

AFRICA RENEWAL

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Africa: no quick fix for high food prices

Calls for more support for farmers

By **Michael Fleshman**

The protests against soaring food prices that swept dozens of countries around the world earlier this year have shaken governments and international aid agencies. At an emergency summit on the food crisis in Rome in June, UN Secretary-General Ban Ki-moon underscored the threat to stability. “Nothing is more degrading than hunger, he told world leaders. “It breeds anger, social disintegration, ill health and economic decline.”

The price rises have been most pronounced with the cereal crops — maize, wheat, rice, sorghum and millet — that are the basic diet of billions of people. The price of wheat on world markets rose 130 per cent between March 2007 and March 2008, while rice increased by nearly 90 per cent and maize by nearly a third during that period. Prices for other foodstuffs, including vegetable oil, which went up by 97 per cent, and dairy products, which went up by 58 per cent, have kept pace.

The price hikes have fallen hardest on the poor in the 82 nations designated by the United Nations as low-income food deficit countries (LIFDCs). Since food costs typically absorb half or more of family incomes in such countries, many have little choice but to switch to cheaper, less nourishing foods, or skip meals altogether. The UN reports that the total cereal import bill of African LIFDCs rose by more than half in 2007, an increase of more than \$7 bn. For 2008 Africa’s most import-dependent countries are expected to pay about double what they paid for food two years ago.

Economists caution that price increases could add 100 million people to the 850 million around the world who are already chronically malnourished. They can also contribute to balance-of-payments problems and worsen debt in the poorest countries. After posting strong economic growth rates in recent years, Africa could see those gains literally eaten up by higher food costs.

Multiple causes

Much of the blame for high food prices has been put on the use of maize and other food crops for ethanol and other bio-fuels for the transport industry. But a combination of many factors is responsible, agriculture economist Joachim von Braun, director-general of the International Food Policy Research Institute in Washington, told *Africa Renewal*. Those factors include rising oil prices; improved living standards in China and India; poor weather in major food exporting countries, including Australia and the US;

increased speculation in agricultural commodity markets by large investors; and decades of underinvestment and declining yields in agriculture in poor countries.

“None of these factors alone would have caused the very high increases we are seeing,” Mr. von Braun said. “Together they are creating a very risky situation.” Solving the current crisis, Mr. von Braun told governments at the UN in May, will require a mix of short-term policies that make more food available immediately and long-term action to reduce global inequality, remove farm subsidies, change various trade policies, and increase farm production and self-sufficiency in African and other chronically food-deficient areas.

From neglect to action

The UN Food and Agriculture Organization (FAO) cautions that high food prices could continue for at least a decade, and that the long era of world food surpluses and cheap exports that began with the Green Revolution in Asia in the 1960s may be over.

On the ground, African governments have tried to reduce prices for basic foods in a number of ways. In Senegal, which relies on imports for half of the cereals it consumes, the government announced subsidies of 40 per cent on wheat flour, suspended food tariffs and imposed price controls. In Ethiopia, where drought is already threatening widespread hunger, the government has introduced a wide range of emergency programmes including food tax cuts, subsidies for wheat and emergency rations to 800,000 people. Tanzania has lifted duties on an additional 300,000 tonnes of maize imports and banned food exports.

Disaster foretold

But only time will tell whether the demonstrators who have recently taken to the streets in many countries to protest rising food prices have shocked their leaders into finally tackling the underlying crisis in global agriculture. Addressing the Rome summit, FAO Director-General Jacques Diouf reminded the assembled heads of state that they had come to Rome in 1996 and again in 2002, to pledge an end to hunger.

“The facts speak for themselves,” Mr. Diouf said. “From 1980 to 2005 aid to agriculture fell from \$8 bn . . . to \$3.4 bn.... Agriculture’s share of official development assistance fell from 17 per cent in 1980 to 3 per cent in 2006.” This was despite the fact that farming provides the sole livelihood for 70 per cent of

the world's poor. The sometimes violent protests that erupted around the world in recent months, he said, were "but the chronicle of disaster foretold."

In the countries where investment in agriculture has increased, results have sometimes been dramatic. In Malawi, the government disregarded the advice of donors in 2006 and doubled the country's maize harvest with a \$60 million fertilizer subsidy programme for family farmers. Last year it even donated food to UN relief agencies. In Kenya a \$5 million international loan guarantee programme has secured some \$50 million in private-sector loans to smallholder farmers. Over the long term, Kenyan Agriculture Minister William Ruto told the Rome summit, "We believe the most comprehensive way to deal with high food prices, hunger and poverty is to invest in agriculture and raise food production."

But too often, noted FAO's Mr. Diouf, Africa's development partners have failed to support such efforts. "It was only when the destitute and those excluded from the banquets of the rich took to the streets to voice their discontent and despair," Mr. Diouf noted, that the world took notice. "The problem of food security is a political one," he concluded. "The time for talking is long past. Now is the time for action." ■

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Correspondence should be addressed to: **The Editor, Africa Renewal Room S-955, United Nations, NY 10017, USA, Tel: (212) 963-6857, Fax: (212) 963-4556 e-mail: africarenewal@un.org**

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