

PRESS RELEASE

*Monday 6 March 2023*

## **GLOBAL HUNGER SET TO SPIRAL AS DEBT CRISIS BITES - EXPERTS**

**Food crisis enters dangerous new phase as developing country debt skyrockets and countries struggle to feed their populations. Experts call for urgent action on debt relief and food system transformation.**

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Read the IPES-Food special report, 'Breaking the cycle of unsustainable food systems, hunger, and debt' at: <http://www.ipes-food.org/pages/debtfoodcrisis>

Expert authors available for interview:

- Jennifer Clapp, IPES-Food expert, economist, and vice chair of the High Level Panel of Experts on Food Security and Nutrition [Canada - EN]
- Million Belay, IPES-Food expert, Co-ordinator of the Alliance for Food Sovereignty in Africa [Ethiopia - EN, AMH - in Doha]
- Lim Li Ching, co-chair of IPES-Food, Senior Researcher at Third World Network [Malaysia/UK - EN, MAY]

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*6 MARCH, BRUSSELS/DOHA* – Leading food systems experts are today warning the food price crisis is entering a dangerous new phase, as the world teeters on the brink of a debt crisis that could plunge millions more into hunger. The [IPES-Food special report](#) comes as global leaders [meet in Qatar](#) ('LDC5' 5-9 March) to address challenges faced by the world's Least Developed Countries – with '[debt sustainability and debt cancellation](#)' finally on the agenda. The report will be presented at the conference.

A year after Russia's invasion of Ukraine, record-high food prices have receded, but growing numbers of countries are facing rising hunger and soaring debt repayments, reveals the report. 60% of low-income countries are now considered at high risk of, or already in, debt distress, while some 21 countries are nearing catastrophic levels of both debt distress and food insecurity. Zambia, Sri Lanka, and Suriname already defaulted on their debts; Ghana and Pakistan are currently in urgent talks to avoid default.

**Policymakers are ignoring the critical role of unsustainable, import-heavy food systems in driving rising debt and hunger**, say the experts. Skyrocketing costs for imports of food, fertilizer, and energy are straining the public finances of many low-income (and also some middle-income) countries. Rising interest rates and plunging currencies are sending debt bills higher, constraining the ability of governments to ensure the food security of their citizens. Those same countries are locked into exporting cash crops (such as cocoa, coffee, and cotton) to pay off dollar-denominated debts and import basic necessities – at the expense of feeding local populations.

Moreover, [record high debt burdens](#) are preventing urgently-needed investments in sustainable, climate-resilient food production and food security, creating a vicious cycle, says the report. Debt repayments dwarf spending on climate resilience and social protection in the world's poorest countries.

Failure to break this vicious cycle of unsustainable debt and unsustainable food systems will mean the reversal of decades of progress in addressing poverty and hunger, and abject failure to meet the Sustainable Development Goals, say the experts. They call for urgent action to:

- **Provide debt relief and development finance** on a scale sufficient to meet the needs of COVID-19 recovery, climate-resilient food systems, and the Sustainable Development Goals;
- **Repair historical injustices** that have left countries funneling wealth to the global North - through windfall taxes on food profiteers and steps to achieve tax justice, and repay 'ecological' and historical debts;
- **Democratize financial and food systems governance:** reform decision-making over food systems and in the World Bank and IMF to put the interests of the world's poorest countries and marginalized populations first.

**Jennifer Clapp, IPES-Food expert and economist, said:**

*“Last year’s record high food prices may have receded, but the food crisis is still biting and it’s entering a dangerous new phase – of skyrocketing debt distress and spiraling hunger in dozens of low and middle-income countries. Rising debt bills are becoming unaffordable for many governments, just as they struggle to pay for food and fertilizer imports – and they’re running out of road. Decades of progress in reducing hunger risks being undone.”*

**Million Belay, IPES-Food expert, said:**

*“Many African countries’ economies and food systems are on the brink of meltdown. Africa is stuck in a bind. We’re selling coffee and cotton to the rich to pay off debts, while we import increasingly unaffordable staple foods from outside, climate change batters our harvests, and interest payments spiral out of control. The economic system prioritizes servicing debt over feeding people, while our governments are starved of cash to build the sustainable food systems we need to feed ourselves.”*

**Lim Li Ching, co-chair of IPES-Food, said:**

*“Yes, the debts of poorer nations should be canceled to allow them to feed their people – but this is not enough. To get off the debt treadmill, it’s vital to break the vicious cycle of unsustainable food systems, hunger, and debt – by also investing in building resilient food and farming, repairing the historical injustices that have left poor countries funneling resources to the rich, and reforming international decision-making on food and debt to put poor countries first.”*

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## **NOTES**

The IPES-Food report four ways in which food systems are deepening today's debt crisis:

- Import dependencies and dollar dependencies generate high debts and prevent countries investing in diversifying their food systems and economies. Countries are increasingly locked into generating dollars, often through cash crops, to pay off debts and import basic necessities.
- Extractive financial flows: Over decades, governments have cut social spending and outsourced food system investment to corporate actors and creditors – resulting in uneven development, persistent hunger, and the depletion of state capacity – and ultimately funneling resources out of the Global South.
- Boom-bust cycles: When food prices rise, powerful and highly concentrated agribusinesses benefit while farmers get squeezed. But when prices crash, many farms and food businesses fail, leading to further corporate consolidation, undermining investment in resilience.

- Climate breakdown is fast becoming the biggest driver of economic collapse and debt distress in the Global South, decimating harvests and destroying livelihoods in countries least responsible for the crisis. With climate finance failing to materialize, it is becoming harder for low-income countries to repay debts and invest in climate-resilient food systems.

## KEY DATA

- 21 countries are nearing catastrophic levels of both debt distress and food insecurity – including Afghanistan, Cameroon, Ethiopia, Haiti, Lebanon, Somalia, Sri Lanka, Sudan, and Zimbabwe.
- By November 2022, some [349 million people were facing acute food insecurity](#), with [49 million on the brink of famine](#), [45 countries in need of external food assistance](#), and some 828 million facing persistent hunger.
- Global public debt is at its [highest levels in almost sixty years](#). About 60% of low-income countries, and 30% of middle-income countries, are now considered at high risk of (or already in) debt distress.
- The world's poorest countries saw the costs of servicing their debt [increase by 35%](#) in 2022. US [federal reserve rates](#) have risen from 0.08% to 4.33% in a year. Over a third of developing countries have seen their currencies [depreciate by more than 10%](#) against the dollar.
- As food prices spiked, [countries in Sub-Saharan Africa spent an additional \\$4.8 billion on food imports](#) in 2022 while receiving less food overall. The world's 77 'net food-importing developing countries' faced a crippling \$21.7 billion in additional costs.
- In 2022, poorer countries paid [47% of external debt payments to private lenders](#), 12% to China, 14% to other governments, and the remaining 27% to multilateral institutions like the IMF.
- In 2021, developing countries paid [\\$356 billion](#) in interest payments alone, far outstripping the [\\$185 billion](#) received in development aid.
- High levels of debt are [crowding out critical investments](#) in meeting the Sustainable Development Goals (SDGs): with debt servicing costs estimated to exceed climate spending in 94% of countries, health and social protection in 80%, and education in 60%. 62 developing countries spent [more on debt payments](#) than on healthcare during the first year of the COVID-19 pandemic.
- African countries are expected to need to spend [\\$1 trillion](#) just to adapt to climate change.

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