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Addis Ababa, Ethiopia. P. O. Box 3243 Telephone: 5517 700 Fax: 5511299 Website:
www.africa-union.org

Statement

by

H.E Tumusiime Rhoda Peace

Commissioner for Rural Economy and Agriculture

at the

Meeting on High Food Prices and Price Volatility

Washington D.C

April 18, 2011

Honourable Ministers

Your Excellency Ms. Obiageli Ezikwesili, World Bank Vice President for Africa

Your Excellency Ms Josette Sheran, Executive Director of the World Food Programme

All Protocol observed.

Previous speakers have clearly articulated the issues at stake. The food prices that saw a sharp increase in 2007-2008 never went down thereafter.

The prices continued to rise, albeit at a lower rate of increase.

The current price increases have heightened above the rate hitherto. This was largely because of the tensions and conflicts in some of the major oil producing countries. Oil impacts negatively on food especially in terms of transport costs. But also there has been the population increase at a faster pace than the production of food. Africa has also had several challenges of climate change resulting in erratic weather patterns punctuated by drought and floods.

This price volatility is a cause of concern. The food price spikes undermine the efforts towards attainment of Millennium Development Goals and are forcing more people especially in the developing world including Africa, to plunge into poverty, hunger and malnutrition as well as exacerbating child and maternal deaths.

I am glad that we are all here to devise ways and means of stepping up our collective efforts to deal with this challenge. And, I know, the World Bank is always at the top of things. We have been facilitated in this Conference.

Indeed, in partnership, there is much good we can accomplish. We note, for example, that when we worked together in the face of the 2007-2008 high food prices, emergency situations were addressed and countries strengthened

their resilience and, as such, the impact of the current food price rises has not been as widespread and as extreme as was the case in 2007-2008. And also this has been focused on by my sister, Obiageli Ezikwesili.

The African Union Commission supports relief and emergency measures spearheaded by partners. We, on our part, are also intensifying efforts to support AU Member States accelerate the implementation of the Comprehensive African Agriculture Development Programme (CAADP). In addition to addressing vulnerabilities, hunger and malnutrition, CAADP also deals with sustainable land and water management, market access, research and technology generation and dissemination. All these combine to increase production, productivity, food and nutrition security. This approach works and has turned some countries from food deficit status to surplus food and food exporting countries although we don't have many.

I am pleased to report that 26 AU Member States have now signed compacts committing to the four pillars of the Comprehensive African Agriculture Development Programme (CAADP). We have seen great responses on the part of leadership at country-level; we have seen countries committing resources; we have seen countries formulating credible investment plans. As their investment plans are developed, national governments will be able to incorporate risk management which falls under CAADP Pillar III, to protect these investments through a new financial risk product we are currently working on with our partners.

In follow up of the decision taken by African Ministers of Finance last year, and Ministers responsible for Disaster Risk Reduction, the Commission has been working with the UN World Food Programme towards the creation of the African Risk Capacity: a pan-African disaster risk pool. This is what Josette Sheran has been talking about. Because extreme weather events do not happen in the same year all across the continent, pan-African solidarity in the creation of a disaster risk pool could be financially effective. Such a facility would provide participating Member States readily available resources in the event of a natural disaster, thereby decreasing our reliance on external aid and protecting our investments in agricultural

productivity. We welcome innovative ideas which will contribute towards addressing the challenge we have.

On the other hand, we believe that:

1. High food prices benefit net food producers. However, the net food producers are not many in any country on the continent as I indicated earlier.
2. High food prices are creating vulnerabilities. These vulnerabilities call for special interventions and innovative ways in terms of emergency relief and other safety nets, as well as salvaging the small holder farmers especially women.
3. Owing to liberalisation in some cases, the market has been left to determine the flow of goods and services including food stuff. As a result, farmers produce and sell all their produce, thereby remaining food insecure. The food reserve system needs to be reinstated. I think the discussions here will focus on where and how, and you could guide us on what could be done.
4. Much of public response to high food prices has not taken into account recent analyses of trends. It is imperative that more attention be accorded to analysis. One of the analyses will indicate that the high price rises are only market prices and do not necessarily reflect the farm-gate prices.
5. Inadequate infrastructure is largely responsible for the gap between farm-gate and market prices. That is why CAADP emphasizes the entire value chain including also marketing infrastructure which would ensure that farmers benefit from high prices and net food buyers also buy at slightly lower prices than is the case today. This is government responsibility and there is also need to harness public private partnerships using right policies.

6. Food export bans constitute a mixed policy response. It should be temporary to allow food to feed the population before having to export it. Export bans on the other hand can prevent food from reaching people who need it badly. It can be a barrier to regional trade.
7. Instead of export bans, CAADP especially in its Pillar I and Pillar II advances the most appropriate response to high food prices as increased food production so that there is a surplus locally and enough to export.
8. So, fast-tracking CAADP implementation is key. Africa has enormous potential with which it can more than double its production. We are currently using less than 50% of this potential. We have land and labour, we need capital. A number of foreign investors are responding to this need in Africa. We know this is causing concern in some circles. The African Union has put in place Land Policy Framework and Guidelines to ensure win-win outcomes of these ventures.

We call on our development partners to provide the necessary funding and technical assistance as our Member States strive to put in place the enabling environment for agricultural development and the Pan African Institutions including the AUC in order to continue to carry out policy harmonization, partnership building, resource mobilization and advocacy. We have been encouraged by the high and increasing number of countries embracing CAADP. We look forward to continued support from our partners in keeping up this momentum.

What is on table is important for Africans and we hope for responses from all of you.