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Let Them Eat Promises: How the G8 are failing the billion hungry.

July 2009

EXECUTIVE SUMMARY

More than one billion people are currently going hungry - more than the populations of the USA, Canada and the European Union combined.¹ This year, the 2009 G8 Summit provides a last chance for world leaders to take bold action before increasing hunger spirals out of control. What G8 and G5 leaders agree in L'Aquila could literally make the difference between life and death for millions in the developing world who can no longer buy or grow enough food to eat.

Global food prices have fallen from the 2008 highs but in many developing countries the price of staple foods is still rising. Many farmers have been unable to increase their production and the poorest are burdened with the high cost of local food, unable to afford enough to eat.

This, along with the impact of the financial crisis, has meant that the numbers of chronically hungry grew by about 275,000 people every day throughout 2008. Twenty years of progress on education, child mortality and health are at direct risk from the rapid increase in hunger.

These shocking statistics did not come out of nowhere. They are the bitter fruit of years of underfunding and political neglect of agriculture and social protection in developing countries. The food and financial crises have finally put food security back on the G8's agenda, but their response to date lacks sufficient ambition and urgency. In 2008, the G8 committed US \$10 billion towards tackling the food crisis. As of July 2009, only US \$5 billion of this has been disbursed. In the face of a human catastrophe of this size, a 50% delivery rate does not signal serious effort.

Unless world leaders step up their response, the global food crisis is likely to worsen over the next few years. On current trends, twenty per cent of the world's population will be chronically malnourished within the next two years.² The warning signs are clear:

1. Levels of overall aid spending on food remain woefully inadequate, despite recent increases in agricultural aid. From the 1980s to 2006, the percentage of all overseas aid to agriculture was in freefall, dropping dramatically during this period. And what aid there is, remains poorly targeted and coordinated. More aid needs to be spent on boosting low-input, small-scale farming, and expanding social protection.
2. Climate change impacts - floods, storms and drought - are affecting production, including in many countries already affected by hunger, leading to production shortfalls.
3. Most of the increased production has gone on agrofuels and animal feed rather than feeding the hungry, despite a record cereal harvest in 2008/9. Agrofuel production is predicted to continue to increase, thanks to massive EU and US subsidies.
4. Foreign food and agrofuel importers have acquired an area the size of France, some 20 million hectares of farming land, in developing countries, since 2006. This land should be used to grow food for local consumption.
5. The financial crisis is likely to have a major impact on hunger because of falling public spending, employment and incomes.
6. Some G8 nations are pushing to conclude far-reaching trade agreements, particularly the WTO Doha round. Trade liberalisation has been a major contributor to the food crisis by dismantling the very foundations on which local agricultural production should be based.

All these issues need to be urgently addressed if the G8 is serious about tackling hunger.

An immediate priority must be to get developing country smallholder agriculture working again, but on a sustainable, climate-resilient basis, while also expanding social protection and food safety nets to protect the basic human right to food. The UN's Food and Agriculture Organisation estimates this will require at least US \$30 billion of additional investment annually.

Both developing and developed countries need to do their fair share. Developing countries must put forward time-bound plans for achieving or exceeding the UN target of halving hunger by 2015, including an increase in their own budget allocation to agriculture.

The G8, for their part, must guarantee that no credible national plan for achieving the right to food goes by the wayside for lack of funds, and must pledge to increase their aid in order to make this possible. This mutual commitment should form the basis for a new global compact between food insecure countries and donor nations. As a first step towards launching such a compact, the G8 should announce a timetable to increase their aid to US \$23 billion per year by 2012, in order cover their fair share of the FAO's investment package.³

Our calculations show that currently G8 donor countries are spending only 25 per cent of what they will need to deliver by 2012. Within the G8, some countries are doing better than others: France is a clear champion while Italy is lingering at the bottom of our league table.

ActionAid is calling on the G8 in Italy to adopt a five point action plan to beat hunger:

1. Announce a timetable to increase aid to US \$23 billion by 2012 through a global partnership with developing countries to halve hunger.
2. Focus on supporting smallholder farmers to increase production through sustainable means.
3. Agree to an ambitious post-Kyoto mitigation and adaptation package.
4. Call for a binding and enforceable code of conduct against land deals in developing countries.
5. Stop forcing trade liberalisation on developing countries.

1. INTRODUCTION

“... The steep rise in global food prices coupled with availability problems in a number of developing countries, is threatening global food security. The negative impacts of this recent trend could push millions more back into poverty, rolling back progress made towards achieving the Millennium Development Goals.... Responding effectively to this crisis requires leadership, ambition and an appropriate scale of resources”.

G8 Leaders Statement on Global Food Security, 2008

Nine years have passed since states committed themselves to the Millennium Development Goals to halve world hunger by 2015. Yet today hunger is increasing, especially in the world's poorest countries. According to the latest figures from the FAO, the number of chronically hungry hit 913 million in 2008 and is expected to reach 1.020 billion in 2009, compared to 848 million in 2005. One in six people in the world are now hungry.⁴

This means that within one year, a staggering 100 million people have been pushed into hunger. Put another way, since 2008 the number who suffer permanent and severe under-nourishment has grown by about 275,000 people every single day.

