

United States  
Department of  
Agriculture



Economic  
Research  
Service



GFA-20  
June 2009

# FOOD SECURITY ASSESSMENT, 2008-09



***A decrease in export earnings and capital inflows could increase the number of food-insecure people worldwide by 100 million.***





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A Report from the Economic Research Service

[www.ers.usda.gov](http://www.ers.usda.gov)

# Food Security Assessment, 2008-09

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## Abstract

Food security in 70 developing countries is projected to deteriorate over the next decade, according to USDA's Economic Research Service. After rising nearly 11 percent from 2007 to 2008, the number of food-insecure people in the developing countries analyzed by ERS researchers is estimated to rise to 833 million in 2009, an almost 2-percent rise from 2008 to 2009. Despite a decline in food prices in late 2008, deteriorating purchasing power and food security are expected in 2009 because of the growing financial deficits and higher inflation that have occurred in recent years. Food-insecure people are defined as those consuming less than the nutritional target of 2,100 calories per day per person.

**Keywords:** food security, prices, production, commercial imports, export earnings, capital inflows, remittances, foreign direct investment, food aid, Sub-Saharan Africa, North Africa, Asia, Latin America, the Caribbean, Commonwealth of Independent States, Economic Research Service, USDA

## Preface

This report continues the series of food assessments begun in the late 1970s. *Global Food Assessments* were done from 1990 to 1992, hence the GFA series. In 1993, the title was changed to *Food Aid Needs Assessment* to more accurately reflect the contents of the report, which focuses on selected developing countries with past or continuing food deficits. In 1997, we widened our analysis beyond the assessment of aggregate food availability to include more aspects of food security. We therefore changed the title to *Food Security Assessment*.

## Acknowledgments

Appreciation is extended to: Cheryl Christensen, Deputy Director for International Programs and Policy Analysis, Market and Trade Economics Division (MTED), ERS, for her support of the food security work; to Janet Perry, Deputy Director for Market Analysis and Outlook, MTED, ERS; to Mary Anne Normile, Chief, Foreign Demand and Competition Branch, MTED, ERS; and to ERS colleagues Anita Regmi and Fred Gale for valuable comments on the articles. We would also like to thank the reviewers for their comments, especially Carol Goodloe, USDA Office of Chief Economist; Daniel Whitley, Mike Dwyer, and Mark Thompson, USDA Foreign Agricultural Service; David Stallings, USDA World Agricultural Outlook Board; and Phillip Abbott of Purdue University. Special thanks are extended to Priscilla Smith, Wynnic Pointer-Napper, and Victor B. Phillips, Jr. for editorial and design assistance.

**Cover photo credits:** Boy eating–Ethiopia, United Nations World Food Programme/Michael Tsegaye; Students at school feeding program–Guinea, WFP/Tom Haskell; Women eating–Bangladesh, WFP/Shehzad Nooriani; Children–India, WFP/Rein Skullerud.

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## Summary

After rising between 2007 and 2008, the number of food-insecure people in 70 developing countries is projected to increase between 2008 and 2009, according to USDA's Economic Research Service. This ongoing rise in the number of food-insecure people is due to the continuation of high food prices and the global economic downturn. Food-insecure people are defined as those consuming less than the nutritional target of 2,100 calories per day per person.

### What Is the Issue?

The current global economic crisis is threatening all parts of the world and there is no consensus as to how long it will last and how deep it will get before a recovery occurs. Reflecting the uncertainty of the current economic climate, in a January 2009 update the International Monetary Fund (IMF) lowered its initial October 2008 projections of world economic growth for 2009. This lower growth, coupled with the financial pressures created by rising 2006-08 food and fuel prices, has resulted in a precarious food-security situation for many lower income countries. In *Food Security Assessment, 2008-09*, ERS researchers estimate and project the number of food-insecure people regionally and in each of 70 developing countries for 2008 through 2018.

### What Did the Study Find?

Food security in developing countries worsened between 2007 and 2008. The number of food insecure people in the 70 developing countries studied by ERS is estimated to have increased nearly 11 percent or about 80 million people in that time. Despite a decline in prices in late 2008, purchasing power and food security were expected to deteriorate in 2009 because of the growing financial deficits and higher inflation that occurred in recent years. ERS food-security baseline estimations of the 70 countries studied showed a near-2-percent increase in the number of food-insecure people in 2009, reaching 833 million.

Growth in the number of food-insecure people is highest in Sub-Saharan Africa (SSA) because domestic production is expected to revert to normal levels in 2009 from the above-average or bumper crops that were experienced in many countries in 2008. The distribution gap overall is estimated to decline by 6 percent, mainly because of the baseline-estimated improvement in food security in Asia, which far outpaced the growth in the gap in SSA. The distribution gap is the amount of food needed to raise consumption in each income group to meet nutritional requirements of 2,100 calories per person per day.

To evaluate the likely impact of the financial crisis on food security of lower income countries, ERS developed a scenario based on the latest IMF projections in which export earnings growth as well as capital inflows contract from the base level for 2009. Under this scenario, the number of food-insecure people in the 70 countries is estimated to increase 12 percent (or 97 million) from the baseline for 2009.

The impact of this scenario is projected to be greatest in the Latin America and the Caribbean (LAC) region, where the number of food-insecure people

is estimated to increase 20 percent (or 10 million) from the baseline level for 2009. In the baseline, 32 percent of the region's population were projected to be food insecure in 2009, but this share is projected at more than 38 percent under this scenario of reduced export earnings and capital inflows.

The number of food-insecure people in Asia is estimated to increase nearly 13 percent (or 47 million) from the 2009 baseline. As these countries have further increased their share of global trade, they have become increasingly linked to the state of the international economic environment, particularly the performance and policies of the major developed countries. Weakening of the global economy directly affects the food-security situation of the countries of this region, many of which suffer from persistent extreme poverty.

Under this scenario, the number of food-insecure people in SSA is projected to increase by 9 percent or 36 million from the baseline. The countries that will be hardest hit by the economic crisis are those with high balance-of-payments deficits and high food-import dependence. In SSA, many countries have become more dependent on food imports because of a combination of slow domestic production growth, high population growth (highest of all the regions), low income growth, market liberalization policies, and, more recently, a boost in foreign direct investment.

Assuming a rebound in the global economy in 2010, the number of food-insecure people would remain relatively flat through the next decade, reaching 834 million by 2018. The trends in the two large food-insecure regions of SSA and Asia are projected to diverge; deteriorating food security is projected for SSA, while an improvement is projected for Asia. SSA will remain the most vulnerable region in 2018, with 25 percent of the population of the 70 countries but 57 percent of the food-insecure people.

## **How Was the Study Conducted?**

All historical and projected data are updated relative to the 2007 *Food Security Assessment* report. Food production estimates for 2008 are based on data from the United Nations' Food and Agriculture Organization (FAO) as of February 2009. Historical production data are from FAO and food aid data from World Food Programme (WFP). Financial and macroeconomic data are based on the latest World Bank data, as of February 2009. Projected macroeconomic variables are either based on calculated growth rates for the 1990s through the mid-2000s or are World Bank projections. Projections of food availability include food aid, with the assumption that each country will receive the 2005-07 average level of food aid throughout the next decade.