Statement by

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The opportunity facing the members of the Development Committee is unprecedented. Equipped with the vision of the Millennium Summit, the commitments of Monterrey, and the recognition at Johannesburg that development and environment are inseparable, nations of the world stand poised to achieve historic reductions in poverty and hunger. As Committee Members identify means to seize this opportunity, let one fact be certain: success will require a sharp and decisive increase in investments in rural and agricultural development.

After all, how can aid be effective against poverty if it bypasses the vast majority of the extreme poor, who live and work in rural areas? How can aid fight hunger without reaching rural women, who produce between 60 and 80% of the food in most developing countries? How can aid promote broad-based economic development if it ignores smallholder agriculture and related rural employment, which in many low-income countries account for a large proportion of total employment and a substantial part of exports?

Clearly, aid will only be an effective means to achieve dramatic reductions in poverty and hunger once balance is restored to the allocation of resources between rural and urban areas. Today, however, only eight percent of ODA goes to agriculture from member countries of the Development Assistance Committee of the Organisation for Economic Co-operation and Development. Think about that. Only eight percent of such resources to support the livelihoods of three-quarters of the extreme poor. To make matters worse, this imbalance is exacerbated by declines in domestic public expenditure for the rural sector. We can, indeed, we must do better.

The HIPC Debt Initiative offers some hope of addressing this imbalance. Unfortunately, early indications suggest that rural areas have often been bypassed by increases in social sector spending resulting from the Debt Initiative. Many PRSPs, too, have paid inadequate attention to agriculture and to rural concerns. In most countries eligible for the initiative, agriculture is a pivotal source of livelihood for the poor. Hence, it is critical that PRSPs give due priority to strengthening resources for this sector and for rural areas.

We cannot content ourselves, however, merely with focusing on the quantity of resources. The nature of rural investments is also crucial. IFAD has learned many lessons about effective rural investments through twenty-five years of focus on rural poverty reduction. One lesson, in particular, stands clear: effective investments in rural development must start with the recognition that the rural poor are capable, creative, and committed actors. It is they who are the experts in their own potential. It is they who must take the lead in identifying their own needs.

Our role, as development partners, is to empower the rural poor to fulfill their potential as agents of change, and to create an environment that enables them to lead the drive toward reducing the poverty and hunger in their own lives. This points to the critical importance of strengthening the capacity of the rural poor and their organisations, and it underscores the tremendous obstacle posed by large urban-rural gaps in the critical “human assets” of health and literacy. Such disparities are not only unjust, they are also inefficient. The bulk of social sector expenditure should target the areas where the bulk of the poor and vulnerable live: rural areas.

The HIV/AIDS epidemic illustrates this need for a balanced rural-urban focus all too clearly. In absolute numbers, most of those infected and affected by the epidemic are found in rural areas of
Africa and also in Asia. By infecting agricultural workers, rural income providers and heads of household in the prime of their lives, AIDS is threatening food supplies. It is also placing profound strains on rural household resources, strains that worsen as the costs of caring for sick community members mount and as HIV-infected urban dwellers return to their home villages for care. Indeed, HIV is deepening existing processes that cause rural poverty and creating a new “ultra-poor” pool of potential victims whose poverty increases their vulnerability to infection.

Social investments alone cannot address HIV/AIDs. Nor, indeed, can social investments on their own drive poverty reduction, achieve food security, or reach the 2015 development goals. Economic development and, indeed, sustainable development, are not possible if there is not substantial economic growth for the many poor smallholders. Such growth requires investments that improve access of the rural poor to the natural resources, technology, and financial services that they need to produce more, to grow more, and, in the end, to earn more.

Increased productivity will mean little, however, if farmers and rural producers cannot bring their goods to market. The rural poor deserve a meaningful Development Round that creates new opportunities for developing nations, and they deserve investments in the institutions, policies, infrastructure and services that developing nations need to increase export production capacity. Such new trade opportunities must be complemented by targeted assistance that links the rural poor to markets where they can purchase inputs and transform the fruits of their labours into increased income.

In partnership with one another and with the rural poor, the development community can seize this historic moment. We can turn opportunities into outcomes, resources into results, and vision into victory. All that is required is an unwavering commitment to following the path that leads to our ultimate aim: a world where poverty and hunger no longer exist. I assure you, this path proceeds through rural areas, and we will only reach our goal if the rural poor make this journey with us, not as passengers or followers, but as full and equal partners.