

CEREAL

OFFENDERS



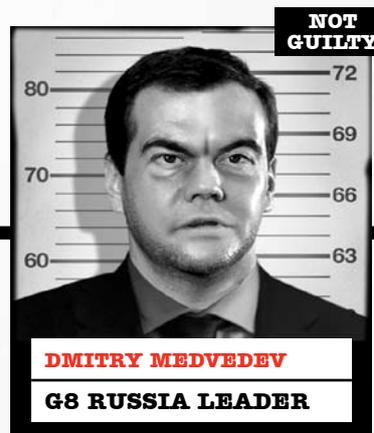
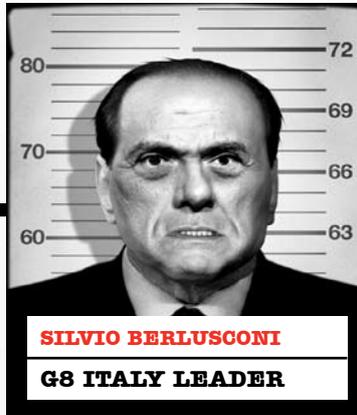
How the G8 has contributed to the **global food crisis**, and what they can do to stop it

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ActionAid policy briefing, July 2008

CEREAL OFFENDERS?

G8 Leaders on **biofuel/hunger** charges



Diverting food crops into biofuel production is forcing world food prices up and causing hunger. ActionAid urges G8 leaders to freeze production of biofuels in favour of other sustainable energy sources. www.actionaid.org

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EXECUTIVE SUMMARY

Only three short years after the G8 pledged to ‘make poverty history,’ a global food crisis is making poverty in historically large proportions. And the G8 has so far done nothing to stop it. The ranks of the hungry have swelled to over 950 million this year, and ActionAid estimates that a further 750 million are now at risk of falling into chronic hunger (See Box 1). As many as 1.7bn people, or 25 percent of the world’s population, may now lack of basic food security. G8 leaders can, and must take bold steps in Hokkaido to prevent world hunger spiralling further out of control. ActionAid believes the following G8 actions could literally make the difference between life and death for millions in the developing world who can no longer buy or grow enough food to eat:

1. STOP CEREAL OFFENSES

The corn needed to fill up a car tank with ethanol could feed a hungry person for a year. Through hefty subsidies and mandated targets, however, the European Union and the United States have promoted a massive biofuels expansion, which is blamed by some experts for about 30 percent of the recent rise in world food prices. ActionAid’s analysis shows that on current trends, 290 million people are hungry or at risk of chronic hunger because of the biofuels juggernaut. Many analysts believe that the biofuels boom has also helped to spur rampant speculation on commodity futures, pushing prices still higher. Analysis by the respected International Food Policy Research Institute predicts that a moratorium on biofuels would bring immediate and significant reductions in the price of food.¹

Therefore, ActionAid recommends that:

- The USA should immediately remove all subsidies for corn ethanol production and revoke the targets for increased use of biofuels that are driving the current increase in corn and other biofuels feedstock prices. The EU should remove subsidies and targets that encourage the production of biofuels from food crops, such as beetroot and canola.
- G8 leaders should support a five year moratorium on the diversion of arable land into biofuel mono-cropping.
- Instead of subsidizing biofuels the G8 countries should increase research, investment and incentives to scale up alternative renewable energy sources.
- The G8 should undertake an expert investigation into the role of commodity index funds and other speculative investors in fuelling price increases, in order to develop appropriate measures to strengthen the regulation of commodity futures trading.

2. PREVENT CLIMATE CRIMES

The G8 countries’ failure to reduce greenhouse gas emissions is already wreaking havoc on agriculture through severe floods and droughts and rising temperatures. Weather effects have already reduced harvests in some countries, and the worst is yet to come. In some countries in Africa, yields from rain-fed agriculture could drop by as much as 50 percent by 2020 because of climate change. It will cost developing countries an estimated US\$67m a year to tackle these and other risks, but so far, G8 pledges to the two voluntary climate change adaptation funds amount to only US \$158m², less than a tenth of what Europeans spend annually on sunscreen.³

ActionAid calls on the G8 leaders to:

- Confine future increases in global temperatures to less than 2 degrees Celsius by agreeing binding and time bound targets to reduce their own emission levels by at least 25 – 40 percent below 1990 levels by 2020⁴. The United States as the single largest polluter, must commit to reduce its emissions by at least 80 percent below 1990 levels by 2050.
- Provide at least US \$55bn of the estimated US \$67bn annual cost of helping developing countries cope with climate change. Based on historic responsibility and capacity to pay, ActionAid demands that G7 countries⁵ commit to annual adaptation funding in the amounts of:
- The G8 must commit to assist developing countries in accessing clean technology. Clean technology must

United States	US \$29.27 bn
Japan	US \$8.64 bn
Germany	US \$4.75 bn
United Kingdom	US \$0.55 bn
Italy	US \$3.08 bn
France	US \$3.01 bn
Canada	US \$2.88 bn

not include oil, gas for export, any type of coal technology, hydropower above ten megawatts, or nuclear power. Clean technology funding must be additional to overseas development assistance; should give preference to grants that provide incentives for developing countries to embrace a clean development path; and should give preference to small, locally controlled and managed projects that provide local energy access, particularly directed at women. Finally, access to clean energy must not be dependent on economic policy conditionality.

- G8 member countries must also take steps at the Executive Board at the World Bank to end its lending to fossil fuels. As the 2004 independent assessment of the World Bank's activities in extractive industries (oil, gas, and mining) suggests, the World Bank should "phase out investments in oil production by 2008 and devote its scarce resources to investments in renewable energy resource development, emissions-reducing projects, clean energy technology, energy efficiency and conservation, and other efforts that de-link energy use from greenhouse gas emissions."⁶

3. **END FARMING FIASCOS**

For the past 25 years, the G8 countries have promoted misguided trade and agriculture reforms. Developing countries have been required to dismantle or privatise state institutions such as marketing boards, farmer credit schemes and input subsidies, and extension programmes; to shift from food to export crops; and to open up to competition with heavily subsidized northern agribusiness. Direct payments to OECD farmers amounted to US \$125bn in 2006. OECD aid to farmers in developing country was only 3 percent of that amount: just US \$3.9 billion in 2006. Aid to agriculture now accounts for only a miniscule 3.4 percent of aid budgets even though 75 percent of the world's poor live in rural areas. Instead of the promised prosperity, these policies have led to falling yields, heavy dependence on food imports and the loss of millions of livelihoods.⁷

To enable developing countries to rebuild their agriculture sectors, G8 countries must:

- Stop imposing trade rules and economic policy conditions that make it difficult for developing country governments to support smallholder farmers and agriculture. They should support developing countries' proposals for tariff protections (known as Special Safeguard Mechanisms and Special Products) to allow them to shield key agricultural goods from the vagaries of international prices.
- Agree a timetable for scaling up G8 aid to agriculture by 2012, to provide at least US \$21bn out of the US\$30bn that the FAO says is needed to get developing country agriculture working again. This can be

done if all G8 countries allocate 0.7 percent of GNI to aid by 2012, and work with governments to ensure that at least 10 percent of aid and public spending is invested in achieving food security and reversing import dependence. Programmes should be designed to benefit poor farmers.

- Invest more in public agricultural research and development. But the G8 must not be tempted by the siren calls of big seed and fertilizer conglomerates to invest in genetically modified organisms (GMOs) as a quick fix to increase yields. Recent research shows that the current generation of GM crops have made no difference to yields, and in some cases actually reduce yield by as much as 10 percent. 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.⁸ Instead, a massive push to develop and scale up low-input, organic farming methods is needed.
- Push for the cancellation of 100 percent of outstanding debts of all 65 IDA (International Development Association) countries without economic policy conditions. Additionally, the G8 should investigate past lending to uncover and cancel all unjust debts, including illegitimate and unpayable debts. If countries were freed from sending hundreds of millions of dollars in debt payments to northern creditors each year, they would be able to use these savings for desperately-needed poverty reduction efforts, including greater public investments in agriculture.
- Abolish in-kind food aid and replace it with cash donations to the World Food Programme or local governments to purchase food at the regional or local level, making more efficient use of scarce resources and supporting the development of local and regional markets. Increased emphasis on local purchases of food could also bolster efforts to establish local or regional reserves that could be accessed quickly in cases of food emergencies.⁹

Rich countries failed miserably to take any action at the Rome summit on food prices, climate and biofuels. They cannot afford to fail twice. An immediate moratorium on biofuels expansion and an end to EU and US biofuel targets, a rapid increase in aid and debt cancellation and regulatory measures to curb speculation, will help to stem the worst of the immediate crisis. However, the G8 countries must also commit to a long-term strategy to protect the world's rights to food, by imposing binding cuts in their own carbon consumption, and helping developing nations to reverse import dependence and achieve sustainable food production for local use. ●

BOX 1

Price rises could make 850 million more people food insecure

How many people are going hungry because of recent price increases? To get an estimate of how much prices have actually risen for poor people, we took the rise in world prices from the World Bank's commodity price index from 2006-2008. We assumed that domestic prices in developing countries rise about two-thirds as much as world prices, following a methodology used by the World Bank. This gave us an average price rise in developing countries of around 54 percent. We then used the estimates in Runge and Senauer, to calculate the number of people who have been made food insecure by that price rise. This suggests that over 850 million people may have been pushed into hunger or food insecurity between 2006 and 2008. According to estimates by the World Food Programme using World Bank numbers, between 100 – 130 million more people have actually become chronically hungry in 2007-8. However, staying with the conservative estimate of 100 million more people in chronic hunger, that leaves another 750 million newly at risk of hunger. Adding the newly food insecure to the existing hungry gives an estimate of 1.7 billion people – or 25% of the world's population - who lack a secure source of food.

Following IFPRI's estimate that biofuel expansion is responsible for about 30 per cent of the price increases, we attributed 30 percent of the increase in food insecurity to biofuels. This approximation suggests that 30 million people have already been made hungry by biofuels while another 260 million have been placed at risk of hunger. These are clearly very rough estimates, but the numbers are sufficiently large to show the scale of the crisis caused by rising food prices and biofuels.

