



**MILLENNIUM  
CHALLENGE  
CORPORATION**  
REDUCING POVERTY THROUGH GROWTH

**Transcript**

June 11, 2008 ★ [www.mcc.gov](http://www.mcc.gov)

# Millennium Challenge Corporation Hosts a Public Outreach Meeting on the Alliance for a Green Revolution in Africa

June 11, 2008

## **Speakers**

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## Transcript

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BENT: It is my great pleasure to welcome you all to the headquarters of the Millennium Challenge Corporation.

I'm Rodney Bent. I'm the deputy chief executive officer of the MCC.

Today, we're signing a memorandum of understanding, an MOU, between the MCC and the Alliance for a Green Revolution in Africa -- AGRA.

Together, we intend to leverage our resources, so that we can best help those who are working so hard to climb out of poverty.

Both Ambassador John Danilovich, the MCC CEO, and former secretary-general of the United Nations, Kofi Annan, AGRA's chairman, will share their thoughts with you very shortly. We're deeply honored that the former secretary-general of the United Nations is with us today, in his new leadership role with AGRA.

Following their comments, the panel will discuss a bit further the importance of agricultural development. Much attention has been focused on the food crisis of late, and it is a crisis.

The common theme of this attention is the need for long-term solutions. Both MCC and AGRA are at the forefront of promoting these solutions. It makes sense that we work together.

Let's begin by first hearing from Ambassador John Danilovich. And let me tell you a little bit about him. Mr. Danilovich served as U.S. ambassador to Costa Rica and to Brazil. He has been at the helm of the MCC since November of 2005. We have now signed worldwide 16 compacts, totaling \$5.5 billion. Nearly 70 percent of these compacts are in Africa, so you can see where our heart and our focus are.

Please join me in welcoming Ambassador John Danilovich to the podium.

(APPLAUSE)

DANILOVICH: Welcome to the headquarters of the Millennium Challenge Corporation. I'm delighted to see such a fantastic turnout for the very important and significant occasion that brings us hear together today -- the

signing of this memorandum of understanding between the Millennium Challenge Corporation and the Alliance for a Green Revolution in Africa.

I'm delighted to see so many friends of MCC here, including Undersecretary Ruben Jeffrey, the undersecretary for economic, energy and agricultural affairs from the State Department; USTDA Director Larry Walther; Maurice Tempelman from the Corporate Council on Africa; distinguished ambassadors from many of our MCC countries, including Mali, Benin, Ghana, Madagascar, Senegal, Namibia, Lesotho and Mauritania, and Armenia; and MCC board member and president of the International Republican Institute, Lorne Craner.

With the world's attention increasingly focused on the pressing problems related to agriculture and food security, our conversation about Africa, and the solutions unfolding there, could not come at a better time.

Thank you all for being here.

Chairman Annan, we are honored to have you with us today. As the former secretary-general of the United Nations, you know all too well the challenges to peace and prosperity that trouble the international community. And now, your sensitive and sympathetic leadership in shepherding AGRA in developing practical and sustainable solutions to help millions of farmers and families across Africa lift themselves out of poverty and hunger is a welcome continuation of your service and your vision for a better world.

We at the Millennium Challenge Corporation share that vision. We have partnered with some of the world's poorest countries to end poverty through sustainable economic growth.

With grants totaling nearly \$5.5 billion in 16 countries in Africa, Central America, Eurasia and the Pacific, MCC is changing the lives of the poor through our innovative, different and demanding approach to development assistance.

Built on accountability, MCC allocates aid based on how well countries perform on a set of independent and transparent political, economic and social indicators, and on their willingness to deliver meaningful results to the poor through their own development efforts.

The Rockefeller and Gates Foundations established AGRA to improve the productivity and incomes of resource-poor farmers by working with African governments, other donors, non-governmental organizations and the private sector.

Like AGRA, MCC believes that one of the most significant ways we can promote poverty reduction and sustainable economic growth throughout Africa is to improve capacity and the efficiency of the agricultural sector.

Nearly 70 percent of MCC's funding -- some \$3.8 billion -- benefits nine countries in Africa, making the continent the largest recipient of MCC grants, by far. And our African partners are applying their MCC grants, in large part; to make agriculture more productive; to improve linkages upstream, downstream and throughout the

entire rural economy; to build reliable infrastructure, such as roads and irrigation systems, to support agriculture and development; and to expand farmer training and access to credit.

While these projects are helping the rural poor in the near term, they are also creating a solid foundation to tackle some of the most pressing challenges we now face, that of food security.

By supporting food system development, African countries are investing their (inaudible) funds in the right place at the right time, to balance and stabilize food supply and prices over the long term.

Several MCC irrigation investments, like those in Mali and Morocco, also are directly and indirectly mitigating the effects of climate change on food security.

MCC is making major investments to revolutionize the agricultural sector in partner countries worldwide, including those in Africa. MCC's African partner countries have invested more than \$1.7 billion of their total MCC grants to make agriculture more productive.

The Millennium Challenge Corporation's significant role in promoting agricultural development in Africa makes our partnership with AGRA a natural and compelling one.

Through the memorandum of understanding we sign today, MCC and AGRA create a deeper framework for cooperation that allows us to share our respective strength and resources to promote broad-based agricultural growth and poverty reduction in specific African countries.

Together, we can help advance this goal in two main ways.

First, we can accelerate agricultural and rural economic growth by urging changes in policies and regulations as they relate to agriculture and the food system. This policy dialogue helps to create the very conditions that will amplify and sustain economic growth.

Second, we can catalyze large-scale impacts on agricultural productivity and rural economic growth by coordinating the signing and implementation of our programs in specific regions and functional areas. This will complement and build upon country-determined and driven agricultural development plans.

AGRA and MCC partner countries are already making headway in identifying a number of areas where they can cooperate to support agricultural development.

We see this in Ghana, where AGRA and MiDA, the body implementing the country's MCC grant, have agreed to a policy dialogue with the government to change the current seed policy, to make it possible for private seed companies to access publicly bred (inaudible).

They are also exploring the creation of integrated soil fertility management systems and practices. We see this in Madagascar, where AGRA and MCC Madagascar are using MCC-funded agriculture business centers to develop crop improvement and seed systems, as well as fertilizers.

We seen this in Mali, where AGRA is directing its investment in crop research, seed development and agro-dealer network development to benefit the Alitona (ph) region -- a focus of MCC's grant. AGRA and MCC Mali are looking at ways to improve crop varieties and develop disease-resistant vegetables, and are exploring ways to strengthen post-harvest systems and value-added processing.

We see this in Burkina Faso, where AGRA and MCC Burkina Faso will collaborate to stimulate the development of agro-dealer networks and investigate ways to improve crops and soil fertility.

We also see this in Malawi, where AGRA will participate in a consultative process to help Malawi -- newly eligible for an MCC grant -- to prioritize its constraints to growth and areas of investment.

In these ways, the MOU we celebrate today solidifies what is already underway on the ground in Africa. The growing cooperation between AGRA and MCC advances the goals of African countries themselves to make their agricultural sectors competitive, strong, productive and successful in lifting the poor out of poverty.

The Millennium Challenge Corporation is proud to discover synergies and to cooperate with the Alliance for a Green Revolution in Africa. We look forward to the significant work ahead and on building on what we have already started, because we know that in making our mutual investment in accelerating the growth of agriculture, we make a far more important investment in the lasting prosperity of the people of Africa.

It is now my great privilege and honor to yield the podium to AGRA's chairman of the board, Kofi Annan. Known to millions throughout the world, please allow me to say just a few short words of introduction.

Born in Ghana -- an MCC partner country -- Mr. Annan served as United Nations secretary-general from 1997 to 2006, the first secretary-general to come directly from the U.N. staff, and the first from a sub-Saharan African nation to hold the position. Mr. Annan's career with the United Nations began in 1962, and he has held a number of leadership posts throughout that organization during his more than four decades of service.

