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Chairman Lugar, members of the committee: It is an honor to be here today to discuss the status of worldwide food security, the role of U.S. food aid programs, and the increasingly difficult issues that the U.S. and the international community face trying to meet the humanitarian food needs of people around the world.

Famine

Mr. Chairman, persistent hunger continues to be one of the most significant global development challenges that we face today. More than 800 million people worldwide, three-quarters of whom live in rural areas, are seriously malnourished. Most of these hungry people live in sub-Saharan Africa and South Asia, although there are groups in all regions of the world that are vulnerable to undernutrition, either continuously or during specific seasons. Most of the hungry are farmers, but they are unable to produce adequate food and income to ensure their families' well being. Under constant stress from chronic poverty, malnutrition, and disease, these vulnerable groups can be pushed over the edge toward famine by drought, damaging government policies, or conflict.

Today, we are confronted with concurrent food crises in many areas of the world, most notably in Afghanistan, southern Africa, the Horn of Africa, and North Korea. We are witnessing for the first time a convergence of what the Economist magazine refers to as the "double curse" of HIV/AIDS and food insecurity. In these difficult times, the international community must be pro-active in addressing the causes of food insecurity thus preventing famine and its causes.

The United States committed at the World Food Summit 2002 to join with partner countries and other donors to implement a three-pronged effort to cut hunger in half by

2015. That commitment addresses access to food, availability of food, and the utilization of food by increasing agricultural productivity, ending famine, and improving nutrition. In order to make progress in this tripartite effort, we need to better understand food insecurity and famine. Fortunately, the international community continues to learn vital lessons from its experiences in using food and non-food resources as global responses to these complex food insecurity problems. One of the most important lessons that we have learned is that food aid and humanitarian assistance alone will not prevent these crises from re-occurring, even in the short term.

Famine is an economic crisis in which large numbers of people experience starvation and associated mortality. Most famine scholars and practitioners would agree that the understanding of famine and its complexity has grown enormously over the past half century. This research tells us that famine is a process, not an event. It is a process that provides us with early indicators (i.e. pre-famine indicators) of its onset. Despite this research too many people attribute famine to drought conditions, when the reality is much more complex. We now recognize that regressive agricultural policies, failed markets, and destructive conflict drive famine more than drought alone. These characteristics of fragile, failed, and failing states, particularly when combined with a drought and high rates of HIV/AIDS, are the conditions that allow famines to occur. Only by addressing the root causes of these failures with the appropriate tools can the international community expect to prevent famines from occurring.

Because multiple crises occur simultaneously, the task of accurately identifying and addressing the root causes of famine is far more complex today than when drought was thought to be 'the only' famine problem. Furthermore, the potential costs of responding with the wrong tools, at the wrong time can be terrible, particularly given the cost of 'last resort' interventions such as airdrops of food aid.

As the President's Coordinator for International Disaster Assistance, I have visited famine-prone situations throughout the world and have watched vulnerable people cope

with multiple famine threats. I am convinced that the best way to provide assistance to vulnerable families is to provide relief that also contains the seeds of their recovery.

When we see early indicators that may lead to famine, we need to intervene in ways to support the economic structures on which vulnerable families' survival depends. We are most familiar with using food aid to respond to situations approaching a famine. In many cases, this is the correct response – particularly in the short term. In other famine conditions, however, the total availability of food is not the primary issue. Where sufficient food is available for the local population – yet widespread food insecurity and hunger exists - we need a broader range of non-food famine prevention tools that can effectively address those factors that limit access to and utilization of those food resources.

The present food crisis in Ethiopia is an example of a supply-driven famine. The country does not produce nearly enough food to feed its people, and it lacks the economic reserves to import sufficient food to fill the gap. In situations such as this, food aid, and more specifically imported food aid, is the appropriate short-term response. Food aid alone, however, is clearly not the long-term solution for Ethiopia.

The current crisis in Ethiopia is just the most recent in a series of food security crises that have devastated that country in the last twenty years. The United States will provide more than \$216 million dollars worth of food aid this year. During the same period, we will provide \$4.0 million dollars of agricultural development assistance. While the Ethiopian government has taken a leadership role in responding to the famine it has been reluctant until very recently to embrace the policies that will stimulate growth and investment in its agricultural sector to avoid future famines.

