

Speech M. Weber

Seminar on agriculture, forestry and rural development
in the EU external aid programmes - 02.12.2009

Ladies and Gentlemen,

In this introduction, I will sum up information on the current activities of the Commission and also the upcoming challenges in our field of interest.

The "**triple FFF crisis**" (food, fuel, financial) which culminated in 2008 has reminded the world quite abruptly of the importance of sustained, and sustainable, agriculture development for food security.

The 2008 World Bank World Development Report, titled "**Agriculture for Development**", firmly placed the issue high on the agenda. According to the Bank, **agriculture has powerful and specific effects on poverty reduction** economic growth originating in agriculture is at least twice as effective in benefitting the poorest half of populations, than growth from other sectors. The report highlighted the contribution of agriculture to **all economies and societies**:

- In **agriculture-based economies**, such as most countries in Sub-Saharan Africa, agriculture is the main source of economic growth.
- In **transforming countries**, such as China, India, Morocco, etc. agriculture generates less growth in economic terms but poverty remains largely rural.
- In developed and **urbanised countries**, poverty is mostly urban and agriculture is marginal in economic terms. Other facets of agriculture,

referred to as its multi-functionality, are increasingly important, for example landscape management, environmental services, cultural heritage, etc.

Obviously these different situations call for **differentiated approaches** to development and **support policies**. Strong policies are required to enhance the pro-poor effects of agriculture development.

The most important factors are factors:

- Access to productive **assets**, to **services and to markets**;
- Improving **productivity** – including labour productivity;
- Stimulating **on- and off-farm** revenue generation;
- Reducing **risks**;
- **Sustainable** natural resources management;
- **Innovation** in science and technology;
- **Governance** and participation;
- Articulation of **sectoral and territorial** approaches;
- More and better **investment**.

In terms of access to productive assets, it is worth mentioning at this point the problem of large **scale land acquisitions** observed in developing countries, and how these can affect the livelihoods of smallholders. The challenge is to minimize the threats and maximize the potential opportunities that such acquisitions might involve for developing countries and their populations, including the more vulnerable strata.

These areas feature high in EU external assistance programmes. Event if it is not easy to put figures on sector allocations as there are no clear cut lines, screening of programming documents shows that the Commission commits

around 650M€ per annum for rural development, territorial planning, agriculture and food security. If we want to present a totally complete picture, we should also include some interventions labelled as local development, peace building (resettlement of refugees), social cohesion (E.g. productive safety nets), trade facilitation and regional integration (E.g. Sanitary and Phyto-Sanitary issues), private sector and enterprise development (E.g. value chain promotion), and the Food Facility, on which I will come back.

Community assistance in different continents and under different instruments also reflects the role assigned to agriculture and rural development in partner countries' development agenda.

Agriculture and rural development generally feature higher in the EU programmable assistance to **ACP countries**, many of them being in Sub-Saharan Africa and agriculture-based economies. This will be later developed by our colleague Marc Dubois.

Support under the **Pre-Accession Instrument** obviously reflects concerns of convergence and integration of the so-called "*Acquis Communautaire*" in the countries' policies, programmes, legislation, etc. This will be developed by our colleague Kerstin Rosenow, from DG Agriculture.

Assistance under the **Development Cooperation Instrument**, DCI, and the **European Neighbourhood Policy and Instrument**, ENPI, will be developed respectively by Jean-Pierre Halkin, from the Natural Resources Unit in EuropeAid, and a colleague from our Delegation in Rabat, José Roman Leon Lora, using the example of Morocco. Programmes are usually smaller in size, with notable exceptions, and of a more varied nature, which reflects the heterogeneity of contexts and of development paths. The DCI also hosts

thematic programmes for food security and for natural resources and assistance to "*ex-sugar protocol*" countries.

In the wake of the food crisis, the EU adopted in 2008 a specific regulation for an ambitious initiative, the so-called one billion Euro "***Food Facility***" in a vow to stimulate agriculture in the short- to medium-term and help most vulnerable groups to cope with the crisis, in 50 priority countries across the world. Around 60% of the ***Food Facility*** goes to Sub-Saharan Africa.

