

**HUNGER 2009**

# **Global Development Charting a New Course**

19th Annual Report on the  
State of World Hunger

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**Bread for the World Institute** provides policy analysis on hunger and strategies to end it. The Institute educates its advocacy network, opinion leaders, policy makers and the public about hunger in the United States and abroad.

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# Foreword

Brian Duss



With a new president entering the White House, and the start of a new Congress, 2009 will be a time of rapid changes and new policies. This is also a time of great economic difficulty, especially for hungry and poor people in our country and around the world.

Poor people in many of the world's poorest countries have been especially hard hit. They typically spend most of their income on basic staples—rice, corn, wheat, or sorghum—and those prices have more than doubled over the last three years. So the widow in Mauritania who used to eat two meals of sorghum a day now eats one meal of sorghum soup. Like many other poor countries, Mauritania has also been hurt by high oil prices and the slowdown of the global economy.

During the Obama presidential campaign, he promised to end child hunger in America and cut U.S. poverty in half by 2015. Senator Obama was the lead sponsor of the Global Poverty Act, which would commit the United States to the Millennium Development Goal of cutting world poverty and hunger in half by 2015. The Global Poverty Act calls for our government to develop a plan to more effectively support the world's efforts to reduce poverty. Those of us who share these goals will need to be advocating to make them priorities among all the competing pressures on President Obama and Congress.

*Global Development: Charting a New Course*, Bread for the World Institute's 2009 annual report, outlines reforms of U.S. foreign assistance that would make it more effective in reducing poverty. In a time of economic troubles, it becomes even more urgent to use our aid dollars well and to direct more of our aid to programs to help people climb out of hungry poverty.

The report also urges our nation's leaders to set official goals to reduce hunger and poverty in the United States and then move our nation forward toward these goals. Urgent social needs are just as pressing—and just as explosive—as the needs of hard-pressed financial institutions and companies. We can address the economic crisis and the needs of poor people at the same time. One of the best ways to stimulate the economy is food assistance to families who are struggling to put food on the table. And one of the investments with the highest economic return is quality education for all children.

In the developing world, hundreds of millions of people in scores of countries have climbed out of poverty in recent decades. They and hundreds of millions more are intensely committed to a better life for their children. The hope and hard work of poor people in the developing world are a source of dynamism for the world economy as a whole. Continued progress against poverty will also make for a more peaceful world.

But high food prices and economic turmoil are a major setback for many of the world's poorest people. The United States and other advanced countries can, at relatively small cost, help poor countries weather the economic storm. If the United States would only focus more of its foreign assistance on the kind of development that reduces poverty, that would be a huge help.

At this time in history, all the people of the world are bound together. We have little choice but to forge a path out of this together.

A handwritten signature in dark ink that reads "David Beckmann". The signature is fluid and cursive, with a long horizontal stroke at the end.

Rev. David Beckmann  
*President, Bread for the World and Bread for the World Institute*

**In the Southern Nyanza Province of Kenya, hunger and poverty rates are high.**



# Investing in Development



Todd Post

Farmers in the Southern Nyanza Province are blessed with fertile land to grow food, but several factors are limiting their productivity.

The village of Alum Beach, abutting the eastern side of Lake Victoria in this province, receives support from the United Nations International Fund for Agriculture (IFAD). On a hill in the village, the picturesque lake glistens in the sun and looks close, like one could get there in a matter of minutes. But looks are deceiving. The villagers, mostly the women and girls, spend hours walking each day with pails to fetch water.

IFAD, partnering with the Kenyan government, has supplied funding to build a catchment for rain water. This means girls can spend more time doing schoolwork. Women have more time to work in the fields or attend to household tasks. IFAD also supported the building of latrines, improving sanitary conditions in the village. Soon there will be a clinic nearby, where antiretroviral drugs will be available. HIV/AIDS rates are exceptionally high in the Southern Nyanza Province. No longer will the villagers have to travel so far for their health care. Samwell Magai, chairman of the village, lost one of his own children because of the distance to the nearest hospital, a boat ride across the lake. All of the projects are part of IFAD's strategy to work with the village on improving the productivity of its farmers.

This is an example of how development can and should work. IFAD saw how all these issues were interconnected—sanitation, clean water, health care, education, and agriculture—and designed a development strategy that reflected this. But sometimes aid agencies and development workers are hamstrung, lacking the flexibility or resources they need to address complex realities on the ground. Too often this describes U.S. development assistance programs. To help people in villages like this one move into the 21st century, the United States must improve how it provides development assistance.

## Development is the Goal

The challenges to development are real, but they are not insurmountable. Ample proof exists that large gains can be made. Triumph depends on the commitment of developing countries, a commitment that must include promoting good governance and building strong institutions, establishing peace and stability, and preserving and respecting environmental resources. To make development work on a grand scale, the kind of scale envisioned in the adoption of the Millennium Development Goals (MDGs) in 2000, developed countries also have to do their part, providing much-needed assistance and ensuring that other policies they put in place do not harm development. This partnership between the developed and developing worlds is the key to achieving the MDGs. It will take a stepped-up effort on the part of everyone. Continuing with “business as usual” will mean that hope of achieving the MDGs will fade out of sight.

Taken together, the MDGs represent a comprehensive vision of human development—one marked by dignity, equality, and opportunity for all. The MDGs include reducing poverty and hunger, increasing school enrollment, empowering women and girls, reducing child mortality, improving maternal health, halting and then reversing the spread of deadly diseases, and ensuring environmental sustainability.

Investing in development is in the interest of everyone. As Americans, we sometimes forget how close we are to the developing world. But bird flu

**One of the Millennium Development Goals is to achieve universal primary education. In most regions net enrollment has surpassed 90 percent.**



originating in a remote part of Asia can board a plane and arrive in the United States in a matter of days or even hours. Similarly, greenhouse gases produced in the United States have consequences for farmers across Africa. Borders aren't vanishing and oceans continue to separate continents, but no one in the United States can afford to ignore what is happening in the developing world.

For the United States, the return on investment comes in the form of peace, security, and an improvement in our country's standing in the world at a time when it has reached a historic low. Economically, it means the opening of new export markets for U.S. goods and services, and a wider array of products for U.S. consumers because of new imports. There is also the satisfaction of knowing that not only is prosperity becoming available to a larger number of people, but that the United States had something important to do with that.

The past several decades have shown that countries are ready to seize opportunities to escape poverty and that huge numbers of people are able to take great leaps forward. India and China, the two largest countries in the world, have dramatically reduced poverty and are now major players in the global economy. Because they are such giants, we often focus attention on them, but progress has also occurred in many places. Between 1993 and 2006, Vietnam reduced extreme poverty from 58 percent to 16 percent. Ghana and Chile, two very different countries a hemisphere apart, have made extraordinary progress against hunger. Countries in Africa, with strong support from donors, are successfully fighting infectious diseases. And all around the world, tens of millions of children are going to school who would not have had the opportunity a decade ago.

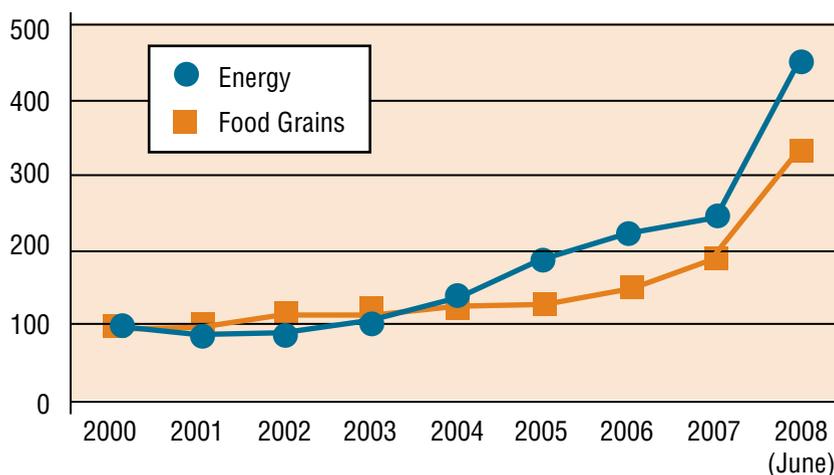
**Effective development assistance enables people to escape debilitating malnutrition, illiteracy, and disease.'**

## The Hunger Challenge

As the first decade of the 21st century winds down, the world is facing a hunger challenge unlike anything it has seen in the past 50 years. A steep rise in food and fuel prices has already undone some of progress achieved in recent decades, and now a global financial crisis threatens to do worse damage still. It has been more than a decade since prices were increasing as quickly as they are now. Unlike earlier spikes in global food prices, today's higher prices are expected to remain for up to a decade, perhaps longer.

In a little less than two years, the number of people who are living in poverty has increased by 100 million and the number of people who are hungry by more than 75 million. Getting by on a diet of basic staples, poor

Figure 1: **Commodity Price Indices**



Source: World Bank, DECDG, 2008.

families were spending half or more of their income on food even before the jump in food prices. Higher food prices have added a crushing load to the most vulnerable and poorly nourished people, especially mothers and babies. Faced with much higher prices, poor families have had to reduce the amount of food they consume; choose less expensive, less nutritious foods; forego meals; and/or reduce other expenditures such as paying for health care and sending their children to school. The very poorest cope by shifting to one meal a day and by eating famine foods: roots, grass, mud cakes.



**Ethiopian women like these lined up daily in 2008 to receive food assistance from abroad, a year when the jump in food prices stretched their limits to feed their children.**

Several factors account for the rising prices. Ironically, one is the progress against poverty in China, India, and other countries where rapid development has occurred; the increased demand for food from people who have moved out of poverty has made prices rise. Agricultural productivity has not increased to keep pace with the rising demand, and drought in major grain-producing countries like Australia has tightened supplies. 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 to market. Years of bad policy choices are at least partly to blame for the sudden spike in prices. While developed countries were protecting their farmers—paying subsidies that undercut farmers in poor countries, maintaining high tariffs to keep imports out, imposing export bans to protect their own food supply—the agricultural sector in many developing countries was devastated. Developing countries that were once self-sufficient producers of their own food became net food importers. More recently, policies in rich countries have encouraged their farmers to divert crops away from food production into biofuels.

Increasing agricultural production in developing countries now would improve food security in developing countries and lead to higher profits for farmers.

Unfortunately, most farmers in developing countries cannot respond to higher prices for their products by planting more, because they do not have the necessary resources. For decades, too little was done to improve rural infrastructure—transportation networks, storage facilities, irrigation systems, appropriate farming tools, agricultural extension services, and improved seed varieties—as both the governments of developing countries and bilateral and multilateral donors underemphasized and underinvested in agriculture.

## Investing in Development

Long-term food security depends on increasing agricultural productivity and raising the earning potential of poor people. Growth in the agricultural sector and rural economy is crucial. It's fair to say that the global hunger crisis could have been averted by greater investments over the years in improving agricultural productivity in developing countries, especially in Africa.

Promoting food security remains an important component of U.S. foreign assistance, but food security resources are tilted heavily towards providing support for hungry people in humanitarian crises. Instead of concentrating efforts on increasing agricultural productivity in poor and chronically food-insecure countries, the United States has found it easier to respond to hunger and malnutrition by providing food aid. The increase in food prices, however, has pushed more additional people into hunger and malnutrition than the total number who are served annually through emergency food aid.

The United States spends more in total dollars than any other country on international development (although as a percentage of national income, we spend far less than most rich countries). U.S. development assistance could work far more effectively to get the maximum benefit from all the dollars we put in. For example, trade is critical to spurring economic growth in developing countries, but the United States applies the highest trade barriers to imports from the poorest countries—often the very same countries that receive U.S. development assistance. In 2006, Bangladesh received \$80 million in U.S. assistance, while the United States collected \$487 million in tariffs on imports from Bangladesh. The United States has been working to increase the competitiveness of Bangladeshi businesses, yet U.S. tariffs make exports from Bangladesh less competitive.

To do our part to help other countries achieve the MDGs, the United States needs to have a consistent set of policies across government departments. But no one in government is currently in charge of managing this.

The United States wants its development assistance to foster sustainable self-reliance. But policies and procedures too often dictate how development should take place. The input of recipient countries may be ignored, or it may simply be that our policies are not flexible enough to respond to feedback.

Effective development assistance enables poor people to escape debilitating malnutrition, illiteracy, and disease. But the capacity of the United



Residents of Mumbai, India, shop at an outdoor market.

States to plan and deliver effective development assistance has diminished as security concerns have overshadowed development priorities. In general, long-term investments in development have been eroded in favor of short-term, rapid responses to perceived national security threats.

A fresh approach to U.S. development is long overdue. Elevating development as suggested here would be a vital step forward for the United States

in responding more effectively to global hunger and poverty. U.S. development assistance programs will deliver far more bang for the buck and help many more people to escape poverty. Addressing the root causes of persistent poverty is not only the right thing to do, but would have a major impact on U.S. standing in the world and improve U.S. security at home and abroad. As more than one observer has noted, “Just as there can be no development without security, there can be no security without development.”

To achieve these objectives, Congress and the Obama administration should develop a national strategy for global development with coordination at the highest levels of government. This could include the establishment of a new cabinet-level department for global development. A department that draws in most, if not all, of the development assistance programs currently scattered throughout the government bureaucracy would produce more consistent policies and programs and ensure that the development voice is heard at the highest level of foreign policy decisions.

By the end of the 20th century, the world had begun to make significant progress against hunger and poverty. But

a recent surge in global food prices threatens to undo that progress, showing how tenuous those gains are—and how interconnected all countries are. Hunger and poverty, climate change and environmental degradation, peace and security, sustainable energy: these are interconnected global challenges that require comprehensive global solutions. There is a growing recognition in the United States that global development is both a moral issue and one that is in our national interest. As it has in the past, the United States can play a vital role in addressing these challenges, but it needs to have the ability to work effectively with the rest of the world. This will require making global development a national priority and restructuring 20th-century development assistance to meet the challenges and opportunities of the 21st.



Richard Leonard

**Although Nicaraguan farmers Pedro and Concepcion Granada never made it further than first grade in primary school, they are already planning for their young daughters to attend university.**

## Recommendations for Reforming U.S. Foreign Assistance

*Global Development: Charting a New Course* analyzes the inefficiencies in the current structure of U.S. foreign assistance and maps out a series of reforms to elevate development as a foreign policy priority. The challenges of the 21st century argue for a fresh approach to U.S. foreign assistance. Comprehensive reform should embody the following principles:

- **Global development and global poverty reduction must be elevated as specific goals in U.S. foreign policy**, distinguished from political, military, and security goals, with distinct and secure funding.
- **Poverty reduction should be a primary focus of U.S. foreign assistance**, with substantially more poverty-focused funding provided to meet commitments related to the MDGs.
- **Development assistance should be provided in partnership with recipient countries** to meet their long-term development goals and focus on outcomes with measurable goals and objectives.
- **Civilian leadership in development assistance must be maintained and strengthened**, with the Department of Defense limited to its operational strengths in logistics and stabilization.
- **An effective, streamlined agency is required to direct all U.S. development assistance**, consolidating the plethora of development assistance programs currently spread across 12 cabinet departments and numerous agencies.
- **Other U.S. policies (e.g. trade, investment, migration) need to be aligned with development assistance goals** and objectives to maximize the impact of U.S. development programs.
- **U.S. development assistance should be more closely coordinated with other international donors** to reduce the burdens on recipient governments as well as costly duplication of programs.



Todd Post

**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.<sup>1</sup>

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



Celia Escudero Espadas

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.<sup>2</sup> 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.<sup>3</sup> 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.



World Post

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.”<sup>4</sup> 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.

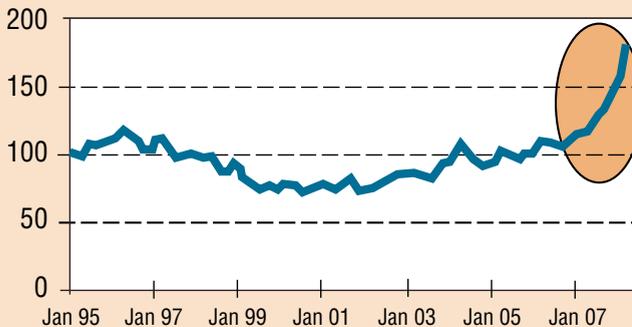
In years with normal food inflation rates, people who participate in federal nutrition assistance programs would be in better shape to cover the gap

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.<sup>5</sup>

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.<sup>6</sup>

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 percent-

ages 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.<sup>7</sup>

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.”<sup>8</sup>

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.



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# Responding to the Hunger Disaster

by Eva Clayton,  
Jim Morris and  
Max Finberg

Mahmoud sold his only goat to buy food for his family. Others were selling their goats too, because of the rise in food prices, so he received less than he'd hoped. By selling the goat, he'd gained a few dollars, but lost the source of nutritious milk his children drank for breakfast. Mahmoud regretted selling the goat but it was all he could do to provide for the family.



In Mauritania, where Mahmoud is from, rising food prices have hit everyone hard. At the edge of the Sahara desert, Mauritania is one of the poorest countries in the world and imports more than two-thirds of its food. Rising food prices have also hurt people here in the United States, especially those who were already struggling to make ends meet, but the implications for poor people in the developing world are dire.

Around the developing world, the spike in global food prices since 2007 has hit with all the force of a hurricane or tsunami. In the aftermath of natural disasters, however, there is often an

Young children face a high risk of suffering permanent health consequences from hunger.

outpouring of generous support, stories of survival and inspiring tales of hope and starting over. The hunger disaster we are facing is much wider in its impact and more serious in its long-term implications.

After a flurry of publicity in early 2008, the hunger disaster has not gone away. To the contrary, the full impact of the rise in food prices has yet to be felt. Mauritania experienced the destabilizing impacts of rapidly rising food prices. It was one of the indirect causes of a coup in this West African country that once sent its young leaders to be trained in Saddam Hussein's Iraq. It is not too hard to imagine Mauritania becoming the next Somalia or Afghanistan and a haven for extremists.

For all but the most diligent observers, the global hunger crisis came as a surprise, reported first as isolated incidents. But the fact is that food and fuel prices began to rise well before 2008. Stocks of grain have been declining for years, even as demand began to surge, especially in rapidly growing economies like China and India. Nonetheless, the world was lulled into thinking that a cheap, abundant food supply was as permanent as the Arctic ice cap.

But it should not have been such a surprise, given that gains in agricultural

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productivity have been slipping and the donor nations, including the United States, have slashed investments in agricultural development by more than \$5 billion a year in the last 20 years. Last year we only spent two percent of our total foreign assistance dollars for agriculture, even though a recent World Bank study has shown that economic growth in agriculture is 2-4 times more effective in reducing poverty than growth in other sectors of the economy.

Alliance to End Hunger polling shows that 68 percent of voters think the United States should be doing more to respond to the global hunger crisis, such as increasing aid to help farmers in poor countries produce more food. Elected officials and decision makers need to understand that the American people are generous and want their government to be, especially when aid is shown to be effective. The question is how to respond now that the hurricane of hunger has made landfall and is still wreaking havoc.

We need to respond to this crisis the way the world has come together to respond to other crises. From the ashes of World War II, nations united to create the United Nations, International Monetary Fund and the World Bank. Following devastating earthquakes and floods in the early 1960s, the world devised a program to feed the most vulnerable and the World Food Program was born. In the aftermath of the food crisis of the early 1970s, the International Fund for Agricultural Development was created and has been helping small-scale farmers ever since. These actions led to the creation of institutions that endure and continue to serve the people and the purpose for which they were established.

Our leaders face many difficult decisions and competing priorities. Addressing hunger in our country and around the world needs to be foremost among those priorities. Many of the recommendations in this report provide a path forward. As overused as the cliché may be, it is better to teach and equip than to just feed. We must also provide immediate funding for emergency feeding programs. And more fundamentally, we need to undertake the necessary reforms in the management of our foreign assistance. This will make it possible to address the issue of hunger in a consistent way over the long term. Otherwise even more people will suffer and die.

*Eva Clayton served as a Member of Congress from 1993-2003 and was Assistant Director General of the U.N.'s Food and Agriculture Organization. Jim Morris was the Executive Director of the U.N.'s World Food Program and is President of the Indiana Pacers. They both are honorary co-chairs of the Alliance to End Hunger. Max Finberg is director of the Alliance to End Hunger.*



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Since the early 1990s, Vietnam has had a tremendous growth spurt. Extreme poverty declined from 58 percent of the population in 1993 to 16 percent in 2006.



# Development is the Goal



Günter Gurni

**In northern Vietnam, women plant in a rice paddy. Growth in the agricultural sector has been a crucial factor in the country's rapid gains against poverty.**

**V**ietnam's progress is due to a combination of economic reforms and technological innovations in its agricultural sector. The most significant policy changes include loosening state controls on agriculture while implementing land reforms that provided market incentives to farmers. These were followed by permitting more private sector activity in agricultural processing and marketing. Farmers responded by increasing production, growing two or three successive crops on the same piece of land each year. From 1993 to 2006, per capita food production grew at 3.8 percent per year, equaled or surpassed by only five countries in the world.<sup>1</sup>

The last several decades have shown once again that people will seize opportunities to escape poverty. Whole countries have been able to make huge leaps forward. India and China, the two most populous countries in the world, have dramatically reduced poverty and are now major players in the global economy. Because of their size, they receive great attention, but there has also been progress in many other nations. Ghana and Chile, two very different countries, have sharply reduced hunger. Haiti and Uganda, with strong support from donors, are making progress against infectious diseases, especially HIV/AIDS.

There is ample proof that large gains can be made in the fight against hunger, poverty and disease. Contrary to what sometimes seems like a never-ending stream of bad news, the situation appears much more positive once we step back to gain a broader perspective. Since 1980, the percentage of people in the developing world living in extreme poverty has fallen from one in two to one in four.<sup>2</sup> A cursory look at what was accomplished in the second half of the twentieth century is all it takes to regain confidence in the chances for continued progress. The eradication of smallpox, dramatic gains against polio and other diseases, increases in life expectancy, reductions in infant and maternal mortality, hundreds of millions of

children now attending school—these and other examples demonstrate that a combination of political will, flexible approaches to development, and the mutual commitment of governments and donors can lead to real results.

Also encouraging has been the growing numbers of people around the world demanding that national leaders raise the plight of poor people to the top of the political agenda. The ONE Campaign in the United States, the Make Poverty History Campaign in the United Kingdom, and the Global Call to Action Against Poverty, an international campaign, all have mobilized millions of citizens in support of development. Because of pressure from groups such as these, at the G8 Summit of 2005—a meeting of some of the richest countries in the world—heads of state agreed to double development assistance and expand debt relief for poor countries. Debt relief is a cause that bore fruit because the advocacy community would not let it go. Since 2000, developing countries have been able to redirect \$17 billion into anti-poverty programs that otherwise would have gone to pay down debts.<sup>3</sup>

## The Millennium Development Goals

Human development encompasses an interdependent web of connections. Hunger makes treating infectious diseases more difficult, it causes women to die during childbirth and children to grow up stunted, it leads to poor school attendance and performance and can even cause environmental damage as poor farmers cut down forests to put land into production to grow food. The Millennium Development Goals (MDGs) recognize this web of connections. The goals call for eradicating hunger and poverty, providing all children with access to a primary school education, reducing child mortality, improving maternal health, promoting gender equality, combating infectious diseases, ensuring environmental sustainability, and establishing partnerships for development between developed and developing countries.

The MDGs are a grand vision, but they are also a roadmap for action. They build on decades of knowledge and success in development programming. Developing countries have taken the lead in designing and implementing MDG strategies; more than 140 have produced their own plans in pursuit of the goals.<sup>4</sup> But developing countries cannot achieve the goals alone; they need the support of developed countries, and the latter have agreed to be partners, understanding that lack of progress in one part of the world reverberates everywhere, and to ignore the MDGs imperils everyone.

While progress in human development may be their most obvious virtue, the MDGs have ramifications for every country, rich and poor. It is no longer possible to ignore the web of connections that exist between all countries. Borders have not vanished and the oceans continue to separate continents,



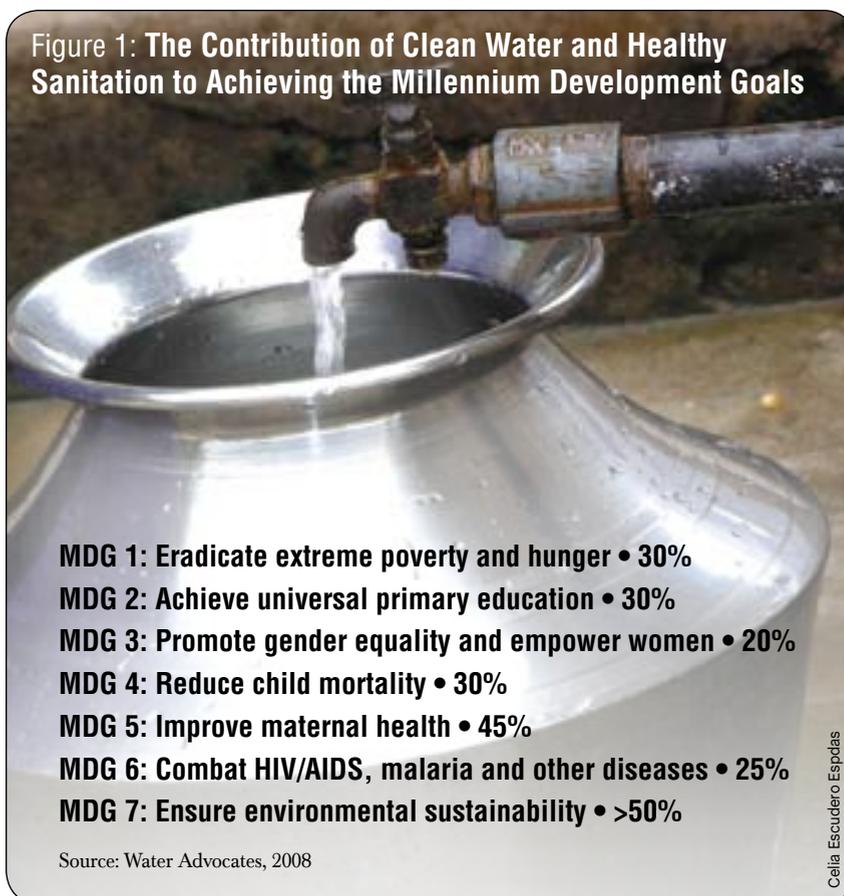
Margaret W. Nea

but the world is rapidly becoming a smaller place. Bird flu originating in a remote area in Asia can board a plane and arrive in the United States in a matter of days or even hours. Nobody in New York or London or Paris should presume that what happens in Dhaka and Dakar has no implications at home. Nor should we presume that the greenhouse gases produced in the United States have no consequences for farmers in sub-Saharan Africa.

Since 2000, when the MDGs were formally adopted, leaders from across the globe have come together on several occasions to explore how to build and sustain meaningful global partnerships. World leaders have acknowledged that meeting the MDGs will require better coordination of aid programs within and among donor agencies. Coordination must not be limited to aid, but must include policies in such areas as trade, migration, technology and the environment. In the language of the MDGs, developing and developed countries must form a “global partnership for development.”

The MDGs are not immune to criticism. One concern is that they do not address the core problems that make people poor in the first place. Armed conflict, weak government institutions, poor governance, economic inequality, and lack of respect for human rights are all causes of poverty—yet are not explicitly addressed in the MDGs. Other critics have argued that the targets are inappropriate for regions such as sub-Saharan Africa, where difficult starting conditions make reaching the MDGs unlikely. These criticisms, rather than undermining the credibility of the MDGs, enrich the debate about what is really needed to support people’s efforts to lift themselves out of poverty and protect themselves from hunger and disease.

There may well be some hand-wringing when 2015 comes along and outcomes are tallied and the countries that had the farthest to come may not have come far enough. But the point of the MDGs is not that in 2015 we read the scores, declare winners and losers, and proceed with the next global campaign. The MDGs will be no less relevant in 2016 than they were in 2015. Taken together, the goals represent a comprehensive vision of human development, timeless and urgently relevant until the last human being is lifted out of poverty and freed from hunger, disease, and illiteracy.



## Raising Up the “Bottom Billion”

In spite of the many advances achieved in the last half century, we cannot gloss over the fact that 1.4 billion people are living in extreme poverty.<sup>5</sup> They are sometimes called the “bottom billion,”<sup>6</sup> an expression coined by economist Paul Collier, whose 2007 book *The Bottom Billion: Why the Poorest Countries are Failing and What Can Be Done About It* actually made several bestseller lists. At the time the book was published, the number of people believed to be

living in poverty was closer to a billion, but in 2008 new data using more precise measuring tools led to an adjustment upwards by another fifty percent.

Most poor people reside in sub-Saharan Africa and South Asia, in the poorest countries of the world, where it is not uncommon for a third or more of the population to be living in extreme poverty. Extreme poverty, \$1.25-per-day-or-less poverty, is almost always accompanied by hunger, illiteracy, poor health, and early death.

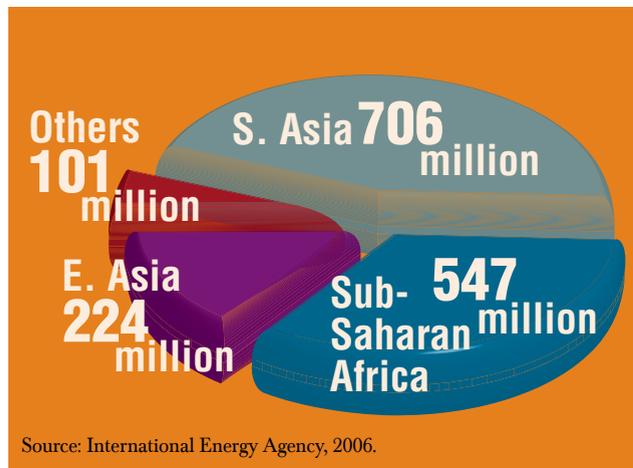
With a global hunger crisis threatening to undo much of the progress achieved since 2000, now is the time for countries to recommit to the MDGs and make their promise come true. The steep rise in food prices in recent years is proving to be a setback for scores of developing countries. Prices have come down slightly since the summer of 2008, but that is small consolation for those struggling to survive. It is an especially serious challenge in the poorest countries, those least able to provide assistance to

their populations. Under ordinary conditions, poor people spend more than half of their income on food. The rise in prices creates still greater hardship, forcing people to cut back on food or change their diets to eat less nutritious foods, or cut back on other expenses such as health care and education.

The problems of development are interlinked, and so must be the solutions. Consider the role of agriculture in reducing poverty and furthering development. One way to reduce hunger is to increase agricultural productivity, particularly for smallholder farmers, because up to 75 percent of poor people live in rural areas and the vast majority of them rely directly or indirectly on farming for their livelihoods.<sup>7</sup> Better harvests provide families with cash to pay for basic goods and services. Poor families in countries with school fees need the extra money in their pockets to provide their children with an education. For girls, the longer they stay in school, the later they marry and have children, and that can positively affect maternal health, family size, and household income.

More than 70 million primary school-aged children do not go to school, and 55 percent of them are girls. Female literacy is considerably lower where poverty rates are high. In the Sitamarhi District of India, almost two-thirds of the population is living below the poverty line. About 25 per cent of female residents are literate, far below the state and national levels. The literacy rate for men in the district is double that for women.<sup>8</sup>

Figure 2: **People Without Access to Electricity**  
(millions, 2004)



# Living With HIV/AIDS in Zambia

by Kimberly Burge

Robson Mauzeni, 62, and his wife, Martha, 59, are healthy enough to work their fields now, thanks to a \$6 microcredit loan, antiretroviral medications (ARVs), broccoli, pumpkin, and tomatoes.

The Mauzenis are farmers in rural Zambia. Both have been diagnosed as HIV positive; they started on ARVs in 2005 after their health deteriorated. But without adequate nutrition, their bodies did not get the benefits of the medication. Side effects of the medication were exacerbated by undernutrition as well.

Along with a medication regimen, treating HIV and AIDS must include adequate nutrition. When people are infected with the virus, poor nutrition can speed up the progression of the disease and make people more susceptible to opportunistic infections such as tuberculosis. Once treatment with ARVs has begun, patients require more caloric intake, in part because the drugs act as appetite stimulants.

In Zambia, the staple food is nshima, a porridge-like dish made from ground maize. While it is solid and filling, it is not especially nutritious. As part of their treatment, Robson and Martha were told they needed to diversify their diet. But the family only eats what they grow, and they could not afford to buy other food.

Their health care worker put them in touch with Harmos Microenterprise Development Program, an offshoot of World Vision Zambia. The Mauzenis were given a \$6 loan to purchase seeds. They planted an array of vegetables. Tending to their garden was a struggle. To irrigate the fields, every two or three days Robson had to haul buckets full of water from a nearby river, up and down a steep incline, by hand. The exertion took a further toll on his already diminished health.

But he saw his hard work pay off. The crops did well. Martha sold the surplus at a local market to earn money to pay back their loan. At harvest, they kept

the seeds and started the process again. The next year, they received a larger loan from Harmos for fertilizer and to rent a pump to irrigate the field from the river. Martha also used part of the loan to purchase secondhand clothing in bulk that she will resell at the market. With the proceeds, they are hoping to be able to purchase their own water pump. Then Robson's days of hauling water will be over for good.

Neither Robson nor Martha has been seriously ill since they began eating well. They take their ARVs religiously. And Martha encouraged her husband to add sweet potatoes to their field—a hearty plant to keep them healthy during the rainy season.

*Kimberly Burge is a senior writer/editor in Bread for the World's communications department. She visited Zambia and met the Mauzenis in 2007.*



Margaret W. Nea

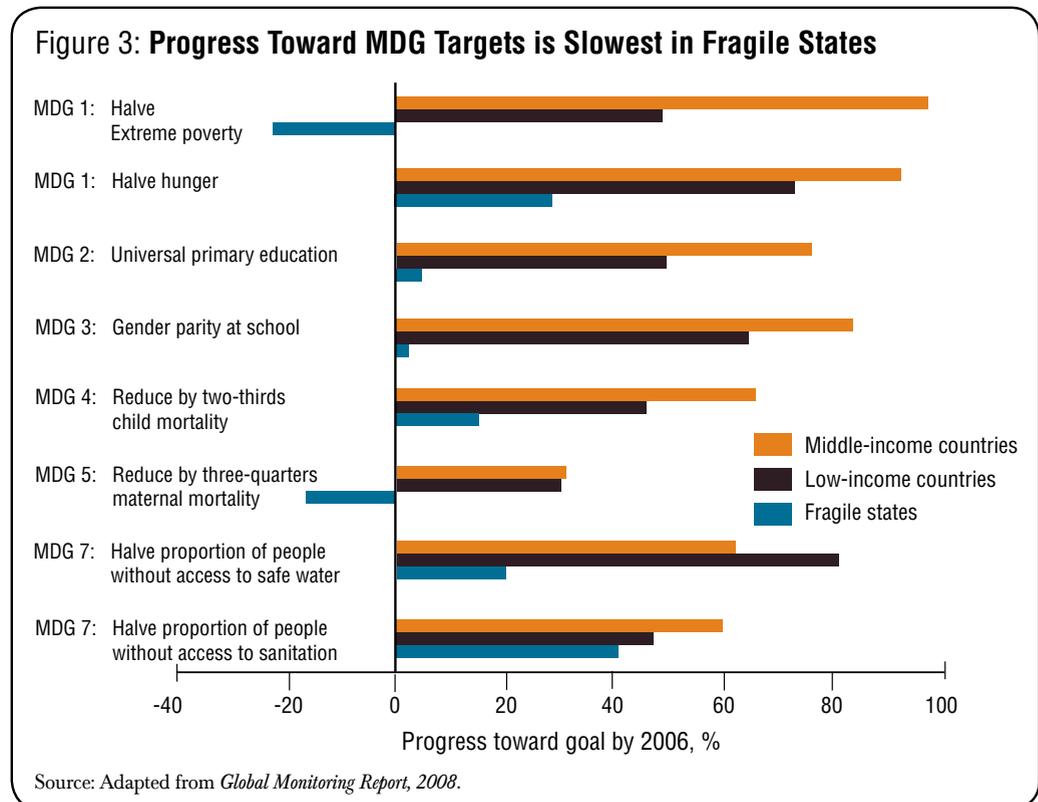
# Facing Down Challenges to Development

It's clear that developing countries face a variety of challenges to reducing poverty and achieving the MDGs, some unique and country-specific, others broadly shared. The following sections cover some of the most difficult challenges that are common to many countries.

