



ECOSOC

HIGH LEVEL SEGMENT  
ANNUAL MINISTERIAL REVIEW

JOINT STATEMENT BY  
IFAD, FAO, WFP

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Mr President of ECOSOC  
Your Excellencies,  
Ladies and Gentlemen,

1. Happy and healthy humans, food, water, shelter, land, and a thriving and productive natural environment. These are some of the pre-requisites for sustainable development. Without them, we are destined to a life of poverty.
2. No poor country has ever successfully reduced poverty without first increasing agricultural productivity. And yet domestic investment in agriculture in most poor countries was in sharp decline, and the share of agriculture in official development assistance (ODA) fell from 17% in 1980 to 2.9% in 2006. Without increased investments in agriculture and rural development from all sources, including national governments, bilateral and multilateral donors, the private sector and international financial institutions, sustainable development will remain an elusive goal.
3. Today's high food prices are exacerbating what was already a critical situation. Global food prices have risen by 83% over the last 3 years; corn prices are at their highest levels in 11 years, while rice and soya are at their highest levels in 34 years. And the price of wheat (like crude oil and gold) is as high today as it's ever been. The surge in food prices is being led by vegetable oils, the price of which increased by roughly 97% over the past year.
4. The effect of high food prices is being felt worldwide, but nowhere more so than in developing countries, During the last decade, developing countries on average spent at least one half of their income on food at national level; however, in some countries the lowest fifth income group spent around 75% of their incomes on food. Indeed, the World Bank has estimated that as many as 100 million people are slipping below the poverty line as a result of high food prices.
5. The impact of today's high food prices will, of course, vary depending on whether households are net buyers or net sellers of food. Low-income food-deficit countries have to face a higher food import bill and lower fiscal revenue due to the reduction in tariffs and taxes applied to food and agricultural products. Overall, the poorest of the poor are the hardest hit, particularly households headed by women and even children, as well as landless workers. And individuals, households and communities affected and infected with HIV have a double emergency to contend with.
6. The causes of today's high food prices have been well documented. They include the structural imbalance between supply and demand resulting from declining agricultural productivity growth aggravated by decades of disinvestment in agriculture and agriculture-support institutions in developing countries. Rising oil and fuel costs, combined with increased cereal and feedstock demand (including sugar, maize, cassava, oilseeds and palm oil) for bio-fuel production have also played their part, as has a growing population with growing demands for a more varied diet. Add to this historically low food stock levels, and it's easy to see how we have reached the situation we are in today.



7. There have also been natural disasters affecting the main exporting countries as well as climate change, bringing with it rising temperatures, climate variability, uncertain growing seasons, decreased water availability, new pests and diseases and decreasing biodiversity. We can expect future climate change to put close to 50 million extra people at risk of hunger by 2020. And other factors have played their part: speculation on food future markets; the devaluation of the dollar; and recent mitigation policies adopted by certain countries, such as trade restrictions, which have actually aggravated the problem.

#### UN action

8. A fully co-ordinated response is required from the international community, to meet emergency food needs, to enable poor and vulnerable smallholder farmers to boost their production, to provide safety nets for the most vulnerable segments of the population, to promote sustainable livelihood options for vulnerable women, men and youth, to provide economic support for poor net food importing countries and to deliver progress in the Doha trade round.
9. The UN system is uniquely positioned to catalyse and help coordinate such a global effort, and to support developing countries to deal with the impact of soaring prices on food security, and to seize the opportunity offered by higher demand to expand their agriculture, fight rural poverty and contribute to sustainable development.
10. Work has already begun. The Secretary General's High Level Task Force is developing a Comprehensive Framework for Action, to ensure that the international effort to address the crisis is well planned and well co-ordinated.
11. The FAO High Level Conference in Rome in June delivered a Declaration, which successfully put agriculture back on the map and demonstrated a broad commitment to embrace food security as a matter of permanent international and national policy. Delegates also renewed their commitment to achieving the World Food Summit objectives and the Millennium Development Goals.

#### Global imperatives

12. If we are to achieve sustainable rural development and address the current food security situation, a comprehensive approach is needed that combines immediate and short-term response measures with medium and longer-term actions. As acknowledged by the Secretary General's MDG Africa Steering Group, high food prices are posing grave risks to African countries and are threatening to exacerbate food insecurity among the poor, as well as undermine recent development gains. This situation requires an urgent and coordinated international response. It heightens the need to invest over the long-term in raising agricultural productivity and promoting school feeding as well as nutrition programmes, and investing in social safety nets, including insurance systems.
13. Our first priority must be to feed the hungry, ensuring that all disadvantaged groups are included, such as women and Indigenous Peoples. At the High Level



Conference in Rome, humanitarian assistance in the form of food aid was recognized as an essential immediate response. WFP is already doing a great deal to provide that response, supported by the welcome recent announcement by the Kingdom of Saudi Arabia of a US\$500 million contribution.

