

POSTSCRIPT

THE GLOBAL FOOD CRISIS AND ITS IMPLICATIONS FOR CHILD WELLBEING IN AFRICA

A 'SILENT TSUNAMI' IN THE MAKING

A little more than three decades ago, wrenching images of emaciated children in Ethiopia taught the world a painful lesson about the tragedy of starvation. Worsened by the current global food crisis, hunger continues to haunt much of Africa, robbing villages of children and plunging human beings into extreme despair.

During the first three months of 2008, international nominal prices of all major food commodities reached their highest levels in nearly 50 years, and prices in real terms were the highest in nearly 30 years. The price of vegetable oils increased on average by more than 97 per cent during the first month of 2008, followed by the price of grains, which rose 87 per cent; dairy products, which rose 58 per cent; and rice, which rose 46 per cent (FAO 2008a). This resulted in a crisis situation, what the World Food Programme calls a "silent tsunami", which at the time of writing is threatening to plunge more than 100 million people on every continent into hunger (WFP 2008).

The crisis has affected nearly every country in the world. It has had an ominous snowball effect - one that eventually brought down a prime minister in Haiti, made more children in Mauritania go to bed hungry, and forced the Egyptian army to bake bread for the general population.

Sub-Saharan Africa is one of those regions most vulnerable to the adverse effects of the current food crisis. The region contains 20 of the 36 countries seen as most vulnerable to the adverse impacts of soaring world food prices (Reuters 2008).

WHAT ARE THE CAUSAL FACTORS?

Both supply and demand factors are to blame for recent surges in the price of food. A critical trigger factor has been the decline in the production of cereals due to more intense and increasingly frequent weather disasters and other phenomena. Climate change is causing a loss of agricultural land, irreversible in some cases, as a result of droughts, floods, storms and erosion (Falksohn et al. 2008). Experts predict that climate change could eventually cause as much as a 30 per cent reduction in Africa's agricultural productivity (Oxfam America 2008).

In 2005 and 2006, production of cereals declined annually by four and seven per cent respectively in major exporting countries. The gradual reduction in the level of cereal stocks since the mid-1990s is another supply side factor that has had a significant impact on markets recently (FAO 2008a). By the close of 2008, world cereal stocks are expected to decline a further five per cent from their already reduced level at the start of the season, reaching their lowest levels in 25 years.

The increases in fuel prices have also raised the costs of producing and transporting agricultural commodities. For example, US dollar prices of some fertilisers increased by more than 160 per cent in the first two months of 2008 compared to the same period

in 2007. Along with fertiliser costs, higher energy prices contributed to about 15 per cent of recent increases in food production prices (PREM, ARD and DEC 2008). Freight rates doubled within a one-year period beginning in February 2006, affecting the cost of transporting food to importing countries (FAO 2008a). As of May 2008, the price of fuel had hit a record high of USD 135 a barrel, with the impact of such prices felt acutely by consumers and businesses alike (BBC News 2008).

The rise in fuel prices has also unleashed another important factor: the diversion of crops to production of biofuels. The switch to biofuels – which are derived from plants that require agricultural land for their production – has boosted food prices yet further, reduced the supply of the crops available for food, and encouraged the conversion of large amounts of agricultural land from production of food to production of biofuel (Hennigan 2008). Some sources estimate that 65 per cent of the recent rise in food prices has been due to the biofuels industry and factors related to its rapid increase in demand for inputs (Mitchell 2008 cited in FAO 2008a).

Commodities, which have predominantly been used as food and/or feed, are now being grown as raw material (feedstock) for producing biofuels (FAO 2008a). The result is that many people around the globe who are anxious about filling their gas tanks are competing with others elsewhere in the world who are struggling to fill their stomachs (World Bank 2008). It is said that 232 kg of corn, sufficient to feed a child for a year, is needed to make 50 litres of bioethanol (Finfacts 2008a). According to IFPRI, there are some 2.4 million more malnourished pre-schoolers in developing countries in 2008 due to the impact of the biofuels industry. Current research suggests that 390,000 additional children under the age of five will die because of this increase in malnutrition due to biofuels. If current biofuel development trends continue, child deaths will rise to 475,000 by 2010 (Senauer 2008).

Further complicating the situation, the demand for biofuels in a world of rising oil prices is also luring poor African countries into making imprudent choices in the name of attracting foreign investment. For instance, in Tanzania, thousands of farmers growing rice and maize are being evicted from fertile areas of land with good access to water, in order to establish biofuel sugar cane and jatropha plantations on newly privatised land. Millions of hectares in Ethiopia have been identified as suitable for biofuel production, and many foreign companies have already been allocated land from farmland, forests and wilderness areas (Hennig 2008). In other countries, such as Kenya, farmland that used to grow food for domestic consumption now grows luxuries for the north, such as cut flowers (Angus 2008).