**Poor Starting Conditions:** *Countries with the lowest levels of human development, fewest economic opportunities to sustain livelihoods, and fewest government resources are at the greatest disadvantage in trying to promote growth and development.*

The rapid progress of India and China shows that the problems of underdevelopment are not insurmountable. But few countries have the capacity to invest on the scale needed to make development work without external assistance from donor countries. Hence many countries get caught in cycles of poverty.

A recent study conducted by the Millennium Task Force, a group of technical experts charged with creating a roadmap for meeting the MDGs, puts the financial needs of the least developed countries in perspective. Using Ghana as the model for an “MDG needs assessment,” the Millennium Task Force reported in 2005 that an investment of approximately \$100 per person per year would be needed annually for the country to meet the MDGs.<sup>8</sup> From 2000-2006, the average annual per capita spending by all bilateral and multi-lateral donors came to just \$42.71.<sup>10</sup>



## Poor Starting Conditions in Mali

The West African country of Mali faces serious challenges in achieving the MDGs because of difficult starting conditions. Ninety percent of Mali's export revenues depend on just three commodities: cotton, gold, and livestock.<sup>11</sup> Fluctuations in prices for these commodities drive rapid swings in state revenues, affecting the broader economic fortunes of the country. On top of this narrow economic base, the country is landlocked, making international trade more difficult. A weak transportation infrastructure contributes to the difficulties rural households face in reaching schools, hospitals, and markets, and access to electricity in rural areas remains extremely limited. Finally, Mali is highly vulnerable to environmental shocks such as droughts and locust infestations.

In its strategic plan to fight poverty and meet the MDGs, Mali identified three areas for priority action: strengthening governance and institutions, expanding social services, and investing in infrastructure and economic development.<sup>12</sup> Mali must make progress in each of these areas if the lives of its people are to be improved. Investing in social services and infrastructure is perhaps most urgent of all. Ensuring universal primary school enrollment requires classrooms and teachers, schoolbooks and chalkboards. Fighting infectious diseases and improving maternal and child health requires more resources for nutrition safety net programs, expanded access to health care, and water and sanitation services. A strong road network is critical for economic development, particularly in rural areas. In Mali, as in other countries, achieving the MDGs will require a much stronger partnership

with donors, one that comes with substantial new funding to help reduce hunger and poverty.

Mali remains one of the least developed countries in the world simply because it does not have the resources to invest sufficiently in its people and their development. Almost one-third of the population is undernourished, a rate essentially unchanged since 1991. Only half of all children are enrolled in primary schools.<sup>13</sup> Maternal mortality stands at an alarming rate of 12,000 deaths per 100,000 live births. At the current rate, it will take the country another 50 years to meet the target of reducing by two-thirds the under-five mortality rate.<sup>14</sup> Yet amidst these depressing statistics, there is reason for hope. Over the past decade, Mali has been able to dramatically reduce poverty, from 72 percent of the population in 1991 to just 36 percent in 2004. Under the circumstances, its success in reducing poverty seems almost miraculous.



Margaret W. Nea

**Weak Governance and Institutions:** *Sustainable development requires a well-functioning government, and this requires political will, know-how, and resources.*

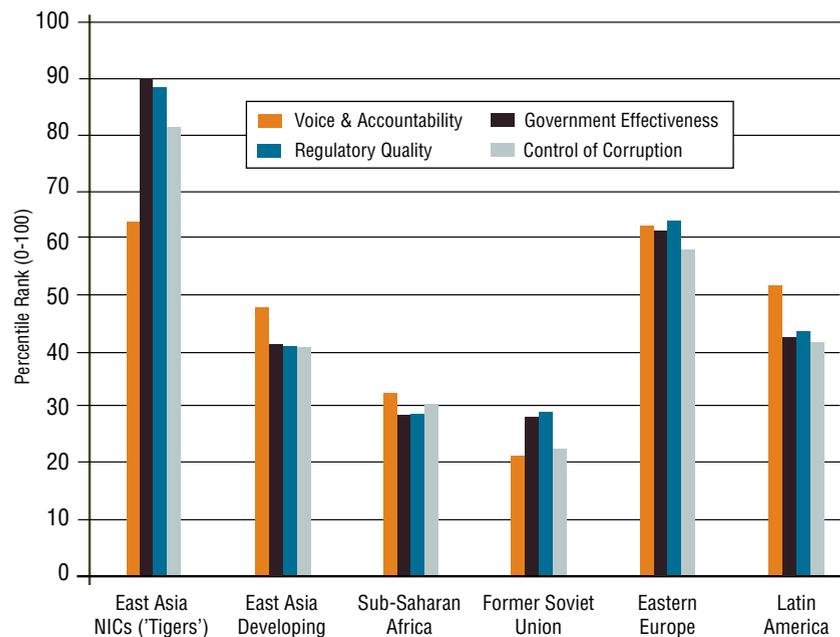
“Good governance is perhaps the single most important factor in eradicating poverty and promoting development,” said then-UN Secretary General Kofi Annan in 1998.<sup>15</sup> Without an effective government dedicated to protecting human rights and furthering development, no amount of aid will lift a country’s people out of poverty. Participation, fairness, accountability, transparency, and efficiency are key guiding principles in the interaction between governments and people.

Laws and institutions define the relationship between a government and its people. Good governments respect human rights and empower people to participate in choosing their elected leaders and express their opinions and concerns, especially through an active and free press. When poor people have no way to express their needs and hold leaders accountable, they cannot advocate for the reforms and investments needed to help them move out of poverty.

Governments are also responsible for setting the direction of a country’s social and economic priorities. A stable macroeconomic environment (exchange rates, inflation levels) and openness to entrepreneurship promote sustainable economic growth. By simplifying rules, lowering bureaucratic hurdles, and controlling corruption, governments can spur business development and create more jobs. A diverse economic base means more government tax revenues that can be used to fund basic services and infrastructure such as hospitals, schools, roads, water, and sanitation. These, in turn, are essential for a healthy, educated population and a stronger economy.

By simplifying rules, lowering bureaucratic hurdles, and controlling corruption, governments can spur business development and create more jobs.’

Figure 4: Governance Indicators 2006, Selected Regions



Source: *Governance Matters VI: Governance Indicators for 1996-2006*, by D. Kaufmann, A. Kraay and M. Mastruzzi, June 2007.

## Governance in Botswana and Zimbabwe

In Botswana, good governance has led to progress in human development in spite of a small population, a narrow economic base, a poor natural resource endowment, and one of the highest HIV/AIDS infection rates in the world. Economic growth that depends on extracting and selling natural resources can create problems since countries with large stores of natural resources tend to become uncompetitive in other industries and vulnerable to corruption and rent-seeking. Botswana's economy depends heavily on diamonds. Although agricultural production has recently increased, opportunities for rural poor populations remain limited.

Despite these obstacles, Botswana's leadership has made the development of its people a priority. Since the 1990s, hunger has declined from 14 percent to 6.5 percent and maternal mortality has been cut in half, from 300 deaths per 100,000 live births to 150.<sup>16</sup> Moreover, the government has worked hard to ensure that the gains from the diamond trade are used to fund basic infrastructure needs, such as roads, water, and electricity, as well as services such as hospitals and schools. In a recent analysis of governance indicators, including measures of voice and accountability, political stability, government effectiveness, regulatory quality, rule of law, and control of corruption, Botswana consistently ranked among the top of Africa's most prosperous countries.<sup>17</sup> Botswana's example shows what is possible when governments invest in people.

The converse is equally true: government actions can easily stop development in its tracks and reverse progress. Zimbabwe illustrates the devastating impact that poor governance can have on a country and its people. Following a massive and poorly-executed land redistribution program, Zimbabwe's government, led by Robert Mugabe, began to harass political opponents and independent media outlets critical of the government. Along with civil unrest,

land redistribution caused an 8.5 percent decline in agricultural output between 2000 and 2005.<sup>18</sup> Since 2000, Zimbabwe's economy has shrunk by an average of 6 percent per year.<sup>19</sup> The International Monetary Fund estimates that annual inflation was 1,700 percent at one point.<sup>20</sup> The political turmoil surrounding the presidential election in March 2008 further fueled the economic chaos gripping the country. Between May and June 2008, the price of a kilogram of maize increased more than tenfold.<sup>21</sup> The impact of the downward economic spiral has reverberated throughout the country. The latest available national statistics show that 45 percent of the population is undernourished.<sup>22</sup>



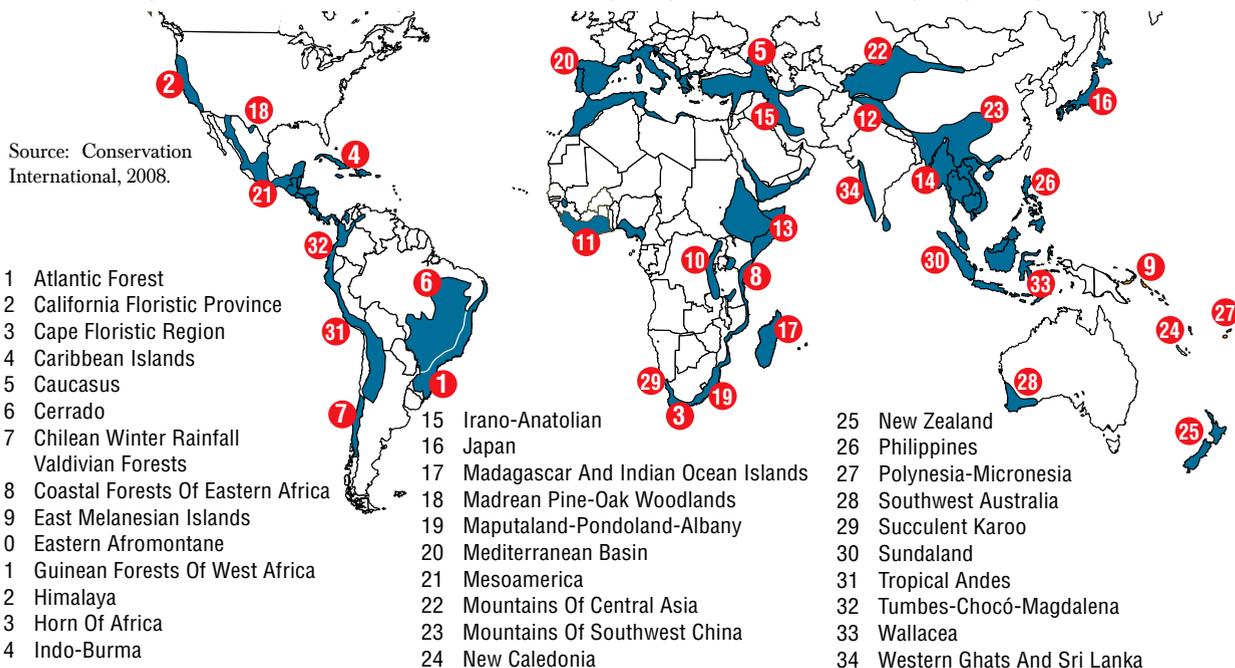
In 1990, Zimbabwe's Human Development Index (HDI) score—a composite score reflecting the overall well-being of a country's people—placed it solidly in the middle of developing countries.<sup>23</sup> Today, Zimbabwe ranks 151st out of 177 countries on the HDI.<sup>24</sup> This decline mirrors the increasing repression by Zimbabwe's government and its failure to deliver social services and manage the economy. The same study that ranks Botswana's government so highly ranks Zimbabwe at or near the bottom on nearly every measure of governance.

**Environmental Degradation:** *Deforestation, overfishing, droughts, and floods are longstanding problems in the developing world. The most recent problem is global climate change, which could prove to be the greatest development challenge of all.*

Human population growth, industrial production, mining and oil extraction, logging, intensive farming and fishing, and a host of other activities are putting significant pressures on the earth's environment. Poor countries, as they struggle to overcome hunger and poverty, must also ensure environmental sustainability. Environmental degradation jeopardizes development, and continued poverty jeopardizes the environment. "Balancing nature and development so that social welfare does not decline over time is at the core of environmental sustainability," explains a 2008 report on the relationship between the MDGs and the environment.<sup>25</sup>

Around the world, protecting natural resources has proven to be especially challenging as poverty exacerbates pressures on the environment. And while some countries are making progress in this area, rapid global ecological changes beyond the ability of any single country to control are threatening to overtake the efforts of many. As the recent Intergovernmental Panel on Climate Change details, the uncontrolled emission of greenhouse gases is projected to lead to rising temperatures, higher sea levels, and rapidly changing weather patterns characterized by more frequent and more intense storms.<sup>26</sup> In resource-depleted areas, there will be increased vulnerability to natural disasters. For example, trees help to anchor hillsides, and coastal marshes and mangrove forests protect against coastal flooding. In their absence, devastating mudslides and storm surges take lives and destroy the few assets that poor people have.

**Figure 5: Biodiversity Hotspots** Each dot represents a biodiversity hotspot, areas of rich biodiversity but under extreme environmental pressure. For more information about biodiversity hotspots visit [www.biodiversityhotspots.org](http://www.biodiversityhotspots.org)



## Environmental Challenges in Timor-Leste

The small island nation of Timor-Leste illustrates some of the environmental pressures faced by developing countries. Timor-Leste is categorized as a “least developed country,” with high rates of hunger, poverty, and child and maternal mortality. Roughly the size of Connecticut and with a population of approximately 1 million, the country has 700 miles of coast line and a varied topography that includes dense forests and steeply sloping hillsides.<sup>27</sup> According to Conservation International, Timor-Leste and its surrounding region is also a biodiversity hotspot. It’s an immensely rich ecosystem, but it’s under extreme stress and the threat of irreparable environmental degradation.

One of the major environmental concerns in Timor-Leste is the loss of forests. Under Indonesian rule, timber was unsustainably harvested as an export commodity. War in the late 1990s heavily damaged forests, turning many areas into degraded scrubland, a problem made worse in recent years by large-scale forest fires.<sup>28</sup> Wood also serves as a major source of energy for cooking, and population pressures are increasing the need to comb the forest for available fuel. Efforts to increase food production have also contributed to deforestation as farmers practice slash-and-burn techniques in an effort to enlarge and enrich arable land.<sup>29</sup> In 1972, more than half of the area that now makes up Timor-Leste was forested. Today, only about one-third of this forest remains intact.

The rapid loss of forest in Timor-Leste presents

several important development problems. First, woodlands are an important asset for poor people, providing resources to improve their lives and sustain their livelihoods. Rivers, grasslands, and forests provide timber, fuel, food, and water to use at home or sell in local markets. Estimates from the World Bank suggest that 90 percent of the world’s poor people rely on forests for some part of their



Richard Lord

income or livelihood.<sup>30</sup> The declining availability of natural resources means that families, particularly women and girls, must walk greater distances and spend more hours searching for firewood simply to survive. Time and energy spent securing basic goods such as fuel is time that children could instead be learning and adults pursuing other economic opportunities.

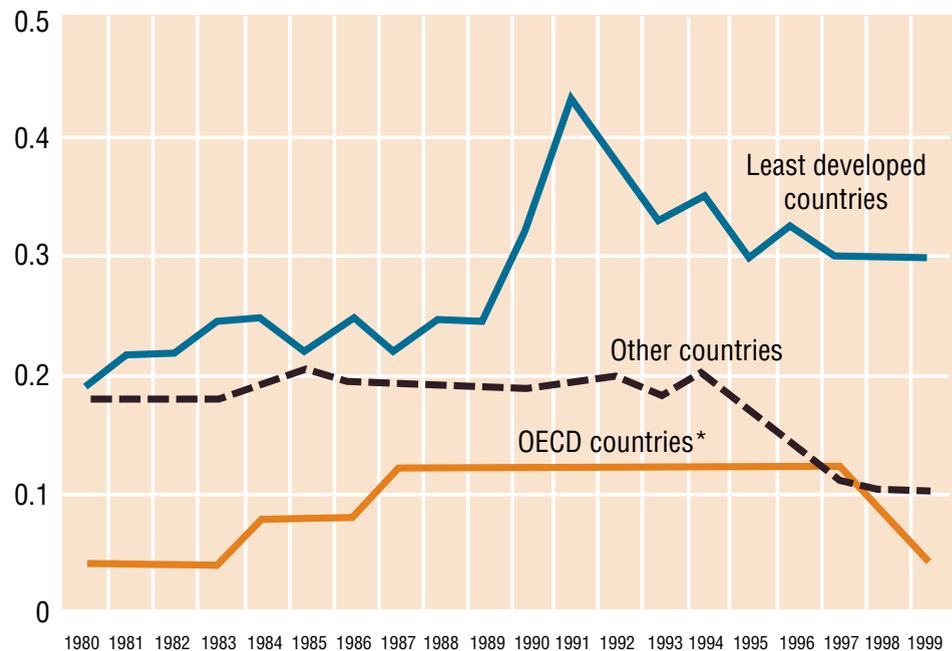
**Conflict and Instability:** *Conflict not only stops development but reverses it. It is critical for countries emerging from conflict to get onto a development track quickly; otherwise, they are likely to fall back into conflict.*

Weak states preoccupied with quelling violence or staving off coups cannot focus on important development goals. Nearly three-quarters of the world's very poorest countries, many of them in sub-Saharan Africa, have a recent history of conflict. Unfortunately for many of these countries, escaping conflict and building a sustained path to development is not easy.

The reality is that poverty is both a cause and an outcome of conflict. Livelihoods are abandoned and economic development reversed. Displaced populations are more vulnerable to hunger and disease. Violence can quickly destroy the physical and financial environment needed to ensure sustainable development. Bombs and bullets scar the natural environment; unexploded landmines can make land permanently unusable.

In his work studying the challenges to development, economist Paul Collier finds that low-income countries are much more prone to civil wars than wealthier countries. "Halve the starting income of a country and you double the risk of civil war," he concludes. Moreover, he argues that the rate of economic growth is another marker for conflict: higher growth rates decrease the risk of a country going to war.<sup>31</sup>

**Figure 6: Probability of War in Three Groups of Countries, 1980-2000**



\* Organization for Economic Cooperation and Development

Source: *Why Did the Poorest Countries Fail to Catch Up?*, B. Milanovic, November 2005.

## War and Peace in the Democratic Republic of Congo and Liberia

In the Democratic Republic of the Congo (DRC), a combination of factors—including a history of colonial repression, bad governance, a genocidal war in neighboring Rwanda, and abundant natural resources—created an environment ripe for conflict. The DRC was plundered rather than governed by longtime ruler Mobutu Sese Seko (1965-97). When Mobutu was finally deposed, the DRC ranked in the bottom third of countries on the Human Poverty Index (a precursor to the Human Development Index).<sup>32</sup> In the years since Mobutu's departure, the situation has deteriorated still further. Civil war has cost the lives of 3 million people, and millions more have been internally displaced or fled the country, creating instability in neighboring nations.<sup>33</sup>

Despite a large peacekeeping presence, sporadic violence continues to threaten the lives of tens of thousands of people in the DRC. Economic growth has been slow but positive since 2002, a welcome sign given the connections between conflict and growth rates. Yet enormous challenges remain. The country has the highest rate of hunger of any country in the world: Seventy percent of the population is undernourished.<sup>34</sup> Violence against women, including rape, is pervasive. The maternal mortality rate has increased, a problem worsened by the inadequacy of the country's extremely limited health infrastructure. Given these bleak statistics, it is little surprise that the DRC is ranked just nine spots from the bottom of the 2007 HDI.<sup>35</sup> With the average cost of civil wars running \$64 billion, according to Collier's estimates, there are few resources left over to address the immense development challenges confronted by countries like the DRC.<sup>36</sup>

While the DRC struggles to end violence, countries like Liberia are working to consolidate peace and begin the process of rebuilding. Liberia emerged from conflict in 2003 after more than a decade of war. A mix of United Nations peacekeepers and financial support from international donors helped to solidify the peace in the country. In 2005, Ellen

Johnson Sirleaf was elected the first female president of Liberia (and the first in Africa). Liberia has a great deal of work ahead to forge a sustainable path to development. Liberians remain deeply mired in hunger and poverty. Thirty-nine percent of children are undernourished, and both child and maternal mortality rates remain exceptionally high.<sup>37</sup>



Eric Muñoz

Just as Liberia begins to consolidate peace and make the difficult transition to development, the rise in food prices is creating urgent new problems for the country. In a letter to leaders of the G8, which includes the United States and other donor nations, World Bank President Robert Zoellick noted that in January 2008 alone, food prices in Liberia rose 28 percent. The rise in food prices has driven 200,000 more people into abject poverty; now 70 percent of the population lives in extreme poverty.<sup>38</sup> The persistence of poverty threatens peace and stability in the country. What Liberia needs is flexible, steadfast support from international donors to help the country address its staggering challenges.

# Farmer-to-Farmer Support in Nicaragua

by Jennifer Wilmore

Yolanda scales the steep hills surrounding her home with familiarity and ease. Having walked for an hour, she is now coming within sight of the small plot of land where her family grows beans. Yolanda and her family make this long hike out to their crops several times a day, often carrying heavy buckets of water and supplies.

Yolanda's country, Nicaragua, is the second poorest in the Western hemisphere. Nearly half of the population is living in extreme poverty. At a time when Nicaraguans are rapidly leaving the countryside for the city, and the economy is experiencing huge changes because of the growing service industry, Yolanda and her family continue to work the land. Last year, though, they lost their entire bean crop, and without that source of income Yolanda was forced to leave her family for six months and work as a domestic servant in the capital city, Managua.

Most small farmers in Yolanda's community work small plots of marginalized land (Yolanda's bean crops are on steep hillsides, for instance) and face other challenges like scarce water resources, deforestation, and trouble getting their crops to market. To address such problems, in 1991 a group of local farmers formed La Programa Campesino a Campesino (PCAC) in Yolanda's municipality of Matagalpa.

Volunteer "promoters" form the backbone of PCAC. They are local agricultural leaders who share knowledge and materials such as seeds and plants with their community and manage social projects including latrines, roads, health centers, and schools.

Many are also regional leaders within the municipal government. Since the establishment of PCAC, the community has achieved greater productivity and diversity on farms, better use of resources, and an increase in farmers' ability to feed their own families.

As a result of PCAC's work in Yolanda's community, farmers have nearly eliminated the use of chemicals and have begun to diversify, growing complementary crops together to enrich the soil and create natural barriers to separate crops. Farmers like Yolanda have seen their family health improved, their soil enhanced, and their crop yields increased. In the future, PCAC plans to continue improving productivity, reducing poverty, and promoting its initiatives both broadly within Nicaragua and internationally.

*Jennifer Wilmore worked in the church relations department of Bread for the World from 2007-2008. She visited Nicaragua in summer 2008 with the Cooperative Baptist Fellowship.*



Jennifer Wilmore

## The Challenge of Rising Food Prices

The challenges discussed so far—starting conditions, governance, environmental degradation, conflict—stem mainly from internal factors in individual countries. The rise in food prices in the last two years is something quite different. Every country is experiencing higher food prices, although poor countries are suffering more than others. More than a hundred million additional people have been added to the ranks of the world's poor<sup>39</sup> and 115 million more are hungry,<sup>40</sup> the result of a confluence of factors described by World Food Program Executive Director Josette Sheeran as “a perfect storm hitting the world's hungry.”<sup>41</sup> Below are some of the most salient causes.

- **Rising incomes in some parts of the developing world.** When people leave poverty behind them, one of the first things they buy with their additional income is an improved diet, and that usually means eating protein-rich foods they could not afford previously. But grain supplies are already being outstripped by demand, and it takes roughly 7 kilograms of grain to produce a kilogram of meat.<sup>42</sup> China and India each have more than a billion people, and while large numbers of people remain poor and do not enjoy better diets, those who are prospering in these rapidly expanding economies have added to the demand for grains to be used as animal feeds. Increasing agricultural productivity is the key to making sure all people have enough to eat.
- **Rising energy costs.** Energy prices and food prices are intertwined in several ways. Oil prices affect the costs of transporting farm inputs and products to market, as well as moving in-kind food aid shipments from the United States or other donors to nations where people are hungry. Some developing countries—the oil exporters—may benefit from the rise in prices, but the vast majority of countries import most or all of their oil.
- **Demand for biofuels.** Biofuels contribute to higher food prices by diverting grain and land from food to energy production. Through mandates, tariffs and subsidies, the U.S. government has encouraged this shift. Currently, one-third of all corn grown in the United States is used to produce ethanol.<sup>43</sup> When oil was selling for \$120 per barrel, it was estimated that ethanol subsidies raised the price of a bushel of corn from \$5.20 to \$6.81.<sup>44</sup> In addition to raising prices, bio-fuel production in the United States has caused farmers to plant more corn in place of other crops, raising the price of those crops as well as decreasing their supplies.



Sources of protein, such as dried fish, are out of reach of most poor families.

- **Export restrictions and bans.** By July 2008, 14 countries had either banned or restricted rice exports, 15 countries had capped or halted wheat exports, and more than a dozen had limited corn exports.<sup>45</sup> As a stark reminder of how trade policies affect food prices, India, the world's second-largest exporter of rice, announced that it was banning rice exports starting in November 2007. The Philippines and Vietnam, two other major rice producers, quickly followed suit. The price of rice on world markets jumped from just below \$400 per metric ton to \$1,100 in less than six months, a terrible blow to low-income rice-importing countries.<sup>46</sup>
- **Bad weather.** A number of top grain-producing countries have had shortfalls in recent years due to poor weather conditions. Back-to-back droughts in Australia in 2006 and 2007 resulted in a 4 percent reduction in global grain exports.<sup>47</sup> Shortfalls in the European Union, Canada, and Eastern Europe have also been attributed to unfavorable weather conditions. As a result of this and the other factors listed above, the U.N. Food and Agriculture Organization reported that by the end of 2008, grain reserves would be at a 25-year low.<sup>48</sup>

The global hunger crisis highlights not only the importance of external factors beyond the control of poor countries, but also the deep interconnect-



edness of all countries and the reason development is a global issue, not one confined to individual countries. The policies of national governments can potentially reverberate internationally. The domestic policies of developed countries are outside the control of developing countries, but as we'll see more evidence in coming chapters, these policies have also contributed to the severity of the hunger crisis.



**Business as usual will not be enough to achieve the MDGs.'**

## Making Development Work

The challenges to development are real and difficult, but they are not insurmountable. Triumphant over them will require the commitment of developing countries—commitment to promote good governance and build strong institutions, preserve peace and stability, and use environmental resources wisely. To make development work on the scale envisioned in the MDGs, developed countries must partner with developing countries, providing resources and ensuring that their national policies do not harm the efforts of developing countries to help themselves.

This partnership is the key to achieving the MDGs, but developed countries have done too little so far. If they are in fact committed to these goals, they must put forth greater effort. The examples of Mali, Botswana, Liberia, and other developing countries show they are willing to do their part. What is not at all clear is whether developed countries are ready to do likewise. Business as usual will not be enough to achieve the MDGs.

### Key Points in Chapter 1

- The Millennium Development Goals (MDGs) represent the consensus of the global community on the basic conditions needed to improve the lives and prospects of the world's poorest people.
- Many developing countries are making progress towards achieving the MDGs. However, some face significant challenges because of starting conditions, weak institutions, conflict and environmental degradation.
- A spike in global food prices has increased hunger and poverty. Rising prices are higher due to a number of factors, such as increased prosperity in the developing world, energy prices, demand for biofuels, drought and trade policies. As a result, more than a hundred million additional people have been added to the ranks of the world's poor and 75 million more are hungry.
- Developed countries need to follow through on their commitments to increase development assistance to help achieve the MDGs and to ensure that their domestic policies support rather than undermine development efforts.

# Failing the Most Vulnerable: The Limited Impact of Food Aid on Global Malnutrition

by Dr. Buddhima  
Lokuge and  
Kevin Phelan

*Doctors Without Borders/  
Médecins Sans Frontières*

Malnutrition is a medical and humanitarian emergency that accounts for 11 percent of the global burden of disease, contributes to the deaths of between 3.5 million and 5 million children younger than five each year, and leads to long-term poor health, disability and poor educational and development outcomes.<sup>1</sup>

Worldwide, 146 million children are underweight, and at any given moment 20 million children are suffering from the most deadly form of severe acute malnutrition. According to UNICEF, undernutrition is actually getting worse in 16 high-burden countries, while many more are not progressing towards meeting the Millennium Development Goal target of reducing undernutrition by half between 1990 and 2015.<sup>2</sup>



For the most severely malnourished children, those at significantly greater risk of complications and death, lead UN agencies, including UNICEF and the World Health Organization, have clear recommendations for treatment.<sup>3</sup> Our priority at Médecins Sans Frontières (MSF) is to reach the most vulnerable children first, which is why we have outpatient programs to treat severe acute malnutrition. But we are also trying to provide all vulnerable children in our programs with nutrient-rich foods that meet appropriate nutritional standards. Thus we hope to prevent children from falling into the terminal stages of malnutrition in the first place.

Malnutrition is an issue of diet quality as much as quantity. For young children, the principles of good nutrition are well established. They center on good maternal nutrition and breastfeeding for the first six months followed by the introduction of a nutritious and diverse complementary diet containing some animal source foods, such as milk, meat, and eggs. But in the areas most chronically devastated by malnutrition where MSF works, such as South Asia, the Sahel, and the Horn of Africa, many families simply cannot afford to provide the nutritious—and more expensive—

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food young children need for good health. Instead, they struggle to survive on a diet of little more than cereal porridges, millet, maize, or rice, a diet that lacks many essential nutrients.<sup>4</sup>

Food aid can provide an essential safety net to prevent the immediate and long-term health, educational, and developmental consequences of undernutrition. Nutrient-fortified, milk-based spreads are an example of a new generation of highly effective nutritional supplements specifically designed to address dietary deficiencies prevalent in high-burden, resource-limited settings. In Malawi and Ghana, children who received formulations of these products grew better and achieved

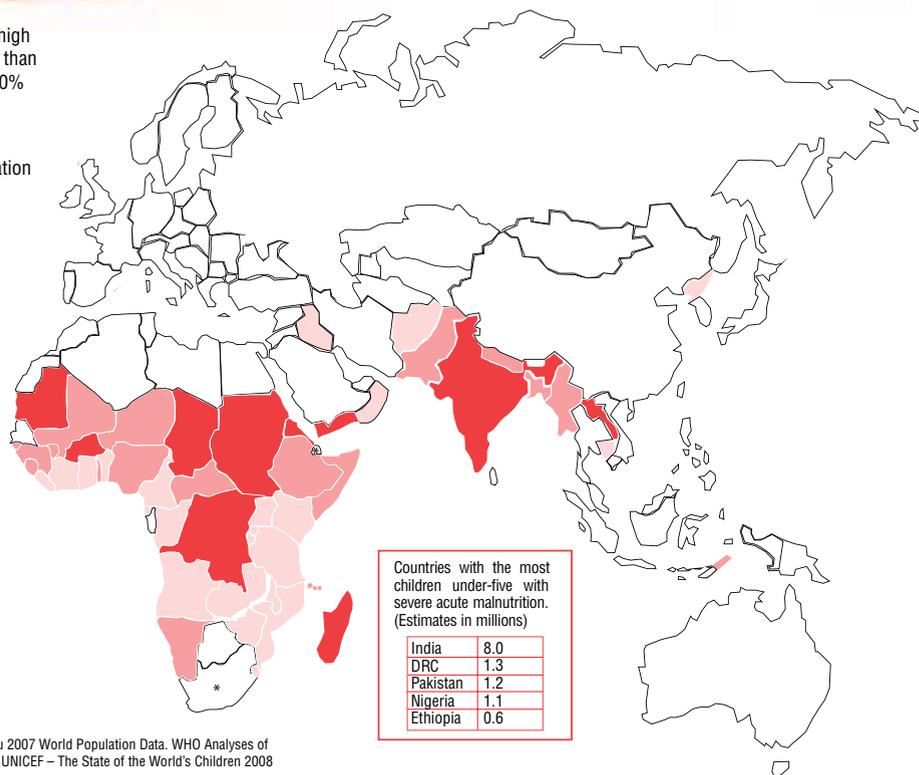
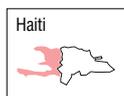
## Malnutrition Hotspots

The 50 shaded countries have a high under-five mortality rate (greater than 50 per 1,000) and greater than 30% of stunting<sup>8</sup> in under-fives.

The following legend represents wasting<sup>9</sup> in the under-five population of these countries.

- Countries with more than 15% acute malnutrition<sup>10</sup>
- Countries with more than 10% acute malnutrition<sup>11</sup>
- Countries with more than 4% acute malnutrition<sup>12</sup>

\* No data



Sources for map: Population Reference Bureau 2007 World Population Data. WHO Analyses of national nutritional surveys done 2001-2006. UNICEF – The State of the World's Children 2008

- 8 Stunting – Growth retardation, indicated by low height for age (height for age <-2 Z according to WHO 2005 Growth Standards).
- 9 Wasting – Emaciation or thinness as measured by low weight for one's height (weight for height <-2 Z according to WHO 2005 Growth Standards)
- 10 Burkina Faso, Chad, Democratic Republic of Congo, Eritrea, India, Lao People's Democratic Republic, Madagascar, Mauritania, Sudan, Yemen.
- 11 Bangladesh, Central Africa Republic, Comoros, Ethiopia, Guinea, Guinea Bissau, Haiti, Mali, Myanmar, Namibia, Nepal, Niger, Nigeria, Pakistan, Sierra Leone, Somalia, Timor-Leste, Togo.
- 12 Afghanistan, Angola, Benin, Burundi, Cambodia, Cameroon, Republic of Congo, Côte d'Ivoire, Equatorial Guinea, Ghana, Iraq, Kenya, Democratic People's Republic of Korea, Liberia, Malawi, Mozambique, Rwanda, Tanzania, Uganda, Zambia, Zimbabwe.

critical developmental milestones faster in comparison to children who did not.<sup>5,6</sup> And MSF's blanket distribution of a ready-to-use fortified supplement (RUF) to all children in a high-burden area of West Africa dramatically reduced the peak in severe malnutrition that occurs just before the harvest.

### **Food Aid Resources are Currently Inadequate**

Direct food assistance for maternal and child nutrition programs can address immediate needs and have a long-term health impact. It can ensure that children from disadvantaged families are not condemned to poor health, poor educational outcomes, and lower income earning potential, much as the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) does for families in the United States.

