



**STATEMENT AS DELIVERED
BY JOSETTE SHEERAN
EXECUTIVE DIRECTOR
UN WORLD FOOD PROGRAMME**

**ORGANIZATION OF AMERICAN STATES:
TWENTY-NINTH LECTURE IN THE
LECTURE SERIES OF THE AMERICAS**

**"CONFRONTING THE CHALLENGE OF THE
GLOBAL FOOD CRISIS IN THE AMERICAS"**

Tuesday, July 29, 2008
Washington, DC

Your Excellencies, I want to thank you for your hospitality and the warm welcome that I have received today at the OAS.

I am honoured to join this distinguished group for the twenty-ninth lecture of the "Lecture Series of the Americas."

Excellencies, distinguished guests,

No region in the world better tells the story about progress made against hunger than the Americas. Today when we look across the ethnically diverse, economically dynamic and culturally rich nations of the Americas, we see how years of determined leadership have helped stem the tide of hunger and poverty.

We look to countries like Chile, Brazil, Peru, Uruguay, Ecuador and others as examples of developing nations who are leading the world towards achieving the first Millennium Development Goal to halve the proportion of people living in extreme hunger and poverty by 2015.

In the 1980s – just two decades ago – I spent much time in Central America when the region was wracked with violence, retribution, failed economies and human

desperation. Today, nations like El Salvador stand as beacons of hope to the power of reconciliation, democracy and leadership to heal a nation and indeed a region.

We look at innovative programmes like Brazil's Zero Hunger initiative which sets a bold and achievable goal of eradicating hunger. Through the initiative's *Bolsa Familia* – the Family Grant Program – young mothers from among the most vulnerable populations in Brazil receive cash for food for their families. This programme, thanks to President Lula's vision and commitment, is providing hope to children and families across Brazil and is a model for the world.

We see countries like Mexico who were once recipients of food aid and are now donors who are helping other nations in times of need. And we see countries like the United States and Canada as leading contributors to help defeat hunger in this region and in the world.

There is also progress on the economic front. In the Latin America and the Caribbean region we see a fourth straight year of economic growth of about 5 percent. Throughout the region we see countries with booming agricultural industries exporting food products worth some \$55 billion in 2006.

And we see democracy flourishing throughout the region. And we see nations leading the way to ensure that democracy is not just about the political elite but is about hope and opportunity for each and every citizen regardless of class, race or ethnic background. This alone will ensure that democracy takes full root in the minds and the souls of our citizens and fulfils its promise as a bulwark against poverty, hunger and human suffering.

So it is a great honor for me to be here today in a region that is a pace setter for the world. Today, I would like to first address the global food crisis and its impact on the Americas and then discuss why this crisis could be an opportunity for this hemisphere. And I will set forth the proposition that now is not the time to retreat; this is the time for a bold commitment to eradicate hunger from the human experience. This is not only a moral and humanitarian cause but a political and economic one as well. We know now irrefutably that undernutrition cripples not only individuals for life but the GDP of nations. We must act now before soaring global food prices create a new lost generation.

This will require an integrated global response, and the Secretary-General of the United Nations, Ban Ki-moon, has pulled together the entire United Nations along with the World Bank and the IMF, perhaps for the first time, to jointly tackle in a

joint plan of action, a global response to the world food crisis. Make no mistake; this is a test of the global system.

Today we find ourselves at a critical crossroads with hunger again on the march in the world and in the region. Soaring food prices threaten to turn back the clock on the hard-earned progress in the region. The impact of the global food crisis can perhaps best be understood in the story of a simple cup.

This cup – this red cup – is a very humble cup. It belonged to a girl in Rwanda named Lillian. For many children like Lillian this cup is their most precious possession. Each day in school, children like Lillian receive just one cup of porridge a day. It is not enough but for many it is the dividing line between desperation and hope. It is all they have. Here in the Americas there are many Lillians.

Starting in June 2007, something terrible started to happen to this red cup. Food prices began to rise, aggressively and unrelentingly. Between June of 2007, just about a year ago, and July of 2007, this cup lost about 10 percent of the food in it; in the next month, another 10 percent. By January of 2008, in just six short months, up to half the food in this cup had disappeared simply due to soaring food prices. What could Lillian and the more than one billion other citizens living in the world on \$1 a day do with such an aggressive pattern of increases? How could nations adjust?

