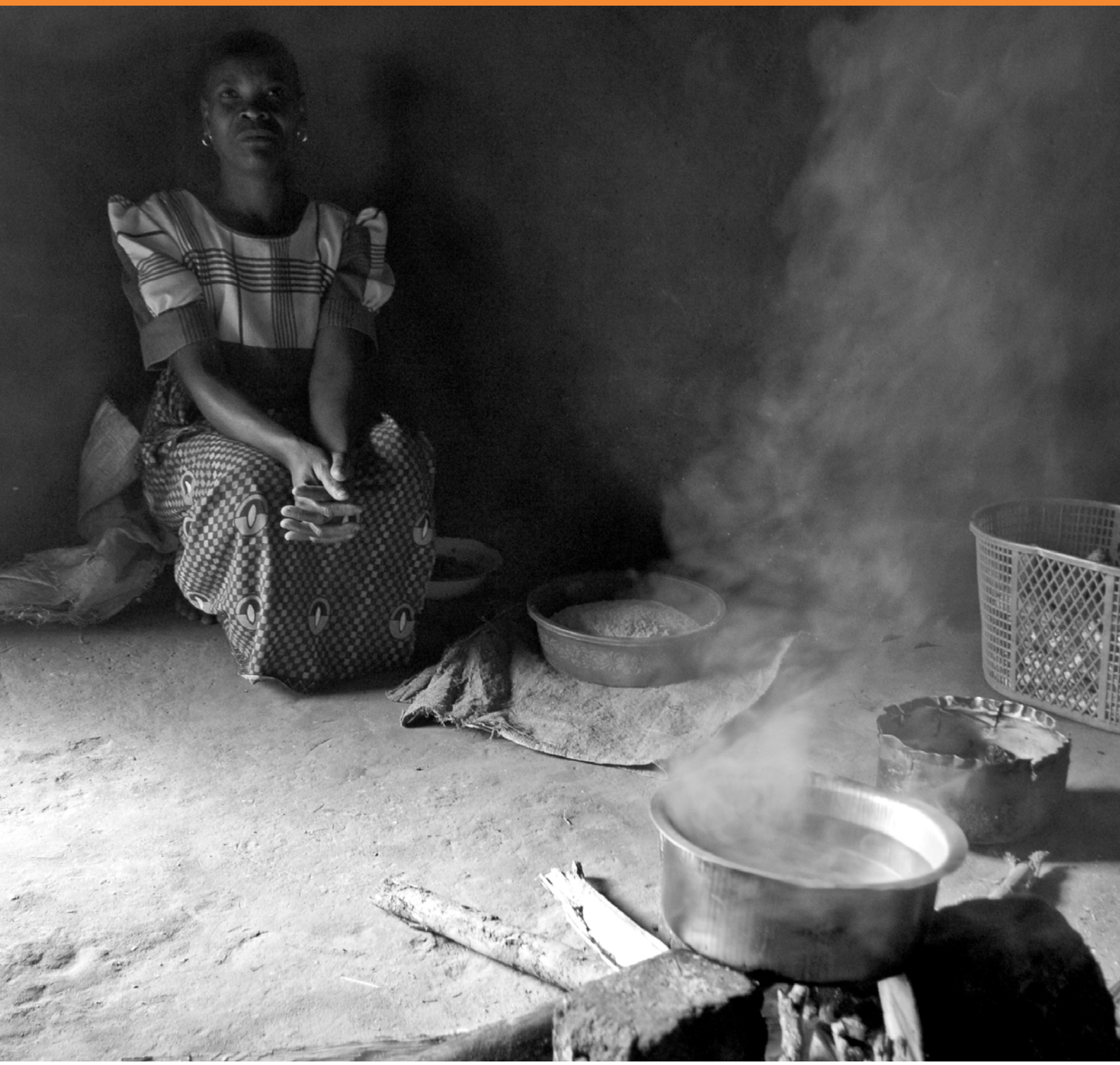
A HUNGER WATCH PUBLICATION

FEEDING HUNGER AND INSECURITY

FIELD ANALYSIS OF VOLATILE GLOBAL FOOD COMMODITY PRICES, FOOD SECURITY AND CHILD MALNUTRITION



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FEEDING HUNGER AND INSECURITY

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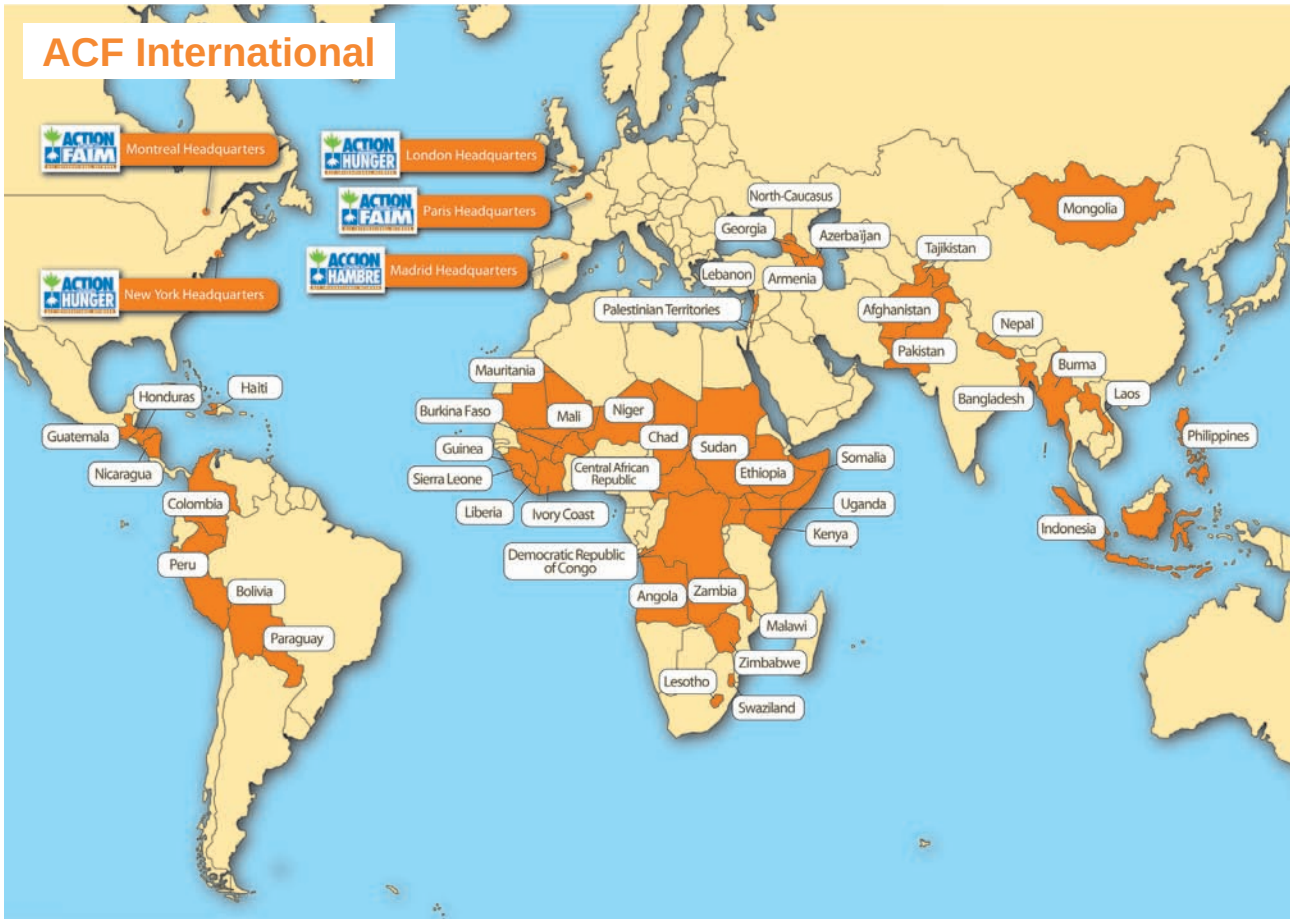
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WORKING TOWARDS ERADICATING CHILD HUNGER

Founded in 1979, Action Against Hunger (Action Contre la Faim/ACF) is an international organisation committed to saving the lives of malnourished children and their families in over 40 countries worldwide. One of the leading organisations in the fight against hunger and malnutrition, our teams provide for people's immediate needs when food is scarce and provide families with the tools and support they need to build a sustainable future. Every year our 6,000 aid workers directly help over 4 million people, restoring self-sufficiency and independence to vulnerable populations throughout the world.



EXECUTIVE SUMMARY

Key Messages

- The crisis is not over. Even though global food prices are falling, local prices have continued to increase or have remained at their inflated level in most vulnerable countries, putting millions of people at risk.
- Despite no clear *global* increase in acute malnutrition, high prices consistently forced families to adopt damaging coping strategies to maintain staple food consumption; 'seasonality' shows that this can have long-term implications for poverty, vulnerability and malnutrition.
- Context matters; urgent funding is needed to translate global policy into effective responses addressing the needs of those most affected and most vulnerable.
- Interventions must be inclusive, coordinated and comprehensive, addressing both agricultural production and nutrition in tandem, both in the short and long-run at the global, national and local level.

At the end of 2007 and early 2008, international food and oil prices soared. FAO estimates that the high cost of food has pushed the number of people suffering from hunger from 850 million in 2005 to 963 million today, threatening to undo any progress made towards achieving Millennium Development Goals 1 and 4. Even though global food prices are now falling, domestic prices have continued to increase or have remained at their inflated level for most vulnerable countries, putting millions at risk. The Global Food Price Crisis is not over.

Warnings from our country teams that the annual, seasonal rise in admissions rates to feeding programmes was beginning earlier than normal, prompted Action Against Hunger to launch an evaluation of the impact of high and volatile global food prices on households in the Central African Republic, Ethiopia, Liberia and Sierra Leone. By integrating our findings with the global policy debate, this report seeks to answer five basic questions:

1. What caused the Food Price Crisis?
2. Who is vulnerable?
3. What happens when food prices rise?
4. What has been done?
5. What needs to be done?

What caused the global food crisis?

The Food Crisis emerged from a combination of short, medium and long-term factors (on both the demand and supply side). Long-term factors included population growth, urbanisation, growth of middle-income economies, reduced stock levels, lack of investment in agriculture and climate change, while crop failures in major exporting nations, increasing fuel prices and bio-fuel production represent some of the short and medium-term factors. While causes have been largely agreed upon, their relative importance and absolute impact are hard to determine.

Who is vulnerable?

Not all governments, countries and people have been affected equally. Vulnerability depends largely on four factors:

- *State vulnerability.* High food prices increase import bills and affect public spending and macro-economic stability, with long-term implications for poverty.
- *The degree high global prices translate into high domestic prices.* Physical, political and human geography can limit or exacerbate the impact of global food costs on domestic prices.
- *A household's position as a net food-buyer or net food-seller.* High food prices may come to the benefit of net food sellers, but the majority of poor households, including 'subsistence' farmers, rely on the market for most of the year.
- *Wealth and the proportion of household income spent on food.* Household wealth provides a buffer to the constraints high food prices impose on family budgets – poorer groups can spend over 80 percent of their income on food, and these groups will be significantly affected in the short and long-term.

Other dimensions of vulnerability to high and volatile food prices include timing of food price rises relative to the harvest, susceptibility to malnutrition (women

and children are most at risk) and marginalisation (whether groups, countries or even regions are overlooked or intentionally excluded from social protection policies and interventions). Case studies summarising Action Against Hunger research in Bangui, Central African Republic (CAR) and Freetown, Sierra Leone further investigate the dimensions of vulnerability.

Central African Republic: Food prices in Bangui increased only moderately. Though there was no statistically significant increase in malnutrition rates, higher prices had some impact on households who responded by decreasing dietary diversity.

Sierra Leone: Research from Freetown demonstrates the importance of context. Overall, prices rose significantly, dietary diversity and quantity of food were reduced, and there were suggestions that levels of malnutrition increased. However, price increases, malnutrition rates and changes in diet varied dramatically between the five research sites within the city, divided by little more than a few kilometres.

What happens when food prices rise?

Decades of research and observation show that reduced dietary diversity can have long-term implications for poverty, vulnerability and malnutrition. 'Seasonality' describes regular, seasonal fluctuations in various dimensions of poverty and wellbeing. High food prices, disease rates, energy expenditure due to intensity of agricultural labour and powerlessness compound on one-another during the hunger season causing malnutrition rates to rise.

When faced with high seasonal food prices, poorer families usually 'cope' by first rationing and reducing the quality of food consumed, often skipping meals or seeking alternative income sources like gathering firewood. As food insecurity intensifies, households adopt more damaging coping strategies such as the sale of assets. Steadily depleted assets can increase household vulnerability to price rises in later years as coping mechanisms become more limited. There is substantial evidence which strongly suggests that this degradation of assets was a major factor behind the severe food crises in Niger (2005) and Malawi (2001). The question is whether households responded to global price increases in the same manner.

Action Against Hunger research implies the answer is unequivocally 'yes': all country studies showed households were restricting food consumption and limiting dietary diversity. Studies carried out by the World Food Programme (WFP) support our findings, revealing a striking similarity between coping strategies adapted in response to global and seasonal price rises.

The impact of global price increases on malnutrition is less clear, despite households adopting similar coping strategies. Only non-significant increases in malnutrition and under-five mortality rates were recorded in CAR, while longitudinal statistics were unavailable for Sierra Leone and Liberia where reports suggested malnutrition rates were rising in early 2008. Malnutrition rates did increase in selected districts in Ethiopia.

Ethiopia: high food prices have led to significant deterioration in terms-of-trade between income sources and staple food prices (particularly maize, though *kocho* prices remained stable). In the Southern Nations, Nationalities and People's Region malnutrition rates and under-five mortality rates have increased dramatically since late 2007. No similar data is available from the Somali Regional State, where pastoralists were selling more, and more valuable assets to purchase food.

Even if global food price increases have not yet been followed by a worldwide increase in malnutrition there is cause for concern. Households across the world are spending a greater proportion of their income on food, reducing staple food consumption and restricting dietary diversity in reaction to high food prices. Reduction in dietary diversity will cause micronutrient deficiencies which can have long term adverse effects on the physical and mental development of children. Coping strategies may begin to wear thin, and vulnerability during the hunger season will increase as food stocks and assets are exhausted quicker. Reduced

buffers and greater vulnerability to price shocks can cause widespread, acute food insecurity and famine. The international community must act now to prevent a future crisis of malnutrition.

What has been done?

Increasing food prices triggered riots in 30 countries and increased media attention in early 2008, provoking an international response. To date, the international community has mostly engaged in policy debate – developing the Comprehensive Framework for Action (CFA) and conceptualising a Global Partnership on Agriculture and Food Security (GPAFS). Multilaterals, particularly the United Nations and the International Financial Institutions, have also been active and represent the most powerful actors in the politics of hunger. National governments reacted more quickly than the international community, but were often constrained in their capacity to implement effective interventions. Overall, the response to the Global Food Price Crisis has been too little too late.

Comprehensive Framework for Action: Written by the High-Level Task Force on the Global Food Crisis to establish a common strategy on how to respond to the global food crisis in a coherent and coordinated way, the CFA draws together recent debates surrounding agriculture, economics, development studies, food security and nutrition to provide a platform for a holistic and unified response to high and volatile food prices. However, the CFA lacks leadership and prioritisation, has no guaranteed funding, is silent on the monitoring process and stands without the voice of affected governments and peoples of the South.

Global Partnership on Agriculture and Food Security (GPAFS): First suggested by France and the United Kingdom at the Rome Summit in June 2008, the GPAFS remains a concept for a new architecture to combat hunger and food insecurity, whose first mission will be to ensure global food security remains a global political priority. Action Against Hunger, Save the Children, Concern, Care International and Tearfund (2008) articulated, in a joint statement, four critical elements needed to form the Global Partnership:

- Higher priority for malnutrition
- Adequate funding from donors
- A needs-driven approach with clear mutual accountability between partners
- An audible voice of civil society

United Nations: In early 2008, the WFP provided the most effective response of any UN body, triggered, in part, by substantially reduced purchasing power in the food aid market. The Food and Agriculture Organisation also features as a principle force behind the CFA and the global debate surrounding the Food Crisis, while the International Fund for Agricultural Development (IFAD) requested substantial funds to reinvigorate agriculture. The success of WFP and the absence of UNICEF from global policy debate demonstrates how food aid remains the only large-scale response to hunger endorsed by donors. More coordination and interaction between these UN agencies is needed to enable effective interventions.

International Financial Institutions: the World Bank and International Monetary Fund (IMF) have focused on national vulnerabilities, protecting governments by providing grants to minimise the impact on national trade balance and public spending. Further loans have been issued to support social protection programmes and food distributions. Though the World Bank has been more flexible in its conditionality, the IMF continues to hold back much needed funds.

National Governments: Although frequently excluded from the global debate, national governments have responded with a number of market, social protection and agriculture interventions. Export restrictions in a number of countries have impacted food prices in nations reliant on food imports. Increasing concern about future food security has prompted many middle-income countries to lease or buy large tracts of land abroad for food production.

Liberia: In response to the food crisis the Liberian Government introduced a number of long and short-term measures including supplementary feeding programmes, export bans, a ceiling price for rice and suspending import taxes on rice; negotiations with

several countries for in-kind financial aid and agricultural interventions also took place.

What needs to be done?

Action Against Hunger supports initiatives aimed at improving agriculture, but insists that bolstering food production will not be sufficient to eradicate hunger. A package of programmes to provide social protection and treatment of malnutrition is needed to support peoples who rely on the market for food. These tools are most effective if deployed under a seasonally-sensitive framework. In the short-run, the priority is to scale-up treatment of malnutrition.

Essential proven interventions in the fight against hunger: food reserves, community-based management of severe acute malnutrition, growth promotion programs, employment guarantee schemes, social pensions, food aid and index-linked food and cash transfers. Provided projects are carefully designed, these tools can be used to successfully preserve livelihoods and mitigate the risks of malnutrition.

If the international community intends to eradicate hunger, fundamental changes need to be made to the global aid architecture and political attitudes towards malnutrition and poverty in general. *What must change to enable successful interventions:*

- Hunger and malnutrition must become a priority
- More funding is required
- The right to food must be established and enforceable by those suffering from hunger
- Surveillance of food security and malnutrition must improve and be linked to implementation
- And the politics of malnutrition must be understood, accepted and included in policy design

This type of change will not happen overnight, but that does not mean actions cannot be taken immediately. NGOs, donors and governments can take significant strides towards reducing hunger. In the medium-term, relevant groups can adopt a *seasonally-sensitive* approach to malnutrition and food security programmes. Pre-positioning resources prior to the hunger season would allow for quick interventions to protect assets and save lives. In earlier work, Action Against Hunger estimated that a 'minimum essential package' for fighting seasonal hunger would cost between US$40 and US$70 billion per annum, integrating malnutrition treatments with social protection schemes.

More immediate funding could be donated to *scaling-up malnutrition*. Despite recent improvements through the community-based approach, to date, only 9 percent of children with severe acute malnutrition (SAM) have access to treatment with ready-to-use therapeutic foods (RUTFs) (ACF and MSF 2009). Successful scaling up requires integrating the treatment of SAM into primary health care, strengthening health systems, increasing availability of ready-to-use therapeutic foods possibly through local production and commitment of donors for more and predictable funding. A pilot investment costing US$70 to US$140 million to treat one million children in five priority countries, Ethiopia, Kenya, Malawi, Niger and Zambia, is proposed. If successful, this could be used as an example for scaling up in other countries.

Conclusion

Despite no clear, statistically significant increase in acute malnutrition globally there is cause for concern. Ethiopia shows that in some regions, food insecurity is translating into higher rates of malnutrition. In other areas, households have consistently reduced the quality and quantity of food consumed in response to higher food prices. This will have adverse effects on micronutrient status, as well as impacting the physical and mental development of children. Should high food prices persist, and coping strategies become more damaging, vulnerability to future shocks and seasonal price fluctuations will increase. If action is not taken now, high food prices will trap millions of children in a downward spiral of poverty and malnutrition.

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LIST OF ABBREVIATIONS

ACF	Action Contre la Faim / Action Against Hunger
CAR	Central African Republic
CFA	Comprehensive Framework for Action
CFS	Committee on World Food Security
CRC	Convention of the Rights of the Child
DfID	Department for International Development
ECHO	European Community Humanitarian Aid Department
ENCU	Emergency Nutrition Coordination Unit
FAO	Food and Agriculture Organisation
FEWSNET	Famine Early Warning Systems Network
GAM	Global Acute Malnutrition
GNI	Gross National Income
GPAFS	Global Partnership on Agriculture and Food Security
HLTF	High-Level Task Force
ICESCR	International Convenant on Economic, Social and Cultural Rights
IFAD	International Fund for Agricultural Development
IFIs	International Financial Institutions
IFPRI	International Food Policy Research Institute
ILO	International Labour Office
IMF	International Monetary Fund
LVAC	Liberia Vulnerability Assessment Committee
NCHS	National Centre for Health Statistics
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
OPEC	Organisation of Petroleum Exporting Countries
OTP	Outpatient Therapeutic Programme
RIGA	Rural Income Generating Activities
RUTFs	Ready-to-Use Therapeutic Foods
SAM	Severe Acute Malnutrition
SFC	Supplementary Feeding Centre
SNNPR	Southern Nations, Nationalities and People's Region
SRS	Somali Regional State
TFC	Therapeutic Feeding Centre
U5MR	Under-Five Mortality Rate
UNICEF	United Nations Children's Fund
UN SCN	United Nations Standing Committee on Nutrition
WFP	World Food Programme
WHO	World Health Organisation
WMO	World Meteorological Organisation



1. INTRODUCTION

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Box 1: Key Messages

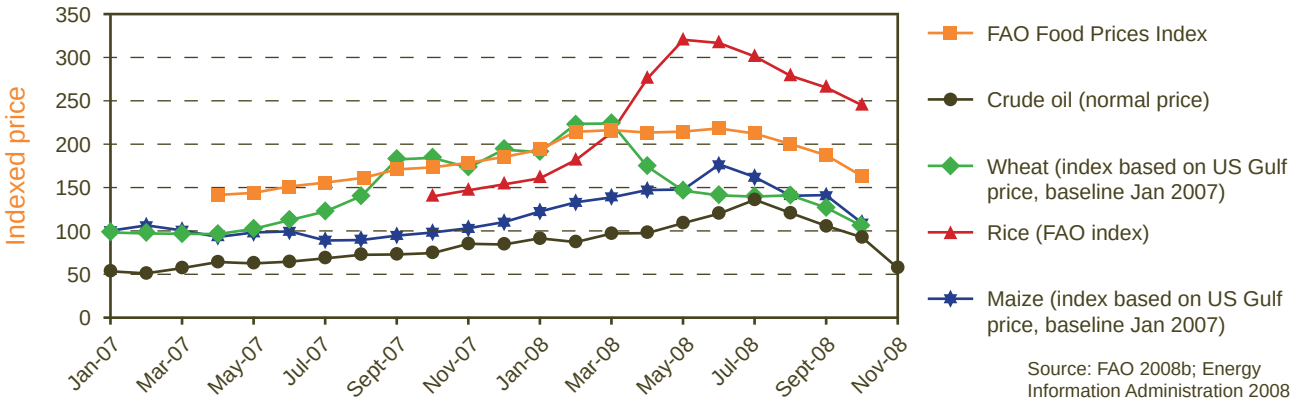
- The crisis is not over. Even though global food prices are falling, local prices have continued to increase or have remained at their inflated level in most vulnerable countries, putting millions of people at risk.
- Despite no clear *global* increase in acute malnutrition, high prices consistently forced families to adopt damaging coping strategies to maintain staple food consumption; 'seasonality' shows that this can have long-term implications for poverty, vulnerability and malnutrition.
- Context matters; urgent funding is needed to translate global policy into effective, targeted responses addressing the needs of those most affected and most vulnerable.
- Interventions must be inclusive, coordinated and comprehensive, addressing both agricultural production and nutrition in tandem, both in the short and long-run at the global, national and local level.

"Cheap no more" is the resounding conclusion presented by the International Financial Institutions (Buntrock 2007). Dependable sources of cheap food are at an end after a decade of low prices. In early 2008, especially rapid price rises led to riots in over 30 countries (see figure 1.2 overleaf) and increased media attention, sparking an international frenzy and calls for action. Reports on the various dimensions and impacts of the food price rises began to materialise. Combating hunger and reinvigorating agriculture resurfaced as global priorities.

At the peak of the Global Food Price 'Crisis', grain prices soared on international markets - a ton of wheat cost US$461; rice US$1,038; maize US$311.11 (FAO 2008b). High food costs were compounded by a record nominal price of oil (reaching US$147 a barrel) adding further strain to many developing economies (Energy Information Administration 2008). While prices have since dropped (see figure 1.1), experts continue to debate whether food prices will return to their initial low levels or not (ALNAP 2008); recent evidence from the World Food Programme (WFP 2008b) shows that amongst the thirty-six most vulnerable countries, prices at the national level have continued to rise in ten, remained at their inflated level in twenty-two and have only fallen in four. The crisis is not over for the millions of poor people going hungry, and we must strive to find solutions immediately.

UN Secretary General, Ban Ki-Moon stresses that high food prices represent a significant threat to achieving the Millennium Development Goals (MDG) (Hough 2008) – particularly to MDG 1 and 4, eradicating extreme poverty and hunger and reducing child mortality. The Food and Agriculture Organisation (FAO 2008d) estimates that the high cost of food has pushed the number of people suffering from hunger from 850 million in 2005 to 963 million today. Similarly, the World Bank (2008a) warned last April that

Figure 1.1: FAO food price indices (January 2007 – December 2008)



Source: FAO 2008b; Energy Information Administration 2008

Figure 1.2: Map depicting countries experiencing civil unrest and countries imposing export restrictions



the high food prices could push a further 100 million people into poverty. While these figures provide good estimates, they are based on macro statistics and economic modelling and are largely un-insightful.

Hunger is a global concern but an individual emergency – it is a violation of the basic human right to food (see Article 25 of the Universal Declaration of Human Rights). High food prices will have serious implications for malnutrition. Malnutrition is not static throughout the year, but seasonal, rising during the annual hunger season when food is scarce, prices high and rains usher in disease and intense agricultural labour. Warnings from our country teams[2] that the annual, seasonal rise in admissions rates to feeding programmes was beginning earlier than normal in 2008, prompted Action Against Hunger to launch an evaluation of the impact of high and volatile global food prices on households in the Central African Republic, Ethiopia, Liberia and Sierra Leone. By integrating our findings with the global policy debate, this report seeks to answer four basic questions: what caused the Food Price Crisis? Who is vulnerable? Do high food prices translate into higher rates of malnutrition? What needs to be done? Three findings are especially relevant to policy-makers and international donors:

1. Following eight years of real price increases, the exceptionally high food prices in late 2007 and early 2008 were caused by a succession of short, medium and long-term factors on both the supply and demand-side. Food prices are expected to remain above the 2004 average and have yet

[2] Exceptionally fast price rises were reported by our teams in Afghanistan, Bangladesh, Burkina Faso, Burma, Chad, Ethiopia, Haiti, Liberia, Mongolia, Sierra Leone, Somalia and Zimbabwe.

to decline in many developing countries, despite falling on the international commodity markets.

2. Context is crucial. Not all governments, countries and people have been affected equally. Vulnerability of people depends predominantly on integration into the global market, wealth (in terms of income and assets) and their position as a net food seller or a net food buyer. Variation of vulnerability extends beyond the national level and can be visible even within a small, localised area.

3. Despite no clear increase in severe malnutrition on a global scale, high prices have consistently forced families to adopt damaging coping strategies to maintain staple food consumption. These coping mechanisms are virtually identical to those employed by households during the 'hunger season'. 'Seasonality' shows that this can have long-term implications for poverty, vulnerability and malnutrition.

These findings must be acknowledged when designing adequate interventions. The importance of local context urges organisations and governments to avoid a blanket response and target specific needs and vulnerabilities, where possible. The similarity of household responses to high food prices and seasonal price fluctuations is both worrying and encouraging – many counter-seasonal interventions have had proven success in recent years and can be quickly budgeted into national and international action plans.

To date the international response to high and volatile food price has been ineffectual. The successful campaign of WFP in early 2008 to compensate for their falling purchasing power on the international food market shows that food aid remains the only large-scale intervention supported by the international community – ironically, also the most dependent on the international price of food. The international community must respond now if it is to avoid a potential crisis of poverty and malnutrition. Action Against Hunger urges donors to provide the necessary funds to immediately establish a pilot intervention to comprehensively tackle high prices and malnutrition in five priority countries.



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2. WHAT CAUSED THE GLOBAL FOOD PRICE CRISIS?

2. WHAT CAUSED THE GLOBAL FOOD PRICE CRISIS?

The "Global Food Price Crisis" or "Global Food Crisis" refers to the dramatic increase in food prices on the international markets in 2007 and 2008, threatening economic and political security in a number of countries and significantly restricting access to food for many of the world's poorest people. Figure 2.1 overleaf paints a basic picture of the evolution of the food price crisis from September 2007 to January 2009. However, it is unfair to classify last year's crisis as sudden – food prices have been steadily rising since 2001 (see annex 1).

