

Executive Director's Speech Opening of the 37th Plenary Session of the CFS

17 October 2011

Executive Director: Thank you for your extraordinary leadership in bringing us through these past two years to a reformed, shiny and new CFS—the world needs us. It may be 37 years old but we need to think in new ways and bring new thinking to this room and, Jacques Diuof, I want to thank you for the gracious hosting of the Joint CFS Secretariat and all of your team for their leadership; Dr. Swaminathan, it is an honour to be with you. There is hardly an individual on earth with a bigger mind for global food security and heart for the world's hungry than you and President Nwanze, my honour always.

2008 revealed dangerous discontinuities in the global food system. It was our wake-up call, it was our early warning system and it is critical that we understand the discontinuities that were revealed. We have discussed many of them already but just to highlight a few again, one was in supply. It turns out there was enough kilocalories for every person to have 2700 kilocalories. But, we did not know where the food was or how to get it and we had whole nations who could not place purchase orders for food.

Secondly, when we learned that in many countries, 80 percent of people do not have a back-up plan. There is no safety net system for most of the people in the world when trouble hits food systems and we saw the results.

Third, we saw once again that there is too much risk placed on the back of the small farmer. All of the risk went there and all of it went right to the red cup with people throughout the world getting half as much food overnight. The risk put on the hungry and the small farmer was difficult and what we also learned is the trouble was not so much high prices as much as the volatility of prices so farmers do not know if they plant, what price they will get and whether they can pay for those inputs.

What we also saw was the speed of information which is creating discontinuities all over the world. Witness the changes we are seeing based on the speed of information hit the food world with a fury. I remember in 2008 going around the world to try to understand how globalized food prices played out at a local level, almost overnight and in concert, even if they were localized food markets. In Ethiopia, for example, I went to the grain market and walked around and spoke to the traders. Where I was, there was no electricity, the food was moved on the back of donkeys and I went up to one booth and asked the trader, "how did you set the price of your teff and your other grains this morning?" They were pretty much reflective of what we were seeing globally. And he said it was very easy. I wake every morning and I go on the internet, I go on the Chicago Board of Trade, I set the prices. We are a poor nation so I discount them 10 percent. And I think what we saw was a globalization of a market phenomenon that was happening at a macro level playing out in villages around the world.

Here we are gathered for the CFS; this is the global control room for global food security. There are no other people to turn to than the ones in this room and our expert panel who have been charged by the world for direction on how we respond to the red alerts that are beeping in the system. We are the control room. And we



need to adjust the way we think about global food security. I would like to mention a few thoughts.

If you go to the world of technology, there is a concept that in order to stabilize the core, to ensure that information systems keep flowing and email systems do not go down, you have to invest 5 percent on the front end and 5 percent on the back end. The 5 percent on the front end is looking at how you create speed bumps and firewalls in the system so you never have an entire system blow out globally. There is modulation so that any type of disruption in the system results in a small scale impact that can be managed and dealt with.

If you apply that front end to the world of food, I think we are talking about things like early warning systems, safety nets, local purchase from small farmers, humanitarian food reserves and an array of things that we are looking at that create the speed bumps or the shock absorbers in the system. And I would argue that these are not temporary bridges to a world of perfect food security but will forever be needed as the shock absorbers in the system. If you look at the back, it is what technology calls manual override. When all else fails you have to be able to pick up the pieces and make it work and, in food, we have really no other option than to do so. I would say those are the emergency systems and so when systems get blown out, as they will, you have to have that and you have to have a functioning system that can come in and support the core.

And then you have the core, the 90 percent where the investment from the private sector, the type of expertise that FAO and others bring to actually producing the food and ensuring that supply is there, which is very, very critical. But I would argue that these two knobs that need to be turned in addition to all the issues on food production, which I leave to others, but these knobs that stabilize the core are not in the shape they need to be and I think we need to feel confident that we are positioning the world and nations to be able to handle the volatility, prices and supply that we know are the new normal. And so I would urge us to look at what we know.

We have seen nations stabilize their core even if they are not food producers. I do not sit here and worry if Singapore is going to have a famine and, fortunately, neither do I worry about famine in China and India because these resiliency systems are in place and what I think those nations have learned is that you do not defeat hunger, you tame it and you have to have the knobs to tame it and it has to be complemented as we learned in 2008 by a global system that can also respond to that.

So, I would just say I came into this room this morning and asked, “Are we ready for the kind of serious discussions to ensure that 2008 does not happen, again?” We have gotten better, we have built in systems, things have changed and we know that these things can be done at scale; we have seen Brazil do it. We have seen other nations do it. But we also know that this is not just about investment with no return. There is an economic imperative to investing in food security systems and agricultural production that is quite compelling. A recent study by the World Food Programme and the Inter-American Development Bank showed that the cost of malnutrition and hunger for countries averages 6 percent of GDP lost every year for high rates of hunger and malnutrition. This is the cost of lost human resources due to the damage done to individuals and people and their health and their loss of capacity to contribute to society fully based on those effects. And so if you look at the 36 nations most affected, food-insecure, import dependent, least developed



nations, that is a loss of about US\$260 billion in GDP and yet the World Bank tells us that with just US\$10 billion of investment in nutrition, there would be 30 million fewer children stunted and the prevalence of severe acute malnutrition would be cut in half. We could tame malnutrition in those nations and with additional investment we can actually not only reduce hunger, but tame hunger in the world. In addition, we know that food is not permanent charity, we know that creating a food system all the way from research to the investment in seeds and technologies, and harvesting and storage and production and delivery creates jobs and opportunity up and down the value chain.

I want to commend the G-20, all of the nations there and France, in particular, for their food security action plan, which, I think, looks at the system and the knobs that need to be adjusted to create a stronger base for world security systems, including the consideration of exempting humanitarian food from export bans, the discussion of humanitarian emergency reserves that regions and nations need to have, support for smallholder farmers and, very critically, the AMIS information system so we know where the food is. It also calls for scaling up of the food and nutrition safety nets, which we know can be scaled up and affordable.

So I want to thank you, Chairman de Luna, and I want to thank all of you. We have a lot of work to do. We have a great agenda and we need to leave here with clearer thinking and directions and advice for the leaders of the world because the final thing that we know is nothing changes until a leader says not under my watch. A child will not die from hunger under my watch and then all these systems can support that leadership.