

Editorial

The 'A' in GFA originally stood for agriculture. When we started in 1982, agricultural development was at the forefront of development strategies in African, Asian or Latin American countries. The immense market opportunities GFA saw in this field led us to name the company accordingly. Even though we later broadened our spectrum of products and services by more systemic approaches, agricultural development projects oriented towards the increase in productivity of agricultural land and the access of poor farmers to markets remained part of our core business.

Three decades of development planning later, the primary sector occupies center stage once again as world nutrition is in danger. Food security is a question of survival which has severe impacts on the world's political, social and economic stability.

This prompted us to dedicate this edition of the newsletter to food security. The main article highlights GFA's worldwide experience in agriculture and rural development, natural resource management, irrigation and climate change as an ideal foundation for integrated food security projects. The case study from the Food Security Information Systems Project in Yemen is a case in point.

Despite all the problems on the horizon regarding the future of the one world we live in, we at GFA wish all our readers a delightful Christmas – including the associated food consumption, responsibly enjoyed - and a happy and peaceful 2012.



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Food Security – A Much-Needed Renaissance

Over the past five years, the world has been hit by a series of crises that have slowed down global efforts to reduce poverty and hunger. Price volatility on the international food markets, weather shocks, increasing water and land scarcity, ill-guided national and international policies as well as climate change are leaving their mark on food security. The general consensus among international agencies dealing with food security is that today nearly one billion people suffer from undernourishment. The global food demand is expected to rise by 70% until 2050.

In the wake of this turmoil, food security and agricultural livelihoods have regained importance for numerous donors and development planners. Rural areas are coming back into focus, re-emerging out of the blind spots of public funding. Numerous facts have been reiterated, most notably that investments in agriculture and in improving farmers' resilience are crucial for long-term food security. The acknowledged definition of food security is that of FAO: "A situation in which all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life." GFA fully supports this notion and has been working towards

achieving this situation in a multitude of projects, always keeping in mind the four pillars of food security: availability, access, utilization and stability (see page 3).

GFA at its best

It seems GFA's history has come to a full circle. Almost 30 years ago, the company took its first steps with food security-related agricultural development projects in low-income countries, which ever since remained part of its core business. Today, GFA's worldwide experience in agriculture and rural development, natural resource management, irrigation and climate change provides the ideal foundation for integrated, multi-pillar and multi-level food security projects.

Food security strategy – Policy consultancy for designing a tailor-made food security strategy is a challenging task. It requires a meticulous scrutinization of local production potentials and trade patterns. The identification of root causes for food insecurity is crucial in order to clearly discern priorities to be delineated in the strategy. In numerous projects GFA contributed to the elaboration and implementation of food security policies, as for instance in Yemen, Zambia, Mozambique, Angola and Afghanistan.



Using modern technology to increase productivity in agriculture

Food Security – A Much-Needed Renaissance (continued from page 1)

Food security information systems – A food security information system is a necessary instrument for synthesizing, analyzing and disseminating relevant and reliable food security information. It is meant to update policy makers and planners on the food security situation in a given region and allows for the design of adequate response measures. GFA has just successfully completed the Food Security Information Systems Project in Yemen (EU 2008-2011, see page 3).

Food security in crisis countries – Amidst political crisis and civil unrest, one needs to be flexible in redesigning original project concepts to respond to an ad hoc food security emergency. This was the case in the ongoing Sustainable Food Security program in Yemen (GIZ 2009-2012). In the midst of the Arabic Revolution, the focus was shifted from long-term measures to quick impact cash-for-work activities with direct benefits for the people concerned.

Access to resources – In order to improve local agricultural production to boost food availability, smallholder farmers need secure access to land, water and financial services. Markets that provide incentives to invest in improving production are essential too, just as market access through functioning roads and transportation services is a prerequisite. GFA provides in-depth analysis and sound advice in projects such as the Angolan Food Security Program (EU 2008-2011). It successfully managed to identify communal pastoral areas and transhumance corridors, and improved access to water and pastures for smallholders in these areas.



At the end of the grain value chain

Value chain promotion – GFA focuses on developing and strengthening both food and non-food value chains. Usually, processes which lead to improvement in input supplies, production, processing and marketing of selected products are facilitated by GFA experts. One part of the Agricultural Diversification project in Afghanistan (GIZ / 2011-2013) relates to the strengthening of agricultural value chains to achieve food security at household level.

