

“The New Face of Hunger”

Keynote address by

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I want to thank CSIS and President Hamre, Arnaud de Borchgrave, Steve Morrison and you, Johanna, for an excellent reception here in Washington. We have had an opportunity to work with the CSIS team on a wonderful and fruitful partnership to raise critical humanitarian issues before the U.S. policy community. Thank you for all of your work with the Smart Power Commission and the excellent recommendations you have outlined.

This meeting comes at a critical time when food and food prices are daily headline news. News reports and images from Haiti of deadly riots triggering the collapse of the government are stark reminders that food insecurity threatens not only the hungry but peace and stability itself.

Yesterday South Africa joined 33 other nations that have seen thousands of hungry people pour onto the streets demanding relief. As I talk with farmers and consumers in the developing world, they express confusion and frustration as to what is robbing them of milk for their children, their weekly portion of meat, or, for those who make less than 50 cents a day, reducing them to a single bowl of grain or one piece of bread a day. With little awareness of the macroeconomic forces at play, many blame their own leaders and local suppliers, millers, traders and anyone else – threatening confidence in fragile democracies and markets. The world's misery index is rising as soaring food and fuel prices roll through the lives of the most vulnerable; a silent tsunami that respects no borders. Most do not know what has hit them.

With the price of rice rising by 75 percent in just the past two months, and wheat rising by 120 percent over the year, the world's most vulnerable are getting hit hard. The issue here is resiliency, and for those living on less than 50 cents a day there is no place to retreat. There is a new face of hunger, with people who were not in the urgent category just months ago, joining the ranks of desperation.

Amartya Sen's ground-breaking work studying famines found they are, at their root, caused by the disparity of food prices, which rise rapidly during a disaster, while family income declines and traditional coping methods become exhausted. The World Bank estimates that these rapidly



accelerating prices will drive 100 million people into more extreme poverty and places 33 nations at risk of instability due to soaring prices.

Joachim von Braun, the Director General of the International Food Policy Research Institute, warns that developing nations, especially net food importers, are being hit hardest. He says: "The world food system is in trouble and the hot spots of food risks will be where high food prices combine with shocks from weather or political crises. These are recipes for disaster."

United States Agriculture Secretary Ed Schafer said this week that the world has never been "less secure about the near term future of wheat as crop failure and disease combine to threaten food supply; US wheat stocks are at a 60 year low." The Secretary General of the United Nations has declared a global food emergency, and the head of the World Bank has called for a "new deal" on global food policy. The President of El Salvador has called this a perfect storm, and the Prime Minister of India said this will threaten India's economic growth and poverty reduction.

As Secretary of State Condoleeza Rice said yesterday, "this is a current emergency, but has long term global challenges...those who are hardest hit are the poorest people, and, of course, this is a matter of social justice because no one should have to spend all of their daily wages to buy bread." This week the President of the United States released \$200 million in emergency food stocks to meet the urgent call of hunger and Congress is considering an emergency supplemental to meet these burgeoning needs.

This continues America's noble tradition of providing half of all emergency food assistance to those trapped in abject hunger. America, some decades ago, through science, technology, hard work, and the vision of people like Dr. Norman Borlaug, unlocked the keys to food abundance. After World War II, America also decided to reach out, regardless of friend or enemy, with life-saving food to a war-torn world, building a generation-long foundation of goodwill and stability. I will show some slides as I speak, reminding us that the face of hunger is not limited to one people, one religion, one nation. As President Kennedy said in launching Food for Peace: "Food is strength, food is peace, food is freedom, food is a helping hand to people around the world whose goodwill and friendship we want."

Today, I would like to talk about three subjects: 1) the revolution in food aid; 2) the new face of hunger; 3) a global call to action.

First, the World Food Program has been undergoing a transformation in how it does business – this is not your grandmother's food aid.

The World Food Program is the world's largest humanitarian organization and charged with the responsibility to meet the urgent call of hunger when all other systems collapse. Today we reach up to 90 million people a year threatened with starvation and acute malnutrition. We are also among the most efficient in the world, using only seven percent of our budget on overhead. WFP is 100 percent voluntarily funded; receiving no assessed funds from any source. When WFP was



founded, it literally was a surplus food program with nations of the world sharing their bounty with the world's hungry. This saved many millions of lives, but also could be a rather blunt instrument, leading at times to a mismatch between populations and food products and could lead to disruptions in local agricultural markets. Today, less than two percent of our food is surplus donation.

