Policy Coherence for Development for Food Security: Assessing the impacts of OECD countries’ policies on rural development and food security in Tanzania

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Policy Coherence for Development: Assessing the impacts of OECD countries’ policies on rural development and food security in Tanzania

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Background and motivation

- Food insecurity continues to be a major challenge faced by individuals and communities in developing countries.
- While domestic policies and investments in food insecurity countries are key in addressing the needs and gaps that exist, policies from outside their borders also play a role.
- Since the 1990s OECD countries have increasingly sought to better take into account the “side effects” of their internal, non-development policies in on developing countries like Tanzania.
- This lead to the concept of Policy Coherence for Development (PCD) which implies that OECD policies should be supportive of developing countries objectives or not undermine them.
- This study is an ex-post assessment of PCD to analyze the spillover effects of various OECD countries policies on food security in developing countries with a focus on Tanzania.

Methodology

The research is based on a modular, step-by-step methodology designed by ECDPM for identifying and assessing the impacts of OECD policies in individual developing country context.

1. Getting started: consideration and decisions before launching the study
2. Food security profile
3. Establish a route: causal and follow up strategy
4. In-country contextualisation of causal linkages
5. Communication of impact: causal linkages with OECD policies

- It uses desk review of existing studies, consultative workshops and interviews of stakeholders in Tanzania and EU, and empirical analysis of primary and secondary data.
- The assessment also take into account local and international context and to draw conclusions on PCD.

Identification of policies

- Analyzing the economic and institutional linkages of Tanzania to OECD countries and world markets, the main OECD policies with potential effect on Tanzania are:
  - Agricultural policies and their spillover effects through markets on Tanzanian agricultural sector
  - Trade policies and public and Private Standards, and their implications for market access for Tanzania
  - Biofuel policies, investment policies and economic diplomacy and their implications for Foreign Direct Investment flow to Tanzania and land acquisitions

Effect of OECD agricultural policies

- The transmission route of OECD countries agricultural policies to the food security is decomposed into five segments:
  - Effect on domestic production (+), import (+) and export (+) of agricultural products in OECD countries;
  - high/low production and export depress international prices and increase price volatility;
  - Changes on international price are transmitted (partially) to domestic price creating ‘unfair’ competition in local, regional and international markets for Tanzania products;
  - These effects have important implications on food availability and access to food, export revenue and expenditure on import and consequently food security at household level.
  - However, domestic factors such as unfavorable rainfall, poor infrastructure, lack of capital, and inefficient policies among others play an important role in explaining fluctuation in prices, production, and food insecurity.

Effect of Non-Tariff Measure and standards

- As tariff and quantitative barrier to trade decline with trade liberalization, non-tariff measures (NTM) increasingly play an important role to address food security concerns.
- In recent years there have been number of private (not so) voluntary standards (PVS) imposed by retailers (>400PVS).
- Standards affect food security in Tanzania by affecting:
  - production and trade costs (+);
  - market access, both the quality (+) and the quantity (-) of exports / export earning (-);
  - smallholder participation in high value export markets.

Effect of OECD biofuel/investment policies

- Biofuel policies in OECD countries have important effects in driving large-scale land acquisition in TZA.
- Most projects focus on non-food crops and compete with land for food production. This affects food availability (+), food prices (+), income (+) and food security.

Summary and implications

- Food security remains problematic in Tanzania with nearly 16M of individuals food insecure.
- Producer supports in OECD had historically large effects. But, with various reforms, they become less trade distortive.
- New issues such biofuel, climate change, and the role of emerging economies also affect Tanzania in many ways.
- Standards have become increasingly trade restrictive but they can also offer the opportunity to access OECD markets.
- OECD countries continue to assist Tanzania through ODA to mitigate to these effect and increasingly promoting PCD. These efforts need to be recognized, praised and promoted.

Figure 1 Domestic support and level of protection in OECD countries

Figure 2 Cumulative number of SPS Notifications to the WTO

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Figure 2 Cumulative number of SPS Notifications to the WTO