Today, however, international food aid programs have limited impact in high-burden areas. The proportion of food aid targeting areas of chronic malnutrition has steadily decreased and food aid does not prioritize maternal and child nutrition programs. From a medical perspective, the effectiveness of food aid for the most vulnerable young children has been limited because it has not contained nutrition-



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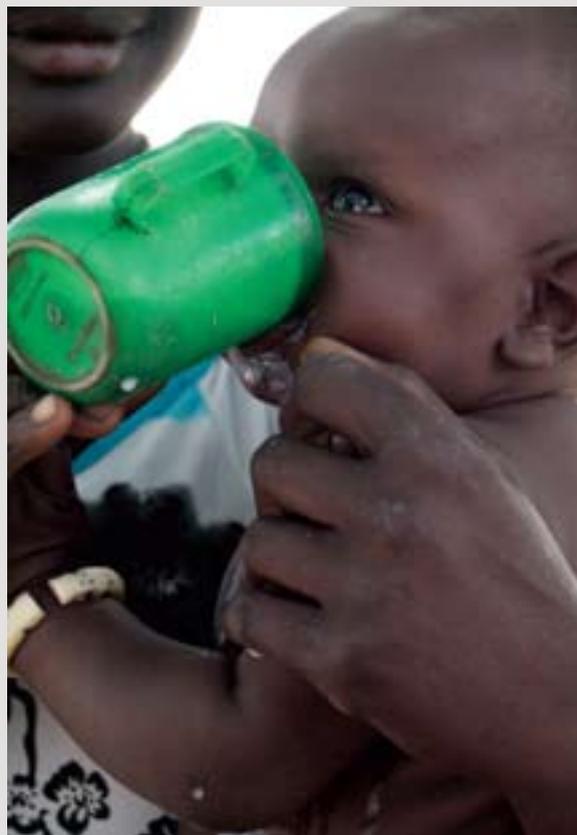
ally appropriate foods to support rehabilitation and growth for the critical period of children's rapid development from conception to 24 months.<sup>7</sup>

By making young children's needs and program effectiveness the focus of food aid programming, efforts to better target and address the nutritional needs of young children in high-burden countries could dramatically improve. Recent innovations in nutritional science coupled with blanket distribution strategies have dramatically transformed the potential impact of food aid on rehabilitating and maintaining the nutritional status of children in areas devastated by malnutrition.<sup>8</sup>

Ensuring that donated commodities meet adequate nutritional standards, and particularly the specific requirements of the most vulnerable children between six and 24 months, is a critical issue for the United States because it supplies nearly half of all international food aid, almost all of it in-kind rather than in cash. Thus, implementing organizations are constrained by what is provided. Programmatic restrictions and cost considerations have created a glaring and unacceptable double standard: we would never give our own children the food we send to children in the developing world. The main foods—fortified blended flours (FBF) based on wheat or corn plus soya—do not meet their minimum nutritional needs. Originally formulated FBFs included a milk component, but this was unfortunately dropped in the 1980s when U.S. dairy commodity surpluses dried up.<sup>9</sup>

The nutritional deficit of U.S. food aid targeting young children is finally being recognized. For the first time, the recently passed 2008 Farm Bill contains language specifying the need to “adjust products and formulations (including the potential introduction of new fortificants and products) as necessary to cost-effectively meet nutrient needs of target populations.” But the critical question is whether the multiple and sometimes competing objectives and interests involved in food aid will allow for the rapid implementation of proven and effective strategies and products to protect nutrition for the most vulnerable.

*Dr. Buddhima Lokuge is the U.S. Manager of the Campaign for Access to Essential Medicines at Doctors Without Borders/Médecins Sans Frontières (MSF). Kevin Phelan is the Deputy U.S. Manager of the campaign.*



Margaret W. Nea

In the early and mid-1960s, many experts were predicting that millions of people around the world would die of starvation.



# Development Assistance to Reduce Hunger and Poverty



Celia Escudero Espadas

**Development assistance in Asia contributed to vast improvements in food security and poverty reduction.**

**A**t the end of the 1950s, the future looked particularly grim for India and China, both of which had experienced horrific famines in earlier decades. The two countries were mired in poverty, overall economic growth was barely keeping pace with population growth, and agricultural production was stagnant.

But beginning in the 1960s, and continuing through the 1970s, new technologies developed by international agricultural research centers in partnership with the Rockefeller Foundation, and supported by the U.S. Agency for International Development (USAID) and other donors, were introduced in Asia and Latin America. These technologies basically involved using improved varieties of wheat, rice, and hybrid maize in combination with irrigation and chemical fertilizers. While arguments persist over the long-term environmental and social costs of the technologies used in the Green Revolution, it is hard to dispute that the impact on food security was astounding, especially in Asia. Since the start of the Green Revolution, neither India nor China has experienced a famine.

The “greenness” of this revolution refers to a dramatic growth in agricultural productivity. At the beginning of the Green Revolution, experts were skeptical that the countries involved would ever emerge from chronic food insecurity. The focus on improving crop yields turned things around. Today, India is a net rice exporter and the wheat it imports is an insignificant share of the country’s food consumption. And despite what were seen as nearly insurmountable obstacles, India has been able to reduce poverty from 55 percent of the population in 1970 to 35 percent in 2000, largely because of policies complementary to the Green Revolution that supported growth in agriculture and the rural economy.



Richard Lord

In China, “astounding” may be too mild a description of the changes that have occurred. China has experienced the most rapid reduction in poverty in modern history. In little more than two decades, the country’s poverty rate fell more than six-fold: from 66 percent of the population in 1981 to 10 percent by 2004. To put this in terms of people: during this period, 500 million Chinese people were lifted out of extreme poverty.<sup>1</sup> Economists often point to China as a textbook case of export-led growth in the manufacturing sector. In reality, it was rural economic growth, and agricultural growth in particular, that had far more to do with China’s dramatic reduction in poverty between 1981 and 2004.<sup>2</sup>

India and China together make up nearly one-third of the world’s population. It is impossible to know what the world would be like if these two economies were as weak today as they were before the Green Revolution—but it’s an unsettling thought. We cannot exaggerate the role of the Green Revolution by saying that it had everything to do with the progress these countries have made—yet we shouldn’t underestimate it either. And well-focused, effective development assistance played a vital role in making the Green Revolution happen.

## Lessons Lost from the Green Revolution

“No country has been able to achieve a rapid transition out of poverty without raising productivity in its agricultural sector,” writes Peter Timmer, a scholar at the Center for Global Development, and one could say the same of hunger.<sup>3</sup> In spite of the evidence that agriculture plays a crucial role in reducing hunger and poverty, it has received very little attention and resources from donors in recent decades. Indeed, it is as if donors had learned nothing from the Green Revolution.

- **Reductions in rural poverty generally correspond to overall reductions in poverty in developing countries.** The poorest countries have largely rural economies. Of the people in the world who are chronically hungry, 75 percent live in rural areas and depend on agriculture for their earnings, either directly, as farmers or hired workers, or indirectly in sectors that derive from farming.<sup>4</sup>
- **Agriculture fuels economic growth in developing countries.** “Cross-country estimates show that economic growth originating in agriculture is at least twice as effective in reducing poverty as economic growth originating outside of agriculture,” explains the World Bank’s 2007 *World Development Report*.<sup>5</sup> In Chile, for example, each 1 percent of expansion in agricultural and agro-processing output is estimated to have reduced national poverty between 0.6 and 1.2 percent.<sup>6</sup>
- **The agricultural sector provides jobs to people with few skills.** Jobs available to people with few skills contribute directly to reducing poverty. This is especially important because there will continue to be many new jobseekers. In 2005, 30 percent of the population in the developing world (41 percent in Africa) was younger than 15.<sup>7</sup> Agricul-

ture and agricultural support industries have the potential to absorb large numbers of workers compared to other sectors of the economy.

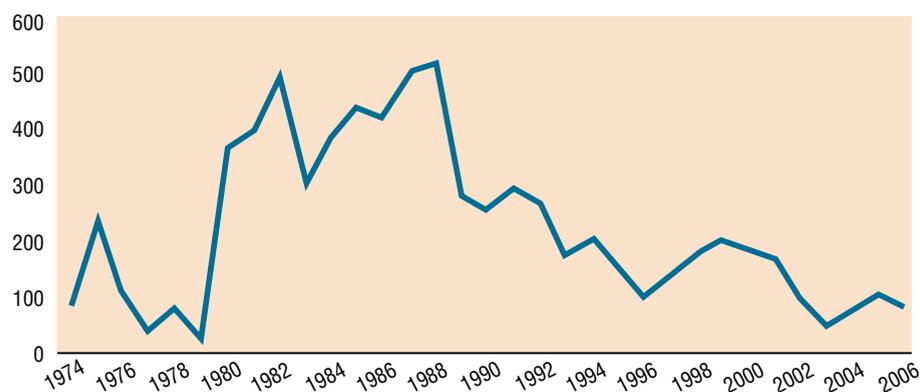
- **Increasing agricultural productivity also stimulates job growth in the manufacturing and service sectors.** In Asia, most rural households earn half or more of their incomes from non-farm sources, but it is often the agricultural sector that provides the “ladder,” explains Peter Timmer, “from underemployment at farm tasks to regular wage employment in the local economy.”<sup>8</sup>
- **Agricultural growth results in increasing numbers of women in the economy, whether their jobs are on or off the farm.** The opening up of employment opportunities to women carries with it a range of benefits. For example, research shows that when women control a larger share of family income, household spending on food increases.

Realizing agriculture’s potential to create economic opportunities in rural communities is clearly important to reducing hunger and poverty—yet most donors have been partners in a steady decline of support for agriculture and rural development.<sup>9</sup> Between 1985 and 2005, agriculture’s share of U.S. Official Development Assistance declined from more than 12 percent to just 3.1 percent.<sup>10</sup> In absolute terms, support for agriculture went from a high of almost \$8 billion in 1984 to \$3.4 billion in 2004.<sup>11</sup>

To make matters worse, domestic policies in rich countries have exacerbated the effect of this disinvestment in agriculture and rural development. U.S. and European Union farm policies shower subsidies on domestic producers and encourage production. Until recently, this had the effect of driving down the prices of world commodities and discouraging poor countries from investing in their own agricultural sectors. A 2003 report by the International Food Policy Research Institute estimated that agricultural protectionism and subsidies in industrialized nations cost developing countries about \$23 billion in lost annual income.<sup>12</sup>

As long as commodity prices remained low, rich countries argued that it was not a problem for developing countries to neglect their agricultural sector and buy the food they needed on international markets. Reinforcing this view, when the International Monetary Fund and the World Bank set policies on how developing countries could use financial supports, investments in agriculture were not favored. These institutions have since reori-

**Figure 1: Trends in U.S. Official Development Assistance to Agriculture for Africa, 1974-2006** (in millions, constant 2006 \$US)



Source: GAO analysis of Organization for Economic Cooperation and Development (Development Assistance Committee) data.

# “The Hunger Project” in Ethiopia

by Kathryn Mahoney

Alamii Tufaa is a 22-year-old Ethiopian farmer. She lives with her husband and two young children in the Oromiya Region, an area which has recently been affected by severe droughts.

In 2006, Alamii received her first microloan of 300 birr (approximately \$33) from The Hunger Project. She used these funds to purchase two goats and four chickens. Within a year, Alamii’s herd of two goats grew to eight, and by selling three of them she was able to repay her loan. Before she received her first loan, Alamii’s husband struggled to cover all household expenses. Now Alamii can proudly and independently support her family and, for the first time, she has enough savings to protect them in case of emergency.

Farmers like Alamii are the most important, yet the least supported, producers on the African continent. These women grow 80 percent of the food and do

virtually all the work to process, transport, and market it. Yet they own only 1 percent of the land and receive only 7 percent of farm extension services and 10 percent of small-scale agricultural credit.

Since 1991, The Hunger Project has been working with rural African women like Alamii to mobilize their communities to end their hunger and poverty. The African Women Food Farmer Initiative (AWFFI) is the first microfinance program in Africa specifically targeting women food producers. In addition to providing training, credit, and savings, AWFFI is also the first microfinance initiative to successfully implement a credit program to establish rural banks led and owned by women that are recognized by the government. As women’s businesses expand and rural banks are established, women across Africa become independent economic players in their household and effective leaders in their communities in the fight against chronic hunger.

The Hunger Project believes that the continued success of AWFFI is contingent upon its integration into a broader strategy. Known as the *Epicenter Strategy*, rural villages are united into clusters. The focal point of the strategy is an epicenter building, which houses programs for health, education, food security, and economic development. The community itself develops, manages, and owns the epicenter building. This multi-sectoral development approach transforms dependency, resignation, and gender discrimination into a culture of responsibility, self-reliance, and gender equality. The approach is therefore an effective means of addressing the root causes of extreme poverty while empowering communities to meet the Millennium Development Goals (MDGs).

However, in the midst of the global food crisis, the difficulty of the fight to achieve the MDGs is exacerbated by escalating costs of scarce staple foods. While the global crisis clearly requires an emergency response



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in the form of food aid and short-term assistance, communities need to be equipped with long-term and sustainable solutions to better mitigate and avoid future food security challenges.

Ethiopia is now experiencing a drought which has left roughly 8 million people in need of urgent food relief. Compounded with the floods of 2007, which devastated crops, food prices have now soared by approximately 330 percent. As many Ethiopians are forced to wait for aid that may never reach them, Hunger Project partners are weathering the crisis with stocked food banks and permanent access to critical health and financial services, all of which are available right in their communities.

While it is paramount for the international community to increase efforts to help those suffering in the global food crisis, it is equally important to promote, replicate, and scale-up initiatives that equip communities with the tools they need to effectively and autonomously respond to the next crisis. To help prevent, or at least mitigate, future crises, international aid policies need to focus on supporting the developing world's rural women (and men) to take self-reliant actions in order to sustainably provide for their own food needs. Multilateral and bilateral funding agencies could reduce human suffering by funding bottom-up initiatives, thereby empowering people at the grassroots level to end their own hunger.

Women across Africa are on the front lines of the global food crisis. Thankfully, there are women like Alamii who are not only armed with the requisite tools to survive the crisis, but are also empowered to create a sustainable and self-reliant future for themselves and their families.

*Kathryn Mahoney is a program officer in the Africa department of The Hunger Project.*

ented their focus and now provide more support for agriculture, but it has taken decades for them to begin to make these changes. In the meantime, as the recent hunger crisis has shown, developing countries were left vulnerable.

## Food Security and U.S. Development Assistance

The world is facing a hunger crisis unlike anything it has seen in more than 50 years. An additional 100 million people in 70 developing countries have fallen into poverty because of a spike in food prices, pushing the total number of people in extreme poverty in the world to more than 1.4 billion.<sup>13</sup> Hunger is also on the rise as 115 million people in the developing world have suffered a devastating setback since 2007, bringing the total number of undernourished people to 963 million.<sup>14</sup> Higher food prices have placed a crushing burden on the most vulnerable and poorly nourished people, especially mothers and babies.

Long-term food security depends on increasing the supply of food and raising the earning potential of poor people, so growth in the agricultural sector and rural economy is crucial. Increases in agricultural productivity comparable to those of the Green Revolution over the past two decades could have helped to avert the current crisis. Effective development assistance could have facilitated this, just as it did in the case of the original Green Revolution.

Promoting food security remains an important component of U.S. foreign assistance, but now food security resources are tilted heavily towards providing support for hungry people in humanitarian crises. Instead of concentrating efforts on increasing agricultural productivity in poor and chronically food insecure countries, the United States has found it easier to respond to hunger and malnutrition by providing food aid. However, the recent increases in food prices have pushed more new people into hunger and malnutrition than the total number who are served annually by emergency food aid.<sup>15</sup> Higher food prices also mean that food aid dollars don't have the same purchasing power as they did just a year or two ago.

Food security requires a number of components, including immediate assistance in the case of humanitarian emergencies. Global food aid, roughly half of which is provided by the United States, can and does go

a long way toward meeting the immediate needs of hungry people, but the net effect of emphasizing food aid has been to divert resources from long-term food security—the very resources that could end hunger for good.

### Components of Effective Development Assistance

The development community has learned a great deal over the years about how to deliver effective assistance, especially when it comes to reducing hunger. Unfortunately, not all of these lessons are consistently applied to U.S. food security programming. In fact, the U.S. approach to global food security regularly ignores these learnings. The decline in funding for agriculture in the U.S. budget is emblematic of how U.S. priorities do not correspond to recommendations that are based on decades of experience.

#### *Clear Objectives—What are we trying to achieve?*

Both food aid and investment in agricultural productivity are intended to help bolster food security. But instead of looking at emergency food aid and agricultural development as immediate and longer-term responses to the same problem, the U.S. government separates them in terms of objectives, funding, management, and congressional oversight. On top of this, the effectiveness of U.S. food aid programs is compromised by inherent conflicts of interest. In addition to feeding hungry people, U.S. food aid programs also have the objective of supporting U.S. farmers, shippers, and agribusiness.

#### *Flexibility—Applying the right resources in the right way*

Food security resources are subject to earmarks and directives that often prevent their most effective use. Legislation governing food aid, for example, requires that it be delivered in-kind rather than in cash, procured in the United States, and shipped on U.S.-flagged vessels. This means that during emergencies, when a speedy response is critical, needs can and do go unmet. In-kind food aid also can distort local markets, making it harder for farmers in developing countries to sell their crops and thus undermining the goal of long-term food security. “Buy America” requirements also mean that development funding ends up being spent disproportionately on U.S. technical assistance.



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Most U.S. food aid is delivered in-kind. Bags of grain, like those shown here, are shipped from the United States to where they are needed around the world.

#### *Accountability—Holding implementers responsible for results*

At one level, U.S. foreign assistance programs are very accountable: they are rigorously audited and there is little chance of taxpayer dollars going to unauthorized ends. But at another level, there is a total absence of clear, meaningful indicators of success. A simple, widely accepted set of objectives and measures of effectiveness for development assistance would engender

this sort of accountability. The Millennium Development Goals (MDGs) serve as a way to measure results and evaluate the effectiveness of U.S. foreign assistance.<sup>16</sup> The MDGs are a widely accepted framework for human development, and the United States has already agreed to support them in principle. See the MDG Annex for more information on the MDGs.

*Host-Country Ownership—Ensuring that recipient countries and communities are committed to a shared vision*

For too long, decisions about how to allocate resources for development have been made unilaterally by donors, ignoring or rejecting input from the recipient country and its civil society. There is an increasing awareness that this simply does not work. The U.S. Millennium Challenge Corporation (MCC) is a refreshing exception to the general rule of telling recipient governments what is best for them. The MCC funds development assistance “compacts” in poor countries that are well governed and invest in their people. These compacts are based largely on the country’s own assessment of its development priorities. To date, more than half of the funds committed by the MCC are for agriculture and related rural infrastructure.

*Long-Term Commitment: Development requires adequate and reliable resources*

A country’s food security is determined in large measure by its institutional and infrastructural capacity—the ability of educational institutions and research farms to train agricultural scientists, develop appropriate technologies, and transfer them to farmers; the availability of irrigation and transportation systems; and the ability of governments to establish and implement supportive policies. All of these tasks require patience and a significant investment over the long term. Establishing a capable national research system can take decades. Yet donor priorities are constantly changing, with new administrations and development fads, and funding levels for particular countries or programs fluctuating significantly from one year to the next.

*An Integrated Approach—Ensuring that programs don’t undercut or contradict each other*

The programs or actions of numerous agencies and cabinet departments can affect

**U.S. foreign assistance programs are rigorously audited and there is little chance of taxpayer dollars going to unauthorized ends.’**

In Eldoret, Kenya, U.S. development assistance for HIV/AIDS includes growing nutritious foods that help patients to metabolize their medicines



development. Does the U.S. Trade Representative know what the Secretaries of Agriculture and Treasury or the head of USAID are doing and vice versa? The argument that global development is not a clear goal of U.S. foreign

policy is bolstered by the fact that there is no one tracking the impact of U.S. domestic policies on poor countries. For example, the North American Free Trade Agreement (NAFTA) has been an overall net economic boon to both Mexico and the United States. However, it has also resulted in the impoverishment of thousands of small farmers, many of whom now seek to enter the United States illegally in search of jobs. Bringing a development perspective to trade negotiations could help anticipate and mitigate such “unintended consequences.”



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The rich potential of African agriculture has gone largely ignored by donors, who have favored sending food aid instead of working with African farmers to develop their skills.

### *Program Management Capacity*

The question of sufficient resources extends beyond program funds to include the human resources needed to plan and oversee development efforts. Even if adequate funding were guaranteed, the absence of trained and experienced agricultural staff in the field—there are fewer than half as many agricultural experts at USAID as there were 10 years ago—seriously constrains the ability to analyze issues and opportunities and collaboratively design effective programs.

## **Agriculture and the Challenges to Development**

When development assistance is focused on a country’s needs and priorities, it can reduce hunger and poverty and improve food security. Chapter 1 discussed some of the most difficult challenges poor countries face in their efforts to achieve the MDGs. These include poor starting conditions, weak governance and institutions, conflict and instability, and environmental degradation. Here we revisit them with a focus on the crucial role of agriculture in meeting these challenges.

## The Challenge of Poor Starting Conditions

One of the major barriers to development in sub-Saharan Africa has been the poor performance of its agricultural sector. For a variety of reasons, the Green Revolution that transformed much of Asia never occurred in Africa. What has this meant for development? Figure 1 shows the relationship between agricultural productivity (measured in terms of crop yields) and poverty levels for South Asia and sub-Saharan Africa between 1984 and 2002.<sup>17</sup>

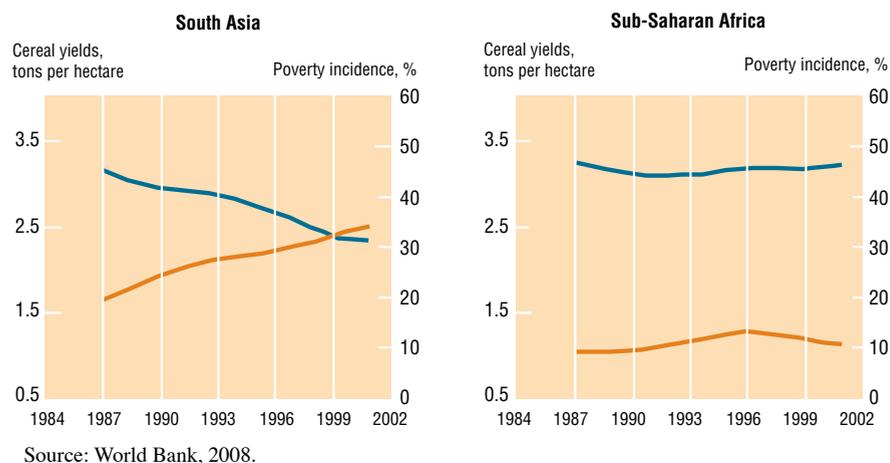
In spite of some formidable obstacles, it is possible to achieve sustained agricultural growth in Africa. Twelve sub-Saharan countries have had agricultural growth rates higher than 3 percent (some higher than 5 percent) sustained over the past 15 years.<sup>18</sup>

Organizations like the National Smallholder Farmers Association of Malawi (NASFAM),<sup>19</sup> which provides production and marketing support for more than 100,000 farmers, demonstrate what can be achieved through a combination of local partnerships and financial and technical support. Another encouraging sign is that a number of African leaders have pledged to commit 10 percent of their national budgets to agricultural investments.<sup>20</sup>

A Green Revolution in Africa, however generally defined, will require national governments and the international community to act in concert, putting in place the policies, institutions, and resources that will encourage and support smallholder agriculture and rural development. This must include applying the lessons from the first Green Revolution as well as significantly increasing investment in rural infrastructure, including irrigation, roads, electricity, and communications, all of which are woefully underdeveloped in sub-Saharan Africa. The emerging Alliance for a Green Revolution in Africa (AGRA), which brings the Gates and Rockefeller Foundations together in partnership with national leaders and African scientists, holds real promise for stimulating the kind of research and policy reform that leads to sustainable economic growth benefiting poor people. U.S. development assistance could obviously play a role here as well.

Dr. Norman Borlaug, the Nobel Peace Prize winner now in his 90s, who is often called the father of the Green Revolution, dismisses the notion that a Green Revolution in Africa is a lost cause. “This is the same argument used by a number of famous U.S. academicians in the early 1960s in describing the hopelessness of food production in India and China,” Borlaug said in Bread for the World Institute’s 2005 Hunger Report, *Strengthening Rural Communities*. “And look what happened. Technology is now available to double, triple, and in some cases quadruple maize production. This potential is not

Figure 2: Agricultural Productivity and Poverty Levels



being realized because of lack of infrastructure, especially roads; lack of courageous African political leadership; and lack of financial assistance from affluent nations.”

## Alliance for a Green Revolution in Africa (AGRA)

The Alliance for a Green Revolution in Africa (AGRA) seeks to empower small-scale farmers with the technology and information to improve farming practices. Led by the Rockefeller and Gates Foundations, AGRA provides resources and leadership to tackle some of the toughest problems confronting African farmers:

- Improving seeds for locally grown food crops;
- Managing water resources;
- Strengthening agricultural markets;
- Scaling up agricultural education, research, and extension services;
- Creating a better policy environment for farmers.

Some have criticized AGRA for taking a “one-size-fits-all” approach to the variety of agro-ecological climates across African countries. But AGRA is ensuring that strategies are ecologically sound, technologically appropriate, and geared to meet the needs of small-scale farmers who need simple and sustainable solutions. AGRA is not pursuing or funding the development of new seed varieties through the use of genetic engineering. As many agricultural experts in Africa readily understand, a lot can be done through better seed breeding and better soil and water management.

### The Challenge of Weak Governance and Institutions

The accomplishments of the Green Revolution would not have been possible without substantial political and financial support from the countries involved. Underinvestment by developing-country governments explains a lot of their underperformance in the agricultural sector.

Ghana in the 1960s and 1970s is an example of how government policies in the agricultural sector can nearly lead a country to ruin. Ghana was the world’s leading producer of cocoa in the 1960s, which accounted for more than 50 percent of government revenues.<sup>21</sup> As the price of cocoa dropped in world markets, the government sought to recoup some of the lost revenue by imposing steep new export taxes on the smallholder producers, who accounted for almost all of the country’s production capacity. The Ghana Cocoa Board, the only authorized exporter of cocoa, paid farmers less than the real value of what it was worth. This led to a rash of smuggling cocoa out of the country, or farmers switching to other crops. Cocoa production plummeted and, by the early 1980s, was less than a third of peak production in the 60s.<sup>22</sup> As a result, government revenues vanished and the country was driven deeper into poverty.

In the 1980s, things began to turn around as the government sought to correct its past missteps. Economic reforms implemented in the 1980s and 1990s allowed Ghana to recover from the worst of the damage, but not without a great deal of suffering. Ghana’s development prospects now look prom-

ising. Currently, it is one of the few sub-Saharan countries on track to reduce hunger by half (MDG 1) by 2015. But the experience of mismanaging the cocoa industry demonstrates the damage that flawed agricultural policies can cause poor countries.

Good governance has allowed the Ghanaian government to build better relations with donors. Ghana's development partners have been involved in the country's resurgence, for example, by providing debt relief. The government has used the freed-up resources to improve the health, education, and agriculture sectors. As recently as 1998, more than 50 percent of the country was living on \$1 per day. In 2005, it was down to 29 percent.<sup>23</sup>

## The Challenge of Conflict

Food insecurity, like poverty, can be a cause as well as an effect of conflict. U.N. agencies estimate that armed conflict cost Africa over \$120 billion in agricultural output during just the last third of the 20th century.<sup>24</sup>

Real or perceived inequities in access to land and water resources underlie many of the world's conflicts. One of the darkest episodes in recent human history is the Rwandan genocide of 1994. A leading cause was the government's exploitation of scarce land and water resources, which exacerbated the ethnic divisions within the country. The Hutu government, led by President Juvenal Habyarimana, exploited a drought to provoke public fears that scarce resources would lead to further increases in hunger.

The World Bank's 2008 *World Development Report* argues that to ignore the agricultural sector in fragile states increases the risk of further instability. Rwanda again serves as a good example of how the agricultural sector can play a key role in helping a country to rebuild. Rwanda is world renowned for

Table 1: Agricultural Growth in Rwanda, Production in Priority Crops 2000-2005 (in Tons)

Crop/year	2000	2001	2002	2003	2004	2005
Rice	14,503	17,866	20,522	24,425	46,190	62,164
Maize	62,502	80,979	91,686	78,866	89,219	97,251
Soybeans	13,922	16,366	17,088	19,869	11,631	16,350
Irish Potatoes	957,198	1,012,269	1,038,931	1,099,549	682,598	750,256
Beans	215,347	242,157	246,906	239,364	200,225	199,648
Coffee	16,098	18,260	19,426	14,412	27,000	18,000
Dry Tea	13,717	15,166	11,941	12,959	13,100	15,500
Fruit and Vegetables	205,675	211,038	233,643	287,620	407,511	407,205

Source: Republic of Rwanda 2006.

its specialty coffees. Between 2001 and 2006, export revenues for Rwandan coffees increased from zero to \$8 million; much of this can be credited to the technical and financial assistance of USAID.<sup>25</sup>

The productive agriculture sector has fueled Rwanda's economic growth and successes in poverty reduction. A recent study found that agricultural growth in Rwanda contributed 50 percent more to poverty reduction than growth in other sectors, and that a 1 percent annual growth rate in staple food production translated into a 3 percent reduction in poverty.<sup>26</sup>

In many conflict countries, a large share of the population lives in rural areas and derives its income in whole or in part from agriculture. In such countries, agriculture and the wider rural economy provide the best means of giving people a renewed stake in their societies. When a society emerges from conflict, it is vital to engage as much of the population as possible, as rapidly as possible, in positive, income-generating pursuits. Development assistance should be in place to help countries through post-conflict reconstruction, when peace is fragile, but donors have a tendency to pull out soon after the fighting stops.

### The Environmental Challenge of Global Warming

Climate change is the great environmental challenge facing the global community in the 21st century. According to the *Stern Review on the Economics of Climate Change*, a major report on the effects of climate change and global warming commissioned by the British government, "The poorest developing countries will be hit earliest and hardest by climate change, even though they have contributed little to causing the problem."<sup>27</sup>



Richard Lord

So far most of the debate about responding to global climate change has focused on mitigation, or how to get the largest carbon-emitting nations to curb their output of greenhouse gases. While this is an important piece of any solution, we must also focus on the more immediate concern of adaptation. For the poorest people, who rely on agriculture for their livelihoods, adapting to climate change is an unavoidable issue now and for the foreseeable future.

Substantial resources are needed to help poor countries adapt to the impacts of climate change. Agricultural research is needed to identify and promote the most appropriate crops and soil management and cultivation techniques. For example, research should focus on drought tolerance and the suitability of alternative crops and on identifying more salt-tolerant varieties of paddy rice, vegetables, and other cash crops in areas facing increased salinization of their water resources.

Oxfam International estimates that adaptation will cost \$50 billion annually, more if global emissions are not cut rapidly. The cost of inaction also has to be considered. According to World Bank estimates, if climate change results in a decrease in economic growth of 0.5 percent per year in developing countries, the annual cost in terms of lost income will be roughly \$70 billion.<sup>28</sup> Current development assistance budgets would replace nowhere near this amount.

It's important to consider all possible sources of funds to help poor countries adapt to climate change—for example, a tax on carbon emissions at the national level. Under the principle that the “polluter pays” for the damage caused, these additional resources are not development assistance. Rather, the funds are compensation from high-emissions countries to those most impacted.

## Looking Forward

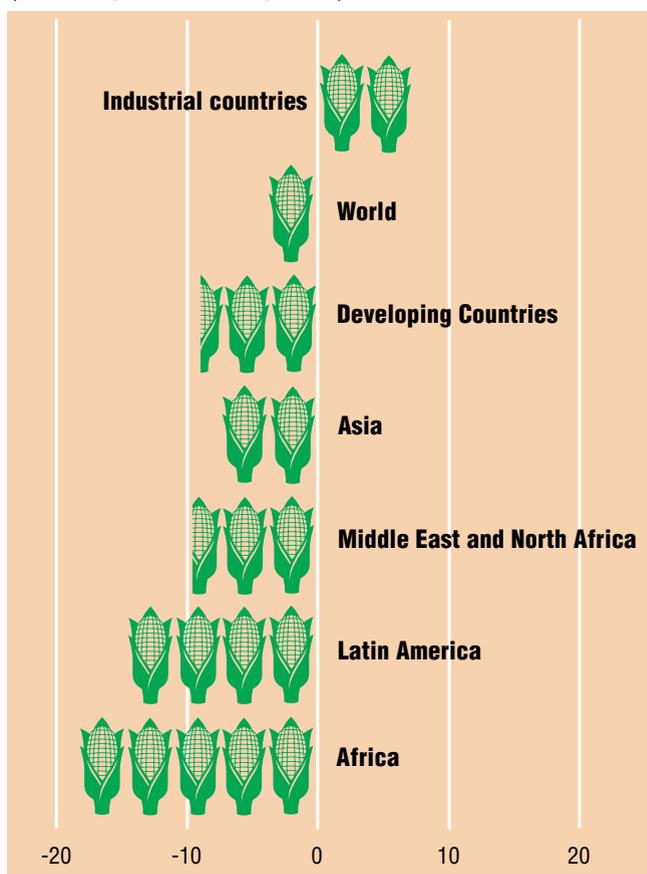
For bilateral and multilateral donors, the essential question about development assistance is: What do you want the world to look like in 10 years, 20 years, or even 100 years—and what role are you ready to play to help make this happen?

Developed countries have said publicly that they support the MDGs, which are surely a concrete vision of a better world. But to achieve the MDGs, it's a given that developed countries will have to provide more and better development assistance. This must include elevating support for agriculture in poor countries to its rightful position.

Effective development assistance must be complemented by policies that do not undermine what the assistance is designed to achieve. For example,

**Figure 3: Climate Change and its Potential Effects on Agricultural Output**

(Percentage difference by 2080)



Source: Center for Global Development, 2007.

# Agriculture and the Millennium Development Goals

Improvements in agriculture pave the way for broad economic growth and provide governments with the resources to invest in education, health, and other sectors, allowing them to make progress on all the Millennium Development Goals (MDGs).

**Goal 1: Eradicate extreme poverty and hunger:** Improving agricultural productivity not only increases the amount of food available in poor countries, it stimulates economic growth by creating jobs, both on- and off-farm, which raise people's incomes and enable them to purchase food.

**Goal 2: Achieve universal primary education:** By raising incomes, agricultural growth enables parents to send children to school rather than to work. Education, particularly for girls, prepares children to take advantage of economic opportunities.

**Goal 3: Promote gender equality and empower women:** Women play a critical role in agriculture in much of the developing world, especially in sub-Saharan Africa. Throughout the 1990s, roughly 80 percent of the agricultural labor force in the least developed countries was female. This is projected to decline but remain above 70 percent into the next decade.<sup>29</sup>

**Goals 4 & 5: Reduce child mortality and improve maternal health:** Increased and diversified agricultural production is one of the most reliable, sustainable interven-

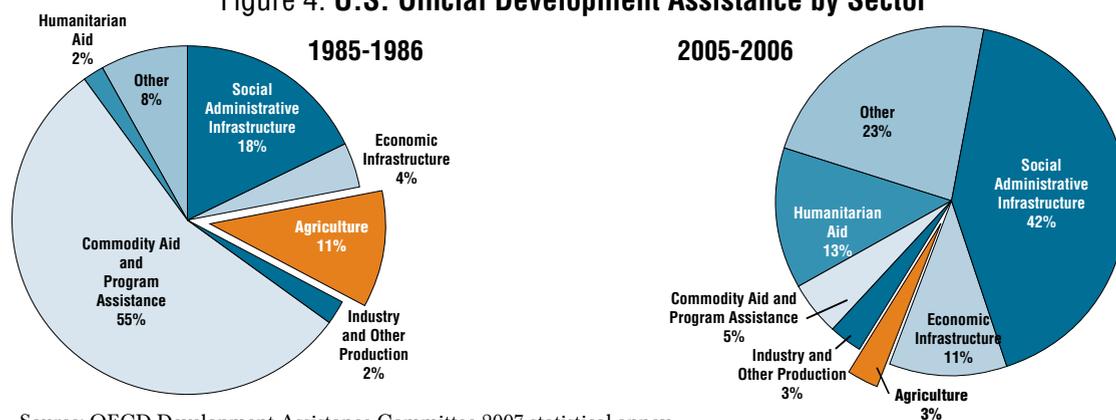
tions to improve nutrition and reduce child malnutrition and mortality.<sup>30</sup> More children die before the age of five in rural areas than in urban ones. About half of these deaths are due to malnutrition.