Female-headed households are faring worst, because women spend a far greater share of their income on food. Food price inflation has already reduced calorie intake of women, children and other vulnerable groups.⁵

And hunger kills. Malnutrition is the direct cause of five million child deaths every year, or more than one in three of all children who die before their fifth birthday. Those who survive will suffer irreparable harm. Growing up hungry, stunts mental and physical development, resulting in poor health and chronic disease, reduced earnings and continuing poverty.⁶

Box 1: High food prices are still hitting poor people

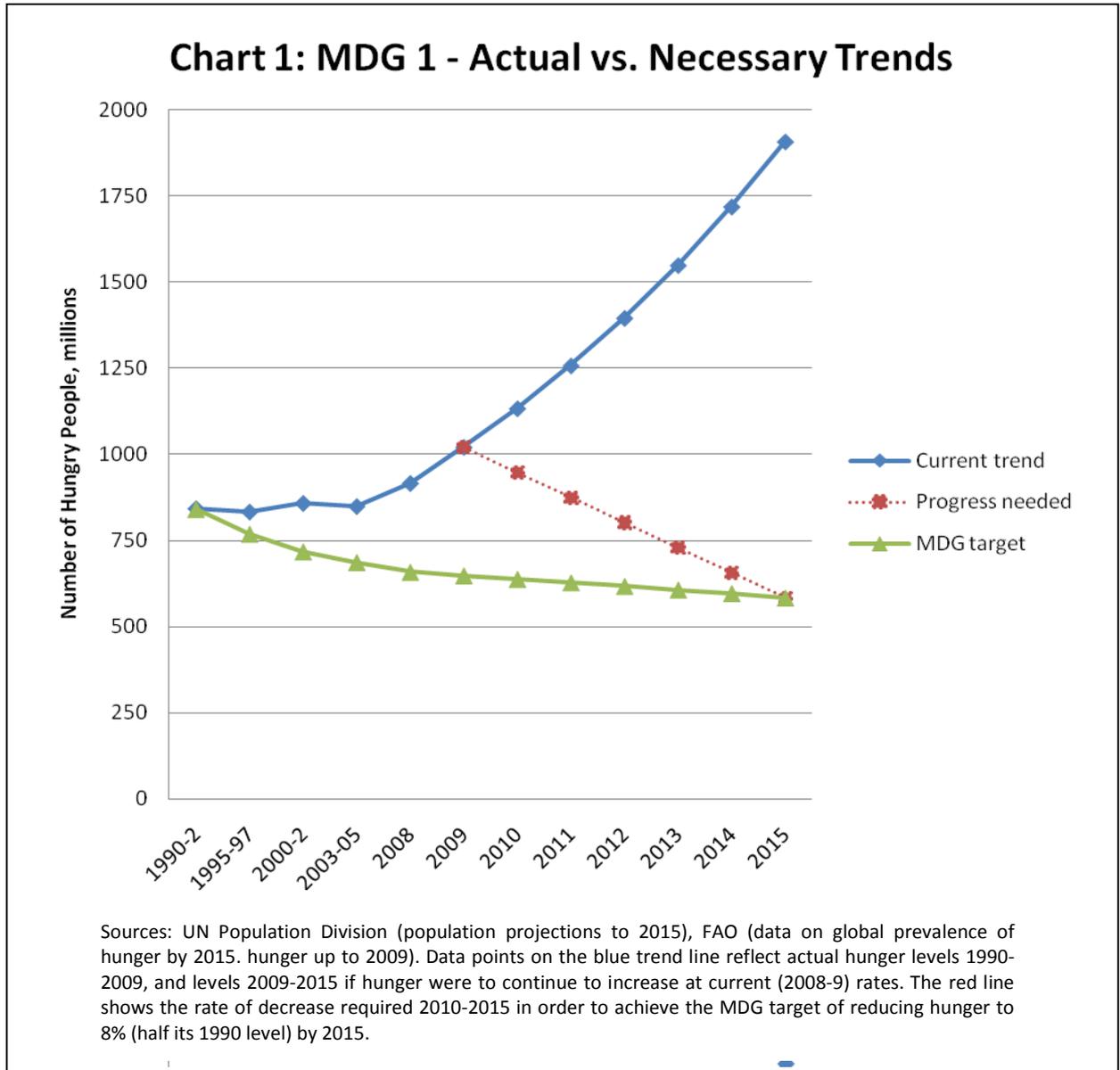
Local food prices are high this year. *“Before a bag of maize was 250 Rand. It’s now 300. Inflation is really hitting us,”* said Manqoba Kunene, a smallholder farmer in South Africa. . *“As we don’t farm enough food to support the family, we buy in other food from outside.”* High food prices mean, *“We will be hungry. It is affecting us.”*

Bettina Mazibuko, smallholder farmer and community leader, South Africa. Interviewed June 2009

ActionAid is pleased that the international community is taking considerably greater interest in food issues and that investment in agriculture is beginning to increase. But the hunger figures speak for themselves: the G8 simply failed to do enough in 2008.

The Italian government’s welcome decision to put food security at the top of the 2009 G8 agenda provides G8 leaders with a second chance. But they must seize the moment. Not only must leaders immediately stop the number of hungry people from increasing any further this year, but they must take sufficiently bold steps to start shrinking it rapidly from 2010 onwards. In

order to meet the UN Millennium goal of halving hunger, the ranks of the hungry must be reduced by at least 73 million people per year for the next six years.



ActionAid's own surveys confirm the FAO's fears; in many of the countries where we work, hunger has risen sharply. Poor people are facing three challenges that could lead to another food crisis in the near future:

- Local food prices in many developing countries rose throughout 2008 and are still rising in 2009 despite falling global food prices.