Welcome to the world food crisis.

In a natural disaster, something hits – a hurricane, a tsunami, a mud slide, an earthquake – and hopes and dreams are wiped out in an instant in a specific place. But this is a silent tsunami travelling quietly around the globe hitting those who are most vulnerable, hardest. It knows no borders. It has created perhaps the first globalized humanitarian crisis, adding an additional 130 million people to the ranks of the urgently hungry who were not there just one year ago.

The problem is that most do not know what has hit them. People are stunned, confused and angry. Without unified global action the world's bottom billion could become the world's bottom two billion virtually overnight as their purchasing powers are cut in half from soaring food and fuel prices.

It is true that high global food prices do present an unprecedented opportunity for some populations and countries in the Americas. In places where agricultural

exports are high and food production is booming, farmers stand to benefit from the higher prices. But for millions of poor, urban and rural populations including poor farmers, increased food prices are spelling disaster. For example, the Food and Agricultural Organization has identified Haiti as the nation hardest hit in the world. For Haiti, prices have soared 80 percent, emptying this cup even more.

Throughout the region these price increases are expected to push an additional 15 million people into vulnerability and below the poverty line. Last February, a study by the US Department of Agriculture warned that Latin America could bare the brunt of the food price shock. The food gap, which is the amount of food needed to raise consumption of all income groups to the recognized minimum, could rise to 24 percent by 2016 compared to 8.7 percent in Asia and 6 percent in Sub-Saharan Africa. But beyond the predictions, the effects are already being felt among the poor.

A recent survey conducted by WFP in Central America showed that due to the increased food prices alone, four out of five of the most vulnerable persons are reducing the quality, quantity and frequency of their food consumption, with some living on half the nutrition of a year ago.

Last year tens of thousands of people protested the rising price of tortillas which had increased by more than 400 percent. And even in the United States and Canada, food prices are soaring and food safety net programmes such as Food Stamps and school feeding programmes face mushrooming demand and budgets.

This crisis knows no borders.

Of course we are all consumers when it comes to food. Food is so basic to human survival that its denial is a denial of life itself. Some say there are only seven meals between civilization and anarchy, at the seventh meal lost all begins to fall apart as people are reduced to fending for survival. Ensuring access to adequate affordable food and nutrition is certainly one of the fundamental roles of government and indeed of civilization itself. This may be the test of our time.

The global food supply system is groaning under the strain of sky-rocketing demand, soaring cost of inputs, depleted stocks, crop loss due to droughts and severe weather, and increasing demand on the use of food for energy, industry and other supplies.

News reports on deadly riots, leading to the collapse of the Government in Haiti for example and elsewhere throughout the globe, are stark reminders that food insecurity threatens not only the hungry but peace and stability itself. I believe we may be entering the third phase of this crisis for the world's most vulnerable nations.

During phase one, which started about four years ago, prices began a steady climb although more gradual than in the past year and national food and cash reserves were drawn down to all-time lows. Phase two began last June when prices of food and fuel began the most aggressive global increase ever recorded. For many nations and households, phase two has drained their coping strategies.

We are now, I believe, in phase three, facing what the World Bank predicted which will be sustained high prices until 2012. In this phase many nations and populations will need external assistance to avoid wide-scale human suffering and to ensure adequate and affordable access to food. During this phase, WFP's assessments show that the most vulnerable people are running out of coping strategies. For those living on less than \$2 a day, they have cut out health and education expenditures and have sold or eaten their livestock. For those living on less than \$1 a day, they have cut out protein and vegetables from their diet. For those living on less than 50 cents a day, which is more than 160 million people worldwide, they have cut out whole meals and sometimes go days without meals.

So phase three is characterized by a nutritional crisis, which requires critical action by us all for groups such as children under two years old who suffer the effects of deprivation for life. Chronic undernutrition resulting from poor fetal growth and stunting in the first two years of life, is a life sentence for 178 million children worldwide because it causes irreversible damage. Beyond the obvious humanitarian costs of child undernutrition, there are economic and social costs as well.

