

Opening address by HE Helder Muteia,
Minister of Agriculture and Rural Development, Mozambique
at the Berlin conference on Defining the Role of Food Aid

Honorable Minister for Consumer Protection, Food and Agriculture of the
Federal Republic of Germany,

Honorable Ministers,

Ladies and Gentlemen,

It gives me very great pleasure to welcome you to this important conference on
Defining the Role of Food Aid in Sustainable Food Security. It is a conference
of special relevance to Africa, where nearly one in three of our citizens is
undernourished, many of them children. Africa now has the unhappy
distinction of being the largest recipient of food aid among the continents.

Indeed, without effective use of food aid the extent of human suffering on our
continent would be much greater, and the road out of poverty much longer.

But I am happy to say that African leaders will not tolerate our hunger statistics
any longer. At the Africa Union summit, held in Maputo in July this year,
African leaders renewed their commitment to the recovery of Africa's
agricultural and food sector, and agreed to allocate ten per cent of our national
public budget resources to achieving this objective. It was a special honour for
me to chair the session of African Ministers of Agriculture that developed the

summit declaration on Agriculture and Food Security. The declaration identifies food security and economic prosperity as over-arching goals. The ball is now in our court, and we intend to dedicate our full efforts to winning the prize of sustainable food security and related economic growth for our people.

At the World Food Summit in Rome in 2002, African Ministers of Agriculture committed themselves to the development of a framework for agricultural recovery in the context of the New Partnership for Africa's Development, NEPAD. With technical support from Jacques Diouf and his team at the UN Food and Agriculture Organisation, Africa's Ministers of Agriculture have recently finalized and adopted this framework. We call it the "Comprehensive Africa Agriculture Development Programme".

In my brief remarks this morning, I want to share our vision with you and explain why I believe that the effective use of food aid is important for the successful implementation of this new Programme. I will then put on my hat as a fellow student of food aid, and identify three sets of issues that I challenge this conference to shed light on.

The goal of our African Agriculture Development Programme is sustainable food security and economic prosperity by harnessing Africa's natural resources, linking the skills of our farmers to improved technologies, and enabling them to respond to market opportunities. We recognize that sustainable food security

involves not only increased production of food and cash crops, but developing increasingly diversified income opportunities in both the farm and the non-farm sectors of our nations. To achieve our goal, the Agriculture Development Programme has four pillars:

1. Extending the area under sustainable land management and reliable water control systems.
2. Improving market access through rural infrastructure and trade-related investments.
3. Increasing food supply and reducing hunger.
4. Agricultural research, technology dissemination and adoption.

No program is without its risks, and one of the principal threats to our programme is lack of access to local, regional and international markets. The failure by industrial countries to decouple support for rural farming communities from agricultural production incentives is arguably the biggest threat. Such policies have not only hastened the demise of small farmers in OECD¹ countries; they have also had the unintended effect of impoverishing small farmers all over the world, including Africa. Let me give a specific example. In my own country of Mozambique, we have a comparative advantage in the production of cotton. But our cotton sector, and the three hundred thousand farm families that depend on it for cash income, have been

¹ Organisation for Economic Cooperation and Development

pushed almost to the point of insolvency by a prolonged downturn in world market prices. This downturn has been accentuated by subsidies in industrial countries on a scale that simply dwarfs our cotton revenues. As a result, the average Mozambican cotton grower could barely afford to pay for one family lunch here in Berlin out of her annual profit. It is imperative that the Doha round of trade negotiations remove this threat to sustainable food security, and identify ways to promote market access for farmers from both industrial and developing countries.

Ladies and gentlemen, I now want to explain why I believe that the effective use of food aid has a key contribution to make to the success of NEPAD's Agriculture Development Programme. Our vision of rural economic growth requires the formation of four inter-related types of capital – social capital, human capital, biological capital and physical capital. Each of these types of capital can be seriously diminished by food access shocks. When large numbers of people go hungry, the social framework of rural society breaks down. If children are unable to learn because of hunger, they will not acquire the human capital necessary to take advantage of market opportunities, or move out of agriculture into other sectors. Hungry rural people, or those with hunger-related illness, are unable to make effective use of land and technology, resulting in environmental degradation. They are forced to sell their assets in exchange for food, falling into a poverty and food insecurity trap from which it can be difficult to escape. As capital is lost, rural economic growth stalls.

Although food aid can have disincentive effects on agricultural production if poorly used, its effective use can prevent transitory shocks from becoming chronic poverty traps by protecting rural capital in all its forms. Mozambique is a living example of how food aid can hasten recovery from the most devastating of all shocks – civil war – enabling displaced populations to return and start the rural growth process anew. As our rural population increased their own food production, food aid volumes have been reduced and the remaining food aid has been increasingly monetized. This sale of food aid has allowed NGOs to provide complementary services in health, education, capacity for collective action, road building, small business development, and crop diversification and marketing. Food-for-work and school feeding programs have also made important contributions to rural development. Direct distribution of food aid continues to be important in coping with climatic shocks, such as the devastating floods in 2000, and the drought that affected almost one in four rural households last year. While there is no doubt much room for improvement, my basic point is this: if used effectively, food aid enables affected populations and their governments to cope with even severe climatic shocks without derailing the rural economic growth that ultimately ensures food security. For this reason, the indicative budget for the Africa Agricultural Development Programme includes one dollar for emergencies and safety nets for every five dollars dedicated to productivity-related investments.

