

NEPAD/AU declaration on promoting agricultural growth in an unstable context

September 2012

- 1- Resilience has become the new paradigm for dealing with food crises within international agencies. This demonstrates some kind of defeatism, and displays an inability to prevent, or even to manage, agricultural risk. And yet in 2011 G20 countries made the fight against price volatility their priority. The subject returns to centre stage, as measures have been taken which seemed insufficient to Africans from the outset.
- 2- In a June 2011 declaration, we had the opportunity to present our view of the role agriculture plays in global stability, and to push G20 countries to make important decisions. “Considering that the G20 countries account for more than 85% of global production and food exports, [...] their influence in the global food balance is paramount and we encourage them to embark on ambitious goals, such as restoring production and stock levels to limit tensions on the market. This may yield benefits for the community as a whole.” Our voice was not heard.
- 3- The latest figures from the FAO explicitly show that stocks have returned to very low levels, creating a tension in the wheat and coarse grains markets unlike any seen since the 2007-2008 crisis. The stocks-to-use ratio is the lowest it has been since then, and for coarse grains it is even lower: the projected rate is 13.3%.¹ The FAO considers stocks inferior to 17-18% of consumption as crossing the threshold for maintaining global food security. For this reason, we find it difficult to understand why there has not been a call to increase reserves. If the Rapid Response Forum created by the G20 would meet shortly, this question should be on the agenda.
- 4- African countries do not view themselves as dependent on foreign supply that is becoming more and more unstable. Despite this instability, large producers do not seem ready to make decisive changes. Our ambition is directed towards developing our own agriculture and markets; NEPAD is striving towards this via the Comprehensive Africa Agriculture Development Programme (CAADP). It is what developed and emerging countries did by first satisfying their own domestic market, and then potentially exporting. This was ensured by policies that stimulated access to production inputs and by incentives obtained through regulated pricing or deficiency payments.

1 <http://www.fao.org/worldfoodsituation/wfs-home/csdb/en/>

- 5- Increasing yields remain the cornerstone of our output growth strategy. The small farmers who make up the vast majority of producers have more room to manoeuvre when they can access reasonably priced fertilizers. When the markets don't perform well enough to provide these products at reasonable prices, we are encouraging pragmatism by facilitating the purchase of fertilizers and other farming inputs through smart subsidies. We support the idea of innovative funding mechanisms to promote access to farming inputs, and hope that the private sector will participate in this.
- 6- Recent experience shows us that in a multipolar world, cooperative solutions are more and more difficult to obtain. In matters of development, the absence of a global solution has often served as a pretext for opposition to change, or for the establishment of a lowest common denominator. The world, and our continent, need solutions based on a new model of development aid: coordination at any price can be paralyzing and counter-productive. For example, out of respect for the rules imposed on everyone, should we prevent importing countries whose products are experiencing an increase (vs. a decrease) in global prices, from unilaterally lowering (vs. raising) their tariffs? In terms of agriculture, history has shown us that the relative stability of world markets during the second half of the last century was the product of states' uncoordinated, voluntarily-adopted policies. We must not wait for a global agreement to save people from hunger.
- 7- To re-energize agriculture, we should employ methods and resources that have been successful in the health sector. The experiences of finance facilities for vaccines and medicines show us that it's possible to launch a process for a few innovative countries on a voluntary basis. This is what we are asking for in the financing of a subsidy fund for fertilizers, in partnership with firms who will share the risk, but also the profits. The next round of international meetings should enable innovative solutions, whose costs are shared between States and economic stakeholders, to make resources available for developing markets and provide access to agricultural inputs.
- 8- It's time to move away from “business as usual” and accept that it will always cost less to implement ambitious measures than to manage crisis. In 2011 alone, an estimated \$13 billion was spent on crisis—much more than the Aquila initiative has raised for one year. For Ethiopia, the amount foreseen for the next 20 years (\$7.5 billion)² exceeds the investment amount that would allow an agricultural expansion of 6% (CAADP data). The cost of inaction is always greater than the cost of innovation.