



Fact Sheet

The Consequences of Underinvestment in Agriculture and Rural Development

As the United States responds to the current global food crisis and sets policies to help prevent future crises, the Association for International Agriculture and Rural Development (AIARD) underlines the urgency of renewed U.S. investment in international agriculture and rural development. For more information about AIARD, visit <http://aiard.org>.

Fact #1: The hunger-agriculture-poverty nexus

- The number of undernourished people in the world grew to 963 million in 2008, compared to 923 million in 2007, and the ongoing financial and economic crisis could push even more people into hunger and poverty. The United Nations estimates that, in order to head off mass hunger, food production will need to double by 2050 as the global population grows from 6.5 to 9 billion people.
- There are 178 million underweight children in poor countries. Sixteen million children die every year from preventable and treatable causes and 54 percent of these deaths are from hunger and malnutrition. Many of those who live experience irreversible physical stunting and cognitive debilitation, undermining a country's potential for economic development for generations.
- Undernourishment is driven chiefly by poverty in the developing world – the inability to grow, or buy enough food – and perpetuates poverty by diminishing the ability to learn, work, and care for oneself. Poverty, in turn, is chiefly a consequence of low agricultural productivity, poor market access, and limited capacity to deal with myriad risks.

Fact #2: Globally, poverty is an agricultural/rural problem and most severe in SSA.

- 75 percent of the world's poor live in rural areas and depend on agriculture for their livelihood.
- Rural poverty is projected to continue to be higher than urban poverty for decades to come without policy changes. Three quarters of the poorest, who live on only 50 cents a day, lived in farming or herding families of sub-Saharan Africa (SSA).

Fact #3: Agriculture is a dominant sector and agricultural development cuts poverty much more effectively than growth in other sectors, but foreign assistance has ignored these facts.

- In Africa, for example, agriculture contributes about one third of the gross domestic product and employs three of every five laborers.
- The continuing importance of the sector in the developing world is one reason why GDP growth from agriculture raises incomes of the poor two to four times more than GDP growth from non-agriculture -- a fact that has been disregarded by foreign assistance programs of the U.S. and other developed countries.
- Worldwide, agricultural development is receiving only 4.0 percent of all official development assistance.
- Ironically, national government spending on agriculture is lowest in countries where its share of GDP is highest.

Fact #4: With years of underinvestment in agriculture and rural economic growth, it is not surprising that:

- Forty countries experienced food riots in 2008, half in Africa.
- Between 2000 and 2008, wheat prices jumped threefold and corn prices jumped twofold.
- Over the first four months of 2008, the World Food Program paid an average of US\$430 for a metric ton of wheat, compared to US\$207 for the same period of 2007, an increase of 108 percent.
- Agricultural resources are being mined by developing country farmers to meet rising food demand, with environmental consequences such as overgrazing, deforestation, and soil erosion.
- Farmers are running out of irrigation water. Today, 1.4 billion rural inhabitants find themselves in river basins where recharge rates are less than the rates of water use.
- Rural outmigration has exceeded rates of urban job creation and swamped the absorptive capacity of urban industry and social services.
- Yields (output per unit of land area) in Sub-Saharan Africa have been flat over the past four decades. Crop yield growth has slowed even in Asia. At a global scale, productivity gains are generally too low to deal with demand growth in sustainable ways.

The bottom line: It is imperative that public investment in agriculture and rural development by donors and national governments alike be greatly expanded. Not only can such investment cut poverty better than other tools that are available, but it can also respond to the increasing demand for higher quality foods, where some economic growth is already underway. If we continue to underinvest in agricultural development, we can expect rising rates of poverty, agricultural productivity recession, continued undernourishment, blocked market access, and life-threatening risk vulnerabilities around the globe. More food riots and other violence will be the lot of the developing world, with obvious challenges to the very national security of the U.S.

This AIARD fact sheet highlights the consequences of underinvestment in agriculture and rural development. The facts are drawn primarily from two presentations at the 2009 Forum, available electronically at <http://aiard.org>: 1) Joachim von Braun, "Agriculture for Sustainable Economic Development: A Global R&D Initiative to Avoid a Deep and Complex Crisis;" and 2) Robert Townsend, "Agriculture for Development: A Perspective from the 2008 World Development Report". In addition to these sources, the information below was obtained from the 2008 World Development Report "Agriculture for Development."