

**TESTIMONY OF**

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**COMMITTEE ON FOREIGN RELATIONS  
UNITED STATES SENATE**

**on**

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Mr. Chairman, I appreciate this opportunity to testify before the Senate Committee on Foreign Relations regarding the status of and effective response to world hunger. I am Government Relations Director at the firm Cadwalader, Wickersham & Taft and also serve as Executive Director of the Coalition for Food Aid, which is comprised of 14 US private voluntary organizations and cooperatives (jointly called "PVOs") that conduct international food assistance programs.<sup>1</sup>

Eradicating hunger is the oft-stated goal of international and American policies, from the US declaration upon the establishment of the Food for Peace program in 1954 to the World Food Summit goal of reducing the number of hungry people from 800 million in 1996 to 400 million by 2010. Achieving this laudable goal, however, has been elusive. At current rates, according to the Food and Agricultural Organization (FAO), it looks like the number of hungry people will not fall much below 700 million by 2010. The USDA Economic Research Service (ERS) "Food Security Assessment" (March 2002) reports that food access remains a common problem among the lower income populations in poor countries. ERS found a shortfall of 18 MMT of commodities to meet nutritional requirements in 67 low-income countries in 2001.

What are the causes of and impediments to eradicating hunger? What is being done? What more can be done? What is the role of the United States in this worldwide effort?

This testimony responds to these questions, considering both acute and chronic hunger. Acute hunger is associated with a severe food shortages due to emergencies and could lead to death from starvation or hunger-related illness if not immediately addressed. Chronic hunger is

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<sup>1</sup> The Coalition for Food Aid was established in 1985 and its members are: Adventist Development & Relief Agency International, ACDI/VOCA, Africare, American Red Cross, CARE, Catholic Relief Services, Counterpart International, Food for the Hungry International, International Orthodox Christian Charities, International Relief & Development, Mercy Corps, OIC International, Save the Children and World Vision

associated with insufficient amounts of the right mix of foods to meet nutritional needs over an extended period of time, which leads to stunted growth and development, greater susceptibility to disease, poor productivity and higher rates of mortality.

## **Chronic Hunger**

### **What are the causes of chronic hunger?**

Chronic hunger has many causes and manifestations, but is most often associated with poverty and lack of empowerment. In developing countries, where poverty is endemic, employment opportunities are lacking, governments are unable to provide basic health and education services or sanitation and clean water due to low revenues and high debt burdens, agricultural productivity is often low, banking and marketing systems are usually weak and under-performing, and many people struggle just to meet their basic needs. At the individual and household level, insufficient incomes and/or dependence on subsistence farming are important factors.

The opposite of hunger is food security – the ability to access through production and/or purchase adequate amounts of the right mix of foods for a healthy life. To develop a plan for achieving food security, first, the underlying causes of hunger in a particular situation must be analyzed and then interventions can be developed to remedy the problems. Multiple activities are often needed to have an impact.

For example, Ethiopia has an average per capita GNP of \$100/year, average life expectancy of 45 years, and under-five mortality rates of 175 per 1000. The economy is based on agriculture, which employs 85% of the workforce and provides 80% of export earnings. The main export crop is coffee, which is subject to price volatility. There is high population density and lands are being degraded due to overgrazing and deforestation. Adding to agricultural vulnerability, the country is subject to periodic drought and has very poor infrastructure. Therefore, in Ethiopia improving incomes and agricultural productivity and the health of women, infants and children are main focuses of PVO developmental food aid programs. The activities include agricultural extension for improved farming practices, diversification of incomes for subsistence farmers, food-for-work to build primary infrastructure and for land conservation, reproductive health, and children's health care and growth monitoring.

Bangladesh is also a densely populated, low-income and disaster-prone country with a rural-based economy. The PVO integrated food security programs, largely using food aid resources, target high-risk urban and rural communities, such as flood-prone areas and urban slums. Projects include flood proofing, health and sanitation training, increasing the capacity of local organizations for microenterprise, and farmer training. They also provide disaster management and rural maintenance programs.