He played in instrumental role in so many humanitarian activities, but also, I'd like to point out in particular, in promoting corporate social responsibility, creating the global fund to fight AIDS, tuberculosis and malaria, and outlining the Millennium development goals to meet the needs of the world's poorest.

In 2001, Mr. Annan and the United Nations received the Nobel Peace Prize.

Please join me in welcoming Kofi Annan.

(APPLAUSE)

ANNAN: Thank you very much, John, for your very warm remarks. And I think you've said it all. And perhaps we should just pack it up and...

(LAUGHTER)

... and go on about our business.

My dear friends, it's really wonderful to be here with you this morning and to talk about our efforts to assure Africa's food security. And I think John has really indicated quite clearly what this partnership is all about.

Our two organizations are intent on working with the African farmers and helping them achieve what they have so needed all these years.

I think, a (inaudible) commitment to help the African countries tackle poverty through hunger -- smart, sustainable solutions that improve agricultural productivity to small farmers. We will be dealing directly with the small farmers. We are not going to get stuck in the capitals and in their ministries.

And I think from the discussions, you do have a (inaudible) in action.

I think we have seen lots of situations where people spend so much time in the capital, in the ministries, looking at reports. And people who should be doing serious work as so busy preparing reports that they don't have time to do what they are paid to do.

We are not going to go that direction.

We join forces at a time when the world is witnessing a global food crisis that is destabilizing societies, driving millions more into poverty. But nowhere is this crisis more serious than in Africa, which has long suffered from neglect of agriculture.

As a result, food productivity has fallen behind population growth. Africa produces (inaudible) quarter of the world's average. We need to -- we can do better, and this is our challenge.

Even before the current global food crisis made headlines, more than 200 million Africans were -- had known chronic hunger, 33 million children malnourished.

So, the question of hunger is not new to us in Africa. There has been a silent hunger for over 30 years. But I'm happy that the world is now joining us in the fight to do something about it.

I think today's crisis lays this tragedy bare of all (inaudible). And the world community must seize this moment and work with the Africans and the African governments to resolve this problem.

And here, when I talk of African farmers, we must also understand that most of (inaudible) -- the group that has been disadvantaged on the continent and the group that produces the food that the continent needs. And they can use all the help we can give them.

I think urgent action is needed to rapidly increase agricultural productivity, create jobs and stimulate investments in rural areas that can transform the status quo. And I think if we can create serious development regions around the rural areas on the continent, we are going to create jobs, we are going to make it possible for people to remain in the countryside, in the rural areas, and make a living without rushing to the city to end up in slums.

And so, it is not only important for the food security. It is important for job creation. And it's important for the way the population settles around the country.

The African farmer, as I was telling John this morning, is perhaps the only farmer in the world who takes all the risks herself -- takes all the risk herself -- because they have no access to capital. They have no insurance. They have hardly any help from their governments. So, they are (inaudible) virtually by themselves. And this is an opportunity for us to give them a hand and to ensure that Africans can feed themselves.

In the '60s, we used to export food. It shouldn't have come to this. And we should be able to produce again.

I'm serious in telling you that most Africans would much rather learn to feed themselves, much rather trade themselves out of poverty, rather than live on handouts and food assistance.

But we need resources. The funds are essential. And given what John has already shared with us, I'm happy to say that we are getting some other (inaudible). So, we're going to become very active in Africa. The World Bank is now moving into agriculture very seriously, and we welcome that. The African Development Bank is also going to join us in working on infrastructure.

Last week we signed an agreement with three ROME based agencies -- FAO, IFAD and World Food Program -- to be able to work together on the ground, to determine what each of us should do, and to pool our forces to any particular country. We've mapped out the countries. We are working to determine who will do what, what we can together, what we can do better, and make a real difference in a sustainable manner.

But we need policies that would also address the causes of food insecurity. And here, the governments will have a role to play. We will work with them in coming up with the right policies, the right policies that will support agriculture and the rural population.

We would also, at the global level, want to see certain essential things done. Trade policies that restrict agricultural products in otherwise interconnected markets must end. We (inaudible) Africa used to export food, and we would want to resume that again.

And we would want to do that in a world trading system that is fair, in a world trading system where governments that provide subsidies to their farmers rethink those policies, because it does harm the African farmers.

I mean, I've been to situations in Ghana where farmers -- we produce tomatoes, and sometimes we can't sell it. It spoils in our hands, because imported tomatoes, tinned tomato from Italy is much cheaper. And they can do it, because of those (inaudible) subsidies.

And this is something that I hope, as a global community, we will take steps to do something about it.

But I think the collaboration between AGRA and the MCC, outlined in the memorandum of understanding, will help to rapidly (inaudible) the yield and incomes of small (inaudible) farmers. And that is what we are all about.

I think aggressive investments in development and disseminating appropriate technologies for the small (inaudible) farmer, such as improved seeds, fertilizers, complements MCC's investments in the (inaudible), as we have heard. And we really look forward to working together and develop (inaudible) in making Africa a really productive agricultural continent.

If we take on this challenge seriously, I think we can turn today's crisis into a triumph, and turn many of the African countries into breadbaskets.

Thank you.

(APPLAUSE)

(SIGNING)

(APPLAUSE)

BENT: We've got a few minutes, I think, to take some questions. We have some mikes. If members of the press would be so kind as to identify themselves and their organization, that would be great.

Chris has got a mike.

Yes, ma'am.

QUESTION: I actually would like to ask a question in French, if it's OK. I know that Mr. Annan speaks a little bit of French.

(LAUGHTER)

(SPEAKING IN FRENCH)

ANNAN: (SPEAKING IN FRENCH)



BENT: Yes, sir.

QUESTION: Mr. Danilovich, I think some of us have the impression that the Millennium Challenge Corporation, in the beginning anyway, the emphasis was on governance.

I'm wondering if this emphasis is new, or is it just something that we're hearing about more, because of the food security crisis?

DANILOVICH: Thank you for the question.

The model that the MCC is founded on has, in fact, two streams of performance. One is the project themselves in the specific countries that we have -- as you know, 16 countries worldwide. And those countries have produced their own projects for their own solutions to poverty reduction and sustainable economic growth.

Concurrent with that, there is the performance which is necessary on a set of independent, third party, political, economic and social indicators that we have. They are non-U.S. government indicators.

They are from the World Bank -- for example, transparency -- Freedom House, UNICEF, UNESCO, et cetera, that judge a country on its good government, let's say, in general, in those specific categories. A country must comply with those indicators, when they are accepted, during the performance of the program.

And hopefully, we haven't yet gotten to this point in the evolution of our programs, but at the end of the five-year cycle of the implementation of these programs, based also on their concurrent compliance with the indicators that we have, a country would then be entitled to a second compact agreement.

But it's very much a program that's based on government, good government performance, indicator-based, as well as project and results-oriented.

QUESTION: Thank you.

BENT: Both gentlemen have an engagement in a few minutes, so thank you very much for coming here. We appreciate your attention. And if there's one last question?

QUESTION: It may not look like it, but I'm a farmer in Ghana...

BENT: A farmer in Ghana. That's very good.

(LAUGHTER)

I knew it when I saw you.

(LAUGHTER)

QUESTION: I have a couple of farms here (inaudible). And I'm working with local farmers there. I have a fierce faith that Ghana can be a tremendous picture of success in Africa.

How can -- I'm out there working with some of the local government people, helping people identify how to -- a lot of this success is about education. Folks out in the villages and folks out in the countryside, I -- it's hard to even visit them and work with them to develop game plans, much less get them to places where that they can be educated.

How do we connect what you all are doing -- which I love, and I have a vision for the world, but I'm trying to focus on one spot and make a difference -- how do we connect what you're doing with, say, what I'm doing? I've put a couple million dollars over there so far, and I want to bring (inaudible).

