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“Why Food Aid? ”

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In a world where governments are locked in battle over what to do with mountains of surplus grains and scientists can genetically engineer our daily diets, it is pretty fair to ask: Why does anyone still need food aid?

A half century ago, Americans inaugurated the greatest single foreign aid program in history when President Eisenhower signed the law creating "Food for Peace". The goal was to bring an end to world hunger and, with that, create a greater degree of political and social stability. Dozens of the countries that benefited from Food for Peace graduated from the program and, as you well know, some went on to be among the best customers that the United States has for its food exports -- South Korea, Mexico, and more recently Egypt. But after thousands of projects and tens of billions of dollars invested, America is still in the food aid business.

Why? Because after decades of progress, we are actually *losing* ground in the battle against hunger. How is that possible?

Let me start with a 40 year old Ugandan woman named Yudaya Nazziwa.

Yudaya is preparing to die. She has AIDS and each day she writes into a journal something of her family history and practical advice for her oldest daughter. The Ugandans call these journals "Memory Books". Her tale is painful, but sadly, it is not unusual -- her husband died of AIDS and his relatives took over her comfortable home and possessions. She and her four children now live in a slum and depend on WFP food aid to survive. Yudaya is tough and wants to hang on as long as she can -- to work if possible and pass on what she knows to her children. Food aid is keeping her nourished, helping her fight off diseases. As she puts it: "Now I have to eat for two -- for myself and the virus." Maybe one day -- let's hope soon -- Yudaya will be on anti-retroviral drugs. President Bush's massive multi-billion dollar

campaign headed by my good friend Andrew Tobias, holds out that hope. But for today, food aid is helping to keep people like Yudaya alive and even if she does get medication soon, we all know that a well nourished patient stands a better chance of survival.

Throughout sub-Saharan Africa, the AIDS virus has decimated families and their ability to feed themselves. Seven million farmers have lost their lives to this disease -- more than twice the population of Kansas. It is hard to describe the eerie, empty quality of the rural villages I've visited in countries like Zambia, Malawi and Mozambique. A generation is being wiped out. Families are headed by feeble and exhausted grandparents and teenagers have become parents to their younger brothers and sisters.

AIDS is not just spreading hunger across Africa. I was in Haiti last week to visit WFP projects and take a look at the situation there after the overthrow of President Aristide and the near collapse in social services. HIV/AIDS infection rates in Haiti are the highest in the Western Hemisphere and, what few people realize, is that Haitians have the highest caloric shortfall of any country in the world -- higher than Afghanistan, Somalia, or any country in southern Africa. I visited an orphanage near Port au Prince run by the Foundation for Worldwide Mercy and Sharing, a small US NGO, where AIDS orphans and other children receive meals provided by WFP. Our beneficiaries in Haiti total 373,000 of the island's poorest people, and we have added 140,000 more in the aftermath of the recent fighting. No one doubts the horrible poverty and insecurity in Haiti -- but believe it or not it is a struggle for us to get resources to help these people. Our new emergency operation has just a quarter of the \$11 million we need.

As devastating as AIDS has been, the toll it takes worldwide pales in comparison to hunger and malnutrition. More people died last year because they were hungry and malnourished than from AIDS, malaria and tuberculosis combined. That's not exactly a well known fact. Hunger has disappeared from our consciousness in the developed world -- it's a fleeting image on our television screens, a disturbing photo in a newspaper. And WFP and its partners like CARE, CRS and World Vision are faced with the challenge of selling Americans on a problem they rarely see. And I assure you, hunger as it exists among children in Honduras, Zambia or Bangladesh is something Americans do *not* see -- stunting and wasting, retardation and chronic illness are not the kind of hunger we talk about having here in the United States.

