

## **“Challenges and Opportunities in Meeting the New Face of Hunger”**

Keynote Address by

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Thank you, Mark Keenum and Kirk Miller. Thank you Ambassador Vasquez; a truly great Ambassador who not only represents America brilliantly but who cares deeply about this issue of hunger and makes a big difference. I am honored to be here today among many friends and colleagues and also among many champions in the fight against hunger.

Gathered here are the people who, on behalf of the American people, provide more than half the world's food assistance to the hungry. This means one out of every two starving people reached in the world is provided for by America. That is a noble legacy.

This meeting comes at a critical time when food and food prices are in the global spotlight. News reports and images from Haiti of deadly riots and protests are stark reminders that food insecurity threatens not only the hungry, but peace and stability itself. This has led the United Nations Secretary General to declare an emergency, and the World Bank President to call for a “new deal” on global food policy.

I want to talk about hunger for a moment and about America's life-saving generosity. What is the face of hunger? As we have seen in our own lifetime, and our parents' lifetime, the face of hunger is not limited to one people or one continent. Hunger can be triggered by war, conflict, natural disaster, corruption, bad policy, or an effort to starve out or marginalize whole groups of people.

America, some decades ago, through science, technology and hard work, and through the vision of people like Dr. Norman Borlaug, unlocked the keys to food abundance. America also decided to reach out, regardless of friend or enemy, to those in need. The goodwill done during post World War II from Japan to Germany, France, Scandinavia and beyond helped build goodwill and stability for a generation.

I have a few slides to show you. As I have heard the story, Senator McGovern was sitting in South Dakota and there were mountains of grain, and he called President Kennedy and said, “We have more food here than we can eat. Can't we develop something to give this food to those most in



need in the world?” This goodwill was at the root of the founding of Food for Peace and also of WFP. President Kennedy said at that time that “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.”

You will see some slides here throughout history. Notice the little girl with the cup. I want to talk about the cup for a moment. This is a red cup from Rwanda that I am holding here from one of our school feeding sites. The United States through the McGovern-Dole program and the Department of Agriculture and the Agency for International Development is a major supporter of school feeding.

This cup of food is often the only cup of food that children get, and it has the power to transform lives. As you see throughout many decades, for children this becomes their most precious possession. You will see in these slides from the Marshall Plan before Kennedy through the epic Ethiopia famines, Asian tsunami, Darfur and beyond, the faces of children given hope throughout the world.

I want to pass on the message I hear in refugee camps, schools, villages and HIV/AIDS clinics throughout the world: “Thank you, America.” Today, America again is in a leadership role in the world in responding to the urgent call of hunger. Yesterday, President Bush announced, as mentioned by Mark Keenum, that the Secretary of Agriculture will draw down the Bill Emerson Humanitarian Trust to inject an estimated \$200 million dollars of additional emergency food aid through USAID to meet a burgeoning hunger crisis triggered by the soaring food prices. Thank you Mr. President, thank you to the Department of Agriculture, USAID, Congress, and the American people again.

I want to talk with you a little bit about the urgent food situation. Soon after joining WFP almost exactly a year ago, I looked at our portfolio of work and became very concerned. The cost of food had been steadily increasing. This is a welcomed development for many farmers, I know, and a deserved development. But global food costs are hitting WFP’s ability to procure food very hard, and throwing more people into vulnerability.

I looked at the low stock-to-use ratio and WFP works with many governments on their emergency stocks, which are being drawn down near the lowest levels on record. I looked at the rise in natural disasters that had quadrupled for the world since the 1980s. I saw how harvests were significantly impacted from Australia to West Africa to Bangladesh. I looked at the fact that for the past three years the world has been consuming more food than it was producing. I concluded at the time that we were facing a potential perfect storm for the world’s most vulnerable, and I thought that we had a few years early warning. However, I believe that we are now in the eye of the storm.

How did we get here? I spent significant time during the past months trying to determine if this was a temporary, short term blip or something we have to adjust to more structurally. If you look at some of the factors driving it, I do not think these factors are going to change anytime soon. We are seeing both good news and challenges coming from this situation.



