

STATEMENT BY

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President of the African Development Bank, at the

**ROME FOOD SUMMIT**

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Mr. Chairman

Your Excellencies

Ladies and Gentlemen

1. I am honoured, on behalf of the African Development Bank to be here at this historic summit and for this opportunity to share our thoughts on a subject at the core of our mission; fighting poverty. Let me thank Jacques Diouf for this initiative and for his steady leadership of FAO over many years, and to Italy and the People of Rome for their hospitality.

2. These are challenging times. The presence of so many leaders of Governments heads of development agencies and civil society is a testimony to our collective determination to mobilize the energies, talents and resources needed to overcome. Many eminent persons who preceded me at this rostrum, have already spelt out the issues we face much more eloquently; that the escalating global food crisis is a major setback, threatening to throw back millions into the chains of poverty, to roll back many of the gains of the last decade in human development and macro-economic stabilization.

3. Mr. Chairman, in the last few months the underlying market dynamics of this food crisis have been adequately analysed. We roughly know the causes, we know the consequences, we know what needs to be done and political will to respond is there; to provide emergency support and food to the vulnerable people and countries most at risk; a task for us all but mainly the task for bilaterals and UN agencies: To deal with macro economic stress, and to tackle the longer term challenge of enhancing agricultural productivity and food security especially in Africa.

4. I commend the swift international action that is set to provide food supplies to protect the poor and the vulnerable. The categories of people in need are known, they include the urban migrants, rural families who purchase food, and people in fragile states where markets do not function well. The urban poor are particularly vulnerable; they have precarious means and yet they live in cash economy, they are not captured in the "dollar a day" description of poverty. Yet these are people who depend on cash for everything, for their food, for their transport, for everything. The world has the means to prevent starvation in the 21<sup>st</sup> century! We have the means to feed the hungry and save millions at risk. But it is not enough to feed hungry people. They want ability, wherewithal to feed themselves. I urge donors to be generous and provide specialized agencies such as the *World Food Programme* with additional resources.

5. Mr. Chairman, many countries, faced with soaring import bills for oil and food had no choice but to adopt measures which are not always fiscally sustainable. It is important we help them with the macroeconomic imbalances thereby generated providing budget and balance of payments support where this is feasible. We are prepared and will be providing support to ensure that such high performance countries maintain progress – and doing so in a responsive way. For the same reason, we are restructuring up to 250 million dollars of our agricultural portfolio, in order to provide a rapid reactive mechanism for resources required to accelerate agricultural production in the short term, purchasing of fertilizers and inputs. We are very much aware that in a rain dependent agriculture, seasons for farming do not wait for bureaucratic processes in agreement with countries affected.

6. But let me also say, like many of you, that, while this is indeed a crisis we must address vigorously, probably this could also be the opportunity our farmers have been waiting for, when finally farming can become a business rather than scrapping a living, whether it is in the proportion of irrigated farmland or agricultural intensification. Agricultural underperformance in Africa is directly linked to underinvestment. The African Development Bank has consistently been a supporter of agricultural development in Africa. Together with IFAD we account for just over 50 per cent of all interventions in African agriculture. We have an

ongoing active portfolio of about 3.8 billion dollars. In response to the current challenges, we will be committing another 1 billion dollars in support of agricultural infrastructure, rural finance and support to research and extension.

7. But it is evident that as we deal with vulnerability and macroeconomic imbalances, the veritable solution is the issue of food security in the long term. The adage that “feed a hungry person and he/she will be hungry tomorrow” is as valid as ever. We are not dealing with a short term problem; but a long term challenge that can only mean a different way of managing our agriculture. What is to be done about African agriculture is known; it is spelt out in numerous policy statements. What is to be done internationally, in terms of providing level playing field in agriculture, front loading the interests of developing countries in Doha, scaling up support, predictable support is well known.

8. What is certain, we will not find a solution via the multiplication of export bans, quotas and export taxes. “Beggar they neighbour policies” will be damaging for all, as they have always done. There is no better way to worsen the situation than to interfere with supply chains at such a delicate stage as this.

Food security is impossible anywhere without a smooth trading system; local, national, regional and global. I join others who have expressed the sentiment that after the initial action taken by some countries, the barriers are reduced, removed and together we look for a collective solution.

9. In the past a combination of inappropriate policy choices and underinvestment led to agricultural decline. But that era of urban bias, implicit excessive taxation on agriculture by way of overvalued currencies is long gone. These were powerful and damaging disincentives. Now the incentive is there. The rising food prices provide the opportunity, the stimulation. But incentives alone are not enough. They must get to the farmer. For now the signals are not getting to the farmer because fertilizer and transport costs have also skyrocketed beyond the reach of the average African farmer. There is no way, the African farmers, already minimal per capita utilizers of fertilizers and modern inputs can respond to market signals until fertilizer and inputs are accessible. In 4 months this accessibility already insignificant is complicated by the five fold increase in fertilizer price in the last five months. For that reason, I am very pleased to inform you that this month we have approved the African Fertilizer Financing Scheme, to be operationalized with the Alliance for the Green Revolution in Africa. The aim is to ensure accessible fertilizers, in a market friendly manner, in a targeted and sequenced way. We are

not, by any means, saying this is about fertilizers alone, no, we know it is about fertilizer, other inputs, water, all done in the right way. This is the only way to close the large gaps that exist between current yields and technological possibilities. We have significant experience with our support to NERICA, the new rice for Africa, an upland rice that can be harvested in three months and yields five tons per hectare. Equally, our extensive experience in traditional staples which are not internationally traded, from mosaic resistant cassava to drought resistant maize and weevil resistant bananas.

