



Enabling poor rural people
to overcome poverty

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Keynote statement

by

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Rural Development and a Global Climate Deal

Excellencies,
Colleagues,
Ladies and Gentlemen

1. First let me thank you for inviting me to speak on behalf of IFAD at today's Agricultural and Rural Development Day event. I am honoured and delighted to be here.

Introduction

2. These are critical times. World leaders, soon to be gathered here in Copenhagen, hold nothing less than the world's future in their hands.

3. These negotiations will demonstrate whether the political will exists to secure a future worth living for our children. A future in which there is food security for all. A future in which the challenge of climate change is acknowledged, addressed and overcome.

4. Critical to achieving both of these goals is rural development. That is why it is so important that agriculture is at the centre of the global policy dialogue on climate change. In this regard, let me share with you today five key propositions that I hope will contribute to today's discussion.

5. **First, the international policy dialogues on climate change and agriculture have been too separate.**
6. Until recently – and sometimes even now – it was possible to attend a major climate meeting and hear no mention of agriculture, food security or rural poverty. The global debate reflected a crucial but fairly narrow interaction between rich countries and rapidly emerging economies over the issue of energy extraction and use. We need to broaden this to reflect a wider and more inter-connected reality between food, water, agriculture and the rural poor.
7. Similarly, until recently climate change was barely discussed in international agriculture meetings. This is changing, thanks in part to the efforts of those here today– but reflects a deeper challenge at the country level not just in poor countries but in many richer countries too: that climate change needs to transform from an issue owned by one single environment ministry to one owned by Heads of State and shared by all key ministries, including the agriculture ministries. Otherwise the national and global dialogues risk progressing along separate and incoherent tracks.
8. Those of us working on hunger and poverty also have a duty to use our voice to call for action on climate change – it is sometimes still possible to see calls for action on food and hunger delinked from calls for action on climate change. We need to get the public interest and concern on hunger squarely behind action on climate change. The essential ingredient for a global deal is political will.

9. Second: we cannot ignore poverty and hunger – they are on the rise and climate change is making the job harder.

10. Let me start by setting out the scale of the task facing us. Recent estimates indicate that, as a result of the food crisis and global economic recession of the last two years, more than 100 million people joined the ranks of the hungry. The number of people suffering from hunger and poverty now exceeds 1 billion, while 2 billion people – or one third of humanity – have to survive on less than US\$2 a day.

11. A fundamental cause of global poverty and hunger is the failure of world supply to keep pace with growing demand. Over the past three decades, agricultural productivity in developing countries has been stagnant or in decline, as a consequence of under-investment in the sector. Developing countries' public spending on agriculture declined from 11 per cent of national budgets in the 1980s to 7 per cent in recent years. And the share of ODA allocated to agriculture dropped from about 20 per cent to 4 per cent.

12. During the same period, however, demand was rising because of growing incomes and a growing population. On current trends, the world's population is expected to grow from 6.8 billion today to 9.1 billion in 2050, with most of the growth taking place in developing countries.

13. As we face the prospect of insufficient food supply to meet this growing demand, it is clear that we need to produce more and to produce it better and more efficiently. Overall global food production will need to grow by some 70 per cent by 2050. Production in developing countries will need to

almost double. With prices predicted to remain high and volatile, the focus needs to shift back to agriculture.

14. Agriculture is the main source of income for most of the world's poor people. Despite urbanization, the majority of the world's poorest people continue to live in rural areas and depend on agriculture for their livelihoods.

15. Where does climate change fit into this picture of rural poverty? The bottom line is that climate change is threatening the ecosystems and environmental processes that sustain agricultural production, with consequences for agricultural productivity. Often fragile rural infrastructure, such as rural roads, storage and processing, and irrigation systems will come under increasing pressure. Rural livelihoods will be undermined, prompting migration, labour shortages, food insecurity, and the forced sale of livestock and other assets.

16. In other words, poor rural people, who lack the institutional and financial capacity to withstand the impacts of climate change, will be hit first and worst.

17. Climate change is expected to put some 49 million more people at risk of hunger by 2020¹. And in Africa alone, where about 95 per cent of agriculture depends on rainfall, climate change is expected to cause severe water shortages that will affect between 75 million and 250 million people by 2020. And in some countries, yields from rain-fed agriculture could fall by 50 per cent by the same date.

¹ IPCC 2007

- 18. Third, agriculture is a big contributor to climate change but still has major untapped potential for reducing emissions while boosting productivity and alleviating poverty.**
19. Agriculture is a major contributor to the climate change – agriculture and deforestation together account for an estimated 26 to 35 per cent of greenhouse gas emissions. Afforestation and reforestation, better land-management practices such as agro-forestry, rehabilitation of degraded crop and pasture land and better farming practices can all contribute significantly to reducing greenhouse gas emissions.
20. In other words, agriculture – as well as being part of the problem – can also be part of the solution to climate change and food security.
21. There are five hundred million smallholder farms worldwide supporting around two billion people, or one third of the world's population. They farm 80 per cent of the farmland in Asia and Africa. They produce 80 per cent of the food consumed in the developing world and they feed one third of the global population. Our focus should be on increasing smallholder productivity and reducing their vulnerability.
22. Rural women in particular need to be able to fulfill their potential. Women are increasingly the farmers of the developing world, performing the vast majority of agricultural work and producing between 60 and 80 per cent of food crops.
23. To boost smallholder productivity and production will require consistent and sustained investment in agriculture. Such investment can pay huge

dividends: GDP growth generated by agriculture is at least twice as effective in reducing poverty than growth in other sectors.