- Reduced growth in 2009 is likely to cost US \$18bn or US \$45 per person for the 390 million people living in sub-Saharan Africa. This loss represents twenty per cent of the per capita income of Africa's poor.⁷
- Staple food production is stagnant or falling in many countries because smallholder farmers, who produce the bulk of food, have been unable to deliver more - key to improving food security and to bringing prices down (see Box 2). While global crop yields have reached new peaks in the last two years, most of the production increase has been in developed countries. Production in developing countries only managed an increase of 1.1 per cent and fell by 0.8 per cent, excluding China, India and Brazil.

Tackling these problems requires urgent action on several fronts at once:

- Both governments and donors must spend more on agriculture, agrarian reform and social protection, and spend it better. Every country should prepare a costed and time-bound plan for achieving the right to food – including steps to halve hunger by 2015 - and donors should come together to ensure plans are fully funded in time to meet the 2015 goal.
- Developing countries and donors must shift their focus away from export crops, back to sustainable local production for local markets. This means investing in improving the productivity of smallholder farmers using low-input, locally controlled technologies with government support.
- Agrofuel production must be curtailed.
- Emissions caps and a massive increase in adaptation funding are needed to combat the climate-related weather changes which are already affecting crop yields in many countries.
- Regulations must be put in place to safeguard against the alienation of massive tracts of farmland to foreign investors at the expense of local food security.
- The right of developing countries to protect key sectors such as staple food production must be recognised in all trade negotiations.

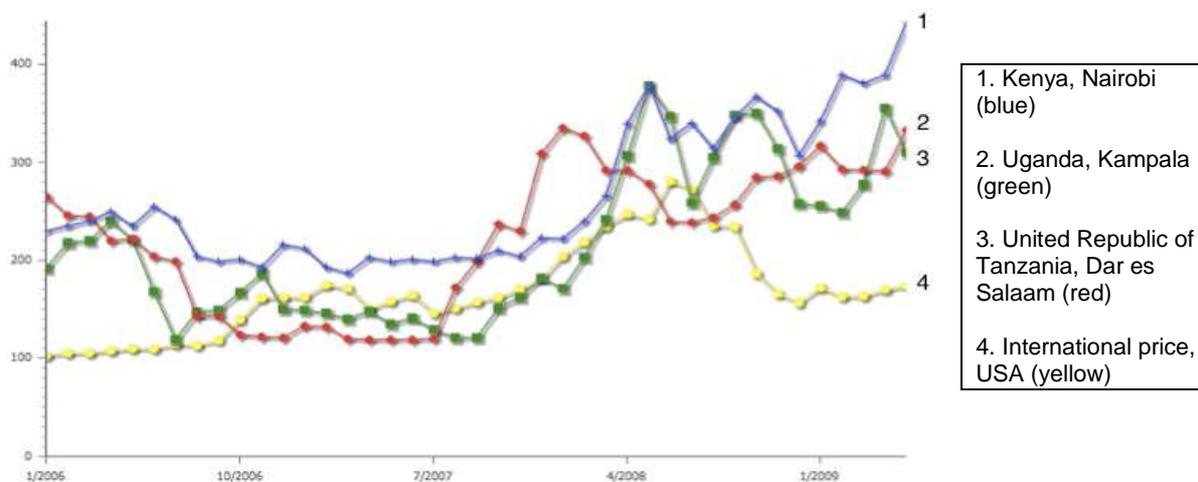
These issues need to be addressed urgently if the G8 is serious about tackling hunger. What's agreed at L'Aquila could literally make the difference between life and death for millions in the developing world; millions who can no longer buy or grow enough food to eat.

Box 2: Domestic prices and local production

From 2006 to the middle of 2008, the global prices of nearly all major food and feed commodities skyrocketed. Overall, world food prices increased by 75 percent: yet the price for staple food cereals (such as wheat, rice and maize) increased by a staggering 126 per cent over the same period.⁸ The high international prices of these crops has rippled through the food supply chain and caused a rise in the prices of other local staple food products such as cassava, sorghum and millet.⁹

In June 2008, world prices of major agricultural commodities started declining (as of April 2009, they have started to rise again). This fall was due primarily to the financial crisis, the dramatic fall in world oil prices and the appreciation of the US dollar.¹⁰ But in developing countries the food crisis remains because staple food prices continued to rise over 2008 and into 2009; and in many countries domestic production has not increased in response to rising prices. Out of 790 domestic price quotations monitored by the FAO in April 2009, 78 per cent were higher than 12 months earlier, whilst 17 per cent were the highest ever recorded. Sub-Saharan African countries have it worst: rice prices were much higher in all countries surveyed, while maize, millet, and sorghum are higher in about 89 per cent of the countries compared to a year earlier.¹¹

Figure 1: Wholesale maize prices (\$/MT) in East Africa 2007- early 2009¹²



The underlying vulnerability of farmers and consumers remains intact. Consumers continue to face high unaffordable prices.

At the same time, ActionAid's survey and analysis confirms that smallholder farmers in many countries, who produce the bulk of food, have not been able to respond to higher prices by delivering more. According to the FAO, cereal production is expected to fall in Kenya and in West and Southern Africa while remaining largely static in most other sub-Saharan African countries.¹³ Consequently, local prices remain very high.

2. PRODUCTION, PRICES AND THE IMPACTS OF CLIMATE CHANGE ON HUNGER

The complex and varied reasons why local prices remain high and domestic production has not increased range from political instability, civil strife and the displacement of people to profiteering in the supply chain and the increasing costs of production.

