

**FOLLOW-UP TO THE MARRAKESH MINISTERIAL DECISION ON MEASURES
CONCERNING THE POSSIBLE NEGATIVE EFFECTS OF THE REFORM PROGRAMME
ON LEAST-DEVELOPED AND NET FOOD-IMPORTING
DEVELOPING COUNTRIES**

Submission by the World Food Programme (WFP)

The following submission, dated 17 November 2011, is being circulated at the request of the World Food Programme (WFP).

I. RECENT DEVELOPMENTS IN GLOBAL FOOD INSECURITY

1. During 2010 and 2011, the impact of natural disasters, escalating insecurity associated with conflicts and escalating food and fuel prices created social and economic distress for hundreds of millions of people. To meet these challenges, WFP utilized an expanding range of food-assistance tools to provide the right food to the right people at the right time in the right place.
2. Despite growing awareness of hunger, global food aid flows in 2010 were the lowest since 1990 at 5.7 million metric tonnes. Nonetheless, the world continues to rely on WFP as the primary mechanism for delivering food assistance to those in need. In 2010, WFP accounted for 66 per cent of global food aid and the vast majority of humanitarian food aid purchases globally.
3. WFP reached 109.2 million beneficiaries in 75 countries with humanitarian food aid and food assistance programmes, the second highest number in WFP's history. Woman and children were disproportionately affected by crises and accounted for 82 per cent of those assisted.
4. Assessed beneficiary needs continued to outpace the level of available funding. The global economic environment made the resourcing situations more challenging and increased pressure on foreign assistance budgets at a time of increasing needs. Generous and flexible funding was fundamental in enabling WFP to meet requirements and ensure uninterrupted food deliveries in early 2010.
5. WFP's work in 2010 focused on four primary issues: (i) responding rapidly to major natural disasters; (ii) maintaining post-disaster rehabilitation in transition countries; (iii) establishing humanitarian space in challenging environments, for example by increasing security measures; and (iv) responding to hunger with new tools and solutions.
6. The growing proportion of cash contributions (rather than in-kind food resources) enhanced WFP's capacity to purchase food efficiently. In 2010, WFP purchased food worth US\$1.25 billion, of which US\$975 million came from developing countries, the second highest amount in WFP's 50 year history. This food was purchased in 96 countries including 76 developing countries.

7. Through these food procurement operations, the WFP used its purchasing power to invest directly in the agricultural potential of developing countries. In Liberia, for example, the purchase of rice from farmers for distribution to girls in the school feeding programme as take-home rations resulted in increased rice production in three countries; the annual hunger period also decreased by two months, leading to improved food security in targeted areas.

II. IMPACT OF RISING AND VOLATILE FOOD PRICES

8. Rising food prices can be devastating to the 80 per cent of the world population that lives without food safety nets. People living in these nations are highly vulnerable and do not have the resiliency or cash to help them survive in highly volatile markets.

9. For households that spend as much as 60-80 per cent of their incomes on food, these kinds of price hikes have a tangible impact. When households cannot afford food they often accommodate by cutting the number of meals or by purchasing cheaper, less nutritious food. Both of these coping mechanisms hit the nutritional health of the households.

10. For households that are already living at subsistence level, food price rises of this order lead to increased levels of malnutrition, a decrease in income available for schooling or access to health services, and potential instability in those countries that are worst affected.

11. In several of the regions where WFP works, domestic food prices have been soaring. In the Horn of Africa region, the World Bank reported in August 2011 that prices had seen a dramatic rise. In Somalia, the prices of the two major commodities, red sorghum and white maize, have increased by 30 to 240 per cent.

12. Additionally, domestic food prices vary widely from country to country. The annual price changes in maize in the 12 months up to June 2011 ranged from increases of more than 100 per cent in Kampala (Uganda) to reductions of 19 per cent in Port-au-Prince (Haiti) and Mexico City. This volatility is a challenge to WFP's food procurement both locally and globally.