Halving Hunger by 2015

World leaders gathered at the United Nations in New York in 2000 and pledged to halve the number of hungry people in the developing world by 2015. But, apart from progress made in

China, the number of hungry people actually has actually risen by 50 million people since 1992¹. At the same time, the volume of food aid world wide has plummeted from 15 million metric tons in 1999 to less than 10 million tons in 2002, and the portion of aid dedicated to agricultural development was halved from 12 to 6 percent. Many of you are businessmen and you know that this level of investment will never get us where we want to go.

I am not a believer in harping on bad news -- there is a lot of good news around. Worldwide, the incidence of poverty actually dropped by 20 percent in the 1990s. Thanks to UNICEF, dedicated NGOs and governments, we have made great strides in childhood immunization. Smallpox has been eradicated; we are close to eliminating polio. There is, in fact, lots of good news. But solid progress against hunger is not part of that good news.

Dramatic, high-profile food crises attract funds. But of the 10 million people who die each year from hunger and malnutrition, just 8 percent die in the kind of emergencies we hear about on the evening news. More than 9 out of 10 victims of hunger and malnutrition die in some dusty village in Malawi, up in the highlands of Peru, or in the slums of Dacca. Most often they are children who are too malnourished to ward off disease. They do not make the news. They just die.

Ethiopia is a classic example of the harm done by the distortions in food aid funding. Ethiopia receives the most emergency relief aid per capita, but the lowest investments per capita in development aid. In the latest drought emergency to hit the region, those areas that did benefit from very simple agricultural development – food provided in return for laborers planting trees, digging irrigation ditches, repairing wells – did not require as much emergency aid as areas that did not benefit from development aid.

Coping with high profile emergencies like Hurricane Mitch, Kosovo, Afghanistan, Iraq and the drought in southern Africa has drained away massive resources that could have helped reduce the chronic hunger that scars the lives of more than 800 million people. We are losing sight of that long-term goal. People like Andrew Natsios have tried to keep focused on it -- Andrew boosted USAID's investment in agriculture and the food sector in developing countries by nearly 40 percent. But he is the exception, not the rule, and even with higher overall levels of ODA, the world's hungry are worse off now than they have been in years.

The Comparative Advantages of Food Aid

¹ FAO, *State of Food Security in the World 2002*, Rome, 2003, p. 8

Is more food aid the answer? Yes, definitely, but only part of it. We need more investment in agricultural infrastructure and scientific innovation, including biotechnology, designed help the developing country farmers -- not just by USAID but by many of the developing countries themselves. A number of developing countries need to take a hard look at their production policies, eliminate corruption, and create a better environment for private investment in the food sector. But well targeted food aid has tremendous potential, especially for reaching poor women and children. I would match food aid up against any other kind of assistance on several important counts.

First, it is traceable -- poverty is no friend to ethics and the history of foreign aid is filled with stories of massive diversions of cash aid. When food aid goes astray, there's often a photo plastered across the newspaper. Most of the time, WFP and its NGO partners can trace food every step of the way.

Second -- food aid interventions can be targeted and nutritionally designed to reach women and children, those most often affected by chronic hunger. Cash assistance and other types of interventions often bypass women -- exactly the opposite of what you want if you are serious about stamping out hunger.

Third -- food aid is comparatively fast, especially in emergencies. WFP and its NGO partners have a solid record of moving quickly and at low cost. At any given time, WFP has 40 ships at sea, 20 aircraft in the sky and 5,000 trucks on the ground moving food and other assistance to people in need. We do all of this with a staff of just 10,000, many on short-term contracts, and an administrative budget that is just 7 percent of operational costs.

Iraq and Procurement

Let me digress for a moment and talk a bit about Iraq. Last spring, WFP mounted the world's largest humanitarian operation ever, feeding 26 million people and delivering more than 2 million tons of food in just seven months. At its height, our operation was moving 1,000 tons an hour, 24 hours a day, seven days a week. Whatever else may have gone wrong in Iraq -- no one starved -- and we are extraordinarily proud of that fact. The operation was a major success, though dampened by the tragic loss of 22 colleagues when the UN headquarters in Baghdad was bombed.

