DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
on the
Transfer of Real Resources to Developing Countries)

SEVENTY-FIRST MEETING
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Statement by

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Mr. Chairman,

The U. N. General Assembly High Level Plenary Meeting in September will provide the occasion for world leaders to review progress and intensify commitments for reaching the Millennium Development Goals (MDGs). Citizens around the world are mobilizing a Global Call to Action Against Poverty to encourage the leaders to take bold measures. The conclusions of the Development Committee, based on its review of the 2005 Monitoring Report, can serve to inform the deliberations and decisions of the High-Level Plenary.

Redoubled efforts to achieve the MDGs must give priority consideration to the fact that three out of four poor people in the world live in rural areas. With respect to hunger, the distribution is even more skewed. While an estimated 20 percent of the roughly 850 million who suffer from chronic or acute malnutrition live in urban areas, 80 percent are in the rural areas and ironically, fully half of this majority live in households of small-scale farmers.

Investment in agriculture and rural development is essential to successful efforts to halve poverty and hunger, the first MDG. There is growing evidence that those developing countries that are on target to meet the MDGs are ones that are significantly investing in rural development. In particular, the progress toward reducing poverty and hunger in South and East Asia correlates with high levels of investments in agriculture. Investment in agriculture in sub-Saharan Africa has been particularly low in recent years. It is encouraging to note that African leaders pledged in 2003 to increase investment for agriculture to 10 percent of national budgets within five years. ¹

Donors need to follow the action of the African leaders by reversing the decline in resources for agriculture and rural development that has occurred over the past 20 years. For example, official assistance to least developed countries for agricultural development during the period 1983 to 1987 was USD 2.51 billion. By 1998 to 2002, the amount had fallen to USD 0.94 billion, a staggering 62 percent drop. This pattern is found in nearly all bilateral and multilateral development agencies.

I urge the Development Committee to emphasize the central importance of agriculture and rural development in the context of the MDGs to overall international poverty reduction efforts.

To succeed, these increased levels of investment must be geared to approaches and policies that address the challenges and constraints faced by small-scale farmers and poor rural producers. These include the need for secure access to land, water, technology, and other productive resources and support for non-farm enterprise and employment. They also include access to markets in the context of globalization, which provides potential new opportunities for small-scale producers. These opportunities can only be tapped if small-scale farmers and producers can acquire necessary new skills, information, and capacity and can organize themselves to achieve greater influence and bargaining power. Financial services and rural infrastructure that respond to the needs of poor producers are linchpins for investments to reduce rural poverty and hunger.

Ultimately, agricultural and rural development that sustainably reduces rural poverty requires fundamental social and political change. Governments must eliminate the discrimination and exclusion that marginalizes women, ethnic groups, and youth in rural areas. Decentralization of government decision making and operations can create greater possibilities for accountability. And rural people need to create and strengthen their own organizations to be able to identify and advocate for their own economic, social, and political interests.

The voices of the rural poor need to be heard by national governments and development organizations. Their experiences and perspectives must be reflected in national poverty reduction strategies. Involvement of rural poor communities in the formulation, implementation, and evaluation of poverty reduction strategies can help to ensure that rural poverty reduction is integral to national strategies.

In IFAD’s experience, rural farmers, producers, and communities bring indispensable knowledge and experience to the development of strategies that reflect the particularities of the local situation. With respect to agricultural development, it is especially important that local factors are fully recognized and taken into account. IFAD has learned that strategies that build on bottom-up processes and that strengthen local institutions and local accountability are essential to ensuring sustainability of development efforts.

The good news today is that we know more than ever about who is poor, why they are poor, and what must be done to overcome poverty. Before us is the hard work of translating this knowledge into actions and mobilizing resources that will transform landscapes of poverty into countrysides of hope and prosperity.