

## ECOSOC Substantive Session 2008

### Thematic Panel on “The UN System in a Changing Aid Environment: Implications and Comparative Advantages.”

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As part of the process to increase resources available for development, the **Monterrey Consensus on Financing for Development of 2002** provided significant impetus to improving aid effectiveness. The Monterrey Consensus is a compact between recipients and donors of aid, through which demonstrated improvements in country performance and aid quality would foster political endorsement for increased aid volumes. The aid community's response to Monterrey led to the adoption of the **Paris Declaration (2005)**, which represents the international consensus on steps needed to make aid more effective – and hence better able to achieve internationally agreed development goals including the Millennium Development Goals – through the principles of national ownership, alignment, harmonisation, managing for results, and mutual accountability.

In the agriculture and rural development (ARD) sectors, progress has been made towards implementing the Paris commitments, as illustrated by the development in a number of countries of sector-wide approaches (SWAs) or programme-based approaches (PBAs) in these sectors and inclusion and integration of ARD objectives in development partners' Joint Assistance Strategies (JAS). Efforts to improve the effectiveness of aid are increasingly being tailored to the specific national context, which within the agricultural sector is diverse, heterogeneous and varies by country and region.

This articulation and adoption of the Paris Declaration principles within the agricultural and rural development sectors have not however been followed by a concomitant increase in ODA streams towards ARD. **With specific regards to the ARD sectors, aid has declined in real terms by 58% between 1980 and 2005 and its share of ODA (despite agriculture supporting 70% of the world's poor) has been reduced from 17% in 1980 to 3% in 2006. The consequences of this trend have recently become all too evident. The decades-long decrease in public investment in the global agricultural sector is a significant factor in the structural problems that underpin the soaring costs and dwindling availability of food commodities today.**

#### Key links from Accra to Doha:

For the FAO specifically and the UN in general, the importance of aid and development effectiveness and the volume of aid and its timely delivery are intrinsically linked. There are several considerations that need to be made, particularly with regards to the agriculture and rural development sector, to make the link between Accra and Doha a tangible one:

- 1. The need for scaling up and meeting predictable aid commitments has to be reconfirmed.** The Monterrey Consensus recognized that making progress towards the internationally agreed development goals requires both increased aid effectiveness as well as predictable, scaled-up development finance. Significant progress is being made in improving aid effectiveness on the part of donors and developing countries alike as a result of the Paris process. It is nevertheless important that donors live up to the commitments made at Monterrey, Gleneagles and other fora on scaling-up. In light of today's food crisis and considering that the world's population is projected to increase by one-third and global demand for food will rise by one-half in the next 20 years, re-investing in agricultural productivity now makes even more sense for future economic stability.
- 2. Increasing the volume and improving the quality of aid is only justifiable if it increases the impact of aid in achieving sustainable economic and social development, poverty reduction, food security and gender equality, i.e. development effectiveness.** The international community needs to monitor and track more closely the extent to which development partnerships and aid leads directly and indirectly to improved development outcomes. With regard to the ARD sectors, empirical evidence shows that agricultural growth is at least 2.5 times more effective in increasing the available expenditure for the poorest third of the population than investments in the rest of the economy. Today, 2.1 billion people live on less than two dollars a day and 883 million on less than one dollar a day. Most of these poor depend on agriculture for their livelihoods. Of these 2.1 billion people, the majority are women who are the biggest providers of agricultural labour and produce the most food. Yet it is also clear that the development process does not always benefit those who need it most, particularly the marginalised and vulnerable.

In most countries, the agriculture and rural sector is institutionally highly complex, led by the private sector, and involves a wide range of stakeholders. The Paris Declaration is notably silent on the inclusion of target beneficiaries in the decision-making process. Measures must be put in place that hold accountable both donor and governments to provide avenues for full participation and benefit sharing to those which ODA is intended to serve.

- 3. Partnerships are the cornerstone of development and aid effectiveness.** Mutual accountability between donors and developing country governments is closely linked to the question of managing for results through transparent, accountable partnerships. **The Monterrey Consensus** was constructed as a partnership of mutual accountability, with responsibilities on all sides. Strengthening of partnerships between donor and programme countries to ensure the predictability of aid flows, the development of country capacities to manage for results and the implementation of the Paris Declaration in countries that are party to it, are key elements to a sound partnership. In the ARD sectors, however, this partnership needs to go beyond national governments and donors and engage a wide range of stakeholders, such as

the private sector and other non-government actors. Managing for results under the Paris Declaration for the agriculture sector also means moving away from a simple focus on public planning and measuring public expenditure. The role of governments in the sector is less about direct intervention and more about appropriate policies to facilitate private markets and investment. Without this broader approach, development results and aid effectiveness will continue to fall short of expectations. More than in any other sector, partnerships between donors and development actors must consider both the wide range of stakeholders and the unique and location-specific characteristics of agriculture in that country, subregion or region.