

# **African Development Bank Group**



## **Statement at the Thirtieth Anniversary Session of the Governing Council of IFAD**

### ***Partnership for Promoting Food Security & Combating Rural Poverty***

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1. Good morning. Thank you for inviting me and for associating the African Development Bank to this event . a celebration of thirty years of IFAD's achievements in fighting hunger and poverty across the world. I join those who preceded me at this podium to commend Lennart Bäge for his leadership.
2. Over the last 30 years, the AfDB and IFAD have forged a strong partnership which is set to grow even further. Our two institutions together account for 50% of multilateral development assistance to agriculture in Africa. And our role in supporting rural development will remain critical.
3. Both of our organizations and sister institutions, notably the World Bank, continue to commit significant resources to agriculture and rural development, and we have registered many successes. But we also know that today in many countries in Africa, agricultural productivity is not very much different from what it was 30 years ago. Let me share with you just three emerging challenges, which will be familiar to you, which I consider to have large implications for our work. Permit me to restrict my remarks to my continent, Africa.
4. Firstly, the mounting evidence which shows that although many of our African countries, as a whole, have registered unprecedented growth in the last decade, which is a precondition for increasing per capita income and poverty reduction, in many cases, but not everywhere, inequalities are growing, and so are perceptions that prosperity is not shared. Growing disparities in early stages of rapid economic growth is not unique to Africa, and indeed it is a phenomenon now being experienced by many other emerging economies. But it does pose peculiar problems for the very low income countries: that of sustainability and avoiding reversals we have seen in the past. Because when prosperity is not seen to be shared, it breeds social tensions, seeds of instability and sustainability becomes tenuous.

There are no easy answers. But it is clear that in the overall scheme of policy responses, a number of areas must assume even greater

importance: the role of smallholder agriculture, small and medium businesses and the participation of youth and women, domains in which IFAD's unrivaled global experience is acknowledged.

5. My second point: How do we respond to the masses of the rural poor who are increasingly gravitating to the cities . or shall I say to the slums in the cities where hope is turned into despair and potentially constructive energies are sometimes turned into destruction. Of course this is not a phenomenon unique to Africa. In this year 2008, for the first time in history, half of the world population will be living in urban areas and most of this movement not surprisingly is occurring in developing countries. Indeed, part of the explanation for the rise in food prices is the shifts in supply and demand patterns occasioned by rapid urbanization and the associated demographics. Now consider this massive rural urban migration in the context of the uncertainties caused by the deepening virtual dismantling of rural economic livelihoods occasioned by the impact of climate change and the limited means of poor communities to adapt. As their own incomes decline and food prices increase on the market, the poor are caught in a double trap with far reaching consequences.

I know these are issues which will be extensively discussed here and for which we are all seeking answers namely, the combined challenges of demographic shifts, urbanization, and climate change.

6. As you deliberate on the way forward, in the light of market developments, especially the competition for resources between food, animal feed and biofuels already translating into record high prices and also, according to what Lennart just said, even potential shortages, it will be evident to all of us that we are at a turning point.

We are all stimulated by the renewed attention to agriculture by IFIs, UN agencies, but also from foundations such as Bill and Melinda Gates. Such initiatives do not only bring in additional resources but also novel approaches. The Alliance for the Green Revolution in Africa which seeks to marshal talents and resources to enable Africa's own green revolution is another example. In June 2006 in Abuja, Nigeria, the AU Heads of State

Summit mandated the AfDB to establish an Africa-wide Fertilizer Financing Mechanism.