The Food Crisis emerged from a combination of short, medium and long-term factors, on both the demand and supply side (see table 2.1). Long-term structural factors have led to the steady depletion of food stocks since the mid-1970s and contributed to a gradual rise in food prices over the past eight years. The trend was exacerbated in 2007 and 2008 by a number of short and medium-term factors, including rising oil prices and increased demand for bio-fuels. Though not an exhaustive list, these factors are discussed here, demonstrating the depth and intricacies of the current food crisis. The International Development Committee (2008) claim food production may need to increase by 50 percent by 2030 to ensure global food security.

2.1 Long-Term Factors

Population growth

As long as the human population continues to grow, demand for food will grow with it. The world's population doubled between 1959 and 1999 and currently stands at an estimated 6.7 billion people (US Census Bureau 2008). If population growth continues at its current rate of 1.19 percent, the global population will double again within 60 years (CIA 2008).

Urbanisation

The world's urban population is growing four times faster than the rural population (World Resources Institute 2008). In 2007 the world's urban population equalled the rural for the first time in history. Urban-biased development policies benefiting urban consumers over rural producers, as described by Lipton (1977), emphasise low consumer prices and neglected rural producers. The combination of increased urbanisation and dependency on the global market, and neglected national agricultural sectors will continue to put significant strain on global food security.

Growth of middle-income economies

The increasing urban population has been coupled with greater wealth and improved disposable incomes of citizens in a number of countries, particularly in China and India. Improved incomes are often associated with changes in diet. Buntrock (2007) neatly explains that while grain consumption is closely linked with population growth, demand for meat is associated with economic growth. In China, the average person consumes 150 percent more meat today than in 1985; depending on the livestock, anything up to eight kilos of cereals are needed to produce a single kilo of meat (Buntrock 2007). Demand for livestock fodder has been increasing demand for grain an additional 1-2 percent per annum since the 1980s (Buntrock 2007).

Table 2.1: Probable causes of the Global Food Price Crisis

Long-Term	Short-Term
■ Population growth ◆ Urbanisation ■ Growth of middle-income economies ● Growing transparency of agricultural markets ● Reduced stock levels ● Lack of investment in agriculture in developing countries ● Climate Change	● Crop failures in major exporting nations (including Australia and Canada) ● Increasing fuel prices ◆ Bio-fuel production ● Export restrictions

■ Demand-side ● Supply-side ◆ Demand-side and Supply-side

Figure 2.1: Timeline of the major visible events of the Food Price Crisis

	Production	Civil Society Action	Responses
2007	**Sept.:** The worst drought in a generation cuts Australia's summer wheat harvest to below 20 million tonnes. **Sept. 7:** Vietnam, the world's third-biggest rice exporter, restricts rice exports to slow inflation.		
2008	**Jan. 1:** China restricts exports of wheat, corn and rice.	**Feb. 8:** The US American Bakers Association requests the Department of Agriculture to curb wheat exports. **Feb. 27:** Three-day protest over high food prices in Cameroon. At least four people die.	**Feb. 25:** WFP announces budget shortfall of $500 million due to price rises. This figure was increased to $755 million in March. **Mar.:** Filipino authorities prosecute rice hoarders.
	Mar. 17: India halts all exports of non-basmati rice and extends an export ban on other crops, including beans. **Mar. 28:** Vietnam extends rice export ban.		
		Apr. 4: Riots over rising food prices in Haiti kill at least three people. April 12 The Prime Minister is forced to step-down in an attempt to calm riots. **Apr. 12:** 10,000 workers in Bangladesh destroy vehicles and vandalise factories, demanding higher wages to cover food costs.	**Apr. 14:** U.N. Secretary-General Ban Ki-moon declares that the global food price crisis has reached "emergency proportions." **Apr. 30:** Thailand announces the creation of the Organisation of Rice Exporting Countries able to organize a price-fixing cartel for rice. **May 2:** U.S. President George W. Bush announces an extra $770 million funding for international food aid. **May 23:** The WFP meets funding target of $755 million with a $500 million donation from Saudi Arabia. **June 3-5:** High-Level Conference on World Food Security. Pledge of $1.2 billion in food aid. Release of a Comprehensive Framework for Action (CFA). **For Info: September:** The Financial Crisis hits as Lehman Brothers declare bankruptcy and overshadows the food crisis.
	Apr. 22: Thailand, the world's largest rice exporter, considers rice export restrictions. A World Bank official likens the move to OPEC's control of oil.		
2009			**Jan. 26-27:** High-Level Meeting on Food Security for All to be held in Madrid.

Reduced stock levels

The short-term impacts of poor cereal harvests in a number of countries in 2007 (explained below) were exacerbated by significantly depleted global food stocks – now at only two months of global consumption (Institute for Agriculture and Trade 2008). Global food stocks have been decreasing since the mid-1970s (see annex 2). The reduction of stocks has been especially rapid since the 1995 food price spike, after which stocks have been declining by an average of 3.4 percent per annum (FAO 2008e). Low reserves mean even minor changes in supply have a major impact on prices.

Lack of investment in agriculture

Shifts in the dominant economic and development paradigms from the 1970s till today diverted the focus of donors away from agriculture (Dresrüsse 1995). The share of Official Development Assistance (ODA) to agriculture has declined from 18 percent in 1980 to 4 percent today (World Bank 2007). DfID's investment in agriculture fell from almost £50 million to under £20 million from 1996/97 to 2005/06 (UK Food Group 2008). The emergence of the Washington Consensus, market-led growth models and the era of Structural Adjustment Policies significantly reduced the capacity of governments to support the agricultural sector and protect citizens from domestic food price fluctuations (Dresrüsse 1995).

Growing speculation in agricultural commodity markets

Speculation in agricultural commodity prices has increased with the deregulation and improved transparency of commodity markets (see annex 3 for a brief explanation of speculation and futures markets). Today, it is possible, not only to complete a transaction based on an agreed future price for a future delivery of commodities, but also to sell these contracts on the futures market. Food commodity market prices are now more volatile, free to move with greater autonomy from supply and demand. The belief that rising food and oil prices would continue to increase drew large volumes of money from investors raising demand for futures and driving food prices up further (IFPRI 2008c; Institute for Agriculture and Trade 2008). The global financial crisis is leading more hedge funds and speculators to enter the commodity markets as other forms of investments become increasingly risky (Wahl 2008).

Climate change

Climate change is real and already impacting livelihoods and food production. Severe drought in Australia was a major trigger behind the sharp spike in prices in 2007/08. Changes in rainfall and temperature will continue to have major implications for agricultural production - the Institute for Agriculture and Trade (2008) reports that rain-fed agricultural production in Africa may halve by 2020 as seasons become less reliable. It has been estimated that an increase in temperature of more than 3°C may cause food prices to increase by as much as 40 percent (Cohen et al. 2008). High food prices are another reminder of the fragility of our planet, and of the dangers we will face in the future if drastic action is not taken immediately.

2.2 Short/Medium-Term Factors

Crop failures in major exporting nations

Production failure in major grain (particularly wheat) exporting countries is cited as the single most important short-term factor behind the food price rises in 2007/08 by FAO (2008e). Australia, Argentina and the USA all experienced weather-related losses, significantly affecting global supply (Institute for Trade and Agriculture 2008). World cereal production declined by 4 percent in 2005 and 7 percent in 2006, while both Canada and Australia experienced yields 20 percent lower than the norm in 2007 (FAO 2008e). US maize production later increased in response to high prices, but other countries have not experienced similar supply responses (FAO 2008e).

Increasing fuel prices

High oil prices were behind much of the increase in food costs (Institute of Agriculture and Trade 2008). Nominal crude oil prices reached record highs in 2008, peaking at over US$140 per barrel

(nominal price) in July. High oil prices increase the cost of nitrogen-based fertilisers (from an indexed value of 118 in 2000 to 204 in 2006) and raised the cost of transporting food (ODI 2008).

Bio-fuel production

High oil prices also impacted food prices by improving the viability of bio-fuels, which the European Union and USA continue to subsidise heavily in a bid to relieve dependence on oil. Schmidhuber (2006) estimated that bio-fuels become competitive when oil prices exceed US$60. The use of cereals for bio-fuel grew by 32 percent from 2006/07 to 2007/08 - 95 million tons of cereals were used for ethanol production in 2008, compared to 72 million and 43 million metric tons in 2006/07 and 2004/05 respectively (von Braun 2008). Estimates of the impact of increased use of grains for bio-fuels vary considerably (discussed below), but few disagree that the increased proportion of cereals diverted to bio-fuel production was a major factor behind the sharp spike in food prices in late 2007.

Export restrictions

The high prices of basic agricultural produce has led many governments to impose trade restrictions on food commodities (ranging from new taxes to export quotas to comprehensive export bans) to ensure national food security in a climate which encourages large-scale exports. Closing borders and restricting exports has only a limited impact on local food prices and raises prices on the global market (World Bank 2008c). It represents typical urban-biased policy, protecting urban consumers at the expense of rural producers.

While the causes of the Global Food Price Crisis are largely agreed upon, the relative importance and magnitude of each factor is still being debated. The role of bio-fuels is particularly ambiguous. The Organisation for Economic Co-operation and Development (OECD 2008) suggests that bio-fuels explained approximately 60 percent of the increased use of cereals and vegetable oil from 2005 to 2007 – diverting grain away from food and animal feed. Simon Johnson of the International Monetary Fund (IMF) estimated that bio-fuels contributed to 20-30 percent of global food price increases – Lipsky suggested this figure was about 70 percent for maize prices (Collins 2008). A more conservative figure of 2-3 percent was given by Edward Schafer, the US Secretary of Agriculture (Martin 2008). Regardless of the precise figures, bio-fuels and bio-fuel subsidies in Europe and the USA certainly had an impact on global food prices, but remain only two of a multitude of factors.

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Despite Paul Collier's (2008) recent claims that the solutions to high, volatile food prices ought not be determined by the underlying causes, identifying these causes does provide an opportunity to assess possible interventions. While short-term supply failures may have been the main factor behind the exceptionally high prices in 2008, the medium and long-run factors must be understood and addressed. In the medium-term, bio-fuel subsidies have played a crucial role in forcing food prices up by diverting resources away from food production – there is a need to review bio-fuel policies. Similarly, in the long-run, a lack of investment in agriculture has led to poor food supplies and steadily reducing stock levels – the international community should reassess their priorities to better serve global agricultural development, and especially poor small holder farmers who have been neglected by policy for decades. In section 6 of this report, Action Against Hunger presents a set of recommendations needed to address hunger. Unfortunately, interventions will likely be influenced by the ongoing financial and economic crisis, which may contract national purchasing power and the global financial space for aid that would help to mitigate high food prices in many poor countries. This comes at a time when rapid investment in the re-invigoration of national agricultural sectors and social safety-nets is desperately needed.

Collier's statement is accurate in one vital respect: the disjuncture between interventions that address

the causes of the Food Crisis and those needed to mitigate its effects. Many of the world's poor, particularly in urban Africa, have been at the mercy of the soaring prices over the past few years but contributed very little to the underlying pressures inflating food prices at the global level. A comprehensive response must recognise that not all countries and people will be affected equally. The intersection of cause and effect is a crucial space for intervention. The next section asks 'who is vulnerable?'



3. HOUSEHOLDS IN CRISIS: WHO LOSES?

3. HOUSEHOLDS IN CRISIS: WHO LOSES?

High food prices are not a crisis in themselves, but the sharp rise in food prices in 2007/2008 has triggered a crisis of national stability, household food insecurity and, in some countries, malnutrition. High food prices have not uniformly affected all countries and peoples within those countries. Table 3.1 illustrates how global food prices translated, in varying degrees, to domestic food prices (Bangladesh compared to Russia) – differing between rural and urban areas (urban compared to rural Mongolia). Understanding these variations in vulnerability is arguably more crucial to the design of appropriate interventions than the root causes outlined above. This section identifies the populations believed to be most vulnerable to food price rises.

3.1 National Vulnerabilities

International commodity prices have, historically, been volatile. While countries that have specialised in food production may benefit from the current climate (FAO 2008e), heavy dependence on a small number of agricultural exports can result in long-term deterioration in terms-of-trade (Ocampo 1985); more needs to be done to diversify resource-dependent economies. Coastal regions with good infrastructure and a dependence on foreign food imports are more vulnerable to changes in international food prices than landlocked nations that have avoided globalisation, with weak integration of local markets and those states which have invested more heavily in agriculture. Numerous organisations addressing the Food Price Crisis, including FAO, the World Bank and IMF, have focused on state vulnerability (predominantly economic stability), allowing for quick prioritisation of interventions. National vulnerability impacts on households in two basic ways: (1) macroeconomic instability can increase poverty and inequality; (2) residents of countries where global food prices translate directly into the local market will have to pay more for their food. The following characteristics are particularly relevant.

3.1.1 Dependence on Food Imports and Current Account Deficits

Where governments rely on food and oil imports, rather than domestic food production, the increased prices will consume a greater proportion of their GDP and national budgets than less dependent nations. Using public funds to pay for, or subsidise, imported foods diverts resources away from long-term investments, like health care services, education and agriculture. Governments face substantial pressure to protect short-term food security at the expense of future generations.

The current account is the sum of the national *trade balance* (exports minus imports), *net factor income* from abroad (return from investments abroad and remittances) and net *transfer payments* (such as for-

Table 3.1: Reported changes in staple food prices by ACF teams in six countries

	Rural	Urban
Afghanistan	+57 - 108% all foods +70% price local wheat	
Bangladesh		+200% rice
Chad*	+43% increase sorghum	+16.6% rice +11 - 52% sorghum
Mongolia	+64% rice +200% wheat	+115% rice + 86% wheat
Somalia	+100% imported rice +200% local sorghum	
Russia / North Caucuses	+2 - 6%	

All figures indicate price changes for the year preceding April 2008
* March 2008 to April 2008

Source: ACF 2008a

eign aid). High food import bills will negatively impact on the balance-of-trade. In countries already running a current account deficit, the increased costs of food imports (and for a time, oil imports) are likely to produce or widen current account deficits, reducing foreign reserves, impacting indebtedness, exchange rates and inflation.

3.1.2 Governance and Civil Society

Very little has been reported about governance and accountability of the state in the response to rising food prices. Haiti's riots in April 2008 have proven that motivated civil society has played a role in the response to high food prices, forcing Prime Minister Jacques Edouard Alexis out of office after he 'failed' to address the prevailing food crisis. A greater understanding of state-society interactions during the Food Price Crisis is needed – for example, were certain states more responsive to their population than others? The capacity of governments to react to high prices and respond to the needs of its citizens must feature centrally in any prioritisation of interventions. Section 6.2 begins to elaborate on the importance of governance-types to hunger and under-nutrition, using evidence from India.

3.1.3 Globalisation

The last three points refer predominantly to national vulnerability from a state-perspective, such as macroeconomic growth. While these have significant long-term impacts on citizens, national vulnerabilities can also be approached from the bottom-up. The human, political and physical geography of a state can have major impacts on food prices, and livelihoods, at the local and household levels.

Earlier research from Madagascar shows that a household's distance from a road has a strong correlation with the magnitude of seasonal food price fluctuations (Minten 1999). Verbal reports from the World Bank in Rwanda suggest the level of infrastructure has had a significant bearing on the degree high international food prices have translated to the domestic markets, while Action Against Hunger research in Liberia also stresses the relevance of infrastructure and market integration. Loverage (1991) argues that greater access to hard infrastructure, like roads, can allow producers to gain higher prices, provided the transport sector is adequate.

Physical constraints are also important. Landlocked countries like the Central African Republic (see case study 1 below) are more insulated from high global food prices. This is partly because transporting food by land is substantially more expensive than by sea. High overland transport costs result in higher prices of imported foods and fertilisers on the domestic market[2], meaning global prices represent a smaller proportion of local prices, as do their fluctuations (Arvis et al 2007). These additional transport costs also have a 'hidden' environmental impact. In short, the extent of globalisation and market integration is a major factor behind household vulnerability.

FAO (2008e) argues that countries with high food and energy import bills and large current account deficits are most at risk of macroeconomic instability as a result of high food prices – diagnosing *The Gambia, Jordan, Liberia, Republic of Monrovia, Mauritania, Niger and Zimbabwe* as the most vulnerable countries to high and volatile global food prices. This simplistic framework permitted rapid prioritisation of FAO interventions, but, in the long-run, more weight must be given to other characteristics of vulnerability, of which weak civil society, poor governance and high levels of globalisation are only a few.

3.2 Peoples at Risk

National security and economic stability are important to long-run development and to human welfare - especially future generations. However, the most serious consequence of high food prices is the increased incidence of food insecurity and hunger. Citizens of nations such as The Gambia and Niger that have high current account deficits will suffer in the long-run if macroeconomic frailties are not fixed, but others are suffering too. In developing countries, people

[2] For a fuller explanation, see Arvis et al. 2007

who are net buyers of food, those in the poorest income quintile, the landless, marginalised groups and female-headed households will be most vulnerable in areas experiencing higher food prices.

3.2.1 Net Buyers

"It remains a bitter irony that half the world's hungry are farmers" (Devereux et al. 2008:6). A popular misconception is that rural subsistence farmers are fully food subsistent; they are not. Though 98 percent of Rwandan farmers produce beans, the majority are net bean buyers (Loveridge 1991). Even in good years when yields ought to be enough to cover household consumption for the full agricultural cycle, poor storage facilities make this impossible as a quarter of all produce is lost, on average, to pests and decay (Devereux et al. 2008). Hunger is seasonal and almost all rural households must revert to purchasing foods during the annual 'lean' or 'hunger' season (see annex 3). Where high food prices have penetrated domestic markets, food stocks are running out faster than in previous years and more households are purchasing foods earlier (ACF 2008a, Oxfam and Save the Children 2008). Figure 3.1 shows how very poor households in Niger, who depend on the market for 50 percent of their food (producing only 5 percent themselves) were predicted to face a 17 percent reduction in food consumption if millet prices rose to FCFA[3] 300 per kg from approximately FCFA 200 (Oxfam and Save the Children 2008).

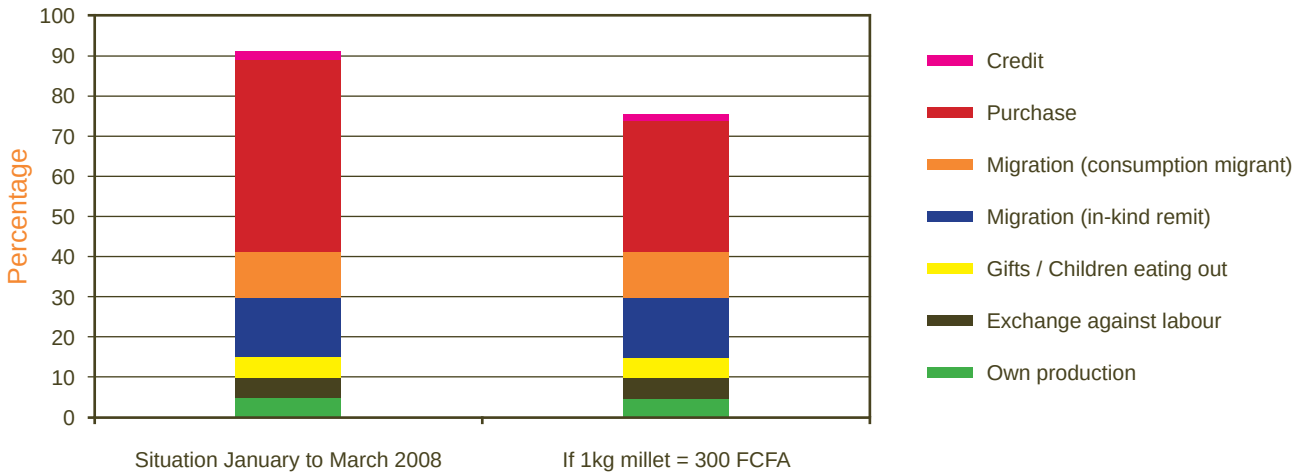
Box 2: What is Food Security?

Food Security is defined as a situation whereby all households have, at all times, dignified physical, social and economic access to sufficient, safe and nutritious food which meets their dietary needs and food preferences for an active and healthy life.

3.2.2 Households Spending a High Proportion of Income on Food

Closely related to its position as a net buyer or seller is the percentage of income a family spends on food. Figure 3.2 shows how women budget almost 60 percent of their income from cash-for-work projects on food in Guidan Koura village, Niger. The greater the percentage of expenditure dedicated to food, the more vulnerable the household (FAO 2008e). An increase in food prices further constrains household budgets, meaning families must either cut expenditure on food, reduce quality or quantity of food consumed, divert expenditure away from other commodities or services or employ other coping mechanisms (discussed in section 4).

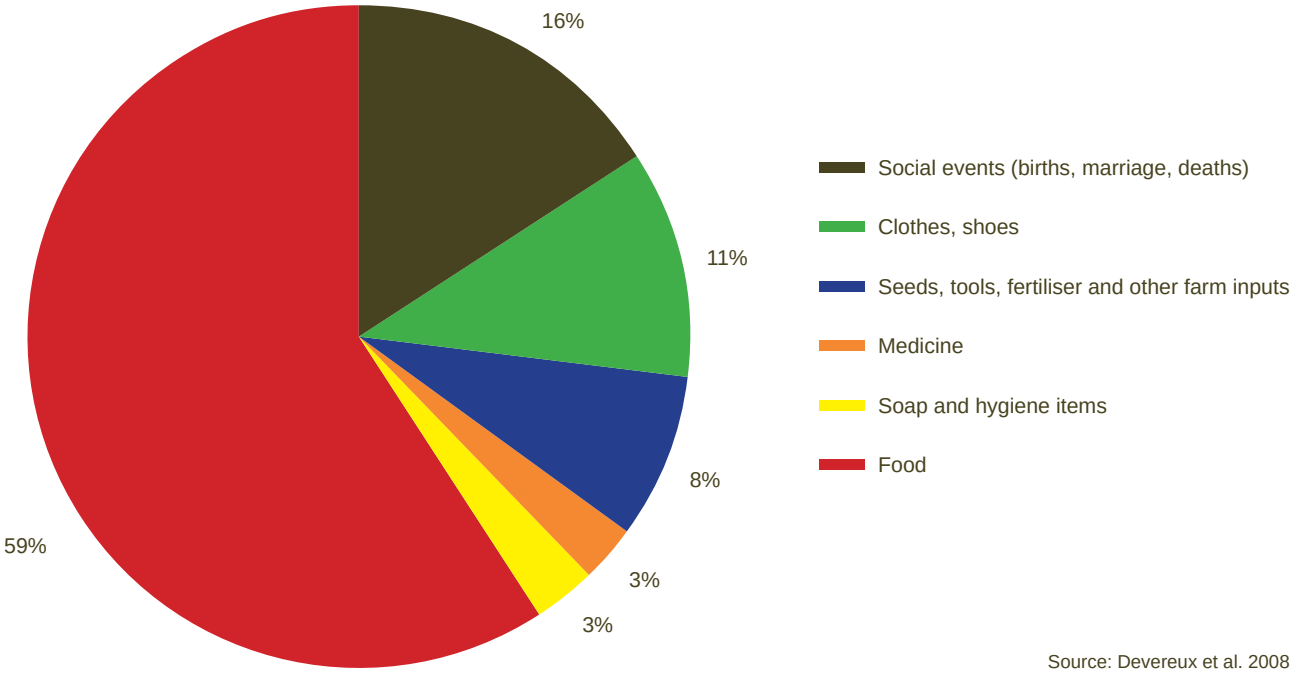
Figure 3.1: Percent of needs coverage in kcal for the very poor (situation in January 2008 and possible changes if millet prices increase without an increase in revenues)



Source: Oxfam and Save the Children 2008

[3] Franc Communauté Financière Africaine ; $US1 = FCFA422 approx.

Figure 3.2: Intended utilisation of income gained through ACF cash-for-work project in Niger



Source: Devereux et al. 2008

3.2.3 The Poorest Quintile

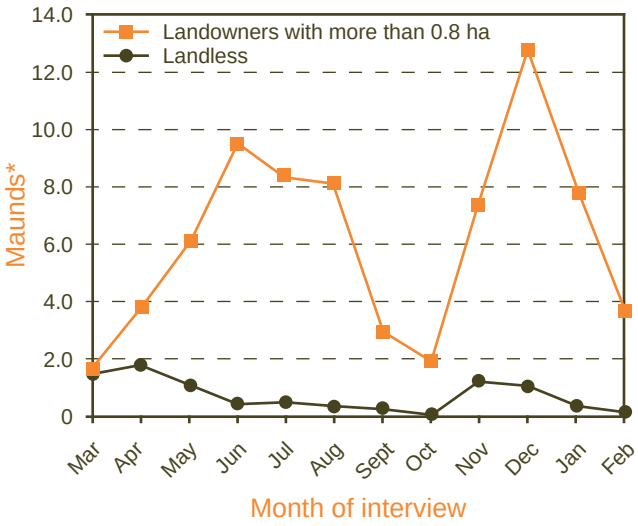
Using Rural Income Generating Activities (RIGA) data, FAO 2008e estimated the welfare gains/losses facing households in seven countries – Bangladesh, Ghana, Guatemala, Madagascar, Malawi, Pakistan and Vietnam (see annex 5). The analysis revealed that the poorest quintile of the rural populations faces absolute welfare losses greater than any other income group in five of the seven countries. In Ghana and Madagascar, the poorest rural households were predicted to gain from the rising food prices, but by a lesser margin than more wealthy households. The poorest suffer disproportionately because they lack access to land and credit, must spend a greater percentage of income on food, have limited or more damaging coping mechanisms (Devereux et al. 2008). Poorer households already have a limited diet, meaning that reduced food and energy intake is more likely to cause wasting than in the richer groups facing the same price increases.

3.2.4 The Landless

The landless are likely to be hit hard. They are almost completely dependent on the market for food, have poor access to land or credit, fewer and more damaging coping mechanisms, fewer assets and must spend a greater percentage of their income on food. Landless groups often depend on casual labour for income – as do many small-holder farmers during the lean season. Figure 3.3 overleaf shows that landless households in Bangladesh have consistently lower food stocks than landowners.

It is sometimes suggested that the increased prices will not be destructive to livelihoods as long as high prices are coupled with high wages. However, work by Rashid (2002) suggests that wages will only increase sufficiently to cover higher food prices after several years. Walt (2008) documents that wage rates for Bangladeshi farm workers have doubled in the past year, but food prices have increased even faster. Action Against Hunger surveys in Ethiopia's Southern Nations, Nationalities, and People's Region (SNNPR) revealed that daily labour rates in 2008 will purchase 24 percent less maize than the same period in 2007 – though terms-of-trade against the other staple food *kocho* have improved (see section 4.4).

Figure 3.3: Household food stocks on the day of interview by month of interview of eight landowner households and seventeen landless households in Matlab thana, Bangladesh



*1 Maund:37.32kg

Source: Onchere and Slooff 1981

3.2.5 The Urban Poor

Children in rural areas are twice as likely to be underweight as children in urban areas (UNICEF/childinfo, June 2008). However poor urban populations may suffer more from high food prices. The urban poor often have access to land in rural areas, but generally depend entirely on the market for access to food (ALNAP 2008). The RIGA analysis by FAO (2008e) found that urban groups were more likely to suffer welfare losses than rural poor (see annex 5). Urban dwellers are more likely to consume imported staple foods (rice or wheat), rather than more traditional crops (like cassava) and are less likely to produce food for consumption than their rural cousins (FAO 2008e), depending instead on petty trade and casual employment for income (ALNAP 2008). It would be wrong to assume urban and rural are independent of one another. Mousseau (2006) eloquently describes how high prices during the 2005 food crisis in Niger restricted the spending power of urban consumers, leading to a substantial reduction in remittances flowing from the urban population to the rural.

3.2.6 Female-Headed Households

Female-headed households could be affected disproportionately. With less access to land and limited income generating capacity, these households were found to have greater welfare losses or lower welfare gains as a result of higher food prices than male-headed households in poorer populations and for countries as a whole (FAO 2008e). The trend remains significant even when controlled for the over-representation of female-headed households amongst the poor (FAO 2008e).

3.2.7 HIV/AIDS Affected Households

Households affected by HIV/AIDS are also believed to be vulnerable, though evidence is limited. LVAC/WFP (2008) find that in Lesotho, households lacking an economically active head of household, a common characteristic in HIV-affected families, are suffering from the increased price of food. People living with HIV/AIDS also have increased energy requirements. Not meeting these increased demands can lead to an increase in opportunistic infections and a more rapid progression of AIDS. In addition an inadequate nutritional status can lead to problems with nutrient absorption, possibly reducing the efficacy of drugs (Gillespie 2008). Gillespie (2008) believes that high food prices may increase stress migration, increasing the risk of exposure to HIV.

