I want to thank the Peterson Institute, and Fred Bergsten – you in particular – and Jeff Schott and others who helped put this together. For many of us, the Peterson Institute has been a vital resource for over three decades here in Washington. It certainly is a place I have relied on over and over again. I want to thank you for giving me the opportunity to meet with you today to explain what we are seeing out there on the frontlines of hunger.

Today we come together to address one of the most pressing global issues of our time – the impact of soaring food prices on the world's most vulnerable and the hungry.

In February rice cost $460 a metric ton; just five weeks after that prices reached $780 a metric ton and just a few weeks after that it reached record levels at $1,000 a metric ton.

Other commodities have doubled or tripled in price over the past year. Consumers are getting hit worldwide – for some it is a painful pinch, for those living on less than 50 cents a day it is a catastrophe.

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.
Today, the global food supply system is groaning under the strain of skyrocketing demand, soaring cost of inputs, depleted stocks, crop loss due to drought, floods and severe weather. Last June, I warned we were facing a perfect storm for the world's most vulnerable. Today, I believe we are in the eye of that storm.

News reports and images from deadly riots in Haiti, triggering the collapse of the government, and elsewhere throughout the globe, are stark reminders that food insecurity threatens not only the hungry but peace and stability itself.

This is a very smart, august audience, so I am going to conduct a pop quiz. I am going to quote someone and see if anyone in the audience can identify the source.

"The threat of famine, the fact of hunger have haunted men and nations throughout history.....This eternal problem has now taken on unprecedented scale and urgency and...can only be dealt with by concerted worldwide action.

"Our challenge goes far deeper than one area of human endeavor....We are faced not just with the problem of food but with the accelerating momentum of our interdependence.....In the past thirty years the world came to assume that a stable economic system and spreading prosperity would continue indefinitely.

"Now there are fundamental questions about our capacity to meet even our most basic needs....Partly due to bad weather around the globe, world grain production declined for the first time in two decades. We [are] made ominously conscious of the thin edge between hope and hunger, and of the world's dependence on the surplus production of a few nations....

"The contemporary agenda of energy, food and inflation exceeds the capacity of any single government, or even a few governments together, to resolve. All nations...are linked to a single economic system. Preoccupation with narrow advantage is foredoomed.....The poorest and the weakest nations will suffer most. Discontent and instabilities will be magnified in all countries. New dangers will be posed to recent progress in reducing international tensions.

"This need not be our future. There is great opportunity as well as grave
danger in the current crisis.

"We must begin here with the challenge of food. No social system, ideology or principle of justice can tolerate a world in which the spiritual and physical potential of hundreds of millions is stunted from elemental hunger or inadequate nutrition. National pride or regional suspicions lose any moral or practical justification if they prevent us from overcoming this scourge.

"In short, we are convinced the world faces a challenge new in its severity, its pervasiveness, and its global dimension.....Let us agree that the scale and severity of the task require a collaborative effort unprecedented in history.

"And let us make global cooperation in food a model for our response to other challenges of an interdependent world – energy, inflation, population, protection of the environment."

The person who gave that speech, according to a *Time* magazine report at the time, felt this keynote address was one of the most important speeches of his career. The words were spoken almost 35 years ago, by then Secretary of State Henry Kissinger to the United Nations World Food Congress on November 5, 1974.

As you have heard, there are stark similarities between the global food crisis of the early 1970s and the food challenge we face today. And we are seeing a robust global response to confront the challenge. The Secretary-General of the United Nations has formed a global task force to map out a forward strategy, from emergency response to long term solutions. The President of the World Bank has called for a “new deal” on global food policy and has activated the Bank to partner with governments and institutions across the globe on urgent responses and solutions. The managing director of the IMF has pledged to assist nations on financing for imports and balance of payment challenges. The world will gather June 3 through 5 for an urgent world food security summit in Rome, Italy at the FAO to discuss these urgent challenges.

The World Food Programme is enormously grateful for the quick response to our extraordinary emergency appeal. Let me hold up this red cup which many of you have seen before which is from our school feeding program in Rwanda. Today, we can fill this cup with 40 percent less food than we could last June with the same contribution just due to
the higher food costs.