Unless the donor community invests in recovery and prevention initiatives while promoting good government policies, these periodic shocks will continue. The donor community must allocate more resources toward famine prevention activities such as those in the agricultural sector. At the same time, unless the Government of Ethiopia

embraces accountable and open governance and enacts market and trade reforms necessary to increase the capacity of local producers, Ethiopia will remain in a chronic state of hunger. It is critical that we all do our part to put the systems and policies in place that will prevent the next food security crisis in Ethiopia from occurring.

In Afghanistan during 2002, the international community was faced with essentially a demand-driven famine. The countries surrounding Afghanistan had plenty of surplus food available, thus ensuring price stability, to meet the needs of the Afghan people. Unfortunately, approximately eight million people in Afghanistan did not have the purchasing power necessary to buy enough food. In this case, the United States and the international community both responded primarily with imported food aid. However, the tools did not exist for the U.S. government to respond more effectively and, possibly, at lower cost to the taxpayer. Donors recognized that a more effective response in some cases would have been to create employment generating opportunities that would have put cash, rather than food aid, into the hands of the poorest people who are most vulnerable in any famine. Cash would have allowed the people to meet their food needs and simultaneously stimulate markets and trade, thereby further promoting agricultural development.

It is not just the humanitarian and developmental community that recognizes the importance of employment and income generating initiatives in promoting market and trade development. Gary Martin, the President and CEO of the North American Export Trade Associations recently said in a speech to the Capitol Hill Forum, "...that the best, most sustainable way to stimulate the growth of U.S. farm exports is to provide for income growth in developing countries."

The Southern Africa food crisis is the result of a major drought complicated by disastrous government policies in Zimbabwe. First, the government of Zimbabwe implemented price controls for staples, such as corn, which inhibit production and trade. Second, it has backtracked on the liberalization of grain marketing, bringing corn back under the control of the grain marketing parastatal and creating a monopoly that prohibits open commercial

trade. Third, the government's irresponsible expropriation of land from commercial farmers has decimated the most productive part of Zimbabwe's agricultural sector. As a result of these political actions on the part of the government, Zimbabwe has lost its position as a net exporter of grain.

Southern Africa is also struggling with high rates of HIV/AIDS which have exacerbated the effects of the political errors of the regional governments. With the highest HIV prevalence rates in the world, Southern Africa has 28.1 million people living with the disease. In many cases, the disease is killing the most productive members of society, most notably in the agricultural sector. The economic impact is massive as investments are depleted and human resources are lost. HIV/AIDS is causing the collapse of social safety nets for families and communities thus undermining the ability of both to weather economic downturns.

Efforts to promote an economic recovery in Southern Africa must focus on addressing the economic and market policies that have tied the hands of the private sector while simultaneously providing critical assistance to vulnerable groups – in particular those infected with HIV/AIDS. The donor community, in this case, plays only a supporting role in the recovery of Southern Africa as the critical initiatives and actions related to economic reform must be driven by the governments of the region.

Response

Africa is the textbook case that at once highlights agriculture's contribution to reducing hunger and the consequences if we do not succeed. The problem of hunger in Africa is large and getting worse. The impact that this has on the prospects of current and future generations of African children, women and men is devastating.

Our projections from USDA, the International Food Policy Research Institute (IFPRI), FAO, and the UN indicate that hunger in Africa will increase, given current trends of economic performance, agricultural growth, conflict and limitations of existing policy.

At present, one third of the entire population of sub-Saharan Africa falls below the poverty line and goes to bed hungry each night. By 2011, an estimated 50% of the world's hungry will reside in sub-Saharan Africa. We cannot wait until then to take action.

In Africa, meeting the Millennium Development Goal of cutting hunger in half means reducing the estimated number of hungry from 206 million as of 2000, to approximately 103 million people by 2015. This is achievable, if progress can be made to accelerate agricultural growth, improve health and education, and reduce conflict.

If the conditions are created for agricultural growth to accelerate, the future prospects of rural households in Africa are very promising. Per capita incomes can triple. Recent analysis by IFPRI indicates that it is possible to achieve the Millennium Development Goal of cutting hunger in half. Specifically, the analysis shows that, it is possible to make significant improvement in the incomes of the rural majority in Africa.

