



**HELVETAS**  
Swiss Intercooperation

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# Food Security Food Sovereignty

Position paper

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Short version

The right to food is the normative roof of this comprehensive food security framework which integrates the main claims of food sovereignty emphasizing the need for eliminating the core causes of food insecurity. We advocate the strengthening of local food production by smallholders that is based on sustainable use of mainly local resources to which the farmers have secured access, including land and genetic resources. We consider local food markets a key mechanism to enhanced access to food, seeing export oriented production of food crops as an option to increase farmer incomes, provided it does not compete with local food security. We disapprove all types of land expropriation and consider the external purchase or long-term leasing of agricultural only legitimate if this is based on informed consent, adequate compensation and clear local benefits. We consider agro-fuel production out of local resources a development option in some rural contexts, but denounce agro-fuel production out of staple food crops. Speculation with food for the sole purpose of profit maximisation is unethical and detrimental to the food security of the poor. Food aid should avoid jeopardizing local food production and markets and work through existing local, rather than parallel networks. We advocate for a less energy intensive, less wasteful and more regional food economy that is based on fair terms of trade.

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## 1. Context

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Roughly 50% of the hungry people in the world are smallholder farmers, and 70% of the hungry live in rural areas. Most of these people are smallholder and subsistence producers, pastoralists, fishermen, gatherers, but also farm labourers and landless who depend directly on the local use of the land, but without the prospect of growing or earning enough to feed their families. In most countries of Africa, Asia and Latin America, hunger and poverty are essentially a problem of regional self-sufficiency<sup>1</sup>.

In 2012/2013 the third food crisis since 2007/2008 is likely to be imminent according to the World Bank (WB). The sharp increase in food prices in recent years has left millions of people in poverty. The reasons for a growing number of people worldwide lacking secured access to food are manifold and complex and there is much debate about the underlying causes. Among the most stated reasons are the adverse impact of climate change on harvests, the growing use of foodstuffs for the production of agro-fuels, and the increasing financial speculation with staple food derivatives. In the aftermath of the food crisis in 2007/2008, the topic of food security and food sovereignty once again gained prominence in the agenda of governments, multilateral and bilateral development agencies and civil society organizations. Although incidences of food insecurity or even food crisis are known in many developing countries, the acuteness and intensity of the 2007/2008 crisis was new.

The primary stakeholders of HELVETAS Swiss Intercooperation are the rural poor in developing countries who are most vulnerable to food insecurity. The improvement of food security in rural areas is an explicit and inherent part of most of our projects, and the topic of food security has always been and will continue to be a fundamental topic for the organization both at the level of project implementation and advocacy work. This paper presents HELVETAS Swiss Intercooperation's understanding of food security and food sovereignty and its position concerning main concepts and topics related to food security.

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## 2. Concepts of food security and food sovereignty

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The right to food forms an internationally recognized normative basis, while the concepts of food security and food sovereignty can be considered as two different approaches to operationalise and implement the right to food.

### 2.1. Right to Food

Article 11 of the 1966 International Covenant on Economic, Social and Cultural Rights (ICESCR) defines "the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions." Hundred and sixty states have ratified the ICESCR. The 1999 General Comment No. 12 on the Right to Adequate Food of the Committee on Economic, Social and Cultural Rights (CESCR) further specifies: "The right to adequate food is realized when every man, woman and child, alone or in community with others, has physical and economic access at all times to adequate food or means for its procurement." The right to food further entails "the right to have regular, permanent and unrestricted access, either directly or by means of financial purchases, to quantitatively and qualitatively adequate and sufficient food corresponding to the cultural traditions of the people to which the consumer belongs, and which ensures a physical and mental, individual and collective, fulfilling and dignified life free of fear." Accordingly, the right to food goes beyond the notion of 'enough food', and comprises 'adequacy', 'sustainability', 'accessibility', 'safety', 'nutritional quality' and 'acceptability' of food (Bürgi B., 2012).

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<sup>1</sup> Welthungerhilfe: World Report on Agriculture 2009.

## 2.2. Food Security

The definition of **food security** as it is today broadly used by most governments and international development institutions was developed at the World Food Summit in 1996: *“Food security is a situation in which all people at all times have physical, social and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life”*.

According to FAO, food security rests on four pillars: **availability** of food, meaning the supply of food depending on food production, stock levels and net trade; the economic and physical **access** to food, depending on income, expenditure, distribution, market and price mechanisms; food **utilization**, meaning the way individuals make use of the food in terms of storage practice, food preparation, diversity of diet and intra-household distribution of food; and **stability** of the three mentioned pillars over time, depending on climate, economic factors and political (in)stability.