Having explained why I believe food aid continues to have a valid role in sustainable food security, allow me to identify three key sets of issues that I hope we can shed some light on this week. These revolve around trade, procurement, and addressing the needs of chronically food insecure groups. All have to do with targeting at different levels, and targeting is now increasingly recognized as a key to food aid effectiveness.

First, let me address trade and food aid issues. As we all know, food aid programs have their historical roots in the management of agricultural surpluses in industrial countries. This role of food aid programs has been the basis for the political support of domestic farm lobbies. Looking forward, if world economic growth is to be sustained, farmers in industrial and developing countries need access to large and potentially expanding global markets. At the same time, the experience of Mozambique and many other developing countries shows that flexible food aid is more effective for addressing short-run humanitarian needs and promoting longer-term economic growth and structural transformation of African economies. Sometimes food aid in the form of physical commodities will be necessary and useful, but sometimes not. The key point is this: the greater the flexibility in the form and uses of food aid, the more effective it will be in building the capital we need to grow out of poverty. How far is it possible, at a political economy level, for donor countries to provide more of their food aid resources as cash without diminishing the budget resources

allocated? How can we help farm and food industry lobbies in industrial countries see that a more flexible approach is also in their own interests?

Another advantage of having some food aid resources in the form of cash rather than commodities is to reduce the potential conflict over genetically modified food aid that erupted this past year. I personally believe that biotechnology has the potential to make important food security contributions to Africa in the medium-term, by improving the nutritional quality of our food, by reducing the adverse health and environmental effects of heavy pesticide use, and reducing yield vulnerability to drought and pests. But for countries like Mozambique that are still in the process of developing biosafety regulatory frameworks, or for countries where consumers are not yet convinced of the benefits, cash provides the flexibility to procure commodities that avoid potentially damaging political dilemmas.

A second and closely related issue is that of reducing lags in supply and maintaining adequate food aid pipelines during emergencies. What financial or market instruments can reduce lags and uncertainties, and allow more attention to be focused on effective targeting among affected populations? Related to both flexibility and lags is the question of how to facilitate, when feasible, local and/or regional procurement of food aid supplies. The geography of Mozambique, combined with poor road infrastructure, has sometimes resulted in unsold food surpluses in the north while aid agencies import food into the

south. Rigid tendering rules in food aid programs contribute to this problem. If, for an additional twenty dollars per ton, I can provide market access for farmers in the north *and* timely access to food for affected populations in the south, the combined developmental benefits may outweigh the additional costs.

Frustration with procurement lags and inflexible tendering procedures is leading Africa Union heads of state to consider establishing a strategic grain reserve despite the high potential costs and management challenges involved.

The final set of issues relates to food aid for the chronically poor, and for groups with specific nutritional needs. Historically, rural economic growth in market economies has increased inequality. To put it simply, some people are left behind, compromising their access to adequate food and threatening social capital. HIV/AIDS will reinforce this pattern, adding orphans to their ranks.

Professor von Braun made this issue a central focus of his President's address to the International Association of Agricultural Economists in Durban last month.

Since I will have the opportunity to work with him this week, I plan to discuss how we can improve the role of food aid in guaranteeing food security for those left behind without having a negative effect on rural economic growth. And if food aid is not the right tool, then how do we guarantee entitlements for the rural poorest in countries where the options for safety nets may be limited?

And, since I am a politician, please tell me how I can make progress on this before the next elections!!

I would like to close my remarks where I began, noting with pride that African leaders have publicly and collectively recognized their responsibility for the recovery of agriculture on our continent. Whether we can achieve our goal depends in large part on a successful conclusion to the Doha round of negotiations. By successful, I mean a time-bound commitment to substantially reduce, and eventually eliminate, trade distorting agricultural subsidies while improving market access to a growing world economy. This is only the first, but vital step, toward effective market access for poor countries. If the Doha round is successful, then, thanks to initiatives like our meeting here in Berlin this week, food aid can and will make an increasingly useful contribution to food security in Africa. If we fail, then much of Africa will be headed towards increased food aid dependency. Success in Doha requires that our OECD partners also face up to their responsibilities with bold, specific, and time-bound commitments. On behalf of Africa, and all developing countries that share our common hope for a better future, please do *not* let us down.

In closing, I would like to thank the Honorable Minister for Consumer Protection, Food and Agriculture for hosting this very important and timely event. Ladies and gentlemen, fellow students of food aid, welcome to the Berlin conference on Defining Food Aid, and to the challenge of finding more effective ways to use this important resource for the benefit of humanity.

Thank you very much for your attention.