Investing in an integrated agenda to increase agricultural growth and rural incomes, not only reduces the number of hungry, it can also reduce and save emergency food aid costs significantly. By 2015, at current projections, it is estimated that emergency food aid costs worldwide will be approximately \$4.6 billion per year. Fostering agricultural recovery in famine prone countries can create substantial savings in future emergency assistance. If we invest now and increase agricultural growth and rural incomes, it is estimated that food aid costs will drop to approximately \$2 billion per year. This is a net reduction of over \$2.5 billion per year.

While agriculture alone is not sufficient to end hunger or eliminate famines, hunger cannot be reduced or ended nor famines mitigated or prevented without agriculture playing a large and driving role in the development effort. In agriculture-dominated economies, including many African economies, agriculture accounts for greater than 40% of the impact (more than any other sector) on efforts to reduce hunger. Recent studies

have shown that a 1% increase in agricultural productivity could reduce poverty by six million people in Africa.

If agricultural sector and rural incomes do not grow, however, the future prospects are bleak, and rural households could be poorer in 2015, than they were in 1997.

A New Agriculture

Over the next five years, USAID is renewing its leadership in the provision of agricultural development assistance. This is framed by a new agricultural strategy that reflects adaptations to major emerging opportunities. These new opportunities include:

- Accelerating agriculture science-based solutions, especially using biotechnology, to reduce poverty and hunger;
- Developing global and domestic trade opportunities for farmers and rural industries;
- Extending training for developing world scientists and agricultural extension services to third world farmers;
- Promoting sustainable agriculture and sound environmental management.

These “new agriculture” initiatives provide the framework for our future activities. Under each initiative, the Agency proposes to launch a set of activities that broadly signal a shift in USAID leadership in this sector and may leverage new commitments and funding from others.

Equally important, agricultural development is now seen as part, not the whole, of the solution. Investments in infrastructure, health, and education both reinforce and are made more viable by investments in agricultural growth.

U.S. Commitment to Reducing Hunger

Mr. Chairman, the United States retains its strong commitment to reducing hunger around the world. At the World Summit on Sustainable Development, the Presidential signature initiative to End Hunger in Africa was announced. This 15-year initiative is committed to the concerns of agricultural growth and building an African-led partnership to cut hunger and poverty. The primary objective of the initiative is to rapidly and sustainably increase agricultural growth and rural incomes in sub-Saharan Africa.

Congressional support for agriculture has also been strong. In FY 2000 Congress passed revised Title XII legislation restating the United States' commitment to the goal of preventing famine and freeing the world from hunger. This legislation provided USAID with a new and more positive legislative framework that supports the emergence of a "new agriculture" in developing and transition economies.

Global Food Aid Needs and Availability

The United States government will be taking the steps I have just described to help address the long-term causes of food insecurity and famine. For the foreseeable future, however, significant levels of food aid will still be needed to provide an international safety-net for the world's food insecure. As I mentioned previously, the world is currently faced with a series of large-scale food security crises. These crises have pushed international food aid requirements to their highest level ever. Global food aid availability, however, has dropped to its lowest level in more than five years. According to some estimates, global food aid requirements will exceed more than 12 million metric tons in calendar year 2003 – more than 3.0 million tons more than the past global average. Needs in sub-Saharan Africa alone are expected to exceed 5.0 million metric tons.

Global food aid availability has been seriously reduced by a number of coincidental factors. According to the Food and Agriculture Organization (FAO), global cereal

production declined more than 3.1 percent this year when compared to last year. More alarming is the fact that global cereal production was more than 80 million metric tons below consumption requirements. **In other words Mr. Chairman, the world consumed more grain than it produced last year.**

Only through the availability of carryover stocks, primarily in developed countries, is the world avoiding a global food shortage. Because of the reduced global grain production, prices are rising significantly for most major grains. Early in 2003, U.S. wheat and corn prices, for example, rose more than 39 percent and 25 percent respectively, although some commodity prices have begun to decline. All of these factors, when combined with declining donor food aid contributions, are expected to reduce global food aid levels to no more than 8 million tons this year. With needs approaching 12 million tons this year and estimated food aid contributions providing perhaps 8.0 million tons, a food aid shortfall of more than 4.0 million tons is expected – the annual food requirement of approximately 20 million people.