**Goal 6: Combat HIV/AIDS, malaria, and other diseases:** When people with HIV lack sufficient food and proper nutrition, they develop AIDS more rapidly.<sup>31</sup> The agricultural sector in developing countries can help by generating income to purchase food and increasing the availability of nutritious food.

**Goal 7: Ensure environmental sustainability:** Agricultural practices that increase productivity may also cause damage to the environment—deforestation, farming on marginal lands, overgrazing. Overuse and misuse of agricultural chemicals can pollute surface and groundwater supplies and leave dangerously high residues in food. Increasing investment in sustainable farming methods can reduce agriculture's large environmental footprint.

**Goal 8: Develop a global partnership for development:** Many domestic agricultural policies in rich countries hurt poor countries. Agricultural protectionism in rich countries continues unabated despite agreements to bring agriculture within the purview of the World Trade Organization.

Figure 4: U.S. Official Development Assistance by Sector



Source: OECD Development Assistance Committee 2007 statistical annex.

developed countries must reduce trade barriers and subsidies that disadvantage farmers in poor countries. Developing countries themselves must provide supportive policies and the bulk of the extra investment. Donor governments and financial institutions should step back and encourage developing-country governments to determine their own policies, rather than requiring them to adhere to agendas determined in Washington or other foreign capitals. Governments and civil society in developing countries can develop their own options based on what will work for them.

The ultimate test of development assistance is how much it contributes to the goal of ending global hunger and poverty. In the case of the Green Revolution and agricultural development more broadly, the results are in: development assistance, combined with political backing and supportive policies in recipient countries, have saved the lives of millions of people and launched many countries on the path to sustained poverty reduction and economic growth. Certainly, we know enough about the benefits of investing in agriculture to make a powerful case for increased donor support.



Richard Leonardi

Farmers in the Nicaraguan highlands bring their produce to a market in La Dalia.

## Key Points in Chapter 2

- Long-term food security depends on increasing the supply of food and raising the earning potential of poor people.
- Rural development strongly determines whether a developing country is likely to achieve broad-based economic growth and the Millennium Development Goals.
- Increasing agricultural productivity is especially important for countries that are facing the most difficult development challenges, including poor starting conditions, weak governance and institutions, conflict and instability, and environmental degradation.
- In recent decades, rich and poor countries alike have diverted resources away from promoting agricultural growth in developing countries. Disinvestments in agriculture have been compounded by protectionist trade and agriculture policies in rich countries.

# Women Help Solve Hunger: Why is the World Still Waiting?

by Sandra Bunch  
International Center for  
Research on Women

A global hunger crisis has pushed agriculture to the top of the world's policy agenda, forcing governments and international bodies to rethink the ways in which the world produces and distributes food. A key failing of past efforts to reduce hunger and increase rural incomes has been the lack of attention paid to women as farmers, producers, and entrepreneurs in their communities. Are we poised to make the same mistakes again? We must look with fresh eyes at women's role in the agricultural economy and see them, not merely as subsistence farmers and caretakers of their own families, as often comes to mind, but also as vital actors in the agricultural economy and the expanding world of commercial agriculture.

Women help answer the hunger problem in every way possible. They grow food, sell food, buy food, prepare food, and increasingly they are involved in agricultural businesses that help build the economies of many developing countries.



Richard Lord

Best understood is the role women play in shoring up their families' food supply and ensuring that their families, especially children, receive proper nutrition. Researchers estimate that rural women produce half of the world's food and, in developing countries, between 60 percent and 80 percent of food crops.<sup>1</sup> Women also are more likely than men to spend their income on the well-being of their families, including more nutritious foods, school fees for children, and health care.<sup>2</sup>

The picture of women at the heart of their family's food security increasingly is recognized by donors, policymakers, and the general public. A July 20, 2008, *Washington Post* article, "In Africa, One Family's Struggle with the Global Food Crisis," typifies this traditional understanding of women's roles as food providers and caretakers, still common in many communities like Louda, Burkina Faso: "All day, Ruth Bamogo hacked at the ground with an iron hoe, trying to coax sorghum out of the hard, red dirt."<sup>3</sup> As she began the one-mile trek home, her 4-year-old son on her back, the article adds, she grabbed low-hanging tree leaves so she'd have some food to bring back for her family. "The leaves taste awful, she said, but they are

free—one small advantage of living in the countryside. Bamogo carried the leaves home on foot; her husband rode a bike.”

Less recognized or understood is the crucial role women can play in increasing overall agricultural productivity and growing agricultural businesses. In many African countries, commercial banks that target women entrepreneurs to develop new agricultural products and services also significantly increase the numbers of women-owned businesses in the communities.<sup>4</sup> The Asian Development Bank has found that targeting women in such efforts has increased women’s employment and income from livestock rearing and marketing.<sup>5</sup> More often than not, however, interventions that promote agricultural research, agricultural extension, land tenure rights, and market access continue to leave women out of the picture.<sup>6</sup>

### No “One Farmer, One Solution”

Until recently, the international development community has failed to recognize that “women farmers” are not a homogenous group. Donors, policymakers, and other experts have thought that simply including women in programs would be enough to make a difference. It’s not. Like men, women enter and engage in the agricultural sector in many ways.

Agriculture itself is a complex industry. On one side of the spectrum, subsistence farmers continue to eke out livings from the land, primarily growing food for their families and to sell in local markets. On the other side of the spectrum, multinational agribusinesses grow, develop, and market value-added agricultural products, including horticulture and other non-food items, for local, national, and global markets at some of the industry’s highest profit margins.<sup>7</sup> In between these two extremes, a variety of other “farmers”—women and men—earn their livings and feed their families through various combinations of the two strategies.<sup>8</sup>

Within agriculture, women also face many complexities that differ from those faced by men. Gender norms, the roles society creates for the two sexes, prevent women in many countries from accessing land, resources, and technology. In Cameroon, for example, women hold less than 10 percent of land certificates even though they do more than 75 percent of the agricultural work.<sup>9</sup> In Burkina Faso, women have less access to extension services because as women, they have



Margaret White

smaller plots of land and less political voice to demand these services.<sup>10</sup> Women in many communities also are tasked with time-intensive responsibilities outside of farming, such as caring for family members, retrieving water, and collecting wood.<sup>11</sup> Because of such gender-related barriers, women often cannot invest in their own agricultural efforts.

An important, yet less recognized obstacle that many women farmers face is

the international development community's inability to see women as economic actors in their own right, not as assistants to their husbands, brothers, or other male relatives. If the global community is to increase agricultural productivity and income-generating activities in hunger-prone communities, it must be willing to adjust its vision and see women as central to both food security and agricultural economic development.



ICRW

### **Women Provide a Double Dividend: Fight Hunger, Fight Poverty**

Bolstering women's role in agriculture through agricultural investments and entrepreneurial opportunities promises to reap a double dividend of both better food security

and nutrition and greater economic growth.

Men and women are both pivotal to the well-being of their families and communities, but research shows that the choices they make often differ. For example, studies show that when men have an extra \$10 to spend, they tend to reinvest it in their work or businesses or use it to enjoy more leisure.<sup>12</sup> Women, on the other hand, tend to directly invest that money in their children and households. They are more likely to buy food and more nutritious food and pay for school fees and health care costs like medicine.

More than three decades of work by the International Center for Research on Women (ICRW) suggests that improving women farmers' access to appropriate resources, technologies, markets, and property rights will help enable them to increase agricultural productivity and ultimately improve household nutrition.<sup>13</sup>

One way to understand why investments in women have such significant payoffs for reducing hunger and growing rural economies is to fully appreciate the crucial role women play in the health and well-being of their families and communities and national economic growth. Consider these facts:

- **A child whose mother has died is up to four times more likely to die than a child with a mother.<sup>14</sup>**

- **When a mother is ill, her children are more likely to be stunted from poor nutrition and receive less schooling and health care.<sup>15</sup>**
- **Women’s education has the greatest effect on reducing child malnutrition, accounting for 43 percent of the reduction in malnutrition in the developing world from 1970-1995.<sup>16</sup>**
- **In India’s economic transformation of the past 15 years, the World Bank finds that states with the highest percentage of women in the labor force grew the fastest and had the largest reductions in poverty.<sup>17</sup>**
- **The total value of women’s unpaid house and farm work adds one-third to the world’s gross national product.<sup>18</sup>**

Despite such evidence, women still fail to be fully incorporated into and benefit from global development efforts.<sup>19</sup> In developing countries, women earn on average 22 percent less than men.<sup>20</sup> Women in Africa constitute the majority of farmers, yet they receive less than 10 percent of small-farm credit and own just 1 percent of the land.<sup>21</sup> Women face more obstacles than men in labor markets, receive lower wages for the same work, dominate in the informal economy, and have less access to credit, land, education, and other productive resources.<sup>22</sup>

Amid these obstacles, women continue to produce the majority of food in many developing countries. They also continue to expand their roles in local agricultural and rural economies. According to the International Fund for Agricultural Development, in the past decade rural women’s rate of participation in the off-farm labor market grew by 10 percent; their participation in the agricultural labor market grew by a third.<sup>23</sup> A study of 17 countries in the Americas showed that in 1999, rural poverty would have increased by more than 10 percent if rural households had not had access to women’s new income gains—mostly from their paid agricultural labor.<sup>24</sup>

Now imagine what women could do if they had the agricultural investments they need like fertilizer, better seeds, and time-saving technology, as well as greater entrepreneurial opportunities through better access to credit, land, and other assets. In Kenya, women with the same levels of education, experience, and farm inputs as men increased their yields by 22 percent.<sup>25</sup> Studies in countries including China, Ghana, Pakistan, Thailand, and Vietnam have seen clear links between secure land tenure and increased agricultural productivity.<sup>26</sup> Other experts estimate that household agricultural output in sub-Saharan Africa could increase by 10 percent to 20 percent if women used the same inputs currently allocated to men.<sup>27</sup>



Todd Post

## Value Added: Putting ‘People’ Back into Agriculture

As donors and policymakers focus on boosting agricultural productivity to meet current food shortages, they should not lose sight of the women and men who work in various ways to put food on people’s tables. Success depends on it.

Research from ICRW, the World Bank, and others finds that a better understanding of the different roles that women and men assume in various agricultural activities and businesses leads to better interventions for boosting productivity.<sup>28</sup> Referred to as “gender analysis,” such methodology allows analysts to examine the different opportunities and obstacles for women as compared to men in a given agricultural sector or industry (e.g., dairy, floriculture, fisheries). Moreover, women and men can use this information to devise new products and processes that improve competitiveness, ultimately contributing to economic growth.<sup>29</sup>

Increasingly, researchers are applying gender analysis to the agriculture value chain to better understand how it works—or doesn’t—for women. The benefit here is that analysts learn who does what along a particular agriculture-sector chain as well as the inevitable effects of one part of the value chain on another. As producers, women can see where in the chain they work and how their products and labor impact the chain locally, regionally, nationally, and internationally. In this way, women can begin to understand and visualize the workings of their particular agricultural industry and where they might leverage their comparative advantage or adopt a value-added activity like food processing to earn more money.<sup>30</sup>



Margaret W. Nea

Researchers and policymakers also can use the analysis to identify points along the value chain where women are involved and where development interventions can be most effective in transforming and strengthening women's roles and contributions.

World Bank reviews along this line show that by increasing farmers' access to various agricultural inputs and services, agricultural productivity rises, benefiting the wider economy, "especially if women as well as men are assured better access to commercial farming based on a strong market and profit orientation."<sup>31</sup> On the point of addressing food insecurity, the World Bank states: "It is critical not to associate women's farming exclusively with subsistence and a food security agenda but to promote their opportunities for commercial farming."<sup>32</sup>



Jim Stipe

Consider the Kuapa Kokoo cooperative in Ghana.<sup>33</sup> The farmers' cooperative underwent a gender analysis of its operations in 1996 to identify opportunities and constraints in their cocoa business. The analysis found the following:

- **Twenty-six percent of Kuapa Kokoo members were women.**
- **Women had relatively small farms and were earning low incomes as compared to men.**
- **Men controlled most of the farms.**
- **Farmers received an irregular income due to the seasonality of the cocoa crop.**
- **Women's economic situation worsened if their husbands were not in the cooperative.**
- **Rural women were capable of generating income, but they needed funds to expand their work.**

As a result, the cooperative devised the Kuapa Gender program in 1998 to stimulate economic activities and increase incomes, focusing on breaking the poverty cycle for many women. The program also sought to encourage savings, generate employment for vulnerable people, and demonstrate that women could use and repay loans if given. A microcredit plan was put into place and, as of 2008, nearly 550 women had benefited from the loans with a repayment rate of 93 percent. Women also expanded into better-paying agricultural activities such as soap production, processing palm and palm kernel oil, extracting caustic potash from cocoa

pod husks, baking and selling bread, producing cosmetics, selling batiks, and growing crops beyond cocoa.

On one hand, women have benefited from these improvements in credit and diversification of agricultural products. On the other hand, women may not have benefited as fully as they could have. Though the analysis examined opportunities

and obstacles for women in the cooperative operations, it did not focus on the agricultural value chain for cocoa. This may explain in part why more women were not brought into the cooperative's key cocoa business. Today, the cooperative supplies fair-trade chocolate to markets in Europe and the United States that between 1993 and 2001 resulted in sales of \$1 million. Imagine what more might have been possible if women's ideas and work had been part of those efforts.<sup>34</sup>

### Moving Forward

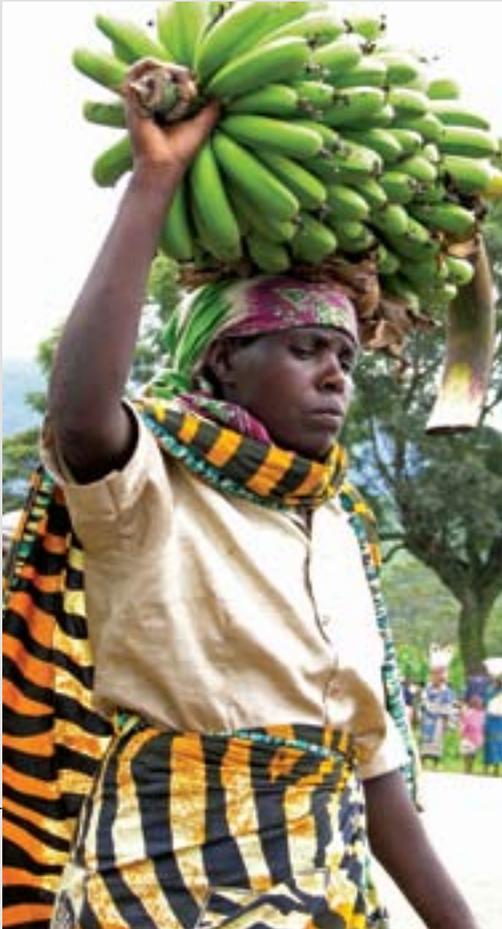
Dealing with today's hunger crisis requires the world community to learn from lessons past as well as look toward the future. Women continue to play key roles in producing food and securing their families' nutrition. First and foremost, however, the international development community must move beyond its notion of women as farmers who grow primarily local food crops for their own families and see women as economic agents in agriculture—as farmers and wage-workers who grow both food and economies.

As in the past, women continue to need agricultural investments, such as connections to agricultural research and extension, improved rural infrastructure, time-saving technologies, and access to inputs such as fertilizer and seeds. But women today also need the ability to act on economic opportunities, which they gain through access to credit, land

and assets, markets, and more and better information.

More research also is needed to better understand how new developments in agricultural technologies and changes in the broader agricultural economy are affecting women, and how best to design programs to support women's infrastructure and resource needs to increase agricultural productivity and grow stronger rural economies.

Today's economic and hunger crisis, and this environment demands that we do development better. We know that women help solve hunger. We also know that investments in women and agriculture pay double dividends in reducing hunger and increasing economic growth. With 923 million people hungry in the world today, and numbers rising, the question is: Why are we still waiting?



Celia Escudero Espadas

## STRATEGIC PRIORITIES AND INDICATORS FOR MILLENNIUM DEVELOPMENT GOAL 3\*

THE U.N. MILLENNIUM PROJECT TASK FORCE 3 FOR EDUCATION AND GENDER EQUALITY  
RECOMMENDED SEVEN STRATEGIC PRIORITIES AND 12 INDICATORS FOR GENDER EQUALITY  
AND WOMEN'S EMPOWERMENT.\*\*

### 1. Strengthen Opportunities for Postprimary Education for Girls GOOD PROGRESS

**Indicator 1:** Ratio of female to male gross enrollment rates in primary, secondary and tertiary education

**Indicator 2:** Ratio of female to male completion rates in primary, secondary and tertiary education

### 2. Guarantee Sexual and Reproductive Health and Rights SLOW PROGRESS

**Indicator 3:** Adolescent fertility rate

**Indicator 4:** Proportion of contraceptive demand satisfied

### 3. Invest in Infrastructure to Reduce Women's and Girls' Time Burdens INSUFFICIENT DATA

**Indicator 5:** Hours per day (or year) women and men spend fetching water and collecting fuel

### 4. Guarantee Women's Property and Inheritance Rights INSUFFICIENT DATA

**Indicator 6:** Land ownership by sex (male, female or jointly held)

**Indicator 7:** Housing title by sex (male, female or jointly held)

### 5. Reduce Gender Inequality in Employment SLOW PROGRESS

**Indicator 8:** Gender differences in the structure of employment

**Indicator 9:** Gender gaps in earnings in wage employment and self-employment

### 6. Increase Women's Representation in Political Bodies SOME PROGRESS

**Indicator 10:** Percentage of seats held by women in national parliament

**Indicator 11:** Percentage of seats held by women in local government bodies

### 7. Combat Violence against Women INSUFFICIENT DATA

**Indicator 12:** Prevalence of domestic violence

\* U.N. Millennium Project 2005. *Taking Action: Achieving Gender Equality and Empowering Women. Task Force on Education and Gender Equality.* New York: Earthscan Publications.

\*\* The United Nations General Assembly adopted these priorities in 2005. However, the U.N. has not yet set benchmarks for assessing progress toward these priorities. As a result, they are not reflected in official U.N. reports on the Millennium Development Goals.

Sandra Bunch is communications director at the International Center for Research on Women (ICRW). Prior to joining ICRW, she was the senior editor of the *Hunger Report*, including the 2003 *Agriculture in the Global Economy*. The author wishes to recognize the ideas of Rekha Mehra of ICRW and Mary Hill Rojas in shaping this article.

The United States has been working to improve the competitiveness of Bangladeshi businesses, yet U.S. tariffs make the country's exports less competitive in our market.



# A Clear and Consistent Approach to Development



USAID

Fishing is one of the most important sectors of the Bangladesh economy and accounts for a large portion of the country's exports.

In 2006, Bangladesh received \$80 million in U.S. assistance, while the United States collected \$487 million in tariffs on imports from Bangladesh.<sup>1</sup> Trade is critical to spurring economic growth in developing countries, but the United States applies “the highest trade barriers to imports from the poorest countries.”<sup>2</sup> These are often the same countries that receive U.S. development assistance.

A recent government-sponsored report on reforming U.S. foreign assistance emphasizes the need to ensure that our policies do not work at cross purposes. The United States spends more than any other country on international development; annual U.S. development assistance exceeds \$21 billion.<sup>3</sup> But an overall figure for assistance is just one measure of a nation's commitment to development. Achieving the Millennium Development Goals (MDGs) depends on a consistent set of policies across government agencies and departments.

The Center for Global Development has developed a Commitment to Development Index (CDI), which covers policies on a range of issues, including aid, trade, foreign investment, migration, the environment, security, and technology transfer. The CDI ranks developed countries according to how much they “help poor countries to build prosperity.”<sup>4</sup> On a list of the 21 richest donor nations, the United States ranked 14th on its commitment to development.

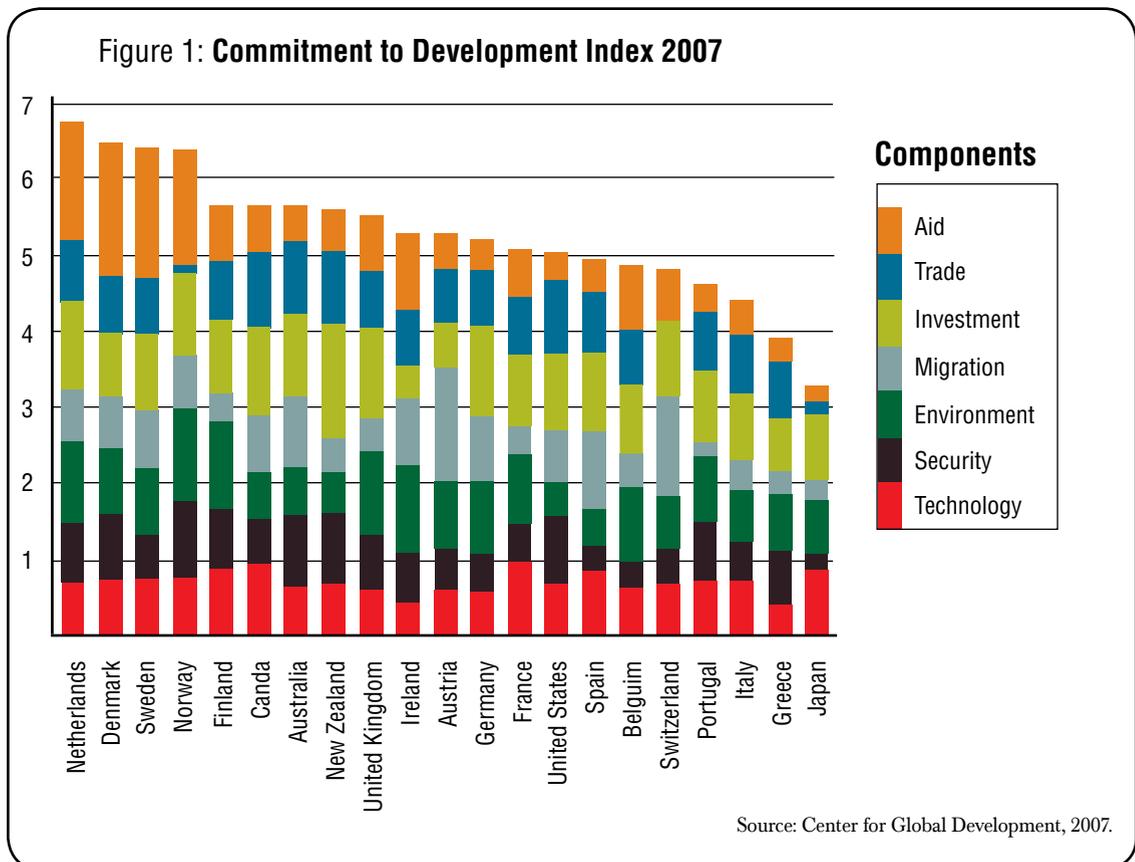
In three areas in particular—trade, migration, and intellectual property rights—the United States could be doing a better job of aligning its policies and programs with the MDGs.

# Trade

U.S. agricultural trade policies are sorely in need of reform. Between 1986 and 2006, the government spent nearly half a trillion dollars on U.S. farm programs. (Over the same period, the 15 countries of the European Union spent well over a trillion dollars in support of their farmers.<sup>5</sup>) Farm payments shield U.S. farmers from loss during periods when prices for basic commodities such as rice, corn, wheat, and soybeans are low. This protection allows farmers to continue planting even when it would otherwise be unprofitable, leading to large surpluses and an increase in U.S. exports. However, both of these reduce prices in world markets.

Farmers in the developing world simply cannot compete against heavily subsidized U.S. farmers. Cotton is a good example of a crop where smallholder farmers in developing countries have been harmed. In West Africa, smallholder farmers grow cotton for local, regional, and global markets. The region would benefit from prices that are higher and more stable. But cotton prices remain low compared to the early and mid-1990s, partly because heavily subsidized U.S. cotton farmers are able to sell their product at an artificially low price. Between 2001 and 2003, the U.S. government spent some \$7.2 billion supporting U.S. cotton farmers.<sup>6</sup> These trade-distorting payments cost farmers in Mali, Burkina Faso, Benin, and Chad \$400 million in lost revenues over the same period.<sup>7</sup>

In addition to subsidies, barriers to market access such as tariffs conflict with development goals. Tariffs in the United States and other high-income



countries have been lowered for manufactured goods, a move that has helped fuel the growth of manufacturing sectors in countries such as China, Vietnam, and Bangladesh. But tariffs on agricultural products are still four to seven times higher than those on manufactured goods.<sup>8</sup> Tariffs hit developing countries particularly hard. A study that examined the average tariff applied to U.S. imports from Ethiopia, Tanzania, Guatemala, Namibia, and Thailand found that all of these countries paid higher average tariffs than France, Germany, and the United Kingdom.<sup>9</sup> Yet it is developing countries rather than industrialized countries that could benefit most from greater access to U.S. markets.

Besides high tariffs on agricultural products, another serious problem for developing countries is known as tariff escalation—increasing tariff rates as products become more highly processed. An example is soybeans. Unprocessed soybeans can enter the United States duty free, but there is a 20 percent tariff on soybean oil.<sup>10</sup> Many other crops grown in developing countries, cocoa and sugar among them, face higher tariffs in their processed forms. Tariff escalation discourages entrepreneurs in developing countries from producing and exporting value-added products like chocolates.

In 2001, the World Trade Organization (WTO) launched a new round of trade negotiations, often referred to as the Doha Round. Recognizing that “international trade can play a major role in the promotion of economic development and the alleviation of poverty,” WTO members, the United States among them, agreed to place trade and development “at the heart of the [Doha] work program.”<sup>11</sup> Developing countries stand to benefit from a successful conclusion to the Doha Round, with one study suggesting up to \$30 billion in gains.<sup>12</sup> Most of the gains would go to a small number of countries, notably India and China, but other countries, including the world’s least developed countries (LDCs), would also gain, particularly if Doha were expanded to grant them unlimited access to developed-country markets. The International Food Policy Research Institute estimates that an ambitious trade deal that includes broad market access could generate \$7 billion in real income gains for the 32 LDCs, mostly from increased exports of agricultural products.<sup>13</sup>

Seven years into the Doha Round, WTO-member countries have been unable to reach a deal to better align trade and development strategies. As of this writing, the negotiations have stopped and the round is on hold. The disagreements are about agriculture, the area most important to developing countries. The United States and EU countries will not reform their protectionist policies until developing countries relax barriers to their markets; meanwhile, developing countries want to see reforms in the United States and



**The United States spends billions of dollars on trade-distorting cotton subsidies, making it far more difficult for small farmers in developing countries where cotton is grown to escape poverty.**

European Union before they comply with these demands for market access. In the words of one WTO ambassador from a developing country, a satisfactory agreement will require a “hard-headed fairness” that balances the interests of developed countries with the needs of developing ones.

Reducing poverty depends on improving opportunities for small-scale farmers to sell their products at a fair price, so it is crucial to have fair global agricultural trade rules. Nearly three-fourths of all people living in extreme poverty live in the rural areas of developing countries and work primarily in agriculture. Completing a trade deal would demonstrate that developed countries are committed to the overall development of poor countries—beyond just providing aid. Reforming U.S. agricultural trade policies alone will not guarantee that poor countries achieve the MDGs, but it would remove an important stumbling block to the negotiations and make a deal more likely. U.S. leadership is critical in pushing for a successful conclusion to the Doha Round.

## Aligning Trade Policy and Development Goals

Here are some negotiating principles that will help ensure that trade agreements support progress toward development.

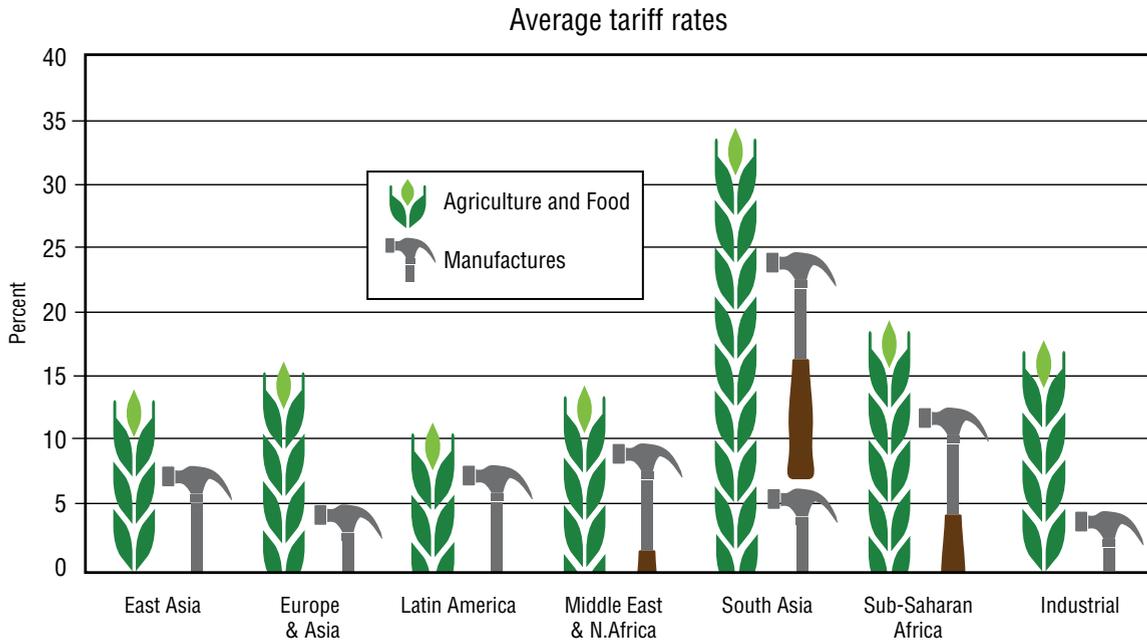
- **Duty-free, quota-free market access:** The least developed countries (LDCs) should be given 100 percent duty-free, quota-free access to developed country markets. Opening developed country markets would provide a substantial boost to the economies of the poorest countries, while having negligible effects on the United States. In 2006, for example, imports from LDCs accounted for only 1.2 percent of all U.S. imports.<sup>14</sup>

- **Special and differential treatment for developing countries:** So far, developed countries have insisted that if they are required to reduce their agricultural subsidies and lower tariff barriers, developing countries must also take steps to open their markets and lower subsidies. But poor nations, particularly the 32 least-developed countries, should be allowed flexibility in how widely and quickly they open their markets. Fast-growing developing countries, such as China, India, and Brazil, would not be included in this special treatment.

- **Technical assistance and trade capacity building:** Developed countries have the resources and knowledge needed to help developing countries take advantage of nascent trade opportunities. Needed support includes “aid for trade” and technical capacity building—for example, assistance in planning and financing major trade-related infrastructure projects such as roads and ports, assistance in negotiating and complying with international trade agreements, and assistance in developing small and medium-sized businesses that can expand and diversify the country’s exports.



Figure 2: Tariffs on Agricultural Products Remain High in Spite of Agriculture's Importance to Development



Source: United Nations, FAO 2007.

## Migration

International migration can aid development in many ways. When large numbers of people migrate, there are fewer workers available in the home country, which can lead to wage increases. By creating social networks that span the globe, migration also opens new possibilities for trade and commerce. Immigrants who return home take with them knowledge and connections from their time abroad. For example, Indian and Taiwanese immigrants have contributed to burgeoning national technology industries by acting as experts and ambassadors, linking U.S. businesses with markets in their home countries.<sup>15</sup>

Developing countries have long realized the value of migration. The government of the Philippines, for example, actively seeks opportunities for its nationals to live and work abroad. An Office of Foreign Workers provides a range of different services to facilitate migration, including education and training, job placement, overseas housing assistance, legal services, and even medical insurance. The government has also designed savings and loan products specifically for overseas workers and has streamlined processes to make it easier for people working abroad to send money home. Remittances—money sent home by people working in other countries—play a vital role in helping families cope with poverty and build social and economic opportunities. In 2007, migrant workers sent approximately \$17 billion in remittances home to the Philippines—about 17 percent of the country’s GDP.<sup>16</sup>

For the United States, migration presents both a challenge and an opportunity. Famously a “nation of immigrants,” the United States has benefited

# “Miami Rice” in Haiti

by Beth Lownik

What we now recognize as the “hunger crisis” seemed to creep up on us during the year that I lived and worked at a clinic in rural Haiti. The end of 2007 was marked by persistent, but not unusual, complaints by patients, neighbors, and friends (not to mention our own cook) about the rising prices of staple foods.

There was particular concern about the cost of “Miami rice,” the Haitian name for the imported, subsidized U.S. rice that has dominated the Haitian market since the late 1980s. Until then, Haiti did not import rice; in fact, Haitians tell stories of the roads through the central Artibonite Valley being covered with drying rice as far as the eye could see. They also tell of the destruction of this rice economy starting in 1986 when loans from the International Monetary Fund required the removal of tariffs on imported rice. Within a few years, the fertile lands of the Artibonite were no longer used to grow rice because the farmers could

no longer make a profit against the highly subsidized imported rice.

Currently, very little local rice, or “diri peyi,” is grown. This made the increasing cost of rice in late 2007 an issue of concern for the vast majority of rural Haitians, who already cling to subsistence on the meager crops they grow on small plots and sell for an average of \$1 to \$2 per day. As we entered 2008, this concern mounted into a crisis.

The vast majority of patients I saw at the Visitation Clinic suffered from anemia due to iron deficiency, a particular problem for pregnant women. The poorest children provided the most heartbreaking and glaring examples of the effects of malnutrition when they came in with marasmus, a general malnutrition of too few calories overall, and kwashiorkor, a specific protein deficiency that is very difficult to treat. At least several times a year, we even saw a suspected case of scurvy, the classic Vitamin C deficiency famous for striking sailors of the past, which should be unheard of in a country with plentiful mangos and oranges.

There is no question that the rise in food prices only worsened the already precarious nutritional status of the people who sought care at the clinic, and there is no easy way to describe how it feels to be a witness to these large-scale forces at work in their lives. In a poignant and painful example of the effects of the global hunger crisis, a women’s group I had the privilege of working closely with took it upon themselves to wash, clean, and sometimes cook for the less fortunate families in their village. This small group of dedicated, resourceful women, formerly able to care for themselves and others, had been reduced to begging for food for their own families.

*Beth Lownik was administrator for the Visitation Clinic while working in Haiti between May 2007 and May 2008. The Visitation Clinic is a project of the Visitation Hospital Foundation.*



USDA

tremendously from the hard work, creativity, and entrepreneurship that immigrants bring. The challenge is to find a balance in our immigration policies that accommodates those who wish to come to the United States in a way that ensures the security and rights of current U.S. residents. At the same time, we must recognize that each immigrant group faces challenges of assimilation. Every generation of immigrants, wherever they come from, encounters these challenges, which are only worsened by prejudice and racism.

