



Towards eliminating hunger

The present crisis is not a new crisis. It is the sudden worsening of a structural crisis that, over the past decades, has denied hundreds of millions of human beings access to adequate food for an active and healthy life. The rapid increase in the number of hungry over the past two years, because of first the food and fuel crisis and now the economic crisis, reveals the fragility of present food systems. The current situation points to the urgent need to tackle the structural, root causes of hunger. In addition to

macroeconomic stabilization policies designed to minimize the immediate impact of the current shock, governments should boost and encourage their investments in agriculture (including non-farm rural activities), expanding safety nets and social-assistance programmes, and improving governance. Although not a focus of this publication, it will also be important to create income-generating activities for the urban poor.



The importance of investing in agriculture and public goods

The World Bank's *World Development Report 2008* clearly shows that agriculture can make substantial contributions to economic development and poverty alleviation in the least-developed countries.³³ Even though this role is reduced substantially in middle-income countries, agriculture continues to play a crucial role in alleviating poverty, which remains disproportionately rural in spite of the falling relative importance of agriculture in national economies.

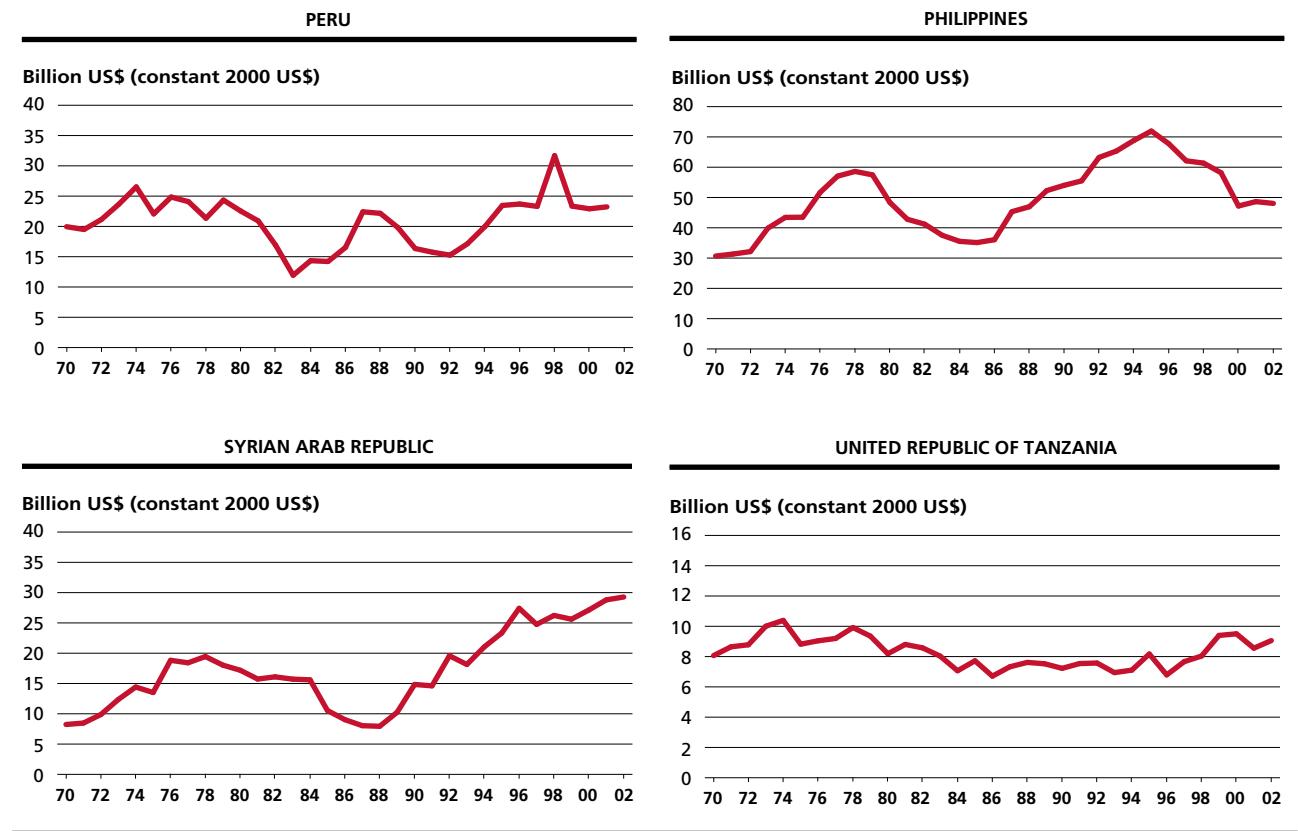
To fulfil its role as an engine of growth and poverty alleviation, however, agriculture itself needs to grow. And agricultural growth cannot be achieved and sustained without investing in agriculture. Unfortunately, in countries where the socio-economic role of agriculture is largest, public investment in agriculture tends to be relatively very low. Public investment in agriculture as a percentage of agricultural GDP is lowest in agriculture-based economies (around 4 percent) and largest in urbanized developing countries (around 15 percent).³⁴ As discussed earlier, the most rapid progress in reducing food insecurity was made when the level of ODA allocated to agriculture was much higher than it is today.