### **What is being done to eradicate chronic hunger and what more can be done?**

At the World Food Summit, each country was called upon to develop a Plan of Action to promote food security, with benchmarks leading to 2010. It is not clear that this process is working. However, the United States and international community have many programs that can contribute to eradicating chronic hunger.

Under the PL 480 Title II program, 1,875,000 metric tons of food aid is targeted for nonemergency programs that reduce hunger and its causes. The Administration has asked to straightline this program at \$1.185 billion in FY 2004, but \$1.4 billion would allow a wider variety of processed and high-valued products to be purchased. This increase is also needed to help offset the loss of commodities provided under the Section 416 surplus program, which was providing on average \$600 million per year for food aid from FY 1999 through 2002 and is now providing about \$100 million.

The USDA-run Food for Progress program provided food aid grants to assist private sector agricultural development in countries that are making reforms in their agricultural economies and is providing about \$150 million in assistance each fiscal year. The Administration's budget requested \$50 million to continue the McGovern-Dole International Food for Education Program in FY 2004, which has the purpose of increasing school attendance and improving food security. The PL 480 Title I program provides loans to lower-income countries for the purchase of food commodities from the United States on highly concessional terms and appropriations for that program is straightlined in the President's budget request for FY 2004.

Many development assistance programs, such as child survival, HIV/AIDS, other health projects, agriculture and education can contribute to food security. International institutions, such as the World Bank, international agriculture research centers and several United Nations agencies (such as IFAD, FAO and UNICEF) also cover aspects of food security. Private companies, universities and other research centers can contribute technology and know-how to improve seed quality, cultivation techniques, post harvest storage, product quality and marketing.

Below are some suggested ways to improve the targeting and effectiveness of efforts to eradicate chronic hunger.

### **1. Integrated programs demonstrate success.**

As the Ethiopia and Bangladesh examples above show, it may take several different types of interventions over a period of time to address chronic hunger. **The emphasis on integrated development programs for food security rather than food for distribution is an important step forward in food aid programming and should be continued.**

Since 1995, programs under the PL 480 Title II have evolved from a focus on food distribution and public works to activities with a primary focus on sustainable development, and they have been successful. Agricultural and mother-child health programs have been integrated with complementary activities such as technical assistance and training, largely funded by monetization. Yields were increased, storage losses were reduced, household provisioning was improved, and nutritional status of children was improved. (FANTA Report of the Food Aid and Food Security Assessment, March 2002) Besides using monetization to enhance support improved programming, the process of monetization itself can stimulate wider participation of traders in the market of the recipient country, thereby strengthening the free market system.

Besides agricultural and mother-child health programs, integrated approaches to address a variety of other impediments to food security should get attention. In some cases food aid alone could be used or development assistant funds alone can be used, or they could be blended.

For example, community food security is challenged when there is a high prevalence of HIV/AIDS. When a person's immune system is compromised, it is important to maintain a nutritious diet. However, this is often difficult to provide in poor communities. In addition, when breadwinners are ill, children may have to forego schooling to work or care for younger siblings. Medical expenses drain funds away from food and other basic needs. Carrying for orphaned children creates a financial burden on relatives or others in the community. A downward economic and social spiral is often the result. The President's announcement of the HIV/AIDS initiative is welcome. These efforts should include best practices in prevention and care, enable families to provide nutritious foods for relatives living with the disease, and ensure the nutritional, educational and financial needs of orphans and affected community members are met.

## **2. Make multiyear commitments to address the underlying problems.**

In poor areas, eradicating hunger is a long-term process. A presence at the community level must be maintained during the duration of the program in order to assure it is properly implemented, to troubleshoot, to make needed modifications, and to monitor. USAID recognizes this and develops multiyear programs with most of its partners. For PL 480 Title II, five years is the norm, although longer is often needed to build local capacity and to tackle other aspects of food insecurity. **Even when there is a multiyear agreement, the US Government can be inconsistent in resource allocations because political and policy priorities change. Agreements with partners should be kept on track, except if there is a serious problem during an evaluation or appropriations are discontinued.** Interruptions in agreed-upon projects harm the credibility of the PVO that is the implementing partner, require the laying off of local staff, and set back progress towards results.

