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WORLD HUNGER FROM AFRICA TO NORTH KOREA

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WORLD HUNGER FROM AFRICA TO NORTH KOREA

Tuesday, February 25, 2003

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
WASHINGTON, D.C.

The committee met, pursuant to notice, at 9:33 a.m., in Room SH–216, Hart Senate Office Building, the Hon. Richard Lugar, chairman of the committee, presiding.

Present: Senators Lugar, Hagel, Coleman, Sununu, Biden, Sarbanes, Feingold, Nelson and Corzine.

The CHAIRMAN. This meeting of the Senate Foreign Relations Committee will come to order.

I will have an opening statement. I will call upon my colleague Senator Biden for his opening statement when he arrives. And we will proceed then with the witnesses.

We have two distinguished panels before us this morning, and so we want to offer ample opportunity for their testimony and for questions and answers from the committee members.

OPENING STATEMENT OF HON. RICHARD LUGAR, U.S. SENATOR FROM INDIANA, CHAIRMAN

In recent weeks, this committee has considered significant public policy issues including weapons of mass destruction on the Korean Peninsula, and reconstruction in Afghanistan and post-war Iraq. It is appropriate today that we review global hunger issues, which in addition to obvious humanitarian aspects, ultimately bear on security interests of other countries and our own.

For many Americans, global hunger issues are "out of sight" and, consequently, often "out of mind." The intersection of hunger and HIV/AIDS issues in parts of Africa are destroying fundamentals of governments in addition to massive loss of life. The North Korean government makes judgments on who among the elderly, children and pregnant women will receive food through the World Food Program. With Secretary Powell's reference this past weekend to ongoing provision of food assistance to the north, it is clear that hunger issues stand in significance alongside nuclear issues on the Korean Peninsula.

I would like to express heartfelt gratitude to the outstanding collection of witnesses present today to provide information on the state of world hunger.

According to the Agency for International Development, overall trends in food and nutrition have shown a steady improvement over the last 40 years. Per capita, caloric intake has risen worldwide. People are living longer and healthier lives. However, many countries remain mired in poverty, and many have experienced a decline in per capita incomes. A variety of factors contribute to this reality.

As already stated, the leaders in some countries have implemented policies tantamount to selective starvation for segments of their population. Other countries are plagued with corruption and inept bureaucracies.

The scourge of HIV/AIDS is having an especially significant effect in reversing gains in certain countries and deepening poverty in others.

Today's hearing is timely, given the food aid review currently conducted—or, rather, recently conducted by the Bush Administration. Overall assistance provided by the United States throughout the years has been substantial. It is essential that we review the need, assess our response and formulate wise and efficient policy for the future. According to the World Food Program, over 24,000 persons die daily from hunger and related causes.

Our first panel includes James T. Morris, Executive Director of the World Food Program and Andrew Natsios, Administrator of the Agency for International Development.

The second panel will include Ellen Levinson, a food aid specialist who works with a consortium of private voluntary organizations; Ken Hackett, Executive Director of Catholic Relief Services; and Dr. Joachim Von Braun, Director General of the International Food Policy Research Institute.

While the first four panelists will report on the global hunger scene and alert us to the challenges of an effective response, Dr. Von Braun has been asked to assist the committee in thinking through new or enhanced global hunger relief strategies.

As I indicated earlier, I will ask Senator Biden to give his statement when he comes. But it is a personal privilege to introduce today Jim Morris, who has been a personal friend for many, many years. Those of you who are not acquainted with our friendship should know that he was a part of my work in the mayor's office in Indianapolis, Indiana a long time ago when I began public service in that capacity in 1968. He served as my chief of staff for many years prior to his distinguished service with the Lilly Endowment of which we are very proud in our city. And so it is a special thrill to see him in his role as head of the World Food Program. And in my visits with Kofi Annan at the UN, he has affirmed the strength of his support for Jim Morris. So I say it is a special pleasure to ask him to testify this morning.

And after he has completed his testimony, my understanding is that Mr. Natsios is en route and he will follow thereafter. And then we will raise questions of both of these witnesses.

Mr. Morris.

STATEMENT OF JAMES T. MORRIS, EXECUTIVE DIRECTOR, THE WORLD FOOD PROGRAM, UNITED NATIONS

Mr. MORRIS. Thank you, Mr. Chairman, members of the committee. This is an extraordinary privilege for me to do this as well, sir. We have been together in so many circumstances, and now to share this experience will be something I will never forget.

I am pleased to be here for a variety of reasons. First, to say thank you to the United States of America, to the American people for really the most extraordinary generosity the world has ever known. The support the United States provides for hungry, starving, at-risk people all over this globe in many places that you would not expect the U.S. to be is absolutely remarkable. And the good news is that the U.S. has made these decisions and has made these decisions effectively through the work of USAID, the State Department, and the Department of Agriculture. But the decisions that I have been focused on, the U.S. has made humanitarian decisions, and the commitment has always been to support the well-being of people, the people at risk, especially women and children.

The U.S. is our largest supporter; in 2001, it provided over $1 billion, and nearly that much last year. Also, it is one of the five largest per capita supporters of the World Food Program.

The World Food Program is the largest humanitarian agency in the world. It is the largest program of the United Nations. Our job is to feed the hungry poor wherever they are. We have a dual mandate to respond to emergencies and also to support development opportunities.

The message I bring to you this morning is that we have never had more challenges, more issues before us in our history. Changes in the world related to natural disasters and weather, HIV/AIDS conflict, tough issues of politics and governance and macroeconomic policy, have dramatically increased the number of people in this world who are at risk in food emergencies.

The requirement of the world to respond to emergencies, to people who are risk of death or people who are in very difficult circumstances of the moment, has caused us to have less resources to invest in development and the prevention of hunger.

Ten years ago the World Food Program had a huge focus on development, 80 percent of funding. Today, it is 80 percent in responding to emergencies. And these emergencies are all around the globe, but the issues in Africa are particularly difficult. I have the responsibility of serving as Kofi Annan's Special Envoy for Southern Africa, the countries of Mozambique, Malawi, Zambia, Zimbabwe, Lesotho, and Swaziland. I spend a lot of time in this part of the world. And I report to you that there are more than 15 million people at risk of starvation. Half of the people live in Zimbabwe. This crisis is caused by very difficult weather patterns, complicated in ways that you can hardly find words to describe by the HIV/AIDS issue, and then further complicated by very tough issues of governance and poor choices of macroeconomic policy.

The world has responded generously in this part of Southern Africa, and we have been able to get food delivered with the help of some remarkable NGOs, and some of them are in the room this morning. We have been able to get food positioned throughout the region so that people have not died, but we are faced with a com-

parable problem again this year. Hopefully, we will be on top of the food issue. But the HIV/AIDS issue will change this part of the world forever.

I have met with presidents and prime ministers in this part of the world frequently, and they talk about their countries being at risk of extinction. They talk about the future of their countries in the most desperate and dramatic terms possible. And the impact of these issues on women, and children, and the elderly is almost beyond comprehension.

Unfortunately, we have a comparable situation to a different degree, with different causes, in the Horn of Africa again, where we now have 13.2 million people at risk of starvation in Ethiopia and Eritrea. These two countries that depend on rain-fed agriculture had no rain last year. In part because of not very good efforts at prevention and development, they find themselves in tough circumstances.

There are also problems in West Africa, you understand. The problems in Liberia and Guinea and Sierra Leone, with huge numbers of internally displaced people floating about. Maybe the number could approach 5 million. There are issues in the Western Sahara, once again a drought in Mauritania, Mali, Cape Verde, Senegal. Then there are food issues in Angola, in the Sudan, in the Congo, and Northern Uganda; we can simply say that there are nearly 40 million people at risk of starvation, of terrible food deficits in Africa.

Our requirements in the World Food Program for Africa in 2003 will equal our requirements for our worldwide programs in 2002. The world is beginning to focus on this. There is no question that the State Department and USAID are heavily focused. I visited with the leaders of the G8 in Paris last week, and the G8 has called a special meeting in the next two weeks of ministerial level people to focus on the African crisis.

This situation is further compounded by ongoing challenges in Afghanistan, ongoing challenges in the DPRK, North Korea. Needs in Palestine are enormous. The work in Colombia is much more difficult than it has been. There are very serious pockets of real child and acute chronic malnutrition in parts of Central America.

So these are the challenges before the World Food Program. By the way, all of our support is voluntary. We raise every penny that we have to use every single year. Once again, the U.S. our most generous supporter, but the countries in Europe are helpful, as is the European Community, and Australia, Japan, and Canada. So it is good to have this opportunity to talk about these issues—natural disasters that 136 million people were affected last year. There were twice as many natural disasters at the end of the decade as there was at the beginning of the decade, the HIV/AIDS issue, the terrible impact conflict and war have on food security, and their impact on children; and then the issue of governance. These are the things that come together that are causing the world to be in the difficult situation it is in from a humanitarian perspective.

So I am grateful for this privilege of being with you, sir, and with your colleagues, and look forward to an opportunity to talk about these issues or other issues that may be of interest.

The CHAIRMAN. Thank you very much, Mr. Morris.
[The prepared statement of Mr. Morris follows:]

PREPARED STATEMENT OF JAMES T. MORRIS

In January I was on a mission to southern Africa and visited with a 70 year old Zambian woman far out in the countryside. She was rather frail and losing her sight, but she was still pretty clearly in charge of her household. What struck me most was her overwhelming exhaustion. The reason for it was clear enough—all around the hut where she lived there were children. I couldn't count them all, but there were far more than a dozen. They were her grandchildren, her nieces and nephews, the children of neighbors—all of them orphaned by AIDS.

A generation has been lost to AIDS in that Zambian village and a worn and aging woman left alone with all those many children. That Zambian grandmother and her children are among 15 million people in southern Africa living on the brink of starvation. They are at the epicenter of a potential famine, largely helpless to do much about it.

Thanks to the tremendous generosity of the American people and the dedication of people like Andrew Natsios and his team at USAID, a huge international effort is holding famine at bay in southern Africa, at least for now. That is the good news.

And there is other good news. President Bush recently announced a $200 million commitment to a famine fund for the Fiscal Year 2004 budget and there are plans to work with other members of the G8 on an initiative against famine when France hosts the G8 this summer. Meanwhile, the EU and its member states have also sent a signal, boating contributions to WFP for food aid by $150 million last year. Non-traditional donors—while still small—have doubled contributions and we are looking to Russia, India and China to become larger donors. Private contributions to WFP are only around $5 million but are growing. Finally, this Congress has had the compassion to vote a supplemental appropriation for $250 million to help aid agencies cope with food crises stretching through much of the Africa continent. That is also very good news.

The bad news is that all this will not be enough.

The Greatest Threat to Life

We are losing the battle against hunger. Not only are we losing the battle in emergencies like those in Afghanistan, North Korea and Africa where we often lack the funds needed, we are losing the battle against the chronic hunger that bedevils the lives of hundreds of millions of families who are not the victims of war or natural disasters.

Last year WHO released a report ranking the greatest threats to health and life. Was the leading threat heart disease, cancer or AIDS? No, the greatest threat to life remains what it was a hundred years ago, five hundred years ago, a thousand years ago—it is hunger.

The problem is not that trade, investment, and economic aid are not producing results. They are. In the 1990s, poverty was reduced by 20 percent worldwide, but hunger—its most extreme manifestation—was cut by barely 5 percent. In fact, if you exclude China from the data the number of hungry people actually rose by more than 50 million across the developing world.

I cannot say the resurgence of hunger has received much attention from the media. Perhaps that is because there is such a long history of progress. We have always assumed that hunger was declining and would continue to do so. But, in fact we are losing the battle against hunger. No agency is more aware of that than the World Food Program, as we struggle to bring food aid to the growing number of families living on the brink of starvation.

A Rising Tide of Food Crises

Let me try to put the current humanitarian crises in context and, at the same time, tell you a bit about the World Food Program's role in addressing hunger.

Up to the early 1990s, WFP used most of its food aid in food for work, nutrition and education projects. But in recent years we have been forced to become an ambulance service for the starving. Nearly 80 percent of our work is now emergency driven—reaching out to Afghan families suffering the effects of drought and decades of war, malnourished infants and children of North Korea, and families driven from their homes by violence in Chechnya, southern Sudan and Colombia. Today, WFP has few resources for nutrition and school feeding to help bring the number of chronically hungry people down from 800 million—we are barely funding our emergency operations and, I am afraid, the worst is yet to come.

The number of food emergencies is skyrocketing. In the first half of the 1990s, WFP conducted 18 emergency food needs assessments per year with FAO, in the second half the number nearly doubled to 33. The number of victims of natural disasters has tripled compared to the 1960s, averaging 136 million a year and the poorest among them need food assistance. This year WFP faces the daunting task of finding $1.8 billion just to run our operations in Africa—a sum equal to all the funds we received last year. Never before have we had to contend with potential starvation on the scale we face today.

The sheer intensity of these crises has transformed WFP into the largest humanitarian agency in the world. Few people know that. At the same time, we have quietly become the logistics arm of the United Nations when emergencies strike—providing air service and communications links for other UN agencies and our NGO partners, At the height of the bombing campaign against the Taliban, we kept 2000 trucks on the road every day. We brought food to 6 million hungry Afghans who were already reeling from the effects of three years of drought, the oppression of the Taliban, and decades of civil war.

Our annual budget already outstrips the UN in New York. We were the first UN agency to ever get a contribution of more than a billion dollars from a single member state—the United States. Eight of our ten leading donors have boosted contributions, in part because we have one of the lowest overhead rates you can find. Yet with all this generosity, we are falling behind.

For lack of funds, WFP is now engaged in an exercise in triage among those threatened by starvation. Who will we feed? Who will we leave hungry? In North Korea we have had to cut off rations for 3 million women, children and the elderly. In Afghanistan we have delayed and cut rations. Refugee camps in Kenya and Uganda are always teetering at the edge, about to run out of food for people who simply cannot help themselves. And now, a task that could dwarf all our earlier relief operations may well await us in Iraq if no political solution is found to the current impasse.

Why Are We Seeing More Food Emergencies?

What is driving the explosion in food emergencies? Basically, there are four immediate triggers for large-scale food emergencies. Most recent crises have been fueled by a combination of these factors:

- Failing economic policies,
- Political and ethnic violence,
- AIDS, and
- A sharp rise in natural disasters.

I. *Failing Economic Policies.*—The principal example here is the DPRK and, given the heightened political interest, we are submitting a more detailed statement to the committee on the situation there, especially with regard to WFP's repeated requests over 8 years to the Government to allow us to strengthen monitoring to meet our normal operational standards. The severe contraction of the industrial base in North Korea after the fall of the Soviet Union, the lack of structural reform and cyclical drought and flooding have combined to create major food shortages and claimed enormous numbers of lives. Estimates of the loss of life from hunger range from several hundred thousand up to two million. We simply do not know for sure. This year the DPRK had relatively benign weather and was still 1 million metric tons short of needs. The country simply lacks the arable land and technology to be self-sufficient even under ideal conditions. The only way out is structural reforms that will revive the industrial sector where two-thirds of North Koreans work so the country can earn foreign exchange to import food commercially.

There is one bright spot. The nutrition survey by UNICEF, WFP and the Government of North Korea released last week showed some marked improvement in nutritional indicators for children, but they are still alarming by WHO standards and a breakdown in food deliveries could mean we lose the ground we have gained. The hard work of WFP and dedicated NGOs has had an impact. Andrew Natsios is well known as an expert on North Korea and can give you more guidance on food issues there.

WFP is also working, under more promising conditions, in some of the ex-CIS states, such as Azerbaijan, Armenia and Georgia, which are struggling with the transition from centrally planned to market economies. Our goal is to help maintain social safety nets as these countries go through the often painful transition process.

Failed economic policies have also contributed to a slowdown in southern Africa, with the most dramatic troubles now surfacing in Zimbabwe. I would like to go into

a bit of detail about Zimbabwe because it is the greatest source of alarm in the region.

Ironically, Zimbabwe has been a traditionally strong food exporter. In the 1980s WFP purchased up to a half million tons of food a year there for use in operations in other parts of Africa. But politics, bureaucracy and bad economics have conspired to damage food output and, worse yet slow down the aid response.

It is not our place to judge the merits of land redistribution in Zimbabwe or elsewhere. But the scheme now operating in Zimbabwe is damaging. Thousands of productive farms have been put out of commission and food output will be a mere 40 percent of normal levels this year. This scheme along with restrictions on private sector food marketing and a monopoly on food imports by the Government's Grain Marketing Board are turning a drought that might have been managed into a humanitarian nightmare. More than half of Zimbabwe's 12 million people are now living with the threat of starvation.

Nationwide shortages of basic commodities and fuel, high parallel market prices and runaway inflation are a formula for disaster. Levels of malnutrition are worsening and we are seeing hunger related diseases such as pellagra. Children have dropped out of schools and desperate families in rural Zimbabwe have resorted to eating both wild fruit and tubers—some poisonous—just to survive. Despite pressure from UN agencies, the Government has declined permission for us to conduct nutritional surveys that would help target what resources we have to the hardest hit areas.

There have been widespread accusations of food being withheld from opposition groups and news reports make it clear that food is seen as a weapon in domestic politics. Let me assure you that as far as the food aid we distribute with our NGO partners is concerned, we have a zero tolerance policy on political interference. We have suspended local distributions twice over the issue. But the simple fact is that we do not control all the food—far from it. Our goal is to provide roughly a third of what is needed—about 800,000 tons, while the Government and private traders are to provide the rest. Thus far, none of us is reaching the target.

II. *Political and Ethnic Violence.*—The second trigger for food crises is political and ethnic violence. Northern Uganda, Chechnya, Burundi, Cote d'lvoire, and the Democratic Republic of the Congo are some leading examples.

Violence and hunger go hand in hand now in West Africa, Liberia is now the epicenter of a conflict that engulfs the whole region and will impede economic recovery in Guinea and Sierra Leone. Significant new influxes of Liberian refugees have been recorded in Sierra Leone, Guinea and Cote d'Ivoire and 135,000 people are displaced within Liberia itself. The ongoing civil unrest in Cote d'lvoire has displaced 180,000 people and that figure may go higher. Further delay in resolving the underlying political problems there could lead to another major food crisis in Africa.

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Some of these politically driven crises have resolved themselves quickly, at least from a food aid perspective. The massive intervention WFP made in Kosovo was in response to ethnic violence. With the revival of agriculture in the region, we were able to shut down our feeding operation relatively quickly. We also intervened in East Timor and there too we have been able to move on. An end to violence is not, however, always a sign that we can phase out In Angola our case load has gone up by more than a half million as we have access to areas we could never reach before and we have begun to distribute food to help families return home and feed soldiers as they demobilize.

There are unfortunately some genuinely intractable conflicts like the civil war in the south of Sudan that wax and wane but never seem to go away. There are also a number of refugee feeding operations, such as those in the Western Sahara and Bhutanese refugees in Nepal, that have dragged on for more than a decade. The civil war in Colombia shows no signs of ending and the pervasive insecurity has brought some of the highest food delivery costs anywhere in the world.

In much of Africa and in Afghanistan we are struggling to cope with the legacy of war. Many airstrips in Angola, for example, are so heavily mined they are useless for food aid deliveries. Rural bridges and roads have not been maintained in years. Ports have deteriorated. Many demobilizing soldiers are bringing AIDS and other disease back to their native villages after prolonged separation from their families.

III. *AIDS.*—We all know AIDS is a health disaster of epic proportions. There is far less appreciation of the fact that in many countries it has become a major cause of hunger both for its victims and their communities. As the disease affects people in their most productive years, the burden of producing food falls on the elderly and children. Since 1985, more than 7 million agricultural workers have died of AIDS in 25 African countries.

Peter Piot, who heads UNAIDS, has said that in many poor communities he has visited the very first thing AIDS victims ask for is not medicine, not money—it is food for their families, food for their hungry children. For those AIDS victims lucky enough to receive medical treatment, nutrition is critical. For the HIV positive, good nutrition is crucial in helping them ward off opportunistic infections and stay productive as long as possible. Unfortunately, donors have not yet recognized that fact fully and WFP certainly is struggling to get resources for the operations we have begun for AIDS victims, their families and orphans. We are working with the Secretary General and the most affected countries on this issue and on getting access to the Global AIDS Fund for more nutrition interventions. We would certainly welcome active support from the United States and joint initiatives with many of the NGOs working in this area.

In my entire life I do not believe I have ever seen anything as disturbing as the impact that AIDS is now having in southern Africa. In modern times, we have never before seen a disease with the capacity to cause large scale social breakdown, to simply destroy societies. HIV infection is aggravating the famine in southern Africa and literally decimating the rural labor force, Four out of 5 African farmers are women, and women now have higher infection rates—among young people, women account for nearly two out of three new cases.

The number of AIDS orphans in sub-Saharan Africa is staggering—over 11 million and rising. In some of the villages I visited as the Secretary General's Special Envoy for the crisis in southern Africa, fields lay unattended with no one to work them. There are many thousands of families without parents—one in ten in Malawi. Worse yet, what we see today is only the tip of the iceberg as death rates will not peak until 2007–2009.

The longer-term impact of AIDS will have a staggering effect on everything from food security to overall political and social stability. The ranks of government workers are decimated. A UN colleague relates how a ten person delegation from the European Union was met by the Minister of Agriculture of one African country. Strangely, the Minister arrived at the meeting alone bluntly explaining that all his senior staff was either ill or had already died from AIDS. The President of Zambia told me his country was losing 2,000 teachers a year, while only training 1,000 replacements. You could see in the faces of many government officials a horrible resignation, a sense of impending collapse.

IV. *A Rise in Natural Disasters.*—And finally, and this is really the largest threat we face, there is the weather. Yes, the weather. The scale of WFP's activities has tracked closely with the occurrence of natural disasters brought on by abnormal weather phenomena. And we are seeing those phenomena on a scale no one has ever imagined. In the last few years, we delivered emergency food aid in response to the largest floods in China in a century and to drought victims in over a dozen countries stretching from southern Sudan to Pakistan. The past two years have brought the highest number of weather-related disasters over the decade.

One-sixth of the main harvest in Ethiopia has been lost to drought, six million people are already in need and that figure could more than double after the first of the year. WFP has appealed for 80 million dollars worth of food aid for the first quarter of 2003, about half the total needed. The worst-case scenario will require two million tons of food aid at a cost of 700 million dollars. Ethiopia has suffered from cyclical droughts for years and has not managed to build up a capacity to withstand them. As is the case in much of Africa, state control of agriculture has failed to provide the food output needed with high population growth rates and Ethiopia—a net food exporter in the 1960s—is now chronically dependent on food aid.

Nearly 60 percent of the population of Eritrea—more than 2 million people—have also been hit hard by drought and will need food aid this year. The effects of recent war with Ethiopia remain: thousands of soldiers are yet to demobilize and 1 million people in major grain producing areas were dislocated.

There have been comparisons in the media of the situation today with the Ethiopian famine of 1984–85 and the large drought that struck southern Africa in 1992. There are critical differences, some positive, some negative. First, early warning systems have functioned well; the affected governments and donors have known for months of the impending food crises. In Ethiopia and Eritrea, we expect to profit from the end of hostilities between those countries. Both faced drought just two

years ago when relief operations were held up by fighting and the fact that war was draining a million dollars a day from their national treasuries. While the scale of the drought in the Horn of Africa may eventually eclipse what we are confronting further south, the political climate and the level of organization for coping with such emergencies, especially in Ethiopia, will make the relief effort far more effective.

Why Are We Losing Ground to Hunger?

Why are we losing ground to hunger? Well, part of the answer lies in this massive overload from emergencies, an overload I am convinced may ebb now and then but will definitely not go away. Donors—including the United States—did not anticipate anything like this developing in the 1990s and quite naturally they tried to keep a cap on historic funding levels for food aid.

One result is that funding for non-emergency food aid targeting pregnant and nursing women, infants and children in the most vulnerable areas is simply drying up. WFP's donors want to keep images of dying women and children off of our television screens, but the chronically hungry are suffering neglect. A stunted child in Kabul covered by an emergency operation stands a far better chance of being fed than an equally hungry child across the border in Pakistan.

So there is much more that could be done with a major infusion of funding for food aid. But hunger today has its roots in politics and it demands political solutions. There are really no obstacles—other than lack of political will—that would prevent us from ending hunger tomorrow. There is more than enough food worldwide, even developing countries collectively have had enough food for every man, woman and child for decades. But instead of ending hunger, wealthy and poor countries alike have unwittingly adopted political policies that make that goal unattainable. There is not enough donor money now to feed those starving today, and trade and economic policies—national and international—make it unlikely all will be fed in the future.

I do not, by any means, intend to paint a picture that is hopeless. People have asked me if mass starvation in Africa is inevitable. In fact, there has not been a major famine in Africa since the massive loss of life under the Mengistu regime in Ethiopia In the mid-1980s. The international community has successfully countered potential famines now for nearly two decades. I believe that USAID can take a lot of credit for this as it has helped fund increasingly sophisticated early warnings systems and paid attention to the critical issue of helping poor families maintain their assets through crises so they are not even more vulnerable when the next drought, flood or conflict arrives.

USAID, the World Bank and UNDP have also begun to address the really thorny issues of good governance, corruption and interference with commercial markets. It was gratifying to see that the additional U.S. assistance announced by President Bush in Monterey will reward those governments who adopt pro-market policies and show a real commitment to devoting their own resources—however limited—to sectors like education and health.

Looking Ahead

So we are beginning to see a more political approach to aid programs addressing hunger and poverty. That is a welcome. But if we want to succeed any time soon, we will need to take some costly steps and tackle some issues we might well want to avoid.

First, we must have stronger and more consistent funding for humanitarian aid. While WFP funding has risen, global food aid has not. In fact, during the last three years it has actually dropped by a third from 15 million to 10 million metric tons (1999–2002). Emergency food aid needs are up and food aid is down. More funds are essential. All the major donors need to make a political commitment to a food aid system that works and is not dangerously reliant on surpluses, last minute appeals or a single donor.

Should the U.S. look more to multilateral rather than bilateral food aid? As the head of a multilateral agency, I am a bit prejudiced on that point, but let me offer a few of observations. First, I think there is always a multiplier effect in making a multilateral donation and a clear challenge to other donors to increase their contributions. I also believe other donors appreciate the U.S. contributing food aid multilaterally and are somewhat less suspicious that there might be trade motives involved if a food donation goes through WFP. Second, WFP has been able to start "twinning" contributions recently in which we combine contributions from more than one donor. We have been doing that, for example, with a very large Indian donation to Afghanistan announced during the Coalition campaign as a gesture of support to both the U.S. and Afghanistan. The Indians have food but not the cash to move it. Twinning will also help us in getting private sector donors together. There

may be some opportunities for the U.S. to leverage its contributions this way. There are also economies of scale in areas like shipping and logistics in using WFP; we move 40 percent of world food aid so we can do it more cheaply and that is vital when every ton counts. And I can tell you that when the going is tough—as it was in Afghanistan—the donors turn to us because we deliver and we have a long record of working well with more than 1,000 NGO partners worldwide.

The second step we must take against hunger is for countries to invest more in agriculture. With hunger and malnutrition far from eradicated in the developing world, more donor aid needs to be targeted on agriculture. Yet investments continue to drop. In 1988, Official Development Assistance for agriculture was roughly $14 billion, but it was barely $8 billion in 1999. That is hardly logical when the number of hungry is on the rise in so many countries. A bright point here is that some donors are beginning to turn that situation around; the United Kingdom, for example, has boosted its aid for agriculture fivefold and USAID raised its aid by 38 percent last year.

Third, we must free up the private sector. What so many food insecure countries have in common are inappropriate restrictions on private enterprise in agriculture. They fail to acknowledge what the introduction of market measures has done for agriculture in other developing countries. According to my colleagues at UNDP, the largest mass movement of people out of poverty in history took place in China in the mid 1980s when the Government introduced a market system in the food sector. Roughly 125 million people rose from the ranks of the poor. Yet so many countries where WFP works still impose inflexible, state controlled economics on food production.

Fourth, we need to invest more in nutrition, educational and school feeding programs in. the developing world, especially targeted on girls. Seven out of the hungry worldwide are female. In Africa, donors need to move in aggressively to support NEPAD—a home grown effort targeted at, among other things, bringing 40 million African children into school using school feeding and other mechanisms that support education.

There is no point in investing in new ports, roads, and schools, if we are not investing in sound nutrition for the children who will one day use them. One hundred and twenty million children are already stunted from malnutrition. They cannot wait for good governance, sound investment and even the wisest of aid projects to reach their villages and towns. Their lives are not on hold. They are hungry now and that hunger is crippling them and robbing them of a future.

We look especially to the U.S. here—former Senators McGovern and Dole have been major advocates of school feeding and the Bush Administration has made the Global School Feeding legislation permanent. But the funding falls so incredibly far short of needs. U.S. domestic nutrition programs are budgeted to receive $42 billion in funding in FY 2004—so far funding for Global School Feeding is set at $50 million. Is that in the long term interest of the United States? Are we not better off having well nourished children in schools learning in Afghanistan, Central America, and Africa?