Last year, together with the Economic Commission for Latin America and the Caribbean, WFP calculated the cost of undernutrition on health, education and productivity in Central America and the Dominican Republic. We found that in 2004 alone, hunger cost those economies \$6.7 billion or 6.4 percent of the region's entire GDP. In Guatemala, the cost is closer to 12 percent of GDP. Also, studies by the International Food Policy Research Institute conducted in Guatemala and published recently in *The Lancet* have found that boys who get regular supplements under the age of two have twice the earning potential as adults compared to those who do not get adequate nutrition.

As the UN Secretary-General has said, it is critical that we have global, regional, national and provincial plans of action so that we do not lose ground. I would first like to address WFP's role and then how we can act together.

The World Food Programme was created by the nations of the world as the world's urgent hunger institution. When all else fails you turn to us to help prevent life-threatening food and nutrition vulnerability.

What you see here are some photos of our programmes throughout Latin America through the past several decades in Guatemala, Haiti, Bolivia and many other nations. Today, WFP manages a global lifeline that can reach any corner of the world in 48 hours as we did during the war in Lebanon, and after the cyclones hit in Bangladesh and Myanmar and following the earthquake in Peru or the storms throughout Central America. WFP uses thousands of planes, ships helicopters, barges and if needed, donkeys, camels and elephants. Our motto is: nothing gets between WFP and a hungry child. We deliver not only food but an array of life-saving goods for dozens of partners, including medicines for WHO, from our global network of Humanitarian Response Depots including one based in Panama. Our Humanitarian Air Service brings 400,000 humanitarian workers in and out of disaster zones each year including 10,000 in and out of Darfur every month.

We are a model of efficiency and effectiveness using only 7 percent of each \$1 you provide us, for administrative overhead. WFP is, in fact, 100 percent voluntarily funded, receiving no core assessed funds from any source. We are unique in the UN system for this.

One of my sources of hope over the past year was that when we put out an urgent call to raise additional money to keep this cup full for the nations of the world and for the people that we are serving, we received in 12 weeks and additional \$1 billion including \$500 million from the Kingdom of Saudi Arabia to help keep this cup filled. That shows me that we have the potential for global commitment and global action to address this crisis.

WFP has been undergoing a transformation – I would say a revolution – in how we do business. This is not your grandmother's food aid. When WFP was founded back in the early 1960s it was a surplus food programme with nations sharing their extra surpluses with the world's hungry. Since then we have seen and witnessed a revolution in the way food aid works. Times have changed. Now more than half of our budget is based on cash, allowing us to purchase food from local farmers

throughout the developing world. This helps us do our work in ways that do not distort local markets.

Last year 80 percent of our cash for food was spent in 69 developing nations like Colombia, Honduras, Nicaragua and Ecuador, helping break the cycle of hunger at its root. Last year for our programmes in Latin America and the Caribbean we purchased 92 percent of our food needs locally or regionally. In Ecuador alone we purchased more than \$51 million worth of food, placing it third globally among the nations where we purchase food and putting Ecuador right at the heart of the response to urgent hunger needs.

I have mentioned the importance of fortified foods and importantly we use our local purchase programme not only to increase the quantity but also the quality of food through fortification of locally purchased food with essential vitamins and minerals to help tackle micronutrient malnutrition. For example, in Guatemala, WFP is developing with the government, FAO and small farmers, a certified local maize programme to serve the national supplementary feeding programme for children. The result is fortified blended food made from maize and soya, named VITACEREAL, that increasingly uses certified maize purchased from small farmers by the local industry. This is a sustainable model that can be replicated, improving the technical capability, employment creation and income of small farmers while strengthening the links between those and the industrial producers.

The food we buy locally is used for emergency interventions as well as for safety net programmes such as school feeding. In fact, school feeding is a key component in the Secretary-General's joint UN plan of action to deal with the impact of food prices on the most vulnerable populations. Cash contributions enable us to purchase food locally from smallholder farmers, the vast majority of whom are women, helping them to help themselves as well as hungry kids in local schools. This is a win-win situation.