ANNAN: It is good to see a farmer from Ghana here in Washington.

(LAUGHTER)

What do you produce there?

QUESTION: So far, we're planting tea (ph) and corn, and we're wanting to plant fir (ph) trees.

ANNAN: Good. Now, I think that we -- you've asked a very good question, and that is what our grant is about. Not only are we trying to produce better seeds for the farmers, work with them on improving the soil by making fertilizers available, and working with them on water management, so that they can get more for their crop. We are also going to work with them on storage and marketing, because you need to help them all along the value chain.

We (inaudible) which in a sense is extension services, agricultural extension services, to reach out to the farmers.

One of the other things we are doing is the training of what we call agro-dealers. These are small-scale businessmen and women who live in the rural area, close to the farmers, to make sure that they get the inputs they need, whether it's seeds or fertilizers. And they don't have the difficulties either (inaudible), or that you can get them to the city. They can't -- to kind of then get them together.

And this is where this partnership becomes important. The infrastructure, opening up of feeder roads and the (inaudible), will really allow us not only to make sure that farmers have access to these seeds and can get their produce to the market, but we'll also be able to educate them and work with them on improving and using the new inputs.

And so, we are really working across the board. And our emphasis is on the farmer. And I hope we'll be able to reach you in your region much sooner than you may think.

Thank you.

DANILOVICH: I want to say, by the way, I want you to know that we share your commitment to Ghana. Ghana is a showcase country for us in Africa. We have an almost \$550 million partnership with them. President Kufuor has shown outstanding leadership and engagement in the program, as has the entire MiDA team, which is the comparable entity there, the implementing entity.

I'd like to encourage you to meet with some of our people today, so that you can explore possibilities and keep open communication with us, so that we can find ways that we can cooperate with you and with others such as yourself, farmers in Ghana, as we go through this implementation process on our compact there.

QUESTION: Thank you.

DANILOVICH: Thank you.

BENT: Let me stop it here, because I'm afraid they do have a pressing engagement. Let's thank them again for..

(APPLAUSE)

What will happen next, the real highlight, we have a panel of distinguished guests.

Let me introduce Jonathan Bloom, who is our deputy vice president, and say thank you very much for the chairman and the CEO. Thank you again.

STAFF: Ladies and gentlemen, we're just going to set up for the next portion, the panel portion. For those media interested in staying, please feel free to do so. We're going to talk about food security issues and how AGRA and MCC are addressing that.

Otherwise, you can exit the building. But we hope that you guys stay. Thanks.

And now, Mr. Bloom?

BLOOM: I'll go ahead and start. I'd actually like to begin by introducing my colleague, Kristin Penn.

Kristin, who is our senior director for agriculture, who has been critical to getting us to this point, really going back, I think, probably working on this for about two years now. And we'll discuss a bit some of the progress we've made already.

I'm Jonathan Bloom. I'm the deputy vice president here at MCC for compact implementation in Africa. So, that's responsibility for the nine compacts that Ambassador Danilovich mentioned.

Before I introduce the panel and turn it over to them, I would like to take just about two minutes to just expand a little bit on the ambassador's notes of what's already happening before we get to talk about what could happen in the future.

And let me just close the door. Thank you.

As the ambassador mentioned, in Ghana, AGRA and the Ghanaian government's Millennium Development Authority -- or MiDA, as it's referred to, which was established to implement the country's MCC grant program -- have already launched a dialogue between the public sector and the private sector with the seed industries regarding currency policy, which is -- we would consider restricted -- to gain a consensus on reform measures, for private seed companies and public institutions to work together towards greater distribution and use of improved seed varieties in farmers' fields.

AGRA and MiDA are developing plans to coordinate seed multiplication in this (inaudible) for maize, sorghum, millet, cow feed and soya -- some basic food crops, clearly.

And they're also developing, as Mr. Annan mentioned, agro-dealer networks and rural finance systems in the (inaudible) districts, which are 23 districts in Ghana, about a quarter of the total, to foster develop of the input and output development -- or input and output value chains.

In Madagascar, also on the ground already, where rice yields are among the poorest in the world. And fertilizer usage is, as I understand it, one-twelfth the African average, which is already one-tenth of the global average. So, we're talking about incredibly low levels for fertilizer usage.

AGRA and MCA Madagascar, in this case, (inaudible) executing that country's grant program, will use the MCC-funded agricultural business centers in the target zone to expand seed multiplication for rice, maize and other crops; distribution systems and availability of blends or fertilizer, or appropriate blends of fertilizer, to better reach farm households with inputs and devices; and to develop and distribute new financing mechanisms for agriculture, which are quite comprehensive.

In Mali, also, already, AGRA will direct its investments in crop research, seed development, and again, agro-dealer development -- sorry -- agro-dealer network development, to compact the investments being funded by MCC in the Alitona (ph) region, focusing on expansion of irrigation systems for small-scale farmers.

More concretely, AGRA and MCA Mali will seek ways to leverage each other's investment in multiplication and distribution of disease-resistant rice, vegetables and other improved crop varieties, to explore joint evaluation and funding of applied research in crop improvement technology and adoption, and to boost private sector capacities in post-harvest systems and value-added processing.

These efforts are already underway. We have not been waiting for the formal signing. These come about as a result of the initial discussions we've had, with the involvement of, as I mentioned, MCA Mali, MCA Madagascar and the Millennium Development Authority in Ghana.

Further, as we are at the earlier stage with a few countries. In Burkina Faso -- with whom MCC hopes to sign a compact this summer, subject to approval by our board and Congress -- we expect that MCA Burkina will build on AGRA-supported innovations in crop improvement and soil fertility in the MCA target zones, as well as development and the expansion of market information systems and other under-utilized resources, for the input and output markets in the (inaudible) and targets (inaudible).

And finally, Malawi, which is newly eligible for MCC assistance and in the early stages of developing a proposal. AGRA will participate in and contribute to the broad-based consulting process, to prioritize investment opportunities, to help shape that proposal.

So, again, these are things which have already gotten started. And I'd like to segue from that to our first panel member, who I'll introduce as we go.

Dr. Akin Adesina, who is the vice president for policy and partnerships at AGRA, and who has been one of the major motive forces, again, behind getting us to this point today.

Dr. Adesina is a distinguished agricultural economist with over 20 years of professional experience in African agriculture, development policy and rural development. He is also associate director for food security at the Rockefeller Foundation, and helped organize the Africa Fertilizer Summit for African heads of state in 2006.

Dr. Adesina previously worked in senior research leadership positions at the international and agricultural research centers of the Consultative Group on International Agriculture Research, the CGIAR. And in July of 2007, last year, Dr. Adesina was awarded the extremely distinguished 2007 Yara Prize for the Africa Green Revolution in Oslo, Norway, for his pioneering work with agricultural inputs and agro-dealer networks in Africa.

Akin, I don't know if you'd like to sit or come stand? Please.

Ladies and gentlemen, Dr. Akin Adesina.

(APPLAUSE)

ADESINA: Thank you very much, Jonathan, and thanks to all of the executives and staff of the MCC. It's a great pleasure for us to be here today at this very important, significant event for Africa.

I just wanted to make a few comments -- and thanks for the generous introduction, Jonathan -- about the food crisis in Africa, and also what AGRA is doing, as Chairman Annan said, in terms of medium and long-term strategies.

It is clear that Africa is in the midst of a food crisis and a sort of ag crisis (inaudible) several. And one is the rising cost of oil. That makes the cost of transport very, very high. The diversion of corn, for example, in many countries for the production of biofuels, which makes also the prices of food to be very high on the global market.

We are witnessing a very low global reserve for food now in the world, that I understand we don't even have enough for more than 57 days or so. And of course, climate change in many of the exporting countries.