But by far the most important factor has been climate change and local weather impacts.

The recognition of the massive negative role climate change plays in agriculture and hunger in the draft 2009 G8 communiqué is a step forward. But latest scientific forecasts predict that greenhouse gases in the atmosphere may already be at a level that is predicted to cause warming of around two degrees. This means we are looking at the worst end of scientific predications to date: this will lead to huge hunger increases.¹⁴

Localised weather related impacts, almost certainly linked to climate change, are having the greatest impact on food production and prices. Adverse weather conditions are affecting twenty of the 41 developing countries identified by the FAO as in hunger crisis or vulnerable to production shortfalls.¹⁵ In Indonesia, Kenya, Jamaica, Bangladesh and Zambia, climate impacts have contributed to local food price inflation.¹⁶ South America's 2009 maize harvest is forecast to be sharply decreased because of drought.¹⁷

Longer term prospects are equally bleak. Even before the latest and considerably more gloomy predictions were released, it was estimated that up to 200 million more people will be undernourished as a result of climate change.¹⁸ Yields from rain-fed agriculture in some African countries could fall by up to 50 per cent by 2020, and by up to 30 per cent in some central and South Asian countries by 2050.¹⁹ Agricultural output must rise 50 per cent by 2030 to keep up with population growth and changes in diets.²⁰

Box 3. Climate is already impacting on hunger

Felicitas is twenty years old. She came to live in Kibera from Western Kakamega, as she felt that this was the only option if she was to help her family. The family in Kakamega grows maize, beans, and bananas on one and a half acres of land.

“My father says that he has noticed a big change in the last five years, but first started to notice changes about ten years ago now. The rains started to come much later, and then some years they just didn't come at all. So the rhythm of our farm changed. When we were children, the garden grew enough food to satisfy all of us but now the amount we can grow has really reduced.

“I came to Nairobi because I know that I have to earn some money to be able to help them be able to eat every day. I feel bitter with the situation and how things are because they have no money and food is very expensive.

Currently, developing countries are bearing just about all the burden from climate change. They absorb 99 per cent of all deaths from weather-related disasters, along with 90 per cent of the total economic losses.²¹ In order to avoid runaway climate change and stabilize global warming

below 2°C increase in average temperatures, rich countries must effectively reduce emissions by at least 40 per cent below 1990 levels by 2020, and global reductions must be at least 80 per cent by 2050.²² In addition, by 2020 developing countries will need an annual US \$182 billion to tackle climate change.²³

3. AID TO AGRICULTURE AND HUNGER

International aid to agriculture has collapsed since 1980. In 2006, donor spending of just US \$3.9 billion was almost half the level of spending of US \$7.6 billion in 1980 (in constant dollars). As a proportion of all aid this amounts to just 3.4 per cent compared to 16.8 per cent in 1980 - a fivefold reduction.²⁴ This trend is now beginning to be reversed and since 2006 has begun to rise gradually, but with too little and far too late.

Not only has the quantity of aid fallen dramatically since the 1980s, but it has also been spent on the wrong things. Less than half of it goes to low income countries facing the greatest food security challenges. It is poorly coordinated. And it has increasingly been used to promote free-market agricultural policies in developing countries, entailing the privatisation of state agencies, the liberalisation of agricultural trade and investment, and the push into the cash-crop-for-export economy instead of sustainable small farming (see box 5).

This has taken place either through specific aid projects or by making aid conditional on promoting liberalisation policies. This has been to the detriment of local food self-sufficiency. As importantly, aid has increasingly marginalised the very issues that could make a fundamental difference to smallholders – such as food crop production, agricultural inputs and agricultural credit. The share of these sub-sectors comprised just seven per cent of total agricultural aid in 2006.

The World Bank has acknowledged that greater investment in agriculture is needed to lift millions out of hunger: “...the international goal of halving extreme poverty and hunger by 2015 will not be reached unless neglect and underinvestment in the agricultural and rural sectors over the past 20 years is reversed.”²⁵ The UN Food and Agriculture Organisation puts the investment required at an additional US \$30 billion per year, while the UN’s High Level Task Force on the Food Crisis estimates US \$25-40 billion per year will be needed.

Box 4. Financial commitments to fight the food crisis

In June 2008, the FAO, following recommendations from the UN High Level Task Force, estimated that US \$30 billion annually, as an absolute minimum, would be necessary to fight the food crisis, tackle hunger and ensure people enjoy the most fundamental of human rights – the right to food. In response, despite promises of some US \$23 billion (of which the 2009 G8 commitments are part),²⁶ only a small proportion has actually been disbursed, largely in emergency food relief.²⁷ Very few funds have been channelled into efforts to improve the structural limitations of the food sector in developing countries.²⁸ Further funding was promised; for example the €1 billion through the European Commission’s ‘Food Facility’.²⁹ This will be spent over a period of three years, nearly half of which will be in 2009. According to the EC it will focus on safety nets, inputs, and boosting small-scale production.³⁰

The G8 countries pledged \$10 billion last year to fight the food crisis through food aid; nutrition interventions, social protection activities, and agricultural output increase. Whilst this response is welcome, it is inadequate:

- As of July 2009, only about 50 per cent had been disbursed, according to a draft report by the G8 expert monitoring group.
- The majority of the money has gone to food aid and other emergency measures. Whilst this is clearly important in addressing the extremes of hunger, precious little has been targeted at the structural issues of food insecurity. ActionAid's own surveys identified micro-credit, extension services and inputs for sustainable agriculture as important components. Only then is it likely that smallholders' production may increase in response to higher prices.
- Even if all of the US \$10 billion was new money, which is hard to ascertain, the G8's total aid effort would still be inadequate to support the massive agricultural development package that the FAO, World Bank and others say is the only way to put a stop to growing hunger.³¹

