Food and Agriculture Organization of the United Nations

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International Technical Webinar
How can policy monitoring support better decision making in agrifood systems?

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Questions and Answers

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1) **Is MAFAP working under the umbrella of the Committee on Food Security?**
   MAFAP does not work directly under the umbrella of the CFS. Our work is part of FAO's policy assistance, and we work on the basis of requests for policy support that we receive from member governments.

2) **The MAFAP tool is also applicable for those countries they are totally dependent on other countries for their food supplies. Isn't it?**
   Yes, it is applicable for all countries. Actually for countries that largely import foods this can be even more critical tool to analyse their import policies and make them more effective and less market disruptive.

3) **You have a good methodology for price collection in food value chain. But the methodology seems to leave out the cost of production especially by Small-Scale Farmers. My experience indicates that farmers are making losses due to high cost of production and low farm gate prices. Unfortunately, most organizations working on Value chains start their analysis at farm-gate price stage!**
   Our methodology offers a framework to track effects of policies on prices, it is not a tool to perform a fully-fledged value chain analysis, which would be much more data consuming and would look more in detail at all stages of the value chain. There is, however, an additional indicator - called Effective Rate of Protection - that is part of the MAFAP methodology (but not treated in the course), which can be used to analyse policies affecting the input markets and that requires data on production costs. Moreover, through the public expenditure analysis we can revise policies, like input subsidies, that support farmers in reducing production costs.

4) **Is MAFAP monitoring the cost of production at farm level?**
   Through a set of additional indicators that are part of the MAFAP methodology (but not included in the course), like the Effective Rate of Protection, this can be done. However, in the countries where we usually operate this indicator has not been produced systematically, due to data limitations. We do not collect production costs regularly, but when possible we try to capture some data and considerations around production costs in the indicators interpretation and review of the value chain context.

5) **Can MAFAP be used in livestock products value chains?**
   Sure, any agrifood value chain. We have recently produced price incentives analysis on beef and dairy value chains in Uganda. For livestock products sometimes we face some data issues, but with good data this type of analysis can be undertaken for any commodity.

6) **I am not 100% sure what the major difference is between the two elearning courses. Both are on MAFAP but one is more focused on price incentives and the other on public expenditure. Is not public expenditure also a price incentive in**

most cases? If I am generally interested in the topic, but don't right now have a specific application in mind, which one would you recommend taking if I don't have time for both?

The main difference lies in the types of policies that are being monitored - and their different effects. Through price incentives, we measure how trade and market policies (for example, tariffs) affect prices that farmers receive. The public expenditure focuses mostly on assessing how the budget is composed and how public spending changes over time. So in your case, I would go for what interests you most: are you more interested in trade policy and their effects, choose price incentives. Are you more interested in the government budget, choose the public expenditure course. Whichever you choose, I hope you will enjoy the course!

7) **In the price incentives analysis, is there a way to differentiate the impact of different policies? Or does it only evaluate the overall effect of market and trade policies?**

This is the hardest part in the indicators analysis. The Nominal Rate of Protection is just a 'number' that captures the overall effect of trade and market policies and market performance on prices. A good analyst needs to investigate closely what are the specific policies and factors driving the indicators level and trend. To do that, a good knowledge of the local policy context, specific value chain dynamics as well as policy implementation modalities is needed.

8) **How are you managing the mixed polices of communities in East African countries?**

Usually, we try to investigate these factors, when assessing the overall food and agricultural -policy coherence in a given country, by triangulating the price incentives and, public spending analysis with the review of the strategic policy objectives and priorities of the government.

9) **My composite question addresses both price incentives and public expenditure indicators; which particular area(s) would you consider challenging, in terms of data availability? And methods adopted to bypass it?**

For Price Incentives, the main data challenges relate to obtaining regularly price data at different value chain levels (and especially on producer prices, often difficult to get for products that are not widely produced and consumed in the country). Also marketing costs, such as transport, processing, handling are difficult to find. When these data are not publicly available or collected by the government or development partners, we opt to run small field surveys through local experts, rely on past studies (for marketing costs, for example) or we resort to methodology assumptions that have been widely tested.

For Public Expenditure, it can be hard to obtain full budget data from the government, but also data on donor expenditures or on budget execution rates. Detailed info on the 'nature' of the expenditure is also needed; but unfortunately often data come in a very aggregate form, with little specifications, making difficult to apply the MAFAP classification. To overcome these issues, we always try to build solid and trusty

relationships with the governments (that can facilitate data access) and approach the analysis hand in hand with them since the beginning. We also rely a lot on local knowledge and expertise and invest in raising in-country capacities to perform this type of analysis.

10) **What are the most common limiting factors in regard to price incentives overall in agriculture?**
Assuming this refers to data limiting factors: availability and quality of price and marketing costs data is often the biggest challenge (see question 9). Results of price incentives analysis are also quite difficult to be presented to less-technical audience. Therefore, digesting results and make them more accessible to policy makers is another crucial challenge.

11) **What if marketing costs are subsidized? Let's say that farmers receive subsidies for transportation or storage. Could they be computed in both models as a cost and as a public expenditure?**
In such a scenario, this would be captured as a reduced access cost on the price incentive methodology (because farmers pay less for, say, transport) and would be considered an outlay (a public expenditure) in the Public Expenditure methodology.

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