WFP has evolved and in June I will present to our Board a new strategic plan marking a historic transition from a food-aid agency to a food-assistance agency. What I mean by that is looking at how we can use food and food assistance to break the cycle of hunger at its roots to help be part of the long term solution. We have looked at what I call the value chain of hunger to ensure our interventions are coherent with the work of governments and our UN partners from UNDP, OCHA and UNHCR to UNICEF and WHO and vital NGO partners – I see World Vision here today – CARE, Good Samaritan, Red Cross, Red Crescent and others.

For example, today half of WFP's budget is cash, and we use 80 percent of that cash to purchase food from small farmers in 69 developing nations, creating win-win solutions to hunger and malnutrition. I think we have some charts available for you today that list all of the countries where we buy locally and how much we buy. I will just give a quick example in Senegal where there is a huge problem with goiter because virtually none of the salt for local consumption is iodized. They have big salt producing companies that do iodize but it all gets exported. WFP decided that we would purchase our salt for our programs in Senegal from 7,000 village salt producers and, working with the Micronutrient Initiative we helped them get credit for the equipment and training in the technology to iodize the salt.

Today those 7,000 salt producers – most of them women – have a steady income and they provide 100 percent of the salt needs for our Senegal program. In fact, they now produce iodized salt for the local markets, which is helping address what President Wade called one of the biggest health challenges in Senegal. This is a win-win situation. The salt-ladies of Senegal are so good that we were able to now buy some of our salt for our regional programs from them.

This is the kind of win-win solution that we feel can use food assistance to break hunger at its root. These solutions require a team effort; all of us pulling together. Not only the Rome-based UN agencies, but throughout the global system – governments, NGOs, villagers – working together. There are hundreds of such examples. Today, in our school feeding program in Ghana, 100 percent of the food is purchased locally. When floods devastated Mozambique this year, we procured 70 percent of the food for victims locally.

I call this part of my 80-80-80 solution: 80 percent of WFP's cash for food is spent in the developing world; 80 percent of our land transportation is procured in the developing world from local contractors; and 80 percent of my more than 10,000 staff is locally hired. This infuses more than \$612 million into local farmer economies and more than \$2 billion a year overall into developing world economies. This helps build capacity at the local level for food security infrastructure, food production and food policy expertise.



We are working with partners such as the Gates Foundation and the Howard Buffett Foundation to get even smarter about food assistance interventions and local purchase. If our new strategic plan is approved in June, WFP will broaden this portfolio of responses to abject hunger. We are asking for a tool box that can be more nuanced in protecting local markets while addressing urgent hunger and nutrition needs. These responses range from bringing in commodities when necessary, such as in Darfur where 70 percent of the more than three million people we feed are fed with American help and there is no extra local food to purchase; to local purchase where often there is no food on the shelves but there is food on the farms but no infrastructure to get it out, such as in the DRC where we tripled our local purchases this year in the middle of a war zone there; to targeted food vouchers; to food for work and assets; to local capacity building in food security systems and infrastructure.

I got to know WFP – which I call the world's best kept secret – just a few years ago when Kofi Annan asked me to serve on the high-level panel looking at coherence in humanitarian and development work throughout the United Nations. As I spoke to people around the world and traveled to villages, and heard stories of WFP's determination and courage, I developed a motto for WFP staff before I ever met them: Nothing gets between WFP and a hungry child.

Today, WFP manages a global lifeline that can reach any corner of the world in 48 hours – as we did after the war in Lebanon. WFP uses thousands of planes, ships, helicopters, barges and, if needed, donkeys, camels and elephants. We deliver not only food, but an array of life-saving goods for dozens of partners, including medicines for WHO. Our Humanitarian Air Service which brings 400,000 humanitarian and development workers in and out of disaster zones each year. I will just point out that these challenges cost lives.

WFP provides the only access to food – as I mentioned – to more than three million people a day in Darfur. Between September and December in 2007, 13 of our trucks were ambushed in Darfur – seven of those drivers are still missing and three were killed. Since January, there were 60 attacks on our trucks in Darfur, 42 are missing, 29 drivers unaccounted for, one killed, and four killed in southern Sudan. This week we put out an urgent announcement that due to this violence we are only able to get half the necessary supplies into Darfur, threatening a 50 percent cut in rations just as the lean season is arriving. Our ships regularly get attacked by pirates off the coast of southern Somalia, where we are the lifeline for more than 1.2 million people. Despite these challenges, WFP is reforming our capability to do our work even better. We urge the world to stand by the humanitarian workers from the UN, USAID, European AID and all of our NGO partners.

