

In Haiti, the poorest country in the western hemisphere, 80 percent of the population lives in extreme poverty.



Charting a New Course



REUTERS/Eduardo Muñoz

Brazilian U.N. peacekeepers patrol along a street market in the neighborhood of Cite-Soleil in Port-au-Prince, April 14, 2008.

Poor people around the globe spend most of what they earn to feed themselves and their families. Over the past year the cost of basic food staples has risen steeply. There is little elasticity left in a family's budget. One might say the elastic has snapped.

In April 2008, protests in Haiti's capital, Port-au-Prince, spiraled out of control when demonstrators stormed the presidential palace demanding that the government do something about the cost of food. But there was little the government could do. Riots ensued. Stores where food was sold were looted. On orders from the Prime Minister, Jacques Edouard Alexis, peacekeepers turned against the rioters, first spraying them with tear gas and then rubber bullets. When the violence ended, five people were dead and Parliament sacked Alexis for his mishandling of the crisis.¹

Fifty years ago, one in three people in the world lived in extreme poverty. By 2009, the number was one in five. This is a magnificent accomplishment—and it didn't materialize out of thin air. Progress occurred because of governments committed to their country's development; private voluntary organizations working with donors; visionary leaders who gave the world the Green Revolution, the Smallpox Eradication Program, and the Millennium Development Goals (MDGs) and hundreds of millions of citizens of the world committed to their own development.

At the beginning of 2009, it is easy to forget about this progress. A doubling in food prices since 2004 threatens to undo years of hard-won progress against hunger and poverty. In 2008, the United Nations Food and Agriculture Organization (FAO) reported that 37 countries faced severe food shortages. People in developed countries were horrified by reports from Port-au-Prince that starving Haitians were eating mud to quell

their hunger pangs. The steep rise in food prices unnerved governments everywhere, and riots have occurred in dozens of other countries.

With all their differences, the United States and Haiti seem to be on opposite sides of the globe. In reality, Miami is twice as far from Washington, DC, as it is from Port-au-Prince. If development assistance were only about proximity, the United States would be pouring money into Haiti. But that's not how we allocate development assistance; nor should we, since there are many other countries where people are suffering.

A Perfect Storm?

Several factors account for the sudden rise in food prices around the globe. Ironically, one is the progress achieved against hunger and poverty in the past half-century, even more so in the past 25 years. China, the most populous country in the world, has dramatically reduced poverty. A half-billion Chinese people have been lifted out of poverty as the country's economy grows at an astounding 10 percent a year. As Chinese incomes rise, so too does the demand for better food, especially meat products. This in turn fuels a surge in the price of the grains fed to livestock. In poor countries like Haiti, the success of China (and to a lesser degree India) has to seem like a cruel irony.

But this is only part of the problem—and most experts now agree that it is a smaller part of the problem than originally thought. Other factors are also driving food prices up. Drought in major grain-producing countries like Australia has tightened the supply of food. A rapid increase in oil prices has been a factor because petroleum figures into agricultural production at every step—from the fertilizer used when planting crops to the fuel that transports them around the world. Energy policies in rich countries have encouraged farmers to divert crops away from food production into biofuels. Decisions made by national governments and

donor countries to invest little in the agricultural sectors of poor countries left those countries dependent on imported food and ill-prepared for supply shortages.

It is relatively easy to identify factors that are driving price increases. It is harder to say when this hunger crisis will end. The convergence of causes is unprecedented, which is why some have taken to calling the crisis a “perfect storm.” In one important way, though, the metaphor does not seem right. Storms, even the most severe, pass through quickly and then the sun shines again. But the factors driving the current crisis are not expected to pass quickly.

The reasons are structural, and they build on the chronic crisis of 862 million people who were hungry before the current surges in food prices began. The demand for energy and food has been going up and it is unlikely to go down again. Scientists also see a connection between the droughts causing



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harvests to fail and accelerating climate change—a long-term problem we have scarcely come to grips with.

Experts at the FAO and other food and agriculture organizations are saying that the current crisis has put an additional 75 million people at risk of hunger. This is a huge setback to progress against hunger and poverty, as the two are inextricably connected.