U.S. Commitment to International Food Aid

Mr. Chairman, the commitment of the United States to use its agricultural abundance to help the less fortunate around the world is stronger today than ever. President Bush mentioned U.S. food aid programs during his State of the Union address on January 28th of this year when he noted with pride that "Across the earth, America is feeding the hungry; more than 60 percent of international food aid comes as a gift from the people of the United States." The president's comment was based upon the percentage of U.S. contributions to the World Food Program (WFP) in 2002.

Congressional support for U.S. food assistance programs also continues to be very broad and bipartisan. The Consolidated Appropriations Resolution for 2003, which was signed by the President on February 20, provides \$1.44 billion for P.L.480 Title II activities. This level of funding will again in 2003 position the United States to be the largest, most responsive food aid donor in the world.

U.S. Food Aid Programs

Mr. Chairman, the United States has a number of food aid programs that it uses to meet a variety of food, market development, and food aid requirements. These programs, which include, P.L. 480 Titles I, II, and III, Section 416(b) of the Agricultural Act of 1949, the Food for Progress program, and the McGovern/Dole Education Nutrition Initiative (MDENI) are administered either by the United States Department of Agriculture (Title I, Section 416(b), Food for Progress, and MDENI) or by USAID (Titles II and III). These programs are projected to provide a combined total of more than 4.0 million metric tons of international food aid in FY 2003.

The largest of the U.S. food aid programs, and the program that exclusively addresses the nutritional needs of vulnerable groups, is the P.L.480 Title II program (Title II). The Title II program is administered by USAID's Office of Food for Peace and is the flagship of U.S. humanitarian efforts overseas. On average, the Title II program has provided more than 2.0 million tons of U.S. agricultural commodities per year with a value of more than \$850 million. With the \$1.440 billion that the President has just approved for Title II, I expect that the program will provide in excess of 3.0 million metric tons this year.

During FY 2002, the Title II program supported activities in approximately 45 different countries, in partnership with international organizations like WFP and the leading NGOs like CARE, CRS, and World Vision. These types of activities bring direct assistance to more than 61 million people annually in both non-emergency and emergency response activities.

In addition to our appropriated food aid resources, the United States continues to maintain the Bill Emerson Humanitarian Trust. The "Emerson Trust" is a critical "humanitarian reserve" that remains available to meet urgent and extraordinary food needs. It is my hope that other donors, both traditional and new, will do their fair share to meet the needs of the world's most vulnerable people and thus obviate the need for the U.S. to draw from the Emerson Trust.

At the urging of the US, in an effort to address famine and food security issues including current crises and prevention of future crises, a Contact Group of G-8 officials will meet informally in New York on March 5. The Contact Group will discuss these issues with UN Secretary General Kofi Annan, WFP, FAO and IFAD. This meeting will provide a forum for the WFP to again share with the donor community the fact that there is a 4.0 million metric ton shortfall in food aid availability.

Mr. Chairman, four particular crises have dominated U.S. humanitarian efforts during 2002/2003: Afghanistan, southern Africa, the Horn of Africa (Ethiopia), and North Korea. A brief examination of three of these crises and our efforts to address the causes and effects of each, will help define for you and the committee the strengths that U.S. food aid resources can bring to bear on complex food security crises. At the same time, this examination will also illuminate some of the difficulties that we face in our efforts to meet the needs of some of the worlds most food insecure people.

Afghanistan

Afghanistan, a once agriculturally self-sufficient country, was brought to its knees by the repressive and destructive Taliban regime. As recently as 1979, Afghanistan was producing enough food to feed itself. It was also a producer and exporter of high quality fruits and nuts to neighboring countries and the world. By the late 1990s, Afghanistan produced less than half of its pre-1979 level of grain, millions of people were dependent upon international food assistance, and hundreds of thousands of people had fled the country - living as refugees in neighboring Pakistan.

As a result of the war on terror and critical assistance from the United States and other donors, Afghanistan has, in just 14 months, begun a remarkable recovery. In the agricultural sector, with improved seeds provided in part by USAID, favorable weather, and a dramatically improved security environment, production increased by over 80%. Requirements for international food assistance in Afghanistan have dropped from nearly 800,000 metric tons per year to a level of less than 420,000 metric tons in 2003. While

many Afghans still require partial food assistance, the international community expects a steady significant decline in the beneficiary levels over the next few years.