Now, when we look at these food prices, we recognize that the impacts are very differentiated. The net food importing countries are certainly more affected by this crisis -- within which you have Africa.

Africa's import of cereals has increased by \$2.7 billion between -- provincial (inaudible) and 2007, 2008.

Obviously, that means very serious pressure in terms of balance of payments for many of these net deficit food importing countries.

But if you take the low-income food deficit countries as group together -- food imports are increased from \$88 billion in 2006 to \$119 billion in 2007.

Now, as Mr. Annan mentioned, Africa has been witness in a silent food crisis. And when I grew up 48 years ago, we were in a food crisis. And now at 48, we are still in a food crisis.

The only difference is that everybody's on the street now in the urban areas. But (inaudible) this silent neglect of the rural folks for so long in Africa. And I think the chicken has basically come home to roost. We are suffering the consequences of that today.

Some of the factors behind this are, you know, quite remarkable. You look at fertilizer use, for example, in Africa. It is only eight kilograms per hectare, compared to the global average of about 120 kilograms per hectare. The crop yields in Africa is one-fifth of the global average in terms of cereals. And if you look in terms of what is happening to African soils, a disaster.

Africa's rate of deforestation is 200 percent above the global average. And Africa loses roughly \$4.5 billion of soil nutrients every year. And that has been going on for the last 30 (ph) years.

So, you can see that the natural capital stock on which we have to rely for this productivity growth is actually most (inaudible). And so, we've got to do something really about that.

I just wanted to leave you with some thoughts about some of the ideas that we think are necessary to help solve this problem.

One is, we need to raise agricultural output productivity of the staple food crops. And I think my colleague and friend, Joachim von Braun, will talk a little bit probably about that.

But all the evidence suggests that raising productivity of the staple food crops, have the greatest impact in terms of food security, in terms of incomes and nutrition for households than anything else that we can do in Africa.

A second point I want to make is that we need to rapidly develop and scale up this rural agro-dealers that Mr. Annan mentioned. It's a paradox in Africa that, you know, anywhere you go you find Coca-Cola, you find Pepsi Cola everywhere. Well, you can't find seeds and you can't find fertilizers in rural areas. And most of the farmers have to travel long distances to find these farm inputs. In Malawi it could up to 100 kilometers to find this.

And yet, we know that if they work for a company, certainly, based in Georgia, Atlanta, Georgia, certainly they can work for seed and for agro companies in Africa.

And what we have done in Malawi is actually quite remarkable. We've taken these same shops, we've trained them with skills on seeds, fertilizers, how to store it, and also how to market it to farmers. And we then use credit guarantees facilities to link them with commercial banks.

But here comes the interesting statistic. In six years that the Rockefeller Foundation have been building this program, the national default rate in Malawi has been less than one percent. And for every dollar that we have put to link them to the commercial banks, the capital leveraging ratio has been 16-to-one -- 16 times the investment we have made in it.

So, you can imagine. If you have \$20 million in any given country, and your capital leveraging ratio was even 10-to-one, that is \$200 million of seeds and fertilizers that can move right to the doorstep of every farmer in that country.

And so, we are asking that this model, well tested, needs to be rapidly scaled up across Africa to reduce the transactional cost that farmers pays in farming input.

The fourth point I want to make has to do with financing agriculture. When it comes to financing agriculture, Africa tends to rely so much on ODA. But if you look in the continent itself, there is significant amount of liquidity in the financial sector, that we need to find better ways of leveraging that into agriculture.

I'll give you an example. AGRA working recently with one of the largest banks in Kenya called Equity Bank, AGRA and IFAD, the International Fund for Agricultural Development, provided a loan guarantee of \$5 million. And with that loan guarantee alone, Equity Bank is lending \$50 million to farmers, to agro-dealers in Kenya.

So, you can imagine what will happen if we use our audience (ph) more intelligently in terms of leveraging what is there, rather than Africa depending all the time on what is outside.

The fourth point is this issue of breadbasket areas, which Ambassador Danilovich and Mr. Annan mentioned. I think this is very, very important.

We can't invest everywhere, because rate of returns are not the same everywhere. And Africa has a huge infrastructure (inaudible). So, if you have anything to invest in infrastructure, let's focus those infrastructure investments around the areas where you have high population densities, particularly good soils, good market infrastructure, where the rate of return to go to the investments are going to be much higher.

And we think that rather than invest everywhere, we need to optimize around these breadbasket areas, where we can rapidly raise agricultural productivity.

Now, one word on smart subsidies. Subsidies are very important for poor farmers. The issue is not whether they need subsidies or not. It's how to do the subsidies in ways that are smart, that does not displace the private sector.

Africa has a huge experience now in how to do these smart subsidies. The farmer gets a voucher, takes the voucher to the agro-dealer closest to their home. They get the seed and the fertilizer that they need from that agro-dealer. And see, what happens is a win-win situation. You're supporting the poor, and at the same time you are building the nascent (ph) input markets in rural areas that they will have to depend on on a long-term basis to continue to access farm inputs.

So we analyzed it by the World Bank, and it's finally seen that it's important to have this. And we'll be working with the World Bank on how to implement the subsidies.

Many of you may not like the word subsidies, I suppose. And so, I decided to give it a new name -- growth enhancement credits.

(LAUGHTER)

Hopefully that you will like that better.

Malawi has implemented this kind of growth enhancements credits, or smart subsidies. It provided \$70 million of farm input subsidies in 2006 and '07. And it was able to generate 1.4 million tons of maize -- surplus maize -- above national consumption requirements.

It sold \$160 (ph) million of maize to Zimbabwe. And it also gave 10,000 tons of maize as food aid to Lesotho and Botswana. Just think about it, the (inaudible) a very, very poor country like Malawi.

Well, the president of Malawi said, I will never go around begging for food. It's a question of dignity. And so, (inaudible). If Malawi can do it, that we believe at AGRA that every African country can do it.



One last word on fertilizers. And I know that our colleagues are here from the USAID. Fertilizer prices have increased tremendously on the global market. DAP, for example, the price has risen from \$250 a ton last year January, to \$1,800 a ton today.

So, if farmers were not using fertilizers before, you can imagine today there's really nothing there.

But the problem in Africa is that we have small quantities of fertilizers that the countries are importing, individually. So, we are calling for a shift to regional procurement, where the countries will cluster themselves. They bulk order, and they are able to negotiate prices, reduce shipment costs, and also inland transport costs when the fertilizer gets on the continent.

These are some of the ideas. And I'm sure that the other panelists will share the rest of the ideas. But we really do believe that this can be done.

And one just last word for me. I grew up in a village. Is that there's nothing else that would make me, in my own lifetime, much happier than to go to the same villages where I grew up. And I can see all the kids in those villages, instead of being in misery, they can say that their lives are better because of what we are about to embark on and what we are doing.

Thank you very much.

(APPLAUSE)

BLOOM: Thank you, Akin.

Before we continue, I would like to introduce the president of AGRA, who has joined us. Dr. Ngongi, Dr. Namanga Ngongi, who is the president of AGRA, and is joining us for the ceremony today.

So, welcome, sir. Thank you for...

(APPLAUSE)

And before I introduce the next speaker, it occurs to me I should have explained the format. We will ask each of the speakers to give some brief remarks, and then we'll, I'm confident, have time left for questions, which I expect there will be many.

So, as the next speaker, I would like to introduce William Hammink, who is the deputy assistant administrator at USAID, in the Bureau of Economic Growth, Agriculture and Trade. He's a career senior foreign service officer with more than 26 years at USAID, working on international development and humanitarian programs.

He most recently was director of USAID's Office of Food for Peace, managing over \$1.2 billion in U.S. food aid.

Prior to this, he was USAID mission director in Ethiopia, managing one of the largest USAID programs in sub-Saharan Africa, and has also served in Swaziland, Senegal -- I'm glad it's not my phone...