Those at greatest risk are young children and pregnant and nursing mothers. Every year, malnutrition is implicated in the deaths of 5 million children.² The importance of good nutrition is never more essential than in the early years of life. The difference between having enough to eat and not is frequently the difference between a healthy life and death or a life crippled by physical and mental disabilities.

In spite of so much progress against hunger in the last half century, hunger could potentially sow more social unrest now than ever before. This is not just because of the sudden rise in food prices. Social unrest could be worsened by something else: the migration of poor people from rural areas to cities. Rural areas are still home to the greatest number of poor people, but cities are catching up. In 1950, the population of Port-au-Prince was 140,000, but by 2000 it had increased to 2 million.³ Poverty in overcrowded cities is more combustible than in a remote countryside. “Naturally, people won’t be sitting dying of starvation, they will react,” warns Jacques Diouf, Director General of the FAO.

Poor Families and the Hunger Crisis

We are inside the home of a 21-year-old woman named Terefech Tadesse. She and her family live in a slum of Addis Ababa, the capitol of Ethiopia, and it is hard to imagine her reacting violently to anything. Holding her one-year-old daughter in her lap, her eyes barely moving as she answers an aid worker’s questions, she endures her hunger with a listlessness that is all the more heartbreaking for its mask of dignity.

She and her two children rarely leave the home, for they have no reason to; Terefech has no job and the children are too young for school. The slum where they live is far from any of the city’s main thoroughfares. Their one-room home is bare except for a bed, a bench and a few pots and cooking gear. The room is poorly lit during the day because there is no electricity, and the family’s cooking and latrine areas are shared with neighbors.

Terefech and her husband arrived in Addis close to four years ago, not long after they were married in the village where they grew up, 100 kilometers away. Terefech’s

Terefech Tadesse, pictured here with her two children, feeds her family with the help of a U.S. foreign assistance program. An aid worker monitors the family’s nutritional status.



husband wanted to be a farmer, but land was too expensive and he had no collateral to borrow against, so the couple moved to Addis to start over in the city. But city life has not been easy for them or for the others who have left the countryside in hopes of finding work and a steady income in Addis. Jobs are scarce and the competition for those that are available is fierce. Her husband finds work as a day laborer, but the work takes him far from home, and it means Terefech is left to care for the children alone for days at a stretch.

The couple has two children—another daughter is three years old—and both are malnourished. The family’s diet consists mostly of corn porridge. They are fortunate because they are receiving food through a program run by Save the Children. The youngest child was so badly malnourished that she was prescribed Plumpynut, a high-protein therapeutic food that has been called a miracle drug by aid workers. Plumpynut has brought children back from the brink of death. But because it’s more expensive than a bag of grain, there is never enough Plumpynut to go around. In 2008, Ethiopia couldn’t get enough of it.

Eventually, when the circumference of the baby’s arm increases—a common method for measuring malnutrition in young children—it will mean her condition has improved, and the deliveries of Plumpynut will stop. Everyone understands, including the aid workers, that this family’s circumstances will not have changed. The husband is not going to find better-paying work closer to home, nor will food prices come down to allow Terefech to feed her children more. The only demonstrable difference is that the child’s arm will be a little thicker—until Terefech has to go for help again.



Packages of Plumpynut, a high-protein therapeutic food, are used to address severe malnutrition in young children.

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Climate Change and Development

In the long run, global warming will prove the greater challenge to reducing hunger and poverty. There is no longer any point in debating whether climate change is caused by manmade greenhouse gas emissions. The facts are indisputable. The focus of our attention must be on how to address the crisis—and it truly is a crisis.

What will the world look like if global warming is not abated? Imagine you are living in Bangladesh, a country that sits at sea level at the head of the Bay of Bengal. With its 150 million inhabitants vulnerable to the slightest climatic variation, Bangladesh seems to be perched on the edge of an imminent humanitarian disaster. A one-foot rise in the level of the bay could displace millions of people in the coming years. As temperatures rise, more and more rural Bangladeshis will be driven to flee the countryside because of the increased salinity of aquifers and soils. Overcrowded cities will be teeming with hungry, poor, and frustrated people as the country’s ability to feed itself is drastically reduced. It is not hard to imagine the potential social and political consequences.

Climate change would be a challenging problem even if the world population remained constant. But the number of people on earth is expected to

swell to 9 billion by the end of this century, up from the current 6 billion. “Between now and 2085,” William Cline explains, “agricultural growth must roughly double just to keep up with population growth.”

