

## Agricultural Sector Proposals, Performance and Potential in the SNP Context

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### I. The SNP Proposals

1. The 1981 Conference on Least Developed Countries identified agriculture - and especially domestic food production - as of central importance to achieving recovery and sustainable development in these countries and by the majorities of poor people and vulnerable groups within them. This priority is clearly reflected in The Substantial New Programme of Action adopted by the Conference at its Closing Session (A.CONF. 104/22, Part One, relevant paras in Annex to this paper).
2. Main points in the proposals included:
  - i. identification of agriculture - especially peasant agriculture - as critical in ldc's because of the high percentage of livelihoods, gross domestic production and (albeit not stressed in the proposals) export earnings derived from it;
  - ii. within agriculture (including livestock, fishery and forestry as well as crops narrowly defined) stressed the importance of domestic food production as a means to enhancing food security - especially for low import groups - reducing the commercial food import bill drain on export earnings and avoiding growing dependence on food aid;
  - iii. noted the poor performance - in absolute and per capita growth terms - of agriculture in the overwhelming majority of the ldc's in the 1970s and identifying reasons including inadequate knowledge, infrastructure, trained personnel, finance for improved production systems as well as exogenous forces including climatic disasters and negative terms of trade shifts;
  - iv. enhanced standards of nutrition and food security defined as "adequate food supplies... reliably accessible at prices that can be afforded by those who require them" especially for the most vulnerable groups were cited for priority attention;
  - v. leading to a target annual rate of growth of agricultural production of 4% a year for the 1980s;
  - vi. to be achieved by a series of knowledge, land use, production system, infrastructure and pricing improvements recommended in the 1979 World Conference on Agrarian Reform and Rural Development (FAO-ILO) Programme of Action;
  - vii. organised in national food and agricultural and food strategies;

3. The need for enhanced external support for national agricultural and food strategies was stressed in respect to:
  - i. technical assistance;
  - ii. financial assistance;
  - iii. emergency food aid and
  - iv. self liquidating balance of payments support food aid.
4. Even in the light of post 1981 worsening of the external environment for, and increased knowledge about the food and agricultural sectors of, ldc's only a few comments, changes of emphasis or additions appear to be needed:
  - i. earned import capacity (the counterpart of export earnings) is a major constraint on many ldc's including on their food production sectors, therefore export restoration and expansion is a priority within many ldc agricultural sector strategies;
  - ii. many - in most ldc's a majority - of very poor households are rural sub-subsistence food producers, i.e. households producing basically for self provisioning but unable to produce enough to meet their own needs. For them food security enhancement needs to centre primarily on access to increased ability to produce their own food rather than on access to reliable supplies purchaseable at fair prices;
  - iii. especially in SSA, it has become clear that relevant, tested knowledge on how production can be increased is far scarcer (and resource allocations toward producing it far higher and less cost efficient) than assumed in 1981;
  - iv. the overall ODA needs of ldc's were underestimated (partly because the 4% annual food growth output target was only 50% achieved), and actual net receipts overestimated, requiring reassessment of the size, role and duration of food aid as well as of the question whether it is inherently any more dependence creating or agricultural output deterring than other varieties of ODA.

The limited and ex post nature of these additions suggests that the 1971 proposals have stood the test of time relatively well.

## II. Other Strategic Proposals Since 1979

5. The major themes of international agency strategic proposals for food and agriculture since 1979 have by and large been consonant with those of the SNP albeit some have been much more articulated, more selective or had somewhat different balances of emphasis among means and targets.
6. The World Bank has stressed the need to concentrate resource allocation

to peasant production and, more recently, to increase actually tested knowledge based on improving traditional production systems. While it has placed much more stress on price incentives and agricultural exports (especially in the 1981 Accelerated Development Report) it has also given emphasis to domestic food self sufficiency and to non-price measures (especially in the 1984 Sustained Development Report).

7. IFAD's and WFP's strategies and emphases have been very similar to those of the SNP. UNICEF's have articulated the vulnerable group aspects of the SNP while the SNP itself draws heavily on the ILO/FAO World Conference on Agrarian Reform and Rural Development.
8. FAO's strategic proposals have tended to be more technical and production focused and to lay less emphasis on nutrition and vulnerable groups than those of the SNP, IFAD or WFP. More particularly FAO has tended to stress high technology import intensive systems more, and peasant production and improved traditional systems less, than the SNP, the World Bank, the WFP or CGIAR.
9. The Coordination Group on International Agriculture Research (CGIAR) and the international crop research institutes (ICRI's) it supports have since 1979 increased their emphasis on domestic food production, improvements relevant to poor and vulnerable rural households and ldc's (especially in SSA) - all shifts consistent with and articulating the SNP emphases.
10. Regional groupings primarily composed of ldc's - e.g. OAU, ECA, SADC - have given increased attention to domestic food security, agricultural production and rural development since 1980 largely on along lines very similar to those in SNP.

