

FAO
HIGH LEVEL CONFERENCE

WORLD FOOD SECURITY AND THE
CHALLENGES OF CLIMATE CHANGE AND BIO-
ENERGY

STATEMENT BY LENNART BÅGE,
PRESIDENT OF IFAD

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Mr Chairman,

1. The timing of this Conference could not be better. With so many Heads of State and Government gathered here in Rome this week, it has the capacity to place at the centre of the agenda the plight of poor people confronted with high food prices. It has the capacity to refocus the attention of the international community on long-term, sustainable solutions to the problem of global food security.

Background to food crisis

2. If we look back over the past twenty years, it is clear why we have reached this critical point today. Over the past two decades, food on the

international market was affordable and available.

3. Complacency set in and the need for continuing investment in agriculture lost its urgency. Development aid for agriculture dropped from 18% in 1979 to just 2.9% in 2006. Domestically, too, investment in agriculture has fallen. Agricultural spending to total Government spending by developing countries declined by a third in Africa and by as much as two thirds in Asia and Latin America.

4. During this period productivity growth was also declining, from 3-4% in the 1980s to 1-2% today, while demand was rising because of

growing populations and growing incomes. This underlying decline in productivity growth would sooner or later have created the problem we now face.

5. Today the world is literally paying the price for its complacency. As we face the prospect of insufficient supply to meet this growing demand, and with prices predicted to remain high, the focus needs to shift back on agriculture.

Importance of smallholder farms and smallholder farmers

6. Much of the response to meeting the increasing demand will come from larger commercial

farms, mostly in the North, which already enjoy access to financial and technical services and markets for inputs and produce. But a major part of this extra production must come from smallholder farmers, who do not yet enjoy such access and must therefore be the focus of governments' efforts and international support.

7. There are around 450 million smallholder farms worldwide, measuring two hectares or less and home to approximately two billion people – or about a third of humanity. Most of these people live on less than one or two dollars a day. They are trapped in poverty and are rightly the focus of the Millennium Development Goals.

8. These small, family-based farms have tremendous, under-utilised capacity. With help, they can increase their production and productivity, raise their incomes and, at the same time, contribute to greater food security. Unless this is done, poor rural people will continue to be marginalised, living in poverty, dependent on aid, and under growing pressure to leave their lands in search of a better life elsewhere.

9. Smallholder farming can be extremely effective in driving both wider economic growth and poverty reduction. Viet Nam is a case in point. Seventy-three per cent of Viet Nam's population live in rural areas and agriculture remains their main source of livelihood,

predominantly from smallholder plots. Two decades ago Viet Nam was a severely food-deficit country. Today it is a major food exporter, among the largest rice exporters in the world, mainly thanks to development of the smallholder farming sector. In recent years, Viet Nam achieved growth rates of 7 to 8%. Just as importantly, it combined this with rapid poverty reduction – down to less than 15% last year from 58% in 1993.

What responses are needed to today's high food prices?

10. Confronted with today's soaring food prices, our first priority must be to feed the hungry. I therefore urge member states to

provide the resources called for by WFP to enable them to maintain and augment their food aid programmes in the face of rising prices.

11. We also need to take action immediately to help farmers boost their food production for the next crop cycle, through improved access to essential inputs, such as seeds and fertiliser. The FAO Initiative on Soaring Food Prices has usefully drawn the attention of the international community to this issue.

12. IFAD has already made available up to US\$200 million for this purpose. In Haiti, for example, which imports 60% of its food and up to 80% of its rice, IFAD is making available a

total of US\$10-15 million for seed, fertiliser and related activities, to provide an immediate boost to agricultural production.

13. In Benin, a new specific food security programme has been developed within an ongoing programme, to support food crop production in the 2008 season. Elsewhere, IFAD is working to boost production in the current season in countries like Yemen, Ghana, Cameroon, Nigeria, Congo, Guinea, Nicaragua, Honduras and Cambodia.

14. But this needs to be topped up by additional contributions, and IFAD stands ready to receive and channel such funds to give a further boost to smallholder food production in

the 2008 and 2009 cropping seasons. We would also be happy to respond to the proposal made by President Sarkozy of France to host a new facility to accelerate agricultural development, particularly in Africa.

15. But solutions for the immediate imperatives must not come at the expense of action for longer-term food security. This can only be achieved through a step increase in investment in all aspects of the production cycle and enhanced dialogue with those on the ground – the poor rural people themselves, their communities and their organisations.

16. We need to invest in agricultural research into the specific crops and conditions of

importance to poor rural farmers, including drought, pest and salinity resistant varieties. Agricultural research, which so successfully drove the Green Revolution in Asia, has been shown to deliver rates of return in excess of 40%. IFAD is one of the major financial supporters of the CGIAR system and is now helping to review the system and reorient it to the new research agenda of today.

17. NERICA rice is one example of the fruits of such research, supported in particular by Japan. NERICA is a new rice variety that combines the hardiness of local African rice species with the high productivity of Asian rice. There are currently about 200,000 hectares of Upland NERICA grown by over 100,000

farmers in 27 countries across Sub-Saharan Africa, and NERICA cultivation is being up-scaled with IFAD support.

18. Cassava is another striking example.

IFAD has invested in research to develop virus-resistant, more productive varieties and to finance their cultivation by poor farmers. As a result, over a hundred million people in Africa's cassava belt have benefited and many African countries have become self-sufficient. Indeed, Nigeria is now the largest cassava producer in the world.