The concept of **food security** as used by FAO is a useful, mainly technical and analytical concept that operates within the existing logic of today’s world food and market system. It puts an emphasis on consequences and symptoms of food insecurity with only an implicit reference to underlying causes. It remains vague in certain key topics (e.g. sustainability, international trade) but is widely accepted and used by development agencies and governments. The increase in purchasing power, the increase in production, economic growth and the promotion of functioning international markets are seen as core elements to overcome food insecurity, along with the creation of favourable (inter)national policy frameworks that ensure food security.

## 2.3. Food sovereignty

The food sovereignty movement emerged in 1996, based on an initiative Via Campesina, in response to widespread concerns that existing approaches to solve the problem of recurrent hunger and food crises have failed. The global food crisis of the last years is seen as a clear signal that new innovative ideas are needed as an alternative to the existing systems of food production and distribution which are heavily dependent on industrialized agriculture, liberalized markets and cross-border trade. A common definition reads as follows:

*“Food Sovereignty is the right of peoples to define their own food and agriculture; to protect and regulate domestic agricultural production and trade in order to achieve sustainable development objectives; to determine the extent to which they want to be self reliant; to restrict the dumping of products in their markets; and to provide local fisheries-based communities the priority in managing the use of and the rights to aquatic resources. Food Sovereignty does not negate trade, but rather it promotes the formulation of trade policies and practices that serve the rights of peoples to food and to safe, healthy and ecologically sustainable production.” (People’s Food Sovereignty Network, 2002) [...] Food sovereignty is a precondition to genuine food security.” (People’s Coalition on Food Sovereignty, 2012)*

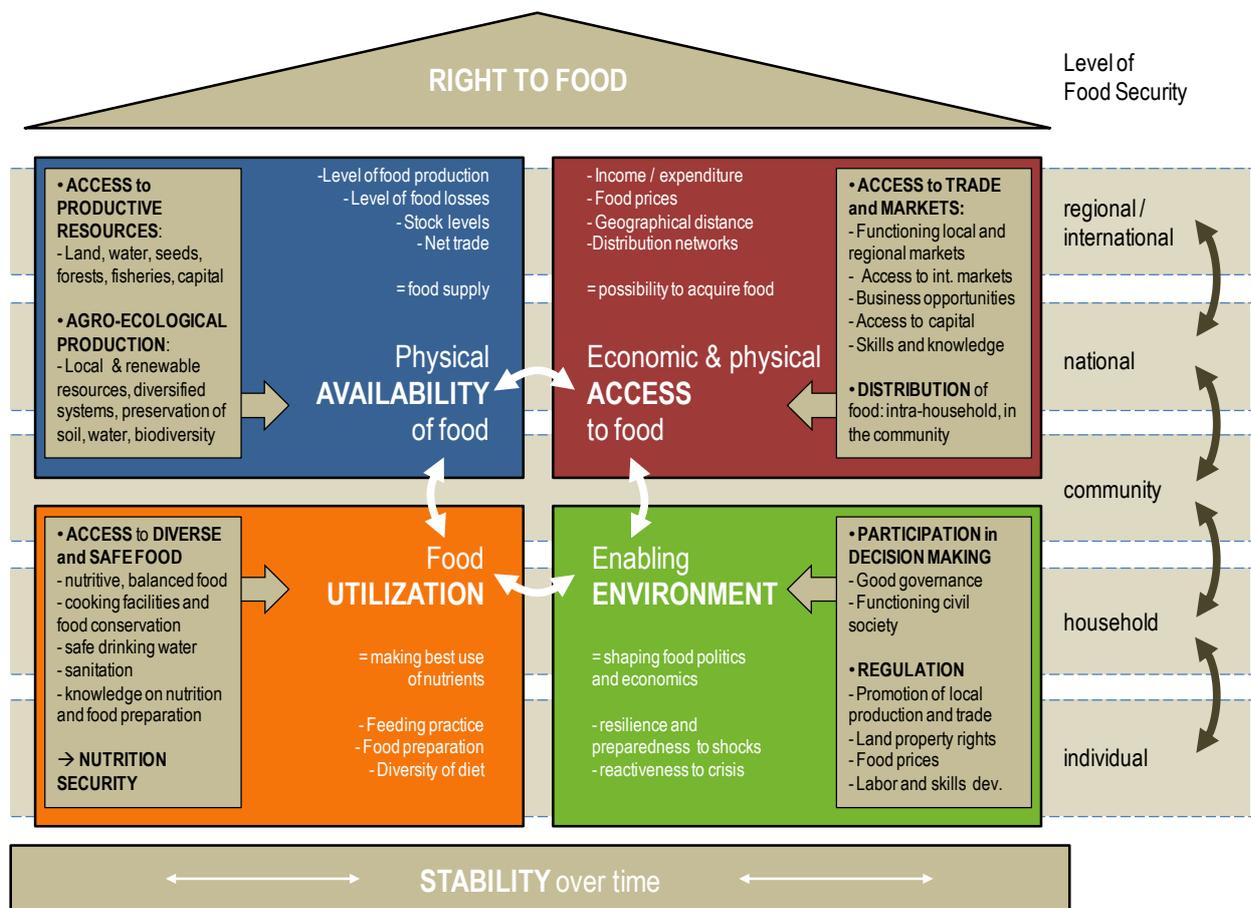
The International Planning Committee for Food Sovereignty (IPC) specified four pillars of food sovereignty: The **right to food**; the access to **productive resources** land, water, forest, fisheries, seeds, capital; the mainstreaming of **agro-ecological production** based on local and renewable resources and the preservation of natural resources; and **trade and local markets**.