### III. Diversity Among LDC's

11. LDC's are by no means homogenous except in having had low levels of GDP per capita, share of industry in GDP and literacy rates in 1970. All are weak economies but many contextual, structural, institutional, climatic, external account, policy, size and ecological differences exist among them. This is probably most true of their rural sectors.
12. Certainly a national agricultural or food strategy - and especially one oriented to nutritional levels, food security and incomes of poor households and vulnerable groups - can only be drawn up nationally and primarily by nationals well acquainted with national and local contexts and specificities. To attempt a detailed master plan immediately applicable to all ldc's with a few name and number changes would be an exercise in folly or futility.
13. However, the weakness of agricultural and food production performance since 1970 is, in fact, a common characteristic. Over 1970-1980 only 6 of 36 ldc's showed positive per capita growth rates of food production per capita. Of these 5 were under 1% a year and - given the uncertainty of both food production and population growth estimates - within the margin of error of the available statistics. The sole exception was

Malawi. Similarly while the performance record of the SSA ldc's was marginally poorer than that of the group as a whole their divergence from that of Asian ldc's over 1970-1980 was marginal: 1.9% annual agricultural growth and -0.5% annual increase in per capita food production in Asian and 1.4% and -0.8% for SSA ldc's respectively.

14. Therefore a common problem of low agricultural growth and deteriorating food balance does afflict virtually all ldc's. Further, many of the causal factors appear to apply to many ldc's as do many of the appropriate international support responses. As a result reviews of performance and of potential policy changes to improve it can be more than superficial even though in no case purporting to describe or to lay down specific combinations of causes or policies for any one ldc.
15. In this paper the terms agricultural, food production and crops are inclusive of relevant livestock, artisanal forestry and artisanal fishing. Primary emphasis is on small and medium scale peasant (or family farm) production both because it is dominant in most cases (especially in respect to food) and because it is particularly relevant to cost effective (especially import cost effective) output increases and to national food strategies oriented toward increasing nutrition and food security of poor households and vulnerable groups - in particular the majority of them who are themselves food producers. All overall or group ldc statistics, unless otherwise noted are abstracted or calculated from The Least Developed Countries 1984 Report.

#### IV. Performance 1980-1985

16. While in a majority of ldc's policy action has moved closer to the lines proposed in the SNP performance has not approximated the 4% target. Projecting from 1980-83 data suggests 1980-85 averages of:
  - i. 2% to 2.5% a year in overall agricultural production;
  - ii. including 2% to 2.5% a year for both domestic food and domestic non-food/export sub-sectors;
  - iii. -0.1% to -0.6% a year 'increases' in domestic food production per capita.

While slightly better than 1970-80 average performance of 1.5% (overall), 1.9% (food), negligible (exports), -0.7% (per capita food production) this record is by no means satisfactory. While - especially in 1982 and 1984, the SSA record is worse than the overall ldc record, even for the non-African ldc's it is clear that the 4% agricultural production and the implicit 1.4% per capita food production targets have been missed by a substantial margin.

17. A related point is that overall net external resource flows to ldc's fell from \$7.1 billion in 1980 to \$5.3 billion in 1983 or 30% per capita even in current price terms. While 1984 and 1985 may show modest per capita current price increases, these will be almost wholly the result of increased food aid (in real per capita as well as current price terms).

Thus the SNP proposals and results need to be contrasted in full recognition that overall and - with the exception of food aid - in respect to agriculture there has been no SNP but an SRP (a Substantially Reduced Programme) for ldc's.

18. The causes of the disastrous overall agricultural and food production results in ldc's during the first half of the 1980s are complex and probably vary more from country to country and within countries than do the results. Two clearcut contributory causes are the international economic setting and - especially in SSA - unfavourable climatic conditions. The first has created severe import constraints and generalised economic weakness from which agriculture has not been immune. The second has radically worsened production in particular years. When these two factors have been exacerbated by high levels of violence and disorder (civil war, externally organised wars or major overt aggression) the result has often been famine.
19. However, these factors have only exacerbated, not caused, the unsatisfactory production trend. The lag of agricultural and food production growth behind that of population - especially in SSA - dates to the mid-1960s (e.g. World Bank Sustained Development Report) well before the 1973-75 global economic shocks, the 1979-83 global recession or the most serious SSA drought cycles. The causes for this trend are still far from clear either in terms of importance or interaction for ldc's as a group or individually.
20. Peasant real incomes - defined as real grower prices - have received major attention as a cause. In many cases they are a part and in some cases a major part of the cause but while they may have received too little attention in ldc's in the 1960s, in the 1980s the danger is concentrating on them to the exclusion of other factors:
  - i. in respect to agricultural export production (which has hardly risen at all in ldc's since 1970) falling real prices - largely the result of terms of global trade deterioration - relative to general domestic price indices, wages and food crop prices are a dominant explanation in many cases;
  - ii. but - not least in SSA - actual domestic food prices (on the increasingly dominant free or parallel markets used by producers, distributors and consumers) have risen faster than average domestic prices or wages in a majority of ldc's especially since the late 1970s;
  - iii. further, food production for household self provisioning - especially by very poor households - has also risen less rapidly than peasant population, a result it is hard to relate to price movements;
  - iv. and - especially in SSA - overall price elasticities of production seem to be relatively low and, indeed, increasingly so given growing non-price constraints on, and reduced incentives for, production increases.

