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Seven reasons why the World Bank's plan for agriculture will not help small farmers*

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After ignoring small farmers for decades, volatile food prices and record hunger have forced the World Bank to respond to the multiple crises of agriculture. Implementing Agriculture for Development, the Bank's 2013-2015 Agriculture for Action Plan (AAP) proposes US\$30 billion in agricultural investments for poverty alleviation, equity and environmental sustainability and assigns a role to peasant farmers in the global economy.¹ The AAP is significant because it is directed at the farmers who produce over half of the world's food—on a quarter of the globe's farmland.²

Although the AAP recognizes agriculture's tremendous diversity—and the importance of women in agriculture—its recommendations are old, free market development recipes. Rather than taking the poverty out of agriculture, the Bank proposes purging agriculture of the poor by integrating a relatively small percentage of better-off farmers into global value chains, turning others into agricultural workers, and expecting hundreds of millions of farmers to leave the countryside altogether.

**This Backgrounder was adapted by Eric Holt-Giménez and Ana Galvis based on Food First Development Report No. 22 "The World Bank Group's 2013-15 Agriculture for Action Plan: A Lesson in Privatization, Lack of Oversight and Tired Development Paradigms" <http://foodfirst.org/wp-content/uploads/2015/10/DevelopmentReport22final.pdf>*

1 Flawed assumptions

The AAP is based on flawed assumptions. It repeats the mantra that to meet the needs of a growing population we must double food production by 2050. But this projection for agricultural growth is calculated based on prices rather than yields and does not include production of the fruits and vegetables essential to the human diet. The world grows enough food today to feed 10 billion people, yet 1 billion people are hungry and malnourished. Hunger is the result of low incomes and the unequal distribution of resources—not scarcity.³

The Plan ignores the underlying causes of hunger and maintains outdated paradigms of agricultural modernization without considering the negative impacts industrial agriculture has on peasant farmers. Although warning of volatile food prices and climate change, it fails to address monopoly power, financial speculation and greenhouse gas emissions from industrial agriculture—the main drivers of price volatility and climate change.⁴

2 The danger of global value chains

The Bank wants to bring poor farmers into “global value chains.” This funnels their production toward the value-added products that can be sold in international markets. For instance, instead of growing food for local consumption, farmers produce grain for industrial livestock or agrofuels.

Opening up new markets for farmers may seem appealing, but in reality global value chains are controlled by transnational corporations. Countries whose Gross Domestic Product relies on producing primary agricultural

products before the “value” is added by processing, trade or distribution, are the poorest in the world.⁵ Over one third of the total global value created under global value chains accrues to the rich, northern countries, while only eight percent of total value added is shared among poor and developing countries.⁶

3 The obsession with the private sector

Without providing any evidence, the AAP asserts that increased investment in the private sector will improve smallholder livelihoods. By promoting “public-private partnerships” the World Bank actually channels the lion’s share of it’s lending to the private sector. Shifting resources away from its public funding arm, the Bank is embracing the IFC (International Finance Corporation), its private sector facility. The AAP states that “in recognition of the evolving global context” (i.e. privatization and unregulated global markets), it will focus on “facilitating [a] private sector response” by dramatically increasing the IFC’s agribusiness investments. This assumes that private sector development lifts all boats. Actually, decades of private sector lending has led to stagnating investments in health, education and welfare—social goods that are essential for improving the well-being and upward mobility of the poor.⁷

4 The false solutions of climate-smart agriculture and modernization

The World Bank promotes climate-smart agriculture to increase agricultural productivity, build climate resiliency and reduce greenhouse gas emissions. But as international peasant organization La Vía Campesina points out,



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this really amounts to nothing more than the repackaging of old, Green Revolution-style practices.⁸ The AAP prioritizes “improved” drought and flood resistant seed varieties and wants farmers to practice “sustainable intensification” by growing more food on smaller areas of land with “smarter” applications of external inputs. The idea is that non-agricultural “islands of biodiversity” (i.e. nature reserves) surrounding these intensive farms can be left in their natural state. Because these seed varieties depend on conventional chemical inputs, this is a way to maintain the model of industrial agriculture while nodding toward conservation goals. This contradicts the more ecological “nature’s matrix” approach, recognized by scientists who insist biodiversity is best conserved when agriculture itself is more biodiverse—as it is when smallholders practice agroecology rather than chemical-intensive agriculture.⁹