Cline has literally written the book on climate change and its impact on agriculture, *Global Warming and Agriculture: Impact Estimates by Country*. “By the 2080s,” he reports, “unabated global warming would cause serious declines in agricultural activity in Africa, Latin America, and South Asia.”⁴ Given the importance of agriculture in each of these regions, and the high levels of poverty, this is sobering news for anyone who recognizes the immense challenges of addressing the hunger and poverty that already exist.

Resources are needed to help poor countries adapt to the impacts of climate change. So far, most of the debate about how to address global climate change has focused on mitigation—how to get the largest carbon-emitting nations to curb their output of greenhouse gases. While this is an important piece of what needs to be done, we must also focus on the more immediate concern of adaptation. For poor families who rely on agriculture for their livelihoods, adapting to climate change is a crucial issue—now and for the foreseeable future.

This report is not about climate change per se, nor is it about the soaring cost of food; it is concerned about the MDGs and what it will take to achieve them by the target date of 2015. But climate change and soaring food prices are impossible to ignore. They pose two of the most serious threats to meeting MDG targets in the short term and sustaining progress over the long term.

Figure 1: The United States Leads All Nations in Cumulative Greenhouse Gas Emissions

Share of global emissions, 1840-2004 (%)



* Includes a share of Soviet Union’s emissions proportional to the Russian Federation’s current share of the Commonwealth of Independent States’ emissions.

Source: Carbon Dioxide Information Analysis Center, 2007.

The Effects of Higher Food Prices in the United States

While the scale is different than in the developing world, the global spike in food prices also affects poor families in the United States. Sixty-five percent of American voters say that rising food prices have had an impact on them, including a startling 28 percent who are worried that they or someone they know will go hungry, according to polling done by the Alliance to End Hunger in July 2008.

In years with normal food inflation rates, people who participate in federal nutrition assistance programs would be in better shape to cover the gap

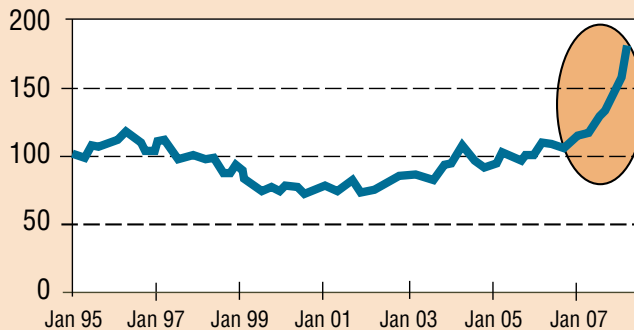
between their benefit levels and the cost of food. But with the steep rise in prices many people are finding it more difficult to make up the difference.

The administrators of the nutrition programs also face challenges. In school meals programs, for instance, administrators have had to skimp on the nutritional quality of food, serving children cheaper, highly processed foods instead of more expensive whole grains, fresh produce, and other healthy alternatives.

Achieving the MDGs, or not achieving them, will show how serious the world is about human development and poverty reduction. In this sense, the MDGs are a tool to gauge the commitment of rich and poor countries alike. If countries have gotten their priorities in order, as they must in order to achieve the MDGs, they will continue to make significant gains after the 2015 deadline. By 2015, the MDGs will reveal which countries fall into this group.

Figure 2:
Food Prices Have Risen Sharply Since 2007

(Nominal \$ Index, Jan 1995=100)



Source: World Bank, Development Prospects Group, 2008.

The MDGs and U.S. Development Assistance

Development assistance is not a high priority of U.S. policymakers. For most of this decade, U.S. foreign policy has been dominated by the war in Iraq and more broadly the war on terror. There are notable exceptions, like the Millennium Challenge Account, a program designed to reward developing countries that have good governance. Another is the President’s Emergency Plan for Aids Relief (PEPFAR). Reversing the spread of HIV/AIDS has been President Bush’s signature

development issue, and he deserves credit for his leadership on this. PEPFAR also falls squarely under the rubric of the MDGs. Goal 6, dedicated to combating infectious diseases, includes halving or reversing the spread of HIV/AIDS.

