



Jeffrey D Sachs

Food for thought

Jeffrey D Sachs, Director, Earth Institute at Columbia University, on the formulation of a new deal for poor farmers

Many poor, food-importing countries around the world have become desperate in recent months, as global prices of rice, wheat, and maize have doubled. Hundreds of millions of people, who already spend a large share of their daily budget on food, are being pushed to the edge. Food riots are mounting. But many poor countries can grow more food themselves, as their farmers are producing below what is technologically possible. In some cases, with government action, they could double or triple food production in just a few years.

Traditional farming uses few inputs and produces low yields. Peasants use poor-quality seed, have no access to fertiliser, depend on rainwater rather than irrigation, and have little, if any, mechanisation beyond a traditional hoe. Their farms are small, often 1 ha or less, producing grain yields around one tonne per year. For a farming family this means extreme poverty. For their country it means reliance on food imports and food aid. The solution is to increase yields to at least two tonnes per hectare, sometimes more. If water can be managed through irrigation, this could be combined with multi-cropping to produce a crop during the dry season. Higher and more frequent yields mean less poverty in rural areas and lower food prices for cities.

The key to increasing yields is to ensure even the poorest farmers have access to improved seed varieties, chemical fertilisers, organic matter to replenish soil nutrients and small-scale irrigation methods, such as pumps to obtain water from local sources. The problem is that these innovations have bypassed the poorest farmers and countries. When peasants lack their own savings accounts and collateral, they are unable to borrow from banks to buy seeds, fertiliser and irrigation. As a result, they grow food the traditional way, often earning little or nothing from their harvest, since it is often barely enough to feed their families.

History has shown that government action is required to help the poorest farmers escape the low-yield poverty trap. If farmers can be given access to simple technologies, income can rise and they can acquire bank

balances and collateral. With a bit of temporary help, lasting around five years, farmers can build up enough wealth to obtain inputs on a market basis, either through direct purchases from savings or through bank loans.

Government-run agricultural banks in poor countries around the world once not only financed inputs, but also promoted innovation. Naturally, there were abuses, such as the allocation of public credits to wealthy farmers, or prolonged subsidies after farmers had become creditworthy. In many cases, government agricultural banks went bankrupt. However, the financing of inputs played a major role in helping poor farmers to escape poverty and dependency on food aid.

During the debt crisis of the 1980s and 1990s, the IMF and World Bank forced many food-importing countries to dismantle these state systems. Farmers were told to fend for themselves and to let market forces take hold. This was a grave mistake: there were no market forces. Farmers lost access to fertilisers and improved seed varieties and could not obtain bank financing. The World Bank recognised this mistake in an internal evaluation of its long-standing agricultural policies in 2007.

We should re-establish public financing systems that allow small-scale farmers access to high-yield seeds, fertiliser and irrigation. Malawi has done this for the past three seasons and has doubled its food production. Other low-income countries should follow suit.

The World Bank, under its new president, Robert Zoellick, has now stepped forward to help finance this approach. If it provides grants to poor countries to help farmers gain access to improved inputs, they could increase food production in a short period of time.

Donor governments should help to finance the World Bank's renewed efforts. The world should set a practical goal of doubling grain yields in low-income Africa and other similar regions (such as Haiti) over the next five years. That is achievable if the World Bank, donor governments and developing countries direct their attention to the needs of the world's poorest farmers. *Initially written for Project Syndicate in May, 2008*