(LAUGHTER)

... Swaziland, Senegal, Madagascar, Russia and the West Bank and Gaza.

Bill, please?

HAMMINK: If you don't mind, if I can stay...

BLOOM: No, that's fine.

HAMMINK: Thank you very much. And thank you to MCC and to AGRA for the invitation to say a few brief words here today.

It's a very -- as we've been hearing, it's a very exciting time for agriculture in Africa. There are many opportunities. There are many policies that are right. There are many -- there's a lot of growing interest, as we heard, at the World Bank and other donors, including USAID.

But at the same time, it's a very difficult time for the increasing number of vulnerable populations in Africa, especially the most chronic food insecure.

I'd like to spend just a few brief moments talking about two things. First of all, as you may be aware, the president's announcement on May 1 of a broad U.S. response to the rising food prices. And I'll say a few words about that, because a lot of the extra money that he has requested to Congress as an initial step will be implemented by USAID.

And the second is the president's Initiative to End Hunger in Africa, which is administered by USAID and has been working with African partners and other global partners for the last five years.

As you may be aware, the president requested Congress for an additional \$770 million for food aid and development programs. And this was on May 1.

It basically, for these additional funds, and for what we're doing with other funds, it's a three-pronged strategy: first of all, an immediate and expanded humanitarian response; second, development assistance to those countries most able to rapidly increase staple food production -- and I'd like to emphasize, as the previous speaker mentioned, there will be a focus on staple food production; and third, support for trade liberalization and increased use of advanced agriculture technologies.

As the president mentioned, the U.S. is on track to provide nearly \$5 billion in '08 and '09 to fight global hunger. What we're looking at is a comprehensive and integrated approach to make food more affordable and available,

with a focus on -- and these are no surprises, because we've been hearing about it from previous speakers -- first, improving agricultural productivity for key food staples, the value chain, the market linkages, the input supply, the technology that has to go in, the research.

Alleviating transportation, distribution and market bottlenecks, to make markets and trade work. Especially looking at, with our African partners and others like MCC, the idea of trade corridors, how to make those actually work across countries, to move from surplus to deficit areas.

And just, again, to make it clear, this is part of the broader U.S. government focus on food security (inaudible). (inaudible) we heard about the kind of work that MCC is doing. USAID is working closely with MCC, with USDA and other U.S. agencies to focus our assistance in a very coordinated fashion on food security issues.

Let me just say a few words about the presidential Initiative to End Hunger in Africa, or as it's being called, IEHA. First of all, this program has been going since 2002, and when it was launched. And IEHA is really focused on raising rural incomes and improving food security for small-scale farmers -- as we heard again, the small farmers -- by improving policies and increasing productivity and trade.

IEHA works very much under the CAADP framework -- the Comprehensive Africa Agriculture Development Programme -- which we fully support, along with many other donors. And it's basically an African-led, multi-donor approach to growing agriculture and having agriculture serve as much more of a push for poverty reduction and, of course, economic growth in Africa.

Our programs focus on private-public partnerships, especially as we heard that ODA, including USAID investments, is not going to really make many changes. We have to partner with others, not only with MCC, USDA and others from the U.S. side, but also especially with private sector, both international and local partners.

Under IEHA we've been able to form right here over 560 new public-private partnerships, most of those with local organizations in the countries where we work.

Just a few other quick comments. The focus of IEHA is Africa-wide, as well as at the sub-regional level, supporting organizations like ECOLAS (ph) and other sub-regional organizations, trying to improve trade and movement of goods, as well as, of course, at the country level.

A strong focus on research and productivity. And just -- we do work very closely in a few areas already with AGRA on West Africa Seed Alliance and looking as well at East Africa Seed Alliance. And we heard how that meshes very closely with what MCC is also working with AGRA on.

USAID and MCC work very closely at the country level, where we have missions, USAID and MCC. And also, USAID manages the MCC threshold country programs. And so, there's a very close working relationship, as well.

Let me just throw out a few of the results over the last few years. Again, this is African-led, but from the IEHA program. Over 900,000 farmers adopted new technologies on about 300,000 hectares. Inter-regional trade increased from \$228 million in 2006 to 247 in 2007. And over 17 million rural individuals receiving direct benefits.

So, I think it's very complementary, this program, to what MCC and AGRA. And it's closely coordinated, again, in the country level.

Thank you very much.

(APPLAUSE)

BLOOM: Thank you, Bill.

I'd next like to introduce Corey Rosenbusch, who is the vice president of the Global Cold Chain Alliance, an alliance of cold chain industry organizations. For those of you that are interested in cold chain, Corey will explain it's refrigeration.

Mr. Rosenbusch oversees the alliance's five global offices in Europe, India, Russia, China and Latin America, and served as a project director in Indonesia for Texas A&M University on a cold chain development program under a USDA grant.

He has served as an international government consultant in Ukraine, Indonesia, Afghanistan and El Salvador in the fields of education and training, agribusiness development, post-harvest horticulture and cold chain development -- Corey.

ROSENBUSCH: Thank you. I'll also -- I'll be seated here as well, if that's OK.

I appreciate the opportunity to be here today. Thank you, MCC and AGRA for hosting this event.

How many of you, just out of curiosity, have heard of the term "cold chain" before?

A very educated crowd. It is not gold chain, as we often...

(LAUGHTER)

... I get referred to. We would probably be a lot more wealthy if it were gold chain. But it is, indeed, cold chain. And it is the distribution, transportation and storage of perishable food products.

We are an alliance of three trade associations and one nonprofit research and education foundation. Those three trade associations include the international associations of refrigerated warehousing, refrigerated transportation and cold storage construction -- so, the companies that design and build food processing and storage facilities.

We also have a nonprofit organization called World Food Logistics Organization, which works very closely trying to bridge the -- try to create public and private sector partnerships and working in development around the globe.

As Jonathan mentioned, we represent companies in 65 countries. Every continent, with the exception of Africa -- or, excuse me, Antarctica -- where folks who are visiting (inaudible).

But we do have close to 1,200 private sector companies involved in our trade associations.

What is the cold chain and why it is important is what I'd like to talk to you about just briefly today, and tell you from a private sector standpoint how the private sector wants to get involved, and how perhaps some of the public sector represented here today can reach out and engage that private sector.

The cold chain, obviously, is very important, as Kofi Annan said. He made reference to tomatoes that were spoiling. And if you had cold chain in place, you could see the shelf life extended on those tomatoes, perhaps being able to make them more marketable, reach other markets, whether they're domestic or even just in local villages.

Without the cold chain, without proper temperature management, those will quickly spoil, rot, and then you lose the value to the farmer.

The focus that we have seen, and what we like to promote is that there's been a lot of emphasis on production, on increasing yields, on input. And all of that is very important, but it cannot occur with the absence of proper infrastructure to market and ensure market access is available to those products.

When you talk about increasing income to rural families, when you talk about high value agriculture, whether it's on protein types, such as meat, seafood, or the horticulture side, fruits and vegetables, you really cannot market those products without a proper cold chain in place. And that's really what we're all about, is promoting the development of infrastructure so that cold chains can exist all across the globe.

What I'd like to do is to briefly give you give ways that you can engage the private sector. Or that the private sector has demonstrated interest in becoming involved in agriculture development across the globe, or specifically in the cold chain.

First and foremost are creating business models that work. We've seen a lot of white elephants out there, if I could use that term, where a project had funded, or governments had funded infrastructure, whether it be cold storage or packing houses that are now being used to store manure, or whatever it might be, because it was not set up on sound business principles.

So, what we try to do is take a lot of private companies -- not just in the United States, but in Europe or in Asia -- and get them involved in development work themselves. So, providing assistance to find a business model that made sense and that can be sustainable.

