

10 point

**ACTION PLAN**

to end  
hunger

act:onaid  
**HungerFREE**  
food crisis action

# HungerFREE

## 10 POINT ACTION PLAN TO END HUNGER

### ▶ MAKE SURE NO ONE GOES HUNGRY

#### 1. Back the right to food in law

States must ensure the right to food is law, and that people denied their right have access to justice and redress. Legislation should be enacted and implemented in accordance with the UN's voluntary guidelines on the right to food. <sup>1</sup>

#### 2. Expand social protection measures

Perhaps the most immediate implication of enshrining the right to food in law would be to require all governments to establish a universal “social minimum” to ensure that lack of income does not cause anyone to face chronic hunger. Elements may include cash transfers, cash and food packages, public works employment schemes, free school meals, unemployment benefits and other social grants. These measures should be home grown, designed to improve gender equality, and created with civil society input. Minimum wage laws and labour market regulations to enhance and protect the earning power of the most vulnerable are also important.

**2.1 A free school meal for every child.** Every country should provide a free school meal to every child every day. Costing an average of US \$0.19 per child per day, a school feeding programme would help to prevent children dropping out of school because of the food crisis, as well as protecting

<sup>1</sup> Established by all members of FAO in 2004 and based on core human rights principles of participation, accountability and non-discrimination, the Voluntary Guidelines to Support the Progressive Realization of the Right to Adequate Food in the Context of National Food Security propose good practice in 19 areas of government policy which taken together provide a framework for a comprehensive strategy to achieve the right to food.



their health and cognitive development. School meals have been shown to have a particularly marked impact on girls' enrolment and completion, which in turn makes a powerful contribution to longer-term food security (see below). Food for these programmes should be procured from local small farmers, providing an additional boost to incomes and wellbeing.

**2.2 Direct cash transfers** should be introduced for vulnerable categories of society, such as children, the old, orphans, or people living with HIV/AIDS and their carers. Direct cash transfers have been widely shown to improve food consumption and health outcomes, not just among the recipients but their entire households. Child support grants are particularly promising as weapons against hunger because they provide a way to reach children aged zero to five, the ages at which chronic hunger is most likely to result in irreversible lifetime damage to health and cognitive development. In Africa, providing basic, but regular cash transfers to 40 million chronically poor households would cost as little as US \$3 billion per year, but would make an enormous impact on hunger and poverty. It could also reduce the frequency and severity of food crises demanding emergency food aid.

**2.3 Universal access to HIV treatment, care and prevention.** Hunger makes people vulnerable to HIV infection, and HIV/AIDS puts people at risk of hunger. The only way to break this devastating cycle is to provide universal access to HIV treatment, care and prevention, with a particular focus on the needs of women, who carry a double burden as the main producers of food and the main caretakers of the sick.

**2.4 Emergency food aid.** Donors and governments have a shared responsibility to prevent deaths from starvation. As a result of soaring food prices and the growing frequency of weather-related disasters, approximately US \$5-6 billion is needed immediately in additional commitments to the World Food Programme. Donations should be provided in cash, not in kind, so that supplies can be procured locally or regionally. However, long-term social protection programmes have been proven to reduce the need for emergency food aid and these are ultimately a better answer.

### **3. Enhance the status and incomes of women.**

Improving women's status means that everyone eats better. Women with higher status have better nutritional status themselves, are better cared for, and provide higher quality care for their children. ❷ Improvements in women's education have been identified as the single most powerful contribution to reducing malnutrition over a 35-year period. ❸ Strengthening women's rights to own and inherit property in their own right, rather than only through a male relative, is a critical step towards equal status for women that also unlocks direct improvements in food security (see below).