In the case of Afghanistan, the international community and the Interim Government must focus on providing strong incentives and agricultural development resources for continued recovery and growth. USAID will be focusing on activities that promote good governance, strengthen the educational sector, and stimulate agricultural development.

Ethiopia

In the fall of 2002, the Government of Ethiopia issued its first appeal for a looming crisis that they, and the international community, felt, under a worst-case scenario, could affect as many as 15 million people. As a result of low and erratic rainfall during both the major and minor rainy seasons in 2002, Ethiopia was faced with an anticipated food deficit of more than 2.3 million tons. The drought, which followed just two years after another serious drought, had exhausted the coping mechanisms of millions of pastoralists and subsistence farmers making them completely dependent upon international food assistance for their survival.

Since the first Government of Ethiopia appeal, the United States, through USAID's Office of Food for Peace, has provided more than 500,000 metric tons of food aid to the people of Ethiopia with a value of more than \$220 million dollars. This assistance totals approximately 25 percent of the 2002/2003 food aid requirement in the country and, together with the contributions of other donors, is expected to meet the needs of the country through the end of May of this year. Unfortunately, even with this tremendous level of assistance, Ethiopia will be faced with renewed food shortages beginning in June, unless the international community is able to provide further significant contributions of food.

In addition to a lack of donor resources, Ethiopia faces a number of logistical issues that negatively affect our humanitarian programs. As a landlocked country, Ethiopia must rely on the ports in other countries to receive any donated commodities. The port of

Djibouti is currently handling the vast majority of Ethiopia's food aid shipments, but it is stretched to its capacity. In addition to the port limitations, Ethiopia has a limited number of commercial trucks available to move food aid from the ports to the recipients around the country. Any disruption in the availability of those trucks, such as their use for fertilizer deliveries or military uses, can severely disrupt the delivery of humanitarian goods.

North Korea

Since 1995, the United States has provided approximately 1.9 million tons of food aid to North Korea valued at more than \$620 million. The food provided by the United States since 1995 represents approximately 58 percent of the total amount of food aid provided to North Korea through the WFP since the inception of their program. The President has publicly shared his concern for the people of North Korea and has reaffirmed the policy that U.S. food aid will not be used as a weapon.

Today, after eight years of international assistance, the government of North Korea has done little to reform the destructive policies that created one of the worst famines in the late 20th century. At the same time, the humanitarian community in North Korea must still operate in an environment that violates almost every principle upon which humanitarian assistance is based. In fact, out of all of the countries in which WFP operates, North Korea stands alone in its wholesale refusal to adhere to internationally recognized humanitarian standards.

As early as 1998, many NGO's with outstanding international reputations made the difficult decision to withdraw from North Korea rather than ignore the fundamental issues that brought them to North Korea in the first place. In addition, in 1998, the UN felt the need to define the basic humanitarian principles that would guide its activities in North Korea. These principles were articulated in the UN's 1999 Consolidated Humanitarian Appeal.

In the case of North Korea, it is time for the donors, the WFP, and the Government of North Korea to resolve the issues that currently undermine the effectiveness of the program. While some of the impediments and difficulties encountered by the humanitarian community in North Korea might be expected in first few months of an emergency response program in an area or country with no functioning central government, they should not be expected or tolerated in a program that is entering its eighth year of international assistance.

WFP has, since the beginning of their North Korea program in 1995, performed in an exceptional manner in a very challenging environment. In the past, unfortunately, the international community, including the United States, did not make it a priority to support WFP in their efforts to promote and enforce basic humanitarian principles in North Korea. This Administration strongly supports WFP in their efforts to resolve these critical issues. Now, let me give you a few examples of the impediments the humanitarian community faces in North Korea:

- The government of North Korea has, to date, still not provided the WFP with a listing of all beneficiary institutions that receive WFP food aid. In other words, WFP cannot tell USAID where the majority of U.S. food assistance was to be delivered.
- The government of North Korea has never allowed the international community to conduct a countrywide nutritional survey. During both the 1998 and 2002 surveys, significant portions of the country were excluded. Most recently in 2002, two of nine provinces and all "closed" counties were excluded from the nutritional survey.
- The government of North Korea currently does not allow the international community to have access to 44 out of 206 counties. By some estimates, as many as 3.0 million people live in the counties which are off-limits to international humanitarian assistance.

