



DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
on the
Transfer of Real Resources to Developing Countries)



SEVENTY-SEVENTH MEETING
WASHINGTON, DC – APRIL 13, 2008

DC/S/2008-0014

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Statement by

Mr. Lennart Båge
President

International Fund for Agricultural Development

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Mr. Chairman,

We meet at a moment of increasingly urgent food crisis due to rising food and commodity prices, climate change, and poverty. Let us use this occasion to build momentum toward an agreement for concerted, comprehensive, and coordinated action at all levels to avert greater poverty, hunger, and malnutrition and to build a foundation for the sustainable production of adequate food, fuel, and fibre. Without this, lives will be lost and progress on several of the MDGs will be at risk. In fact, there is a real prospect that the slow progress being made towards halving the proportion of hungry people could grind to a halt.

Globally, prices for all major staple food commodities are reaching some of the highest levels in thirty years. These increases have been sharper in the past year, with a 47 percent hike in rice prices just since January. The Food and Agriculture Organization (FAO) forecasts a 56 percent increase in the cost of cereal imports for the world's poorest countries during 2007/08. These increases reflect both short- and long-term factors. While the outlook is somewhat uncertain, most projections suggest that the higher prices are likely to continue for some time. The underlying causes include population growth and increasing consumer demand, the rising costs of inputs and transport, a shift in production from food to fuel crops, production shortfalls, and policies that have resulted in depleted grain stocks.

The impact of higher commodity prices varies within and between countries and may change over time. Those affected negatively are countries and households that are net importers or purchasers of food, which include most developing countries. This is likely to translate into increased hunger and malnutrition when combined with sharply higher fuel costs and, in some cases, already high levels of malnutrition.

Along with urban populations, smallholder farmers and landless labourers are among the groups that are typically net purchasers of food. A recent study of ten countries in sub-Saharan Africa, for example, found that more than half of smallholder farmers in all countries were net purchasers of food. Higher food prices threaten increased hunger, asset depletion, and forced migration. In addition, there are already examples of social volatility and unrest resulting from rising food prices, as well as displacement of poor people from their increasingly valuable land.

Responding effectively to the impact of higher food prices must be a top priority for the global community, particularly when the impact is combined with the projected effects of climate change. These effects are already being felt in crop failures and livestock deaths, which are causing high economic losses and undermining food security with ever-greater frequency, especially in parts of sub-Saharan Africa. Crop yields could drop by 50 percent by 2020 in some countries, as a result of climate change.

A comprehensive and coordinated response by the international community is urgently needed to respond to spreading hunger and malnutrition while taking action to increase food supplies, manage risk, and strengthen social protection systems. An immediate response is needed simply to avoid cuts in existing

emergency assistance programs and to assist those being pushed into hunger in the current circumstances. In this regard, we urge governments to respond in a generous and timely fashion to the emergency appeal issued by the World Food Programme. Parallel to this, additional social protection initiatives are needed to assist newly-hungry populations.

An immediate response is also needed to assist poor smallholder farmer to boost production in the short-term. This can be accomplished by expanding their access to vital production inputs such as seeds and fertilizer.

Higher food prices can lead to opportunities for poor producers. With appropriate policies and effective and well-targeted investments, market signals can reach net-food-purchasing farmers, who – with effective and targeted assistance -- can increase production for local, national, and international markets and for their own consumption.

IFAD welcomes President Zoellick's recent call for a "New Deal for A Global Food Policy" and his announcement that the Bank will nearly double resources for African agriculture. The UN system is harmonizing and bringing together the capacity of all of its parts to deliver as one in responding to the crisis.

IFAD is also scaling up its contribution. It has been expanding its support for agriculture and rural development projects to support very poor and marginalised rural communities. Its programme of work has grown by ten percent for each of the past five years. IFAD has a strong track record of combining growth with results and impact. Following the successful implementation of an ambitious reform programme, IFAD is ready to accelerate the rate of expansion of its programmes to help address both the immediate crisis outlined above and the longer-term challenge of enabling smallholder farmers and poor rural producers to boost production. These issues are being actively pursued in the ongoing consultations on the 8th replenishment of IFAD's resources.