*Food insecurity, as defined by Runge and Senauer, includes those who are chronically hungry and those who, due to lack of a secure and sustainable food supply, are vulnerable to becoming chronically hungry. Food insecure people frequently do not get enough calories and nutrients; chronically hungry people never get enough calories and nutrients. ●

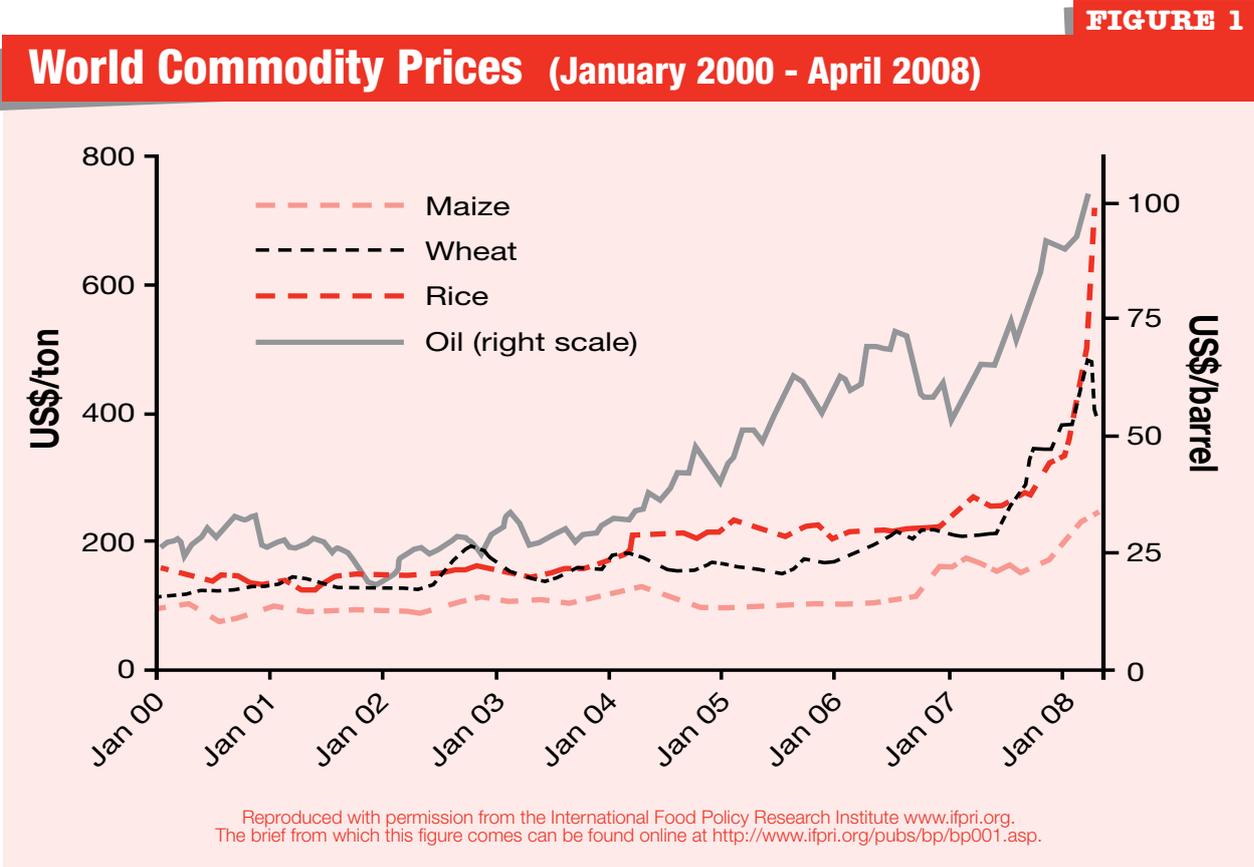
Sources: Maros Ivanic and Will Martin; 'Implications of Higher Global Food Prices for Poverty in Low-Income Countries', World Bank Poverty Research Working Paper 4594, April 2008; C. Ford Runge and Benjamin Senauer, "How Ethanol Fuels the Food Crisis", Foreign Affairs 28 May 2008; C. Ford Runge and Benjamin Senauer, "How Biofuels Could Starve the Poor," Foreign Affairs, May/June 2007; Mark Rosegrant, "Biofuels and Grain Prices: Impacts and Policy Responses", Testimony before the U.S. Senate Committee on Homeland Security and Governmental Affairs, IFPRI, 7 May 2008; World Food Programme, "WFP Crisis Page: High Food Prices," <http://www.wfp.org/english/?ModuleID=137&Key=2853>

INTRODUCTION

“States parties should take steps to respect the enjoyment of the right to food in other countries, to protect that right, to facilitate access to food and to provide the necessary aid where required.” **International Covenant on Economic, Social and Cultural Rights, General Comment 12: The Right to Adequate Food, May 1999**

On March 31, 2008, in Côte d’Ivoire, protestors demanding government action to curb food prices clashed with police, leaving a dozen wounded. In April 2008, in Haiti, a week of riots against rising food prices brought down the government and left at least five people dead and 20 wounded.¹⁰ In the same month, in Bangladesh, approximately 20,000 workers rioted over high food prices; more than 50 people were injured.¹¹ Other protests against rising food prices have erupted in over 30 countries across the globe.

All over the world, the prices of nearly all major food and feed commodities have skyrocketed (see figure 1). Overall global food prices have increased by 83 percent in the 36 months leading up to February 2008.¹² Since 2006, the price of wheat has increased 107 percent, the price of rice has increased 38 percent, and the price of maize has increased 76 percent.¹³ The high international prices of these crops ripple through the food supply chain and cause a rise in the retail prices of basic foods such as bread, pasta, meat, and milk.¹⁴



The result? A decade of progress in getting more children into school, cutting child mortality, reducing malnutrition and fighting AIDS could literally be eaten up by higher food prices – which will push 100 million people below the US \$1-a-day poverty line in 2008 alone, according to a World Bank estimate. ¹⁵ A 2001 study showed that for every 1 percent increase in food prices, food consumption in poorer countries decreases by 0.75 percent. ¹⁶ Modelling by University of Minnesota economists predicts that for every 1 percent rise in food prices, the number of hungry people in the world will rise by 16 million. On that basis, ActionAid estimates that, on current trends, the number of hungry and food insecure people in the world could soar to 1.7bn, representing 25 percent of the world's population (See Box 1). ¹⁷

Poor people in developing countries already spend approximately 50-80 percent of their income on food. ¹⁸ Reports from ActionAid's field sites confirm that many people who used to eat two meals a day are eating once a day, or only every other day. Women shoulder the heaviest burden (See Box 2).

Moreover, our field staff report that as people struggle to find enough money to pay for food, they are taking children out of school, foregoing medical treatment or going deeper into debt. Not eating enough is life-threatening for HIV positive people, pregnant women and children under 10. Hunger and malnutrition-related diseases are the leading causes of death in the developing world, killing 25,000 children a day. If children survive chronic malnutrition, the likelihood is that their cognitive development and their physical health will be impaired for life, creating a cycle of ill health, low productivity, poverty and malnutrition that is passed onto the next generation quite literally in the womb.

The tragic irony is that the current food crisis has come not at a time of global food shortages, but at a time of record harvests. World cereal production hit a record last year and the FAO forecasts that it will increase an additional 2.6 percent in 2008 to 2,164 million tons. ¹⁹

How could prices be spiralling upwards at a time of unprecedented plenty? And what can be done about it?

In the rest of this report, we show that not only does this puzzle have solutions, but the G8 leaders hold many of the solutions in their hands. ●

Women and girls pay the price

In 2007 a family of five people in Bangladesh, living on US \$1 per person per day, would have spent an average of \$3 per day on food and \$0.50 on energy, leaving \$1.50 for all other items. But in areas where ActionAid works, the price of rice has gone up approximately 80 percent since 2007 and flour by over 100 percent. Wages have so far stayed the same. Assuming a 70 percent increase in the price of food and energy, our family of five must cut their spending by \$2.45, or roughly by half. How are people coping?

- Privileging men. Baby, an adolescent from urban Chittagong, says: "As the rice costs have risen my mother stays without eating most of the time."
- Eating less. Of 248 people we surveyed in one district, the percentage eating three meals a day had dropped from 80 percent in 2007 to less than 40 percent now. "Nowadays we are surviving only on one or half meal a day where previously we would eat three meals," says Mofazzal Gazi, 43. Mofazzal had earned Tk 15 that day selling crabs he'd caught in the river, but a kilo of rice now costs Tk 35-40.
- Eating worse. Families in Faridpur now eat only vegetables and potato, no meat. Sometimes they eat the roadside plants growing in the slums instead of buying vegetables in the market.
- Selling household assets. Baby Akhter says "We cannot afford to buy milk for my baby bother and my mother fights with my father because of this. He is selling all the things in the house to meet the demands of the household."
- Withdrawing children from school, in some cases to earn money, in other cases to look after younger siblings and do the housework so that the mother can go out and work.

Eating less and eating worse has become a necessity, not an option, for many in Bangladesh. However, even before the food crisis, most poor Bangladeshis were already consuming less than 2100 kCal per day. Over 50 percent of children under five and nearly half of all women were underweight, and girls consumed 8-28 percent fewer calories than boys. By forcing people to cut their intake even further, soaring food prices will permanently damage the health of tens of millions, and could take many, especially women and girls, to the brink of starvation. ●

Sources: ActionAid Bangladesh, "Food Crisis in Bangladesh: A Hidden Anger", processed, June 2008; Bangladesh National Nutrition Survey 1998; Joachim von Braun, "Food prices, Biofuels, and Climate Change", IFPRI, February 2008; USAID, "Bangladesh Mission Food Security Strategy, FY 2006 Review Cycle", UNICEF statistics.

WANTED: BIOFUEL BULLIES

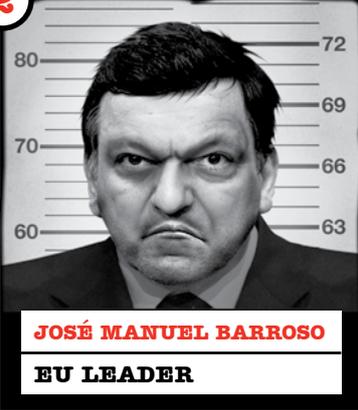
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GEORGE BUSH
G8 USA LEADER

Mr Bush has set biofuel targets equating to around 15% replacement of conventional fuel with biofuel by 2022. **i** He hands out subsidies and incentives to corn ethanol worth up to USD \$13 bn a year. Unless he changes his ways, ethanol subsidies could rack up to US\$93 billion by 2012. **ii** Recently he reduced the ethanol blenders' tax credit from US \$0.51 to US \$0.45 cents on the gallon - still a hefty perk.

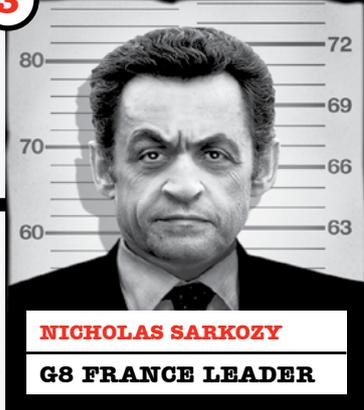
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JOSÉ MANUEL BARROSO
EU LEADER

Mr Barroso's biofuel targets for all EU member states are 5.75% by 2010 and 10% by 2020 for all Member States **iii**, combined with incentives worth US \$4.7bn of EU taxpayers' money in 2006. Last year, he paid farmers a subsidy of €45 a hectare, or roughly US \$27 an acre, for any biofuel crop produced. **iv** In addition, EU farmers are allowed to grow oilseeds for biodiesel on set-aside land.

3



NICHOLAS SARKOZY
G8 FRANCE LEADER

Mr Sarkozy is already the second largest EU producer of biofuel and aims to become the biggest. Mr Sarkozy has set aggressive targets for biofuel use: 7% by 2010 and 10% by 2015. He offers tax credits of €25 /nl for biodiesel and €33/nl for ethanol. If he doesn't cut or abolish these subsidies, they could reach €1.35bn by 2010. **v** However, he may turn over a new leaf, as he has asked his environment ministry to review biofuels policy.