Productivity increase – GFA teams support technology adoption and improve the relevance and effectiveness of agricultural advice through demand-led extension services to farmers. Creating an enabling environment to boost agricultural productivity is of utmost importance. The

Agricultural Diversification and Food Security project in Zambia (EU 2006-2011), which concentrated on capacity building of local farmer organizations and improvement of extension services, is an excellent example in this respect.

Water and Climate Change – In numerous regions of the world climate change will have negative impacts on agricultural production and crop productivity, especially in rain-fed agriculture. Aware of the fact that irrigation becomes an ever more important determinant of food security, GFA offers tools such as integrated water resource management and participatory irrigation management to tackle this problem. The Minor Irrigation project in Morocco (KfW 2009-2013) is a case in point for GFA's experts targeting the enhancement of water use efficiency and agricultural productivity.

Even if the number of people who suffer from hunger is cut in half by 2015 as stipulated in the Millennium Development Goals, it will leave about 500 million people going hungry every day. In response to this, a renaissance of food security projects is much-needed. GFA offers its longstanding competences in order to contribute to improvements in global food security.

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Wet rice agriculture is one of the keystones of global food security

Yemen Food Security Information System

Yemen imports almost 80% of their annual food needs. But the 2008 global food crisis has severely curtailed the country's purchasing power. Consequently, one in every three Yemenis is currently vulnerable to food insecurity and market shocks. As almost half the population is estimated to live below the international poverty line of two US Dollars per day, malnutrition as well as infant, child and maternal mortality have been the natural consequences are on the rise.

Against this backdrop, the European Union's assistance to tackle food insecurity and poverty has increased steadily since 1996. However, the Yemeni government lacked up-to-date and reliable information so that policies and measures related to the three pillars of food security – food availability, access and use – could be planned and implemented appropriately. The EU-funded Food Security Information System (FSIS), hosted by the Central Statistical Office (CSO), was an attempt to assist planners and programmers in the Ministries of Agriculture, Health, Social Affairs, and Trade & Industry with informed choices. When the technical assistance consortium of GFA Consulting Group and AEDES started working on the FSIS in February 2008, the concept of food security information was totally new, and food security itself was limited to availability issues only. Food access, i.e. sufficient resources for a nutritious diet, and food use based on knowledge of basic nutrition and care, as well as adequate

water and sanitation was not a concern. In mid 2011, the mentioned Yemeni ministries associated with the project commended the FSIS as a "high quality product that informed decisions can be based on". Despite many challenges, the FSIS was able to produce quality deliverables and its baseline survey meant a state-of-the-art experience for collecting and analyzing data. The statistical survey of almost 9,000 households in Al Hodeidah governorate, and additional community and district level surveys came up with striking observations on three pillars of food security at these administrative levels.

Food availability – The survey provides a number of facts with regard to food production. The ownership of agricultural land is highly concentrated in the hands of just 29.7% of the households. Only 36.7 % of rural households with access to land cultivated one or more crops in 2009. This is insufficient even for subsistence agriculture. The full potential of land is limited by the cultivation of cash crops, and the lack of access to improved seeds and fertilizers.

Access to food – Farming households' access to food relies more on their power to purchase food from markets than on their own production. The survey shows that 36.3% of households in the governorate lie below Yemeni's national food poverty line. An average household of seven members uses 44% of its monthly income for



Traditional small-scale farming in the Yemeni highlands

wheat flour only. Community and local council interview results show that the functioning of food markets was a significant concern.

Food utilization – Over 14% of households have no access to safe drinking water sources, and 37.5% are without a proper sanitation system. This is a major threat to health, in particular of infants, children, and pregnant and lactating women. The nutritional status shows that 15% of children in the governorate are malnourished, and another 27.4% are at risk of malnutrition. Moreover, malnutrition affects more females in rural areas than urban.

As far as lessons learned are concerned, the FSIS conducted further analyses identifying the most important indicators needed to assess the food security situation of households and to understand how households are clustered into different food security vulnerability groups. CSO has learned tremendously from the FSIS best practices, and GIZ is making full use of FSIS products for its Sustainable Food Security Project in Al Hodeidah. In addition, relevant information is shared with end-users operating in the food security sector in Yemen at both national and regional levels so that they by now have started referencing FSIS results.