21. In some ldc's resource allocations and policy attention to agriculture and supporting physical infrastructure are relatively low. However, in most cases these rose in the late 1970s and again in the 1980s so that this factor does little to explain the post 1965 negative trend - which is of course not to assert that better, more coherent strategy and more resource allocations are not necessary inputs into reversing it.
22. In most ldc's since 1979, and in many over a longer period, there have been marked deterioration in availability, quality and cost of rural transport, public and private sector procurement, availability of inputs, access to basic services (health, education, water) and access to incentive goods. Taken together these have a massive negative impact on output both as to the feasibility of increasing (or even sustaining) it and as to the incentive for doing so (or even staying in rural areas at all). However, this pattern is largely the result of negative external balance evolution and was not general until the late 1970s. Overcoming it is, therefore, a necessary condition but is unlikely by itself to reverse the underlying per capita trend rate of decline.
23. Cumulative increases in population (and in the proportion of basically food buying households) and cumulative environmental degradation (most dramatically, but not only, desertification) are a major causal factor. Since the mid-1960s population growth and the proportion of non-food producing households have increased dramatically. Thus higher absolute annual rates of growth of total food production (say 2.6 - 3.0% in the 1980s versus 1.5 - 2.0% in the early 1960s) and of production per farming household (say 4 to 5% in the 1980s vs 2 to 2.5% in the early 1960s) would have been necessary to sustain per capita domestic food availability. Further, increased rural population has increased the number of households on low quality, sub-marginal or weather fluctuation vulnerable areas, reduced or wiped out traditional rotational (for herds as well as crops) patterns, led to ecologically unwise substitution of crops for livestock in drought prone areas and led to tree and bush cutting contributing to water table falls and erosion. In ldc's the basic cause of environmental degradation is poverty related need; greed by large farmers and plantations is usually secondary except in some cases in respect to forestry, fisheries and rain fed cropping of drought prone areas.
24. Population increase has led to environmental degradation and falling per capita food and overall agricultural production primarily because of lack of applicable knowledge as to how to increase output per peasant household and per hectare available to peasant households. This does not seem to result primarily from low allocations of finance or personnel to research and extension but to generalised cost inefficiency and strategic unclarity (a situation probably applying less to Bangladesh than to most other ldc's). With the exception of Bangladesh, availability of knowledge which is:
  - i. field tested for local ecological conditions;
  - ii. peasant user (not merely national economy) economic viability tested;

iii. user compatibility (broadly defined to include existing production systems and organisation including gender divisions of labour and of output) tested and

iv. risk reducing and significantly net output raising for peasant users

is very limited. This fact - which was quite unfashionable in the 1970s - is increasingly widely accepted by the World Bank (e.g. Desertification In The Sahelian And Sudanian Zones Of West Africa, Report No. 5210, 1985) and by independent agricultural researchers (e.g. M. Lipton, "The Place Of Agricultural Research In The Development Of Subsaharan Africa in SSA: Getting The Facts Straight, IDS (Sussex) Bulletin, July 1985). Facing - and altering - it is probably the bottom line to achieving sustained agricultural output increases of 4% a year or more in ldc's. However, because payoff will not be even or speedy, attack on other causal factors as well as enhanced food aid better geared to developing food production as well as meeting immediate food needs are vital to achieve short term gains until knowledge development, testing and dissemination can become much more effective than it now is in almost all ldc's.

25. Ways toward achieving improved food and agricultural production results in ldc's can be addressed under four heads:

i. food production;

ii. effective access to food;

iii. overall agricultural production and rural incomes;

iv. rural development and agricultural production; with special attention to two further topics: food and/or export crop production and food aid and food production development.

## V. Food Production

26. Achieving increased food production is basic to any successful ldc food or rural income strategy. Without it no rural poverty eradication or urban fair price strategy can be effective for long, except with a large and buoyant non-agricultural export sector and/or large, secure and growing access to food aid - conditions which are neither general nor generalisable for ldc's.

27. Within production peasant production is vital. In all but two ldc's peasants are a majority of the population and in all but five account for over half of food consumption. In most they produce the bulk of food and in a majority the bulk of locally and commercially marketed food. With post 1974 price ratios peasant production systems are - for most crops in most ldc's - both more cost and especially more import cost efficient than large scale, 'modern' systems.