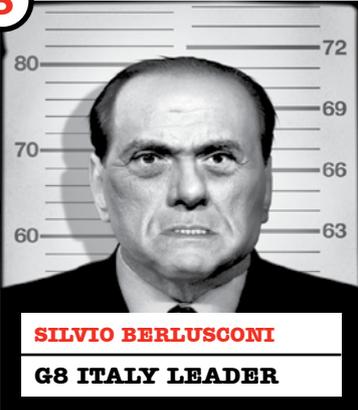
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ANGELA MERKEL
G8 GERMANY LEADER

Ms Merkel is the biggest biofuel producer in Europe. **She** is plotting 6.75% biofuel use by 2010. Germany is the biggest biofuel producer in Europe. Ms Merkel is plotting 6.75% biofuel use by 2010 - more than the EU wide minimum target. She is requiring 8% use of biofuels by 2015. Recently she has shown some signs of repentance, cancelling tax exemptions for biodiesel at the pump and introducing sustainability criteria.

5



SILVIO BERLUSCONI
G8 ITALY LEADER

Mr Berlusconi is aiming for 5.75% biofuel use by 2010. However, in recent months his government has strongly questioned the EU 10% target. Italy provides a hefty subsidy of €0.45 per litre on biodiesel.

6



GORDON BROWN
G8 UK LEADER

Gordon Brown has set a biofuel target of 5 percent replacement by 2010 for the UK and signed up to the EU wide target of 10 percent by 2020. However, as we went to press, a forthcoming government report on the social and environmental impact of biofuels was widely expected to trigger a review of biofuels targets. **vi** Mr Brown recently abolished biofuel subsidies worth GBP £0.20 per litre, or GBP £560m per year.

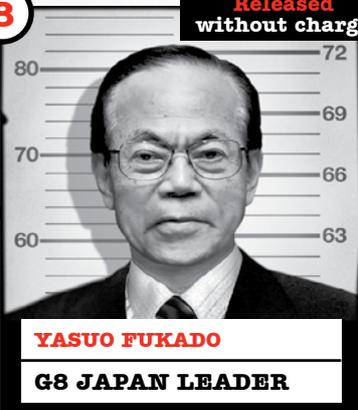
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STEPHEN HARPER
G8 CANADA LEADER

Despite opposition concerns, **Mr Harper** pushed through incentives of up to Cdn\$0.10 per litre for ethanol, and up to Cdn\$0.20 per litre for biodiesel. **vii** He wants gasoline to include 5% renewable content by 2010. The government says this will require 3 bn litres of biofuel from 8m tonnes of grain.

8

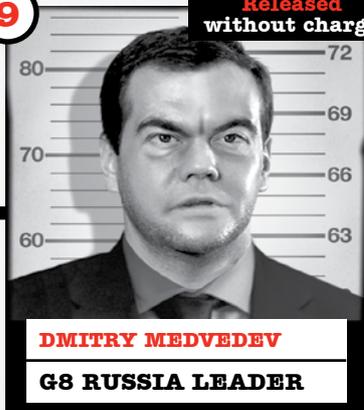


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YASUO FUKADO
G8 JAPAN LEADER

Japan produces no ethanol of its own and only a small quantity of biodiesel. Japan imports Brazilian ethanol from sugar cane, the only biofuel that does not significantly affect world food prices. **Mr Fukado** wants Japan to use 500M litres of fuel derived from biomass by 2010, and is sponsoring experiments in making fuel from rice husks and other plant waste in Southeast Asia.

9



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DMITRY MEDVEDEV
G8 RUSSIA LEADER

Mr Medvedev has set no targets or incentives for biofuel use. Russia has a small but growing number of producers exporting raw materials for biofuel, such as rapeseed, to feed European demand.

BIOFUELS:

HOW G8 INCENTIVES RAISE GLOBAL FOOD PRICES

BOX 3

G8 Commitment to Renewable Energy Sources

In 2006, the G8 asserted that “a large-scale use of renewable energy will make a significant contribution to long-term energy supply without adverse impact on climate. The renewable solar, wind, hydro, biomass, and geothermal energy resources are becoming increasingly cost competitive with conventional fuels, and a wide variety of current applications are already cost-effective.”

Yet many G8 countries are investing in biofuel production at the expense of investing in solar, wind, and geothermal energy resources. The G8 must fulfill their commitment to sustainable renewable energy sources. ●

The key to the rising food prices puzzle lies in the biofuel boom, which is forcing an estimated 1.7bn food insecure people to compete with 650 million cars for access to food.²⁰ And the people are losing: filling a car with 25 gallons of ethanol uses up over 450 pounds of corn, enough calories to feed one person for a year.²¹ ActionAid estimates that 290 million people may be at risk from hunger because of biofuels (See Box 1).

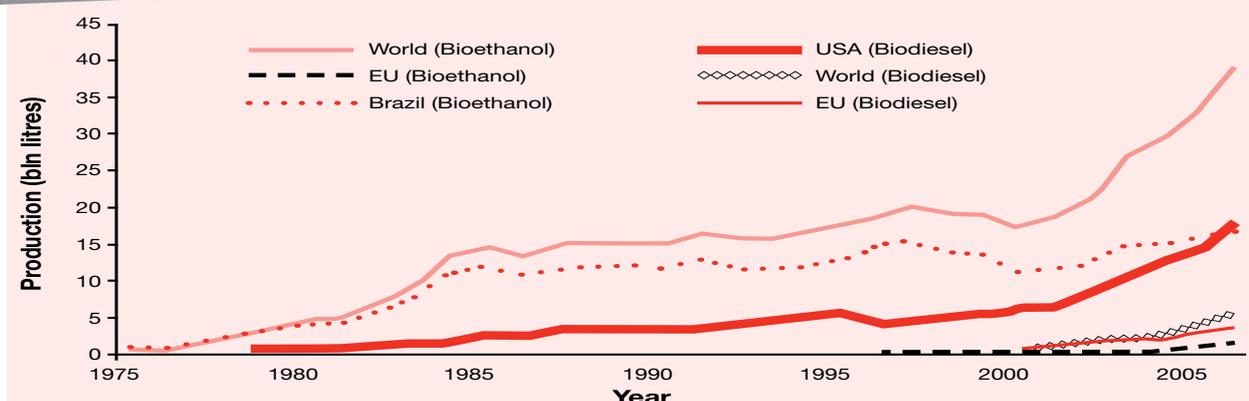
Biofuel production has shot up dramatically in the past five years (see Figure 2 below); the IMF estimates it accounted for 50-60 percent of the increased consumption of staple food crops in 2006-7.²² US farmers will deliver one in every three bushels of corn to an ethanol plant this year.²³

The scramble for biofuels is responsible for 20-30 percent of recent food price increases, according to IFPRI and the IMF, and will continue to fuel about a third of continuing price increases over the next decade, says the OECD.²⁴ Our biofuels wanted list, opposite, shows that all G8 countries but one have fuelled the frenzy through their biofuel targets and subsidies.

In a time of rising oil prices, concerns over energy security, and increasing awareness over the impacts of global warming, biofuels are being presented as a magic bullet solution. Both the United States and the European Union frame their biofuel expansion policies in the context of energy security, climate change mitigation, and sustainable development. This is perverse, as biofuels production will have little positive impact on any of these objectives. Recent studies indicate that U.S. production of biofuels from corn, for example, has an overall negative impact on the environment and a negative energy balance. And while ethanol produced from sugar is more efficient, Brazilian environmentalists and social movements have raised serious concerns about its impacts on the environment, land use, and labor rights.

FIGURE 2

Increase in production of biofuels worldwide:



Source: Wiggins, 2008 from F.O. Licht's World Ethanol and Biofuels Report, Vol. 4, No. 16, p. 365 and Vol. 4, No. 17, p. 391.

HOW BIOFUELS THREATEN THE POOR

BOX 4

What are Biofuels?

Biofuels are solid, liquid, or gas fuels that have been converted from recently living material. The two most common types of biofuels are ethanol, which is made from starches or sugars such as corn or sugarcane, and biodiesel, which is made by combining an alcohol such as ethanol with oil crops and trees such as rapeseed, soy, palm, or jatropha. Currently, most biofuels are converted into liquid and used to fuel cars, buses, and trucks. Both ethanol and biodiesel can be blended with gasoline or used in its pure form as an alternative to gasoline. ●

While the impacts of biofuels on the environment are mixed and even negative, the impacts on food security are devastating. As researcher Almuth Ernsting puts it, “On the one hand, land on which small farmers, pastoralists, forest communities and indigenous peoples depend for their livelihood is being converted to biofuel monocultures. On the other hand, grain and vegetable oil on the world markets, and particularly in the US and Europe is being diverted to biofuels rather than food, leading to scarcity and rocketing prices.”²⁵

Currently, it's ethanol from maize that is making the biggest impact on food prices.²⁶ Increased production of ethanol has increased the total demand for maize, and shifted land area away from production of maize for food. This has, in turn, stimulated increased prices for maize. Rising maize prices cause consumers to shift from maize to other grains such as rice and wheat and has led some farmers to shift to maize cultivation. This complex set of responses has resulted in increased prices of many staple crops in developing countries,

particularly rice, maize, and wheat. Similar chain reactions have taken place where oil palm or other oilseeds are being used to produce biodiesel.

Other staple foods may be hijacked for fuel in future. Even the lowly cassava – traditionally the food of last resort for the poorest people - is not immune. Many developing country governments, including China, Nigeria and Thailand, are considering making ethanol out of cassava.²⁷ IFPRI projects that if biofuel production continues to expand aggressively, the cassava price in the poorest parts of sub-Saharan Africa, Asia, and Latin America is likely to increase by 33 percent by 2010 and 135 percent by 2020.²⁸

Increases in food prices are only one of the potential impacts of expanded biofuel demand on poor people. There is growing concern about the threat that biofuels are diverting scarce land (including natural carbon sinks such as rainforests and grasslands) and water away from food production. Large-scale plantations for the production of liquid biofuels consume massive amounts of precisely the same inputs to which smallholders, particularly women, already have least access. These resources include land and water, chemical fertilizers and pesticides.²⁹ Not only will this displace local food production – further increasing prices – but conflicts over access to land, water, and other resources may develop, putting already marginalised groups – such as indigenous people and women farmers – under unbearable pressure.³⁰

The chairwoman of the UN Forum on Indigenous Issues warned last year that 60 million indigenous people face the threat of being driven off their land to make way for biofuels, including 5 million forest dwellers in one single palm-oil producing region of Indonesia (See Box 5).³¹ In Colombia, rapid and ruthless expansion of palm oil plantations has contributed to the second biggest refugee crisis in the world after Sudan. According to War on Want, “Numerous cases of communities being threatened and attacked by paramilitary groups have been reported. Not long after the communities have fled, vast swathes of land that were once small-scale farms are taken over for palm cultivation. International agri-businesses have been accused of colluding with paramilitary groups and using them as private security contractors in order to gain control over these areas.”³²

However, biofuel expansion need not be accompanied by overt violence to do lasting harm. Rural activists in

Ghana, Colombia, Cameroon, Ecuador, Indonesia, India, Argentina and other countries report small-scale farmers and forest-dwellers being pushed off their land in order to make way for more profitable biofuel crops (See Box 6). And the trend is growing: nearly half of Tanzania's land area and about 40 percent of Mozambique's has been judged suitable for growing biofuels and both are considering deals with agrofuel corporations.³³

BIOFUELS INVESTMENT IN G8 COUNTRIES

While higher oil prices have made biofuels more competitive, today's voracious market for bioethanol is largely policy-driven – a consequence of the targets and subsidies for biofuel production and use that various countries have established in their pursuit of energy security. **On some estimates, biofuel subsidies from the EU and US are worth US \$15.7 – US \$17.7bn a year, or four times as much as all OECD aid to agriculture in the developing world.** IFPRI points out that these incentives “are extremely anti-poor because they act as a tax on basic food, which represents a large share of poor people's consumption expenditures and becomes even more costly as prices increase.”³⁴

The U.S. government has aggressively promoted biofuel expansion. The 2005 Energy Policy Act required the blending of 28.4 billion litres (7.5 billion gallons) of biofuels into the U.S. motor vehicle fuel supply by 2012. This target was expanded in the Energy Bill of 2007, which mandated that at least 36 billion gallons of biofuels be blended into U.S. motor fuel by 2022 – equivalent to about 15 percent replacement.