7. As we resolve to commit more resources to Agriculture we must do so drawing lessons of the past. Our renewed collective enthusiasm for the sector must be accompanied by interventions informed by the successes and disappointments of the past, as well as the emerging international aid architecture. We all have evidence from external evaluation showing that despite rising commitments, evidence demonstrating consistently that for almost all IFIs, barely half of the evaluated projects or thereabouts, have shown satisfactory results. The reasons are complex and are both internal and external. We must draw lessons and within this new landscape, so to speak, we, in the IFIs, must re-invent the way we work together and leverage each other's strengths.
8. It is for this reason that I would like to commend the Boards of both IFAD and the AfDB who approved a joint evaluation of our operational experience in Africa in the domain of Agriculture and Rural Development to be carried out jointly. This exceptional exercise proposed by the IFAD President and myself and will probably be a first among IFIs, where two institutions, pool resources and talent to launch this type of exercise. Our two organizations are individually of course, capable to do their own evaluation. But the aim here goes beyond that. As our experts have crafted it, it is about a joint effort, pooled resources, common methodologies, single teams, and one report. I, as I am sure Lennart Båge does, very much look forward to this joint evaluation. It will help us understand the relative strength and weakness of each of our organizations, pave the way forward on how we can leverage our strength and mitigate our weaknesses, an exercise which, I consider to be critical in the new aid landscape.
9. The AfDB and IFAD have many achievements on the ground: In Tanzania and Ghana we have worked together to support agricultural marketing systems, with IFAD supporting farmers to increase production and productivity while the AfDB focused on infrastructure related interventions; feeder roads, irrigation, storage facilities and markets. The AfDB is keen to

enhance our cooperation with IFAD in these domains. In addition, as Africa's Development Bank, we are concerned about the continued deterioration of our centers of excellence in agricultural research and the dissipation of our pool of talented scientists and agronomists. As I saw on my recent visit to an excellent agricultural research centre in Cameroon, we can reverse this decline by building excellence at regional level.

10. Let me share a personal story. In my country, 14 years ago, as Finance Minister, I had the pleasure of welcoming the then IFAD President. He was visiting us at the invitation of my Head of State to help the country cope with the challenges of almost half a million refugees who were returning and settling in North Eastern Rwanda. This is a cattle-keeping area in a rain shadow with frequent droughts and a national park nearby. The carrying capacity of the fragile ecosystem was being tested to the limit by both man and animal. Each dry season animals would die because of lack of water and shortage of feed. The national park was being invaded and malnutrition was quite high. IFAD and the Government proceeded to draw up a program to provide water for people and livestock, to improve animal health, to diversify production and add value. Today, all the problems have not been resolved and poverty remains, but thanks to IFAD's involvement, relative prosperity is returning to the region, the national park is protected, malnutrition has been reduced and roads have improved accessibility enabling farmers and cattle keepers to get better value for their produce. It is this type of contribution which deserves our support and I want to join Lennart Båge and urge IFAD's donors to respond generously.
  
11. We have today new risks on the horizon . competition with biofuels and the impact of climate change. Poor people facing old and new challenges do not wish to remain bonded to dependency. In contrast, they want to be liberated from dependency, so they can fend for themselves. It will not happen if markets are distorted by 1 billion dollar subsidies per day because the Doha round is not moving fast enough. It will not happen if those who can do not resolve to protect our planet from carbon emissions . and it will not be possible if poor countries suffering effects of global warming are not enabled with means, in an additional way . to adapt their

agriculture, their habitats, their livelihoods to the impact of carbon emissions.

12. In this task, I want to assure you of the strong partnership of the African Development Bank with IFAD and all of our partners. We have today an active agricultural portfolio of 2.1 billion US dollars, that is 35% of ongoing interventions. Our intention is to do more in a framework of a strategic partnership with sister institutions such as the World Bank, IFAD, and FAO, in light of our own comparative advantage. The Bank has demonstrated excellence in domains as varied as agricultural infrastructure, irrigation and water management, supporting agricultural research centers, as well as enabling our countries to move up the agricultural value chain. I commend our partnership over the last 30 years, and I look forward to expanding its scope for the cause of fighting hunger and poverty in the continent of Africa in the years to come. Let me wish you successful deliberations.

Thank you.