



The State of
Food Insecurity in the World
2008

High food prices
and food security –
threats and opportunities



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About this report

The *State of Food Insecurity in the World 2008* represents FAO's ninth progress report on world hunger since the 1996 World Food Summit (WFS). In previous editions, FAO has expressed deep concern over the lack of progress in reducing the number of hungry people in the world, which has remained persistently high.

This year's report focuses on high food prices, which are having a

serious impact on the poorest populations in the world, drastically reducing their already low purchasing power. High food prices have increased levels of food deprivation, while placing tremendous pressure on achieving internationally agreed goals on hunger by 2015. This report also examines how high food prices present an opportunity to relaunch

smallholder agriculture in the developing world.

As discussed in the report, FAO's undernourishment estimates for the period 1990–92 to 2003–05 have been revised on the basis of new standards for human energy requirements established by the United Nations (UN) and 2006 revisions of UN population data.

Key messages

- 1 World hunger is increasing.** The World Food Summit (WFS) goal of halving the number of undernourished people in the world by 2015 is becoming more difficult to reach for many countries. FAO's most recent estimates put the number of hungry people at 923 million in 2007, an increase of more than 80 million since the 1990–92 base period. Long-term estimates (available up to 2003–05) show that some countries were well on track towards reaching the WFS and Millennium Development Goal (MDG) targets before the period of high food prices; however, even these countries may have suffered setbacks.
- 2 High food prices share much of the blame.** The most rapid increase in chronic hunger experienced in recent years occurred between 2003–05 and 2007. FAO's provisional estimates show that, in 2007, 75 million more people were added to the total number of undernourished relative to 2003–05. While several factors are responsible, high food prices are driving millions of people into food insecurity, worsening conditions for many who were already food-insecure, and threatening long-term global food security.
- 3 The poorest, landless and female-headed households are the hardest hit.** The vast majority of urban and rural households in the developing world rely on food purchases for most of their food and stand to lose from high food prices. High food prices reduce real income and worsen the prevalence of food insecurity and malnutrition among the poor by reducing the quantity and quality of food consumed.
- 4 Initial governmental policy responses have had limited effect.** To contain the negative effects of high food prices, governments have introduced various measures, such as price controls and export restrictions. While understandable from an immediate social welfare perspective, many of these actions have been ad hoc and are likely to be ineffective and unsustainable. Some have had damaging effects on world price levels and stability.
- 5 High food prices are also an opportunity.** In the long run, high food prices represent an opportunity for agriculture (including smallholder farmers) throughout the developing world, but they will have to be accompanied by the provision of essential public goods. Smallholder gains could fuel broader economic and rural development. Farming households can see immediate gains; other rural households may benefit in the longer run if higher prices turn into opportunities for increasing output and creating employment.
- 6 A comprehensive twin-track approach is required.** Governments, donors, the United Nations, non-governmental organizations, civil society and the private sector must immediately combine their efforts in a strategic, twin-track approach to address the impact of high food prices on hunger. This should include: (i) measures to enable the agriculture sector, especially smallholders in developing countries, to respond to the high prices; and (ii) carefully targeted safety nets and social protection programmes for the most food-insecure and vulnerable. This is a global challenge requiring a global response.



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Millions more food-insecure – urgent action and substantial investments needed

Soaring food prices have triggered worldwide concern about threats to global food security, shaking the unjustified complacency created by many years of low commodity prices. From 3 to 5 June 2008, representatives of 180 countries plus the European Union, including many Heads of State and Government, met in Rome to express their conviction “that the international community needs to take urgent and coordinated action to combat the negative impacts of soaring food prices on the world’s most vulnerable countries and populations”. At the G8 Summit in Japan in July 2008, the leaders of the world’s most industrialized nations voiced their deep concern “that the steep rise in global food prices, coupled with availability problems in a number of developing countries, is threatening global food security”.

Moving away from hunger reduction goals

The concerns of the international community are well founded. For the first time since FAO started monitoring undernourishment trends, the number of chronically hungry people is higher in the most recent period relative to the base period. FAO estimates that, mainly as a result of high food prices, the number of chronically hungry people in the world rose by 75 million in 2007 to reach 923 million.

The devastating effects of high food prices on the number of hungry people compound already worrisome long-term trends. Our analysis shows that in 2003–05, before the recent rise in food prices, there were 6 million *more* chronically hungry people in the world than in 1990–92, the baseline period against which progress towards the World Food

Summit and Millennium Summit hunger reduction targets is measured. Early gains in hunger reduction achieved in a number of developing regions by the mid-1990s have not been sustained. Hunger has increased as the world has grown richer and produced more food than ever in the last decade. As this report has pointed out many times, this disappointing outcome reflects the lack of concerted action to combat hunger despite global commitments. Soaring food prices have reversed some of the gains and successes in hunger reduction, making the mission of achieving the internationally agreed goals on hunger reduction more difficult. The task of reducing the number of hungry people by 500 million in the remaining seven years to 2015 will require an enormous and resolute global effort and concrete actions.