IFPRI estimates that total US subsidies to biofuel producers are worth US \$11bn to US\$13bn per year. Part of this takes the form of a tax credit to gasoline refiners who blend ethanol into gasoline, a subsidy that amounted to approximately US \$2.5 billion in 2006.³⁵ While the 2008 Farm Bill, which was passed in June 2008, reduced this subsidy from US \$ 0.51 to US \$0.45 cents on the gallon, this is still a significant incentive for the industry. Another form of subsidy goes directly to the U.S. corn growers who produce 95 percent of U.S. ethanol. Between 1995 and 2005, corn producers received approximately US \$51 billion in federal farm payments.³⁶ This subsidy is not specifically for the production of biofuels and in fact has decreased as corn prices have increased. However, without these payments, corn-based ethanol would not be feasible in the United States.³⁷

Ethanol refineries have also benefited from this system. Archer Daniels Midland (ADM), the largest ethanol producer, has received over US \$10 bn in subsidies between 1980 and 1997 because of the tax credit described above. The industry is highly concentrated, with ADM and only seven other corporations selling over 90 percent of U.S.-produced ethanol to the gasoline industry.³⁸ The top three companies, ADM, Ethanol Products, and Renewable Products Marketing Group, account for approximately 66 percent of ethanol production.³⁹

The European Union has set up a similar system of targets and incentives.⁴⁰ In 2003, the EU established a target of a 5.75 percent share for biofuels in the overall transport fuel supply by December 2010.⁴¹ In 2008, the EU presented a new directive with a 10 percent minimum target for biofuels in the transport sector to be achieved by each Member State by 2020. The European Union's biofuel subsidies come in a close second to those of the United States. In 2006, total support for biofuels amounted to approximately €3.7 billion. In contrast to the United

“ A grain-based biofuels moratorium ... might bring maize prices down by about 20 percent and ... decrease wheat prices by about 10 percent. - International Food Policy Research Institute

”

States, which largely supports ethanol production, the EU provides most of its incentives to the biodiesel industry.

The European Union allows individual Member States to set their own biofuel targets and incentives. Many offer quite steep subsidies up to €0.65 (US \$0.90) per litre. While some nations provide tax incentives for all varieties of biofuels (pure and blended), others, such as Germany, only provide incentives for pure biodiesel. Altogether, excise tax exemptions account for the largest share of biofuels support in the EU, totaling approximately €3 bn in 2006.

Finally, the US and EU also supports domestic producers through hefty tariffs on imported biofuels; and through research and development. Tariffs are not only another way of lining agribusiness pockets, but they also keep out sugarcane ethanol from Brazil - which is more climate-friendly and does not compete with food production.

However, in the same way that they have helped to cause the food price spiral through targets and subsidies for biofuels, the US and EU can help to end it by removing these perverse incentives. According to modeling done by IFPRI,

“A grain-based biofuels moratorium would quickly unlock grains and oilseeds for food. This measure might bring maize prices down by about 20 percent and, as a consequence, decrease wheat prices by about 10 percent. Price reductions could also be generated by removing blending mandates, import tariffs, and biofuel blending subsidies in the US and Europe.”⁴²

GAMBLING WITH OUR FUTURES?

Biofuel frenzy has also played a role in attracting massive speculation on grain futures. By helping to run down global reserve stocks to 25-year lows it has increased the likelihood of big price swings which increase profits for speculators. If other impacts of the biofuel boom, such as the rise in commodities speculation, are considered, the sector may account for as much as 75 percent of total food price increases, according to an unpublished World Bank estimate.⁴³

Some analysts claim that regulatory loopholes have allowed institutional investors (sovereign wealth funds, university endowments, and pension funds) to buy up too many futures contracts. For whatever reason, the number of futures contracts traded has skyrocketed, increasing by nearly a third in the first quarter of 2008 compared to the same period in 2007.⁴⁴ According to some experts, this is pushing up prices by creating enormous but artificial demand for the commodities in question— demand that has nothing to do with the number of hungry people wanting food, but is only based on the amount of money competing for rights over existing and future food supplies.

20 million hectares of oil palm versus 45 million forest dwellers

On 17 September last year, Indonesian elite police forces opened fire on indigenous members of the Orang Rimba community who had collected some palm fruits on an oil palm plantation in Sumatra.

The Orang Rimba, or Forest Nomads, have lived sustainably for hundreds of years in Sumatran rainforests. Today, the forest on which they depend is being cut down, burnt and turned into vast oil palm plantations. Many are forced to beg or take food from plantations where they are vulnerable to violence, and they suffer from hunger and malnutrition.

The situation faced by the Orang Rimba is replicated across Indonesia and many other countries in the global South. According to Watch Indonesia! some 45 million people in Indonesia depend on rainforests for their food and livelihoods. The government is planning to convert 35 million hectares of land to biofuel crops, 20 million of them to oil palms. This will mean the end for most of Indonesia's remaining forests, on which tens of millions more people depend than would be employed on the new plantations. ●

Source: Armuth Ernsting, researcher for Biofuelwatch.org, writing in FOE Australia's magazine Chain Reaction, April 2008 (extract). Reproduced with author's permission.

Already in 2006, as money flooded out of the collapsing housing market into commodities, Merrill Lynch estimated that speculative investment had pushed commodities to prices 50 percent higher than they would have been based only on fundamentals.⁴⁵ At the height of the price spikes in February-March 2008, around US \$1bn a day was crowding into commodity exchanges, according to two expert estimates. In total, Wall Street has plowed about US \$300bn into commodity futures recently, and commodity index funds now control corn, wheat and soy-bean contracts equivalent to half the total amount held in U.S. silos.

By April of this year, index funds were paying prices for corn futures that were 55 cents a bushel higher than those offered by grain handlers.⁴⁶ Such large disparities between the underlying physical market and the futures trade often indicate that market fundamentals are no longer determining prices. However, not enough data is available to determine exactly what role speculation is playing in the current crisis, or what actions (such as raising margin deposit requirements, limiting trading positions, or rebuilding buffer stocks to reduce price volatility) might be appropriate to curb it. An investigation by an independent international panel is therefore urgently needed to develop recommendations on the regulation of commodity futures markets. ●

BOX 6

Biofuel farming threatens village in Ghana

In a village near Tamale in northern Ghana, poor farmers are discovering the true cost of biofuel production. This vulnerable community was hit hard in 2007 when severe drought followed by torrential rain ruined harvests and left people without seed stock. They have managed to survive by selling off their animals and making charcoal from wood the women collect.

However, as the villagers were starting to prepare their fields for the coming year, they discovered the biggest blow of all. Machinery was moving onto their land to tear up trees and plough vast areas for a jatropha plantation, which will be used for biofuels.

The biofuels company argues that the land is 'marginal' and 'exhausted.' The farmers insist otherwise – they depend on this land for their food and livelihoods. The company, which was allegedly granted the land by a paramount chief, claim that food crops will be intercropped with jatropha. They promise that the plantation will provide many jobs, as well as a school and clinic. The community says they have received nothing, and that there is hunger in the village. Children have to walk to schools in other villages, and without adequate food, many have stopped going altogether. Moreover, with food prices soaring, villagers doubt whether farmworker wages will be enough to feed their families once their fields are gone.

For this season, the community is hanging on, planting on land that has been given to the company but hasn't yet been worked. Next year, they wonder if the village will exist anymore. ●

Source: ActionAid field research, June 2008

WANTED: DIRTY EMITTERS

1



GEORGE BUSH
G8 USA LEADER

George Bush is the worst climate offender. His country has the biggest carbon footprint and has done the least to make up for it. Mr Bush needs to come back to the international negotiating table and work towards binding targets.

CO₂ Emissions per capita: 20.6 tons
Adaptation fair share: US \$29,270m
Actual adaptation commitments: \$0 **ix**

2



YASUO FUKUDA
G8 JAPAN LEADER

As G8 summit host, Mr Fukuda must ensure the G8 adopts binding 2020 targets – a duty he has been trying to shirk. A hefty emitter, Fukuda has given only a tiny sum to UN adaptation funds. He has pledged to reduce Japan's emissions by 60-80% by 2050, but against current levels, not the tougher 1990 benchmark.

CO₂ Emissions per capita: 9.9 tons
Fair share of adaptation costs: US \$8,640m
Actual adaptation commitments: US \$0.25m **ix**

3



STEPHEN HARPER
G8 CANADA LEADER

Mr Harper has refused to honour Canada's Kyoto pledge to reduce emissions by at least 5 percent below 1990 levels by 2012. Canada's emissions increased by 25 percent from 1990 to 2005, the highest amount of any G8 nation.

CO₂ Emissions per capita: 20 tons
Adaptation fair share: US \$2,880m
Actual adaptation commitments: US \$19.4m

4



DMITRY MEDVEDEV
G8 RUSSIA LEADER

Due to the collapse of Russian industry in the 1990s, Mr Medvedev's current emission levels are well below their Kyoto quota. However, this disguises the fact that Russia is the third biggest CO₂ emitter in the world after China and the U.S., and is rapidly increasing its use of coal for energy.

CO₂ Emissions per capita: 10.6 tons
Adaptation fair share: Not applicable. **ix**

5

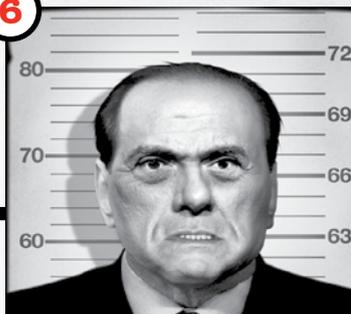


GORDON BROWN
G8 UK LEADER

Mr Brown is still a big polluter but he has signed up to the EU's 2020 reduction target and UK emissions levels have been coming down, albeit not fast enough.

