

AFRICAN DEVELOPMENT BANK GROUP



STATEMENT BY
Kamal EL KHESHEN, Vice President, Sector Operations
African Development Bank Group

at the
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Mr. Chairman
Your Excellencies, Heads of State and Government
Your Excellencies, Honourable Ministers
Your Excellencies, Heads of Diplomatic Missions
Your Excellencies, Ambassadors
Heads of international Organizations
Distinguished participants

It is a great honour and a pleasure for me to address this gathering which will develop actions to tackle the global crisis. I would first of all like to thank the Food and Agriculture Organization and its Director-General, Mr. Jacques Diouf, for this important and remarkable initiative.

Preamble

The financial crisis had an impact on Africa, as manifested through the economic slowdown which affected most developing countries. As a result, many countries are experiencing a pull back in the socio-economic progress that they achieved over the past ten years. The combined and daunting effects of the crisis make low-income countries, especially those in Africa, the world's poorest region, the direct victims, and they should not be forgotten.

Mr. Chairman, in a similar manner, the global food crisis has posed a major threat to global food and nutrition security and caused a host of humanitarian, human rights, socio-economic, environmental, developmental, political and security-related consequences. In African countries, food prices did not fall by the same margin as global prices. The crisis has exposed the underlying structural problems in the food systems of poorer countries. Droughts, floods and environmental degradation have further contributed to deepening the effects of the crisis on many developing countries.

Against the backdrop of the food crisis, Africa's agriculture faces real and diverse challenges including those that pertain to technology, infrastructure, markets, institutional and human capacity, regional integration, governance, production inputs and climate change risks. Addressing these challenges requires both public and private investments as part of a comprehensive and longer-term engagement in the sector.

The Bank Group's Response to the Economic Crisis

In response to the crisis, the Bank in collaboration with the African Union (AU) and the Economic Commission for Africa (UNECA) convened a Ministerial Conference

in November 2008. As a result, a Committee of Finance Ministers and Central Bank Governors was constituted to propose actions on mitigation, as well as provide inputs into the work of the various G20 working groups.

The Bank also established the Financial Crisis Monitoring Group, which mapped the risk of vulnerability – country by country; based on several factors, such as openness of the economy, fiscal and current account positions, foreign reserves, etc.

Guided by our comparative advantages, the Bank implemented the following innovative crisis instruments: a US\$ 1.5 billion Emergency Liquidity Facility and a US\$ 1 billion Trade Finance Facility to help our countries and financial institutions cope with the credit and liquidity crunch.

The Bank Group and Agriculture and Food Security

Mr. Chairman, the Bank believes that balancing food aid issues with long-term and strategic considerations requires a multifaceted approach covering political, economic, social and environmental factors. The Bank, therefore, strongly supports the call to invest more in the continent's agricultural sector. Together with IFAD, we account for over 50% of all donor interventions in African agriculture. Since its establishment in 1964, the Bank Group has provided over 3,000 agricultural loans and grants to its Regional Member Countries (RMCs) amounting to US\$ 62.0 billion. Between 1980 and 2000, over 40% of the Bank Group's concessional resources were used in support of agricultural development. Through its public sector window, the Bank manages a portfolio of 226 operations, with commitments valued at US\$ 3.72 billion in 30 RMCs. Since 2004, humanitarian support amounted to about US\$ 36.45 million.

In addition, the Bank, in collaboration with its partners, is promoting a number of complementary agriculture, food security and allied initiatives. Through the African Food Crisis Response (AFCR), a framework for accelerated support to RMCs affected by high food prices, the Bank, over a three-year period from 2008, added US\$1 billion to its agriculture sector portfolio, raising it to US\$ 4.8 billion. The AFCR is projected to inject about US\$780 million in the short-term and US\$ 2.19 billion in the medium-to-long-term into Africa's agriculture.

The Bank is also developing various targeted initiatives in a number of agricultural sub-sectors including agricultural water management and storage, post-harvest losses reduction, and continental agricultural capacity building. An ongoing operation aims to promote the use of the New Rice for Africa (NERICA) in seven African countries and is valued at US\$ 33 million. The programme building the

capacity of national agricultural research institutions in Africa is valued at US\$ 293 million. The Africa Fertilizer Financing Mechanism will increase fertilizer use as set up by the Abuja Summit.

In designing its agricultural operations, the Bank focuses on developing agricultural infrastructure and the value chain, and prioritizing activities that promote the role of women in development, all in an effort to ensure that its projects and programmes raise agricultural productivity and reduce poverty innovatively and sustainably. In its continuing strive to better serve its clients in a rapidly changing and increasingly competitive global environment, the Bank, in collaboration with its partners, is about to adopt a new agriculture sector strategy for the period 2010-2014.

Global Responses to the Food Crisis

Mr. Chairman, it should be explicitly highlighted that Africa's poverty reduction and food security efforts will need to be supported by the international community. This is particularly why the growing global commitment in supporting continental agriculture since the 2008 food crisis is of paramount significance and has the overwhelming support of the Bank.

At the July 2009 G8 Summit in L'Aquila, fourteen countries and the European Commission committed US\$20 billion over three years to agriculture globally. Additional countries have since pledged support, bringing total pledges to US\$22 billion. U.S. Secretary of State, Hilary Clinton and U.N. Secretary-General, Ban Ki-moon co-hosted a meeting in September 2009, which broadened support for the L'Aquila principles on Partnering for Food Security and endeavoured to move the agenda forward. The September 2009 G20 Summit in Pittsburgh supported the food security initiative announced in L'Aquila and the Global Partnership for Agriculture and Food Security. The G20 also endorsed the development of a multilateral trust fund to scale-up agricultural assistance to low-income countries.

The Way Ahead on Food Security

We should assist client countries with interventions to help prevent further food emergencies, including through support aimed at increasing food production.

Suffering probably the most from the crisis, Africa must participate meaningfully in the development of solutions.

With smallholder farmers being the dominant private sector group in Africa's rural economy, increasing the agricultural productivity of smallholder farmers, who also account for close to 75% of the world's abject poor, should be a key priority.

Technologies to support higher levels of food production need to be made available to poor farmers, alongside access to credit for fertilizer and seeds and 'smart' subsidies.

The quality and timeliness of monitoring in order to improve our response, and hunger barometers should be enhanced significantly.

We should strengthen support for regional agriculture and food security initiatives that promote a country-led model in accordance with Paris and Accra principles.

We should improve our role in informing policymaking, including warning against trade protectionism and promoting policies that will increase the long-term resilience, risk-mitigation, and productive capacity of our rural communities.

We should support developing countries to better embrace the need for broader engagement with regional partners, with the goal of using public and private expenditure in agriculture more effectively.

We should support Africa to continue its economic integration efforts and develop the inter-regional market, by financing trade and infrastructure.

Let me conclude by assuring you that using its ADF XII (from 2011-13) and subsequent replenishments, the African Development Bank Group will continue to play its part alongside its partners, including the African Union, in the spirit of the commitments made by the G8, the G20 and others, to meaningfully help Africa in dealing with the prevailing and future threats. Let us all reaffirm our resolve to move forward in decisively tackling the prevailing continental and global food insecurity emergency and other impacts of the crises that our world faces today.

I thank you for your attention.