SESSION II. INDUSTRY, POLICY, AND SUSTAINABILITY
October 18, 2007 – 2:00 – 4:30 p.m.
Moderator: **Gregory Geoffroy**
Speaker: **John M. Powell**

Gregory Geoffroy
President, Iowa State University
World Food Prize Council of Advisors

Our next speaker is John Powell who, since 2003, has served as Deputy Executive Director of the United Nations World Food Program, the world's largest humanitarian organization and frontline agency in the global fight against hunger. In 2006 the program's efforts fed 88 million people, including 59 million children, in 78 countries.

Mr. Powell currently oversees fundraising and communications for the World Food Program, and under his leadership the program has experienced significant increases in both public and private funding and media coverage. Mr. Powell joined the World Food Program in 1990. He has directed regional programs throughout Eastern Europe, Asia and the Pacific Region. He led responses to food crises in Pakistan and North Korea, and he served as Director of the Strategy and Policy Division. He has also worked in the Latin American and Caribbean Division of the World Bank and has more than 25 years of experience in the Australian government. He is a graduate of the University of Canberra and a barrister in the High Court of Australia and the Supreme Courts of New South Wales and the Australian Capital Territory.

Mr. Powell.

John M. Powell
Deputy Executive Director, UN World Food Program

Thank you very much, Dr. Geoffroy. Ladies and gentlemen, I am delighted to be in Iowa, in the heartland of a country that has contributed so generously to feeding the hungry poor of our world. It is a pleasure to be among so many friends of the World Food Program and with so many key supporters of our critical humanitarian assistance.

It's inspiring to be on the home turf of Dr. Norman Borlaug, a hero to me and everybody else involved in the struggle to help the hungry. We look to him, and many other champions of

the cause, to help the humanitarian community navigate a critical and immensely challenging crossroads in our history.

Thanks to Ambassador Quinn and the organizers of the World Food Prize for inviting me to join this important discussion.

I have been asked to reflect upon the impact of biofuels on our mission to help the hungry poor. This is a timely conversation because our changing world has spawned huge and unprecedented challenges to WFP and its partners in fighting global hunger.

The advent of biofuels as a viable source of energy, like many advances of the modern era that spread wealth, health and knowledge, holds great promise to farmers, businesses and entrepreneurs around the world. It also carries risks to the poor, at least in the near term.

After two decades in development and relief work, I am intrigued by the notion that bioenergy could open up new frontiers for farmers in small markets. Adding new markets for crops they cannot currently sell at profit, homegrown biofuels could create important new sources of energy for cash-strapped economies dependent on imported oil.

Even more promising, from the perspective of developing countries, is producing fuel from non-staple crops, and especially non-food-based commodities, such as grass or trees, on land that is inhospitable to conventional crops. Transforming grass or wood chips into fuel could someday prove a real boon to countries like Somalia or Afghanistan that struggle with recurring drought, poor growing conditions, and seemingly bottomless cycles of disaster and need.

Bioenergy is already helping sugarcane farms in tropical countries like Brazil, which embraced biofuels long ago, as Dr. Rodrigues said so eloquently this morning. Looking ahead, the Food and Agricultural Organization, FAO, predicts that fuels from organic materials could fulfill 25 percent of the world's energy needs over the next 20 years. At the same time, it will take good planning to prevent competition between land used to cultivate crops [for food] and land used to cultivate crops for energy, and do that in a way that does not hurt the hungry poor.

The same applies to rising costs linked to biofuels. As Deputy Executive Director of WFP, an organization that feeds an average of 90 million people in around 80 of the poorest countries in the world every year, I'm often asked – What is the impact of biofuels on our work? The simple answer is that it is making our work more expensive at a time when the challenges and related costs are already multiplying.

Biofuels, however, are only one factor in what is shaping up to be a perfect storm of global trends that is already hurting the hungry poor.

These challenges include climate change and increasing natural disasters, war and political instability, increasing food prices, declining levels of food assistance globally, skyrocketing fuel costs, and HIV and AIDS, which is also aggravating food security. Meanwhile, the numbers of chronically hungry, established at more than 850 million, are rising by some four million people a year.

Hunger is already the world's number one health threat, killing 25,000 a day – more than malaria, AIDS, and TB combined. Hard as it is to fathom in our 21st century world of plenty, one child dies every five seconds from hunger and related ailments – a shameful fact we can and must change.