In no other region of the world do living conditions and economic and social opportunities differ as markedly as they do between the United States and its southern neighbors, so it is little wonder that so many people from Latin American countries seek to better their economic fortunes through migration. In Mexico, 17.6 percent of the population lives on less than \$2 a day and cannot afford to purchase a minimally nutritious diet.<sup>17</sup> Conditions are even worse in Central America.

More than 80 percent of the population in Nicaragua and a third of the population in El Salvador, Guatemala, and Honduras lives on less than \$2 per day.<sup>18</sup>

Strict annual quotas on the number of skilled and unskilled workers who can enter the United States leave too few opportunities for people to enter the country legally. Without a path of legal entry, tens of thousands of people undertake difficult, even deadly journeys to enter illegally each year. In 2005, there were 1.3 million apprehensions of people trying to cross into the United States.<sup>19</sup> That same year, about 470 people died crossing the U.S.-Mexico border.<sup>20</sup>

The United States is home to more than 35 million documented immigrants, nearly 11 million of them from Mexico,<sup>21</sup> but the official census misses immigrants who came to the United States without proper authorization or whose documentation has expired. There are at least 12 million undocumented immigrants living in the United States, approximately half of them from Mexico and another quarter from countries in Central and South America.<sup>22</sup> For many undocumented immigrants, migration is not the first choice but is used when all other opportunities to earn a living have been exhausted.

A better balance of policies that promote legal migration can yield tremendous returns, experts suggest. A recent World Bank study looked at the impact of increasing immigration to the United States by 14 million people



**Poverty and hunger in Latin America has led millions of undocumented immigrants to risk their lives to come to the United States so that they can work and send money home to their families.**

over 25 years. Using 2001 as a baseline for their study, the researchers found that by 2025, individuals who had the opportunity to migrate from developing countries would generate \$624 billion in annual income.<sup>23</sup> While much of this money would be spent here where the immigrants live, some would undoubtedly be sent home as remittances to support family and friends.

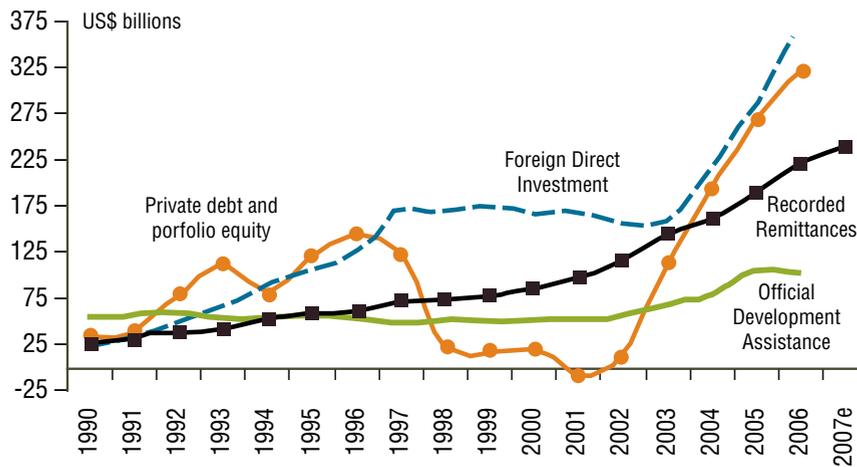
The World Bank estimates that remittances totaled more than \$240 billion in 2007—twice the amount of official development assistance provided by the 30 member countries of the Organization for Economic Cooperation and Development (OECD).<sup>24</sup> In the home country, remittances help pay for a wide array of goods and services, including food and clothing, home improvement, education expenses, and business development. In the current environment of high food prices, remittances are a lifeline that help families continue to buy food and avoid malnutrition.

In 2007, immigrants living in the United States sent \$47 billion back to friends and family in their home countries.<sup>25</sup> More than half of these remittances—\$25 billion—went to Mexico. These significant resources can be used for wider community development purposes. Through Hometown Associations, for example, remittance dollars to Mexico are matched 3 to 1 by the Mexican government. A recent study of Hometown Associations found that funds helped pay for improvements to public spaces and supported business development for local entrepreneurs.<sup>26</sup>

The U.S. Agency for International Development (USAID) is working to encourage the use of remittances for development. In Jamaica, for example, this approach has led to a partnership between USAID and the Jamaica National Bank (JNB) to develop the Jamaica National Remittance Program. The initiative encourages Jamaicans living in the United States to open bank accounts with JNB in Jamaica. As an alternative to costly third-party wire transfer services, these accounts help immigrants send money home efficiently.

The potential of migration to spur development is by no means limited to sending and receiving remittances. The U.S. commitment to development as it relates to migration depends on the work of more than one government agency. USAID does not have jurisdiction over immigration policies. The United States needs cooperation among the Departments of Treasury, Commerce, Homeland Security, and others. Better coordination to ensure that policies make sense is a critical component of any effort to improve the impact of U.S. development assistance.

**Figure 3: Remittance and Capital Flows to Developing Countries**



Sources: *Global Economic Prospects 2006: Economic Implications of Remittances and Migration* (World Bank), *World Development Indicators 2007*, and *Global Development Finance 2007*.

## Aligning Migration Policy and Development Goals

- **Strengthen temporary worker programs:** Temporary “guest” workers are a flexible source of labor, helping to fill jobs when there is a shortage of U.S.-born workers willing to do the work. This arrangement benefits both the United States and the workers’ countries of origin. Currently, however, there are too few “guest worker” slots available to lower-skilled migrants seeking to work in the United States.
- **Lower the cost of remittances:** Families in other countries could receive larger remittances if the cost of sending money overseas was lowered. Transaction fees reduced the value of remittances to Latin American countries by an estimated \$4 billion in 2004.<sup>27</sup> These transaction costs represent lost opportunities for development.
- **Create incentives for return migration:** The United States can support the return home of temporary workers by negotiating incentive packages. Such packages might include, for example, portable retirement accounts available to workers after they return home.

## Intellectual Property Rights

In 2003, President Bush announced a new plan to fight HIV/AIDS. The President’s Emergency Plan for AIDS Relief (PEPFAR) has been a remarkable success, providing lifesaving drugs to some 2 million people. The success of PEPFAR and the bipartisan support it enjoys in Congress are signs of a strong U.S. commitment to providing developing countries with access to essential medicines. But the United States’ strict rules on intellectual property rights counteract these efforts to make lifesaving drugs more accessible to people in need of them.

The WTO Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement, strongly supported by the United States, was intended to protect patents for medicines. Unfortunately, the TRIPS patent protection provisions can increase drug prices.<sup>28</sup> The cost of essential medicines often puts them out of reach for people in poverty.<sup>29</sup> One result is that today, only about 5 percent of the world’s 33 million HIV-positive people receive antiretroviral drugs (ARVs).<sup>30</sup>

Representatives of developing countries and development experts often argue that TRIPS is too restrictive because it extends patents on medicines for 20 years, makes it difficult for developing countries to produce generic medications, and limits countries’ ability to cheaply import essential medicines.<sup>31</sup> For countries such as Brazil, which provides citizens with free medicines, including ARVs for HIV/AIDS, TRIPS regulations can compromise national healthcare programming.

On the other hand, developed countries and the businesses they represent in trade negotiations argue that strong intellectual property rights rules are necessary to promote the research and development of new medications. Without TRIPS, drug companies might not earn a sufficient return on their investment in the research needed to create new medicines. In this view, TRIPS is thus essential to ensuring that businesses continue to invest in

**“The United States needs to ensure that all policies that impact developing countries are consistent with development objectives.”**

research. In addition, concerns have been raised over the safety and quality of generic versions of patented medicines. Without adequate safeguards such as those provided by the Food and Drug Administration, generically produced medicines may be less effective.

Over the past decade, WTO-member countries have worked to make TRIPS more development-friendly. The Doha Declaration on the TRIPS Agreement and Public Health, signed at the outset of the Doha Round, recognized that TRIPS “should be interpreted and implemented in a manner supportive of WTO-members’ rights to protect public health and, in particular, to promote access to medicines for all.” In 2005, WTO members reached a final agreement on a modified version of TRIPS that would make it easier for developing countries to import cheaper generic equivalents of lifesaving medicines.

Canada, Norway, and the member nations of the European Union are using TRIPS as the framework for their own domestic intellectual property laws. In sharp contrast, the United States has enacted more restrictive intellectual property rights laws through bilateral trade agreements that contain “TRIPS-plus” provisions. The North American Free Trade Agreement, for example, does not offer flexibility to modify or suspend patents or patent rules in cases of public health emergencies. Under the free trade agreement (FTA) between the United States and Jordan, obtaining a license for domestic manufacture of generic drugs is more difficult than it is under TRIPS.<sup>32</sup> Similar provisions have been included in bilateral FTAs between the United States and Singapore, Morocco, Vietnam, and a host of other developing countries. Such policies make it more difficult for poor people to obtain essential medicines.

It is important for the United States to provide developing countries with the flexibility they need to ensure that people get affordable access to essen-

## Climate Change and Technology Transfer

One area where technology transfer will play an increasingly important role is climate change. A recent report from the Intergovernmental Panel on Climate Change (IPCC) notes that developing countries, particularly countries in sub-Saharan Africa, will be disproportionately affected by global warming. Helping these countries mitigate the harmful effects of climate change will require new resources and technologies. The technologies might include improved cropping methods, seeds, fertilizers, irrigation systems, and cultivation techniques. Strategies to improve forest management and management of other sensitive ecosystems are also important.

A model for successful transfer of agricultural technologies already exists: the Consultative Group

on International Agricultural Research (CGIAR), a consortium of 15 international agricultural research centers. Funded mainly by developed countries, CGIAR-affiliated research centers have helped to develop and disseminate key agricultural technologies. These technologies played a central role in Asia’s Green Revolution of the 1960s and 1970s, lifting hundreds of millions of people out of hunger and poverty.

As the IPCC report notes, “No single technology can provide all of the mitigation potential in any sector.”<sup>33</sup> The goal of technology transfer should be to provide developing countries with options to manage climate change and achieve sustainable development.

tial medicines. Achieving a balance between efforts to protect intellectual property and efforts to fight deadly infectious diseases will require that the United States follow the lead of other countries and make TRIPS the standard for intellectual property rights rather than a platform for additional requirements.

## A Clear and Common Vision for Development

The United States needs to ensure that all policies that impact developing countries are consistent with development objectives. It needs to consolidate development programs in one place with a clear mandate. And it needs an office capable of providing the strong leadership to meet this mandate. “We need a clear and common vision for development across and throughout both branches of the United States government,” recommends a group of high-level bipartisan government officials, appropriately named the HELP Commission.

The examples in this chapter on trade, migration, and intellectual property rights demonstrate that this vision is far from being realized in current U.S. policies. The problem is that no one is currently responsible for ensuring coherence among the multiple offices in government. In the United Kingdom, this responsibility resides in the U.K. Department for International Development (DFID), which “has dramatically increased the standing, reputation, and expertise of the United Kingdom in the area of international development,” notes the HELP Commission report.



In Barrio Las Fuerzas, Tegucigalpa, Honduras, people wash clothes and get drinking water at the only well in the area.

### Key Points in Chapter 3

- A commitment to development depends on more than just the amount of foreign assistance a country provides; it includes policies and programs across multiple sectors of government that support global development.
- Improving policies in trade, migration, and intellectual property rights would not only prove that the United States is fully committed to global development, but would also increase the effectiveness of U.S. foreign assistance.

# Fueling the Food Crisis

by Marc J. Cohen and  
Noora-Lisa Aberman  
International Food Policy  
Research Institute

Global food prices have shot up dramatically over the past few years, following six decades of slow but steady declines. A complex set of factors has driven these increases, which pose a serious threat to food security. There is disagreement over how much of the price rise is attributable to the use of food crops as an energy alternative, but it is clear that growing biofuel demand has played a substantial role.

No single factor has pushed food prices up. Key drivers include:

- **Rising energy prices;**
- **Income and population growth;**
- **Globalization;**
- **Urbanization;**
- **Land and water constraints;**
- **Underinvestment in developing-country agriculture;**
- **Rising farm input costs; and**
- **Weather-related problems, due in part to climate change.**

The links between energy and food prices are especially significant. High fuel prices affect the costs of operating farm equipment, transporting inputs and produce, and producing fertilizer. Although energy accounts for only 4 percent of crop production costs in most developing countries, the figure is between 8 and 20 percent in Brazil, China, and India.

Ballooning petroleum prices have made energy alternatives more attractive, and have increased demand for biofuels—fuels derived from farm products.

## What's Ethanol Got to Do with It?

Biofuels are energy sources derived from organic matter, also called biomass. Some biofuels have been used for millennia, such as wood, charcoal, and manure.

Newer sources include ethanol and biodiesel. These depend on natural vegetation, crops, or wastes and residues. Processing makes them cleaner and more efficient than traditional biofuels. Ethanol can be made from sugars, grains, root crops (such as cassava), cellulose (grass or wood), and waste products. Biodiesel is made from vegetable oils or animal fats combined with alcohol. Cellulose-



Todd Post

In the United States, billions of dollars in subsidies have encouraged farmers to divert millions of acres of food crops into use for growing biofuels.

based biofuels offer much greater energy efficiency than grain-based ethanol. However, commercial production is a long way off.

Many governments have enacted policies to encourage biofuel production and use and to protect producers from international competition. A number of developed and developing countries have mandated biofuel and gasoline blending. The United States not only has such a mandate, but also provides a tax credit to blenders and imposes a tariff on most imported ethanol. There are also subsidies and tax breaks for investment in biofuel production, and subsidies to U.S. corn growers (\$5 billion in 2006) favor the industry. In 2008, some 24 percent of the corn crop is expected to go into ethanol production.

The International Food Policy Research Institute (IFPRI) estimates that rising biofuel demand between 2000 and 2007 contributed 30 percent of the increase in weighted average cereal prices. The impact on corn prices was 39 percent. Using a different method of calculation, the World Bank calculates that

between January 2002 and June 2008, biofuels, combined with low grain stocks, large land use shifts, speculative investment, and export bans, accounted for 70-75 percent of the food price increase. A major difference between the studies is that the Bank does not see rapid income growth in developing countries as a key contributing factor, given efficiency in cereal use to produce meat. Other analyses arrive at lower figures, but virtually all analysts see biofuel demand as a significant new factor in the global food situation that will keep prices higher for the foreseeable future.

### **Toward Pro-poor, Sustainable Bioenergy**

Fortunately, the picture is not completely grim. Appropriate policies, technologies, and institutional arrangements can make biofuel production more pro-poor and environmentally sustainable. Poor farmers may be able to grow energy crops on degraded or marginal land. Further investment can accelerate cellulosic biofuel production, thereby avoiding food-feed-fuel tradeoffs. This would allow small



E-85, an ethanol-based fuel sold in the United States, can be used in vehicles with engines that have been modified to run on it.

Jim Parkin

farmers to sell crop residues for conversion into ethanol for electricity, thereby boosting their incomes and reducing poor consumers' energy costs. Biofuel production can create jobs: Brazil's ethanol industry employs 650,000 workers.

Organizing groups of smallholder farmers into contract farming schemes could help ensure pro-poor biofuel production. Mozambique already devotes 15 million acres to energy crops, and the government has received requests for use rights (all land is state-owned) for more than 30 million additional acres. An IFPRI analysis has found that expansion via either sugarcane plantations or small grower contracts for cultivation of *Jatropha curcas* for biodiesel would lead to higher incomes, reduced poverty, and increased food security due to income-earning opportunities. However, contract farming is considerably more pro-poor, as it uses more unskilled labor. Moreover, such initiatives may create technology spillovers to food crops, with additional poverty reduction and food security benefits. *Jatropha* also requires far less water than sugarcane, grows in infertile soil, tolerates drought, and yields non-polluting biodiesel.

There may be barriers to female farmers taking advantage of biofuel opportunities. Even use of marginal lands for biofuel crops may work against women. Such land is often considered common property and in both South Asia and West Africa, women work on it, but seldom have decision-making authority.

Appropriate policies can maximize the environmental and poverty-reducing

**In Brazil, ethanol is produced from sugar cane, a far more energy efficient source of the fuel than corn.**



Ricardo Azoury

benefits of biofuel production in developing countries. Smallholder farmers, including women, must have access to resources so that they can participate on a fair basis. Developing-country governments need to conduct environmental and food security impact assessments before launching biofuel projects. Increased investment in agricultural productivity will enhance developing countries' food production and their capacity to enter biofuel markets. Global cooperation is needed to bring technologies on line that will allow production of biofuels from non-food crops. Developed-country governments should remove trade barriers to developing-country biofuel exports and provide financial and technical assistance to pro-poor, sustainable biofuel projects in developing countries.

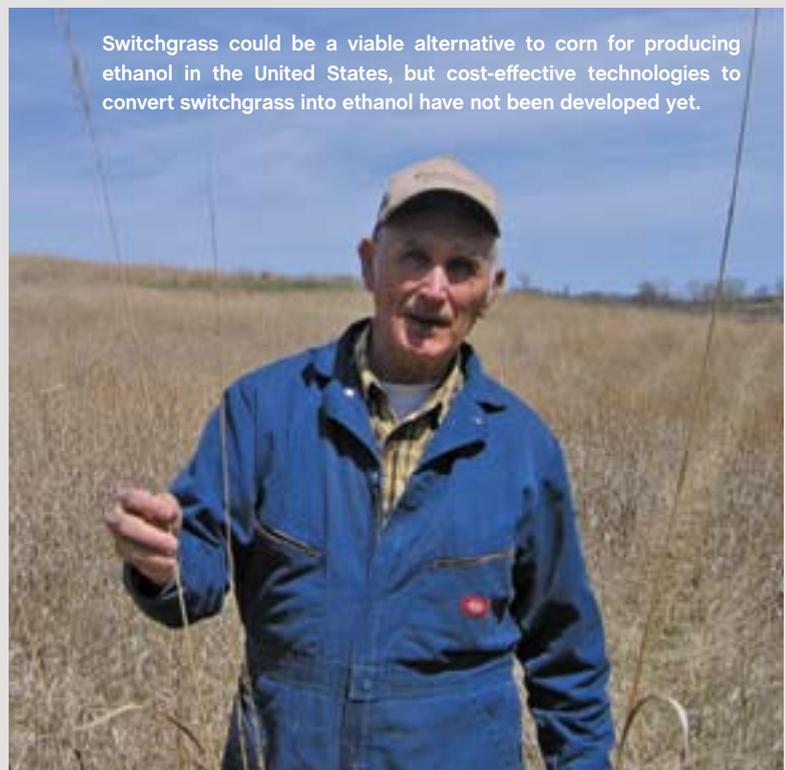
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*Marc J. Cohen, a research fellow at the International Food Policy Research Institute (IFPRI), was editor of Bread for the World Institute's Hunger Report from 1991 to 1998. Noora-Lisa Aberman is an IFPRI program analyst.*



**Ethiopia is one of the countries caught in the grip of the global hunger crisis.**



# **Reforming U.S. Foreign Assistance to Invest in Development**



Todd Post

**A grain vendor sells her products in Addis Ababa's famous Mercato, one of the largest open-air markets in Africa.**

**A** ride across Ethiopia's vast countryside does not reveal the endless patches of parched earth that one might expect to see in a country struggling to feed its people. In many areas of the country, the soil is rich and farmers have a surplus of crops on their hands. Corn, the country's principal cereal crop, grows as tall as anywhere in Iowa.

What one finds in Ethiopia that one doesn't see in Iowa are broken road networks and no way to transport the food from crop-rich areas of the country to those where food is scarce. Ethiopia also has enough water to irrigate the entire country, but irrigation systems are expensive to build and the cash-strapped government does not have the capacity to build enough of them. Most farmers water their crops the way their ancestors did a millennium ago, by waiting for the rains to come—rains that are more erratic in the new millennium due to the vagaries of climate change.

All roads in Ethiopia lead to Addis Ababa, the bustling capital where antiquity meets modernity at almost every intersection. Herders with their livestock walk down city streets as buses careen around corners with American pop music blaring from the windows. For urban poor people, many of whom have migrated from rural areas, the reality is that jobs are scarce and life is no easier.

In an unobtrusive glass building, the Ethiopia Commodity Exchange (ECX) is another example of where antiquity meets modernity. The ECX, which opened in April 2008, is attempting to provide Ethiopia's 10 million small farmers, who produce 95 percent of the country's crops, with more reliable information about prices and access to much broader markets for

their products. The ECX was started with \$21 million, most of it provided by donors. Inside the ECX trading pit, where buyers and sellers gather to make deals, with electronic screens pulsing updates of commodity prices, one could forget that crops in this country mostly get to market on the backs of donkeys.

“The biggest revolution of the exchange is that our farmers will start to think national and global instead of local,” the head of the ECX, Eleni Gabre-Mahdin, told the *Wall Street Journal* on the eve of its opening.<sup>1</sup> Gabre-Mahdin, a former World Bank economist, saw her country’s future on a visit to the Chicago Board of Trade. Just as the Chicago Board of Trade transformed U.S. agriculture, Gabre-Mahdin believes the ECX can do the same for Ethiopia’s.

The country is Africa’s second-largest producer of corn, but only 30 percent of what is grown in Ethiopia gets to market. In a normal year, Ethiopia produces enough food to feed itself and more. But because of the impediments to internal marketing, like impassible roads, the

country struggles annually with food shortages and regularly receives U.S. food aid. From 2006 to 2008, U.S. food aid shipments to Ethiopia were worth \$708.5 million.<sup>2</sup> The United States also provides Ethiopia with development assistance, but in 2008 approximately 80 percent of U.S. poverty-focused development assistance—roughly \$400 million—is going to fight HIV/AIDS. Only 6 percent supports agriculture programs.<sup>3</sup>

A country like Ethiopia, one near the bottom of the global Human Development Index, can and will develop if it gets the support it needs. To make the ECX pay off for small farmers, a lot still needs to happen: repairing the country’s infrastructure, recruiting technical expertise, and educating farmers about how to do business in a new way. These are not small steps, but in the long run they could reduce and eventually eliminate the need for those massive food aid shipments.

Addis is a long way from Chicago in many respects, but innovative development strategies have a knack for reducing the distances between vastly different countries. The United States benefits, as does the entire world, when a poor country like Ethiopia finds its own path to progress. In a troubled part of the world like the Horn of Africa, the ECX is a reminder that good things are also happening there, and that real progress on development is often closer than it appears.



In the markets, as well as on the trading floor, the Ethiopia Commodity Exchange is widely viewed as a major step forward for the country’s agriculture sector.

## Uses of Foreign Assistance

Dramatic spikes in food and energy prices and the escalating effects of climate change have heightened awareness of the plight of more than 1.4 billion people living in extreme poverty. In a little less than two years, the number of people in poverty has increased by a hundred million and the number who are hungry by 75 million.<sup>4</sup> Getting by on a diet of basic staples, such as corn, rice, or sorghum (and very little else), poor families were spending half or more of their income on food even before the jump in food prices.

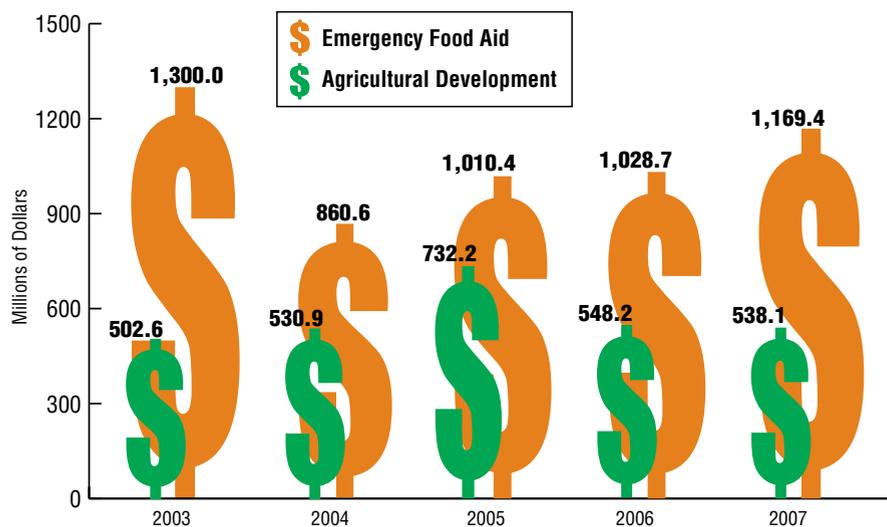
By any definition, an extra hundred million people plunged into poverty is a humanitarian emergency that demands an immediate response. Rich and poor countries as well as U.N. food agencies and international financial institutions such as the World Bank have all begun to mobilize, and the right response must go beyond simply providing food.

The global hunger crisis might have been averted by greater investments over the years in improving agricultural productivity in developing countries. Both intentionally and by default, rich countries, poor countries, and multilateral institutions made choices not to invest in agriculture. As we saw in Chapter 2, not investing development resources in agriculture is a sure way to miss the Millennium Development Goal (MDG) of cutting hunger in half. The vast majority of the world's poor people live in rural areas and depend on agriculture either directly or indirectly for their livelihood.

The United States has always responded generously to emergencies and crises abroad (e.g. providing relief after the 2004 Indian Ocean tsunami), and our country continues to provide essential lifesaving humanitarian assistance. But equally important in responding to the global hunger crisis—and preventing it from happening again—is to refocus U.S. foreign assistance programs and provide better development assistance. U.S. development assistance could have taken a proactive, preventive approach over the years by addressing the root cause of the global hunger crisis—poverty.

Too much of the non-emergency assistance the United States gives is driven not by the goal of reducing poverty but by U.S. political and security objectives. These objectives may be important in their own right, but their pursuit does not always benefit poor people, and their effectiveness should not be judged as if that were their purpose. No one would argue that peace in the Middle East is unimportant, for example, but of the billions of dollars of

Figure 1: U.S. Spending on Emergency Food Aid Exceeds Development Assistance for Agriculture



Source: USAID, USDA and World Food Programme.

assistance the United States has provided to Egypt, most has not been used to help the vast majority of Egyptians escape from grinding poverty.

U.S. foreign assistance has three main purposes: humanitarian, political, and development. Humanitarian assistance responds to natural and man-

made disasters (e.g. the Indian Ocean tsunami) and ongoing crises like Darfur. U.S. national security interests drive much of the political aid (e.g. counter-narcotics in Latin America, peace in the Middle East, the war on terror, military training). Development assistance programs, designed to reduce poverty and encourage economic growth in low-income countries, include programs for agriculture, health, family planning, education, the environment, and democracy and governance.

By and large, the development component of U.S. foreign assistance has been effective, particularly where there has been a long-term commitment of resources and a partnering relationship with the host gov-



Margaret W. Nea

**Bed nets, a simple, cost-effective solution in malaria-prone regions, have been shown to control disease and greatly reduce deaths of young children.**

ernment. South Korea and Taiwan, formerly recipients of large amounts of U.S. development assistance, are now economic powerhouses and partners in global security. India, another recipient of U.S. development assistance, has gone from chronic food deficits in the 1960s to food exports and sustained economic growth in recent decades. U.S. development assistance was instrumental in the eradication of smallpox. Through PEPFAR—the President’s Emergency Plan for AIDS Relief—the United States has placed more than two million people on lifesaving anti-retroviral medication.

Despite these and other successes, in recent years U.S. development assistance has lacked a coherent strategy. Put simply, the overarching goals of U.S. development assistance are unclear. While UN agencies, multilateral agencies like the World Bank, and donor countries such as the United Kingdom have adopted the MDGs as the framework for their assistance, the United States has been reluctant to do so. Yet the MDGs are widely understood and accepted targets of human development—e.g. reducing the number of people in poverty, reducing mortality rates for children under five, increasing girls’ enrollment in school—and could serve as an unambiguous indicator of aid effectiveness.

By the same standard, non-emergency foreign assistance given primarily for political reasons should have its own measures of effectiveness. Have the billions of dollars in aid given to Egypt since the Camp David accords been effective? Maybe not by developmental standards. But absolutely if

measured by the absence of war between Egypt and Israel. Much of the criticism of foreign assistance as ineffective and wasteful is because political and development goals are intermixed. Such confusion erodes public support for spending tax dollars on international development.

## U.S. Prerogatives on Development

U.S. assistance to Pakistan is a good example of how conflating political and development goals undermines development efforts. Pakistan is an important ally of the United States in the war on terror, receiving a generous share of total U.S. foreign assistance. Non-military assistance to Pakistan has totaled almost \$1.9 billion since 2001.<sup>5</sup>

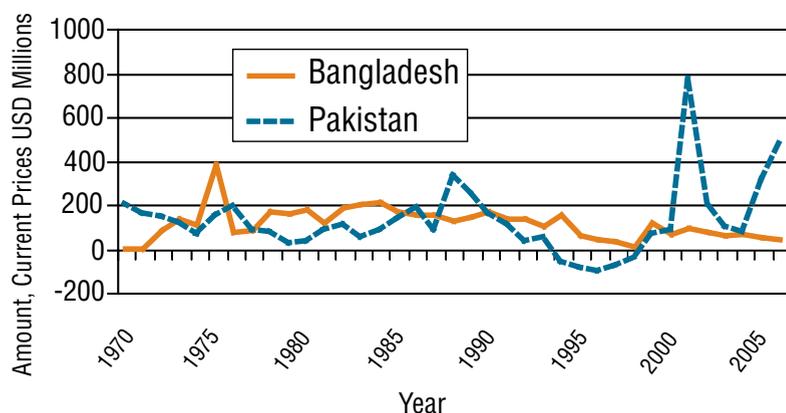
Such a large amount of U.S. assistance since 2001 is consistent with the history of U.S. engagement with Pakistan. The early 1970s saw a relatively high level of U.S. assistance because the Nixon administration needed Pakistan as an intermediary for its China opening and a counter to Soviet influence in India. When the geopolitical need passed, assistance levels fell. U.S. assistance spiked again in the 1980s as Pakistan served as a base for efforts to oust the Soviets from neighboring Afghanistan. When the Soviets departed, U.S. assistance plummeted and dried up completely after Pakistan successfully tested a nuclear weapon in 1998. Now it's back up. Although clearly a number of other factors have prevented Pakistan from making sustained progress on development, one contributing factor is the "on again, off again," politically-based nature of U.S. assistance.

A comparison with Bangladesh, a much poorer country, makes the point about consistency very clearly. Both countries have enjoyed roughly similar rates of per capita economic growth (4.9 percent in Bangladesh vs. 4.1 percent in Pakistan during 2005-2006), but Pakistan's infant mortality rate, 84 per thousand, is 60 percent higher.<sup>6</sup> Pakistan's rate of child malnutrition remained constant between 1990 and 2006, while Bangladesh reduced its rate by almost one-third. Bangladesh has more girls in school and a higher primary school completion rate.

Unlike in Pakistan, U.S. engagement in Bangladesh has been based almost entirely on a development rationale—reducing hunger and poverty by ensuring adequate health care and family planning services, improving access to education, increasing agricultural productivity, supporting rural infrastructure development, and promoting gender equity. The United States has maintained a stable, consistent development assistance program in Bangladesh virtually since the country's independence in 1971. Assistance over the past 10 years has averaged \$75 million annually and has never fallen below \$23 million.

**Development assistance programs, designed to reduce poverty and encourage economic growth in low-income countries, include programs for agriculture, health, family planning, education, the environment, and democracy and governance.<sup>7</sup>**

Figure 2: U.S. Aid Flows to Pakistan and Bangladesh (1970-2006)



Source: OECD Data. DAC ODA Total Net Disbursements by Donor Country, April, 2008.

It is extremely difficult for assistance programs to make progress on development challenges in the absence of a long-term commitment, something that has largely been absent in Pakistan. Given the history of dramatic increases and cuts in U.S. assistance, all governed by political considerations, Pakistani policymakers and the public might well be justified in concluding that our “assistance” is really more about us than them.

## Who Gets Assistance?

The largest recipients of U.S. foreign assistance tend to be countries where U.S. political interests are centered. Table 1 shows the top 10 recipients of U.S. assistance in fiscal year (FY) 2007, along with their per capita income and per capita assistance measured in dollars. One could certainly argue that Afghanistan, a desperately poor country, merits generous development

assistance. But in spite of its poverty, Afghanistan was “off the radar screen” for foreign assistance until it became a security interest in 2001.

As shown in the table, Iraq reconstruction is a high priority. Sudan makes the top 10 primarily because of a massive humanitarian program underway there, but there are also U.S. political interests: the country is sitting on large oil reserves.

Forty-four percent of U.S. foreign assistance spending goes to just six countries, all allies in the war on terror or the war on drugs.<sup>7</sup> The top 10 include some relatively high-income countries (Jordan, Egypt, Colombia).

Elevating national security to the top of the priority list skews foreign assistance in the direction of immediate crisis situations and/or governments that support U.S. security priorities. Development and poverty reduction are clearly not the main objectives.



**Table 1: Top Ten U.S. Aid Recipients, FY 2007<sup>8</sup>**

	Total FY'07 Aid Allocation <sup>9</sup> (\$ thousand)	Aid Allocations per capita (\$)	GNP per capita
Iraq	1,926,800	68.80	..
Afghanistan	1,538,277	49.60	..
Sudan	497,125	13.40	1,880
Ethiopia	470,535	6.45	780
Colombia	469,858 <sup>10</sup>	10.21	6,640
Egypt	455,000	6.00	5,400
Pakistan	411,362	2.60	2,570
Jordan	255,300	42.55	5,160
Tanzania	245,597	6.29	1,200
Zambia	234,265	19.50	1,220

Martin Lueders

## Development Assistance: Background and Structure

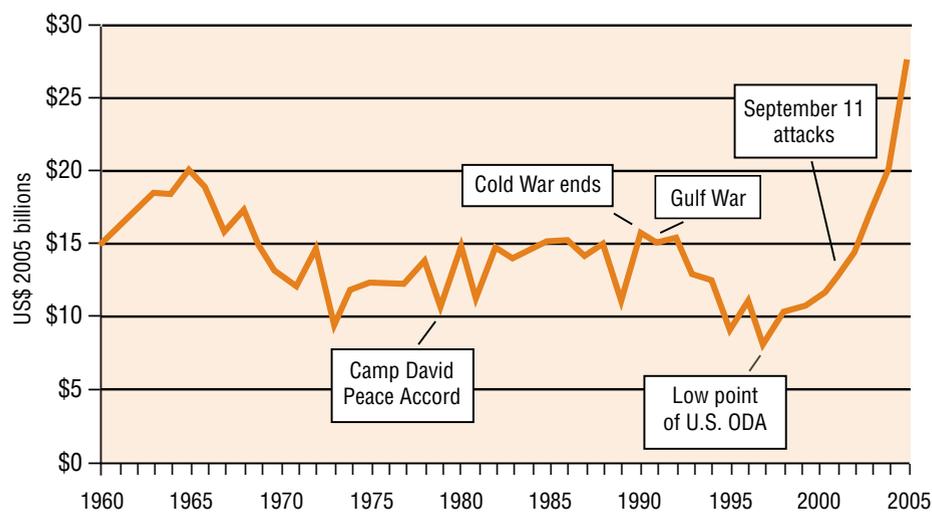
U.S. foreign assistance in its current form dates back to the Foreign Assistance Act (FAA) of 1961. At the height of the Cold War, the Kennedy administration used the FAA to lay out U.S. national security and development objectives. In 1961, the nexus between security and development was viewed in simple terms: countries marked by poverty and hunger were breeding grounds for communism.

