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**BUREAU FOR DEMOCRACY, CONFLICT, AND HUMANITARIAN ASSISTANCE (DCHA)
OFFICE OF U.S. FOREIGN DISASTER ASSISTANCE (OFDA)**

Global Food Insecurity and Price Increase

Situation Report #1, Fiscal Year (FY) 2009

May 22, 2009

Note: The last situation report was dated May 8, 2008.

BACKGROUND

Between March 2007 and March 2008, global food prices increased an average of 43 percent, according to the International Monetary Fund. During that time period, wheat, soybean, corn, and rice prices increased by 146 percent, 71 percent, 41 percent, and 29 percent, respectively, according to the U.S. Department of Agriculture. Rising food prices contributed to a significant increase in food insecurity worldwide, particularly among poorer populations. Approximately 1 billion people—or one sixth of the world’s population—subsist on less than \$1 per day. Of this population, 162 million survive on less than \$0.50 per day. At the household level, increasing food prices have the greatest effect on poor and food-insecure populations, who spend 50 to 60 percent or more of their income on food, according to the International Food Policy Research Institute (IFPRI). Overall, increased food prices particularly affect developing countries, and the poorest people within those countries, where populations spend a larger proportional share of income on basic food commodities.

Several factors contributed to the rapid spike in global food prices, including increased consumer demand for food, oil, and energy supplies among emerging markets such as China and India, leading to rising energy costs; lower crop yields resulting from adverse weather conditions; and higher corn prices stemming from increased biofuel production¹. Subsequently, a significant increase in world cereal production in 2008 led to improved global cereal stocks and an associated reduction in the international prices of most cereals, representing a 50 percent decrease in many cases since May 2008. However, food prices remain high in most developing countries. According to the U.N. Food and Agriculture Organization (FAO), food emergencies, resulting from the combined effects of chronic food insecurity and high food price levels, persist in 31 countries, including 20 African nations.

In response to the global food price crisis, in June 2008, the U.S. Congress provided \$770 million to USAID as part of the President’s Food Security Response Initiative (PFSRI) for international disaster and development assistance to address the needs of food insecure populations worldwide. Of the total, \$590 million represented funding for emergency humanitarian programming through USAID/OFDA and USAID’s Office of Food for Peace (USAID/FFP), with remaining funding designated for development assistance through USAID’s Bureau of Sub-Saharan Africa (USAID/AFR) and Bureau of Economic Growth, Agriculture, and Trade (USAID/EGAT).

NUMBERS AT A GLANCE	SOURCE	
Worldwide Population Subsisting on Less Than \$1.00/day	Approximately 1 billion	IFPRI – 2007
Worldwide Population Subsisting on Less Than \$0.50/day	162 million	IFPRI – 2007

FY 2008 AND FY 2009 PFSRI HUMANITARIAN FUNDING COMMITTED TO DATE

USAID/OFDA Assistance	\$140,063,341
USAID/FFP Assistance	\$395,000,000
Total USAID PFSRI Humanitarian Funding	\$535,063,341

CURRENT SITUATION

Despite an improved global cereal supply resulting from increased cereal production in 2008 and an associated decline in international prices, food prices remain high in most developing countries. According to an April FAO report, domestic food prices in 78 percent of 58 developing countries surveyed remained above early 2008 price levels. Increased food prices

continue to negatively affect food access for significant numbers of low-income, vulnerable populations, contributing to ongoing food emergencies in 31 countries worldwide, including 20 African nations.

East Africa

According to FAO, more than 17 million people confront serious food insecurity in East Africa due to

¹ Increased biofuel production accounted for approximately 3 percent of the overall increase in global food prices.

the combined effects of below-average harvests, high food prices, conflict, and insecurity. In Somalia, an estimated 3.2 million people currently require food assistance, where food prices remain elevated with sorghum and imported rice prices 72 and 32 percent higher, respectively, than March 2008. In Kenya, FAO reports that an estimated 3.5 million people require emergency food assistance and an additional 850,000 children enrolled in the School Feeding Program in recent months. Above-average food prices and insecurity in Somali Region continue to contribute to food insecurity in Ethiopia, resulting in an estimated 4.9 million people projected to require emergency food assistance from January to June 2009. In Sudan and the Karamoja Region of Uganda, an additional estimated 5.9 million and 970,000 people, respectively, are in need of food assistance.

