

James C. Borel
Group Vice President, DuPont
Special Meeting of the Economic and Social Council
on Improving Market Access for Small-Scale Farmers
3 July, 2008

***Market Accessibility Through Improved Inputs, Information and Infrastructure:
A Proposal to Enable Small-Scale Farmers to Compete Globally
and Contribute to Food, Economic and Political Security***

Honorable Chairman, Madame Deputy Director-General, Excellencies, Ladies and Gentlemen, it is an honor to speak this afternoon on behalf of the International Chamber of Commerce. Established in 1919, the ICC represents tens of thousands of diverse companies, large and small, in 130 countries.

The private sector shares your concern about the current state of agriculture, the rapidly growing demand for, and limited quantities of, food in many areas around the world, and rising inflation.

There is not one single cause or circumstance that is responsible for this difficult macroeconomic situation, but rather, we have arrived here through a complex confluence of political and economic factors, set in motion over the past several decades.

Martin Luther King, Jr., stated, “We are now faced with the fact that tomorrow is today. We are confronted with the fierce urgency of now. In this unfolding conundrum of life and history, there is such a thing as being too late.”

While tomorrow is here today, I believe it is not too late. However, we cannot wait another day for these issues to work themselves out. We can implement changes to benefit the 854 million chronically malnourished people, nearly all of whom live in the developing world, to improve their quality of life and stop the 25 thousand hunger-related deaths that occur each day.

I commend the Economic and Social Council of the United Nations for its ongoing focus on the global food shortages, and for its continued interest in seeking sustainable solutions to improve global agriculture for the benefit of people everywhere. Your involvement of a broad spectrum of interested parties is critical to promoting productive dialogue and successful implementation of integrated solutions.

The members of the ICC stand ready to do its part. So we are especially grateful for the inclusion of the private sector in identifying mid- and longer-term solutions to improve market access for small-scale farmers, so they can participate in the global marketplace and benefit from the current boom in commodities prices.

As the 2008 World Bank Development Report identified, agriculture is the primary driver to abate hunger and reduce poverty. Throughout history, agricultural prosperity has been the prerequisite for every successful economy.

In the 2007 study, “Down to Earth,” World Bank economists, Luc Christiaensen and Lionel Demery said, and I quote, “Sound economic growth of the agricultural sector is at least twice as effective at reducing poverty as any other sector,” unquote. As proof of that, they point to the Asian manufacturing booms that only happened after the region’s farm sectors developed.

And the benefit of a strong agricultural economy doesn’t end there. We have seen throughout history, that food security has a direct impact on national and political security.

For these reasons, governments are acknowledging the need to develop their country’s agricultural system after decades of declining investment.

That rebuilding will require resources that stimulate cooperation among stakeholders, and it cannot happen without national governments providing optimum policy environments or without significant financial resources from donors. Finally, it must have the involvement, specifically, of local farmers, entrepreneurs, retailers, transport services, grain handlers, food processors and extension services.

The development of sustainable local, national, regional, and global agricultural systems should be designed to avoid short-term fixes, which could actually undermine the livelihoods of local farmers and the economies of developing countries.

Market access is key to helping small-scale farmers move out of poverty. And improving their access to markets can position subsistence farmers to help alleviate the current food challenge.

However, market access is irrelevant, if farmers cannot produce enough food to first feed their families, and then have excess for sale.

So, I’m going to back up in the food production value chain and first talk about the importance of access to inputs and information.

From seeds to fertilizers, farmers need access to quality inputs to increase their productivity and move past subsistence farming in a sustainable manner.

Advancements such as hybridized seed, biotechnology traits, crop protection products, fertilizers, irrigation systems and machinery have contributed greatly to increased food production and improved food quality. In 2008, developing countries should not be producing at 20 percent of the production of the developed world.

Many barriers exist, however, that prevent or limit access to these inputs. In particular: access to credit, regulatory constraints for improved seeds and chemicals, limited product and agronomic knowledge, and lack of secure land tenure.

The good news is that every single one of the limitations can be overcome.

Lack of access to credit and risk management products, such as insurance, is a major obstacle for small-scale farmers in developing countries. They need lines of credit to invest in quality inputs and to purchase or lease land. And access to insurance programs can help reduce their vulnerability and increase incentives to invest. Many innovative pilot programs have had great success in spurring development.

In Malawi, an innovative program launched in 2005 for groundnut farmers, helps them obtain certified seed, which resist disease, thereby increasing yields and profits. In addition, the National Smallholders Farmers Association of Malawi designed the index-based weather insurance contract. This program was collaboration between several entities and ensures that if a drought leads to insufficient groundnut production, the bank pays the loans of insured farmers directly.

If there is no drought, the farmers benefit from selling the higher-value production. This is the first time that such index-based weather insurance policies have been sold to smallholder farmers in Africa. In 2003, a similar pilot was started in India, and has been expanded to more than 250,000 farmers.

These programs provide much needed security to farmers, which encourages investment and expanded development. Programs like these need to be replicated and scaled up.