Development assistance gave the United States another foreign policy instrument to prove to countries on the fence that capitalism was superior to communism. Even in 1961, this was not a brand new way of thinking. This was a primary motivation for the U.S. reconstruction of most of Western Europe and Japan after World War II, and it paid off: U.S. development assistance created strong allies, thriving markets for American goods, and a broad reflection of our democratic ideals.

The FAA established the U.S. Agency for International Development (USAID) as the principal office to implement development assistance. USAID brought together disparate programs from various agencies and departments, with the U.S. State Department providing overall policy guidance. This structure remained largely intact through the end of the 1980s. In addition to USAID, the Peace Corps channeled the idealism of young Americans into the most remote areas in the world. Indeed, these were heady times for American idealism and America's image abroad.

One of the main issues for U.S. development assistance through the 1960s and early 1970s was widespread fears of persistent famine in the developing countries of Asia. This led to the effort known as the Green Revolution, discussed in Chapter 2. Latin America presented a different set of challenges, Africa yet another, but wherever one turned, it was possible to find U.S. development assistance making a difference in the lives of poor people. In some cases, the United States supported countries headed by dictators or others with poor human rights records and weak accountability, and U.S. diplomats seemed to turn a blind eye to many of their unsavory practices, but U.S. development workers continued to have the respect of the people they served.

Figure 3: U.S. Net Official Development Assistance, 1960-2005



Source: DAC Online. Reprinted from InterAction, *The United States and the MDGs*, 2007.

With the end of the Cold War came a new wave of U.S. assistance programs designed to support economic stabilization and democracy in Eastern Europe and the former Soviet Union. Once again, it made good sense to offer help to former enemies. These programs were implemented primarily by USAID but also by other departments and agencies. U.S. foreign policy—and thus development assistance—was entering a new age. Without the clear focus provided by the Cold War, development was being reinvented. The changes were reflected in a decline in funding, a preference for short-term reactive approaches, and a growing number of actors doing work that had formerly been under USAID jurisdiction.

This proliferation of actors doing work related to development has

continued through the eight years of the George W. Bush administration. As Brookings Institution scholar Lael Brainard points out, there are now roughly 50 “foreign assistance objectives” and 20 U.S. departments that provide assistance (with many more agencies and fiefdoms within those organizations), resulting in an organizational chart of stunning complexity.<sup>11</sup> The fragmentation of responsibility for development not only limits the effectiveness of assistance but also makes it extremely difficult for the United States to coordinate and collaborate with the rest of the donor community.

Because there is no single agency or person responsible for all U.S. development programming, it is unclear who speaks on behalf of U.S. development assistance. Is

it the Secretary of State, the Administrator of USAID, the Global AIDS Coordinator (the head of the single largest U.S. government program), or the Treasury Secretary (who oversees U.S. relations with the World Bank)? Who represents the U.S. government in negotiations with other development agencies? The United States has agreed to work with other donors to achieve “more harmonized, transparent, and collectively effective” programs.<sup>12</sup> But the prospects for doing this are remote if there is no way to determine basics like who is responsible for which development priorities.



Margaret W. Nea

# Poverty Breeds Insecurity

by Susan E. Rice

Basic intuition suggests that pervasive poverty and grotesque disparities breed resentment, hostility, and insecurity. Nevertheless, a significant amount of punditry and even academic effort has been devoted to discrediting the notion that poverty in other countries has any security consequence for Americans. The most frequently invoked canards draw on oversimplified truisms, such as that poverty does not cause terrorism because the 9/11 hijackers were mainly middle-class, educated Saudis; if poor people were prone to be terrorists, then Africa and not the Middle East would be the hotbed of terrorism; and poor people are too busy just trying to survive to do anyone harm. All these statements are superficial and flawed, but assume for a moment they are true. Assume that an individual's economic impoverishment has nothing to do with his or her decisions about whether or not to engage in acts of violence. Would that be a rational basis for concluding that global poverty has no security significance to the United States? Some would have us believe so, but they would be mistaken.

For even if poverty at the individual level were of no security significance to the United States and other developed countries (dubious though that proposition is), poverty is highly significant at the country level. Poor states typically fail to meet the basic needs of

many of their citizens—for food, clean water, health care, or education. The same poor states that cannot fulfill their core responsibilities to provide security or sustenance to their own people may also fail to exercise effective sovereign control over their territory. Poor states often lack the legal, police, intelligence, or security sector capacity to control their borders and remote areas and to prevent plundering of their natural resources.

The fact that the impact of poverty and weak states on U.S. and global security is not simple, linear, or necessarily swift does not make the linkage any less real or significant. Efforts to illuminate the complex relationship between poverty and insecurity may be unwelcome to those who want assurance that global poverty and U.S. national security are unrelated. Yet we ignore or obscure the implications of global poverty for global security at our peril.

*Susan E. Rice is a former assistant secretary of state for African Affairs in the Clinton administration. The article was excerpted from a longer study published in *Too Poor For Peace?: Global Poverty, Conflict, and Security in the 21st Century*, edited by Lael Brainard and Derek Chollet and published by Brookings Institution Press, 2007.*



Jim Stipe

# U.S. Government's Primary Development Responsibilities

## Executive Branch

### Dept. of State:

Provides policy guidance to USAID. Global AIDS coordinator reports to the Secretary of State. Secretary of State chairs MCC Board.

### Dept. of Defense:

Delivers assistance in insecure environments and increasingly in politically sensitive areas.

### Dept. of the Treasury:

Manages U.S. contributions to UN agencies and multilateral development banks and debt relief.

### Dept. of Agriculture:

Funds all food aid programs.

### Millennium Challenge Corporation (MCC):

Provides significantly increased resources to countries below a certain income threshold whose governments are investing in human development and generally demonstrating good governance.

### U.S. Global AIDS Coordinator (PEPFAR):

Manages the President's Emergency Plan for AIDS Relief (PEPFAR), an initiative for the prevention and treatment HIV/AIDS, including combating tuberculosis and malaria.

### US Agency for International Development (USAID):

Funds and administers three major accounts.



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**Title II (Food for Peace):** Funds the bulk of U.S. commodity food aid. Consists of both emergency response and development food aid; the latter uses U.S. agricultural commodities to support development projects, primarily in agriculture and food security. Shares responsibility for managing Title II with USAID.

**Food for Progress:** Provides U.S. agriculture commodities to developing countries and emerging democracies committed to introducing and expanding free enterprise in the agricultural sector.

**McGovern-Dole International Food for Education:** Funds, primarily in the form of agricultural commodities, school feeding programs designed to enhance school attendance and learning potential of children.

**Development Assistance:** Fosters sustainable economic growth in such areas as agriculture, education, water and sanitation, environment, trade and investment, democracy and governance.

**Child Survival and Health:** Combats infectious diseases and also promotes child and maternal health, family planning and reproductive health.

**International Disaster and Famine Assistance:** Responds to natural and manmade disasters.

# U.S. Government's Primary Development Responsibilities

## Legislative Branch

**House Financial Services Committee:**  
Authorizing committee for World Bank and other multilateral financial institutions.

**House Foreign Affairs Committee:**  
Authorizing Committee for all foreign assistance except food aid. Shared responsibility with House Agriculture Committee regarding food aid.

**House Agriculture Committee:**  
Authorizing committee for food aid, shared with House Foreign Affairs Committee.

**House Appropriations Committee:**  
Proposes funding levels within parameters determined by authorizing committees.

**Senate Foreign Relations Committee (SFRS):**  
Authorizing Committee for all foreign assistance except food aid. Includes multilateral financial institutions.

**Senate Agriculture Committee:**  
Authorizing Committee for food aid.

**Senate Appropriations Committee:**  
Proposes funding levels within parameters determined by authorizing committees.



Todd Post

## Development Assistance at the Dawn of a New Century

After the terrorist attacks of September 11, 2001, the Bush administration articulated a national security policy that named development as one of its “3 Ds,” along with defense and diplomacy. Once again there was recognition that poverty and hunger are catalysts of instability. Overall foreign assistance funding more than doubled between 2001 and 2007. However, inserting development into a national security policy did not improve the structural problems noted above. Nor did it address the disproportionate focus on defense among the “3 Ds.” In fact, defense outweighs development in the federal budget by a staggering 50:1.<sup>13</sup>

9/11 showed Americans that we ignore failed states at our peril. In Afghanistan, for instance, the development challenges are daunting but the stakes couldn’t be higher. The dynamics are not the same as during the Cold War. The disaffected people that the United States needs to reach—for our own security—do not have another world power or economic model to turn to. Rather, resentment and bitterness boil over among people who have been spurned by global capitalism and shut out of the great growth in global wealth. They may feel as if the world does not respect them, treating their culture, politics, and economy as irrelevant. Fragile states, vulnerable to extremist ideologies, are the result. We understood this before 9/11, but



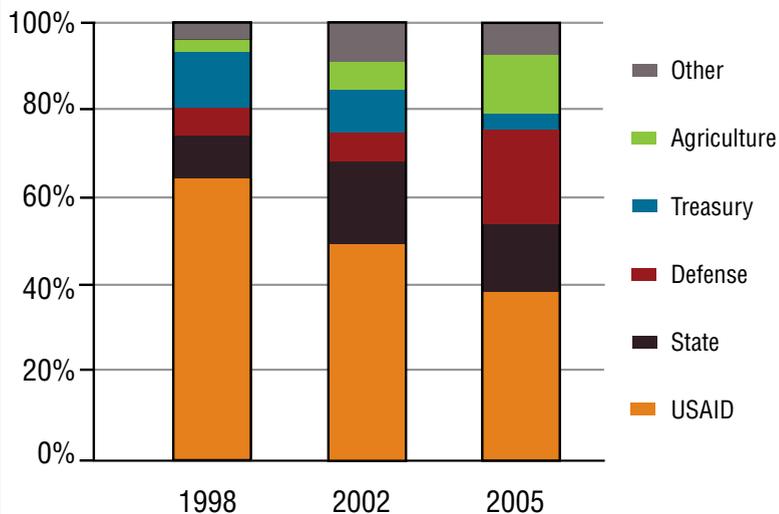
many Americans didn't see clearly how the consequences affect us until that tragic day.

Under the Bush administration, development has increasingly been seen through a military and security lens. This is sometimes referred to as the “securitization” of foreign assistance.<sup>14</sup> For example, the U.S. Department of Defense (DOD) managed only 6 percent of U.S. development assistance in 2002—but more than 20 percent in 2007.<sup>15</sup> While much of this increase is for operations in Afghanistan and Iraq, there are indications that DOD is also moving to fill what it sees as a vacuum in development activities in other countries deemed fragile or at risk. Most of these countries are in Africa. Here, DOD is carrying out activities that have traditionally been the responsibility of USAID, such as building schools, clinics, water systems, and roads.

Who is doing development work is not an insignificant matter. Given the history of many developing countries, the image of people in military uniforms coming into villages to build a well or extend a road does not always elicit trust or cooperation. Again, though, in many cases DOD is doing development work by default, in the absence of USAID capacity to take on these responsibilities. This has been pointed out by Defense Secretary Gates on several occasions, perhaps most notably in his remark that there are presently more musicians in military bands than foreign service officers in USAID and the Department of State.<sup>16</sup> USAID has lost one-third of its Foreign Service officers in the past 10 years, meaning that its capacity for country-level analysis and collaborative work with host country institutions is vastly diminished. Such expertise takes years to develop, in addition to specialized training, and cannot simply be outsourced to contractors or conveyed in short training sessions.

While DOD is expanding its work in the traditional development arena, USAID programs appear to be increasingly driven by security concerns. As an indication of how entangled development and security have become, the Department of State/USAID Joint Strategic Plan FY 2007-12 defines Strategic Goal 1 as “Achieving Peace and Security,” and includes such strategic priorities as counterterrorism, weapons of mass destruction, security cooperation, conflict prevention, and transnational crime.<sup>17</sup> All of these are important foreign policy objectives, but not what one would usually consider development. “Investing in People” and “Promoting Economic Growth and Prosperity,” the traditional goals of development, are relegated to Strategic Goals 3 and 4.

**Figure 4: The Changing Management of U.S. Official Development Assistance**



Source: OECD (2006), DAC Peer Review of the United States. Reprinted from InterAction, *The United States and the MDGs, 2007*.

## Two Steps Forward for Development—and for Global Security

The Bush administration has added two major new programs to the U.S. development assistance portfolio: The Millennium Challenge Account (MCA) and the President's Emergency Plan for AIDS Relief (PEPFAR). These came in the wake of 9/11 and reflect the administration's heightened awareness about the interconnectedness of poverty and global security.

In launching the MCA, the president explicitly made the connection between poverty and fighting terrorism: "We also work for prosperity and opportunity because they help defeat terror. Yet persistent poverty and oppression can lead to hopelessness and despair. And when governments fail to meet the most basic needs of the people, these failed states can become havens for terror."<sup>18</sup>

Through PEPFAR, the United States has helped more than two million people, most of them in Africa, to get on lifesaving anti-retroviral medication. In Africa, neither the burden of HIV/AIDS nor the threat the disease poses to the stability of the continent can be overstated. The establishment of PEPFAR reflects the U.S. government's recognition of the transnational threat posed by global pandemics. "The surest long-term strategy for addressing transnational threats is to promote the health, stability, and economic well-being of developing nations, and confronting HIV/AIDS is at the heart of this strategy," explained Mark Dybul, U.S. Global AIDS Coordinator, in 2007 congressional testimony.<sup>19</sup>

**The Millennium Challenge Account (MCA)** is an innovative program and a pronounced break from the way the United States has traditionally provided development assistance. It is designed to respond to good governance, promote country "ownership" of projects, and ensure a reliable stream of funding for three to five years. The MCA meets most of the components of effective development assistance as discussed in Chapter 2, and which are so often lacking from other U.S. development programs. At a time when the MDGs and numerous independent studies of aid effectiveness call for greater country

and local level "ownership" of foreign assistance, with the exception of the MCA, the U.S. government has been moving in the opposite direction.

Countries that receive MCA funding are selected based on a set of independently established social, economic and governance indicators. Those that meet the criteria are invited to submit proposals for major grants, or "compacts," that are designed to have a transformative effect on reducing poverty. So far 16 countries have signed compacts and funding has averaged roughly \$1.5 billion per year over the past four years.

A new organization, the Millennium Challenge Corporation (MCC), was established to run the program. MCC procedures call for proposals to be developed in consultation with civil society, including non-governmental organizations and the private sector. Upon approval, the recipient countries are then responsible for implementation. In return, the MCC demands greater accountability for achieving results.

This innovative program got off to a slow start, and the process of putting developing countries in the driver's seat in planning and implementation is taking longer than originally anticipated. Despite delays, the MCA is being closely watched for its potential relevance as a new model for development assistance.

**The President's Emergency Plan for AIDS Relief (PEPFAR)** was announced in the President's 2003 State of the Union Address and enacted later that year. The initiative resulted in an increase in U.S. funding for international HIV/AIDS from \$5 billion to \$15 billion over five years, with a focus on 15 countries suffering high-infection rates. Most of the countries are in sub-Saharan Africa, but also includes programs in Haiti and Vietnam.

PEPFAR, unlike other development assistance programs, is highly focused, with reliable funding, clear objectives and verifiable indicators of effectiveness (e.g., number of people receiving anti-retroviral

therapy). PEPFAR is administered by a special Office of the Global AIDS Coordinator in the State Department.

The concern with PEPFAR is that its approach is overly narrow, and that in the Washington budget battles it has served to “crowd out” funding for other

complementary programs, for example, economic development, water and sanitation (the absence of which claim many more lives each year than HIV/AIDS) or governance.

## **Consultations at Work: Groundbreaking Discussions about Poverty in Ghana**

*by James F. Bednar, MCC Resident Country Director*

The consultative process involved in the development of Ghana’s Millennium Challenge Account (MCA) compact took into account the key principles of country ownership and civil society participation as outlined in the Millennium Challenge Corporation’s (MCC) standard for developing a grant proposal. Over 1,200 direct participants representing more than 150 civil society, private sector and government entities took part in these consultations from May 2004 to June 2005.

The Government of Ghana held these consultations across the length and breadth of the country. More than 30 consultative meetings were held, with an average participation of about 40 stakeholders. A variety of stakeholders who took part in these consultations included policy makers, agricultural industry players, farmers, farmer-based organizations, exporters, industry associations, environmental groups and organizations, gender organizations, the media, and other civil society organizations. The consultative processes consisted of presentations, open discussions, group work, plenary discussions, and question-and-answer sessions.

The consultation process leading to the development of Ghana’s compact engaged stakeholders at both the national and local levels. Additionally, there were functional consultations as well as industry-level meetings and workshops. Other stakeholders—the print and electronic media, women, and the legislature—were given the opportunity to offer feedback and received briefings on the process. This strategy was adopted so that the process could cover and represent inputs from a larger cross section of stakeholders.

As planned activities took shape, the Government of Ghana and MCC would jointly study their feasibility and agree to implementation approaches. When these approaches were determined, further stakeholder consultations were held to ensure that interested parties were kept continuously informed. The outcome of this process is that Ghana’s press now actively monitors and reports on compact performance, as demonstrated by the numerous articles printed on the topic every month.



Alliance to End Hunger

## More and Better Development Assistance

The United States spent \$21.753 billion on official development assistance in 2007, more than any other country in the world. When measured as a percentage of Gross National Product (GNP), however, the United States ranked second from the bottom among rich countries. The share of GNP spent on development assistance in 2007 was just 0.16 percent. U.S. official development assistance hovers around this level from year to year.

An increase in U.S. development assistance is essential to help meet the urgent needs of the poorest countries. Countries struggling with extreme poverty do not have the resources to adequately finance their own development. Around the world, U.S. development assistance has made a tremendous difference by helping to improve the lives of millions of people in poverty, and it can do still more good. Every dollar spent has the potential to go a long way. One well dug to provide clean drinking water to a village may cost a few hundred dollars, but the benefits far exceed that sum in terms of improving people's health, increasing the productivity of workers, and allowing girls to attend school rather than walking hours each day to find other sources of water. The United States can't end global poverty on its own, but it shouldn't underestimate how much good it can do.

Just as important as *more* spending on development is *better* spending. Naturally, it makes sense to focus on doing a better job with the resources we have. But what does "better" development assistance mean? One key element is allowing developing countries to have more of a say in how U.S. assistance is used. Currently, priorities are largely determined in Washington rather than through dialogue with the recipient countries. When given the opportunity

to express their own development priorities, poor countries almost invariably opt to put resources into agriculture and infrastructure.

Dictating program priorities from Washington runs counter to what we know about how to deliver effective assistance (see pp. 50-52). "We know what's best for you" doesn't help countries move toward self-reliant, sustainable progress on hunger and poverty. Ensuring that recipient countries can participate in deciding where and how their assistance is used will get better results.

It is understandable that U.S. policymakers and the public worry about corrupt govern-

One of the Millennium Development Goals is equal primary school enrollment for girls and boys.



Margaret W. Nea

ments absconding with resources meant to help poor people. But there is little chance of this happening the way U.S. assistance is currently administered: project-focused (e.g. building a school, providing HIV drugs) and implemented through contractors, international nongovernmental organizations (NGOs) such as CARE, Catholic Relief Services and World Vision, or the many qualified local NGOs that have been equally well vetted. Recipient governments are generally not involved, except that they are expected to guarantee sustainability once the NGOs step aside. Cutting out the host country at the start may help ensure that corruption is minimized, but also makes it difficult, if not impossible, to achieve sustainability and scale up successful development projects.

Working with and through governments, while it can be more time-consuming and difficult to coordinate, is much more effective in building up needed capacity and ensuring that the results are greater than the sum of individual efforts. Of course there will be exceptions—for example, countries with urgent humanitarian needs whose governments have indeed proven corrupt. But by and large, full consultation and participation of host governments should be the goal.

Better assistance also means accepting more flexible uses of resources. U.S. development assistance is structured to address specific issues and accomplish projects with set parameters, so budget accounts are set up to channel program funds into specific line items. Examples of these accounts are Food Aid, MCA, PEPFAR, and Child Survival and Health. The rules are rigid: once money goes into the PEPFAR account, for example, it can only be used for expenditures that fit the PEPFAR criteria for fighting HIV/AIDS. PEPFAR does good work, but one of its shortcomings is this lack of flexibility. As one doctor explained, “Once we get people on medicine, we’re able to get them out of bed and back on their feet. But soon we realize they haven’t got any food, and the success of the drugs depends on good nutrition. We do what we can to get them some food, but then we realize they haven’t got any income to purchase food on their own.”

In a perfect world of development assistance, there would be programs with the mandate and resources to work with people with AIDS to help them earn income to buy food and other necessities. But this isn’t the case: right now, PEPFAR funding dwarfs all other development accounts. We could simply lament the lack of money for nutrition assistance and income-generation activities, or we could press for U.S. development assistance programs to become more flexible. HIV/AIDS is incontrovertibly a serious threat in



As U.S.-based Church World Service partners with Nicaraguan NGO *Acción Médica Cristiana*, development assistance from the United States helps people like Martha Ortega grow food to feed her family.

# Rural Development Means Everything to Afghanistan

by John W. Mellor and Zarmina Said

The war-torn nation of Afghanistan got a strong boost when a democratic government was established under President Hamid Karzai. That good start is now unraveling as the Karzai government inexorably loses support, especially in the rural areas.

Sit with village elders, as we have, and they will tell you that the Karzai government only taxes them. What about all those rural development projects, we ask? Oh, they say, that is the work of the foreign NGOs (they even know the acronym for nongovernmental organizations), not the Karzai government.

Indeed, foreign NGOs (and private contractors) are now largely implementing rural foreign aid projects, and they do so by hiring Afghan experts often lured from government positions with high-paid consultancies. This approach denies the Afghan government its best people, and fosters a self-fulfilling prophecy of government incompetence.



Martin Lueders

A window of opportunity still exists for achieving political and economic success and enabling Afghanistan to stand on its own. There is no quick fix, but starting the task is urgent and the window of opportunity may soon close. An objective of U.S. foreign assistance programs must be to facilitate support for

and legitimacy of government so that it can deliver on its promises. Foreign assistance can play a critical role in reconnecting the Afghan government with the Afghan people.

The Afghan Government has a detailed, comprehensive master plan for agriculture—and it is a good plan—which receives essentially no support from the United States or other donors. The current style of our foreign assistance focuses on a plethora of small, uncoordinated, geographically delineated projects that do not add up to national impact.

The master plan targets the basic cereal crops grown by essentially all farmers—a critical emphasis in the current context of rapidly rising food prices. Moreover, it tackles the complex set of essential policies, private and public institutions, and investments needed for rapid growth in high-value commodities that provide a profitable alternative to poppies. Afghanistan has huge potential markets in India for high-value products (almonds, pomegranates, apricots, grapes, raisins) that compete with poppies in income. A threat to destroy poppy crops before massive planting of highly profitable alternatives further alienates the influential rural leaders from their government.

The middle farmer, with one to 20 hectares of irrigated land, dominates poppy production. A prospering middle farmer spends the bulk of additional income on the locally-produced goods and services that employ the poorer half of the rural population. Thus a government that helps the middle farmer not only makes political hay but also breaks the back of poverty.

The U.S. military recognizes the importance of raising the incomes of rural people and providing an alternative to poppies. That is not happening and the military do not know how to do it. We need to focus on development in rural areas, where 90 percent of the people, the entire enemy, and all the poppies are

located. That means a massive rural public works program to provide employment while building rural roads and irrigation systems, all while the high-value alternative products are put in place. The high-value crops can only expand where good roads exist, so road construction must be greatly accelerated. It is criminal that after seven years the physical infrastructure (roads, electricity) is far from reconstructed. But immediate results can occur where roads are already rehabilitated.

Finally, all rural development efforts must work through Afghan counterparts in national institutions and ensure that the staffs of those institutions take over completely within a few years' time. NGOs can work effectively in that context, but only if the contracting rules under which they operate are changed. With that radical change, Afghans would, in the short run, see that their government was still in the business of providing services; and in the long run they would see this as a self-sustaining reality. These are vital complements to armed provision of security. Failure to act will only mean that insurgencies will spread, poppy production will flourish, the current critical food situation will worsen, and growth and poverty-reduction efforts will flounder.

We need to support the government's efforts in the execution of its agricultural plan and focus on building national institutional capacity. This will strengthen the Karzai government, which is rapidly losing support—and there is no real alternative except the Taliban.

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Africa and around the world. But treating it strictly as a health problem misses its multiplicity of impacts.

Throughout this chapter we've been using the term development assistance broadly to describe the breadth of U.S. development programs, but Development Assistance is also a specific account in the budget, a catchall that may be used for a range of issues, including agriculture. The problem is that the funds in the Development Assistance account are completely inadequate for the task of promoting broad-based, sustainable development.

The Development Assistance account has been hobbled by indiscriminate earmarking by members of Congress. Earmarks are used to direct assistance to specific programs or countries. They turn the budget process into a struggle over which program or country can get the biggest and strongest earmarks. The earmarks are invariably well-intentioned and perhaps individually justifiable. No one would argue that assistance for potable water, microfinance, childhood immunization, women's education, or biodiversity is not worthwhile. But there is an "opportunity cost" to every earmark. Because the Development Assistance account is so limited, mandating more funding for microfinance, for example, means that other worthwhile programs have to make do with less. Thus, earmarks interfere with implementing a coherent strategy for development assistance, with competing needs and priorities taken into account.

## A Model for a U.S. Department of Development

In 1997, the incoming Labor government in the United Kingdom (UK) established a new, cabinet-level Department for International Development (DFID), with responsibility for all aspects of UK development policy under the leadership of a designated cabinet minister. DFID's status as a full member of the cabinet ensures that development issues are considered in the formulation of other policies. Where and how UK development funds are disbursed is now entirely the responsibility of DFID.

By law, all UK development assistance must either further sustainable development or promote the welfare of people and contribute to the reduction of poverty. Political and economic considerations are not part of DFID's decision-making. Instead, the MDGs figure prominently as an organizing framework for country

and regional programming. Currently, 90 percent of DFID funding is spent in poor countries.

All U.K. development assistance is now “untied” and non-earmarked. This gives DFID an extraordinary amount of flexibility. For instance, when procuring food aid, DFID can buy food from sources much closer to the country where it is needed—delivering the food more quickly and cheaply while benefiting the food-supplying country as well. The contrast with the United States couldn’t be starker: almost all U.S. food aid must be purchased in the United States and delivered on U.S.-flagged ships. In some cases, this slows the delivery time to countries facing hunger emergencies by months.

DFID has the authority to channel its funds through other donors, thus eliminating the need for maintaining an in-country presence in every sector.

For instance, if DFID and another donor are pursuing complementary programs in the same country, DFID is able to pool its funds with the other’s resources, reducing duplication and demands on the time of development workers on the ground. Meeting the reporting requirements of multiple donors is often a heavy burden for recipient countries. In Vietnam, for instance, officials held 791 donor meetings in 2005 alone, more than two per day, all requiring time that could have been spent on development work.<sup>20</sup>

The development/security nexus is addressed through other consultative mechanisms. There are pooled funds for specific issues, such as a conflict prevention fund jointly controlled by Defense, the Foreign Office, and DFID, in which all parties have

a say in how the funds are disbursed. This guarantees that the development voice gets heard. In the United States, by contrast, there are inter-agency consultative mechanisms, but funds are channeled through specific agencies and departments. There is no way, for instance, to compel the Defense Department to respond to development concerns.

Though challenges remain, DFID is now widely praised as one of the world’s best-run and most focused and capable development agencies. Both developing and donor countries look to it as a model of effective aid administration.

## Elevating Development to be a Primary Goal of Foreign Assistance

The challenges of the 21st century argue for a fresh approach to U.S. foreign assistance. To achieve this, Congress and the new administration should consider establishing a new cabinet-level department for global development. A department that draws in all of the development assistance programs currently scattered throughout the government bureaucracy would produce a



Jim Stipe

Women from a floating village on the Tonle Sap Lake in Cambodia bring their goods to sell at the market.

greater degree of policy and program consistency, and ensure that the development voice is heard at the highest level of foreign policy deliberation.

As more than one observer has noted, “Just as there can be no development without security, there can be no security without development.” Development assistance needs to be a national priority, receiving more than lip service alongside defense and diplomacy. As long as poverty and hunger persist, peace and security are tenuous. Effective development assistance that enables poor people around the world to escape debilitating malnutrition, illiteracy, and disease should be a component of a sophisticated national security strategy.

Elevating development as suggested here would be a vital step forward for the United States in responding more effectively to global hunger and poverty. Making a serious effort to address the root causes of persistent poverty is not only the right thing to do but would improve the United States’ international standing and advance U.S. national interests by improving security around the world. Development assistance must be focused on poverty reduction, with resources equal to the task.

## Key Points in Chapter 4

- Global development and global poverty reduction must be elevated as specific goals in U.S. foreign policy, distinguished from political, military and security goals, with distinct and secure funding.
- Poverty reduction should be the primary focus of U.S. development assistance, with substantially more poverty-focused funding provided to meet commitments related to the Millennium Development Goals.
- Development assistance should be provided in partnership with recipient countries to meet their long-term development goals.
- Civilian leadership in development assistance must be maintained and strengthened, with the Department of Defense limited to its operational strengths in logistics and stabilization.
- An effective, streamlined agency is required to direct all U.S. development assistance, consolidating the plethora of development assistance programs currently spread across 12 cabinet departments and numerous agencies.
- Other U.S. policies (e.g. trade, investment, migration) should be aligned with development assistance goals and objectives to maximize the impact of U.S. development programs.
- U.S. development assistance should be more closely coordinated with other international donors to reduce the burdens on recipient governments as well as the costly duplication of programs.

# Seizing the Moment to Reform U.S. Foreign Assistance

by *Larry Nowels*

*Modernizing Foreign  
Assistance Network*

Today, we have a new opportunity to comprehensively reform and modernize foreign assistance, an opportunity driven by a collection of factors:

- the profoundly altered landscape of global threats in the post-9/11 world;
- a re-definition of U.S. national security that now includes development and diplomacy alongside defense;
- the emergence of multiple new foreign aid actors, led by private foundations and other non-governmental organizations;
- the attention of the Bush administration to expanded and innovative mechanisms in the delivery of aid that nevertheless have made policies less consistent;
- and emerging recognition that global development and poverty reduction are critical in achieving sustainable security and meeting this country's moral responsibilities.

We are approaching a window in time where a new president and a new Congress have the best chance to push through major reform of a policy area that has been long neglected. For nearly two years, the HELP Commission established by Congress heard from scores of foreign policy and development experts who presented varying and sometimes conflicting ideas of how to reform foreign assistance. Nevertheless, one common theme was articulated by all: the status quo is unacceptable.

The path of reform faces considerable challenges, with opposition coming from a number of quarters. To some extent, opposition will grow or

fade based on how the proposed changes take shape: whether new policy strategies are built through the lens of national security or of global development and poverty reduction; whether additional resources are viewed as squeezing out competing demands for domestic priorities; whether the instruments of promoting global development are collected in a cabinet department with a strong, independent voice or are absorbed into the State Department.



Martin Lueders

**Afghanistan, one of the poorest countries in the world, is at the top of U.S. foreign assistance priorities.**

fade based on how the proposed changes take shape: whether new policy strategies are built through the lens of national security or of global development and poverty reduction; whether additional resources are viewed as squeezing out competing demands for domestic priorities; whether the instruments of promoting global development are collected in a cabinet department with a strong, independent voice or are absorbed into the State Department.

## Resource Challenges

Making the case for more foreign aid funding is always difficult, even under the most optimal circumstances. Yet foreign assistance budgets have grown in this decade, fueled by initiatives to counter terrorism, combat HIV/AIDS and other diseases, relieve suffering from natural disasters and conflict, and invest in well-performing development partners. Still, strong consensus remains that American civilian foreign policy tools, including foreign assistance, are inadequately funded.

The scale and dimension of the financial crisis, however, offers a more sobering context within which to argue for more taxpayer dollars spent abroad. Some proposals that seemed achievable only months earlier may need to scale back. It will be critical for those advocating for more investments in global economic growth and poverty reduction to link resource allocations to outcome measurements, close evaluation, and the means to demonstrate results in achieving U.S. priorities and those of our global partners.

## Institutional Challenges

Few will defend the status quo of how the United States structures the organization and delivery of its assistance, activities that are spread across more than two dozen agencies with no single entity responsible for broad strategy design or accountability. Three general options have emerged for re-structuring the fragmented network of U.S. foreign assistance organizations: **1) establish a cabinet Development Department**, on par with the Departments of State and Defense; **2) consolidate and strengthen existing aid agencies** into a strong, independent, but sub-cabinet entity that has a voice at the highest levels of government on all global development matters and greater control over its own resources; and **3) align development more closely under the direction of the Secretary of State**, including the creation of a Deputy Secretary for Development.



Jim Stipe

Emergency aid arrives after the 2005 earthquake in Pakistan.

The more “traditional” foreign policy community will object strongly to a cabinet Development Department as removing a core tool from the arsenal of a coherent and integrated civilian-led foreign policy apparatus. Those favoring the elevation of development as a core element of U.S. national security will argue that direct authority of the State Department will sacrifice long-term economic growth and poverty-reduction strategies to the demands of short-term political and strategic interests. The middle ground may be the least difficult to put in place, but is also sure to face challenges depending on the agency’s governing structure, which programs are integrated, and the lines of authority running between it, the State Department, and the president.

### Leadership Challenges

Even a modest initiative to repair U.S. foreign assistance will require some degree of leadership from lawmakers and executive officials. The more comprehensive the reform package, the greater will be the need for personal involvement of individuals at the highest levels of government. Chairman Howard Berman of the House Committee on Foreign Affairs has indicated that re-writing the Foreign Assistance Act of 1961 will be a top priority in 2009. That is a good start, but others need to step forward, including key senators, leadership in both houses, and Republican members of Congress. Lawmakers can achieve a lot, but core direction should come from the executive branch.

Writing a global development strategy, drafting a new Foreign Assistance Act, and streamlining aid agency structures will require close involvement of top officials in foreign policy departments and the White House.

The most difficult hurdles will require presidential intervention. Making this a priority will be daunting as modernization of foreign assistance vies with more front-burner policy matters like the wars in Iraq and Afghanistan, the financial crisis, and other U.S. domestic problems. But without a coherent, collective effort across the entire government, only changes at the margins can be assured.

### Challenges from Vested Interests

One reason for the fragmentation and inefficiencies in American foreign assistance is the proportion of funds set aside for selected program sectors,



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countries, and institutions that over the years have successfully raised them to a priority and protected status within foreign assistance policy and funding allocations. These earmarks, Presidential Initiatives, and special authorities individually merit attention and serious consideration, but collectively they undermine flexibility, add costs, and erode aid effectiveness.

American farmers and shippers will object to calls for less tied aid. Advocacy groups will argue that their program focus, whether it's education, health, agriculture, democracy, water, or climate change, warrants special attention in new legislation and a global development strategy. Working in unison, these advocates of various interests can achieve a great deal in overcoming some of the most fundamental barriers to more effective and efficient U.S. assistance, as well as benefiting their own priorities. Working as competitors, however, will unravel the process and lead to even greater fragmentation.