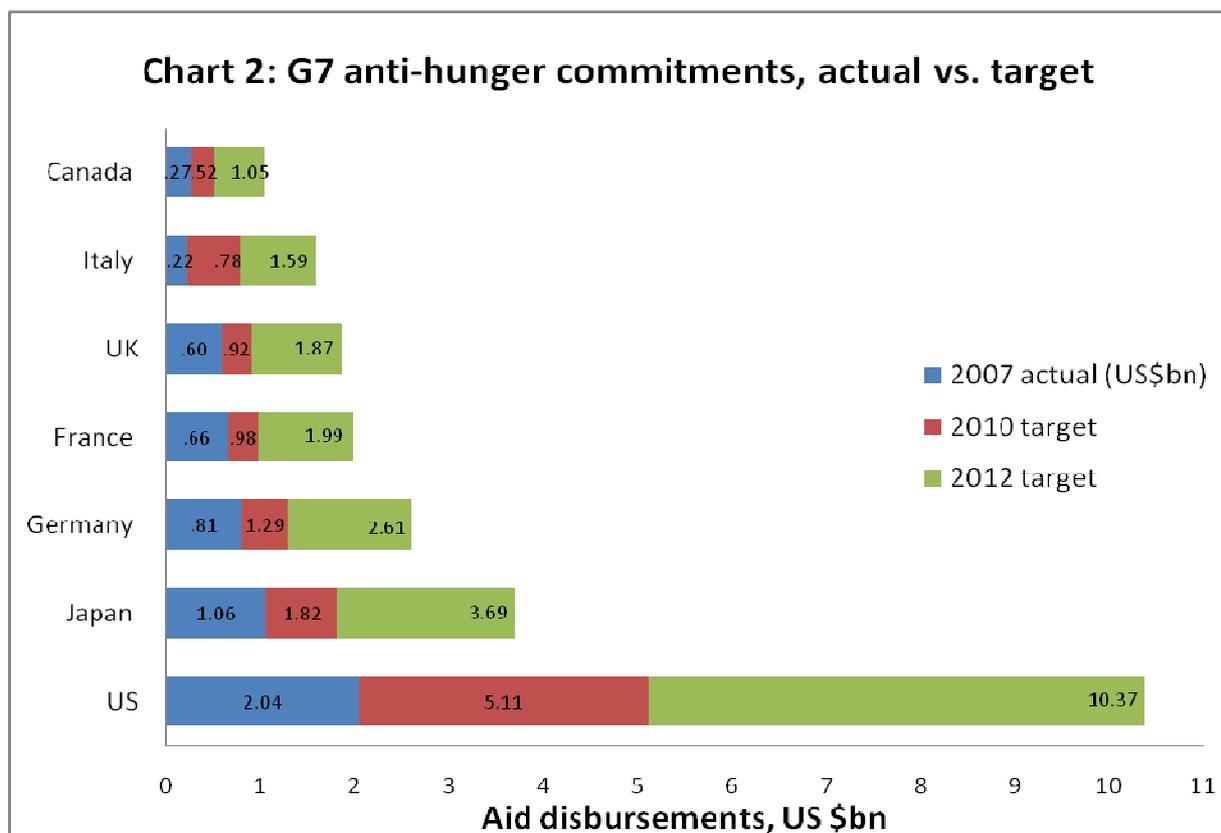
Box 5: The benefits of smallholding sustainable agriculture

ActionAid believes smallholder sustainable agriculture offers the only solution to tackling hunger, as well as climate change and lifting millions out of poverty. Some 470 million farms - 85 per cent measuring less than two hectares - produce 80 per cent of the world's food, and, in many cases their share of global production is growing³².

Smallholders feed the poor - including themselves - because they consume much of what they produce. Stabilizing smallholder economies combined with small, stable increases in yields of staple crops on millions of the world's small farms will have a profound impact on poverty and food availability at the local and regional levels. Smallholder agriculture, on a sustainable basis, offers other multiple benefits: for example it has often proved equally or more productive³³; it eliminates farmers' exposure to the increasing costs of agrochemicals; and will both mitigate climate change and assist farmers to adapt to changing weather.

New calculations by ActionAid³⁴ estimate that in order to underwrite the \$30 billion investment that the FAO estimates is needed, G7 aid to relevant sectors must reach a total of US \$23 billion annually by 2012. This is only about one-tenth of one percent of the US \$15.6 trillion that has been pumped into bank bail-outs in the US and Europe.³⁵

Our calculations show that currently G7 countries are disbursing only 25 per cent of the total G7 resources needed to beat hunger (see Chart 2 below). Within the G7, some countries are doing better than others. France is the clear champion. Its 2007 spend brought it to 33 per cent of its fair share of the 2012 target. Italy lingers at the bottom of the table; with 2007 spend only reaching 14 per cent of its 2012 target. Germany, UK, and Japan have all reached around 30 per cent of their required spending in 2012.