3.2.8 Women and Children

Children and pregnant or lactating women are most vulnerable to malnutrition. Mothers are generally the first household members to reduce their food in order to give more food to their children (WHO et al. 2007), a practice which can be especially damaging for pregnant women who have higher energy, protein and micronutrient requirements (FAO 2001). Malnutrition during pregnancy is associated with intra-uterine growth retardation and low birthweight, which in turn is associated with increased infant morbidity, mortality, premature births, stunting, poor cognitive development and impaired immune function in children (UN SCN 2000). There is a very real danger pregnant women and children will be seriously affected by high food prices.

Box 3: The Effects of Malnutrition During Pregnancy

Decreased micronutrient intake in pregnant women is associated with increased infant morbidity, mortality, premature births, stunting, poor cognitive development and impaired immune function (UN SCN 2000). Studies looking at the Dutch famine (1944-45) showed that malnutrition during pregnancy can have adverse long term effects on the foetus. The timing of malnutrition during pregnancy was shown to play a role. Exposure to the famine in the first trimester was associated with increased stillbirths, neonatal deaths, increased risk of schizophrenia and possible brain defects (Susser and Stein 1994). Exposure during the second trimester affects height as this is when the foetus' length increases most rapidly. Wasting can result if undernutrition occurs late in the pregnancy when the foetus experiences its greatest weight increase (Prada 1998). Babies of mothers exposed to the famine in mid or late gestation had a lower birth weight, length and head circumference than those exposed earlier in the pregnancy (Barker 1998). The evidence that even short-term maternal malnutrition can have severe consequences for the next generation is overwhelming.

3.2.9 Marginalised and Overlooked Households

Marginalised groups will not only suffer adversely from high food prices, but could suffer from additional political bias, as social protection instruments and policies mitigating against high food prices frequently overlook certain groups when delivering blanket assistance. Pastoral livelihoods are sometimes viewed as backward and self-sustaining, frequently falling outside the perceived paternalistic obligations of the state, but will be at particular risk to high food prices due to a near complete reliance on markets for food (ALNAP 2008). Action Against Hunger research in Ethiopia revealed how pastoral peoples were facing deteriorating terms-of-trade of livestock against maize prices. Agro-pastoralists practice mixed agriculture and are not traditionally regarded as marginalised communities, but fall neither into pastoralist nor agriculturalist categories and so are often overlooked by interventions targeting specific groups (ALNAP 2008). Even countries can be overlooked, as has been the case for Somalia, where there is little available data to assess the impact of the Food Crisis.

How vulnerable a particular household is to food price increases depends on a number of national and personal factors, including those just discussed. However, not all people will be affected negatively by high global prices. Net producers and many traders will have a real opportunity to improve their income and welfare, should governments avoid damaging consumer-focused policies. Devereux et al. (2008) note that seasonal price increases are detrimental to most people in Malawi, but improve the incomes of the wealthiest 20 percent of the population – the same is likely to be true for high global prices. The issue of vulnerability was further investigated by Action Against Hunger in the CAR and Sierra Leone.

3.3 Case Study 1: Assessing Vulnerabilities in the Central African Republic and Sierra Leone

While both studies were undertaken in urban contexts, the Central African Republic (CAR) and Sierra Leone present very different vulnerabilities. Both are classified among the least developed countries in the world, but CAR is a landlocked country while Sierra Leone is coastal. The inhabitants of Bangui, CAR's capital, depend largely on domestic produce for food consumption while residents of Freetown, Sierra Leone, consume mainly imported rice. Citizens of both countries spend a high proportion of income on their food, making them highly vulnerable to price increases. What becomes evident from Action Against Hunger research in these nations is that people in CAR have not been heavily impacted by high global food prices, while the effects in Freetown differed remarkably given the relatively small area. While it has been easy to generalise about vulnerabilities, policymakers must be aware that the picture on the ground is diverse and extremely complex.

3.3.1 Bangui, Central African Republic: A Case of Mixed Vulnerabilities

Summary
Price increases in Bangui have, so far, only had a moderate impact. The majority of people surveyed perceived their current income and expenditure as unchanged or better than a year earlier and malnutrition does not appear to have increased in Bangui. However increased feeding centre admission rates and self-reported reduction in food consumption by many households may be cause for concern. The international community must continue to monitor the situation.

Landlocked and Left Out

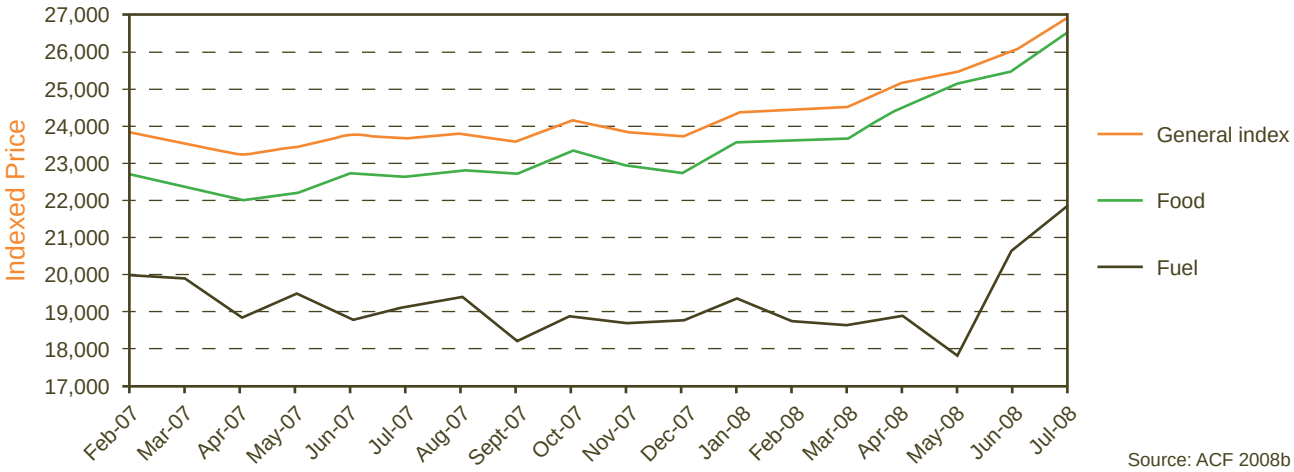
The Central African Republic has suffered chronic instability since independence in 1960 and is one of the poorest countries in the world with a GDP per capita (ppp) of US$ 1,240 (HDR 2007) and a Human Development Index ranking of 171 (out of a total of 177 countries). Ranked fifth in FAO's vulnerability assessment, the CAR displays characteristics that make it both vulnerable and resilient to the food price rises.

A substantial food and oil import bill threatens the already high budget deficit. About half the population spend more than 80 percent of their income on food, making even small food price rises a significant burden for households. However, the CAR is conflict-affected, landlocked, largely disconnected from the global economy and has poorly developed infrastructure. The availability of cassava, the country's dominant staple, is largely dependent on local production. The Action Against Hunger assessment of food security and nutrition in Bangui between August and September 2008 unveiled some mixed messages.

Food Prices Rise Moderately

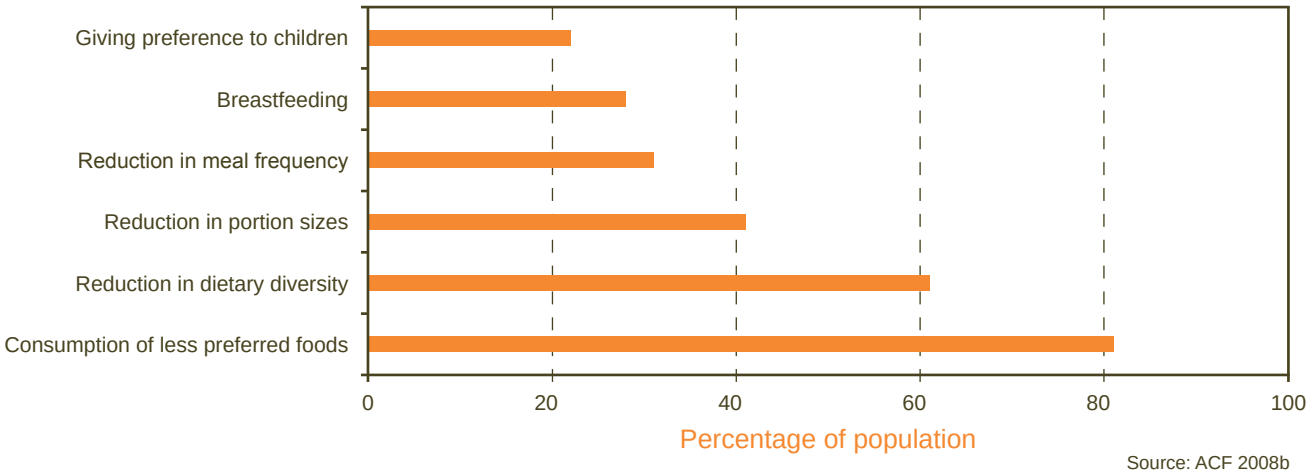
The CAR is not a big importer of food as the main agricultural products, cassava, groundnuts, maize, millet and sorghum, are generally produced domestically. Between 1961 and 1998, food aid and imports accounted for 21 percent of cereal consumption (Earth Trends 2003) – a relatively low figure in sub-Saharan Africa. Still, food prices in Bangui rose by about 20 percent between April 2007 and July 2008. Fuel prices increased more dramatically, rising by a similar margin in only two months after April 2008 (see figure 3.4). The observed price rises are moderate on a global scale where food prises rose by 51 percent in the 12 month build-up to the Rome Summit in June 2008 (High Level Task Force 2008), or compared with countries like Bangladesh which experienced food price rises in excess of 200 percent from 2007 to 2008. However, survey results showed that 50 percent of the sample population spends in excess of 80 percent of their income on food, making them especially vulnerable to price changes.

Figure 3.4: Price increases in Bangui, Central African Republic, from February 2007 to July 2008



Source: ACF 2008b

Figure 3.5: Coping strategies adopted in Bangui, CAR, September 2008 in response to food price increases



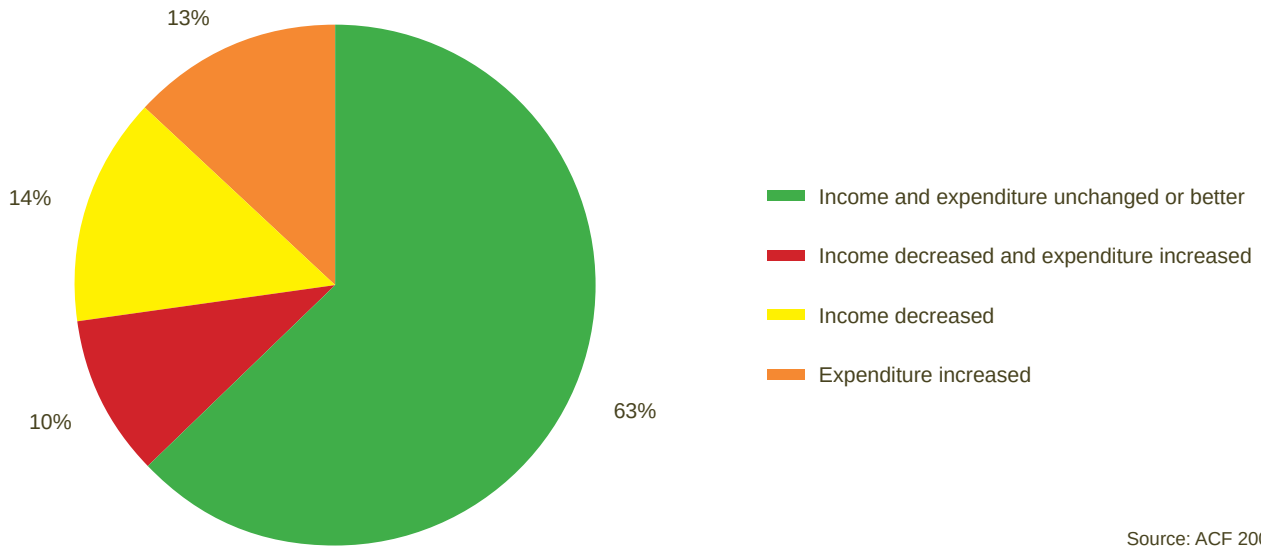
Source: ACF 2008b

Reduced food consumption without changes in income and expenditure?

In Bangui, the most common household reaction to high prices is to eat less preferred, less expensive and less diverse foods. This was followed by a reduction in portion sizes (see figure 3.5). Even when staple food consumption remains largely the same, micronutrient intake will be reduced. Section 4 explains in detail how this type of behaviour is common among poorer groups and can result in the deterioration of a person's nutritional status.

In September 2008, households reported eating fewer meals than a year earlier. Before the crisis, 50 percent of the household had two or more meals per day while that number more than halved after the crisis (now 24 percent). However, when asked whether their situation had changed over the last few months, 63 percent of the households felt that the impact of the food price rises had a relatively moderate impact on livelihoods (see figure 3.6). Only 10 percent of surveyed households reported a decrease in income and an increase in expenditure – this may have significant long-term consequences for these families.

Figure 3.6: Self-perceived change in household income and expenditure between 2007 and 2008



Source: ACF 2008b

Table 3.2: Results of Action Against Hunger nutrition surveys in Bangui

	January 2006	January 2007	September 2008
GAM (95% CI)*	4.7 (2.9- 7.2)	5.8 (4.2-7.4)	6.2 (4.5-7.8)
SAM (95% CI)*	0.7 (0.1-2.1)	0.55 (0-1.1)	0.6 (0.2-1.1)
Stunting (95% CI)*	29.5 (25.3- 33.9)	31.5 (27.7-35.3)	30.2 (25.5-35.0)
U5MR (95% CI)	0.98 (0.98- 0.99)	0.36 (0.19-0.92)	0.85 (0.13-0.97)

*NCHS reference

Source: ACF Surveys

A non-significant increase in malnutrition

Despite higher food prices and reduced food consumption by households in Bangui, malnutrition has not been clearly impacted. Table 3.2 shows that global acute malnutrition, severe acute malnutrition and under-five child mortality rates have shown only non-significant increases between January 2007 and September 2008 – though seasonality makes these statistics difficult to compare accurately. Admissions to the Action Against Hunger therapeutic feeding centre did increase significantly in early 2008, but this may be for reasons other than an increase in malnutrition, such as a better knowledge of the services available and an increase in the catchment area.

Lessons from the CAR: limited immediate impact with some cause for concern

The case of the CAR shows a mixed message. A large proportion of Bangui's population feel that their situation has not changed and no significant increases in malnutrition rates were found despite a reduction in meal frequency and dietary diversity. Arguably, rising global food prices represent a relatively minor element of poverty and vulnerability in the CAR, in part because of its isolation from global markets, poor infrastructure and reasonably adequate domestic food production, but also because deeply entrenched poverty, poor macroeconomic management and ongoing conflict remain more pressing concerns. However, vulnerability lies not only at the national level, or even at the city level, but can appear in pockets within an urban context.

3.3.2 Freetown, Sierra Leone: Variations Within a City

Summary

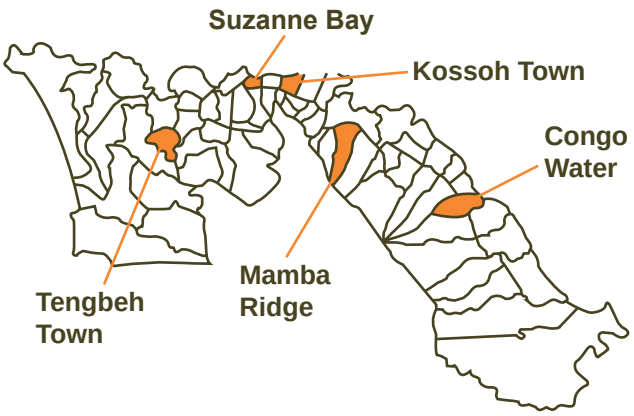
Despite a difficult period in early 2008, it seems that in Freetown the peak of the crisis is over following a good harvest. Prices started to drop in July and may return to a normal level. No conclusions can be made regarding the impacts on malnutrition, but there is concern that reduced consumption of rice and micronutrient-dense foods could cause a future rise in malnutrition. Furthermore, decreasing expenditure on healthcare and schooling may have detrimental long-term effects on welfare and development.

Since 2002, Sierra Leone has been recovering from civil war. Food prices are intensely political and hunger remains a threat to long-term security. Malnutrition remains very high, with 27 percent of under-fives reported underweight. High inflation (over 10 percent), stunting rates (37 percent) and poverty levels (between 65-75 percent) prompted FAO to rank Sierra Leone sixth in its assessment of national vulnerability to global price rises. Action Against Hunger's assessment concentrated on the capital Freetown, home to more than 760,000 people, of whom 60 percent are under-25 years old and 97 percent rely primarily on the market for food.

Rice prices increase as the hunger season sets in

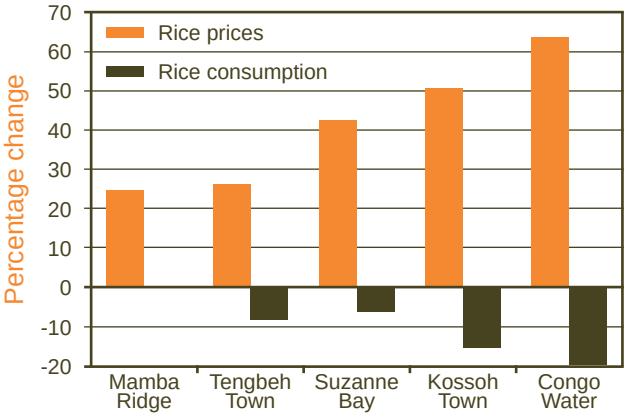
From January to March 2008, rice prices increased by 64 percent and fuel prices by about 15 percent between January and May. Price fluctuations eased

Figure 3.7: Map of study areas in Freetown



Source: ACF 2008c

Figure 3.8: Changes in rice prices and consumption in Freetown



Source: ACF 2008b

in July and were expected to fall by the end of the year following a good harvest. Discussion groups revealed that people had experienced a real increase in food prices during April and May. Participants reflected that they had been very worried as the price rises corresponded with the beginning of the annual 'hunger season', when families rely more on imported rice because local produce is more expensive and in short supply before the harvest. In October, discussants perceived the price of rice as having stabilised and starting to decrease.

Food price changes and malnutrition vary within the city

Not all sections of the city were equally affected. Congo Water experienced the greatest increase in rice prices compared to the same period a year earlier (60 percent from Le419 to Le680[4]). A snapshot of malnutrition captured during the study also shows significant variation within the city – with greatest prevalence in Suzanne Bay (2.4 SAM and 7.8 GAM) and lowest in Tengbeh Town (0 SAM and 0.6 GAM). There are fears that these levels have increased due to high food prices, but without longitudinal data no assessment of changes can be made. However, figure 3.8 shows that sections experiencing the greatest increase in prices, Kossoh Town and Congo Water, were also the areas where people decreased their quantity of rice eaten per day most.

Dietary diversity decreased

Meat consumption was most radically affected and 43 percent of respondents reported they no longer consumed meat. This change was most extreme in Kos-

Table 3.3: Types of food not consumed in 2008 compared to 2007 (percentage of people)

	Any	Meat	Vegatable	Dairy	Fruit	Fresh fish	Other	Cereals/ tubers
Tengbeh Town	92.5	42.5	45	37.5	35	15	0	0
Suzanne Bay	30	15	10	2.5	0	2.5	10	2.5
Kossoh Town	85	70	7.5	30	10	2.5	12.5	2.5
Mamba Ridge	92.5	52.5	7.5	20	5	17.5	5	15
Congo Water	76.2	38.1	33.3	2.4	33.3	9.5	19	16.7
TOTAL	75.2	43.6	20.8	18.3	16.8	9.4	9.4	7.4

Source: ACF 2008b

[4] Leones (US$1:Le2920)

soh Town, where 70 percent reduced their consumption despite good access to meat in the local market. Consumption of other food types was also affected to varying degrees (see table 3.3 on page 21) and may lead to a rise in malnutrition in later months/years stemming from micronutrient deficiencies. High food prices are putting greater strain on household budgets, restricting more than food consumption. The poorest families reported sending fewer children to school and avoiding hospitals (going to pharmacies instead) to reduce expenses.

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Variations in vulnerability are evident on the regional, national, local, household and individual level. FAO and WFP have prioritised their interventions through a macro-lens, using rough national statistics estimating total available food for consumption and economic frailties. In the long-run, priority areas should be informed by local needs not aggregate statistics. However, some generalisations can be made. The above case study highlighted a consistent decrease in dietary diversity and food consumption in both countries. Though the effects on malnutrition were either undocumented or not statistically significant in the above study, there can be serious repercussions to this type of household behaviour. The following section will examine the link between prices and malnutrition in more detail.



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4. THE HUNGER CRISIS: WHAT HAPPENS WHEN FOOD PRICES RISE?

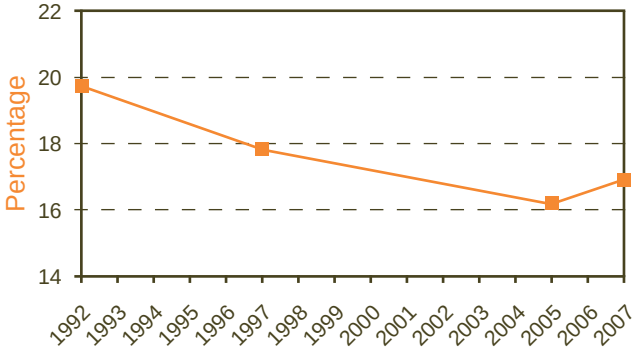
4. THE HUNGER CRISIS: WHAT HAPPENS WHEN FOOD PRICES RISE?

Until 2005, steady, but slow, progress was being made in reducing the number of undernourished people in the world (see figure 4.1); however, after 2005 this trend reversed and the number of undernourished began to increase. According to FAO the number of undernourished rose from 850 million in 2003/05, to 923 million in 2007 and to 963 million in 2008, primarily due to a decrease in food production and the simultaneous increase in food prices (FAO 2008d). This figure is based on per capita food availability rather than actual consumption (for an explanation of FAO's global hunger estimates see box 4). While giving a crude estimate of the food supply shortfalls, the figure ignores almost all the crucial dynamics of hunger and undernutrition.

There are three vital omissions resulting from this "faceless" analysis of hunger. (1) A uniform estimate does not acknowledge differing vulnerabilities emerging from household wealth, status, health and political inclusion. This was discussed in the previous section. (2) The number of undernourished people is not stagnant throughout a given year. Hunger is seasonal - fluctuating and relocating according to the agricultural calendar. (3) Food supply is a poor indicator of food security and welfare. Hunger is not usually a case of there not being enough to eat, but of not having enough to eat (Sen 1982).

Amartya Sen's (1982) ground-breaking work studying famines found they are, at their root, caused by the disparity of food prices, which rise rapidly during crisis periods, while family purchasing power declines and traditional coping methods become exhausted. This section analyses the impact of price rises on food security and malnutrition, by addressing these two omissions.

Figure 4.1: Proportion of people who are undernourished in the developing world



Source: FAO 2008a

4.1 The 'Old Face' of 'New Hunger': Seasonal Deprivation

Evidence of the impact of high, volatile global food prices at the household level is still limited, though growing. However, while global food prices have been low and relatively stable for the past decade, food prices at the local level have not been so consistent. Literature on 'seasonality' describes regular, yet unpredictable, fluctuations in various dimensions of welfare and poverty, from births to snake bites, milk production to malaria.

Box 4: How Does FAO Count the Undernourished?

FAO measures the number of undernourished by determining per capita food availability using the following data to estimate the world's hungry population:

- *Mean intake.* This information comes from national food balance sheets and is a measure of per capita food availability, of calories rather than actual consumption.
- *Mean dietary requirement.* The mean dietary requirement is calculated by aggregating requirements for different age and sex groups and adding a pregnancy allowance.
- *Variation in daily per person energy consumption.* This figure is based on requirement, consumption and income. The part of the population that has an energy intake below the requirement is considered as underfed.

These estimates are calculated for each country, then aggregated to give a global figure (FAO 2003b).

For the full formula see FAO 2003b

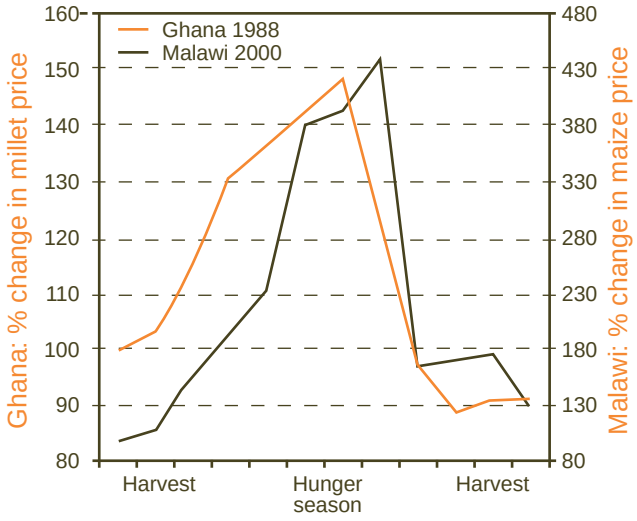
A consistent feature of discussions surrounding seasonal poverty is price fluctuations. Figure 4.2 shows the extent of maize price fluctuations in Malawi in 2000 and changes in the price of millet in Ghana in 1988 as the agricultural season progressed. Poor people throughout the developing world face an annual 'hunger season' in the build up to the harvest period.

> *[Then], during the rains poor people are repeatedly oppressed and screwed down by a cruel combination of lack of food, lack of money, high food prices, physical hardship, hard work vital for survival, debilitating sicknesses such as diarrhoeas and malaria, and isolation and lack of access to services. It is then that they are materially most poor, most vulnerable, most powerless, most exploited, most isolated, and most short of food…it is then that poor people are most vulnerable to becoming poorer.* (Chambers in Devereux et al. 2008:xvi)

Fluctuations in food prices are compounded by lack of access to formal credit and storage facilities as families are forced to sell produce, even in good years, to repay expensive debts (with informal interest rates of over 200 percent recorded in Bangladesh and Ethiopia), pay school and hospital fees and to avoid losing a significant proportion of the harvest to pests and decay. The effects of seasonality are especially acute in tropical regions characterised by short, unimodal rainfall (occurring only once per year), where the population is rural and dependent on small-scale, subsistence, rain-fed farming. Seasonality is not just a rural phenomenon, but affects (to a lesser degree) urban populations too.

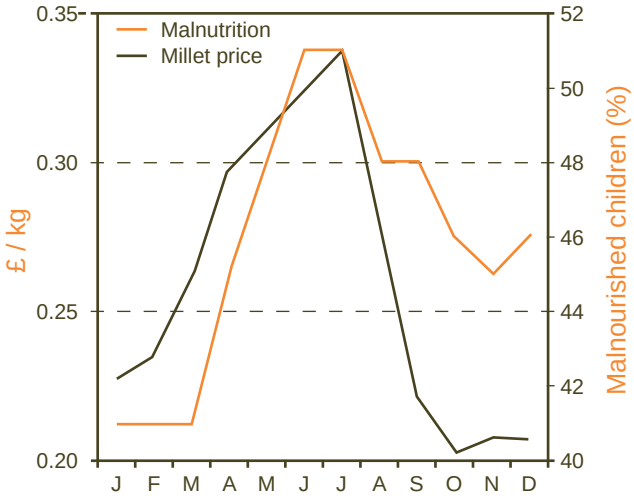
Dostie et al. (2002) estimate that the number of people in Madagascar living below the national poverty-line increases from nine million to almost ten million each year in the hunger season. Child mortality increases by over 300 percent between May/June and the peak of the hunger season in December/January – 26 percent of child deaths were attributed to diarrhoea and 22 percent to malnutrition (Dostie et al. 2002). The seasonal dimensions of poverty are complex, and it would be difficult to attribute any one factor as contributing most to overall poverty. However, there is a clear correlation between increased food prices and acute malnutrition. (see Box 5 for the working definitions of malnutrition). Figure 4.3 shows how prevalence of malnutrition follows price increases in Ghana in 1988/89. Mousseau and Mittal (2006:23) concluded from similar findings in Niger, "high food prices reduce people's access to food and directly trigger malnutrition and death."

Figure 4.2: Price fluctuations of millet in northern Ghana 1988/89 and maize in Mchinji district in Malawi in 2000/01



Source: Devereux (1992) and Government of Malawi (2001)

Figure 4.3: Seasonality in food prices and malnutrition in northern Ghana, 1988/89



Source: Devereux 1992

Box 5: The Working Definitions of Malnutrition

Anthropometric measurements, such as weight and height, are often used to determine nutritional status in children. These measurements are presented as indices known as weight-for-height, height-for-age or weight-for-age. They are compared with growth standards and expressed as z-scores (standard deviations), percentiles or percentage of the median (Gibson 2005). There are three traditional indicators of malnutrition:

1. **Wasting (weight-for-height)**

Weight-for-height is calculated by comparing the child's actual weight to the growth standards for a 'normal' child of that height. If a child has a weight-for-height of less than -2 z-scores he/she is considered to be wasted. Wasting is caused by an inadequate current food intake, increased nutrient requirements due to infection or problems with digestion and absorption. Two common terms that are often used for wasting in children are SAM and GAM.