- WFP is not allowed to randomly monitor any food aid distributions. The government of North Korea requires WFP to request monitoring visits a minimum of six days prior to the date of the intended site visit.
- The government of North Korea does not allow WFP to employ any foreign interpreters to facilitate interviews with food aid beneficiaries, all interpreters are currently North Koreans.

The impediments that I described above have created concerns, because the international community cannot have full confidence that food assistance is reaching the people for whom it is intended. As I noted earlier, the donor community, the WFP, and the government of North Korea must address this issue.

Beginning with our December, 2001 contribution to the WFP/North Korea activity and again with our June, 2002 contribution, the United States began a process of publicly raising our concerns related to humanitarian monitoring and access in North Korea. In addition, my staff began a series of consultations with other donors and, on August 22, 2002, the North Koreans themselves. Through these public announcements and consultations, we hope to do two things:

- a) Educate the American people and the international community about the current humanitarian conditions in North Korea and the limitations imposed by the Government of North Korea on the WFP.
- b) Convince the Government of North Korea that substantial international assistance can only be provided over the long-term when the donor community is convinced that the assistance is reaching the people for whom it is intended.

The United States remains committed to helping the people of North Korea. In fact, I am confident that the United States will be making an additional pledge to WFP's program in North Korea in a matter of days. Only by improving the transparency of the activity, will

the donor community gain the confidence to consistently provide the level of humanitarian assistance necessary to meet all of the needs in the country.

Conclusion: Gaps and Future Challenges

Mr. Chairman, as I have just reported, global food insecurity is complex and dynamic. There is no standard recipe of assistance that will solve all of the country or regional crises that I briefly described above. Each food security crisis must be addressed based upon the unique causes of that particular situation. The international community must develop a set of tools that are flexible enough to address the unique causes of each particular crisis. Those tools, together with the recipient government's attention to good governance and sound policies, will enable the global community to provide truly effective assistance.

The U.S. food aid programs that I described above are clearly the most effective in the world. This Administration, from the President and the Secretary of State down through the foreign affairs agencies, however, recognizes that food aid programs are just one tool among many that are necessary to address the complex needs of the least developed countries in the world. To meet these complex needs, the President has proposed a number of new initiatives that will give the U.S. the capacity to assist in both the prevention and mitigation of food security crises around the world. Let me briefly describe each initiative:

With his 2004 budget submission, the President has announced a new humanitarian Famine Fund. The President's Famine Fund is to be established at a level of \$200 million in FY 2004. Use of the fund will be subject to a Presidential decision and will be disbursed by USAID/OFDA and would be modeled after the International Disaster Assistance funds to ensure timely, flexible, and effective utilization. It is envisioned that this fund would support the following:

- Rapid and effective response to crises signaled by famine early warning systems.
- Initiatives that leverage other donor support.

The President's Budget also includes a proposal to establish a new \$100 million U.S. Emergency Fund for Complex Foreign Crises. This Fund will assist the President to quickly and effectively respond to or prevent unforeseen complex foreign crises by providing resources that can be drawn upon at the onset of a crisis. This proposal will fund a range of foreign assistance activities, including support for peace and humanitarian intervention operations to prevent or respond to foreign territorial disputes, armed ethnic and civil conflicts that pose threats to regional and international peace, and acts of ethnic cleansing, mass killing or genocide. Use of the Fund will require a determination by the President that a complex emergency exists and that it is in the national interest to furnish assistance in response.

Mr. Chairman, there are clear limits to what U.S. assistance can do to promote peace, stimulate development, and prevent and mitigate crises. Without the combined efforts of the donor community and, more importantly, the recipient governments themselves, progress will be limited. By combining our established tools, like our outstanding food assistance and disaster assistance programs, with new initiatives designed to focus on prevention and mitigation activities in least developed countries, however, we can significantly increase the possibility of either preventing a crisis from developing or, at least, reducing the severity of a crisis that does develop.

I urge Congress to support these critical new initiatives that have been proposed by the President.

Mr. Chairman, this concludes my testimony. I would be pleased to answer any questions the committee may have.