The problem of underinvestment in agriculture is compounded during times of economic turmoil such as the current global economic slowdown, because when both private and public budgets contract, investments tend to be cut to a greater extent than other expenditures in all sectors – including agriculture. It is as yet uncertain how the current economic environment is affecting capital stocks (including machines, livestock and trees) in agriculture, but history tells us that during economic crises and the years that follow, capital stocks decline as a consequence of reductions in investment. Figure 23 shows that after the debt crisis of 1982 there was a marked reduction in agricultural capital stocks in developing countries (similar declines occurred in developed countries).

It is therefore important that, during and following economic crises, investment in agriculture receives decisive support from both the private and public sectors. For investments in agriculture to fully materialize, a business environment that promotes private, domestic and foreign investment in not only agriculture but also all other sectors needs to be in place. Such an environment includes respect

FIGURE 23

Economic crises are bad for agriculture: evolution of agricultural capital in selected countries



Sources: See notes on p. 56.

for the rule of law, good governance and macroeconomic stability.

Private investment in agriculture requires accompanying public investment. For example, by integrating a fertile region, a public road makes private investments in that region more profitable. Research has shown that in countries as diverse as China, India, Uganda and the United Republic of Tanzania, investments in agricultural research and rural roads contribute substantially to poverty alleviation. A study

from Latin America showed that, while government spending on public goods increased agricultural growth rates and accelerated poverty reduction, government spending on private initiatives such as credit subsidies or production promotion that benefits only a small group of large farmers were less beneficial. Thus, the public sector has a crucial role to play in promoting the overall investment in agriculture required to achieve the full socio-economic potential of agricultural growth.³⁵



Safety nets for the short term and long term

Safety nets in times of crisis

During any crisis, safety nets and social programmes are particularly important for the food-insecure. At such times, however, government expenditures often contract as developing countries find it hard to implement counter-cyclical spending. For example, during the economic crisis in Peru in the late 1980s, public-health expenditures fell by 58 percent in total and from 4.3 percent to 3 percent as a share of overall government expenditures.³⁶ Even in other cases where health's share of government expenditures increased, declines in GDP and/or the share of government spending in GDP mean that real per capita government health expenditures often contract in times of crisis.

In addition, evidence from Argentina, Bangladesh, India and Indonesia shows that government social spending tends to be less well-targeted in times of economic contraction, i.e. the non-poor increase their share of benefits relative to the poor.³⁷ Thus, even if governments are able to protect overall social spending during a contraction, there is no guarantee that the same level of social spending will continue to reach the poor. These considerations suggest the importance of designing safety nets whose coverage automatically increases during downturns. Moreover, to keep costs manageable, it will be important to design a safety-net programme in such a way that the poor are the only people who want to access the benefit (this is termed "self-targeting"). For example, the employment-guarantee schemes used in India are self-targeted to the poor because usually it is only the poor who will want to work as daily labourers. In addition, if market wages decrease during an economic downturn and the wage in the employment-guarantee scheme is fixed, then the number of people who want to participate will increase. Further, as economic recovery takes hold, many people will drop out of the programme automatically as market wages increase, without any need for bureaucratic intervention.³⁸

Rationale for safety nets

Social safety nets are not a new concept, but their importance has grown considerably in recent years. Their implementation is often a key recommendation for mitigating the effects of food, fuel and financial crises.³⁹ The approach to those measures has evolved remarkably since the 1990s, experiencing four core conceptual shifts:⁴⁰