Let me talk about what I call the "new face of hunger."

Soon after joining WFP a year ago, I looked at our portfolio of work and became very concerned about trends in global food markets. The cost of food had been steadily increasing, reversing over four decades of declining prices. I saw that the world was consuming more than it produced, with food stocks being drawn down to their lowest levels in least three decades, reducing the stock-to-use ratio from around 120 days of supply to one third that number.



I looked at increasingly severe weather events that were significantly impacting harvests from Australia to West Africa to Bangladesh, with climate change portending even worse. I said at the time that we were facing a potential “perfect storm” for the world’s most vulnerable, and thought that we had a few years early warning. However, in June, prices started accelerating even more, with WFP's average global purchase price for grain rising 55 percent from June to this February. This pattern of aggressive increases has continued. On March 3, WFP was paying \$460 for a metric ton of rice in Asia, last week the cost was \$780 a metric ton. I believe that we are now in the eye of the storm. If you look at some of the factors driving this storm, most experts predict they will be with us for some time.

A confluence of factors is responsible for aggressively soaring commodity prices. At its core, this is a supply and demand challenge. For example, rice consumption has outpaced production for the past few decades, cutting global rice reserves by half since 2000. Food supply is relatively inflexible and vulnerable to unpredictable factors such as weather. All global stocks have drawn down to the lowest levels in decades. I will briefly touch on five factors which present the world with both challenges and opportunities.

First, is the economic boom in some parts of the developing world. This means people in emerging economies, including in China, India, Brazil and more than ten growth leaders in Africa, are changing their diet, as others have done throughout history as they have become more prosperous. China has almost doubled its consumption of meat, fish and dairy products since 1990. This takes a lot of grain off global markets, since, for example, it takes seven pounds of grain to produce one pound of meat. This increased demand in China reached a tipping point over the past few years, with China disappearing as one of the largest maize exporters in the world, into an importer of maize virtually overnight.

The second factor is the price of oil, which as the head of WFP, I look to the price of oil every day to determine how much hunger there will be in the world. It has reached record highs this week at \$115 a barrel. This drives up costs across the entire value chain of food production – from fertilizer, to diesel for tilling, planting and harvesting, to storage and shipping. High oil prices also make food a financially attractive input for industrial use.

The third factor is the global linking of food and fuel markets. As farmers all over the world know, advanced production techniques for biofuels and biodeisel, combined with the high price of oil make feedstock an increasingly attractive input for industrialized use. This is a global phenomenon, affecting markets for wheat, maize, sugar, oil seeds, cassava, palm oil and beyond.

Fourth is increasingly severe weather. According to USAID’s Office of Foreign Disaster Assistance, the total number of disasters worldwide on average is now 400-500 a year, up from an average of 125 in the 1980s. This has affected WFP. In the 1980s, 80 percent of WFP’s work was developmental and 20 percent emergency. We have now reversed that rate – 80 percent of our work is emergency, often responding to natural disasters.



The dramatic increase in futures markets and hedging on agricultural products is increasing the price volatility and reactive policies are creating even tighter supplies by shutting down exports. Today, one third of the globe's wheat suppliers, have banned exports.

Before I outline the impact of these developments on WFP, I would like to say that I am a medium to long term optimist. At its root, increased demand should be an opportunity. This perfect storm has dramatically raised awareness that food cannot and must not be taken for granted. Food, to the shock of many, does not spontaneously appear on grocery food shelves. The fact that the food supply chain, from imports, to planting, to harvesting, to processing, to storage and delivery, and all the supporting market structures, from access to credit, risk mitigation, commodity exchanges, crop surveys, and water access are all vital to world stability and prosperity, is something that the world is waking up to.

It has also raised awareness that we have to prepare for the challenges of climate change, which the IPCC predicts that some food insecure areas of the world, particularly in rain-dependent nations of Africa, could produce half the yield in the next 12 years that they are producing today.

But also, this is an opportunity, not only for the American farmer, but hopefully for poor farmers in Latin America, Asia, Africa and elsewhere. Seventy percent of African farmers are women, and they often bear more of the risk and receive less of the gain for their efforts than any farmer in the world. In fact, almost half the world's hungry are marginalized farmers with little or no access to fertilizer, seeds, tractors, credit, markets, or extension services. Perhaps, as I mentioned to African finance ministers in last week at the African Union, the time has finally come for the African farmer.

Let us take today's global food crisis as an early warning and an incentive to revolutionizing agricultural policies and investment, and access to the science and technologies that can defeat hunger once and for all.