**Food sovereignty** is a rights-based, political concept that challenges the existing mechanism of food production and trade by demanding changes in the system as such. It tackles the underlying root causes of food insecurity in agriculture, markets and politics. The concept is less technical, more political and subject to different interpretations. Although not yet widely used, it is an increasingly recognized concept in international development cooperation.

### 3. A comprehensive food security framework

HELVETAS Swiss Intercooperation's mission is to improve the living conditions of women and men from disadvantaged communities in a direct and sustainable manner, to build capacities such that they can take control of their lives and to have the skills, resources and opportunities to secure a decent living. In our effort to reduce hunger and food insecurity in developing countries, we aim to change the root causes of food insecurity, i.e. we seek to achieve positive **systemic changes** in the mechanisms of food production, food processing and food distribution.

Food security and food sovereignty are two approaches that are complementary. All dimensions of both approaches are relevant in our work and need to be part of our understanding of food security. Consequently, HELVETAS Swiss Intercooperation adheres to the following comprehensive food security framework with the aim to understand and address both the causes and consequences of food security in a holistic way.



We recognize the **human right to food** as the normative roof of all our project implementation and development policy work related to food security.

**Food security** rests upon **four pillars** (= coloured boxes):

1. the **physical availability** of food in sufficient quantity
2. the possibility of people to **access food economically and physically**
3. the **food utilization**, i.e. the possibility of making best and **safe use** of the available food
4. an **enabling socio-political environment** which fosters the resilience of food systems against shocks and crisis, thus ensuring stability of food security over time.

The first three pillars correspond to the FAO food security framework described in chapter 2.2. The fourth pillar strengthens the importance of, conducive food politics, regulatory frameworks and good

governance as a fundamental basis of food security which is stable over time. Whereas the four pillars influence each other, a range of **pre-conditions** need to be in place in order to ensure food security in the long run (grey boxes):

1. The availability of food essentially depends on the secured **access** of people to **productive resources** land, water, forests, biodiversity and capital; the possibilities they have to **preserve local natural resources** and apply **agro-ecological principles** in diversified production systems which are based on mainly local, renewable inputs.
2. The physical and economic access to food largely depends on a functioning system of **distribution and trade** in mainly local and regional<sup>2</sup> **markets** that are accessible to all and not monopolized by private or public actors; the access to knowledge and skills, and the existence of business and income opportunities. The access to food of the different household or community depends on internal distribution patterns, according to power relations, status and roles.
3. The utilization, i.e. the use of available nutrients, depends on the one hand on the **diversity** and the **nutritive balance** of the available food and on the other hand the fair distribution of these among the family members. Furthermore, the **access to safe drinking water and sanitation** plays a crucial role here. All this refers to **nutrition security**, which requires that household members have access not only to food, but also to health care, a hygienic environment, and knowledge on personal hygiene, as well as on proper care and feeding practices to ensure a healthy life for all household members.
4. Among the prerequisites for an enabling environment which positively shapes local food production and market systems, to which poor people and disadvantaged groups have equal access and which are resilient to crisis and shocks, belong: the **participation** of men and women in **political decision making processes**, a strong and active **civil society**, sound **regulatory frameworks** with regard to agriculture, land rights, food markets, food prices, and skills development, all under a functioning **rule of law**.

To a large extent, the main claims of **food sovereignty** are reflected in the above mentioned preconditions. We understand food sovereignty in a global sense as a **right of self-determination** and **independent decision making** of individuals, households, communities, regions or countries about the origin and the type of food resources, and the way it is produced, supplied and purchased. Hence sovereignty as we understand and use the term does not refer to the purely territorial concept of nation states, but applies to all mentioned levels of self-determination with regard to food. This includes the possibility of acquiring and consuming **culturally appropriate and acceptable** food, as food has an important cultural dimension, too.