- SAM: Severe Acute Malnutrition. A child is considered to be severely malnourished if he/she has a weight-for-height of less than -3 z-scores and/or oedema (WHO et al. 2007). Severely malnourished children are at risk of death and require immediate treatment with therapeutic foods.
- GAM: Global Acute Malnutrition. Includes all children with a weight-for-height of less than -2 z-scores, that is all severely and moderately malnourished children.

2. **Stunting (height-for-age)**

Height-for-age is referred to as stunting and is often referred to as a measure for chronic malnutrition. As with wasting, if a child has a z-score of less than -2 he/she is considered stunted (Gibson 2005).

3. **Underweight (weight-for-age)**

Children with z-scores of less than -2 are considered to be underweight for their age. Weight-for-age measurements do not enable us to differentiate between children that are short and have an adequate weight for their height or whether they are tall and wasted.

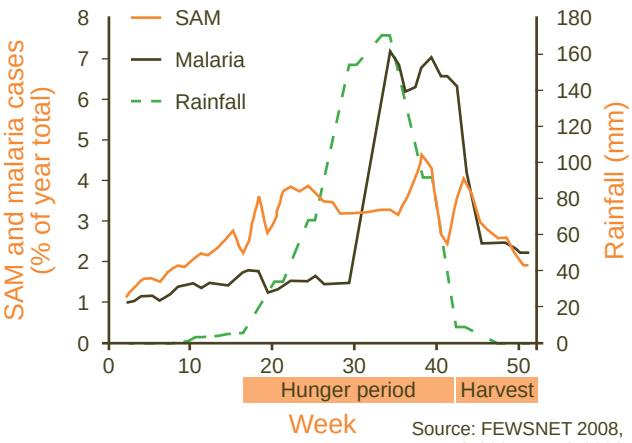
While these measurements provide an easy way of determining the nutritional status of a population they ignore a less visible form of malnutrition: micronutrient malnutrition.

See Gibson 2005

4.2 What is the Link Between Food Prices and Malnutrition?

There is a clear, pronounced correlation between food prices and malnutrition rates, but it would be wrong to assume that the full increase in malnutrition rates expressed in the graph below is the result of food price rises alone. The hunger season generally coincides with the rainy season (see figure 4.4). Rain brings peaks in the prevalence of many diseases and parasites including malaria, diarrhoea, cholera and some worms. Agricultural labour intensifies during this period, increasing energy expenditure while the homes of the poor are often unable to provide adequate shelter from the rain and cold. Causal analysis is impossible here, but a fuller understanding of the behaviour and coping strategies of poor households during the annual hunger season, when food prices are high and income sources limited, shows how high food prices are a significant factor behind the yearly increases in malnutrition rates.

Figure 4.4: Seasonal malnutrition, malaria and rainfall in Niger



Source: FEWSNET 2008, WHO 2007, WMO 2008

4.2.1 Household 'Coping Strategies' in Times of High Food Prices

'Coping strategies' is a crude, and patronising, label for the practices employed by households, often on a yearly basis, during times of limited food security. The choice of action taken by a family is dependent on the severity of food shortages (or price increases) and household wealth. Figure 4.5b shows that the wealthiest 25 percent of households in Ghana are less likely to ration food but more likely to sell assets to purchase food than the poorest 25 percent of households who are more likely to ration food and seek informal help. This is because the sale of assets has a lesser impact on the wealth of the richer groups compared to the poor. In absolute terms, more poor Ghanaian households were required to employ 'coping mechanisms' than rich households.

Figure 4.6 overleaf shows a generic progression of coping strategies as food prices increase, and the crisis deepens, though the relative order and number of households employing each strategy will vary between income groups, livelihood zones and cultures. When faced with high food prices, poorer families usually begin by rationing and reducing the quality of food consumed, often skipping meals, or seeking-out alternative income sources like gathering firewood. As food insecurity intensifies, the household adopts more damaging coping strategies, selling assets, taking children out of school or borrowing at high interest rates. In extreme circumstances, desperation may force family members to resort to stress migration, crime, begging or prostitution (Prentice 2008). Devereux et al. (2008) note that during the 1988/89 food crisis in northern Ghana, some families 'betrothed' their daughters to elites in exchange for early bride-price payments.

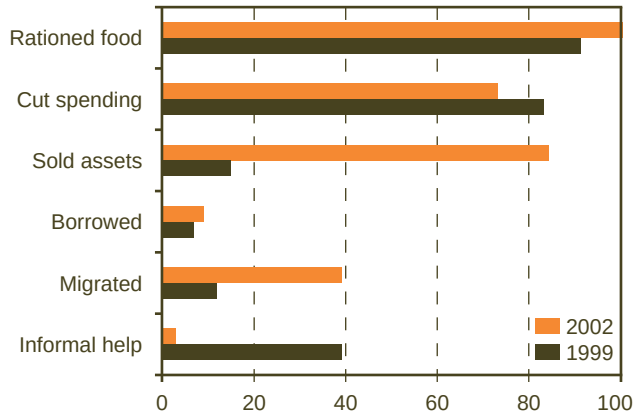
4.2.2 The Impacts of Eating Less

Torlesse et al (2003) found that in Bangladesh, the number of underweight children is correlated with rice prices – rising with high rice prices and declining again as the costs subside. A study conducted in Lusaka, Zambia, following the 2000/01 drought, found that when food prices increased, families initially maintained their consumption of staple foods at the expense of more micronutrient-rich foods such as fruits, vegetables, meat and dairy products (Gitau et al. 2005).

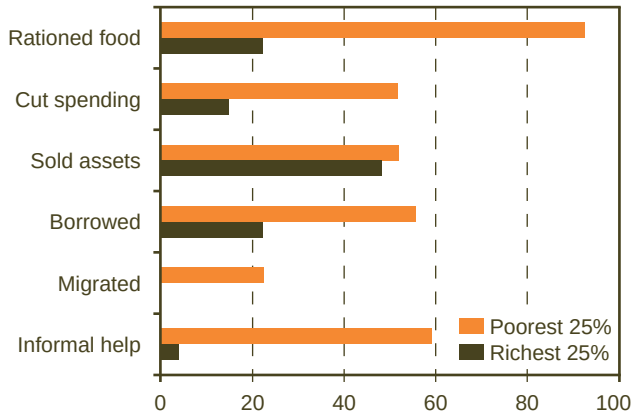
Eating lower quality foods can be damaging, even after food prices drop. Micronutrients are crucial to human health, growth and development. Child malnutrition has adverse effects on physical and cognitive development. Iodine deficiencies in young children negatively affect IQ scores, while iron deficiency results in poorer mental, motor and social functioning (Walker et al. 2007). Anemia, which in 50 percent of cases can be attributed to iron deficiency, adversely affects work productivity of adults and increases the risk of maternal and child mortality (WHO/UNICEF 2004). Zinc

Figure 4.5: Coping strategies employed by households in Malawi and Ghana

(a): Malawi in 2002 and 1999



(b): Ghana 1988



Source: Devereux et al. 2008

Figure 4.6: Coping strategies employed as food security intensifies



Source: Hauenstein Swan and Vaitla 2007

deficiency is associated with growth retardation (WHO 2004). Micronutrients play an important role in immune function and it has been estimated that deficiencies of vitamin A and zinc are responsible for 0.6 million and 0.4 million deaths, respectively (Black 2008).

4.2.3 The Deterioration of Assets and Future Crises

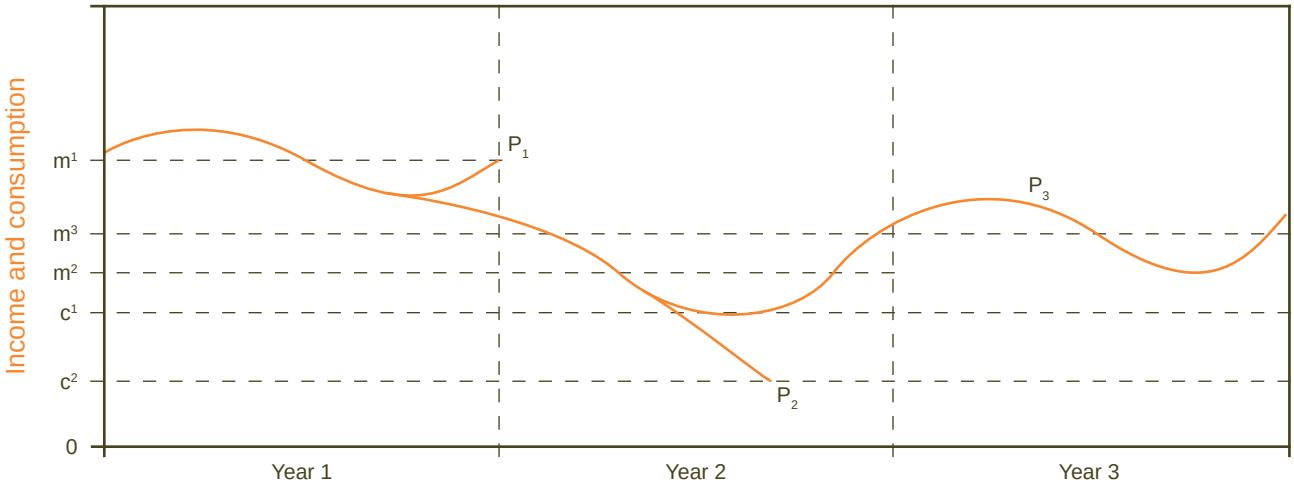
The effects of high food prices do not always manifest immediately, but can have catastrophic consequences in later years. Seasonal hunger is the 'father of famine'. Steadily depleted assets can increase household vulnerability to price rises as coping mechanisms become more limited. Gill (1991) explains seasonal deprivation in terms of a mean-variance model, distinguishing between inter-annual and intra-annual seasonality. Inter-annual seasonality describes the fluctuation in income within a year, while intra-annual seasonality refers to changes in income levels from one cycle to the next.

Figure 4.7 overleaf combines inter and intra-annual seasonality to show how selling assets and borrowing on the informal market to maintain household stability and food security in one year increases household vulnerability to price shocks the following year. Successive poor harvests can push small-holder households beyond a critical minimum for stability (marked c) after which the household may split and individuals starve. Crucially, even if a poor harvest is followed by a good harvest, assets may not be fully restored and the household will remain vulnerable. It is this debilitating cycle of seasonal suffering that creates chronic poverty and may lead to severe food crises (or even famines) such as those in Malawi (2001/02) and Niger (2005), where crises occurred in years when harvests were reasonable (Malawi actually recorded an above average harvest).

4.3 Have Global Food Price Rises Increased Malnutrition?

Data from Bangladesh from the 1990s shows that as food prices increased, child malnutrition did too (Hough 2008). Though it is difficult to determine the empirical link between food price rises and nutrition, without fully understanding all confounding variables, such as disease rates, diarrhoea or nutrient absorption, the mechanism for causality is clear. High global food prices appear to have provoked similar household coping strategies as seasonal price increases. A joint LVAC/WFP (2008) study investigating the impact of high global prices in Lesotho showed that

Figure 4.7: Gill's Mean-Variance Model[5]

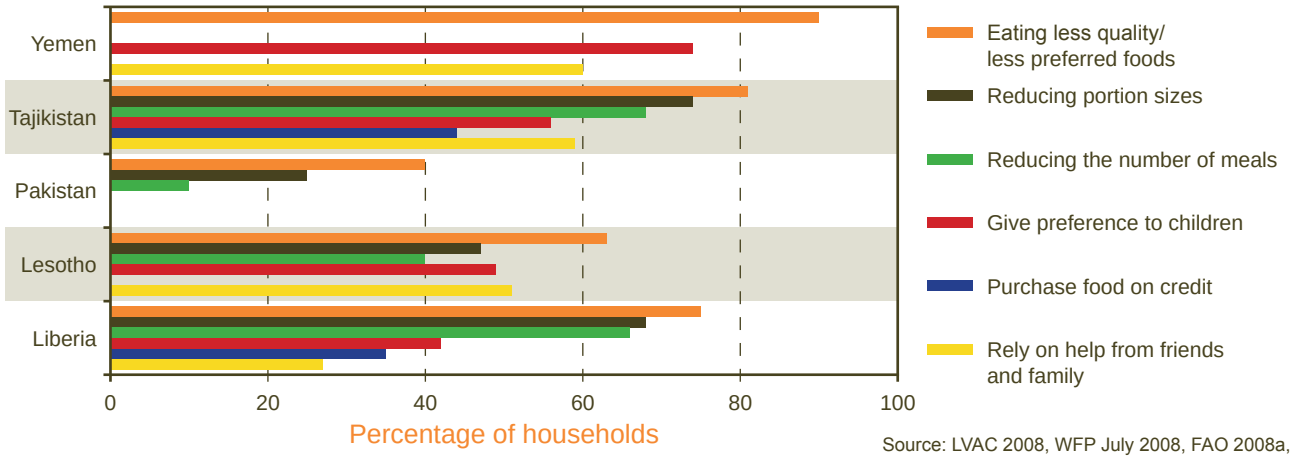


Source: Gill 1991

98 percent of the sample surveyed claimed they spent a greater proportion of income on food than a year earlier. Action Against Hunger research in Freetown, Sierra Leone, showed that, on average, city residents had decreased their staple food intake by 10 percent compared to the same time the previous year. Respondents to the survey there also indicated how meat consumption had decreased markedly this year.

Figure 4.8 depicts the coping strategies employed by households in five countries, in response to higher food prices . As with seasonal price increases, the most common coping strategies have been those that directly affect quality and quantity of food intake. The link between global price rises and malnutrition levels is not as clear as that between seasonal price rises and malnutrition. Research by Action Against Hunger in the Central African Republic showed only a non-significant increase in malnutrition rates resulting from high prices. The immediate effects of high prices on nutrition in Freetown were also unclear. However, while survey data from Ethiopia shows no increase in malnutrition rates at the national or regional levels, strong increasing trends were evident at the district level (where data was most consistent and complete) corresponding to the global food price

Figure 4.8: Coping mechanisms employed in five countries as a response to rising food prices in 2008



Source: LVAC 2008, WFP July 2008, FAO 2008a, Government of Tajikistan 2008 and WFP 2008

[5] Explaining the Gill model: (m) represents mean annual household income or food consumption for a given year (1, 2 or 3); the critical consumption level (c), denotes the minimum level of consumption needed to survive as a family or individual. (P or path) 1, 2 and 3 give three scenarios. (P_1) shows how income and consumption fluctuate in a 'normal' year; (P_2) depicts how successive poor harvests in year 1 and 2 can lower mean income beyond the critical mean causing the family to split/migrate, or, in the case of the individual, death; (P_3) demonstrates how even if a poor harvest in year 1 is followed by a good harvest in year 2, mean income can remain low in year 3, because assets cannot be restored immediately, making the household vulnerable to future shocks.

rises between 2007 and 2008 (see section 4.4).

There are a number of reasons why increases in malnutrition rates are not visible in the survey data:

- Survey data is not always complete or comparable. Surveys are often done in different areas, by different organisations, with different methodologies. The case study of Ethiopia shows that clear trends between price rises and malnutrition are only visible at the village level.

- Surveys generally measure child malnutrition. Parents in developing countries often reduce their own consumption to ensure their children are fed. The rise in malnutrition rates may be lagged and more gradual.

- *Malnutrition surveys often measure wasting, which is not the only type of malnutrition.* Reducing food quality and quantity as a primary coping strategy may induce micronutrient malnutrition, a more 'hidden type' of malnutrition, likely to occur before weight loss. Micronutrient deficiencies have adverse, long-term effects on the physical and mental development of young children; it is possible that we will see an increase in stunting in the future.

- *It is possible that high global food prices have not, and will not, be immediately followed by a greater incidence of malnutrition.* Global food price rises are ultimately only a single factor while seasonal changes are not. Seasonal fluctuations in malnutrition rates may be more dependent on other seasonal factors such as the prevalence of diarrhoea, worms or malaria which affect nutrient absorption than on price changes. High energy expenditure and constant exposure to rain and damp in the wet season also impact on health.

- *Global price changes do not entail local supply deficits,* as is generally the case in the hunger season, when village stocks are low (see annex 4).

- Importantly, the *Global Food Crisis may resemble a slow-onset disaster* rather than a seasonal spike, meaning people may have more time to adjust, and malnutrition rates will only show increases months or years later.

4.4 Case Study 2: Higher Prices, Declining Terms-of-trade and Increased Rates of Malnutrition in Ethiopia

Summary

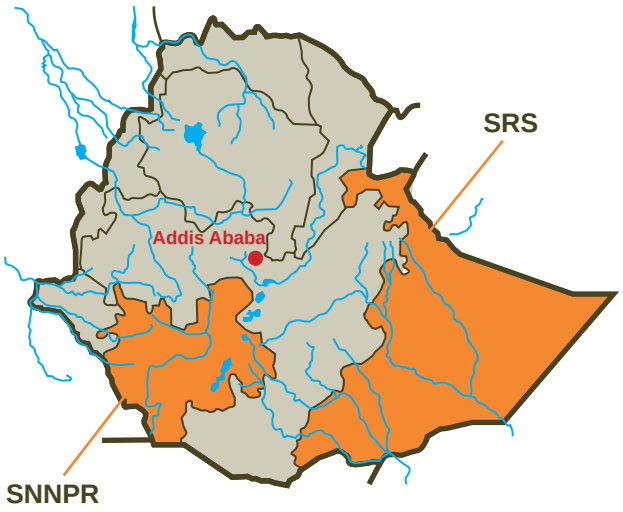
Research in Ethiopia shows that high food prices have led to significant decline in terms-of-trade between income sources and staple foods, with the exception of *kocho*. The impact of the prices will have depended very much on the ability and willingness of households to adapt their diets and income sources – in the SNNPR, those dependent on coffee whose staple food is *kocho* will have been most insulated.

The reduced terms-of-trade for livestock against food may exacerbate the already destructive practice of selling assets to purchase food as families are forced to sell more or better assets to maintain food consumption.

Survey data shows that malnutrition and under-five mortality rates have increased within the SNNPR, corresponding with high food prices. No change in malnutrition rates was seen at the national level, indicating that country level data is too imprecise for policy making and that surveillance data from the local level is needed.

Action Against Hunger conducted an analysis of the effects of food price rises in two regions of Ethiopia: the Southern Nations, Nationalities and People's Region (SNNPR) and Somali Regional State (SRS) (see figure 4.9 overleaf). These regions represent very different livelihood zones. The SNNPR is characterised by agricultural communities who produce enset *(kocho)* and maize for subsistence consumption and coffee as a cash crop. By contrast, the conflict-affected SRS is a pastoralist/agro-pastoralist zone where people rely on sorghum and maize as staples. Both regions were hit by drought in 2008, compounding the impacts of high global food prices, which translated greatly into the domestic market.

Figure 4.9: Map of Ethiopia showing the SNNPR and SRS



Source: Young Lives 2008

4.4.1 Food Security and Malnutrition in the SNNPR

Kocho, maize, beans and cabbage are the four predominant staple foods for peoples of the SNNPR. While *kocho* prices have remained relatively stable, the cost of maize increased by over 75 percent, cabbage by over 66 percent and haricot beans by over 20 percent in the two years prior to the sharp spike in prices in early 2008 (see Figure 4.10).

Drought, cash crops and high oil prices

Though drought in Ethiopia was probably the most significant single factor affecting local food prices, high prices on the international market and the climbing cost of oil also had a significant impact. Cabbage and haricot bean yields were seriously reduced, leading to massive supply shortages and steep price rises after December 2007. Since 2005, the producer price of raw coffee increased by over 75 percent and dried coffee by 31 percent, drawing farming investments (and land) away from staple food production to coffee. Soaring oil prices have increased the costs of agricultural inputs, further amplifying the rising prices.

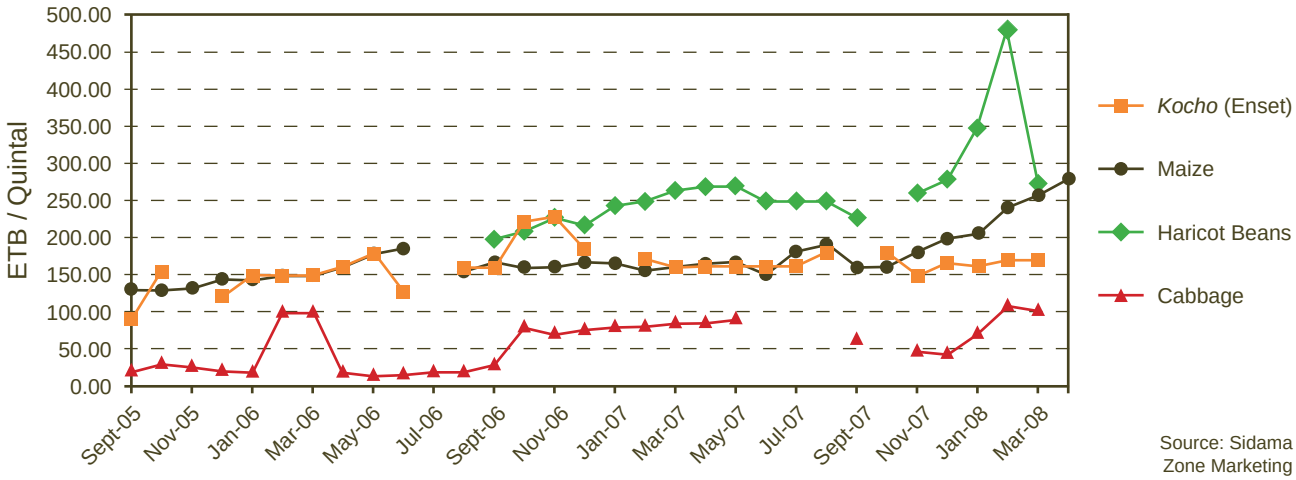
Improved incomes might help

Rising prices have been dampened somewhat by improving wages and income from sales in the agricultural sector. In general, the remuneration from various sources of income in the SNNPR region has improved since 2005. As mentioned above, the producer price of raw coffee (the main cash crop in the SNNPR) and dried coffee increased substantially. Farmers also received 34 percent more for oxen and 14 percent for sheep in April 2008, compared to three years earlier. The daily rate for agricultural labour also improved by 38 percent. However, superior income is unlikely to have compensated fully for the recent high prices.

Declining terms-of-trade

Figures 4.11 a, b, c and d overleaf illustrate the changes in terms-of-trade for raw coffee versus *kocho*, raw coffee versus maize, oxen versus maize and labour versus maize. While prices of staple foods have been rising steadily for the past three years in the SNNPR, before 2008, terms-of-trade showed a positive trend for

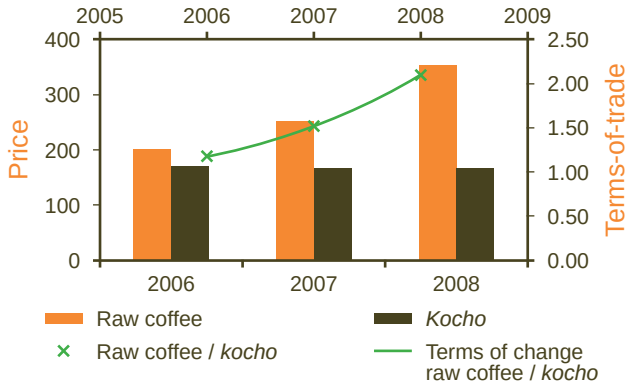
Figure 4.10: Evolution of staple food prices in the SNNPR (September 05 – April 08)



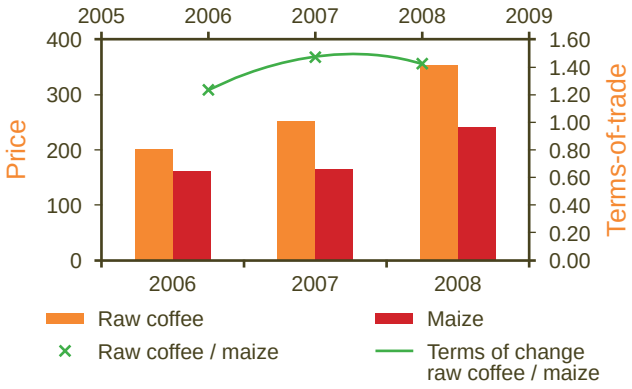
Source: Sidama Zone Marketing Department, Awassa

Figure 4.11: Evolution of the terms-of-trade in the SNNPR

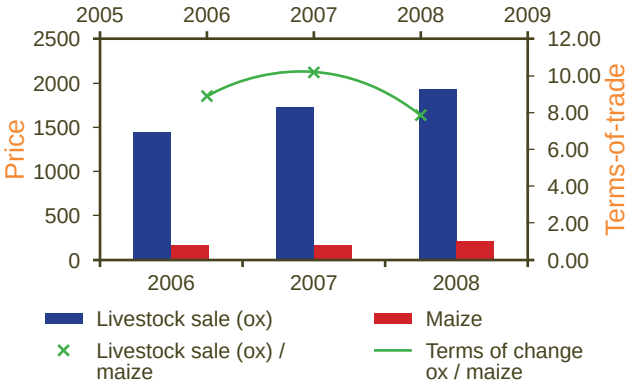
a: Coffee vs *kocho*



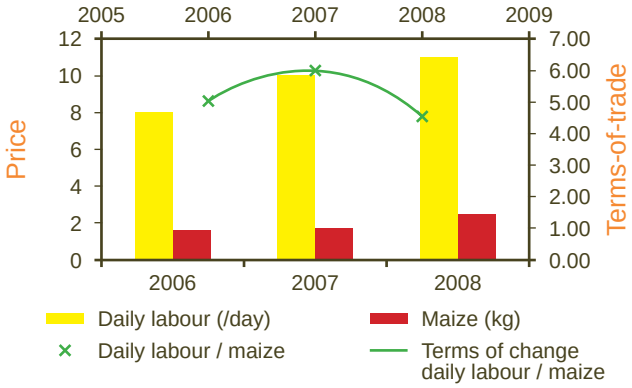
b: Coffee vs maize



c: Oxen sale vs maize



d: Daily labour vs maize



Source: ACF 2008c

income sources against staple food price. Coffee prices almost doubled between 2006 and 2008 leading to a significant increase in terms-of-trade against *kocho*. Because *kocho* prices have been relatively stable, terms-of-trade with many income sources have also improved.

However, similar trends were not observed with maize. Since 2007, the increases in the price of raw coffee, oxen and agricultural labour as income sources have been nullified by the soaring cost of maize. A given amount of raw coffee would purchase 3 percent less maize than 2007; oxen 23 percent less; and a day's labour 24 percent less. The impact on household welfare will therefore depend on the predominant source of income, the principle staple food and the ability/willingness to substitute between maize and *kocho*. Coffee growers and peoples who rely on *kocho* as a staple food are likely to have been better insulated from the increase in food prices than groups dependent on the sale of livestock or labour and those whose diet comprises mostly of maize or rice.

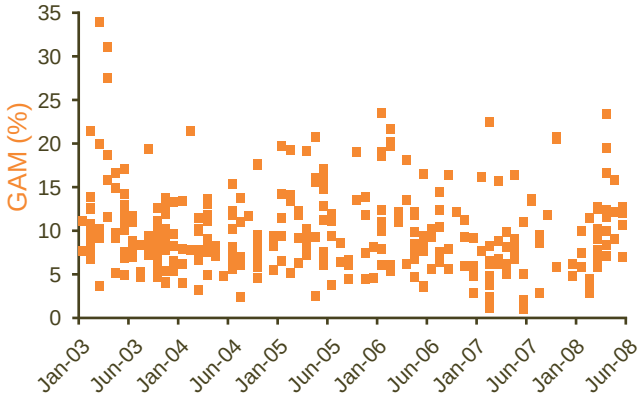
Malnutrition increases as food consumption suffers

Increases in prices generally led to deterioration in diet quality. Consumption of high-quality micronutrient rich foods is reduced while staple food consumption remains largely the same at first. In the case of Ethiopia it is likely that households have swapped staples, replacing costly grains like maize with cheaper lower quality staples, like *kocho*, which contains less vitamin A and has a lower protein density (Abebe 2006).

In order to determine whether these changes have lead to an increase in malnutrition rates at the country

[6] The chosen districts represented the most complete set of surveys done in the SNNPR. It should be mentioned that these surveys were carried out by different NGOs and that some of the variation will be due to seasonal changes.

Figure 4.12: Global Acute Malnutrition in Ethiopia



Source: ENCU Survey Library

level, survey results from the past five years were plotted in figure 4.12. This picture from the national level shows no increase in malnutrition rates. However, data from three districts within the SNNPR indicates that rates of malnutrition and under-five mortality did increase in late 2007 and early 2008 (see figure 4.13), coinciding with the rise in domestic and global food prices. While data was selected on the basis of regularity and completeness, we cannot concretely conclude that these increases were predominantly caused by high food prices. Still, these figures must not be dismissed for lack of causality, but prompt further questions about the nutritional impacts of high and volatile global food prices and how we identify them. National data, as used by FAO and WFP may not give an accurate picture of the realities facing those peoples most affected.