## **► INCREASE LOCAL PRODUCTION OF FOOD FOR LOCAL USE**

### **4. Invest in small-scale sustainable agriculture to boost production and incomes**

Donors and governments should massively increase investment in sustainable agriculture and rural development to ensure national self-sufficiency in staple foods. Priorities include appropriate irrigation and water management, improving rural roads, seed banks, and public research and extension to scale up

❷ L. Smith, U. Ramakrishnan, A. Ndiaye, L. Haddad, and R. Martorell, 'The Importance of Women's Status for Child Nutrition in Developing Countries', Research Report 131, IFPRI, 2003.

❸ L. Smith and L. Haddad, 'Explaining Child Malnutrition in Developing Countries: A Cross-Country Analysis,' IFPRI Food Consumption and Nutrition Division Discussion Paper 60, IFPRI, April 1999.



sustainable, low-input farming methods. Estimates of how much this would cost range from US \$20bn to US \$30bn per year. At least \$10bn is needed immediately to support the poorest and most vulnerable farmers and other rural groups, through free or subsidized inputs, expansion of rural credit and social protection. Additional investment in education and adult literacy for rural women and girls, costing an estimated US \$XXX per year, will make a dramatic impact on yields as well as food security.

#### **4.1 *More and better aid for small farmers***

To help finance the investment needed, aid to agriculture must increase from US \$3.9bn in 2006 to US \$30bn by 2012 – which is perfectly achievable if donors keep their pledge to devote 0.7 percent of Gross National Income to aid. Aid to agriculture should focus on staple crops and promote local production for local use. Policy conditionality must be dropped, and all aid must be untied.

#### **4.2 *Unsustainable GM and Green Revolution technologies should be rejected.***

Multilateral investment in public agricultural research and development is critical but governments and donors must reject the quick fix of a



second 'Green Revolution' based on genetically modified (GM) high yield herbicide-resistant seeds, chemical fertilizers, pesticides and mono-cropping. Recent research shows that GM yield improvements have been highly variable and in some cases negative. A four-year UN review by 400 experts, published this year, yielded a vote of no confidence in GM crops as a solution to increase yields. ❹ Instead, a massive push to develop and scale up low-input, organic farming methods is needed.

## 5. Support women farmers and producers.

Women are the main producers of food in most developing countries, yet they have less access to extension services, labour, credit and fertilizer than men do. Farm plots run by women have been found to have 20–40 percent lower yields than those run by men, but these differences actually arise from inequalities in agricultural inputs. When women receive the same levels of education, experience, and farm inputs as men, they can increase the yields of some crops by over 20 percent. ❺ Lack of secure tenure rights in land bars women from

❹ International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD), 'Executive Summary', April 2008. [www.agassessment.org/docs/SR\\_Exec\\_Sum\\_210408\\_Final.pdf](http://www.agassessment.org/docs/SR_Exec_Sum_210408_Final.pdf)  
 ❺ Rosegrant et al, 'Facing Alternative Futures: Prospects for and Paths to Food Security in Africa', 2020 Africa Conference Brief no 17, IFPRI, 2005.

membership of cooperatives, water users groups, and farmer associations; prevents them from accessing credit; and discourages them from investing time and resources in sustainable farming practices. Both crop yields and household food security will improve if women can choose what to grow on their own plots of land. Women's access to and control over land, seeds, water, credit and extension services should be increased through redistribution and tenure reforms at national level.

## **6. Scale up mitigation, adaptation, financing and technology in response to climate change**

To protect tropical agriculture from the most devastating impacts of climate change, global warming must be contained at less than 2 degrees Celsius. To achieve this, it is absolutely imperative that rich countries set binding targets to reduce emissions by 25-40 percent by 2020. They must also pay their fair share of the estimated US \$67bn annual cost of tackling the effects of climate change in developing countries. Poor farmers' vulnerability to climate change should be reduced by investment in sustainable agriculture, local irrigation schemes and better use of local biodiversity.

## **► FIX THE GLOBAL FOOD SYSTEM**

### **7. Regulate agribusiness**

Privatisation and liberalisation of commodity markets has helped a few giant agribusiness companies gain massive power to dictate prices. Regional and international competition authorities should be established to guard against monopolies and cartels in the food system. National governments should take countervailing action to restore the market power of small produces through supply management. National laws should be strengthened to ensure that the actions of companies do not deprive poor people of their access to land, water and livelihoods.