4. THE IMPACT OF AGROFUELS ON PRICES AND HUNGER

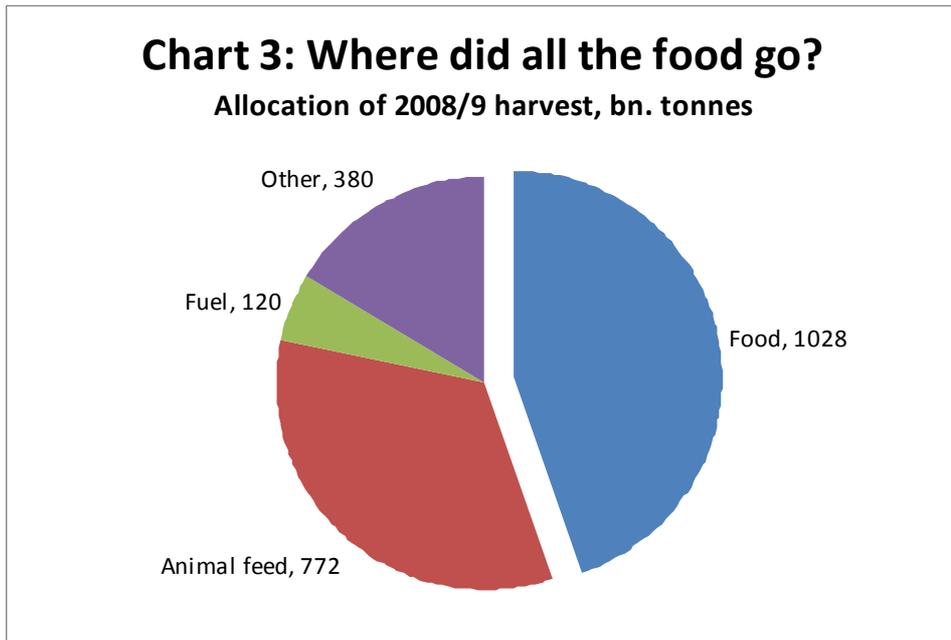
It is also widely acknowledged that the steep rise in food prices was not caused by low harvests. On the contrary, in 2007/8 and 2008/9, global grain harvests hit record levels – 2.3 billion tonnes was produced in 2008/9, a seven per cent increase compared to the previous year.³⁶

Yet with both cereal production and hunger at record levels, only 1.5 per cent more grain was used to feed human beings than in the previous year. However, the amount used to manufacture agrofuels went up nearly a quarter from the previous year.³⁷

Increasing demand for agrofuels has reduced cereal stocks to very low levels, again feeding through to higher global prices.³⁸ Hence, according to the World Bank, and a host of other independent studies, agrofuels (and the link to rising oil prices) were the primary cause of the global food price increase in 2007 and 2008.

Yet in the final G8 2008 communiqué in Japan, and in the draft communiqués for the G8 Summit in 2009, there is not one mention of agrofuels.

The increase in agrofuels might be seen as surprising given the parlous state of the industry. Many agrofuels - depending on the feedstock in question - are currently not profitable if the oil price remains below US \$60-\$100/bbl. The fact that global production increased by about a quarter between 2007/8 and 2008/9 reveals the importance of subsidies and mandatory targets for agrofuels in transport fuels. Without incentives the industry would currently be on its knees. In 2006, the EU and US gave their agrofuel industries some US \$13 billion in subsidies.³⁹ Between 2006 and 2012, predictions are that the US will have subsidized agrofuels by some US \$76-93 billion.⁴⁰



Increasing evidence reveals that when compared to fossil fuels, most current agrofuels across their life-cycle are contributing to an increase in green house gas emissions, with negative impacts on food production.⁴¹

Not only is G8 agrofuel use diverting food crops into vehicle fuel tanks, but subsidies and targets are also fuelling a land-grab in developing countries. This is often land that could be used to grow food, further exacerbating hunger. And the predictions are that global agrofuel production will continue to expand massively. This will be 'helped' by the rising oil price which has recently doubled from a low of US \$35/bbl to over US \$70/bbl.

5. LAND GRABBING AND HUNGER

Between 2006 and 2009, some 15-20 million hectares of land in developing countries – an area the size of France - has been taken over by foreign investors who say they intend to farm it. Some of these deals are clearly intended to lock in a supply of cheap food for import-dependent countries; others, while ostensibly for agriculture, have been linked to investors' interest in hydrocarbons or water rights. Many have likened this scandal, at a time when a billion people are hungry, to the latest chapter of colonialism. This land could be used to grow food for local

people. Ethiopia, currently listed by the FAO as in a food crisis, has signed a number of land deals to grow and export food (wheat, barley and rice) back into the Middle East.⁴²

Box 6. Declining harvests lead to greater urban poverty

Joshua, 24, is from a village in Western Kenya, but moved to Nairobi city last year. He now lives in Kibera slums, along with one million others.

“I came to look for work, to help out my parents who have a farm. The soil there has become infertile. Every day the sun is very hot, and the rain when it comes is very short. Everyone relies on their gardens for food, and people are now going to bed hungry.

My uncle offered me a job working in his café where I earn about 80p a day. I send £16 home to my parents a month – they really need it at the moment because they had no harvest last year. I want to go back to my family but there is nothing for me there now and I have to work to support them.”

Joshua Amunga Munyari, Nairobi, Kenya, interviewed May 2009

6. TRADE AND HUNGER

Since the 1970s, rich nations have promoted misguided trade and agriculture reforms. Initially this was forced through via IMF and World Bank structural adjustment programmes; more latterly, this agenda has been pushed through the World Trade Organization or bilateral deals between rich nations in the North and poorer nations in the South.