CO₂ Emissions per capita: 9.8 tons
Actual adaptation commitments: US \$39m **ix**
Adaptation fair share: US\$3,550m

6



SILVIO BERLUSCONI
G8 ITALY LEADER

Although Italy's per capita emissions are lower than most other G8 countries, they have increased by almost 10% over 1990 levels. Mr Berlusconi also needs to increase his support to UN adaptation funds.

CO₂ Emissions per capita: 7.8 tons
Adaptation fair share: US \$3,080m

7



NICHOLAS SARKOZY
G8 FRANCE LEADER

Mr Sarkozy is committed to a 75% reduction in French emissions (on 2000 levels) by 2050 but the target will not be met unless he does more. Mr Sarkozy also needs to increase support to UN climate funds.

CO₂ Emissions per capita: 6.0 tons
Adaptation fair share: US \$3,010m

8



ANGELA MERKEL
G8 GERMANY LEADER

Ms Merkel aims to reduce Germany's emissions by 40 percent by 2020 compared to 1990 levels, a reduction twice as ambitious as the EU target. Germany has achieved the biggest post-1990 reduction in emissions of all G8 countries. Ms Merkel is the most generous G8 contributor to adaptation funds, but still needs to do more.

CO₂ Emissions per capita: 9.9 tons
Adaptation fair share: US \$4,750m
Actual adaptation commitments: US \$72m

CLIMATE CHANGE: HOW G8 EMISSIONS CONTRIBUTE TO HUNGER

Over the past century, G8 countries have been responsible for a disproportionate amount of global carbon emissions that cause climate change (see Figure 3). In the year 2004 alone, the G8 was responsible for 40.4 percent of world carbon dioxide emissions, yet only represented 13.3 percent of the world's population. Our climate most wanted list, opposite, shows just how big each G8 leader's carbon footprint really is – and how little they are doing to compensate others for the impact.

G8 countries developed primarily by using unsustainable fossil-fuel based energy such as coal, oil, and gas. In the process of their own economic growth and over-consumption, G8 countries have used and abused a disproportionate amount of the earth's finite natural resources, including oil, forests, oceans, and the atmosphere. And yet it is the developing world – in many cases communities such as Joyce's which do not have a single factory (see Box 8) – that is dealing with the effects of the north's dirty development, as they are hit first and hardest by climate change.

If unchecked, climate change will have irreversible and devastating consequences, including extreme weather events, sea-level rise, drought, disruption of water and food supplies, and negative impacts of health. All of this will hit hardest the more than one billion very poor people in the world who use little to no fossil fuel-based energy.

If industrialized countries fail to dramatically lower emissions, so that global mean temperature increases more than 4 degrees Celsius above 1990-2000 levels, the impacts would be catastrophic, exceeding most regions' ability to adapt to climate change.⁴⁶ It is absolutely essential that G8 countries take on binding mitigation targets now to ensure that the world is spared the worst effects of climate change.

BOX 7

Past G8 Commitments to Climate Change:

In 2005, the G8 acknowledged that "climate change is a serious and long-term challenge that has the potential to affect every part of the globe" and committed to "act with resolve and urgency" to reduce greenhouse gas emissions at the necessary levels to prevent the worst impacts of climate change. On adaptation, the G8 committed to "work with developing countries on building capacity to help them improve their resilience and integrate adaptation goals into sustainable development strategies."

In 2006, the G8 reaffirmed their commitments made in 2005.

In 2007, the G8 committed to "consider seriously the decisions made by the European Union, Canada and Japan which include at least a halving of global emissions by 2050." No concrete commitments on adaptation were made.

"Seriously considering" emissions reductions is not sufficient. ActionAid demands that the G8 meaningfully address climate change by taking on binding and time bound mitigation targets necessary to prevent the worst impacts of climate change; dedicating new and substantial funding towards the adaptation needs of developing countries; restating their commitment to the United Nations Framework Convention on Climate Change (UNFCCC) process as the only place to reach a new, comprehensive and equitable post-2012 international agreement; and committing to transfer clean technology to developing countries. ●

BOX 8

Climate change makes farming unaffordable in Malawi

I am a farmer. My mother was a farmer. For my mother, the rains used to come from October to April. This would give our local indigenous varieties of seeds time to mature and grow. We would have food on the table. Today, because of climate change, the rains come in December and end in March. Our local varieties do not have time to mature. We are forced to buy hybrid crops, which are much more input intensive, and we cannot afford these inputs. We are poor. So we are starving in Malawi.⁴⁷ ●

-- Joyce Tembunu, a 38-year-old widow and mother of three who farms in the Salima district of Malawi and works as the Food Security Officer of Salima Women's Network on Gender (SAWEG).

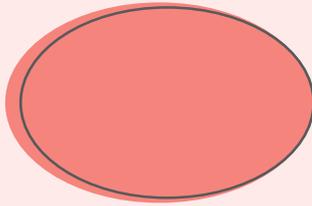
FIGURE 3

Rich countries – deep carbon footprints

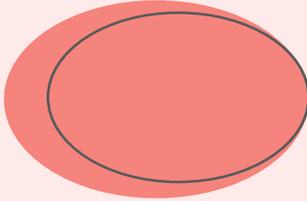
CO₂ emissions (t CO₂ per capita)

2004 ●
1990 ○

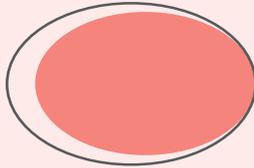
United States
20.6
19.3



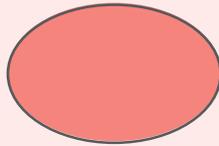
Canada
20.0
15.0



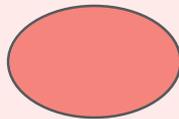
Russian Federation
10.6
13.4 (1992)



United Kingdom
9.8
10.0



France
6.0
6.4



China
3.8
2.1



Egypt 2.3 1.5



Brazil 1.8 1.4



Viet Nam 1.2 0.3



India 1.2 0.8



Nigeria 0.9 0.5



Bangladesh 0.3 0.1



Tanzania 0.1 0.1



Ethiopia 0.1 0.1



Source: Watkins, Kevin. Human Development Report 2007/2008. "Fighting Climate Change: Human Solidarity in a Divided World." Reproduced with permission of Palgrave Macmillan.

CLIMATE CHANGE AND RISING FOOD PRICES

The Intergovernmental Panel on Climate Change (IPCC) has warned that agriculture in low latitudes is likely to be especially affected by climate change.⁴⁹ For example, in some countries in Africa, yields from rain-fed agriculture could drop by as much as 50 percent by 2020 because of rising temperatures, floods, and droughts.

A Stanford University study forecasts that global warming could reduce maize production in Southern Africa by more than 30 percent by 2030. And in South Asia, production of regional staples as millet, maize and rice could decrease by at least 10 percent.⁵⁰ India could lose 125 million tons of its rain-fed cereal production – equivalent to approximately 18 percent of its rain-fed cereal production potential – because of climate change.⁵¹

Many scientists point to Australia's experience as an indicator of what can be expected if the planet continues to warm. Australia was previously the second-largest exporter of grain, harvesting up to 25 million tons of rice a year.⁵² However, the country's rice production has fallen 98 percent after six years of drought.⁵³ Because of climate change, these types of crippling droughts are expected to increase.

Climate-related declines in global food production are already putting pressure on food prices, and the impact will multiply in years to come unless rich countries act now. If world leaders fail to contain global warming now, by 2050 world cereal prices could rise 30-40 percent beyond current levels, and meat prices by 20-30 percent, says IFPRI.⁵⁴

Despite the undeniable science that human activity is causing climate change, and despite the fact that G8 historic emissions are largely to blame, G8 leaders have yet to put serious proposals on the table for curbing emissions or financing adaptation and technology transfer. Their procrastination is putting everyone's rights to food and water at direct risk, but no one stands to pay a higher cost than poor people in developing countries who cause the tiniest share of total emissions.

CLEAN UP THE WORLD BANK

With potential funding from the United States, the United Kingdom, and Japan, a new proposed set of climate investment funds, managed and partly designed by the World Bank, are intended to provide financing for climate-related activities. Currently, two new funds -- a Clean Technology Fund (CTF) and a Strategic Climate Fund (SCF) -- are on the table. The stated purpose of the World Bank's proposed Clean Technology Fund is to provide scaled-up financing to assist developing countries in transitioning to low-carbon economies. The Strategic Climate Fund would establish a Pilot Programme for Climate Resilience (PPCR) which would explore practical ways to mainstream climate resilience into core development planning and budgeting of approximately 10 countries.⁵⁵ The G8 is expected to announce these funds in Hokkaido.

While substantial new money is needed to address mitigation, adaptation, and access to clean technology, civil society organizations across the globe have raised legitimate objections to the World Bank's Climate Investment Funds.⁵⁶ The World Bank lacks the credibility to manage and design such funds because of its poor track record on social and environmental protection, lack of democratic governance and commitment to transparency and accountability, and significant current and past lending for fossil-fuels.⁵⁷

There are also substantial problems with the Climate Investment Funds themselves. The Pilot Programme for Climate Resilience, for example, is in direct contradiction to many of the principles outlined by ActionAid for effective and equitable adaptation funding. Civil society has not been adequately consulted on the Pilot Programme for Climate Resilience, the funding is not based on the polluter-pays principle, funding is given as loans (in combination with some grants), and funding is counted towards official development assistance targets. Additionally, funding is given only to countries already eligible for multilateral development bank (MDB) country programme concessional loans, which means that participating countries will have to be in compliance with loan conditions determined by the MDBs.⁵⁸

Similar concerns have been raised regarding the Clean Technology Fund.⁵⁹ Particularly alarming is the fact that the Bank does not offer any definition of "clean technology." Given the World Bank's recent massive investments in a "slightly less dirty" type of coal, called "supercritical" coal, there is reason to believe that the funding may still be oriented heavily towards funding large-scale coal plants.⁶⁰

ADAPTATION FUNDING THAT WORKS

The impacts of climate change are already being felt on the ground and are now unavoidable. Therefore, as crucial as mitigation is, the G8 must also provide immediate compensation – in the form of adaptation funding, additional to aid - to developing countries which are struggling with the lion's share of the cost of global warming. Whereas developed countries have the means to provide well-functioning irrigations systems, flood protections, early warning systems, and infrastructure built to withstand severe weather events, developing countries often do not have the resources to provide such protection. Furthermore, developing countries should not have to spend their scarce resources responding to a problem they did not create.

It must be noted that not all poor people are equally dependent on climate-sensitive practices. Women, who make up the majority of the world's poor, depend more than men on natural resources such as land and water that are threatened by climate change. Additionally, women often lack access to and control of resources such as land and credit. As a result, women are more vulnerable to seasonal and episodic weather resulting from climate change.⁶¹

Furthermore, it is women's role in food production and as food providers that make them particularly vulnerable to climate change. As the strain on food becomes more intense, women, who often carry out farming activities, will bear the brunt of the burden. Women, as noted elsewhere in this report, are responsible for 60 to 80 percent of food production in developing countries.⁶² As crops yields decline and resources become scarcer, women's workloads will expand, jeopardizing their chances to work outside the home or to attend school.

