

World Food Programme

Weathering the Storm

Coping with High Food Prices and the Financial Crisis

- When the high food and fuel price crisis hit, it increased both the incidence and severity of hunger and poverty worldwide, raising the risk of social unrest and trapping tens of millions of people in a downward spiral of destitution.
 - The poorest and most vulnerable people in the developing world are most exposed to fluctuations in prices as many of them spend 60 percent or more of their income on food.
 - As the global financial crisis deepens, hunger is likely to increase as the purchasing power of the poor diminishes due to reduced incomes and higher unemployment.
 - The poor, who are least responsible for setting the
- financial crisis in motion, are the least protected from its negative impact, and the most likely to experience its impact.
- When economies contract, incomes fall and this means families are cutting back - not sending their children to school, not visiting clinics when they are sick, or not eating crucial nourishing food together with anti-retroviral drugs. Some are cutting meals and substituting less nutritious foods.
 - Recent declines in food and fuel prices in international markets have not yet filtered down to many local markets. Prices are still high and could start rising again - in some of the poorest parts of the world, they already have.





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- The financial crisis might temporarily contribute to lower food and energy prices, but prices are likely to remain relatively high compared to historical levels and many of the structural factors that lead to price increases remain in place.
- The cost of alleviating world hunger is negligible compared to the trillion dollar rescue packages designed to save financial institutions and stimulate economies in the industrialised world.
- A ramping up of social safety nets such as WFP school-feeding activities or nutritional support programmes, which aim to stop the poor sinking into the hunger trap, provide immediate solutions to those affected by high prices and the global financial downturn. In the longer term, investment in agricultural development in food-insecure countries is essential.

Key numbers:

- WFP needs US\$6 billion in 2009 to provide food assistance and nutrition to nearly 100 million people in 77 of the world's poorest countries. That number could easily grow with more emergencies this year and increased needs arising from the financial crisis.
- In 2008, the number of undernourished people worldwide increased to nearly one billion - 963 million compared to 923 million in 2007 (FAO).
- According to IMF figures, global cereal prices in March were 66 percent higher than they were in 2005, on average, and 4.4 percent higher than in 2007.
- High prices may set back by seven years any progress towards the 2015 Millennium Development Goals.
- In 2008, WFP allocated US\$920 million in direct response to high food prices, including US\$250 million for a variety of new projects supporting 23 million people in 24 different countries.

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