West Africa

In West Africa, a successful 2008 harvest led to a temporary reduction in staple sorghum and millet prices that have subsequently increased since November 2008. Despite a significant decline from peak prices reported in August and September, FAO reported that wholesale millet prices in Mali, Niger, and Burkina Faso remain between 16 and 20 percent higher than February 2008 price levels. In Senegal, imported rice prices increased 48 percent between February 2008 and February 2009, and in Ghana, March 2009 maize prices represented a 54 percent increase from the previous year. High food prices continue to negatively affect consumers' purchasing power and food access throughout the region.

Southern Africa

In Southern Africa, FAO reports that high levels of domestic food prices continue to negatively affect an estimated 8.7 million people in the region, including 5.1 million people in Zimbabwe; 353,000 individuals in Lesotho; and 239,000 people in Swaziland. According to FAO, the number of food insecure people in the region increased by nearly one-third between the 2007/2008 and 2008/2009 market year.

Asia

Vulnerable populations in Asia confront high food prices in many countries, negatively affecting food access and food security. In Pakistan, the March 2009 price of wheat flour remained 28 percent higher than March 2008 levels, despite a 23 percent decrease from peak price levels reported in August, according to FAO. In Nepal, FAO notes that rising food prices and crop failure have also contributed to a significant increase in household food insecurity.

USG RESPONSE

The United States is the world's largest food aid donor and provides approximately half of all food aid to vulnerable populations throughout the world.

Administered by USAID/FFP, the P.L. 480 Title II program represents the largest U.S. food aid program.

In FY 2008, the USG provided more than 2.6 million metric tons (MT) of P.L. 480 Title II and Bill Emerson Humanitarian Trust commodities, worth more than \$2.6 billion. Food assistance provided under the two programs reached an estimated 56 million beneficiaries worldwide.

In response to increased needs resulting from the global food price crisis, the U.S. Congress provided \$770 million to USAID under the President's Food Security Response Initiative, in addition to existing funds allocated for food assistance. The PFSRI included \$590 million in humanitarian assistance funding for emergency interventions, in addition to \$180 million in development assistance to support medium-term measures to increase agricultural productivity, alleviate transport and supply chain bottlenecks, and promote market-based systems

Humanitarian response programs include emergency food assistance, as well as food security and agriculture, economy and market systems, nutrition, and water, sanitation, and hygiene activities designed to address underlying causes contributing to food insecurity among vulnerable populations. USAID/OFDA and USAID/FFP received \$195 million and \$395 million, respectively, through the PFSRI.

Food Assistance

In FY 2009, USAID/FFP has provided \$395 million in PFSRI funding for P.L. 480 Title II emergency food assistance to affected populations in Afghanistan, Chad, the Democratic Republic of the Congo (DRC), Ethiopia, Kenya, Somalia, Sudan, and Zimbabwe.

In addition, in FY 2008 and FY 2009, USAID/OFDA has provided nearly \$63 million of a planned \$95 million for local and regional food assistance to compliment P.L. 480 Title II emergency food assistance and address the immediate impact of rising commodity prices on U.S. emergency food aid programs. Distributed through the U.N World Food Program (WFP) and non-governmental organizations (NGOs), the assistance targeted unanticipated food aid needs in Ethiopia, Kenya, Kyrgyzstan, Nepal, Pakistan, Somalia, Tajikistan, and Zimbabwe.

