

Impact of Commodity Prices on Donor & Recipient Countries

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MODERATOR: Our next speaker will share her thoughts about investing in agricultural development around the globe. Catherine Ann Bertini currently serves as professor of public administration at Syracuse University and a senior fellow with the Bill and Melinda Gates Foundation. Many of you may remember her from her time at USDA as Assistant Secretary for Food and Consumer Services; or from her service as chief executive for the United Nations World Food Program, a position she held for about 10 years under both Presidents George Herbert Walker Bush and President Bill Clinton.

Following that assignment, she was appointed by United Nations Secretary General Kofi Annan to be Under Secretary General for Management. In 2003 she was named the World Food Prize Laureate, credited with assisting hundreds of millions of victims of wars and natural disasters around the world. And she continues to raise funds for these causes. And in fact, I think it's very telling on her personality, she assigned her 250,000 World Food Prize Award to a trust fund in her name that is designed to increase the numbers of girls in school throughout the globe in developing countries.

So please help me welcome Catherine Ann Bertini.

[Applause]

MS. CATHERINE ANN BERTINI: Thank you very much. It's wonderful to be here on comfortable USDA turf looking at so many people in the room who have so many years of experience, so much expertise, and so much energy to offer in the areas in which we are all here to work, trying to find ways in which we can better provide better food for people in the United States and around the world in our collective and our individual objectives of helping to create flourishing farms.

When we think about the perspective of poor people around the world and what has happened to those who already did not have enough to eat as a result of the crisis of the food volatility prices, the energy volatility prices, the general economic problems in the world, we see that those who are desperately hungry, who earn less than a dollar a day, who can't afford to feed their own families, their numbers have increased, as has been mentioned by other speakers.

Probably 100 million people have been added to the rolls now, almost a billion people who don't have enough to eat.

Now who are these people? How can we imagine not having enough to eat and earning less than a dollar a day or the equivalent of a dollar a day? These are people who either don't own land or don't have the availability of being able to use land or are not able to be productive on their own land. They are mostly rural people, although obviously there are very poor urban dwellers. They live in large numbers in Sub-Saharan Africa and

South Asia. Women do most of the work on the farms. Not only do they do most of the agricultural work, but they are the ones that are finding the water, fetching the wood, the firewood to cook the food, finding the food, taking care of their children, and trying any way they can to get something on the table to help those who are in their family and to help be able to feed them.

About 5 million children around the world die of hunger and nutrition-related causes each year. And that's about 10 children every minute of every day.

When we think about Sub-Saharan Africa, one out of every three people is malnourished. And more than 200 million hungry people live in these rural areas with very, very little access to food and also very little access even to the market, including so many that don't even have access for a food-to-market road to be able to get food that they do grow out to sell it to others.

Hunger knows no boundaries really. And it's not just a question of those people who are hungry around the world but also a question of people who are hungry here in this country—not to the same levels, thankfully. We spend billions of dollars in this country administered by U.S. Department of Agriculture to feed hungry people. And as Secretary Vilsack said this morning, the amount of resources that will be available as a result of the stimulus package will increase so that there will be more Food Stamp availability for people in the U.S.; or SNAP, I guess, is the new name for Food Stamps.

But already we should understand that hunger relief groups say that even in 2006 that a third of low income households in this country said that they eat less or skip meals because they don't have enough money for food.

In developing countries of course is a situation that's much worse, and we've all seen stories about food riots in Cameroon, in India and Bangladesh and Haiti and so many countries around the world, resulting in a lot of insecurity in those countries, which of course is the question of hunger carrying out to a very negative degree, not only of food insecurity problems and physical insecurity problems for people in those countries, but potentially problems in terms of underlying stability in the regions and ultimately in the world, something that we can do something about in this country.

And there was a time when we did, because several decades ago USDA, USAID and other entities of the U.S. government made significant contributions to the Green Revolution, of course as was mentioned earlier, with Dr. Norman Borlaug as its founder, but with U.S. on the cutting edge in terms of making significant contributions in advanced educational training, in support for agricultural institutions in developing countries, in significant funding for ag research.