- *From relief to risk management.* In some cases, risks and shocks are predictable. In such cases, they can be prevented or mitigated by advance preparation provided there are comprehensive national and household risk-management strategies, as opposed to relying on coping responses after the event (see box on Ethiopia).
- *From projects to systems.* A number of countries (e.g. Malawi and Mozambique) are rationalizing and coordinating various safety nets in order to create safety-net systems, as opposed to collections of scattered projects.⁴¹
- *From assistance to country ownership.* International assistance should support governments' capacities to make a gradual transition towards nationally owned and funded safety-net systems, such as those in high- and middle-income countries. The provision of national safety nets is a key component of the social contract and mutual accountability between state and citizens.⁴²
- *From handouts to investments.* Safety nets can be an integral component of inclusive growth strategies, as opposed to simply being residual to the growth process. For example, safety nets can give people the opportunity and incentive to improve their skills, knowledge and productive capabilities, and encourage risk-taking initiatives.⁴³

Defining safety nets

While there are a number of definitions of, and approaches to, safety nets, there is consensus that they are a subset of broader social-protection systems (Figure 24, page 43). Safety nets mostly include transfers that are not dependent on the recipient having previously contributed money. These transfers can be in cash or in kind, and can be conditional or unconditional.⁴⁴ In addition to safety nets, social protection also includes labour-market policies and insurance options (e.g. contributory pensions and health insurance), as well as some components of "sectoral" policies whose main focus is on sectors such as education, health, nutrition or agriculture. These other social-protection measures can sometimes overlap with safety nets: the use of weather insurance, for example, represents a common area between safety nets and labour/insurance measures.⁴⁵ Sectoral policies can also overlap with safety nets, as they provide physical infrastructure such as schools and health clinics that are necessary for safety nets to function well. However, the

Safety nets in Ethiopia

For many years, Ethiopia has seemed to be in constant crisis. Each year, when harvests failed, the government would ask the international community for emergency assistance. Yet this approach failed to address the structural problems underlying Ethiopia's food insecurity. The need for a strategy that left behind more than empty food sacks triggered the shift from annual relief to multi-annual predictable support under the Productive Safety Net Programme. Predictable and counter-cyclical safety nets put in place *before* crises hit not only decrease the need for relief assistance, but are also vital for enhancing risk management.¹

Under the Productive Safety Net Programme (the largest safety-net programme in Africa), cash or food goes to some 7 million Ethiopians for six months each year, either through public works such as construction of rural roads and bridges, or as direct payments. Families live off their own income for the rest of the year.

A survey of nearly 1 000 households participating in this programme found that almost all food transfers were consumed and most cash was used to purchase food. Participants were also less likely to sell assets (especially livestock) to buy food, leaving them less prone to destitution.

The programme includes other innovations. In 2006, for example, the World Food Programme (WFP) initiated, with AXA Re, the world's first insurance contract for humanitarian relief. Under this arrangement, support to vulnerable people is triggered by adverse weather events such as drought.²

In 2007–08, soaring food prices and a drop in foreign investment and remittances threatened to stall the national progress made through the programme. Problems such as the low value and erratic disbursement

of cash and food must be addressed. Preliminary analysis suggests that when families do receive predictable disbursements of cash and food transfers at frequent intervals, as opposed to unpredictable disbursements at varying intervals, several benefits are realized. Households in distress are less likely to sell assets and more likely to adopt riskier but profitable technologies, and the private sector is more likely to extend credit, even for consumption needs, because the default risk is lower.

Improved targeting of beneficiaries and their subsequent "graduation" from a safety-net programme should also be prioritized. Despite progress in expanding the number of eligible beneficiaries, the programme still targets only some of the country's food-insecure households. This issue is particularly compelling for pastoralist areas (e.g. the Somali region in eastern Ethiopia) not yet covered by the programme. At the same time, improved linkages with emergency responses and other development packages need to be explored.³

¹ H. Alderman and T. Haque. 2006. Countercyclical safety nets for the poor and vulnerable. *Food Policy* 31(4): 372–383; R. Holzmann and S. Jørgensen. 2000. *Social risk management: a new conceptual framework for social protection and beyond*. World Bank Social Protection Discussion Paper No. 0006. Washington, DC, World Bank; T. Owens, J. Hoddinott and B. Kinsey. 2003. Ex-ante actions and ex-post public responses to drought shocks: evidence and simulations from Zimbabwe. *World Development*, 31(7): 1239–1255; United Kingdom Department for International Development. 2005. *Social transfers and chronic poverty: emerging evidence and challenges ahead*. London.

