

Global Food Crisis Policy Statement

G8 Summit

June 5, 2008

Food prices have been rising since the early 2000s, most sharply since 2006. According to the IMF, a ton of wheat that cost \$105 in January 2000 cost \$481 in March 2008. In one year (March 2007 to March 2008), the price of corn increased by 31 percent, rice by 74 percent, soya by 87 percent, and wheat by 130 percent. Overall food prices, according to World Bank estimates, have doubled over the past three years.

This crisis hits the poor and most vulnerable the hardest, and threatens to push a hundred million people into poverty, thus reversing global gains we helped achieve in health, education and other aspects of poverty reduction. The international community must mount a comprehensive response, which recognizes the interconnected dimensions of the crisis and encompasses both short- and long-term measures. It must address food and nutrition shortfalls, and also demonstrate its continuing commitment to the well-being of the most impoverished by strengthening support for health, education and other programs. Comprehensive development is the most effective response to hunger.

The food crisis will increase maternal and child under-nutrition which presently contributes to 3.5 million deaths each year. Millions more children suffer cognitive disability, stunted growth, poorly developed immune systems, and other physical impairments because of an inadequate supply of nutritious food.

Causes

Among the multiple causes is the cost of oil driving up food production, fertilizer, and transportation costs. The heavy consumption of meat and milk in developed countries combined with increased consumption in some of the rapidly developing countries (a positive development) increases demand and therefore food prices.

Increased use of grains to produce bio-fuels (agro-fuels) has decreased the availability of certain crops for food. This has led to an upsurge in the cost of edible oils; cooking oil has become one of the biggest cash outlays for poor families, including those that grow their own food. As the stock and real estate markets have become more volatile and speculators have moved to commodities' futures, and thereby contributed to the increase in prices.

If farmers increase planting and yields in 2008, the prices should begin to moderate. Still, predictions are that food costs will remain significantly higher than "pre-crisis" levels for at least the next ten years. It is paramount to note that the world is still producing enough food. In April, the FAO forecast a record cereal harvest of more than 2 billion tons during the coming year. Therefore this is primarily a food price crisis, caused by high and rapidly rising food prices rather than an overall shortage of food. For the world's poorest people, the problems are and will continue to be access and affordability. But food aid alone will not end hunger. For the poorest and most vulnerable, this is fundamentally a crisis about the survival and wellbeing of children and mothers and other poor, now facing dramatically increased risks.

All donors and many recipient governments have neglected agriculture for more than twenty years. According to OECD data, U.S. official development assistance for agriculture has dropped from a high of 20 percent in 1980 to 6.0 percent in 1995 to 2.5 percent in 2006.

We believe that this crisis alone constitutes ample reason to make major changes in both the amount and allocation of financial resources.

Recommendations

1. Major donors, including NGOs, should provide substantial emergency funding for traditional and new forms of emergency response that address the needs of the poor living in both urban and rural areas. This would include funding for food vouchers, food-for-work and cash-for-work programs, school-feeding programs, and health care. We also encourage funding in the form of cash for local and regional purchase to the extent possible, which can reduce administrative and logistical costs as well stimulate local production and trade, thereby helping to save time in food delivery, livelihoods, and money.

Today's "food price crisis" is quickly becoming a nutrition crisis as those who cannot afford food cut their already meager diets. Therefore, we urge donors to address this looming "nutrition crisis" by supporting nutrition programs that focus specifically on the needs of mothers, pregnant women, and children under two.

2. The donors' emergency response should also include support for programs to stimulate agricultural production immediately, including programs that will provide seeds, tools, and other inputs along with farm credit and ensuring that such resources go proportionally to small farmers including both women and men. This should also include infrastructure improvements where needed for timely emergency response.
3. The donor community should at least double long-term investment in agriculture that will enable poor farmers to produce more food and support rural livelihoods. Support to female small farmers should be a high priority since they produce more than half of the developing world's food.
4. We urge all major donors including the United Nations, World Bank, bilateral and multilateral donors to coordinate their work to increase its impact. They need to conduct a joint analysis of the crisis country by country to prioritize responses. Donors should respond to the food crisis in a manner that will address its root causes and lead to sustainable poverty reduction. This is achievable through funding programs that ensure —
 - a. Poor farmers, including female farmers, have access to assets such as land, water, credit, extension services, and information in order to take advantage of market opportunities both locally and globally.
 - b. Women's needs and their empowerment are at the heart of the overall solution.
 - c. Research and new technologies to address farmers' immediate needs and help increase their productivity over time, including labor-saving technologies which are important for poor female farmers.
 - d. Risk management and adaptation to climate change are addressed.
5. The G8 must also work with developing countries to set a timetable for the World Trade Organization's Doha Development Round to conclude a mutually acceptable agreement to remove developed country agricultural subsidies and trade restrictions.

Finally, this crisis cannot be met with “business as usual.” If the crisis is to be addressed effectively and efficiently it will require greater coordination and collaboration across all actors and at all levels of response, both in the short- and long-term.

June 5, 2008

The following organizations contributed the food crisis policy statement

Bread for the World

International Center for Research on Women

Save the Children

Global Health Council

For questions or feedback please contact:

John Ruthrauff

Senior Manager of Member Advocacy

InterAction

1400 16th Street NW, Suite 210

Washington DC 20036

jruthrauff@interAction.org

202-552-6523

InterAction is the largest alliance of U.S.-based international development and humanitarian nongovernmental organizations. With more than 165 members operating in every developing country, we work to overcome poverty, exclusion, and suffering by advancing social justice and basic dignity for all.