28. Rural physical infrastructure - especially transport, storage and (in some ldc's) water control and distribution - requires urgent attention

first to rehabilitate what exists and second to expand with particular attention to peasant needs.

29. The deterioration of both public and private procurement systems (in terms of cost efficiency and predictable accessibility to peasants) needs to be reversed - a process which may often be facilitated by multi channel marketing but even more by enhanced access to fuel, spare parts and vehicles.
30. Research and extension requires reorganisation along the lines indicated in Para 24 above to increase its relevance to expanded peasant output. This may require more (and different resource inputs) to implement redesigned policies and priorities but, it is structural change rather than overall input expansion which is the first priority in most ldc's.
31. As stressed in the SNP and by the WFP, national food strategies - backed by articulated policies and resource allocations to carry them out - are critical to achieving sustained food production growth. This is especially true given the overall scarcity of resources and the pressing need to reverse the radical 1980-85 deterioration in nominal (and even more real) per capita net external resource transfers to ldc's.
32. Food production response to other measures will be limited - on both feasibility and incentive grounds - until accessibility, timeliness and effective prices of agricultural inputs and incentive goods are restored at least to levels approaching those of the late 1970's. In about half the ldc's this requires primarily enhanced maintenance and capacity utilisation of existing plant; in the others primarily increased imports. In both cases improved access may need to lead - not hog - food production recovery and, therefore, to require productive capacity and production maintenance external assistance.
33. Raising, or at least limiting declines in, effective grower prices is important, but peasant albeit ability to raise output (which also raises peasant incomes) is usually just as important. The problem is that in ldc's in the context of rapidly declining real per capita national command over resources, it is rarely practicable without substantial additional access to external grant or near grant finance.
34. Other policy measures - eg in respect to credit and to land reform - are critical in some, albeit not in all ldc's. However, the appropriate articulation varies so much from ldc to ldc that few generalisations can be made at policy level.

#### VI. Effective Access to Food

35. Production alone cannot generate effective access to food for poor people or vulnerable groups. To achieve that they must either be able to provision their own households, have adequate incomes to purchase sufficient quantities of food to meet their needs and/or have access to grant or subsidised food.
36. For the rural poor, enhanced access to food primarily means ability to



produce more - especially but not only in SSA. This is particularly true for those rural households who are basically food producers but are unable to produce enough to meet household needs.

37. In addition enhanced access to other cash income - eg rural works programmes finance by food aid counterpart funds - can both increase small peasant incomes (allowing them to build up their own farms and purchase inputs) and rehabilitate or improve rural infrastructure and reverse environmental damage (eg by tree planting, erosion control).
38. For emergency and rehabilitation assistance, free food (or cash to buy it) is a first step toward preserving access to food. It is, however, inadequate unless followed up by support for rehabilitating productive capacity (eg seeds, implements, initial year inputs, basic herd and/or draught animals) to allow the affected peasant households to restore their own earned incomes. Logically an integral part of disaster relief both nationally and in emergency food aid, this rehabilitation priority is frequently overlooked or given inadequate resources by both.
39. The goal of ensuring effective rural access to food does not override the imperative to raise production. It does require evaluating who is to produce more, how and to whom and where supporting resources will be allocated on a basis more complex than minimum cost per unit of additional - or especially additional marketed - output.
40. Small peasant production and measures to increase it are by no means necessarily more costly per unit produced than large, modern production units - in general in ldc's they are less so. But poor households will often primarily eat their additional production limiting any cash flow to the state while sub-marginal areas' rehabilitation and improvement often does have a relatively low cash flow benefit/cost ratio. Development measured in terms of nutrition and raising the incomes and security of vulnerable groups is not identical to production unit profit or national investible surplus maximisation.
41. Rural poverty and nutrition issues cannot satisfactorily be tacked on to a national strategy. They need to be integral to its formulation. Which crops, produced by whom, where, how (in terms of production system), why (as to household provision, local or commercial market) and with what resource support are questions whose answers shape how the nutritional and income gains of additional food production will be shared.
42. Urban (and permanently landless rural worker) food security can be assured only in the context of adequate food supplies. Neither private markets nor fair price shops can provide food at prices the poor can afford in the context of severe shortages.
43. The most generally appropriate way to increase wage earner and informal sector household ability to buy food at any given price level is by raising their productivity and their real incomes - a topic well beyond the scope of a food and agriculture sector discussion.
44. However, especially during policy adjustment and/or rehabilitation periods and for handicapped persons subsidies and related measures may be

appropriate - again a plausible use of food aid counterpart funds. Indeed if real peasant incomes are to be raised before output recovery is achieved in most ldc's the only way to do so is to secure external resources to subsidise either the rural or the urban poor until output recovers. Otherwise, attempted real - distribution is more likely to lead to enhanced inflation and disorder and lower urban productivity than to speedy structural adjustment.