### **8. Trade deals must protect rural livelihoods**

The WTO round of Doha negotiations and Economic Partnership Agreements further threaten local food production. Developing countries must be allowed to increase tariffs to protect local production of staple foods and other economically sensitive crops.

### **9. End targets and subsidies for biofuels**

The US and EU should end targets and subsidies for biofuels while agreeing a



five year moratorium on the diversion of arable land into biofuel monoculture. Southern governments must regulate biofuel investment to ensure local food production is not displaced.

#### **10. Stop speculation in international commodities future markets**

An independent panel of experts, under the aegis of the UN food crisis task force, should be mandated to investigate the role of commodity speculators, particularly large index funds, in driving up prices, and recommend appropriate mitigating steps to curb excessive speculation.

# HUNGER IN NUMBERS

Over **950 million people** will go hungry this year and Action-Aid estimates that a further 750 million people are now at risk of falling into chronic hunger. As many as 1.7bn people, or 25 percent of the world's population may now lack of basic food security. ⑥

**75 percent** of the world's hungry people live in rural areas ⑦ which suggest that no sustained reduction in hunger is possible without special emphasis on agricultural and rural development.

Official Development Assistance to agriculture has been falling steadily throughout the past two decades from US \$6.7 billion in 1984 to **US \$3.9 billion** in 2006. ⑧

Overall global food prices have increased by **83 percent** in the 36 months leading up to February 2008, while wheat went up by 181 percent. ⑩

Assets allocated to commodity index trading strategies have risen from US \$13 billion at the end of 2003 to US \$260 billion as of March 2008, and the prices of the 25 commodities that compose these indices have risen by an average of **183 percent** in those five years. ⑪

# HUNGER IN NUMBERS

Almost **half the increase** in consumption of major food crops in 2007 was related to biofuels. <sup>12</sup>

**Hunger and malnutrition** are the number one risk to health worldwide – greater than AIDS, malaria and tuberculosis combined. <sup>13</sup>

Almost **five million children** die each year from preventable diseases such as diarrhoea and measles every year. <sup>14</sup>

More than **60 percent** of chronically hungry people are women. <sup>15</sup>

<sup>12</sup> ActionAid HungerFREE, 'Cereal offenders', Policy Briefing, July 2008. [http://www.actionaid.org/assets/pdf/Japan\\_G8.pdf](http://www.actionaid.org/assets/pdf/Japan_G8.pdf)

<sup>13</sup> UN Food & Agriculture Organisation (FAO), 'The State of Food Insecurity in the World 2005: Eradicating world hunger- key to achieving the Millennium Development Goals'. <http://www.fao.org/docrep/008/a0200e/a0200e00.htm>

<sup>14</sup> UN Food & Agriculture Organisation (FAO), 'The State of Food Insecurity in the World 2006: Eradicating world hunger- taking stock ten years after the World Food Summit'. <http://www.fao.org/docrep/009/a0750e/a0750e00.HTM>

<sup>15</sup> OECD DAC Creditor Reporting System

<sup>16</sup> World Bank, "Rising food prices: Policy Options and World Bank response", April 2008. [http://siteresources.worldbank.org/NEWS/Resources/Developmentcommittee\\_note\\_Apr11.doc](http://siteresources.worldbank.org/NEWS/Resources/Developmentcommittee_note_Apr11.doc)

<sup>17</sup> Testimony of Michael W. Masters, Managing Member/Portfolio Manager Masters Capital Management, LLC before the Committee on Homeland Security and Governmental Affairs, United States Senate, May 20, 2008. [http://hsgac.senate.gov/public/\\_files/052008Masters.pdf](http://hsgac.senate.gov/public/_files/052008Masters.pdf)

<sup>18</sup> IMF, 'Impact of High Food and Fuel Prices on Developing Countries – Frequently Asked Questions'. <http://www.imf.org/external/np/exr/faq/ffpfaqs.htm>

<sup>19</sup> UN World Food Programme, 'Hunger Facts 2006'. [http://www.wfp.org/aboutwfp/facts/hunger\\_facts.asp](http://www.wfp.org/aboutwfp/facts/hunger_facts.asp)

<sup>20</sup> Ibid.