And as a result, we can see that there are large increases in production in countries like India and Brazil and many others. And those increases in production not only lift so many people out of hunger and poverty in their countries but end up organizing economies that

are much stronger and where people are able to buy more on the international markets, including more from our own production.

But what we used to do is, for instance, train agricultural scientists from India, from Brazil, where literally hundreds of them studied and then went back home to work in their own fields and their own laboratories. We had major contributions for collaborative research support programs and for collaboration with institutions, and we had a relatively heavy funding for agricultural research.

But something happened in the mid '80s, and we stopped doing this. We stopped investing in these programs in developing countries. Through a combination of matters, Senator Lugar was talking about this just yesterday and talking about, 'no matter what the reasons were and why we decided to shift focus, it's now time to think about what else needs to be done and what we could do differently in the future.'

But what did we do since the mid-'80s and even before the mid-'80s? We concentrated a lot on food aid: food aid, extremely important, but food aid that was a primary part of our overall aid programs. And from what I'm seeing on my chart – I don't know if we can see. Can you see two lines on that chart? No? Only one. Some line disappeared. Let me describe it.

The line that you see actually is the U.S. overseas development assistance to African agriculture. And you can see that it's gone down very gradually from an earlier high of approximately \$500 million and now much lower. The food aid line goes absolutely in the other direction, and it goes very high. That's the line that unfortunately did not come through in this slide. But that is the line that shows that we have dramatically increased our food aid contributions around the world.

Critically important, our food contributions go to helping people to stay alive around the world, especially in emergency situations. It's lifesaving, it's critical. The U.S. is the largest donor to food aid internationally. And although the cost of that food aid has gone up dramatically, the volume hasn't because of the increased costs of both food and of transportation.

So while we have increased our commitment to food aid, we have decreased our commitment to agriculture assistance, to helping people to be able to improve their own livelihoods through agricultural development.

Actually, the U.S. cut its assistance to agriculture in Africa by 85 percent over the last two decades, and other countries did the same thing as well. Donor countries did this as well, as did the World Bank, which decreased its agricultural lending, for instance, from \$7.7 billion in 1980 to \$2 billion in 2004, and as did other countries around the world, including African countries. There were cuts by the U.S. in virtually every program that we had that would help people to become more self-sufficient in food.

We need to continue to do a job of reaching people who are in desperate need of food in helping keep them alive, but we also need to invest more in helping people find their own solutions.

This chart perhaps can better explain my points here. If we look at the lower line, the very faint line on the bottom, that is Sub Saharan Africa maize production per capita. You can see that it is at best stagnant, and it's certainly not increasing. At the same time the population living at less than a dollar a day, the middle graph, has been increasing; and of course then food-insecure people increasing quite dramatically.

Agriculture productivity in this region is not expected to grow unless something more is done to be able to help to support needs of the people in this area. We are seeing also concerns because of climate change, concerns about increase in population growth. All of this is to say that the international community, the U.S. and others, really must renew their interest, their support for agriculture development in Sub Saharan Africa and in other poor regions around the world. Critically important.

But the good news is, much is starting to be done in this area. I'm sure that people have given speeches like this for years and years, and we've talked about how important it is. But yet there hasn't been a lot of action. That is changing. It's changing now, it's changing at the grass roots, and it's certainly changing from the top.

And I don't know where you all were when President Obama made his inaugural address. I was with about 30 people watching on a big screen television. And when he said this quote, I shrieked. Everybody wondered what was wrong with me. But, "To the poor people of poor nations, we pledge to work alongside you to make your farms flourish and to let clean waters flow, to nourish starved bodies, and feed hungry minds."

Maybe you shrieked too when you heard him say this. But I remember being in the administration of George Herbert Walker Bush when Clayton Yeutter was Secretary at USDA and I was assistant Secretary for Food and Consumer Services. And when President Bush said that his mission was to help make a 'kinder, gentler America,' that was all I needed as a member of the sub cabinet to direct our programs to what I thought that meant. What I thought that meant was, creating the Electronic Benefit Transfer Program for the delivery of Food Stamps. What I thought that meant was creating a food package for poor breastfeeding mothers. What I thought that meant was pushing more schools to have breakfasts at school—all 'kinder, gentler,' I thought.