We put out an extraordinary appeal for $755 million and we are about 60 percent the way there. We are enormously grateful to the United States for the release of $200 million from the Bill Emerson Humanitarian Trust and the President’s announcement last week of a requested $1 billion in new emergency and developmental food and agriculture aid for 2009. This continues America’s noble tradition of being a global leader in the fight against hunger. And Members of Congress are even today pushing hard for a robust emergency supplemental for 2008 to help with the challenge.

Other nations have stepped up to the plate, including Canada announcing last week an additional $50 million in aid, and a total untying of all contributions, providing WFP with cash to purchase food from poor farmers in the developing world.

And progress has indeed been made since the time of the Kissinger speech. The world today is nurturing more people than ever before in human history, and we have cut the proportion of hungry in half, from about 37 percent in 1969 to 17 percent last year. With advances in seed, fertilizer and production technologies we have doubled yields for many crops for the past three generations. But we are not keeping pace with demand. The absolute number of hungry people – defined as those unable to meet the basic caloric and nutritional requirements for human health – have continued to grow to 860 million, with an estimated 4 million people added every year. WHO calls hunger and undernutrition the number one threat to public health, killing more people than HIV/AIDS, malaria and tuberculosis combined. Every ten days the world loses 250,000 people to hunger related deaths, the equivalent of the casualties from the Asian tsunami. The vast majority of those casualties – 160,000 – will be children.

Now the World Bank estimates that an additional 100 million people will be thrust into deeper poverty and hunger due to the soaring food prices. The director general of the Asian Development Bank said yesterday that a billion people in Asia are seriously affected by the surging costs of daily staples.

I have traveled in recent months to Ethiopia, Kenya, Senegal, Mali, Egypt and Syria and talked with farmers and consumers. 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. With little awareness of the macroeconomic forces at play, many blame their own leaders or 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.

The issue here is resiliency, and for those living on less than 50 cents a day there is no place to retreat. This is the new face of hunger, with people who were not in the urgent category just months ago, joining the ranks of desperation.

Many nations also are exhausting their own coping strategies, with grain reserves reaching record lows, foreign currency reserves to purchase costly food imports depleted and mitigation strategies, such as removing import taxes on food, already accounted for.

Joachim von Braun, the Director General of the International Food Policy Research Institute, warns that, "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."

Perhaps the fundamental question will be: is this challenge fundamentally different than the crisis of the early 1970s, which quickly followed by another era of cheap and abundant food and oil? Or are we witnessing a structural shift in global agricultural markets, a new era of rapid and persistent growing demand for food crashing against resource limitations in fossil fuels, land and water, coupled with climatic changes that introduce unprecedented levels of uncertainty into annual agricultural yields?

These are the questions we must urgently ask, because they must inform an urgent global response. The answers, and the actions, will determine whether together we enter an era of opportunity and hope; or a world of scarcity where nations and individuals fend for themselves, with the world's bottom billion losing out once again.

Let us quickly explore three subjects: 1) the revolution in food aid; 2) the new face of hunger; 3) a global call to action.
Revolution in Food Aid

The World Food Programme is the world's urgent hunger institution – you turn to us when all else fails to prevent life-threatening food and nutrition vulnerability. WFP has been undergoing a transformation in how it does business – this is not your grandmother's food aid.

WFP is the world's largest humanitarian organization and charged with the responsibility to meet hunger when all other systems collapse. 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 and we will seek to do today in Myanmar following the devastating cyclone there. 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 brings 400,000 humanitarian and development workers in and out of disaster zones each year – including 10,000 in and out of Darfur each month. 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 7 percent of our budget on overhead. We have state-of-the-art controls on food distribution, from purchase to consumption.

WFP is 100 percent voluntarily funded; receiving no assessed funds from any source. When WFP was founded back in the early 1960s, 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 2 percent of our food is surplus donation. And today, up to 55 percent of our budget is cash, allowing us to purchase food from farmers throughout the developing world. Today, 80 percent of WFP’s cash for food is used to procure food in the developing world. This year, this will infuse around $1 billion into poor farming economies.

WFP has evolved, and in June, I will present to our Board a new strategic plan marking a historic transition from what I call 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 not only meet critical emergency needs, but, whenever possible, to work in concert with fragile local markets and agricultural production to help ensure urgent hunger interventions help
strengthen local food security on a more lasting basis.