Now, on to the challenges; first, in a time of increased need, WFP is able to reach fewer people than even just months ago. Due solely to soaring prices, today WFP has 40 percent less food in the pipeline than in June for the same level of contribution. For our programs, this is a direct impact. I was just in Kenya, in the Kibera slums, at a school where many of the children rely on WFP for their only cup of food each day.

Some of you have seen my red cup before – this is Lillian's cup from one of our school feeding programs in Rwanda. If you travel throughout the developing world you will see these cups in the schools where WFP is partnering with governments in reaching 20 million children. When I was in Kibera, for many of the children it was the only cup of food they get a day. That is vulnerability. Also, we have found that often the children take half of the food home for siblings who have no food.



Today, this cup can get filled 40 percent less due simply to soaring prices. Without increased donations, all of WFP's work is threatened with a 40 percent reduction in the coming weeks. That is why we have put out an emergency appeal to the world – an extraordinary appeal. WFP must raise its core budget of \$2.9 billion, and our emergency "gap" appeal which when I announced in February was \$500 million. Since that announcement, the gap has increased to \$755 million. Neither of these numbers includes new needs.

Second, right now we have an emerging new face of hunger as discussed. Many are being driven into greater poverty and malnutrition. This is hitting poor households hard. Those living on \$2 a day, we are seeing give up education and healthcare expenditures in order to afford basic food. At \$1 a day, people are giving up protein and any kind of additions to their diet like vegetables. At 50 cents a day – which includes 160 million people – there is no place to retreat. So if they are already just eating three bowls of grain a day, you cut that down to two or one.

The most vulnerable are import-dependent nations, which includes most of Africa, and – by the way – most of the world. The vast majority of nations are food importers. If you take an import-dependent nation and add one more shock like the cyclone in Bangladesh or the floods in West Africa we find people driven to desperation.

Among the emerging new face of hunger, we have already clocked in new emergency requests, such as the emergency appeal we issued with the Government of Afghanistan in January for 2.5 million newly hungry people priced out of food markets, at a cost of \$77 million. Since January, there are almost half a billion dollars in new needs identified.

Third, we are concerned about access to food supplies. For example, we tried to buy wheat this fall to make biscuits for the victims of the floods in DPRK and for 10 days, and for the first time in memory, we could not buy it anywhere in the markets in Asia. In the past few weeks we have had five of our commodity contracts broken. Between the time we made the contract and picking up the food two weeks later, prices had risen so quickly that the grain went to a higher bidder, with the supplier willingly paying WFP the five percent performance bonds to get out of our contract.

The fourth is connected to that. This is a new observation based on my recent travels to Africa. One would expect that the natural reaction from farmers to high prices would be to plant more. In the developing world, there are indications that the reverse is happening. I knew that most poor farmers were not benefiting from the high prices because half the hungry in Africa are farmers who cannot even produce enough for their own family. Most are so disconnected from markets that they really cannot benefit. What I did not realize and what I saw in Africa is that many are planting less, not more than before, because they cannot afford the inputs.

In Kenya, fertilizer has gone from 1,700 shillings in December to 4,000 shillings just 12 weeks later. Last week I went to the Rift Valley – the breadbasket of Kenya – and they were planting one-third of what they were planting a year ago. According to the *International Herald Tribune* this is happening in Laos, and IFAD says they see this happening throughout the developing



world. These farmers are retreating to subsistence mode, withdrawing from markets until things stabilize. This could indicate serious shortages in upcoming harvests, further compounding the global challenge.

The BBC interviewed a reporter from Haiti this week who said, in effect, that “There’s no room for error here. Things could go bad really quickly. Desperation’s growing quickly.” I talked to a member of Congress who said he ran for Congress as a medical doctor, because he had come to understand that there are only seven meals between civilization and anarchy. Meaning at the seventh meal lost, things fall apart.

My fifth concern I will outline here is that many of the policy reactions globally and locally may actually be helping feed the crisis, not people. It is understandable that nations will use whatever levers they have to alleviate pressure. Yet some of these may deepen the challenge. Today, many of the world’s farmers are under price controls, further discouraging increased planting. Inputs rise, but food prices are under a ceiling. A range of major food exporters have put blocks on food exports almost overnight, from China, to Vietnam, to Argentina, to Kazakhstan. This global rash of “beggar thy neighbor” responses will not provide a solution.

What should be done?