19. We also need to invest in local infrastructure – irrigation, communications, power and transport. In particular we need to

invest in the “last mile” rural roads – to ensure that what is produced by poor rural people can actually reach the markets and fetch a good price.

20. Our investment also needs to help smallholder farmers to access financial services, so that they can buy fertiliser and better seeds, gain more control over when and where to sell their produce, and insure themselves against risks such as drought. IFAD has pioneered the development of rural micro-finance and today provides about US\$200 million each year to help build micro-finance institutions that serve poor farmers, especially women.

21. Micro-financing institutions could also help transform remittances into a development resource. Remittances, according to a recent IFAD study, have reached an estimated value of US\$300 billion a year of which 100 billion go to rural areas. Remittances are, of course, private flows and about 80% of them are rightly used to provide food, shelter and education for the families of the migrants. If we could find innovative ways for rural micro-finance institutions to mobilise a part of the remaining 20% for agricultural investment, it could make a major impact on both food production and rural poverty. In Latin America, IFAD is working in collaboration with the Inter-American Development Bank on pilot projects to develop such an approach.

22. We need to invest in agro-processing, to reduce post-harvest losses and improve quality. And we need to invest in market linkages as well as better access to market information, including on prices. An IFAD-funded project in Uganda, for example, has linked together smallholder producers of palm and oil seeds with an agro-processor, who has invested over US\$40 million for a processing plant. The farmers now have secure markets at good prices. And the agro-processor has assured supply – to the benefit of both.

23. These are the kinds of investments that IFAD makes through its projects and programmes. But we now need to scale up the

number and the size of these investments to meet the growing needs.

24. Climate change and global warming are adding a new dimension to the challenge of eradicating poverty and hunger. Climate change has the potential to reverse much of the recent progress in reducing poverty, particularly in Africa. In confronting climate change, agriculture – especially smallholder agriculture – can play a major role. But whether poor farmers store or release carbon will depend on the opportunities they have and the incentives they are offered. We can help them to become part of the solution – helping to feed the world and store the carbon. To achieve this, we need to sharply increase

investment in crop, range and forest lands, to manage them sustainably to increase production, as well as to contribute to mitigation and adaptation.

25. Linked to climate change is the issue of bio-fuels. The diversion of food crops for bio-fuel production has been one contributing factor to the accelerating price increases. At the same time, bio-fuels – especially second generation bio-plants – have the potential to be grown on marginal lands, not competing with food production. Properly managed, these could offer poor farmers important income opportunities, while contributing to energy supplies.

Role of international community

26. The present soaring food prices and emerging supply shortfalls in some countries highlight a longer term trend. On present projections, global population will grow by 20%, to eight billion, by 2025. And rising incomes and growing demand for a more varied diet will raise the demand for food by an even greater proportion. To meet this growing demand will require a sustained and long-term response at global and national levels. It is essential that this response is well planned and well-coordinated. I therefore welcome the initiative of the Secretary General, Ban Ki-Moon in establishing a Task Force on the Global Food Crisis, which brings together the UN system

and Bretton Woods institutions, and which is developing a Comprehensive Framework for Action and coordinating its implementation.

27. IFAD is closely involved in supporting this process – along with our sister agencies in Rome, the FAO and WFP. The three Rome-based agencies are also working within the recently established CAADP Food Security Task Force, alongside other international agencies and African Institutions. This is an important new initiative, jointly co-ordinated by the African Union and NEPAD, which rightly highlights the particular vulnerability of African countries in the face of high food and energy prices, given the status of so many of them as net food importers.

IFAD's role

28. IFAD's role in the wider international effort is very clear. We will continue to focus on what we do best – working with poor farmers and their communities and their own organisations to help them to increase production and improve their incomes. Our work complements the investments in large-scale infrastructure being made with the support of partners such as the World Bank and the Regional Development Banks, and it helps ensure that poor farmers can make the most of these investments.

29. Over the past five years, we have increased our assistance to poor rural people by on average 10% a year. This year alone, IFAD will help finance rural and agricultural projects worth about US\$1.3 billion and reaching an additional ten million poor farmers and rural entrepreneurs.

30. In recent years, IFAD has successfully implemented a very challenging reform programme. This has enabled us to combine an expanding programme with improved quality – in terms of real results on the ground. It also means that we have the capacity to scale up our work substantially – starting right now.

31. We are ready to step up our effort and thus to be an even better partner and to maximise the contribution we make to the overall international response to the crisis.

32. Discussion of the 8th Replenishment of IFAD's resources is currently under way. The outcome of those discussions will set the course for IFAD in the run-up to 2015. The urgent need for immediate and longer term action, as spelled out by the Secretary-General, 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 at least \$1.2 billion which will enable us to help fund an IFAD programme of US\$3

billion for the period 2010-2012. I pay tribute to the Kingdom of Saudi Arabia, which has led the way by pledging a five-fold increase in its contribution to IFAD, and we are looking to other members to consider at least doubling their contributions.

Conclusion

33. The world is watching what comes out of this Conference. The stakes are high. Decisions taken here by world leaders on global food security will have implications for generations to come.

34. That is why I hope that the Declaration that comes out of this Conference is a strong one.

And in particular I urge you all to ensure that it recognises the potential of the world's 450 million smallholder farmers, and the duty of each government and the international community to provide them with the enabling policy and the support they need to sustainably grow the food the world so badly needs.