For example, in Ethiopia we partnered up with Maersk, who was our chairman of our organization last year, as well as some other transportation companies, to work with some small holder abattoirs in Ethiopia, to create an export market for them to the Middle East.

And by doing that, they were able to find real solutions that will hopefully be sustainable beyond the lifespan of what -- of public intervention or a project might be.

Secondly, training. Technical training is an important element of any infrastructure investment. We -- as Jonathan mentioned, I worked in Indonesia for a while. And you can put it in packing houses, you can put it in cold storage, you can invest in transportation, things to get product to market.

But the bottom line is this. If the people working within that supply chain aren't trained to properly handle the product, you're essentially putting bad product in, and you're going to get bad product out.

So, it's important to work hand-in-hand, not only in infrastructure investment, but also in training, to ensure that you're able to access the markets and get high quality product.

For example, in Mozambique we work very closely with a women's cooperative who were processing poultry, processing chickens. And they had some infrastructure in place, but they really needed the training on how to properly handle the product and the commodity, food safety could be guaranteed.

And oftentimes, it doesn't mean higher or major investments. It can be working on a small holder level. And implementing what we call low-cost or no-cost solutions, so that the human capital element is also provided in conjunction with the infrastructure.

Third, and probably what is most -- one of the most valuable to our companies, or to the private sector, are partnerships. By getting the private sector involved in sustainable agriculture, you're creating business linkages which can last a lifetime.

We have several of our companies that have participated in some programs in South Africa. And as a result of that training that they were involved in, they are actually now facilitating business partnerships back and forth with companies there. And it's that ongoing support, whether it be technical in nature, whether it be finding proper equipment to invest in the infrastructure, involved in the private sector in some of those partnerships can have a long-lasting impact.

Specifically, even looking at associations, if you will, there actually is an association there now in Africa, which is developed and can provide ongoing training and technical assistance to support the industry for many years to come.

And then last, but not least -- well, excuse me -- then next would be just from the philanthropic standpoint. We work very closely with the breast milk foundation. And several of our companies are very interested in social

responsibility, and have provided free of charge their services to transport 10,000 feedings, if you will, of breast milk to Africa to feed infants with HIV.

And they've provided all of the logistics, if you will, to get that from the U.S. to Africa. So, they're often willing to put up in-kind support from a social responsibility standpoint.

And then last but not least, what we're here for today -- and I just wanted to encourage you, because we hear this from the private sector a lot, we may not want to necessarily be involved in investment or putting money on the ground, but there are other ways to do it -- but the last is indeed investment. And looking at infrastructure to be put into place to help facilitate marketing of some of the products that are so important to increase the livelihood of farmers.

Just two quick examples. For example, in Egypt, where we were able to work, and some of our companies were to do a feasibility study to create a high-value horticulture export program, which included a packing house, transportation and cold storage at the airport for air export, actually, air cargo export.

I'd also just like to take a moment to thank Larry Walther -- I'm not sure if he's still here or not -- with USTDA. But I will have to say, that's been one of the best examples of how the private and public sector can work together. As a result of some work with TDA that we've been doing, we recently had a company that announced a \$250 million investment in cold storage infrastructure in India, for example.

And so, there are definitely companies out there that are engaged, that are willing to put money on the ground, that are looking at the potential for emerging and developing markets.

With all of that in mind, there, of course, is a challenge that I would like to leave all of you here with today. And that is that, we have companies that come to us constantly who are looking to get involved in agriculture, in agribusiness. But the number one challenge we face is, they don't know how to work with the public sector and navigate their mechanisms to put our money and our resources to work.

So, that's why we're here, and we try to help them understand that. But we still have a lot of work to do that, to get there to the finish line. And hopefully, we can see more and more private sector get involved, because ultimately, that's what we're talking about when we think about sustainability and sustainable agriculture.

Thank you.

(APPLAUSE)

BLOOM: Thank you very much, Corey, and thank you for leaving us with your challenge.

ROSENBUSCH: You're quite welcome.

BLOOM: As our next and next-to-the-last speaker, I'd like to introduce Dr. Robert Townsend, the senior economist at the World Bank, who has worked in the Eastern Europe and Asia regions, and is currently working in the African region.

His primary research has been on incentive policies -- I'm sorry, Akin, what are we calling them now? Growth...

ADESINA: ... enhancement credits.

(LAUGHTER)

BLOOM: ... thank you -- on incentive policies to accelerate economic growth in developing countries, particularly domestic macroeconomic and sector policies.

He has also worked on the design and implementation and investment programs, with a particular focus on rural infrastructure and agricultural technology. And most recently, he was a co-author of the 2008 World Development Report on Agriculture for Development.

Dr. Townsend, please?

TOWNSEND: Thanks very much. And it's indeed a pleasure and privilege to join you at this occasion. And we very much welcome this attention to agriculture in Africa. And certainly within our institution, it's getting much more visibility than it used to have.

And I think that's for a number of reasons. One is the (inaudible) development goals approaching the halfway mark. And many countries, particularly in Africa, are falling behind on those targets.

So, there's a greater recognition now that agriculture can play a significant role in achieving those development goals.

Secondly, in other regions, particularly South Asia, where agriculture is not the dominant driver of overall growth, it's still important for (inaudible) poverty. And that has some political ramifications, as we saw in the elections in India several years ago.

So, there's an increased attention or recognition that agriculture can play differing roles, both in growth and poverty reduction (inaudible).

And within Africa, the explicit focus is: How do you get agricultures generally to improve, particularly in economies where agricultural GDP still dominates the overall GDP, with most of the poor still in rural areas?

So, the WDR, (inaudible) another report in 2008, tried (ph) some of these contributions of agriculture, which raised the profile of the sector, certainly in our internal discussions, and hopefully generated more discussion in other international organizations.



Now, in addition, you know, the WDR came sort of at the start of the rise in global food prices, which we've seen accelerate since, and has given a bit more emphasis to some of the content of the WDR. But I'd like to highlight sort of two areas. One is sort of the short-term response that institutions now are focusing on in response to higher food prices, but also, the longer term response in terms of the longer term solutions (inaudible).

For short-term response, you know, I think the challenge is how to get immediacy in terms of financing, providing financing for import goals. And as was mentioned by Adesina, Africa imports about half of its rice consumption, about 80 percent of its wheat consumption. And so, you know, those prices have doubled or tripled, imposing higher fiscal burdens on countries.

So, one is providing immediate, short-term financing needs, reducing credit barriers (inaudible) regional trade (inaudible) continent, safety nets for some of the most vulnerable. But this requires all these mechanisms to be in place to get the financing to those most vulnerable groups in time.

And then finally, preparing for the next season's planting, when you expect (ph) that countries to get the domestic suppliers response, because what we often see as the greatest impact has been in those countries which have had a domestic shock in addition to the rising food prices.

I'd just like to say a few points on the longer term solutions, or the longer-term agenda. And this was particularly for the new governing (inaudible).

I think in the Africa context, it highlights sort of three key elements. One is the need for differentiation in terms of the vast, different rural populations we have in Africa. Adesina alluded to it, the rural area. But the overall focus is growth, then the focus should be on those areas which have the highest growth potential, on those untapped areas where infrastructure can open up high potential areas to growth (ph) markets.

And I think that was one of the concerns (inaudible) is that the balance between the focus on substance agriculture and growth wasn't aligned to the overall growth target, as (inaudible) for the continent.

And in terms of activities for growth, just to highlight the importance of the rural investment climate that was mentioned earlier, in terms of overall peace and stability within the country. We've seen dramatic turnarounds in agriculture with peace. But also the macroeconomic stability (inaudible) so that agriculture is not overly taxed.

Upgrading security assets. This is land, water, particularly for women, as was mentioned earlier. Improving use of existing technologies and generating new technologies. This includes the whole knowledge dissemination and extension to farmers. You know, there's on-the-shelf (inaudible). You know, this gets to the (inaudible) dissemination.