To that end, we have:

1) Upgraded our needs assessments and vulnerability analysis, which we conduct for the global system, to include local market conditions. Thanks to a three year project just completed, we can now assess down to the household level what is causing the hunger vulnerability – is it, for example, crop failure or that food in the markets is too expensive? Obviously, that would inform our response.

2) We seek to ensure our hunger responses are supportive of local markets and farmers whenever possible. For example, during the recent floods in Mozambique, food could not reach the victims, and they could not afford to buy it, but there was plenty of food on local markets. In that case 80 percent of the food for the victims was purchased from Mozambican farmers – creating a win-win solution.

3) To that end, we are asking our Board to approve a broader tool box or responses to hunger 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 everyday are fed with American commodity aid and there is not enough 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, and WFP can go and get it as we do in the DRC where we tripled our local purchases this year in the middle of major conflict; also targeted food vouchers or cash as we have done in Pakistan and in Indonesia after the economic troubles there in the 1990s, and which may be appropriate in the context of the current challenge; to food for work and assets, which can help build local capacity in food security systems and infrastructure.

4) We have also introduced what I call WFP’s 80-80-80 solution: today 80 percent of WFP’s cash for not only food, but also land transport is spent locally and 80 percent of WFP’s staff is locally hired. This helps build permanent local capacity and knowledge about food security. I am adding another 80 to the 80 solution – because also more than 80 percent of our activities take place outside of our headquarters in Rome or in the major cities of our partner countries. We are deep into the rural economies, helping improve desperately needed local infrastructure.
That leads to the final bullet.

5) We seek, whenever possible, to transform food into a productive investment into these economies. To that end, WFP, in exchange for life-saving food, has helped train local populations and, over the past four decades, together with experts from FAO, we have planted more than five billion trees in the developing world, helping stabilize ground soil; have de-mined and built tens of thousands of kilometers of vital feeder roads, including over the past few years reopening more than 10,000 kilometers of roads in DRC, Angola and Southern Sudan. Last year, the government of Southern Sudan became one of our top ten donors as WFP partnered with them in reopening roads for farmers, and building schools and hospitals through food for work programs, allowing us to reduce dependency and cut general food distribution in half.

In all our work, we now look at what I call the value chain of hunger to ensure our interventions are coherent with the work of governments – our number one partners – and our UN partners such as FAO, UNICEF, WHO, UNDP and our vital NGO partners such as CARE, World Vision, Oxfam, Caritas, and the Red Cross and Red Crescent movement.

On local purchase, I will just give you one example in Senegal. President Wade has called for action on goiter, a huge challenge for Senegal where virtually none of the salt for local consumption was iodised. They have big salt producing companies that do iodise but most gets exported. To support the President's call to action, WFP decided that we would purchase our salt for our programs in Senegal from 7,000 village salt producers and, partnering with the Micronutrient Initiative, we helped the villagers obtain the equipment and receive training in the technology to iodize the salt.

Today 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 iodised 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 their salt for our regional programs. There are now many such examples. Last year, in our school feeding program in Ghana, 100 percent of the food was purchased locally. This is the kind of win-win solution that we feel can use food assistance to break hunger at its root.
New Face of Hunger

Let me talk about the challenges we face – and the action we feel is needed – to address what I call the "new face of hunger."

Soon after joining WFP, I looked at our portfolio of work and became very concerned about the trends. The world was consuming more than it produced, food stocks were being drawn down and the stock-to-use ratios were at all time lows.

When did this tip into a crisis mode for the world's most vulnerable? While things were already difficult, I would point to last June as the launch pad for a period of aggressive and relentless price increases that have left poorer nations and WFP itself reeling. Between June of last year, as I mentioned, when we priced our programme of work for 2008, and February of this year, our cost drivers of food and fuel had increased 55 percent. This pattern of aggressive increases has continued for most commodities, with the exception of wheat, which has dipped down a bit recently.

Globally, we have seen the price of rice more than double in recent months. We have seen the same type of pattern with maize. Wheat has been the same, with a recent dip – but still priced much higher than in June 2007. And sorghum prices have also skyrocketed.

