

## **A New Deal for Food and Agriculture: Responding to uncertainty, building resilience**

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### **Interlocking uncertainties: new challenges for food and agriculture**

The interlocking food, fuel, financial and climate crises present major challenges for development. This is particularly so in Africa - and for the poor across the world. The bottom billion is now not only resource poor, but hungry too. The shocks of recent years are unprecedented: they interact in ways that create extreme poverty traps, increasing the vulnerability of the poor - and especially women and children. Such shocks are felt especially acutely in so-called fragile states where governance is weak and the potential for conflict is high. Already facing extreme risks and challenging livelihoods, poor people must now deal with deep, interacting and interlocking uncertainties. Increasingly the consequence of a complex, interconnected and globalised world, extreme volatility will remain a feature of the development landscape. Coping with and proofing against such risks and uncertainties must be the core challenge of any international development endeavour.

Addressing food insecurity and hunger lies at the heart of this. MDG1 has stated our global ambitions. But the recent combination of food, fuel and finance shocks, and the long term stress of climate change, has set us back. Even approaching the targets looks like a forlorn hope. But there are solutions to these challenges; although recent events put these into new perspective, adding a new urgency to the task. The immediate effort, particularly in Africa – but also in large parts of Asia – must be effective relief and social protection measures to avoid the already hungry becoming hungrier. The ‘silent tsunami’ of global hunger is a real phenomenon, and it has not gone away with the reversal of the food and fuel price hikes of 2008. The financial crisis adds to the burden, as remittance flows dry up and economies slow down. A major effort to ensure a basic safety net is needed to offset the negative impacts of extreme price, production and market volatility that affect the poor.

However, it is building long-term resilience in the face of unknown future shocks and stresses that must be at the centre of any new effort. A major focus on food and agriculture is essential. This should be obvious. In Africa, for example, agriculture accounts for 30% of total GDP, 40% of export earnings, 70% of the labour force and 80% population depend on agriculture for their livelihoods. Without building a sound agricultural base, conflicts with agrarian origins will only spread. This is not just a rural development issue, but about basic provisioning for all. Producers and consumers are linked across rural and urban divides, through market chains and via remittance networks. As unemployment rises, and urban dwellers face the economic downturn, a resilient food production and supply system is even more essential. At a global scale this has become increasingly apparent, given the major economic and demographic shifts in demand

and supply of the last decades. Major new sources of demand, particularly in urbanising Asia, have opened up, resulting in the need for new sources of supply of cheap, quality food from outside Europe and North America.

### **The DFID White Paper – why food and agriculture needs to be front and centre**

As DFID prepares a new White Paper, addressing the challenges of food and agriculture must be central. Food – and in turn agriculture – must underpin any response to the financial crisis, and resilient agricultural and natural resource management systems are of course critical for adapting to climate change. If DFID ignores this theme in the White Paper – and fails to give it a ‘front and centre’ place – this will not only be a ‘betrayal’ of the bottom billion hungry and growing numbers of malnourished children in the world, as Professor Lawrence Haddad suggested at the DFID ‘Eliminating World Poverty: Building our common future’ conference, but it will also look very odd. How can DFID, a leader in this field, give a signal that it is down-grading its commitment to food and agriculture only a year after the robust UK response to the 2008 food crisis? How can a major international agency not prioritise food and agriculture as central to its endeavours?

The new White Paper must therefore link a revitalisation of agriculture – particularly in Africa, and the poorer parts of rural Asia – to the new uncertainties we face today. A revitalised agriculture must be at the forefront of dealing with the financial crisis in the developing world, for example. Historically it has only been agriculture – and particularly smallholder agriculture which generates significant employment and requires low capital costs – that has generated the growth required to transform economies. Smallholder agriculture remains the core of the economy in most of the poorest countries of the world. Without agriculture growing, poverty will not reduce and recovery from the financial crisis and adaptation to climate change will be impossible.