The purpose of the PL 480 program is to use US food aid to promote food security in the developing world and under Title II an explicit objective is to alleviate hunger and its causes. The law calls for 1,875,000 MT of Title II commodities to be used for nonemergency purposes so multiyear interventions to address chronic hunger can be implemented. These programs that are specifically designed to promote food security should be allowed to run their course.

However, there seems to be pressure within the Administration to move away from integrated development to relief operations under Title II. This was most noticeable this year when PVOs were told that many of their nonemergency programs would be cut in order to divert funds to emergency needs. This sets a troublesome new precedent since emergencies are usually supplied through supplemental appropriations, surplus commodities or commodities from the Bill Emerson Humanitarian Trust.

## **3. Develop local partnerships through PVOs to address impediments to food security.**

**Designing solutions that can take root requires consultation and implementation with local institutions and community groups. Agreements with PVOs foster effective community participation and should be encouraged for food security interventions.** PVOs are effective in working with poor communities, provide accountability for resources and are also cost effective partners for development. The Foreign Assistance Act of 1961 recognizes the importance of both PVOs and indigenous organizations and PL 480 Title II explicitly calls on

PVOs to work with indigenous organizations. By working with and through local administrators and community groups, they also help the process of decentralizing decision-making. PVOs cooperate directly with the hungry and the poor and develop approaches from the perspective of people involved. They represent the goodwill of the American people in their work abroad.

#### **4. Create an enabling environment at the national government level.**

**Donors need to provide incentives for low-income, net food-importing countries and countries where subsistence farming is prevalent to create an environment conducive to the eradication of hunger.** Poor countries that receive World Bank funding develop Poverty Reduction Strategy Papers (PRSPs) in consultation with donors, nongovernmental organizations, private entities, and local administrators. Addressing food security should be integrated into the PRSP process. This would provide a strategic plan within a country for addressing the multi-faceted aspects of hunger.

The country government, with the support of multilateral and bilateral donors, should take responsibility for large-scale projects needed to support food security, such as opening markets and creating laws that protect investments; developing the water, sanitation, and transportation infrastructure; and sustainable financing of education and health systems. Similarly, as intended in the President's Millennium Challenge Account proposal, governments should be given incentives and support to implement the rule of law, to exercise transparency in government transactions, to invest in the health and education of their populations and to support economic freedom and an environment conducive for private sector development.

#### **5. Enabling multilateral agreements are needed.**

The Food Aid Convention is the intergovernmental mechanism for defining food aid and for donors to make commitments to provide minimum levels of food aid grants. It allows donor countries to enter into agreements with nongovernmental organizations, governments and multilateral organizations for both emergency and nonemergency purposes. The objectives of the FAC are to contribute to world food security by making appropriate levels of food aid available on a predictable basis and to provide a framework for coordination among member countries, as well as a reporting mechanism to track food aid donations.

Article 10.4 of the Agreement on Agriculture recognizes that countries with agricultural bounty may provide food aid to less developed, net food-importing countries under terms that do not interfere with commercial trade but are flexible to meet the different types of programming needs in each country. Food aid is exempt from limitations placed on subsidized agricultural exports if the terms under which it is provided meet the requirements of the FAC. Article 10.4 should not be changed. **The current draft Doha Round language ("Harbinson Draft"), which is being discussed at the WTO Special Session on Agriculture in Geneva this week, must be rejected. It would severely limit in-kind food donations and would end all nonemergency food aid through governments and nongovernmental organizations, such as PVOs.**

### **Acute Hunger**

**What are the causes of acute hunger?**

Natural disasters and conflicts continue to impede progress towards food security. They compound the suffering of the poor, erase the economic progress made by struggling, developing countries and thrust millions of low-income, and even middle-income, families into poverty. Droughts, floods, pestilence, and other natural disasters reduce or destroy agricultural production and livestock, inhibit imports and internal trade of commodities, and result in inflated prices.

