

Briefing

Analysis of current topics in ageing

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Facing the global food crisis

Anna Pearson discusses the causes and consequences of the global food crisis, and explains how social protection schemes can cushion its effects.

Continuing inflation of international food and oil prices is causing an escalating food crisis in the developing world. Even before these rises, 854 million people lived in chronic hunger – more than the combined populations of the European Union, Canada and the USA.¹ Estimates now suggest a further 290 million people are facing an immediate threat of hunger.²

As many older people lack any basic income, and access to decent work, they are one of the groups most vulnerable to the food crisis. And as small-scale producers of food, carers of children and respected members of communities, they are also key to a successful response.

How social protection helps
Since Lesotho introduced a social pension in 2004, the proportion of older people who report feeling hungry at least some of the time has fallen from 48 per cent to 19 per cent.

The pension is helping to cushion older people at least to some extent from the current food price rises and preventing hunger levels from returning to pre-pension levels. Without the pension, high food prices could quickly have led to a majority of older people living in hunger, and many more becoming chronically hungry.

The *Oportunidades* scheme in Mexico provides cash to poor families. In 2008 the amount was increased to help recipients cope with rising food prices. Having a social protection scheme already in place enabled the government to respond quickly to the food crisis without having to set up new mechanisms.

Current causes

The current crisis has been caused by a mix of recent changes in world demand for food and its production, combined with underlying problems affecting countries in the developing world.

Grains such as maize and wheat, as well as cooking oil, are staple foods for the world's poor. However, growing prosperity in parts of Asia has led to higher consumption of meat and dairy products, similar to that in the developed world. As a result, more grain is being used to feed animals, leaving less for human consumption.

At the same time, grains and vegetable oils are being converted into biofuel to meet the world's growing energy needs, especially as concerns grow about climate change and the high price of fuel oil. Higher oil prices also lead directly to higher food prices, because derivatives of oil are used all through the food production chain.

Perhaps the most odious factor both causing and reinforcing the current food crisis is the response of developed world financial markets to falling property values and financial-based shares. Some traders are investing in oil stocks to capitalise on their rising value, thereby further driving up prices of fuel oil and consequently staple foods.

Not a new problem

While the current situation is particularly severe, food crises have occurred repeatedly in recent decades. However, they have increased in frequency from an average of 15 a year in the 1980s to more than 30 a year since



Nile Sprague/HelpAge International

Investing in income security helps subsistence farmers be more productive.

2000.³ While conflict continues to be a cause of some of these crises, droughts, floods and other climate shocks have increasingly played a part in reducing harvests across the world.

Small-scale farmers are the main source of production of the world's food. For instance, about 80 per cent of the world's rice is grown by small-scale farmers in low-income countries. However, rapid urbanisation in many countries, along with the impact of HIV and AIDS, particularly in Africa, has for some time now been reducing the numbers and productivity of small-scale farmers.

In many parts of the world, conflict also continues to disrupt the production and distribution of vital foodstuffs. People are often forced to leave their land and therefore stop producing food. In addition, once food distribution comes under military control, less is left for women, children and older people.

But it is the high levels of underlying poverty in the developing world that form perhaps the most critical factor in why the current food crisis has become so severe. The link between hunger and poverty is clear, with 90 per cent of those experiencing hunger also living in poverty.⁴ Most people who live in hunger and poverty are forced to survive on a day-to-day

basis. Without any regular income, they lack the means to invest, take small economic risks or plan ahead.

Older-headed households are particularly vulnerable as they are usually poorer than average households. For instance, in Malawi poverty rates among older-headed households (which make up one in five of all households) are 5 per cent higher than average.⁵

Income security

World leaders meeting at the World Food Summit in Rome in June 2008 recognised that increasing production was essential to finding a solution to the crisis. However, consideration of the role of farmers came second to technical discussions about agricultural methods.

Participants failed to recognise that investing in people's income security can help them move away from lower-risk subsistence farming towards investing in higher-yielding seeds, fertilisers or other inputs that may lead to surplus production.

While development discourse too often disregards investments in people's income security, such forms of assistance are taken for granted in the developed world. In nearly all OECD countries, people are protected from poverty in the event of unemployment, disability and old age through social security systems.⁶



These systems also help people cover the costs of raising children. For instance, poverty rates would be more than 50 per cent in the USA and Great Britain without the pension, even though these countries are considered to have ungenerous social security systems.