24. But what kind of investment is needed? We need to invest in agricultural research into the specific crops and conditions of importance to poor rural farmers, including drought, pest and salinity resistant varieties. Agricultural research, which so successfully drove the Green Revolution in Asia, has been shown to deliver rates of return in excess of 40 per cent.

25. A very successful example in Africa has been the development of new varieties of rice, such as the New Rice for Africa (NERICA), which has doubled rice yields. Widespread adoption of NERICA could mean more than just increased rice production and reduced imports; it would also mean increased food production at the household level, contributing to increased incomes and to greater food security and poverty reduction.

26. Our investment in agriculture can also enable smallholder farmers to play a greater role in protecting the environment. Smallholder farmers often manage vast areas of land and forest. As such, they are potential providers of a wide range of environmental services that can contribute to carbon sequestration and limit carbon emissions. These include planting and maintaining forests, engaging in agro-forestry activities, managing rangelands and rice lands, as well as watershed protection that limits deforestation and soil erosion.

| **27. Fourth, sustainable agriculture programmes are synergistic – they boost food security, reduce emissions, increase resilience to climate change and reduce poverty.**

28. Agriculture is where climate change, food security and poverty reduction intersect. One example of this is in China. Only last month I visited Tianlin village in Miangyang Prefecture, home to the IFAD-funded Sichuan Post-Earthquake Agriculture Rehabilitation Project. Through this project IFAD is providing biogas units and other support to about 50,000 rural households. The biogas digesters provide clean and environmentally friendly energy for cooking as well as light for the rural households. They also help to keep farmyards clean and improve overall hygiene in the villages.

29. The digesters also promote efficient livestock and crop production systems that can provide farming families with more food and cash income. For example, the villagers told me that they have entered into a temporary land leasing arrangement with a restaurant chain that has contracted them to grow vegetables. So here have a project that has improved the people's lives, generated income, reduced emissions and built climate resilience.

30. Fifth, a fair and credible global agreement is the single most important thing the international community can deliver for poor rural people and smallholder farmers.

31. I said at the outset that the shape of our children's future rests in the hands of world leaders gathered here in Copenhagen. Let me set out briefly where I see the four main interlinkages between a global agreement on climate change and the rural poor:

32. First and foremost is the level, credibility and equity of **global emissions reductions** – not just for 2050 but for 2020. The weaker the deal, the greater the negative impact on poor rural people. I hope that there will be a deep and fair mitigation deal based on emissions reductions that limit temperature increases to below 2 degrees. Of course, rural poverty still exists in many rapidly emerging – so the equity of where emissions reductions are made and who pays for them is also important.

33. Second is the extent to which **poor rural people could benefit from potential new incentives** for low emission agriculture or other mitigation activities in rural areas. Tackling climate change means leaving no stone unturned. Agriculture comprises 14 percent of emissions, and is the main driver of other land use and forestry emissions which comprise an additional 18 percent.

34. I am heartened at the recent efforts from many people in this room to ensure that this is not overlooked in negotiations on climate mitigation. What would progress look like on **rules development** that creates incentives for agriculture and smallholders? Examples are reform of the Clean

Development Mechanism – in particular temporary crediting and broadening land use eligibility, or allowing countries to opt for agriculture in NAMAs. This should be underpinned by a concerted approach to agree workable methodologies so that soil carbon actions can be monitorable, reportable and verifiable.

35. We should be ambitious about setting effective frameworks that allow **poor rural people to benefit** from these incentives. At the moment, most of their mitigation activities - such as the conservation of the vegetation cover to stop desertification – often go unrewarded. And as I said above, we are pushing at an open door, since many of these investments are win-win and need only small additional incentives to make them happen.

36. Third is the profile, recognition and additional financing given to **adaptation** in a global deal. Even if we stopped emitting now we would be looking at a 2 degrees temperature increase, which would significantly impact on poor rural people. Agriculture and rural development should be recognized as one of the principle challenge areas for adaptation – it is where most poor people live and it is on the front line where the first biophysical impacts of climate change are being felt.

37. Fourth is the overall **financing package** attached to a global deal, and how this financing is provided. Climate change is making development and poverty reduction increasingly expensive. A key indicator to watch here is the volume of genuinely additional financing that is targeted at poorer developing countries and, within those countries, at the poorest communities and families. If we can make that work through effective

mechanisms, then agriculture will have its rightful place at the centre of adaptation financing and delivery.

38. A major risk is that climate finance will be delivered in boxes labeled ‘adaptation’ or ‘mitigation’. As I mentioned earlier, most good sustainable rural development programmes are not dedicated to any one climate objective but a mix of them. So – in the language of climate negotiators – I hope that **‘co-benefits’** will be not only recognized but encouraged in whatever financial mechanisms are agreed. IFAD is already working with many communities to build their resilience to climate change and help them receive payments for ecosystem services such as mitigation – and we stand ready to do more to support the Copenhagen outcome.

Conclusion

39. In conclusion, it is clear that we are at a moment of immense threat but also of major opportunity. It is still possible to turn the threat of climate change into something that demonstrates the ability – and political will – of countries to work collectively and coherently to tackle the multiple and interlinked challenges of climate change and food security. For the sake of smallholder farmers and poor rural people, that is why we all must keep pushing for an ambitious deal here in Copenhagen.

40. I thank you.