So I can't wait to see the creativity of Secretary Vilsack and his subcabinet and the people at AID and USAID and Education and everyone else in this Administration when they define what it is to make "farms flourish, clean waters flow, nourish starving bodies and feeding hungry minds."

Well, this is important to do. Why is it important for us as Americans? It's important, many people believe, to restore our standing and influence around the world, to send a

clear message that we do care about these issues, and we are going to be in a leadership position to do something about them.

It's also important, as I made reference to before, for the commercial benefits. You know, many of our early food aid recipient countries are now some of our biggest commercial customers. This certainly can be extended to countries in Africa and other countries in South Asia as well. And already there is strong economic growth in many countries in these regions.

It's important to protect our own security, to help ensure that there aren't food riots that turn into more unstable countries and governments, and to help build some stability among people who are desperately poor and hungry.

It's important for us because of the institutional benefits that our wonderful land grant universities and other universities around the country can provide assistance in helping to improve opportunities in building partnerships. And it's certainly important for our own moral responsibility.

The Chicago Council of Global Affairs recently did a survey and found that 42 percent of American people believe it's 'very important' to combat global hunger and that it 'should be an important foreign policy priority for this country.'

And one thing I think we all understand, and I certainly understood this when I was at WFP, that all of us, every human being in the world, understands what it's like to be hungry. Even if we've only been hungry for a day, we know the pains we get in our stomach. We know that we don't have enough energy. We know that we get a headache. And we can imagine what it's like for somebody who never has enough to eat.

So what can we do? What will happen? There have been, as I said, a lot of grassroots work done. There's been work by think tanks like CSIS. There have been NGOs getting together to say, What are we going to do? And just yesterday there was announced the Chicago Initiative by the Chicago Council of Global Affairs. Dan Glickman, former Secretary of Agriculture, and I co-chaired this initiative.

And we now have put out a plan. We could do these things: we can improve our commitment to agricultural education and extension, our commitment to agricultural research, our commitment to leadership for rural and agriculture infrastructure. We can improve the way that we manage our own programs at USAID especially, but throughout the U.S. government, the way in which we provide leadership to international organizations, especially to FAO. We can also look at specific policies to improve U.S. Food Aid programs.

And all of this could be part of a plan that could be considered by Congress and by the new Administration to actually reinvest, not only come back to where we were before but go beyond, with very little resources. This plan for instance costs about \$340 million the

first year; and the total after five years, about \$1 billion. So it is not a huge amount, but in a lot of ways it goes back to the commitment that we had before.

With a couple of main differences. One is, understanding that the pull has to come from Africa and Asia. The pull has to come from those countries who are in need. We can say to them, “Here’s the menu of our land grant universities, and here’s what we have to offer in nutrition and livestock and all sorts of other crop development,” and then have those universities and those countries come back to us and say: “Good. We’d like to use this from this university and this from that university.” Have the pull come.

But the second really important difference is the importance of our understanding who the farmers are. And this is part of what at the Gates Foundation we’ve been talking about for the last two years since the Gates Foundation got into agriculture development.

We have to understand the gender differentiations of farmers in Africa and South Asia and the fact that 80 percent of the farmers in Africa are women, and 60 percent in South Asia are women, and that they have different needs. And we have to understand what their needs are. And we have to reach out to them and make sure that the people who are doing the farming are actually the ones that we listen to and actually the ones that are being trained.

This can work. It can work to renew agriculture throughout the world. It can work to help invest where we’ve long neglected in rural agricultural development. It can work to invest in poor farmers to help them work their way out of poverty. And it can work for the international community to concentrate on the people that do the farming and to listen to the people who do the farming.

We have everything going for us now. A year from now when we look back, we can look back at the leadership from the President, commitment from the Congress, a great grassroots network of NGOs and others who are absolutely committed to making a change, and the tools to do it with our research and our university community; so that when we meet again a year from now, we can already look at changes, the investment of which will result in hundreds of millions of people moving in the other direction, out of poverty, because they have become more productive farmers.

Thank you.

[Applause]