For WFP, climate change is not an abstract concept. We already see the impact on the world's most vulnerable areas where more frequent and severe droughts and floods are increasing food insecurity, hunger, and malnutrition. We need look only to the catastrophic flooding that has cut a swath of destruction across Africa, Asia and Latin America.

Looking ahead, the challenges loom even larger. The Intergovernmental Panel on Climate Change projects that yields from some areas of rain-dependent agriculture in Africa could be cut by half by 2020 because of increasing dryness and drought. The impact of climate changes on food security could be devastating.

Another area of dramatic change is an apparent reversal in the long-term decline in food prices. The combination of rising demands from China and India, bad weather, and biofuels has pushed commodity prices way up, creating one of the tightest global grain markets in recent history. This has created a mixed picture for the world's poor. Many agricultural commodities have been in a virtual price freefall since the 1970s with devastating consequences for entire economies.

But food prices have bounced back in recent years, meaning poor farmers who were forced out of the global markets due to low prices may now stand a chance to sell their crops at a decent price. But the poor farmers who lack capacity or output to even reach markets, and for the landless urban poor who need to buy their food, the impact of higher prices has already hit and will hit harder.

Even incremental price hikes can have devastating consequences for the poor families in the poorest countries already spending more than 50 percent of their income on food. How many people will slip into malnutrition, even starvation, if this trend continues?

For WFP's work, the cost of obtaining basic food commodities – wheat, corn, rice – went up by some 50 percent over the past five years, while fuel prices have risen by an average of 40 percent. A new budget projects another increase of 35 percent in commodity prices over the next two years, which we estimate will translate into roughly 780,000 less metric tons. People eat food and not dollars.

Bottom line: far fewer people who need food assistance will be reached by the same donation. All this comes at a time when food aid has dropped sharply from 10 million tons in 1995 to 6.7 million tons last year – the lowest in 15 years and 18 percent lower than in 2005.

The good news is that we have the technology and the knowledge to beat the world's hunger today. It is now within our reach to ensure that, at a minimum, not a single child dies due to hunger or malnutrition. Less auspicious is the unavoidable fact that the world has yet to summon the collective political will to make this happen. Resources allocated to humanitarian assistance are simply not keeping pace with the huge challenges I have just outlined.

Though WFP is, above all, a life-saving emergency organization, the bulk of our work is not actually in the huge crises – the tsunamis, the wars – that grab headlines. Instead, most of the people we serve live in remote, quiet crises – the so-called bottom billion who cling to survival on less than one dollar a day.

Nor is the hunger we address necessarily the most obvious. Even when hunger does not kill or literally starve, it diminishes lives and shuts off opportunities. Undernutrition in the first years of a child's life can permanently stunt mental and physical growth, pushing down IQ levels by as much as 15 points. Tragically, these children can never achieve their potential. They will never catch up with those more fortunate. Neither will their countries, so long as we allow this terrible misfortune to persist.

We do have affordable tools to help children cope with the challenge of hunger. Ten cents a day can give a child a cup of porridge in school. Today WFP reaches around 20 million children a year through our Food for Education program, a program that has proven results in boosting enrollment, attendance, and performance. And we heard Dr. Borlaug, in his address before lunch, speak so eloquently to the power of education, particularly to the girl child.

Now, we have made progress. Over four decades WFP has helped nearly 30 countries break out of the cycle and graduate from food aid, returning to assist in only a handful of them because of a crisis. South Korea, once recipient of millions of tons of U.S. food aid, is now a major donor to WFP. Globally, working together, we have reduced the proportion of hungry in the world.

According to FAO, 37 percent of the developing world population was undernourished in the years 1969-71. In the years 2001 to 2003, that number is 17 percent. 37 percent; 17 percent. But with the growing world population expected to reach nine billion by 2050, the absolute number of hungry people just keeps rising. I would be remiss at this point if I did not underscore how generous the U.S. has been to WFP, giving an average of $1.2 billion per year over the last six years to our critical mission – 42 percent to 58 percent, over that period, of what we did.

The U.S. government provides roughly half of global food aid, continuing the vision of President Eisenhower to share America's great agricultural bounty with those less fortunate. America also boasts a proud tradition of sharing its agricultural expertise and inputs to countries and farmers in the developing world, a tradition that is superbly illustrated, of course, by Dr. Borlaug and his fellow architects of the Green Revolution.

