



## UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

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### **ECOSOC Special Meeting on The Global Food Crisis**

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by

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**NEW YORK  
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**Distinguished Chairperson**  
**Excellencies**  
**Distinguished Delegates**

I would like to take this opportunity to say a few words on the contribution by UNIDO in the global effort to addressing the food crisis, and to update Member States on the discussions that took place during last week's Industrial Development Board on this issue.

While UNIDO fully recognizes the urgency of short-term measures to feed the hungry, it is important to keep in mind the medium and long-term measures to sustain increased agricultural production and productivity. It is here where UNIDO's role is relevant. On the farm input side – industry for agriculture – UNIDO has been active in helping countries raise agricultural productivity through, among others, local fabrication of agricultural machinery and farm implements and tools. On the output side – industry from agriculture – UNIDO assists developing countries to reduce their post-harvest losses and add value to their agricultural products. UNIDO helps developing countries build and expand their agro-industrial base and establish supporting institutions and policies to ensure sustainable growth of agro-industrial exports.

Wider dissemination of post-harvest technologies to reduce post-harvest losses in developing countries -- some 40% of agricultural production in many countries -- offers considerable scope for raising food availability and farm incomes. More also needs to be done to increase investments in agriculture and support the development of SMEs in rural areas that would enhance agricultural productivity and provide a channel for the transfer of modern farm technologies.

UNIDO sees its contribution to boosting agricultural production as part of the broader effort of the UN system led by the Secretary-General to address the food crisis. It is for this reason that we attach particular importance to our partnership with FAO and IFAD. We believe we can do more together in the context of a coherent UN system strategy than we can working individually or separately. We therefore fully support a key aim of this meeting – to identify a strong, coordinated and coherent approach both by the UN system and between the UN system and the broader international community.

Last week, in response to mounting global concerns over the food crisis, the 34<sup>th</sup> session of the UNIDO Industrial Development Board decided to take up the issue. I am pleased to include as an Annex to this statement the relevant portion of our Director-General's Opening Statement to the Board setting out his views on the food crisis. The Industrial Development Board decided to consider the contributions of UNIDO to addressing the food crisis at its session in December on the basis of a report to be prepared by the Secretariat.

Finally, I would like to mention that UNIDO will be hosting a Ministerial Breakfast Meeting during the High Level Segment of ECOSOC that will examine how Agri-Business can help address the food crisis. We will provide further information on this event in due course.

I thank you for your attention.



**Extract from the Opening Statement of UNIDO's Director-General to the 34th session of  
the Industrial Development Board: 14 May 2008**

**Food**

Let me shift to the third issue – food. Some people call it a food crisis. Some say it is not a food crisis, but a food price crisis. Whatever it is, there is no escaping the fact that there is a problem with food. We have seen riots in a number of countries because food is a sensitive product. I realize that this topic was not on your agenda for this meeting, but I am very grateful that you have agreed to add it to the agenda. I felt it was necessary that you do so, because if you go back to the Business Plan that you gave UNIDO in 1997 as part of your reform of the Organization, you stressed yourselves that UNIDO should give a special priority to agro-industries.

I therefore believe that if there are major changes that could happen to the food situation, it is legitimate for me to bring this to your attention. We need to ask ourselves the question what this will mean for UNIDO's work, and for the assistance that developing countries are requesting from UNIDO. I am very pleased that my raising this issue has provoked some positive responses and discussions. You may or may not have reached any conclusions, but I hope that the discussions will continue. Some people believe that the answer is to collect money quickly and feed the people. That would solve the problems for today, but it will not solve subsequent problems. All available indicators, including the documentation that I have recently submitted to you, suggest that this current food situation is very different from the past. In 1974-76 we had the problems with drought in the Sahel and other places, and some other shocks. We were able to deal with them within 2-3 years. This crisis is different because it is caused by the convergence of a number of issues: climate change, energy, and some other issues including speculation. These are huge phenomena, and they will be with us for a while. We also see that demand conditions have changed. Thus, this particular food situation is not going to be reversed easily.