<sup>21</sup> UN Food & Agriculture Organisation (FAO), 'The State of Food Insecurity in the World 2006: Eradicating world hunger- taking stock ten years after the World Food Summit'. <http://www.fao.org/docrep/009/a0750e/a0750e00.HTM>

# INTRODUCTION

2008 is the sixtieth anniversary of the Universal Declaration of Human Rights, the blueprint for humanity which has been embraced by every government on earth for all people. The Declaration is unambiguous – food is a human right, just as much as life is a human right! In this anniversary year, it is time for states to reclaim the right to food for the nearly one billion people experiencing hunger. It is the human rights imperative of our time.

The world is wealthier today than ever before, but as of 2006, 854 million people in the world are going to bed hungry every day - a figure now closer to one billion following devastating food price increases. Every year that hunger continues at present levels costs more than five million children their lives and costs developing countries billions of dollars in lost productivity and earnings.<sup>16</sup> Despite doing the bulk of the work to grow food and feed their families, women go hungry the most, accounting for 60 percent of the world's hungry people.

International progress on realising the right to food has been slow since the Declaration on Human Rights was signed 60 years ago. In 1996 and again in 2000<sup>17</sup> World governments committed to halve hunger by 2015. But since then, the number of hungry people has increased every year while the proportion has barely dropped.<sup>18</sup> Unchecked increases in food prices over the past two years are making a dreadful situation even worse.

This situation HAS to change. Through the HungerFREE campaign, ActionAid and its partners are calling for governments to deliver on their obligations regarding the right to food, and their commitment to “halve hunger” by 2015.

<sup>16</sup> UN Food & Agriculture Organisation (FAO), 'The State of Food Insecurity in the World 2004: Monitoring progress towards the World Food Summit and the Millennium Development Goals'. <http://www.fao.org/docrep/007/y5650e/y5650e00.htm>

<sup>17</sup> World Food Summit 1996 and UN Millennium Development Goals

<sup>18</sup> Jean Ziegler, 'The right to food: Report of the Special Rapporteur on the right to food,' UN, Economic and Social Council, para 3, 24 January 2005. <http://www.righttofood.org/new/PDF/ECN4200644.pdf>

# THE PROBLEM

## ► PRICE RISES

The world is in a new global food reality, with soaring food prices for many staple food crops such as wheat, rice and maize. Predictions from the FAO suggest that high food prices are here for another five to ten years<sup>19</sup> and the World Bank estimates that rocketing prices will push another 100 million people below the US \$1-a-day poverty line in 2008.

Food prices have spiked three times over the past 60 years as a result of poor harvests. But the current crisis is unique as it is not being caused by shrinking supplies but by increased demand linked to biofuel production, rising oil prices, climate change, and commodity speculation combined with decades of under investment in rural development and agriculture and damaging liberalisation and de-regulation of agricultural trade and markets.

If the current food crisis is to be overcome, and further crises are not to recur in the future, the structural factors that cause world hunger also need to be overcome. Current government and private sector policies and practices systematically exclude some people from a secure and sustainable supply of food – and this must be challenged.

