

Taking Action for the World's Poor and Hungry People

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SPEAKER SUMMARY NOTE

Session: Challenges and Opportunities for Poverty Reduction
Keynote Speaker: *Serge Abou*, Head of Delegation, European Commission, China
Title: Role of Development Partners in Facilitating the Approach for Poverty and Hunger Reduction

Ladies and Gentlemen.

Thank you very much for your invitation to what I see a crucial event as we reach the midpoint for the 2015 target and in view of the latest achievements in world poverty and hunger relief.

Choosing China as the host country is indeed the best choice for such an event, considering the enormous progress China has made in the last two decades.

Indeed, despite the heavy challenges of limited access to safe drinking water in rural areas, of ensuring minimum levels of education to all children in the countryside, or of providing a nationwide sound health system, amongst others, much progress has been made. According to the recently published joint UN-ADB Report on China—that you are all surely familiar with—, today less than one person in ten lives in poverty, while in 1990 there was one person in three. In addition, China has reduced its level of hunger and malnutrition below the regional average and by the end of 2006, the number of poverty-stricken people in rural areas suffering from food and clothes shortages fell from 250 million to 21.48 million.

The theme of my speech this afternoon is, I have to admit, rather ambitious but also a key issue for paving the way towards a real improvement in prevailing poverty and chronic hunger situation.

So, what are the views of donors and development partners?

As we reach the midpoint for the 2015 target, it is clear that particularly in Africa, the first MDG (eradicate extreme poverty and hunger), but also the others, will be unattainable unless international and national support are seriously stepped up.

It is also clear that a fundamental reappraisal is currently taking place about how best to tackle chronic poverty and hunger.

Historically, governments and donors have reacted to hunger only when faced with an acute problem, as in times of crisis, with responses tending to be reactive, short-lived, and centred on humanitarian assistance. Once the crisis was over, attention drifted away and the problem was forgotten until another emergency pushed it into the headlines again.

Let me hope that it is today widely accepted that if the international community wants a real improvement in all MDGs' trends, **long term approaches and policies are needed along with more aid, more predictable aid and better aid.**

At the level of the European Union, we have developed a shared vision between the Member States and the Commission, in the EU Consensus for Development, and furthermore, we have adopted last May a Code of Conduct on the division of labour between us in the field.

With regards to MDG 1, our policy has also evolved from the simple delivery of food aid to the support for broad-based food security strategies at the national, regional and global level where food aid is untied and is an instrument limited to the response to emergencies. **Notice that the EC is a leading international donor in the field of food security with 5 billion Euros allocated in the last decade, i.e an annual average of 500 million Euros.**

Beyond the EU, operational platforms of donors working together for improving coordination and aid effectiveness have appeared, one of such platform closely related to our discussions is the Global Donor Platform on Rural Development. In the field, donors' coordination groups and beneficiary countries are more and more involved in a constructive dialogue on aid delivery methods.

All these are indeed positive signals. And this will be the first appropriate role and responsibility of development partners that I wish to underline here.

Indeed, the EC is the world's first aid donor in development cooperation with a total budget of 2.2 billion Euros for 2007 plus 3.5 billion Euros extracted from our 9th European Development Fund (EDF), which is a separate budget supporting development projects in ACP countries. Notice also that the EC envisages giving more aid to the developing world, reaching 0.56% of total GNI, or an extra of approx. 20 billion Euros/year by 2010.

However, we strongly believe at the EC that the commitment to double external aid is simply not feasible if donors do not change the way they deliver.

We should honestly recognize that it is a real nightmare for beneficiary governments and ministries to manage simultaneously hundred of active projects in all sectors with different implementation modalities and high transaction costs.

It is now time to stop piloting and pursuing our own agendas and time to start formulating and implementing together with beneficiary countries comprehensive, predictable and long-term national and regional programmes gathering support from major donors.

But of course, programmes have to be elaborated in support to **policies**. For instance, with regards to MDG 1, we collectively have to take a long term view and at the same time consider some evidences: we know that countries facing the most serious difficulties and needing to make the largest efforts are often those having the

Having said this, I wish here to **advocate for a renewal of our collective support to the agricultural sector and rural development**, whose share in external aid had drastically fallen down during the last fifteen years. Nowadays, we can happily observe that this negative trend is reversing, at EU level as well as in other donors' portfolio. No doubt that agriculture is already facing new challenges and threats, such as climate change or the impact of the demand for bio fuels.

But, if we want to make strong progress in rural poverty reduction, a renewed agricultural development approach should be part of a more holistic view taking into account the fact that all MDGs are inter-playing, mutually reinforcing and finally leading to a better social protection.

On our side, we consider that development partners just cannot ignore the clear existing link between food security improvement and the necessity of sound agricultural policies combined with social transfers' programmes. If we aim at a drastic reduction in poverty and hunger, it will be necessary to elaborate specific and targeted strategies towards those rural households always marginalised that do not (or cannot because of their lack of basic assets) benefit from the "classic" agricultural development approach. The use of safety nets would then be considered as a transitional measure to integrate these

poorest of the poor households, and this could represent a serious gain towards attainment of MDG 1 and beyond.

Hence, for the EC, and I know this vision is shared by many other donors, **the design of renewed and more holistic rural policies is fundamental for a real progress towards MDGs and poverty reduction.**

Of course, such a design is part of a dialogue between the Development partners and the beneficiary countries, but let me emphasize that prior to all other considerations, this dialogue is first of all intra-national with all stakeholders around the table, the state, the private sector and civil society.

The appropriate role of Development partners here should be mainly the one of facilitating the process, if needed, but one thing is certain: **if progress in reduction of poverty is to be made, then the small farmers and their organizations must be supported and put at the heart of national policies' formulation and implementation.**

Up to now, in many African countries, agricultural policies are underfinanced and poorly implemented mainly because there is no sufficient consensus and appropriation by all actors (namely farmers organisations and private sector).

Then, once sound agricultural and social policies have been properly designed, they have to be implemented with existing national resources and capacities combined with external aid received through a mix of instruments according to various donors' modus operandi.

On our side, we consider that the best way to do this is to support directly national budgets because this approach leaves freedom to countries for designing and implementing their own policies, and this freedom is key in terms of political responsibility, democratisation and governance, if it is of course combined with sound public finance management and higher efficiency and effectiveness of public expenditure.

Supporting national budgets is certainly only part of the solution towards improving aid effectiveness and accelerating progress towards MDGs but it is recognised as having a particularly important role to play where circumstances allow it. **It is a crucial tool in terms of coordination facilitation among donors and of dialogue on the policies with national stakeholders, all of them.**

Let me conclude by saying that on the side of the EC, we have in partnership with the ACP countries doubled the share of budgetary support in the **10th European Development Fund**, currently at **€ 5.6 billion, i.e. 45% of the EDF**. We are currently working on the elaboration of a new feature of budgetary support, more long term and more predictable, we call it "the MDG contract"....and agriculture and rural development is part of it.

So, more money, but in the framework of a more coordinated and effective aid, and comprehensive policies developed in an inclusive way would for sure strongly facilitate implementation of effective approaches for poverty and hunger reduction.

I thank you for your attention.