Additional Food Price Crisis Programs

East Africa

As part of the President's \$770 million Food Security Response Initiative, USAID/OFDA developed the Horn Food Price Crisis Response (HFPCR) strategy to increase household and community resiliency to shocks that impact household food security. The HFPCR strategy combines humanitarian activities with longer-term recovery interventions to create and diversify household assets, as well as improve economic opportunities for vulnerable populations. To date in FY 2009, USAID/OFDA has provided more than \$40 million through the HFPCR in East Africa, including Ethiopia, Kenya, and Uganda.

In Ethiopia, USAID/OFDA has provided more than \$20 million to implementing partners Mercy Corps and Food for the Hungry International (FH) to support agriculture and food security and economy and market systems programs through the HFPCR strategy, targeting more than 800,000 beneficiaries. Programs aim to preserve livelihood assets through reducing post harvest losses, diversifying income and asset sources, and promoting longer-term agricultural initiatives, including seed quality improvement. In addition, USAID/OFDA has provided nearly \$1 million in PFSRI funding to International Medical Corps (IMC) for nutrition programs in Oromiya and Southern Nations, Nationalities, and Peoples regions to address the impact of increased food insecurity.

In Kenya, USAID/OFDA has provided \$15 million to implementing partner FH as part of the HFPCR strategy. The program is designed to strengthen livelihood opportunities, protect and diversify household assets, and increase agricultural productivity among more than 663,000 vulnerable pastoralists and subsistence farmers throughout the northern and eastern regions of Kenya.

In Uganda, USAID/OFDA has provided \$5 million for implementing partner Mercy Corps' programs targeting more than 300,000 beneficiaries in the Karamoja sub-region. The programs, focused on improved agriculture, food security, and economic productivity, include the distribution of fast maturing and drought-resistant seeds, work programs to improve market access, and improved animal health services.

West Africa

In West Africa, USAID/OFDA has provided more than \$27 million of a planned \$30 million in PFSRI funding to support regional livelihoods coordination and targeted food price crisis response programs in Burkina Faso, Mali, Mauritania, Niger, and Senegal.

In Burkina Faso, USAID/OFDA has provided more than \$6.3 million to Catholic Relief Services (CRS), the U.N. Children's Fund (UNICEF), and WFP to support agriculture and food security, economy and market systems, nutrition, and risk reduction programs targeting more than 300,000 beneficiaries. CRS programming focuses on strengthening livelihoods of vulnerable rural households by providing access to seeds and other necessary agricultural inputs. The UNICEF program supports the establishment of nutrition surveillance systems, as well as the prevention and treatment of malnutrition. The WFP program assists vulnerable families by distributing ready-to-use therapeutic food for children between the ages of 6 and 24 months and providing vouchers to supplement household purchasing power.

In Mali, USAID/OFDA has provided approximately \$1.6 million to support UNICEF nutrition programming that seeks to provide innovative

strategies to support and improve management of severe and moderate acute malnutrition. Program activities include community-based therapeutic feeding and supplementary feeding programs, as well as capacity building and training.

In Mauritania, USAID/OFDA is providing more than \$3.8 million to UNICEF and World Vision for nutrition, agriculture and food security, and economy and market systems programs to support nearly 1.3 million beneficiaries. The World Vision program seeks to increase cereal production, particularly the staple crop sorghum, through the provision of agricultural inputs. The UNICEF program aims to establish a sustainable nutrition information system and improve local community capacity to manage acute malnutrition.

In Niger, USAID/OFDA has provided more than \$9.1 million to implementing partners Mercy Corps, Save the Children/UK, the Cooperative League of the USA (CLUSA), UNICEF, and WFP for agriculture and food security, nutrition, and economy and market systems programs targeting more than 1.1 million beneficiaries. NGO programs will support household livelihoods and mitigate malnutrition among vulnerable children by improving malnutrition treatment capacity and promoting local milk, meat, produce, and moringa plant production. The joint UNICEF and WFP program seeks to reinforce national health structures through capacity building, as well as support large-scale behavior change campaigns to enable effective beneficiary participation.

