

# Asia Presentation

## June 2011

### New Trends – High Food Price

- In Pakistan, the price of wheat flour in the main markets in Punjab recently reached its highest level since 2006. WFP is particularly concerned for farmers, still unable to cultivate due to damage from last year's flood. They now depend on wage labour, and wage levels have not kept up in pace with the rising food prices.
- Likewise, in Afghanistan, the retail price of wheat has increased 31% in the last 12 months and could increase more in the coming few months as a result of a poor spring harvest. Wages have risen slightly, but the overall ability of people to purchase the staple wheat has significantly decreased compared to one year ago, and the seasonal unemployment period is just beginning. We are seeing distress sales of livestock due also to poor pasture conditions.
- In addition to addressing the spikes in malnutrition which higher food prices provoke, we know from the 2008 crisis how critical it is to prevent distress sales of assets and higher indebtedness, through expanding safety nets of the kind that WFP and governments run across the region. Yet at present, we are ill equipped to respond - with many of our current programmes facing serious resource deficits.

### Roll-out of the Strategic Plan

- A growing number of people in Asia are seeing the benefits of a WFP strategic plan, which has translated into better and more innovative solutions and tools to tackle hunger.
- Vouchers and cash transfers are giving over 3 million WFP beneficiaries greater choices and options in 8 of the 14 countries in the ODB region. 105 million US dollars are being handed out in our current programmes in Asia. Use of cash and vouchers for relief, and cash for work represent the major share of this amount in countries like Pakistan and Afghanistan. However, the provision of cash grants within livelihood development programmes such as in Bangladesh, is proving itself to be a highly effective way to build sustainable food security for the poorest<sup>1 2</sup>.

<sup>1</sup> Note: in Bangladesh, beneficiaries who received cash grants were able to make a 60% return on investment in just 8 months (beef fattening and sale during Eid). 100% of them re-invested voluntarily in another bull/cow.

<sup>2</sup> For your reference, here are some other examples which I gave to the EB in Feb. "In Nepal, we are piloting the use of smart-card technology and in the Philippines an electronic voucher pilot has started in the Manila slums using mobile phones. In Jalalabad, Afghanistan, an urban voucher programme has commenced this month which we hope to extend to other major cities by the year end".

- In Asia, we are fairly advanced with respect to new and innovative food products. We are increasingly convinced that fortified rice has significant potential in tackling the immense burden of micronutrient malnutrition in Asia and have developed a vision and strategy to introduce it, not only into our own programmes, but into broader safety nets and eventually commercial markets.
- A new strategy is also being developed to ensure that we maximise the use and coverage of the ready-to-use foods which a number of our WFP offices in Asia have developed or are in the process of developing. The key here is to ensure, not only that we have the most efficient formula, but also that these powerful products are used to tackle both acute and chronic malnutrition on a national scale, not just in WFP's own programmes.

#### Phase-Out / Handover

- Handover remains a feature in many of our country strategies in Asia. As mentioned in the last EB, we are only providing technical assistance to strengthen Bangladesh's largest safety net programme, after almost 30 years of providing food inputs to the programme.
- I was recently in Bhutan to secure a handover and phase-out plan. The Government agreed to build into their national plan 2013-2018 the progressive assumption of responsibilities for the school feeding programme, paving the way for WFP's exit in 2018.
- We have an increasing number of requests from governments to partner with them in building institutional capacity or strengthening systems, especially in the area of Disaster Preparedness and Response. We are also assisting regional institutions such as ASEAN in this area. We see this as a natural progression in Asia and need to ensure we are well equipped to respond.

#### Risks / Early Warning

- We are preoccupied by two major risks in the region at present.
- Firstly, the situation in the DPRK is becoming increasingly critical. In March, WFP warned of the imminent drying up of domestic food supplies to the Public Distribution System which feeds 16 million people. In May, the PDS ration fell to 190 g per day from its usual level of over 400g per day. For the first half of June, the level has been further reduced to 150g per day. As many as 16 million people are now only receiving 525 kcal per day ( or one quarter of minimum daily energy requirement). We are seriously concerned that we will see a serious spike in malnutrition.

- As you are aware, WFP launched an Emergency Operation for DPRK in April, following a comprehensive food security assessment in March, together with FAO and UNICEF. We have likewise negotiated unprecedented operating conditions which are allowing us greater access to monitor our operations. Staffing levels are being augmented and the two first Korean speakers are already in country and conducting monitoring visits. We are granted access to markets for the first time and are free to undertake anthropometric measurements as part of our nutritional surveillance. Nevertheless, with the EMOP being only 15% funded to date, we would not be able to sustain the operation or even our presence.
- Secondly, we continue to be highly preoccupied with the situation in Afghanistan. I was in Kabul and Herat just last month, where the security situation has deteriorated dramatically across the country. Most people I have spoken to believes that the security situation would further worsen before it would get better. The stress level of staff is extremely high, exacerbated by the killing of UN personnel in Mazar in April, but really due to the significant uncertainty, risks and confinement they are living through on a daily basis. Situation has already changed significantly since the current PRRO was approved last year, and through a strategic review process we are undergoing now, we will be proposing a revision to the PRRO in the coming months. We are almost certainly looking at a consolidation of operational areas and diminishing of certain activities, both because we cannot continue to take unacceptable risks, but also because our PRRO is grossly underfunded. These decisions will be taken in consultation with donors. Our concern remains that a WFP withdrawal from certain areas will influence stability of the communities.

Closer

Let me close by saying how much we're looking forward to the Board's visit to Bangladesh this September and by sincerely thanking the membership for its continued partnership and support which is helping us to collectively assist more than 34 million people in Asia in 2011.