These are only some of the challenges confronting proponents of comprehensive reform in U.S. development and humanitarian assistance. Labor unions representing USAID and other foreign assistance personnel will be skeptical of plans for modernizing and building capacity in the workforce and what it will mean for current employees. Some Americans will question whether jobs will be lost to overseas workers who benefit from economic support provided by the United States. But what must be kept in mind is that the current state of U.S. foreign assistance is missing opportunities to promote global economic growth, reduce poverty, and bolster America's moral stature—elements that are fundamental to sustained national security.

*Larry Nowels is a member of the Modernizing Foreign Assistance Network ([www.modernizingforeignassistance.net](http://www.modernizingforeignassistance.net)), a reform coalition composed of international development and foreign policy practitioners, policy advocates and experts, concerned citizens and private sector organizations. Nowels formerly worked at the Congressional Research Service.*



Celia Escudero Espadas

**America's global leadership depends on whether it can deliver effective foreign assistance to meet 21st century challenges.**

In 2005, Hurricane Katrina heightened public awareness of poverty in the United States.



# U.S. Poverty Reduction Brings Development Home



REUTERS/Robert Galbraith

A man clings to the top of a vehicle before being rescued by the U.S. Coast Guard from the flooded streets of New Orleans, in the aftermath of Hurricane Katrina.

**F**or several days, the riveting story unfolding on the news was about poor people literally left behind. Left to drown—or waded in toxic water. Left on rooftops—or in the squalor inside the Superdome. The Lower Ninth ward of New Orleans was a place few Americans had ever heard of, and yet everyone seemed to recognize it as the place where the United States hit rock bottom.

Katrina also drew attention to the shameful failures of government; a veneer was stripped off by the storm. The bungled response was seen as a reflection of the government's failed response to poverty writ large. After all, poor people in the Gulf area had been left to fend for themselves long before the hurricane.

Poverty was not invisible before Katrina, but there was more complacency about it. It was easier to be complicit by ignoring the problem, and it was often expedient to do so. The conditions exposed by Katrina exist elsewhere in the country: on Indian reservations in the Dakotas and Southwest, on the back roads of the Mississippi Delta, in colonias along the Texas-Mexico border, and in other densely packed cities like New Orleans. But New Orleans, if not the center of the storm, was the center of attention.

Organizations already working to raise awareness of poverty might have hoped that the hurricane, tragic as it was, would shake up the status quo. But more than three years have passed since Hurricane Katrina, and little has been done at the federal level to step up efforts to fight poverty in the Gulf or elsewhere around the country.

On the other hand, momentum has been building quietly at the state and local levels, even if there has not yet been a seismic shift. People of faith and goodwill are forming a growing chorus of government officials and policymakers who

want more attention and resources focused on poverty reduction. Forward-looking leaders like Mayor Bloomberg of New York City and a handful of governors and state legislatures have refused to ignore the plight of poor people and have already launched smaller-scale efforts around the country, spurred on by faith-based groups like Bread for the World, Catholic Charities USA, Sojourners, and the Jewish Council for Public Affairs. Setting a national goal to reduce poverty would undergird these efforts, help rally additional support, and spawn fresh initiatives.

We can learn something about fighting poverty from the Millennium Development Goals (MDGs). Poverty is a complex problem, and as we've seen with the MDGs, it cannot be overcome without also redressing inequities in education and access to health care, gender discrimination, and practices that harm the environment. The United States needs a set of goals that are similar in ambition to the MDGs but make sense given our starting conditions.

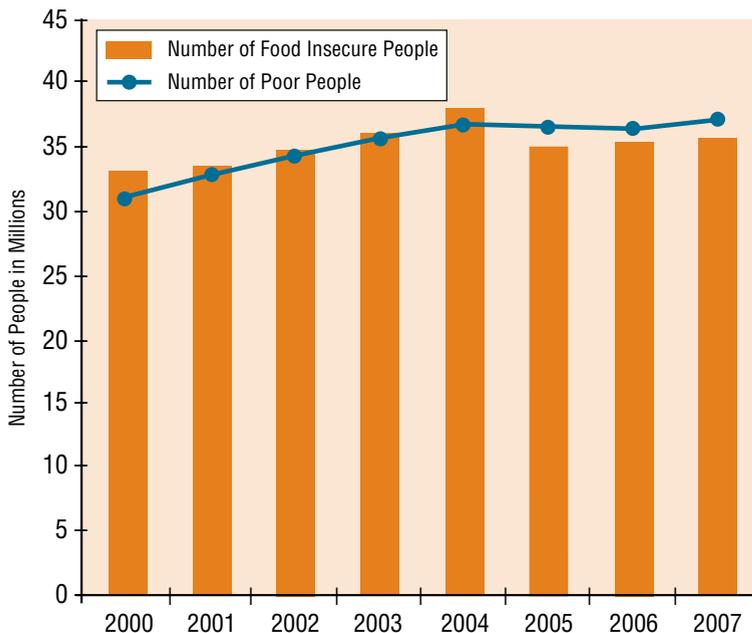
It's important to be clear that such a commitment does not mean a huge, one-shot government program. No government program by itself can lift people out of poverty if they are not prepared to do some hard work themselves. But there are millions of people who are struggling despite their own efforts to do what's right by their families and communities. Because of circumstances beyond their control, they cannot get out of poverty without some help. Whether our society is willing to reach out to offer a hand up speaks volumes about our core values and aspirations as a people.

## Poverty by the Numbers

According to recent government survey data, 12.5 percent of people in the United States are poor. That means that one in eight people you pass on the street today represents someone who is poor.<sup>1</sup> Recent government data also finds that 11.1 percent of households in the United States are food insecure, sometimes called “at risk of hunger.”<sup>2</sup> It is no coincidence that food insecurity rates line up so closely with poverty rates; poverty and food insecurity usually travel together. The MDGs were framed with this understanding—that's why reducing hunger and poverty are grouped together as Goal 1. A complete list of the eight MDGs is available on page 137.

Figure 1 shows U.S. poverty and food insecurity data from 2000-2007. The numbers have scarcely changed. When the data are updated to include 2008, one should expect to see a spike.

Figure 1: Poverty and Food Insecurity in the United States



Source: Census Bureau and USDA, 2008.

# Rising Food Prices and Hunger in the United States

by Sophie Milam

The global food crisis also impacts American consumers. During the last two decades, retail food prices have been quite stable, increasing an average of 2.7 percent per year. But in 2007, grocery prices rose 4.2 percent, the largest annual increase since 1990. Price increases for the first six months of 2008 outpaced the increase in all of 2007. Overall food inflation masks much sharper growth in specific food items, many of them staples for American families. Milk, bread, flour, and eggs have seen double-digit food inflation in the last year.

Low-income families spend a greater share of their household budget on food—17.1 percent compared to the U.S. average of 12.6 percent. Most families can shift spending around to make up the difference, but low-income households have less flexibility to absorb higher food costs, particularly in an economy with increasing unemployment, stagnant wages, and sharply higher gasoline and utility costs.

Rising food prices and the weak economy have increased the number of people seeking food assistance. Participation in SNAP (formerly the Food Stamp Program) approached record highs as the number of families seeking assistance from the program jumped more than 8 percent. Fortunately, SNAP and the school meals programs have entitlement status, which means they can expand to meet rising demand and serve all who are eligible. Other programs, like the Special Supplemental Nutrition Assistance Program for Women, Infants and Children (WIC), receive annual appropriations from Congress and operate on a fixed budget. For these programs, higher costs due to rising food prices limit the number of people the programs can serve—even at a time of greater need.

It is important to remember that higher food prices impact all low-income families, even those who do



Ronnie Bergeron

not qualify for nutrition assistance. Eligibility rules for nutrition programs are largely income-based, so families hit hard by higher food costs do not suddenly become eligible for federal food assistance just because they are spending more on groceries. These families have nowhere to turn but to our nation's food banks, which have reported a 20 percent increase in requests for help. Unfortunately, food banks suffer the same diminished purchasing power as the families they serve. Rising food and fuel costs make it more expensive for food banks to purchase and transport food. And because of the weak economy, private food donations have declined by almost 10 percent. Food banks are left with reduced capacity to serve just when people need help the most.

In the short term, the United States must ensure that nutrition assistance programs have the funding they need to absorb increasing food costs and participation levels, and that benefits keep pace with the price of food. In the long term, we must reevaluate the formula that determines how nutrition assistance programs adjust for food inflation.

*Sophie Milam is a senior policy analyst in Bread for the World's Government Relations department.*

# Poverty in the United States

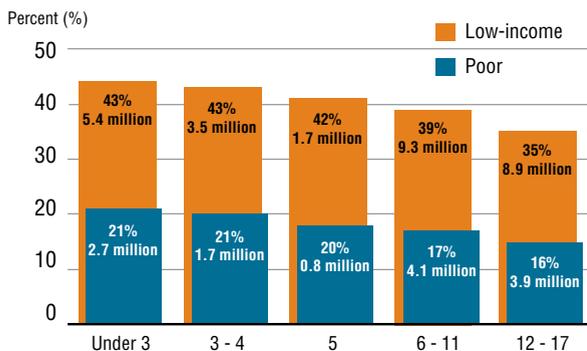
## Over 37 million people in the United States lived in poverty in 2007

- The number of people living in poverty has increased by almost 6 million since 2000. *U.S. Census Bureau, 2008*
- Over 15.5 million people lived below half of the poverty line in 2007. *U.S. Census Bureau, 2008*
- 37 percent of households headed by women with children present lived in poverty in 2007. *U.S. Census Bureau, 2008*
- In 2007, the poverty threshold for a family of four was \$21,203. *U.S. Census Bureau, 2008*

## Children in the United States have the highest poverty rate of all age groups

- Over 13 million children (age 18 and younger) lived in poverty in 2007. *U.S. Census Bureau, 2008*
- The poverty rate for children was 18 percent in 2007—much higher than the poverty rates for adults 18-64 (10.9 percent) and for the elderly (9.7 percent). *U.S. Census Bureau, 2008*
- A family of four generally needs to earn twice the poverty threshold to provide children with basic necessities. *National Center for Children in Poverty, 2008*

**Figure 2: Children Living in Low-Income and Poor Families, by age group, 2007**



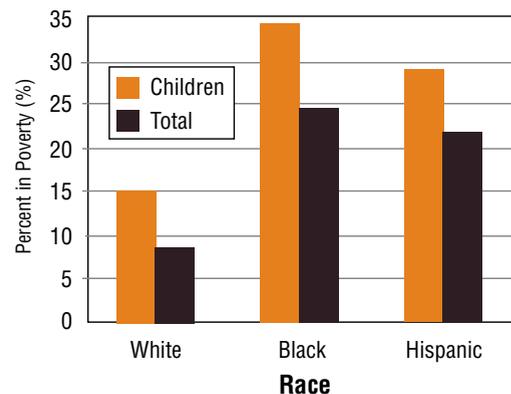
© National Center for children in Poverty (www.nccp.org)  
Basic Facts About Low-Income Children: Birth to Age 18.

## Employment alone is not always sufficient to provide a family's basic needs

- 55 percent of children in low-income families have at least one parent who works full-time, year-round. *National Center for Children in Poverty (NCCP), 2008*
- 36 percent of households receiving emergency food assistance had at least one employed adult. *America's Second Harvest, 2007*
- In 2005, 25 percent of all workers earned a poverty level hourly wage. *Economic Policy Institute, 2008*

## Minorities and immigrants are disproportionately affected by poverty

**Figure 3: Poverty by Race**



Source: U.S. Census Bureau, 2008.

- 24.5 percent of black and 21.5 percent of Hispanic people live in poverty, compared to 8.2 percent of white people. 34.5 percent of black and 28.6 percent of Hispanic children live in poverty, compared to 15 percent of white children. *U.S. Census Bureau, 2008*
- 16.5 percent of foreign born US residents experience poverty versus 11.9 percent of native born residents. This number is particularly high among immigrants who have not naturalized, at 21.3 percent. *U.S. Census Bureau, 2008*

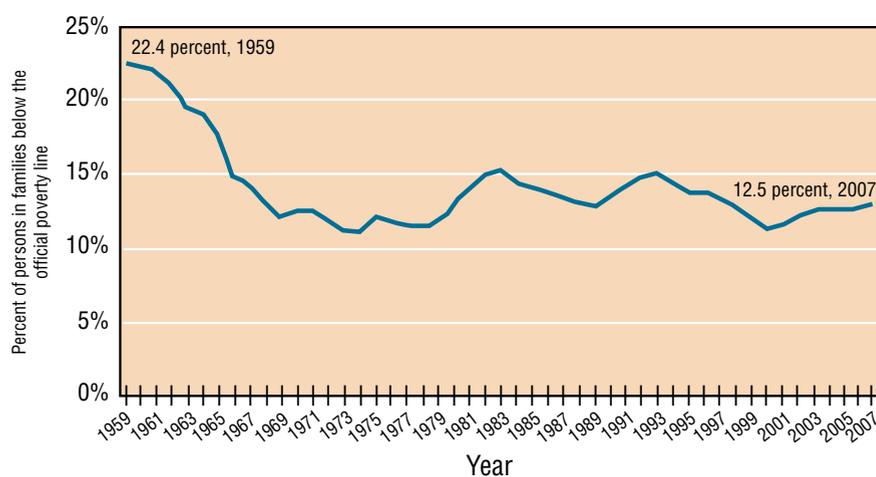
The 2008 data will not only reflect increases in unemployment, but also higher prices for food and fuel, the credit crisis that has trapped millions of low-income families in unsustainable mortgages, and low-income wages that continue to lag behind the cost of living.

Since 1973, poverty rates have remained between 10 and 15 percent (see Figure 4). Meanwhile, the U.S. economy has been growing steadily throughout this period—but it mainly rewards those in higher income groups. The wages of those at the bottom have been eroding over this time, not even keeping pace with inflation. This is an important countertrend that deserves the attention of policymakers, because conventional wisdom holds that everyone stands to benefit in a flourishing economy. It is not because of a weak economy that the poverty rate has not gone below 10 percent, nor is it due to high rates of unemployment. Annual survey data by the Bureau of Labor Statistics show that many poor adults are working, some in full-time, year-round work. The common knee-jerk response to poverty, “Just get a job,” misses the point in this environment.

Figure 4 includes something else that should not be overlooked: the years between 1959 and 1973, when the poverty rate fell by more than half. One reason for this was a strong economy in which the rewards were shared more equitably. Another is the much maligned “War on Poverty,” which included a series of new social programs like Medicare and Medicaid, improvements in Social Security, and an expansion of nutrition programs. The primary beneficiaries were seniors, whose poverty rates dropped from more than 30 percent to less than 10 percent and have remained around there ever since.

President Ronald Reagan liked to say, “The government declared war on poverty and poverty won.” But the truth is that the war on poverty was fought with limited firepower. By the mid 1970s, the country tired of this war. Other priorities replaced it. Since then there have been poverty rates of 10 to 15 percent. But no one should presume that this is unchangeable. If there is any doubt whether we can achieve a significant reduction in poverty, we should simply remind ourselves that we have done it before.

Figure 4: Official Poverty Rate, 1959-2007



Source: U.S. Census Bureau, Historical Poverty Tables.



Clara Natoli

## Poverty in a Rich Country

In 2007, the poverty line for a family of three, with children under 18, was defined as an annual income of \$16,530 or less. For a family of four, also with children under 18, the threshold was \$21,203.<sup>3</sup> Some 13 million children are poor, and there are nearly 29 million who qualify as low-income—four out of every ten children in the United States.<sup>4</sup> A low-income family has an annual income below 200 percent of the poverty line. Nearly 90 million Americans, almost a third of the U.S. population, qualify as low-income.<sup>5</sup>

The difference between being poor and being low income is more subjective than one might think. Low-income families on the cusp of poverty could

easily find themselves worse off than families officially considered poor. For example, a family in San Francisco faces higher living expenses than a family in rural Arkansas, but if the San Francisco family's income puts it above the poverty level, the household doesn't qualify for the same amount of government assistance as the Arkansas family below the poverty line. Which family is better off? Costs of living vary widely across the country—the cost of living in San Francisco is much higher than in rural Arkansas—but the poverty line is set at the same level everywhere.



Richard Lord

**Regional differences in costs of living can find some families earning well above the poverty line, but still they are struggling to pay their bills.**

While data on income and living expenses are important, they provide very little insight into what it feels like to be poor. Families in poverty feel like they are always perched on the brink of disaster. Tiny, inconspicuous hurricanes occur all the time in their lives. One small thing is all it takes to be blown away. One car accident. One medical emergency. One burst pipe. One robbery. One small piece of bad luck.

Living on the edge of disaster means choosing whether to turn off the heat in winter or cut food consumption until spring. It means running home from school because the streets are too dangerous to walk. It means longer commutes to work because it's too expensive to keep a car. It means no one to watch the kids because everyone you know—family, friends, neighbors, church—is living on the edge. It takes stamina to live on the edge and keep going regardless of how exhausted you feel.

Opportunities are denied to people on the edge. Opportunities are denied because the cost of child care is out of sight. Opportunities are denied because few good teachers want to teach at the schools in your neighborhood. Opportunities are denied because the neighborhood has been redlined for so long that no one wants to buy a home or invest there. Opportunities are denied

because the bus route that used to serve your neighborhood has been eliminated to pay for tax cuts that benefit someone else.

Opportunities to interview for a better job are missed because of inflexible work schedules. Opportunities for training and skill development are offered to someone else whose human capital is a better investment. Opportunities are exaggerated by politicians who speak of a growing economy as if everyone were sharing in it equally. Opportunities are weak or illusory when jobs do not pay enough to live on.

Few images of what it feels like to live on the edge show it better than the television images broadcast from Hurricane Katrina. These images stand alongside portraits of Dust Bowl families or breadlines snaking around city blocks in the Great Depression. The television cameras found a family in New Orleans atop the roof of their home, the floodwaters rising, holding a sign that read, “We are Americans too.”

## Who’s Responsible for This Crisis?

During the 1970s, the chance that U.S. adults would spend a year in poverty during their prime wage-earning years was 18 percent. During the 1990s—even though several years were quite prosperous—the chances jumped to 43 percent.<sup>6</sup> Once all the data are in, the 2000s undoubtedly will look more volatile still.

People end up in poverty for a host of reasons. It’s best to resist making snap judgments, because the lens you look through explains a lot of what you see about poverty. Step away from your own microscope, and it’s hard not to see that many factors become intertwined. High child poverty rates in the United States are frequently blamed on the high percentage of children raised out of wedlock—a social phenomenon. But could the eroding wages of male workers with less than a high school education—a labor market condition—make them less desirable as marriage partners? Researchers are finding evidence for this.<sup>7</sup> Declining participation in labor unions, which often win higher wages for their members, could be viewed as a labor market condition stemming from the growth of the global economy, or a social phenomenon caused by rapid advances in science and technology that have automated many low-skill jobs, or a result of government policies favoring business interests over labor—or, more likely, a combination of all of these forces.

It is important to resist facile explanations of poverty based on ideology. Reductions in poverty rarely come about from simple, single-bullet solutions, a la “lower taxes” or “personal responsibility.” Debating strategies to fight



Clara Natoli

**The key to lifting families out of poverty is a good job that pays a living wage.**

poverty is useful but polarization of the issue is not. “Unfortunately, partisan and ideological divisions too often promote one-sided solutions and prevent genuine progress,” observes Christian Churches Together in the USA (CCT), a body of churches and national organizations representing virtually every Christian group in the United States, including Bread for the World. According to the CCT Statement on Poverty, “Overcoming poverty requires both more personal responsibility and broader societal responsibility, both better choices by individuals and better policies and investments by government, both renewing wholesome families and strengthening economic incentives.”<sup>8</sup> It would be hard to find a better way to frame the challenge of overcoming poverty.

For decades, anti-poverty programs have been promoting personal responsibility. In 1996, President Clinton signed into law the most sweeping changes in welfare policy since the Johnson administration, restructuring welfare policy to make work the major condition for receiving government supports. The Earned Income Tax Credit (EITC), for example, rewards poor and low-income families for work by refunding a substantial portion of their income taxes, and the EITC has been a success by lifting more children out of poverty than any other government program.<sup>9</sup> But ultimately, it is also the government’s responsibility to ensure that the most vulnerable are provided for. Low-income seniors are guaranteed government-supported health care, as are disabled people, but nine million children, most of them from poor and low-income families, lack any form of health insurance.<sup>10</sup> Government does act responsibly in most cases, notwithstanding Hurricane Katrina, but so do the majority of poor parents.

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The poverty rate for U.S. women older than 65 and single is 20 percent, almost twice as high as single men older than 65.

## How We Rank Among Our Peers

Earlier in this report, we noted that the world is becoming a smaller place, with the distance between the developed and developing worlds shrinking all the time. But there are still a great many more differences between the United States and Ghana than between the United States and the United Kingdom. It’s easier to draw comparisons between countries that are on common economic ground. In a developed country, poverty is a manageable problem, but some countries put more energy and resources into poverty reduction than others. What can we learn from studying countries with lower poverty rates than ours?

The Luxembourg Income Study (LIS) is the most comprehensive study of poverty and income security across several developed countries. The LIS began collecting data from 21 countries in 1983. Member countries, which include the United States, fund the project through their national science

and social science research foundations.<sup>11</sup> Among LIS countries, the United States has the second highest poverty rate (both for adults and children). Only Mexico has a higher rate.

Because living standards are not the same from one country to the next, LIS does not use an absolute measure of poverty. Instead, LIS sets the poverty line for all countries at 50 percent of median income, what the researchers call a “relative measure.” Interestingly, most people responding to opinion polls in developed countries, including the United States, agree that 50 percent of median income constitutes a reasonable level below which people could be described as impoverished.<sup>12</sup> The U.S. poverty threshold has not reached 50 percent of median income since 1963. In 2000, it sank to an historic low of 27 percent.<sup>13</sup> By this relative measure, many Americans who do not fall below the official poverty line are nonetheless impoverished.

The U.S. government uses an absolute measure to determine the national poverty rate. This is why the official U.S. poverty rate of 12.5 percent is lower than the LIS measure of 17.0 percent. Official U.S. poverty rates are calculated by multiplying an average low-cost food basket by three and then adjusting for household size. But the assumption that poor families spend one-third of their household budget on food has routinely been proven wrong by consumer-spending data. No other country measures poverty this way; in fact, most countries in the LIS use at least 50 percent of median income.<sup>14</sup>

**U.S. voters say they want the government to do more to fight hunger and poverty.**

## Human Development in the United States

In July 2008, the American Human Development Project released *The Measure of America: American Human Development Report 2008-2009*, the first attempt of its kind to construct a human development index for the United States. The report covers three areas that are universal in measuring human development: health, education, and income.

The researchers draw from a range of existing data such as life expectancy, infant mortality rates, and obesity rates; high school and college graduation rates and access to early childhood education; median earnings, unemployment, and income ratios between the rich and the poor. The data are used to produce a human development score that is comparable across countries. The report also disaggregates development scores by gender, race, ethnicity, state, and congressional district.

One learns that Connecticut ranks first among the states, and Mississippi comes in last. The Northeast is the most developed region of the country,

the South the least. Hispanic men are graduating from high school at the same rate as the U.S. population as a whole did in 1960. White men don't live as long or attain as much education as white women, although their incomes are \$14,000 higher. Current average life expectancy in Kentucky's fifth congressional district is the same as for the United States as a whole in the mid-to-late 1970s.

*The Measure of America* is an attempt to reframe the way we think about well-being in the United States. It stretches our understanding of poverty beyond the official government measure of using just income—which remains important, but as the report demonstrates, tells an incomplete story about how the United States is developing.

While the report is a positive step forward, it should be noted that this is not a government report, and federal or state policymakers are under no obligation to address its findings.

All LIS countries spend government resources on social programs to lower poverty rates. The United States spends a significantly lower portion of GDP per capita than other LIS countries, again except for Mexico. “Simply put,” explains Timothy Smeeding, a U.S. researcher working on the LIS, “the United States does not spend enough to make up for low levels of pay, and so we end up with a relatively higher poverty rate than do other nations.”<sup>15</sup>

U.S. policymakers have been loath to increase social spending to reduce poverty rates, but they would do well to pay attention to what has occurred in the United Kingdom. In 1997, the Labor government launched an initiative to eliminate child poverty by 2020. When the campaign began, the child poverty rate in the United Kingdom was roughly equal to the U.S. rate. Since then, the child poverty rate has fallen by a third. How did the U.K. make these impressive gains? One reason is that national leaders at the highest levels of government were behind the initiative, and this was reflected in anti-poverty program spending, which increased by 0.9 percent of GDP.<sup>16</sup>

Much has changed in the United Kingdom since the country adopted the child poverty initiative. But one thing that hasn’t is the commitment to ending child poverty. Labor may well be replaced by the Conservative Party in the next election, but the latter shows no sign of abandoning the initiative, as these remarks by Conservative Party leader David Cameron suggest: “Poverty is not acceptable in our country today. Not when we are the world’s fifth biggest economy...not when we have people who earn more in a lunchtime

than millions will earn in a lifetime...not when we understand so clearly how wealth is created and poverty eradicated. I believe that we can make British poverty history. But only if we have the strength to carry out the radical welfare reform and the social changes that everyone knows we need. So when I say that we can make British poverty history, please do not tell me that it cannot be done.”

## Support for Poverty Reduction and Setting Goals

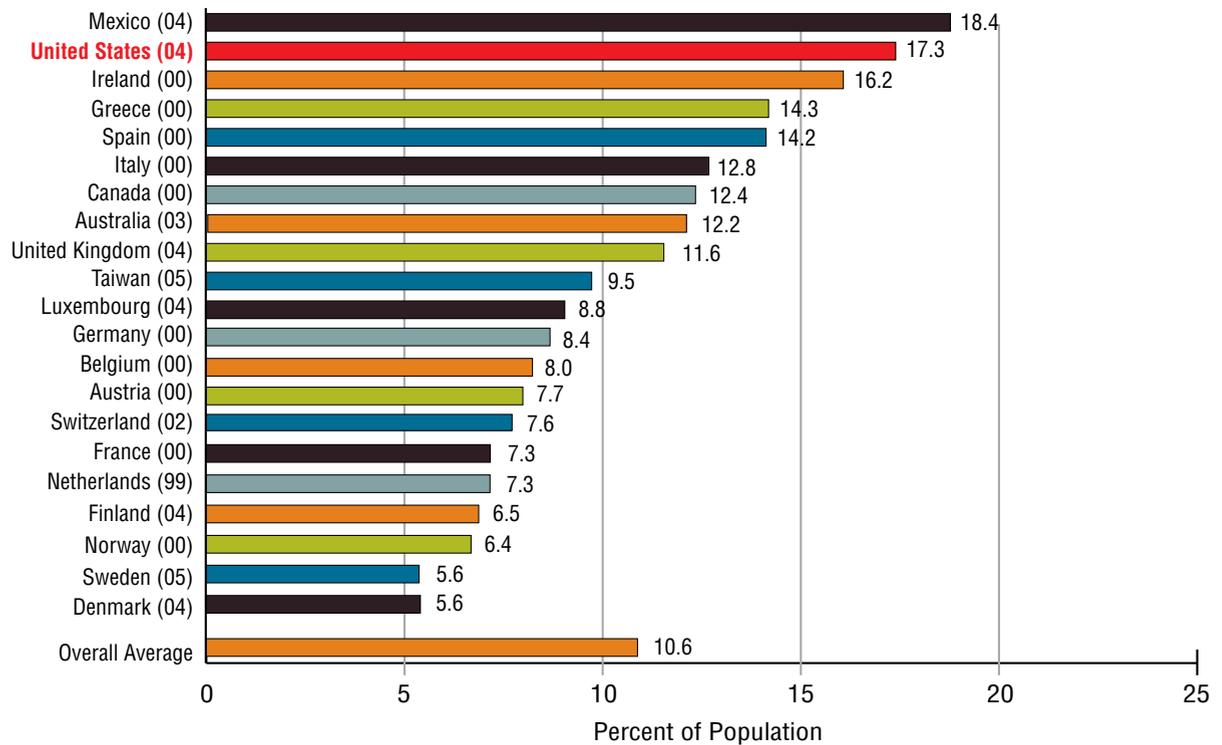
U.S. voters want the government to do more to fight hunger and poverty. Moreover, they say they would approve of increased government spending to solve these problems. Those are some of the findings in surveys of voters in the last year conducted by Spotlight on Poverty and Opportunity and the Alliance to End Hunger.<sup>17</sup> In a July 2008 survey, 28 percent of those surveyed said they worry very much about going hungry or somebody they know



Eugene Mebane, Jr.

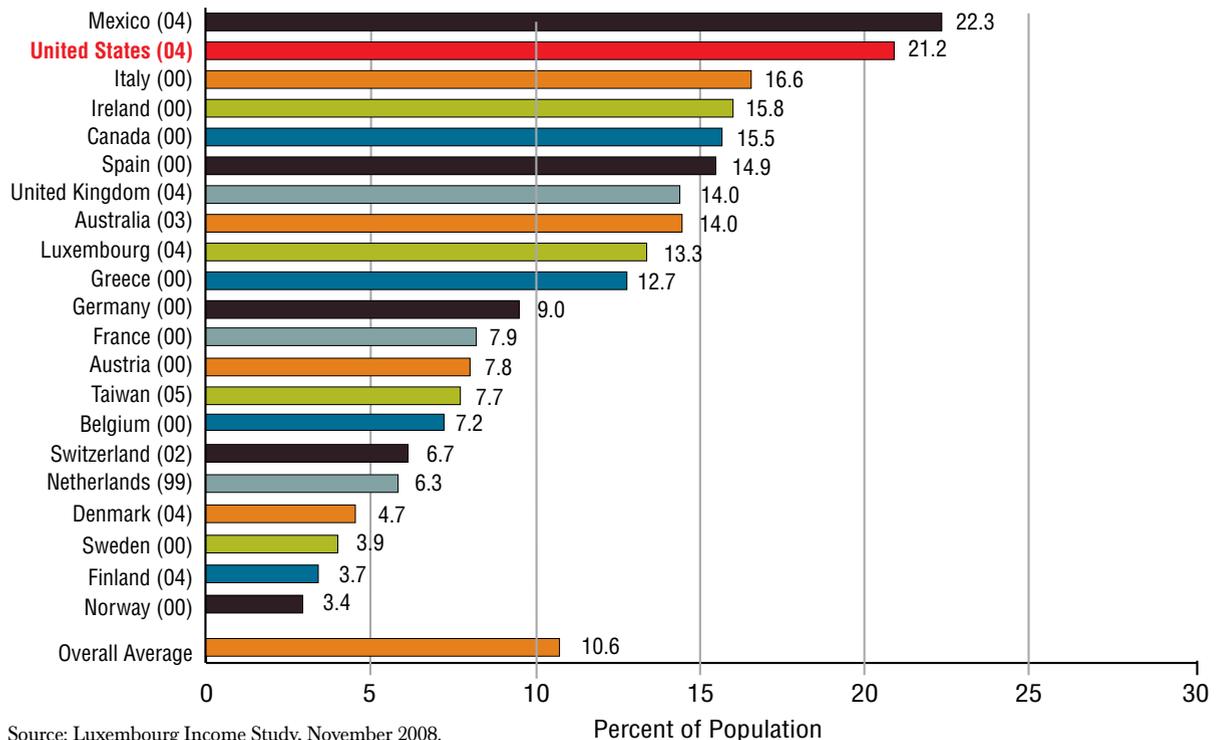
**Figure 5: Relative Poverty Rates, Twenty-One Rich Nations, All Persons**

Percent of all Persons with Disposable Income Less than 50 Percent of Adjusted Disposable Median Income



**Figure 6: Relative Poverty Rates, Twenty-One Rich Nations, Children**

Percent of Children with Disposable Income Less than 50 Percent of Adjusted Disposable Median Income



Source: Luxembourg Income Study, November 2008.

going hungry—and these responses came from a random sample of voters.<sup>18</sup> “The findings of the (July 2008) poll are clear—American voters want our leaders to take action now, before the hunger crisis gets any worse,” said Max Finberg, head of the Alliance to End Hunger.



Not all policymakers are failing to hear the concern. In New York City, Mayor Michael Bloomberg has launched an ambitious poverty-reduction campaign, receiving strong support from residents. In addition to adding 41 new anti-poverty programs, Bloomberg has scrapped the federal poverty measure, using an alternative developed by the National Academy of Sciences in the 1990s. The poverty rate in the city increased when the new measure was applied. Now it represents something much closer to the real cost of living in New York. While some critics have faulted Bloomberg for “increasing poverty”—though only by making the statistics match the daily reality—common sense says you can’t adequately respond to a problem until you know the extent of it.

The New York City anti-poverty initiative is one of several that have been launched

**As the economy falters and budgets tighten, Americans are turning to soup kitchens and food pantries in growing numbers.**

across the country. A total of 15 states have embarked on poverty reduction plans and three have passed laws that set poverty-reduction goals. Connecticut was the first state to do so, enacting a law in 2004 that required reducing child poverty by 50 percent in 10 years. The poverty rate in Connecticut is 7.9 percent, the second lowest in the country, and the state child poverty rate of 11 percent is well below the national rate of 18 percent.<sup>19</sup> But state-level data hides some staggering inequalities, such as in Hartford, New Haven, and Bridgeport, where poverty rates are three and four times higher than in the rest of the state.

So far Connecticut has made little progress. In spite of the slow start, though, nobody is suggesting the battle is over. Setting a goal is the easy part. Building coalitions to gain consensus for lasting changes at the policy level is another matter. It was not until 2007 that the Child Poverty Prevention and Reduction Council delivered a blueprint for action. A Republican governor and a Democrat-controlled legislature have clashed over strategy. The governor refused to raise the State Earned Income Tax Credit that the legislature argues can get the state 60 percent of the way towards the child-poverty goal.<sup>20</sup>

At the national level, pressure is increasing for the federal government to follow the lead of New York City and Connecticut and other states. In 2008, a coalition of advocacy organizations known as Half in Ten began mobilizing public support for setting a national poverty-reduction goal. The campaign supports a plan developed by the Center for American Progress (CAP) that would cut poverty in half in 10 years, mainly by improving existing policies like tax credits, child care, and the minimum wage.

In the 2008 Hunger Report, *Working Harder for Working Families*, Bread for the World Institute proposed setting a goal to reduce domestic poverty and hunger. *Working Harder for Working Families* includes the following main recommendations:

- Establish a poverty-reduction goal and timeline to achieve it.
- Make sure all jobs provide a standard of living above the poverty line.
- Improve federal work-support programs like tax credits, nutrition assistance, and health care for all low-income families.
- Increase ways for families to save and build assets so that they may become economically self-sufficient.

The report focused on working families because one in four U.S. workers has a job that does not pay enough to raise a family of four out of poverty.<sup>21</sup> It might be a coincidence, or it might not, that the Alliance to End Hunger survey cited above found roughly one in four voters worried about hunger. A lasting solution to hunger, like a solution to poverty, means a job that pays a living wage, provides affordable health insurance, and offers other forms of social insurance, such as paid leave and a savings plan for retirement. This should be something a wealthy nation like the United States can ensure for all workers.

We focused on work in the 2008 report because it is the obvious long-term solution to ending poverty and hunger. The United States will always need low-skill workers. Office buildings will always need to be cleaned, fruits and vegetables harvested, food and drink served. The people who do these jobs contribute to society and, like anybody else, deserve a standard of living that allows them to support their families and create opportunities for their children to achieve a better future. People who cannot work because of illness, disability, the need to care for a sick or disabled family member, lack of affordable child care, lack of available jobs, or domestic violence deserve a decent standard of living too; no one in a wealthy country should have to live in poverty. But perhaps the greatest shame, one that is emblematic of much larger economic issues, is that people who are able to work and do work hard may still be living in poverty.