#### VII. Overall Agricultural Output and Rural Incomes

45. The poor performance of ldc agricultural sectors has not been limited to food. In fact the worst performance in most ldc's has been in respect to domestic non-food and export crop production. The basic problem is not an intra-sectoral shift away from food but a low overall sectoral growth rate.
46. The macro economic case for raising production of domestic industrial inputs and - in many cases - of selected export crops is very strong. Ldc's in general need to reduce the overall import content of their production and to expand the overall proportion of output exported if they are to regain external balance compatible with sustained per capita GDP growth. The agricultural sector alone can achieve neither objective, but without increased domestic agricultural inputs into local market manufacturing, pre export processing, and direct exports neither can be achieved in most ldc's.
47. The strategic requirement is for an integrated national agricultural - as well as or including a national food - plan backed by articulated programmes, policies and resource allocations. In the majority of ldc's a necessary condition for recovery and sustainable structural adjustment is that both the domestic food and the non food/export sub-sectors of agriculture grow faster than population.
48. In fact, ecological suitability, peasant production systems and appropriate crop rotations or mixes data often point in the same direction. Many export crops are grown on land which is marginal or sub-marginal for food; weather insurance oriented crop mixes frequently include non-food items; a number of SSA traditional production systems for major export crops, also include self provisioning or commercial staple food crop production.
49. The production growth issues in respect to overall agricultural production are broadly similar to those reviewed above (Paras 26-34) in respect of food. However, the need for special associated processing systems and intensive extension advice is more common with export and some domestic industrial import crops if they are to be produced efficiently by peasants.
50. Rural incomes can be raised more rapidly if an overall - not purely a domestic food centered - approach is taken to agricultural production. Income distribution issues are more complex. In most export crops in most ldc's, small, poor peasants produce a smaller share of export and non-food than of domestic food crops. Therefore, even more than with

food, specific attention to improving their access to production should be built into export and non-food sub-sectoral strategies.

#### VIII. Rural Development and Agricultural Production

51. Certain rural development issues relate directly to agricultural and food production development. Among the most critical are non-agricultural incomes, basic services, rural technology, environmental degradation and population.
52. In many ldc's a significant proportion of peasant household cash income is from non-agricultural sources. Effective agricultural sector planning often requires taking this element in household economic systems into account. Especially in areas of high population/land productivity ratios improved nutrition and food security require steps to enable households to increase it. Further, such income is, under some circumstances, the chief source of household investment (e.g. tools, livestock, inputs, trees, wells) to increase production.
53. Basic services (health, education, drinking water) are critical to present and future production. Ability to work effectively is dependent on health. Ability to understand and adapt new knowledge is increased by education. Reduced time requirements for collecting water and caring for sick children (or husbands) enable women to increase their agricultural production. Further, absence or deterioration of basic services is - especially in SSA - a major disincentive to remaining in rural areas. Therefore, rehabilitation and expansion of access to basic services should normally be seen as a necessary component of any strategy for achieving sustained increases in agricultural production.
54. Rural technology outside agriculture itself - in respect to processing, building, storage, water, fuel procurement and use, etc - is relevant to achieving higher crop production. First, associated technology saves time - in respect to processing, water, fuel and storage - especially the time of women who head a significant proportion of ldc peasant households and in most ldc's provide more than half of the person days devoted to agricultural production. Second, improved infrastructure can increase production, lower post harvest losses and reduce transport costs. These associated technology issues should be treated within a holistic approach to food and agriculture not, as is usually true today, treated as separate, minor topics.
55. Environmental degradation resulting from the need of poor peasant households to survive can be tackled only in the context of increasing productivity, poor household incomes and knowledge. Improved rotation and fallow systems, tree planting and protection, anti desertification measures, erosion control and herd limitation can be introduced and sustained only if peasant households can (literally) live with them, understand and maintain them and perceive them as increasing present and future household incomes. For that to be achieved requires study of actual peasant production and income systems and, usually, initial resource injections (e.g. via food or, wages for work on environment rehabilitation projects). Environment degradation protection and

rehabilitation should be comprised within holistic national agricultural strategies more often, more centrally and more operationally than appears to be the case today.

56. Historically, rural population growth has usually declined when infant mortality and absolute poverty declined while education, access to food and household security improved. There is no evident reason to suppose ldc's are radically different. Therefore, agricultural and food production, food security and rural income distribution strategy and performance are for most ldc's among the most crucial components of population policy.

#### IX. Food and Industrial/Export Crop Production

57. Agricultural production in ldc's consists of five components:

i. household food production for self provisioning;

ii. food production for local sale (usually in large part statistically lumped with i "subsistence" because of data collection problems);

iii. food production for domestic (urban plus food deficit rural area and household) commercial sale;

iv. non-food production for domestic sale;

v. non-food production for export sale.

