

World Food Programme

Weathering the Storm

High Food Prices

- A wave of food and fuel price rises has swept the globe, causing increased levels of hunger and poverty and leading to popular unrest in at least 25 countries.
- **A combination of factors** have caused the higher prices including: increased energy costs, competition between biofuels and food, rising demand from economic growth in emerging economies and climatic shocks such as drought and floods.
- With food reserves at their lowest for 30 years, there is general anxiety on food commodity markets, which have become extremely volatile, subject to sudden spikes and speculation. The situation is exacerbated by the falling value of the dollar – the currency in which all major commodities are traded.
- Many countries have imposed export bans or restrictions on certain food types. This merely drives prices up further as food becomes less available.
- **The poorest are hardest hit.** In many poor countries people already spend 60 percent or more of their budget on food, whereas in rich countries, people spend 10-20 percent of their income on food.
- The World Bank estimates that about 100 million people have been pushed deeper into poverty – a figure supported by WFP, whose analysts are assessing the numbers of people newly affected by high food prices.
- The rural landless, pastoralists and many small-scale farmers as well as the urban poor are finding they can no longer afford to buy the food in shops.



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- This is the **'new face of hunger'**. It's not just about food availability, as in a drought, but accessibility for those reliant on markets.
- The price crunch means families are cutting back - not sending their children to school, not visiting the clinic when they are sick, or not eating crucial nourishing food together with anti-retroviral drugs. Some are cutting meals and substituting less nutritious foods.
- **Solutions to meet the challenge** are being proposed in the short term, among them a ramping up of social safety nets such as WFP school-feeding activities, which aim to stop the poor sinking into the hunger trap. In the longer term, investment in agricultural development in food insecure countries is essential.
- Immediate solutions must be addressed to avert acute hunger and civil unrest by maintaining the flow of emergency food assistance. Export bans aggravate the challenges high prices present, and should be lifted wherever possible.
- The resilience of local populations needs to be strengthened through improved social safety nets, including school feeding programmes and cash transfer schemes.
- Investment in agriculture must be increased, particularly in Africa. According to FAO, 21 of the 36 countries in the grip of a food security crisis are in Africa.

Key numbers:

- Six months into the year, WFP's budget to feed millions of people during 2008 stands at US\$4.5 billion, of which US\$2 billion has been received. Food needs for the more than 70 million people already in need of help must be met. This does not include those pushed into hunger through high food prices.
- About 1 billion people live on less than US\$1 dollar a day - the poverty level below which survival is in question.
- 162 million of those are the 'ultra poor', living on less than 50 cents a day, and trapped in a vicious cycle of hunger and poverty.
- The world's urban population has grown more than the rural population; within the next three decades, 61 percent of the world's populace is expected to live in urban areas.
- High prices may set back by seven years any progress towards the 2015 Millennium Development Goals.