This audience knows well the confluence of factors cited for the increases – the very positive economic boom in many major developing countries; record prices of oil, which raises the price of food production from fertilizer to delivery; to the fusing of food and fuel markets with the use of food as an industrial input, such as biofuel; with severe weather throwing in additional supply shocks. These factors have created a supply and demand challenge that may take some years to sort out. Food supply is relatively inflexible and vulnerable to unpredictable factors such as weather – 300,000 hectares of rice production were lost overnight in the Bangladesh cyclone last fall and the storm in Myanmar has hit the rice bowl just during harvest. 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.

And there have been what I call the follow-on factors – nations shutting down export markets further tightening supplies. In addition hoarding and market speculation are also now contributing factors.
This is creating perhaps the first globalized humanitarian emergency. It has been said that a hungry man is an angry man. Food riots and protests have broken out throughout the world, triggered by a new face of hunger in urban areas; areas that have attracted the majority of the world's population in search of opportunity. While it has been said that famines are incompatible with democracy, I will tell you that some of the world's gold standard new fledgling democracies are the nations under most pressure now. These nations, many of which are dependent on imports to feed up to half – or more – of their populations are reeling under the combined hit of record food and fuel prices.

Countries are coping with food inflation and import dependency in different ways. Many have removed import tariffs, sacrificing revenues, but alleviating price pressure. Today it is estimated that more than 40 nations have imposed export controls on commodities, greatly restricting global markets. Today WFP – a buyer in more than 80 nations, has humanitarian food trapped in nations that have banned exports. We face a major pipeline break in food supplies to Somalia, as 12,000 metric tons of food we purchased in Kenya is now blocked from export. This is happening in numerous places. Today, one third of the globe's wheat suppliers, have banned exports.

Countries most at risk are developing nations that are import-dependent and already experiencing an additional shock from conflict, floods, droughts or storms. Think here Afghanistan, Somalia, Haiti, Burundi, Mauritania and others.

WFP has mapped countries on a scale of high vulnerability to low vulnerability. By far, the greatest vulnerability is in Africa.

We have also mapped individual vulnerability. Most urgent to watch here are those whose health is already fragile or critical – the under two year olds, pregnant and lactating mothers, HIV/AIDS patients, refugees and IDPs who cannot meet their own food needs. The new face of hunger is also more urban than before.

As the world's most vulnerable struggle on the thin edge of survival we are seeing negative coping strategies in full force:

-- for those living on less than $2 a day, education and health are being sacrificed. Livestock is being sold off.
-- for those living on less than $1 a day, milk, protein and fruits and vegetables have become rarities, if at all;

-- for those living on 50 cents a day, it is a catastrophe, with whole meals being lost, or whole days without food, or diets totally devoid of nutritional content.

Let me give two examples:

In Haiti, vulnerability has been compounded by coping strategies that were already greatly weakened. As you have read, mud cakes – originally used for medicinal purposes only – are now sold, and consumed, as a staple. Even those prices have shot up.

In Burundi, the poor staple for the poorest of the poor is something called ‘black flour’ – it is cassava that is mouldy and looks something like blue cheese – even that has gone up threefold.

As Secretary-General Ban Ki-moon has said, this crisis threatens the hard earned development progress of many nations across the range of Millennium Development Goals.

Here are our concerns at WFP:

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. 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 food each day. Some are now taking home half their cup of food for younger siblings who do not have any.

For these children the vulnerability is profound. We are not talking about meat, potatoes, vegetables and a little desert that get sacrificed in hard times. It is the one cup of porridge. We announced this week that we have to cut 450,000 school lunches in Cambodia and we have another number of countries where we will have to make cutbacks.

Second, right now, as I have already mentioned, we have an emerging new face of hunger. WFP estimates that an additional 130 million will be unable to meet their foods needs due to the high prices crisis.

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 our memory – we could not buy it anywhere in the markets in Asia. In past weeks we have had 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 5 percent performance bonds to get out of our contract. We also have food aid trapped in nations as I mentioned. We also are finding fewer and fewer markets open to procurement at all, with an estimated 40 nations currently under some form of export controls.