58. Classification of production as subsistence and cash and equation of the latter with export oriented production is conceptually unsatisfactory and practically misleading. First, few peasant households are wholly self provisioning oriented - almost all seek to achieve a cash increase income to make cash purchases. In most ldc's the bulk of commercialised agricultural production comes from small and middle peasant households who also produce their own basic food. Second, the poorest peasant households are in a real sense "sub-subsistence". Their agricultural production is oriented to household self provisioning but is not adequate to achieve it so that they are not purchases of food. Third, for a peasant household a cash crop is one that is sold whether it is food or non-food, domestic or export market. For a majority of peasant households the main cash crops are domestic food crops. Fourth, small and middle peasant (albeit not large peasant, commercial farm or plantation) systems are almost never mono-crop unless the sole crop is both the household staple and the household source of cash income. Household provisioning - with limited exceptions - is given pride of place by most peasant households even when they include substantial cash sale oriented elements in their land and time allocation systems.

59. The assertion that the growing food production lay (behind population) growth in ldc's since the middle 1960's relates to substitution of export for household provisioning and commercial food crop production is, as a general statement, simply untrue. In almost all ldc's food production

since 1970 has risen less slowly than overall agricultural production and a fortiori than agricultural exports. For SSA in the 1970's the data are very striking: 1.4% annual total agricultural output growth, negative agricultural export growth, 1.8% food production growth (derived for Accelerated Development, World Bank 1981). There have been micro shifts - particularly in the case of new plantations, from domestic food to export oriented production but overall the trend has been in the opposite direction. The problem is that overall agricultural production is growing too slowly; to assert that the problem is too rapid an increase in export production - especially in ldc's - is to distort reality in a way impeding finding solutions.

60. The reasons for the shift are fairly clear. Domestic food can usually be sold in ways that bypass official marketing channels or private monopolies if these are incompetent and attempt to enforce low prices. Export and industrial crops cannot except by smuggling which is harder and not always practicable. In most ldc's food prices have risen more rapidly than the cost of living or wages. The combination of depressed world prices and frequently overvalued exchange rates has ensured that export (and often domestic non-food) crop prices have not risen equally rapidly. This reality is obscured in many cases by low official grower prices for domestic food as well as export crops. But whereas the latter (with substantial smuggling linked exceptions) may well be effective, the former are most unlikely to be effective if below market prices. Farmers can and do bypass official (or quasi monopoly large private) channels to sell both locally and to broader domestic markets if the latter pay better. This is not a marginal phenomenon. For example, in one ldc, peasant paddy production is of the order of 600,000 tonnes. Under 10% is sold to the "single channel" public corporate buyer; 90% is sold, transported up to 1,500 miles, milled and distributed via the parallel market. Despite the fact that the whole exercise is technically unlawful at each and every stage, the degree of prevention and even harassment is trivial. Readily available local market (and consumer price index data) price data indicate how great incentives to use the parallel market are and how misleading the idea of effective low prices to producers (or consumers) are.
61. In respect to research, extension and input provision a bias against peasant food crop production does, to a diminishing degree, exist - especially in SSA. Within it drought resistant staples (especially millet, sorghum, cassava) have received particularly inadequate attention. As a result the bias is against sub-subsistence (household provisioning oriented but food deficit) households, those in sub-marginal and disaster prone areas and female headed households (three overlapping but not identical vulnerable groups). But again in SSA this is part of the more general problem already noted: area specific, economic viability tested and user adopted applied agricultural research is totally insufficient.
62. The primary goal must be raising overall agricultural performance. Because of poor export prospects (which limit commercial food imports), the uncertain and lagged nature of food aid and the objective reality that the poorest rural households are predominantly food deficit, food producers, domestic food production must have priority within a balanced

and context related agricultural and rural development strategy:

- i. nationally earned import capacity (the counterpart of exports) is desperately needs to restore implement, fertiliser tool and other agricultural import availability as well as to restore rural transport, infrastructure and supply of incentive goods. In many ldc's - especially in SSA - that requires restoring and raising, not cutting, export crop production;
- ii. at household level, cash income is crucial. This is seen by most peasant households as a complement to, not a substitute for, food self provisioning. To attempt to enforce food - versus non-food - cash crop production in such households when market signals or contexts dictate the reverse is likely to be ineffective, certain to entail costs and confusions and most unlikely either to increase rural incomes or focus attention on the most vulnerable and poorest households whose basic problem is producing more to eat themselves;
- iii. on some land and in some years the appropriate crops - on household and national, market or shadow price calculations - include non-food crops. e.g. cotton and tobacco are less drought susceptible than maize; sisal and cashew grow best in ecologies which are marginal or sub-marginal for food crops. Most peasant producers include food self provisioning and intercropping in their production pattern - e.g. in East Africa bananas/plantains and coffee are symbiotic co-products in peasant (albeit not plantation) production as are cocoa and tubers in much of Forest Zone West Africa. Guarding against probable (especially probable bad) results and ensuring against disaster by a mix of crops (often also sound an overall output results) do in many cases lead peasants to choose export/non-food as well as household provisioning and domestic food cash crops in their production mix. Especially in SSA second guessing peasant production system strategy has a disastrous record. Providing more research, extension and input support for food crop production is desirable; trying to enforce or manipulate their substitution for export crop production is unlikely to have positive results.