5 Financialization and commodification of climate risk

The AAP proposes “crop-related insurance offerings such as the Global Index Insurance

Facility” to offer index-based weather insurance. Whereas agricultural insurance historically compensates farmers after a crop failure, index-based weather insurance gives payouts to farmers whenever environmental measures exceed specified thresholds¹⁰ (such as during droughts or hurricanes). Because actual agricultural performance is irrelevant, insurers do not have to worry about costly verification processes. Thus, the insurance can be offered much more cheaply than traditional crop insurance, and is potentially accessible to small-scale farmers.

While providing a financial safety net to small-scale farmers in the face of increasing climate risk is important, index-based insurance actually pushes farmers away from the diversified farming practices that build climate resilience. How? Insuring small-scale farmers makes them more “creditworthy.” They are encouraged to take out credit to purchase chemical fertilizer and commercial seed varieties. This pushes farmers toward monocropping, which is inherently less climate resilient than diversified agriculture. Shifting reliance to insurance schemes can also undermine traditional risk pooling agreements and other community-level social safety nets.

Index-based weather insurance does offer promising returns for corporate agribusinesses by making small farmers clients. The financialization and commodification of climate risk sets the stage for derivatives trading markets which, like all markets for imaginary commodities, can produce unexpected and wide-ranging negative consequences for global agricultural systems.¹¹

6 Land programs that promote conflict and unequal distribution

Since the 1990s the Bank has

led multiple, ill-fated attempts at market-led land reforms. To address issues of land tenure, the AAP supports land markets, titling programs and land administration reforms. The intent is that small-scale farmers can then use land as collateral for loans, or they can sell to larger farmers and leave agriculture altogether. Unfortunately, bringing agricultural land into the global marketplace has a spotty track record for development; it often leads to indebtedness, forced sales and increased land conflict and unequal land distribution.¹²

7 Ignoring the IAASTD recommendations

Remarkably, the AAP ignores the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD)—a multidisciplinary study involving over 400 scientists sponsored by the UN Environment Program, FAO, UNESCO, Global Environment Facility and the World Bank itself.¹³

Instead of seeking to incorporate poor farmers into existing global value chains, the IAASTD calls for a radical transformation of the world’s food and farming systems. The report—endorsed by 58 governments—concludes that industrial agriculture degrades the natural resources upon which human survival depends and threatens water, energy and climate security. It warns that reliance on simplistic technological fixes—including transgenic crops—will not solve hunger and could increase poverty and environmental degradation. It also criticized the undue influence of transnational agribusiness on public policy and the unfair global trade policies that leave half of the world’s population malnourished.

The IAASTD proposes reconfiguring agricultural research,



Photo by Ana Galvis

extension and education to incorporate local and indigenous knowledge and embrace equitable participatory decision-making processes. They suggest increasing investments in agroecological farming and adopting an equitable international trading framework. The IAASTD claims it is possible to maintain current levels of productivity and improve profitability for small-scale farmers through more socially and ecologically resilient farming systems. All of these findings went unnoted by the authors of the AAP.

Conclusion & Recommendations

Nearly a third of humanity lives directly or indirectly from agriculture. The Bank’s Agricultural Action Plan essentially proposes driving most of these people from the countryside. Where will they go? Some analysts estimate the global economy would have to grow at 15% a year over the next 50 years in order to absorb this massive workforce—clearly this is impossible.¹⁴ Agricultural investment is needed, but not the kind proposed by the World Bank. If the Bank is truly concerned about ending hunger and rural poverty it should:

