



Partnership to Cut Hunger and Poverty in Africa

Speech by Peter McPherson at the USDA & USAID Food Aid Conference, “Horizon of Hope,” April 27, 2006 in Kansas City, Missouri

I am so very pleased to be here with you this morning. I have been interested in food aid for as long as I can remember. As a farm boy in Michigan, I was very aware of the pride that my father and his friends took in the fact that American food aid was available to help needy people in Europe and other places overseas after World War II.

As a Peace Corps Volunteer in Peru in the 1960s, I provided support for 70 other Peace Corps Volunteers around the country working in PL 480 school lunch programs.

As the Administrator of USAID in the 1980s, I was responsible for the U.S. response to the great African famines of 1984-85. We delivered over two million tons of food aid to Africa within a 12 month period and saved millions of lives.

Since then food aid has continued to be very important to saving lives, as we have heard throughout this conference.

- In Sudan, in the last two years, the US Government, with American Private Voluntary Organizations and the World Food Program as implementing organizations, has provided over 900,000 metric tons of food aid at a cost of \$840 million.
- During Somalia’s civil war, from 1992-2003, food aid met 70 percent of consumption needs
- Mozambique relied on food aid for more than a third of its food consumption during the 1980s and 1990s.
- Since 2000, Eritrea has relied on food aid for half of its consumption.

The Partnership to Cut Hunger and Poverty in Africa

Over the years I have continued to be concerned about food and agricultural development. Back in 2000, while the President of Michigan State University, I worked with President Konaré of Mali and other committed individuals to found the Partnership to Cut Hunger and Poverty in Africa.

Our group of colleagues – including Sen. Bob Dole, Lee Hamilton and David Beckmann and the Presidents of Uganda, Mozambique and Ghana– decided to pull together a group of folks around a table to think together about how to make progress on some of the big

issues in African development. We decided the group would not implement development projects itself.

The Partnership to Cut Hunger and Poverty in Africa has two goals. The first is to increase the level of investment in agriculture and rural development. I will return to this later. The second goal is to increase the effectiveness of US assistance to African agriculture.

Given the importance of US food aid programs, it was a natural step to have the Partnership take on a role with food aid. This morning I want to report on our early efforts, and share thoughts on our future plans.

Opportunity of the 2007 Farm Bill

PL 480 is now 51 years old. In the nature of things after 50 years it is also time to look at how we can make this an even more effective program. Over the decades incremental changes made to policy, legislation and practice have built up. At the time the individual changes may have seemed right for the problems at hand.

Every one of us working with the program has his or her own pet peeves and ideas -- but we have not had an opportunity to take these possibilities and think about them as a group. The 2007 Farm Bill provides an extraordinary opportunity to have this important discussion because of the focus and public attention the bill will force.

Let me be direct about something up front. I think that the debate on local purchase of food has gotten in the way of talking about general reform. The topic has colored the opportunities and discussion about what we can do to make food aid stronger. The whole story of local purchase developed in an unfortunate way -- no one was talked to before the idea was put out last year by the administration. People were caught by surprise, improvements were not considered and it was easy for people to consider the worst.

We ought to be able to have a useful, dispassionate discussion about what I suspect are the many ways we can improve the effectiveness of food aid programs. I know we can have those discussions without giving up strongly held views on particular matters.

Reconsidering Food Aid Workshop

Last month the Partnership convened a small workshop -- about 100 people -- in Washington. We've distributed a short report on the workshop to everyone this morning.

The purpose of the Workshop was to draw the diverse groups together around a "big table" -- NGOs, commodity groups, millers, shippers, USG agencies, and others -- to

explore specific challenges associated with food aid through presentations and focused small group discussions.

We of course heard that the situation is complex. Legislation, policy, and practice all impact some of the issues identified.

There is a very strong core belief by all of these groups about the importance of food aid. Food aid is clearly a critical element of American support for addressing hunger and poverty in the world.

But we also learned that consensus on change was not immediately possible. Instead, participants identified areas on which there was agreement and other points on which there was disagreement.

The last major revision of food aid in the Farm Bill was in 1990, but before and since that time the law, policy, and practice have all evolved in response to changing circumstances. With the 2007 Farm Bill, however, we have an exceptional opportunity to work for a stronger food aid program. In that context, most agree that the dominant purpose of food aid is to alleviate hunger and poverty, but let me say clearly that other goals are seen as important as well.

Yes, we have a lot to build on, but there are questions and problems that came up during the Partnership workshop. Every major group has got things they would like to change:

- Logistics has revolutionized business over the past decade. We heard from shippers about areas in which changed approaches to supply management and logistics might speed shipments up and cut costs at the same time.
- We heard about the possibility of better integrating food aid with other resources for more effective agricultural development, healthcare, or education.
- The commodity groups talked with pride about their impact on hunger but also about the problem of inadequate information, including lack of early warning information, which results in a problem of estimating the depth and duration of food crises in a timely way. Commodity groups also wanted more and faster information from the PVO partners on the ground as well as specific data on food and nutritional needs of the vulnerable populations. Commodity groups were also concerned about inadequate monitoring and evaluation information on, for example, the impact and effectiveness of local procurement programs.
- The PVOs are very concerned about the potential impact on the WTO negotiations on monetization and their ability to integrate humanitarian assistance and crisis-recovery programs. Some say that if monetization is disciplined, it is not clear where the cash resources that would enable PVOs to continue to link food aid and development programs would come from.