In Senegal, USAID/OFDA is supporting CRS, FAO, UNICEF, and WFP by providing approximately \$5.2 million for agriculture and food security and nutrition programs. The CRS program aims to address increased acute malnutrition and food insecurity among poor rural households in Senegal's Casamance Region by improving community-based nutrition and agricultural production. The joint FAO, WFP, and UNICEF program aims to prevent and mitigate food insecurity and malnutrition in Senegal through strengthening both national and local government capacity to monitor food security and nutrition conditions.

USAID/OFDA has also provided more than \$1 million to support FAO's regional programming, which will help meet an identified need for regional livelihood activity coordination. The program's goal is to strengthen livelihoods and improve the nutritional status of the most vulnerable rural, peri-urban, and urban households affected by food insecurity.

Southern Africa

In Southern Africa, USAID/OFDA has provided more than \$9.4 million in PFSRI funding designed to improve the food security of vulnerable populations most severely affected by the food price crisis in Lesotho, Mozambique, Swaziland, and Zimbabwe.

PFSRI programs target more than 714,000 beneficiaries in the region.

In Zimbabwe, USAID/OFDA is supporting approximately \$4.2 million in food security and agriculture, economy and market systems, and water, sanitation, and hygiene programs to improve food availability, access, and utilization through Action Contre la Faim (ACF), World Vision, and FAO. USAID/OFDA-funded programs support the provision of agricultural inputs and technical assistance for sustainable production, income generation activities, and livestock vaccinations and surveillance to protect livestock assets. In addition, USAID/OFDA programs promote water conservation practices and water point rehabilitation to increase water access and productive use in drought-affected communities.

In Mozambique, USAID/OFDA has provided more than \$2.2 million to International Relief and Development (IRD) to support food security and agriculture, disaster risk reduction, and water, sanitation, and hygiene programs. IRD programs promote food security through activities designed to increase production of drought-resistant crops, such as sorghum and cassava; improve market linkages for

cash crops; and establish additional income generating activities such as apiculture and marketing of oil seeds. To complement agriculture activities, IRD water interventions increase water supply for multiple uses through improved water catchments, repaired water points, and the installation of rooftop rainwater harvesting systems at schools.

In Lesotho, USAID/OFDA is supporting more than \$780,000 in food security and agriculture programs through CRS. CRS programs strengthen community-based water resource management activities to increase drought resilience and access to water through the development of multi-purpose water systems, rainwater harvesting and irrigation techniques to improve agricultural production.

In Swaziland, USAID/OFDA has provided nearly \$1.2 million to implementing partner IRD to support the expansion of low-cost, low-input conservation farming techniques, the promotion of drought-resistant crops and high nutrition vegetables, and the establishment of sustainable income generation activities in the region. IRD programs also incorporate livestock management and water provision interventions.

USAID PFSRI HUMANITARIAN FUNDING IN FY 2008 AND FY 2009

FY 2009			
<i>Location</i>	<i>Activity</i>	<i>Implementing Partner</i>	<i>Amount</i>
USAID/OFDA ASSISTANCE¹			
Burkina Faso	Agriculture and Food Security; Economy and Market Systems	Catholic Relief Services (CRS)	\$1,757,351
Burkina Faso	Nutrition	U.N. Children's Fund (UNICEF)	\$1,548,062
Burkina Faso	Disaster Risk Reduction; Economy and Market Systems; Nutrition	U.N World Food Program (WFP)	\$3,000,000
Ethiopia	Local and Regional Food Procurement	WFP	\$10,000,000
Ethiopia	Agriculture and Food Security; Economy and Market Systems	Food for the Hungry (FH)	\$3,717,476
Ethiopia	Agriculture and Food Security; Economy and Market Systems	Mercy Corps	\$16,934,928
Ethiopia	Nutrition	International Medical Corps (IMC)	\$979,015
Kenya	Local Food Procurement	WFP	\$308,324
Kenya	Agriculture and Food Security; Economy and Market Systems	FH	\$14,999,995
Kyrgyzstan	Local and Regional Food Procurement	Mercy Corps	\$7,087,097
Lesotho	Agriculture and Food Security	CRS	\$780,717
Mali	Nutrition	UNICEF	\$1,605,000
Mauritania	Nutrition	UNICEF	\$1,831,840
Mauritania	Agriculture and Food Security; Economy and Market Systems	World Vision	\$1,975,662
Mozambique	Agriculture and Food Security; Disaster Risk Reduction; Water, Sanitation, and Hygiene	International Relief and Development (IRD)	\$2,248,629

