



**STATEMENT BY THE INTERNATIONAL MONETARY FUND TO THE WTO
COMMITTEE ON AGRICULTURE ON THE IMF'S RESPONSE
TO FOOD INSECURITY**

Submission by IMF

The following submission, dated 17 November 2022, is being circulated at the request of the International Monetary Fund (IMF).

1 INTRODUCTION

1.1. The world now faces a food crisis as major price shocks exacerbate food insecurity. A multitude of factors have contributed to growing food insecurity since 2018, most recently Russian Federation's war in Ukraine, which has exacerbated pressures on international prices for food staples and fertilizers. Many food-importing countries are now facing severe challenges; those that had been relying on Ukraine for an elevated share of their food imports are among the most affected. As pressures on food markets intensified, a number of food exporting countries have resorted to protectionist measures that have had a further negative effect on international prices and market volatility. While international prices have recently eased, they remain significantly above their 2020-21 averages. Moreover, high prices for fertilizers and energy as well as substantial downside risks weigh on the outlook.

1.2. Strong and timely actions are needed to mitigate the food crisis, and the IMF is committed to supporting affected countries with the full range of its instruments, complementing the work of other institutions. This includes working to help address pressures on external balances and fiscal situations that result from food shortages and elevated global food prices. Working closely with the Food and Agriculture Organization (FAO), World Food Programme (WFP), World Bank, WTO, and other international organizations or bodies, the IMF's activities fall into four main workstreams: (1) monitoring vulnerabilities, (2) providing policy advice and capacity development, (3) deploying financial support, and (4) cooperating with partners. Further elaboration on the Fund's activities in each of these areas can be found below and also in a recent staff note.¹

2 MONITORING VULNERABILITIES

2.1. The Fund is closely monitoring the exposure of its members to the current global food security crisis. This work stream acts as an early warning device on vulnerabilities associated with the food shock, which enables policymakers to take proactive mitigation measures. At the country level, this allows for identifying and addressing macroeconomic impacts of food shocks, and working with country authorities on macroeconomic frameworks that integrate the food-related pressures as a basis for policy development and donor coordination. This work pays particular attention to fragile and conflict-affected states, many of which are severely affected by food insecurity.

¹ IMF Note on "[Tackling the Global Food Crisis: Impact, Policy Response, and the Role of the IMF](#)," September 2022.

3 PROVIDING POLICY ADVICE AND CAPACITY DEVELOPMENT

3.1. Through its policy advice and capacity building assistance, IMF staff are working with country authorities on macroeconomic frameworks, and on improving social safety nets to protect vulnerable households from the imminent threat of food insecurity. In this way, the Fund aims to *pro-actively identify food-related BOP pressures and help governments safeguard food security without resorting to policies like export restrictions that can exacerbate high food prices for other countries*. The Fund is also providing advice on how to target support to the vulnerable while mitigating impact on fiscal and monetary stability, and on how to strengthen resilience to climate change.²

4 DEPLOYING FINANCIAL SUPPORT

4.1. The IMF is deploying financial support, using all elements in the lending toolkit. IMF lending, in the form of balance of payments support, catalyzes and complements financing from other institutions. Where appropriate, the IMF can quickly scale-up financing for the countries with active program arrangements – many of which are low income – and can consider new arrangements for most others. Since Russian Federation's invasion of Ukraine, augmentations to existing programs in Jordan, Republic of Moldova, and Senegal and new Fund-supported programs in Benin, Cabo Verde, Georgia, Mozambique, Tanzania, and Zambia, have supported policies to address the impact of the food crisis, often through strengthening social safety nets.

4.2. The Fund also has enhanced its lending toolkit with the approval by the IMF Executive Board on 30 September 2022, of a new 'food shock window' under its emergency financing instruments. The new window provides increased access to emergency financing for countries that have urgent balance of payments needs associated with the global food shock and where a multi-year reform program is not immediately feasible. Similar to other emergency financing instruments, such support does not have ex-post program conditionality or reviews. The new window is temporary (12 months) and provides an access to emergency financing capped at 50% of a member country's IMF quota. To qualify, countries need to meet the standard qualifications required for emergency financing and demonstrate an urgent balance of payments need that is associated with the global food shock.

5 COOPERATING WITH PARTNERS

5.1. Coordination among development partners is critical for a targeted and timely response to the current crisis. To that end, the IMF has been stepping up its engagement with development partners, including other international organizations and bodies, to expand on policy advice, capacity building assistance, and financing. Along with other international organizations, the IMF assists countries with food security concerns to identify and implement well-calibrated policies to increase the domestic supply response and to help ensure that food supplies are allocated where they are most needed without resorting to export restrictions.

² See IMF Departmental Paper, "[Climate Change and Chronic Food Insecurity in Sub-Saharan Africa](#)," September 2022.