The Development Committee's discussion of **overcoming poverty in the poorest countries, particularly Africa must** recognise that past failure to assist poor farmers to grow and market more and better food has contributed both to the present crisis and to persistent poverty. In the world's fifty least developed countries, **agriculture is the backbone of the economy**, accounting for 30 to 60 percent of GDP and employing as much as 70 percent or more of the work force. Investment in agriculture, therefore, is key to generating the kind of economic growth that reduces poverty. This was confirmed by the finding of the 2008 World Development Report that GDP growth based on agricultural growth is as much as four times more effective in reducing poverty than growth in other sectors. From the vantage point of today's soaring food prices, it is nearly incomprehensible that official development assistance for agriculture has fallen from 18 percent in 1979 to a mere three percent in 2006.

What kinds of strategic investments are needed to boost food production, increase food security, and generate poverty-reducing agricultural development? While there is an important role to be played by commercial farmers, the critical investment targets in sub-Saharan Africa countries and other low-income, food deficit countries are the 400 million smallholder farm families, totalling some 2 billion people – fully one-third of humanity. These farmers need investments to enable them to increase their productivity and link to dynamic value chains. Also of fundamental importance are investments that help to build a robust off-farm rural economy and support the organization of smallholder, agricultural workers, and rural entrepreneurs. This organizing is the key that unlocks opportunities for smallholder farmers and rural producers.

In the highly diverse agriculture sector there is no one-size-fits-all approach to delivering support for poor rural communities. In the context of profoundly different patterns of rural poverty, such investment must

be targeted at specific groups and tailored to the specific conditions they face. Strategies, approaches, and tools must be tailored to respond to different needs and demands. IFAD has 30 years of experience in developing such strategies, approaches and tools with poor rural communities, and is sharing this experience with the growing array of partners, including governments, farmers' organisations, and development institutions.

At the same time, across diverse environments, there a number of **common areas of critical importance to rural poor people**. They include: land and water management, agricultural technologies and production services, market access, rural financial services, off-farm employment, and local planning and programming processes.

In each of these areas, efforts are needed to ensure that poor rural women and men have **enhanced access to assets, services and decision making processes, and that they are able effectively to use them**. This requires assistance to help poor rural people build their knowledge, skills and organizations so that they can lead their own development and influence the decisions and policies that affect their lives. It requires assistance that takes into account the different social and cultural norms for women and men and ensures that women play an equal role in the development process.

Farmers organizations, gathered in February at the biennial **IFAD Farmers Forum** and representing millions of small farmers and rural producers from every continent, called for **greater support for the involvement of young people in agriculture and rural development**. They urge targeted support, necessary incentives, and increased access to and control of land and productive resources for young farmers and rural producers. The Farmers Forum also emphasized **the importance of women farmers**, and the obstacles to their improved productivity. They urged greater support for women's involvement in agriculture and rural development, including in their own farmers organizations.

The critical question remains: **how best to accelerate, enhance, and fund the design and implementation of national and regional strategies for pro-poor agricultural development, particularly in Africa?** The Comprehensive African Agricultural Development Plan (CAADP) is the centrepiece of such efforts in Africa. An Africa-driven, continent-wide initiative, CAADP has served to focus the attention of policymakers on agriculture as a driver of economic growth, poverty reduction, and improved food security.

This is a critical year for agreeing on concerted, comprehensive, and coordinated action for responding to the growing food crisis, the challenge of climate change, and enabling Africa to meet the MDGs on time. The UN General Assembly has agreed unanimously to hold a high-level meeting in September to decide how to better meet the development needs of Africa. That meeting would provide an ideal opportunity for accelerating consensus and collaboration around concrete plans for scaling up and delivering support for African agriculture.

Poor farmers and landless labourers are critical to solving the triple scourge of poverty, climate change, and rising food prices. How they manage their land matters to us all. Whether or not they grow more food or store or release carbon depends on the opportunities they have and the incentives they are offered. Investing in their abilities, aspirations, and interests pays dividends for them and for the world as a whole. IFAD urges the international community to significantly increase investment in smallholder farmers to enable them to be part of the solution to the pressing challenges facing the world today.