Food and Agriculture Organization of the United Nations

International Fund for Agricultural Development

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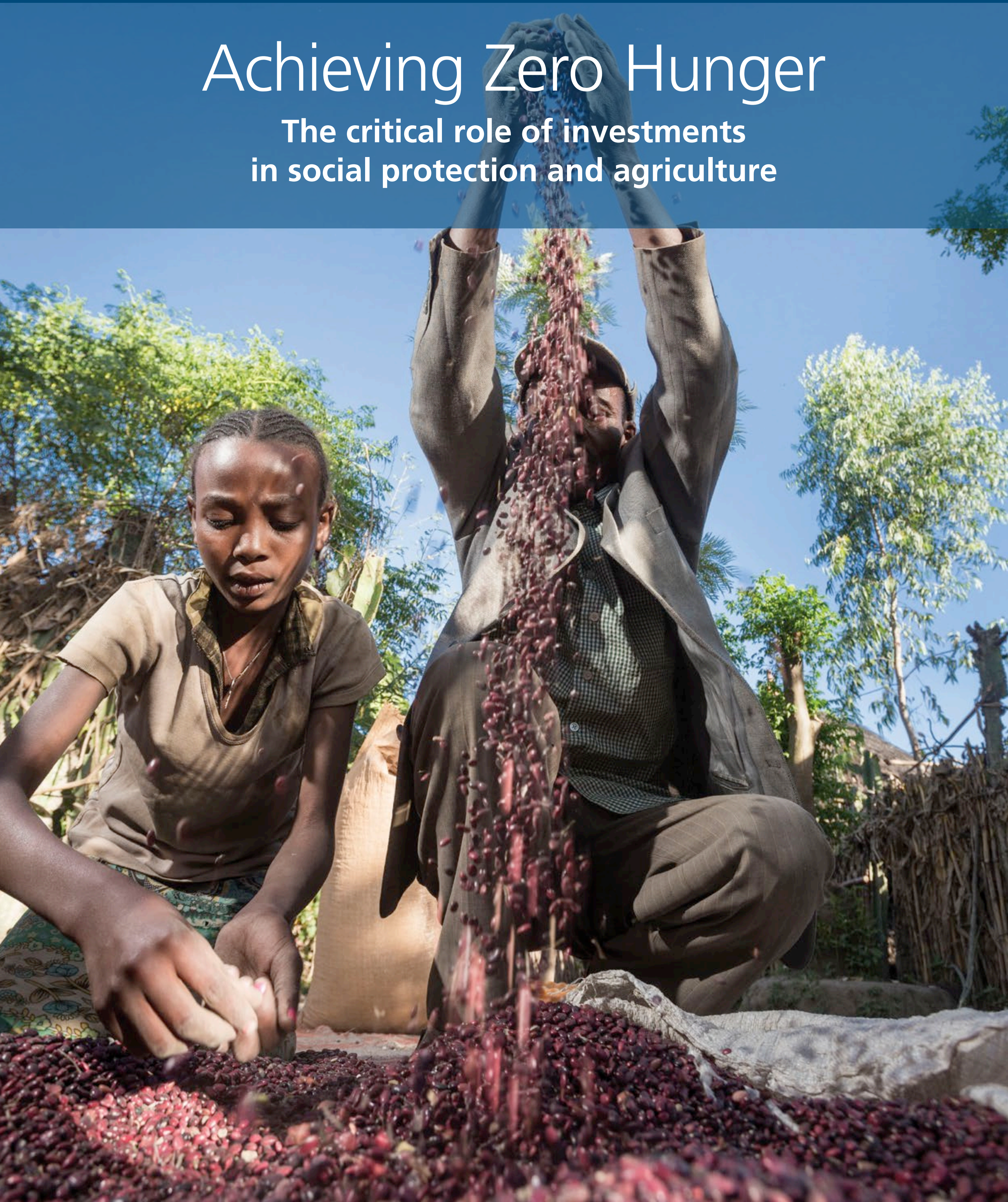
In brief

# Achieving Zero Hunger

## The critical role of investments in social protection and agriculture



# Achieving Zero Hunger

## Presenting a vision by the heads of the Rome food-based agencies, FAO, IFAD and WFP on the report that highlights the critical role of investments in social protection and agriculture.

The Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development (IFAD) and the World Food Programme (WFP) prepared new estimates on the additional investments required for sustainably ending hunger by 2030, in line with the highest aspirations of the post-2015 sustainable development agenda and the draft Addis Ababa Accord, which clearly states that "Our goal is to end poverty and hunger".

FAO, IFAD and WFP welcome this global commitment to end poverty, hunger and malnutrition by 2030. Our proposal on how to achieve zero hunger by 2030 is in the context of the proposed Sustainable Development Goal 2 to eliminate hunger and malnutrition by 2030, which, in turn, goes hand-in-hand with the proposed Sustainable Development Goal 1 to eliminate poverty at the same time. With almost 800 million people suffering from hunger and almost four-fifths of the extreme poor living in rural areas, it is necessary to raise agricultural and rural incomes to achieve those two priority Sustainable Development Goals.

The "dollar-a-day" extreme poverty line adopted for Millennium Development Goal (MDG) 1 monitoring purposes – was originally based on the estimated costs to meet basic needs, of which access to food was, by far, the most significant. Food expenditure generally ranges between 50 and 70 percent of the extreme poverty line income, depending on the country and context. The so-called dollar-a-day extreme poverty line was last adjusted by the World Bank in 2005 to US$1.25 a day in purchasing power parity terms.