If natural disasters occur in the United States, there are governmental and nongovernmental emergency mechanisms in place to respond with assistance rapidly, which saves lives, prevents the spread of disease and restores normal living conditions more quickly. If natural disasters occur in a poor, less developed country, where infrastructure is lacking and many people are already vulnerable because they live in poverty and often do not have adequate diets on a regular basis, the result is a sharp increase in deaths due to starvation or hunger-related diseases and long-term setbacks to the economy and development.

Ethiopia is a current example. Poor, lacking in infrastructure and dependent on rainfed agriculture, the country was hard hit in 2002 when both the minor rains (march-April) and major rains (June-September) were insufficient. Yields of maize and sorghum were reduced by 45% and 34%, respectively. The cereals deficit is 2.489 MMT (FEWS NET) for 2003. An emergency has been declared and there are 11.3 million at immediate risk and another 3 million are considered vulnerable.

Livestock are dying, cereal shortages have led to inflated food prices, purchasing power of the poor has decreased, people are selling their assets (livestock, equipment, personal goods), people are migrating to seek fodder and water for livestock, and the number of homeless people in cities is increasing. In the hard hit areas, acute malnutrition among children under five is 15% and death from starvation and hunger-related diseases is increasing. In some areas food aid is the only source of food available.

### **What is being done to eradicate acute hunger and what more can be done?**

In cases of emergency in poor, developing countries, outside intervention is needed for both the emergency and recovery phases, and international response must be rapid to limit morbidity and mortality. Besides food aid, investments in potable water, health care and agriculture, such as fertilizer, seeds and tools, are often required. With the prevalence of HIV/AIDS in disaster-prone areas, there is greater susceptibility to weakness and disease when there are food shortages. This makes the need for quick response more urgent and also means that the special needs of such groups must be taken into account when developing the food rations and recovery plans.

Below are steps to limit the impact of emergencies and to prevent acute hunger in poor countries.

#### **1. Prevention and early warning systems.**

Early warning systems track weather, price and commodity availability, and other conditions that could indicate potential food shortages. The purpose is to identify early signs of stress in poor and vulnerable communities before food shortages lead to declining health, sales of assets and migration. USAID's FEWS NET serves this purpose in parts of Africa and the UN FAO also has a mechanism for early warning. **When possible, these findings should be linked more closely with prevention activities, including activities by PVOs under PL 480 Title II, to**

**address chronic hunger.** In the case of political instability and war, it is very difficult to help people in their communities and often preparations are made to intervene after the conflict and/or through displaced persons and refugee camps.

## **2. Assessment of the extent of the food crisis.**

When there are signs of a food crisis, an on-ground assessment is used to identify the number people at risk, those population groups that are particularly vulnerable and estimated food shortages. These assessments are conducted by teams from governments, intergovernmental organizations, such as the UN World Food Program (WFP), UNICEF and FAO, and PVOs. Sometimes these assessment teams wait until there are significant events, such as the beginning of harvest, to conduct their field studies. **Even if a complete assessment is not completed, plans should be made to provide food and other assistance when there are early signs of problems, such as failed rains during the growing season, that are confirmed by local observations of PVOs or others working in the field.**

## **3. Relief-recovery project development and implementation through PVOs.**

PVOs coordinate with communities (a) to identify the interventions that are needed immediately, such as they types of food, who should receive commodities and the best ways to deliver goods and services; (b) to identify the interventions for recovery, such as seeds, tools and fertilizer; and (c) to implement and monitor programs. Recently, USAID has recognized the importance of linking recovery directly with emergency relief and has approved a PVO consortium program (“C-SAFE”) for the southern African emergency that will accomplish this goal. However, it took months to work out that agreement, and it is taking a long time to develop similar programs for Ethiopia. **Such relief-recovery agreements with PVOs demonstrate a new approach to restore health and productivity when there is acute hunger and are good models for the future.**