Finally, we need a new global trade environment. As the Secretary General has noted, we need a trading system that encourages African and other developing country farmers to produce and export. They simply cannot compete with developed country subsidies that now amount to nearly a $1 billion a day and allow food to flow into poorer countries making private investments in agriculture unprofitable. I am from the Midwest and an ardent believer in support for America's farmers, but we must negotiate a system—especially with Europe and Japan which have far higher farm subsidies—that will not stifle farmers in poor countries. Food aid is inherently a short term solution, the people of the developing world must be given the conditions and tools they need to feed themselves.

Separating humanitarian aid from political decision-making has not worked in the past. It will not work in the future. People are hungry because governments have made the wrong political decisions. In the end, hunger is a political creation and we must use political means to end it.

SUBMISSION ON NORTH KOREA TO THE SENATE FOREIGN RELATIONS COMMITTEE

North Korea presents the most politically troubling and frustrating food crisis in the world today. On the one hand there is continuing, desperate need. But, on the other, no government in history has ever made normal food aid monitoring so very difficult. Hungry people who cannot help themselves have a right to food, but donors providing that food have a right to know it is getting to those hungry people.

Over the eight years of the food aid program in the DPRK, WFP staff have literally spent thousands of hours trying to convince North Korean officials of the wisdom of a more transparent monitoring regime. Monitoring has been a concern of all our major contributors, not just the United States. There has been progress, but it has only been in the last few months that a very clear signal has gone out to the DPRK Government from the United States, as the principal donor, that meeting WFP's normal monitoring standards is essential. We hope that signal will produce more movement because the humanitarian situation remains grave.

Last fall, lack of resources led WFP to cut the rations of 3 million North Koreans, mostly children and the elderly. In 2002 some 37 percent of planned distributions had to be suspended. Reviving donations will not be easy. Japan remains averse to contributing food aid because of the issue of kidnappings and the targeting of North Korean missiles. The United States has pulled back in response to reports of diversions it found credible began to surface. South Korea will likely remain committed to food aid, but perhaps most will continue to be unmonitored and outside the scope of the United Nations.

Where do we go from here? Well, first, it is critical for the committee and the Bush Administration to understand precisely where we are with the North Koreans on monitoring. It would be wrong for me to depict the regime in Pyongyang as totally uncooperative. Over the years the number of WFP staff permitted has steadily risen and monitoring site visits were up 25 percent last year. Nevertheless, there remain serious problems:

- We have received approval for satellite communications from Pyongyang and our sub-offices, but not permission to use the sat phones we imported;
- We have access only to 85 percent of the population, even though we are quite certain there are needy people in counties where we are not permitted to enter;
- We do not have random access to feeding sites, though the notice time we must give for visits has been reduced;
- We are not permitted to have native Korean speakers, though some WFP staff are studying the language, and finally,
- We do not have a complete list of beneficiary institutions, though one was promised in August of 2001.

So you will get no argument from WFP that the Government of North Korea has given us the same level of monitoring access we have in our other food aid operations. They clearly have not. I raised these issues personally and forcefully with North Korean officials, as did my predecessor on numerous occasions.

Under these circumstances, why have we continued to provide food there? While we cannot guarantee there have not been food aid diversions, we have reasons to believe that most food is getting through to the women and children who need it. The most compelling is the recently released follow-up nutrition study. The first nutrition study done by UNICEF, WFP and the North Korean Government in 1998 showed catastrophic damage, especially to children. The nutrition survey released last week shows notable progress, though I would caution that the stunting rate is still extremely high.

- The proportion of children underweight (weight-for-age) has fallen from 61 percent in 1998 to 21 percent in 2002.
- Wasting, or acute malnutrition (weight-for-height), has fallen from 16 percent to 9 percent.
- Stunting, or chronic malnutrition (height-for-age), has dropped from 62 percent to 42 percent.

Our emergency operation for 2003 calls for 512,000 metric tons (MT) of food at a cost of $200 million. As in the past, we will continue to target those most at risk—the youngest children, pregnant and nursing women, caregivers in children's institutions, some of the elderly. These total more than 4 million people. We also plan to reach another 2.2 million North Koreans for shorter periods of time in the agricultural lean season through food-for-work projects.

While the size of our intervention this year is about 15 percent smaller than last years plan in part because of a better harvest, it is vitally important we continue or we risk losing many of the nutritional gains made in past years; there will surely be more stunting and malnutrition among child bearing women and children.

I visited our operations in DPRK late last year. I traveled to food insecure regions far from Pyongyang, talked to our staff and the people we assist, and observed how our programs have really made a difference. I would only put forward my personal appeal: if millions of young children are to avoid lasting mental and physical dam-

age from chronic hunger, we have to ensure that food aid continues. But we must all work together hard on accessibility, accountability and transparency, even if the political climate warms. The problems are too great for us to throw up our arms and go home, as a few aid agencies have, abandoning some of the most malnourished women and children in the world.

The CHAIRMAN. Let me indicate that we will try, at least for our first round, to keep to a seven-minute limit for each Senator. And when Mr. Natsios arrives, we will have his testimony, but we will take advantage of Mr. Morris for the moment.

Let me begin the questions by asking: What requirements or requests have come from the World Food Program to the United States government? Is this the only source of food that you hope to have? And as an authorizing committee, what kind of requirements should we be looking at?

Mr. MORRIS. The funds sought by the World Food Program this year are something in the neighborhood of $2.4 billion. It is $600 million more than last year, by and large because of Africa. And I should say these numbers do not include any of the work that we will be doing should things become more difficult in Iraq. That is a different set of economic matters.

Last year the United States provided about half of what we had to work with. Something more than $600 million came from USAID, several hundred million dollars came from the Department of Agriculture, and several more tens of millions of dollars came from other places in the State Department.

The CHAIRMAN. Was it USDA in kind, or with cash, or how was it done?

Mr. MORRIS. USDA is essentially in kind. They pay the indirect support costs and the transportation in cash.

The CHAIRMAN. Okay.

Mr. MORRIS. We are obviously hopeful that USAID will continue to support us generously. We have an extraordinary relationship with USAID. We work together hand and glove programmatically all over the world.

The loss of the 416(b) commodity support for humanitarian assistance was sort of a $260 million hit to the World Food Program. Now we made part of that up in cash support from USAID and, in fact, we raised nearly $200 million more in value from the rest of the world last year than we had raised in 2001.

But our appeal will be for USAID support to grow and that USAID be more focused hopefully on making development investments as opposed to the pressure they have to focus so heavily on emergency issues. And the specific—if the world is serious about the UN Millennium Development Goals of cutting hunger and poverty in half by 2015, and if we are committed to addressing issues of infant mortality, and mother and child health, and getting more children in school—our work in feeding school children around the world is one of the most important things we do and the most important development agenda we have. There are 300 million hungry children in the world. Half of them do not go to school, and two-thirds of the half are young girls.

We have an extraordinary program, the McGovern/Dole international education effort, that has made resources available to provide a meal at a cost of 19 cents a day to a child to encourage the

parents to send the child to school. A hungry child has no chance to learn. A child that is fed has all the chances to learn. The child comes to school, and we have the opportunity to pursue health interventions and the opportunity to dramatically change a child's life.

In the beginning, the U.S. Government had committed $300 million to this program, last year $100 million, and the number that is in the budget this year is $50 million. My strongest hope is, and I believe the most important thing we can do both to give hope and opportunity to kids, to cut hunger in half, and to begin to build the infrastructure in the poorest parts of the world so that economic vitality can occur, is to educate children. And feeding them is fundamental to that. My hope is that the U.S. will find a way to become once again a very generous proponent, supporter of our school feeding program. And the U.S.'s leadership in this effort is key to inspiring the rest of the world to join on board.

The CHAIRMAN. Before recognizing Mr. Natsios, which I will do in just a moment, I want to raise just one more question. The figure of 24,000 people dying of starvation every day has been attributed to the World Food Program. Is that more or less accurate, and what is the source of that statistic, or how is that information collected?

Mr. MORRIS. Senator, those numbers are a combination of the research of the World Health Organization, UNICEF, the Food and Agriculture Organization, and the World Food Program. To take that number apart, on the face of it, the number of 24,000 people dying of hunger or related health problems caused by hunger—and by the way, the World Health Organization once again affirmed it last year, that the most serious health problem in the world is hunger. It is number one on their list. But 18,000 of the 24,000 are children. And the places around the world where children die under the age of two, or under the age of five because they are not fed properly or they are born to mothers who do not have proper nutrition, are extraordinary. So that is the number we use and we trust the number.

The CHAIRMAN. Well, it is a significant and really horrifying number, which certainly indicates the importance of our inquiry, even more so the importance of the work that you and our witnesses today are doing. The loss of 24,000 people a day in the world, if it occurred under any other circumstances, such as a natural catastrophe, would truly be remarkable and horrible. The fact is that we have been inured, perhaps, by the fact that these issues are out of sight, out of mind, to the horrors that are signified by that statistic. I thank you very much for your response to my questions.

The distinguished ranking member has arrived, and I will call upon him for his greeting and opening statement. We have had testimony from Mr. Morris and one round of questioning from myself at this stage. And as I indicated, that on your arrival, you would be recognized and then Mr. Natsios will be recognized for his testimony.

OPENING STATEMENT OF HON. JOSEPH R. BIDEN, JR., U.S. SENATOR FROM DELAWARE

Senator BIDEN. Well, thank you very much, Mr. Chairman. I apologize for being late. I was committed to give an interview on Iraq. And for some reason, I did not have all the answers. I do not know.

I would like to thank you, Mr. Chairman, for holding this hearing on hunger around the world and the challenges of an effective U.S. response. As the Chairman and those that are in the room are well aware, there are a number of countries across several regions that have long been facing severe food shortages. North Korea and Africa are specifically mentioned in the hearing title. But food needs in Latin America, South Asia, the Middle East are just as urgent and concern us all greatly.

And we have got a lot of urgent issues in our box: preventing North Korea from becoming a plutonium factory, dealing with Saddam Hussein, helping establish peace and security in Afghanistan. In that context, it is a little bit too easy, I think, for all of us to dismiss the problem of hunger. I am not suggesting our friends in front of us dismiss the problem. They do not at all.

I will cut to the chase today as they say, Mr. Chairman, and suggest that the thing that perplexes me the most, and after my colleagues have asked their questions—I will wait until then because I am late—I think the amount requested for PL 480 Title II food assistance is the same amount of money that was requested last year. And I do not know where in the budget—it may exist—where the humanitarian assistance and food aid for Iraq is factored in. I mean, where will that come from? I do not think it is, but I do not know where it comes from.

And I do not know whether or not in any negotiation with North Korea, if we get to that point, what impact the food assistance which is of a dire concern and necessity in the North, assuming we get to that point, how that all factors in. And so I am looking forward to hearing—being brought up to speed on what the witnesses have already said, or at least what Mr. Morris has already said, and hearing Mr. Natsios speak to this.

But I would ask for unanimous consent that the remainder of my statement be placed in the record as if read. And I thank you both for being here, and you, Mr. Chairman, for the courtesy of allowing me to make this brief opening statement.

The CHAIRMAN. It will be placed in the record in full.

[The prepared statement of Senator Biden follows:]

PREPARED STATEMENT OF SENATOR BIDEN

I'd like to thank the Chairman for holding this hearing on hunger around the world and the challenges of an effective U.S. response.

As the Chairman and those in this room are well aware, a number of countries across several regions are and have been facing severe food shortages. North Korea and Africa are specifically mentioned in the hearing title, but food needs in Latin America, South Asia and the Middle East are just as urgent, and concern me greatly.

We've got a lot of urgent issues in our in box: preventing North Korea from becoming a plutonium factory, dealing with Saddam Hussein, helping to establish peace and security in Afghanistan.

In that context, it would be all to easy to dismiss the problem of hunger. To do so would be a very grave mistake. We have the means to help address food needs

world wide, and considering the relative abundance in the United States, a moral obligation to do so.

What I would like to hear from our witnesses today is how we can better respond. Over the last six years the United States has provided, on average, nearly 55 percent of total global food aid and just over 45 percent of total contributions to the World Food Program. That seems like a pretty solid record. Despite our best efforts, however, there is still a tremendous amount of need that goes unmet every year.

In light of that fact, I have several broad questions that I hope that our witnesses will address in their testimony today:

- First and foremost, what could the United States be doing that we are not now doing to help meet global food needs?
- Second, is the rest of the international donor community stepping up to the plate in terms of contributions? If not, why not; and what can we do about it?
- Finally, what impact is HIV/AIDS having on both emergency food needs and long term food security needs, especially in Africa?

I look forward to hearing from our witnesses.

The CHAIRMAN. And Mr. Morris in his opening statement, as you suspected, indicated that emergency feeding in Iraq, if necessary, really is not in the budget. And so this will require the attention of a lot of people, including our committee as we pursue the contingency situations in Iraq.

I would like to call now Mr. Andrew Natsios. It is great to have you again before the committee. We would like to hear your testimony.

STATEMENT OF HON. ANDREW S. NATSIOS, ADMINISTRATOR, UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. NATSIOS. Thank you very Mr. Chairman, and members of the committee. I apologize for being late this morning.

I would like my written testimony to be placed in the record. I will not read it because it would take an hour and a half to do it.

The CHAIRMAN. Published in full, yes.

Mr. NATSIOS. I really am so pleased to be here this morning on a subject that is very close to my heart, and an issue that is of enormous importance to the United States and the international community; and to be here with one of my new best friends, Jim Morris, who has become a rock in crises around the world. He is a man of great leadership ability, of managerial competence, and he is rapidly taking up the leadership of WFP. I have never actually seen a senior UN official able to ramp up to a level of competence as he has in such a short period of time. He actually makes me tired watching him travel around the world. I thought I had a tough schedule.

But I also want to give particular testimony today to WFP as an institution. The UN agencies and institutions sometimes take heavy hits. And I have to tell you, I have been some of the—a critic of some of those institutions, and I will not mention them by name. But there are a number of international institutions: The International Committee of the Red Cross, the International Organization for Migration, UNICEF, and WFP. If I could count on the organizations we rely on in the United States government as partners to get their work done, among the top five in the world would be the World Food Program.

The staff, the career staff, are of exceptional competence, and I have worked with them in the NGO community when I was in the

NGO community for five years. I worked with them in the first Bush Administration. And in each year, they grow in their competence and ability. So thank you so much for being here.

This is a particularly critical time because we have something that is very unusual. We have multiple crises at the same time. Some of them are induced by bad policy, some by predatory governments, some by war, and some by disastrous weather conditions, droughts. We have examples of each.

In Ethiopia, we have weather conditions complicated by policies that need to be changed. We have Afghanistan that was struck by 20 years of civil war that was a particular category of famine. And of course, we have Zimbabwe which was a food exporter, one of the powerhouses economically of Southern Africa, now a basket case, rapidly sliding into a disastrous famine that is politically induced. It is politically induced.

I have seen up close, both in my role in U.S. Government in the first Bush Administration and now, and in the NGO community, the horror of famine. I have written books on it. I have written articles on it. It is something that has been embedded in my mind. I sometimes dream about it because it is so horrifying. The Western mind cannot conceive of the horror of famine. We have never had a famine in the United States in our recorded history. That is probably why it is such a distant reality.

Photographs are not sufficient to understand the horror of it. The disfigurement of people who are its victims is so terrible. Basically what happens is, as the human body stops caloric intake, the body consumes itself to survive. That is what starvation is. The body takes calories from the body and allows it to survive, and that is why you have the terrible disfigurement of it.

Famines are almost always characterized by mass graves where hundreds or thousands of bodies are placed in one large grave. The only thing comparable in my mind to famine is genocide, and the two are comparable in many cases. And in fact, in this last century two genocides, two famines were in fact genocides. One was the Cambodian genocide under Khmer Rouge. Fifty percent of the people who died in that famine, in that genocide, were in fact victims, deliberate victims of famine. Of course, Stalin killed 12 million Kulaks in the Ukraine in the 1930s, and that was a deliberate attempt to wipe out an entire class of people.

Next week, the Bush Administration, with our allies in the G8 will unveil a major new international effort to end famine. It is a direct initiative of the President himself. I have been given instructions by the President and Secretary of State to do all we possibly can to avoid famine around the world.

The causes of famine are not just drought. I just want to say that again. Too many people associate famine in the world with one cause, and that is drought. And while some famines are caused by drought, they are almost always accompanied by other things. We have had a terrible drought in the United States. It has been one of the worst agricultural years since the 1930s, or the dust bowl in the early 1930s. We do not have a famine in the United States. There are drought conditions, major drought conditions, in many upper income developing countries, and there is no famine, and no food insecurity.

War causes famine sometimes. In the Sudan, war has killed 2.5 million people, most of it through starvation deaths. The same thing happened in Afghanistan. Afghanistan has the highest child mortality and maternal mortality rate in the world. Twenty-five percent of the kids do not survive past five years old, all related to war, but complicated by food insecurity.

The Zimbabwean famine was completely preventable. Let me say that again. The drought that has affected Southern Africa would not have affected Zimbabwe, because 50 percent of the farming system of Zimbabwe is irrigated agriculture and the lakes were all full of water. It was just a short drought that killed the crop. If they had not done this disastrous confiscation of the large farms, Zimbabwe would have had more than enough food to feed their entire population. Complicated by that, there are ten other policies they pursued that have been a catastrophe for the food security system of the country.

One of the major causes of famine is a disinvestment in agricultural development. The United States government was spending $1.3 billion in 1985 in agricultural development. When I arrived at USAID, the amount had gone down to $240 million. So it is billion-dollar cut over fifteen years, nothing to do with partisanship. It went over several administrations of both parties. The fact of the matter is that, in my view, it was the worst possible decision that could have been made.

Most of the economies of the developing world, particularly the poorest 48 countries, are agricultural economies. Eighty percent of the people in Africa make their living from herding or sedentary agriculture. If you do not invest in agriculture, how are those people going to eat? If you look at the system in agriculture in Africa, there has been a steady decline in agricultural productivity over the 15 years since the cuts in aid.

And by the way, when the United States cut its budget in agriculture, guess what else happened? The World Bank did. All of the regional banks did, and the Europeans and the Canadians did. We were followed; we led in a very disastrous way. We are trying to build that budget back up again. I am told repeatedly there is no constituency in this city for agricultural development. I refuse to believe that, particularly with the number of farmers we have in the United States Congress. I note several on this committee, who are in addition to being United States Senators, came from farm families. I refuse to believe there is not a constituency in the United States Congress or in Washington bureaucracy to invest in agriculture as a way of dealing with hunger and dealing with economic growth.

HIV/AIDS is also complicating the catastrophe in Southern Africa and in other areas of the food insecure world because the HIV/AIDS pandemic spreads much more rapidly when there are high rates of food insecurity.

Now there are two kinds of famines, and I would like to sort of draw the distinction because we think of all famines as the same. They are not all the same. There are supply driven famines where there is a drop in food production that is dramatic. And then there are demand driven famines where there is plenty of food at reasonable prices, but people have no money to buy the food because they

are so poor. Afghanistan was the latter case. It was a demand driven famine.

And I want to just—I am not being critical now, but the fact is the tools available to us are almost always just food aid. And I have told people in the Administration, if we are going to stop famine, we have to have food aid, a robust amount of food aid, and other tools at our disposal such as cash-for-work projects. The appropriate response in the Afghan famine, or drought, or war food insecurity of 2001 that we faced when we first arrived there with our troops was not driven by agricultural collapse primarily. It was driven by complete collapse of the national economy and of family income. The appropriate response would have been cash-for-work projects to increase family income for them to buy food. There was no absence of food at reasonable prices in the markets in Afghanistan. We could have done the whole thing with no food aid at all because we could have just increased family income with these cash-for-work projects.

Ethiopia is the opposite. There has been a 25 percent drop in food production in Ethiopia because of this drought. And without bringing food in from the outside, we cannot fight the famine. Why is that? Because food prices are now dramatically rising in Ethiopia to 200 or 300 percent. And there is a relationship between markets and starvation. When prices go up in 6 months by 300 percent, and you have an income annually of $150, there is going to be a famine because people do not have that much money to be able to adjust to this massive increase in prices in the markets.

When we talk about famine and food insecurity, Jim always puts out in front of everyone the notion of the markets as being an essential role in dealing with famine response. It cannot just be food aid. We could never provide enough food aid to feed everyone in any country in a food emergency. There are political famines that are made up by bad policy. I mentioned Zimbabwe.

I also mentioned North Korea. North Korea is a politically induced famine. It has been going on now, the food emergency there, for eight years. It started in 1994. Droughts do not last eight years. There are disastrous, Stalinist economic policies in North Korea. Even though they have had their best crop in eight years this year, they still do not produce enough food to fundamentally feed the country.

Now, let me end by three points here. One is, if we are going to fight famine, we need the food aid. And I just want to say, Senator Nelson, we are so pleased at the amendment that you offered because that $250 million is going to buy food for these complicated emergencies that we are facing right now. So I want to thank the Senate and the House for initiating that and for providing us those resources. They make a big difference. Another thing we need to continue is the Emerson Trust. That is an important savings account that we need to make sure that we have the resources when there are multiple emergencies at the same time.

The second thing we need is a focus on agricultural development. We are hiring a lot more agricultural economists. When I arrived, I think there were 40 left in USAID. There used to be 300. We are back up to 80 or 90, and we are going to hire far more agricultural economists, agricultural scientists. We have a major new initiative

we announced, Secretary Powell and I at the President's instruction, at Monterey, and then in Johannesburg.

The third is that we need other tools than just food aid. And that is why the President announced three weeks ago in his weekly news address, his weekly radio address two new initiatives: One for complex emergencies of $100 million, and a $200 million budget for fighting famines through cash, local purchase of food when food cannot be moved rapidly enough, and for cash-for-work projects. These are very important tools we do not now have in sufficient quantity to fight a famine. That is in the budget for the 2004 year. That has been added to the USAID budget for those years.

Finally, when we talk about famine and talk about food insecurity, we need to look at the markets. One way of dealing with famine and food insecurity is not just giving people food; it is selling food in local markets when the price has gone up 300 percent to stabilize the price so that the middle class can still afford to access these foods. And WFP and USAID have been talking about ways in which we can use food as an intervention for the poorest people directly, but also to stabilize prices in highly unstable situations where the prices are rising at dramatic rates over a short period of time.

I could talk on for the rest of the day, Senator, but I know you all have questions. Thank you very much.

The CHAIRMAN. Well, thank you for that testimony.

[The prepared statement of Mr. Natsios follows:]

PREPARED STATEMENT OF ANDREW S. NATSIOS

Chairman Lugar, members of the committee: It is an honor to be here today to discuss the status of worldwide food security, the role of U.S. food aid programs, and the increasingly difficult issues that the U.S. and the international community face trying to meet the humanitarian food needs of people around the world.

Famine

Mr. Chairman, persistent hunger continues to be one of the most significant global development challenges that we face today. More than 800 million people worldwide, three-quarters of whom live in rural areas, are seriously malnourished. Most of these hungry people live in sub-Saharan Africa and South Asia, although there are groups in all regions of the world that are vulnerable to undernutrition, either continuously or during specific seasons. Most of the hungry are farmers, but they are unable to produce adequate food and income to ensure their families' well being. Under constant stress from chronic poverty, malnutrition, and disease, these vulnerable groups can he pushed over the edge toward famine by drought, damaging government policies, or conflict.

Today, we are confronted with concurrent food crises in many areas of the world, most notably in Afghanistan, southern Africa, the Horn of Africa, and North Korea. We are witnessing for the first time a convergence of what the Economist magazine refers to as the "double curse" of HIV/AIDS and food insecurity. In these difficult times, the international community must be pro-active in addressing the causes of food insecurity thus preventing famine and its causes.

The United States committed at the World Food Summit 2002 to join with partner countries and other donors to implement a three-pronged effort to cut hunger in half by 2015. That commitment addresses access to food, availability of food, and the utilization of food by increasing agricultural productivity, ending famine, and improving nutrition. In order to make progress in this tripartite effort, we need to better understand food insecurity and famine. Fortunately, the international community continues to learn vital lessons from its experiences in using food and non-food resources as global responses to these complex food insecurity problems. One of the most important lessons that we have learned is that food aid and humanitarian assistance alone will not prevent these crises from re-occurring, even in the short term

Famine is an economic crisis in which large numbers of people experience starvation and associated mortality. Most famine scholars and practitioners would agree that the understanding of famine and its complexity has grown enormously over the past half century. This research tells us that famine is a process, not an event. It is a process that provides us with early indicators (i.e. pre-famine indicators) of its onset. Despite this :research too many people attribute famine to drought conditions, when the reality is much more complex. We now recognize that regressive agricultural policies, failed markets, and destructive conflict drive famine more than drought alone. These characteristics of fragile, failed, and failing states, particularly when combined with a drought and high rates of HIV/AIDS, are the conditions that allow famines to occur. Only by addressing the root causes of these failures with the appropriate tools can the international community expect to prevent famines from occurring.

Because multiple crises occur simultaneously, the task of accurately identifying and addressing the root causes of famine is far more complex today than when drought was thought to be "the only" famine problem. Furthermore, the potential costs of responding with the wrong tools, at the wrong time can be terrible, particularly given the cost of "last resort" interventions such as airdrops of food aid.

As the President's Coordinator for International Disaster Assistance, I have visited famine-prone situations throughout the world and have watched vulnerable people cope with multiple famine threats. I am convinced that the best way to provide assistance to vulnerable families is to provide relief that also contains the seeds of their recovery.

When we see early indicators that may lead to famine, we need to intervene in ways to support the economic structures on which vulnerable families' survival depends. We are most familiar with using food aid to respond to situations approaching a famine. In many cases, this is the correct response particularly in the short term. In other famine conditions, however, the total availability of food is not the primary issue. Where sufficient food is available for the local population—yet widespread food insecurity and hunger exists—we need a broader range of non-food famine prevention tools that can effectively address those factors that limit access to and utilization of those food resources

The present food crisis in Ethiopia is an example of a supply-driven famine. The country does not produce nearly enough food to feed its people, and it lacks the economic reserves to import sufficient food to fill the gap. In situations such as this, food aid, and more specifically imported food aid, is the appropriate short-term response. Food aid alone, however, is clearly not the long-term solution for Ethiopia.

The current crisis in Ethiopia is just the most recent in a series of food security crises that have devastated that country in the last twenty years. The United States will provide more than $216 million dollars worth of food aid this year. During the same period, we will provide $4.0 million dollars of agricultural development assistance. While the Ethiopian government has taken a leadership role in responding to the famine it has been reluctant until very recently to embrace the policies that will stimulate growth and investment in its agricultural sector to avoid future famines.

Unless the donor community invests in recovery and prevention initiatives while promoting good government policies, these periodic shocks will continue. The donor community must allocate more resources toward famine prevention activities such as those in the agricultural sector. At the same time, unless the Government of Ethiopia embraces accountable and open governance and enacts market and trade reforms necessary to increase the capacity of local producers, Ethiopia will remain in a chronic state of hunger. It is critical that we all do our part to put the systems and policies in place that will prevent the next food security crisis in Ethiopia from occurring.

In Afghanistan during 2002, the international community was faced with essentially a demand-driven famine. The countries surrounding Afghanistan had plenty of surplus food available, thus ensuring price stability, to meet the needs of the Afghan people. Unfortunately, approximately eight million people in Afghanistan did not have the purchasing power necessary to buy enough food. In this case, the United States and the international community both responded primarily with imported food aid. However, the tools did not exist for the U.S. Government to respond more effectively and, possibly, at lower cost to the taxpayer. Donors recognized that a more effective response in some cases would have been to create employment generating opportunities that would have put cash, rather than food aid, into the hands of the poorest people who are most vulnerable in any famine. Cash would have allowed the people to meet their food needs and simultaneously stimulate markets and trade, thereby further promoting agricultural development.

It is not just the humanitarian and developmental community that recognizes the importance of employment and income generating initiatives in promoting market

and trade development. Gary Martin, the President and CEO of the North American Export Trade Associations recently said in a speech to the Capitol Hill Forum, ". . . that the best, most sustainable way to stimulate the growth of U.S. farm exports is to provide for income growth in developing countries."

The Southern Africa food crisis is the result of a major drought complicated by disastrous government policies in Zimbabwe. First, the government of Zimbabwe implemented price controls for staples, such as corn, which inhibit production and trade. Second, it has backtracked on the liberalization of grain marketing, bringing corn back under the control of the grain marketing parastatal and creating a monopoly that prohibits open commercial trade. Third, the government's irresponsible expropriation of land from commercial farmers has decimated the most productive part of Zimbabwe's agricultural sector. As a result of these political actions on the part of the government, Zimbabwe has lost its position as a net exporter of grain.

Southern Africa is also struggling with high rates of HIV/AIDS which have exacerbated the effects of the political errors of the regional governments. With the highest HIV prevalence rates in the world, Southern Africa has 28.1 million people living with the disease. In many cases, the disease is killing the most productive members of society, most notably in the agricultural sector. The economic impact is massive as investments are depleted and human resources are lost. HIV/AIDS is causing the collapse of social safety nets for families and communities thus undermining the ability of both to weather economic downturns.