Developing countries have been required to increasingly re-orient agriculture towards more laissez-fair market policies. This has opened up sensitive food and agricultural sectors to competition with northern agribusiness and heavily subsidized northern products.

Southern countries were told they must:

- Produce crops and products in which they have a comparative advantage. Invariably this has meant shifting from staple food items to non-staple export crops;
- Significantly reduce government intervention to ‘get prices right’. This has meant removing policies and structures that are deemed to distort market prices - such as the dismantling or privatisation of state institutions such as marketing boards, the erosion of farmer credit schemes, input subsidies, and extension programmes; and the reduction and elimination of tariffs.

So today, agricultural products are treated like any other tradable commodity, left to the vagaries and unpredictability of the market. These policies have contributed to laying the foundation for today’s hunger crisis. For example, the lowering of tariffs has increased access to developing countries’ markets for (at the time) cheap imports. This was often subsidised, and dumped from the North. This has undermined local agricultural production and destroyed farmers’ livelihoods. When prices increased, small-scale farmers have not been in a position to respond making it virtually impossible to attain food security.

One of the most dramatic cases is Haiti. The country was self-sufficient in rice, its main staple, until the 1980s when liberalisation began. In 1995, under International Monetary Fund instructions, it cut rice tariffs from 35 per cent to three per cent. Today Haiti imports 82 per cent of its rice, leaving it extremely vulnerable to market fluctuations. Prices rose dramatically in 2007 and 2008; in April 2008 a cup of rice cost 19 goud and a cup of beans 25 goud against a minimum daily wage of 70 goud (approximately US \$1.90). Since 2008 there have been many food riots in the country.⁴³

Despite this, some, including the Director General of the WTO and G20 heads of state, are calling for an ambitious and urgent conclusion to the Doha round as a means of tackling the food crisis.⁴⁴ ActionAid would argue strongly against such a deal (and other trade deals) because further liberalisation in developing countries will only make hunger worse.

7. THE FINANCIAL CRISIS AND HUNGER

World Bank figures show that net private capital flows into developing countries will fall by over US \$800 billion as a result of the financial crisis (from a peak of US \$1.2 trillion in 2007 to a projected US \$363 billion in 2009).⁴⁵ In addition, falling export earnings and remittances will amount to at least US \$72 billion in lost output in Africa alone this year. And forecasts by the IMF and UN show there is every likelihood that low income countries will continue to suffer high unemployment and falling incomes in 2010 and 2011.⁴⁶

There are additional, more personal impacts:

- The global recession may draw an additional 200 million into poverty in 2009.⁴⁷
- Remittances from migrants are projected to fall by 40 per cent in 2009.⁴⁸
- In the best case scenario, at least 38 million jobs will be lost in 2009.⁴⁹

Fewer jobs and lower incomes mean less food for the vulnerable. The hardest hit will be poor women, particularly female headed households who spend 80 per cent of their income on food. Consequently, any new financial resources for agriculture and food emergencies must also be supplemented by a massive increase in spending on social protection.

Box 7: Recession hurts the poor and hungry

This year, because the community is unable to afford fertilizer, they are only cultivating part of the land. They are grazing their cows on the rest. They are dependent on rains to feed their crops, which can be challenging. Climate change and water scarcity predictions for this part of Africa will hit smallholder farmers like Thoko badly in the next ten years or so.

“I am not 100 per cent sure we will get a profit this year. We will have to see if it happens. The recession is impacting on us even if we are employed. We can’t cultivate as much as we could. The price of food in the shops is high. We need to buy potatoes, meat, some fruits and warm clothes for the children. Sometimes we have to go without.”

Thoko Mpulo, smallholder farmer in South Africa, June 2009

10. CONCLUSION: AREAS OF ACTION AT THE ITALIAN G8

“The question is not whether we can end hunger. It's whether we will.”
- U.S. Secretary of State Hillary Clinton, June 2009

If political inaction is largely responsible for causing one billion people to go hungry, then political action can also put a stop to it.

Until recently, the percentage of all overseas aid going to agriculture – including aid from G8 nations – was falling rapidly. It remains poorly targeted and coordinated. More aid needs to be focused, not just on food emergencies but on supporting increased and more sustainable production by local farmers for local consumption.

Since 2006, donors have begun to reverse the twenty year decline in aid to agriculture and rural development. The G8 commitment in 2008 of US \$10 billion to tackle the food crisis was a long-overdue step in the right direction. But much more needs to be done - and much faster. ActionAid's analysis shows that in order to halt and reverse growing hunger, G8 aid to agriculture and food security must rise rapidly to reach US \$23 billion per year by 2012.

In order to achieve the Millennium Development Goal of halving hunger, more coordinated investment is needed to galvanise momentum behind those countries strongly committed to achieving the right to food. The idea of a 'Global Partnership' announced at the G8 Summit in 2008 has gathered pace since the 2008 Summit. ActionAid believes that such a partnership should direct funding to nationally owned plans for accelerating progress on food security, so as to achieve and surpass the MDG target within the shortest possible period. All plans meeting minimum credibility tests should be guaranteed rapid, coordinated, and full funding from donors to close any gap between government's fiscal capacity and the cost of implementing the plan.

Minimum standards for credible national plans could be determined by a democratic body under UN control within which both developing and developed countries have equal voice. It is equally important that the UN introduce more robust, timely, and transparent mechanisms to monitor and reinforce countries' progress towards realising the right to food and ending hunger.

