



Check against delivery

ECOSOC HIGH-LEVEL SEGMENT

**Resource mobilization and enabling environment for poverty eradication
in the context of the implementation of the Programme of Action
for the Least Developed Countries for the Decade 2001-2010**

**Statement by David A. Harcharik
Deputy Director-General
Food and Agriculture Organization of the United Nations**

29 June 2004

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**Mr President,
Excellencies,
Distinguished Delegates,
Ladies and Gentleman,**

Staying alive is too often the priority for those living in the World's Least Developed Countries (LDCs). In Malawi, children under the age of five constitute 20% of the population, but one in five of these children will have died before their fifth birthday. Life expectancy at birth is 39 years of age. 60% of LDCs experienced some form of civil conflict between 1990 and 2001 and had 37% of the world's HIV/AIDS victims.

Hunger has linkages with all of these depressing statistics, and the number of hungry people in LDCs is rising. Over the last decade an additional 50 million people in LDCs joined the ranks of the hungry, bringing their number to 245 million people or 37% of their population. 47 LDCs are classified by FAO as Low-Income, Food Deficit Countries. Unless radical measures are taken now, FAO projects that there will be little or no decline in the numbers of the hungry in sub-Saharan Africa even by 2030.

Extreme poverty in LDCs is pervasive: around half of their people live on less than one dollar a day and the number of poor is increasing. High poverty and hunger levels impede growth in LDCs and leave them vulnerable to conflicts. LDCs will be the hardest-pressed to attain the first and overarching Millennium Development Goal of halving poverty and hunger by 2015.

A major dilemma facing LDCs is consequently WHERE to invest in order to unlock their development potential. There is a growing consensus that investment strategies must be based on a deep understanding of the underlying causes of poverty in LDCs.

FAO, IFAD and WFP believe that reducing the incidence of chronic hunger and malnutrition is a fundamental part of opening the door to economic growth and poverty reduction. This requires actions along two mutually supportive tracks: improvements to rural livelihoods, especially through raising the productivity of small-scale farms, on the one hand, and broadening access to food for those who cannot produce or buy it on the other.

Why is this twin-track approach of priority importance to the LDCs? There are two primary reasons. First, hunger not only constrains economic growth, but also perpetuates poverty. The work of Robert William Fogel, the Nobel prize-winning economist, has shown that, historically, a large portion of economic growth can be attributed to the combination of increased availability of food energy and higher labour productivity. This suggests that deliberate measures to reduce hunger can be an important precursor to higher economic growth and increased output. Exploiting this relationship should be a key priority in helping LDCs, which not only have the highest concentrations of chronically hungry people, but also tend to have economic systems that are extremely reliant on manual labour in production processes.

WHO has also cited hunger (undernourishment and malnutrition) as a key cause of health problems in developing countries. Growth (stunting or low birth weight) and cognitive retardation (including learning disabilities at school), as well as shortened life expectancy, resulting from hunger are strikingly evident in LDCs. More comprehensive approaches to hunger reduction addressing the linkages among malnutrition (from both hunger and unsafe-drinking water), health, and education will be required to ensure that the benefits of a well-fed, healthier and better educated work-force are translated into greater growth.

The second reason for pursuing a twin-track approach is because research has shown that better performance in agriculture, especially small-scale farming, results in growth which is poverty-reducing. This is because 75% of the poor in developing countries live in rural areas and depend on agriculture directly or indirectly for their livelihood. This finding is of particular relevance to LDCs, as better economic performance in the late 1990s in sectors other than agriculture DID NOT translate into a decline in the incidence of extreme poverty and hunger. Moreover, for almost all developed countries, agriculture was the initial engine of growth and development, particularly when pursued in tandem with hunger reduction. It was productivity increases in agriculture, which in turn generated increased production, income, savings, investments and demand for goods and services that created the necessary conditions for development.

Yet, resources for agriculture – both domestic and external – do not match its importance for poverty and hunger eradication. LDCs are characterized by low incomes, a low savings capacity, a limited tax base from which governments can derive revenue and a heavy debt burden. Domestic spending on agriculture does not reflect agriculture's share of GDP (ranging from 20% to 60%), the labour force (ranging from 30% to 95%) and per capita incomes. This means that external resources are the main catalyst for investment in agriculture but it has declined in real terms over the last two decades.

In real terms, external assistance to LDC agriculture in the 1990s was half the level it was in the 1980s (for example, in 1988 external assistance to LDC agriculture was 3,354 million dollars but dropped to 1,520 million dollars in 1994, with agriculture's share of total ODA dropping from 21% to 9.3% over the same period).

On the bright side, last July, African Heads of State and Government at the African Union summit undertook an important commitment regarding domestic resources for agriculture. They pledged to allocate, within five years, at least 10% of

national budgetary resources to the implementation of the NEPAD Comprehensive Africa Agricultural Development Programme. World Bank lending to agriculture, which had declined more than 50% between 1990 and the year 2000 (from US\$ 3,656 million to US\$ 1,337 million; with the share of WB lending to agriculture dropping from 18% to 9%) has started to increase and this trend is expected to continue.

FAO has strongly advocated, and will continue to advocate, that greater resources - both domestic and external – need to be allocated to agriculture and rural development if national and international goals for reducing poverty and hunger are to be achieved. For the LDCs in particular, external assistance to agriculture will need to be restored to, and indeed exceed, its earlier levels. However, far greater financial imagination and innovation are required to generate resources on the scale required, without incurring greater debt for LDCs. Some interesting proposals have emerged, but far greater urgency and implementation of commitment are needed by all stakeholders, if the poor and hungry in LDCs are to move beyond precarious survival to development.

Given the enormous challenges and limited resources, what immediate and affordable steps can be taken to implement the twin-track approach in LDCs? National development, poverty reduction and aid strategies need to assign much higher priority to the reduction of chronic hunger and productivity improvements in the small-scale farming sector. Allocation of both domestic and external resources will need to reflect this priority. Both national and international policies need to create an appropriate environment for investment aimed at improving food security and the livelihoods of the poorest members of LDC society. National Governments and communities, supported by NGOs, UN system organizations and private sector, can take direct action against hunger tailored to their specific national and local contexts. National level food security programmes, based on a twin track approach, can advocate action and involvement, while linking diverse activities throughout the country. Community-identified actions to increase productivity and access to food can, in the first instance, include low-cost investments, without substantial dependence on external assistance. Advocacy to encourage action and urgency is also required. FAO, IFAD, WFP, the International Plant Genetic Resources Institute and some NGOS have joined forces and have called on all interested parties to form an International Alliance against Hunger, working mainly through national alliances.

Mr President, we now have a better understanding of the causes and dynamics of poverty in LDCs. Hunger is now recognized as a cause of poverty, and its reduction a driver of growth. Economic growth in rural areas and the agriculture sector is increasingly being recognized as contributing to growth, which reduces poverty and hunger. The challenge is to translate this understanding into appropriate strategies and policies, but more importantly into affordable action on a scale which matches the size of the hunger and poverty problem. This means that hunger reduction combined with productivity improvements to small-scale agriculture will, more-often-than-not, need to be the centrepiece of national development, investment and external assistance plans for LDCs. It means far greater pooling of efforts, amongst all concerned, to ensure that comprehensive action meets the multi-sectoral challenges inherent in poverty and hunger eradication. Ultimately, it means honouring the long-standing promise of development for the world's poorest countries. Words MUST be replaced by tangible results if hope, not fear, is to shape the world we share.