We recognise **women as key stakeholders** for all interventions addressing food security, given their important function in food production, distribution and utilization. Women often lack secure tenure over their land, access to inputs and mechanical equipment, basic education regarding agricultural activities, and proper access to credit and extension services. In most cultures, they play a key role in conserving and preparing food but often cultural norms lead to an intra-household discrimination in allocation and consumption of food, hence interventions with regard to safe food, water and sanitation need to involve women as main stakeholders, challenging cultural norms where needed.

*This framework is coherent with the UN's "Zero Hunger Challenge" approach<sup>3</sup>. We fully support the recent claims of the UN secretary general Ban Ki-Moon for a **fundamental transformation of agriculture and food systems** towards sustainability<sup>4</sup>, and of Olivier de Schutter, UN Special Rapporteur on the Right to Food, who stressed the need for a **shift to sustainable food systems**<sup>5</sup>.*

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<sup>2</sup> between countries of the same region

<sup>3</sup> [www.un.org/en/zerohunger](http://www.un.org/en/zerohunger)

<sup>4</sup> [www.un-foodsecurity.org/](http://www.un-foodsecurity.org/)

<sup>5</sup> [www.srfood.org](http://www.srfood.org)

## 4. Position on key topics related to food security

### 4.1. Production systems

#### Background

Since the green revolution, intensive, mechanized agriculture that heavily depends on non renewable resources has become the international standard. The detrimental impacts of intensive conventional agriculture on soil, water and ecosystems are well known. Despite its extensive promotion 70% of today's food is produced by smallholders, and 90% of farms worldwide have a size of less than 2 hectares<sup>6</sup>. For poor small-scale farmers the high and increasing costs of conventional agriculture pose considerable economic risks or make this production system unaffordable to begin with. As a consequence, it is not a valid option and more so now, in view of the rising energy and input prices. Climate change and the more frequent incidences of extreme weather events are another challenge, especially to smallholders in less developed countries and in remote areas.

Despite this, common strategies to overcome food insecurity as e.g. promoted by many governments, financial institutions and private companies are still strongly based on the logic of high external input agriculture, often with the questionable argument that other systems such as Low External Input Sustainable Agriculture (LEISA) or organic production may not ensure the necessary boost of productivity that is required to achieve global food security. Further, the sole focus on agricultural productivity risks to neglect the high potential of reducing postharvest losses and food waste as an often more sustainable and economic means of increasing availability of food.

#### Our position

- We consider the promotion of **local production of food** crops an important step towards improved availability of and access to food, as well as food sovereignty, especially in view of the high dependence of some developing countries on food imports, their negligence of domestic agriculture during many years, and the increasing incidence of volatile markets,
- We perceive **small scale agriculture** as the backbone for local, national and international food security, in particular in developing countries.
- To enable families to use local production potentials, they need secured **access to natural resources** such as land, water, seeds, forest and fishing grounds; to **capital** such as credits; to appropriate **equipment and infrastructure**; and to **know-how**. Landless families and agricultural labourers are among the most vulnerable groups and need special attention.
- We support and advocate for production of food and any other crops to be based on **ecologically sound systems** that preserve natural resources, rely upon local and renewable resources as far as possible, and minimize the use of harmful synthetic inputs. We promote diversified agro-ecosystems based on **low-external input sustainable agriculture (LEISA)** or **organic agriculture** as best practice production models. Low input and labour-intensive production is

#### **Organic and fair trade value chain projects**

*For more than a decade, HELVETAS Swiss Intercooperation has been implementing sustainable value chain projects, e.g. the Organic Rice Project in India / Thailand, the Organic Cocoa Project in Honduras, or the Organic Cotton Programmes in Western Africa and Central Asia. Their goal is to achieve better and diversified incomes and enhanced food security for smallholders by promoting agro-ecological (organic) principles in the production, the diversification of the production including staple crops, the access to local and international markets through long-term partnerships with buyers, and capacity building of farmers and key stakeholders in organic farming, quality management, certification, and organizational aspects. The close collaboration with the private sector is a crucial factor for the sustainability of value chain projects, as the successful partnership with Coop Switzerland in the case of the organic rice and cocoa project shows.*

<sup>6</sup> IAASTD 2009: Agriculture at a Crossroads, Global Report

becoming increasingly **competitive** vis-à-vis input and energy intensive agriculture in view of increasing prices for energy and minerals.