Efforts to promote an economic recovery in Southern Africa must focus on addressing the economic and market policies that have tied the hands of the private sector while simultaneously providing critical assistance to vulnerable groups—in particular those infected with HIV/AIDS. The donor community, in this case, plays only a supporting role in the recovery of Southern Africa as the critical initiatives and actions related to economic reform must be driven by the governments of the region.

Response

Africa is the textbook case that at once highlights agriculture's contribution to reducing hunger and the consequences if we do not succeed. The problem of hunger in Africa is large,and getting worse. The impact that this has on the prospects of current and future generations of African children, women and men is devastating.

Our projections from USDA, the International Food Policy Research Institute (IFPRI), FAO, and the UN indicate that hunger in Africa will increase, given current trends of economic performance, agricultural growth, conflict and limitations of existing policy.

At present, one third of the entire population of sub-Saharan Africa falls below the poverty line and goes to bed hungry each night. By 2011, an estimated 50 percent of the world's hungry will reside in sub-Saharan Africa. We cannot wait until then to take action.

In Africa, meeting the Millennium Development Goal of cutting hunger in half means reducing the estimated number of hungry from 206 million as of 2000, to approximately 103 million people by 2015. This is achievable, if progress can be made to accelerate agricultural growth, improve health and education, and reduce conflict.

If the conditions are created for agricultural growth to accelerate, the future prospects of rural households in Africa are very promising. Per capita incomes can triple. Recent analysis by IFPRI indicates that it is possible to achieve the Millennium Development Goal of cutting hunger in half. Specifically, the analysis shows that, it is possible to make significant improvement in the incomes of the rural majority in Africa.

Investing in an integrated agenda to increase agricultural growth and rural incomes, not only reduces the number of hungry, it can also reduce and save emergency food aid costs significantly. By 2015, at current projections, it is estimated that emergency food aid costs worldwide will be approximately $4.6 billion per year. Fostering agricultural recovery in famine prone countries can create substantial savings in future emergency assistance. If we invest now and increase agricultural growth and rural incomes, it is estimated that food aid costs will drop to approximately $2 billion per year. This is a net reduction of over $2.5 billion per year.

While agriculture alone is not sufficient to end hunger or eliminate famines, hunger cannot be reduced or ended nor famines mitigated or prevented without agriculture playing a large and driving role in the development effort. In agriculture-dominated economies, including many African economies, agriculture accounts for greater than 40 percent of the impact (more than any other sector) on efforts to reduce hunger. Recent studies have shown that a 1 percent increase in agricultural productivity could reduce poverty by six million people in Africa.

If agricultural sector and rural incomes do not grow, however, the future prospects are bleak, and rural households could be poorer in 2015, than they were in 1997.

A New Agriculture

Over the next five years, USAID is renewing its leadership in the provision of agricultural development assistance. This is framed by a new agricultural strategy that reflects adaptations to major emerging opportunities. These new opportunities include:

- Accelerating agriculture science-based solutions, especially using biotechnology, to reduce poverty and hunger;
- Developing global and domestic trade opportunities for farmers and rural industries;
- Extending training for developing world scientists and agricultural extension services to third world farmers;
- Promoting sustainable agriculture and sound environmental management.

These "new agriculture" initiatives provide the framework for our future activities. Under each initiative, the Agency proposes to launch a set of activities that broadly signal a shift in USAID leadership in this sector and may leverage new commitments and funding from others.

Equally important, agricultural development is now seen as part, not the whole, of the solution. Investments in infrastructure, health, and education both reinforce and are made more viable by investments in agricultural growth.

U.S. Commitment to Reducing Hunger

Mr. Chairman, the United States retains its strong commitment to reducing hunger around the world. At the World Summit on Sustainable Development, the Presidential signature initiative to End Hunger in Africa was announced. This 15-year initiative is committed to the concerns of agricultural growth and building an African-led partnership to cut hunger and poverty. The primary objective of the initiative is to rapidly and sustainably increase agricultural growth and rural incomes in sub-Saharan Africa.

Congressional support for agriculture has also been strong. In FY 2000 Congress passed revised Title XII legislation restating the United States' commitment to the goal of preventing famine and freeing the world from hunger. This legislation provided USAID with a new and more positive legislative framework that supports the emergence of a "new agriculture" in developing and transition economies.

Global Food Aid Needs and Availability

The United States government will be taking the steps I have just described to help address the long-term causes of food insecurity and famine. For the foreseeable future, however, significant levels of food aid will still be needed to provide an international safety-net for the world's food insecure. As I mentioned previously, the world is currently faced with a series of large-scale food security crises. These crises have pushed international food aid requirements to their highest level ever. Global food aid availability, however, has dropped to its lowest level in more than five years. According to some estimates, global food aid requirements will exceed more that 12 million metric tons in calendar year 2003—more than 3.0 million tons more than the past global average. Needs in sub-Saharan Africa alone are expected to exceed 5.0 million metric tons.

Global food aid availability has been seriously reduced by a number of coincidental factors. According to the Food and Agriculture Organization (FAO), global cereal production declined more than 3.1 percent this year when compared to last year. More alarming is the fact that global cereal production was more than 80 million metric tons below consumption requirements. In other words Mr. Chairman, the world consumed more grain than it produced last year.

Only through the availability of carryover stocks, primarily in developed countries, is the world avoiding a global food shortage. Because of the reduced global grain production, prices are rising significantly for most major grains. Early in 2003, U.S. wheat and corn rices, for example, rose more than 39 percent and 25 percent respectively, although some commodity prices have begun to decline. All of these factors, when combined with declining donor food aid contributions, are expected to reduce global food aid levels to no more than 8 million tons this year. With needs approaching 12 million tons this year and estimated food aid contributions providing perhaps 8.0 million tons, a food aid shortfall of more than 4.0 million tons is expected—the annual food requirement of approximately 20 million people.

U.S. Commitment to International Food Aid

Mr. Chairman, the commitment of the United States to use its agricultural abundance to help the less fortunate around the world is stronger today than ever. President Bush mentioned U.S. food aid programs during his State of the Union address on January 28th of this year when he noted with pride that "Across the earth, America is feeding the hungry; more than 60 percent of international food aid comes as a gift from the people of the United States." The President's comment was based upon the percentage of U.S. contributions to the World Food Program (WFP) in 2002.

Congressional support for U.S. food assistance programs also continues to be very broad and bipartisan. The Consolidated Appropriations Resolution for 2003, which was signed by the President on February 20, provides $1.44 billion for P.L. 480 Title II activities. This level of funding will again in 2003 position the United States to be the largest, most responsive food aid donor in the world.

U.S. Food Aid Programs

Mr. Chairman, the United States has a number of food aid programs that it uses to meet a variety of food, market development, and food aid requirements. These programs, which include, P.L. 480 Titles I, II, and III, Section 416(b) of the Agricultural Act of 1949, the Food for Progress program, and the McGovern/Dole Education Nutrition Initiative (MDENI) are administered either by the United States Department of Agriculture (Title I, Section 416(b), Food for Progress, and MDENI) or by USAID (Titles II and III). These programs are projected to provide a combined total of more than 4.0 million metric tons of international food aid in FY 2003.

The largest of the U.S. food aid programs, and the program that exclusively addresses the nutritional needs of vulnerable groups, is the P.L. 480 Title II program (Title II). The Title II program is administered by USAID's Office of Food for Peace and is the flagship of U.S. humanitarian efforts overseas. On average, the Title II program has provided more than 2.0 million tons of U.S. agricultural commodities per year with a value of more than $850 million. With the $1.44 billion that the President has just approved for Title II, I expect that the program will provide in excess of 3.0 million metric tons this year.

During FY 2002, the Title II program supported activities in approximately 45 different countries, in partnership with international organizations like WFP and the leading NGOs like CARE, CRS, and World Vision. These types of activities bring direct assistance to more than 61 million people annually in both non-emergency and emergency response activities.

In addition to our appropriated food aid resources, the United States continues to maintain the Bill Emerson Humanitarian Trust. The "Emerson Trust" is a critical "humanitarian reserve" that remains available to meet urgent and extraordinary food needs. It is my hope that other donors, both traditional and new, will do their fair share to meet the needs of the world's most vulnerable people and thus obviate the need for the U.S. to draw from the Emerson Trust.

At the urging of the U.S., in an effort to address famine and food security issues including current crises and prevention of future crises, a Contact Group of G–8 officials will meet informally in New York on March 5. The Contact Group will discuss these issues with UN Secretary General Kofi Annan, WFP, FAO and IFAD. This meeting will provide a forum for the WFP to again share with the donor community the fact that there is a 4.0 million metric ton shortfall in food aid availability.

Mr. Chairman, four particular crises have dominated U.S. humanitarian efforts during 2002/2003: Afghanistan, southern Africa, the Horn of Africa (Ethiopia), and North Korea. A brief examination of three of these crises and our efforts to address the causes and effects of each, will help define for you and the committee the strengths that U.S. food aid resources can bring to bear on complex food security crises. At the same time, this examination will also illuminate some of the difficulties that we face in our efforts to meet the needs of some of the worlds most food insecure people.

Afghanistan

Afghanistan, a once agriculturally self-sufficient country, was brought to its knees by the repressive and destructive Taliban regime. As recently as 1979, Afghanistan was producing enough food to feed itself. It was also a producer and exporter of high quality fruits and nuts to neighboring countries and the world. By the late 1990s, Afghanistan produced less than half of its pre-1979 level of grain, millions of people were dependent upon international food assistance, and hundreds of thousands of people had fled the country—living as refugees in neighboring Pakistan.

As a result of the war on tenor and critical assistance from the United States and other donors, Afghanistan has, in just 14 months, begun a remarkable recovery. In

the agricultural sector, with improved seeds provided in part by USAID, favorable weather, and a dramatically improved security environment, production increased by over 80 percent. Requirements for international food assistance in Afghanistan have dropped from nearly 800,000 metric tons per year to a level of less than 420,000 metric tons in 2003. While many Afghans still require partial food assistance, the international community expects a steady significant decline in the beneficiary levels over the next few years.

In the case of Afghanistan, the international community and the Interim Government must focus on providing strong incentives and agricultural development resources for continued recovery and growth. USAID will be focusing on activities that promote good governance, strengthen the educational sector, and stimulate agricultural development.

Ethiopia

In the fall of 2002, the Government of Ethiopia issued its first appeal for a looming crisis that they, and the international community, felt, under a worst-case scenario, could affect as many as 15 million people. As a result of low and erratic rainfall during both the major and minor rainy seasons in 2002, Ethiopia was faced with an anticipated food deficit of more than 2.3 million tons. The drought, which followed just two years after another serious drought, had exhausted the coping mechanisms of millions of pastoralists and subsistence farmers making them completely dependent upon international food assistance for their survival.

Since the first Government of Ethiopia appeal, the United States, through USAID's Office of Food for Peace, has provided more that 500,000 metric tons of food aid to the people of Ethiopia with a value of more than $220 million dollars. This assistance totals approximately 25 percent of the 2002/2003 food aid requirement in the country and, together with the contributions of other donors, is expected to meet the needs of the country through the end of May of this year. Unfortunately, even with this tremendous Level of assistance, Ethiopia will be faced with renewed food shortages beginning in June, unless the international community is able to provide further significant contributions of food.

In addition to a lack of donor resources, Ethiopia faces a number of logistical issues that negatively affect our humanitarian programs. As a landlocked country, Ethiopia must rely on the ports in other countries to receive any donated commodities. The port of Djibouti is currently handling the vast majority of Ethiopia's food aid shipments, but it is stretched to its capacity. In addition to the port limitations, Ethiopia has a limited number of commercial trucks available to move food aid from the ports to the recipients around lie country. Any disruption in the availability of those trucks, such as their use for fertilizer deliveries or military uses, can severely disrupt the delivery of humanitarian goods.

North Korea

Since 1995, the United States has provided approximately 1.9 million tons of food aid to North Korea valued at more than $620 million. The food provided by the United States since 1995 represents approximately 58 percent of the total amount of food aid provided to North Korea through the WFP since the inception of their program. The President has publicly shared his concern for the people of North Korea and has reaffirmed the policy that U.S. food aid will not be used as a weapon.

Today, after eight years of international assistance, the government of North Korea has done little to reform the destructive policies that created one of the worst famines in the late 20th century. At the same time, the humanitarian community in North Korea must still operate in an environment that violates almost every principle upon which humanitarian assistance is based In fact out of all of the countries in which WFP operates, North Korea stands alone in its wholesale refusal to adhere to internationally recognized humanitarian standards.

As early as 1998, many NGO's with outstanding international reputations made the difficult decision to withdraw from North Korea rather than ignore the fundamental issues that brought them to North Korea in the first place. In addition, in 1998, the UN felt the need to define the basic humanitarian principles that would guide its activities in North Korea. These principles were articulated in the UN's 1999 Consolidated Humanitarian Appeal.

In the case of North Korea, it is time for the donors, the WFP, and the Government of North Korea to resolve the issues that currently undermine the effectiveness of the program. While some of the impediments and difficulties encountered by the humanitarian community in North Korea might be expected in first few months of an emergency response program in an area or country with no functioning central government, they should not be expected or tolerated in a program that is entering its eighth year of international assistance.

WFP has, since the beginning of their North Korea program in 1995, performed in an exceptional manner in a very challenging environment. In the past, unfortunately, the international community, including the United States, did not make it a priority to support WFP in their efforts to promote and enforce basic humanitarian principles in North Korea. This Administration strongly supports WFP in their efforts to resolve these critical issues. Now, let me give you a few examples of the impediments the humanitarian community faces in North Korea:

- The government of North Korea has, to date, still not provided the WFP with a listing of all beneficiary institutions that receive WFP food aid. In other words, WFP cannot tell USAID where the majority of U.S. food assistance was to be delivered.
- The government of North Korea has never allowed the international community to conduct a countrywide nutritional survey. During both the 1998 and 2002 surveys, significant portions of the country were excluded. Most recently in 2002, two of nine provinces and all closed counties were excluded from the nutritional survey.
- The government of North Korea currently des not allow the international community to have access to 44 out of 206 counties. By some estimates, as many as 3.0 million people live in the counties which are off-limits to international humanitarian assistance.
- WFP is not allowed to randomly monitor any food aid distributions. The government of North Korea requires WFP to request monitoring visits a minimum of six days prior to the date of the intended site visit.
- The government of North Korea does not allow WFP to employ any foreign interpreters to facilitate interviews with food aid beneficiaries, all interpreters are currently North Koreans.

The impediments that I described above have created concerns, because the international community cannot have full confidence that food assistance is reaching the people for whom it is intended. As I noted earlier, the donor community, the WFP, and the government of North Korea must address this issue.

Beginning with our December 2001 contribution to the WFP/North Korea activity and again with our June 2002 contribution, the United States began a process of publicly raising our concerns related to humanitarian monitoring and access in North Korea. In addition, my staff began a series of consultations with other donors and, on August 22, 2002, the North Koreans themselves. Through these public announcements and consultations, we hope to do two things:

- Educate the American people and the international community about the current humanitarian conditions in North Korea and the limitations imposed by the Government of North Korea on the WFP.
- Convince the Government of North Korea that substantial international assistance can only be provided over the long-term when the donor community is convinced that the assistance is reaching the people for whom it is intended.

The United States remains committed to helping the people of North Korea. In fact, I am confident that the United States will be making an additional pledge to WFP's program in North Korea in a matter of days. Only by improving the transparency of the activity, will the donor community gain the confidence to consistently provide the level of humanitarian assistance necessary to meet all of the needs in the country.

Conclusion: Gaps and Future Challenges

Mr. Chairman, as I have just reported, global food insecurity is complex and dynamic. There is no standard recipe of assistance that will solve all of the country or regional crises that I briefly described above. Each food security crisis must be addressed based upon the unique causes of that particular situation. The international community must develop a set of tools that are flexible enough to address the unique causes of each particular crisis. Those tools, together with the recipient government's attention to good governance and sound policies, will enable the global community to provide truly effective assistance.

The U.S. food aid programs that I described above are clearly the most effective in the world. This Administration, from the President and the Secretary of State down through the foreign affairs agencies, however, recognizes that food aid programs are just one tool among many that are necessary to address the complex needs of the least developed countries in the world. To meet these complex needs, the President has proposed a number of new initiatives that will give the U.S. the

capacity to assist in both the prevention and mitigation of food security crises around the world. Let me briefly describe each initiative.

With his 2004 budget submission, the President has announced a new humanitarian Famine Fund. The President's Famine Fund is to be established at a level of $200 million in FY 2004. Use of the fund will be subject to a Presidential decision and will be disbursed by USAID/OFDA and would be modeled after the International Disaster Assistance funds to ensure timely, flexible, and effective utilization. It is envisioned that this fund would support the following:

- Rapid and effective response to crises signaled by famine early warning systems.
- Initiatives that leverage other donor support.

The President's Budget also includes a proposal to establish a new $100 million U.S. Emergency Fund for Complex Foreign Crises. This Fund will assist the President to quickly and effectively respond to or prevent unforeseen complex foreign crises by providing resources that can be drawn upon at the onset of a crisis. This proposal will fund a range of foreign assistance activities, including support for peace and humanitarian intervention operations to prevent or respond to foreign territorial disputes, armed ethnic and civil conflicts that pose threats to regional and international peace, and acts of ethnic cleansing, mass killing or genocide. Use of the Fund will require a determination by the President that a complex emergency exists and that it is in the national interest to furnish assistance in response.

Mr. Chairman, there are clear limits to what U.S. assistance can do to promote peace, stimulate development, and prevent and mitigate crises. Without the combined efforts of the donor community and, more importantly, the recipient governments themselves, progress will be limited. By combining our established tools, like our outstanding food assistance and disaster assistance programs, with new initiatives designed to focus on prevention and mitigation activities in least developed countries, however, we can significantly increase the possibility of either preventing a crisis from developing or, at least, reducing the severity of a crisis that does develop.

I urge Congress to support these critical new initiatives that have been proposed by the President.

Mr. Chairman, this concludes my testimony. I would be pleased to answer any questions the committee may have.

The CHAIRMAN. You have included in a few minutes some extraordinary facts for our background that I think are extremely important.

Let me now call upon Senator Biden. I have had one seven-minute period of questioning and we will commence with your questions.

Senator BIDEN. I want to go back to Iraq, and not talk about the budget, but about the infrastructure. If, in fact, there is a massive need—and I do not know that there will be, but if there is a massive need for humanitarian assistance, including food, how—that will in large part be distributed by the military. I assume—I do not know. But, I mean, have you been in on any of the planning? Have there been any discussions with you all about what part you would play? Not the budget, but just purely from this standpoint of infrastructure.

Mr. NATSIOS. Senator, one, there is no food emergency in Iraq. People are well fed. The regime has doubled rations over the last six months to get more political support. And they have a functional distribution system. It is, however, a totalitarian distribution system. The state is the sole supplier of food to 60 percent of the population.

Senator BIDEN. Right.

Mr. NATSIOS. And the danger of that, of course, is when that is disrupted for any reason, it is disastrous. They did disrupt it deliberately. They shut off the Marsh Arabs, they emptied the marshes,

as you know, in the mid-1990s, and they facilitated that by shutting off all the rations for the Marsh Arabs, and many of them died as a result of that. When they were purging Turkmen, they did it by shutting off all of their rations. And so they use it as a political weapon, in addition to a way of controlling the population.

But it does work officially. There are 42,000 distribution agents. The rations are published in the papers every two weeks, who get ration tickets. It is a computerized system, and it actually, other than the abuses of it that are used by totalitarian states whenever you put all that power in one government's hands, works efficiently. And I have to say, the World Food Program—and I will let Jim talk about that—works very well in terms of the efficiency of the macro picture, at least in the Northern part of the country and the Kurdish area.——

Senator BIDEN. Well, but——

Mr. NATSIOS [continuing].——But in terms of what will happen should there be a conflict, our intention is to protect the existing system. It is funded through the Oil For Food Program.

Senator BIDEN. Right.

Mr. NATSIOS. We expect that program, and want that program to continue because the system works. We do want to add into the system——

Senator BIDEN. That will continue, assuming that the contingency plans do not have to be initiated if he blows up the oil fields. It will continue if, in fact, there is some oil through which they can raise the money for food.

Mr. NATSIOS [continuing]. There is actually——

Senator BIDEN. It will continue if, in fact, the—I mean, the plans as I understand within this Administration are that we may have to assume responsibility to be feeding between 40 and 60 percent of the Iraqi people. And the UN oil—the UN's Oil For Food Program may be disrupted for weeks, if not months, depending on the damage to the oil fields and disruption in administrative structures that exist.

So, I mean, there must be some contingency plans. You have all—I mean, everything works fine assuming that the "X" thousand distribution points are not disrupted, the computer system functions, the oil flows, and all goes well. I do not know where the hell you guys are living. I mean——

Mr. NATSIOS. Well, I would just separate the oil fields. Over the long term, that is a problem years from now. There is seven months worth of purchases that have already been made, and the money to do those purchases is already in UN accounts.

Senator BIDEN. Okay.

Mr. NATSIOS. There are $3 billion or $4 billion in these oil accounts of money that has already been put in them by the program. The purchases have already been done in neighboring countries. I could go through the countries that are the principal sources of the food that is imported into Iraq. So we are not really worried for the first nine months, even if all the oil fields should be blown up or put on fire as they were in Kuwait.

Senator BIDEN. Okay.

Mr. NATSIOS. After that, we have a problem, if those fires cannot be put out in that nine-month period. I was a soldier during the

Gulf War. I was activated, and I was in Kuwait City literally two days after the ground assault started. I watched the oil fires, and I know how horrifying they are, but they were put out within a reasonable point of time.

Senator BIDEN. I guess what I am trying to get at here is: Does this assume—are you operating on the assumption that, notwithstanding the fact we may not get a second resolution? I think we will, but we may not get a second resolution. There has not been, to the best of my knowledge unless my colleagues know something I have not been informed of, there has been no judgment made yet as to what role the UN would pay in a post-Saddam Iraq. I mean, if there is one, I am unaware of it.

And are you assuming that the UN will step in and, through its existing systems that are in place, be the distributors of the food and/or purchase the food? In other words, I am a little confused here. There may be simple answers to this, but this seems a little more complicated to me than you are making it sound. Can you tell us whether or not you are assuming that the UN will provide this function?

Mr. NATSIOS. I can tell you the planning off line, Senator, but there are security problems in me describing in too much depth what we are doing. We do have a plan. It is quite detailed. We have been working on it for four months now.

Senator BIDEN. I come from that era that you do where I learned when I ran at 29 years old, never trust anybody over 30, and never trust a government official saying there is a plan that I have not seen.

Mr. NATSIOS. I can show you the plan.

Senator BIDEN. Well, I would ask unanimous consent that that would be made available to us in whatever classified form is necessary. But can you tell us: Is the UN in on the deal?

Mr. NATSIOS. Yes, it is. But going into more detail puts people at risk, and I do not want to do that.

Senator BIDEN. I do not understand that, but I will let that go.

Mr. NATSIOS. Okay.

Senator BIDEN. Because there is—anyway. Thank you.

The CHAIRMAN. Let me respond to the Senator by saying that by unanimous consent we will ask that the plan be made available in classified form and delivered in the proper way.

And I would mention that I suppose members of the committee saw that over the weekend a very large meeting occurred here in Washington of governmental officials of several agencies. I found out last evening that it included officials of Great Britain. I am not aware of other nations that may have been involved.

I was heartened by the fact that, in our own small way, perhaps the committee meeting we had on February 11th stimulated some of this dialogue. I would hope, however, that those who are conducting the meetings would be in closer touch with the committee. We are intensely interested in them and we will have additional hearings, and so the dialogue will flow more easily if we are all better informed. But I am heartened at least by a great deal of activity involving, as I understand, 150 officials or more and this agency described to us that commenced about five weeks ago Monday.

Senator BIDEN. I am heartened that it is commenced. I regret that it did not start until five weeks ago.

The CHAIRMAN. With that, I will call upon—yes, do you have a comment, Mr. Morris?

Mr. MORRIS. Sure. The World Food Program, we have 850 employees today in Iraq. We are feeding 3.6 million Kurds in the North, and we monitor the feeding program, the Oil For Food Program in the Central part and Southern part of the country. Any time there is likely to be a problem anywhere in the world, we, with our UN colleagues and our donors, look at the issues and try to get prepared to put in place relationships so that resources and people are available. And I am confident that in this circumstance we will be able to do what needs to be done.

The CHAIRMAN. Thank you very much.

Mr. Hagel.

Senator HAGEL. Mr. Chairman, thank you, and good morning. Thank you, gentlemen, for appearing before the committee this morning.

Mr. Morris and Mr. Natsios, would you address the issue of genetically modified agricultural products? Some governments in Africa have refused genetically modified corn, and I would appreciate your views on this, especially at a time as you have both very clearly articulated, we have 24,000 people a day dying around the world of hunger. And certain governments, it is my understanding, are disallowing genetically modified agricultural products into their countries. Mr. Morris, we will start with you.

Mr. MORRIS. Thank you, sir. Only Zambia in Africa absolutely will not permit genetically modified food to come in the country. We have been using genetically modified biotech crops, foods, for many, many years.

Our basic policy is that when we buy food from a country or a country gives us food, we ask them to certify that it meets the health and safety standards for consumption by their own citizens. We then double check those representations against something the WHO and FAO have called the Codex Alimentarius that speaks to food security, food safety. Once those certifications are made, we turn to the country, the recipient country, the country that needs the food, and we make these representations. And we say, "You are a sovereign country. You have the right to say, 'Yes, we want this,' or 'No, we do not.' We have absolute confidence that there is no risk. There is no safety issue. WHO, FAO, and WFP have gone on record saying that we have confidence in this."

There is, and I do not understand it as well as I wish that I did, an amazing amount of mythology or folklore in parts of the world that has frightened people to death about the use of genetically modified food. From a Western perspective, we would say that it is ludicrous and almost silly, but it is real in parts of the world where those views exist. People are concerned that they will have a higher tendency to be infected with HIV/AIDS, or they will not be able to bear children, they will lose their potency. And people are frightened. So we had—in the beginning of the Southern Africa crisis, 75 percent of what we had to work with had a biotech, GM component to it, what we get from the U.S., what we get from Canada, and parts of what we get from South America, and what we

get from South Africa. This is a worldwide phenomenon, although the U.S. is the most generous provider of the group.

We have worked out a system in the six countries—in five of the six countries where the genetically modified product is milled, and once it is milled, it cannot be planted for agricultural purposes. And that takes away part of the concern. Now, milling comes at a huge expense. There is not much milling capacity in Southern Africa. The shelf life is shorter than the regular stuff. There are nutritional issues. There are capacity issues. If you mill something, you only end up with 75 percent of the aggregate that you started with, and it is very expensive. I do not know how the world is going to bring comfort to folks who are troubled by this issue. The President of Zambia sent a group at Andrew's invitation, a group of scientists to the U.S., to the UK, to The Netherlands, to Belgium, to look at these issues. And we actually thought they would come back persuaded that there was no risk. They did not change their mind.

Now we have the obligation to feed the hungry poor, and we found ways in Zambia, to the credit of our extraordinary staff, to find non-GM food, and to find food from local purchases to feed the people so that we have not had a catastrophe. But if every country would have taken the Zambian position, we would have been out of business.

The USDA, the FDA, the EPA, all certify in this country that the stuff is safe. The French National Academy in the last few weeks has certified that the food is safe. The European Community has said that the seven varieties of maize that we use primarily, they have no problem with it. They are much more concerned about hoof and foot and mouth disease in Southern Africa than they are with this issue.

But you are dealing with something that is very hard to understand where it comes from, and where trying to make the rational case just does not work all the time. And some of our strongest supporters would come to me and say, "Well, Jim, you ought to really be able to give the recipients a cafeteria. If they want it, fine. If they do not want it, you have to get something else." But that is just not realistic in a world that has as many problems as we have, and the people trying to be fed.

So I am hopeful that somehow the scientific community will find a way to work with the principal UN agencies. Once again, WHO, FAO, WFP have no problem with this one health aspect. And we have pushed as hard as we can, but at the end of the day, we cannot force somebody to do something. But you put your finger on it. And the fact that this stuff is going to continue; there is going to be more of it produced over the long haul because it is good for the environment. It is good for yield. It is good for health. I mean, this is a marvelous invention that, in fact, could help save the world through a new green revolution for the next generations.

So we have got something that is going to be a huge influence overhanging on the world for a long period of time, and we have got to find a way to give some comfort to people who are afraid of it.

Senator HAGEL. Well, thank you, and stay with it. We are grateful for your efforts.

Mr. Natsios, would you like to add anything?

Mr. NATSIOS. Yes. I agree with everything that Jim just said, but let me add just a couple of points. One is one of our agricultural strategies in Africa is to introduce biotech research capacity in Africa because we believe the food security crisis that Africa is facing generally, that one answer to that—not the only answer, but one answer—is biotechnology. And many African agricultural scientists want us to do that, and the heads of state want it. So there is an illusion that the Africans are all opposed to it. It is the exact opposite. In fact, they are asking us to come in.