To a large extent we know the problems and the solutions. Two major reports released during 2008 – the World Development Report and the International Assessment on Agricultural Knowledge, Science and Technology for Development - have laid out the diagnosis and ways forward very cogently. The perfect storm of overlapping uncertainties, however, adds some important new dimensions. Cynics argue that we have tried this before – in response to the food and fuel crises of the 70s. But today things are different. Today, there is a political different commitment – in Africa (such as the AU-NEPAD Comprehensive Africa Agriculture Development Programme and the Alliance for a Green Revolution for Africa) and the globe (such as the Global Partnership for Agriculture and Food Security). Today, technological options are wider, and there are new more appropriate varieties and inputs available to boost production. And today the expansion of markets and trading networks allow greater opportunities for adding value to production. There are real opportunities for some major development gains. For example, IFPRI research shows that doubling the productivity of food staples across Africa by 2015 would raise average GDP growth to 5.5% per annum, lift over 70 million people out of poverty, and turn Africa from a food deficit to a surplus region with 20-40% lower food prices. This would be a fantastic return on any development investment.

## **Building resilient food and agricultural systems: a two part response**

Thus getting agriculture moving and ensuring resilient food and agricultural systems must be part of the twenty-first century new deal for development. This must involve a two part response – involving ten priority areas.

### ***1. Realising rights: early warning and rapid response to hunger***

Hunger must no longer be ignored. The right to food is central. Overall linking the right to food to a right to a right to minimum social safety mechanism, in all countries and for all people should be part of the new deal for food and agriculture. Here five priorities are outlined:

- First, realising the right to food requires some basic investments improving **early warning and alert systems**. New information and communication technologies – mobile phones, texts, twitters and e-blogs - can enhance our capacity to find out what is happening. Linked to spatial mapping and tracking devices, early and rapid response can prevent serious disasters.
- Such efforts need to be connected to improved organisation and articulation of **voice** by those most affected. The hungry must no longer be silent – or be silenced. Building the capacity of producers and consumers organisations to raise the alarm, and to demand rights to food and security is critical is therefore the second priority.
- Third, all this must be underpinned by basic **social protection mechanisms**, allowing a safety net for those who are the most vulnerable. These are often poor, rurally-based people who farm but do not produce a surplus. Great progress has been made in the design and implementation of such programmes in recent years, involving innovative financing mechanisms, voucher schemes, as well as more traditional public works efforts. This requires some basic targeting mechanisms, transparent financial accountability systems and graduation approaches to avoid dependency.
- Fourth, innovation in **rural and agricultural insurance** facilities must be a priority, given the type of risks and uncertainties that farmers and consumers face. While difficult to design and implement, basic insurance systems must underlie these efforts. This will require incentivising private financial sector players to become involved, and experimenting with a range of different models and options.
- And, finally, all this must be supported by the revival of basic **grain reserves** at national level. Often abandoned due to their high cost, such strategic reserves must be part of any food security and social protection system.

### ***2. Getting agriculture moving***

The neglect of agriculture in development over the past 20-30 years is a scandal. The neglect has been systematic and long term, with catastrophic consequences as was seen during the food crisis of 2007-08. Misguided and inappropriate development policies are substantially to blame. Structural adjustment and economic reform agendas peddled by 'Washington Consensus' caused untold damage, particularly in Africa. By now, we should have learned the lessons. Over

this period, agricultural and food systems suffered major structural damage through the neglect of R and D systems, the undermining of state capacity, the abandoning of food reserve and safety net mechanisms and the lack of coordination between private and state actors in areas such as finance, extension and technology development. A number of things need to be done, and urgently. Four overlapping priorities are outlined below.