**Families in poverty, especially those with young children, rely on second-hand clothing stores to cut costs and make sure they have enough to pay for food.**

## A National Commitment

To end poverty, we must develop a strategy that both helps those who are poor get out of poverty and eliminates conditions that allow poverty to keep its stranglehold on communities. This requires, first, determining a set of “preconditions for prosperity.” The preconditions should incorporate a holistic assessment of the factors that contribute to a person’s well-being, such

as access to health care, access to services that facilitate work, access to affordable and nutritious food, access to an education that provides both the academic and social foundations for success, and access to financial services that encourage saving and protect against predatory products and practices. Second, it requires developing measurable targets for achieving those preconditions. And most importantly, it requires making a national commitment that holds us all accountable for making progress toward the targets.

If we are to reduce hunger and poverty, everyone must do their part, starting at the top. Congress and the administration must reallocate resources to reverse the shameful trend of growing hunger and poverty. But ending hunger and poverty requires not just that we change course, but that we stay the course once the efforts have begun. Setting a goal to reduce hunger and poverty in a specific timeframe will keep us focused on the target and provide a way to measure progress.

The intractability of poverty is due partly to the fact that there are myriad ways to try to solve the problem. All too often, anti-poverty efforts are stymied by a polarizing debate over which framework provides the best approach for tackling the problem. But no single policy change will end poverty. Instead, reducing poverty requires a commitment to a series of complementary policy changes. This is where goal-setting can help. Focusing on the end goal of reducing poverty rather than the individual instruments to get there provides clarity of

purpose that can synthesize fragmented ideas and efforts. Setting a goal with a deadline will propel us to take action rather than getting lost in a theoretical debate. Finally, charting overall progress allows us to see how we are doing and to take the true measure of our commitment.



Richard Lord

## Hunger and Human Development

- Infants (12 months or younger) that did not receive WIC benefits because of access problems were more likely to be underweight, short, and perceived as having fair/poor health than were WIC recipients.
- In children aged 1-5, food insufficiency is associated with high prevalence of fair/poor health and iron deficiency, and with greater likelihood of experiencing stomachaches, headaches, and colds.
- In children aged 6-11, food insufficiency is associated with low arithmetic scores and the likelihood of repeating a grade, having seen a psychologist, and having had difficulty getting along with other children.
- In children aged 15-16, food insufficiency is associated with depression, having had thoughts of death, a desire to die, and having attempted suicide.

Source: John T. Cook and Deborah A. Frank (2008), "Food Security, Poverty, and Human Development in the United States," *Annals of the New York Academy of Sciences*.



Margaret W. Nea

## Key Points in Chapter 5

- The United States needs a set of goals that are similar in ambition to the Millennium Development Goals but make sense given our starting conditions.
- Overcoming poverty requires both more personal responsibility and broader societal responsibility, both better choices by individuals and better policies and investments by government.
- The United States has one of the highest poverty rates among industrialized countries, and U.S. government spending on anti-poverty programming as a percentage of Gross Domestic Product is one of the lowest among industrialized countries.
- The United States must develop a strategy that both helps those who are poor get out of poverty and eliminates conditions that allow poverty to maintain its stranglehold on communities.

**Bread for the World was established to call upon Christians to help create the political will to end hunger.**



# **Enlisting Citizens to End Hunger: Bread for the World at 35**



Jay Mallin

Bread for the World members from California meet with staff of Senator Barbara Boxer in Washington, DC, on Lobby Day 2008.

*by Art Simon*

**I**n May of 1974, a small number of Catholics and Protestants, myself included, launched Bread for the World to help fill a void—the lack of an organized outcry by citizens against world hunger.

In November 1974, six months after Bread’s beginning, a U.N. World Food Conference called upon nations to establish an early warning system for emerging famines and a network of food reserves. It also challenged rich nations to increase development aid, especially aid that would help farmers in poor countries produce more food. U.S. Secretary of State Henry Kissinger proposed, and the conference resolved, that within a decade no child should go to bed hungry. Kissinger pointed out that the world now had the ability to end hunger, and failure to do so would reflect not inability, but a lack of political will.

Bread for the World began by enlisting people to become part of a collective Christian voice to urge U.S. decision makers to enact policies that would address both the immediate and long-term hunger crisis. We wanted Christians to see that using their influence as citizens in overcoming hunger is an urgently needed expression of faith and love, and that passive citizenship in the face of hunger is neither loving nor faithful.

## Starting With a “Right to Food”

In our first major campaign, we persuaded Congress to pass a “Right to Food” resolution. We wanted to arouse the nation’s interest and put Congress on record as affirming policy steps toward ending hunger. We secured the backing of religious leaders, ranging from Billy Graham to Cardinal Terence Cook to Rabbi Marc Tannenbaum, and probably generated more than a hundred thousand letters to Congress. The campaign gave a big boost to the idea that citizen advocacy could shape

public policy and move the nation to act against hunger. It became a rallying point for churches that were beginning to see hunger as a policy issue and gained Bread for the World recognition as a new and important advocacy group in the faith community.

We immediately followed that victory with campaigns that got Congress to enact two grain reserves, one of them a reserve for international emergencies that over the years has been tapped 13 times for enough grain to feed 100 million people for almost five months. God alone knows how many lives this has spared and how many others were given hope in the face of crippling circumstances. Those who benefited had no idea of the link between their survival and messages to Congress by a lot of ordinary U.S. citizens.

## Urging the Nation's Decision Makers to End Hunger

Iowa Senator Tom Harkin is pictured here on Capitol Hill, receiving an award from Bread for the World in 1984 for his service in Congress on behalf of hungry people. The senator is currently a board member of Bread for the World. Accompanying him in the picture is a delegation of Bread for the World activists from Iowa, including Jean Basinger on his immediate left.



Bread for the World photo

In 1984, Jean was coordinator of her congressional district in Des Moines. She still lives in Des Moines and is an active member of Bread for the World. Last year,

she helped to organize an offering of letters workshop at her church, Trinity United Methodist. At 73, Jean thinks Bread for the World is still a unique organization. "People of faith tend to see their role exclusively as providers of aid, whether that is working in a food bank or a pantry. While those actions are important,

it's also necessary to deal with root causes. That's always been the appeal to me of being part of Bread for the World. Regular citizens can have an impact on government policies, much more than they realize, and Bread for the World is there to provide a vehicle for them." Jean is a fine example of whom Art Simon had in mind when he formed Bread for the World 35 years ago to invite Christians to create the political will to end hunger.



Courtesy of Jean and Bill Basinger

Jean Basinger and her husband, Bill, ride in an oxen cart in Cambodia in September, 2008.

## Better Foreign Aid

In 1978, Bread helped craft an “Aid for Self-Reliance” bill that called for an overhaul of U.S. foreign aid. The campaign for its passage—only partly successful—began the first of our persistent efforts over the years to reform and increase assistance to poor countries. As the title of the bill suggests, we sought the kind of development aid that would lead to self-reliance, and the kind of food aid that would not undermine the livelihood of developing country farmers. We wanted especially to assist small-scale farmers and the rural poor. That kind of aid became a constant theme with many specific variations—boosting micro-enterprise, fully including women in development projects, and targeting more aid to help the poorest of the poor, to cite just a few. And starting in the early 1980s, Africa became a special focus, as famines increased and per capita food production there declined.

Another drumbeat in our quest for more and better aid was the conviction that major initiatives against hunger would strengthen U.S. and world security. In 1980-81, we urged Congress to pass a “Hunger and Global Security” bill, the heart of which sought approval of the central recommendation of President Carter’s commission on world hunger: that the United States make the elimination of hunger the primary focus of its relationships with developing countries. Some of the bill’s reforms were enacted, and even though the central recommendation was not, the fight for it influenced the thinking of many in and outside of Congress. A decade later we fought for a “Harvest of Peace” resolution in Congress to shift funds away from a collapsing Cold War to peaceful development.

I wish I could report that these and similar efforts during the 1980s and 1990s were stunningly successful, but the truth is more sobering. U.S. aid did improve in some ways, as we and others in the largely religious anti-hunger coalition fought for reforms. The hunger crisis of the early 1970s, together with growing citizen advocacy, did prompt large increases in assistance between 1974 and 1980. But then aid took a downward turn that for almost two decades required repeated campaigns to fend off cuts. Fighting cuts is not much fun, but without it many more people would have gone hungry.

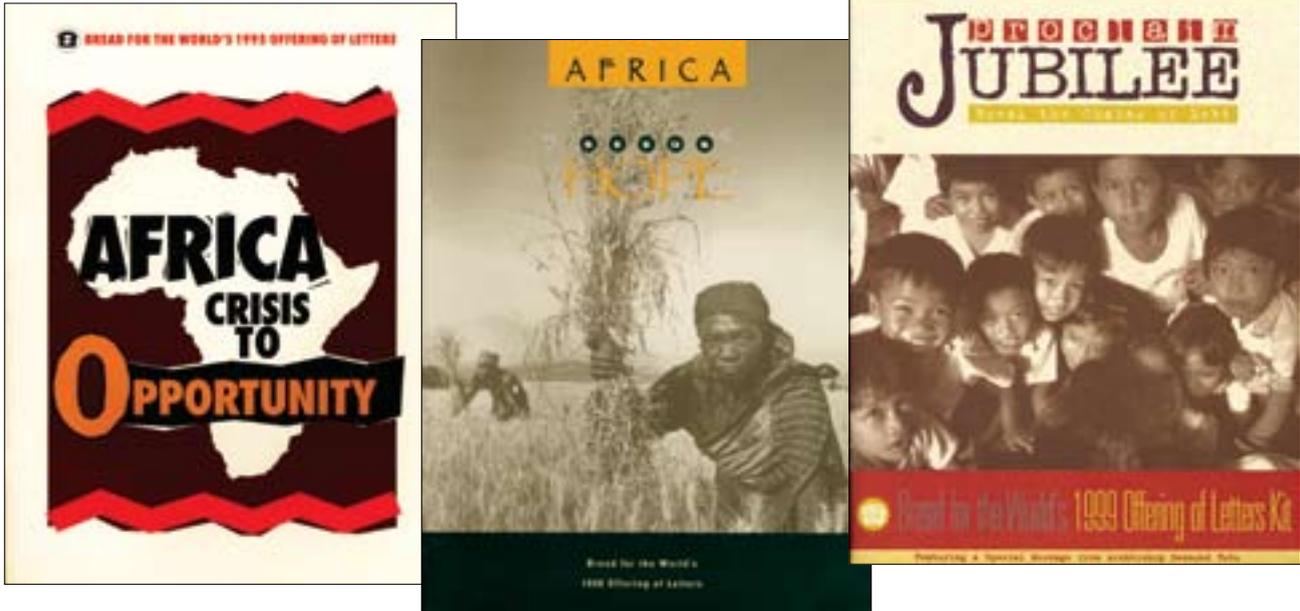
Despite this pinched environment, we did achieve gains of substance, even a few dramatic ones during the 1980s and 1990s. Perhaps the most successful was getting Child Survival established as part of U.S. foreign aid. This program has played a prominent part in reducing by about 5 million a year the number of deaths worldwide from hunger and disease of children younger than five. People wrote and Congress acted. The toughest and arguably the most important work, however, was swimming against the tide: cushioning losses, getting incremental reforms and occasional gains, and keeping the needs of hungry people in Africa and throughout the world in view. This kept consciences and hope alive. And the Bread-initiated “Africa: Seeds of Hope” Act of 1998 halted a long decline in poverty-focused development aid to Africa.



**Bread for the World founder Art Simon is pictured here with his brother, the late Sen. Paul Simon of Illinois, shaking hands with a young Bread member in 1991.**

## Debt Relief

A turning point came with the “Jubilee: Break the Chains of Debt” campaign at the dawn of the new millennium. Seizing the idea of an ancient biblical law concerning the year of Jubilee, under which debts were forgiven every fiftieth year, a few Christians in England addressed the plight of impoverished countries saddled with debts so staggering that many of their children could not afford to attend school and people were shorn of basic health care and adequate food. Why not release those countries from crushing debts



to donor governments and international agencies? The idea caught on, and Jubilee campaigns began to take hold in many countries.

U.S. participation was critical, but seemed unlikely because of a politically polarized and cost-cutting Congress. I thought Bread for the World’s decision to take this on as a major campaign was exactly right, because the cause was so important, but I also thought it would fall short of success. Though Bread was only one of many groups supporting the campaign, we led the coalition that was responsible for developing legislation and getting Congress to enact it. Letters and emails began pouring in to members of Congress, and voters held face-to-face visits with many of them. The Irish rock star Bono became an articulate advocate, along with Pope John Paul II and other religious leaders. Bit by bit, some of the most conservative senators and representatives were persuaded that the legislation made good moral and economic sense. In the end, Congress approved debt reduction by a large bipartisan majority in both houses.

As I write, 20 donor countries, along with the World Bank and the International Monetary Fund, have forgiven debts of \$69 billion, giving poor countries almost \$4 billion each year for anti-poverty initiatives. Largely as a result, 20 million more children in Africa are going to school and families in 33 different countries have more food, better health care, and more productive farms and livelihoods.

Bread's role in the Jubilee campaign is only one piece of a much larger story. It took a global grassroots movement. Most of all, it depended upon thousands of ordinary folks who contacted their elected officials in Congress. Without that, other efforts would have accomplished little. The Jubilee debt campaign demonstrated the kind of outcry from various quarters that is needed on an even broader and more sustained basis for summoning the political will to end hunger. Clearly it could be done.

## Poverty-Focused Development Assistance

Another turning point has been the establishment of the Millennium Development Goals in 2000, when rich and poor nations agreed to be better partners in fighting hunger, poverty, and disease. Then the terrorist attacks of September 11, 2001, and the world's reaction to the war in Iraq, awakened many Americans to the folly of ignoring the suffering of poor people. These developments made leaders more receptive to poverty-focused foreign aid. During the George W. Bush administration such aid more than doubled, the first large, sustained increase in decades. In the United States also, while poverty has increased since 2000, nutrition assistance jumped from \$34 billion to \$53 billion.

These developments, along with a new president and Congress, provide hope that the nation could, over the next few years, make major strides against hunger both at home and abroad. Bread for the World is stronger than ever. Churches and private aid agencies are increasingly encouraging people to express their opinions on hunger to decision-makers. Bread has helped establish and participate in several new advocacy organizations, including the ONE campaign proposed by Bono a few years after the Jubilee victory, and the Alliance to End Hunger, a religiously neutral entity for faith groups and various key sectors of society. These are encouraging signs.

This hope, however, is set against a current surge in global hunger. Yes, we face a crisis again, as well as an opportunity to forge ahead with new determination against hunger. Forces of greed and complacency will resist this. We have to assume that political leaders will only champion a bold attack against hunger if people of faith and conscience make known to them in great numbers their conviction that hunger must end. So the direction that our nation and the world takes depends in large part on the extent to which citizens urge our leaders to do what is right for hungry people in the sight of God.

*Art Simon is the President Emeritus of Bread for the World and the author of several books. He has recently finished an autobiographical account of the launch and development of Bread for the World that will be published by Paulist Press in 2009.*



Art Simon speaks with the next generation of Bread for the World activists at the conclusion of the Hunger Justice Leaders training in June, 2008.

# The Millennium Challenge Account in Mali

by Beth DeGraff

The Christian Reformed World Relief Committee (CRWRC) has worked to establish food security with the Fulani in the Kurmari region of Mali for more than 20 years. The growing global food crisis makes building local food sufficiency among this marginal group urgent.

Through in-country consultants Scott and Mary Crickmore, CRWRC is promoting the transition of the Fulani people in the Kurmari from subsistence herding and a seasonal labor lifestyle to owning irrigated farms. The Fulani, who settled into a pastoral lifestyle in the Kurmari, were displaced by the ruling class Bambara after the 1950s when the French began a series of infrastructure and irrigation projects in their area. Eventually, Fulani farmers were hired as day laborers to work rice fields on their own land.

“I have not been able to grow rice for many years,” says Nuhu Diall, Fulani chief of DOUNGEL village. “The Office du Niger conspired with the village chief of Kogoni to take our fields and sell them—the whole area—to other farmers [in the 1990s]. They took my field and my brothers’ fields. We could not say anything.”

The longstanding intertribal tension peaked in 2005 when the regional irrigation office was approved through the Millennium Challenge Account (MCA) to expand existing irrigation systems in the Kurmari. The initial funding did not include compensation for displacing 20 Fulani villages affected by the improvements because local officials claimed the villages didn’t exist.

Faced with losing their land without compensation a second time within two generations, the Fulani needed multi-level, strategic advocacy. The Crickmores ramped up civic education classes in the affected villages, including their own, focusing on a letter-writing campaign addressed to local and national government offices. Their involvement spurred a government-led housecleaning at the Office du Niger in Kurmari, including a full audit and dismissal of fraudulent officials in 2006.

“The Kogoni Fulani have requested compensation for our fields in the past,” Chief Diall says, “but with no effect. I see now that even an illiterate people can have some power. If everyone agrees to come together, we can do good work.”



CRWRC

The chief says that he and the villagers “really see the difference between the way the Office du Niger used to operate and the way the MCA is working now.”

Those displaced by the current irrigation expansion are being compensated with rice fields of their own. As the land is covered with life-giving water, village families are being relocated to higher ground. Brick houses, community centers, and a school or health clinic are part of their compensation.

For years, the Fulani watched higher caste farmers get rich from growing rice while they themselves did fieldwork, often in slave labor conditions. Now they are ready to own their own fields and make their own profit.

“If the people use wisdom with the rice fields, it will go well,” Chief Diall says. “If they act unwisely, they will have conflict. Doing what is good only for you causes problems. Being wise means doing what is good for you and others.”

At a time in world history when rice hoarding and short supplies threaten food stocks in the most developed countries, the Kurmari Fulani are working toward food sufficiency after decades of subsistence herding and seasonal labor—thanks to multi-level intervention and accountability.

As food availability tightens, integrated development in the global community means “doing what is good for you and others.”

*Beth DeGraff works in the Media Relations and the Justice and Advocacy office with the Christian Reformed World Relief Committee of the Christian Reformed Church. To learn more about CRWRC’s work with the Fulani, a video is available at [http://www.crcna.org/pages/crwrc\\_entzvideo.cfm#7258](http://www.crcna.org/pages/crwrc_entzvideo.cfm#7258).*

## Who is Bread for the World?

Bread for the World is a collective Christian voice urging our nation’s decision makers to end hunger at home and abroad. By changing policies, programs and conditions that allow hunger and poverty to persist, we provide help and opportunity far beyond the communities in which we live.

God’s grace in Jesus Christ moves us to help our neighbors, whether they live in the next house, the next state or the next continent. Food is a basic need, and it is unjust that so many people must go without enough to eat. We can end hunger in our time. Everyone, including our government, must do their part. With the stroke of a pen, policies are made that redirect millions of dollars and affect millions of lives. By making our voices heard in Congress, we make our nation’s laws more fair and compassionate to people in need.

[www.bread.org](http://www.bread.org)



Jim Stipe

# Study Guide 2009

This study guide is meant for individual or group use. Please use it to stimulate reflection and discussion about what you learned by reading *Global Development: Charting a New Course*.

The following outline covers four one-hour sessions. Groups should feel free to cover a wider range of topics in the report if they choose. The scripture passages provide additional guidance in relating themes covered in each session.



## Session One: Global Development and You

“From everyone to whom much has been given, much will be required; and from one to whom much has been entrusted, even more will be demanded.”

*Luke 12:48,  
New Revised Standard Version (NRSV)*

1. By reading *Global Development: Charting a New Course*, you should see that reducing global poverty and hunger is in everyone’s interest. How would you use what you have learned to argue this to a skeptical audience?
2. Achieving the Millennium Development Goals (MDGs) will reduce poverty, hunger and disease, lower premature death rates and increase educational achievements around the world. These are all fundamental components of human development, but what is the relationship between human development and global development?

In light of the questions you just discussed, reflect on James 2:14-17.

### Other Sources:

UN Millennium Campaign  
[www.endpoverty2015.org](http://www.endpoverty2015.org)  
The Episcopal Church  
[www.globalgood.org](http://www.globalgood.org)



## Session Two: The Looming Challenge

“The earth is the Lord’s and all that is in it, the world, and those who live in it; for he has founded it on the seas, and established it on the rivers.”

*Psalms 24, NRSV*

1. *Global Development: Charting a New Course* argues that climate change could increase hunger and poverty rates around the world. Discuss the connections between hunger and poverty and climate change. How could investments in the agricultural sector of developing countries help to mitigate the effects of climate change?
2. The full effects of climate change may not manifest for several years, but how do the choices we make today contribute directly to accelerating climate change? How would you argue the moral and practical reasons for American citizens, communities, and the nation as a whole to take steps now to curb their contributions to climate change?

In light of the questions you just discussed, reflect on I Corinthians 15:35-44.

**Other Resources:** Conservation International  
[www.conservation.org](http://www.conservation.org)  
Evangelical Environmental Network  
[www.creationcare.org](http://www.creationcare.org)

**For more information on  
Bread for the World’s 2009 Hunger Report,  
please visit  
[www.bread.org/hungerreport](http://www.bread.org/hungerreport)**



### Session Three: Reforming U.S. Foreign Assistance

“For which one of you, when he wants to build a tower, does not first sit down and calculate the cost to see if he has enough to complete it? Otherwise, when he has laid a

foundation and is not able to finish, all who observe it begin to ridicule him, saying, “This man began to build and was not able to finish.”

*Luke 14:28-30, NRSV*

1. U.S. foreign policy is characterized by three “Ds”: Defense, Diplomacy and Development. Chapter 4 argues the third of these, Development, should be elevated to a more prominent role in U.S. foreign policy. How would you argue that promoting global development makes the United States more secure and decreases the risks of instability around the world?

2. It may or may not be a stereotype that Americans know little, or want to know little about the rest of the world, especially when it comes to what is happening in very poor countries. But assume that Americans do want be more engaged in issues that relate to the developing world, how would you explain the potential for growth and progress in poor countries and how U.S. development assistance can and already has realized some of that potential?

In light of the questions you just discussed, reflect on Micah 4:2-5.

**Other resources:** Bread for the World  
[www.bread.org](http://www.bread.org),  
Modernizing Foreign Assistance Network  
[www.modernizingforeignassistance.net](http://www.modernizingforeignassistance.net)



### Session Four: Development in the United States

“For he delivers the needy when they call, the poor and those who have no helper. He has pity on the weak and the needy, and saves the lives of the needy.

From oppression and violence he redeems their life; and precious is their blood in his sight.”

*Psalm 72, NRSV*

1. The United States needs a set of interrelated goals to call its own,” argues Chapter 5. Like the MDGs, development goals for the United States should cover some of the same areas, like health, education and the environment. Come up with a set of specific goals similar in scope to the MDGs for the United States, but adapt them as necessary. For example, universal primary education (MDG 2) has already been achieved in the United States, so what then would be a more appropriate education goal? Among your set of goals, which would be easier or more difficult to achieve and why?

2. Just about every other industrialized country has lower poverty rates and less income inequality than the United States. Why do you figure Americans tolerate these conditions? How does Chapter 5 help to explain it?

In light of the questions you just discussed, reflect on Amos 5: 6-15.

**Other resources:** Christian Churches Together  
[www.christianchurchestogether.org](http://www.christianchurchestogether.org),  
Spotlight on Poverty and Opportunity  
[www.spotlightonpoverty.org](http://www.spotlightonpoverty.org)

# Endnotes

## Introduction

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# Acronyms

<b>AGRA</b>	Alliance for a Green Revolution in Africa	<b>JNB</b>	Jamaica National Bank
<b>ARV</b>	Antiretroviral	<b>LDC</b>	Least Developed Country
<b>AWFFI</b>	African Women Food Farmer Initiative	<b>LIS</b>	Luxembourg Income Study
<b>CAP</b>	Center for American Progress	<b>MCA</b>	Millennium Challenge Account
<b>CCT</b>	Christian Churches Together in the USA	<b>MCC</b>	Millennium Challenge Corporation
<b>CDI</b>	Commitment to Development Index	<b>MSF</b>	Médecins Sans Frontières'
<b>CGIAR</b>	Consultative Group on International Agricultural Research	<b>MDGs</b>	Millennium Development Goals
<b>CRWRC</b>	Christian Reformed World Relief Committee	<b>NAFTA</b>	North American Free Trade Agreement
<b>DFID</b>	U.K. Department for International Development	<b>NASFAM</b>	National Smallholder Farmers Association of Malawi
<b>DOD</b>	Department of Defense	<b>NGO</b>	Nongovernmental Organization
<b>DRC</b>	Democratic Republic of the Congo	<b>ODA</b>	Official Development Assistance
<b>ECX</b>	Ethiopia Commodity Exchange	<b>OECD</b>	Organization for Economic Cooperation and Development
<b>EITC</b>	Earned Income Tax Credit	<b>PCAC</b>	Programa Campesino a Campesino
<b>EU</b>	European Union	<b>PEPFAR</b>	President's Emergency Plan for AIDS Relief
<b>FAA</b>	Foreign Assistance Act	<b>PIPA</b>	Program on International Policy Attitudes
<b>FAO</b>	United Nations Food and Agriculture Organization	<b>RUF</b>	Ready-to-use Foods
<b>FBF</b>	Fortified Blended Flours	<b>SNAP</b>	Supplemental Nutrition Assistance Program
<b>FTA</b>	Free Trade Agreement	<b>TRIPS</b>	Trade-Related Aspects of Intellectual Property Rights
<b>FY</b>	Fiscal Year	<b>UK</b>	United Kingdom
<b>GDP</b>	Gross Domestic Product	<b>USAID</b>	U.S. Agency for International Development
<b>GNP</b>	Gross National Product	<b>WHO</b>	World Health Organization
<b>HDI</b>	Human Development Index	<b>WIC</b>	Supplemental Nutrition Assistance Program for Women, Infants and Children
<b>ICRW</b>	International Center for Research on Women	<b>WTO</b>	World Trade Organization
<b>IFAD</b>	United Nations International Fund for Agriculture		
<b>IFPRI</b>	International Food Policy Research Institute		
<b>IPCC</b>	Intergovernmental Panel on Climate Change		

# Glossary

**Alliance to End Hunger:** A coalition of anti-hunger activists whose mission is to engage diverse institutions more deeply in an effort to win the shifts in U.S. public opinion, institutions and policy that could dramatically reduce hunger in the United States and internationally.

**Camp David Accord:** The 1978 peace agreement between Israel and Egypt signed at Camp David, Maryland, in which the United States played a key role in leading the two countries to agreement.

**Chicago Board of Trade:** The world's oldest commodity futures and options exchange board, where buyers and sellers can make deals on different types of commodities, including agricultural commodities.

**Commitment to Development Index (CDI):** A rating system developed by the Center for Global Development to present a comprehensive picture of how 21 rich countries are helping poor countries build prosperity, good government, and security.

**Debt relief:** Measures to reduce the debt owed by developing country governments to either private lenders, governments or international financial institutions.

**Developed countries:** Another way of describing highly industrialized nations such as the United States, Great Britain, France, Germany and Japan.

**Developing countries:** Countries with a low per capita income. Terms such as less developed country, least developed country, underdeveloped country, poor, southern or third world have also

been used to describe developing countries.

**Doctor's Without Borders:** see Médecins Sans Frontières' (MSF).

**Doha Development Round:** The name given to the current round of multilateral trade negotiations under the auspices of the World Trade Organization (see below). The name derives from the launch of a new round of multilateral trade negotiations at a ministerial conference held in Doha, Qatar, in November 2001.

**Earmarks:** Funds set aside within a piece of legislation for individual projects, locations or institutions, sometimes referred to disparagingly as pork-barrel projects.

**Earned Income Tax Credit (EITC):** A U.S. federal government program that provides a cash benefit to low-income working people by refunding a portion of their income taxes.

**Famine:** An extreme collapse in local availability and access to food that causes a widespread rise in deaths from outright starvation or hunger-related illnesses.

**Farm bill:** A multi-year, omnibus law that contains federal commodity and farm support policies, as well as other farm-related provisions.

**Food aid:** The distribution of food commodities to support development projects and emergency food assistance in situations of natural and man-made disasters.

**Food insecurity:** A condition of uncertain availability of or ability to acquire safe, nutritious food in socially acceptable ways.

**Food security:** Assured access to enough nutritious food to sustain

an active and healthy life with dignity.

**Foreign assistance:** See Official Development Assistance.

**Foreign Assistance Act:** Established in 1961 to distinguish military assistance from non-military assistance, designating the United States Agency for International Development (see below) as the primary government body responsible for overseas development.

**Free trade agreements:** Agreements between two countries (bilateral), or among several countries (multilateral), to eliminate or reduce practices that distort trade. These may include tariffs (taxes on traded goods and services) and/or nontariff barriers such as quotas (limits on the amount traded).

**Green Revolution:** Modification of agriculture in the 1960s and 1970s to improve agricultural production of high-yielding varieties of grains (such as rice, wheat and corn) through the use of new technologies, including new machines, fertilizer, pesticides, irrigation and cultivation methods.

**Gross domestic product (GDP):** The value of all goods and services produced within a nation during a specified period, usually a year.

**Gross national product (GNP):** The value of all goods and services produced by a country's citizens, wherever they are located.

**Group of 8:** The wealthiest industrial countries: Canada, France, Germany, Italy, Japan, Russia, United Kingdom and United States (formerly the Group of 7, excluding Russia).

**HELP Commission:** A government appointed group of experts whose mission is to develop and

deliver actionable proposals to the President, Secretary of State and Congress to enhance and leverage the efficiency and effectiveness of U.S. foreign assistance programs.

**Human Development Index (HDI):**

A measure of well-being based on economic growth, educational attainment and health.

**Hunger:** A condition in which people do not get enough food to provide the nutrients (carbohydrate, fat, protein, vitamins, minerals and water) for fully productive, active and healthy lives.

**Infrastructure:** The basic facilities, services and installations needed for the functioning of a community or society such as transportation, communications, financial, educational and health care systems.

**International Monetary Fund (IMF):**

An international organization that makes loans to countries with short-term foreign exchange and monetary problems.

**Intellectual property rights:** Guarantees to individuals, businesses or organizations of exclusive rights for their creations, such as an invention, an industrial process or an artistic work.

**International Center for Research on Women (ICRW):**

Through its research demonstrates that a focus on women and gender is necessary for lasting social and economic change.

**International Food Policy and**

**Research Institute (IFPRI):** One of 15 centers supported by the Consultative Group on International Agricultural Research, an alliance of 64 governments, private foundations, and international and regional organizations.

**International Panel on Climate**

**Change:** A scientific panel of experts established in 1988 to continually assess the impact of human-related activities on global climate change.

**Malnutrition:** A condition resulting from inadequate consumption (undernutrition) or excessive consumption of a nutrient, which can impair physical and mental health, and can be the cause or result of infectious diseases.

**Médecins Sans Frontières' (MSF):**

An international humanitarian aid organization that provides emergency medical assistance to populations in danger in more than 70 countries.

**Microcredit:** Small, short-term loans to low-income people, who are too poor to borrow from commercial banks, to help them start their own businesses, generate income and raise their standard of living.

**Multilateral aid:** Financial or material assistance channeled to developing countries via international organizations such as the World Bank, the European Union or UN agencies (as distinguished from bilateral aid).

**Nongovernmental organizations**

**(NGOs):** Groups and institutions that are entirely or largely independent of government and that have primarily humanitarian or cooperative rather than commercial objectives.

**North American Free Trade**

**Agreement (NAFTA):** An agreement between Canada, Mexico and the United States that led to the reduction of tariffs (see below) and other trade barriers between the three countries. NAFTA also led to significantly more displacement of U.S. jobs than was expected

when the agreement was signed in 1993, and led to increasing flows of undocumented immigrants from Mexico into the United States.

**Nutrition Assistance Program:**

A government program designed to provide access to food. In the United States, examples include the Supplemental Nutrition Assistance Program (SNAP), the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), and the National School Lunch Program.

**Official development assistance**

**(ODA):** The term used by the Organization for Economic Cooperation and Development (see below) for grants and loans to developing countries undertaken by governments to pursue economic development at concessional financial terms.

**ONE Campaign:** A U.S.-based nongovernmental organization promoting public awareness about global poverty, hunger and disease. The ONE Campaign supports scaling up development assistance by donors to meet the Millennium Development Goals.

**Organization for Economic Cooperation and Development (OECD):**

A group of 30 industrialized countries that pursue economic development while fostering good governance in the public sector and in corporate activity.

**Political will:** The impetus or motivation by political leaders to pass legislation or measures that create change or political movement on an issue.

**Poverty:** The lack of sufficient money or resources to provide the basic needs of survival for oneself and one's family.

**Private investment:** Commitment of funds by private individuals or corporations.

**Productivity:** A measure of technical efficiency, typically expressed as the added output for an additional unit of input or the average output per unit of input, i.e., labor, land, capital productivity.

**Protectionism:** Trade policy that protects domestic products or industries by limiting imports, as with tariffs or quotas.

**Public investment:** Investment of funds by governments and inter-governmental organizations.

**Recession:** Two consecutive quarters of negative economic growth as determined by the National Bureau of Economic Research, using several key indicators, including employment.

**Smallholder farmer:** A farmer who works a small plot of land, generally less than five acres. The greatest number of people living in extreme poverty consists of smallholder farmers and their families.

**Social safety nets:** Government and private charitable programs to meet the basic human needs (i.e., health, education, nutrition) of low-income, disabled and other vulnerable people.

#### **Special and Differential**

**Treatment:** World Trade Organization (see below) agreements that allow developing countries exemptions from rules that apply to developed countries. An example would include phasing in rules over a longer time period.

**Staple foods:** A basic food, particularly one that is widely consumed by poor people. Staple foods vary from place to place, but are usually cereals, pulses, corn,

rice, millets and plants growing from starchy foods.

**Subsidy:** A direct or indirect benefit granted by a government for the production or distribution (including export) of a good or to supplement other services.

**Tariff:** A tariff is a list or schedule of taxes. In international trade, these taxes must be paid to a government on selected imported or sometimes exported goods.

**Tied Aid:** Aid that must be spent in the country that is providing it.

**Undernutrition:** A condition resulting from inadequate consumption of calories, protein and/or nutrients to meet the basic physical requirements for an active and healthy life.

**United Nations Children's Fund (UNICEF):** The U.N. agency responsible for programs to aid education and the health of children and mothers in developing countries.

**United Nations Food and Agriculture Organization (FAO):** U.N. agency specializing in agriculture, forestry, fisheries and rural development. FAO was founded with a mandate to raise levels of nutrition and standards of living, to improve agricultural productivity and better the condition of rural populations.

**United States Agency for International Development (USAID):** The federal agency primarily responsible for supporting long-term and equitable economic growth in developing countries while advancing U.S. foreign policy objectives.

**War on Poverty:** A specific piece of legislation introduced by President Johnson in 1964 that has come to stand more broadly for a large increase in government

resources on new and existing social safety-net programs during the late 1960s and early 1970s.

**World Bank:** An intergovernmental agency that makes long-term loans to the governments of developing nations. Formally called the International Bank for Reconstruction and Development.

**World Food Program (WFP):** The U.N. agency providing logistical support necessary to get food to the right people at the right time in response to emergency food shortages and in development work.

**World Health Organization (WHO):** The U.N. special agency for health that strives to attain the highest possible level of health for all people.

**World Trade Organization (WTO):** The international organization established to oversee international trade agreements and settle disputes between member countries. Currently there are 149 member countries.