Hence, the extreme poverty line is a reasonably good indicator of who goes hungry, although the poverty and hunger numbers differ due to the different data and methodological approaches used.

### We can end poverty and hunger!

We can end poverty and hunger by 2030. But we will need a new approach that results in a much higher level of resources mobilized towards hunger eradication than in a "business-as-usual" scenario. Such an approach combines public investment in social protection with public and private investment in productive sectors – especially in rural areas and, particularly, in agriculture.

More specifically, additional resources amounting to an annual average of US$265 billion per year during 2016–30, i.e. 0.3 percent of the average projected world income for that period, are required to fund both additional investment in social protection and additional targeted pro-poor investments in productive activities, of which rural areas would receive US$181 billion annually. This amount is well within the capacity of the international community to mobilize.

### Agricultural investment and rural development

Increasing aggregate investment is expected to increase growth, employment and, thus, incomes. Well-designed and implemented investments for zero hunger will increase the productivity and incomes of small-scale producers by offering income-enhancing opportunities to the poor.

Of the US$265 billion additional average annual investment requirements, some US$198 billion will be for pro-poor investments in the productive sectors – US$140 billion for rural development and agriculture and US$58 billion for urban areas.

To eradicate extreme poverty and hunger sustainably, we need to boost both private and public investment, particularly in rural areas, to raise rural and agricultural productivity and incomes, and promote more productive, sustainable and inclusive food systems. Farmers themselves are the major source of investment in agriculture but policies and programmes, including credit and insurance, often discriminate against them, especially smallholder and other less well-endowed family farmers.

Most low- and middle-income countries are characterized by high unemployment and underemployment, with youth unemployment growing rapidly as economies adjust to new technologies and global market conditions while fiscal austerity poses constraints to the public sector and its role as potential employer.

## Social protection

To break the vicious circle of poverty and hunger, people who are extremely poor and hungry have to be assisted – through well-designed social protection programmes that will enable them to quickly overcome extreme poverty and hunger.

From the total envelope of US$265 billion additional average annual investment requirements, some US$67 billion are needed for social protection programmes, of which US$41 billion will go to rural areas, where most of the poor live, and US$26 billion to urban areas.

Social protection is a powerful investment in human capacities and in the productive potential of the poor. Better nutrition raises productivity, and thus incomes, in both the short and long term. Social protection is not merely a handout resulting in increased consumption of goods and services. There is strong evidence that it also enhances productive capacities via increased investments in human and other forms of capital. It alleviates liquidity constraints and the resulting savings are deployed by the poor to strengthen their productive capacities and their incomes.

Thus, the combination of social protection and pro-poor investments will enable most of the poor to escape poverty and hunger sustainably. Other enabling factors (such as a conducive policy environment and political stability) are also needed, meaning that social protection and pro-poor investments are necessary but not sufficient, to eradicate hunger.

As incomes increase due to targeted pro-poor investments in the productive sectors, there should be a corresponding decline in the amount of social protection needed.

## Funding issues

The Third International Conference on Financing for Development, held in Addis Ababa in July 2015, aimed at ensuring that all countries, especially low-income countries, have the means to implement national policies and programmes to achieve their development objectives, including the post-2015 Sustainable Development Goals.

Currently, many low-income countries have limited possibilities to mobilize the substantial public resources needed to accelerate progress in hunger reduction towards hunger elimination. Therefore, their funding needs should be fulfilled through more generous international resource transfers than has been the case in the past quarter of a century, especially in the form of grants and low-interest instruments. International cooperation can also help to develop and share appropriate know-how on technologies and policies.

With the continued increase in greenhouse gas emissions, average temperatures and extreme weather events, efforts have to be made to address both adaptation to, and mitigation of, climate change. We intend to address these issues in the near future, especially in relation to agriculture and hunger reduction.

This technical report demonstrates that our proposal to end poverty, hunger and malnutrition is viable and affordable, provided that strong political will exists. This has been demonstrated in large and small countries, and also in middle income as well as poor countries.

We look forward to working with governments and the rest of the international community to ensure that hunger and poverty will be history by 2030.

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FAO Director-General

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WFP Executive Director

# Achieving Zero Hunger

## The critical role of investments in social protection and agriculture

This report provides estimates of investment costs, both public and private, required to eliminate chronic dietary energy deficits, or to achieve zero hunger by 2030. This target is consistent with achieving both Sustainable Development Goal 2, to eliminate hunger by 2030, and Sustainable Development Goal 1, to eradicate poverty.

The report adopts a reference "baseline" scenario, reflecting a "business-as-usual" situation, to estimate the additional investment requirements. In this scenario, around 650 million people will still suffer from hunger in 2030. The investment requirements to eliminate hunger by 2030 are then estimated.

Hunger is eliminated through a combination of social protection and targeted "pro-poor " investments. The first component aims to bring the poor immediately above the extreme poverty line through social protection by a "transfer to cover the poverty gap" (PGT)

The second component involves additional investment required to stimulate and to sustain higher pro-poor growth of incomes and employment than in the business-as-usual scenario. This would, in turn, reduce the need for social protection to cover the PGT.

The analysis is complemented by looking at alternative ways to achieve zero hunger by 2030.

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Second edition

http://www.fao.org/3/a-i4951e.pdf