Yet, the sad reality is that agricultural development assistance, so vital to uplifting the rural areas that are home to 75 percent of the world's poorest, is in a tailspin. Although the world's official development assistance has reached record levels, the percentage for agricultural development has dropped from around 11 percent in the mid-1980s to around 3 percent now. Just think about that. Only 3 percent of international aid goes to the economic activity – farming – upon which 75 percent of the world's poor depend for their livelihoods.

Changing that equation even modestly would reap tremendous positive change. The World Bank estimates that a mere 10 percent increase in crop yields would reduce the proportion of people living on less than a dollar a day by up to 12 percent.

These are relevant facts as we contemplate how to exploit the wonderful potential of biofuels and minimize their risk to the world's poorest. While globalization and technological advances have lifted vast numbers out of poverty, they have left behind hundreds of millions who lack even the basics – clean water, adequate food, electricity. Never mind computers, credit, pesticides, fertilizers, or decent roads to market.

Looking in Africa, where WFP does more than half its work, biofuels could provide opportunities for that continent's hard-working farmers. Yet a farmer who, say, grows enough maize to market it for ethanol production faces formidable obstacles. As we know from our own WFP experience in Africa, infrastructure, the roads, rails, ports, electricity, irrigation, storage, is grossly inadequate and has hobbled development of the continent's agriculture.

Experts say that road density in Africa is several magnitudes – magnitudes – behind what Asia had when it experienced its Green Revolution. Do poor African farmers have the roads, silos and access to markets, development facilities, capital to compete in the race for biofuels profit? Enabling them to do so will take planning, vision, and the necessary research and development to transform dream into reality.

In the meantime, the challenges that flow, in part, from biofuels and rising commodity costs bring us back to a basic conundrum. In an era of rapidly escalating needs and costs, we in the humanitarian community are losing ground to hunger. That's all the more so given the sobering fact that we are able to procure less food for every dollar we receive in donations. And donations, generous as they may be and are, are largely static.

We in this room have the great fortune of living in a world that has seen incredible breakthroughs in science, technology, medicine – a world awash in material and natural resources, a world of abundance. And yet there is a parallel universe where human suffering still occurs on a tragic scale.

In spite of our world in plenty, one in three Africans, 200 million people, is malnourished. Close to 40 percent of young African children are stunted by malnutrition and weakened by disease. Even India, birthplace of the Green Revolution three decades ago, is still home to the world's single largest number of hungry children.

In this complex and challenging world we live in, there's a temptation to grasp for simplicity – black-and-white, either-or solutions. We've seen this in the searing debate over biofuels, where, at one extreme, one side champions them as liberation from the tyranny of fossil fuels, yet another fears that they will tip millions of families into starvation.

Notwithstanding the impact of biofuels on food prices, we need to find ways to make the most of the opportunities they present to fighting hunger from a new direction. I believe it is vital for those of us trying to solve one global problem – in our case, world hunger – not to allow ourselves to be pitted against those trying to solve another critical problem, like adaptation to climate change or energy security.

For the sake of the hungry poor, we need to work together to address all of them. We must determine how to leverage the great potential of advances like bioenergy, the advantages

both for our global environment and for the protection of the world's most fragile and vulnerable populations.

How can we help make progress on these issues?

Support increased funding for international food assistance, and related programs here in the U.S., to offset the impact of surging commodity and transport prices that mean less dollars, and less food for dollars donated. Many lives hang in the balance.

Strengthening ongoing efforts to explore biofuels produced from non-food-based commodities, like grass or wood chips, and fund R&D on ways to make bioenergy a viable enterprise in the poorest countries.

And support humanitarian programs to help recipients of food assistance to create stronger systems to withstand shocks of man and of nature; programs that offer meals to children in school so they don't lose their education; programs that offer opportunities for communities to build the basic infrastructure such as water conservation structures to protect their livelihoods and adapt to change. Essentially, to use humanitarian assistance in a way that will help to break the cycle of hunger.

Thirdly, help reverse the decline in agricultural development assistance. I'm certain that here in America's heartland, which has formed magnificent drives to help the hungry poor help themselves, notably, Dr. Borlaug's Green Revolution, we can find strong partners to help us creatively address the challenges and the risks and thereby harvest the promise of a new millennium.

I would like to close by noting that the hungry poor in the world have great friends in the family of the World Food Prize. Thank you.