First, there has been a significant rise in demand in the developing world for commodities – especially in China, India and among the African countries that have experienced a seven percent or higher growth, and throughout Latin America and Asia. China has almost doubled its animal protein consumption since 1990. As one example of this increased demand, during the past few years as China has gone from one of the largest exporters of maize in the world to an importer virtually overnight.

The second thing that I point to is the price of oil which is now what I check at the start of every day. The price of oil has an effect on the whole value chain of food production – from fertilizer to diesel to harvesting to shipping, plus it makes food a more attractive input for industrial use.

This leads to the third point which is the global linking of food and fuel markets. As farmers all across the world know, biodiesel, biofuel make feedstock an attractive input for industrialized use when advanced production techniques are combined with the high price of oil. This is a global phenomenon, affecting markets for palm oil, oil seeds, maize, wheat, cassava, sugar and beyond.

The fourth factor in the mix is the increasing severe weather. In 1980s, 80 percent of WFP's work was developmental and 20 percent emergency. We have now reversed that rate – more than 80 percent of our work is emergency, often responding to natural disasters.

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 can and should be an opportunity. This perfect storm has dramatically raised awareness that food cannot and must not be taken for granted. As you well know, food does not spontaneously appear on grocery shelves. The world is becoming increasingly sensitive and aware that a myriad of factors affect the food supply chain: from imports, planting and harvesting to processing, storage and delivery; from the supporting market structures, credit access and risk mitigation to commodity exchanges, crop survey and water access. These factors are all vital to world stability and prosperity.

These challenges have also raised awareness that we must prepare for the impacts from climatic changes, especially based on the predictions that in some food insecure areas of the world, in particular Africa, yields may be cut in half in the next 12 years. I also see an opportunity, not only for the American farmer, but also, hopefully, for poor farmers in Africa and elsewhere. Farmers in those countries often bear more risk and less gain than any in the world for their efforts. Many times they have no access to credit, seed stock, fertilizer, roads or markets. Perhaps, with global supplies tight and prices high, the small poor farmer will see the kind of investment that is so critical to breaking the cycle of poverty.

I just visited Ireland and went to the land of my ancestors who were tenet farmers. While there, I visited the famine museum and saw a quote from someone at that time who said to the effect, “If they just worked harder there wouldn't have been a famine.” But in Ireland those farmers did not own their land or have control over its use, and they had nothing to fall back on when the harvest failed. That is the same situation that farmers in much of Africa and the developing world face today.



It is clear that the time has come for the kind of serious investment in a green revolution, in a market revolution, something that the Gates Foundation, Rockefeller Foundation and others are leading, and for governments in those countries to value and invest in their own farmers as called for by the African Union. We know how to break the cycle of hunger. It has happened throughout the world. We now need to take this knowledge and partner with Latin America and elsewhere to break the cycle of hunger at its root.

Now, let me speak about the challenges.

First, in a time of increased need, WFP is able to reach fewer people than just eight months ago. Food prices entered an aggressive pattern of increase in June; by February our purchase price had soared by more than 55 percent.

WFP now buys grain in more than 80 markets of the world. Due simply to soaring food prices, that means that in most countries we have 40 percent less food in the pipeline today than last June for the same level of contribution. For our programs, high food prices have a direct impact. It means in Kenya's Kibera slums literally this cup of food is threatened with less food. The President's announcement of additional resources from the Emerson Trust is a major step to helping keep these pipelines full.

We have put out an emergency appeal to the world, which when I announced in February our shortfall was \$500 million. Since that announcement, for example, our purchase price of rice has soared – from \$460 a metric ton on March 3 to \$780 a metric ton five weeks later.

WFP is entirely voluntarily funded. We do not get any assessed funds from UN Headquarters. So we need to raise not only our base of \$2.9 billion needs for the year, but we also need the money to fill the gap caused by the impact of high food prices.

Second, we are seeing a new face of hunger. The World Bank estimates that 100 million people could be pushed deeper into poverty due to high prices. This is hitting households hard, especially those living on \$2 a day, and we are then give up education and healthcare expenditures in order to meet their basic food needs. At \$1 a day, people are giving up protein and any kind of additions to their diet like vegetables. At 50 cents a day, there is no place for retreat. This is especially hitting hard the ultra poor, the 160 million living on 50 cents a day or less.