- We consider **genetic resources** as a common good the benefits of which should be shared fairly. We disapprove patents on genetic resources and monopolies on agricultural inputs such as seeds that hamper the economic and physical access of farmers to these resources<sup>7</sup>.
- We are highly cognisant of the persistent and problematic fact that although **women** have a key role in agricultural activities, they have limited access to, and control of, productive resources such as land, labour, credit and capital. We strive to ensure women's access to these resources and their fair access to nutrition, water and sanitation services and health care.
- We consider the equal access of women and men to appropriate, timely and affordable **agricultural advisory services** as key element to make production systems more productive and sustainable, and to reduce postharvest losses.
- We see urgent need for action to strengthen the adaptation of smallholder food production systems to **climate change**, through the diversification of cropping patterns, the use of varieties that are resistant to extreme weather events, and soil and water conserving farming practices.
- **Nutrition and diversity of food** need to be considered more strongly in agriculture and agricultural policies (nutrition driven agriculture), with a particular focus on women, children, elderly and other disadvantaged groups who have the least access to balanced diets.

## 4.2. Food trade and markets

### Background

The importance of functioning trade and markets to ensure access to food is undisputed, both to allocate food in local contexts and at the international level. For densely populated countries or regions with low agricultural production potentials it is vital to count on reliable and affordable food supplies from other regions or countries. At the same time, high dependency on external food supplies may pose a considerable risk to the food security and economy of women and men in these countries, as they are disproportionally exposed to shortages and price hikes on the world market. The importance of functioning local markets becomes evident here. Furthermore, as the example of some Western African countries show, the import of cheap food from abroad such as rice or meat may even impede the development of local food sectors and markets in countries where good production potentials exist, thereby reinforcing their dependency on external supplies. In this context, the legitimacy of subsidizing food exports to developing countries on the one hand, and collection of duties on food imports to protect a country's economy and food production from cheap imports is debated intensely and controversially. Another disputed aspect is the question of how desirable a globalized food economy is in terms of energy use. Food transported over long distances is likely to become more expensive in the future in view of energy becoming short and more expensive. Consequently, it can be expected that regionally and locally traded food becomes more competitive in the near future.

#### **Postharvest management in Sub-Saharan Africa**

*The value of postharvest losses for cereals in Africa is estimated at more than 4 billion US\$ annually or almost 15% of the total production value. In Sub-Saharan Africa (SSA) it is estimated that up to 40% of food losses occur at postharvest and processing stage. A regional programme supported by the Swiss Agency for Development and Cooperation (SDC) and coordinated by HELVETAS Swiss Intercooperation in a consortium with FANRPAN, AFAAS, and Agridea aims to improve food security in SSA countries by promoting adequate postharvest management practices (e.g. improved clay silo, metal silo, triple bags). Based on two pilots in Benin and Mozambique where possible practices are tested, promising technologies are disseminated at a broad scale in further countries of the sub-regions through regional and national rural advisory services networks.*

<sup>7</sup> Also see position paper of HELVETAS Swiss Intercooperation on Genetically Modified Organisms (GMO) and Convention on Biological Diversity - [www.cbd.int](http://www.cbd.int)

## Our position

- We recognise the **importance of markets and value chains** as means of allocating and distributing food resources effectively, especially in the local and regional context and we actively collaborate with value chain actors.
- We acknowledge the fact that food insecurity is often a consequence of **missing access to food** due to low purchasing power and the non-functional food distribution systems, rather than a mere quantitative problem of insufficient production.
- We work towards and advocate for enhanced emphasis on the **promotion of local markets**. It is a fact that food insecurity, even in emergency situations, is often not a consequence of the non-availability of food, but a lack of functioning local distribution mechanisms and markets<sup>8</sup>. Functioning local markets are more efficient in terms of transport and energy use, contribute to reducing post-harvest losses and trigger local economic growth.
- We recognise the need for **food imports from international markets** as a necessary mechanism to ensure availability of food especially in regions and countries that are not food self-sufficient. However, the import of staple food should constitute a **complementary mechanism** to the local production, and should not replace or curtail local production.
- We recognise the need for **export oriented cash crops** and support them as a strategy to generate income and to improve access to a diversified food basket. We promote **sustainable and diversified cropping patterns** that combine cash crops with food crops for local consumption. Cash crop production for export should not compete with the production of food crops for local consumption and shall not put local food security at risk.
- We disapprove **unfair terms of trade** which discriminate against developing countries, in particular the persisting high subsidies of Northern countries on agrarian exports which inhibit the emergence of local markets in developing countries and prevent them from being competitive on international markets.
- In order to support efficient local food markets and value chains in developing countries, we promote conducive policies and regulatory frameworks through **advocacy work** with governments at local, national and regional level.
- We support sustainable and fair **sourcing policies** of companies with a transparent monitoring of the origins of food commodities and their social, economic and ecological impact in the countries where they are produced, namely fair-trade and organic value chain approaches.
- We consider **postharvest management (PHM)** a key topic to foster food security which needs more attention in developing countries. PHM is an economic and ecological way of increasing food availability without placing further stress on natural resources, e.g. by reducing post harvest losses at the stages of drying, threshing, storage and transport.