- USAID, PVOs and others are concerned that food aid and other resources are increasingly being channeled to deal with emergencies. This is a major shift at the continent level – we deal with emergencies but then lack resources to work on longer-term development issues that could help prevent the next emergency.

We also encountered some misunderstandings that we need to work through.

- While some talked about ways to increase program “flexibility” – others heard that as an unwelcome code word for “Title II cash for local purchase.”
- While some talked about program “stability,” others read into this insensitivity to the needs associated with emergency response.
- Some felt that any change in the program would undermine public support; others suggested that, given the growing public interest in hunger issues, expanded public support might be tapped to back more complex and effective food aid programs.

Way Forward on Food Aid

We have common interests in carrying on the great and important tradition of American food aid. I’m here to ask you to take the opportunity of the 2007 Farm Bill to work with us to improve these programs. Here is what the Partnership is planning to do and we ask that we work together.

1. The Partnership will draft a paper that more fully reflects the discussions at the workshop. The paper will, to the extent possible, objectively present “the facts” with the idea of facilitating a common basis for future discussion of these issues. Areas that are disputed will be noted and help will be sought from those closest to these issues to clarify them.
2. We will facilitate the formation of a continuing working group on food aid. The Partnership of course does not want to dominate the discussion – instead we want to stimulate and get people talking across areas of interests. The group will develop an action plan around the key points identified in the workshop. Sub-groups then could potentially look at everything from a one-bid system for commodity and transportation procurement, more collaboration with other programs such as improving nutrition and investing in agricultural technology, and other alternatives for improving the efficiency of the current system.
3. We will also host an occasional seminar series on food aid. The first seminar will take place next Wednesday, May 3 from 12-1:30 PM at the Partnership offices in Washington.

Our first speaker will be Richard Wilcox of the World Food Program, who will speak on “Rethinking International Disaster Aid Finance.” All of you are welcome.

We know this will not be a fast process and that some are not yet ready to really focus on the Farm Bill. The Partnership may be able to facilitate agreement on some facts, work on some key improvement that all can support and perhaps find that some of the difficult issues are not so hard when the parties sort them out together. However, we know that the “players” in the political process who have much at stake, both outside and inside the government, will in the end decide what is to be done. That being said the whole world has a stake in a strong and effective food aid program.

Partnership to Build the Foundation for Economic Development in Africa

I want to close with an additional challenge for this group. Important as it is, we know that food aid alone is not enough to get economic development going in poor countries.

Over the years, we in the Partnership have drawn attention to the need to invest in African agriculture and in rural areas – where $\frac{3}{4}$ of Africans live and work. Such investment is critical if we are serious about making a real dent in poverty and hunger. On the first day of this conference Jonathan Dworken told us about the increasing fragility of whole regions. We used to see major crises in Africa erupting every decade, then 5 years, now even less. Last year alone we had problems in Southern Africa, East Africa and Niger in West Africa. As Jonathan pointed out, people are increasingly living on the edge and have little ability to deal with adverse shocks.

We have the know-how in this room to work with our partners in Africa to dramatically increase their agricultural productivity, their ability to earn a living and withstand shocks and step back from the edge. We know how very important our food aid is to saving lives and we fully support this program. When there is a crisis, we see the outpouring from the American people who want to give more food and assistance as fast as possible to save lives. But if we do not build the foundation for agricultural and rural development in poor countries, they will not be able to recover and instead sink into chronic crises. This is a point John Powell of the World Food Program also made so eloquently yesterday morning. I don’t believe that anyone in this room wishes to provide food aid to Sudan in perpetuity. We want Sudan to recover. We want Ethiopia to recover. But we are not pushing the right mix of investments to do this. In Ethiopia, year after year, our spending on humanitarian relief dwarfs spending on agricultural development.

Last year the Partnership completed a study of trends in USG assistance to African agriculture. The study found significant under-investment in African economic growth relative to health and education spending. U.S. agricultural development assistance for Africa has grown only by 2% in real terms since 2000. [The US spent approximately \$514 million in agricultural development assistance for Africa in 2004, compared to \$459

million in 2000.] The stagnant U.S. funding for Africa's economic development stands in stark contrast to dramatic and important increases in funding for health programs in Africa. USAID's funding for health programs in Africa grew by 61% in the same time period, from \$295 million in 2000 to \$474 million in 2004. This excludes the Bush administration's commitment of \$15 billion over five years to fight HIV/AIDS and U.S. participation in the Global Fund to Fight AIDS, Tuberculosis, and Malaria.

While increased expenditures for health and education programs in Africa are critical, we just cannot let agricultural development slide. Yet this is what is happening because the lobbies for education and health are speaking loudly on this issue, while we – those of us concerned with agriculture and rural development – are not heard. Let me be clear -- food and health are both high priorities and highly interdependent. But without adequate food, people will never be healthy. Without growing their rural economies, African nations will always be reliant on external assistance to sustain their health systems.

Today I want to ask for your help in support an increase in US development assistance for African agriculture. This assistance should grow at least as fast as overall foreign development assistance and at least double to 10% or more of development assistance for Africa by 2009. I think this would really help move many people closer to the "horizon of hope." Thank you.