But overall, the United States does not have a cohesive strategy to achieve the MDGs. Rather, it has a patchwork of programs that support some of the goals, ignore others, and treat at least one (Goal 7: ensure environmental sustainability) with outright contempt. The Bush administration essentially “checked out” of the global conversation about climate change. It was never seriously engaged, and it became clear that ensuring environmental sustainability was simply not something that this administration was going to deliver.


U.S. policy toward achieving the MDGs has sometimes seemed confused. In 2005, at a meeting in Gleneagles, Scotland, leaders from eight of the most powerful industrialized nations, also known as the Group of 8, or G8, agreed to forgive debts owed by some of the poorest countries in the world and to double assistance to Africa. So many African countries rank at the bottom of the U.N. Human Development Index that Gleneagles seemed like an endorsement of the MDGs. But no more than a few months later, at a U.N. Summit on fighting terrorism and addressing world poverty, the administration’s representative at the U.N., John Bolton, attempted to delete all mention of the MDGs from a draft document everyone was supposed to sign.⁵

The difficulties of integrating the MDGs into U.S. development assistance policy run deeper than resistance from any one administration. No one seems able to make sense of the structural underpinnings that hold development assistance policies together: how does development assistance work? The

current approach is probably best explained as dividing the budget up into earmarks designed more to earn political capital than to achieve a consistent set of development objectives. In this zero-sum game, programs are forced to compete for scarce funding precisely because there is no overarching development strategy. Chapter 4 of this report analyzes the inefficiencies in the current structure and maps out a series of reforms intended to elevate development and the role of the MDGs.

Reforming the outdated Foreign Assistance Act of 1961 is the best opportunity to bring U.S. development assistance policies up to date and in accordance with the MDGs. This is a foundational approach in that it lays out a set of long-term development objectives, embodied in the MDGs, that will drive U.S. development assistance policy for the foreseeable future. The reforms proposed in Chapter 4 are intended to create a sounder, more cohesive set of policy principles. They include reforms to trade policies—very important for agriculture-based economies in the developing world.

Chapter 5 calls for setting a goal to reduce poverty inside the United States. If our country is serious about reducing poverty, then this must include poverty here at home. During Hurricane Katrina the U.S. public saw that there is much work to do right here. As with the global situation, the United States does not have a cohesive strategy to reduce domestic poverty. There is a patchwork of programs, but they do not bring together the many dimensions of poverty in a focused or holistic way as the MDGs do. A goal or set of goals can provide that missing strategic direction. The United States needs its own goals—ones that make sense given the less severe nature but far too common incidence of poverty in this country. A national poverty reduction strategy also lends international credibility and makes us a better partner with other countries, both donors and recipients of development assistance.



Overall, the United States does not have a cohesive strategy for achieving the MDGs.’

Not all Foreign Assistance is Development Assistance

A large portion of U.S. foreign assistance is not, and never has been, designed with development objectives in mind. Instead, its primary goals are political—to elicit or reward support on key international issues. For example, any development that the United States helped achieve in the 1980s in Zaire and the Philippines was just a side benefit of the support provided to the corrupt dictators Mobutu Sese Seko and Ferdinand Marcos. The true motivation for the assistance was to shore up their support in the Cold War.

Fortunately, U.S. assistance is also used to spur development. The classic example is the Marshall Plan. Following World War II, U.S. foreign assistance was instrumental in rebuilding Europe and Japan. War-ravaged nations were not only able to restart their economies and quickly rejoin the world community, but they themselves are now among the most generous providers of development assistance. This shows how U.S. assistance can be a “force multiplier” for development.

U.S. foreign assistance programs whose goal is development are those focused on poverty reduction and helping to meet the MDGs. Such poverty-focused development assistance includes bilateral aid for agriculture, nutrition and clean water initiatives, investments in schools and teacher training, anti-retroviral medications for people with HIV/AIDS, and investments in economic development designed to break the cycle of poverty over the long term. It also includes U.S. contributions to multilateral organizations that combat poverty, such as UNICEF, the World Health Organization, the World Bank, and the International Fund for Agricultural Development.