We opened a biotech research facility as part of the Ministry of Agriculture in Egypt, and it is having a revolutionary effect on Egyptian agriculture in a very good sense. Kenya and Nigeria are far ahead in this research, and they want our continued assistance to upgrade their capacity to do this research. Of course, the Danforth Center in St. Louis, I visited, is an extraordinary center of research. And we are working with many of the biotech research institutions in the United States, and the private sector, and the university sector, to try to bring this technology to the developing world because Jim is right; it is a miraculous thing.

It is unfortunately woven into the trade disputes with Europe. And that is unfortunately what is causing, I think, a lot of this including some of the reluctance in Africa to accept this.

So there are two issues in Africa that have been brought up. They are really separate issues. One is the health issue, and I have to just say that we have been eating this food. I have told people that the President eats it on his table, our Congress eats it every morning when they eat their corn flakes because about a third of our corn crop is biotech now. We have been eating it for seven years. I am unaware of any lawsuit, and we are a very litigious society as you know, Senator. Someone would have sued someone if there was a health issue surrounding this. And there is not any. I mean, there really is not.

In all of the scientific research institutions around the world, the WHO, the World Food Program, the African-based ones, all have said the same thing, "This is safe." But there are still these rumors, and I think it has something to do with the trade dispute.

The second issue, which I think is more remote, frankly, is that if the food aid is sent in an emergency, people will take the seed and plant it, and then it will cross with the traditional varieties and they will not be able to export their foods. Well, the first thing is there is not a huge amount of maize that is being exported from Africa to Europe. In fact, there is none as far as I know.

Number two, the major source of export, within South Africa, 9 percent of their crop that is commingled with their traditional varieties in corn is genetically modified, and it is dramatically increasing because the farmers want it very badly. There is an effort by some green groups in South Africa to stop this, and the farmers ran over them. They said, "We want this. It is increasing yields 200 or 300 percent. We do not use pesticides. We do not have to use as much fertilizer. It is increasing our families income." So it is a big controversy in a good sense because they are with us on this issue.

The reality is I have never seen a famine anywhere, or a food crisis anywhere in the world, where people take food and plant it, for

a very good reason. Most of them do not think they are going to survive until the next crop is harvested. Why would they plant the food aid? Our big problem is we give them seed to plant and they eat it because they are so hungry. I have never seen that as a risk.

The second problem is the amount of cross-fertilization that would take place with traditional varieties is almost non-existent, even if they did plant all of it. Tests have been done on this. And that is a fallacious argument. There is no empirical evidence that this is a risk, but people are saying, "We will not be able to export our food," and that kind of thing.

Jim and I were down in Southern Africa at the same time. I heard some of the most absurd arguments. "Seed planted from corn will cross-fertilize with our avocado trees." I said, "The only seed that can cross-fertilize with corn is other corn." You cannot take corn and cross-fertilize it even with another cereal. It only can be with the same category of food, corn to corn, wheat to wheat. But you tell that to people, and they do not understand it.

The other thing I was told in one country that has a lot of Muslims in it is that the Americans have cross-fertilized pig genes into the corn, and so now there are pork genes in our corn. I said, well, I am not aware of any animals' genes ever being introduced into a plant. I heard there was a discussion of a fish gene that might be put into tomato, but it was never done. So there are none anywhere in the world.

But you hear these stories, and when you laugh, they get sort of offended. I said, "Well, who told you these things?" And it is these rumors, and again, I think it is part of the trade dispute that is going on, to be quite frank.

Senator HAGEL. Well, I am grateful as the committee is for both of your leadership in these areas. Please extend our thanks to your people. We are most appreciative for what they do. And, Mr. Natsios, as you were getting into areas that only our Chairman understands here with his intense deep agricultural background. So you lost me at the last paragraph even though I am from Nebraska. Only Senator Lugar understands these things, so thank you very much.

Senator Lugar.

The CHAIRMAN. The compliment is untrue. But let me thank Senator Hagel for raising the question because the answers you have given are really among the most definitive I think we have ever heard either on the Agriculture Committee or in this Committee. And it is an extremely important issue. While compassionate people are trying to feed people systemically as governments or as institutions, we may also be contributing to starving them. And the juxtaposition of this is very important.

It is appropriate that our next question should be posed by Senator Feingold who has given such strong leadership on African issues. And I call upon him for his questions.

Senator FEINGOLD. I was wondering how you were going to connect this to the dairy industry. So I appreciate that being the connection.

OPENING STATEMENT OF RUSSELL D. FEINGOLD, U.S. SENATOR FROM WISCONSIN

Thank you, Mr. Chairman and Ranking Member, for convening this very important hearing. And I thank all the witnesses for being here today.

As the Chairman indicated, I have served on the Subcommittee on African Affairs since I came to the Senate 11 years ago, and have spent about half of my tenure as either ranking minority member or chairman of the subcommittee. And I, like all of you, have watched with horror as food crises in Southern Africa and the Horn have unfolded over the past years, sometimes striking at populations already weakened by the HIV/AIDS pandemic.

In July of last year, I asked the GAO to examine some of the causes contributing to the Southern African food crisis and to evaluate the efficacy of our response so we can improve our performance and prevent crises in the future. I am looking forward to the GAO's final report, and hope that it can point the way toward proactive steps that we can take to work with all of our African partners on this issue.

We also have to ensure that even as we focus on urgent needs, we work consistent and energetically over the long term to actually address some of the underlying causes of food insecurity in Africa so that we can reduce communities' vulnerability to natural factors affecting harvest. Certainly we need to join with many Africans who want to ensure that misguided policies and decisions are examined and discarded. And the tremendously destructive policies pursued by the Zimbabwean government leap to mind in this regard, as some of the testimony has already mentioned.

We need to also help African societies reinvigorate their agricultural sectors and reduce barriers to interstate trade by working to get small farmers the technical assistance, infrastructure, and opportunity that they need to achieve.

Mr. Chairman, I just returned yesterday, or Sunday, from a brief trip to Botswana in South Africa along with Senator Durbin of Illinois. I have been re-energized by the committed and talented people I encountered in those countries, just as I have been in each and every trip that I have taken in the region. We have excellent partners on the ground throughout the continent. That means that we can win the fight against cyclical famine if we stay focused and committed over the long term. So I am very pleased that this hearing is happening at this time.

Let me ask some questions in my remaining time. Due to lack of funding, the World Food Program has been forced to curtail much needed food aid to refugee populations particularly in Africa. UNHCR and WFP issued a joint appeal for 112,000 metric tons of food worth an estimated $84 million in U.S. dollars over the next six months to avert severe hunger among refugees. It is also feared that a lack of food could compel governments that are hosting refugees, such as Tanzania, to then prematurely return them to their home countries. How has the United States responded to this appeal? Mr. Natsios.

Mr. NATSIOS. Senator, I took some difficult decisions. I will just tell you what I did, and I can be criticized for it. But our first priority is the preservation of human life. And that meant the coun-

tries where starvation was imminent or already beginning got all of the food. We shut down food programs in development areas, in refugee camps where there was enough supply so people would not die, in order to shift the food to Ethiopia and Southern Africa and to Eritrea as well.

In the areas of the world where refugee population such as Afghanistan were at risk of starvation, we provided $80 million worth of food to the World Food Program, which is the principal mechanism by which we distribute food into refugee camps even though they are run by UNHCR. The food system is run by WFP in those camps. And we are the primary contributor to those. But we made those decisions, and I am not being defensive about it.

The budget had not gone through, and it is not just because of what happened in the city. It had—the budget for us, for Title II, had a $325 million increase. You know this shift—we can talk about it—in 416(b), shifted money into our budget. And that was in the 2003 appropriation. That was a very large increase in our budget over 2002, but we did not have it because the budget had not gone through. Now that it has, we are reviewing all of the programs we had to curtail to see what we can restore, but our first priority was: We could not miss one monthly shipment to Ethiopia, or we would have had a catastrophe on our hands.

Senator FEINGOLD. Well, let me ask Mr. Morris. What is the status of your appeal for these refugees? Will your program be able to help them?

Mr. MORRIS. Part of the reason I am in Washington this week is to talk about the issue with people at USAID and people at the Refugee Bureau at the State Department.

Our problems in Uganda, and Tanzania, in the Congo, and Burundi, and in several other places are enormous. We have food probably to get us through May/June, but we do not have food to get us through year end. And the numbers you have stated are accurate. That is exactly what we are trying to pull together.

The U.S. traditionally has been our largest supplier of food for refugees. We have a memorandum of understanding with the UN High Commissioner on Refugees. And any time there are more than 5,000 refugees in a single location, we provide the food. So it is our responsibility.

But once again, where you have all these emergencies in the world and there are limited number of resources, people focus on emergencies as opposed to focusing on development. And they will focus on people coming out of natural disasters or conflict as opposed to refugees. And the competition for resources is very intense right now, and the refugees are hurt.

Back to the question of GM, we had 15,000 metric tons of GM food in Zambia feeding refugees from the Congo and from Angola which USAID had provided. And the government required us to get it out of the country. And we had been using GM food in that refugee camp for several years.

Senator FEINGOLD. Just for the record, because my time is running out, could you say a little bit about how these shortages contribute to exploitation of refugees in these camps? I would like to have that on the record. What happens to people?

Mr. MORRIS. Well, these are already people that are in very difficult circumstances, and it leads to serious hostility and conflict and makes the camps almost impossible to manage. It also leads to conflict between the refugees and people living just outside the camp.

If one is being fed and the other is not, the neighborliness of the situation disappears and it becomes a very tough situation. Also particularly vulnerable are young girls. Young girls, 10, 12, 13, 14, 15, are forced to turn to things that we would not find acceptable to find resources to be fed.

I do not know if you have visited places, these refugee camps. I visited one in Pakistan, and I must tell you, it was a life changing experience to see so many tens of thousands of humans aggregated in places like this with nothing, and virtually no hope or opportunity as well as nothing, little food. These are some of the saddest situations that exist.

Senator FEINGOLD. All it took was one look at it in Angola in 1994, and you never forget it, and stay committed to it. I thank you for your testimony.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Feingold.

Senator Coleman.

Senator COLEMAN. Thank you, Mr. Chairman. And, gentlemen, thank you for your very sobering testimony. There are three things that I just want to touch on and some have been raised, before I ask a couple of questions.

First, Mr. Morris, thanks for talking about the United States' role and the leadership role that we play here. You know, as you go back to the home state and have a lot of talk about what is going on in the world and Iraq, there are unfortunately folks in our own country who think that we are the enemy and I think need to understand the important role that we are playing, not just in dealing with military situations, but in trying to, you know, win the peace around the world.

Mr. Natsios, Senator Hagel raised the issue of genetically modified food. It is very important, very, very, very important.

And as with the Chairman, thank you for holding these hearings, Mr. Chairman. The response is very, very helpful.

Secondly, you have also talked about the need to increase the ability to buy food and aid. And I certainly got that message and will take that back. Obviously, the old adage, "If you feed somebody, feed them for a day. If you teach them either to fish or to farm, you can feed them for a lifetime." And I think we have to do a much, much better job in that area.

And then thirdly, the impact of AIDS and obviously what the President stated in the State of the Union speech, and the discussion we have had, a critical issue. And thank you for kind of reminding us, and I think we cannot forget the impact. We have great responsibilities.

My question focuses in on just a little different perspective, and it gets to the issue of North Korea. You have talked about politically induced famine, and here is a concern that I have with that. On the one hand, we have a situation where we have food going out there. As I understand it, North Korea officials, you know,

refuse to establish a full-fledged food verification distribution process. Where is the food going?

So on the one hand, you see and we get the reports of incredible starvation in North Korea, and yet we hear anecdotally that, you know, the military is being fed, troops are being fed. How do we deal with that? What is the right thing to do? How do we make sure that food gets to those who need it? How do we not walk away from responsibility?

But on the other hand, I do not want to be stuffing the coffers of Kim Jong Il and the henchmen that surround him. So how do we deal with that lack of a verification process?

Mr. NATSIOS. Before we talk about North Korea, let me just give you one stark fact on the agricultural sector side. We are spending $216 million right now in food aid to Ethiopia to stop the famine. Do you know how much we are spending on agriculture programs in a food insecure country where 85 percent of the people live in the villages and are farmers? We are spending $4 million. We are spending $216 million to stop the famine, and $4 million, that is all we have to spend on agricultural development. This situation is going to get worse and worse in Ethiopia until we invest in good policies and agricultural development.

Okay. North Korea: This is a small, I do not want to use the word "obsession," but of mine. I have been deeply involved in this issue for a long time. There are a set of international standards that all of us, USAID, the World Food Program, and the NGO community accept for monitoring food to ensure that it goes to the people it was intended to feed. It is intended as a humanitarian response to crisis only, okay?

The position of the Bush Administration, the President has made it very clear to us privately and publicly and repeatedly, "We will not use food aid as a weapon." So who the government is is irrelevant. What is relevant to us is if people are starving. If they are, if they are very hungry, then we are going to provide assistance if we can, if people will allow us to in the government.

Now, where the government is deliberately starving people as a tool of genocide, it is a little difficult to go in and feed people, because they want to kill them. The North Koreans, as far as the research I have done, actually do not want this crisis. They want to be able to feed them because it is a system of control. It allows them to control the country. They have lost control of the food system in the country because there is not enough food. And that is one of the findings from the research.

I went up to the North Korean border with China to interview refugees before I was in the Administration, when I was at USIP doing research on this issue. I interviewed people and asked them what the reality was in their villages. And they told me disturbing stories. I interviewed 23 people for 3 hours. There is a Buddhist NGO up there, run by a friend of mine, a Buddhist monk. There is MSF, Medecins Sans Frontieres, Doctors Without Borders, and they have done the same surveys. Jasper Becker, the British journalist, has done 18 trips up there, and all of us have the same impression that there is a problem with transparency, a problem with accountability, and a problem with the distribution system.

Now some people blame the UN. Okay. Let me just say: The UN cannot negotiate from the same position we can with the North Korean government. They have to have us supporting them, and they have not had that support. They have done an exceptional job in North Korea under very, very, very difficult circumstances. And I want to just say that Jim and I have had discussions about this, and we are now united on what the negotiating position is.

The standards are very clear. I call it the Herbert Hoover Standard because Herbert Hoover did the same thing we would like to do during the great Volga famine of the early 1920s where millions of Russians died from starvation. He insisted on these standards and said, "We are are not going to run this program under these circumstances." And he succeeded in stopping the famine by enforcing what were then international standards. They are very similar to the ones that we now advocate here.

Secretary Powell made a commitment in Seoul yesterday that we will pledge 40,000 tons of food immediately to the WFP appeal—the appeal was just over 500,000 tons—up to 100,000 tons based on three factors.

The first one is what the needs are elsewhere. People are not dying of starvation in North Korea right now. The famine in North Korea in terms of high mortality rates, I think about 2.5 million people died in the mid-1990s in that famine, 10 percent of the population of the country. Right now we do not have evidence from the research that we have done that there is widespread starvation in North Korea. The famine ended about the spring of 1998 in terms of high mortality.

Are kids hungry? Yes, they are. Is the food situation fragile? Yes, it is. Is there food insecurity? Yes, there is. Is there a famine? No, there is not. So we need to make distinctions.

This is the best harvest they have had in eight years according to the WFP/FAO estimates. It is up to 3.9 million tons produced this year. So they are actually in a better position, but that still is not enough food to feed the country. So to answer your question, we do not want to feed any militaries anywhere. We cannot do that. We are not allowed to, and I would never do it anyway because it just violates our role. This is humanitarian assistance.

We are going to provide assistance, but we are going to insist to the North Koreans—we have been meeting with them. We have had one meeting with them privately to say, "We need these standards, which you have thus far refused to enforce, enforced. The donor countries are not giving anymore for the same reason. They are not saying it publicly, but that is the reason. We want to feed them. We will not use it politically. We will not use food as a weapon. We will not do it. But we want to make sure they do not use it as a weapon either, in any country anywhere in the world, whether it is Zimbabwe or whether it is North Korea.

We are in favor of a robust effort to prevent hunger and to respond to the hunger, but we want to ensure that that food goes to the people it was intended for. That is our position. We are rigorously following our position in terms of our discussions, and we are doing it with other donor governments, not just the United States, because if this is not all of us together it is not going to work very well.

Senator COLEMAN. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Coleman.

As Mr. Natsios has pointed out, and the committee has just received this press release from the Department of State confirming that Secretary Powell during his visit there has announced the donation of 40,000 metric tons and 60,000 more; and also pointing out that the World Food Program received 303,000 metric tons from all sources last year in 2002. And 157,000 of that came from the United States or over half. But the amount the World Food Program received was about half of what they had sought around the world. So this is confirming Mr. Natsios' thoughts that donors around the world are drying up.

But the United States has indicated and President Bush is quoted again in the release as saying that food would not be a situation in which we try to do strategic work, using food. We continue on our policy.

Senator COLEMAN. Mr. Chairman, if I could have just one follow up then.

The CHAIRMAN. Yes.

Senator COLEMAN. Could you give me your best sense of whether, in fact, there will be compliance with these standards? Do you have a sense that we are going to be able to get what we want so that the food can be distributed?

Mr. NATSIOS. Predicting anything about North Korea is somewhat difficult, Senator, but I would say we have an even chance. And maybe Jim has a different view. He was there more recently than I was.

Mr. MORRIS. It is among the strangest experiences I have ever had to be there for a week. Our focus is the humanitarian focus on feeding very poor, hungry people, especially women and children, 4 million children in North Korea.

And all we have asked for is a list of the institutions that receive the food. We do 440 monitoring visits per month. We did 320 a month last year. We want the ability to do them on a random basis so that we do not have to get clearance two days ahead of time to go in and do the testing. There is a bit of good news here, but UNICEF and WFP have just completed a nutrition survey of children under the age of seven, and this was done on a random basis. And it showed that the percentage of underweight children under seven went from 61 percent in 1998 to 21 percent in 2002. The percentage of children that were wasted, low weight compared to height, went from 16 percent to 9 percent, and this is the basic measurement. And the stunting went from 62 percent to 42 percent.

So the impact of the U.S. food investment in children in North Korea has had a huge payoff. And I am frightened that that all could be lost. Nothing is—and the U.S., it is so extraordinarily important to divorce the humanitarian issue from the political issue. The U.S. is willing to provide the food. There is just no doubt in my mind. WFP just expects North Korea to behave like every other one of the 80 places that we work. And nothing we have interest in has anything to do with their national security, other than keeping their people alive.

Thank you.

Mr. NATSIOS. I might add, Senator, we announced the food aid the same day as they fired a missile into the ocean. So there is no connection. There genuinely is not, and it is very clear in the Administration that that is the case. Our problem is making sure that it is the poor who are fed.

Senator COLEMAN. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Nelson.

Senator NELSON. Mr. Chairman, before I get into the question of famine, I think this is an interesting question that you and Senator Biden ought to follow, and that is: Well, if what we are trying to do with North Korea to get them to stop the nuclear program and to stop proliferation and all of those things, we need a quid pro quo for that. And one aspect of it is food. Other things like trade, and energy, and economic assistance, but food is one element.

And it is kind of hard for us, as Americans, to say, "Well, we are going to use food as a bargaining chip," because that is not in our make-up. And yet, at the end of the day, we have got to get North Korea to stand down with nuclear weapons and energizing nuclear material. So I know you and Senator Biden are right on this, and I look forward to a continuation of this subject on North Korea.

Now, I would like to turn to the question of famine. Mr. Morris, I have had the privilege of visiting with your staff in your headquarters. You were on a trip at the time, so I did not meet you, but I spent a couple of hours with your staff.

And, Mr. Natsios, thank you for your comments and the work that you do.

Of the $250 million that we just got into the budget for 2003, how is that going to be used?

Mr. NATSIOS. We are now reviewing our entire portfolio to see where we are going to allocate that. I can give you a plan, Senator, as soon as we have gone over the allocation of it. But the majority of it is going to be used in the major emergencies because if we do not get up to a certain point in the apportion of the appeal, we are going to have serious results nutritionally. And we are reviewing that, and we are reviewing the refugee situations.

We do want to put some of the money we took out of the development programs that were not—which did not have the same sense of immediacy, but we cannot put it all back in because of these multiple emergencies we are facing. But I will get you a plan. We are literally in the analysis process right now, working with WFP and the NGO community, the mechanisms through which this food will be distributed.

Senator NELSON. As you know, we passed in the Senate $500 million, and the compromise in the conference was $250 million. Are you expecting to request any additional in a supplemental for 2003?

Mr. NATSIOS. At this point, we have not made a request for additional in the supplemental, but I do want to leave the door open should our analysis show that we need it.

Senator NELSON. Let us talk about 2004. The Administration's request which was made some—well, it was made just recently. But it basically had a level funding from 2003 and that was the 2003 level that has now been increased by $250 million. So what

should we expect coming from the Administration for the 2004 budget, which would start—if we can ever get around to passing an appropriations bill—which would start October 1st of this year?

Mr. NATSIOS. Our appropriation in fiscal year 2002 for the Title II program which is the principal source of food for WFP and the NGOs for these emergencies and development, Title II, was over $800 million in 2002. It went up to $1.1 billion, almost $1.2 billion, in the request that we made for the current fiscal year. You added on top of that through your efforts, Senator, another $250 million. So we are up to $1.4-plus billion, which will help us a lot this year.

Should we need more this year in these emergencies, we will look to the Emerson Trust which still has 1.9 million tons of wheat in it. That is the purpose of that fund, as extraordinary measures.

It is difficult to predict what the situation will be because we do not know whether there will be a second year of drought in Ethiopia and in Southern Africa. There is indications in some areas that there has been a recovery in terms of the weather conditions. So the crops may recover, and we may not need as much food.

What we asked for for 2004 was what we asked for for 2003, which was this $325 million increase. So we have put in the higher level.

But let me just point out what I said earlier, that the only tool we really have now to fight famines is food. And that is not the only one we need. We need cash for cash-for-work in situations where there are no roads. People die in famines in many areas of the world where there are no roads to move food from the United States or other donors. And if we could get them the cash, which we do not need roads for, they can buy it on the local markets——

Senator NELSON. And you need other means of transporting. For example, there are other countries in the world that have a surplus of food but who cannot move it.

Mr. NATSIOS [continuing]. That is exactly right.

Senator NELSON. Now is that part of this money? Is it going to be used for that?

Mr. NATSIOS. One of the things we are looking at is this: There are a number of countries that actually have surpluses of food. India is one. They have about 2 million tons of food. I think it is wheat. Taiwan has some surpluses of rice. And they have offered it, but they do not have a way of paying for the transportation of the food.

And so what we have discussed is what we call twinning. It is a concept—it would go through WFP and we would find donor governments that have cash they can use for the transport, twin with a country that has a food surplus they are willing to give WFP, and marry the two sources of resources together to help WFP increase the total amount of food they have available.

Senator NELSON. Is it not incredible, Mr. Chairman, that India has surplus food, that if we can get it moved we can get it to these places where there is famine?

Give me a concept of: How big is the United States in this whole thing? Are we about half of the assistance for food for famine relief?

Mr. NATSIOS. I think generally on average, one year or two years ago we were 62 percent which is the figure that the President has

quoted in a couple of speeches. I think this year it may go down to 52 percent, something like that. But generally speaking, the average of the last probably seven or eight years, the average is about 50 percent.

But I want to say: I mean, any time one government gives 52 percent of all the resources to any UN agency or international organization, you have to say that is pretty generous.

Senator NELSON. Oh, exceptionally.

Mr. NATSIOS. And the——

Senator NELSON. Are there any other developed countries that are not carrying their load?

Mr. NATSIOS [continuing]. We have had conversations with my counterparts in other donor governments that we need not to be the only country that gives that volume of food. We need to have other countries doing it. It used to be that the Canadians and the EU gave the other 50 percent. Or we would give a third and they would give a third, Europe and the Canadians would give a third. That has shifted dramatically in the last five or six years for a variety of reasons.

I am not being critical of my colleagues because they are spending the same money in other ways, in development. But we have had conversations that the imbalance needs to change, because we cannot be expected to do half of this forever.

Senator NELSON. Yes.

Mr. NATSIOS. Jim has done something that I want to compliment him on——

Senator NELSON. Yes.

Mr. NATSIOS [continuing].——in going to countries that do not typically give food aid to the World Food Program. And perhaps he can talk about it. I just want to compliment him on the extraordinary effort that actually is beginning to yield something.

Senator NELSON. Yes. And I am aware of that, Mr. Morris. You have-bag-will-travel, and you have traveled a lot. How about some of the other countries? Are they pulling their share of the load?

Mr. MORRIS. We actually had a remarkable year last year. We raised over 200 million more dollars in food support, cash, from non-U.S. sources than we had raised the year before. We had really quite extraordinary—we had an extraordinary increase from the UK. Japan with its troubles economically worked hard to stay level, and that—they provided nothing for North Korea last year. Canada at the end of the year was very generous. The European Community had a sizable increase.

The Nordic countries are remarkably generous, remarkably generous. Norway is normally our best per capita supporter. The Netherlands and Germany, the Swiss, Italy, have had very substantial increases as well.

But there are 20 countries that need to help us in a substantial way: Russia, China, India, Thailand, Saudi Arabia, the Emirates, Poland, Hungary, Czech Republic, Mexico, Brazil, Argentina, Chile. And we are working very hard to get them on board.

India committed 1 million metric tons of wheat, and we used part for biscuits for Afghan children. We have used the first 40,000 tons for that. Pakistan would not allow us to transport it through

Pakistan, so we had to spend $1.5 million cash out of our own pocket to take it the other way around.

But we are working very hard. Russia has made a commitment of $11 million. We need China to be a major player in North Korea.

Saudi Arabia at one time was giving us $25 million a year. That is not—that has lost steam. And I was there in January to sort of re-energize them. So we are working hard.

And by the way, UNICEF would raise 40 percent of their resources from private sector sources. We have had little private sector support. And we aspire, over five years, to get to a point where 10 to 15 percent of our budget is coming from the private sector. And those dollars become very important in leveraging donations from places that can only give us crops, commodities.

Senator NELSON. Why did Pakistan not let you transit the country?

Mr. MORRIS. Well, they—I visited with President Musharraf to talk about this, and we had an understanding that they would. But when push came to shove, they wanted to transport the biscuits in Pakistani military trucks. The Indian benefactors were willing to either transport it in Indian trucks, commercially contracted trucks or UN trucks, and Pakistan did not find that to be acceptable. And this was a $1-million-and-half cash hit to us.

Senator NELSON. Politics often gets in the way, does it not? It is just like in Ethiopia almost twenty years ago. There you had a guerrilla war going on that, often, it was difficult to get the food out of Addis Ababa, out to the countryside where the people were starving, because of politics.

Well, thank you, gentlemen. I appreciate what you are doing very much.

Thank you, Mr. Chairman.

Mr. MORRIS. Thank you very much, Senator Nelson, for your interest in this area and, likewise, for illuminating the ways in which political problems come back and damage nutrition.

The CHAIRMAN. Senator Sununu.

Senator SUNUNU. Thank you, Mr. Chairman.

In the testimony Dr. Von Braun submitted, he talked about the moral obligation that we have to help people who are starving around the world. And I think most everyone here would subscribe to that belief.

In your testimony, Mr. Morris, you however suggested that it is not our place to judge the merits of land distribution in Zimbabwe or elsewhere. Now, it would seem to me that it would be your role as a leader on these issues to talk about and, in fact, to criticize any policy, any practice that was someone preventing the humanitarian effort from being completed, that was preventing us from helping in areas that we have this moral obligation for making a difference. I wondered if you could expound on that a little bit.

In Administrator Natsios' testimony, I think he was a little bit more pointed in talking about the degree to which land confiscation in Zimbabwe has exacerbated an already severe humanitarian crisis, has led directly to increasing the levels of stunting or starvation in that country. How do you see your role in at least trying to provide criticism, or helping to communicate the degree to which Zimbabwe's policies are making this pressing problem worse?

Mr. MORRIS. I have had six meetings face-to-face with President Mugabe in the last six months. I have had an agenda that is critical to pursue with him in terms of making it possible for the World Food Program to do its work. I doubt that there is anybody anywhere that has been more vigorous with the man face-to-face on these issues than I have been.

I have tried to build a relationship there that enables—half of the people at risk in Southern Africa live in Zimbabwe. In Zimbabwe 7.2 million people are hungry. It is a disaster. They have no foreign exchange to import agricultural products. They do not let the market work. They do not let the private grain dealers come in. Their crop production this year will be a third of the ten-year average.

They have 780,000 children orphaned in Zimbabwe because mom and dad have died of AIDS. Thirty-four percent of the adult population in Zimbabwe is infected with AIDS. The number of children heading households, little tiny girls heading households in that country is enormous.

The humanitarian crisis there is almost beyond comprehension. I have aggressively made the point that the World Food Program will have zero tolerance for any political interference from Zimbabwe in how we distribute our food. And I have said, with my humanitarian-special-envoy hat on, that "Sir, your country needs to do the same."

And I have offered him the resources of the United Nations to verify the claims that he makes, that are not well regarded elsewhere around the world about their not using political considerations for the distribution of their own food.

Senator SUNUNU. But with regard to the land policy in particular, in your role as a humanitarian and as—and I would absolutely agree that you have probably done more to address the humanitarian needs in Zimbabwe than anyone here, certainly anyone that I know of.