The fourth is connected to that. One would expect that the natural reaction from farmers to high prices would be to plant more and that is happening throughout the major developed economies. But in the developing world, there are indications that the reverse is happening in many places. 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 fully realize is what I saw in Kenya when I talked with farmers and visited the Rift Valley; fertilizer has gone from 1,700 shillings there in December to 4,000 shillings just 12 weeks later. There – the breadbasket of Kenya – farmers were planting one-third of what they were planting a year ago. According to FAO Director-General Jacques Diouf, this is happening throughout the developing world. These farmers are retreating to subsistence mode, withdrawing from markets until things stabilize. As FAO pointed out late last year, this could indicate serious shortages in upcoming harvests, further compounding our challenge.

My fifth concern 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 and help meet the needs of their people. 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. In addition, many nations who can afford to are stockpiling, further tightening supply and driving up prices.

And lastly, I am concerned that as high prices persist we are entering a
second phase of this challenge, one that is threatening not only caloric intake, but nutritional status and livelihoods. WFP’s vulnerability mapping of household needs is finding that coping strategies, such as selling off livestock and other possessions, shifting to cheaper foods, sacrificing health and education, are being depleted, without any clear indication that relief is in sight.

**Global Call to Action**

What should be done? We must take this crisis as a call to global concerted action to support the governments and people hardest hit and to help stabilize the global response. The Secretary-General’s task force was formed to help provide a coherent strategy of response. We are working closely together – all of us – WFP, others at the UN, with the World Bank and IMF. The Secretary-General has appointed coordinators Sir John Holmes and David Nabarro to help on this global action plan.

Among the actions that we – the WFP – see as urgent are:

First, we do have to 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. We are working with partners such as UNICEF and WHO to scale up therapeutic feeding to reach children most at risk. We have the tools – we can reach children quickly and can alleviate acute humanitarian crises.

Second, we need humanitarian access to food and today I call on all nations to provide procurement access for humanitarian purchases. IFPRI’s Joachim von Braun has urged the world to consider humanitarian grain stockpiles that can be drawn down on systematically over the next few years as we adjust to this challenge. We urge a dialogue on this issue.

Third, we must help nations ramp up safety nets such as school feeding and productive social safety nets, as WFP does in partnering with the Government of Ethiopia. To this end, we call on Congress to urgently support the substantial predictable funding for the McGovern- Dole International Food for Education and Child Nutrition Program in the current farm bill.

Fourth, to ensure the next harvests, urgent action is needed on agricultural
inputs, priced out of the reach of poor farmers. FAO’s Jacques Diouf estimates that $1.7 billion is needed urgently and the world must act on this call. IFAD is deploying an action plan on fertilizers that will put an immediate $200 million in the reach of governments that want to act.

Fifth, the African Union, under NEPAD and the Comprehensive Africa Agriculture Development Programme (CAADP) has called on all governments in Africa to invest 10 percent of their budget in agriculture; nations that have, such as Ghana and Malawi, are beating the hunger curve. The average investment is now 4 percent throughout the continent. Shifting to 10 percent would put an additional $5 billion on the table.

Sixth, the World Bank has doubled its investment in agriculture in Africa and has activated globally to assist governments on short term and long term solutions.

Seventh, the IMF has announced plans to help nations deal with import financing challenges and balance of payments issues.

Eighth, and perhaps, most critically, as FAO has called for, we must all join forces to boost agricultural production, especially in the developing world. The Gates and Rockefeller Foundations have formed the Alliance for a Green Revolution in Africa – or AGRA – under the leadership of Kofi Annan, and there are the fantastic contributions of Norman Borlaug, Jeffrey Sachs and many others, who are joining to boost production with the African Union and governments throughout the world. These efforts can help ensure an era of plenty and stability for all.

Conclusion

At the 1974 World Food Conference in Rome, Henry Kissinger set the bold objective that, “within the decade no child will go to bed hungry, that no family will fear for its next day’s bread, and that no human being’s future and capacities will be stunted by malnutrition.”

A number of countries have been on track to reach the Millennium Development Goal on hunger and will by 2015 if we stand with them – Brazil, Chile, Ghana, Malawi, Vietnam and others. We must stay the course. Many countries are doing the right things. We must stand by their side.

I am an optimist. My ancestors were from Ireland and left during the
famine and yet just two generations later we have left an economy of famine to one of prosperity. It can be done.

Defeating hunger is achievable; it requires no new scientific breakthrough. We know how to do it, and I thank you all for joining me today for this urgent discussion.