And finally, connectivity, which is the whole of information. The cell phone use in Africa is (inaudible) changing price discovery in markets, and how can we build on that new technology in contributing to the overall growth.

Certainly, just a few words on subsistence orientation. I think, you know, not everyone can be a commercial farmer. And that there still has to be some support to those households which likely remain in subsistence, but dependent on agriculture for their livelihoods. And key amongst (ph) here is the technology, more resilient farming systems to drought, better management of soil and water, and then the safety nets.

There are two final points. One is the challenge in implementation, as we have very diverse local conditions. Unlike in Asia, we have very diverse (inaudible) qualities. So the responsiveness of some of these systems in terms of technology development, knowledge, has to be almost tailored to the specific area (inaudible), which demands more responsive institutional arrangements than we'd say was the case in Asia.

And then finally, the other challenge is market size. You have very small countries. And how do you shift to a more regional system of trade, of policy of agricultural research.

And I think that's, you know, where we're trying to move forward. And in this context, you know, partnership is vitally important, particularly at the regional context, but also within countries, to try and ensure the coordinated approach to agricultural development.

(APPLAUSE)

BLOOM: Thank you very much. And as our final speaker, I'd like to introduce Dr. Joachim von Braun, who is the director general of the International Food Policy Research Institute, IFPRI. He guides and oversees the institute's efforts to provide research-based, sustainable solutions for ending hunger, and nutrition. He was previously director of the Center for Development and Research and a professor of economics and technological change at the University of Bonn, and a professor of food economics and policy and Kiel University, both in Germany.

He's published research on international development economics, including science and technology, and policy issues relating to trade, aid, famine, health and nutrition, and a wide range of agricultural economics research issues. Dr. von Braun has worked in sub-Saharan Africa, Central America, Egypt, Russia and China.

Dr. von Braun?

VON BRA(UNKNOWN): Thank you for the kind introduction. I don't see this (inaudible). You don't mind, I'll stand up and start from there.

Let me make a couple of remarks in the context of the current world food crisis. Two types of responses are needed -- emergency responses and responses which strengthen the resilience of the food system.

And I think this new alliance between MCC and AGRA has the potential to address both. We need to first impact production-related investments, green revolution type approaches of getting seed and fertilizer and, yes, subsidized credit and guaranteed prices, (inaudible) funds into rural community, and to transform that very quickly into sustainable, long-term projects and programs.

I'm delighted to (inaudible) this event today, Mr. Chairman, for two reasons. One is, it promises to do what I just said. But in a much larger scheme of things, there's also something very important happening with this partnership between AGRA and MCC. This addresses the (inaudible) of the global architecture (inaudible) agriculture, food and nutrition.

We (inaudible) the architecture of food, agriculture and nutrition has not been delivering the international public (ph) goods needed. It (inaudible) with responding to the current food crisis. And what we have here is something outside that existing government's architecture.

So, signing here, and (inaudible) signing last week in Rome, a new partnership of AGRA, I think are very, very good signs.

But what needs to be done there in the policy domain? My point is policy improvement needs to be invested in, just like you invest in a (inaudible). It doesn't just happen.

So, the three major domains in this field, I think are the public investment policies, which need to focus on strengthening infrastructure, in particular in rural areas. Secondly, the strengthening and investment in public services.

The small farmers anywhere in the world -- and, by the way, also the big farmers -- need services. Otherwise they are not productive. And these services (inaudible) to extension, to market information, to debt (ph) services to all these things -- the insurance systems -- before they become market-based.

That's a huge investment portfolio. It's software, it's not hardware.

And third is the investment in the capacity to implement policies. And that requires a lot of attention. It costs also money.

The good news is African agriculture has grown faster the last three or four years, to make the higher growth of five to six percent sustainable. So, it will take a lot of effort. And to do so requires new resources and resources of national government.

I very much applaud that this initiative connects closely to national policies and to the strategies formulated in Africa around (inaudible) Carter (ph) and the sub-regional organizations, as well as (inaudible), the (inaudible) and others.

So, my message is: invest in policy. Policy is not just this context-specific thing around it. It's absolutely critical for progress. Agriculture growth is (inaudible) poor (ph) for a simple reason. It spreads capital thin (ph) around.

So, lots of people participate. And I'm enthusiastic about what you are (inaudible). Thank you very much.

(APPLAUSE)

BLOOM: As I promised, we do have time for a few questions for the panel. If you'd like to address them to specific members or to the panel in general, please.

And I don't think we saw the microphone, so speak up.

QUESTION: Lawrence Freeman from "Executive Intelligence Review" magazine. I cover Africa.

I have a question for Dr. Adesina, but others can join in.

You mentioned the example of Malawi, which I've also studied. They went against the recommendations of the World Bank and the donors and the IMF. And that's the larger question I wanted to ask about your organization.

Was there -- it was discussed on the sidelines at the FAO meeting. If we're going to double world food production, which we need to do, countries -- more countries and (ph) African countries have to be allowed to subsidize seed and fertilizer. And this is directly the globalization policies of the WTO. They say you will distort the marketplace.

So the question is, are we going to feed people, or are we going to kill people for the globalization free market? Because -- and then the third, the second part is infrastructure. And there's (ph) no (ph) infrastructure from the West. That's why China is so enthusiastically accepted.

And (inaudible) -- and I don't think the PTTs (ph) are going to solve that problem. I think there has to be massive Western aid for roads, water management, nuclear power, long-term low interest rates, if we're serious about feeding Africa and (inaudible).

So, those are the two questions. But I also would like a very specific answer. My organization is all for getting rid of the WTO. They're useless. Let countries have sovereign policies, and let's (ph) expand the Malawi example.

(UNKNOWN): Hopefully, (inaudible) mind.

(LAUGHTER)

ADESINA: Well, I can speak up. No problem.

Well, thanks for the question. Thanks very much for the question.

I think the Malawi case really points out the major problem that Africa faces, which is that African countries have a lot of structure (inaudible) first (ph). And that is very fundamental for us to recognize.

You see, the sets of policies that were implemented by the World Bank in the '80s did not recognize those structural poverty traps. And the fact that you have countries at different levels of economic growth. Agriculture is at, you know -- the level of importance varies across these countries.

You also have different sets of constraints in terms of what it can do outside of agriculture.

In Malawi, there's really no engine of growth apart from agriculture. So, if agriculture doesn't grow in Malawi, there's nothing else that those folks can do. But then, most of the farmers are so poor.

Now, let's take an example, like in western Kenya. If you look at it also on income (inaudible) in western Kenya, the average income for the household is \$300 a year, for an average family size of seven. And if (ph) (inaudible) fertilizer costs \$70 per bag. And so, you can see there is no way in the world that these farmers can get out of this structural poverty trap, unless there is state support.

Now, what the Malawians did was to say, well, we recognize these poverty traps. We will support these farmers to get out of this poverty trap. We're doing that intelligently. And then they can always get included (ph), because there were cases of (inaudible) and displacement of private sector and so on.

Well, you know, it's just like surgery. I mean, you do plastic surgery. Your nose is one way. Then you fix it the second time around.

And so, we think that this is very important. And unfortunately, most African countries have (inaudible) on these policies of neglect of the African farmer. If that's (inaudible) an answer.

I mean, it's just like going on a (inaudible) race (ph). You have just a pack of bones. And then you are supposed to run and compete against the rest of the world whose farmers continue to get these huge subsidies.

So, you have a situation that is not a level playing field. And what you are saying is that, if African farmers are to raise agricultural (ph) productivity, absolutely, they must get smart -- or subsidies, but done in ways that are very market-friendly, that is market smart.