The G8 must put its weight behind a new global compact to end hunger. Nothing else will be sufficient to stop hunger spiralling out of control in the future. To do this, ActionAid believes a number of steps need to be taken by the G8 in Italy:

Recommendations

1. Announce a timeline for increasing the disbursement of aid to agriculture and food, in order to reach a total of \$23 billion by 2012. This represents the G7 countries' fair share of the minimum US \$30 billion that the FAO estimates is needed to end hunger, from both developing and developed countries, and takes account of pre-existing G7 ODA commitments.

2. Commit to establish a new international partnership that guarantees that all countries with a sound plan to eradicate hunger will receive the full amount of additional resources needed for full and fast implementation. The G8 must help to build a binding compact between developing countries and donors, including a financing mechanism to guarantee all credible national food security plans will be fully funded.

As their contribution to getting a new global partnership against hunger off the ground, the G8 must:

3. In 2009/2010, urgently prioritise the disbursements of new funds towards smallholders, especially women and the poorest and most remote communities, in order to boost food production for the domestic market. The focus must be on micro credit, subsidized inputs in favour of the progressive realisation of agro ecological production, food reserves for emergencies and to smooth price volatility.

The G8 must also:

4. Impose an immediate moratorium on further expansion of industrial, monoculture agro fuel plantations. Elimination of financial and other incentives (such as targets) encouraging the large scale development of agro fuels.
5. The G8 and G5 must call for an enforceable code of conduct in relation to land deals for food export in developing countries. It must also include prior informed consent, fair and adequate compensation for affected communities before assessing the effect of any potential deal on food, security, hunger and rural livelihoods. No deal will be approved where there is any adverse impact. The G8 and G5 must urgently request that an independent commission, within the UN, is created to establish the code.
6. Stop imposing trade rules and economic policy conditions undermining developing country governments from supporting smallholder farmers and agriculture. Commit to ensuring that all trade agreements uphold the right of developing countries to protect their smallholder farmers and labourers through local agriculture and industrial development.
7. Agree to an ambitious post Kyoto deal reducing greenhouse gas emissions from developed countries by at least 40 per cent below 1990 levels by 2020 and global emissions by at least 80 per cent by 2050.
8. Honour their commitment to fund climate change adaptation separately from ODA commitments. By 2020 developing countries will need US \$182 billion per year to tackle climate change, of which about US \$143 billion are due by G7 countries.⁵⁰

Notes and sources

- 1 According to figures released by the FAO on 19th June 2009, the total of undernourished people has risen to 1020 million, an increase of 100 million since 2008. Reference: <http://www.fao.org/news/story/en/item/20568/icode/>
- 2 The FAO estimates that the number of hungry people is currently increasing by about 11 percent per year; if this continues unabated, then 1.4 billion people would be hungry by 2012, or one in five of a projected world population of 7 billion.
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The US\$182bn per year to finance climate change mitigation and adaptation in developing countries, of which the 'fair share' for G7 countries is about 143bn

Annex 1: G7 Fair Share to Beat Hunger

The UN Food and Agricultural Organization (FAO) has called for an additional US \$30 billion per year investment in agriculture and rural infrastructure, as well as top-ups to emergency food aid.

ActionAid believes that in the context of the global economic crisis, developing countries will only be able to fund about a third of the increase needed. If developing countries invest US \$10 billion more over the next three years, that leaves US \$20 billion of the necessary finance for donors to provide. Existing bilateral and multilateral donor spending in these areas is about US \$8.4 billion per year, so the total additional donor funding needed by 2012 is about US \$28.4 billion per year. Of this, ActionAid calculates that about US \$23 billion will need to come from G7 countries by 2012, based on the size of GDP. The chart below gives a breakdown among G7 countries, based on the size of their GDP relative to other OECD countries.

* All figures in US\$ billions		Current Spent	Fair Share by 2010	Current spend as % of fair share, 2010	Fair share by 2011	Fair share by 2012
All donors total		8.41	14	60%	21	28.4
G7 Total		5.66	11.42	50%	17.14	23.17
France	1 st	0.66	0.98	67%	1.47	1.99
UK	2 nd	0.60	0.92	64%	1.39	1.87
Germany	3 rd	0.81	1.29	63%	1.93	2.61
Japan	4 th	1.06	1.82	58%	2.73	3.69
Canada	5 th	0.27	0.52	53%	0.78	1.05
US	6 th	2.04	5.11	40%	7.67	10.37
Italy	7 th	0.22	0.78	28%	1.18	1.59

Our calculations of current donor spending are based on a three-year average of disbursements, in current prices, to the four sectors most relevant to the FAO's anti-hunger package: agriculture, forestry and fishing (DAC category 310: III.1); rural development (43040); bio-diversity (41030); and emergency food aid (72040). They include an imputed share of donor contributions to key multilateral agencies (EC, IFAD and IDA), as well as an imputed share of budget support that can be assumed to contribute to relevant sectors. The amount of budget support 'credited' is based on a rough (and probably over-generous) estimate that 5.5 per cent of developing country government budgets are spent on relevant sectors.

The FAO's US \$30 billion increase cannot be more than a rough estimate (and is probably a gross underestimate) due to the paucity of information available on national financing needs and the increasing impact of the financial crisis. The FAO, IFAD, World Bank and others need to work together urgently to develop country-by-country costings (including realistic estimates of governments' spending capacity), providing a more transparent basis for holding both governments and donors to account for upholding their part of the commitment to halve hunger by 2015.

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ActionAid is an international anti-poverty agency working in over 40 countries, taking sides with poor people to end poverty and injustice together.

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