

A Canadian response to the crises in global food and finance

Canadian Response: Ensure Canada continues to make progress toward reducing global food insecurity and fulfilling the human right to food for all.

1. *Adopt the human right to food as a governance framework for strategies to end hunger, taking account of the ODA Accountability Act and the importance of policy coherence for the realization of the right to food.*
2. *Make agriculture a specific sector priority at CIDA*
3. *Ensure that CIDA's support to agriculture focuses on supporting small holder farmers to sustainably strengthen their livelihoods and adapt to climate change.*
4. *Recognize and strengthen the key role of women in agriculture.*
5. *Continue to meet its Food Aid Convention obligations.*
6. *Use its international leadership to ensure that any changes to multi-lateral food/agriculture institutions (FAO, WFP, IFAD, CGIAR) reflect a well designed, institutionally integrated response to food insecurity.*
7. *Support international agricultural trade and finance rules that encourage small-scale food production in developing countries.*
8. *Examine new or reformed mechanisms to reduce the volatility of international food commodity prices.*

Background

The rapid rise in food prices early in 2008 led to social unrest in dozens of countries and fears of a global food shortage. The FAO has asserted that there is enough food in the world to feed everyone, but it is not reaching the poorest people. There are over 800 million people around the world facing hunger on a daily basis, and the escalation of food prices threatens to swell that number.

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¹ Canadian Catholic Organization for Development and Peace, Canadian Council for International Co-operation, Canadian Foodgrains Bank, CHF – partners in rural development, ETC Group, Farm Radio International, Food Secure Canada, Inter Pares, Mennonite Central Committee Canada, Oxfam Canada, Oxfam Quebec, Plan Canada, Rights and Democracy, United Church of Canada, UPA Développement international, USC Canada, World Vision Canada

Canada, through its foreign aid and other actions in international fora, has been striving to improve food security for the most vulnerable, and now has an inter-departmental task force developing Canada's longer term response to the food crisis. However, the recent crisis in the financial sector, and subsequent bailout efforts by numerous governments, has diverted attention and threatens to divert funding from food security issues.

Canadians are concerned about food insecurity in the world, and believe that Canada has a responsibility to address the escalation in global food prices.² This is not only a moral mandate, but a political one, as food security is necessary for political stability. With the double perils of rising food costs and an unstable financial sector, it is more important than ever that Canada pursue appropriate means of improving global food security.

The Food Security Policy Group contends that the food crisis was caused by the following structural factors (not necessarily in order of importance):

Neglect of Agriculture in Developing Countries – Structural adjustment and trade liberalization have decreased the ability of governments to support agriculture in many developing countries. The continuation during the past two decades of very low grain prices, driven by Northern subsidies and overproduction, has perpetuated this neglect. On average, developing countries allocate only 4% of national budgets to agriculture, even though 60-80% of the population makes its living from farming. While women are responsible for 60-80% of primary food production, widespread gender inequities deny women their rights and undermine their productivity.

Neglect of Agriculture by Donor Countries – aid donors, including CIDA, have significantly cut the portion of their aid directed to agriculture, from an average of 18% in 1979 to less than 4% in 2004.

Expanding Consumption of Meat and Dairy Products - Consumption of livestock products has increased over the past 50 years, dramatically increasing demand for grain and oilseed-based feeds. In particular changing food preferences combined with increasing populations in countries including India and China, have contributed to the global price spike.

Biofuel Development – The biofuel industry, driven largely by government policies and subsidies in the US and EU, is rapidly increasing demand for grain and oilseed feedstocks, and is one of the factors driving up food prices. The biofuel industry in developing countries is much smaller, but is already threatening biodiversity, water resources and small-scale food production.

Increased Market Volatility and Speculation – The de-regulation of agricultural markets over the past three decades and speculative trading in food commodities has likely contributed to the current volatility in food prices.

Increased Susceptibility Due To Climate Change – Though Northern countries are the greatest contributors to climate change, Southern farmers will feel its greatest impact. Changes in rainfall and storm patterns and intensity are already affecting farmers and food production in developing countries.

