



DEVELOPMENT COMMITTEE
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on the
Transfer of Real Resources to Developing Countries)



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Statement by

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We meet amidst troubling crises that are reversing hard-won development gains, pushing millions more into poverty and hunger. While the global financial crisis is likely to dominate our discussions this weekend, the challenges of rising food and fuel prices are expected to be with us over the next several years. If we are to create opportunity from these crises, we will need to address them in all of their complexity and interconnectedness. While dealing with the financial crisis and the risk of a global downturn, we must simultaneously move ahead with the policy measures and actions needed to grow and market more food, fuel, and fiber, taking into account the effects of climate change.

The effect of high food prices – and the cost of inaction -- is visited most harshly on poor and vulnerable households, which typically spend fifty- to sixty percent of their incomes on food. Rising food prices have already resulted in 75 million more people going hungry, according to recent estimates by the Food and Agriculture Organization. Similarly, the World Bank has calculated that food price increases may swell the ranks of the world's poor by 100 million people. Nearly one-third of the newly poor are in Africa, the region most severely affected by the current rise in prices. Twenty-one of the thirty-four countries in crisis due to food price increases are in sub-Saharan Africa. In addition, by 2020 almost 50 million additional people may be at greater risk of hunger as a direct consequence of climate change.

At the same time, there is evidence that higher food prices are having a positive effect on agricultural production in some parts of the world. Higher food prices have prompted an expansion this year in the area planted with cereals in the Russian Federation and Ukraine. As a result, the aggregate output of wheat in the European Commonwealth of Independent States in 2008 is set to rise to more than 73 million tones, 13 percent above the good harvest of 2007. In a number of developing countries, agriculture, especially smallholder agriculture, has large underutilized potential - which given the support necessary - could be mobilized to enhance food security as well as reduce poverty.

The present food crisis thus presents both an urgent need and an opportunity that the world cannot afford to miss. The lasting solution to the current crisis requires investment in long-term agricultural development, which has been sorely neglected for decades. This long-term investment must be an “all-hands” response – mobilizing resources from governments, bilateral and multilateral donors, and the private sector and putting smallholder farmers squarely at the center of initiatives to grow and market more food.

Private sector investment is essential for poverty-reducing, long-term agricultural development. Private investors who could mobilize substantial resources have increasingly expressed interest in using their financing to develop under-utilized crop lands in countries that have adequate land and water and so boost potential yields. There are a number of regulatory, legal, and social issues to be addressed for such investment to go forward. Regulatory frameworks in many recipient countries need to be strengthened and the land rights of current farmers need to be safeguarded. IFAD is supporting a pilot initiative in Ghana in which large numbers of smallholder farmers are organizing as a counterpart to a foreign investor. The investor is financing infrastructure and production inputs and the farmers are providing assured supplies on agreed market-related prices. The outcome of this pilot project may provide lessons for replication and scaling up in other countries.

There is growing consensus on the need for a global partnership on agriculture and food, as called for by G8 leaders and others. The basis for swift and effective coordination among the international community has been established in the Comprehensive Framework for Action, or CFA, formulated by the United Nations Secretary General Ban Ki-moon's High Level Task Force on the Global Food Crisis. The Task Force brings together the UN system, the World Bank, the IMF and the WTO. The CFA gives full recognition to the importance of promoting agricultural investments focused on smallholder farmers and rural development. It also recognizes the Comprehensive African Agriculture Development Programme (CAADP) as the right framework for coordination in that most-affected region.

Outlines of a coordinated global response are in place. What is needed are the resources to support the necessary action. In the short-term there is an urgent need to sustain production in the coming growing seasons. Without prompt action, many smallholders will not be able to access seeds and fertilizer for planting. For its part, IFAD is making available funds from existing loans and grants to provide an immediate boost to agricultural production. In Haiti, we are supporting nationwide expansion of a programme to intensify production of seed crops, including seed distribution and seed multiplication by farmers' organizations. In Mauritania, we are working through the government's Special Intervention Programme on Food Prices to purchase and distribute seeds and other inputs and to set up cereal banks. In Benin, a food security component has been added to the ongoing Rural Development Support Programme to stimulate food production in the coming year. We have also identified opportunities in sixteen other countries to expand existing programmes or start new initiatives to improve food production in the next few years. Each of these offer cofinancing opportunities for development agencies seeking to deepen their engagement in agriculture.

The effects of climate change – such as increased exposure to drought, rising temperatures, more erratic rainfall and extreme weather events – jeopardize water and agricultural systems, dramatically increasing the risk of increase malnutrition and water shortages. Our long-term efforts to improve food security must address the causes and consequences of climate change. In this regard, IFAD is focusing on climate change issues as they affect these poor rural producers and on strengthening their long-term resilience to climate change. It is working to fully integrate climate change adaptation into its operations and is developing a strategy that will include approaches for promoting adaptation and for enabling the rural poor to participate in mitigation efforts.

At IFAD we are ready to step up our effort, to improve our partnership capacity, and maximize the contribution we make to the overall international response to growing food insecurity. The outcome of IFAD's Eighth Replenishment, which is currently under discussion, will set the course for IFAD in the period leading to 2015, the target date of the Millennium Development Goals. The urgent need for immediate and longer-term action to address the challenges facing billions of poor rural people today means that we are seeking a major increase in contributions from our member states to reach a target of US\$1.5 billion, which will enable us to help fund an IFAD programme of US\$3.3 billion for the period 2010-12.

The challenges before us are momentous. The commitments made at the dawn of the new millennium must continue to guide our efforts as we work together to resolve today's crises and continue to build a healthier, safer, more prosperous world.