The other reason cited for the current food price hike is the changing structure of food demand, especially in prospering Asian economies. Diversifying diet patterns are moving away from starchy foods and towards more meat and dairy products, intensifying demand for feed grains and strengthening the linkages among different food commodities (FAO 2008a). For instance, China has accounted for up to 40 per cent of the increase in global consumption of soybeans and meat over the past decade (Hennigan 2008). It is worth noting that seven kilos of grain are necessary to produce a kilo of meat (Kurata 2008).

There is also a view that attributes the current crisis to more profound structural factors than just a circumstantial scarcity of food. Proponents of this view say that hunger and malnourishment are the results of an international economic order that maintains and deepens poverty, inequality and injustice (Ventura 2008). They argue that there is enough food in the world for all its inhabitants. According to this argument, the problem is one of inequitable distribution of the globally available food. If food was distributed equitably around the world, enough would be available for everyone to consume an average of 2,760 calories a day (World Ecology Report 2005 cited in UNEDESA 2005). As of 2006, there were

800 million people in the world who were hungry, but they were outnumbered by a billion people who were overweight (Wilson 2008). The world's 200 wealthiest people have as much money as about 40 per cent of the global population, and yet 850 million people go to bed hungry every night (Falksohn et al. 2008).

The other argument forwarded along these lines centres around the refusal of developed countries to eliminate their agricultural subsidies, while imposing their rules of international trade on the rest of the world. A very small number of trans-national corporations hold the power to set prices, monopolise technologies, impose unfair certification processes on trade, and manipulate distribution channels, sources of financing, trade and supplies for the production of food worldwide. They also control transportation, scientific research, gene banks and the production of fertilisers and pesticides (Ventura 2008). A combination of unfair trade agreements, concentrated ownership of major food production, and dominance of international trade through control and influence in institutions such as the World Bank, IMF and the WTO, has meant that poor countries have seen their ability to determine their own food security policies severely undermined (Shah 2008).

Finally, as an additional compounding factor, some of the policy measures taken to reduce the impact of higher prices on vulnerable consumers, such as export bans and increased export taxes, have themselves exacerbated the short-term volatility of international prices (FAO 2008a).

HOW ARE CHILDREN AFFECTED?

At the macro level, the rise in food prices has contributed to a deepening of poverty in a number of countries in Africa. Deepening poverty nearly always has a disproportionate impact on children. In six of eight countries considered in a study that analysed the impacts of higher prices of key staple foods on poverty, it was found that price increases for food between 2005 and 2007 increased poverty by three percentage points on average (PREM, ARD and DEC 2008). The World Bank estimates that doubling of food prices over the last three years could potentially push 100 million people in low-income countries deeper into poverty (World Bank 2008). As food is no longer the cheap commodity that it used to be, food imports are likely to cost four times as much by the end of 2008 as they did in 2000 (FAO 2008b).

The African continent is a net importer of cereals (FAO 2008a). One study showed that a 10 per cent increase in the prices of imported goods raises poverty by 1.8 percentage points (Ivanic and Martin 2008). Of the 19 countries that have large budget deficits and predicted growth of bills for cereal imports of greater than one per cent, 11 have greater than 20 per cent undernourishment rates. This means that more than one out of every five persons fails to consume the minimum calorie requirement necessary to maintain good health under light activity. Of the seven most vulnerable countries, four have undernourishment rates of 29 per cent or higher (FAO 2008a).

A new rank of poor people is being created by the food crisis. For instance, increasing the price of maize by ten per cent would raise poverty in Zambia and Malawi, where both urban and rural households are net buyers, by 0.8 and 0.5 per cent respectively in rural areas, 0.2 and 0.3 per cent in urban areas, and 0.5 per cent nationwide for both countries (Ivanic and Martin 2008). The least developed countries, with high levels of poverty and food insecurity and large population groups, have households that spend 70-80 per cent of their income on food (FAO 2008a). In the short run, those food buyers, in the cities and in the rural areas (including the poorest rural households, which are predominantly net food buyers), will be the most adversely affected. The poorest

expenditure quintiles are worst affected in both urban and rural areas across the board (FAO 2008a).

The high dependence on imports of petroleum products (100 per cent in most countries) – and, in many cases, on imports of major grains (rice, wheat and maize) for domestic consumption – is exacerbating the predicaments of these countries and deepening poverty. For instance, on a full-year basis, rises in oil prices will increase Ethiopia's imported oil bill by about a billion dollars (three per cent of GDP) (Abate 2008), severely limiting the country's investments in welfare.

Countries such as Eritrea, Niger, Comoros, Botswana and Liberia are especially vulnerable due to very high levels of all these risk factors. Eritrea, with grain imports of 88 per cent and 100 per cent importation of petroleum products, has a population that is 75 per cent undernourished, while Comoros, which also imports 100 per cent of its petroleum products and 80 per cent of its grain, has a population that is 60 per cent undernourished (FAO 2008a).