Having access to the best inputs is also critical. Modern technologies can accelerate the development of seeds that better tolerate drought and salinity; utilize nitrogen more efficiently; resist pests and diseases; and provide improved nutrition. Public and private researchers should collaborate to speed development of these technologies. And governments should pave the way for the introduction and accessibility of these technologies. Our focus should be on providing farmers with a reliable and competitive choice of quality inputs so that they can prosper, not just survive.

Access to quality inputs is just part of the answer. Having access to quality extension services and agronomy programs, which are necessary to empower farmers to make product choices, based on what they can see works in their own environment, are essential.

Access to quality inputs and agronomic advice changed the life of Debebe Ayele, a farmer in the Badwach district of Ethiopia, and the lives of his two wives, 16 children, and 6 adopted orphans.

In his own words he said, “Our population is increasing at an alarming rate and useable land is limited. My biggest concern was how to feed my large family, but things changed with the introduction of hybrid maize to our community.”

Using hybrid seed, Debebe harvests twice per year from the same plot of land. He feeds his family, and has surplus grain for the market. He bought a television and radio to watch grain prices and hear agricultural news. He bought a mobile phone for better communication. He has contracted more land each year. And with his increased profits, he built a better grain storage facility. All of his children are able to attend school now — five are in private college. The standard of living for the entire Ayele family has improved.

Debebe's example reaffirms that the next "green revolution" requires quality inputs and aggressive farmer education. We must empower small-scale farmers with modern technologies and knowledge.

In many countries, inadequate access to secure land tenure continues to be a disincentive for production. This is a particular issue for women, unfortunately. Farmers' capacity to increase productivity is contingent on their access to secure land tenure. For instance, it provides collateral for capital to acquire inputs, mechanization and grain storage. It is also another source of stability.

So, if small-scale farmers have secure land tenure, access to credit to acquire improved inputs and knowledge of how to maximize those inputs, they increase the likelihood that they can feed their families and have excess to sell. Because this issue is not just about food production, it's also about income generation.

Unfortunately, small-scale farmers still face the highest barriers in accessing markets. Their relative isolation puts them at a disadvantage. Information technologies, such as cellular telephones and laptops computers can help reduce this isolation, by limiting their reliance on middlemen to gain access to markets and information—especially prices. Technology can also provide weather forecasts to better plan planting, as well as access agronomy information to diagnose and treat plant diseases and prevent crop losses.

To provide markets with predictable and consistent product, farmers need to minimize pre and post harvest losses, which currently can reduce agricultural output by up to 40 percent. These losses dramatically affect farmer incomes and their capacity to invest, which, in turn, diminishes the food supply and farmer profitability. Many technologies and management practices already exist that could greatly alleviate this situation.

Even changes to farming practices can provide solutions. For example, in India, mustard seeds have historically been planted in September and harvested in late December/early January. But often, up to 30% of the harvest was lost to frost. In response, plant breeders worked on a seed with a shorter maturation, which enabled farmers to harvest in early December, avoiding the frost.

These farmers not only avoided crops losses, they also benefited from better prices, as they were able to bring their seeds to the market before the usual glut occurred in January. The shorter cycle also allowed farmers to plant wheat in December, following the mustard harvest, and benefit from two crops instead of just one.

And at the national level, investing in infrastructure improvements to remove physical constraints to market access is an essential first step. Currently, the infrastructure necessary to access markets, such as roads and storage facilities, are either not available or inadequate. There is a need to urgently invest in basic infrastructure to link farmers to markets.

The private sector can also be harnessed to circumvent infrastructure challenges.

As an example, in Kenya, a large milk company reached out to small-scale producers whose lack of refrigeration and bottling facilities prevented them from selling on a larger market. Brookside Dairy, a national company, set up a network of depots and ‘bicycle boys’ who everyday, collect milk from the small-scale producers to be sold through Brookside Dairy. This has given small-scale producers a new market and source of income, without requiring the inaccessible investment in infrastructure and machinery needed for refrigeration, bottling and transport.

Agriculture must be higher on our agenda in a world of increasing food demands and limited resources.

Agricultural-based markets have, on average, invested less than 4 percent of the agricultural gross domestic product on agriculture. The growing gap between agricultural demand and output is one of the key underlying challenges today. In that regard, increasing overall productivity and efficiency is essential, or the crisis we are facing will become chronic. It is not too late. We have the technologies and expertise to equip small-scale farmers with the resources to help themselves and society. And linking these producers with markets is crucial to paving a path out of poverty.

Intertwined in this holistic approach to increased productivity and income, are significant policy shifts. So, if we are to make access a reality, at the international level, the rapid and successful conclusion of the Doha Round is an essential step, in addressing the current problems.

The private sector supports a free market—a market that gives small-scale farmers the ability to get their products into the market; the ability to sell their products wherever the demand exists; the ability to get the most value for their products.

Ms. Assistant Director General, Minister, the private sector appreciates the opportunity to outline our suggestions to help small-scale farmers compete globally. Their success in this regard will contribute to food security, and economic and political stability.

Thank you.