We must take this crisis as a global call to action. The first Millennium Development Goal calls for cutting the proportion of hungry by half by 2015. I call this MDG the “gateway” MDG because there is no way to achieve any other hopes and dreams for humanity unless people have access to adequate nutrition. It is the most basic human right; without food one is denied life itself. Today, there is a global malnutrition crisis where one in every three children in the developing world is stunted. According to the landmark series in *The Lancet* this January, if a child does not get adequate nutrition in the first two years of life, he or she is mentally and physically disadvantaged for life. Hunger and malnutrition can be defeated and the world knows how to do it. Many countries have made vast progress, breaking hunger at its root, including the country of my ancestors – Ireland. In addition, we must look to the plight of the smallholder farmer and develop medium and long term supply-side solutions. My hope is that the time has come for the poor smallholder farmer, the African farmer, to see the kind of investment that can break the cycle of poverty. So I join with FAO, the World Bank, IFAD and others in calling for a ‘twin-track’ response to meet the emergency needs but also to step up the supply-side solutions.

First, we must help governments alleviate immediate suffering and prevent a crippling outbreak of severe malnutrition that could set global development back by decades. When there is no food to be had, we must keep the humanitarian pipeline full. WFP, working with partners such as UNICEF, UNHCR, FAO, WHO, CARE, Save the Children, Good Samaritan, Oxfam and thousands of local NGOs, have the immediate ability, if needed, to scale up safety net operations such as school feeding, general food distribution and therapeutic feeding. We have tools now where we can reach children under the age of two, and alleviate an acute malnutrition crisis virtually overnight. We also have long-term expertise in helping countries design price stabilization programs and safety net programs, such as we are doing in Egypt to help the



government with its crisis there. We also have experience using cash and voucher interventions. As we are seeing in this “new face of hunger”, sometimes people cannot afford food off the shelves, they need cash or voucher help for a targeted, short period of time, and we have done some of that in Indonesia after the economic crisis there.

We are working with the Howard Buffett Foundation and the Gates Foundation and others to look at our local purchase and how we can use our contracts to help drive the long term solutions. For example, right now, we are exploring the possibilities of giving farmers forward contracts to be able to get credit, to be able to get better seed, and to be able to get more fertilizer to help break the cycle of low yields and poverty so we will not have to be in there year after year. We are looking at launching a major program to look at the way we do business and to do it in a way that can really help. This has helped in places like the DRC which, as I mentioned, is at war, but we are buying from those farmers completely cut-off from markets due to the conflicts. We can go in there with our logistical strength, and also help them get access to markets in a very powerful way.

I will assure you that WFP will be a leading voice in encouraging the work of the African Union, the World Bank, the IMF, regional economic commissions in Latin America and Asia, FAO and others on the long-term solutions. The countries of the African Union, through NEPAD, have committed to 10 percent of their GDP to agriculture. Today the average investment is four percent. Ten percent would add \$5 billion to the pot for agricultural development. I was just in Addis Ababa, Ethiopia at the African Union and I saw there a renewed commitment and energy to get to the root cause of these problems.

I also want to commend CSIS for their Smart Power Series and their five recommendations. We need to activate all five of them in order to get to this problem. I thank you for the work done there.

In closing, I just want to say I cannot emphasize enough the importance of staying the course in this difficult moment. My father, who was in the 101st Airborne Division at D-Day and Bastogne and in Holland, and a hero of mine and many, quoted Churchill as saying, “wars don’t make men, they reveal who they are.” Even though I lost my father this summer, I think during this hard time, that we at WFP want to be revealed to be a team that the world can rely on and that does not blink in this time of challenge.

The world has just completed more than four decades of great gains in tackling world hunger. In fact, we have been able to cut the proportion of the world’s hungry in the developing world in half; from 1969 to today, from 37 percent to 13 percent. A number of countries have been on track to reach the Millennium Development Goal on hunger and will by 2015 – Ghana, Chile, Brazil, Vietnam and others – and if we can stay the course they will be successful in cutting the proportion of hunger in half from 1990 to today. Many countries are doing the right things. We are seeing a commitment to the green revolution and market revolution in Africa led by AGRA, Gates, Rockefeller Foundation, Kofi Annan, Jeffrey Sachs and others. The President of the World Bank Robert Zoellick has announced a doubling of its financing for agriculture and is



launching a new global food policy dialogue. Also there are encouraging economic growth rates across Africa, Latin America and elsewhere which can help transform these cycles of hunger and poverty.

Defeating hunger is achievable; it requires no new scientific breakthrough. We know how to do it, and I thank you all for being champions in this battle. Thank you.