Niger	Agriculture and Food Security; Economy and Market Systems	Cooperative League of the USA (CLUSA)	\$1,387,835
Niger	Agriculture and Food Security; Economy and Market Systems	Mercy Corps	\$2,375,980
Niger	Agriculture and Food Security; Economy and Market Systems; Nutrition	Save the Children/UK (SCF/UK)	\$3,233,581
Niger	Nutrition	UNICEF	\$1,067,721
Niger	Nutrition	WFP	\$1,067,780
Nepal	Local and Regional Food Procurement	WFP	\$5,000,000
Pakistan	Local and Regional Food Procurement	WFP	\$8,853,612
Senegal	Agriculture and Food Security; Nutrition	CRS	\$2,721,500
Senegal	Agriculture and Food Security	U.N. Food and Agriculture Organization (FAO)	\$621,537
Senegal	Agriculture and Food Security; Nutrition	UNICEF	\$670,171
Senegal	Agriculture and Food Security	WFP	\$1,206,792
Somalia	Local Food Procurement	WFP	\$1,822,478
Swaziland	Agriculture and Food Security; Economy and Market Systems	IRD	\$1,185,217
Uganda	Agriculture and Food Security; Economy and Market Systems	Mercy Corps	\$5,000,000
West Africa Region	Humanitarian Coordination and Information Management	FAO	\$1,050,911
Zimbabwe	Local and Regional Food Procurement	Mercy Corps	\$2,519,964
Zimbabwe	Agriculture and Food Security	Action Contre la Faim (ACF)	\$484,292
Zimbabwe	Agriculture and Food Security	FAO	\$2,434,000
Zimbabwe	Agriculture and Food Security; Water, Sanitation, and Hygiene	World Vision	\$1,235,874
TOTAL USAID/OFDA PFSRI HUMANITARIAN ASSISTANCE			\$112,713,341
USAID/FFP ASSISTANCE²			
Afghanistan, Chad, DRC, Ethiopia, Kenya, Somalia, Sudan, and Zimbabwe	P.L. 480 Title II Emergency Food Assistance	WFP	\$395,000,000
TOTAL USAID/FFP			\$395,000,000
TOTAL USAID PFSRI HUMANITARIAN ASSISTANCE IN FY 2009			\$507,713,341

FY 2008			
<i>Country</i>	<i>Activity</i>	<i>Implementing Partner</i>	<i>Amount</i>
USAID/OFDA ASSISTANCE			
Ethiopia	Local Food Procurement	WFP	\$3,900,000
Somalia	Local Food Procurement	WFP	\$20,100,000
Tajikistan	Local Food Procurement	SC/US	\$3,350,000
TOTAL USAID/OFDA PFSRI HUMANITARIAN ASSISTANCE IN FY 2008			\$27,350,000
TOTAL USAID PFSRI HUMANITARIAN ASSISTANCE IN FY 2008			\$27,350,000

FY 2008 AND FY 2009 USAID PFSRI HUMANITARIAN FUNDING COMMITTED TO DATE	
TOTAL USAID/OFDA PFSRI HUMANITARIAN ASSISTANCE IN FY 2008 AND FY 2009	\$140,063,341
TOTAL USAID/FFP PFSRI HUMANITARIAN ASSISTANCE IN FY 2008 AND FY 2009	\$395,000,000
TOTAL USAID PFSRI HUMANITARIAN ASSISTANCE IN FY 2008 AND FY 2009	\$535,063,341

¹ USAID/OFDA funding represents anticipated or actual obligated amounts as of May 22, 2009.

² Estimated value of food assistance.