

EVENT SUMMARY

The World Food Crisis

Josette Sheeran, UN World Food Program

Peterson Institute, Washington, DC

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The Silent Tsunami—Globalization of the Hunger Challenge

The world is facing what Josette Sheeran, executive director of the World Food Programme (WFP), calls the perfect storm: Global food prices have risen persistently and relentlessly since June 2007; the world now consumes more than it produces; global grain stocks are the lowest they have been in the past 30 years; and the frequency of weather disasters reached 400 to 500 a year, up from 125 in the 1980s. As a result, millions more have been pushed into deeper poverty. Food riots have sparked throughout the world, threatening peace and stability in already-fragile countries.

Speaking at a meeting at the Peterson Institute on May 6, 2008, Sheeran said this challenge is too big for any one country or group of countries to tackle; it requires a global response. The United Nations, World Bank, and International Monetary Fund are coordinating efforts to come up with appropriate emergency and long-term solutions.

Due to soaring prices, the WFP pipeline is 40 percent less full than it was last year. The WFP is focusing not only on food aid but also on food assistance. It works in concert with local markets to strengthen supply and improve distribution within a country. Furthermore, the WFP spends 80 percent of its cash resources on food, land, transport, and staff in the developing world.

In some countries, food shortage is a financial issue. Countries do not have the means to acquire the food they need. In others, production of food is simply absent. Ensuring the smooth flow of production throughout the world is essential. At the international level, this means making sure that production is not trapped in some countries due to export restrictions. Indeed, a third of the world production of wheat is trapped in countries that ban exports. At the national level, smooth flow of production requires efficient distribution networks.

The world rate of food production is down for the first time. Farmers in the developing world are not planting more. Most small farmers are disconnected from markets and do not reap the benefits of soaring prices. Fertilizer prices have gone up. Farmers cannot afford the diesel to operate the necessary machinery. Input prices are rising, but price controls prevent food prices from rising proportionately on local markets.

Sheeran outlined four urgent steps. First, organizations should help governments alleviate immediate suffering by keeping the humanitarian pipeline full. Second, it is essential to secure humanitarian access to food. Prices rise so rapidly between the signing of the contract and the time of delivery that contracts are regularly broken to sell to a more generous buyer. Third, governments should ramp up safety nets. And finally, all countries should collaborate to boost global food production. The African Union has called all member countries to invest 10 percent of their budgets in agriculture. Those

who heeded the call are in much better shape to provide for their population; however, as of now, the average investment stands at 4 percent.

Q&A Session

On the topic of congressional requirements on US food aid, Sheeran explained that each country was at liberty to set its requirements as the WFP works on a system of voluntary donations. The United States demands that US contributions be purchased in the United States. The WFP urges as much flexibility as possible from donor countries, but since the United States is an important food producer, the WFP would spend a large portion of its money on US markets even without the requirements. Sheeran emphasized that US donations were 40 percent of their budget and accounted for 1 out of every 2 lives saved by food aid around the world. New funding from the United States, such as from the Bill Emerson Humanitarian Trust or from Congress, is on its way but the proportion to be allocated to the WFP has not been determined yet.

On the future of food prices, Sheeran expressed concern that pressure on oil and food prices was unlikely to drop in the near future. However, she was optimistic about the world being able to produce the amount of food needed. In particular, in Africa, production is much lower than its potential but could rise significantly with investment, technological progress, and privatization. The fusing of oil and food prices poses a new challenge. Energy bidders can often outbid food consumers so that even if production rises, the world will have to strike a balance between energy and food needs.

When asked how the WFP determined whom the aid goes to, Sheeran explained the WFP uses a complex dynamic model to assess where the greatest vulnerabilities lie and the incidence of hunger in each nation. Allocating aid means making heartbreaking choices. Children under the age of 2 are given a very high priority as malnutrition in this age group permanently damages health, thereby affecting a country's overall output in the future.