

Center for Strategic and International Studies Task Force on the Global Food Crisis

Remarks by Dr. Helene Gayle President, CARE-USA

It is an honor for me to present a few remarks to you today from the perspective of CARE. CARE is a global non-governmental organization (NGO) with operations in 71 countries. Throughout our history, we have focused on poverty alleviation, emergency relief and food security. Our mostly-local staff in Africa, Asia, Latin America and the Middle East work closely with communities, governments, the United Nations (U.N.) and the private sector in many programs aimed at meeting both immediate needs for food as well as promoting sustainable long-term solutions to hunger.

I will briefly talk about what we are seeing in communities we work with in developing countries with regards to the effects of rising food prices on hunger. I'll also offer a NGO perspective on some of the most important elements of the emerging crisis, and I will suggest some recommendations for member states, the U.N. and the private sector.

First of all, I believe it is important to put the current crisis caused by rapid food price rises in the context of the long-standing and deeper problems of global hunger and poverty.

Prior to the current crisis, the picture of hunger around the world was disturbing.

- 850 million suffered from hunger worldwide. This number was growing at an annual rate of about 4 million people per year.
- A much larger number – approximately 2 billion people – suffered from micro-nutrient deficiencies.
- An estimated 1 billion people live on \$1/day or less and a recent report by IFPRI estimates that 162 million people (121 million of these in sub-Saharan Africa) live on \$0.50/day or less. These are the ultra poor -- people who have fallen into poverty that is so extreme and intractable that they lack the means to rebuild their lives following natural disasters or other humanitarian emergencies.

On the eve of the current crisis, the greatest number of undernourished people came from farm families, many of whom work small plots of isolated marginal land. The second largest group consisted of landless families living in rural areas. Very substantial pockets of undernourished people were also found in urban areas. Nonetheless, widespread chronic hunger was still concentrated in those rural areas where development processes had failed and growing numbers of people had fallen into poverty traps.

Wherever poor people's incomes fail to keep pace with food prices, we're likely witness deepening problems. Broadly speaking, high food prices are triggering two fundamental changes in patterns of food insecurity. It is causing food insecurity to deepen in places where it has long been a chronic problem. The most vulnerable groups include landless

families living in rural areas and the urban poor. These families rely on markets to meet almost all of their basic needs. Also extremely vulnerable are the many millions of poor farm families whose food stocks are insufficient to meet their needs throughout the year. When these food stocks run out, poor farmers commonly have to borrow money to buy food at very high ‘hunger season’ prices. At current price levels, many farm families are likely to go deeper into debt or to sell productive assets in an effort to purchase enough food to get by. In the future, we may have to respond to humanitarian emergencies in some countries that have large numbers of people living in absolute poverty (below \$1 a day), but where there have been no natural disasters, crop failures, or conflicts.

It is also causing hunger to spread to places that we previously would have thought unlikely. The prospect of chronic hunger has suddenly become a growing concern in many middle income countries, in food surplus countries, and in cities – places that were not considered especially food insecure until now.

CARE’s work focuses on some of the world’s poorest and most vulnerable populations – people who are clearly the hardest hit by food price rises. We are already beginning to see the following effects:

- In some refugee camps have been on reduced rations that are as low as half of the prescribed 2300kCals per day because increased costs of buying and delivering food aid is beyond available budgets.
- Amongst the general population, there are widespread reports from many places that poor people are shifting to cheaper, less nutritious ‘famine foods’ or are simply eating less. We expect to see rising rates of malnutrition in the coming months. Women and children are likely to be hit hardest – because, in many countries, men’s food needs are satisfied first, while women and children eat smaller amounts, and often forego the most nutritious food.
- Poor people, who oftentimes were already spending more than half of their income to feed their families, must now pay ever higher shares of their limited income for food. This leaves even less money for education, health care, shelter, and other essentials.
- We’ve begun to receive early report that the rate of school enrollment amongst the poor has begun to drop in many places. Sometimes, this is because poor families no longer can afford school fees. In other cases, it appears to be because hard-hit families are choosing to pull children out of school so that they can help the family earn enough money to purchase food.
- In many places, poor households have already begun resorting to ‘coping strategies’ – behaviors that are an early sign of economic distress. In some parts of the Sahel region of Africa, observers have noted very high levels of migration to more prosperous coastal countries. In many urban areas there area also accounts of rapidly rising numbers of beggars.

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Clearly the challenge for all of us is to assist the most vulnerable people from the worst consequences of rising food price rises, while also addressing the longer-standing

underlying causes of poverty and hunger. I would suggest several areas for priority action.

1. In the near term, donors should substantially increase funding for emergency assistance.
2. In the medium term, national governments should invest in expanded social protection programs that provide targeted assistance to the most vulnerable groups.
 - Partial safety nets in the form of food-for-work, cash transfer, and school feeding programs already exist in many developing countries.
 - In response to the current crisis, the international community should help national governments improve and expand these safety nets.
3. Donors should authorize policy changes that will reduce the cost and improve the effectiveness of emergency and social protection programs, allowing humanitarian agencies to achieve greater impact with the resources that they have.
 - The effectiveness of emergency programs could be greatly improved if donors would focus expensive transoceanic shipments of food on food deficit countries, and rely on local purchase or cash transfer (voucher) programs to help the needy in food surplus countries. In countries where markets work well and where food is locally available, the quickest and most effective way to support the purchasing power of the poor is through targeted cash transfers to vulnerable groups. Where food is locally available, but where markets function poorly, the distribution of locally purchased food by humanitarian agencies is oftentimes the quickest and most effective way to respond. Local purchase and cash transfers (or vouchers) can save time, and therefore can save lives. Local purchase and cash transfers also can be significantly less expensive than transoceanic shipment of food aid, and offer the added benefit of stimulating local production and trade within developing countries, thus contributing to the long term goal of eliminating hunger.
 - To varying degrees, most donor countries have already adopted these policies. Unfortunately, the US government has been the principal exception. For over fifty years, the US response to international hunger has always been to ship American food overseas, where it is either distributed to poor people or sold in the open market to generate funds for development programs. This outmoded approach is slow, expensive, and can have harmful unintended consequences. For the first time in US history, Congress has recently passed a tiny local purchase authority (\$60m over 4 years). This authority should be substantially increased. The US does not fund cash transfer or voucher-based programs at all. It should.
 - Because US programs that respond to international hunger are authorized under the Farm Bill, whose principal purpose is to support and promote American agriculture, there has long been stubborn opposition to these reforms. Given the scale and severity of the current crisis, and the fact that global food insecurity is

likely to have global political consequences, it may be time to consider shifting jurisdiction over US programs to address hunger out of the Farm Bill altogether.

Longer-term, there must be a focus on supporting agricultural production and marketing, particularly for small farmers. This requires the removal of policy obstacles, as well as greater investment by developing country governments, major donors, and the private sector to increase the productivity of small-scale farming and their integration into markets, especially in Sub-Saharan Africa. Poor farmers need the ability, coupled with incentives, to increase production. For decades, lack of attention to and investment in small farmers has blocked their potential.