Political Will and Leadership

Americans are not stingy or callous when it comes to helping others. Polls consistently show that the U.S. public supports increasing development assistance if it is designed to improve the situation of people in need. Differences in opinion based on political party affiliation are nominal. From 2003-

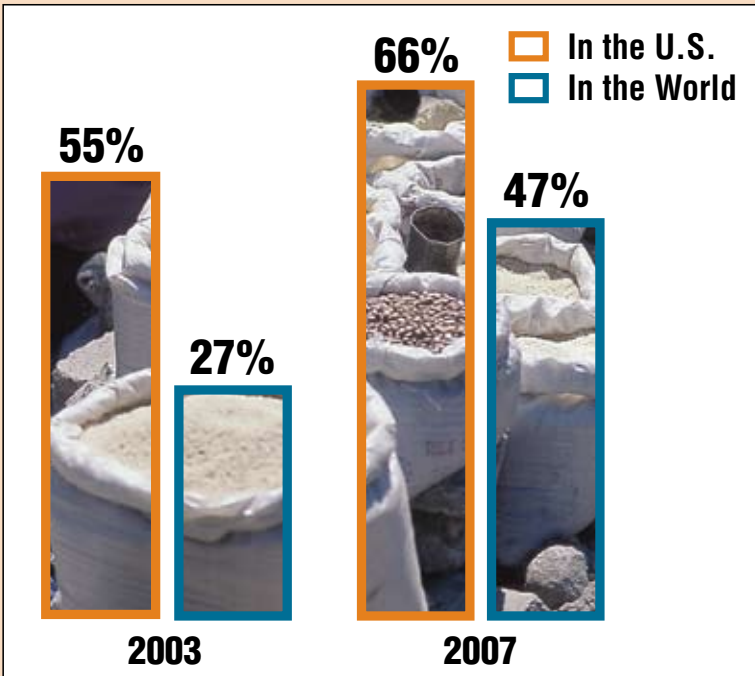
2007, polls conducted by the bipartisan team of McLaughlin & Associates and Freedman Consulting for the Alliance to End Hunger found that a large percentage of voters feel the United States spends too little on reducing hunger at home and abroad.⁶

Much of the polling was done before the steep hike in food prices. In July 2008, the Alliance commissioned a new poll that, not surprisingly, showed another surge in voter attitudes that government's response to hunger is inadequate: "Two-thirds of voters (68 percent) believe the U.S. government should do more to respond to the global hunger crisis, including 2 out of 5 (39 percent) who want the U.S. to invest substantially more in long-term solutions like providing aid to help farmers in hungry countries produce more food."

In another poll, between July and September 2008, the Program on International Policy Attitudes (PIPA) found similarly large majorities supporting the MDGs. This time Democrats agreed in slightly higher percentages than Republicans—yet majorities in both parties supported increasing U.S. development assistance to achieve the MDGs. There was one catch: the polling showed that Americans want other countries to do their part, and they condition approval of higher U.S. spending on similar commitments from other rich nations to increase their own spending levels.⁷

The "catch" is based on a misperception that the United States is shouldering most of the development burden among rich countries. It is a misperception that advocacy organizations like Bread for the World are perpetually struggling to correct. Most Americans have a poorly-informed view of how much our government provides in development assistance. The overall percentage of monies spent on development assistance amounts to 0.16 percent of the federal budget. This is a much smaller percentage than other industrialized countries spend as a share of their budgets. In fact, the United States consistently ranks near the bottom of industrialized nations in spending on development assistance.

Figure 3:
Percentage of Likely Voters Who Believe the U.S. Spends Too Little on Reducing the Hunger Problem



Source: McLaughlin & Associates and Freedman Consulting.

“Americans sometimes resist major efforts to address world poverty because they tend to incorrectly assume that people in other countries are not giving as much as they are,” explains pollster Steven Kull, head of World-PublicOpinion.Org and PIPA. “When it is assumed that all of the wealthy countries will be doing a comparable amount, Americans show readiness to spend substantial amounts to address world poverty; amounts that, if committed, would produce a marked reduction in world poverty.”⁸

This is why presidential leadership is so important. The Obama administration faces great challenges, but reducing hunger and poverty are among the most important. The public is ready to support a president who wants to move the country in a new direction. Great leaders seize their moment, and they help the public to see this is their moment too. Now is the right time to reassess old policies and launch bold new ones. So much is at stake, not just for nations like Haiti and Ethiopia, but for ourselves and the generations that follow us.