On the infrastructural (ph) (inaudible) issue, I couldn't agree with you more. Africa has to be less infrastructure than India had at the beginning of its green revolution. And so, we have (inaudible), in particular it was USAID. It's now (inaudible) to move forward on these regional corridors on infrastructure, which we think are absolutely very critical -- whether that's rail, whether that's roads, whether that's (inaudible) that has communication or (ph) energy. These are very, very important for Africa to close that gap and to be able to take advantage of new technologies.

BLOOM: I don't know if anybody else (inaudible).

TOWNSEND: Just two points. First on subsidies. I think you -- I agree with the comments on the smart subsidies and that they're needed. But there are two examples. You take Malawi, where there's been a significant growth response from subsidies, which has spent maybe about half the government budget for agriculture and subsidies.

You take Zambia, which has spent a similar share, around 40 percent on fertilizer subsidies, but there's been no growth.

So, subsidies are important, but on their own they don't automatically translate into growth response.

And I think it's important to distinguish, as I mentioned earlier, subsidies for growth and subsidies for safety nets. And, you know, I think, in terms of, if the objective is growth, how do you align the subsidy to growth, linking two financial institutions with exit strategies? And if it is for safety nets, be explicit upfront that this is a way of providing livelihoods for the poor.

Second, on the WTO, I think it works both ways. One of the concerns is how do we reduce the subsidy policies of developed countries, which are having a negative impact on Africa? As an example, on the cotton (ph).

And as was mentioned earlier, the need to try and reduce those developed country policies which have a negative impact. And the WTO is one vehicle for trying to do that.

VON BRA(UNKNOWN): Let me add to this last comment. Provocatively, you closed by saying, let's close WTO. And let me underline that for Africa, solid rules-based trade system, global trade system is absolutely essential, for the African farmer in particular.

So, you made some excellent observations, but you came to the wrong conclusion.

The WTO has to play its role to further open up markets. And what we currently observe is a falling apart of the international trade regime through high export taxes and export bank (ph), with which developing countries hurt each other, that drives up food prices further. And that Africa currently has not only this big problem of high fertilizer prices, but tremendously high rice prices, which people cannot afford, is a result of a lack of free trade and a lack of rule-based trade, and not about too much free trade.

BLOOM: Thank you.

I'm afraid we have time for one more question, in the back. Please. Well...

(LAUGHTER)

... I guess we'll take -- why don't we take both questions, and then turn it over to the panel?

QUESTION: I'm Ellen (inaudible) Foundation. I also belong here with (inaudible) Foundation.

My question is (inaudible) the whole issue of genetic engineering. I applaud the effort. But my concern is that Africa doesn't get subsidized corporations from foreign countries. I'd like for someone on the panel to comment on how much genetically -- how many (inaudible). Thank you.

I'd like to...

BLOOM: If you hold it a little bit further away, perhaps...

QUESTION: I'd like to find out how much care -- how green is the green revolution in Africa? My concern is that we don't export genetically engineered seed in trying to alleviate one problem and create yet another. Because if I understand it, once the genetically engineered seeds are used in farming, that particular farmer is beholden to that particular -- as far as that particular green is concerned, I think we all know about that. I'd like the panel to comment on that.

BLOOM: Would anyone on the panel like to (inaudible). Hold on. Let me get you (inaudible).

ADESINA: Well, thank you for the question.

First, let me say that the African green revolution is actually going to be learning from quite a lot of what happened in the Asian green revolution. It was a great success. But as we also know, there were issues of negative externalities from overuse of fertilizers. And so, (inaudible) actually got into the waterways and so (ph) on (ph). And overuse of pesticides. And eventually they're going to have negative consequences on farmer health.

And so, in the way that we are going about it in Africa, we recognize that we want to conserve, for example, the local (inaudible) plants (ph) and crops that farmers are using. And in fact, in all of the grants that we (inaudible) in AGRA to the national breeding programs, we encourage them to use farmer participatory breeding to allow them to be able to preserve and conserve the diversity of local (inaudible).

And so, biodiversity will play a very central role in how we manage that revolution.

Secondly, is in terms of the use of hard (ph) limestone (ph). I just mentioned that we need to raise the level of user (ph) fertilizers. But we need to use those also in ways that are efficient and environmentally sound.

So, one of the things that we are investing in and actually diagnostic tools that are low cost diagnostic tools that farmers can actually use to rapidly diagnose what the problems are. So, instead of just using blanket (ph) fertilizers, you can basically use -- apply nutrients that are specific to the needs for that particular soil.

As he said, that the (inaudible) developments are highly diverse and the soils are highly diverse.

On the issue of GMO, you know, I want everybody to know I knew this question was always going to come up. And it's a very important question.

Our position is that, first, biotechnology is very different from GMO. And many people make that confusion. In Africa, I think our goal is to train Africans to have the best science in the world, agricultural (inaudible) science in the world, that it will need to have (inaudible) the multiplicity of challenges that it fits.

Now, let's get some things right, because some of the challenges that we face, whether it's in diseases or pests, or drought -- or even floods in some cases, like in Mozambique -- some of these things are highly intractable (ph) problems that requires you to use the cutting edge of tools (ph) that are available.

AGRA doesn't make those decisions for countries, however. The countries make those decisions. But we do support the countries to train their people with the best tools in the world.

Now, (inaudible) environments in terms of what kind of -- whether GMOs are allowed in or not, those are decisions our countries have to make. But our job is to make sure that the countries put in place those (inaudible) frameworks. But we also train their scientists, so they're the best possible that it can be.

BLOOM: Thanks.

In recognition of your courtesy, let me take one last question, please. And we will dispense with the microphone, so speak up.

QUESTION: Thank you very much. My name is (inaudible), and I'm an intern with International (inaudible). And I'm from Malawi, Africa.

And just (OFF-MIKE) Adesina (inaudible).

First of all, I'd like to recommend (inaudible) and (OFF-MIKE) in Africa and (inaudible).

And I believe that the youth of Africa can play a big role in development and in agriculture. And I guess I want to find out whether AGRA or MCC have any strategies to help (OFF-MIKE) be a part of (inaudible). Thank you.

ADESINA: On this one, I will (inaudible) to my president. He (inaudible).

(LAUGHTER)

NAMANGA: Thank you very much. I would say that (inaudible) or youths in agriculture. Because clearly, I am a farmer, OK. And (inaudible) the young farmers. You cannot leave the revolution of green agriculture with young farmers like me.

(LAUGHTER)



So, you do need them (ph) (inaudible). If we (inaudible) Africa, we have to reduce also the average age of the African farmer. We are forgetting (inaudible) people. But you cannot (inaudible). Policies, you have to invest in policies. If we want to make the young people to be attracted to agriculture, agriculture must also be (inaudible). It was the most and it is the limit. They cannot be having (inaudible).

So, (inaudible) address the issue of how to make agriculture a little bit more attractive. If you do not want (inaudible), (inaudible) hectares. Maybe not just one ton per hectare, maybe three tons per hectare. I think that would be (inaudible) attracting this, of agriculture as a business.

Thank you.

BLOOM: Thank you very much. I don't know if anybody else on the panel would like to add to that.

If not, let me just add two comments from MCC's experience. One is -- two (ph). As I think Dr. Ngongi was alluding to, to ensure that a farm livelihood is still an attractive one, and living in rural areas is still attractive to young people. And therefore, there's a whole set of ancillary investments in facilities that need to be made to continue to make it attractive.

Second part is to customize extension services, technical training, and so on, to specific groups, whether that's young people in many cases, or women in many cases, and other kinds of groups is another way of reinforcing that effort.

I'd like to thank you all for coming. Really appreciate the attendance, the attention and the provocative questions. I (inaudible) a lot.

I'd also like to especially thank our panel. We greatly appreciate your participation and bringing your expertise. And I'm sure they'd be glad to answer further questions you have.

Thank you again very much.

(APPLAUSE)

END