Adaptation funding, technical assistance, and access to information on climate change and adaptation strategies are essential to enhancing women's adaptive capacity, as shown by research conducted by ActionAid and the Institute for Development Studies.⁶³ Lack of control over common property resources, extension services, markets, fair prices and wages were also found to compound women's vulnerability to the effects of climate change (see Box 9).

New funding for adaptation has the potential to substantially alleviate the effects of climate change on agriculture. Investment in improved irrigation and flood systems, rural infrastructure to increase the opportunity of crops reaching the market, and training in sustainable farming techniques, including use of organic fertilizers, would all help to lessen the impacts of climate change. However, people in impoverished countries cannot and must not be expected to spend their limited resources on

Women's Adaptation Priorities:
Essential adaptation priorities for poor women in South Asia include:

A safe place to live:

- Solid houses built with a high plinth level to reduce inundation
- Shelters required for people, animals, and agricultural inputs/products

Better access:

- To climate change information and related knowledge and skills
- To services, such as doctors and veterinaries
- To safe, reasonable, and fair credit and insurance
- To safer road and access to boats

Other livelihood options:

- Through knowledge and resources for crop diversification and adaptive agricultural practices
- Through access to irrigation ●

Source: ActionAid and the Institute for Development Studies. We Know What We Need: South Asian Women Speak out on Climate Change Adaptation. December 2007.

"We harvest literally nothing": Climate Change in Mozambique

As a least-developed country, Mozambique is contributing negligible amounts of greenhouse gasses that cause climate change. However, due to industrialized countries' pollution, the people in Mozambique are facing the impacts of climate change. And it is poor women, who are responsible for food production and for providing food for their families, who are most affected.

Ana Marcos Juaia, 42, is a smallholder farmer living 40 kilometers north of Mozambique's capital city, Maputo. Ana describes the effect that climate change is having on her and her family:

"When I was growing up, we could plant maize to have it bloom between October and December. But over the last ten years, the rain doesn't come until January or February. By then, all the seed planted before October has dried up and we harvest literally nothing."

Ana owns three plots of land in Samora Macel village. The most fertile of the plots sits close to the Incomate River. It is unusable, however, because floods have swept away her house and made it too dangerous to farm.

"It's an ongoing problem, not only for me but for all the other farmers with land in the lowland. It's wasted land because we cannot live there permanently, yet we cannot afford to come and go everyday either."

Ana lives with her 20-year-old son in a quiet household with a wooden hut for shelter in Marracuene District. Her husband passed away in 2003. She relies wholly on her produce for income, and it has not been easy.

"We used to be able to harvest more than enough crops on our land to last the family a year. But today I'm forced to buy maize and rice at very high prices, because I don't have enough land to produce the staples. With the climate as it stands, with floods followed by droughts, agriculture has become a very unpredictable livelihood. I would love to have access to some extra funds so that I can make the most of my land. But local banks in Mozambique have no loan programmes tailored to small scale farmers, and most banks charge a 22 percent interest rate on any loan signed, which puts people like us at a big disadvantage."

Ana needs funds to plow her land but credit is out of the question as interest rates are too high. Her government is unable to provide subsidies. Long-term solutions for farmers like Ana depend in part on G8 country leaders who must be held accountable for limiting their greenhouse gas emissions and for providing funds for adaptation that prioritize women, small scale farmers, and sustainable agriculture. ●

climate change adaptation. As the major current and historic polluters, rich countries – mainly G8 countries – must accept their obligation to fund global adaptation needs.

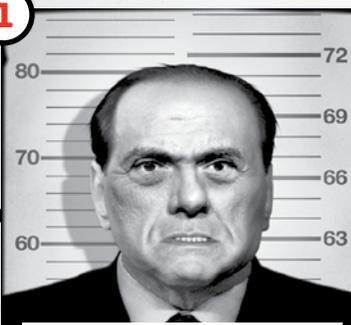
There is no precise figure for the amount of adaptation finance needed.⁶⁴ However, the UNFCCC estimates that up to US \$67bn a year is needed for developing countries.⁶⁵ Based on historic emissions and capacity to pay, we estimate that the G8 countries should contribute US \$55bn of this. So far, G8 pledges to the two voluntary climate change adaptation funds amount to only US \$158m,⁶⁶ less than a tenth of what Europeans spend annually on sunscreen and not even half of 1 percent of their fair share of the actual adaptation burden on developing countries.⁶⁷ The United States, the single largest contributor to greenhouse gasses, has contributed exactly US \$0 to date.

More money, however, is not all that is needed. In “Compensating for Climate Change: Principles and Lessons for Equitable Adaptation Funding,” ActionAid lays out five principles for effective and equitable adaptation funding: democratic governance, civil society participation, sustainable and compensatory funding, no economic policy conditionality, and access for the most vulnerable.⁶⁸ More quality money is needed to deal with climate change. And the G8 must take the lead in the climate change crisis in order to avoid further fueling the food crisis in the longer term. ●



WANTED: FARM FUGITIVES

1



SILVIO BERLUSCONI
G8 ITALY LEADER

Current aid to agriculture: Not available
Fair share target: US \$1.45bn

Mr Berlusconi increased funding for food security the developing world by 50% to €186.2m in 2008; and doubled food and emergency aid from €60.33m to €130.22m. The scale of this increase is impressive, but Italy's contributions remain far too small. Aid budgets are only 0.2% of GNI and in 2005, agriculture received only 1% of this tiny pie. In order to make any real impact on the food crisis he will need to open Italy's pocketbook wider.

2



GORDON BROWN
G8 UK LEADER

Current aid to agriculture: US \$125m
Fair share target: US \$1.93bn

While **Mr Brown's** overall aid budget is healthy and growing, the proportion he spends on agriculture, at 1.9 percent, is the second lowest of any G8 country. The UK has recently announced more than US \$1.5bn (£750m) in aid as a response to the food crisis. However, very little, if any, of this can properly be described as new money. ❌

3



YASUO FUKADO
G8 JAPAN LEADER

Current aid to agriculture: US \$347m
Fair share target: US \$3.17bn

In response to the food crisis, **Mr Fukuda** announced US\$100m in immediate food aid. ❌ At the June FAO summit, he mentioned another US \$85m of food aid in 2008, along with US \$10m for poor farmers. However, these were existing commitments, not new pledges. ❌ If Japan is serious about doing its share to boost food security, Mr Fukuda needs to engineer a ten-fold increase in aid to agriculture. This will be impossible to achieve unless Japan increases its overall aid – currently a measly 0.017% of GNI, following a 9% drop in 2006.

4



GEORGE BUSH
G8 USA LEADER

Current aid to agriculture: US \$583m
Fair share target: US \$9.5bn

Recently, **Mr Bush** pledged US \$5bn to developing country farmers over 2008 and 2009. This includes US \$395m in emergency food aid, \$225m for nutritional assistance and farm inputs, and \$150m for longer term assistance. The vast majority of US food aid is shipped overseas from the US. As a result, shipments often take 4-6 months, cost 30-50% more than food aid purchased locally and can undermine local production. Mr Bush gives more to agriculture than any other G8 leader, but still only about 6% of his fair share.

5



NICHOLAS SARKOZY
G8 FRANCE LEADER

Current aid to agriculture: US \$196m
Fair share target: US \$1.93bn

France has allowed the share of agriculture in the national aid budget to slip from almost 8% in 1980 to only 2% in 2006. At the June 2008 FAO Food Security Summit, **Mr Sarkozy** called the neglect of agricultural production in developing countries a historical error. He pledged US \$1.5bn over the next five years (or US \$300m per year – about US \$100m more than current aid to agriculture) in response to the food crisis. It's a good start, but fixing France's 'error' will take more than that.

6



STEPHEN HARPER
G8 CANADA LEADER

Current aid to agriculture: US \$124m
Fair share target: US \$981m

This year, **Mr Harper** gave US \$230m to the WFP and decided to "untie" his food aid, meaning that donated food will not have to be purchased in Canada. ❌ This is a great step forward. CIDA has a good plan to support small scale farmers, especially women, and boost household food security. But where's the money, Mr Harper? In 2003, Canada pledged to increase aid to agriculture to US \$495 million a year by 2007-08 but current spending is less than half that.

7



ANGELA MERKEL
G8 GERMANY LEADER

Current aid to agriculture: US \$321m
Fair share target: US \$2.32bn

Germany's total aid in 2006, at US \$10.35bn, represented only 0.36% of GNI in 2006. Only 7% of this went to agriculture. **Ms Merkel** has doubled emergency food aid this year in response to the food crisis, providing another US \$36.5m on top of her existing US \$36.5 pledge to the WFP. ❌ However Ms Merkel needs to find more funds for sustainable long-term agricultural development as well.

AGRICULTURE:

HOW THE G8 UNDERMINES THE WORLD'S POOREST FARMERS

Almost three decades of failed donor-driven agricultural policies laid the foundation for today's food crisis. As prices rise, small farmers struggle to increase production in response, because donor-driven "reforms" drastically reduced access to credits, inputs, and technical assistance. Women are particularly vulnerable because of gender discrimination in access to and control over land, technologies, and credit; according to a widely cited statistic of the International Fund for Agricultural Development (IFAD), African women farmers receive less than 10 percent of the agricultural credit given to small farmers. Worldwide, women receive less than 5 percent of extension services and control less than 1 percent of the land, despite producing 60-80 percent of the food in developing countries.

Liberalization and privatization, combined with incentives to move out of domestic food production into the export of nontraditional goods, have all contributed to stagnant or falling yields, increasing countries' vulnerability to massive price swings. Also to blame is the overall disinvestment in agriculture by donors and governments alike. OECD aid, combined with incentives to move out of domestic food production into the export of nontraditional goods, have all contributed to the destruction of small farmers' livelihoods and steady declines in agricultural yields, increasing countries' vulnerability to the kinds of massive price swings we have witnessed in the last few months. It must also be noted that these policies were accompanied by an overall disinvestment in agriculture, as illustrated by falling Official Development Assistance (ODA). OECD aid for developing country farmers has been falling steadily throughout the past two decades, from US \$7.6 billion in 1980 to US \$3.9 billion in 2006 – only 3 percent of direct payments to OECD farmers in the same year.⁶⁹

The FAO estimates that US \$30bn a year is needed to rebuild agriculture in the developing world. G8 donors can and should provide \$21bn of this total by 2012, by raising overall aid levels to 0.7 percent of GNI and allocating 10 percent of that to agriculture and food security. Our agriculture most wanted list, opposite, shows how much further G8 countries have to go to reach this benchmark. However, equally important is that donors free their aid from the reckless and damaging liberalisation policies which have debilitated, rather than supporting the development of agriculture.

BOX 11

Past G8 Commitments on Agriculture:

In 2005, the G8 stated that, "investment is needed in sustainable agriculture, which is the most important economic sector for most Africans."

In 2006, the G8 committed to "supporting agriculture development."

