’s policy guidance provide a framework to assess the impacts of food crisis on the welfare and nutritional status of key population groups, this requires country-specific assessments. Data scarcity is acute for most low-income countries. Thus, few GFRP countries assessed the impact of the food crisis on the poor. Some social safety net projects under the GFRP described mechanisms for the selection of beneficiaries, mostly using a combination of geographic and then community targeting, a practical approach that can produce serviceable targeting in data-constrained environments. However, the majority of projects did not specify actual and expected program “coverage” to assess the likely contribution of the project to the population in need of assistance. Most project documents state that project activities were targeted to food-insecure areas, but indicators only provide numbers of children to receive food in school or numbers of hospital patients to be fed. |
|-------------------------------| Work with client countries and development partners to identify practical mechanisms (including indicators) for monitoring nutritional and welfare outcomes and impacts of food crises and mitigation programs, and work with them to implement those mechanisms and to report the results. |
| **Acceptance by Management**  | WB: Agree |
| **Management Response**       | Management agrees with the importance of tracking the impacts of food crises and of mitigation mechanisms on the welfare and nutritional status of key population groups. This will require country-specific assessments. Management will work with client countries and development partners to develop practical mechanisms for monitoring nutritional and welfare outcomes and impacts of food crisis mitigation programs. Specifically, Bank staff will work with client countries requesting assistance in handling food price crises to identify feasible indicators and design practical plans for data collection and analysis to implement the monitoring and reporting of the results of food price crisis mitigation programs. |
Chairperson’ Summary: Committee on Development Effectiveness


Summary

The Committee thanked the Independent Evaluation Group (IEG) for the informative and insightful evaluation and welcomed management’s response. Members appreciated the valuable lessons emerging from the evaluation, particularly with respect to issues around resource allocation, targeting of support, appropriate expectations of outcomes, and broader implications for project processing. Members congratulated management on the effectiveness of the Bank’s swift response to the crisis. Members particularly welcomed the constructive cooperation between IEG and management during the process of finalizing the evaluation.

The Committee underscored the need for added flexibility in the redeployment of administrative resources—both financial and human—in crisis situations, given the Bank’s constrained resources. While the report noted that the speed of the program may have come at the expense of quality, members felt that the Bank should not be afraid to admit that inevitably there are trade-offs with fast-track programs, particularly given unpredictable events or political economy concerns. Keeping in mind resource constraints, members urged management to balance the need for more active implementation and supervision with enhanced efforts on monitoring and evaluation.

Members warmly welcomed the reduced median project preparation time from roughly 236 days to 71 days for Global Food Crisis Response Program (GFRP) projects, and asked about the implications for non-crisis projects going forward. Members agreed that establishing country-level early warning systems would allow for rapid scaling-up of emergency responses in vulnerable countries, improved response capacity in crisis times, earlier planning, and more effective interventions. Members commented about lessons learned for the long-term and the need to focus more on improving agricultural productivity, infrastructure, and social protection programs. With respect to targeting the Bank’s support, the Committee supported the call for improved in-country data collection and analysis, to better target and monitor outcomes.

Anna Brandt
CHAIRPERSON
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