## ► LACK OF SOCIAL PROTECTION

Hunger cannot be addressed in isolation. Vulnerability often has hunger as an outcome, and hunger forces people into coping mechanisms that leave them vulnerable to deeper and more permanent impoverishment: “selling productive assets, cutting food to levels which bring malnutrition and staying away from schools and clinics on grounds of cost.”<sup>20</sup> The cycle of vulnerability can be ended if governments provide a ‘social minimum’ to prevent destitution. Poor households receiving social protection support are more able to afford basic goods such as food; they are more likely to send their children to school; their children are likely to be healthier and

<sup>19</sup> OECD-FAO, ‘Agricultural Outlook 2008-2017’. <http://www.oecd.org/dataoecd/54/15/40715381.pdf>

<sup>20</sup> Commission for Africa, ‘Our Common Interest: Report of the Commission for Africa’, p. 209, 2005. [http://www.commissionforafrica.org/english/report/thereport/english/11-03-05\\_cr\\_chapter\\_6.pdf](http://www.commissionforafrica.org/english/report/thereport/english/11-03-05_cr_chapter_6.pdf)

better-nourished, and in addition evidence suggests that they invest more money in income generating activities and agriculture. However, only 20 percent of the world's population has adequate social security coverage, and more than half lack any coverage at all. <sup>21</sup> Clearly, if governments are to fulfil the food rights of the poorest citizens, they will have to invest in social protection, alongside complementary social services such as health and education.

In Sub-Saharan Africa, providing basic, but regular cash transfers to 40 million chronically poor households would cost as little as US \$3 billion per year, but would make an enormous impact on hunger and poverty. It could also reduce the frequency and severity of food crises demanding emergency food aid.

Providing a free school meal is one proven and relatively inexpensive way to protect the nutritional as well as educational status of a very vulnerable group: children, and particularly girls. <sup>22</sup> According to the World Food Program, during a school-feeding program's first year, average enrolment increases by 28 percent for girls and 22 percent for boys; the average cost is less than US \$0.20 per child per day. Where children's initial nutritional status is low, school feeding programmes can also improve their health, particularly if micronutrients are included in the programme.

Child support grants are another promising weapon against hunger because they provide a way to reach children below school age, precisely the age at which chronic hunger is most likely to result in irreversible lifetime damage to health and cognitive development. South African children under five whose caregivers receive monthly payments through the national child benefit programme achieve significantly better height-for-age than unenrolled children.

Direct cash transfers of all types, whether child benefit or old age pensions, have a positive impact on the whole household, not just the recipients. They reduce vulnerability by diversifying income. For example, in Lesotho, pensioners surveyed spent on average a third of their pension on food. 60% of this extra food went to other members of the household and that food improved in nutritious quality as well as in quantity. This scheme was affordable at 1.4% GDP. <sup>23</sup>

<sup>21</sup> Wouter Van Ginneken, 'Extending social security: policies for developing countries', ESS paper n 13, ILO, 2003. <http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/kd00061.pdf>

<sup>22</sup> J. Bennett, 'Review of School Feeding Projects', London: Department for International Development, 2003.

<sup>23</sup> D. Croome, Lesotho pensions Impact Project presentation, Lisbon, October 2006.



## ► ACCESS TO LAND AND WATER RESOURCES

Three-quarters of the world's hungry people live in rural areas<sup>24</sup> and most depend on agriculture for their livelihoods. Access to assets and resources such as land and water, as well as access to inputs, credit and labour markets is a crucial route out of hunger for people in rural areas.

However, two decades of an agricultural model imposed by International Financial Institutions and donors in developing countries based on privatisation of land tenure, trade liberalisation and support to export agriculture has largely benefited agribusiness and landlords. Meanwhile, the position of small-scale farmers, especially women farmers, deteriorated.<sup>25</sup>

Women's rights over land, water and forests are often the most precarious of all, and seldom enforced in law. Despite producing 60-80 percent of the food in developing countries, women own only 1 percent of the land.<sup>26</sup> In many African countries,

<sup>24</sup> UN Food & Agriculture Organisation (FAO), 'The State of Food Insecurity in the World 2005: Eradicating world hunger- key to achieving the Millennium Development Goals'. <http://www.fao.org/docrep/008/a0200e/a0200e00.htm>

<sup>25</sup> ActionAid HungerFREE, 'World Bank and Agriculture: a critical review of the World Bank's world development report 2008'. [http://www.actionaid.org/assets/pdf/Agricultural%20FINAL%20corrected%20\(low%20res\).pdf](http://www.actionaid.org/assets/pdf/Agricultural%20FINAL%20corrected%20(low%20res).pdf)