In your role as a leader of a critical humanitarian organization, is it not your responsibility to address programs and practices like land confiscation that has made a very grave problem even more severe?

Mr. MORRIS. I do not know. I do not—my job is to find a way for WFP to do its work in Zimbabwe so that we can get food to people who are going to die if we do not do it. We started off with four NGOs accredited in the country. We could not do our work unless we got twelve. We now have twelve. So we have made that progress; Andrew's suggestion of trying to persuade them to open up the market in the urban environment where we could bring food in and subsidize the price so that there could be a market.

I have been very critical—maybe "critical" is not the right word. But I have objectively said that land reform in Zimbabwe is a major, if not the major factor in the problems of Southern Africa. And I have been quoted in the media saying that.

There was a time when we bought half a million metric tons of food a year in Zimbabwe, the World Food Program, and distributed it elsewhere. Zimbabwe always produced enough food with the commercial farmers to provide all of the needs of the rest of that part of the world.

So while I guess maybe I might have been more low key than you would have liked for me to have been, I think there is no doubt in his mind where I stand on the issue. And I have been very candid in answering the question.

But working in that place is not—this is not like working in downtown Indianapolis. This is a very difficult environment to work in. And I have tried to build the relationships that will enable us to do the work.

Senator SUNUNU. I very much appreciate that answer. And I would not use the words "low key." I do not think it is a matter of being low key. My only concern is that even though it may not be a policy point on which you lead, it is an important policy point to be made constructively.

I want you to be able to do your job; absolutely. But you are also looked to by policy makers for guidance and information as to how we can construct policy or even encourage diplomacy that leads toward resolution of these crises, solutions that actually work. And if land confiscation is making it far more difficult for us to solve a humanitarian issue, we as policy makers need to be aware of it, and it needs to be highly highlighted.

Administrator Natsios, in your testimony, you talked about—what was it?—policies, putting in place systems and policies that will prevent the next food security crisis. I think you were talking about Ethiopia in particular.

Could you talk a little bit more specifically about what kinds of policies or systems you are referring to, either specifically in Ethiopia or in other parts of the world? What should we be looking at as policy makers?

Mr. NATSIOS. Very good question, I might add, Senator, because ultimately the only way we are going to deal with particularly the Ethiopian food crises which are coming now—they used to come every decade, then every five years; now, they are every two or three years. We are going to get to a point where we simply cannot respond because they are every year. And the Ethiopian government is very worried about that.

I met with Prime Minister Meles Zenawi in January when I was there to see what was going one with the famine, to go out to the famine pockets because I think we have stopped the famine from spreading, but there are pockets of hunger that are very disturbing in the country. And we had a long conversation about what we in USAID and the U.S. Government believed the reforms needed to be. But let me mention several of them.

They do not have a liberalized capital account, which means they cannot easily trade with neighboring countries. Two years ago, they had a surplus in some areas of Ethiopia and they could not export the surplus and the price of food dropped to 10 percent of its normal level.

Senator SUNUNU. They could not export the surplus because they did not have the capacity to send the surplus overseas and take an exchange of foreign currency.

Mr. NATSIOS. Exactly, and as a result of that, the price dropped so much, the farmers who grew the surplus said, "We are not doing this again. We have to buy extra seed to do this, and now we are worse off, having grown more food, than we were if we had just

grown enough to feed ourselves." I had farmers tell me, "The incentives are wrong. I am not growing any more food, any surplus."

So incentives count in a profound way in any country in the world. I mean economics do work. That is why our system—why the Russian Soviet system collapsed and our system succeeded, because we have the right incentives to encourage production in all of our sectors. So that is one thing.

And if they liberalized the trade system in East Africa, what would happen is when there were droughts in Ethiopia, they could import food from Kenya and Uganda, which produced surpluses in some years, into Ethiopia. And they could do trading for some of their food deficits through the commercial system. But they have to liberalize their capital account to do that.

The second thing is that they need to move to banking reform. They have six private, small Ethiopian banks, but none of them are international banks. So the mechanisms for borrowing money to do agricultural production, to buy new seed varieties, more fertilizer is all only from the state sector of the government. And it cannot be only from the state sector. It has to be from the private sector. And we need international banks to do that.

They are concerned that they cannot regulate those banks, and so they are concerned. They have not approved as yet going to a liberalized banking, international banking system, which we think is very important.

The third thing is: It is the poorest country in the world now. Their per capita income has dropped from $150 a year per capita ten years ago, to $107. They are the poorest country in the world now.

The only way to increase income is to increase production, and one way of doing that is the incentives. But they—we need to invest more in Ethiopian agriculture. If they get their incentives right and their policies right, the donors need to respond.

And our staff says, "Andrew, you are sending us the wrong money. You are sending us money in other sectors."

I had health people stand up and say, "Send more agriculture money."

I said, "Wait a second. You are a health officer. Why are you asking for that?"

And they said, "Because nothing is going to improve in this country unless you invest in the agriculture sector."

We know that there are seed varieties that can increase production 200 or 300 percent, with no additional fertilizer. There is a new plow that was developed by the German aid agency, GTZ, that doubles the depth of plowing and will protect against drought, because the lower you dig when you do your plowing, the more you reduce the risk of a drought because, you know, there is less evaporation of the water in the soil, the moisture in the soil at the lower levels. And this will protect many areas that get some rain but not enough.

And so we want to be able to get that new plow—it is very cheap. It is $30 a plow. It is for, you know, for oxen. There are a bunch of very simple technologies that, if we could invest in them on a mass scale, would improve things.

Senator SUNUNU. In particular the first point you made, are these the kinds of policy reforms that you would want the Administration, the President to address in structuring their Millennium Challenge Account for assistance in Africa? And is there a mechanism set up where you in your capacity can communicate, really, formally what you observe as making the biggest changes in your ability to provide humanitarian relief to those shaping policy for the challenge account?

Mr. NATSIOS. I forgot one very important thing. There is no private ownership of agricultural land. It is all owned by the state, and so the farmers tell me, "Why invest in this land? We have a certificate. You know, we cannot sell it. We cannot aggregate farms." And so the lack of private ownership of land is a major impediment to improving the agricultural system.

To go on to your question about the MCA: I am not going to run the MCA, but we will work with them on a very intimate level. And we have a——

Senator SUNUNU. Can you describe that working relationship?

Mr. NATSIOS. Well, it will depend on how the legislation goes through, and I think this Committee may have something to say about that.

Senator SUNUNU. Very clear answer.

Mr. NATSIOS. So you may have more to say about that than I do actually, Senator.

But the MCA with respect to this issue has already made in the legislation and in the public, the speeches the President made, a statement about economic reforms necessary to qualify. If you have a country where you are not a democracy; you do not protect human rights; you have a large level of corruption; or you do not invest in health and human services, health and education for your people; and finally, if you do not have the right economic policies, you are not eligible in the first place.

The presumption behind the MCA is you already—you may be very poor as a country, but you have the right policies in place, and all you need is capital to invest in that really good policy environment to take off economically. I do not want to project it. I do not want to tell you which countries will be eligible and which countries will not. But if you have very regressive agricultural policies in any country, you are not going to be eligible for the MCA.

The CHAIRMAN. Let me just break in at this point because——

Senator SUNUNU. Thank you, Mr. Chairman.

The CHAIRMAN. The questions are important ones, but I want to recognize Senator Sarbanes.

Regarding the MCA question, we will be having a hearing on that fairly shortly. And as Mr. Natsios has said and as is our first understanding, an MCA applicant must meet standard qualifications. Almost all of the economic situations we have been hearing about today are not likely qualified. So that raises the question: What happens to them? Even as we have more of an emphasis, perhaps, on the MCA.

Senator Sarbanes.

Senator SARBANES. Thank you very much, Mr. Chairman. I am pleased to welcome the witnesses. I have a couple of questions for each of them.

Mr. Morris, how much do you utilize the expertise of the PVOs? We have Catholic Relief Services headquartered in my state. They are on the ground in the developing countries, a number of them have been there for a long time, and they probably know the local situation as well as anyone. How fully do you utilize them through the World Food Program?

Mr. MORRIS. We use them in the most wonderful ways possible. Catholic Relief is one of the best, World Vision Care, AfriCare. We have 2,000 memorandums of understanding with NGOs, PVOs.

Senator Feingold's comment about being so grateful and impressed with people on the ground doing the work, you just are so thankful that there are people that are willing to work for USAID or willing to work for WFP or the NGOs, and under the most difficult circumstances.

We have 50 international employees in North Korea. They go for a two- to four-year term. You can imagine what the quality of their life is.

But NGOs and PVOs are incredibly important to this. They do most of the direct distribution of the food, and we rely on them in the most important way possible.

Senator SARBANES. How do you coordinate the PVOs' perception of what the need is as they see it, since they are there on the ground, and what the World Food Program sees as a problem area?

Mr. MORRIS. Well, we are also there on the ground, and my sense is that the collegial, day-to-day working relationship of the WFP staff and the UN team and the PVOs is very solid. I think we rely on each other. I think they rely on WFP for a lot of the vulnerability assessment material, and we rely on them for great expertise.

We have to find a way to do a better job of relying more on indigenous NGOs; I recall an NGO that is only serving a community of 1,200 people that is located in Zambia. This is a big piece of the hope for getting at the HIV/AIDS issue long term. And we have discovered some absolutely remarkable people, mostly women, who are running these community agencies.

Senator SARBANES. Do you fully compensate the PVOs for their administrative costs for their operations in affected countries?

Mr. MORRIS. I believe so.

Senator SARBANES. You do. Okay.

I want to ask Administrator Natsios, the Alliance for Food Security sent a letter to the President last month. And, of course, these are some of the most distinguished PVOs and corporations and so forth, working in this area.

They said that the severe food shortages in Southern and Eastern Africa were not anticipated when the Administration presented its fiscal year 2003 budget request, and these emergencies require an additional $603 million to $778 million above the Administration's request. They also mention that the commodity prices have risen 30 percent since the budget request.

Do you agree with their evaluation of the shortfall?

Mr. NATSIOS. Well, the shortfall in that letter, as I recall reading it, was based on certain assumptions about what our level of contribution would be. Some NGOs believe that if no one else gives any food, we need to give 75 percent of the food. Our planning fig-

ures now are that we will do the traditional response that we do, which is a third of the requirement, and in some cases 50 percent of the requirement. And so it depends on how you make estimates for what percentage we will give to——

Senator SARBANES. Well, apparently, they have premised it on half.

Mr. NATSIOS [continuing]. Well, in some cases——

Senator SARBANES. Well, I am reading from their letter, "Beyond the fiscal 2003 appropriations, another $603 million to $778 million is needed to meet the historic U.S. commitment of providing at least half of the commodities required during a food crisis in poor countries."

So apparently, the premise of that figure is that we would provide half, which represents sort of a traditional standard.

Mr. NATSIOS [continuing]. No, the traditional standard, Senator, is a third. That is, in the last few years, we have given half to the World Food Program, but what has happened in the last year is the World Food Program has succeeded in getting other donor governments to give more food, which we endorse. We expect, for example, in the Ethiopian famine this year, Ethiopia food emergency this year, to give 40 percent of the requirement. It will be different in each emergency, depending on what other donors give. So we will look at each individual emergency to see what other donors give and then what is needed to fill the gap.

Senator SARBANES. How much would you concede is needed to meet the 2003 problem? I mean, their figure is $603 million to $778 million. What is your figure?

Mr. NATSIOS. The $250 million. We were actually moving a decision memo through the process when the Congress approved the ramp up of an additional $250 million. The budget for USAID is already $325 million for this year above in food what it was last year. And then you add the $250 million that you added to it. So the budget for this year over last year—this is just for AID now, I am talking about—is $575,000 more.

But I must also say for 2004, which is the thing I am actually most worried about, is we have $300 million more but not in the food account. It is in the accounts that allow us to respond through other means than food aid, through cash-for-work and through local purchase.

Because we do not have in my view the right tools at our disposal to fight these famines, or to stop them from happening—food aid is the most important, but it is not the only one. And so we had a debate; and I suggested instead of just increasing the food account, we increase other accounts which is what the President has done. It is quite innovative. It is very new. It is in the budget for 2004, $300 million which is $100 million for complex humanitarian emergencies and $200 million for fighting famine.

So we have increased the resources, but they are not in Title II. And I would urge the Congress to consider seriously that we need more flexibility in the tools that we have.

Senator SARBANES. Are you talking about the 2004 budget or the 2003 budget?

Mr. NATSIOS. 2004 budget.

Senator SARBANES. Well, what about the 2003 budget? What is the shortfall?

Mr. NATSIOS. That depends on what percentage. What I am saying is: The $250 million will relieve the pressure, I believe, on what we face right now. If we need more food before the end of the year, we can go to the Emerson Trust for it, which is what I would expect to do.

Senator SARBANES. Okay. I see my time is up. Can I put forth one more question?

The CHAIRMAN. Go ahead.

Senator SARBANES. I want to just shift the focus for a moment since I have you here. I want to ask about this Millennium Challenge Account. What will USAID's involvement be in the functioning of that account?

Mr. NATSIOS. We are going to have a hearing, apparently, before this Committee, and I am invited to testify next Tuesday, and I will go into more depth on that.

But just a short answer, the office that will be running the Millennium Challenge Account, this independent office, will have only, I think it is 100 or 125 employees. But everybody understands that you cannot spend $5 billion with 125 people. You need far more people in terms of planning and programming and accountability and field staff and all of that, and that U.S. agencies that have people in the field in the countries that will be eligible for this will be, in fact, implementing various parts of this program.

So we expect to be involved in it, but in terms of the management of the office centrally we may even secund staff to it. It will not be USAID that is managing the Washington part of this.

Senator SARBANES. Who makes the policy decisions for the operation of this office? Who makes that decision?

Mr. NATSIOS. Well, it depends on what you mean by "the policy decisions." If you mean on which indicators will be chosen for determining eligibility, the office will make the decisions, that is if the legislation is approved, Senator.

Senator SARBANES. Yes.

Mr. NATSIOS. You have control over that, obviously.

Senator SARBANES. Yes.

Mr. NATSIOS. But under the proposal that the President has made, which I support, there is an interagency board of directors, so to speak, of this office. That will be composed, I think, of the Director of OMB, the Treasury Secretary, and the Secretary of State, and I think one other Secretary. And they will sit on the board. They will make the determination based on staff response.

Senator SARBANES. Is the Administrator of USAID on that board?

Mr. NATSIOS. I am not on the board according to the proposal that is made.

Senator SARBANES. Is that what we are going to be examining next week, Mr. Chairman?

The CHAIRMAN. Yes. Yes.

Senator SARBANES. Well, I will defer it to then. But your field people are going to be doing all of the work and you are not going to be on the board?

Mr. NATSIOS. Well, not all of the work. I think other federal agencies will be involved.

Senator SARBANES. A good part of the work, from what you just told me. But you are not going to be on the board as it stands now?

Mr. NATSIOS. As it stands now. And I support the President's legislation as it is written.

Senator SARBANES. Thank you.

The CHAIRMAN. That serves as a good advertisement for next Tuesday.

Mr. NATSIOS. Yes, it does, Senator.

The CHAIRMAN. We will all assemble again.

Senator Biden.

Senator BIDEN. I have one brief question.

Director, can you describe the food aid study commissioned by AID and conducted by Bob Gersony? Can you speak to that?

Mr. NATSIOS. I can tell you that a lot of research has been done on the work of food aid and the agricultural system in North Korea. We did not actually commission a study for North Korea ourselves. Other institutions have done that.

Senator BIDEN. Do you have a copy of the study?

Mr. NATSIOS. There is no study that was done. The research was done in terms of interviews, but there is nothing that has been written, per se, on it. It is a verbal report. And I think or I believe some people in the Senate, staffers, have talked with Mr. Gersony about his findings.

Senator BIDEN. But there is no report that has been written?

Mr. NATSIOS. There is no report, no, sir.

Senator BIDEN. Well, is there a reason that there is no report? Do you know? I know it is not on your watch, but I mean why would there be no written report?

Mr. NATSIOS. Well, you would have to ask the organizations that hired Mr. Gersony, but my understanding is that they wanted to find out some general conclusions of what they found, and it was communicated verbally as opposed to in writing.

Senator BIDEN. Thank you.

The CHAIRMAN. Thank you, Senator Biden.

I have just one final question. My understanding is that South Korea and China have been supplying food assistance directly to North Korea. And I wondered whether either of you gentleman had an idea of the extent of this. It is outside of the World Food Program, apparently outside of any organization in which the United States is involved. How do they do it? What are their constraints? Have you detected actual evidence of these programs?

Mr. MORRIS. Both countries on a bilateral basis provide food to North Korea. My sense is that their focus in doing it is altogether different than ours. Where we target the hungry poor, primarily women and children, they simply provide en masse significant blocks of food to North Korea, and North Korea makes the decision on how that is used.

The CHAIRMAN. The government of North Korea?

Mr. MORRIS. That is correct.

The CHAIRMAN. I see.

Senator BIDEN. Can I ask one question very briefly?

The CHAIRMAN. Yes.

Senator BIDEN. I want to go back to where I began, and that is the Iraq and any emergency food requirements assuming things do not go—do not leave intact the existing distribution network. You have 850 people in the country I believe you said, Mr. Morris. Is that right?

Mr. MORRIS. Yes.

Senator BIDEN. The reason I am a little confused is on the—yesterday in The Washington Post, an article written by Peter Slevin says, "The Bush Administration is gearing up for a potential humanitarian crisis if U.S.-led forces attack Iraq, planners said yesterday, reporting that the U.S. Government is spending millions to stockpile food, medicine, blankets and other emergency supplies."

What are we stockpiling—I mean, if it is as copacetic as you guys say, why are we spending millions to stockpile food?

Mr. NATSIOS. Senator, I was at the press conference and said some of those things, although they did not use my name in describing it. That particular comment was not made by me. It was made by someone from the Defense Department. The Defense Department has designed a humanitarian ration that looks like a——

Senator BIDEN. An MRE?

Mr. NATSIOS [continuing]. Yes, it is like an MRE except it is more appropriate for cross-cultural purposes, no pork and not much meat. And they have stockpiled a huge number of those. That is the food they are referring to. We are not stockpiling Title II food in the—and the other stuff that is being stockpiled that is mentioned is from AID. It is plastic sheeting for shelter. It is water purification systems. It is medicines and it is health interventions, and that sort of thing.

Senator BIDEN. Thank you.

The CHAIRMAN. Thank you very much, Senator Biden.

I thank both of you for remarkable and helpful testimony today. And we appreciate the work that you are doing.

Mr. MORRIS. Thank you.

Mr. NATSIOS. Thank you.

ADDITIONAL QUESTIONS SUBMITTED FOR THE RECORD TO MR. NATSIOS FROM SENATOR BIDEN

Question. In fiscal year 2003 the President asked for a 39 percent increase in P.L. 480 Title II to make up for the phase out of the use of Section 416(b) surplus commodities. The Administration estimated that its requested Title II appropriations for fiscal year 2003 would provide around 2.2 million metric tons of commodities, whereas the combined volume of commodities from Title II and Section 416(b) in fiscal year 2001 and fiscal year 2002 were, respectively, 4.5 million metric tons and 2.8 million metric tons. It appears that while the move to increase funds for food assistance through regular appropriations has provided a steadier, more reliable source of assistance, the overall level of assistance has decreased. How do we make up for the practical consequences of the phase out of Section 416(b)?

Answer. Since 416(b) programming of food aid relies on surplus determinations of food commodities, the Administration advocated an increase to a more reliable appropriation level under P.L. 480 Title II. While this would not guarantee that total food aid tonnage would be maintained, it would be a more reliable resource. A good example of why this approach makes sense can be found in how the recent U.S. drought has affected commodity prices and availability. If Title II had not been increased, the Administration would not have the resources under Title II through its increased appropriation or 416(b) due to the lack of surplus commodities. The tonnage actually programmed is highly dependent on such variable costs as commodity prices and freight rates. If events unfold that require additional resources as dem-

onstrated by use of the Bill Emerson Humanitarian Trust in FY 2002 for southern Africa drought relief, the Administration will simultaneously review worldwide food aid needs, the anticipated U.S. response, resource availability under Title II, and ultimately potential releases from the Trust.

Question. In yesterday's testimony Mr. Natsios indicated that 1.9 million tons of food remained in the Emerson Trust. Do you have plans to make further draw downs of the Trust this year? How much food will you use? What are the administration's plans for replenishment/reimbursement of the Trust?

Answer. In addition to the 575,000 metric tons (MT) released by the Secretary of the U.S. Department of Agriculture for southern Africa in fiscal year 2002, the Secretary just announced an additional release of 200,000 MT release from the Emerson Trust for identified emergency needs for Africa. Further, a release was recently announced in response to food aid needs for Iraq of up to 600,000 MT. Since Iraqi food aid needs are highly dependent on the dynamic events unfolding on the ground, the release will be programmed in tranches. If the full 600,000 metric tons are programmed, approximately 1.2 million metric tons will remain in the Trust. Discussions within the Administration are currently underway with regards to reimbursement and replenishment of the Trust, with no firm decisions made at the present time

Question. The President's 2004 budget submission requests the same amount for Title II resources that it did in fiscal year 2003. When inflation is taken into account, this represents a reduction of over $20 million from last year when measured in constant dollars. Given the tremendous amount of need around the world today, what is the rationale behind asking for less for P.L. 480 Title II rather than more?

Answer. General inflation accounts for only a small percentage of the costs incurred in the overall food aid program. Most of the program costs are driven by the cost of food commodities and shipping. FY 2003 experienced a sharp increase in food costs, largely resulting from drought in the United States and an increase in fuel costs for shipping in the run-up to the war. Both these factors are volatile and not necessarily related to rates of inflation. While it is still too early to tell what fuel and commodity prices will be during FY 2004, we expect a return to more typical levels. This should allow for the delivery of more food at the request level.

Question. What new authorities will AID be asking for to administer the Famine Fund? When can we expect to see legislative language? How did you come up with the dollar figure for the Famine Fund? Do you have specific activities in mind for the Fund that you can give us budgetary details about?

Answer. The Famine Fund included in the President's FY 2004 budget is a $200 million contingency fund subject to the approval of the President that uses existing authority under section 491 of the Foreign Assistance Act of 1961, as amended. The request is consistent with Administration estimates of the proportional increase in famine prevention resources required in years of peak need compared to other years. Because the Famine Fund is a contingency fund, no budgetary allocations for specific activities will be made in advance.

Question. One of the primary means through which to enhance food security is through development of the agricultural sector. Preliminary USAID budget justification documents indicate that we are allocating nearly $23 million less for agricultural development than we did last year. Why are we pulling back funding on these crucial programs?

Answer. Initial estimates of data for all USAID-managed accounts do indicate such a decrease between the FY 2003 request and the FY 2004 request. The Development Assistance account itself, which USAID manages directly, reflects an increase of $8 million for FY 2004 over the FY 2003 request of $260.5 million. Both years reflect an increase over the FY 2002 level of $200.4 million. The decrease noted is in the accounts that USAID and the State Department manage together. Current instability in the Middle East and elsewhere, as well as other new Administration initiatives, strain the Administration's abilities to meet both national security challenges and effect additional increases in some development programs. Agriculture programs remain a priority and every effort will be made to find ways to increase these programs.

Question. The administration has indicated that the U.S. anticipates providing 2.75 million metric tons of food to meet the needs in Africa between now and the end of the year. What happens if there is another crisis that demands attention? Will the food be sent somewhere else? Is the administration prepared to include funding for food needs in any supplemental request that it sends to Congress?

Answer. To some extent current food needs in Africa already represent extreme levels and the likelihood is that, in the worst case of continuing crop failures, they will not result in much incremental need but remain constant at these extreme levels. An even moderately improved harvest in the region, on the other hand, would improve the needs profile considerably. The current P.L. 480 Title II operating year budget makes allowances for unanticipated emergencies up to a certain level. Allocations can be made to meet requests for other regions, where complex or other emergency food needs may emerge.

Question. I fully support the efforts of the U.S. and the international community to continue meeting emergency needs in Africa, but I am also interested in what we are doing to help Africans achieve long-term food security. How much is the administration planning on spending on agricultural development programs in fiscal year 2004 and how does it compare to this fiscal year?

Answer. The Administration has requested a significant increase in funding for agricultural programs in Africa, including funding for the Initiative to End Hunger in Africa (IEHA) announced at the World Summit for Sustainable Development in Johannesburg in September, 2002. The actual amount expended for agriculture in FY 2002 is already a thirteen percent increase over FY 2001. The amounts requested for agricultural programs in fiscal years 2003 and 2004 represent further increases of 24 percent and 17 percent over the spending for agriculture in Africa in FY 2002.

Administration Requests for Agricultural Programs, FY 2001 through FY 2004

(in millions of U.S. dollars)

Fiscal Year	Amount Requested
2001	102.2
2002	115.1 (Includes IEHA at 5.0)
2003	142.0 (Includes IEHA at 27.0)
2004	134.1 (Includes IEHA at 42.0 planned)

Question. There have been efforts made to push for the UN Special Rapporteur on the Right to Food to visit Zimbabwe to investigate accusations surrounding the politicization of food aid. Is this something the administration supports?

Answer. Although the United States is not a signatory party to the International Covenant on Economic, Social and Cultural Rights in which the right to adequate food is affirmed in Article 11, we have agreed to participate in the Intergovernmental Working Group to provide voluntary guidelines on the implementation of the right to adequate food. In this context, we would welcome a visit by the UN Special Rapporteur on the Right to Food to any country in which he feels this right might not be fully implemented, and we will be eager to respond positively to any recommendations he might make.

Question. What is the United States currently doing to ensure that the issue of donations of genetically modified food does not become an issue in the future?

Answer. The United States has undertaken to clarify trade regulations affecting genetically modified organisms (GMO) through the "codex alimentaris" principles regulating phytosanitary regulations under the World Trade Organization. Agreements reached last month in Geneva at a meeting of the codex committee are anticipated to put some clarity on what should be acceptable in international trade.

Question. As you are aware, a combination of extreme drops in export coffee prices, (almost 50 percent in the past three years, falling to a 30-year low), drought, and tropical storms have brought an intense increase in the level of severe malnutrition in several countries in Central America. About half of Nicaragua's population of almost 5 million lives in poverty, with 17 percent living in extreme poverty. In Guatemala, about 83 percent of the people live in poverty, and almost 60 percent in extreme poverty. In Honduras, the per capita income level is $850 per year.

What is USAID doing to address this crisis in Central America? How is USAID coordinating with other federal agencies, or multilateral institutions such as the United Nations and the World Bank to alleviate the increase in malnutrition and poverty?

Answer. USAID programs in Central America have been essential to ameliorating the effects of the overall slowdown in the world economy and particularly important

in addressing the effects of natural disasters in the late 1990s as well as the recent drought and coffee crisis. USAID provided over $188 million to the Central American countries for development assistance, emergency relief, and earthquake reconstruction in FY 2001, followed by another $254 million in FY 2002. In FY 2003, USAID plans to continue its efforts in Central America and Mexico with a $199 million program.

With an additional $8.5 million in FY 2002 and $30 million planned for FY 2003, USAID's "Opportunity Alliance" is addressing the Central American economic crisis through agricultural diversification and trade-led growth in order to stimulate off-farm employment among the region's poorest inhabitants. Assistance for business development services will help small and medium farmers and rural enterprises improve competitiveness and tap new markets for nontraditional agricultural exports, specialty coffee, and eco-tourism. Innovative finance activities will stimulate small-scale rural finance to promote linkages between remittances, microfinance institutions, and credit unions. A regional activity to increase competitiveness among selected Central American coffee producers by assisting them to improve product quality and access the expanding specialty and quality coffee markets, began with $6 million in FY 2002, and an additional $2 million is planned for FY 2003. The Opportunity Alliance will also help farmers who cannot compete in coffee to diversify into agricultural or non-agricultural alternatives. USAID is collaborating actively with the Inter-American Development Bank, the World Bank, and other bilateral donors in these efforts.

The Opportunity Alliance will augment existing regional programs to build trade capacity to help prepare countries for the Free Trade Area of the Americas, the World Trade Organization Doha Round, and U.S.-Central America free trade negotiations, and to meet trade obligations, *e.g.,* sanitary and phytosanitary measures, customs, and intellectual property rights. USAID will also target legal, policy, and regulatory reforms to improve the trade and investment climate. USAID is working closely with the U.S.Trade Representative in this effort.

Question. What are the governments of these Central American countries, if the capacity exists, doing to reduce malnutrition and hunger?

Answer. USAID has been working with the governments of Nicaragua, Guatemala, Honduras, and El Salvador to support nutritional surveillance efforts and address malnutrition.