### **Advocacy work in agrarian reform - Philippines**

*In the Philippines in the mid-nineties until the early years of the new millennium, Helvetas was active in **advocacy and policy** work related to the agrarian reform and the law formulation process on ancestral domains (a law that grants indigenous people land use rights for their ancestral habitats). Helvetas initiated, advised and financially supported a national civil society network that became a main discussion partner for the government on agrarian reform issues. In collaboration with the "Legal Resources Center – Kasama sa Kalikasan / Friends of the Earth – Philippines" Helvetas helped translate the constitutional provision for ancestral domains into applicable laws. Subsequently Helvetas initiated in Mindanao a network of indigenous groups, which in 1999 successfully claimed the first ancestral domain certification covering 14'500 hectares of land.*

<sup>8</sup> As stated by Welthungerhilfe at the example of Western Africa, where they found that several countries had a positive food production balance even in years of crisis (World Report on Agriculture 2009).

### 4.3. Land rights and land grabbing

#### Background

Secure access to land is a fundamental precondition for farmers to ensure food security, especially for subsistence oriented smallholders. However, land titles in developing countries are often unclear since they are based on conflicting legal frameworks (customary right vs. official right). Moreover, illiteracy and the ignorance of rights prevent families from defending their interests.

In the past decade, cheap agricultural land in developing countries has increasingly become a subject of interest for companies and foreign governments. On the one hand, investing in such land is a promising business opportunity for private investors in view of low production and labour costs and rising food prices; and for countries with a rapidly growing population and shrinking land resources, the cheaply available land in other countries is an opportunity to secure domestic food supplies. On the other hand, many Southern governments looking for desperately needed development impetus in agriculture and infrastructure welcome such external investments, hoping that they may help modernise domestic agriculture.

The impact of these external investments in land and agriculture on the rural poor and local food security is debatable. On the one hand, the development opportunity of foreign investments in agriculture is clear. On the other hand, there is a growing concern among development agencies and NGOs of the risks and challenges, especially for the disadvantaged, poor population in rural areas. There are frequent reports about smallholders in Southern countries being expelled from their land with no or fair compensation. Often, the acquired land is used for production of feedstock for agro-fuel for the international markets, with little gains for food or energy security at the local level.

In 2012, the Committee on World Food Security (CFS), through a broad stakeholder consultation, worked out the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security” (VGGT)<sup>9</sup>. The principles in the guideline are currently the most widely accepted framework for the governance of foreign direct investments in land. The first version of the guidelines is being further revised (State: May 2013).

#### Our position

- We acknowledge and support the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security” (VGGT). Given their voluntary character, we advocate for making them legally binding, to make a clearer reference to marginalized and most vulnerable people, and include stronger principles for low-external input agriculture.
- We advocate for equal right of farmers, sedentary and nomadic pastoralists, in particular poor families, indigenous and marginalized groups, to have secured **access to land**, based on formally recognised property rights, land use rights and land titles.
- We disapprove all types of **land expropriation** of farmers, pastoralists and other land users, perceiving it as fundamental threat to their livelihoods, food security and food sovereignty.

#### **Advocacy work in agrarian reform - Philippines**

*In the Philippines in the mid-nineties until the early years of the new millennium, Helvetas was active in **advocacy and policy** work related to the agrarian reform and the law formulation process on ancestral domains (a law that grants indigenous people land use rights for their ancestral habitats). Helvetas initiated, advised and financially supported a national civil society network that became a main discussion partner for the government on agrarian reform issues. In collaboration with the “Legal Resources Centre– Kasama sa Kalikasan / Friends of the Earth – Philippines” Helvetas helped translate the constitutional provision for ancestral domains into applicable laws. Subsequently Helvetas initiated in Mindanao a network of indigenous groups, which in 1999 successfully claimed the first ancestral domain certification covering 14’500 hectares of land.*

<sup>9</sup> FAO (2012): Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security. Rome: FAO, Committee on World Food Security.

- We consider any **purchase or long-term leasing** of agricultural land through foreign governments and national or international companies illegitimate, unless:
  - a) land owners give their free prior and informed consent, and
  - b) former land owners are offered a compensation which allows them to at least maintain or improve their living standards, and
  - c) the production or services of the sold/leased land create benefits for the local population, particularly income generation (e.g. jobs created in new facilities, demand for local supply and services, trade opportunities for local actors), and production of food crops for local markets.