At the household level, there are consequences related to the difficult choices that households, especially the poorest ones, have to make because of their rapidly declining purchasing power (FAO 2008a). In compensating for rising food prices, vulnerable households may move towards using less food, or towards substituting cheaper, but less nutritious, food for current diets (PREM, ARD and DEC 2008). Poor households find themselves having to compromise on healthcare, education, and other non-food household expenditures (FAO 2008a), or to sell key productive assets in order to cope with their newly dire economic circumstances. Under such circumstances, therefore, poor households become poorer (Rashid 2008), suffering a significant loss in household wellbeing. While those on US\$ 1 a day are cutting back on meat, vegetables and one or two meals, so they can afford one bowl of food, those on US\$ 50 cents a day are dragged into utter disaster (The Economist 2008).

Even the middle class is not immune to the impacts of the crisis. The middle classes in poor countries are giving up health care and cutting out meat so they can eat three meals a day. The middling poor, those on US\$ 2 a day, are pulling children from school and cutting back on vegetables so that they can still afford rice.

The effect of the crisis on the most vulnerable – including people dependant on humanitarian assistance, orphans, those affected by HIV/AIDS, and pregnant and nursing mothers – is devastating. Children are not only temporarily deprived of the nutrients they need to grow and thrive, but can also carry permanent scars on their physical and intellectual potential into their youth and adulthood. There is also a serious risk of children dying of easily treatable illnesses, or dropping out of school so they can be sent to work (Deen 2008) because of deepening household poverty.

HIV infection, compounded by inadequate dietary intake, worsens the effects of malnutrition. Malnutrition in turn shortens the asymptomatic period of HIV infection, hastens the onset of AIDS and ultimately death, and may also increase the risk of HIV transmission from mothers to babies.

On a wider societal scale, there is also the potential for the food crisis to generate massive movements of people, creating humanitarian emergencies and disasters. According to UNFPA, unbearable costs for food may force poor women to resort to transactional sex in order to meet their basic needs, and may cause potential increases in violence against female-headed households and among poor women (Deen 2008).

Children are also naturally affected by the consequences of economic problems and related social unrest, including the food riots that have taken place on most continents,

primarily in urban areas where people have borne the brunt of soaring food and fuel prices (Hattingh 2008). Unrest in Burkina Faso, Mauritania, Mozambique, Senegal, the Ivory Coast and Cameroon has claimed about 100 lives (Falksohn et al. 2008) and caused substantial material damage.

On the positive side, high prices may stimulate a supply side response wherein market signals are transmitted to food producers who have capacity to increase production and – where existing transport and market infrastructure allow it – to supply the market. This may represent an important opportunity for promoting agricultural and rural development in many low-income countries, provided that an enabling policy environment and supportive measures are established quickly (FAO 2008a).

WHAT NEEDS TO BE DONE?

African countries are now facing daunting challenges that require urgent and prudent policy measures. So far, sub-Saharan Africa and Latin America and the Caribbean have shown the lowest levels of policy activity, with roughly 20 per cent and 30 per cent of the countries in these respective regions reporting no activity in any of the policy categories (FAO 2008a).

Policy measures available in the short term include the provision of safety nets and social protection to the most vulnerable consumers in both rural and urban areas, as well as the enhancement of short-term supply responses by smallholder farmers. This may involve protecting the most vulnerable through direct food distribution, targeted food subsidies and cash transfers, and nutritional programmes including school feeding.

Improved trade policies, such as reductions in tariffs and taxes that can provide some relief to consumers, can also yield important gains, as can the elimination of agriculture trade barriers and export bans (Rashid 2008).

Projects related to biofuel production may also need to be re-examined in light of their effects on food security. South Africa, for instance, has already restricted the use of grains for ethanol production because of food security concerns (FAO 2008a).

Governments can act to lower the overall costs of domestic distribution. The importance of strengthening inland transport links in mitigating price spikes was recently underscored in Congo (Brazzaville) (PREM, ARD and DEC 2008).

In the longer run, it will be important to address the fundamentals that increase investment in agriculture, both public and private, and improve the functioning of markets. Cancelling the debts of developing countries can help them invest the money in their agriculture, with the aim of achieving food security in the longer term. If the current estimated US\$ 345 billion debt of developing countries is relieved, these countries could have more than sufficient funds to overhaul their agricultural systems. This total figure is more than ten times the US\$ 30 billion a year needed to re-launch agriculture in the developing world and avert future risk of conflicts over food (Finfacts 2008b).

These and other related measures are critically needed. A weary, apathetic response would only invite needless failure, the consequences of which could be staggering: reversals in hard-earned gains in nutrition, health and education; social instability and insecurity; deepening poverty and hunger; and human death in large numbers (FAO 2008a).

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