- Nicaragua has achieved remarkable progress in key social sectors in recent years, including major reductions in infant and child mortality rates and chronic malnutrition. Many of these improvements are due to the significant influx of U.S. Government and other donor assistance following Hurricane Mitch in 1998, and the Government of Nicaragua's strong investment in the health sector. Given the country's dire economic situation and small economic base, however, the gains are unsustainable and the government's contribution to the social sector too small. Although USAID's support to nongovernmental organization efforts to prevent childhood malnutrition in high-risk areas has played a major role in reducing overall malnutrition to less than 10 percent for the first time ever, pockets of malnutrition have been identified. A donor-supported assessment by the Nicaraguan Ministry of Health found that among unemployed coffee workers' families, 45 percent of children under five years old suffer chronic malnutrition. USAID/Nicaragua is planning to continue to provide grants to private voluntary organizations and nongovernmental organizations to improve household nutrition practices.
- The Government of Guatemala continues to combat localized increases of acute child malnutrition, exacerbated by the effects of last year's drought and slump in the coffee sector. USAID has engaged the Guatemalan government to help it develop a plan to focus on the neediest areas, mobilizing its own resources and donor funding to implement the plan. USAID's Office of Food for Peace provided additional emergency resources to assist in this effort.
- The Government of Honduras created the Multisectoral Drought Committee (COMUS) composed of government, NGOs, and donor institutions, such as the Food and Agriculture Organization, USAID, and World Food Program, to monitor hunger-related issues. Focusing its efforts on 30 vulnerable, southeastern municipalities, COMUS promotes crop diversification and reforestation. The Honduran government's short-term goal is to ensure access to food with grains purchased from other Central American countries and donations. Over the medium term, the Honduran government plans to develop productive infrastructure for management of water, soil, and forest resources. In addition to encouraging food for work activities, the Honduran government is considering estab-

lishing reserves of corn and seed for planting. Donors, including USAID, are assisting the government to meet these objectives.

- In El Salvador, President Flores announced an $85 million plan (reprogramming and reorienting resources and investments) to assist jobless workers in coffee areas through construction of social and productive infrastructure. The program, which is being implemented by the Social Investment Fund for Local Development, will provide jobs to 23,000 families in 69 municipalities. Also the Government of El Salvadoran is making $100 million, based on a Taiwanese loan, available to producers for agricultural diversification. The El Salvadoran government has also begun an effort to assist coffee farmers to restructure old debts. For the 2002/2003 harvest, a credit line will be made available from private banks for farmers who are current with debt payments.

USAID is establishing a vulnerability management system for the Central America region, which will allow governments, NGOs, and donors to anticipate and mitigate severe fluctuations in crop yields and natural disasters. The system will serve as a decision-making tool for assignment of financial and technical resources to manage potential crises. It builds on USAID's Hurricane Mitch reconstruction experience as well as USAID's Famine Early Warning Systems Network in Africa.

Question. What attention does the President's budget give to alleviating poverty and malnutrition in Central America?

Answer. The FY 2004 request for USAID activities in Central America totals $226.4 million. Approximately $99.5 million (44 percent) is allotted for economic growth, trade, and agriculture and $49.9 million (22 percent) for child survival and health. In addition, $34.9 million in P.L. 480 Title II funds (16 percent) are allocated for humanitarian assistance, including commodities, for the poorest segments of the population in the region.

The CHAIRMAN. At this point I will call upon our second panel of distinguished witnesses. And they will include Ellen Levinson, Ken Hackett and Joachim Von Braun.

We welcome your testimony. Let me say at the outset that if you have prepared testimony, all of it will be published in the record in full, so you need not make that request, just understand that that will occur. If you would then summarize your testimony, that would be helpful and the Senators will then ask questions of you.

STATEMENT OF ELLEN S. LEVINSON, GOVERNMENT RELATIONS DIRECTOR, CADWALADER, WICKERSHAM AND TAFT

Ms. LEVINSON. Thank you, Mr. Chairman and thank you very much for holding this hearing. I think as we just heard about—I am Ellen Levinson. I am the Government Relations Director at the law firm called Cadwalader, Wickersham and Taft, but I also represent a group of non-profit organizations engaged in international food aid as well as development. They are development agencies, not food distribution agencies. So their focus is on integrated development programs including those that use food. I have—in fact, one of my colleagues is right here.

I am really glad that you are holding this hearing. When we heard just in the last panel this incredible focus on famine right now and on perhaps the looming crisis that we may be seeing in Iraq for food and for other assistance, I believe it is incredibly timely.

One of my biggest fears is that when we see these famines we become very distracted from the underlying question that you are asking here, how to eradicate hunger. It is not a question of chasing famines. It is not a question of just getting money for pre-famine, which I completely support, pre-famine preparation or, you know, addressing the famines head on. It is a much, much bigger

issue. And that is: What do you do about 800 million people who are hungry day in and day out?

I feel like it is very easy to forget that, because we get sidetracked. I was listening to the testimony today for example about the funding for food aid. Food aid is not an emergency program. And if you sat in this room today I think you would have the feeling that it is. It is not.

I mean the PL 480 Title II program and the Farm Bill, which you were very active in, have 75 percent of the commodities for development to address food security and the underlying causes of hunger. I know that Ethiopia may only be getting $4 million in agriculture development aid but it is getting millions more in development aid through food aid.

And 85 percent are a rural dependent in a country where it is $100 per day per capita—I mean, per year per capita income. When you have a company like that, you have got to get at the underlying causes. That is exactly what organizations are doing right now. So I do not want people to think that we are just responding to emergencies.

In food aid, for example, in Ethiopia, the focus is a multifaceted approach where they are developing agricultural productivity, improved seeds, harvest, post-harvest technology, where they are working in also diversifying income because if it is famine-prone and you are a subsistence farmer, it is wise to have other sources of income.

One of the areas of the problem, of course, is the coffee growers. Those are the export crops. They are suffering, too, right now. Their production is down 20 to 30 percent. They are not the staples that are eaten, the maize and the sorghum, but that is a separate issue which is not being dealt with necessarily directly through food aid.

Also, the mother and child health care situation, you look to the most vulnerable groups in the community to also help them, and these are all going on right now, immunization programs, training, prevention programs, health and sanitation, hygiene training, all of that is being done through partially monetized food aid and some distributed food aid conducted by about five U.S. non-profit organizations under Title II.

So I do not want us to lose that. Now, what I also heard is that the funding levels Senator Sarbanes was mentioning, funding levels for Fiscal Year 2003 right now, because of the famine in Africa, not just the regular refuge problems and ongoing hunger has faced 200 million people, not just that, but looking more at the famines, there is a great diversion of resources right now away from development programs in Africa, Central America—Central America, they are disaster-prone as well, Nicaragua.

There are good development programs going on with food aid, Bolivia as well. Wherever a country is food insecure, meaning it does not have access to enough food to provide for a healthy population, where it is reliant on imports of food and it is poor, food aid is an appropriate intervention. We are using food aid in Central America and Bangladesh and other parts of Asia. We are using it in Africa for development. So what was not said today is that those programs are—up to $270 million, in fact, of those programs are

threatened because of inadequate budgets or systems to provide the food that are needed for emergencies.

So I wanted to get that across. As far as eradicating hunger, we have so many great things that we are doing, I just want to say that there are some wonderful programs that exist, but it is a bigger issue than just agriculture, health, education and food assistance programs. There is a need for an integrated approach to get underneath it.

First of all, you need an enabling environment, which I really believe that Senator Sununu was getting at, the enabling environment at the government level. I believe that a good approach to that would be in the poverty reduction strategy papers that are developed along with the World Bank and other donors. Those should clearly address food security so it is an integrated approach within the government of a country that is food insecure to deal with those issues and that the donor funds that are coming in are coordinated because the kinds of programs that I described that PVOs are doing are critical. It is—they are organizing with thousands of people, thousands of local NGOs, building local capacity, but you need to have the enabling environment.

When we talk about internal transportation in Ethiopia lacking from the south to the east so that you cannot take the surplus crops there, what is that all about? That is not something that food aid, monetization can do, or even our AG assistance. That is going to be something for an infrastructure at a larger level. Reforming the economic reforms needed, that is a larger level. Those are things that are needed through an enabling environment and I believe you need a coordinated approach. And it should not be something added on to what already exists, but rather I suggest improving that within the PRSP process.

As far as an enabling international environment, there are issues very important there. Right now, we have the, you know, WTO DOHA Trade Round negotiations going on. They are threatening to eliminate in kind food aid for non-emergency programs. Now, that has been a major way we are providing $1 billion more every year in those types of programs. What happens if we all of the sudden here in the United States take them away, our in kind food aid for non-emergency programs? That would be a terrific danger. We need to be careful about that. The food aid convention is an international multilateral agreement on food aid, defining the terms and conditions to provide food aid to the food insecure through governments, through multi-lateral organizations such as the World Food Program and through non-profit organizations. That is a very good mechanism for coordinating food aid as far as commitments and as far as the terms of bona fide food aid.

I believe the trade organization should stay out of it and really allow what exists to continue. Currently, under the Uruguay trade round, we did allow the food aid convention to control bona fide food aid and exempted it from any export subsidy limitations in the agricultural agreement.

So I think—yes, I am just mentioning some of these issues and I think that when we get down to the issues that I believe that you will hear from IFPRE, which I also agree are important, the agriculture development environment, taking use—making use of inter-

national research institutes, universities, expertise in private sector, which we really have not mentioned today, that first of all requires the enabling environment for private sector to invest, but those entities coordinated with all of these other forms of assistance are going to be critical to improving the food security in the developing world.

So I would hope that we would refocus back on the underlying causes and as far as famine, Mr. Natsios said something very important. He mentioned that he is looking for cash, which is important of course, for flexibility, but also he mentioned that there is the Bill Emerson Humanitarian trust which is a reserve of food aid.

The problem with it is there is no way to automatically replenish that trust. When you draw down commodities, it cannot be replenished readily if the Commodity Credit Corporation is not holding surpluses. If the Commodity Credit Corporation holds surplus commodities, you can refill it, not with non-fat dry milk. Sorry, Senator Feingold. You cannot use non-fat dry milk there. It is too perishable, but with grains and rice.

So you cannot refill it right now, because we do not have anything held in CCC inventory. Therefore, it is requiring appropriations to refill it and that is a problem. So we need to look at that and come up with a smart and reasonable method so we do not sit here waiting for supplemental appropriations. Yes, we have provided half of the food aid traditionally.

I hate to differ with Mr. Natsios, in the 1980s we have, for emergencies, not just in the past few years where we exceeded 50 percent, and when we come up to the plate early, we can help the world food program in its appeal to get more for famines, which is a very important role of the World Food Program, which is to do the assessments and the appeals worldwide, but we need to be up there and ready and I think that our leadership will help to make other countries ready as well. Thank you.

The CHAIRMAN. Thank you very much, Ms. Levinson.

[The prepared statement of Ms. Levinson follows:]

PREPARED STATEMENT OF ELLEN S. LEVINSON

Mr. Chairman, I appreciate this opportunity to testify before the Senate Committee on Foreign Relations regarding the status of and effective response to world hunger. I am Government Relations Director at the firm Cadwalader, Wickersham & Taft and also serve as Executive Director of the Coalition for Food Aid, which is comprised of 14 U.S. private voluntary organizations and cooperatives (jointly called "PVOs") that conduct international food assistance programs. [1]

Eradicating hunger is the oft-stated goal of international and American policies, from the U.S. declaration upon the establishment of the Food for Peace program in 1954 to the World Food Summit goal of reducing the number of hungry people from 800 million in 1996 to 400 million by 2010. Achieving this laudable goal, however, has been elusive. At current rates, according to the Food and Agricultural Organization (FAO), it looks like the number of hungry people will not fall much below 700 million by 2010. The USDA Economic Research Service (ERS) "Food Security Assessment" (March 2002) reports that food access remains a common problem among

[1] The Coalition for Food Aid was established in 1985 and its members are: Adventist Development & Relief Agency International, ACDI/VOCA, AfriCare, American Red Cross, CARE, Catholic Relief Services, Counterpart International, Food for the Hungry International, International Orthodox Christian Charities, International Relief & Development, Mercy Corps, OIC International, Save the Children and World Vision.

the lower income populations in poor countries. ERS found a shortfall of 18 MMT of commodities to meet nutritional requirements in 67 low-income countries in 2001.

What are the causes of and impediments to eradicating hunger? What is being done? What more can be done? What is the role of the Untied States in this worldwide effort?

This testimony responds to these questions, considering both acute and chronic hunger. Acute hunger is associated with a severe food shortages due to emergencies and could lead to death from starvation or hunger-related illness if not immediately addressed. Chronic hunger is associated with insufficient amounts of the right mix of foods to meet nutritional needs over an extended period of time, which leads to stunted growth and development, greater susceptibility to disease, poor productivity and higher rates of mortality.

CHRONIC HUNGER

What are the causes of chronic hunger?

Chronic hunger has many causes and manifestations, but is most often associated with poverty and lack of empowerment. In developing countries, where poverty is endemic, employment opportunities are lacking, governments are unable to provide basic health and education services or sanitation and clean water due to low revenues and high debt burdens, agricultural productivity is often low, banking and marketing systems are usually weak and underperforming, and many people struggle just to meet their basic needs. At the individual and household level, insufficient incomes and/or dependence on subsistence farming are important factors.

The opposite of hunger is food security—the ability to access through production and/or purchase adequate amounts of the right mix of foods for a healthy life. To develop a plan for achieving food security, first, the underlying causes of hunger in a particular situation must be analyzed and then interventions can be developed to remedy the problems. Multiple activities are often needed to have an impact.

For example, Ethiopia has an average per capita GNP of $100/year, average life expectancy of 45 years, and under-five mortality rates of 175 per 1000. The economy is based on agriculture, which employs 85 percent of the workforce and provides 80 percent of export earnings. The main export crop is coffee, which is subject to price volatility. There is high population density and lands are being degraded due to overgrazing and deforestation. Adding to agricultural vulnerability, the county is subject to periodic drought and has very poor infrastructure. Therefore, in Ethiopia improving incomes and agricultural productivity and the health of women, infants and children are main focuses of PVO developmental food aid programs. The activities include agricultural extension for improved farming practices, diversification of incomes for subsistence farmers, food-for-work to build primary infrastructure and for land conservation, reproductive health, and children's health care and growth monitoring.

Bangladesh is also a densely populated, low-income and disaster-prone country with a rural-based economy. The PVO integrated food security programs, largely using food aid resources, target high-risk urban and rural communities, such as flood-prone areas and urban slums. Projects include flood proofing, health and sanitation training, increasing the capacity of local organizations for microenterprise, and farmer training. They also provide disaster management and rural maintenance programs.

What is being done to eradicate chronic hunger and what more can be done?

At the World Food Summit, each country was called upon to develop a Plan of Action to promote food security, with benchmarks leading to 2010. It is not clear that this process is working. However, the United States and international community have many programs that can contribute to eradicating chronic hunger.

Under the PL 480 Title II program, 1,875,000 metric tons of food aid is targeted for non emergency programs that reduce hunger and its causes. The Administration has asked to straight line this program at $1.185 billion in FY 2004, but $1.4 billion would allow a wider variety of processed and high-valued products to be purchased. This increase is also needed to help offset the loss of commodities provided under the Section 416 surplus program, which was providing on average $600 million per year for food aid from FY 1999 through 2002 and is now providing about $100 million.

The USDA-run Food for Progress program provided food aid grants to assist private sector agricultural development in countries that are making reforms in their agricultural economies and is providing about $150 million in assistance each fiscal year. The Administration's budget requested $50 million to continue the McGovern-Dole International Food for Education Program in FY 2004, which has the purpose

of increasing school attendance and improving food security. The PL 480 Title I program provides loans to lower-income countries for the purchase of food commodities from the United States on highly concessional terms and appropriations for that program is straight lined in the President's budget request for FY 2004.

Many development assistance programs, such as child survival, HP//AID, other health projects, agriculture and education can contribute to food security. International institutions, such as the World Bank, international agriculture research centers and several United Nations agencies (such as IFAD, FAQ and UNICEF) also cover aspects of food security. Private companies, universities and other research centers can contribute technology and know-how to improve seed quality, cultivation techniques, post harvest storage, product quality and marketing.

Below are some suggested ways to improve the targeting and effectiveness of efforts to eradicate chronic hunger.

1. Integrated programs demonstrate success.

As the Ethiopia and Bangladesh examples above show, it may take several different types of interventions over a period of time to address chronic hunger. The emphasis on integrated development programs for food security rather than food for distribution is an important step forward in food aid programming and should be continued.

Since 1995, programs under the PL 480 Title II have evolved from a focus on food distribution and public works to activities with a primary focus on sustainable development, and they have been successful. Agricultural and mother-child health programs have been integrated with complementary activities such as technical assistance and training, largely funded by monetization. Yields were increased, storage losses were reduced, household provisioning was improved, and nutritional status of children was improved. (FANTA Report of the Food Aid and Food Security Assessment, March 2002) Besides using monetization to enhance support improved programming, the process of monetization itself can stimulate wider participation of traders in the market of the recipient country, thereby strengthening the free market system.

Besides agricultural and mother-child health programs, integrated approaches to address a variety of other impediments to food security should get attention. In some cases food aid alone could be used or development assistant funds alone can be used, or they could be blended.

For example, community food security is challenged when there is a high prevalence of HIV/AIDS. When a person's immune system is compromised, it is important to maintain a nutritious diet. However, this is often difficult to provide in poor communities. In addition, when breadwinners are ill, children may have to forego schooling to work or care for younger siblings. Medical expenses drain funds away from food and other basic needs. Carrying for orphaned children creates a financial burden on relatives or others in the community. A downward economic and social spiral is often the result. The President's announcement of the HIV/AIDS initiative is welcome. These efforts should include best practices in prevention and care, enable families to provide nutritious foods for relatives living with the disease, and ensure the nutritional, educational and financial needs of orphans and affected community members are met.

2. Make multi-year commitments to address the underlying problems.

In poor areas, eradicating hunger is a long-term process. A presence at the community level must be maintained during the duration of the program in order to assure it is properly implemented, to troubleshoot, to make needed modifications, and to monitor. USAID recognizes this and develops multi-year programs with most of its partners. For PL 480 Title II, five years is the norm, although longer is often needed to build local capacity and to tackle other aspects of food insecurity. Even when there is a multi-year agreement, the U.S. Government can be inconsistent in resource allocations because political and policy priorities change. Agreements with partners should be kept on track, except if there is a serious problem during an evaluation or appropriations are discontinued. Interruptions in agreed-upon projects harm the credibility of the PVO that is the implementing partner, require the laying off of local staff, and set back progress towards results.

The purpose of the PL 480 program is to use U.S. food aid to promote food security in the developing world and under Title II an explicit objective is to alleviate hunger and its causes. The law calls for 1,875,000 MT of Title II commodities to be used for non-emergency purposes so multi-year interventions to address chronic hunger can be implemented. These programs that are specifically designed to promote food security should be allowed to run their course.

However, there seems to be pressure within the Administration to move away from integrated development to relief operations under Title II. This was most noticeable this year when PVOs were told that many of their non-emergency programs would be cut in order to divert funds to emergency needs. This sets a troublesome new precedent since emergencies are usually supplied through supplemental appropriations, surplus commodities or commodities from the Bill Emerson Humanitarian Trust.

3. Develop local partnerships through PVOs to address impediments to food security.

Designing solutions that can take root requires consultation and implementation with local institutions and community groups. Agreements with PVOs foster effective community participation and should be encouraged for food security interventions. PVOs are effective in working with poor communities, provide accountability for resources and are also cost effective partners for development. The Foreign Assistance Act of 1961 recognizes the importance of both PVOs and indigenous organizations and PL 480 Title II explicitly calls on PVOs to work with indigenous organizations. By working with and through local administrators and community groups, they also help the process of decentralizing decision-making. PVOs cooperate directly with the hungry and the poor and develop approaches from the perspective of people involved. They represent the goodwill of the American people in their work abroad.

4. Create an enabling environment at the national government level.

Donors need to provide incentives for low-income, net food-importing countries and countries where subsistence farming is prevalent to create an environment conducive to the eradication of hunger. Poor countries that receive World Bank funding develop Poverty Reduction Strategy Papers (PRSPs) in consultation with donors, nongovernmental organizations, private entities, and local administrators. Addressing food security should be integrated into the PRSP process. This would provide a strategic plan within a country for addressing the multi-faceted aspects of hunger.

The country government, with the support of multilateral and bilateral donors, should take responsibility for large-scale projects needed to support food security, such as opening markets and creating laws that protect investments; developing the water, sanitation, and transportation infrastructure; and sustainable financing of education and health systems. Similarly, as intended in the President's Millennium Challenge Account proposal, governments should be given incentives and support to implement the rule of law, to exercise transparency in government transactions, to invest in the health and education of their populations and to support economic freedom and an environment conducive for private sector development.

5. Enabling multilateral agreements are needed.

The food Aid Convention is the intergovernmental mechanism for defining food aid and for donors to make commitments to provide minimum levels of food aid grants. It allows donor counties to enter into agreements with nongovernmental organizations, governments and multilateral organizations for both emergency and non-emergency purposes. The objectives of the FAC are to contribute to world food security by making appropriate levels of food aid available on a predictable basis and to provide a framework for coordination among member counties, as well as a reporting mechanism to track food aid donations.

Article 10.4 of the Agreement on Agriculture recognizes that countries with agricultural bounty may provide food aid to less developed, net food-importing countries under terms that do not interfere with commercial trade but are flexible to meet the different types of programming needs in each country. Food aid is exempt from limitations placed on subsidized agricultural exports if the terms under which it is provided meet the requirements of the FAC. Article 10.4 should not be changed. The current draft Doha Round language ("Harbinson Draft"), which is being discussed at the WTO Special Session on Agriculture in Geneva this week (February 25, 2003), must be rejected. It would severely limit in-kind food donations and would end all non-emergency food aid through governments and nongovernmental organizations, such as PVOs.

ACUTE HUNGER

What are the causes of acute hunger?

Natural disasters and conflicts continue to impede progress towards food security. They compound the suffering of the poor, erase the economic progress made by struggling, developing countries and thrust millions of low-income, and even middle-income, families into poverty. Droughts, floods, pestilence, and other natural disas-

ters reduce or destroy agricultural production and livestock, inhibit imports and internal trade of commodities, and result in inflated prices.

If natural disasters occur in the United States, there are governmental and nongovernmental emergency mechanisms in place to respond with assistance rapidly, which saves lives, prevents the spread of disease and restores normal living conditions more quickly. If natural disasters occur in a poor, less developed country, where infrastructure is lacking and many people are already vulnerable because they live in poverty and often do not have adequate diets on a regular basis, the result is a sharp increase in deaths due to starvation or hunger-related diseases and long-term setbacks to the economy and development.

Ethiopia is a current example. Poor, lacking in infrastructure and dependent on rainfed agriculture, the country was hard hit in 2002 when both the minor rains (March–April) and major rains (June–September) were insufficient. Yields of maize and sorghum were reduced by 45 percent and 34 percent, respectively. The cereals deficit is 2.489 MMT (FEWS NET) for 2003. An emergency has been declared and there are 11.3 million at immediate risk and another 3 million are considered vulnerable.

Livestock are dying, cereal shortages have led to inflated food prices, purchasing power of the poor has decreased, people are selling their assets (livestock, equipment, personal goods), people are migrating to seek fodder and water for livestock, and the number of homeless people in cities is increasing. In the hard hit areas, acute malnutrition among children under 5 is 15 percent and death from starvation and hunger-related diseases is increasing. In some areas food aid is the only source of food available.

What is being done to eradicate acute hunger and what more can be done?

In cases of emergency in poor, developing countries, outside intervention is needed for both the emergency and recovery phases, and international response must be rapid to limit morbidity and mortality. Besides food aid, investments in potable water, health care and agriculture, such as fertilizer, seeds and tools, are often required. With the prevalence of HIV/AIDS in disaster-prone areas. There is greater susceptibility to weakness and disease when there are food shortages. This makes the need for quick response more urgent and also means that the special needs of such groups must be taken into account when developing the food rations and recovery plans.

Below are steps to limit the impact of emergencies and to prevent acute hunger in poor countries.

1. Prevention and early warning systems.

Early warning systems track weather, price and commodity availability, and other conditions that could indicate potential food shortages. The purpose is to identify early signs of stress in poor and vulnerable communities before food shortages lead to declining health, sales of assets and migration. USAID's FEWS NET serves this purpose in parts of Africa and the UN FAO also has a mechanism for early warning. When possible, these findings should be linked more closely with prevention activities, including activities by PVOs under PL 480 Title II, to address chronic hunger. In the case of political instability and war, it is very difficult to help people in their communities and often preparations are made to intervene after the conflict and/or through displaced persons and refugee camps.

2. Assessment of the extent of the food crisis.

When there are signs of a food crisis, an on-ground assessment is used to identify the number people at risk, those population groups that are particularly vulnerable and estimated food shortages. These assessments are conducted by teams from governments, intergovernmental organizations, such as the UN World Food Program (WFP), UNICEF and FAO, and PVOs. Sometimes these assessment teams wait until there are significant events, such as the beginning of harvest, to conduct their field studies. Even if a complete assessment is not completed, plans should be made to provide food and other assistance when there are early signs of problems, such as failed rains during the growing season, that are confirmed by local observations of PVOs or others working in the field.

3. Relief-recovery project development and implementation through PVOs.

PVOs coordinate with communities (a) to identify the interventions that are needed immediately, such as they types of food, who should receive commodities and the best ways to deliver goods and services; (b) to identify the interventions for recovery, such as seeds, tools and fertilizer; and (c) to implement and monitor programs. Recently, USAID has recognized the importance of linking recovery directly with emergency relief and has approved a PV0 consortium program ("C-SAFE") for the south-

ern African emergency that will accomplish this goal. However, it took months to work out that agreement, and it is taking a long time to develop similar programs for Ethiopia. Such relief-recovery agreements with PVOs demonstrate a new approach to restore health and productivity when there is acute hunger and are good models for the future.

4. Early response by donor countries.

To fulfill the needs identified by assessments mechanisms must be in place in donor countries to allow the timely allocation of resources. International appeals for emergencies should encourage broad donor participation, but the United States, because of its agricultural bounty and traditional commitment to hunger relief, should continue to provide one-half of needed commodities for an emergency. However, the USG needs to develop a revolving food aid reserve/fund for early response to urgent humanitarian needs. The lack of such a mechanism is a significant impediment to rapid recovery and also endangers efforts to use food aid to promote development and to overcome the causes of hunger.

Some funds under PL 480 Title II are available for emergencies, but these are insufficient and were not intended to provide for large emergency needs. In the case of the 1984–85 Ethiopian famine, the Afghanistan emergency and the Yugoslav war, supplemental appropriations were provided. In other years, surplus USDA Section 416 commodities were available for emergencies. Four times since its inception, commodities from the USDA emergency reserve, called the "Bill Emerson Humanitarian Trust," were used for urgent humanitarian needs. However, the value of the commodities released from the Trust must be repaid to CCC in subsequent years with PL 480 funds. Further, the Trust must be replenished through appropriations since CCC does not hold inventories of grains, rice or oilseeds that can be used to replenish the Trust. (See Attachment A for a description of the Trust.)

This year is a prime example of a time when emergency funds for food aid are greatly needed. The funds needed to buy and to deliver one-half of the food needed for current emergencies in eastern and southern Africa would require $600 million above the funding request provided in the Administration's FY 2003 budget request for PL 480 Title II. (See Attachment B.) Instead of seeking these extra funds from Congress, has decided to provide only ⅓ of the food needed for these emergencies rather than the traditional ½ Further, it will limit funds for other emergencies, such as Uganda and Angola, and is diverting up to $270 million in funds from previously-approved PV0 programs in such countries as Bolivia, Guatemala, Peru, Ghana, Mozanbique, Bangladesh, Malawi and parts of Ethiopia where the drought is not severe but there is chronic food insecurity.

Cutting these programs is against the intent of the law, which calls for 75 percent of Title II commodities to be used for non-emergency programs in order to tackle the issues causing chronic hunger. As our nation faces potential war with Iraq and seeks cooperation in the war against terrorism, it is important for the United States continue to show our compassion towards needy people in poor countries. Without additional funding, millions of people will be eliminated from other food aid programs across the world and the U.S. will reduce its level of assistance for emergencies. This comes at a time when prices for most commodities have increased by 20–60 percent over the past several months.

For the current food crises in eastern and southern Africa, additional FY 2003 appropriations are needed. May I express great appreciation that Senator Bill Nelson offered and the Senate approved an amendment to the FY 2003 Omnibus Appropriations Bill to provide $500 million in additional emergency funds through PL 480 Title II. In Conference Committee this level was cut to $250 million, which is insufficient to meet the emergency needs or to avoid cutbacks in other PL 480 programs. The immediate remedy is to provide the remaining funds in the supplemental appropriations bill and to use 500,000 MT of wheat from the Trust. However, action is needed as soon as possible because it takes about four months to buy commodities and to ship them. Additional funds may also be needed to meet the new commitment of food aid to North Korea; and if there is war in Iraq, significant additional food aid will be needed.

The long-term remedy for timely and adequate interventions in times of emergency and to address acute hunger is two-fold. First, a revolving fund for food aid emergencies should be created, using the Bill Emerson Humanitarian Trust Act as the starting point. Pre-positioning of commodities in strategic locations could be used in conjunction with the revolving fund to enhance the ability to respond quickly. Second, the President's proposal to create a Famine Fund under the disaster assistance authority of section 491 of the Foreign Assistance Act of 1961 should be considered, although more specific authorizing language may be needed and funds should not be taken away from disaster assistance to fund this program. In FY

2004, the President has proposed $200 million in appropriations for the Fund, which it seems could provide food and non-food assistance. It would be managed by USAID under the policy direction of State Department, subject to Presidential approval, with the purpose of addressing the root causes of famine and to respond to famines that cannot be prevented.