III. WFP RESPONSE TO RISING FOOD PRICES

13. WFP has tried to limit the impact of rising food prices on its budget and the ability to provide food assistance to the targeted beneficiaries. One of the most important tools WFP is using to mitigate the impact of high food prices includes sourcing more food locally. As stated above, WFP procures most of its food in developing countries (2.6 million metric tonnes out of the total of 3.2 million metric tonnes) and much of that on local markets, the increase in global food prices has not yet had as large an impact as one might normally expect.

14. In addition, WFP continues to enhance, through its Vulnerability Analysis and Mapping (VAM) unit, its monitoring of staple food commodity prices in more than 60 countries. Its network of 150 food security experts ensures that WFP is regularly assessing and aware of the cost of food to vulnerable households.

IV. FACILITATING THE MOVEMENT OF HUMANITARIAN FOOD ACROSS BORDERS

15. As the world's largest humanitarian agency, WFP accounts for the vast majority of the food aid purchased in more than 76 countries. Sudden price increases mean that WFP can buy less food to serve those that are hungry. In the most extreme emergencies, such as the Horn of Africa this year, the inability to resource food or move it across borders due to security or to cross border restrictions, can mean the difference between life or death for thousands, particularly vulnerable women and children.

16. During the "food crisis" of 2007–2008, dozens of countries imposed various forms of trade restrictions on food staples, in order to maintain domestic availability of supplies and in some cases to contain growing public discontent about rising prices of food. Some 26 net food-exporting countries maintained or introduced restrictions or other prohibitions making it hard to acquire and ship food to the most needy, even when funds were available. The potential for even more serious repercussions in the response to major humanitarian emergency situations remains very real today.

17. Despite the fact that a number of countries have taken steps to decrease the impact of these restrictions that inhibit the movement of humanitarian food across borders, measures continue to negatively affect WFP's procurement of humanitarian food. As of September 2011, 21 countries have control measures in place that could potentially affect the timely and free flow of humanitarian aid. When necessary, WFP has had to appeal directly to the highest level of governments for a humanitarian exemption to restrictions that may seriously undermine its capacity to do the job – provide food supplies to hungry people.

18. A few countries have exempted WFP's humanitarian food aid from restrictions 'on a case by case basis'. For example, the Government of India granted WFP an 'exception for humanitarian assistance', despite the extensive export restrictions which were put in place. India's willingness to sell rice to the organization allowed WFP to procure 100,000 metric tonnes of rice when WFP needed it most, for distribution to 22 countries across the world.

19. Similar restrictions in the Black Sea region on wheat and wheat flour were of great concern to WFP this year given that in 2009, WFP bought the bulk of its wheat (95 per cent) from this region (Russia, Ukraine and Kazakhstan) which normally has competitive prices and relative proximity to some of WFP's biggest operations (e.g. Ethiopia and Sudan). Close proximity lowers both shipping costs and delivery times. In this case, an exception on exports for humanitarian aid cargo allowed WFP to sign export contracts for wheat flour that were urgently needed in the Horn of Africa, a region with high rates of severe hunger.

20. Although exemptions on a 'case by case' basis have sometimes been possible, this is not a sustainable solution. In the time taken to find solutions, lives are lost. WFP is therefore very pleased with the growing commitment of governments to exempt humanitarian food from such restrictions. Since 2009 World Food Summit in Rome, and most recently in the *Cannes Summit Final Declaration*¹, governments have shown support for finding a sustainable solution for humanitarian food aid. Removal of these restrictions, and a commitment to no longer impose them, will greatly assist WFP to facilitate the movement of humanitarian food across borders in a timely in efficient way, to save lives, and mitigate severe hunger. WFP hopes that this issue can be also taken up by the WTO as suggested in the Cannes Final Declaration.

¹ Para. 47 of the *Cannes Summit Final Declaration* states: "... we agree to remove food export restrictions or extraordinary taxes for food purchases for non-commercial humanitarian purposes by the World Food Program and agree not to impose them in the future. In this regard, we encourage the adoption of a declaration by the WTO for the Ministerial Conference in December 2011".