Food purchases for Iraq have generated quite a bit of attention lately in the media, the business community and the Congress. Let me clarify WFP's role in Iraq. Before the war, our major job was to monitor the local distribution of food by 44,000 agents in the Center-

South of the country. We had a more comprehensive role in the North. We did *not* handle the contracts to buy commodities under the Oil for Food Program.

During the war we were asked to take a broader emergency role and the Security Council asked us to re-negotiate some of the unfulfilled food contracts after the Oil for Food Program was terminated. We were able to lower costs considerably. It was during this process that some of the inflated prices you read about today started coming to the fore, but remember food was really only a portion of the OFF Program -- most of the funds were actually spent on nonfood items.

WFP has more recently taken on the job of initiating new food purchase contracts -- a role we will give up at the end of June. That is where we started taking some understandable political heat. The Coalition and the Iraqi Ministry of Transport gave us the job of getting the best possible prices with Iraqi funds and this we did. Some people felt -- and I can certainly understand this -- that preference should have been given to suppliers from Coalition members. That was not our choice to make. In the end, US wheat suppliers are back in the Iraqi market. We have encouraged the Coalition and the Iraqi Ministry of Transport to make public the results of the tenders we handled.

When you are using public funds transparency is critical. The documentation for all WFP tenders is available to both internal and external auditors and we have begun publishing the results of all international food and non-food tenders on our website. Those of you who are interested in doing business with us should take a look at our site and be in touch with Judith Lewis, Director of our Washington office who is here with you this week.

The Role of the Private Sector in Ending Hunger

For a long time now, WFP has relied on a very small number of governments to finance our work. Just four donors -- the United States, European Union, UK and Japan -- contributed 75 percent of our total income last year. While our traditional donors are very generous and supportive, their budgets are stretched to the limit. If we are to make progress towards the goal of halving the number of hungry people, then many more partners need to join the effort.

New interest is also coming from the private sector. We have entered a partnership with Dutch mail and logistics giant, TPG, worth around \$12 million next year. More than a simple transaction, TPG is helping us with expertise, visibility, volunteers and access to other interested corporations. For example, they are helping us to respond faster to emergencies, support logistics coordination for the entire humanitarian community, and enhance transparency and accountability. Around a dozen TPG staff members -- from postmen to

financial managers – are currently helping our school feeding operations in Cambodia, Tanzania, Nicaragua and The Gambia. Upon their return, they will be outstanding advocates within the corporate for the difference that can be made with a small donation of just 19 cents a day for a school meal.

TPG put us in contact with the Boston Consulting Group (BCG). This top consulting firm is helping us to streamline our business processes, shortening the time between when a donor makes a pledge, and food actually reaches a beneficiary's hands. We estimate that we might be able to reach up to 20 percent more people with the same amount of money, if this initiative is successful.

After the war in Afghanistan, Swedish telecommunications firms Ericsson, SweDish and Telia collaborated with WFP to establish the first global system for mobile communication (GSM) in Afghanistan. This not only enabled our own people and other aid workers to communicate across the country – a basic requisite for security – but it also served the Afghan government and the nascent commercial sector.

Italian clothes manufacturer, Benetton, helped us raise visibility in Asia, Europe and Australia with a massive campaign called “Food for Life”. It brought the faces of hungry people, who rely on WFP for help, to billboards, magazines and shop windows, and included the distribution of more than a million copies of a 32-page magazine titled “HUNGER”.

Our strategy to raise private sector resources centers on a list of needs that WFP feels could be provided through partnerships with corporations. Made up of around 60 projects, valued at approximately \$100 million, it includes IT solutions, staff training, essential non-food items, and nutritional supplements. With a saving of that magnitude from our operating budget, we could provide many millions more people with basic food assistance.

The World Food Program is looking for a core of 10-15 corporate partners to join our efforts to eradicate hunger. We plan to establish a Global CEO Council, where the leaders of our corporate partners can meet, discuss ways to support WFP and generate publicity for their efforts.