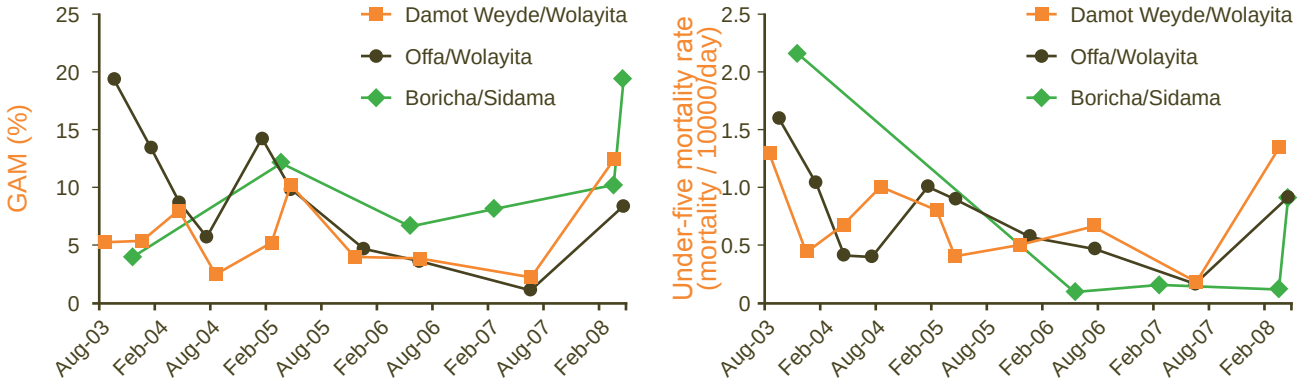
4.4.2 Warnings from the Somali Regional State

Not enough data was available to be able to show region-specific trends in malnutrition and under-five mortality rates in the SRS, but food security reports were alarming. The peoples of the SRS are predominantly pastoralist and agro-pastoralist and derive their income from the sales of livestock, supplemented by petty trade – usually of firewood. The main staple foods of the region are locally produced sorghum and maize followed by imported maize, sugar and pasta. As with the SNNPR, staple food prices have risen significantly over the past few years and the main income sources for inhabitants of the SRS are experiencing serious deterioration in the terms-of-trade against staple food value.

High international prices of cereals and inflated oil prices in the region appear to have influenced local price rises. However, drought, conflict and the restriction of cross-border trading with Somalia in 2007 remain the most significant factors behind the price rises of locally produced foods.

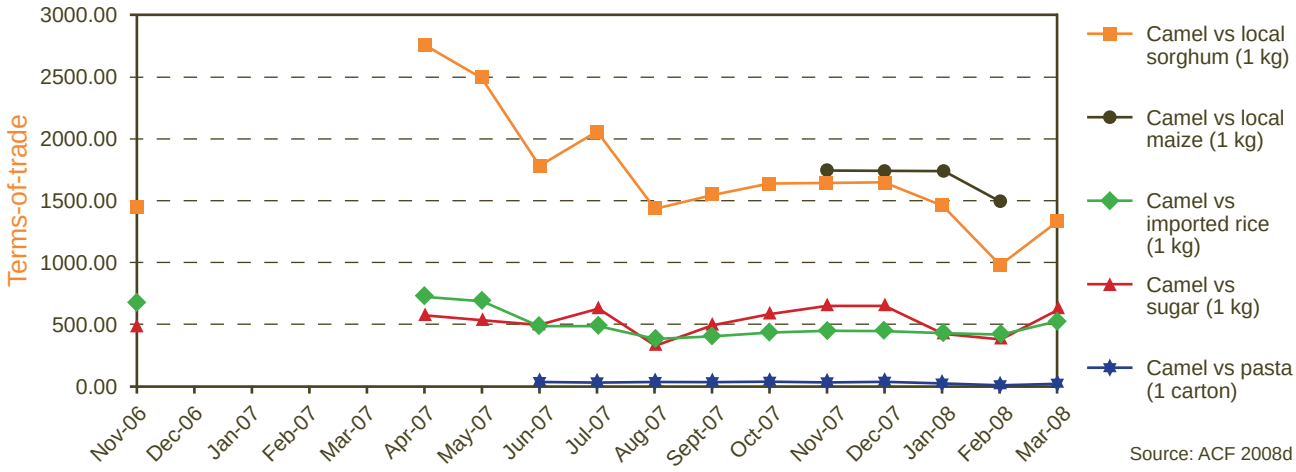
Figure 4.14 overleaf shows how the price obtained from selling a live adult camel in March 2008 purchased significantly less local produce than a year earlier. Similar trends are weak or absent when comparing camel sales value against imported foods – rice, sugar and pasta. Terms-of-trade for sheep also exhibit this pattern, while the value of goat sales declined even against imported goods. Terms-of-trade

Figure 4.13: Global acute malnutrition and under-five mortality rates in three districts of the SNNPR



Source: ENCU Survey Library

Figure 4.14: Terms-of-trade live adult camel versus staple foods



Source: ACF 2008d

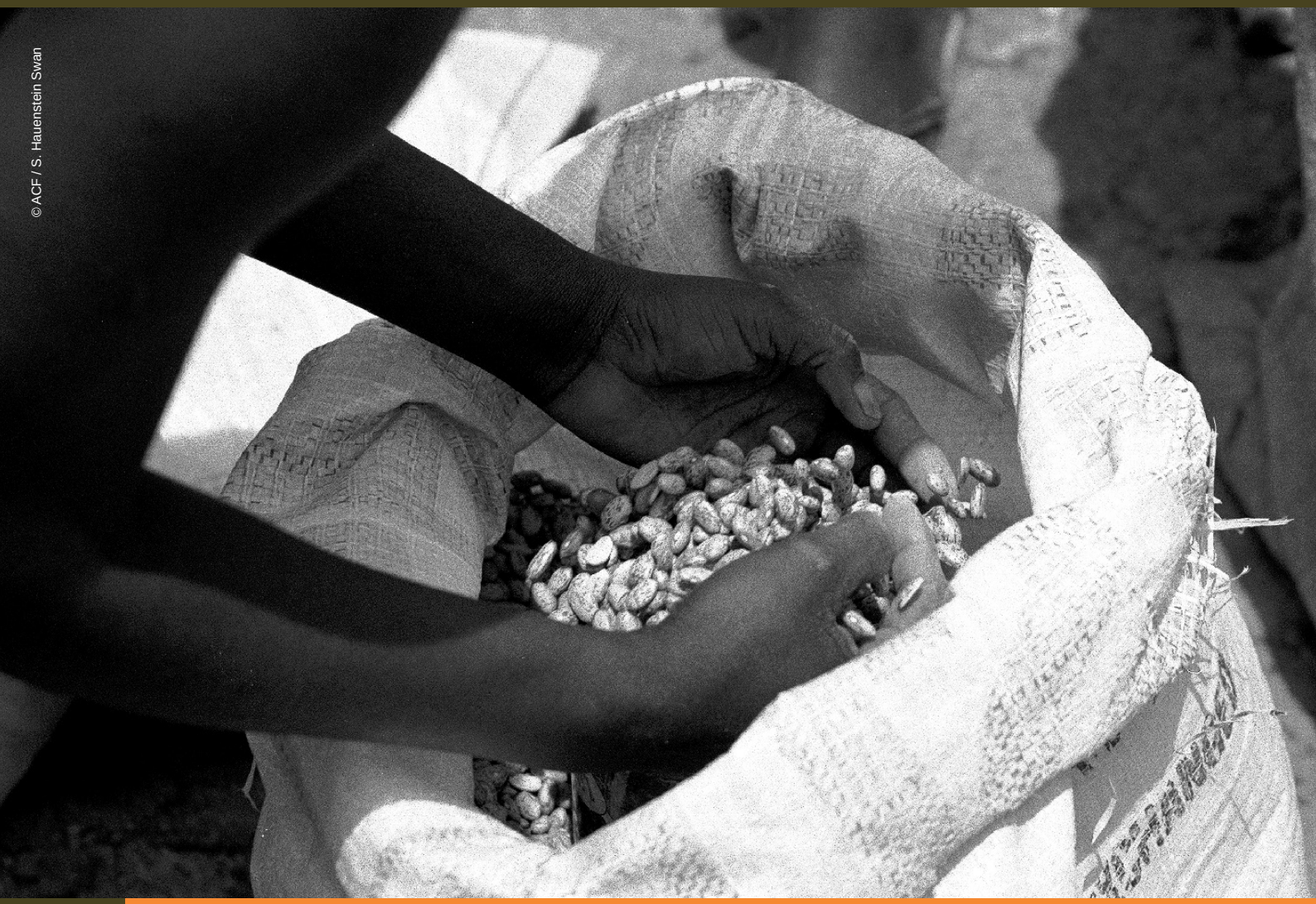
of livestock usually demonstrate clear seasonality in the SRS, falling after April and increasing again in November, but in 2007, terms-of-trade failed to recover from their seasonal low-point (August-October) because of a combination of rising food prices and poor rains (see figure 4.14).

The reduced terms-of-trade are exacerbating the already destructive practice of selling assets to purchase. Semi-structured interviews revealed that pastoralists were selling more assets or assets of greater value to ensure enough income to purchase enough food. Selling their best sheep would previously have bought 25kg of sugar and 25kg of cereals – today they must choose between the two.

In addition to revealing significantly reduced assets in early 2008 amongst pastoralists in the SNNPR, Action Against Hunger observed that wealthier individuals were providing informal loans, at interest rates in excess of 100 percent, to poorer families for expenditure on education, health and additional food costs. Similar findings were evident in a 2008 Action Against Hunger food security assessment in Achhem, Nepal where lower castes were discriminated against, often finding it hard to secure loans and being charged greater interest rates than higher castes. Debt is a significant dimension of vulnerability, but remains difficult to measure and monitor – more effort must be made to include debt in future food security assessments.

This combination of high food prices, paternalism and malnutrition has become one of the pillars of discussion of seasonality and now reveals itself in the context of high global food prices. Evidence from Ethiopia shows that high and volatile food prices have had an adverse effect on terms-of-trade in both agricultural and pastoral livelihood zones. Survey data from the SNNPR shows that malnutrition rates also increased during this period. No concrete link can be established here, but the evidence is mounting that high global food prices, domestically and globally, may have a significant bearing on acute malnutrition.

This year households across the world are spending a greater proportion of their income on food, reducing staple food consumption and restricting dietary diversity in reaction to high food prices. Coping strategies may begin to wear thin, and vulnerability during the coming hunger season will increase as food stocks and assets are exhausted quicker. Gill's Mean Variance Model indicates that this is a precarious situation, and evidence from Niger and Malawi suggests that reduced buffers and greater vulnerability to price shocks can cause widespread acute food insecurity and famine. The international community must be ready to react should a malnutrition crisis emerge.



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5. THE GLOBAL RESPONSE TO HIGH FOOD PRICES: WHAT IS BEING DONE?

5. THE GLOBAL RESPONSE TO HIGH FOOD PRICES: WHAT IS BEING DONE?

Figure 5.1 shows the reaction-times of various groups to the escalating food prices – the dark shades represent the period of peak activity. Though the precise timing of different actors varies by country and context, most regions followed this basic progression. Civil society[7] reacted fastest, sometimes through violent protests prompting greater media attention and pressuring national governments into hasty responses (often imposing poorly designed export restrictions; see annex 6). The increasing media attention, threats to political and economic security in some countries (notably Haiti) and pressure on budgets dedicated to food aid finally triggered a response from the multilaterals (WFP and the World Bank were among the fastest to react) and, later, donors. A primary concern to Action Against Hunger, discussed further in section 6, is donor responsiveness to political pressure rather than information emanating from surveillance in the South. A year on, few strides have been made to effectively address the problem of hunger. This section provides an outline and critique of the responses to rising food prices at the global and national levels, supported by a case study of interventions in Monrovia, Liberia.

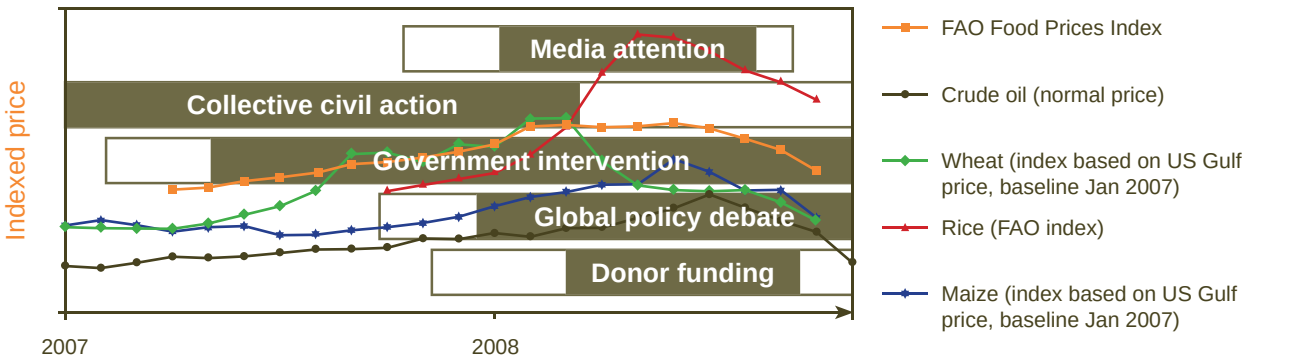
5.1 The International Response

As with hunger crises in the past, the international response has been reactionary, media-sensitive and late. Action has come largely in two forms: attempts to coordinate aid and global policy, specifically through the Comprehensive Framework for Action and the Global Partnership on Agriculture and Food Security, and interventions by the United Nations and International Financial Institutions (IFI). NGOs have also played a role, but have been constrained in their reaction by the lack of responsive funding, a lesser constraint for the UN agencies and IFIs. For this reason, this report will focus its critiques on the multilaterals.

5.1.1 The High-Level Task Force and Comprehensive Framework for Action

In April 2008, the Chief Executives Board of the UN established a High-Level Task Force on the Global Food Crisis (HLTF), comprising of the Executive Heads of the UN specialised agencies, funds and programmes, Bretton-Woods institutions and the World Trade Organisation, to establish a common strategy on how to respond to the global food crisis in a coherent and coordinated way. The resulting

Figure 5.1: Timeline of the general response to the rising food prices



Source: FAO 2008b; Energy Information Administration 2008

[7] This report uses a loose definition of civil society to describe collective civil actors, including unions, farmer organisations, community based organisations, but also extending to the general public in the case of organised protests (violent or non-violent).

(draft) Comprehensive Framework for Action was presented between 3rd and 5th June, 2008, at the High-Level Conference on Global Food Security to an audience representing 181 countries including 42 Heads of State and Government, 100 high-level ministers and 60 NGOs and civil society organisations. The final Comprehensive Framework for Action (CFA) puts forth a "framework for setting out the joint position of HLTF members on proposed actions to: 1) address the current threats and opportunities resulting from food price rises; 2) create policy changes to avoid future food crises; and 3) contribute to country, regional and global food and nutritional security" (High-Level Task Force 2008:vii).

The strength of the CFA exists in its multi-disciplinarity (see page 5 of the CFA or annex 7), its outcome-focused approach and its efforts to be inclusive. The framework represents an important attempt to provide a holistic response to high and volatile global food prices, bringing together recent discussions and practices from economics, health, food security, nutrition, governance, agriculture, climate change, sustainable development and other fields. The emphasis on long-term solutions as well as immediate needs is crucial, as is the growing support for the right to food, the centrality of technological research and development and improved global and domestic food security monitoring systems.

While the CFA represents significant progress in an attempt to coordinate agendas in the light of the 2005 Paris Declaration on Aid Effectiveness, bridges the traditional divide between relief and development and brings 'hunger' back to the forefront of development discourse, the guidelines are largely unimaginative – effectively proposing a review or a scale-up of existing operations. This is not in itself a criticism of the CFA, provided that the grounds for advocating for the scale-up of existing programmes are justified by proven success. However, there is a lack of prioritisation, no clear leadership, no guaranteed funding, no specified monitoring process and only limited participation and national 'ownership'.

Prioritisation

The CFA lists four immediate priorities: responding to needs for food assistance and broader social protection, distributing inputs and other agricultural support, influencing short and long-term policies and responding to demands for support. Within this statement, very little is elaborated, and suggested interventions to combat hunger in the short-term focus largely on food aid. Advocating for a quick fix of the food aid system overlooks more effective treatments of malnutrition and the need for ready-to-use, pre-positioned resources before the hunger season.

Leadership

The CFA demands leadership at all levels, placing particular emphasis on the national level. Here governments of the South are being asked to launch the assault on food insecurity and malnutrition with support from a coordinated partnership between a broad group of stakeholders, including multilaterals, national and international NGOs and community based organisations. This recommendation comes without firm leadership at the global level, where WFP and FAO currently hold, arguably, the greatest sway at the expense of national governments. Without clear leadership, a coordinated and directed response seems unlikely.

Funding

The HLTF estimates that between US$25 and US$40 billion per year will be required to fully address food insecurity on a global scale – a third dedicated to immediate assistance, and the remainder invested to ensure long-term resilience. Half would be required for agriculture, and the other half for social protection. This estimate appears extremely conservative. In previous work, Action Against Hunger estimated that between US$37 billion and US$70 billion is needed to effectively combat seasonal hunger worldwide (explained in section 6), a figure which does not include agricultural interventions. Funding remains a major constraint to all initiatives combating malnutrition and food insecurity.

Monitoring Progress

The CFA falls largely silent on how the response will be monitored, advocating for an internal monitoring system drawing on the multitude of systems already in place to track malnutrition and food security. Three issues arise (1 and 2 are discussed further in section 6):

1. The need for appropriate indicators. Improved agricultural production, access to markets, trade liberalisation, access to food are all vital to resolve the global food security crisis, but if the CFA is to focus on vulnerable groups, nutrition must become *the* principle outcome indicator of policy success or failure.

2. The need to improve and connect existing monitoring to the decision-making process.

3. The need for an external monitoring system to ensure actors deliver on their promises. Hunger Alliance and other bodies see a substantial role for NGOs in providing the link between the global framework and implementation at the local level.

Effective monitoring will guarantee neither compliance, nor success, but is essential if we are to make real progress in alleviating this form of poverty. Concrete commitments are required, and the lack of political will remains the greatest impediment to the eradication of hunger.

Participation and Ownership

Compliments must first be given to the HLTF for their efforts to make the design of the CFA an inclusive process. However, the CFA will only be successful if it ensures an inclusive platform for accountability, 'ownership' and participation at all levels of planning, implementation and monitoring. To date, policy debate surrounding the CFA has been remarkably lateral, dictated by the UN agencies and IFIs without significant influence from affected countries. In fact, many governments are yet to endorse the Framework. A major pillar of the CFA is the push for greater support for small-scale farmers, though the voice of smallholders is noticeably absent from the deliberation process. The question remains: will the international community endorse and establish an enforceable right to food?

> *The CFA aims to be the catalyst for action by providing governments, international and regional agencies and organisations, and civil society groups a menu of policies and actions from which to draw appropriate responses.* (HLTF 2008:vii)

Action Against Hunger remains sceptical, but open. The CFA provides a high quality, holistic approach to high and volatile global food prices, outlining what is needed to address both short and long-term needs. However, a number of ambiguities within the document and the lack of clear leadership and support threaten to undermine the opportunity to effectively tackle malnutrition and food insecurity in an environment where political support is waning as the financial crisis continues to put strain on the economies of donor countries. Hunger must be kept on the agenda; it must be given priority.

5.1.2 The Global Partnership on Agriculture and Food Security

First suggested by France and the UK at the Rome Summit in June 2008, and endorsed by the G8 a month later, the Global Partnership on Agriculture and Food Security (GPAFS) remains conceptual – a partnership bringing together developing country governments, multilaterals, universities, research institutes, non-governmental organisations, farmers' organisations, civil society organisations, private foundations, the private sector and other institutions to tackle global food security as a unit (FAO/CFS 2008). More will, hopefully, be known about the form the GPAFS will take after the high-level meeting on "Food Security for All", in Madrid, scheduled for late January (sometimes referred to as the Madrid Meeting). As it stands, the Global Partnership represents a new architecture to com-

bat hunger and food insecurity, whose first mission will be to ensure global food security remains a global political priority. The expected roles of the GPAFS will be to:

- encourage effective coordination of different actors
- tackle emerging global policy
- reform international institutions, where needed
- ensure developing countries fully support interventions and approaches

The ambiguity surrounding the potential focus, structure and methods of the Global Partnership makes it hard to assess the possible impact of the institution. In this regard, Action Against Hunger has mainly questions. At what level will the GPAFS be focused; will it be a national or a global tool for addressing food insecurity and malnutrition? Who will provide leadership? What will be the relationship between the Partnership and the CFA? More specifically, will the former endorse the latter? Will the GPAFS last? Will it achieve real results?

Action Against Hunger, Save the Children, Concern, Care International and Tearfund (2008) articulated, in a joint statement, four critical elements needed to form the Global Partnership.

1. The GPAFS must prioritise malnutrition alongside food security and agriculture as did the CFA, specifying explicit nutrition objectives. While food security and malnutrition are linked, ensuring access to adequate quality of foods will not prevent malnutrition, and specifically micronutrient deficiencies.

2. Donors must commit the additional funds needed to allow the GPAFS to function fully and effectively. To date, funding has been relatively short of the estimates provided by the CFA and shorter of the calculations produced by Action Against Hunger.

3. The GPAFS should be guided by the Paris Declaration on Aid Effectiveness and strive for mutual accountability between donors and their partners. It is vital that decisions made by the new body are *needs-driven* and not donor-driven.

4. Civil society must have an audible voice within the Partnership. Current proposals fail to acknowledge the crucial role civil society (globally and nationally) can play in providing a voice of those in need and improving *independence* from donors and governments alike. Ultimately, the *legitimacy* of the GPAFS will depend on the meaningful inclusion of the various actors within civil society.

Lawrence Haddad, Director of the Institute of Development Studies, is quoted by the International Development Committee (2008:38), saying "[w]hile there are exceptions, very few truly joint initiatives manage to transcend the institutional fights for resources and media limelight." Action Against Hunger supports the pursuit of greater coordination of aid, but asserts that there is a real need for strong, singular leadership and sustained, committed political support in the fight against food insecurity and hunger. This applies both to the CFA and GPAFS. The Madrid Meeting will shed some light here, but it is difficult to see how another global 'partnership' will be able to meet needs with desired results in a respectable timeframe.

5.1.3 The United Nations

Four agencies within the vast United Nations network are pertinent to the current debate. The World Food Programme was first to react to rising food prices. FAO and IFAD gained increasing recognition as major players in the future of global food security. Finally, UNICEF has established itself, over the years, as champions for the treatment of child malnutrition – a vulnerable group that is not catered for by general food aid.

The World Food Programme

The World Food Programme (WFP) has taken a leading role in the campaign against rising food

prices. Operations have a heavy food aid focus, but WFP also has projects directed at malnutrition and more long-term food security. Action Against Hunger echoes the sentiments of the International Development Committee (2008) in praising WFP for its rapid reaction to the sharp rise in food prices in late 2007 and early 2008, the most responsive of all UN bodies.

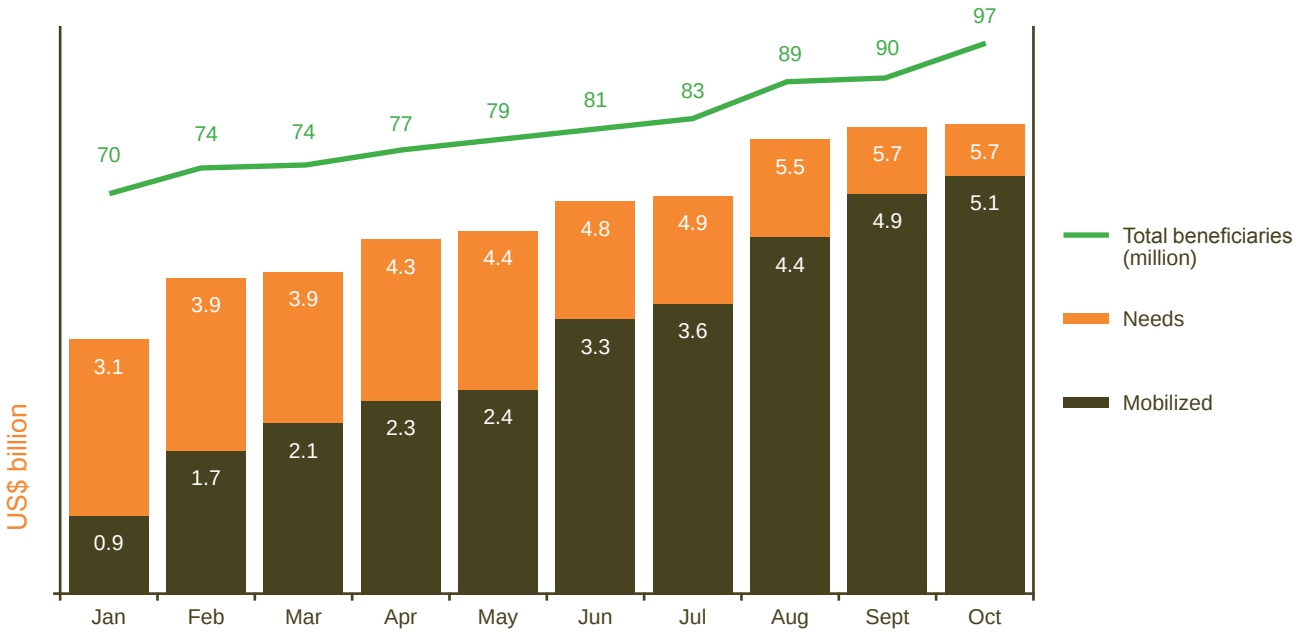
Following a successful campaign for US$755 million in additional funds needed to compensate for the reduced purchasing power of the organisation brought about by high food and oil prices, in early 2008, the global budget for WFP equalled US$6 billion – the largest budget of any humanitarian group. An extraordinary donation of US$500 million from Saudi Arabia provided a surplus US$214 million which was specifically allocated to addressing the Food Crisis. Table 5.1 summarises the country break-down of US$104 million of the US$214 million package targeting those populations most affected by rising food prices. Figure 5.2 demonstrates the success of the WFP fundraising strategy – depicting the steady convergence of needs and mobilised funding.

Table 5.1: Total and per capita spending as part of the 2008, US$214 million package to mitigate the effects of high food prices in target countries

Country	Per Capita	Total Allocation
Djibouti	$34.25	$5,000,000
Ghana	$15.81	$3,400,000
Guinea	$17.09	$10,000,000
Haiti	$3.20	$8,000,000
Liberia	$45.45	$10,000,000
Mauritania	$10.91	$6,000,000
Mozambique	$31.25	$5,000,000
Nepal	$4.62	$6,000,000
Pakistan	$7.14	$20,000,000
Palestine	$16.67	$2,000,000
Senegal	$11.11	$6,000,000
Tajikistan	$10.00	$10,000,000
Uganda	$15.72	$2,500,000
Yemen	$9.88	$10,000,000

Source: UN 2008b

Figure 5.2: World Food Programme operational requirements for 2008



Source: WFP 2008d

These figures give weight to two important observations:

Firstly, even the world's largest humanitarian actor only caters for a small percentage of actual needs. FAO estimated a total of 923 million people suffered from hunger in 2007. That year, WFP food assistance reached 86.1 million people in 80 countries. Despite the vast sums donated, particularly by Saudi Arabia, WFP still has the capacity to cater for only 97 million (approximately 10 percent) of the world's hungry, currently approximated at 963 million. So while the difference between requested and mobilised funds is small, the gap between total beneficiaries and the estimated number of people going hungry is unacceptable.

Secondly, food aid remains the only large-scale intervention targeting hunger that is endorsed and supported (financially and politically) by the international donor community. Food aid is effective in addressing only limited forms of hunger, only indirectly impacting on acute malnutrition which has been rising in some countries (as shown in the case study from Ethiopia). Action Against Hunger encourages WFP to either improve its response to severe acute malnutrition by improving the quality of food aid and rethinking treatments targeting malnutrition, or developing 'twin-track' interventions addressing food security and malnutrition simultaneously, in collaboration with FAO, UNICEF and WHO.

Food and Agriculture Organisation

The Food and Agriculture Organisation (FAO) has also been a significant actor in the global response to high and volatile global food prices, providing US$59 million to governments of worst-affected countries – and specifically those regions preparing for or beginning the planting season. Interventions generally assumed the form of agricultural input distribution and technical assistance. The Organisation has requested US$1.7 billion to fulfil its Initiative on Soaring Food Prices for 2009 (UN 2008b).