## 4.4. Agro-fuel production

### Background

Agro-fuel (or “bio-fuel” as it is often named) is available in solid, liquid and gaseous forms – e.g. bio-diesel, bio-alcohol, butanol, bio-ethanol – derived from biomass. The agro-fuels of the so called 1<sup>st</sup> generation are produced out of agricultural products such as maize, soybean, wheat, rapeseed, sugarcane, sugar beet, and palm oil, among others. Agro-fuels of the 2<sup>nd</sup> generation are based on non-food crops, inedible plant residues, cellulose (e.g. stalks of food crops), trees and shrubs.

Agro-fuel use dates back to pre- World War II and was regarded as an alternative to imported fuel. Later, cheap oil from the Middle East caused a decline in agro-fuel production but the oil crisis of the 1970s created new interest in it. The trend in production registered a decline in 1986 but began to increase again since 2000. The trend thus oscillates in response to the rise and fall in the international oil prices. Today, agro-fuels are widely promoted as a green, carbon-neutral technology that can be a reliable alternative to fossil fuels, creating new employment.

However, a careful look reveals a range of problems. Firstly, most agro-fuels, especially if based on biomass from industrial agriculture, are far from carbon-neutral as they depend on mineral fertilizer input, mechanization and energy-intensive processing cycles. Also, the high profitability of agro-fuel creates perverse incentives to extend new agricultural land through deforestation, as e.g. seen in Brazil (soy) or Indonesia (palm oil). Secondly, the production of agro-fuels directly competes with the production of food and increases the pressure on limited land and water resources. Thirdly, the soaring demand for agro-fuels is contributing to a rise in global food import costs. It is a fact that the agro-fuel boom contributed significantly to the world food crisis of 2007/2008<sup>10</sup>. Agro-fuels of the 2<sup>nd</sup> generation may offer solutions to these issues in the future, especially if they are based on agricultural residues.

### Our position

- In general, we consider technologies that serve to generate **agro-fuel out of local resources** as a development opportunity for rural communities which allow them to produce energy autonomously using on renewable resources and to improve their income.
- We support the production and marketing of **agro-fuels of the 2<sup>nd</sup> generation** as long as they do not (in)directly compete with food production or lead to deforestation and are carbon neutral.
- We disapprove any **agro-fuel production and marketing out of food crops** such as wheat, corn or sugar cane due to the following reasons:
  - a) This type of agro-fuel production directly competes with resources for food production, in particular land and water, below the line reducing the absolute availability of food.
  - b) The marketing of maize, wheat and other food crops as agro-fuels leads to a rise in staple prices, which has a particularly negative impact on the poor especially in developing countries.
  - c) The net energy content value added through these so called “bio”-fuels is minimal or even negative (e.g. for 1.36 energy unit of corn ethanol you need 1 energy unit of fossil energy!).
- We disapprove foreign agricultural investments in land in developing countries that are aimed at export oriented agro-fuel production.

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<sup>10</sup> see report of High Level Panel of Experts on Food Security and Nutrition: “Biofuels and Food Security”, June 2013

## 4.5. Food speculation

### Background

Over the last decade, raw materials including food crops have increasingly become subject to speculation in international trade markets. In the year 2000, the United States and other developed countries deregulated commodity futures trading, i.e. investments in agricultural raw materials and foodstuffs. This allowed all kinds of investors to engage in transactions which so far had mainly helped producers and traders to secure prices by *hedging* specific delivery quantities. Whereas before 2000, producers and processors had dominated commodity futures up to 80%, the ratio has changed since then. Today 80% of the markets are controlled by financial speculators<sup>11</sup>. As a consequence of the importance of speculation in agricultural commodity markets, their prices now develop in parallel with other commodity prices, following the typical herding behaviour that characterizes financial markets. This means that the prices for products such as wheat, rice and maize are increasingly detached from the real demand and supply. In other words: as a consequence of this *arbitrage*, global food prices increasingly depend on trends in the international financial markets and are less predictable than ever. While many governments and financial institutions continue to deny the link between food speculation and sharp price fluctuations, institutions such as the UNCTAD do acknowledge that *arbitrage* has played a considerable role in the 2007/8 global food crisis. Consequently, and in response to growing public pressure, several large financial institutions (mainly German) have recently decided to pull out of agriculture-based investments. In contrast, Swiss banks still hesitate to adjust their investment rules.