14. We need also to boost smallholder agricultural supply for the next crop seasons by increasing access to inputs and services and promoting adequate policies. Most urgently, we have to ensure that seeds, feed and fertilizer get to the countries and farmers that need them most. The FAO Initiative on Soaring Food Prices has usefully drawn the attention of the international community to this issue. There is an urgent need for US\$1.7 billion for the next 18 months, but sustainable agricultural development will require the mobilization of 14 billion a year of additional ODA funds. IFAD, focussing on small-scale interventions and rural micro-finance, will fund rural and agricultural projects to the tune of US\$ 1.3 billion this year and has made \$ 200 million immediately available for urgently needed short term inputs.
15. But solutions for the immediate imperatives need to be complemented by action for longer-term food security. This can only be achieved through a step increase in investment in all aspects of the production cycle, including in human capital and enhanced dialogue with those on the ground - the poor rural women and men themselves, their communities and their organizations.
16. We need, for example, to improve the integration of smallholder farmers into the market as well as their links with markets. This will help them to reduce post harvest losses, produce in bulk, add value to their agriculture produce, increase their access to input markets and develop their market information services.
17. In line with WFP's strategic direction to better use its purchasing power to support the sustainable development of food security, WFP is launching a set of pilot activities, primarily in Africa, to further explore programming and procurement modalities. This effort is known as "Purchase for Progress" or P4P. The vision is for agricultural markets to develop in such a way that many more low-income or smallholder farmers, the majority of whom are women, will produce surpluses of food, sell them at a fair price and increase their incomes. With increased incomes, education, sanitation and health services would become more accessible to these farmers and their families.
18. We need also to help smallholder farmers and workers, both women and men, to become part of the solution in confronting climate change – helping to feed the world and store the carbon. This is critical to achieving the seventh MDG. Through secure land and access rights, smallholder farmers must be included in, and benefit from, sustainable bio-fuel development. We need to sharply increase investment in crop, range and forest lands, particularly in low-energy solutions, to manage them sustainably to increase production as well as to contribute to mitigation and adaptation.
19. And we need to invest in sustainable agriculture and rural development to ensure longer-term food security.



20. Let us not forget that 75% of the world's extremely poor people live in rural areas and depend directly or indirectly on agriculture for their livelihoods. The world's 450 million smallholder farms, measuring two hectares or less, are home to approximately two billion men and women, or one third of humanity, most of them living off less than US\$2 a day. The 450 million agricultural wage-workers make up 40% of the agricultural workforce.
21. And yet investment in agriculture remains critically low. How can this be, when investment in agriculture has been demonstrated to be such a powerful tool for improving food security and reducing poverty? The FAO's "Roles of Agriculture" project demonstrated that agriculture – if properly managed – could not only produce food but also have a positive impact in such areas as poverty alleviation, food security, population distribution and the environment. And last year's World Development Report showed that growth generated by agriculture could be up to four times more effective in reducing poverty than growth in other sectors.
22. And yet the sector remains the subject of woeful neglect, requiring a significant boost to investment to remedy it. The proportion of ODA that goes to agricultural production and rural development needs to be increased from its current level of 3% to 10% initially, with the target of reaching 17% as it was in 1980. The need to invest in agriculture is estimated to be between US\$20 – 24 billion a year.
23. What should our investment seek to achieve? It should seek to create a global system that is strong, resilient and can absorb the sort of shocks we're seeing today. It should seek to strengthen agricultural infrastructure and agricultural research.
24. Sound policies are needed, which take into account the new realities and global challenges, such as emerging pests and diseases, climate change and changing demographic patterns, which affect both the food security and the well-being of rural populations. And we need to ensure a political and economic enabling environment in order to attract the much-needed investments, environments where security, good governance, market access and sound infrastructure are assured.

### Conclusions

25. Boosting the agricultural supply of smallholder farms is important as much for the developed world as for the developing world. It would ensure that a huge part of the global population is not consigned to a life of poverty and hunger. And it would ensure that the world at large is not deprived of a longer-term solution to sustainable food supply for a global population destined to increase by nearly 50% by 2050.
26. Smallholder farmers and agricultural workers have a key role to play. The two billion women, men, youth and children trying to make a living in rural areas in the developing world have the potential to be tremendously more productive. They can and must be part of the supply response.

27. Partnership is key: the Rome-based Agencies, IFAD, FAO, WFP, are working together with International Financial Institutions in cross-cutting thematic areas including the Secretary General's High Level Task Force, the Comprehensive Framework for Action and on climate change. We are also engaged in the CAADP Food Security Task Force, an important initiative, jointly coordinated by the African Union and NEPAD, which rightly highlights the particular vulnerabilities of African countries in the face of high food and energy prices, given the status of many African countries as net food importers. In addition, the Rome-based Agencies recently signed a Memorandum of Understanding with AGRA (The Alliance for a Green Revolution in Africa) to work together to increase food production in Africa.
  
28. There is a growing and welcome recognition of the prominent role that agriculture plays in the wider development agenda. That is why the three Agencies continue to assess the potential for further collaboration in support of internationally agreed development goals. Together, we are more than the sum of our parts. Together we can make a difference.