## **4. Early response by donor countries.**

To fulfil the needs identified by assessments mechanisms must be in place in donor countries to allow the timely allocation of resources. **International appeals for emergencies should encourage broad donor participation, but the United States, because of its agricultural bounty and traditional commitment to hunger relief, should continue to provide one-half of needed commodities for an emergency. However, the USG needs to develop a revolving food aid reserve/fund for early response to urgent humanitarian needs. The lack of such a mechanism is a significant impediment to rapid recovery and also endangers efforts to use food aid to promote development and to overcome the causes of hunger.**

Some funds under PL 480 Title II are available for emergencies, but these are insufficient and were not intended to provide for large emergency needs. In the case of the 1984-85 Ethiopian famine, the Afghanistan emergency and the Yugoslav war, supplemental appropriations were provided. In other years, surplus USDA Section 416 commodities were available for emergencies. Four times since its inception, commodities from the USDA emergency reserve, called the “Bill Emerson Humanitarian Trust,” were used for urgent humanitarian needs. However, the value of the commodities released from the Trust must be repaid to CCC in

subsequent years with PL 480 funds. Further, the Trust must be replenished through appropriations since CCC does not hold inventories of grains, rice or oilseeds that can be used to replenish the Trust. (See Attachment A for a description of the Trust)

This year is a prime example of a time when emergency funds for food aid are greatly needed. The funds needed to buy and to deliver one-half of the food needed for current emergencies in eastern and southern Africa would require \$600 million above the funding request provided in the Administration's FY 2003 budget request for PL 480 Title II. (See Attachment B) Instead of seeking these extra funds from Congress, has decided to provide only 1/3 of the food needed for these emergencies rather than the traditional one-half. Further, it will limit funds for other emergencies, such as Uganda and Angola, and is diverting up to \$270 million in funds from previously-approved PVO programs in such countries as Bolivia, Guatemala, Peru, Ghana, Mozambique, Bangladesh, Malawi and parts of Ethiopia where the drought is not severe but there is chronic food insecurity.

Cutting these programs is against the intent of the law, which calls for 75% of Title II commodities to be used for nonemergency programs in order to tackle the issues causing chronic hunger. As our nation faces potential war with Iraq and seeks cooperation in the war against terrorism, it is important for the United States continue to show our compassion towards needy people in poor countries. Without additional funding, millions of people will be eliminated from other food aid programs across the world and the US will reduce its level of assistance for emergencies. This comes at a time when prices for most commodities have increased by 20-60% over the past several months

**For the current food crises in eastern and southern Africa, additional FY 2003 appropriations are needed.** May I express great appreciation that Senator Bill Nelson offered and the Senate approved an amendment to the FY 2003 Omnibus Appropriations Bill to provide \$500 million in additional emergency funds through PL 480 Title II. In Conference Committee this level was cut to \$250 million, which is insufficient to meet the emergency needs or to avoid cutbacks in other PL 480 programs. The immediate remedy is to provide the remaining funds in the supplemental appropriations bill and to use 500,000 MT of wheat from the Trust. However, action is needed as soon as possible because it takes about four months to buy commodities and to ship them. Additional funds may also be needed to meet the new commitment of food aid to North Korea and if there is war in Iraq, significant additional food aid will be needed.

**The long-term remedy for timely and adequate interventions in times of emergency and to address acute hunger is two-fold.** First, a revolving fund for food aid emergencies should be created, using the Bill Emerson Humanitarian Trust Act as the starting point. Pre-positioning of commodities in strategic locations could be used in conjunction with the revolving fund to enhance the ability to respond quickly. Second, the President's proposal to create a Famine Fund under the disaster assistance authority of section 491 of the Foreign Assistance Act of 1961 should be considered, although more specific authorizing language may be needed and funds should not be taken away from disaster assistance to fund this program. In FY 2004, the President has proposed \$200 million in appropriations for the Fund, which it seems could provide food and non-food assistance. It would be managed by USAID under the policy direction of State Department, subject to Presidential approval, with the purpose of addressing the root causes of famine and to respond to famines that cannot be prevented.

Mr. Chairman, thank you for the opportunity to testify. I would be pleased to answer questions you or the Committee may have.