Mr. Chairman, thank you for the opportunity to testify. I would be pleased to answer questions you or the committee may have.

ATTACHMENT A.—BILL EMERSON HUMANITARIAN TRUST

The Trust started in 1980 as the Food Security Wheat Reserve. It is managed the CCC. It can hold a maximum of 4 MMT of a mix of commodities: wheat, corn, rice and sorghum. When commodities are released they may be processed or fortified or exchanged for other commodities, including powdered milk, vegetable oil, peas, beans and lentils.

The Trust provides food aid overseas as a back-up to P.L 480 when (1) U.S. commodity supplies are tight or (2) there is an urgent humanitarian need and P.L. 480 funds for the year have been allocated. P.L. 480 funds are used to reimburse CCC for the value of commodities released, either in the same year when the commodities are released or, when used for unanticipated need, in subsequent fiscal years.

There are three ways to replenish the Trust: (1) surplus commodities acquired by CCC may be deposited into the Trust, (2) Congress may specially appropriate funds for the Trust, and (3) in each fiscal year through 2007, $20 million of the P.L. 480 funds that are used to reimburse CCC for the value of commodities released from the Trust will be available to purchase additional commodities to replenish the Trust.

The Trust is supposed to be used, as follows:

1. "Short Supply." Up to 4 MMT can be made available for use in P.L. 480 programs in any fiscal year when domestic grain supplies are so limited that the Secretary of Agriculture determines that such grains cannot be purchased on the market for P.L. 480 programs, except for Title II humanitarian programs. Thus, in times of domestic short supply commodities can be purchased from the Trust for P.L. 480 programs, so these programs do not have to be disrupted. This is primarily how the Trust has been used over the past 22 years.

2. "Unanticipated Need." When an emergency occurs, but P.L. 480 Title II funds for emergencies for the fiscal year have already been allocated, up to 500,000 MT of commodities can be released from the Trust for the emergency. If the full 500,000 MT is not used, the remaining amount can be carried over for use (if needed) in the next fiscal year. CCC (not P.L. 480) covers the transportation and inland distribution costs. The Trust has only been used three times for this purpose.

Unanticipated African Emergencies Minimum FY 2003 Funding Shortfall Using $600/MT [1]

	Southern Africa[2] (Thru 3/03)	Eastern Africa[3] (Thru 9/03)	Totals
Number of People at Risk	14.4 million	15.5 million	29.9 million
Number of Metric Tons Needed to Meet Shortfall	1,000,000	2,500,000	3,500,000
Minimum Cost of Buying and Delivering Commodities	$600,000,000	$1,050,000,000	$2,100,000,000
50 Percent of Cost (U.S. Share)	$300,000,000	$750,000,000	1,050,000,000
Amount Already Committed by U.S.	$265,904,000	$185,400,000	$451,304,000
FY 2003 Funding Shortfall	$34,096,000	$564,600,000	$598,696,000

[1] This is a minimum estimate that assumes $600/MT, which is approximately the amount needed to deliver one metric ton of a mix of grains, vegetable oil and beans, pulses and fortified products that are considered essential components of the food basket when emergencies occur.

[2] Zimbabwe, Malawi, Zambia, Lesotho, Swaziland and Mozambique. Estimated needs are through March 2003 from USAID FEWS NET reports, although recent assessments indicate that food aid will continue to be needed at least through June 2003. Amount already committed by U.S. from January 24, 2003 USAID/OFDA Fact Sheet.

[3] Ethiopia and Eritrea. Number of people at risk and cereal and pulses shortfall from January 2000 USAID FEWS NET reports. Amount already committed by U.S. from January 30, 2003 from USAID/OFDA Fact Sheets, showing 358,200 MT fro Ethiopia and 30,600 MT for Eritrea. Administrator Natsios recently stated that an additional 150,000 MT will be made available for Ethiopia.

The CHAIRMAN. Mr. Hackett.

STATEMENT OF KEN HACKETT, EXECUTIVE DIRECTOR, CATHOLIC RELIEF SERVICES

Mr. HACKETT. Thank you very much, Senator. It is a real pleasure. I want to thank you particularly for raising the attention level to this most pressing issue in our world. Many of us, and I am representing here today a group of about 15 American private voluntarily organizations, CARE, Adventists, Lutherans, et cetera, who are working on the issues of hunger and food security and we are so pleased that you have brought this issue forward.

The causal factors of hunger in our world, I think have been pretty well laid-out. We see in our community maybe three that have already been explained. First, the whole question of governance, bad governance and the failure of governments to be accountable to their people. The instances of that have been reiterated by Jim Morris and Andrew Natsios. War and civil unrest, what we are seeing in the Ivory Cost, what we are seeing in Liberia right now as well as Gaza and the Holy Land tells us that people are terribly hungry and food secure when there is war and civil unrest. And I do not think I need to go into any detail about the dramatic impact of HIV/AIDS on hunger and the world.

Let me focus on one particular role for the American private voluntary organizations and faith-based organizations around the world and our constituents as it relates to this question of helping governments to be accountable to their own people, because we see that element as being critical to forestalling famine and food insecurity.

I think what Senator Sununu was getting at is something most important, that when governments are not accountable to their people or are blatantly corrupt or exhibit continuing patterns of decisions that are harmful to their population, we see hunger. We see famine. We see civil unrest.

Rooted in the American character, I think, is the belief that free people, organized into civil society with resources that sometimes come from their government can provide for the well-being of society. We have a very rich tapestry of American private voluntary and faith-based organizations and they are spread throughout the world carrying out the wishes of their constituents and relating to constituents in other countries.

Faced with governance problems around the world, our nations unique contribution is to preferentially support the development of a civil society where it is nascent or weak in countries that we operate.

Our solution to a range of development programs, problems including hunger should be to support private, civil society responses to these issues to engage people to trying to get an accountability from their own governments.

American private voluntary organizations and the food aid programs they implement are not just some sort of abstract expression

of American identity. The PVOs and their staff represent the commitment and the image of the American people and contribute in my opinion to a very positive perception about the United States and Americans.

As a community, just of our 15, we probably have 2,000, maybe close to 3,000 Americans working for us in countries around the world. They are in a way ambassadors. They represent different faiths, different ethnicities, different political persuasions, but they are Americans and they exhibit the values that we as Americans hold dear.

Our official government to government programs and our multilateral assistance, I think what Andrew was saying about the World Food program, we have seen some real improvement. Jim Morrison, Andrew came up to Baltimore in early December to talk about new ways of doing things together with the American private voluntary organization, new partnerships so that there is some positive things there.

But merely our American official response, our bi-lateral assistance or our multi-lateral assistance is in our opinion not complete. We have got to have opportunities where people relate to people. That is where organizations such as the Catholic Relief Services, Save the Children, UNICOR deal, deal at the level of the community where we are relating on a people-to-people basis trying to overcome problems and trying to support the capacity of local organizations, be they at the small village arrangement or the district arrangement or at the national level to bring about a higher standard of accountability from their own government.

Let me just mention the wonderful work that you did, Senator, to bring about the changes in the Farm Bill and a new framework that allowed the PVO communities to realize better potential in managing food aid programs around the world. We are just at the beginning. The reforms that were placed in the Farm Bill must be given a chance to work. We are working very closely with Food for Peace and we appreciate their efforts to streamline the procedures, the cumbersome bureaucracy that has been associated with it and they have asked and we have participated actively with them in trying to work these things out, but it needs to be continued.

Meanwhile, we and other PVOs have develop comprehensive long-term food security initiatives. Andrew talks about the fact that in AID there is very few agronomists now. I know for Catholic Relief Services, we have about a dozen PhD's spotted around the world dealing with agricultural security issues and agricultural production issues. The same is true with CARE, the Mennonites and others.

We need to make further progress on dealing with the question of hunger. That is quite obvious. Ellen mentioned the WTO draft agreement for agricultural trade for the DOHA round negotiation, which would include a proposal on food aid that would eliminate monetization, which as you know, Senator, has been a primary and very effective tool for the American Private Voluntary Community to engage in programs that will deal long terms in food security.

Other foreign aid and foreign policy issues—and we are so happy to hear that you are going to be holding hearings on the Millennium Challenge account, the efforts such as the Africa Growth and

Opportunity Act and some of the free trade initiatives in the America can be tools to effect a more positive behaviors on behalf of world governments.

But I go back to my original point. First and foremost, we have to recognize that we should be supporting strong and engaged civil society as the most effective way to pressure their own government to be more accountable and transparent in their efforts. I thank you very much for this opportunity, Senator.

The CHAIRMAN. Thank you very much, Mr. Hackett. [The prepared statement of Mr. Hackett follows:]

PREPARED STATEMENT OF KEN HACKETT

I. Introduction

Mr. Chairman: I thank you for calling this hearing on global hunger. No issue more justly cries out for U.S. leadership: we must end hunger to advance human dignity and to remove a major source of unrest in the world.

I am Ken Hackett, Executive Director of Catholic Relief Services (CRS), a private voluntary organization (PVO) with programs on 5 continents and in 92 countries, where we are actively addressing famines and promoting food security. The problem of hunger is age-old; the President's vision of government support for faith-based and private efforts to provide accountable solutions, though, has never been more possible. We can build a world rooted in social justice and in which no one goes to bed hungry and in which every nation enjoys the protection of food security.

II. State of Hunger in the World

Yet around the world, food insecurity continues. For example, in Sub-Saharan Africa, the food-insecure population doubled during the same period (IFPRI, 2001). Right now, more than 30 million Africans face the risk of starvation—with about equal proportions in the Horn of Africa and southern Africa.

I will leave to others to elaborate all the complex root causes of food insecurity and hunger. However, CRS field experience points to several current trends around the world:

1. *Bad and Unaccountable Governance:* Zimbabwe and Haiti are two prime examples where one can attribute the food insecurity and hunger of large portions of the population to government practice and policies that are neither accountable to their citizenry nor beneficial in alleviating the poverty and misery of the people.

2. *War and Civil Unrest:* Instances today in Ivory Coast and Liberia, and most regrettably in Gaza and the Holy land, show us that fighting and civil disturbance takes its toll most immediately on the young, the old and those who are made vulnerable in the hostilities.

3. The *Pandemic of HIV/AIDS* is having an increasingly negative impact on farmers' ability to expend energy in farming. The death of adult breadwinners and the debilitating impact of the disease on those stricken with it, mean that fewer hectares are cultivated less intensively. Even more troublesome is the specter of hundreds of thousands of orphans who will not have the training or motivation to farm in the future.

Obviously there are other factors such as poverty (aggravated by drought), overstressed agricultural systems (due to drought, poor land management, and lack of proper investment), world trade practices, and others. The three causes initially mentioned are to our mind the most critical and ones that can and should be addressed in our foreign and food aid, in our diplomatic efforts and though the fullest range of American representation abroad. American PVOs are best positioned to do so.

III. Constraints to an Effective Response

Improving food security and alleviating hunger require a long-term commitment to communities and families. Inadequate resources, administrative delays, and the lack of a comprehensive, long-term development strategy have hindered our nation's response to global hunger.

CRS appreciates the Administration's commitment to provide additional funds for development through the Millennium Challenge Account. Reversing the long-term

decline in foreign assistance levels is a credit to the Administration's understanding of the links between poverty and hunger and our nation's security in the post 9/11 world. These funds must not displace other regular development accounts that are meeting critical needs, though, or our commitment to do more will be hollow and our rhetoric cynical.

The MCA also must be complemented by a strong commitment to expanding developmental and emergency food aid programs. The Farm Bill created the framework for a U.S. food aid program that meets U.S. interests and also provides for the needs of hungry people. The program Congress enacted relies on needs-based programs such as an expanded Title II program, Food for Progress, and a small International Food for Education program. The approach cut supply-driven surplus food aid programs, such as 416(b), and increased demand driven food aid in order to allow for a sufficient and predictable source of food for rational programming.

While the FY 2003 budget increased Title II, it did not do so at a level commensurate with the loss of surplus food aid resources. The Administration had also proposed to prohibit PVO access to Food for Progress. Only in the final Omnibus spending bill did an amendment mandate PVO access to this valuable resource and ensure that the authorized level of 400,000 metric tons would be fully utilized. I want to thank the Chairman and other Members of the Committee for their leadership and support on these issues.

The hunger crisis in Africa has further aggravated the funding crisis. Right now, total global needs greatly exceed the resources available. CRS and other PVOs applaud the bipartisan effort in the Senate to add $500 million in emergency food aid for Africa. We eventually got $250 million in the FY 2003 Omnibus spending bill and must immediately press to get the other $250 million. Without further supplemental aid, a New Jersey-sized population faces starvation.

Globally, USAID is being forced to cut food aid development programs in order to provide emergency food aid. Already, critical CRS developmental food aid programs are being cut or delayed because of resource shortfalls. We have been told that programs in Haiti, Malawi, Ghana, and Central America will not be funded as planned and approved or will be significantly delayed. In Nicaragua, for example, where drought and decline in coffee prices have hurt food security, CRS was asked to integrate 5,000 coffee farmers into our program without additional resources; Title II programs were then reduced mid-year. Cutting these programs only contributes to future famine.

In FY 2004, we believe that a baseline of $1.4 billion in regular Title II food aid appropriations is needed. We must fully fund the needs-based programs in order to compensate for the loss of surplus commodity programs, as envisioned by the Farm Bill.

I know many of you share my concern about the long-term resources for food aid and foreign aid. The prospect of massive tax cuts, war with Iraq, increases in other military spending, and homeland security requirements may drain the budget, regardless of one's views on these issues. Our staff around the world are concerned about how we as a nation are being perceived. Direct anti-terrorism efforts must be accompanied by a vigorous, expansive anti-hunger, anti-poverty campaign that expresses our best motivations.

Administrative delays have also hampered our global hunger response. In Southern Africa, CRS, World Vision, and CARE developed an innovative response called C-SAFE that took 3–4 months to be approved. Millions of people had to wait for critically needed assistance. Meanwhile, another large CRS response for the Horn of Africa was delayed, waiting for approval of the C-SAFE proposal. We understand that staffing gaps in Food for Peace have delayed their internal processes, and that investment in their information systems would improve their responsiveness. We certainly support providing adequate resources to Food for Peace to allow them to expand their capacity. Streamlining these review and approval processes is critical for PVOs.

Finally, food is not a panacea; simply feeding hungry people will not solve the problem of hunger. CRS links food aid to a wider strategy of investing in food security and local agricultural development. We applaud AID for its recent recommitment to agricultural development. But we need even more than the FY 2004 budget recommends.

IV. U.S. government Support to American PVO Food Aid Programs

Long-term hunger alleviation that contributes to stronger more stable societies requires both American PVO and multi-lateral responses. Food aid programs implemented through U.S. PVOs meet community and family level needs, while increasing the capacity of local groups and structures to address a range of social service and development problems. Multi-lateral programs reflect our nation's commitment

to provide resources through the World Food Program, which also has an important role in addressing food emergencies and famines.

U.S. PVOs have a uniquely American role in alleviating hunger:

- Like our food aid program in general, PVOs embody the generous spirit of the American people. They represent the diversity and creativity of our nation as well as our commitment to the poor. They serve as unofficial ambassadors of the people of the United States, contributing to a positive perception about the United States.
- U.S. PVOs are also ambassadors to the American people for our food aid and overall foreign assistance programs. My organization, Catholic Relief Services, is expanding dramatically its effort to educate Americans about their moral responsibilities to assist the poor overseas, including through support for increased food aid and foreign aid.
- U.S. PVOs also provide significant value added on the ground. We work through networks of partners that provide a level of accountability, community access, and knowledge that most governments in the developing world are unable to provide. These private networks supplement and in some cases replace government networks that due to corruption, inadequate resources or other problems are dysfunctional.

In India, for example, 2,500 local organizations partner with CRS to deliver food aid. These partners have developed strong relationships in their communities due to their food aid role and are therefore able to work with them on peace building, disaster prevention, and participation in local and district-level political structures, in addition to a variety of more traditional development issues such as health education, HIV/AIDS prevention and care, water management, and social welfare. The cumulative effect of this network in parts of India with the poorest and most disenfranchised people is massive.

Even if governments in the developing world were all adequate as food delivery and development mechanisms, our nation in particular should support the capacity of private, non-profit efforts to alleviate hunger. Strong societies, such as ours, are supported by a web of local groups and organizations that hold the government accountable, provide a range of services to the community, and allow citizens to contribute to their own development. U.S. PVOs are uniquely qualified and positioned to accomplish this and food aid is a critical tool in this task.

The WTO draft agreement on agricultural trade for the Doha Round negotiations includes a proposal on food aid that would eliminate monetization and only allow non-emergency food aid through WFP. Developmental food aid programs implemented without a civil society focus and the value added of U.S. PVOs will be less effective and less popular with the U.S. population. Before and at the Doha Round negotiations, the U.S. should vigorously oppose this proposal.

V. New Approaches for Food Aid

The Farm Bill provided a food aid framework that will allow CRS and other PVOs to realize their potential in food aid programs and in increasing food security. The reforms in the Farm Bill must be given a chance to work. We have appreciated Food for Peace's efforts to streamline food aid procedures, with our advice and participation. This needs to continue.

The Farm Bill's needs-based approach to food aid ensures that surplus commodities are not dumped irrespective of local consequences. Instead, we tailor aid to meet local food needs without disrupting local markets or displacing commercial transactions. We can further integrate such aid with a wider strategy to promote food security that engages local partners and that includes programs to promote improvements in education, health, water and agriculture, as well as in economic performance and governance.

In West Africa, for example, CRS has developed a model food security strategy that includes improving human capital, increasing income, preparing for and responding to emergencies, and integrating sectoral responses. This strategy seeks to alleviate immediate hunger, while at the same time changing the conditions under which food insecurity develops and persists. The strategy relies on an overall, long-term approach of social capital/civil society formation. U.S. food aid programs must support the full spectrum of these needs.

Social Capital Formation

The primary responsibility for development rests with developing nations themselves. Weak and authoritarian governments have impeded progress and maintained or worsened poverty levels. Local organizations and groups that are part of civil society have a vital role in assessing problems, prioritizing investments, and

identifying practical approaches to service delivery. Informed and helped to organize, civil society is likely to hold government accountable more effectively than donors. Supporting partner networks and civil society development is thus a critical long-term strategy in increasing food security. Foreign assistance including food aid should therefore have an explicit focus on civil society development, with the necessary commitment of financial and technical resources.

Long-term community mobilization and participation in the political process should be an explicit objective of developmental food aid programs. U.S. PVOs are uniquely qualified and positioned to accomplish this and food aid is a critical tool in this task.

Human Capital Formation

If an "iron law" of sustainable food security exists, it is that the way to escape food insecurity in the long run is through human capital development. The importance of investing in human capital in terms of the provision of education and health care has figured predominantly in the literature. Empirical data on the impact of education and health demonstrates that improved human capital has positive effects on economic growth, productivity growth, long-term development and the quality of life.

Expanding food-assisted education would contribute greatly to human capital, and thus to food security. Illiteracy and the resulting lack of knowledge and skills impact overall availability, access, and utilization of food. A 1993 USAID study showed that for every additional year of schooling, farm output increased by 5 percent. CRS manages Food-assisted Education programs in Benin, Burkina Faso, and Ghana. Title II Food Aid provides school lunches that improve access to education for approximately 400,000 schoolage children. CRS leverages the food aid with resources from other sources to improve the quality of the education provided.

Food aid programs that address the increased nutritional needs on persons and communities affected by HIV and AIDS are also critical for preserving the human capital in society. Particularly in Africa, where the AIDS pandemic is most severe and where hunger is endemic, food aid is necessary to save lives.

Preparing for and Responding to Emergencies

Food aid is a critical component of emergency response. The current crisis in Africa is but one example. Critical food shortages exist in Afghanistan, Central America, and Haiti. Most scenarios of a war in Iraq indicate millions of refugees and millions more requiring emergency food aid. Addressing these emergency requirements and ongoing development needs around the world requires $1.8 billion in U.S. food assistance for FY 2003. So far Congress has provided only about $1.2 billion in regular Title 11 food aid and another $250 million in emergency assistance as part of the Omnibus Appropriations Bill. At least $250 million more will be needed immediately for CRS and other organizations to respond to the crisis.

In addition to the immediate crisis in Africa, our experience has generated several recommendations for responding to hunger emergencies:

- Disaster mitigation and prevention needs to be a part of every development program. One dollar of emergency preparedness and mitigation saves seven dollars on relief. CRS' development food aid programs, implemented through networks of local organizations, are frequently platforms for disaster mitigation. Development programs, especially those supported by food aid, should include risk and vulnerability assessment, community-led early warning systems, and community coordination for emergency preparedness and community-led mitigation initiatives. CRS is testing many of these community-focused emergency preparedness and mitigation methods in India, Madagascar, Niger, Latin America, and East Africa.
- Disaster reponse programs need to move to recovery as quickly as possible. In East and West Africa, CRS has experimented successfully with market-based programs in disaster recovery, such as seed fairs, that build productive capacity after a disaster. These restart local economies, support local entrepreneurs and avoid dependence on imported, external, sometimes locally inappropriate supplies.
- Our nation's emergency food aid program needs a permanent revolving fund to respond quickly. The Bill Emerson Trust has been a good first step. It has not been a reliable mechanism, however.
- The Famine Fund included in the FY 2004 budget could be a helpful mechanism. We look forward to studying it further as specifics become available.

VI. Conclusion

Global hunger remains and in some cases grows, eroding the conditions for a safe and secure world for all. American PVOs are positioned to take advantage of the reforms in the Farm Bill to address emergency and long-term hunger needs. In partnership with the U.S. government and consistent with the President's vision of accountable solutions managed by private and faith-based charity, we can help end hunger as we know it.

The CHAIRMAN. Dr. Von Braun.

STATEMENT OF DR. JOACHIM VON BRAUN, DIRECTOR GENERAL, THE INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE

Dr. VON BRAUN. Thank you, Mr. Chairman. It is an honor and a privilege to be in front of your committee and I very much appreciate that you draw attention, international attention to the problems of world hunger. At least 50 million people in 36 countries and most of these in Africa are in urgent need today of food and other humanitarian assistance. The hearing brought out a lot of very important information related to that.

But, Mr. Chairman, this is only the tip of the iceberg of world hunger. The emergency which each and every household faces which is hungry today, the Food and Agriculture Organization estimates it at 890 million people in this world, this is the true dimension, the recorded dimension of world hunger.

However, I have some bad news to add to that. My institute currently executes a research program together with the Food and Agriculture Organization and finds that in Africa, the numbers on food insecure households seem vastly underestimated, underestimated by 20 to 30 percent. Knowing from your earlier questions, Mr. Chairman, that you are interested in the detailed facts such as the 24,000 children or people each day dying from hunger, I think it is important that your committee notes that the problem is significantly larger than what we thought it is on the international established records.

What is more, we need to broaden our notion of what is hunger and have to include the devastating micronutrient deficiencies. Two billion people suffer from anemia mainly due to iron deficient diets. In addition to that, vitamin A deficiencies is a leading cause of blindness in children and raises the risks of disease and early death from severe infections.

Now, brought together the billion-calorie-deficient, the 2 billion micronutrient-deficient people, part of these populations overlap, gives you a realistic picture of what currently hunger is and how many people in this world are affected.

Now, I am not here today to be the voice of doom and gloom. There is much that we can do to turn the situation around, and you play a leading role in that, and I applaud that. But we need to take recognition of the fact that hunger is a diverse phenomenon, hitting on different populations and countries in different ways and needs to be responded to with an equally complex set of instruments. Let me make seven recommendations to address key areas which would in our opinion based on our research lead to successful reduction in hunger.

First, we need to invest in human resources, access to health, education, clean water and safe sanitation for all. Our research at IFPRE has found that educating girls, as well as boys, has a huge impact on reducing hunger. The improvements in female education accounted for about 40 percent of the decline in child malnutrition between 1970 and 1995, almost half, through education. I come back in a moment and say how food can play a role in that.

The second point, broad-based agricultural and rural development, is essential to further food security. Andrew Natsios has driven that point home strongly and I am not elaborating further on it. It is excellent that USAID under Andrew Natsios's leadership is re-emphasizing agriculture which has been not sufficiently emphasized by many international organizations in the past two decades.

Third, poor people must have access to well-functioning markets, infrastructure such as roads, storage and water facilities. Africa needs real roads, a road network. It needs to be planned, invested in, the major development finance organizations, the World Bank and others should see this as a very important task. Africa currently has less than half the roads India had in the 1960s.

The fourth point is that it is essential to expand research and technology that is relevant to solving the problems of poor farms and consumers in developing countries. New developments in molecular biology and information technology hold great promise to address food security and science-oriented nations like the United States can provide leadership there.

The Consultative Group for International Agricultural Research is at the forefront of this. And I thank the U.S. Government for its support of this leading global agricultural research network.

Now, new opportunities to select and breed crops with high micronutrient content to address the vitamin A and the iron deficiency problems have great promise and we have recently launched a large new research program to address this biofortification opportunity to fight hidden hunger.

Fifth, Mr. Chairman, we need to improve the management of natural resources on which agricultural and food security depend in the long run.

Sixth, the current round of global agriculture trade negotiations must result in fair sets of rules for poor countries with access to markets. However, we often hear the slogan "Trade, not aid." In fact, it must be trade and aid. Sufficient levels of development assistance are absolutely vital to accelerate the progress against hunger.

My institute calculated that incremental resources of about $5 to $6 billion a year are needed in Africa alone in order to meet the millennium goal to cut hunger in half in that subcontinent. It is large, but it is doable.

The seventh and last point, good governance, including the rule of law, transparency, the elimination of corruption, sound public administration and respect and protection for human rights is essential to achieve food security for all. That is a political agenda to fight hunger. The slow progress in reducing world hunger in the past decade much relates to the increased numbers of conflicts and local wars.

Governance failure, hunger and war are in a complex relationship. When we mapped out the distribution of world hunger country by country in 1999, Afghanistan came out as the worst nourished country. In those days, it was not on our radar screens or the radar screens of many and we were often asked: Why Afghanistan? We thought it would be Ethiopia. Well, it was a problem.

Mr. Chairman, I would like to applaud the administration having established the millennium challenge account in this context as a means to increase the availability of development aid. However, the access criteria to that account must include growth- and development-oriented criteria such as due attention to rural development and agriculture, and growth in expenditures by the countries in order to have a sustained impact on poor people and hungry people in particular.

Lastly, Mr. Chairman, I see four areas where our research shows that food aid which we have addressed today very well and I am happy to say that Mr. Morris and our institute collaborate closely and we are participating in their meetings, we do research together in order to assist them with their concepts which I think are right on the mark.

But there are four specific areas where we feel food aid can play key developmental roles and that is food for education, and intelligent food for education programs do not just give the sandwich to the child, but give food to the parents so that kids go to school. In Bangladesh, that has increased girls' participation in schools by 40 percent. This was done in collaboration with world food program.

Secondly, food for child nutrition. Third, food for work. Those have been discussed. And fourth, food for market development.

Mr. Chairman, investing in people, correcting bad policies, investing in agriculture in developing countries are key to win the struggle against hunger. I thank you for your attention.

The CHAIRMAN. I thank you very much, Dr. Von Braun, for your testimony.

[The prepared statement of Dr. Von Braun follows:]

PREPARED STATEMENT OF JOACHIM VON BRAUN

Mr. Chairman, it is an honor and a privilege to be able to testify before the committee today. It is also gratifying that the committee is turning its attention to the problem of world hunger. I truly appreciate the efforts that you, Mr. Chairman, along with the other members of the committee, have undertaken over the years to address this pressing problem.

Mr. Chairman, as you know, at least 50 million people in 36 countries are in urgent need today of food and other humanitarian assistance. Some 38 million people, about 75 percent of those currently in need, live in Sub-Saharan Africa, where the deadly combination of drought, protracted conflict, and a raging epidemic of HIV/AIDS have created a catastrophe.

However, Mr. Chairman, I wish to emphasize that these severe emergency needs, which the international community has a moral obligation to meet, are but the tip of the iceberg of world hunger. Today, 840 million people, nearly 15 percent of humanity, live in food insecurity, meaning that they do not have assured access to the food they need for active and healthy lives. Ninety-five percent of these people live in developing countries, mainly in the rural areas. The figure includes 170 million malnourished children under the age of five in the developing world one of every three developing-country preschoolers. Unless their nutrition improves today, right now, some five million of them will die this year, next year, and in the years to come. Those who make it to their fifth birthdays are unlikely to achieve their full mental and physical development. They will grow into adulthood as less productive

workers, at high cost to their societies, and will most likely have children of their own who are malnourished and poor.