63. In summary:

- i. the basic problem is inadequate overall agricultural production growth;
- ii. substitution of export for domestic food crops is not the present general situation, indeed exactly the reverse is more common;
- iii. both at national and household level export crops have an important role in a balanced agricultural sector and strategy for, economic, ecological and 'insurance' (against probable bad year results) reasons;
- iv. however, more attention to research and extension keyed to

domestic food crops and especially to those grown by sub-subsistence food producing/food deficit, female headed and sub-marginal at high risk area households is needed and would concentrate on 'inferior' or traditional staples including root crops and drought resistant grains;

- v. although even in this case the problem is not so much either too much export crop oriented research absolutely or too little resource allocation to food crop research but inadequate overall sectoral planning and actual local and peasant viability and applicability testing.

#### X. Food Aid: Integrating Survival and Development

- 64. Food aid has been on an upward trend - in 1984/85 the 10 million tonne basic target is thought to have been surpassed by over 20%. In 1982/83 9.2 million tonnes and in 1981/82 9.8 million tonnes were supplied - a much better performance against target than on the 0.7% of GNP ODA front. Similarly food aid literally to prevent starvation and food aid as balance of payments support to loosen import strangulation have risen in importance in the past decade especially in SSA where 1984/85 pledges (largely to ldc's) are of the order of 5 million tonnes versus 2.3 million in 1982/83 and under 1 million in the early 1970's. The ldc's are the dominant food aid recipients (again a contrast with financial aid). In brief food aid has been rising, near or above target, clearly relevant to a basic need, increasingly concentrated in ldc's. Why then has it aroused more criticism than financial aid and been seen as problematic in terms of impact on agricultural and on agricultural output growth?
- 65. The criticisms of food aid as a disincentive to raising food production fall into five major categories. It is said:
  - i. to lower prices and therefore reduce incentives to producers;
  - ii. to reduce government priority to developing agricultural and especially food production;
  - iii. to create a budgetary bias toward high food aid as opposed to domestic purchased supplies;
  - iv. to be a pure consumption transfer and therefore non-developmental and worse yet often a consumption transfer to above average income urban residents;
  - v. to be inferior to other forms of aid especially when the food source is tied.
- 66. Each criticism may be valid in particular cases but the operative word is may. None is either universal or inevitable:
  - i. food aid may well lower food prices. As in most ldc's these are rising faster than average prices or wages, this is not self

evidently socially or economically unsound. If food aid is sold at prices at or above full cost unless given to starving or destitute recipients the danger of rendering local food prices uneconomic is usually smaller. Emergency aid to the starving or virtually destitute has limited direct effect on prices - their effective market demand is negligible. It may well have a much stronger positive effect on production by rendering them physically and materially (e.g. not eating seed, selling all livestock and tools, abandoning homesteads) able to restore production after the emergency;

- ii. certainly government attention to food production could be reduced were food aid large, certain, timely and growing predictably other than in response to major disasters. Most ldc governments do not perceive it as having these characteristics. In ldc's - albeit not more generally - there is a correlation between food aid and food imports. But in the first place this is precisely what we would expect in respect to emergency aid and in the second is quite as consistent with a major concentration on, and optimistic estimates for, domestic food production with food aid requests and receipts a residual to cover ex ante agricultural output shortfalls, as with a low priority to food production. In any case the overall terms and conditions of food - and associated rural development - ODA can reduce or reverse any such effect where it exists;
- iii. the budgetary bias danger is real especially when food aid is sold at market or near market prices. In one East African ldc, the likely restoration of food self sufficiency in maize this year could, in principle, increase the recurrent budget deficit by up to \$100 million or 30%. If food aid is tied to one product, annual and not linked to alternative balance of payments support finance this problem can be a very real one, albeit one more likely to increase government deficits and inflation than to reduce food production;
- iv. food aid is no more necessarily a pure consumption transfer than any other kind of ODA. In the cases of starving, destitute and low income (the typical ldc urban wage is probably effectively at or below \$20 per month) recipients it is in any event unclear why consumption transfers from ODA giving countries are to be seen as self evidently unsound. More generally, emergency aid that preserves physical and material ability to produce and balance of payments support linked to food for work, agricultural import, rural infrastructure and incentive goods production can have more positive developmental import targeted on local production than most ODA. Inappropriate subsidies to middle income consumers and urban oriented budget items are possible but by no means inevitable or universal;
- v. in general it may well be true that cash aid to buy food would be more efficient if it were available at least as promptly (in terms of food arrival) and at least in the same amounts as food aid. Unfortunately there is little to suggest that it would be.