In 2007, the G8 committed to "improve food security and sustainable use of natural resources." Furthermore, they stated that the G8 will "promote policy reforms and investments in sustainable agriculture leading to higher productivity, better market access and reduced vulnerabilities in order to support the population in rural areas."

It's time the G8 come through on their past promises with concrete commitments to support sustainable agriculture. G8 member countries must take steps at the IFI boards to immediately review policies affecting agriculture in developing countries, including the diminishing and/or elimination of input subsidies, dismantling of agricultural research and extension services, decrease in credit for farmers, trade and financial liberalization, and the push for nontraditional agricultural exports. ●

“
By 2006 aid for developing country farmers had fallen to US \$3.9bn - only 3% percent of the subsidies paid every year to rich country farmers.
”

LIBERALIZATION OF FINANCE AND TRADE

As part of donor-imposed financial sector reforms and the privatization of the banking system, many developing countries have been led to convert national development banks (traditional sources of affordable credit for farmers) into commercial banks. A study by the FAO and the German Agency for Technical Cooperation (GTZ) found that the shift in donor assistance from farm credit and state-owned agricultural development banks to microenterprise financing (microfinance) and the promotion of non-governmental finance institutions. This shift led to the collapse of many agricultural development banks which ultimately resulted in a shrinking volume of credit and other financial services available to small-scale farmers, so that they struggled to purchase seeds and fertilizers need to produce crops. ⁷⁰

Trade liberalization has forced developing countries to drastically cut tariffs and other tax and regulatory barriers to the free flow of goods and services across borders. The rationale for trade liberalization has been that it will allow individual countries to specialize in the goods it can produce relatively more efficiently than others. Additionally, in many cases, developing countries were told that they would benefit from importing cheaper food rather than supporting their domestic agriculture sector.

In practice, however, the effects of trade liberalization on the poor and particularly on small farmers, have been bleak. Global agriculture is an extremely unbalanced playing field, and with import barriers lifted, developing country governments lack the power to prevent foreign commodities from flooding their domestic markets. The massive “dumping” of US and EU food commodities on developing countries at below the cost of production has pushed millions out of farming and formerly food self-sufficient countries have become heavy net importers, leaving both farmers and consumers defenseless against big price swings in the global market. ⁷¹

An example of how trade liberalization and deregulation has made countries vulnerable is the tortilla crisis. The tortilla, a flat bread made from corn, is an important staple food for Mexicans. However, since the creation of the North America Free Trade Agreement (NAFTA) in 1994, Mexican corn farmers have not been able to compete with the cheap imports of highly subsidized American corn. As a result, more than a million Mexican farmers have lost their livelihoods ⁷² and Mexico has become a net importer of maize. ⁷³

A study of Kenya provides a similar example. ⁷⁴ After the liberalization of the sugar trade and the removal of price controls, sugar imports increased sharply, from 65,000 tons in 1996 to approximately 250,000 tons by 2001. By 2004, foreign producers’ share of the Kenyan market had risen to 41 percent, up from 31 percent in 1998. The impacts on workers and families were devastating. Between 1995 and 2004, employment in the sugar sector shrunk by 79 percent, over 32,000 people became jobless due to retrenchment and factory closures, and close to 160,000 households in sugar-producing areas experienced a decline in income. ⁷⁵

DESTRUCTION OF MARKETING BOARDS

Donors also insisted on the dismantling of agricultural marketing boards in many countries. Designed to ensure fair and stable prices for farmers, these boards aimed to purchase commodities at a price fixed high enough to cover the costs of production plus a profit.⁷⁶ Some boards experienced problems with inefficiency and corruption, but most largely fulfilled their intended goals. By insisting the boards be abolished rather than reformed, donors created an institutional vacuum. “Farmers often relied upon the boards for credit, fertilizer and other inputs, and for access to extension and training,” the FAO points out. “Now that the boards are gone, in many cases neither government nor the private sector has taken on these roles.”⁷⁷ In many countries, both yields and quality of commodities have fallen since the marketing boards were abolished.

For example, many observers blame the privatization of Malawi’s Agricultural Development and Marketing Board (ADMARC) for decreasing outputs and exports in the late 1990s and early 2000s. A 2007 report explains that despite the fact that “ADMARC has been the driving force of food security in Malawi,” the privatization of ADMARC has long been an objective of the World Bank.⁷⁸ The World Bank asserted that ADMARC was inefficient and, in a Poverty and Social Impact Analysis of ADMARC, stated that the marketing board “could be substantially downsized in less remote areas [and replaced with the private sector] without significant social risks.”⁷⁹

Despite the serious concerns of Malawian civil society groups and government officials, the privatization process of ADMARC began in 1996. As privatization was pushed further and further throughout the late 1990s, all of Malawi’s exports (except tobacco and clothing) decreased.⁸⁰ While the rest of Sub-Saharan Africa’s exports increased 4.8 percent yearly between 1990 and 2000, Malawian exports were almost stagnant, increasing only by 1.8 percent yearly.⁸¹ Once again, it seems that the Bank’s notion of “significant social risks” varies significantly from the realities on the ground.

BETTING ON AGROEXPORTS

Donor aid has also been used to encourage governments to reorient their agricultural sectors towards production of export commodities, such as fruits and vegetables, meat products, fish products, nuts, and spices. The reasoning is that developing countries could use their comparative advantage in lower labor costs to capitalize on lucrative U.S. and European markets for these nontraditional exports.⁸²

Even the World Bank now acknowledges that reality has often not conformed with this theory. Instead, as developing countries shift their agriculture sectors to feed G8 consumers and raise profits for large-scale plantations and commercial farmers, hunger and poverty has often increased at home.

A recent World Bank study based on 25 years of research in six communities in the Central Highlands of Guatemala concludes that two-thirds of small farmers who initially tried to produce nontraditional exports later abandoned their efforts. This was in part because small farmers were not able to access the credit needed to enter into or sustain the production of input-intensive export crops. Additionally, because prices of these goods fluctuated much more than those for traditional crops for domestic markets, it was very risky for smallholders to enter into the export sector.⁸³

Similarly, a case study of pineapple exports in Ghana shows how smallholders are at a great disadvantage in agricultural exports as compared to large-scale plantations.⁸⁴ As the study explains, European importers demand “high and uniform quality and bulk, consistent, and timely supply.” Because smallholders often do not have the means to meet such criteria consistently, plantations and large-scale commercial farmers garner most of the benefits of the export trade.

WHICH AGRICULTURE? WHICH FARMERS?

The food crisis has spurred many donors to recognise that greater investment in small farmers is fundamental to achieving sustainable development and poverty reduction, but it is essential to be sure that the methods, inputs and institutions funded will genuinely support poor producers.

In fact, the current food crisis is also being used by some actors to call for a second 'Green Revolution' based on biotechnology: the use of genetically modified (GM) high yield herbicide-resistant seeds, chemical fertilizers, pesticides and mono-cropping. However, only rich farmers, planting enormous fields of the same crop, can afford the heavy use of costly pesticides and chemical fertilizers that is necessary to sustain the GM model. With GM varieties directly linked to the use of some proprietary pesticides, giant agri-business companies also stand to gain. ActionAid is sceptical about industry claims that poor farmers will benefit. In the Asian 'Green Revolution' of the 1960s and 1970s, a large number of poor not only lost their traditional seeds but in many cases they lost their land due to increased indebtedness to sustain the high use of costly external inputs.

What is more, recent research shows that the current generation of GM crops have not increased yields, or brought more previously unusable land under till, beyond what is already being achieved by traditional breeding. A four-year UN review by 400 experts, published this year, generated a vote of no confidence in GM crops as a solution to increase yields.⁸⁵ On the other hand, as campaigning group GM Freeze points out, "traditional plant breeding has produced a sustained rise in yields in the US since the 1930s. USDA data shows there has been no additional increase in the annual rise since GM crops were introduced in 1996."⁸⁶ Moreover, the first decade of experience with GM crops has revealed some serious agronomic flaws, including the development of resistance in insects and weeds, problems with nutrient uptake, and long-term harm to biodiversity.

BOX 12

Box 10: Don't Play with a Hungry Dog: Economic Policy Conditionality in Haiti

In Haiti, the poorest country in the Western Hemisphere, chronic malnutrition is widespread among poor people.⁸⁷ The suffering of Haiti's poor has only increased with the recent hikes in food prices. In April 2008, a week of riots against rising food prices left at least five people dead and 20 wounded.

Haiti was self-sufficient in rice production as recently as 30 years ago. This changed as a result of SAPs imposed on Haiti in the early 1980s.⁸⁸ In 1986, after the expulsion of Haitian dictator Jean Claude Duvalier (commonly known as "Baby Doc"), the IMF provided Haiti with a desperately needed loan of US \$24.6m. However, loan conditionalities required Haiti to reduce its tariff protections for their rice and other agricultural products in order to open up the country's markets to international competition.

Within two years, U.S. subsidized rice flooded the market and destroyed domestic production. Today, Haiti remains a net importer of food, and its people are feeling the consequences directly as they desperately try to feed themselves and their families with imported food that increases in price almost daily.

In Haiti, the food crisis is compounded by another crisis – that of HIV and AIDS. Haiti has the highest prevalence of HIV infection in Latin America and the Caribbean. Of the estimated 280,000 people estimated to be living with HIV and AIDS at the end of 2003, approximately half were women.⁸⁹

Marie-Chantal Georges, HIV-positive and a single mother, describes her daily struggle:

"It's been more than a month now since the President of Haiti promised to find a solution to the high cost of food. I haven't seen any changes – on the contrary all the prices are going up. This morning I had to take my medicine without eating, and Lord only knows if I am going to find something later. We have a saying here in Haiti: 'Chen grangou pa jwe' -- don't play with a hungry dog. If the state doesn't take some action soon, we'll have more riots and more people infected with HIV."

Around 60 percent of women living with HIV, like Marie-Chantal, are single parents. Yet many don't have the means to provide for themselves or their children. With the rising cost of food, increasing numbers are exchanging sex for small amounts of cash or food, risking a further spread of the virus. And with approximately 80 percent of the population living in abject poverty⁹⁰ – the crisis is crippling.

The World Bank's 2008 World Development Report, titled "Development for Agriculture," acknowledged that greater investment in agriculture is needed to bring the millions of rural poor out of poverty. A press release issued by the World Bank itself stated that, "...the international goal of halving extreme poverty and hunger by 2015 will not be reached unless neglect and underinvestment in the agricultural and rural sectors over the past 20 years is reversed."⁹¹ Essentially, the World Bank is critiquing its own failed approach. And until this approach is reversed, the crisis will deepen. The time for the G8 to act is now. ●

The export-oriented agriculture model, based on liberalization and driven by landlords, plantation owners and giant agriculture and food companies, has failed. It is time for donor countries to radically change their thinking and approach on the type of agriculture development they should help to finance.