² U. Hess, W. Wiseman and T. Robertson. 2006. *Ethiopia: integrated risk financing to protect livelihoods and foster development*. Rome, WFP.

³ R. Slater, S. Ashley, M. Tefera, M. Buta and D. Esubalew. 2006. *Ethiopia's Productive Safety Net Programme (PSNP): study on policy, programme and institutional linkages*. London and Addis Ababa, Overseas Development Institute, IDL Group and Indak International.

scope and range of sectoral policies often go beyond social protection.

■ Key implementation issues

Implementing effective safety nets requires tailoring the interventions to the local context, both in terms of local capacity and the specific crisis being addressed. The design of safety nets should explicitly recognize such diversity and be tailored to meet context-specific conditions and constraints. In particular, it is important to understand countries' institutional, political, technical and financial capacity to introduce or expand safety nets. The four clusters, or models, of safety nets include:⁴⁶

- *Absence of safety-net systems.* This includes very low-capacity, often post-war, countries that do not have formal safety-net systems in place. Factors that characterize such countries include stagnant or declining economic growth, instability, low-productivity food and agricultural systems, market failures and low human-development levels. Safety nets are often provided by the international community, mostly in the form of emergency relief. Such forms of assistance, if designed well, can lay the basis for a transition towards a more permanent national safety-net system.
- *Elements of safety-net systems.* This refers to low-capacity, chronically poor countries prone to recurrent shocks that affect nearly everyone in a large area. Elements of

Brazil's safety-net response to the economic crisis

The economic crisis hit Brazil as early as the final quarter of 2008, when GDP declined by 3.6 percent compared with the previous quarter after years of positive growth. The Brazilian Government responded with a range of policies, including counter-cyclical macroeconomic policies (e.g. increasing government spending during an economic downturn to boost employment) made possible by prudent management of current account surpluses accumulated in previous years. In addition, the Government has also implemented a range of safety nets:

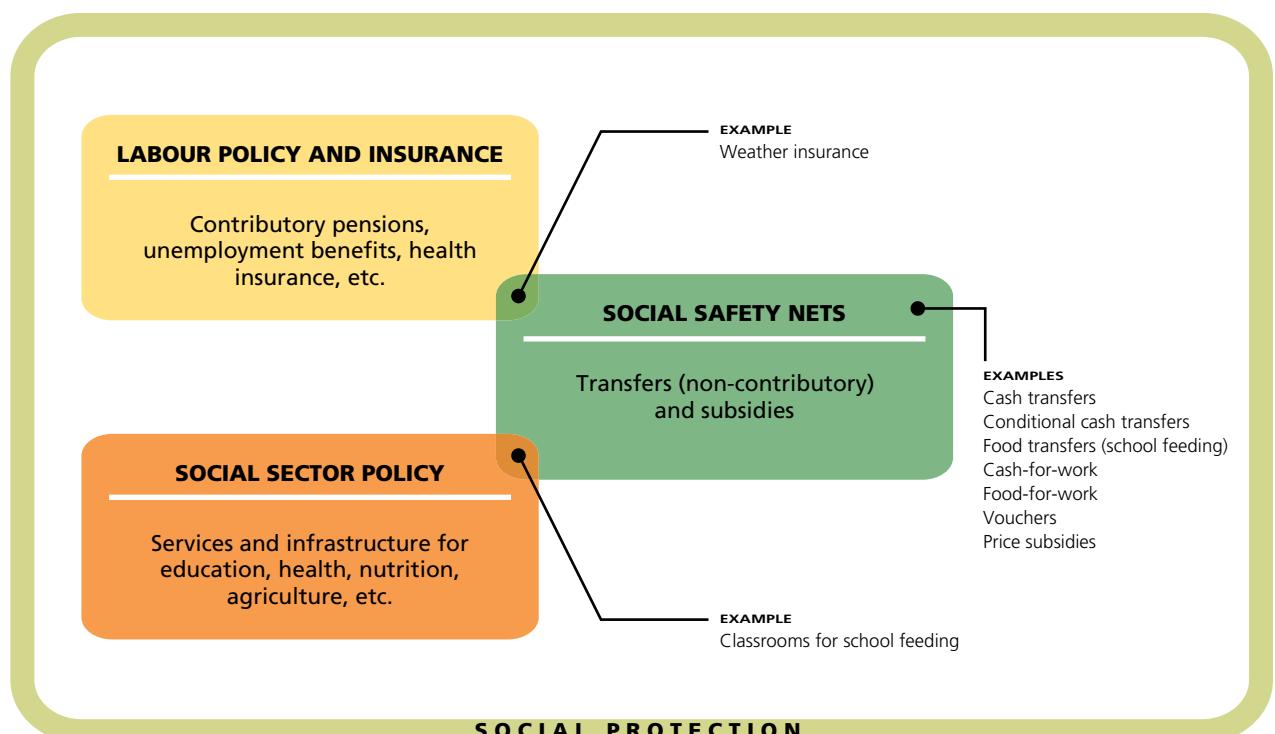
- Coverage of the *Bolsa Família* programme – which awards monthly cash payments to poor families provided that they meet certain conditions such as school attendance, vaccines and prenatal visits – was expanded from 10.6 to 11.9 million families. All families would receive a payment of US\$28 per family plus US\$9 per child under the age of 9 years and US\$14 per older child (all per month). Although this is a small amount of money for wealthy families, it is very important for poor families.