Box 6: The Trouble with Conditionality in Food Aid Distribution

Action Against Hunger is not a monitoring agency, but an NGO concerned predominantly with child malnutrition. However, reports emanating from developing countries continue to highlight the dangers of relying on food aid. Regardless of the economic and social implications of large-scale food aid, the ongoing practices of supplying the majority of food aid in-kind and tying cash donations is nothing short of embarrassing.

In April 2007, the United States donated US$20 million to WFP school-feeding operations in Malawi, to be used over three years, on the condition that the cash donation would be spent on US maize-soya blend – a fortified food used commonly in emergency food distributions. Legal restrictions in the United States require all food aid to be packaged by US firms and 75 percent transported by US freight. While the cost of maize-soya blend differs only marginally between the USA and Malawi at source, by the time US food aid reached Malawi it cost US$812 per tonne compared to US$320 per tonne for the locally produced blend. Substantially more is spent on administrative and transport costs than actual food aid.

In short, the amount spent on the US maize-soya blend could have fed two and a half times more children in Malawi, had it been spent on locally produced fortified foods.

Source: Renton 2007

International Fund for Agricultural Development

The president of the International Fund for Agricultural Development (IFAD) announced the intention to provide US$200 million for immediate injection into agriculture in all countries IFAD currently operates in. By September, only US$50 million had

been committed by donors. The mobilised loans and grants are being used to support local farmers boost staple food production by purchasing farming inputs and distributing seed among other activities. IFAD technical support is also trying to improve the sustainability of agricultural practices (UN 2008b).

United Nations Children's Fund

In April 2008, executive director, Ann Venemann, announced that UNICEF (2008a) is closely monitoring the nutrition situation and the impact on food price increases on women and children. UNICEF's priority in the current climate of high and volatile food prices is to assist children that are already malnourished, and prevent the nutrition situation of affected populations from worsening (UNICEF 2008a).

The agency has allocated an additional US$50 million to programmes in 41 developing countries where malnutrition poses a serious threat to children and other vulnerable groups (ALNAP 2008). UNICEF in Mozambique, for example, was allocated an additional US$3 million in an attempt to scale-up nutrition programmes and cater for the increased needs of children in a climate of high food prices (UNICEF 2008c). New nutrition programmes to provide supplementary feeding to under-fives were established in central and southern Somalia where high global food prices compounded the devastating effects of regional drought and worsening conflict (UNICEF 2008d).

Coordination between the agencies of the United Nations in the design of interventions to mitigate the effects of high food prices is of primary importance. The overlaps between WFP and FAO and FAO and IFAD must be addressed. This is not to say, as has been suggested by DfID in the past (International Development Committee 2008), that WFP should focus on immediate needs and humanitarian assistance, leaving FAO to address more long-term food security and malnutrition. The need to bridge the lasting divide between relief and development takes precedence here, but to have the various UN agencies competing for the same resources and addressing the same needs is inefficient and constrains progress.

A single agenda must be set. In this light, the absence of UNICEF from the global debates surrounding high and volatile global food prices is disturbing. The principle UN body concerned with child malnutrition, UNICEF's experience and expertise will be vital in designing an effective and comprehensive response to the global hunger crisis.

5.1.4 The International Financial Institutions

The influence and budgets of the international financial institutions (IFIs) make them powerful actors in the response to high and volatile global food prices. Of immediate importance is the ability of these institutions to provide soft loans to stabilise economies suffering from declining terms-of-trade and scale-up social protection for vulnerable citizens in areas hit hard by high and volatile food prices. The World Bank and International Monetary Fund have the power to act as a buffer to the lasting effects of high food prices on poverty and development.

World Bank

The World Bank (also known by the formal title of the International Bank for Reconstruction and Development) launched rapid needs assessments in 40 developing countries and earmarked US$1.2 billion for a newly established Global Food Response Programme (not to be confused with the Global Partnership) to "provide rapid assistance to the most fragile, poor and heavily-impacted countries". The first US$ 200 million has been set aside for grants to the world's poorest states and is currently being distributed. Further loans of values between US$100 million and US$200 million were supplied to hard-hit nations like Bangladesh and Burundi. In the long-run, the Bank has agreed to boost support to agriculture from US$4 billion to US$6 billion and double lending to agriculture in

Africa to US$800 million in 2009. Investment loans have been provided for purchasing agricultural inputs, funding safety nets and compensating for revenues lost from reducing taxes.

Molina and Muchhala (2008) insist the signs are good. Under the Global Food Response Programme, new operations have been provided mostly as grants with only light conditions attached. Additional funds supplied to existing Bank loans have no additional conditionality, though conditions attached to the initial loan remain without the possibility of waiver. Investment loans have no conditionality, but have ridged directives for procurement and sometimes contain suggested changes for government policy. However, there may be limited space for national governments to implement endogenous agricultural policy.

International Monetary Fund

The International Monetary Fund (IMF) produced the most comprehensive assessment of the likely macroeconomic consequences of rising food prices in a study covering 146 countries. IMF prescriptions were strongly neo-liberal, urging states to eliminate market interventions, such as subsidies, and protect citizens from the resulting impact on livelihoods by investing in social safety nets (Eurodad 2008). The Fund also provided financial support to a number of low-income countries, in the form of grants to reduce gaps in the balance of payments. Additional assistance was made available through the Poverty Reduction and Growth Facility – the IMF's low-interest lending facility. The Exogenous Shocks Facility, created in 2005 to provide rapid and accessible support following sudden exogenous shocks, has also been employed for the first time since it was established (Molina and Muchhala 2008).

Worryingly, IMF Chief Strauss-Kahn persuaded leaders at the G8 that "inflation should be the top concern of policymakers confronted by higher food and fuel prices". It is of grave concern to Action Against Hunger that food security and nutrition are not considered the principle priority. Further criticisms have emerged in work by Eurodad (2008) and Molina and Muchhala (2008).

1. The IMF has only increased lending to existing 'customers'.

2. Conditionality on the fiscal deficit has been loosened to allow national governments to increase spending on food. This is unlikely to signify a permanent change in lending strategies.

3. The Exogenous Shocks Facility (ESF) was not employed quickly enough – delayed from June to mid-September.

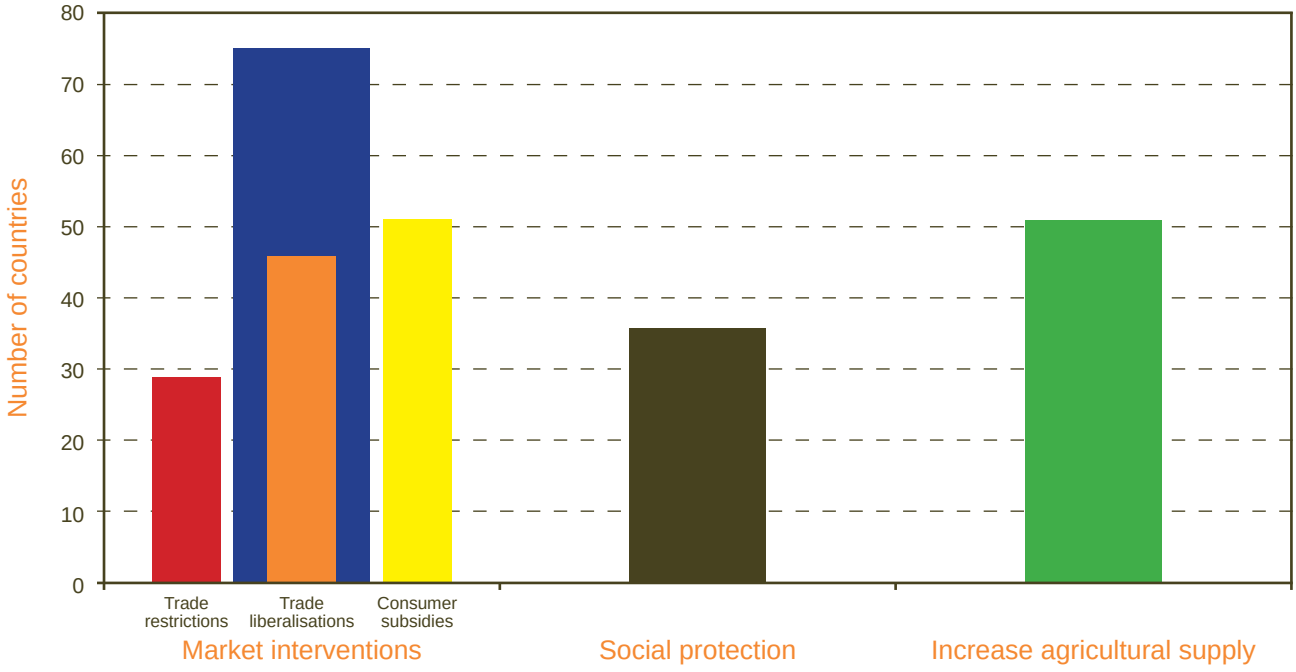
4. Only the first quarter of funds from the ESF carry no conditionality. Additional borrowing is subject to the same guidelines as loans given by the World Bank's Poverty Reduction and Growth Facility.

The privileged position of the World Bank and IMF should be exploited, both institutions must make a greater effort to support government interventions, in the South, that protect vulnerable households, while advising against those that will do further damage.

5.2 National Responses

The popular focus on WFP, the CFA, the HLTF and other similar institutions is distracting attention from the role of national governments in developing countries. National and local responses to the high and volatile global food prices are often absent in recent discussions. Yet, threats to economic and political security meant that national governments were far more reactive to the rising food prices than the international development community – figure 5.3 overleaf categorises the interventions made in early 2008 by 104 countries. While governments have been more sensitive to the demands of those affected than donor institutions, many of the countries most affected had neither the finance nor the

Figure 5.3: Government responses to high food prices in early 2008 (IFPRI sample of 104 countries)



Source: IFPRI 2008a

capacity to initiate effective responses – countries like Lesotho, Eritrea and the Gambia who have experienced substantial declines in their balance-of-trade (World Bank 2008c). National responses fall largely into three categories: market, social protection and agriculture-oriented interventions.

5.2.1 Scaling-up Social Protection

Some countries responded to high food prices by scaling-up or adapting existing social protection schemes, such as cash-for-work or food handout programmes. For example, in February 2008, the Government of Ethiopia raised wage rates in the country's largest cash-for-work programme by 33 percent in response to a 23 percent increase in food prices (World Bank 2008c). Similarly, Bangladesh expanded its food-for-work programme to mitigate the effects of rising food prices and "natural disasters" (World Bank 2008c:3). A number of countries have expanded school feeding programmes. South Africa has increased the budget for the national school nutrition programme (World Bank 2008c), while Liberia has reintroduced school feeding in urban areas with the help of WFP.

Countries adopting social protection responses to high food prices must be commended, but dangers do exist with this type of micro-level intervention. School feeding programmes often fail to target malnutrition among children who are not enrolled in school – particularly very young children who are most severely affected by malnutrition – and ignore vulnerable households without children. Cash-for-work programmes are not appropriate for the elderly, whose needs are rarely recognised, and can lead to further inflation of food prices in areas where supply cannot be increased through production or trade. Cash transfers that are not index-linked will also be devalued in real terms when food prices are high. Key to the success of any such intervention is careful design – NGOs with expertise in social protection have a duty to provide support to national governments. Further recommendations regarding social protection are given in section 6.

5.2.2 Intervening in the Market

Market interventions have been favoured by governments reacting to the pressures of high food prices, largely because they are easy to implement and are highly visible. These were largely of three types: reducing import taxes on foods; targeting domestic food prices by introducing food subsidies or price ceilings; or imposing export restrictions.

Changing Import and Export Taxes

Twenty-four of the fifty-eight countries sampled by the World Bank (2008c) in early 2008 reduced taxes on imports and VAT. FAO (2008c) note that the average tariff on cereals averaged 8 percent among the 60 countries sampled, meaning that even the elimination of these taxes has limited impact on prices. Tax reductions may prove difficult to reverse, leading to significant reductions in government revenue. However, maintaining high food tariffs to protect domestic production, as practiced by the Philippines (World Bank 2008c), imposes additional stress on the budgets and livelihoods of poor households by marking-up prices. More targeted tax changes must be designed to protect consumers without compromising the opportunity for producers to benefit from high prices.

Subsidies and Price Ceilings

Some governments have moved to subsidise specific foods, as seen in Yemen and Pakistan – supplying subsidised wheat on some markets and a rationing card system, respectively (World Bank 2008c). Other countries, like Morocco and Liberia, reacted by imposing a maximum sales price, or ceiling price for selected foods (World Bank 2008c). Subsidising foods and imposing ceiling prices can be damaging, creating a gap between the economic price of a good as dictated by supply and demand and the actual price. While protecting consumers, these interventions can lower producer prices and discourage domestic food production.

Export Restrictions

In the IFPRI (2008a) sample of 104 countries, 30 imposed export restrictions in early 2008 to protect domestic food security by increasing export taxes or limiting/prohibiting trade. Among these countries are a number of major food exporters, including India and China where rice exports (among other foods) were banned. Domestically, export bans and high export tariffs "tend to have a limited impact on domestic price levels and a significant negative effect on earnings for domestic producers and exporters [removing the market incentives for boosting food production]" (World Bank 2008c:4). While, small increases in export taxes can help to maintain domestic food sales and improve the governments' fiscal balance and macroeconomic stability, export restrictions can significantly impact food prices in countries dependent on food imports. Action Against Hunger's researchers in Liberia and Sierra Leone revealed that both countries were facing declining terms-of-trade and greater domestic food prices because of rice export restrictions in China. More must be done to discourage governments from imposing short-sighted and potentially damaging market interventions which exacerbate the effects of high food prices in other countries and limit domestic food production.

5.2.3 Boosting Agricultural Production

In the long-run, agricultural production must be increased sufficiently to meet the needs of the global population. Many of the market interventions mentioned above suppress the normal market stimuli encouraging an increase in food supply. However, some countries have already taken strides to boost domestic food production, increasing the budget of the ministry of agriculture or providing subsidised seeds and fertilisers. Improved infrastructure connecting domestic and global markets, more effective risk management systems and improved market information systems are all likely to play a part in restoring global and local food security. More effort is needed to find an appropriate method to disseminate up-to-date research in agriculture to farmers in developing countries.

5.2.4 The Scramble for Agricultural Land

The high food prices have spurred a number of middle and upper-income countries to lease or buy agricultural land in poorer nations with the intention of shipping produce back to their own domestic markets in an effort to protect national food security (Borger 2008). In 2007, China acquired access to 1.24 million hectares of Filipino land, in 2008, the Government of South Korea announced plans to purchase 690 thousand hectares of arable land in Sudan and has recently supported Daewoo Logistics negotiate a 99-year lease for 1.3 million hectares of land in western Madagascar (Borger 2008). China, South Korea and Saudi Arabia are the largest investors to date, but other countries, including the United Arab Emirates, Japan, Egypt, Libya, Qatar, Kuwait and India, are making similar advances, particularly in Africa and South East Asia (Borger 2008).

Generally, poorer nations have been pushed by bilaterals and multilaterals to attract foreign investments, but in the present political climate, there is an air of uncertainty surrounding the deals. There is certainly a danger of marginalised groups and poor farmers with poor access to land losing out further – with the potential of sparking protest. In Laos, wealthy elites have been selling large tracts of land to foreign investors at prices below the market rate, for forestry or agricultural purposes. Smallholder farmers, who were forced to vacate their land for minimal compensation have begun to rebel in some regions by burning the plantation crops and machinery (MacKinnon 2008). Foreign investment is regarded as necessary for economic development, but can have anti-developmental effects by creating dependency and building inequality. More efforts must be made to support civil society groups monitor and influence the way national investments are negotiated.

5.3 Case Study 3: Responses to the Food Crisis in Monrovia, Liberia

Research conducted on behalf of Action Against Hunger in Liberia provides a more localised picture of responses to the Global Food Price Crisis. The Liberian economy has been severely affected by the two civil wars fought between 1989 and 2003. Petroleum and food are Liberia's greatest imports at 25 and 24 percent of total imports (rice accounts for 65 percent of food imports). This reliance on imported food and fuel has seen the Liberian trade deficit widen gradually since 2005 as global prices increased – oil by 37 percent and food by 280 percent in this period.

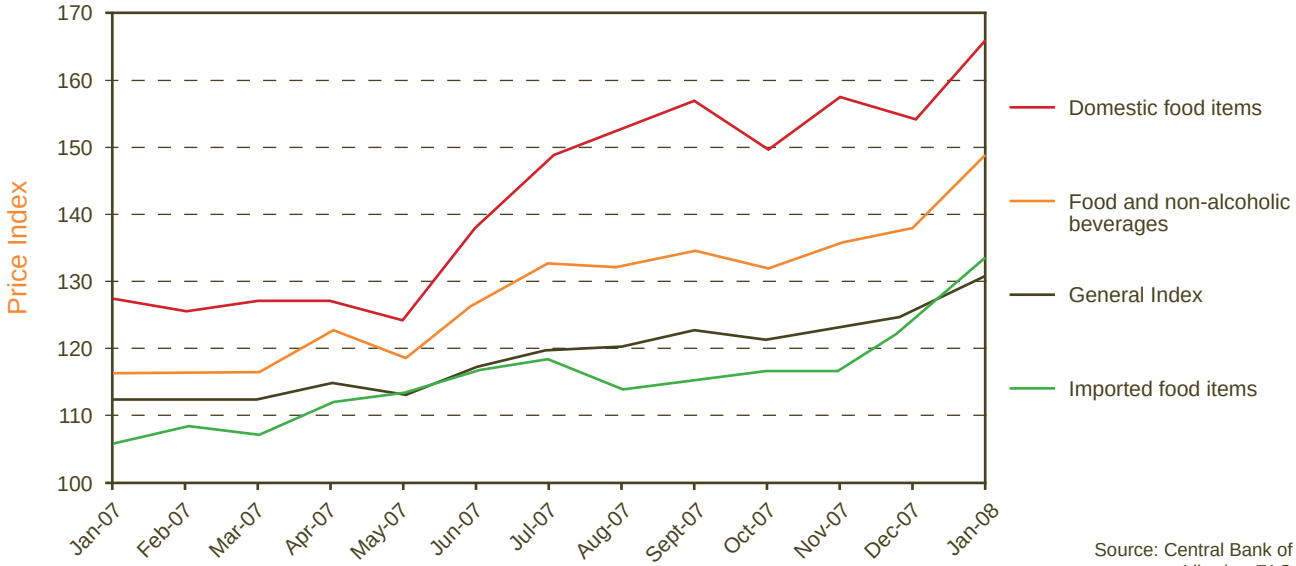
Despite great potential (some areas may permit three harvests per year), food production has never really been developed, rendering local produce uncompetitive. Transportation networks are poor, restricting the commercialisation of local production and forcing urban coastal populations to become more reliant on imports for food. Ninety-two percent of rice consumed in urban Liberia is imported, making the population highly vulnerable to changes in global food prices as seen over the past two years.

Food and Oil Prices Increase Dramatically

The cost of basic food stuffs in Monrovia has been increasing since 2006 – with a more pronounced rise in prices starting in late 2007 – affecting rice, cassava, palm oil, vegetable oil, fish and meat. The Central Bank of Liberia estimated the 2007 inflation rate of food at about 19 percent, 10 percent for imported goods and 26 percent for local produce (see figure 5.4 overleaf).

Food price inflation in 2008 was higher than in 2007. Imported rice is the primary staple food for most Monrovians, followed by cassava, but supply was limited in early 2008, and prices increased by 33 percent in the first few months of the year. The reliance on rice imports has left the Monrovian market sensitive to external fluctuations in price and supply. Trade restrictions on rice imposed by India and China significantly constrained rice imports in Liberia as the cost of importing a ton of rice rose from US$ 400 in October 2007 to over $1,000 per ton in mid-2008 contributing to the high domestic prices experienced in the annual lean

Figure 5.4: Consumer Price Index in Monrovia from January 2007 to January 2008



Source: Central Bank of Liberia - FAO

season. Four types of imported rice are generally available in Monrovia: American (USA) parboiled rice, Chinese parboiled rice, Chinese butter rice and Indian white long grain rice, varying in quality, preference and price.

Other important foods also increased in price. Palm oil, the favoured edible oil in Liberia, was reported to have experienced the greatest price rise of all food products. Cassava prices also increased significantly in early 2008 due to increased demand as consumers altered their diets away from rice. The cost of fish, the principle source of protein for Monrovians, also rose due to higher transport costs.

Domestic and regional factors also had an effect on food costs in Monrovia. Cross-border trading, for example, may have affected domestic prices, though the exact volume and impact of this trade is unknown. Local rice prices are inflated by poor storage capacity. In 2007, 19 percent of post-harvest stock was lost. Poor infrastructure raises the price of local produce and limits its distribution, creating pockets of insecurity. Supply is further constrained by lack of profitability for farmers in Liberia, who are discouraged from subsistence farming by higher prices in contract concessions during the dry season and cash crop production in the farming season.

Anecdotal Impacts on Households

The study in Liberia was the first undertaken by Action Against Hunger in 2008, but was unable to determine the precise impact of high food prices on urban households. However, anecdotal and observational evidence suggested that the exceptionally high cost of food was hitting the poorest hardest, restricting dietary diversity and constraining household budgets with damaging effects on nutrition and livelihoods. A number of findings stood out:

The poorest suffered most. Poor households were unable to accumulate food stocks when prices were cheap and are now especially vulnerable to high price volatility and inflation. These households are able to afford only small quantities of food and so are obliged to purchase from the market on a regular basis. Rice is usually sold in cups, a procedure that escapes the government-imposed ceiling price (discussed below). The result is that poor people are more vulnerable to future price shocks, can afford less food and must pay more for it.

Dietary diversity deteriorated. Protein intake was observed to have reduced significantly during the study period. Rising rice prices forced households to dedicate larger proportions of their food budget to rice at the expense of meat and fish. This was compounded by the increased price of meat and fish deriving from increased fuel (and so transport) costs. The long-term impact of high prices on child development and chronic malnutrition may be significant.

Feeding centre admissions rates increased. In February 2008, GAM and SAM rates were 17.6 and 1 percent, respectively. Action Against Hunger observed an increase of 40 percent in new admissions to its therapeutic feeding programmes from April to May. However, these could not be completely attributed to global food price rises as this period overlapped with the annual hunger season in Monrovia.

Household income shrunk. Petty traders generally lack working capital, relying instead on credit purchases from wholesalers to maintain their livelihoods, repaying credit on a daily basis. A number of women stated in interviews that they could no longer afford to invest in the initial capital for their micro-businesses, forcing them to abandon their trade.

Demand for child labour increased. While impossible to quantify the scale or impact, interviews revealed that some households relied on the increased participation of children in income generating activities as a 'coping mechanism' due to the high living costs.

The International Community is Late

During the assessment, Action Against Hunger noted the responses of other international agencies to the rapidly rising food prices. The World Food Programme and World Bank, as seen elsewhere, represented the most significant actors during the crisis, while the EU and international NGOs based in Liberia also began reforming strategies and policies. Despite food prices rising rapidly at the onset of the hunger season, few actions were taken before July 2008 by the international community present in Monrovia.

In June 2008, the World Food Programme launched a joint impact assessment of the increase of prices across Liberia, in collaboration with several Ministries and actors involved in food security. Regular pipeline-breaks restricted WFP capacity until September when school feeding programmes were scaled-up. FAO was present too, supporting the Ministry of Agriculture distribute seeds to farmers in Liberia – though this initiative looked like a political move to support the 'back to the soil' initiative explained in the following section.

The World Bank allocated a US$10 million envelope in response to the surge in prices dedicated to emergency response targeting vulnerable households, school feeding and mother-child health programmes. The World Bank (2008b) Project Concept Note proposes an emergency programme which focuses on measures to: (i) assist the Government to cushion the impact of food inflation on the most vulnerable; (ii) initiate actions on the supply side that will mitigate the impact of the crisis in the medium-to-long term; and (iii) support policy measures to improve the efficiency of markets, stabilise prices and better target the poor. The following three components are proposed:

- budget support for food price policy reforms
- support to social safety-net programme
- interventions to boost agricultural production

The European Union through ECHO planned to fund emergency response for the second half of 2008 by supporting WFP's treatment of severe and moderate acute malnutrition and the distribution of food. By the time the Action Against Hunger assessment was completed, resident NGOs had still not adapted their operational strategy to the current food crisis, though some surveys had been planned. This is partly because many NGOs

had withdrawn from the emergency response and so had discontinued their activities in Monrovia.

The Liberian Government's Responses

In response to the rising food prices, the Government of Liberia introduced a number of short- and long-term policies to combat high food prices ranging from cash-for-work and supplementary feeding programmes to import bans, a ceiling price for rice, suspension of import tax for rice, negotiations with several countries for in-kind financial support, negotiations with China to resume rice exports to Liberia, and agricultural interventions.

Agricultural interventions included increasing the national budget allocated to agriculture from 3.4 percent in 2007/2008 to 6.8 percent in the 2008/2009 fiscal year and the 'back to soil initiative', launched at the end of June 2008, encouraging the urban population to work on farms in rural areas. It is likely that benefits of urban living, such as greater work opportunities, better health and education services, and easy access to markets, will make it difficult to persuade youthful urbanites to invest their futures in farming.

The Government also established a ceiling price for rice of US$30 at wholesale and US$31 at retail level for 50 kilos of rice. However, rice is usually sold in 'cups' on informal markets which are poorly regulated – the equivalent price of American parboiled rice sold by the cup was $50 for 50 kilos at the time of the study. Poorer households were unable to afford the lump-sum cost of a 50 kilo bag of rice and so paid a higher price than richer consumers who bought in bulk.

The government suspension of the 2.1US$/bag tax on imported rice may have been beneficial to consumers but could have adverse effects in the long-run. Removing the import tax will cost Liberia US$ 6 million over a one year period, leading to cuts in government expenditure or a rise in the budget deficit, with significant consequences for development.

Action Against Hunger Recommendations for Liberia

The Liberian Government has taken strides to protect some citizens from high food prices and boost national food production – but these have not fully met the needs of the affected population. Therefore, Action Against Hunger proposes a number of additional short, medium and long-term interventions.

In the short-term, Action Against Hunger recommends increasing the capacity for tackling malnutrition by improving surveillance of the Ministry of Health and scaling-up treatment of acute malnutrition through feeding centres. Daily wet meals for children under three years old and cash or food vouchers to pregnant and lactating women could support these initiatives by targeting the groups most at risk of malnutrition. Efforts must also be made to improve the purchasing power of poor and vulnerable groups through cash handouts.

In the medium and long-term, policies should focus on improving dietary diversity of poor households by supporting vegetable production in the urban and peri-urban context or providing employment guarantee schemes to boost income. The government is strongly urged to seek greater independence from the international food market for staple food, particularly in the urban context of Monrovia. Swamp land can be farmed, food storage improved and infrastructure developed. Greater regulation of rice prices is also needed to address the market failures that underpin seasonal price fluctuations. Finally, the government must boost small-scale farm production by increasing small-holder bargaining power, supporting community-based cooperatives and integrating markets within the country.

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For a short time in 2008, violent protests, threats to national security, reduced purchasing power of relief NGOs and increased media attention propelled hunger and food security to the forefront of the

development agenda. As attention swelled around food prices, the United Nations launched the High Level Task Force and later the Rome Summit, resulting in a Comprehensive Framework for Action and a proposed Global Partnership on Agriculture and Food Security. The CFA represents an effort to coordinate and focus the response to high and volatile global food prices in the short, medium and long-term. Whether the new Global Partnership will endorse the holistic approach presented in the CFA remains to be seen; there is a worry that policy debate and implementation will continue to be controlled by global agencies rather than national and local needs. Can a new Global Partnership really deliver concrete results? Action Against Hunger remains sceptical, but open.

The World Food Programme has been the most proficient of the UN agencies during this period, raising substantial funds to support its operations in early 2008. Despite this, WFP's budget grew by only a small proportion in real terms – a result echoed later, after pledges made in Rome failed to translate into actual funding. International food prices may be falling now, but domestically they remain high: the food crisis is not over. Even in areas where malnutrition rates had not increased dramatically, as they did in Ethiopia, Action Against Hunger research showed consistent decreases in dietary diversity and total food consumption among poor households affected by higher food costs. This will have long-term implications for food security and poverty. The international community must remain vigilant and continue to prioritise malnutrition and food security. The next section explores what can be done to eradicate hunger.



6. WHAT MORE IS NEEDED?

6. WHAT MORE IS NEEDED?

The global food price rises are not the result of a single cause, nor do they affect all peoples to the same degree. An effective response must be broad, cross-disciplined and function at all levels; it must address both causes and effects, past, present and future. The CFA draws together some of the most recent debates surrounding agriculture, economics, development studies, food security and nutrition to provide a platform for a multi-faceted, unified response. It has prompted a needed return of agriculture and hunger to the top of the international development agenda. Still, more than almost any other disease, severe acute malnutrition is incorrectly viewed as a symptom of crisis, and treated only in emergency responses; shedding this attitude is vital for alleviating hunger worldwide. Drawing on almost half a decade of experience in combating food insecurity and acute malnutrition on the ground, this section outlines a number of recommendations which may form *part* of a global response to the immediate crisis and a buffer to future crises. This section will briefly describe a number of proven tools used to address acute malnutrition and food insecurity, discuss what is needed to create an environment where these interventions can be applied most effectively, and ask what can be done to immediately scale-up the treatment of severe acute malnutrition.