<sup>26</sup> UN Millennium Project, 'Halving hunger: It can be done', p.5, 2005.

most women can only access land through their male relatives or spouses. Despite supplying 80 percent of agricultural labour, only 7 percent of Ugandan women own land.<sup>27</sup> In Namibia, 44 percent of widows and orphans lost land to land grabs, while 19 percent of widows and orphans in Zambia had suffered the same fate.<sup>28</sup>

Lack of access to water resources also particularly impacts on the lives of women who, besides needing water in their role as growers of food, bear the burden of proving water for cooking and sanitation, with many women and girls walking for hours each day to collect water for the household.

## ► LIBERALISATION OF AGRICULTURAL TRADE AND ACCESS TO MARKETS AND AGRICULTURAL INPUTS

The World Bank and World Trade Organisation have argued that concluding the Doha Round is the best solution to the current food crises. However, the current negotiation framework would force poor countries to further open up their agricultural markets for cheap imports from developed countries. Poor countries have been facing strong developed country opposition to the protection mechanisms (such as Special Products and Special Safeguard Mechanism) that they deem vital to ensure national food security, livelihoods of smallholders, and rural development.

Similarly, Economic Partnership Agreements between EU and African, Caribbean and Pacific (ACP) countries would erode the remaining policy space available to protect local agriculture and manufacturing sectors. Moreover, drastic tariff reductions under EPAs would deepen the revenue squeeze facing governments, leaving less money available for social protection and social services crucial to control the impact of current food crises.

As with domestic markets, changes in the structure of export markets have severely diminished the capacity of many countries to produce their own food. If 20 years ago many developing countries were nearly food self-sufficient, all this has changed in the last two decades of trade liberalisation and government support to the export sector while neglecting local food production.

When it comes to access to internal markets, many of the protections that states

<sup>27</sup> ActionAid report 'Biting the feeding hand'

<sup>28</sup> Kaori Izumi, 'HIV/AIDS as an opportunity to advance women's land rights in Southern and East Africa', paper presented at FAO, 23 May 2007.

used to offer in developing countries, in the form of supports to agriculture, trade protection, labour laws or marketing boards, have been slowly dismantled and the amount of money allocated to agriculture reduced. Farmers producing for domestic markets have now to compete with foreign as well as local producers. They have experienced massive price volatility as heavily subsidized agricultural products from developed countries flood their markets, while barriers to market access remain high in the US and EU. <sup>29</sup>

Aid to agriculture is vital for least developed countries since most of them depend on agriculture as their primary economic activity. However, aid levels to agriculture have halved since 1980, with a large portion of available funds going to technical assistance for the design and implementation of liberalisation and privatisation programmes, rather than on helping farmers to grow more and better.

## ► BIOFUELS

Land is being diverted from local food production into other uses such as biofuels. The promotion of biofuels by the US and EU, through tax and subsidy programmes, has increased the overall demand for some crops while reducing the land available for growing food crops.

Increased biofuel demand in 2000–07 is estimated to have contributed to 30 percent of the weighted average increase of cereal prices. In the United States, as much as one third of the maize crop goes to ethanol production, up from 5 percent a decade ago and biofuel subsidies range between US \$11 billion and US \$13 billion a year. <sup>30</sup>

## ► CLIMATE CHANGE

Furthermore, biofuels have had a negative impact on the environment. Unsustainable energy consumption in the North –with marked increases in greenhouse gas emissions and global atmospheric concentrations of CO<sub>2</sub>, methane and nitrous oxide since pre-industrial times due to human emissions <sup>31</sup> - is negatively affecting many

<sup>29</sup> Direct payments to OECD farmers amount to an estimated US\$125 billion per year in 2006 while total developed countries subsidies to their agricultural producers amounted to US\$350 billion a year. This in turn represents a loss of US\$34 billion per year for developing countries. UNDP, 'Human Development Report 2005: International Cooperation at a crossroads: Aid, trade and security in an unequal world', Ch. 4: International trade – unlocking the potential for human development, at p. 130.