In addition, WFP is launching at the UN General Assembly this year, something called Purchase for Progress, or P4P, where we will look at the way and nature of our purchases to ensure they are designed in a way to benefit small farmers, and their ability to overcome risk and to gain an investment to improve their seeds, fertilizer and access to markets. The Howard Buffett Foundation has provided more than \$3.5 million to launch this innovative local Purchase for Progress programme in Nicaragua and Guatemala. Just a few months ago Canada, one of the top donors to WFP, announced that it was immediately untying all of its aid so that WFP could purchase the food from the developing world farmers. The US administration has

valiantly pushed for up to 25 percent of US food assistance to be cash, and while that goal was not reached, authority has been received from Congress for a major local purchase pilot.

In all of our operations WFP asks how we can use food assistance to not only meet critical emergency needs but whenever possible to ensure urgent hunger interventions are targeted to help strengthen local food security and local markets and solutions on a more lasting basis. We have transformed our tool box of hunger responses in order to be more nuanced in protecting local markets while addressing urgent hunger and nutrition needs.

We also respond with food for work and assets which can help build local capacity and food security systems and infrastructure. In exchange for life-saving food, WFP has helped train local populations and over the past four decades, for example, we have planted more than 5 billion trees in the developing world helping to stabilize ground soil together with experts from FAO. We have also de-mined and rebuilt tens of thousands of kilometres of vital feeder roads including over the past few years the reopening of 10,000 kilometres of roads in DRC, Angola, and Southern Sudan allowing farmers to get access to markets that were blocked after conflict or war.

We have upgraded our needs assessment and vulnerability analysis which we conduct for the global system to include local market conditions so we know more accurately what is causing the hunger and how best to respond. At times there is food in the local markets but people cannot afford it. And in that case we are prepared to provide and look at targeted voucher and cash programmes rather than bringing in food.

All of this is what I call part of our 80-80-80 solution: today 80 percent of WFP's cash for food and also for land transport is spent locally and 80 percent of WFP's staff is hired locally. This helps build enduring local capacity and knowledge about food security. We are deep into the rural economies helping improve desperately needed local infrastructure.

Now, let me briefly talk about our work in the Latin America and Caribbean region. This year WFP will assist some 90 million people of the world's most vulnerable people in 80 countries. In Latin America and the Caribbean countries we will provide critical assistance to some 5.5 million people. Our goal is sustainable solutions and sustainable solutions require meaningful and deep partnerships between governments, civil societies and the private sector.

Many of you know well our Regional Director Pedro Medrano who is a leader in modelling those joint collaborative programmes that can provide sustainable solutions. WFP works in partnership with governments to build early warning and food safety net systems that move the region from the emergency zone into the solution zone. In addition, we also partner with community organizations and private sector partners to deliver life-saving assistance. In both 2006 and 2007, WFP partnered in Latin America with more than 1,000 NGOs, only 34 were international and more than 1,000 were community-based. In Colombia alone, we partnered with more than 800 local organizations. World Vision, Accion Contra el Hambre, and Plan International are among our biggest NGO partners in the region.

We are proud to count on local partners such as Supermercados in Colombia, and Antamina in Peru helping us reach vulnerable people in those countries. For six great years our staff in Honduras have worked with the government and local companies to air a non-stop 12 hour broadcasted telethon that last year generated more than half a million dollars in support of local school feeding programmes.

We want to continue building on these partnerships and we would like to strengthen our links in collaboration with organizations like the OAS to better prepare to respond not only to emergencies but also to build in sustainable solutions.

In fact, an important part of WFP's regional work is responding to natural disasters. It is estimated that a total of 6.7 million people, most of them poor were affected by natural disasters in this region in 2007 alone. We worked with Nicaragua, Dominican Republic and many others in those responses.

Two years ago WFP fostered the creation of the Latin American Caribbean Emergency Response Network to assist the governments with immediate and cost-effective delivery of pre-positioned, emergency ready-to-eat rations and emergency equipment from three different hubs in the region. This network was used following the massive floods in the Mexican State of Tabasco.

We are working closer with governments to help them assess the increasing needs and vulnerability at the local and household level while helping them to build capacity to respond.

In addition to our critical work in disaster relief preparedness and mitigation, our safety net programmes like school feeding provide an important platform to reach hungry children and families. Each year WFP provides school meals for 20 million

children throughout the developing world and 5.2 million of them are in the Latin America Region.

Have you ever tried to concentrate on a task while your stomach is growling? A meal during the school day gives children the nutrition and concentration to learn and to grow. Food also attracts children to school and encourages parents to send them there. This year, Brazil became a worldwide donor to WFP's efforts to identify best practices in school feeding.