- Unemployment insurance coverage for workers registered at the Labour Secretariat and who work in specific subsectors and states was expanded from 5 months to 7 months.
- The minimum wage was increased by 12 percent (nearly twice the rate of inflation), benefiting 45 million workers and injecting additional spending power into the economy.
- In the wake of falling agricultural prices, coverage of the Price Guarantee Programme for Family Agriculture was expanded from 15 to 29 crops and minimum guaranteed prices were also increased for a number of crops.
- An investment programme, "My house, my life", was established to assist families in the construction of new houses through subsidized credit and reduced taxes on building materials.

This box was contributed by Carlos Santana, Senior Agricultural Researcher, Embrapa (Brazilian Agricultural Research Corporation).

FIGURE 24

Components of social-protection systems



Source: See notes on p. 56.

national safety-net programmes are present, although they are often uncoordinated, short term, and limited in scale. As mentioned earlier, the Productive Safety Net Programme in Ethiopia has relatively robust coordination and considerable donor support, and is providing cash and food to about 7 million people.

- *Emerging social-protection systems.* Under this model, low- to medium-capacity countries start formulating formal safety-net policies and strategies, and seek to institutionalize multi-annual programmes to improve coverage, coordination and flexibility.
- *Consolidated safety-net systems.* This group includes medium-capacity countries that have institutionalized a safety-net system funded by national governments. In these countries, markets and food and agricultural systems tend to function relatively well, and the challenges are mostly in filling gaps, making the system work more efficiently, and enhancing the technical aspects and quality of the assistance.

Ultimately, the design of safety nets appropriate for the local context involves making decisions about what conditions recipients must meet; the choice of cash, food or vouchers; and the extent of targeting. Effective targeting is important to maximize impact and minimize distortions to incentives. A number of targeting methods exist (e.g. means-tested, categorical, geographical and community-based), and each has advantages and disadvantages in any given context. It is important to strike a balance between ensuring that benefits reach the most vulnerable populations while at the

same time do not create artificial boundaries between and within communities that are almost equally vulnerable.

While the understanding of safety nets in middle- and some low-income countries is growing, the challenge often lies in how to make the lessons learned relevant to fragile states and other low-income countries with lower capacities. Broader applied research priorities should include appraising country capacity to provide safety nets; identifying methods to fill capacity gaps; testing institutional flexibility to respond to unexpected emergencies; investigating the ability of safety nets to reduce the sources and perception of risks so as to ultimately trigger behavioural change; nurturing in governments a genuine demand for social protection; and establishing common platforms for sustainable handover from external agencies to national governments.



The right to food

In 2008, the right to adequate food was recognized as a fundamental component of a sustainable solution to the world food-security crisis caused by high food prices. The reasons are twofold. On the one hand, the crisis disproportionately affected those who were already vulnerable, typically people who spend large proportions of their income on food. On the other hand, there was wide recognition that, when it came to responding to the crisis, the “business-as-usual” approach would not work. Traditional approaches, which dealt with the technical dimensions of food insecurity in terms of both their emergency and structural aspects, needed to be complemented with an additional dimension focusing on the promotion of the right to adequate food and the reform of both global and national food-security governance.

