IFAD’s response to food price increases

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8-9 July 2008

Enabling poor rural people to overcome poverty

IFAD
Factors/causes of soaring food prices

- Declining investments in agriculture
- Increased incomes
- Increased crude oil prices
- Increased biofuel production
- Historically low and declining stocks and demand for grains
- Climate change
- Speculation
- Weak market linkages
- Etc.

Underlying all of these is the decline in productivity growth
Global response to food price increases

Recognition of the crisis by the UN
IFAD is taking part in the international response
- FAO Initiative on Soaring Food Prices
- UNSG Task Force on Food Prices
- UN Comprehensive Framework for Action
- World Bank’s US$1.2 billion rapid financing facility
- Global Donor Platform for Rural Development
- High Level Conference held at FAO, 3-5 June 2008
- Working with other donors and agencies on agriculture development in developing countries
IFAD’s short-term response

Immediate input support for the next cropping season: boosting smallholder production

- Up to US$200 million of existing loans and grants
- Distinct from emergency relief, food aid and social safety nets
- Could accompany aid measures of partners
IFAD’s short-term response

What has already been done on the ground

- Assistance to 12 countries in conducting preliminary assessments
- Over US$45 million reprogrammed or identified for reprogramming
- Joint missions with World Bank, FAO and WFP in Africa, Latin America and Asia
IFAD’s short-term response

Examples on the ground

- Haiti
  - Imports 60% of food and 80% of rice
  - US$10-15 million for seed, fertilizer, etc.

- Benin
  - New specific food security program
  - About US$3 million

- Yemen
  - Imports 85% of food
  - US$1.5 million for enabling increased food production
IFAD’s short-term response

Examples on the ground

- Cambodia
- Cameroon
- Congo
- Cote d’Ivoire
- Ghana
- Guinea
- Honduras
- Madagascar
- Nicaragua
- Nigeria
- Philippines
- Sierra Leone
IFAD’s medium- to long-term response

Expandable operations in crisis countries

**Current**
- Number of crisis countries: 27
- Number of projects in countries: 73
- Total financing in countries: US$1.4 billion

**Medium- to long-term**
- Increasing production and productivity: IFAD core business
- Increased investments
- Empowering poor rural people in building resilience
IFAD’s medium- to long-term response

Strategic Framework

- Providing a bridge between emergency response and medium- to long-term solutions
- Developing solutions along the agricultural development continuum for sustainable development
- Agriculture calls for increased support
An empty stomach does not reason!

Thank you for your attention.