Impacts of the Global Financial Crisis

Following on the heels of the food crisis, developing countries now stand to suffer enormously from the international financial crisis. Any slowdown in the economy of wealthy nations rapidly

² http://www.inferg.ca/workingpapers/Food_Panel_Food_prices_4_07_08.pdf

leads to reduced demand for manufactured products (many from factories in the South) and shrinking remittances (from Southerners working in Northern countries). On top of this, a shortage of foreign currency (from the recall of short-term loans, and the difficulty of accessing new loans) is expected to lead to the devaluation of local currencies and local food inflation.

What Should Canada Be Doing?

These crises in the food and financial sectors threaten international stability – politically and economically. The international community must respond effectively. With this in mind, the Food Security Policy Group believes the following responses will improve global food security.

1. **Adopt a Right to Food Framework to Strategies to End Hunger** – We cannot assume that market forces alone will lead to the realization of the human right to food. Food is essential to human survival and the right to food is a universal entitlement, protected by United Nations' human rights conventions. The human rights framework promotes a vision of food security that takes into account the myriad of influencing factors including good governance, economic policy, access to resources and state accountability. In discussions of aid, trade, and other food-related areas, Canada should ensure that its own position is consistent with the realization of the right to food, and Canada should proactively promote the right to food in international fora.
2. **Make Agriculture a Sector Priority in Canadian Aid** – It is impossible to attend to the food crisis without focusing specifically on the 60-80% of people who make their living from agriculture in the developing world, most on farms of three hectares or less. CIDA needs a specific and well-funded focus on supporting these small-scale farmers, both female and male, to strengthen their livelihoods while sustainably increasing their food production for household consumption and local markets. We remind the Canadian government of targets set by the UN: ODA equal to 0.7% of GNI, and investment in agriculture to make up 10% of the aid budget. CIDA's funding for agriculture has been static, at under 7%, since 2002. It is time for a significant increase, commensurate with planned increases to Canadian aid to 2010. We urge CIDA to set a timetable to reach the UN targets.
3. **Support Agriculture that Strengthens the Resilience of Small-Holder Farmers** – The IAASTD (International Assessment of Agricultural Knowledge, Science and Technology for Development), with widespread support from developed and developing countries alike, emphasizes the importance of locally-based, agro-ecological approaches that allow farmers to adapt to climate change, market volatility and other stresses. The IAASTD questions the emphasis on the industrial agricultural model, particularly because of its social and environmental implications. It is urgent that CIDA support measures that strengthen the resilience of small-scale farmers.³ Given its threat to smallholder farmers in developing countries, Canadian aid should not be used to promote or expand large-scale, plantation-based production of biofuels, regardless of whether they are based on food or tree crops.
4. **Affirm the Key Role of Women in Agriculture** - Canada's aid policies on agriculture should explicitly include a gender dimension, that recognizes and strengthens the critical role of women's knowledge and contribution to agriculture, genetic resource conservation and community development.

³ Pathways to Resilience: Small-Holder Farmers and the Future of Agriculture (2008), written by the Food Security Policy Group, provides case studies of CIDA-supported work that builds resilience in small-scale agriculture. This document is available on FSPG members' websites.

5. **Maintain Food Aid Support** - Canada has responded to the urgent need for additional food aid resources, with both increased funding and more flexibility to purchase food in developing countries. Canada should promote a new Food Aid Convention that focuses the use of food assistance where it is the most appropriate response.
6. **Play a Leadership Role in the Reform of Multi-lateral Food/Agriculture Institutions**
Recent reviews have pointed out serious weaknesses in the current institutional framework (FAO, WFP, IFAD, CGIAR). Reform is needed to improve their relevance for small-holder farmers and their integration with each other.
7. **Contribute to an Enabling International Financial Policy Environment** - Trade rules and loan conditions must allow governments to support sustainable local food production and protect small-holder farmers from unfair trade. Canadian trade negotiators should cease their efforts to further reduce protections for the developing world's poor farmers.
8. **Reduce the Volatility of Food Commodity Prices** – Given the likelihood of continuing tight global food supplies, steps must be taken to reduce the volatility of commodity prices, as these create hardship for consumers, and discourage sustainable production by small-holder farmers. Canada should urge that international fora examine the use of commodity agreements and food stocks to reduce price volatility and ensure fair prices to food producers. Canada should also support developing countries to re-establish mechanisms (particularly national grain reserves) that stabilize local market prices.