- ✓ Follow the transformative recommendations of the IAASTD—adopting a focus on local and regional food systems and agroecology;
- ✓ Review existing projects and policy reforms with the meaningful involvement of the populations most affected, and withdraw from those that fail to promote the right to food and the legitimate tenure rights of women and communities, or that prioritize global financial interests over vulnerable people and the environment;
- ✓ Support small-scale producers' own investments as advised by the Committee on World Food Security, by putting women, small-scale farmers and other marginalized groups at the center of any future strategy and project for food security and nutrition (especially in Africa), making sure that human rights and environmental impact assessments are carried out;
- ✓ Prioritize egalitarian land structures, shifting the land administration focus from titling to access and stop any policy changes that facilitate large-scale land concentration and that impede smallholder's ability to keep their land;
- ✓ Support agroecological practices by small-scale farmers through participatory research in agroecology, dissemination of ecological farming knowledge via farmer-to-farmer networks, and capacity-building of public extension services to advise farmers on how to practice ecological farming;
- ✓ Prioritize projects and policies that support local infrastructure and distribution of small-scale producers' agricultural products to local markets, including public sector institutional markets; and
- ✓ Prioritize projects and policies that allow farmers to save, exchange and sell their own seeds.

Notes

¹ Robert Townsend et al., "Implementing agriculture for development: World Bank Group agriculture action plan (2013-2015)" (World Bank Group, 2013), <http://documents.worldbank.org/curated/en/2013/01/17747135/implementing-agriculture-development-world-bank-group-agriculture-action-plan-2013-2015>. "plainCitation": "Robert Townsend et al., "Implementing Agriculture for Development: World Bank Group Agriculture Action Plan (2013-2015"

² GRAIN, "Hungry for land: small farmers feed the world with less than a quarter of all farmland" (Barcelona: GRAIN, May 2014), <http://www.grain.org/article/entries/4929-hungry-for-land-small-farmers-feed-the-world-with-less-than-a-quarter-of-all-farmland>.

³ Frances Moore Lappe and Joseph Collins, *World Hunger: Ten Myths* (New York, Oakland: Grove Press, Food First, 2015).

⁴ Eric Holt-Giménez, Raj Patel, and Annie Shattuck, *Food Rebellions: Crisis and the Hunger for Justice* (Oakland, CA, London: Food First Books, Pambazooka Press, 2009).

⁵ UNCTAD, "Global Investment Report 2013: Global Value Chains: Investment and Trade for Development" (United Nations Commission on Trade and Development, 2013), http://unctad.org/en/publicationslibrary/wir2013_en.pdf.

⁶ Rashmi Banga, "Measuring Value in Global Value Chains," Background Paper (United Nations Conference on Trade and Development, 2013), http://unctad.org/en/PublicationsLibrary/ecidc2013misc1_bp8.pdf.

⁷ Bhumika Muchhala, "Amplifying the private sector in development: Concerns, questions and risks," *Resurgence* 283, no. 284 (April 2014): 40–44.

⁸ "UN-Masking Climate Smart Agriculture" (La Via Campesina, September 23, 2014), <http://viacampesina.org/en/index.php/main-issues-mainmenu-27/sustainable-peasants-agriculture-mainmenu-42/1670-un-masking-climate-smart-agriculture>.

⁹ Ivette Perfecto, John Vandermeer, and Angus Wright, *Nature's Matrix: Linking Agriculture, Conservation and Food Sovereignty* (London, UK: Earthscan, 2009).

¹⁰ Ryan Isakson, "Derivatives for Development? Small-Farmer Vulnerability and the Financialization of Climate Risk Management," *Journal of Agrarian Change*, no. July (n.d.), doi:n/a – n/a. doi:10.1111/joac.12124.

¹¹ *Ibid.*

¹² Alice Martin-Prevel, "Unfolding Truth: Dismantling The World Bank's Myths on Agriculture and Development" (Oakland, CA: Oakland Institute, 2014).

¹³ Beverly McIntire et al., "Agriculture at a Crossroads: International Assessment of Agricultural Knowledge, Science and Technology for Development," Synthesis (Washington, D.C.: Island Press, 2009), <http://www.agassessment.org/>.

¹⁴ S. Amin, "Food Sovereignty: A Struggle for Convergence in Diversity," in *Food Movements Unite! Strategies to Transform Our Food Systems* (Oakland: Food First Books, 2011), xi – xviii.

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