Attachments

## ATTACHMENT A

### BILL EMERSON HUMANITARIAN TRUST

The Trust started in 1980 as the Food Security Wheat Reserve. It is managed the CCC. It can hold a maximum of 4 MMT of a mix of commodities: wheat, corn, rice and sorghum. When commodities are released they may be processed or fortified or exchanged for other commodities, including powdered milk, vegetable oil, peas, beans and lentils.

The Trust provides food aid overseas as a back-up to P.L. 480 when (1) U.S. commodity supplies are tight or (2) there is an urgent humanitarian need and P.L. 480 funds for the year have been allocated. P.L. 480 funds are used to reimburse CCC for the value of commodities released, either in the same year when the commodities are released or, when used for unanticipated need, in subsequent fiscal years.

There are three ways to replenish the Trust: (1) surplus commodities acquired by CCC may be deposited into the Trust, (2) Congress may specially appropriate funds for the Trust, and (3) in each fiscal year through 2007, \$20 million of the P.L. 480 funds that are used to reimburse CCC for the value of commodities released from the Trust will be available to purchase additional commodities to replenish the Trust.

The Trust is supposed to be used, as follows:

1. "Short Supply." Up to 4 MMT can be made available for use in P.L. 480 programs in any fiscal year when domestic grain supplies are so limited that the Secretary of Agriculture determines that such grains cannot be purchased on the market for P.L. 480 programs, except for title II humanitarian programs. Thus, in times of domestic short supply commodities can be purchased from the Trust for P.L. 480 programs, so these programs do not have to be disrupted. This is primarily how the Trust has been used over the past 22 years.
2. "Unanticipated Need." When an emergency occurs, but P.L. 480 title II funds for emergencies for the fiscal year have already been allocated, up to 500,000 MT of commodities can be released from the Trust for the emergency. If the full 500,000 MT is not used, the remaining amount can be carried over for use (if needed) in the next fiscal year. CCC (not P.L. 480) covers the transportation and inland distribution costs. The Trust has only been used three times for this purpose.

ATTACHMENT B

February 21, 2003

**UNANTICIPATED AFRICAN EMERGENCIES  
MINIMUM FY 2003 FUNDING SHORTFALL USING \$600/MT<sup>1</sup>**

	<b># OF PEOPLE AT RISK</b>	<b># METRIC TONS NEEDED TO MEET SHORTFALL</b>	<b>MIN. COST OF BUYING AND DELIVERING COMMODITIES</b>	<b>50% OF COST (U.S. SHARE)</b>	<b>AMOUNT ALREADY COMMITTED BY U.S.</b>	<b>FY 2003 FUNDING SHORTFALL</b>
<b>SOUTHERN AFRICA<sup>2</sup> (THRU 3/03)</b>	14.4 million	1,000,000	\$600,000,000	\$300,000,000	\$265,904,000	\$34,096,000
<b>EASTERN AFRICA<sup>3</sup> (THRU 9/03)</b>	15.5 million	2,500,000	\$1,500,000,000	\$750,000,000	\$185,400,000	\$564,600,000
<b>TOTALS</b>	29.9 million	3,500,000	\$2,100,000,000	\$1,050,000,000	\$451,304,000	\$598,696,000

<sup>1</sup> This is a minimum estimate that assumes \$600/MT, which is approximately the amount needed to deliver one metric ton of a mix of grains, vegetable oil and beans, pulses and fortified products that are considered essential components of the food basket when emergencies occur.

<sup>2</sup> Zimbabwe, Malawi, Zambia, Lesotho, Swaziland and Mozambique. Estimated needs are through March 2003 from USAID FEWS NET reports, although recent assessments indicate that food aid will continue to be needed at least through June 2003. Amount already committed by US from January 24, 2003 USAID/OFDA Fact Sheet.

<sup>3</sup> Ethiopia and Eritrea. Number of people at risk and cereal and pulses shortfall from January 2000 USAID FEWS NET reports. Amount already committed by US from January 30, 2003 from USAID/OFDA Fact Sheets, showing 358,200 MT for Ethiopia and 30,600 MT for Eritrea. Administrator Natsios recently stated that an additional 150,000 MT will be made available for Ethiopia.