Instead of schooling, schildren fetch water from far away sources

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GFA Hosts MCA Workshop

GFA Consulting Group recently hosted a workshop on financial services to the Millennium Challenge Account (MCA) at its headquarters in Hamburg. The workshop not only addressed crucial operational MCA issues but also fostered networking among members of the worldwide 'family' of GFA-assisted MCC projects. MCA is a US government fund for global development managed by the Millennium Challenge Corporation (MCC). It aims at funding projects focused on reducing poverty through sustainable economic growth. MCC provides assistance through compacts to countries that fulfill certain criteria regarding economic freedom, investing in its people, and good governance. Since 2006, GFA has been operating as fiscal and procurement agent for MCA countries funded by MCC. The GFA MCA portfolio currently holds nine MCC projects in eight countries. Aside from these compacts, GFA is currently providing fiscal agent services in seven other countries where GFA acts as fiscal agent and fiscal oversight advisor. The GFA workshop on operational issues of financial services to MCA clients was attended by almost all project team members, the respective chief financial officers of the MCA partner countries, and four representatives from MCC headquarters in Washington D.C. The workshop concentrated on most important issues and challenges regarding the projects. The valuable results they elaborated will be used to further improve the projects' structures and processes.

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Federal State Forest Certified

After a successful audit, GFA issued the State Forestry and Timber Agency NRW a FSC certificate in October 2011. GFA experts assessed, for example, whether felling trees endangers the forest's biodiversity, productivity and ecological processes. In addition, other aspects such as the social situation of staff employed in the forest or the profitability of corporate structures are audited. The agency in the federal state of North Rhine-Westphalia (NRW) is now the biggest German forest enterprise GFA has certified. The more than 45 private and communal forest enterprises GFA's Certification Department has certified in Germany alone prove that retailers and consumers demand products from sustainable forest management. GFA Consulting Group was the first German company to be accredited by the Forest Stewardship Council in 2000. The FSC trademark in this case stands for responsible and sustainable management of the NRW federal state forest. Federal State Minister of Environment Johannes Remmel expressed his concern for "our corporate responsibility regarding ecology, economy and social issues", i.e. active climate and environmental protection when using wood as a renewable resource.

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Teak Plantation Acquired in Panama

GFA's Forest Investment Unit supported a German institutional investor in the acquisition of a teak plantation in Panama. Through active deal sourcing in the region, GFA identified the plantation as an attractive investment opportunity in line

with client-specific targets. The acquisition was preceded by a full due diligence on the project representing a double-digit million Euro investment. GFA Consulting Group provides an extensive range of both consultancy and management services with regard to all aspects of forest investments. The Forest Investment Unit continuously develops and extends the company's project pipeline, and plans to expand in Panama as well as in other countries and regions through further acquisitions of timber plantations and forests. After completion of the transaction process in mid-November, GFA remains responsible for forest management planning as well as controlling and reporting to the client, including the frequent re-valuation of the investment.

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China Friendship Award

In September 2011, GFA expert Hubert Forster was decorated with the People's Republic of China Friendship Award, the highest award for "foreign experts who have made outstanding contributions to the country's economic and social development." He and 49 other laureates were invited to a state banquet by Premier Wen Jiabao. Since 2004, Hubert Foster has been working in the Chinese-German Reforestation Program in the Gansu province which is financed by KfW and implemented by GFA. The reforestation and forest management activities on approximately 35.000 ha have recently been completed successfully by the provincial government in Gansu.

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GFA Consulting Group is a growing consulting organization active in economic development. The main sectors of the company comprise agriculture & rural development, natural resources & certification, public sector & fund management, private sector development, water & sanitation, health & HIV/AIDS, financial systems development, labor markets & human resources, climate change & energy, and forest investment fund. GFA Consulting Group presently works in more than 70 countries and collaborates with selected, specialized partner companies both nationally and internationally.

GFA vision – to be the partner of choice for clients in our core service areas.

GFA mission – to improve the livelihood of beneficiaries through our professional services.

GFA core values – to offer high performance in service delivery, technical excellence in our main sectors, innovative approaches and products, and credibility with our clients when putting projects into practice.