

POLICY BRIEF: AGRICULTURAL DEVELOPMENT

Problem: The dramatic rise in global food prices in 2008 was driven by several factors, including climate change and rising international demand for food crops. It was also the result of decades of neglect of local agricultural production, and of policies that encouraged countries to buy food wherever it was cheapest, rather than growing it themselves. Even though commodity prices have dropped in international markets, food prices paid by consumers remain high, and at least 963 million people around the world face chronic hunger.¹ Despite repeated commitments by the US and other developed countries over three decades, the number of hungry people is rising rather than falling. This situation contributes to political tensions, threatens stability and security, and undermines other efforts to promote sustainable development and advance rural livelihoods around the world.

Recommendations: The US government must support efforts to increase both the availability of and access to food for hungry people. The US should increase support for social protection systems that meet the immediate needs of hungry people, and transition our food aid programs toward local and regional purchase schemes that stimulate local production. The US should increase funding for sustainable agricultural development geared toward food production in developing countries. It should also support innovative efforts in developing countries to find solutions tailored to the specific needs of developing countries, based on consultations with local farmers, women and consumers.

The US government should:

- Increase funding for food relief programs to at least \$3.2 billion in FY2010. Whenever possible, those funds should be used for local and regional purchase of food for food aid, school lunch programs and other nutrition programs. This would lower the cost and reduce the delivery time of that assistance and strengthen local production and markets.
- Increase funding for agricultural development to at least \$750 million in FY2010. This funding should be directed to strengthen local agricultural production and build resiliency to preempt future food shortages. It should support the provision of credit, technical assistance and inputs to small-scale producers. US assistance should strive to promote sustainable agriculture based on traditional knowledge and innovative practices developed by local farmers that respond to their specific conditions, with particular attention to the role of women producers.
- Support developing country proposals in trade negotiations to protect agricultural sectors that are crucial for advancing rural livelihoods, food security and sustainable development. These temporary measures, including Special Products protections and Special Safeguard Mechanisms, would enhance developing country efforts to achieve long-term solutions to fortify local food production.
- Use its influence with the international financial institutions to ensure that their programs strengthen developing country agricultural ministries' capacity to engage with women, small-scale farmers and consumers to develop solutions to land rights, market concentration and other constraints that limit their achievement of food security and food sovereignty.

Results: These actions would support developing country efforts to achieve local food security and self-sufficiency. Given the challenges of volatile international markets and increasing climate variability, this would strengthen local governments' ability to feed their nations and advance their peoples' right to food.

¹ United Nations Food and Agriculture Organization, *The State of Food Insecurity in the World*, December 2008.

Background: It is time for a new approach to reducing global hunger. Former President Bill Clinton acknowledged this need in a startling admission at last year's World Food Day, saying, *"We all blew it, including me when I was President... Food is not a commodity like others. We should go back to a policy of maximum food self-sufficiency. It is crazy for us to think we can develop countries around the world without increasing their ability to feed themselves."*²

The orthodoxy on agricultural development over the past 25 years – led by the World Bank but heavily endorsed by US trade and development policies – has been to promote industrial, export-led agriculture at the expense of "inefficient" smallholder farmers. This logic was explicit in the Bank's structural adjustment programs. Not only did Bank lending for agriculture decline (as did US assistance to agriculture, which fell from 20% of development aid in 1980 to 2.5% in 2006), but the conditions on World Bank and International Monetary Fund loans prevented national governments from investing in their own agricultural sectors for domestic food production.³

That approach has also promoted reliance on imported technologies to increase crop yields. The International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD), a three-year process involving more than 400 scientists and experts from around the world, concluded that a purely technical approach is simply not sustainable over the long term. The IAASTD emphasized that agricultural challenges can only be met "by combining local and traditional knowledge with formal knowledge," and that "business as usual is not an option for agricultural development."⁴

Developing countries need the "policy space" to explore new options that work for their particular situations. The G-33, a coalition of developing countries, has advanced innovative approaches to provide temporary trade protections in cases of import surges or wild price swings. Those modest protections could help to advance rural livelihoods, food security, and sustainable development, goals that were agreed to in the 2005 Hong Kong WTO Ministerial.⁵

Finally, while there is little doubt that US food aid has saved countless lives around the world, it is also clear that the current program -- in which US food is purchased, packaged and shipped overseas -- is enormously inefficient. A 2007 Government Accountability Office report estimated that some 65 percent of the cost of food aid was absorbed by shipping and administrative costs. Most other nations, including the European Union and Canada, have shifted their food aid programs to provide funding to the World Food Program and other international agencies for local and regional procurement. European food aid reforms resulted in consistent volumes of food aid deliveries, while freeing up funds to address the longer term causes of food insecurity.⁶

There is an urgent need for a new approach to agricultural development. The Obama Administration and the new Congress should take the lead in promoting solutions that build resiliency in developing countries and advance the right to food.

² "Bill Clinton: 'We Blew It' on Global Food", *CBS News*, October 23, 2008.

³ http://www.actionaidusa.org/assets/pdfs/food_rights/The_World_Bank_andAgriculture.pdf

⁴ http://www.agassessment.org/index.cfm?Page=Press_Materials&ItemID=11

⁵ http://www.actionaidusa.org/assets/pdfs/food_rights/policies_priorities_fall2006_bplan.pdf

⁶ http://www.actionaidusa.org/assets/pdfs/food_rights/foodaid_policysummary_final1.pdf