School feeding is the most powerful and affordable human rights programme for girls that I know of. Globally, half of the school children we feed are girls, many of whom also get a take-home ration as an incentive to attend school. If they have perfect attendance they get an extra bag of rice or oil or something at the end of the week. This take-home ration means that parents who would never allow their children to go to school do so. It is an economic investment for the family. In WFP-assisted schools, absolute enrolment increased by 28 percent for girls throughout our programme.

School feeding also helps improve health and nutrition of students by providing needed micronutrients, vitamins and minerals. In the US, school feeding has been a flagship programme for every child for more than half a century. Vital safety net programmes like school feeding are flourishing in countries throughout the region including in Chile where school feeding has been mandatory for targeted recipients since the 1950s. Today, Chile's national school feeding programme feeds 1.2 million students each day with meals provided by local food companies.

Within the past four decades, 28 countries have graduated from WFP's school feeding programmes and most are now providing the programme on their own. In 2004, the Latin American School Feeding Network was founded, and WFP is an important partner, to serve as the regional network to expand and improve school feeding. We pledge our cooperation with that effort.

What do we need to do to move forward? How does the world turn this crisis into an opportunity? How do we eradicate hunger from the human experience once and for all? Step by step, we know what to do.

As Brazilian President Lula da Silva at the United Nations General Assembly five years ago said, "the eradication of hunger in the world is a moral and political imperative and we all know that it is possible, what is truly required is political will."

Our first priority must be to feed the hungry and then to grow food for tomorrow. Food security does not come automatically even with robust economic growth, it requires specific strategies, tailor-made for each country's vulnerabilities. For example, I estimate that up to half of global hunger is actually an infrastructure and market problem. Village A has more food than it can eat but it has no way to effectively reach markets. Village B does not have enough food and does not know how to get access to enough food.

WFP has worked with nations like El Salvador to ensure such gaps are covered. In addition, most nations find that food safety nets are a critical part of a successful economy. Even a rich, food abundant country like the United States has found it necessary to enact school feeding programmes and targeted food vouchers for the poor because the key here is to carefully target the most vulnerable and to ensure effective and efficient delivery of the food. Here also, WFP is partnering with some nations of the region to ensure cost effective results. On the medium and long term we must help farmers in the region, not only grow enough food for their families but to take advantage of the high prices and global demand to break the cycle of hunger and poverty once and for all. To do this we must ensure that farmers can connect to markets and mitigate risk; that requires transportation, infrastructure affordable energy. This can be a powerful step forward. Up to half of WFP's recipients are poor farmers who simply cannot raise enough food for their own families. The world knows what to do to increase production and to encourage access to markets and organizations from FAO to the IADB, under the fantastic leadership of Luis Alberto Moreno, and ECLAC and others, stand ready to help.

The food crisis of the early 1970s was a trigger for the massive investment in and development of Brazilian and Argentinean agriculture. Now the world needs to produce twice as much food by 2050. Which nations are poised to seize the opportunity present in this crisis?

In addition, we must make our interventions smarter on the nutrition front. Science and technology will not only help us figure out how to raise and produce more food but will allow us to produce power-packed food at an affordable cost, such as this sweet paste developed by WFP in India with food technologists there, and is made from chick peas that can help turn around the nutritional status of children.

There is another product called PlumpyNut developed by a French company that is being used in Haiti and by UNICEF to help children that have slipped into life-threatening malnutrition. This product, for example, requires no water and no refrigeration. We have to have practical solutions like this to the nutritional

demands of the world. What products can be developed in this region like Vitamax that will revolutionize the nutritional base of the Americas?

This is a business proposition in addition to a humanitarian one. All these practical steps are within our reach. How reachable? I asked WFP to calculate one portion of the challenge. What would it cost for the world to say no child on earth goes to school hungry? Under our cost structures it would take \$3 billion a year out of a global economy of about \$40 trillion to eradicate hunger among school children. This is the cost of less than one week of war.

We can do this. We have the know-how, the partnerships and even the long term market demand, and with climate change confronting us we have the need to prepare a more food secure planet. We are only confronted with President Lula's challenge – do we have the political will? We owe it to our children to do so.

Thank you very much.