Poorest and most vulnerable worst hit

Food price increases have exacerbated the situation for many countries already in need of emergency interventions and food assistance due to other factors such as severe weather and conflict. Countries already afflicted by emergencies have to deal with the added burden of high food prices on food security, while others become more vulnerable to food insecurity because of high prices. Developing countries, especially the poorest, face difficult choices between maintaining macroeconomic stability and putting in place policies and programmes to deal with the negative impact of high food and fuel prices on their people.

Riots and civil disturbances, which have taken place in many low- and middle-income developing countries,

signal the desperation caused by soaring food and fuel prices for millions of poor and also middle-class households. Analysis in this report shows that high food prices have a particularly devastating effect on the poorest in both urban and rural areas, the landless and female-headed households. Unless urgent measures are taken, high food prices may have detrimental long-term effects on human development as households, in their effort to deal with rising food bills, either reduce the quantity and quality of food consumed, cut expenditure on health and education or sell productive assets. Children, pregnant women and lactating mothers are at highest risk. Past experience with high food prices fully justifies such fears.

A strategic response: the twin-track approach

The food crisis brought about by soaring food prices in many developing countries needs an urgent and concrete response. At the same time, it should be recognized that high food prices are the result of a delicate balance between food supply and demand. These two facts show that, more than ever before, the twin-track approach to hunger reduction advocated by FAO and its development partners is key to addressing not only the threats to food security caused by high food prices but also the opportunities that arise. In the immediate term, carefully targeted safety nets and social protection programmes are urgently required in order to ensure that everyone is able to access the food they need for a healthy life. In parallel, the focus should be on helping producers, especially small-scale farmers, to boost food production, mainly by facilitating



their access to seeds, fertilizers, animal feed and other inputs. This should improve food supplies and lower prices in local markets.

In the medium-to-long term, the focus should be on strengthening the agriculture sectors of developing countries to enable them to respond to growth in demand. Expanding food production in poor countries through enhanced productivity must constitute the cornerstone of policies, strategies and programmes seeking to attain a sustainable solution for food security. High food prices and the incentives they provide can be harnessed to relaunch agriculture in the developing world. This is essential not only to face the current crisis, but also to respond to the increasing demand for food, feed and biofuel production and to prevent the recurrence of such crises in the future.

Relaunching agriculture in developing countries is also critical for the achievement of meaningful results in poverty and hunger reduction and to reverse the current worrisome trends. This will entail empowering large numbers of small-scale farmers worldwide to expand agricultural output. Turning agricultural growth into an engine for poverty reduction means addressing the structural constraints facing agriculture, particularly for the millions of smallholder producers in agriculture-based economies. This calls for expanded public investment in rural infrastructure and essential services – in roads, irrigation facilities, water harvesting, storage, slaughterhouses, fishing ports and credit, as well as electricity, schools and health services – in order to create favourable conditions for private investment in rural areas.

At the same time, increased resources must be devoted to more sustainable technologies that support more-intensive agriculture and that assist farmers to increase the resilience of their food production systems and to cope with climate change.

A coherent and coordinated strategy is vital

Many developing countries have taken unilateral action in efforts to contain the negative effects of high food prices, including the imposition of price controls and export restrictions. Such responses may not be sustainable and would actually contribute to further rises in world price levels and instability. To face threats and exploit opportunities posed by high food prices effectively and efficiently, strategies must be based on a comprehensive and coordinated multilateral response.

Urgent, broad-based and large-scale investments are needed in order to address in a sustainable manner the growing food-insecurity problems affecting the poor and hungry. No single country or institution will be able to resolve this crisis on its own. Governments of developing and developed countries,

donors, United Nations agencies, international institutions, civil society and the private sector all have important roles to play in the global fight against hunger.

It is vital that the international community share a common vision of how best to assist governments in eradicating chronic hunger, and that all parties work together to translate this vision into reality on the scale required. The situation cannot wait any longer.

The resolve of world leaders at the June 2008 Summit on World Food Security in Rome and the fact that the G8 Summit placed concerns surrounding high food and fuel prices at the top of its agenda demonstrates a growing political will to address hunger. Moreover, substantial commitments have been made for increased financial support to developing countries to address the food security threats caused by high food prices. Nevertheless, unless this political will and donor pledges are turned into urgent and real actions, millions more will fall into deep poverty and chronic hunger.

The need for concerted action to combat hunger and malnutrition has never been stronger. I am hopeful that the global community will rise to the challenge.

Jacques Diouf
FAO Director-General