### Our position

We acknowledge the importance of **hedging** as a key institution of international food markets, but disapprove **arbitrage** (i.e. the mere speculation with food) because:

- the manner and extent to which it is practiced today, *arbitrage* has a detrimental effect on the food security of the poor and disadvantaged and can cause massive, unprecedented global and regional hikes in prices of staple foods.
- speculating with agricultural raw materials and essential foodstuffs with the sole aim to maximise private profits is unethical and has no wider economic use.

## 4.6. Food aid

### Background

Humanitarian aid in emergency situations is not a main field of work of HELVETAS Swiss Intercooperation. As outlined earlier, our principle goal with regard to food security is to overcome transitory or chronic food insecurity by fostering resilient food production and trade systems in the long run. However, as stated in the Strategy 2013-2017 of HELVETAS Swiss Intercooperation, we also provide humanitarian aid in acute emergency situations in countries where we are present with own projects, for example in the form of food aid.

#### **Switzerland: Popular initiative against food speculation ('JUSO initiative')**

*In 2012, the Young Socialist Party of Switzerland (JUSO) has launched a popular initiative against food speculation with the aim "to prohibit investments in financial instruments based on agricultural raw materials and foodstuffs. Not included are classic transactions used to hedge specific delivery quantities in terms of scheduling and price and which are regarded as 'good' speculation. If successful, the initiative will be debated in parliament 2014." The Swiss NGOs Swissaid and Solidar Suisse support the initiative.*

<sup>11</sup> Alliance Sud 2013: [www.alliancesud.ch/de/ep/agrotreibstoffe/nahrhafte-spekulationsgeschaefte](http://www.alliancesud.ch/de/ep/agrotreibstoffe/nahrhafte-spekulationsgeschaefte)

## Our position

- We consider food aid as an important and necessary intervention in acute emergency situations.
- The provision of food aid should not jeopardize local food production and local food markets.
- Even during a food crisis, we claim to orient the emergency support – as far as the situation allows – towards the strengthening of structures that enhance the resilience of the population against future food crisis in the medium and long run.
- Following this, any emergency intervention should work through and with local networks and initiatives, rather than creating parallel structures.
- Whenever possible, staples for food aid should be purchased from local or regional markets. The impact of bulk purchase and distribution of food on local markets and prices needs to be analyzed very carefully.
- A number of developing countries depend on permanent food aid, partly as a consequence of market distortions through export subsidies from industrialized countries. This is highly problematic and we strongly advocate for changes in international trade regimes that prohibit such discrimination.
- We disapprove policies that push the export of subsidized staple crops to developing countries.

### **Food aid through local partners - Laos**

*In 2011 the district of Boualapha in the Lao province of Khammouane was subject to severe floods. In the context of the Enhancing Milled Rice Production Project (EMRIP) which was implemented by HELVETAS Swiss Intercooperation, rice producers collaborated with the local rice millers to procure 25 tons of rice for the victims of the floods. This experience showed how food aid can be provided in an immediate and efficient way through local private sector actors and based on national staple production. Moreover, this operation has fostered the local rice sector instead of competing against it (e.g. distribution of cheap imported rice).*

## 4.7. Food waste

### Background

Almost 20% of food products purchased by Swiss households end up in their waste bin, contributing to half of the food waste produced in Switzerland. Overall, one third of produced food in Switzerland – or 2 Mio tons of food every year – end up in waste disposals, wastewater treatment plants, compost or in the feeding dish of animals. This food is largely of perfectly edible standards. This is a problem both from a moral and an ecological point of view, especially if we consider that a growing share of the food purchased in our stores comes from developing countries. The food economy in industrialized countries is highly intensive in terms of energy, land and water use due to an increasing share of meat in people's diets, highly globalized food markets which function regardless of seasonality, a trend towards convenience food and the above mentioned wasting of food, among others. It is a food economy that is not sustainable, that wastes valuable resources of countries in the South where they are badly needed by the local population and which exacerbates their food insecurity.

### **Exhibition "We eat the world"**

*An exhibition developed by HELVETAS Swiss Intercooperation being shown in several Swiss cities in 2013-2015 presents the topic of food production and consumption in a globalized world. It is a culinary world tour, explaining how food is produced in different countries, food trade, food business, food abundance, food insecurity and hunger. The exhibition aims to sensitize a mainly young public by linking the topic directly to our everyday experience of choosing, buying, preparing conserving, consuming and wasting food.*

### Our position

- We believe that consumers in wealthy countries are responsible for and in the position to influence food production and trade through their own consumption patterns.
- We advocate for a less energy intensive, less wasteful, more seasonal and regional food economy.
- We promote ecologically and socially sound production, trade and consumption of food.