Irrespective of the financing instrument, sustainability of external assistance programmes is an overarching concern, in particular the environmental dimension of sustainability:

The EC has adopted mandatory guidelines for integrating environmental concerns in its external assistance. These guidelines have been recently updated to include climate change concerns. Obviously, agriculture is a very important sector for mainstreaming the environment. Tools include strategic environmental assessment - SEA - for policies, plans, and programmes. Another instrument of choice is the Environmental Impact assessment – EIA which will be used for projects, for example irrigation schemes.

Forests are a **vital resource for many developing countries and for their populations**, including the most vulnerable. They also play a crucial role in **climate change mitigation** through carbon sequestration and help **adaptation** to climate change effects. Forests help keeping moisture, preventing landslides, limiting desertification. Agro-forestry combines food and wood production and supplies a range of important environmental, economic and social services that improve people's livelihoods and their resilience.

Between **2002 and 2008**, the EU has provided **€ 370 million for forestry projects**.

In terms of **approaches** and **aid delivery**, the last decades have witnessed the shift towards **sector approaches**. Their purpose is to capture all aspects that are important to the development of a sector: policy contents, technical interventions, budgetary processes, sector governance and participation, monitoring processes, capacity development, etc. A sector approach can be financed through **different aid modalities**: project financing, pool funding and budget support. These modalities are not mutually exclusive, they can be utilised successively as well as simultaneously. Some of the specificities of sector approaches in natural resources management, including agriculture and rural development, will be highlighted by Jean-Pierre Halkin.

Now, let's shift to Capacity Development, which is central to our support of partner countries. In July 2008, the Commission launched an ambitious and comprehensive reform of how it provides technical cooperation to developing countries. Known as the "***Backbone strategy on Technical Co-operation and Project Implementation Units***", the reform includes "**hardware**" changes to systems and tools, and "**software**" changes to the practices and behaviour of all EC cooperation stakeholders.

The sustainability of EC development assistance should be based on two main avenues:

- The provision of **quality technical cooperation** that supports **country-led programmes**, based on partner demand and focused on sustainable results;
- The provision of support through partner-owned project implementation arrangements.

Last but not least, some words on a topic "hotter" than ever, just one week before the **Copenhagen Climate Change Summit**.

The European Union is more than ever fully determined to play a leading role and contribute to reaching a global, ambitious and comprehensive agreement. Action by the EU alone will however not be enough. A comprehensive and ambitious agreement can only be reached if all parties contribute. Other developed countries should commit to ambitious emission reductions, and developing countries, especially the more advanced, should play their role and engage in mitigation.

A gradual but significant increase in additional public and private financial flows is needed to help developing countries implement ambitious mitigation and adaptation strategies.

The Commission and the Council have recently estimated that the total **costs of mitigation and adaptation in developing countries** could amount to around **EUR 100 billion annually by 2020**. International public support will be in the **range of EUR 22 to 50 billion per year by 2020**.

Agriculture, land use and land use change, combating forest degradation and deforestation will be crucial components of the negotiations in Copenhagen. These sectors offer many opportunities to combat poverty and support adaptation to the impacts of climate change. They also play a crucial role in mitigating greenhouse gas emissions, in particular in developing countries. Provided that a rational structure of incentives and sufficiently rigorous monitoring procedures are available, there is huge potential for developing win-win scenarios that both reduce net emissions and support sustainable development objectives for the poor, both in agriculture and in forestry.

It is estimated that some 70% of the mitigation potential in agriculture lie in developing countries. Whereas, tropical deforestation and land use change are responsible for some 20% of global CO2 emissions – the second largest source after the burning of fossil fuels.

The **additional costs for reducing** green house gas emissions from agriculture and reducing CO2 emissions from deforestation amount to some € 23 billion annually by 2020 – of which € 7-14 billion will need to come from international public finance.

The EU is ready to contribute to the global efforts by providing its fair share of additional public support and the importance given by the European Union to agriculture, forestry and rural development in the external aid programmes will keep increasing in the coming years.

I thank you for your attention.

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