High food prices are also hitting nations, and we are closely monitoring the situation in import-dependent nations which means most of the African nations, and actually, most nations across the world. The vast majority of nations are importers and not exporters of food. Thank goodness for America's export capability. If we look at import-dependent nations, just adding one more shock like the cyclone in Bangladesh or the floods in West Africa or the drought in Southern Africa or in instability in Haiti, we can see that these factors become a recipe for disaster.



So in this new face of hunger, we have already put out an appeal for 2.5 million people in Afghanistan; people who were not hungry or who were not in the urgent category in June, but are now. We have already clocked almost \$500 million of new and urgent requests from governments, and there is virtually no poor import-dependent nation which we are not in dialogue with about their urgent needs right now.

Third, we are concerned about access to supplies. We tried to buy wheat this fall to make biscuits for the victims of the floods in DPRK and for the first time in our memory for almost ten days WFP could not buy wheat anywhere in the Asian markets. In another example, just a few weeks ago between the time we made the contract to purchase the food and two weeks later, the seller could get so much more money for the food that he was willingly to break the contract, and paid us the five percent performance rate.

The fourth point is connected to this supply crisis. This is a new observation based on my travels to Africa last week. I knew that most poor farmers were not benefiting from the high prices because half the hungry in Africa are farmers who cannot produce enough food for their own family. Most are so disconnected with the markets that they really cannot benefit. They do not produce enough to benefit from these higher prices. 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. So in Kenya, fertilizer has gone from 700 shillings in December to 4,000 shillings just 12 weeks later. I went to the Rift Valley which is the breadbasket of Kenya and, in some ways of the region, and they were planting one-third of what they were planting a year ago. This is happening in Laos and elsewhere.

Remember these farmers have no access to credit. They also have a fundamental distrust right now of markets. They are not convinced if they invest the money, if they could get it, that prices will not crash and they will not be able to get the return. So if you have no risk-mitigation, you do not take risks. We are seeing many retreat to subsistence farming and we really need to document this because this could portend a problem come future harvests.

The BBC interviewed a reporter from Haiti the day before the food riots led to the collapse of the government. The reporter stated to the effect that, "There's no room for error here. Things could go bad, go bad really quickly. Desperation is going quickly." In Haiti, many people have been reduced to eating mud cakes, made of mud, oil and salt.

In the Kibera slum in Kenya where I just visited, many of the kids eat half their cup of food and take the other half home because the kids at home do not have food.

I talked to a Member of Congress who is a medical doctor and he said he once learned that there are only seven meals between civilization and anarchy; meaning in the absence of seven meals in a row, things begin to fall apart. I think we are seeing these pressures and the mood changing in many countries as people really get worried about their access and capability to meet their basic food needs. What should be done?



Everyone from the President of the United States, the President of the World Bank, the Secretary General of the UN, and FAO, IFAD and WFP are calling for a ‘twin-track’ response to meet the emergency needs but also to step up the medium and long term supply-side solutions. On the urgent emergency needs side the world has created a gem, a vital resource in the World Food Programme.

WFP is the world’s largest humanitarian organization. We are nothing without our great partners like World Vision who is here today, Concern, and others. We coordinate with each other to ensure local pipelines are full of life-saving food, medicines and supplies.

WFP spends seven percent of our money on overhead and we have 93 percent of our people in the field; usually in the deep field where many live in tents for years. We have more than 2,500 people living in Sudan. They are brave and courageous, and they know what to do to break the cycle of hunger and suffering.

Someone was just telling me when they first joined WFP in 1992 – an American – that her first assignment was Mogadishu, Somalia. She said she landed there and the streets were full with people dying of hunger. WFP came in and within weeks she could not see a hungry person in town. Our people know what to do in a big challenge.

During my service on Kofi Annan’s High-level Panel on UN Coherence, I got to know WFP and I developed a motto for them: nothing gets between WFP and a hungry child. These were the stories I heard in villages all across the world of these crazy people who were using donkeys, camels, barges, planes and helicopters – whatever it took – to meet the acute face of hunger.

I will just point out that these challenges are life-threatening.