Economists and Nobel laureates like Bhagwati and others have been coming out in the past two weeks with articles saying that this trend will be sustained for a while. Therefore the medium and long-term solutions are critical, and that is where UNIDO comes in. I must confess to you, however, that we have not received much funding for our work in the field of agro-industry during the past 15 years. Mr. Carlos Magariños raised this issue with you four years ago. We get a lot of funding for environmental activities, but we don't get as much funding for the poverty-related areas such as agro-industry and the development of small and medium enterprises. The funding we do receive in these areas is to do feasibility studies about the potential for agro-industry in a country; or the potential for agro-industries to create jobs, or the potential for investment in agro-industry, but we don't get money to make these investments happen. We don't get funding to build the pilot plants recommended by the feasibility studies.

I know this, because when I first joined UNIDO in 1996-97, I faced an embarrassing situation. The Director-General at that time, Mr. Mauricio y Campos visited Mali, and the President of Mali said to him that he needed technology to process the country's fruits because about 40% of it gets rotten. We did a feasibility study but we could not get the money we needed – half a million dollars – to build a pilot plant to help these people progress. We have estimates from our work, and from the work of FAO and others, that in some countries post-harvest losses amount to 30 per cent, 50 per cent, or even 60 per cent, depending upon the commodity. If we are talking about food availability, even capturing part of this loss would solve the food availability problem.

Our experience shows that these are the most difficult programmes to get funding for. But it must be remembered that the poorest of the poor, the LDCs, are all agrarian economies that depend on agriculture. This notwithstanding, it is very difficult for us as an agency to raise money to support the development of SMEs or agro-industries. I am putting this to you because if we are going to be part of the long-term solution to the current food crisis, we are going to need different levels of funding for these



activities, because these are the activities that will also fight poverty. The World Bank report on agriculture issued in October last year showed clearly that 74% of the world's poor are still to be found in the rural agricultural sector. To remove them from poverty we need value addition and supply chains. This is why it is so relevant for you to discuss this issue.

### **Threat of instability**

We could have ignored this issue and gone ahead with business as usual, but in all conscience, I could not do that. I had to bring these issues to your attention. We need your help, and your recognition that this crisis will stay for a while and cause even greater misery to many of the world's poor. And that it will create global instability.

When all of these challenges – related to climate change, energy and food – converge, such instability becomes almost inevitable. Many developing countries are fragile and shaky. The faces of the hungry have also changed. Demographic statistics tell us that more people now live in the cities. It is therefore the young in the urban areas that are now agitating because of all these factors that I have mentioned. It is affecting global stability. This is why the Secretary-General has decided to set up a task force in his office under Sir John Holmes to look at the food crisis and its relationship with all the other issues I have mentioned. A number of agencies are involved in this task force already, and some of us are actively providing it with the support and inputs it needs.

I served as Minister of Trade, Industry and State Enterprises in Sierra Leone. I had the difficult task of managing all the sensitive commodities: Rice, petrol and flour. When the price of these commodities rises, it generates social stresses. This is happening on a daily basis today in the poorest of the poor. For example, UNICEF has told the Secretary-General in front of me that the democracies of Sierra Leone and Liberia are very shaky. They depend to almost 90 per cent on rice. When the price of rice goes up by 80 per cent, as it has done, this precipitates a crisis. The conflict in Liberia started in 1980 from a simple demonstration over the price of rice.

The issue of food and global stability is critical, and we must address it. It is for these medium and long-term solutions that we need you. I was in Kuwait over the weekend and met with the Prime Minister and other Ministers, and they are already looking at this issue. The Prime Minister told me that they are looking to invest in agri-business in Viet Nam, and are looking at the potential of Sudan as a source of agricultural production among the Arab countries. I also know from the media that China, India and other countries are looking at the possibilities of investing in agri-business in Africa and other regions. This is happening because the facts on the ground are changing and we will have to respond accordingly. Our business model will have to change.

At this stage I would like to thank the government of India, which hosted the first Global Agro-Industry Forum – a joint effort of UNIDO, FAO and IFAD – last month.

We had planned this event a year and a half ago, well before the food crisis hit, because we wanted to highlight the difficulty we had in getting funding for investments in agri-business and agro-industry. We will continue our work, and we will look again at the recommendations of that Forum about what can be done for agro-industries.

This, then, is the present. It looks very difficult and gloomy. As I said with regard to UNIDO and yourselves: We are at a cruising altitude, but these headwinds are coming. They could reverse the gains that we – all of us – have made in the international development scene. They could reverse the gains we have made towards achieving the Millennium Development Goals, and they could reverse our gains in promoting global stability.