

**CARE International Food Prices Briefing Paper  
ECOSOC May 2008**

**Putting the problem into perspective:** Focusing on those most at risk, the worlds poor

Existing challenges to reducing international hunger (before the current crisis):

- An estimated 1 billion people live on \$1/day or less and in a recent IFPRI report an estimated 162 million people live on \$0.50/day or less with 121 million people in sub-Saharan Africa, the ultra poor<sup>1</sup>.
- The United Nations estimates that 850 million people worldwide suffer from hunger and this number is growing by 4 million more people each year.
- Most global attention is given to food aid in short term emergencies; however, 90% of hunger is chronic, and long-term work to improve food security has always been severely under-funded. E.g. Ethiopia has had multiple of food crises over 2 decades, yet US spending on long-term aid in Ethiopia is less than 1 per cent of that spent on emergencies.<sup>2</sup>

The existing situation is exacerbated by a growing and alarming situation:

- Worldwide increases in food prices have begun to trigger a global surge in hunger.
- As commodity prices have increased, the purchasing power of poor people who must buy food to meet their basic needs has quickly diminished.
- Price-driven hunger is likely to spread wherever poor people's incomes fail to keep pace with food prices.
- Who will be most affected?
  - in 2007, for the first time in history, more than half of humanity lives in urban areas - and urban people tend to buy virtually all of their food - poor urban people are being badly affected
  - millions of landless rural people tend to rely on ad hoc, informal piece work for incomes, and produce little of their own food
  - women and children are being hit hard - in many countries, men's food needs are satisfied first, while women and children eat smaller amounts, and often forego the most nutritious food
- Global scarcity of high quality agricultural land means that we need to increase productivity (especially of staples) per acre, and not simply put more acres of marginal land under production - yet global costs of fuel and fertilizer are skyrocketing
- There are multiple pressures to use agricultural land for non-food production
  - farming families don't only grow food - they produce whatever they can in order to raise money for basic needs like health care and education - if non-food products pay better, they can undermine food production
  - subsidies for biofuels take some land completely away from production (World Bank rising food prices p 1 in a 12 page paper, attached )
- 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

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<sup>1</sup> The World's Most Deprived: Characteristics and Causes of Extreme Poverty and Hunger, IFPRI, Discussion paper 43, October 2007, Pg. 9

<sup>2</sup> "Living on the Edge: An agenda for change," CARE International UK, October 2006, p 6

Challenges with the international system to respond to a global food crisis driven by rising prices:

- The international system, as it is currently configured, is focused on localized problems in places where two main conditions are met: [a] large numbers of people living in absolute poverty; and [b] a substantial risk of natural disasters, crop failures, or conflicts
- It is **not designed to respond to problems of global scale**
- Nor is it able to effectively monitor and respond to relative changes in incomes and prices across the world
- It is **not focused on many of the countries and groups that are now and likely to become more vulnerable**
- It has historically been oriented towards transoceanic shipments of food to places where there are food deficits. It is **less adapted to situations where food is locally available, but is inaccessible to groups whose purchasing power has eroded.**
- the **UN cluster framework does not emphasize food security**

What can be expected:

- **Poor people becoming even poorer**, as they must pay ever higher shares of their limited income for food - leaving even less money for education, health care, shelter, and other basic needs. **Women and children are being hit hard** - in many countries, men's food needs are satisfied first, while women and children eat smaller amounts, and often forego the most nutritious food (Bangladesh).
- **Rising rates of malnutrition**, as poor people shift to cheaper, less nutritious foods, or as they simply eat less
- **Food stress, perhaps famines** in places that we previously would have thought unlikely – countries that have large numbers of people living in absolute poverty (below \$1/day), but where there have been no natural disasters, crop failures or conflicts.
- **Increasing migration** of people from rural to urban areas.
- **Climate change** projections could **overwhelm** existing government, private sector and civil society **systems and structures** to respond to hunger

### Reports from the field - what CARE is seeing

While the issues faced by the world's poorest are multi-faceted, rising food prices are significantly compounding the situation:

- In **Afghanistan**, the price of wheat has increased by 80% since March 07<sup>3</sup>. The number of beggars in the streets of Kabul is increasing daily and many families have started to sell assets in order to buy food. Reports from the field also indicate that families are taking their children out of school to send them to work for food.<sup>4</sup>
- In countries such as **Madagascar**, the government has banned the export of rice in an attempt to protect itself from out of control food price rises.

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<sup>3</sup> Price per kilo. Agricultural Commodity Price Bulletin, Ministry of Agriculture, Irrigation and Livestock, Kabul, April 12, 2008, summary table.

<sup>4</sup> Many children in Afghanistan have been engaged in agricultural related work and often they do not receive money, but food items as compensation. According to some of our field reports, this trend looks like it is increasing again, due to the increased food insecurity.