Also, I must stress that it is inadequate to define hunger only as lack of access to a diet with sufficient calories. Our notion of what "hunger" is needs to be broadened, to include the devastating micronutrient deficiencies: 2 billion people suffer anemia, due mainly to iron deficient diets, including 56 percent of pregnant developing country women. They have a 23 percent greater risk of maternal mortality than non-anemic mothers. Their babies are more likely to have low birth weights and die as newborns. Anemic preschoolers face impaired health and development and limited learning capacity. Even when iron deficiency does not progress to anemia, it can reduce work performance in all age groups. Vitamin A deficiency is the leading cause of preventable blindness in children and raises the risk of disease and death from severe infections. It affects 100–140 million children, mainly in Sub-Saharan Africa and South Asia. One-quarter to half a million children go blind each year, and half of them die within 12 months of losing their sight. Pregnant women with vitamin A deficiency face increased risk of mortality and mother-to-child HIV transmission.

Hunger diminishes all of us. Think of the writers, artists, scientists, entrepreneurs, farmers, and workers we lose needlessly to hunger. The international community has repeatedly made pledges to do something about it. At the 1996 World Food Summit, the high-level representatives of 186 countries, including many heads of state and government, agreed to take concerted action to reduce the number of people living in food insecurity to half the current level by no later than the year 2015. The 2000 Millennium Summit and last year's World Food Summit: five years later reaffirmed this solemn goal.

I regret to inform you, Mr. Chairman, that the world is not on track to make good on these pledges. Indeed, during the decade of the 1990s, the number of food-insecure people in the developing world decreased by just 2 percent, or barely 2.5 million per year. If China is excluded, the number actually increased by over 50 million people. In contrast, between 1970 and 1990, the number of food insecure people dropped by 15 percent, meaning an average annual decline of 7 million people, despite a faster rate of population growth than at present.

I am not here today to be the voice of doom and gloom. There is much that we can do to turn this situation around. In fact, the knowledge base for promising action has much improved.

Mr. Chairman, last year, my organization, the International Food Policy Research Institute, produced a document entitled Achieving Sustainable Food Security for All by 2020. I am pleased to provide the committee and staff with handouts based on this document, and would be delighted to submit the full document for the record if you would like. In my statement today, Mr. Chairman, I want to highlight some of the key points for a strategy to reduce hunger, then I want to turn to the specific question of what the United States can do to help end the scourge of hunger and malnutrition. Food aid, in which the United States has long been a global leader in terms of both tonnage and program innovation, is an important part of the answer to that question. However, I also want to touch on the broader areas of development cooperation and trade policy.

The causes of hunger are complex, and include violent conflict, environmental factors (such as natural resource degradation, increasing water scarcity, and climatic change), and discrimination based on gender, ethnicity, age, and other factors. The fundamental cause of hunger, however, is poverty: people are hungry because they cannot afford to buy all the food they need, and they lack the land and other resources necessary to produce food for themselves.

In view of the complex causes of hunger, an equally diverse set of actions is needed for success. If we are to make progress in reducing hunger, action is needed in seven key areas.

First, we need to invest in human resources: access to health, education, clean water, and safe sanitation for all. Our research at IFPRI has found that educating girls, as well as boys, has a huge impact. Improvements in female education accounted for over 40 percent of the decline in child malnutrition levels between 1970 and 1995. Effective social safety nets are needed in order to permit poor rural households to grow out of subsistence farming.

Second, given the rural center of gravity of poverty and hunger, broad-based agricultural and rural development is essential for further food security. It not only boosts the incomes of rural poor people, but spurs growth economy-wide in low-income countries where much of the workforce is concentrated in agriculture. Our research has found that in Sub-Saharan Africa, each new dollar of agricultural income means up to $2.60 in total income as demand for goods and services increases in rural areas. This helps to create income-earning opportunities in urban areas that

will allow people to meet their needs for food and other necessities. Let me stress, Mr. Chairman, that developing agriculture is not a zero sum game. Our research has found that agriculture-led growth in developing countries stimulates demand for imported agricultural products. Supporting agricultural development is a win-win proposition.

Third, investments in human resources and assuring poor people access to productive resources and employment will only contribute to reductions in hunger and poverty if poor people also have access to well-functioning and well-integrated markets; infrastructure such as roads, storage, and water facilities; and supporting institutions. This needed investment in infrastructure is essential to connect poor people to markets.

Fourth, it is essential to expand research, knowledge, and technology that is relevant to solving the problems of poor farmers and consumers in developing countries. New developments in molecular biology and information and communications technology hold great promise for advancing food security. The Consultative Group for International Agricultural research (CGIAR) is at the forefront of this and I take this opportunity to thank the U.S. Government for its continued support of this research consortium. New opportunities to select and breed crops with high micronutrient content to address the Vitamin A and Iron deficiencies have been initiated by my institute and currently new alliances with public and private partners are formed under this program of Biofortification.

Fifth, we need to improve the management of the natural resource base upon which agriculture and food security depend, including land, water, trees, and biodiversity. Otherwise hunger will affect future generations. When poor farmers have secure ownership or use rights, they are more likely to engage in sustainable management practices.

Sixth, the current round of global agricultural trade negotiations must result in a fair set of rules for poor countries. At present, developed countries, including the United States and the European Union, provide trade-distorting subsidies to their own agricultural sectors, impose tariff barriers to developing country exports that escalate with the value of the product, and, particularly in the case of the European Union members, subsidize their exports. Let me add, Mr. Chairman, that I very much appreciate your efforts during your tenure as Chairman of the Senate Committee on Agriculture, Nutrition, and Forestry to eliminate these distortions. The United States should work with other industrialized countries to reform global agricultural trade in ways that will benefit everyone.

We often hear the slogan, "trade, not aid." In fact, however, trade alone cannot raise developing countries out of poverty. Sufficient levels of development assistance from the wealthy countries are absolutely vital if we are to accelerate progress against hunger. In this regard, I am pleased that the United States and several other donor countries have taken steps to reverse the precipitous declines in aid levels that occurred during the late 1990s.

Seventh, and probably most importantly, good governance, including the rule of law, transparency, the elimination of corruption, sound public administration, and respect and protection for human rights, is essential to achieve food security for all. The lack of progress in reducing world hunger in the past decade much relates to increased numbers of ethno-political conflicts and wars. Governance failures, hunger and war are in a complex relationship. In 1999 we identified Afghanistan on our world map of nutrition as the worst nourished country in the world. This was before world attention was drawn to that country by the war on terrorism. The political and security dimensions of hunger require renewed attention. Appealing to so-called political will is not sufficient. Investing in democracy building and empowerment of hungry people, by strengthening their rights, is fundamental to overcoming hunger.

In this context I very much welcome President Bush's establishment of the Millennium Challenge Account as a means to increase the availability of development assistance. I also commend the Administration for basing eligibility on both level of need and criteria relating to good governance and commitment to poverty reduction. Given what I have said previously, you will not be surprised to know that I believe that there should be a much stronger emphasis in the Millennium Challenge Account program on agriculture and rural development. Countries that do not sufficiently allocate resources to rural development and agriculture have their development strategy wrong. In this regard, Mr. Chairman, let me remind the committee that, in real terms, development assistance to agriculture and rural development today is at lower levels than in the mid-1980s, and represents a smaller share of total aid. Given the crucial need for such aid, I urge the United States to work with other donors to make this area a major development priority.

Finally, Mr. Chairman, I would like to join my colleagues on this panel in saying a few words about food aid. Food aid is critical to address emergency situations such

as that in Southern Africa right now. The United States historically has taken the lead in providing assistance, both through private voluntary organizations and through the World Food Program. The United States must continue to play this role, and I hope that the committee will press for additional resources beyond those provided in the recent appropriations bill for the current fiscal year. The needs are tremendous.

I would also like to say a bit about food aid as a development resource. U.S. private voluntary organizations have a proven track record in making use of food aid both for feeding programs and, through monetization of the commodities, a wide variety of additional development activities. The World Food Program likewise has many years experience in making food aid work as a development tool. I would like to draw your attention to four areas in which food aid can help advance food security: food for education, food for child nutrition, food for work, and food for market development. These uses of food aid directly support three of the seven priority action areas I have identified: investment in human resources, access to productive resources and employment, and development of markets and supporting infrastructure.

Our organization has recently completed evaluations of food for education programs in Mexico and Bangladesh. These are not traditional school lunch or breakfast programs, such as those carried out under the Global Food for Education Initiative, but rather involve providing food directly to poor families who agree to send their children to school. We have found that such programs result in increased enrollments for boys and girls alike, without any substantial reduction in school performance. The programs also boost household food security and nutrition among beneficiaries. While such programs need not utilize external food aid, it may often be an important component, as in Bangladesh.

Second, food for child nutrition has often proved to be an effective component of integrated child survival efforts. In India, the Integrated Child Development Services use food aid commodities for supplemental and therapeutic feeding to complement a variety of health services.

Third, food aid can support reconstruction efforts following war and/or natural disasters through food for work programs. In order that these efforts boost purchasing power and not undermine local producers, it is important that wages be paid in a mix of cash and food. The World Food Program and the PVOs have had many years of experience in carrying out effective programs of this kind.

Lastly, food aid for market development can support the local processing and marketing of food products. IFPRI is currently carrying out research on such programs. These may involve direct processing and marketing of food aid commodities or their monetization, with the resources then used to further local processing and marketing activities. We believe that food aid can have a lasting development benefit when it is used in this manner.

Mr. Chairman, I would note that in all the examples I have provided, food aid commodities might be procured locally or from a neighboring country, as well as from a donor country. There are some advantages to the first two approaches in terms of developing regional trading links and reducing transportation costs. Fostering regional prosperity and stability in this way will benefit the United States in the long run. The third procurement mechanism, which is most commonly used here in the United States, has the obvious advantage of directly benefiting the U.S. farm sector as well as developing countries. It is important that external food aid be provided in a manner and with timing that does not undermine local food production, given its importance to food security and poverty reduction. I urge the committee to continue its effective oversight of U.S. food aid programs to assure that they are compatible with local agricultural and rural development. As I have repeatedly stressed, agriculture in the developing countries is key to winning the struggle against hunger.

Mr. Chairman, and members of the committee, I thank you again for the opportunity to testify today. I would be happy to answer any questions you have.

The CHAIRMAN. I think as each one of you indicated, you appreciated the work of the first panel as they discussed emergencies, the difficulties that are faced in keeping people alive now, the 24,000 people that are dying each day, and you even suggested that that may understate the statistics. But your mission, then, was to talk about hunger in a more general way, and the changes that must occur in governance as well as of the expertise that the private sector brings to the table. Governments and administrations

come and go, but fortunately, others have some continuity, some institutional memory of these things.

One of the pleasures I had when I was chairman of the agriculture committee was to hear testimony by Dr. Norman Borlaug each year, and to find out what Dr. Borlaug was doing in that particular year, because he has been an indicator of progress and part of the green revolution throughout the last two or three decades. He has been very active in Asia and in Africa, where he has been involved in institutional questions of seeds, agricultural procedures, the governance structure of the country, land ownership or the incentives for land ownership, all the things that might lead to production, such as higher supply and movement toward the evaporation of both tariff and non-tariff barriers, so that food can move, or at least so that there are incentives for transport systems for food movement.

I just ask each one of you as you take a look at the green revolution as it is proceeding in Africa or, as the case may be, perhaps not proceeding. What sort of prognosis do you have? That is a broad question because the term "green revolution" covers lots of things but essentially it is a development issue, a long-term one, but a fundamental one.

I ask it in the context that just a few years ago many lecturers were pointing out that the population of the world would increase by as much as 50 percent during the century ahead. Some had higher range estimates and some had lower, but these 6 billion people were morphed into 8 or 9 billion around the earth. The thought was that the caloric production would have to increase very, very substantially on lands that might now be as fertile or as promising as the ones that are already under cultivation. This seems to have disappeared a little bit in the last few years. The sense of impending doom, that somehow we simply would have a number of people that exceeded any reasonable bounds of production. But is that the case?

Have we been distracted and lost track of the overall situation, or in fact is there some optimism that maybe world population is not increasing as fast as we thought? Perhaps agricultural production is not evenly distributed. Do any of you have any broad comments on these issues? Yes, sir, Mr. Hackett.

Mr. HACKETT. Senator, I do not think I can address the whole question of the green revolution and its impact on Africa or other places in the world, but what I see in parts of Africa, particularly Southern Africa but also in East Africa and the horn, is that the HIV/AIDS pandemic will change the very demography of those countries.

So where you have situations which are rather pervasive in places like Botswana and Zimbabwe, Zambia, Malawi to some extent but also other places where more and more children are leading families or households, 13-year-old boys with two or three siblings, maybe supported by the community, maybe not.

The question becomes: Who will teach those kids how to avail themselves of the opportunities for improved techniques in agriculture? Where will that kind of support come from and when you have government that just do not seem to be willing to invest and be responsive to those people, quite honestly, I am very worried

about the next generation and what its impact will be on agriculture and I am not hopeful.

The CHAIRMAN. Just picking up that point, Mr. Hackett, some very pessimistic forecasters in certain African countries are indicating that one reason why there is not a huge expansion of world population is because a lot of people are dying because of the HIV/AIDS epidemic. With rates as high as 30 percent infection of the entire population—that is the statistic that is often projected as we have ambassadorial nominees for our committee—that means many more prospective deaths, as well as the salification of development of education of normal pursuits.

In fact, some taking a look at the trend lines of this see the population decreasing to the point that nation states simply would not be able to continue, where people could be absorbed elsewhere by some other entity. That is a new idea, but I think the World Food Program report on South Africa that Mr. Morris and others have been involved in, really forecast that this intersection of HIV/AIDS with hunger issues makes the hunger problem an impossible one to solve.

Ms. LEVINSON. But in a way, and I want to follow up on what Ken was just saying, it is interesting, there is a linkage, for example, on HIV/AIDS. Besides prevention and care, there is also working on incomes in the community and some of it is agriculture related and so there is an effort underway through integrated programing—so this is the positive side, through integrated programming to address in areas that are HIV/AIDS positive and have a great deal of problems with the whole community to address those issues. So you are dealing with the care and prevention, raising the ability of the people in the community who are affected to be parts of that society without the kind of shame that is associated with it, but also you are working at the level of trying to improve the incomes in the community and the development.

So I think greater linkages together of those programs are very important. So there are ways to get at that. And then as far as there is research and there is technology that can be transferred, from talking to private sector, particularly on the biotech issue, they feel that, for example, some of the specialty crops that they could be helping in biotech research, it is difficult when you have a small crop to get the kind of investment that we had for example in our corn and soybean crops here. So some of that has to do with economics, so it does need a lot of assistance from governments and intra-governmental organizations for funding for some of that research and to do more. But I will let Mr. Von Braun may want to say something to that.

Dr. VON BRAUN. Thank you. Why did the green revolution not happen in Africa or happened only very selectively? That is one of the issues where we worked with Norman Borlaug also. He just visited our institute. We still benefit from his wisdom and advice.

The major problem of Africa is that markets do not develop because the road systems are so bad, and traders have no money to buy and the second area of problems is the agricultural research systems from which the technologies must come. The green revolution did not fall from heaven. It was an investment effort combining good money with good knowledge and both is lacking in Af-

rica. Good knowledge also costs money. Investing in the national agriculture research system which develop the seed and fertilize and irrigation technologies, adapt it to the complex fragile ecologies in Africa is very complicated. It is much more complicated than it used to be in East Asia, the Philippines and in South Asia, say, in India. But the number of good progress especially with the root crops in Africa has been achieved; and biotechnology holds promises, especially addressing the drought problem, which currently triggers the famines in the horn of Africa in the long run; but this will take another 10 or 20 years.

In the short run, I think the key issue is to invest in getting good seeds and fertilizers out to farmers and building the road systems. That is the core agenda. On top of that, of course, improving the incentive structures.

Mr. Chairman, on the population front, yes, population growth rates have come down. The world has seen the entry into an S curve. It is no longer this Malthusian curve, just straight up, pointing upright. But we will in the middle of this century be about 9 billion people. Currently, we are about 6 billion. This additional 3 billion, this additional 50 percent, will be very hard to swallow for world agriculture and ecological systems. That is why the investment in agriculture research is so essential.

Globally, the HIV/AIDS disaster will not change much on this population figure. Locally, in some countries, it does, but yes, there is a lot of more dying, but there is also a response with more birth. Families falling apart. One million orphans in Ethiopia are among the most vulnerable famine victims and most of these are HIV/AIDS victims.

The CHAIRMAN. Thank you. I want to yield to my colleague. I would just point out that the committee is fortunate to have tomorrow as our chief witness President Karzai of Afghanistan. I suspect members will be asking him questions in a very practical way in the immediate about the road system, about the development of agriculture, the potential trade that might come if Afghanistan had a road system so that goods could be conveyed in and out of the country among other things and really what the responsibility of our country and other countries and private organizations might be to have a successful stage there.

Senator Feingold.

Senator FEINGOLD. Thank you, Mr. Chairman. I will not take a lot of time, but I am glad I could be here for the entire second panel, and I just want to ask one question.

Could you comment on charges that international donor policies have emphasized a private sector free market approach to the point where we are actually encouraging the abandonment of technical assistance, like extension services, infrastructure improvement, and even access to better fertilizers? Can somebody comment on that, please?

Dr. VON BRAUN. If I may?

Senator FEINGOLD. Doctor.

Dr. VON BRAUN. Well, that is a very important question. What is the appropriate balance between investing in the public goods, and where can we rely on the markets?

The story on fertilizer policy is a very specific one, but I think it is a telling example. Fertilizer used to be distributed in much of Africa and Asian countries where hunger dominated, by the public sector. And reforming fertilizer markets has worked well in Asia, but has not worked well in Africa. Africa still does not use fertilizer. The private sector has not come in because of the market limitations; no roads, no trade financing. So the private sector saw no incentive to go in there.

I think the fertilizer market is sort of a borderline case where we have tough choices to make, and probably stick a bit longer to public action and public sector actions than we in the profession—and than I thought—maybe ten years ago.

Secondly is the area of public health and education and agricultural research. Those are public sector domains and require public attention and public investment. This does, of course, not mean that there are not ample opportunities for good public/private collaboration especially in agricultural research. Yes, very much so. But there is a public sector core which governments have to build; otherwise, things are not forthcoming.

Senator FEINGOLD. Mr. Hackett.

Mr. HACKETT. If I may, Senator. I would just like to offer an example—it is, admittedly, a small example—of some of the kind of new things that are happening in terms of distribution of seeds and fertilizer and things like that. We have a program that we are promoting in Southern Africa and in East Africa to set up seed fairs.

Now, for two decades at least, we thought that what happens in a famine is that you should buy some seed over here and move it to people who have probably eaten their seed. But our researchers found that that just plain was not the case. Even in the worst of famine, even in Ethiopia 1984 in the highlands, people had their seed in a small bag hidden or buried. And the problem was how you move it around the community.

So what we have done is a very simple thing. It is to give somebody a voucher that you can take to a market and buy seed and fertilizer with it instead of trying to give them seed that comes from another country that may not grow anyway.

I witnessed 5,000 women coming together in a school lot last November where we had one of these seed fairs. And what they did was they brought their seed, and they traded it or sold it to other women. And aware that that was a tremendously good market, the commercial seed traders and fertilizer people also came, you know, when you get 5,000 moving into that situation.

So it is small, rather unique. We have not rolled it out as any answer to a great problem. But I think there are some new and innovative things that are happening.

Senator FEINGOLD. Ms. Levinson.

Ms. LEVINSON. Well, first, I would like to go back to something very important which was in my testimony but I did not get to say it, which is: Solutions are really local, and we—so I do not want to say anything that can be interpreted as a, you know, international standard. What we have to do, and I think this what these PVO organizations are excellent at, is getting into a country and identifying what the impediments are.

So, for example, in recent years as we all know, the past decade, many countries have transitioned to market economies. And so where you used to have parastatal organizations in many countries that controlled the purchase, the marketing of grains, seeds, fertilizers, and also of all of the produce that came out, and then you transition into a system where it is a free market, there are many gaps that occur in that kind of a situation.

We see that in agriculture marketing. The PVOs I work with are amazing because they are experts in agriculture and bringing and dealing with food aid within the agriculture context of the country, but also in the agriculture development in that country. And what they often find is that there are all sorts of gaps. So you could say because of the free market in some areas, indeed, there are gaps. And that is because the old trade distribution systems and relationships have to be rebuilt.

Through food aid—I just want to mention that through food aid we are doing something called monetization, and some if it is done in small lots where we sell the food that comes in; and when we do, we try to enhance the trade systems to get more traders involved because they may not have access to the regular importers, the big companies that are importers. And so you want to get back down to the distributors and strengthen those systems. But there are a lot of ways to do it.

As far as technology goes, we get back to that thing of: Yes, there are seeds that are well developed for a country, and how do you multiply it, and how do you increase that? And again, I think that is a challenge now that you have free market systems, to come up with ways.

I mean what Catholic Relief Services just described was a private voluntary organization working with many indigenous groups, but they have to get the money from somewhere to do it. So we do need financial input to make up for those gaps.

Senator FEINGOLD. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Feingold.

Let me just ask a final question of each of you, because you stressed the fact that our government and other governments play important roles, as do private voluntary organizations. How, legislatively or administratively, can we increase or enhance the relationship between government and PVOs? This question arises from time to time because we have testimony that PVOs are simply not in the bill or in the program or have not been consulted, and yet some are very active anyway. They are out there in the field. And I am just intrigued with the thought as we move towards this authorization process in our Committee, which is a primary reason that we have authorizing committees and try an ambitious program in terms of our own authorization this year, what sort of language we ought to include.

And you may not be able to recite this today off the top of your heads, but all of you have given a lot of thought to it in your professional careers. That is reflected in your testimony today. If you have general thoughts, please give them for the record today. And if you have additional supplementary thoughts, please provide them, because we have talked about the Millennium Account, we have inevitably addressed the question of not only the deserving

but those that are not so deserving, and what our humanitarian policy should be. How do you move a government that deliberately deprives its people into action?

And we could editorialize that it should not happen; there should be better governance. But at the same time, those who are in charge have perhaps selected survival of their own families or parties or so forth as more worthy objectives than whether people are living or dying even in their realms. So that gets into deeper problems as to what our commitment for change ought to be; and how the PVO activities, even under these very desperate circumstances, work together with this goal.

Do any of you have some preliminary glimpse of what you would say? And promise me that you will say some more at least on paper, in due course.

Mr. HACKETT. I have a preliminary observation. And I think, simply stated, the American private voluntary organizations and faith-based organizations should be supported to do what they do best, and not absorb the role of our government and what it does best or the World Food Program.

We as agencies, groups that have come from constituencies and work with constituencies have a level of trust and credibility in the community. At the national level, the people in the embassy do not have that trust, and they recognize that. We should be supported rather than become part of necessarily the embassy's plan. We should be seen as an expansion of what we, as Americans, want to do. So it is each identifying our own special role in the process.

The CHAIRMAN. Ms. Levinson.

Ms. LEVINSON. Thank you. I think within the context of international development, that there needs to be a great deal of coordination within each—that is why I get back to this concept that when a developing country is making plans and is working with donor agencies, they should be bringing into those discussions right there in the country the organizations, the private voluntary organizations, the U.S. private voluntary organizations or other countries' private voluntary organizations that are working there.

And the good thing about private voluntary organizations is not just that they exist and can work locally, but that they help to strengthen local NGOs and local administrators, not just in nongovernment, but actually the local governmental entities that are often weak and underfunded. So I think that first of all, you should—they should be engaged in any kind of discussion about, for example, on the Millennium Challenge Account, or any kind of that type of thing.

They should be engaged in the discussions from the beginning, because they are active players and they actually can give you information and actually say what is going on that cannot necessarily said through the UN because it is intergovernmental and it has limitations of what it can say and do. And I think Mr. Morris was—when he said the thing about Zimbabwe, what he is saying is it is not his role in life to talk about the Zimbabwe government and what it is doing, right or wrong, in agriculture reform. His role in life is getting food to people when they need it.

So sometimes there are limitations, whereas NGOs do not have that. They have a much greater freedom to express things. And I think that is an important element.

When it comes to allocations with or by the U.S. Government, they are efficient and cost effective mechanisms. So I think supporting the direct allocation of resources through these organizations that have capacity in the field is a very important element. I also believe they give a very good monitoring and accountability for their work and, of course, can focus on results.

So I think both levels, the consultation, bring them in early on, and letting them bring the voice of the people up to the discussions; and second, also the direct allocation through such organizations should be a part of any kinds of programs that really try to help the poor. Thank you.

The CHAIRMAN. Dr. Von Braun.

Dr. VON BRAUN. Let me just make three comments based on our experience and research. First, I think it is fair to say that we should look always for optimal distance between governmental and non-governmental organization.

And I think the OECD countries have their legal system well in place for that. That is not the case in developing countries. That is my second point. Therefore, it should be a foreign policy objective to widen the space of—for freedom for operation of credible non-governmental organizations in developing countries for various reasons, and that would have large payoffs at the hunger front.

Third, what is required for that, in order to be credible, is that we come to some sort of a code of conduct of transparency and credibility in the NGO community. And I think northern and southern NGOs can help each other in that respect, to improve the governance in the global NGO sector. Thank you.

The CHAIRMAN. Let me ask just one more question, having this collective expertise present. Our Committee surely will be discussing a proposal by the Administration to dramatically change our federal government's focus on the HIV/AIDS question. That has come into the testimony today for obvious reasons, as we are talking particularly in Africa about the World Food Program.

There are different schools of thought about this question. I will not try to characterize all of them, but one is that the global program of the United Nations should be a major focus. Another holds that monies appropriated by the Congress would be administered by agencies of our federal government in bilateral work with a limited number of countries, ones that show the most promise, the most cooperation and effect.

Do any of you have comments about this? We have been talking about consultation with the PVOs and so forth. But we are about to get into a very large area, I think, which will be broadly supported, I believe, by the Congress, although the particulars may lead to considerable difference of opinion among members of Congress. And a part of my role and that of Senator Biden and others is to try to at least guide through this Committee, at some point, some legislative vehicle that the Senate as a whole can discuss. The House will, I am sure, in their own way take up the President's proposal. But do any of you have a comment in this area?

Dr. VON BRAUN. If I may make one?

The CHAIRMAN. Yes, sir.

Dr. VON BRAUN. Thank you, Mr. Chairman. Our institute co-manages a network in East Africa in four countries addressing HIV/AIDS and hunger issues simultaneously. And I would be happy to share related information with you and your colleagues.

Secondly, the conclusion from our research and action research in that area is that the local communities have to be very much engaged in addressing the consequences and the prevention issues simultaneously related to HIV/AIDS. Otherwise, it is lacking impact and it is unfinanceable. So whoever, whatever structure it is at macro-level, UN or big international NGOs, the key, the litmus test is: Do they reach down? Do they have the local communities engaged, the women, the teenagers and the grandparents' generations in particular? Is it a community-based initiative?

And time does not permit to go into detail here, but I would be happy to share what we had as a major focus at the International Food Policy Research Institute in our current year's annual report. And that was done in conjunction with the United Nations' HIV/AIDS program and with local communities. So there is a lot that can be done in order to address the hunger problem and the HIV/AIDS problem simultaneously. And if it is not done simultaneously, it is going wrong.

The CHAIRMAN. Well, we will ask our staff members to visit with you, Dr. Von Braun, and your staff, so we can avail ourselves of some of that material, because as I have indicated it is a very timely issue for us.

Mr. Hackett.

Mr. HACKETT. I could not agree more. We spend about $30 million a year in Africa dealing with the consequences and behavior change related to AIDS. And our experience over the last ten years has shown us that you have to reach down into building the capacity of that community to support the children, if they are the young head-of-household, to deal with the prevention and the issues of stigma and some of the other issues. It is in the community that the change can happen.

The CHAIRMAN. Is your impression that the global fund of the UN is doing this? Or is it too early to tell? Are they just gearing up for their programs?

Mr. HACKETT. I could not comment really.

The CHAIRMAN. Okay.

Ms. LEVINSON. And I feel the same about it, as far as the global fund. The global fund, of course, is broader than HIV/AIDS. It is, you know, other types of infectious diseases. And, of course, TB and HIV/AIDS are the are pretty much the same side of—you know, different sides of one coin anymore. When you go into HIV-affected areas, TB is right there and prevalent.

So it is an interesting dilemma because you, on the one hand, want to support an international effort because then you leverage money. And I am, you know, real strong about that, leveraging other support.

But on the other hand, what has just been said very well, and so I do not have to repeat it, is that if you leverage that, fine, but then what do you get out of it? So really looking to the community development and realize that there are so many really good pro-

grams that are working right now. And there have been, as you know, establishment of best practices and for HIV/AIDS, and how to work with communities and how governments can be engaged. So there is so much information. I would suggest—and this is not the proper moment for it—but to take a look at that, which goes back to the community side, and how much at the community level is going on and best practices, and how to best achieve that. And I cannot comment on whether the global fund would be the best way.

The CHAIRMAN. Well, I thank all three of you very much for staying with us throughout this hearing. I think it has been very valuable for the committee and, hopefully, for the general public who also listened in. We thank you for working with the committee over the years.

And for the moment, we are adjourned.

Dr. VON BRAUN. Thank you, Senator.

Mr. HACKETT. Thank you.

Ms. LEVINSON. Thank you.

The CHAIRMAN. Thank you. [Whereupon, at 12:40 p.m., the hearing was adjourned.]

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