6.1 What Interventions can be used to Fight Hunger?

Alleviating hunger will not be easy and remains possibly the greatest humanitarian challenge faced by the international development community. The CFA has made strides towards an integrated approach to improving global food security and eliminating hunger. Improving agricultural production and supporting small-scale farmers are crucial to ensuring everyone has enough to eat, and may also provide opportunities for pro-poor growth. Action Against Hunger supports such initiatives, but insists that bolstering food production will not be sufficient to eradicate hunger, and particularly malnutrition. A package of social protection programmes and treatment of malnutrition is needed too. Essential *proven* interventions in the fight against hunger are:

- Food reserves
- Community-based management of severe acute malnutrition
- Growth promotion programmes
- Employment guarantee schemes
- Social pensions
- Food aid
- Index-linked cash and food transfers

Food Reserves

Low food reserves exacerbated the impact of cereal supply shocks in late 2007. Global cereal reserves are at their lowest level for 30 years and must be increased to buffer against future production shortfalls. Food reserves can be physical or virtual, and operate at the global, regional, national or local level. The Structural Adjustment Programmes of the IMF and World Bank frequently required countries, like Malawi, to abandon national food reserves and rely on international trade to protect domestic food security. National agricultural boards frequently bought staple foods during the post-harvest season at a fixed price, selling the stock at the same price during the hunger season, when prices are usually high. Though national food reserves were often inefficient and their operators corrupt, these schemes did provide improved food security. Action Against Hunger suggests that regional grain stocks, managed by regional bodies, should be considered both as a form of market regulation, and as a platform for emergency response.

Community-Based Management of Severe Acute Malnutrition

The treatment of severe acute malnutrition has recently been improved by moving from a facility-based to a community-based approach. Severely malnourished children without complications can be treated with ready-to-use therapeutic foods in the community. Only children with complications (anorexia and extensive oedema) are treated as

inpatients. This community-based approach has dramatically increased the coverage of malnutrition treatment programmes and can be easily scaled-up (WHO et al 2007). Community-based management should represent a major pillar within any social protection package targeting hunger or malnutrition.

Growth Promotion Programmes

Growth promotion programmes are aimed at preschool children and pregnant/lactating women. These programmes include: growth monitoring; antenatal care; breastfeeding promotion; health, hygiene and nutrition education; and supplementary feeding of pregnant women, lactating mothers and preschool children (Devereux et al. 2008). Shown to reduce malnutrition by 1 to 2 percentage points each year, child growth promotion programmes have the ability to prevent several million children succumbing to malnutrition each year if implemented worldwide (Devereux et al 2008).

Employment Guarantee Schemes

With labour being the prominent asset available to many poor households, especially during the hunger season, employment schemes provide a source of income (or food) during a time when labour work is difficult to find. The most comprehensive national employment scheme is found in India, where all citizens are guaranteed 100 days of work at minimum wage. This form of social protection is only effective when governments are able to deliver work in response to households' demands for work. India's National Rural Employment Guarantee Scheme has shown that an active judiciary supporting the right to information may be a necessary condition to creating an effective national employment system. India may provide a model for similar schemes to be adapted and implemented in a range of countries.

Social Pensions

Social Pensions are regular unconditional cash transfers for either all elderly citizens or just targeted groups of the population. (Devereux et al. 2008). A number of countries have introduced social pensions, including Brazil, Botswana, Mauritius, Lesotho, Nepal and South Africa; pensions have improved living standards for the elderly as well as their families. In South Africa, children in families receiving social pensions were more likely to attend school (Edmonds 2006). These pensions are feasible and accessible for low-income countries. ILO (2008) estimates that providing universal basic old-age and disability pensions in some countries, including Burkina Faso, Ethiopia, Kenya and Nepal would cost between 1.1 and 1.5 percent of GDP annually. For others, such as Cameroon, Guinea and India costs would be below 1 percent of GDP (ILO 2008); though the costs of social pensions will increase as people live longer and the average age increases. Future schemes should also cater for lactating mothers to allow women to breastfeed their children.

Food Aid

Though alternative forms of treatment are needed to address severe acute malnutrition, food aid remains an important intervention against hunger. Musopole (2004) of Action Aid Malawi, clearly explains how food aid, when handled correctly, has the potential to alleviate the dependence of smallholder farmers on casual labour as a source of income or food during the hunger season and free-up time to cultivate one's own crops. Still, food aid is a short-term response, a blunt tool, predominant in regions experiencing serious food supply shortfalls or poor distribution.

Index-Linked Cash and Food Transfers

Cash and food transfers offer a way to reduce the risk of malnutrition in the medium and long-term. An example of this type of social protection scheme is food-for-work, which provides food in exchange for labour – often building local roads and other infrastructure. Participants in these transfer schemes often prefer receiving cash instead of food as it enables them to meet food and

non-food needs; the decision to choose the type of 'aid' provided by transfers should be that of the recipient. The problem with cash transfers is that food prices fluctuate according to seasons, and so purchasing power obtained through these programmes also changes. To protect the income of participants, transfers can be indexed, meaning that the amount of cash received is linked to food prices. One example for this is the 'Food and Cash Transfers' (FACT) project in Malawi where food markets were monitored throughout the hunger season and the amount of food transferred to the families was adjusted as food prices rose or fell (Devereux et al. 2008).

These tools have proven successful in some countries and are becoming well-established practices amongst some governments and 'development' organisations. More is known about the strengths and weaknesses of these interventions, and their costs. A combination of these tools will be needed to enable a successful response to the consequences of high and volatile food prices, and more generally to address malnutrition.

6.2 What Must Change to Enable Successful Interventions?

Though the interventions mentioned above have proven successful in specific contexts, it is unlikely that transplanting them from one country to another will be effective without careful adaptation. They are a means to an end and not an end in themselves – success will be defined by reductions in malnutrition and improved food security. To improve the outcomes of the suggested interventions, a number of issues will need to be addressed, including:

- World hunger and malnutrition must become a priority
- More funding is required
- The right to food must be established and enforceable by those suffering from hunger
- Surveillance of food security and malnutrition must improve and be linked to implementation
- And the politics of malnutrition must be understood, accepted and included in policy design

Far from an exhaustive list, these changes would provide a good basis for improved policies and programmes aimed at eradicating hunger.

6.2.1 Make the Alleviation of Hunger and Malnutrition a Priority!

Until recently, the Department for International Development (DfID) lacked "both a specific policy and measurable targets for assessing progress in reducing malnutrition" (International Development Committee 2008). The current perception of the Global Partnership is focused largely on food production and agriculture, and not on malnutrition – showing that even in the current climate malnutrition is seen as a secondary priority. The double standards exhibited recently by countries of the North in their reactions to the Global Food Crisis and the simultaneous Financial Crisis are astounding – giving us a useful valuation of the political importance of poverty and malnutrition. The USA alone negotiated a US$700 billion bailout plan in a matter of weeks under a poorly defined mandate, while the estimated US$40 billion per year needed to address the food crisis (CFA estimate) has been virtually ignored – the USA pledged only US$1.9 billion to WFP in 2008 (WFP 2008d). If these attitudes persist, it is unlikely that the international community will make significant progress in reducing malnutrition or even curbing poverty.

6.2.2 Provide More Funding

Lack of political will constrains funding when more funding is desperately needed. WFP crudely estimates that there are almost one billion people who do not have enough to eat, but only has the capacity to provide support to 10 percent of this number. Two questions must be asked: 'where will this money come from?' and 'what will the impact be on other sectors, like education and health'?

Table 6.1: Percentage of GNI going to ODA among donor countries (in order of greatest proportion in 2007

		2006	2007
1	Norway	0.89	0.95
2	Sweden	1.02	0.93
3	Luxembourg	0.9	0.91
4	Netherlands	0.81	0.81
5	Denmark	0.8	0.81
6	Ireland	0.54	0.55
7	Austria	0.47	0.5
8	Belgium	0.5	0.43
13	Germany	0.36	0.37
14	UK	0.51	0.36
21	USA	0.18	0.16
Non-G7		0.51	0.51
DAC-EU		0.43	0.39
G7		0.27	0.23

Source: OECD 2008a

With governments in the North currently preoccupied with the Financial Crisis, mobilising additional financial resources may become more difficult. At the Doha follow-up conference on financing development in 2008, donor governments were once again urged to allocate the previously agreed target of 0.7 percent of gross national income (GNI) to official development assistance (ODA) by 2015 and to increase voluntary contributions to the United Nations development system (UN 2008a). Table 6.1 (page 54) indicates that while some countries have exceeded this requirement, many major donors, including Germany, the United Kingdom and United States are still seriously short of the 2015 target – some countries have actually reduced this proportion since 2006.

There is also an increasing request for local resource mobilisation, particularly through tax reforms which are a fundamental dimension of state-building. Major progress has been made in Africa where implementation of development policies led to mobilisation of domestic resources. In addition new, innovative sources of funding need to be developed, like the International Financing Facility for Immunisation and the airline ticket solidarity levy, which provides funds for UNITAID to purchase drugs for AIDS, tuberculosis and malaria (UN 2008a).

6.2.3 Establish an Enforceable Right to Food!

"The implementation of programmes – no matter how technically well-conceived – will fall apart without a fundamental transformation in the political obligations around hunger" (Devereux et al. 2008:104). An enforceable right to food at the national and global level (possibly even at the operational level) is possibly the strongest mechanism to guarantee that commitments to end hunger are met.

There is not a universally declared right to food, but some international institutions may provide the building blocks for such a right to be introduced at the global level. Article 25 of the Universal Declaration on Human Rights (UN 1988), Articles 1 and 11 of the International Covenant on Economic, Social and Cultural Rights (ICESCR) (UNHCR 1966) and Articles 24 and 27 of the Convention on the Rights of the Child (CRC) (UNHCR 1989) already include some provisions which may be interpreted as a right to food. The ICESCR goes beyond the right to be free from hunger, demanding a reform of the global food system; the Covenant gives legal backing to the calls for a more equitable distribution of world food stocks.

While the CFA also asks for a right to food, conventions on human rights have been traditionally talked up but played down. The World Trade Organisation remains the only global body able to impose sufficient sanctions to adequately enforce international treaties. Without a credible threat, there can be no realisation of this fundamental human right. Ultimately, international right declara-

Box 7: Hunger in the International Covenant on Economic, Soical and Cultural Rights

Article 11: 1. *The States Parties to the present Covenant recognise* ***the right of everyone to an adequate standard of living for himself and his family, including adequate food****, clothing and housing, and to the continuous improvement of living conditions. 2. The States Parties to the present Covenant, recognising* ***the fundamental right of everyone to be free from hunger****, shall take, individually and through international co-operation, the measures, including specific programmes, which are needed:*

(a) To improve methods of production, conservation and distribution of food by making full use of technical and scientific knowledge, by disseminating knowledge of the principles of nutrition and by developing or reforming agrarian systems in such a way as to achieve the most efficient development and utilisation of natural resources;

(b) Taking into account the problems of both food-importing and food-exporting countries, to ensure an equitable distribution of world food supplies in relation to need.

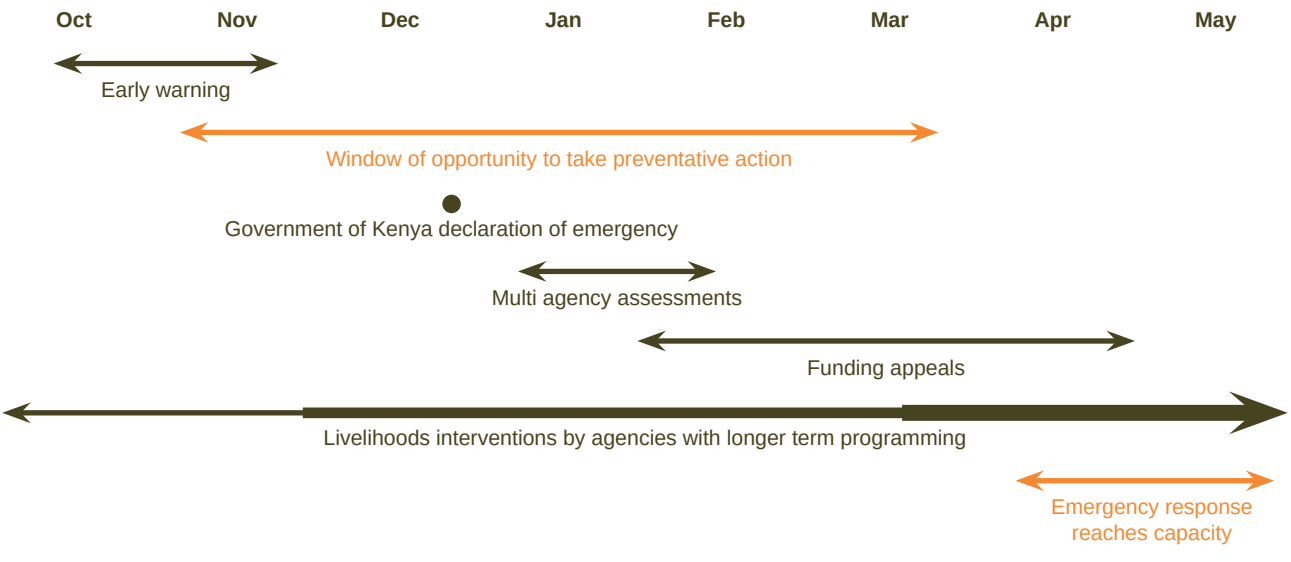
Source: Renton 2007

tions must become national law. Only when states can be challenged by their citizens, will there be a space for the hungry to demand food. We can begin by learning from India's National Rural Employment Guarantee Scheme, which allows citizens to claim 100 days of work per year at minimum wage from the government. There is a great deal of progress to be made, but the potential is considerable.

6.2.4 Improve Surveillance and Link Surveillance to Implementation!

Figure 5.1 shows the substantial delay between the rising food prices and the international response, a characteristic of many famine interventions. Figure 6.1 illustrates the same pattern for the 2005/06 drought response in the Horn of Africa. Action Against Hunger's assessment in Liberia observed that while food prices were affecting livelihoods in early 2008, WFP was only effectively operational in September. It is vital that we shed this reactive, media-sensitive approach to combating hunger – particularly acute malnutrition. In order to react sooner to emergencies and implement proper interventions a good surveillance system is needed. A good surveillance system would:

Figure 6.1: Timeline of the response to the 2005/06 drought in the Horn of Africa



Source: ODI 2006

- *Collect malnutrition and food security data together.* Traditionally, analysis and surveillance of food security and malnutrition have been conducted separately. There is a close link between food security and malnutrition and this must be reflected in the situation analysis.
- *Conduct political and social analyses as well as economic and anthropological ones.* Politics and social status can be hugely important to food security and malnutrition, especially for identifying vulnerable groups, who may suffer from political or social exclusion or conflict.
- *Combine micro and macro analysis.* Combining macro satellite data on rainfall and biomass with micro low-level monitoring of nutrition and food security provides the most complete spatial view of hunger necessary for targeting relevant groups and hotspots. Action Against Hunger and the Centre d'Etudes Spatiales de la Biosphère are currently developing this approach to surveillance in Mali.
- *Continue year-round.* Many national surveillance systems are conducted only once per year. Annual surveillance fails to monitor seasonal changes in welfare and so provides an incomplete picture of food security. Constant monitoring is necessary to trigger quick, appropriate responses to food crises.

A stronger link between assessment and decision-making is also needed. Delayed response reflects, primarily, a break between assessment and implementation, and is not always a result of poor information, though cases vary. For example, Famine Early Warning Systems Network (FEWS NET) bulletins from Ethiopia have documented the steady rise in food prices since early 2004, noting that prices in the post-harvest season were not dropping as much as expected. Darcy, Anderson and Majid of ODI (2007) suggest a number of spaces for improvement in the information-gathering to decision-making relationship:

- *Simplify assessments.* Analysis must become less complicated and technical to allow non-experts, particularly project leaders, to engage with the assessment process.
- *Improve internal informational feed-back loops.* As with most bureaucratic systems, more intra-organisational feed-back is needed from the operational level to ensure policy and decision-making are properly informed of the realities of implementation and impact.
- *Increase assessment, budget and decision-making transparency.* Transparency is key to building good relationships with donors who want to ensure that finances are well-spent. Regular public evaluations may facilitate this process.
- *Present clear operational priorities.* Clear prioritisation, without becoming arbitrarily absolute in definitional terms, can help donors release funds more quickly.
- *Harmonize donor decision-making.* Donor tendency to release funds at the height of media frenzy is a major obstacle to emergency responses, creating poorly managed surges of spending, delayed implementation or lack of financial backing relative to media interest and coverage. Pooled funding mechanisms could help.
- Action Against Hunger will add a further recommendation: *increase budget flexibility*. Having budgets earmarked for one set of priorities over another can 'trap' funds and delay response efforts. Similarly, donors should provide aid in the most flexible form. The USA's habit of donating large amounts of aid in kind is inflexible and a constraint on the potential success of an intervention.

Providing accurate, up-to-date and appropriate information in a manner that directly influences decision-making among donors and governments is vital to ensuring initiate timely responses to future crises. A famine in country A should not gain priority over a similar catastrophe in country B simply because the media, or other pressure groups, provide a greater threat to an institution's legitimacy. It should not be possible to ignore hunger.

Box 8: Malawi's Integrated Nutrition and Food Security System

Malawi's Integrated Nutrition and Food Security Surveillance System, supported by Action Against Hunger, provides a monthly Food Stress Index score combining data on eight variables:

- Percentage of families that have a very low immediate supply of staple food.
- Percentage of households that face serious shortages of staple food in the longer run.
- Percentage of households earning less than MK1000 per month.
- Percentage of households struggling to find *ganyu* (seasonal labour) employment.
- Percentage of households eating three meals per day.
- Percentage of households not eating any staple foods for a whole day.
- Percentage of households who did not eat ground nuts or legumes the previous day.
- Percentage of households reporting a food shortage for that month.

The Food Security Index is coupled with monthly data on the weight and height of children attending government growth monitoring clinics.

Source: Devereux et al. 2008

6.2.5 Accept and Understand the Politics of Malnutrition!

Governance is important to reducing malnutrition. NGOs, bilaterals and governments must do more to address the politics of hunger and reform institutions accordingly. Todd Benson (2008) of the International Food Policy Research Institute (IFPRI) discusses the difficulties of creating a national strategy to combat hunger. Drawing on evidence from Ghana, Mozambique, Nigeria and Uganda, Benson gives six reasons why nutrition policies are not prioritised by developing governments.

1. Under-nutrition does not pose a threat to state/government legitimacy. Internal threats to legitimacy and external threats to sovereignty are frequently cited as necessary pre-conditions for a developmental state.
2. High-level politicians and policymakers rarely come from a nutrition background and so are not always aware of all determinants and costs of undernutrition.
3. Hunger and nutrition do not fall under a single sector, like health or education, but bridge ministries which compete for resources.
4. Nutrition interventions are usually run through existing sectoral mandates, making nutrition targets and outcomes secondary priorities. For example, water provision is primarily a logistical problem rather than a health concern.
5. Civil society is generally mute on the subject of undernutrition in developing countries.

The actual composition or behaviour of the state may also play a role in the quality of nutrition interventions. The following analysis was suggested by Neha Koli for India where progress towards reducing under-nutrition has varied from state to state, as demonstrated in Table 6.2 overleaf.

Differentiating states along a continuum from clientelistic to programmatic, as proposed by Harriss (2005), shows immediately that more programmatic state types produce better outcomes in relation to rates of under-nutrition (for a basic explanation see Annex 8). Haddad (2007) argues that Type 1 states spent more on programmes impacting nutrition, while Brendenkamp et al. (2005) suggest these states were able to implement the national Integrated Child Development Scheme more effectively. Politics appears to have a significant bearing on under-nutrition, and if causation can be established, there may be a strong argument for improving the representation of disadvantaged groups in local government – perhaps though quota systems like in Tamil Nadu (Harriss-White 2004). This is likely to be a necessary, but not a sufficient, condition for implementing effective pro-nutrition campaigns and policies.

Table 6.2: Percentage of children underweight in nine Indian States

Type	State	Years				
		1974-79	1988-90	1991-92	1995-97	1998-99
Type 1 Programmatic	Kerala	68	43	40	26	28
	Tamil Nadu	68	61	57	40	38
	West Bengal	N/A	N/A	64	N/A	45
Type 2 Intermediate	Andhra Pradesh	73	65	57	56	41
	Gujarat	73	69	66	62	49
	Karnataka	72	70	65	54	46
	Maharashtra	76	64	71	58	N/A
Type 3 Clientelistic	Madhya Pradesh	70	65	N/A	N/A	58
	Orissa	72	71	64	57	56

Source: WHO (2008) and Harriss (2005)

Politics and political will remain the greatest impediments to the eradication of hunger. At the global, national and local level, politics undermines efforts to combat malnutrition and food insecurity by constraining funds, de-prioritising nutrition, preserving existing agendas and power structures and forcing groups to compete rather than cooperate. Understanding and reforming the political economy of malnutrition represents a major challenge to the global community; one that must be resolved immediately.

6.3 Eradicating Hunger: Where do We Begin?

Change will not come over night. The recommendations and tools listed above are only part of a fuller set of interventions needed to tackle global food security and malnutrition. Establishing a mechanism that can enforce a right to food can still only be imagined. This does not mean we cannot make substantial steps towards eradicating hunger now. First, donors, governments and other actors engaging with malnutrition and food security must adopt a seasonal approach to hunger. Second, the treatment of severe acute malnutrition must be scaled-up. Action Against Hunger provides crude estimates of the costs associated with these proposed changes.

6.3.1 Adopting a Seasonally-Sensitive Approach to Hunger

Evidence from Central African Republic, Liberia, Sierra Leone demonstrated how high global food prices had translated into high domestic food prices and forced households to adopt damaging coping mechanisms, such as restricting food consumption, selling assets and even withdrawing their children from school. Reducing the quality and quantity of food consumed can cause malnutrition, as appears to have happened in Ethiopia and possibly Sierra Leone and Liberia (though these assertions are made with some caution). These behaviours are consistent and strikingly similar to strategies employed during the annual hunger season, suggesting that many of the same interventions that address seasonal malnutrition and food insecurity can be used to minimise (and preferably, prevent) household suffering.

Table 6.3: The estimated global costs of a 'minimum essential package' to fight seasonal hunger

Intervention	Annual Costs	
	Low Estimate (US$ billion)	High Estimate (US$ billion)
1. Community-based management of malnutrition	1.69	3.28
2. Employment guarantee schemes	20.40	36.72
3. Social pensions	8.20	16.61
4. Child growth promotion	5.20	10.12
TOTAL	**35.49**	**66.73**

(converted at 1GBP:1.36USD)

Source: Devereux et al. 2008

Pre-positioning Resources

Hunger is not constant throughout the year, but follows seasonal fluctuations in the availability and price of food. Yet donors, governments and NGOs frequently adopt reactive and uniform strategies for addressing malnutrition, food security and poverty year round. The funding and budget process also ignores the seasonal realities faced by 'target households'. Reactive relief interventions are slow, ineffective and often politically motivated, as is visible in the context of the Global Food Price Crisis and the 2005/06 famine in the Horn of Africa and severe food crisis in Niger. Action Against Hunger is proposing that supplementary feeding resources, like food aid and nutrient-rich therapeutic foods, and associated funding be pre-positioned before the hunger season in a regular and transparent manner. Combined with effective surveillance systems, able to reveal the early signs of a hunger crisis, pre-positioned treatments could allow for rapid interventions to food crises and save hundreds of thousands of lives.

The Cost of a 'Minimal Essential' Package

In earlier work Action Against Hunger provided a 'minimal essential package' for protecting the poor from seasonal hunger, in areas where comprehensive health care is not available. The cost of this package is shown in table 6.3 (see Devereux et al. 2008). Approximately US$40 to US$70 billion dollars per annum are needed to implement a combination of four social protection schemes globally. They are community-based management of malnutrition, employment guarantee schemes, social pensions and child growth promotion. More will be needed to eradicate hunger, but these provide a sufficient buffer to household vulnerability to malnutrition to make substantial progress. Community-based management and child growth promotion protect children from severe acute malnutrition, employment guarantee schemes provide families with income and/or food during the hunger season, while social pensions protect those who cannot work (such as the elderly and disabled).

The seasonal approach can be extended beyond the mere pre-positioning of resources. Interventions addressing power, health and education, protecting purchasing power, preserving income, providing food and those directed at stress migration all have significant seasonal dimensions, and would benefit from a similar resource and funding package (see annex 9). Seasonality has been sidelined too long from discussions of governance and development, it is time to resurrect it.

[8] This number is based on the amount of therapeutic feeding products (RUTFs and F100) needed to treat all cases of severe acute malnutrition and total estimated consumption in 2008.

Table 6.4: Costs of a pilot investment for the treatment of one million severely acutely malnourished children

	Approximate number of children under age 5 who are severely malnourished	Percentage of children under age 5 who are severely acutely malnourished	Approximate cost of treatment, LOW estimate	Approximate cost of treatment, HIGH estimate
Ethiopia	656,171	4.7%	$44,619,644	$88,346,895
Kenya	130,259	2.4%	$8,857,607	$17,538,061
Malawi	74,153	3.2%	$5,042,390	$9,983,933
Niger	104,753	4.3%	$7,123,215	$14,103,966
Zambia	43,718	2.3%	$2,972,847	$5,886,291
Total	1,009,054	3.9%	$68,615,703	$135,859,145

6.3.2 Scaling-up the Treatment of Malnutrition

A particular priority of Action Against Hunger is the scale-up of treatment of severe acute malnutrition. Despite improved coverage through the community-based management approach, Doctors Without Borders (MSF) estimated that only 9 percent of severely malnourished children had access to treatment with ready-to-use therapeutic foods (RUTFs) in 2007 (ACF and MSF 2009). Successful scale-up will require integrating treatment of SAM into primary health care, strengthening health systems, increasing availability of RUTFs, possibly through local production and commitment of donors for more and predictable funding.

Action Against Hunger proposes a pilot investment of about $68-$140 million which would allow for the treatment of one million children in five priority countries (Ethiopia, Kenya, Malawi, Niger and Zambia). Although this is only a small proportion of malnourished children worldwide, if successful, scale up in these countries could be used as an example for scaling up treatment in other countries.

About three quarters of the funding would be used to operate community-based management programmes, including the cost of producing and purchasing all therapeutic foods, with the rest going to establish nutritional treatment in-patient facilities. With this funding, the lives of one million children could be saved and severe illness and permanent stunting among hundreds of thousands prevented – at a cost of only US$70 to US$140 per life.

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Greater effort is needed to establish quality, year-round health services in many developing countries, and is the only permanent solution to severe acute malnutrition. However, these systems and institutions cannot be built overnight and external aid often provides the only viable short and medium-term response to combating hunger. Counter-seasonal interventions provide a number of proven tools which can help to curb malnutrition and food insecurity, but seasonality also provides a way to adapt budgeting processes and project design. Pre-positioning resources before the annual hunger season is but one example of how a seasonally-sensitive approach can save lives that our current strategies will not. The Food Crisis has shown that organisations and governments must be more aware of the impacts of globalisation and the link between global

and local in times of crisis. Political will and the influence of politics on funding and intervention design remain the most significant impediments to the eradication of hunger. In response to this Action Against Hunger provides not only a valuation of specific interventions that will allow the international community to make massive strides towards MDGs 1 and 4, but also of human suffering. How much is a child's life worth anyway?



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7. CONCLUSION

7. CONCLUSION

Data from Ethiopia shows that high global prices have permeated the domestic market; terms-of-trade have deteriorated and malnutrition and under-five mortality rates increased. However, not all countries have been equally affected. Findings from the Central African Republic reveal only modest increases in prices and statistically insignificant increases in malnutrition. Research in Sierra Leone showed that even within Freetown, the capital city, prices and household reactions varied. As experienced in many regional famines, the response to the current food security crisis has been poor – Action Against Hunger's investigation in Liberia identified a number of flaws in the national responses to the soaring prices and rising malnutrition rates.

Despite no clear increase in malnutrition rates globally, high and volatile global food prices have had a consistent negative impact on the quality and quantity of foods consumed by poor households. Reduction in diet quality may cause micronutrient deficiencies, which are associated with maternal mortality, and damages the physical and mental development of children. Lack of support from governments and the international community has meant more and more people are sacrificing future welfare for immediate survival, adopting damaging coping strategies to maintain staple food consumption. This will have long-term implications for poverty, vulnerability and malnutrition. Seasonal hunger is the father of famine. The picture presented has provided a glimpse of the complicated connection between high and unpredictable prices on the global market and malnutrition at the lowest level. The striking similarities between household reactions to global prices and seasonal price fluctuations provide cause for concern, but also cause for optimism as counter-seasonal interventions have been improving and may inform appropriate interventions to fight hunger.