<sup>30</sup> International Food Policy Research Institute, 'High Food Prices: The What, Who, and How of Proposed Policy Actions', policy brief May 2008. <http://www.ifpri.org/pubs/lb/foodprices.asp>

<sup>31</sup> IPCC (Intergovernmental Panel on Climate Change) Fourth Assessment Report (AR4)

natural systems and the climate. Climate change is already causing major losses in food production with dramatic consequences for small-scale farmers.<sup>32</sup> Droughts and floods are recurrent in many areas. Of the 37 countries currently in crisis, 22 have suffered adverse weather conditions and six had an exceptional shortfall in food production.<sup>33</sup>

Converting rainforests, peatlands, savannas, or grasslands to produce food crop-based biofuels in Brazil, Southeast Asia, and the United States creates a “biofuel carbon debt” by releasing 17 to 420 times more CO<sub>2</sub> than the annual greenhouse gas (GHG) reductions that these biofuels would provide by displacing fossil fuels,<sup>34</sup> further increasing vulnerability of small-scale farmers to climate change.

To protect tropical agriculture from the most devastating impacts of climate change, global warming must be contained at less than 2 degrees Celsius. To achieve this, it is absolutely imperative that rich countries set binding targets to reduce emissions by 25-40 percent by 2020. They must also pay their fair share of the estimated US \$67bn annual cost of tackling the effects of climate change in developing countries.

## ► COMPANIES

The corporate sector is far more powerful than 30 years go and controls a large part of global food and energy systems. Market concentration has been particularly high in the case of foodstuff commodities. Most of the world’s 450 million farmers are smallholders; 85 percent of them cultivate less than two hectares.<sup>35</sup> Yet pricing power in the global food system is increasingly controlled by a handful of giant corporations.<sup>36</sup>

The ten leading retailers control around a quarter of the US \$3.5 trillion world food market.<sup>37</sup> Half of the world’s coffee beans, for example, are now purchased by five companies: Nestle, Kraft, Proctor and Gamble, Sara Lee and Tchibo. This makes it difficult for unorganised smallholder farmers to negotiate a good price when they sell their crop. On the other hand, farmers must also buy their inputs from a decreasing number of powerful suppliers. The top ten seed companies control almost half the

<sup>32</sup> IPCC (Intergovernmental Panel on Climate Change) Fourth Assessment Report (AR4)

<sup>33</sup> FAO, ‘Crop Prospects and Food Situation’, April 2008.

<sup>34</sup> Joseph Fargione, Jason Hill, David Tilman, Stephen Polasky, and Peter Hawthorne, ‘Land Clearing and the Biofuel Carbon Debt’, *Science*, vol. 319, pp. 1235-1238/29, February 2008.

<sup>35</sup> Marc Cohen, ‘Coping with crisis’, p.15, IFPRI, July 2007.

<sup>36</sup> ActionAid International, ‘Power hungry: Six reasons to regulate global food corporations’, 2005.

[http://www.actionaid.org.uk/\\_content/documents/power\\_hungry.pdf](http://www.actionaid.org.uk/_content/documents/power_hungry.pdf)

<sup>37</sup> Marc Cohen, ‘Coping with crisis’, p.15, IFPRI, July 2007.

US \$21 billion global commercial market and the ten leading pesticide firms control 84 percent of the US \$35 billion market.

As companies became more integrated, they increase their power to lock farmers into deals, maximising their market power and leaving small-scale farmers in a more vulnerable position.

The activities of companies have also made access to land, water and markets more precarious for many poor people. In a situation of insecure land rights, new investments in mining and agriculture, spurred on by recent increases in commodity prices, have contributed to the direct appropriation of land from some vulnerable groups. As prices of commodities such as palm oil and soya soar, large agribusiness companies are buying up land and diverting water supplies to irrigate their plantations.