For example, between September and December in 2007, 13 of our trucks were stolen in Darfur. Seven drivers are still missing and three were killed. Since January, there have been 60 attacks on our trucks in Darfur, 42 are missing, 29 drivers unaccounted for, one killed, and four killed in southern Sudan. We are getting attacked by pirates off the coast of southern Somalia.

Despite all these challenges, WFP is working, as Ambassador Vasquez said, on reforming our capability to do our work even better. I am calling this reform a historic transition from a food-aid agency to a food-assistance agency. What I mean by that is that we are looking at how we can use food aid to break the cycle of hunger at its root and to help be part of the long term solution. For example, in Southern Sudan we work with the Government to help reduce dependency on food aid by building roads and de-mining roads so farmers can get their food to the market. Instead of just handing out food, we do what we call “Food for Work” where we give people food and they help build the roads which helps provide the solution. In the past year we were able to cut general food distributions in half with these kinds of tools.

Another tool I want to mention is WFP’s local purchase program. I will just give a quick example from Senegal. Half of WFP’s total budget is now cash which we use 80 percent to buy food





locally and regionally in the developing world. In Senegal, there has been a huge problem with goiter because none of the salt is iodized. They have big salt producing companies that do iodize, but it all gets exported. So WFP decided that we would purchase salt for our programs in Senegal from 7,000 village salt producers, and working with the Micronutrient Initiative we helped teach the producers the technology to iodize the salt. Today those 7,000 producers – most of whom are women – have a steady income and they provide 100 percent of our salt for our Senegal program, and now they iodize all their salt which is sold on local markets, and they are also helping combat one of the largest health challenges that President Wade has identified in Senegal. This is a win-win situation. The salt-ladies of Senegal are so good that we were able to take some of that salt for our programs regionally. This is the kind of win-win solution where we feel we 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, people and villagers working together.

There are some particular steps we would like to recommend to help limit the suffering caused by the soaring food prices.

First, is keeping the pipeline full. Today's announcement of \$200 million from the US was a huge step toward that. WFP, if needed, has the ability 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 two years of age, where we can respond with partners such as UNICEF and WHO to acute malnutrition crises overnight, and also to do activities such as Food for Work and Food for Assets. We also have great expertise helping governments design price stabilization programs, safety net programs such as we are doing in Egypt to help the government with its crisis there. We also have experience using vouchers to help hungry people access food. As we are seeing in this "new face of hunger" sometimes people cannot afford food from markets, 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, the Gates Foundation and others to look at our local purchasing program and how we can use our contracts to help drive more win-win solutions. For example, right now, we are looking at giving forward contracts to farmers to be able to get credit, to be able to get better seed or fertilizer, to help break the cycle so we will not have to be in there year after year. We are planning to launch a major program to look at the way we do business and to do it in a way that can help in places such as the Democratic Republic of Congo, which is at war. 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 a steady market in a powerful way.

I will assure you that WFP will be a leading voice in encouraging the work of FAO, IFAD, UNICEF, AGRA, Gates, and others on the long-term solutions. I was just in Addis Ababa, Ethiopia talking with the African Union and I see a renewed commitment and energy to get to the root cause of these problems.



In closing, I cannot emphasize enough the importance of staying the course in this difficult moment. My favorite quote in life is something my father – who was in the 101st Airborne and is 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 want to be revealed to be a team that the world can rely on and that does not blink in this time of challenge.

We just completed almost four decades of great gains in tackling world hunger. In fact, the world has cut the proportion of hungry people in the developing world in half; from 1969 to today, from 37 percent to 13 percent. A number of countries such as Ghana, Chile, Vietnam, Brazil and others are on track to reach the Millennium Development Goal on hunger by 2015 – to cut the proportion of hunger in half from 1990 to today. But for those successes to be realized, we must stay the course. We are seeing a commitment to the green revolution and market revolution in Africa from the African Union, NEPAD and others. The World Bank has doubled its efforts in agriculture and is launching a new global food policy dialogue. Many of you know Kofi Annan is devoting his time to this cause. There are also encouraging economic growth rates across Africa and elsewhere that can powerfully help in breaking 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 our champions in this battle. Thank you.