- First, there are major potentials for productivity gains through **technology investment**. Boosting cereal production in some of the most food insecure areas of the world would have a huge impact – both on reducing hunger, but also on overall economic growth. This is possible. As Akin Adesina of AGRA pointed out at the DFID conference, things are already happening in Africa but more strategic and long-term support is needed. This includes efforts to revitalise agricultural research and development systems, linking public and private sector technology suppliers, and refocusing agricultural research efforts on the needs and priorities of the poor. Investments in research and technology development must combine with institutional and governance reforms, together with efforts to improve access to inputs and assure environmental sustainability.
- A focus on **market access** is the second priority. In the past unthinking market liberalisation often undermined access and caused more problems than it solved. Today a market coordination approach is required which actively links actors across supply chains, facilitates access and finance and boosts overall system efficiency. Such coordination needs to stretch from producer to consumer – from farm to fork. A key role for the state remains, but this is not a traditional sectoral ministry role, but one that sits at a higher level allowing cross-department and ministry integration, linking out to the private sector, the donor agencies and the CSO/NGO community.
- A good example of such efforts centres on the third priority: **agricultural and rural finance**. In Africa particularly, but more generally too, financing for agricultural and rural development is limited, expensive and poorly functioning. Yet there are multiple, untapped sources of finance – from the banking sector, from the diaspora and from indigenous private entrepreneurs. Aid funds may act as a lever unleashing new sources of finance. For example, in earlier Green Revolutions the provision of defined lines of finance and credit guarantees made a big difference.
- Investment in **infrastructure** – roads, telecommunications, water supply and irrigation – is the fourth priority area. In Africa in particular, years of neglect has meant that the opportunities for productive take-off in the rural sector have been undermined. This legacy of neglect must be overturned by a major investment programme – part of a broader economic stimulus package – focused on providing the infrastructure required for Africa to benefit from a Green Revolution. The lesson from Asia in the 1960s and 70s was that this was an essential precondition for any technological success.
- A new deal for food and agriculture requires **a new politics** for food and agriculture – and with this new institutional configurations and new governance arrangements. This fifth priority is often forgotten in the rush to quick fix technical or market solutions. Yet without the articulation of demand in the corridors of power, the poor rural constituencies are often ignored until disaster strikes. A right to food also means a right to land, inputs and markets. Unlocking the potential of agricultural development may

require addressing some tough policy challenges centred on fundamental land and agrarian reform. For this to happen political backing and the building of a solid constituency for change is essential. Support for farmers' organisations is part of this challenge. But these must not remain elite groups of relatively rich producers, but extend to a wider group. And such building of organisations for the articulation of demand must not stop with farmers. Farmers, traders, consumers and others must be linked across rural and urban divides so that the pressing issues of food and agriculture cannot be ignored – by anyone, whether governments or aid agencies. The emerging global and regional commitments to food and agriculture must be matched by local efforts, and this needs solid, painstaking investment and capacity development.

### **Towards a new deal for food and agriculture**

A new deal for food and agriculture therefore requires some basic rethinking of development approaches. The damaging history of the 'Washington Consensus' period must – once and for all – be confined to the dustbin. In a re-imagined vision, partnerships must be central – between the state and private or NGO/CSO sectors, for example – in revolutionising the delivery of technologies, input supplies, financial services, information and communication. But such efforts must not be left to the market; they must be facilitated and coordinated and involve the state. Subsidies, start-up support, financial stimuli, credit guarantee streams, advance purchase agreements, intellectual property waivers and more will be needed. And all such efforts require the (re)building, and importantly the reconfiguring, of institutions and capacities – of ministries and delivery systems, but also critically of farmers' and consumers' organisations who can help assure responsiveness and accountability in food and agriculture governance.

Overall, and especially in Africa, there is an important role for smart aid – well targeted, effectively monitored and accountable – to help create resilient food and agriculture systems. This is not a job just for ministries of agriculture; nor indeed for 'food' or 'agriculture' sections of aid agencies. A cross-sectoral development effort must be unleashed, focused on the poorest, agriculture-dependent countries of the world, where most of the bottom billion hungry live. DFID could and should make a big difference in this effort.

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