Partnerships are key

It would be foolish to think that any one organization or government can eradicate hunger. Clearly, it will need a partnership of first-class, dedicated groups who are committed to wiping out hunger and poverty. We are lucky to have a cadre of terrific partners who already work with us on the ground. Among them are some 30 US-based PVOs, who work with us in

46 countries around the globe. Ultimately this approach provides better service to our beneficiaries, increasing all of our efforts on HIV/AIDS, nutrition, gender and the toughest issue of vulnerable children, especially orphans.

WFP wants to be the best possible partner, setting an example for the United Nations as well as our donors and host governments. We want to take our partnerships to a new, more strategic level, beyond discussions of who pays for what, where we really take advantage of the strengths of all of the players in the best interest of the people we serve. The first step is to find out where we do well, and not so well, and we're tackling that through a survey of key people's perceptions about WFP and its relationships with PVOs. I know that many of you have agreed to participate, and I urge you to be as frank and constructive as possible.

Where Do We Go From Here?

In a world of tightening resources, where do we put our money to have the most impact? I can think of no better investment in peace, prosperity and justice than providing children with food at school.

The average cost of a WFP food ration – wheat, beans, vegetable oil, salt and sugar – is just 29 cents. We deliver meals for school children for even less -- just 19 cents a day.

For the past 40 years, the World Food Program has used food as an incentive to get children into school, and make sure that they get good nutrition once they're there. The results are remarkable: in some schools, the number of girls enrolled tripled, attendance rates soared and dropout rates diminished.

There are 300 million hungry children around the globe. That's more than the entire population of the United States. One in four of the world's children is underweight². That means they're more likely to die from infectious diseases, their immune system is weak and their long-term physical and mental development is compromised. Their mothers were hungry, they are hungry, and if they live long enough they will have hungry children too. The world's poor simply pass their hunger from generation to generation.

One hundred million children don't attend school and don't have an opportunity to learn basic reading, writing and arithmetic. Two thirds of them are girls. Yet it has been shown time and again that GDP increases in proportion to literacy rates. The impact of literacy on girls is even greater. We know that educated women make better-informed choices for themselves and their families. Between 1970 and 1995, child malnutrition rates fell by 44

² World Health Organization, *World Health Report 2002*, Geneva, 2003.

percent. The International Food Policy Research Institute concluded that this remarkable improvement in children's health worldwide was largely attributable to increases in women's education.

Yet today half of all women in developing countries cannot read or write and girls are far more likely to drop out of school before completing four years of study than their brothers. If the benefits of sending children – especially girls – to school are so obvious, why don't more parents ensure their children get an education? Because when a family is hungry, finding food is all that matters. In the most desperate places, that can be a full time job even for young children.

In simple terms, these poor and hungry children are never likely to have a chance to reach their full potential. Millions of children who could go on to contribute to peace and prosperity are so hungry that they might never live beyond his fifth birthday, or complete elementary school, or get a job. Who knows how many scientists and statesmen and sports stars we have lost because their minds and bodies were dulled by malnutrition?

Let me finish with one of our success stories. Some months ago, our office in Nairobi took a call from Paul Tergat. Paul is a Kenyan marathon runner, and last September he set a new world record for the marathon. His triumph came in Berlin, when he became the first man ever to run a marathon in less than 2 hours and 5 minutes. Paul called the World Food Program to offer his name and time to WFP, in thanks for the food that we had provided to his school twenty years ago. We got that food because of Food for Peace and the generosity of the American people.

Paul related to us the celebrations when WFP began providing food at his school, and how kids who had left school came back, and others who had never attended suddenly enrolled. Students learned how to read and write, and had the food they needed to stay healthy and active. Most importantly, he said, they learned to have faith in themselves and in their future. I can think of no better affirmation of the importance of our work than someone like Paul Tergat. And there is no better answer to those who doubt the power of food aid to change a life for the better.

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