

## Soaring Food Prices Putting U.S. Emergency Aid in Peril

Supplies and Recipients Likely to Be Reduced

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The U.S. government's humanitarian relief agency will significantly scale back emergency food aid to some of the world's poorest countries this year because of soaring global food prices, and the [U.S. Agency for International Development](#) is drafting plans to reduce the number of recipient nations, the amount of food provided to them, or both, officials at the agency said.

USAID officials said that a 41 percent surge in prices for wheat, corn, rice and other cereals over the past six months has generated a \$120 million budget shortfall that will force the agency to reduce emergency operations. That deficit is projected to rise to \$200 million by year's end. Prices have skyrocketed as more grains go to biofuel production or are consumed by such fast-emerging markets as [China](#) and [India](#).

Officials said they were reviewing all of the agency's emergency programs -- which target almost 40 countries and zones including [Ethiopia](#), [Iraq](#), [Somalia](#), [Honduras](#) and [Sudan's Darfur](#) region -- to decide how and where the cuts will be made.

"We're in the process now of going country by country and analyzing the commodity price increase on each country," said Jeff Borns, director of USAID's Food for Peace, the organization's food aid arm. "Then we're going to have to prioritize."

The reductions, international relief agencies say, will seriously complicate already strained efforts to combat global hunger, particularly in [Africa](#), [Central Asia](#) and [Latin America](#). Poor countries in those regions are struggling to cope with record food price surges, which have made it difficult for aid groups to sustain their operations in some countries.

The cuts will likely have a direct impact on major USAID partners, including aid groups and the [United Nations World Food Program](#), the largest international provider, which counts on U.S. food aid for 40 percent of its distribution.

The U.N. program is confronting similar price pressures. It announced this month that it was facing a \$505 million shortfall due to soaring food and fuel costs, and would cut distribution if it did not receive new funds. Meanwhile, need is increasing. [Afghanistan](#), for instance, recently put in an emergency request for \$77 million to cope with skyrocketing prices that have put key staples out of reach for more and more Afghans.

"Look at what's happened to wheat prices alone -- they shot up 25 percent in one day last week," said Josette Sheeran, executive director of the World Food Program. "This is really the first emergency we've faced without a drought, war, natural disaster. We will have to cut the amount of people being served or the amount of food being served if we do not get more funds."

Groups that work with USAID, several of which have been informed of the shortfall over the past two weeks, are alarmed. Emergency aid is earmarked only for countries in desperate need as a result of natural disasters, civil strife or other humanitarian crises. Although the United States has proportionally provided less of the world's food aid in recent years, it still provides about half the global total in efforts to relieve hunger among more than 800 million people. In 2007, USAID gave about 2.5 million tons of food, accounting for more than 50 percent of the emergency aid in a number of nations, including Ethiopia.

USAID officials would not speculate on which countries might be picked for cuts, though aid workers said it was unlikely that those with the greatest need -- such as Sudan -- would be hit hard. Most at risk appeared to be long-term emergency programs in such countries as [Nepal](#), where unrest has quieted, as well as a number of African countries, such as [Tanzania](#), that had relatively good harvests last year.

The Bush administration's 2008 USAID budget request calls for \$1.2 billion in food aid with a supplemental \$350 million to cover assistance in Darfur and critical situations in southern Africa, [Kenya](#) and other hot spots.

USAID officials said the administration, facing a tight budget year, was not planning to request funds to cover the projected \$200 million shortfall from the price increases. USAID purchases grains in the same domestic commodities market as the U.S. companies that serve up Wonder bread or Big Macs, meaning they pay the same high market rates. As a result, officials said, the program cuts are necessary. "At this point, this is the administration's request," Borns said yesterday.

Aid groups said they would press USAID and the Bush administration to pursue more funds from Congress to cover the shortfall. Several are concerned that the cuts come at a time when the Senate is considering a farm bill that would make it much harder for USAID to tap into non-emergency food in the event of a catastrophic event such as the 2004 Asian tsunami.

Frank Orzechowski, an adviser for Catholic Relief Services, said his organization has calculated that U.S. food aid would drop from 2.6 million tons last year to about 2.2 million this year. "That is going to be a pretty big hit for the people who can afford it the least," he said.

"The biggest concern is that there are going to be more people being pushed into food insecurity in poor countries because they don't have the purchasing power to cover higher costs, and we will be less rather than more prepared to cope with that. Higher commodity prices is not a situation that the U.S. is to blame for, but we are going to need to see it step up now and decide to make a greater contribution anyway."

Although it may take several months before the cuts are felt, higher food prices already have begun to erode the non-emergency aid and development programs sponsored by USAID in partnership with CARE, Catholic Relief Services, [World Vision](#) and others. In the case of one Asian nation, CARE said USAID had provided 10 percent less non-emergency food aid than expected, citing higher prices.

In [Liberia](#), Catholic Relief Services funds its developmental programs -- including health worker training and technical assistance to farmers -- by selling wheat or rice provided by USAID at market prices. But, Catholic Relief was unable to find buyers for those grains in January because market prices have jumped so high that local buyers have switched to cheaper foods. The aid group is scrambling to find alternate sources before its funding runs out in April.