A smallholder agricultural revolution in Africa is desirable, feasible and long overdue. We know what to do. But for it to happen, it will require not just resources, but also a rethink, based on our experience in the past.

10. FIRST: crowding in more private investment and quality support by the State. Let me explain: We must devise ways of attracting and supporting more private sector agriculture. Private business which has been successful in growing flowers can surely grow cereals. Time for agriculture as a business, is now. However, although private investors can probably do their own irrigation, they need policies that are stable, infrastructure, input and product markets that function and research institutions that deliver. Only the State can provide this type of support.

SECOND: But we should enable the State play that role and the agenda to re-building our Ministries of Agriculture and Livestock must come to the fore. If we are to succeed, instruments of the State that can plan and provide the policy environment, which support to a smallholder revolution and to agribusiness is crucial. This is what will enable attention to market failure while avoiding State failure". The African Development Bank is prepared to work with you on a multi year programme for enhancing the capacities of the Ministries of Agriculture and related institutions especially those responsible for research and development.

11. THIRD: Complementarity action among donors. Today, we will, all, no doubt be looking for ways of better supporting agriculture. But what will be the landscape? 233 multilateral agencies, 51 bi-laterals and hundreds of NGOs; yet core volumes of aid will not really have significantly increased. We accept the need for harmonization and complementing the majority of donors' action. But agriculture will test the doctrine of complementarity and selectivity. That was true yesterday; it is still true today. Between 1980 and 2005, ODA to agriculture declined dramatically.



Agricultural success stories were hard to come by, and interest shifted to the social sectors. Only a few institutions such as the AfDB stayed engaged in agriculture. Now that a consensus has built up around the productive sector, agriculture being the core part, the question now is: How do we do it right this time? We will not succeed if all donor agencies want to do the same things, in the same old ways. At the African Development Bank, our own agricultural portfolio today is equal to 3.8 billion dollars spread into 250 projects. But it cannot simply be about volumetrics. In order to avoid mistakes of the past, we need to find out how best to respond, who does what, who will take lead in what area. I frankly believe, we have a golden opportunity to implement a workable division of labour in this vast complex area of agriculture; that requires several interventions at the same time, irrigation, road infrastructure, storage, farmer training, research and extension, microfinance, rural finance etc.

12. Almost like at the time of the Tsunami, one thing which has become evident this time around is the dichotomy between instruments and the magnitude of the problem. The systems are reasonably good at providing response but too late. We are at the African Development Bank, like our colleagues, are trying to develop a mechanism which would enable us to respond better in time – in time for the agricultural season, in time to provide support when it is needed. We can not succeed on the basis of business as usual.

13. That is why we are looking forward to, and must prepare well for, the Accra High Level Forum. Let us by all means do stocktaking on the Paris Agenda achievements since 2005. But let us agree, in a pragmatic way, how to proceed taking agriculture as a workable example. Let us proactively involve all emerging partners, including Foundations , members of AGRA I know these are concerns shared by our colleagues in the World Bank, IFAD, FAO and the EU as well as members of the Alliance for the Green Revolution in Africa and are prepared to participate in that process of identifying an effective complementarity.

14. FOURTH: Gender: As we rethink agriculture; this is the opportunity to clearly bias policy in favour of more than half of Africa's farmers, the old women and young girls tilling the land with bare hands to scrape a living. It is the condition for success. Recovery of our agriculture, which does not front load the interest of the women majority farmers, is doomed to fail. At the Bank we will focus on the issue of access to productive assets, rural financing, and economic opportunities for women including off farm activities, in collaboration with our partners.

### Climate Change: Common Differentiated Responsibility

15. FIFTH: Responding to Climate Change: As we search for the best way to providing response, we will be challenged even further by the accelerating impact of climate change on our farming system. We are in particularly keen to expand our role in activities related to biological sequestration tackling unsustainable deforestation and land use activities. In this respect, you will be pleased to hear of the new initiative on the Congo Basin Ecosystems, an initiative housed in the Bank to promote sustainable development in that delicate but vital ecosystem for the world.

16. But I cannot over emphasize the all too crucial notion, that of giving meaning to “Common but differentiated responsibility”. Low income countries especially in Africa must be assisted with means for adaptation, and to bear the additional costs of a low carbon economy, and to develop clean sources of energy both grid and non grid. Our economies will simply be suffocated unless this happens. You will be pleased to hear about the Clim Dev Africa Programme in cooperation with the African Union to improve development and dissemination of climate information and support. We do not face the argument between bio-fuels or no biofuels. It is about food security. It is about all of us having our share of human burden and human responsibility.

17. Mr. Chairman, Excellencies. Let me end my remarks by observing that Africa will face additional obstacles in 2008. There is no doubt. But Africa has come a long way and has always defied the odds. If our economies are now growing at 6%, double the 3% in 2000, it is not simply about world demand for our commodities. It is about the cumulative efforts of Africa's people own creative efforts for peace, stability, which is creating confidence and hope, which is now attracting investment from all corners of the world. We shall not only overcome this dual challenge of food and energy prices but will turn it into an opportunity for our farmers. The African Development Bank, alongside its partners, to help you meet the new threats, let me thank you all, the FAO and let us move forward to implement the Rome Agreement.