While skyrocketing food prices are putting more poor people at risk of hunger, agribusiness trans-national corporations are benefiting from the crisis reaching record profits. In the cereal trade sector, the five multinational corporations that control more than 80 percent of the world's cereals market have reaped record profits from food shortages, policies to encourage and subsidise the production of bio-fuels and the increase in oil prices. In 2007, the top five corporations in the seed, pesticides and herbicides sectors reached record profits, thanks to the increased demands in agricultural inputs. In the fertiliser sector, Potashcorp, the world's largest fertiliser company showed an increase in sales in 2007 by 40 percent and an increase in profits by 74,7 percent. In the agricultural machinery industry, CNH – Case New Holland, the world's largest maker of agricultural machineries for the agribusiness sector, in 2007 increased its total sales by 12.5 percent and trading profits by 34 percent. <sup>38</sup>

## ► SPECULATION

There is a growing concern that speculators are also playing a crucial role in the price hike. The collapse of the housing bubble prompted financial investors to place their funds in futures contracts for wheat, rice, oil and other essential commodities. The sums invested in them have risen from US \$13 billion at the end of 2003 to US \$260 billion as of March 2008. <sup>39</sup>

<sup>38</sup> ActionAid, 'Winners and losers: multinationals profiting out of the food crisis'. May 2008

<sup>39</sup> Testimony of Michael W. Masters Managing Member/Portfolio Manager Masters Capital Management, LLC before the Committee on Homeland Security and Governmental Affairs United States Senate May 20, 2008. [http://hsgac.senate.gov/public/\\_files/052008Masters.pdf](http://hsgac.senate.gov/public/_files/052008Masters.pdf)

# THE SOLUTIONS

If we make tackling hunger a political priority, other solutions will fall into place.

Legal recognition of the right to adequate food is a good place to start, as it forces governments to be accountable to the people for actions taken and budgetary resources allocated towards ensuring that no one goes hungry unnecessarily.

An immediate obligation and duty of governments and donors is to ensure universal social protection for those vulnerable to chronic hunger, particularly women and children. Governments and donors alike have a responsibility to ensure that the most vulnerable people in society have the resources they need to live and to flourish.

At the same time, governments and donors must reverse their decades-long neglect of smallholder agriculture, which provides both food and income to the vast majority of the poor in developing countries. Agricultural science and technology must be urgently redirected to ensure that it addresses the needs of small-scale farmers. It is time to abandon failed export-driven models and reject risky GM and Green Revolution technologies in favour of methods and approaches that work for the smallholders, particularly women, who form the backbone of national food security.

Eradicating food insecurity also requires enhancing the tenure rights of marginal groups, particularly women; and redistributing land as well as allocations of irrigation water, to empower the landless, those without secure tenure rights and those who don't have enough land to feed their families.

Gender inequalities in access to social benefits, education, credit, inputs and land must be eradicated. Women grow 60-80 percent of the food, yet plots farmed by women typically have 20-40 percent lower yields. However, this disparity largely disappears if women are given equal access to inputs, credit, education & extension.

Industrial countries must accept responsibility for the destruction of our environment and food systems and must set binding targets to reduce greenhouse gas emissions by 25-40 percent by 2020. They must also cover the cost to developing countries of tackling the impacts of climate change.

Governments must become more vigilant in regulating the actions of companies, to ensure they do not deprive poor people of their rights to food, land and water.

Regional and international competition authorities should be established to guard against monopolies and cartels in the food system. National governments should take countervailing action to restore the market power of small producers through supply management. An international commission of enquiry should be mandated to investigate the role of commodity speculation in the current price spikes, and to develop concrete proposals on measures to stabilise prices or control speculation.

The US and EU must stop pushing illusionary trade agreements, and developing countries should reject any deal that undermines smallholder farming and rural development.



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LEADERS TO STOP THE CURRENT FOOD CRISIS  
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