To date, the international response to the Food Crisis has been too little too late. Global debate has focused on agricultural productivity, state vulnerability and new aid architectures – but too little has emerged surrounding hunger and malnutrition. Political will has faded since the onset of the Financial Crisis. Following the High-Level Conference, world leaders pledged a mere US$12.3 billion to tackle the Food Crisis, not even half the US$25 to US$40 billion required, and have donated only US$1billion to date – the lowest ratio of materialised funds to funds pledged of any global appeal in recent history. This disappointing sum of materialised funds illustrates once again that hunger is seen as part of the context and does not deserve specific attention or greater prioritisation. Serious reforms are needed to encourage governments and donors to tackle hunger strategically rather than simply managing malnutrition on moral grounds.

The recent emergence of the Global Partnership on Agriculture and Food Security has injected new life into the debate surrounding food security and nutrition. The concept of the GPAFS and implementation of the CFA should ultimately be judged on how responsive they will be to the specific needs and context of each country. The definition and design of national and global strategies should involve a wide range of actors, particularly civil society groups. We must look past specific organisational agendas and interests to provide a comprehensive plan of action rather than a patchwork of disjointed initiatives with limited potential impact.

Effective interventions will depend largely on adequate funding and the creation of national coordination bodies that inform political leaders and policymakers about the burden hunger and malnutrition impose on all forms of development. The global community needs to overcome petty competition for resources and concentrate on the needs and rights of all citizens. Major reforms are needed before hunger can be eradicated. We must be looking to design mechanisms that can enforce a right to food from the bottom-up and link surveillance to decision-making. The international community needs to develop deep, mutual accountability with national governments and all citizens of the South. Most of all, nutrition must become a priority, a principle indicator in development, and funding must be provided to achieve clear, ambitious targets.

WFP's success in achieving its target of US$755 million in additional funds, demonstrated that food aid remains the only large-scale, comprehensive intervention that the international community is willing to support. While Action Against Hunger welcomes agricultural interventions and food aid, this is not enough. There are a vast array of proven tools which are more effective in protecting livelihoods and treating malnutrition than food aid. Donors, governments, NGOs and other groups who seek to reduce poverty can make significant strides by adopting a seasonal approach. Propositioning resources before the annual hunger season could save thousands of lives, arguably at little extra fiscal cost. Action Against Hunger estimates that US$38-70 billion per year would permit the implementation of an "essential minimum package" (Devereux et al 2008 page 110) to effectively combat seasonal hunger worldwide.

In the current environment, the scale-up of malnutrition treatment should be a top priority. Those who are severely malnourished are at serious risk of death and need to be treated with therapeutic foods. Despite the potential of recent improvements in the treatment of severe malnutrition, particularly community-based management and ready-to-use therapeutic foods, only 5 percent of severely malnourished children are treated. A pilot investment in five priority countries to treat one million malnourished children would cost only US$70 to US$150 million, a cost of about US$100 per child, and would provide vital lessons for similar efforts in other countries.

The four case studies illustrate the importance of local variation and, therefore, the need for locally-adapted responses. The inability of past initiatives to address hunger to establish awareness and an inclusive sphere for policy dialogue, bringing together civil society, NGOs and national and international policy makers, must be addressed if we are to make real progress towards MDG 1 and 4. The financial crisis, the cessation of local protests, riots and violence and the decline of global food prices have led many to refocus their attention on other priorities. It would be irresponsible for national governments and the international community to assume that this crisis was a one-off event and to wait for the next to come. However, not fully understanding all the dimensions of the Global Food Crisis will not prevent the future from unfolding – if action is not taken now, high food prices will trap millions of children in a downward spiral of poverty and malnutrition.

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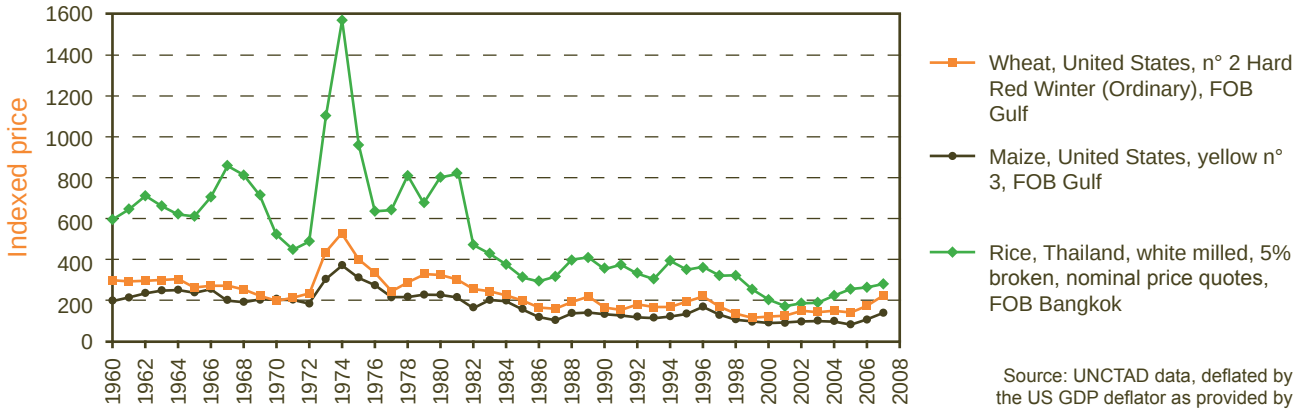
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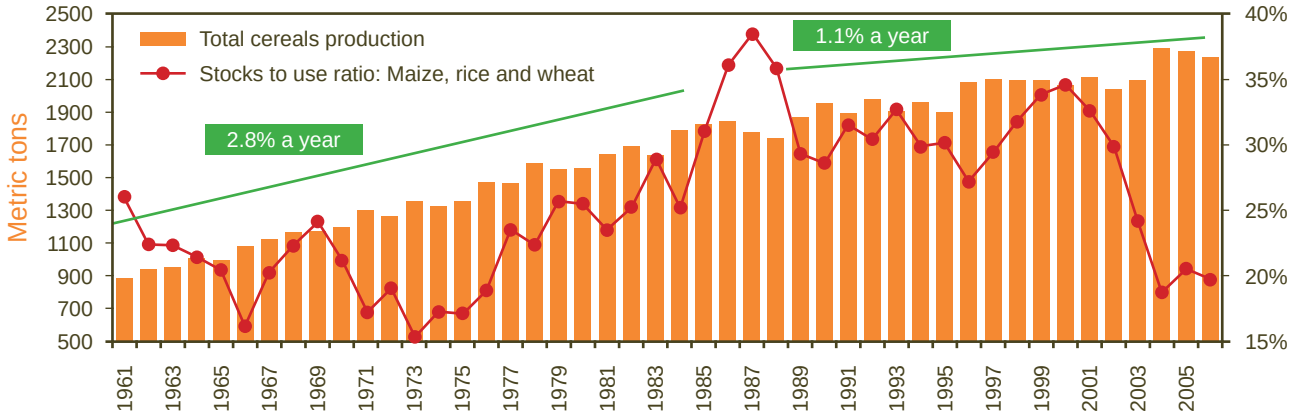
ANNEXES

Annex 1: Real international price of wheat, maize and rice from 1960 to 2007



Source: UNCTAD data, deflated by the US GDP deflator as provided by Steve Wiggins (2008)

Annex 2: World cereal production and stocks since 1960



Source: Wiggins 2008

Annex 3: Understanding speculation and hedging in commodity markets

A full explanation of how speculation drove up food prices over the past three or four years is not possible here. For this, refer to IFPRI (2008c). However, the basics are important.

The commodity market operates similarly to the stock market, only commodities must eventually be traded, while stocks can, in theory, be held indefinitely.

The **spot price** is the current price of physical commodities.
The **futures price** is the price of a commodity that will be delivered at time X as agreed by all parties involved.

A farmer may enter into a futures contract with a trader where the farmer agrees to deliver 100 bushels of wheat at $10 per bushel a year later in 2010. Both parties are essentially betting on the market, estimating the price of wheat for a year later. [It is this type of contract that is traded on the futures market and not

the grain itself]. If the price then increases to $11 per bushel a month later, the farmer has lost $1 per bushel and the trader has gained $1 per bushel. This is because the farmer would now be able to sell his produce for an extra dollar and the trader would have to pay a dollar more if they were trading at the prevailing market price.

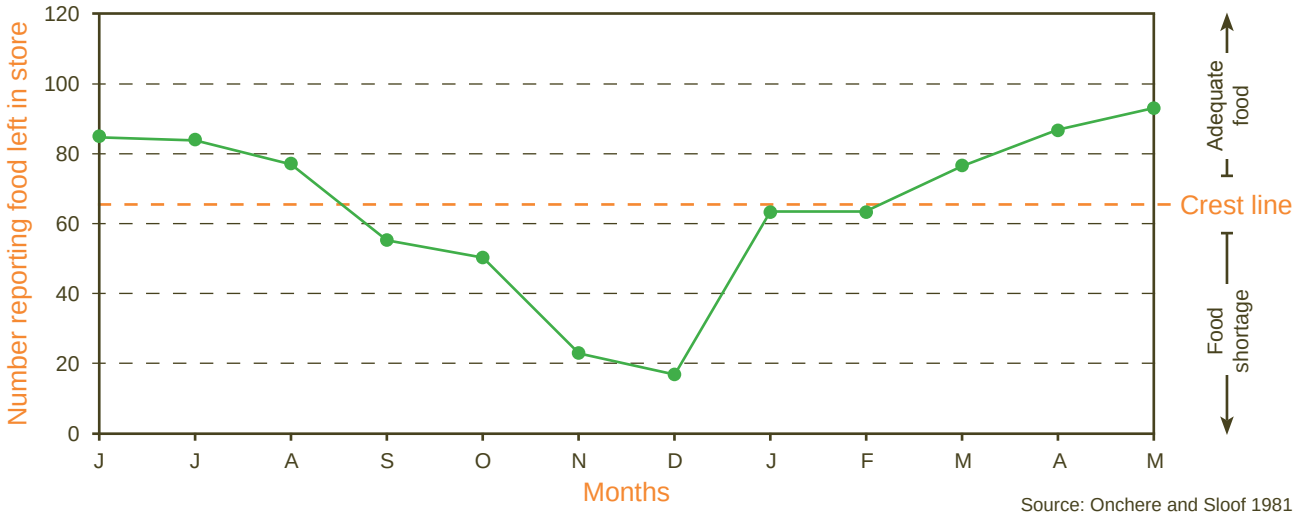
Prices in the cash and futures markets follow one another because when the final transaction is made, both are equal. In this example, assume the spot price at the time the contract is closed is $11 per bushel; then the farmer loses $100 dollars from his debit account and the trader gains $100 in his credit account.

The trader then can buy the wheat from the spot market at $1,100 for 100 bushels, but has $100 credit, so paying only $1,000 for the 100 bushels at $10 per bushel. The farmer sells his produce on the same market at $1,100 but the gains are offset by the losses on the futures market, and so he/she only receives $1,000. This is a process known as hedging. In reality, speculators do not intend to deliver or receive commodities, but trade futures contracts with the hope of earning profits from the market.

Because the spot price follows the futures price, food prices become dependent on price expectations as well as supply and demand. This means prices overshoot the constraints of supply and demand making them more volatile. The picture becomes more complicated when large investors are able to withhold large stocks and thereby control prices and when risk premiums further increase commodity prices. It is this combination of hedging and influencing the market price that fuelled some of the price increases witnessed from 2005 to 2008.

Sources: Wahl 2008, Investopedia 2008, Third World Network 2008

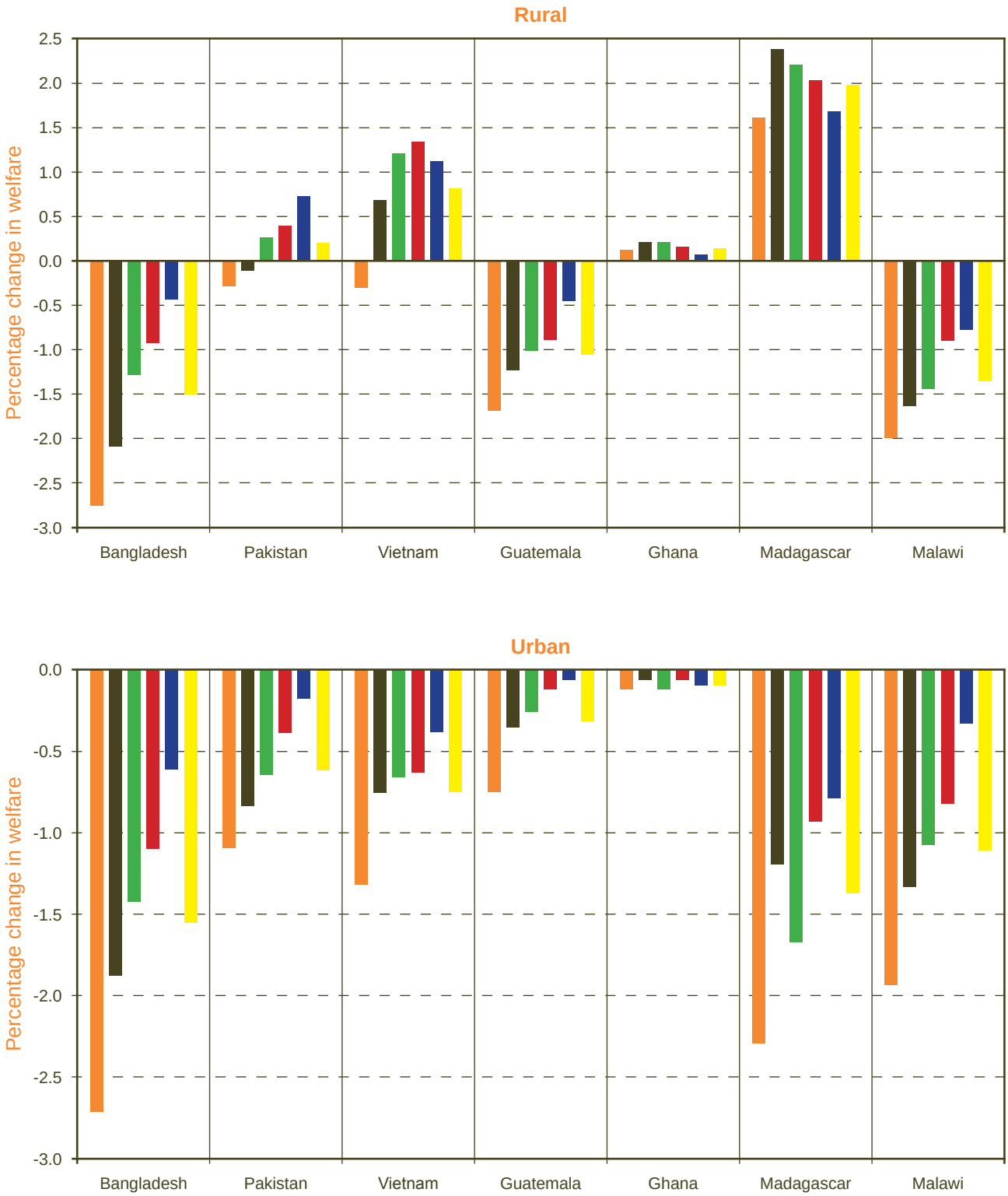
Annex 4: Food storage at farm level over time, Machakos District, Kenya



Source: Onchere and Sloof 1981

The vertical axis represents the number of households (in a total sample of 119) reporting food (maize, beans, pigeon peas) in store for each month represented on the horizontal axis. The 'crest line' is a means of separating probable food shortage months. It is drawn along the year-round arithmetic mean of the number of households reporting food in store. The horizontal axis starts at June which is the month that harvest from long rains crops (beans) starts, followed by maize in July and pigeon peas in August. (Chambers 1981:43)

Annex 5: Percentage household welfare loss/gain from rising food prices in seven countries



Analysis using RIGA data

Source: FAO 2008e

Annex 6: Summary of the actions proposed by the HLTF as part of the CFA

Objective	Action	Responsible Multi-lateral
Improve the accessibility and scale-up emergency food assistance, nutrition interventions and safety nets	• Protect the basic consumption needs of the poor • Scale-up nutritional support • Support management of under nutrition • Promote school feeding • Adjust pensions and other existing social protection programmes • Allow free flow of assistance • Explore establishing humanitarian food reserves	IMF, OCHA, UNHCR, UNICEF, World Bank, WFP, WHO
Boost smallholder farmer production	• Provide productivity enhancing safety nets • Rehabilitate rural and agricultural infrastructure • Reduce post-harvest crop losses and improve village level stocks • Remove artificial constraints to domestic trade • Improve animal health services	FAO, IFAD, World Bank, WFP
Adjust trade and tax policies	• Review trade and taxation policy options • Use strategic grain reserves to lower prices • Avoid generalized food subsidies • Minimize use of export restrictions • Reduce restrictions on use of stocks • Reduce import tariffs • Improve efficiency of trade facilitation • Temporarily reduce VAT and other taxes	IMF, UNCTAD, UNDP, World Bank, WTO
Manage Macroeconomic implications	• Hold down core inflation and inflation expectations • Assess the impact on the balance of payments • Mobilize external support to finance additional food imports • Ensure adequate levels of foreign exchange reserves • Cost all fiscal measures in response to food crisis	IMF, World Bank
Expand social protection systems	• Strengthen capacity to design and implement social protection policies and programmes • Move towards more efficient programmes • Identify alternatives to unconditional assistance • Improve the quality and diversity of foods	IMF, UNDP, UNEP, UNHCR, UNICEF, World Bank, WFP
Sustain growth of smallholder farmer food production	• Improve the enabling policy framework • Stimulate public/private investment in agriculture • Ensure secure access to and better management of natural resources, including land, water and biodiversity • Invest in agricultural research • Improve rural infrastructure • Ensure sustained access to competitive, transparent and private-sector-led markets • Support development of producer organizations • Strengthen access of smallholders and other food chain actors to financial and risk management instruments	FAO, IFAD, UNCTAD, UNDP, UNEP, World Bank
Improve international food markets	• Reduce/eliminate agricultural trade distortions in higher income countries • Implement 'Aid for Trade' • Strengthen oversight markets to limit speculation • Build capacity for markets to better meet needs of lower income countries • Support regional or global stocks sharing	UNCTAD, World Bank, WHO, WTO
Develop consensus on bio-fuels	• Prepare a common reference framework • Develop bio-fuel guidelines and safeguard measures • Re-assess bio-fuel targets, subsidies and tariffs • Facilitate private investments in biofuel production • Promote research and development, knowledge exchange and capacity building	FAO, IMF, UNCTAD, UNDP, UNEP, World Bank
Strengthen global information and monitoring systems	• Establish better coordination of information systems • Carry-out comprehensive assessments and monitoring • Undertake impact analysis • Conduct health and nutrition assessments • Analyze policy options and programmatic approaches • Review contingency plans and early warning systems	FAO, IMF, UNEP, UNHCR, UNICEF, World Bank, WFP, WHO

Source: HLTF 2008

Annex 7: Harriss' typology of states, as applied to India

Definitions vary, but when discussing electoral mobilisation, clientelism relies on the exchange of private goods for votes, while programmatic politics relies on the ability of a political party to attract votes through the provision of goods and services to the collective or public sphere. Harriss (2005) distinguishes between three types of states:

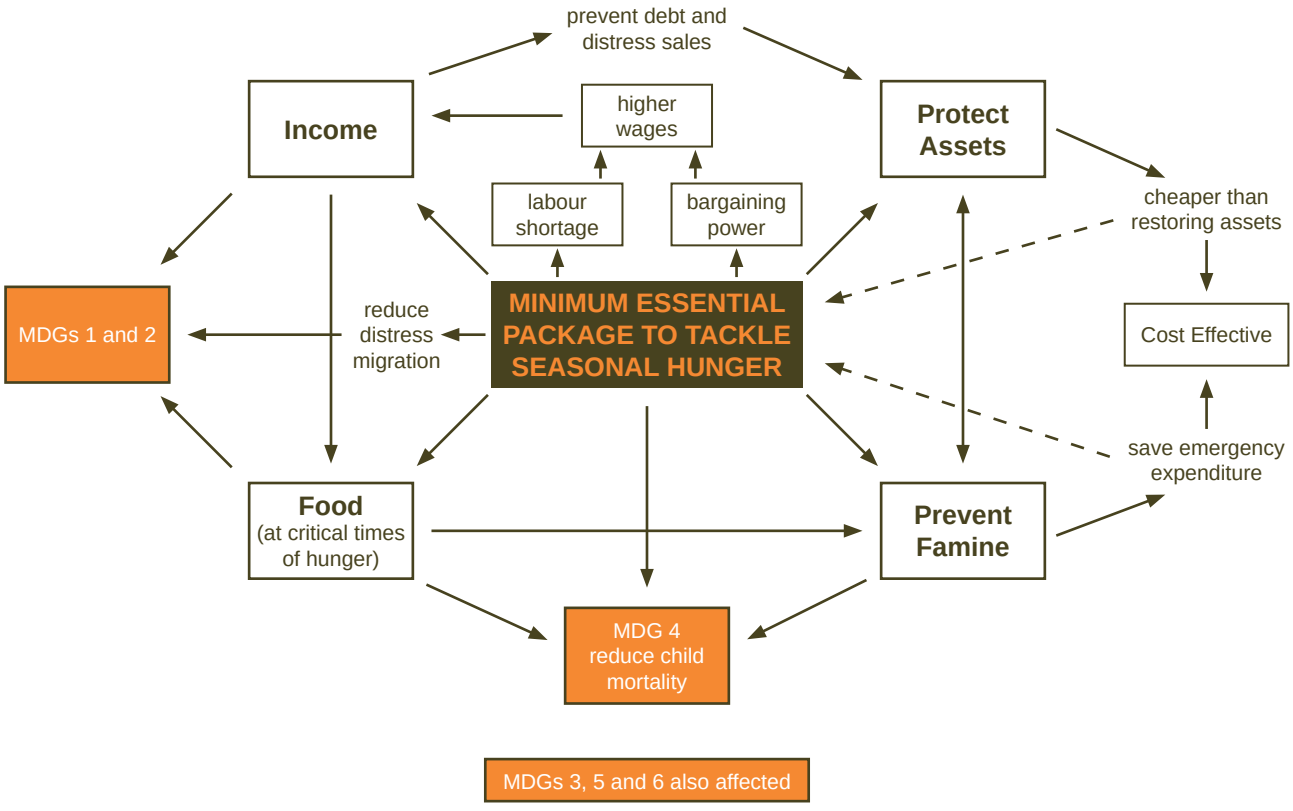
Type 1 states are characterised by strong representation of the lower castes and where the Congress Party lost its dominance in the two-party system at an early stage – these states are more programmatic.

Type 2 states are intermediaries between clientelist and programmatic systems, dominated by the middle class, where the Congress Party has lost its dominance but still participates in a stable two-party arrangement.

Type 3 states are clientelistic, dominated by higher castes and function as two-party systems with a strong Congress Party influence.

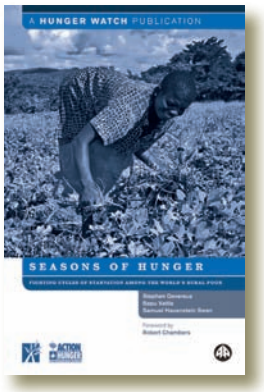
For a fuller explanation see Harriss 2005

Annex 8: The power of the counter-seasonal strategy



Provided by Robert Chambers

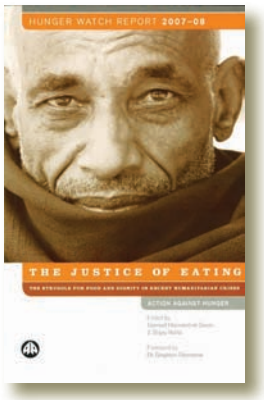
HUNGER WATCH PUBLICATIONS SUMMARY



Seasons of Hunger: Fighting Cycles of Quiet Starvation Among the World's Rural Poor (2008)

Documenting hunger in three countries – India, Malawi and Niger, this book explores the issue of seasonality and why the world does not react to a crisis that we know will continue year after year. Personal stories and country-wide data show the magnitude of seasonal hunger, which is caused by annual cycles of shrinking food stocks, rising prices and lack of income. This hidden hunger pushes millions of children to the brink of starvation, permanently stunting their development, weakening their immune system and opening the door for killer diseases.

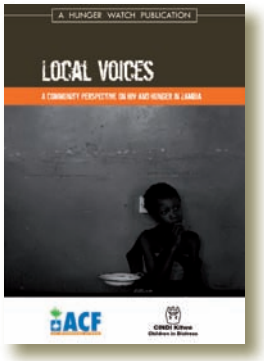
Written and edited by Stephen Devereux, Bapu Vaitla & Samuel Hauenstein Swan, Foreword by Robert Chambers, Published 2008 by Pluto Press London, ISBN: 978-0-7453-2826-3, 148 pages.



The Justice of Eating: The Struggle for Food and Dignity in Recent Humanitarian Crises (2007)

The first Hunger Watch report from Action Against Hunger is presenting an accessible jargon-free account of the causes and consequences of malnutrition around the world. Combining thorough analysis with personal testimonies from struggling families, this report assesses the underlying causes of hunger in several African countries. A powerful indictment of local institutions, national governments, international agencies, and the socioeconomic forces complicit in the persistence of world hunger, this report argues that an end to malnutrition is fully possible with sufficient political will.

Edited by Samuel Hauenstein Swan & Bapu Vaitla, Published 2007 by Pluto Press, ISBN: 978-0-7453-2746-4, 108 pages.

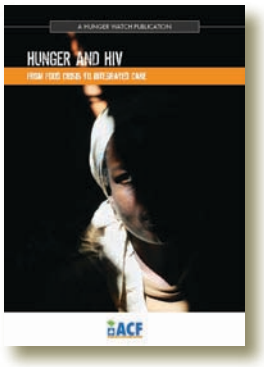


Local Voices: A Community Perspective on HIV and Hunger in Zambia (2007)

This report explores the social and economic impact that HIV/AIDS has on families affected by HIV / AIDS. The report highlights the fact that the disease can no longer be seen as solely a medical issue. Through detailed interviews and discussions, the project carried out a dialogue with 20 families from four areas of Zambia. The stories in this report are poignant chronicles of inventive people facing difficulties such as providing food, water and healthcare for their families.

Written & edited by Natalie Duck, Published 2007 by ACF International Network and CINDI, 82 pages.

HUNGER WATCH PUBLICATIONS SUMMARY



Hunger and HIV: From Food Crisis to Integrated Care (2007)

As part of a humanitarian effort to address the AIDS pandemic, Action Against Hunger works to mitigate the impact of HIV/AIDS on vulnerable communities. HIV has complicated the treatment of severe malnutrition, challenging traditional approaches and requiring substantial investments in field-based research. This publication makes an important contribution to understanding the linkages between HIV/AIDS and hunger by highlighting Action Against Hunger's vital research in Malawi.

Written by Claire de Menezes, Susan Thurstans, Pamela Fergusson and Nynke Nutma, Foreword by Anne Nesbitt Former Associate Professor, Department of Community Health, University of Malawi.

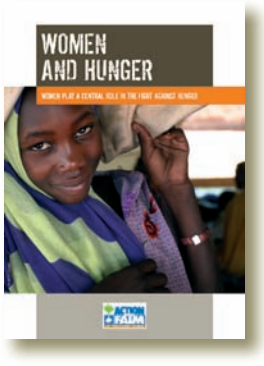
Photos by Susana Vera, Edited by Samuel Hauenstein Swan, Published 2007 by ACF International Network, ISBN: 978-0-955773-1-8, 73 pages. Available in pdf format only.



Water and HIV: Working for Positive Solutions (2007)

This report paints a vivid picture of the water and sanitation needs of individuals and households affected by HIV/AIDS in Zambia. These needs are particular in terms of access, quantity of water and design of facilities. About 40 million people are infected by the virus around the world, and this number must be multiplied greatly to count all those affected. However, water and sanitation facilities and services are grossly lacking in both rural and urban areas of Africa and Asia. Yet, as outlined in this report, Action Against Hunger's ongoing research and field work offer a range of proven, cost-effective solutions.

Written by Jennifer Organ, Foreword Ben Fawcett, Published 2007 by ACF International Network, 33 pages.



Women and Hunger: Women Play a Central Role in the Fight Against Hunger (2006)

Women all over the world play multiple roles in the community, the productive sector and the household. Therefore, women are key partners in the struggle to end hunger. Agencies must incorporate this reality into the very design of their humanitarian programs. Action Against Hunger is examining issues such as education, nutrition and gender relations concerning women. Various pieces of research and field work come together in this report to create a comprehensive picture of the challenges women are facing in various parts of the world.

Written by Samuel Hauenstein Swan, Published 2006 by ACFInternational Network, 84 pages.

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