- In **Niger**, the current food price hikes are exacerbating vulnerability of people still struggling to recover from the crisis in 2005. The main issue is lack of economic access for the rural and urban poor unable to afford food at inflated prices, particularly during the hunger gap period. Unprecedented levels of migration out of Niger into Nigeria, further disrupting communities, agricultural production, education of children, local markets, etc.
- In **Chad** food aid has been rationed over the last months due to supply route problems (blockages on the roadways) and likely (though not admitted publicly) cost increases and WFP budget shortfalls. As a result, refugee camps have been on reduced rations (1600Kcals) rather than the prescribed 2300kCals. Also, many IDP families have resorted to selling-off their remaining family possessions and non-food items received from NGO's (plastic sheeting, soap) in order to buy food for their families.

### **Recommended actions to respond to the challenge:**

#### **A) Immediate term**

**1. Consider alternatives to emergency relief, including food aid, to be delivered when appropriate, for example cash for work and other cash transfer schemes.** Often food is available during a food crisis. The issue is that it is too expensive for the hungry to buy it. Buying food aid locally can help stimulate the local economy and keep farmers in work.

#### **B) Medium to longer term**

**2. Strengthen investment in social protection programs** to provide stable, predictable, and timely benefits for those not be able to gain from development initiatives- children, the elderly and other vulnerable groups

- In situations where the risk of hunger is predictable, the international community can **help national governments build effective social protection programs** for their citizens.

#### Example:

**CARE Ethiopia** helps to implement the Government of Ethiopia's Productive Safety Net Program that aims to provide (cash and/or food) to poor, vulnerable food insecure people in East and West Hararghe. The objectives are to close the household food gap and lessen the need for households to sell their limited assets.

- Emergency response should be a tool of last resort. When available locally (but people simply can't afford to buy it), **local food purchase and cash transfers (or vouchers) can save time, and therefore can save lives.** Buying food aid locally can help stimulate the local economy and keep farmers in work.

### **3. Support small farmer agricultural production and marketing**

- Focus on poor, small holder farmers – removal of policy obstacle and greater investment by developing country governments, major donors, and the private sector

is needed to **increase the productivity of small-scale farming and integration into markets**, especially in Sub-Saharan Africa. Poor farmers need the ability coupled with incentives to increase production, but poor investments for decades to support them have blocked these farmer's ability to engage.

Example:

**CARE Zambia**<sup>5</sup> provides small holder farm households in remote rural Zambia with an increased range of agricultural inputs and technologies at reduced end prices by extending a network of agro input retailers through community agents and service providers. These rural dealers also provide a channel through which farmers can market their products, building a network that collapsed in remote areas when parastatal input supply and marketing systems were withdrawn.

#### 4. Re-examine the role of bio-fuels

- We need to **understand the impacts of the current commitments made on biofuels** and **revise these accordingly based on the consequences that we are now starting to see** (e.g. rising food prices, countries moving from being net exporters to importers, displacement of people). There is little evidence that biofuels contribute to slowing global warming, but instead add extra pressure on increasing food prices.
- **Governments should not move forward on any expansion on biofuel commitments.**
- The responsibility to respond to the biofuels issue lies as much with the south as with the north. While our governments (UK, US, EC etc) need to review their commitments to biofuels, **southern governments also need to re-evaluate the impacts of their own policies on their populations' food security**, for example displacement of people from land for biofuel production.

#### 5. Acknowledge Climate Change

- Recognize that climate change is going to exacerbate the already mentioned problems, requiring urgent mitigation and adaptation response

Example:

**Conservation agriculture in Zimbabwe:** Simple technologies to more effectively use scarce inputs of water, fertilizer, seed and labor (e.g. mulching and planting basins) have been shown to consistently increase average yields of crops by 50 to 200 percent in more than 300,000 farm households<sup>6</sup>. Local farmers using conservation agriculture in arid regions saw significantly greater yields than neighbors who used traditional techniques, demonstrating that this is a valuable approach for countries in Africa that will suffer erratic rains due to climate change.

#### 6. Strengthen UN - INGO collaboration:

- **Establish more effective monitoring and coordination mechanisms** of international aid against hunger within the UN system, and with NGOs

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<sup>5</sup> With support from the Alliance for a Green Revolution in Africa Partners (Bill & Melinda Gates and Rockefeller Foundations)

<sup>6</sup> 2007 Study by ICRISAT looking at the impact of 3 years of conservation farming (CARE participated in this study along with Oxfam GB).

Example

CARE is working closely with other well respected INGOs (Oxfam, Save the Children, Action Contre la Faim) to address issues of global hunger, including attention to the current food price crisis, as demonstrated in the Rome **food security forum co-hosted by CARE and OGB**, with over 30 NGOs plus several UN agencies.

Action contre la Faim is also calling for the creation of a global fund against hunger and malnutrition. CARE is in communication with ACF to promote political commitment and financial support to address this issue.