A new wave of investment in agriculture is necessary, but it must be of a different nature. This time the technologies and policy mechanisms must be adjusted to the needs of women farmers and other small scale producers, rather than the needs of companies and landlords seeking increased profits. This means a focus on local markets; local resources and inputs; local seed varieties; and promotion of ecologically sustainable technologies and methods such as micro-irrigation, multi-cropping, and soil and water conservation. Investment also needs to be directed to credit programmes, input subsidies, price supports, research and extension that will respond to the needs of women and other poor producers. ●



RECOMMENDATIONS

Immediate responses to the distress caused by rising food prices, including funds to increase emergency food aid and expand social protection programmes, are extremely important. However, like throwing life rings to swimmers in a river full of crocodiles, short term financial assistance will not tackle the underlying causes of the crisis. Some of the factors most directly responsible for the dizzying spiral in food prices – notably biofuels policies, commodity speculation, climate change, and the failed liberalization of trade and agriculture in developing countries - are within rich countries' power to control or even abolish. By taking action in Hokkaido the G8 can prevent an additional 850 million people losing their right to food. There has never been a better or more urgent reason for action.

STOP CEREAL OFFENSES

The USA should immediately remove all subsidies for corn ethanol production and revoke the targets for increased use of biofuels that are driving the current increase in corn and other biofuels feedstock prices. The EU should remove subsidies and targets that encourage the production of biofuels from food crops, such as beetroot and canola.

- G8 leaders should support a five year moratorium on the diversion of arable land into biofuel mono-cropping.
- Instead of subsidizing biofuels the G8 countries should increase research, investment and incentives to scale up alternative renewable energy sources.
- The G8 should undertake an expert investigation into the role of commodity index funds and other speculative investors in fuelling price increases, in order to develop appropriate measures to strengthen the regulation of commodity futures trading.

CUT EMISSIONS FUND ADAPTATION

- G8 must commit to binding and time bound mitigation targets that will prevent a 2 degree C rise in global temperatures. This will require each of the G8 nations to commit to reductions of at least 25 – 40 percent below 1990 levels by 2020.⁹² Additionally, the international community must have their global emissions peak by 2015 and then fall to at least 80 percent below 1990 levels by 2050. The United States as the single largest polluter, must commit to reduce their emissions by at least 80 percent below 1990 levels by 2050.
- G8 countries must commit new and additional funding to cover the financial cost to developing countries of coping with climate change, estimated by the UN at US \$67 billion a year. In line with their historic emissions and current ability to pay, G7 countries⁹³ should provide US \$55bn in adaptation funding broken down as follows:

United States	US \$29.27 bn
Japan	US \$8.64 bn
Germany	US \$4.75 bn
United Kingdom	US \$0.55 bn
Italy	US \$3.08 bn
France	US \$3.01 bn
Canada	US \$2.88 bn

All new adaptation funding must be based on the principles of democratic governance, civil society participation, sustainable and compensatory funding, no economic policy conditionality, and access for the most vulnerable. Women, who are most vulnerable to climate change, must be prioritized for adaptation funding and must be actively involved in decisions on how best to manage, disburse, use, monitor and evaluate adaptation funding.

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GM crops are not the answer to world hunger, says a UN panel of 400 experts

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- The G8 must commit to assist developing countries in accessing clean technology. Clean technology must not include oil, gas for export, any type of coal technology, hydropower above ten megawatts, or nuclear power. Clean technology funding must be additional to overseas development assistance; should give preference to grants that provide incentives for developing countries to embrace a clean development path; and should give preference to small, locally controlled and managed projects that provide local energy access, particularly directed at women. Finally, access to clean energy must not be dependent on economic policy conditionality.
- G8 member countries must also take steps at the Executive Board at the World Bank to end its lending to fossil fuels. As the 2004 independent assessment of the World Bank's activities in extractive industries (oil, gas, and mining) suggests, the World Bank should “phase out investments in oil production by 2008 and devote its scarce resources to investments in renewable energy resource development, emissions-reducing projects, clean energy technology, energy efficiency and conservation, and other efforts that de-link energy use from greenhouse gas emissions.”⁹⁴

SUPPORT POOR FARMERS

To enable developing countries to rebuild their agriculture sectors, G8 countries must:

- Stop imposing trade rules and economic policy conditions that make it difficult for developing country governments to support smallholder farmers and agriculture. They should support developing countries' proposals for tariff protections (known as Special Safeguard Mechanisms and Special Products) to allow them to shield key agricultural goods from the vagaries of international prices.
- Agree a timetable for scaling up G8 aid to agriculture by 2012, to provide at least US \$21bn out of the US\$30bn that the FAO says is needed to get developing country agriculture working again. This can be done if all G8 countries allocate 0.7 percent of GNI to aid by 2012, and work with governments to ensure that at least 10 percent of aid and public spending is invested in achieving food security and reversing import dependence. Programmes should be designed to benefit poor farmers.
- Multilateral investment in public agricultural research and development is also critical, but the G8 must not be tempted by the siren calls of big seed and fertilizer conglomerates to invest in genetically modified organisms (GMOs) as a quick fix to increase yields. Recent research shows that the current generation of GM crops have made no difference to yields, and in some cases reduce yields by as much as 10 percent. 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.⁹⁵ Instead, a massive push to develop and scale up low-input, organic farming methods is needed.

- Push for the cancellation of 100 percent of outstanding debts of all 65 IDA (International Development Association) countries without economic policy conditions. Additionally, the G8 should investigate past lending to uncover and cancel all unjust debts, including illegitimate and unpayable debts. If countries were freed from sending hundreds of millions of dollars in debt payments to northern creditors each year, they would be able to use these savings for desperately-needed poverty reduction efforts, including greater public investments in agriculture.
- Abolish in-kind food aid and replace it with cash donations to the World Food Programme or local governments to purchase food at the regional or local level, making more efficient use of scarce resources and supporting the development of local and regional markets. Increased emphasis on local purchases of food could also bolster efforts to establish local or regional reserves that could be accessed quickly in cases of food emergencies.  



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NOTES AND SOURCES FOR ACTIONAID'S G8 OFFENDERS LISTS

1. Biofuel Bullies, p.6

We have collected information on biofuel mandates and subsidies from a variety of sources but acknowledge in particular the Global Subsidies Initiative (www.globalsubsidies.org) and the work of Steve Wiggins of the Overseas Development Institute (ODI).

2. Dirty Emitters, p.12

CO2 emissions per capita: Data for 2004, from the UNDP Human Development Report 2008.

'Fair share' of adaptation funding (annual) is calculated using UNFCCC's annual adaptation cost estimate, using Oxfam's methodology to weight historic emissions and ability to pay.

'Actual adaptation commitments' refer to contributions to the UN climate adaptation funds.

3. Farm Fugitives, p.18

Fair share targets for aid to agriculture were calculated on the following assumptions;

- first, donors ought to be allocating 0.7 percent of GNI to aid, and EU member states have agreed to reach this level by 2012;
- and second, that donors ought to be supporting developing country budgets and priorities. Since many developing countries have set themselves a target of dedicating 10 percent of their budgets to agriculture, donors should be allocating roughly 10 percent of aid to the same purpose.

If both principles were fulfilled, the G8 would be able to provide US\$21bn towards the US\$30bn that the FAO says is needed to revive agriculture in the developing world. Unfortunately, current G8 aid to agriculture totals less than US \$2bn a year.

We have been generous to donors by calculating their targets based on 2007 GNI, rather than projected 2012 GNI; by reporting on commitments rather than actual disbursements; and by not discounting the significant proportion of aid wasted through ineffective practices, as demonstrated in ActionAid's Real Aid 2 report. However, our figures do not include the portion of budget support and debt relief that should notionally be counted towards agriculture. Nor do they include G8 countries' contributions to multilateral agencies, which also provide aid for agriculture (the largest multilateral donor to agriculture in 2006 was the World Bank's IDA with \$870m, followed by the EC with \$322m). The UK and US are by far and away the biggest funders of IDA, so their aid to agriculture would go up significantly if multilateral contributions were counted. On a rough estimate, about US \$140m of the UK's 2006 contributions to IDA and the EC could be counted as additional UK support to agriculture, while the US could be credited with an additional US \$123m through 2005 congressional appropriations for IDA, the regional development banks, and IFAD.

Sources:

- i** The US 2007 energy act requires 15G gallons fuel ethanol by 2015 and 36G gallons (136G l) fuel ethanol by 2022. Given WEO projections of US fuel consumption of more than 900G l by 2020, the US targets equate to around 15% replacement. 21G gallons of the 36 stated by the act will need to be produced by advanced biofuels by 2022.
- ii** IFPRI, "Food Prices: The What, Who and How of Proposed Policy Actions", May 2008; John Berthelsen, "Bad Biofuels Policy Boosts Asia Inflation," Asia Sentinel, 19 February 2008 quoting Thomas Tanton of the Pacific Research Institute.
- iii** The 2020 target is subject to sustainability rules as well as commercial availability of second generation biofuels.
- iv** Elisabeth Rosenthal, "Europe, Cutting Biofuel Subsidies, Redirects Aid to Stress Greenest Options" New York Times, January 22, 2008.
- v** Wallace E. Tyner and Maxime Caffe, n.d., "US and French Biofuels Policy – Possibilities for the Future". Purdue University.

vi http://news.bbc.co.uk/1/hi/uk_politics/7359991.stm

vii The subsidies will decline after 2009, and no government support will be provided when rates of return exceed 20% annually.

viii The US, Japan and UK have also pledged money to a new World Bank climate fund.

ix Russia does not have the capability to assist in global adaptation finance.

x Has pledged money to World Bank climate fund.

xi Has also pledged money to World Bank climate funds.

xii **The UK pledge breaks down as follows:**

- US \$800m (£400m) for agricultural research over 5 years. This was originally announced in 2006 by the then Secretary of State for International Development Hilary Benn.
- US\$110m (£55m) for immediate response to the crisis. This includes a US\$60m (£30m) contribution to the World Food Programme emergency appeal and US\$50m (£25m) 'this year' to Ethiopia.
- At the FAO Food Security Summit, the UK made additional announcements, totaling US \$591m (£295.5m) of which \$434m (£217m) in "new commitments of budget support for Ghana, Uganda and Malawi" and the remaining \$57m was for humanitarian relief and social protection, building roads, and strengthening crop resistance in five countries.

There is no timescale given for any of these latter commitments nor is it clear whether any of them involve new money rather than a re-packaging of existing plans.

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Acronyms

ADMARC	Agricultural Development and Marketing Board
ADM	Archer Daniels Midland
CTF	Clean Technology Fund
EU	European Union
FAO	Food and Agricultural Organization
G8	Group of Eight
IMF	International Monetary Fund
IFI	International Financial Institution
IPCC	Intergovernmental Panel on Climate Change
MEM	Major Economies Meetings
MDB	Multilateral Development Bank
NAFTA	North American Free Trade Agreement
ODA	Official Development Assistance
OECD	Organization for Economic Co-Operation and Development
PPCR	Pilot Programme on Climate Resilience
RFS	Renewable Fuels Standards
SAP	Structural Adjustment Programme
SCF	Strategic Climate Fund
UNFCCC	United Nations Framework Convention on Climate Change
WB	World Bank

CEREAL OFFENDERS

ActionAid is an international anti-poverty agency working in 50 countries, taking sides with poor people to end poverty and injustice together.

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