The right to food was also central to the January 2009 High-Level Meeting on Food Security for All, held in Madrid. In his closing remarks to the conference, United Nations Secretary-General Ban Ki-moon pleaded for inclusion of the right to food “*as a basis for analysis, action and accountability*” in promoting food security.

The right to food is, first of all, a basic human right enshrined in international law. It is the right of every person to have continuous access to the resources necessary to produce, earn or purchase enough food not only to prevent hunger, but also to ensure health and well-being. The right to food provides a coherent framework within which to address critical governance dimensions of the fight against hunger and gives voice to a wide array of relevant groups and individuals. It establishes principles that govern decision-

making and implementation processes, namely participation, non-discrimination, transparency and empowerment. It also provides a legal framework – based on the concepts of rights and obligations – and mechanisms for increased accountability and the rule of law.

A right-to-food perspective provides a framework for the diagnosis of the food security problem as well as guidance for the design, implementation and monitoring of initiatives taken in response to the food crisis. In this context, the Right to Food Guidelines (*Voluntary Guidelines to support*

the progressive realization of the right to adequate food in the context of national food security)⁴⁷ provide a context for translating political commitments into practical and concrete action. The Guidelines recommend that states adopt a national strategy for the realization of the right to adequate food that includes: mapping the groups that are most vulnerable and ensuring their participation; clearly allocating responsibilities across different branches of government and improving coordination; setting benchmarks and imposing time frames; and empowering

The right to food in Brazil

The conceptual discussion on the relevance of the “human right to adequate food” approach to fighting hunger, and its effective incorporation into Brazil’s food and nutritional security strategy, is closely intertwined with the discussions held around the 1996 World Food Summit (WFS) in Rome and the resolutions of the World Conference on Human Rights in 1993 in Vienna. The strong participation of civil society in the process bridged the struggles against hunger and poverty with those promoting human rights, with the right to food at the centre.

The 1994 National Food Security Conference convened by Brazil’s National Council of Food and Nutrition Security defined the direction for a national food-security strategy, and incorporated the right to adequate food into the discussions. This was clearly reflected in Brazil’s official report to the WFS, which reaffirmed the relevance of the right to adequate food to a national food security strategy.

The new Federal Government, elected in 2002 in the midst of a serious social crisis, defined a rights-based fight against hunger as one of its central political banners. One of the Government’s first measures was to reconstitute the National Council of Food and Nutrition Security, with the mission to guarantee the realization of the right to adequate food by instituting the Zero Hunger Programme as a strategy geared to reach those Brazilians most affected by food and nutritional insecurity and hunger.

The national food and nutritional security policy – implemented by the Government with the support of the National Council, and state and municipal councils composed of civil-society and governmental representatives – is based on and geared towards promoting the right to food. This policy promotes the coordination of all food and nutritional security-related public policies and programmes along two main lines of action: guaranteeing immediate access to healthy and adequate food to the most affected sectors of the

population, and the promotion of socio-economic inclusion of these groups into productive and economic activities. Most importantly, the food and economic assistance programmes are planned and implemented so as to stimulate and consolidate small-scale farm production and local economies, thereby helping people pull themselves out of poverty.

In 2006, the National Congress approved the National Food and Nutritional Security Organic Law, which reaffirms the State’s obligation to respect, protect and fulfil the right to food, including the obligation to establish recourse mechanisms through which people can claim their right.

The Zero Hunger Programme incorporates more than 40 social and social-security policies and programmes, reaching out to more than one-third of the Brazilian population (through means such as cash transfers, school-feeding programmes and direct procurement from smallholder farmers). These programmes, which are associated with further agrarian reform and strong credit and technical support to smallholder agriculture, have allowed Brazil to mitigate the impact of the global food and economic crises on food security and overall economic growth.

This box was contributed by Flávio Valente, Secretary General, FoodFirst Information and Action Network (FIAN).

independent institutions, including courts, to enhance accountability.

The Right to Food Guidelines also recommend that states promote good governance as an essential factor for sustained economic growth, sustainable development, and poverty and hunger eradication, as well as for the realization of all human rights including the progressive realization of the right to adequate food.