The role of social security in reducing poverty and contributing to economic stability is widely recognised. Most governments invest more than 5 per cent of GDP in pensions alone. However, 80 per cent of the world's people still lack any access to basic social security, leaving them deeply vulnerable to shocks such as the current food crisis. It is often suggested that poor countries cannot afford to invest in social protection systems. But the question is: can they afford not to?

In developing countries that have invested in universal systems of cash grants, or even in small cash transfer pilots, the benefits have been impressive. Poverty and hunger are reduced, and the injection of cash into communities increases local economic productivity.

■ In **South Africa**, the overall poverty gap has dropped by 20 per cent purely as a result of the social (non-contributory) pension.

■ In **Namibia**, a social pension has increased local spending. It has been commented that half of shops would close if it weren't for pension day.

■ In **Malawi**, for every US\$1 that was transferred to people in an emergency cash transfer pilot, an extra US\$2.1 of additional local economic activity was created.⁷

■ In **Zambia**, 30 per cent of money transferred in the Kalomo cash transfer pilot was invested, for example, in goats, oxen or seeds. Other households have paid neighbours to plough their gardens.⁸

Urgent action

In many countries, the impact of food price rises has become so severe that it requires either an emergency response or a scaling up of existing programmes.

Too often, however, older people are neglected in such responses. Neglecting older people's needs not only hurts them, but also hurts communities as a whole. Older people often have a vital role to play in caring for others. They can also play an important part in

emergency responses because of their experience and respect in the community.

HelpAge International believes that governments and the international community must seek to ensure that comprehensive systems of social protection are established in the developing world. At least a portion of the increased aid that the World Food Summit called for should be allocated to this purpose. HelpAge International makes the following recommendations:

■ Include older people

Governments and international agencies that are making urgent responses to the food crisis should include older people in their efforts.

Some developing countries have already established social protection systems that make payments to poor families and older people. For instance, Botswana, Lesotho, Namibia, South Africa and Swaziland all have social pension schemes. In times of crisis, existing mechanisms such as these can be a rapid, efficient and cost-effective way to inject extra cash into communities.

■ Increase social protection

Where the price, rather than the supply, of food is the major issue, governments and international agencies that are looking to spend aid should consider increasing social protection payments to prevent a long-term crisis.

There is now a body of evidence to suggest that social security systems, including social pensions, are affordable in the developing

world. Such systems can help to protect populations from the worst effects of shocks such as rapidly rising food prices or disasters caused by climate change.

Social pensions provide older people with a predictable and reliable income. This enables older people and their families, including children, to improve their diet. It also helps to boost the local economy, supporting local food production and helping to offset the effect of high food prices.

In addition, social protection is not only a vital response to the food crisis, but an essential means for governments to achieve the Millennium Development Goals and the commitments made in the Madrid International Plan of Action on Ageing.

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¹ *The state of food insecurity in the world 2006*, FAO, 2006 (reflects latest data from 2001-03)

² *The time is now*, Oxfam, 2008 (based on UN and World Bank data of poverty rates in countries most vulnerable to food price rises)

³ World Food Programme website – emergency operations section, www.wfp.org (18 July 2008)

⁴ FAO website – food assistance

⁵ Integrated household survey 2004-05, Malawi National Statistics Office

⁶ OECD data

⁷ Davies, 2007, cited in RHVP REBA case study brief, *Dowa emergency cash transfer, Malawi*, November 2007

⁸ *Social transfers and chronic poverty: emerging evidence and the challenge ahead*, DFID, 2005

A matter of survival

Rahima (left) is chairperson of a village older people's association in eastern Bangladesh. The association helps members learn about their rights and raise their voices with local authorities, with support from Resource Integration Centre, a Bangladeshi NGO.

For example, the Government of Bangladesh provides a means-tested old age allowance, but because of a restricted public budget, only a fraction of eligible older people receive it.

Mohomoda, who is a member of the association, is one of those who should receive the allowance. She is a widow in her seventies and has no children, no land and no regular income. She survives mainly by begging for rice.

In recent months the cost of rice has increased by about 75 per cent. Even relatively well-off families are feeling the strain and giving less. When interviewed, Mohomoda said she had last purchased food about 15 days previously, when she bought two eggs.