Improved governance of public institutions that monitor, design and implement food security policies and

programmes is an essential part of the implementation of the Guidelines. At government level, this means that all relevant ministries, technical departments and commissions need to combine their complementary skills and efforts to design and implement effective, integrated cross-sectoral initiatives. Participation of households, families, farmers' organizations, agribusiness, civil society organizations and others in the policy-making process – not only at the national level but also at the regional, village and even family levels – is essential.

Strengthening governance mechanisms for world food security

The persistence of undernourishment and its aggravation during the recent food and economic crises underscore the need for improved global food-security governance to address fundamental weaknesses in the fight against hunger. In spite of ongoing global food-security analysis and timely warning of likely immediate and long-term problems, such knowledge has not been translated effectively into appropriate and timely policies, programmes, institutions and response mechanisms. The attention currently focused on global food insecurity should be utilized to tackle the root causes of hunger and show how future crises could be avoided by addressing long-term challenges to food security such as rural poverty, inappropriate policies and strategies, and insufficient investment in food and agriculture.

Such objectives would require coherent and coordinated action over the longer term. To be addressed in a sustainable manner, they require common policies, strategies and programmes and also strengthened capacity for implementation and monitoring of interventions. To that end, the governance of the fight against food insecurity needs to be consolidated at the global level, drawing and building on existing structures.

The Committee on World Food Security is a universal intergovernmental body made up of Member Nations of FAO and UN Member States that is mandated to review and follow up policies concerning world food security and to examine issues affecting the world food-security situation. It is currently undergoing reform, with the aim of enhancing its effectiveness in galvanizing political will and developing technical solutions for the alleviation of chronic hunger and food insecurity. By helping to coordinate the actions of all relevant stakeholders, and by being empowered to become more effective, the reformed Committee has the potential to generate momentum for timely, integrated, sustainable and effective responses to the challenges of food security.

It could become a key component of a global partnership for agriculture, food security and nutrition.

Initiatives to revitalize the global governance of world food security should consider past experiences and ongoing global changes. Civil society has become more prominent in the public debates that influence policy and shape public opinion at the national, regional and global levels, and it has also become more involved in the affairs of the UN. Moreover, the world economy, including food systems, has become more interconnected and globalized, with a shock in one country now reverberating across the globe more than it would have done in the 1970s. Non-governmental organizations, farmers' organizations and the private sector should be engaged in policy and programme design to remedy the negative effects of such economic shocks.

To ensure a more effective and efficient global agriculture, food and nutrition system, the governance of world food security must:

- provide science-based analysis and advocacy concerning the key determinants and possible evolution of food security;
- help coordinate and strengthen international, regional and national strategies, policies and programmes for sustainable agriculture and food security;
- promote actions that encourage investment in agriculture while maintaining focus on equitable, broad-based sharing of resources;
- strengthen coherence among food security policies and related issues such as climate change, environmental sustainability and natural resource management;
- monitor progress and the results of past and present policy measures, as well as the effectiveness and efficiency of resource mobilization; and
- influence governments and other key stakeholders to commit themselves to clearly defined, time-bound goals and actions to eradicate hunger and food insecurity and to develop ways to monitor these goals.

In the wake of the food crisis, countries that have begun implementing the right to food, such as Brazil (see box on the right to food in Brazil), have demonstrated the value of participatory coordination mechanisms. These include the National Council of Food and Nutrition Security, targeted safety nets such as the *Bolsa Família* programme, transparent and accountable programmes such as the school-feeding programme, and empowered citizens.

Food security is a function not only of production and market access, but also of the environment created by economic and political institutions at all levels. These institutions can facilitate or obstruct people's access to essential livelihood assets. Understanding governance structures and institutional contexts is crucial for addressing food security as a policy issue that cuts across several

sectors and has multiple dimensions. It is now well recognized that the institutional set-up and the processes that allow interactions among stakeholders are critical factors for success or failure when formulating, implementing and monitoring policies, strategies and programmes.

Because of their close link to the current economic crisis, the global food crisis and the commitment to address its structural causes should remain at the top of the international political agenda. In addition to preventing past mistakes from being repeated, the right to food and good governance will ensure that food systems, along with social, economic and political systems, will be set up at all levels with the overarching objective of promoting the well-being of humanity and the dignity of every human being.