The question therefore is one of limiting diseconomies. Food aid is fungible - i.e. foreign exchange not spent on food imports can be reallocated. Multilateral food aid - e.g. WFP - can buy domestically (e.g. UNICEF where the problem addressed is regional and increase group focussed) and in other ldc's (e.g. WFP in Zimbabwe, Malawi, Kenya; and - before the 1979-84 drought cycle - Tanzania for its Eastern and Southern Africa programmes). Food aid can be complemented by ODA linked to the import cost of related elements of food production development programmes.

67. Food aid is not homogenous. Three broad categories exist; emergency, balance of payments support and project. Prior to the explosive SSA related rise in emergency aid, these were about 30%, 60% and 10% of food aid. Admittedly at the margin each shades into the other. e.g. food for work can be a vehicle for emergency aid; a developmental programme can be financed from the counterpart funds from sale of balance of payments support food aid; a food aid financial project may be based on food for work plus personnel. However, in broad terms these three categories are useful in considering how food aid could be made more effective in furthering agricultural development.
68. To justify general reductions in emergency food aid - except in respect to improved food balance positions in ldc's - requires explaining convincingly to dying mothers and children why food aid is bad for them. To improve the effectiveness of emergency aid in terms of timeliness, flexibility, delivery capacity and distribution is important, widely discussed and primarily oriented to issues other than - though just as important as - raising the developmental impact of emergency food aid and will, therefore, not be discussed further here. To be effective in restoring food output promptly food aid needs to keep threatened rural households healthy and strong enough to work; preferably in areas they can use to grow crops or raise livestock, not in mass camps; to be timely enough to avert eating seed grain and distress sales of livestock, implements and land; and to be complemented by aid directed to restoring household and land productive capacity. Food for work programmes can serve all of these objectives (as well as weeding out non-poor recipients) if the needed inputs for resumed production are either purchaseable at bearable prices or provided in a complementary programme. Domestic purchases can provide positive incentives for food production where the emergency is locality or low income household concentrated while neighbouring country procurement can encourage multi country food production and assist in supporting regional food self sufficiency strategies (e.g. that of SADCC).
69. Balance of Payments support food aid can be (albeit in practice it may not be) highly positive in its rural development and food production impact. In much of SSA import strangulation has meant unavailability of agricultural inputs (including even hoes and cutlasses), deterioration of rural infrastructure, inadequate private and public capacity to procure related to fuel and transport shortages, massive deterioration of rural health, education and water services, general unavailability and sky high prices for incentive (i.e. basic consumer manufactured) goods. Any aid which is used to ease these constraints is conducive to enhanced rural

welfare, development and food production. This is true - even perhaps especially - if the imported food is sold and the proceeds used to finance capital projects and basic services programmes and the saved foreign exchange reallocated to production and basic service operation and rehabilitation import requirements.

70. More specific targeting of such food aid to rural development is feasible. Food for work (including cash derived from food sales and paid for work by low income part time or seasonal rural employers) can be a key element in such a strategy. First, it can be used to rehabilitate build up rural productive and support infrastructure. Second, it can provide a workable device for selective support to the three largest very poor/very vulnerable groups - sub subsistence food producers who need to buy supplemental food, households in sub-marginal or vulnerable areas, female headed households. To do this requires a careful programme and employment design and extension but - as Indian and to a degree Zimbabwean experience shows - is possible. In addition allocation of counterpart funds to the domestic costs of rural productive and infrastructural capacity rehabilitation and development to reduce future risks as well as the domestic costs of enhanced research, extension, and basic rural services can increase their direct impact on rural development.
71. In respect both to emergency and balance of payments support food aid the developmental impact could be enhanced if broader multi-year food supply approach were taken:
- i. when emergency food aid needs declined, other rural development oriented aid would be supplied automatically (a concept the EEC has begun to explore in its food strategy support arrangements);
  - ii. use of counterpart funds for the domestic costs of rural development (including infrastructure and basic services) could be encouraged and supported by supplying - on a pre-agreed basis - all or part of the complementary foreign exchange costs of the expanded programmes.

These two steps would inverse both budgetary and impact capacity predictability for ldc's as well as providing positive incentives to raise resource allocations to enhance domestic food production.

72. Project food aid is the smallest and most criticised component. If closely targeted it often seems both to eat up a disproportionate input of scarce skilled personpower and to be contextually implausible (e.g. trying to solve child nutrition alone in the context of general poor household undernourishment). As the basic mode of food aid orientation to development in general and to domestic food production enhancement in particular, these criticisms are probably valid for most ldc's. However, in the context of particular vulnerable groups and local problems some projects - e.g. of UNICEF and certain NGO's - do appear to be part of a cost efficient overall approach to using food aid to meet basic human needs and support food production expansion.

73. In summary food aid:

- i. is needed, available on an increasing volume, increasingly concentrated on ldc's and potentially highly relevant to rural and domestic food production development;
- ii. while it can be used in ways which have negative secondary impacts on domestic food production, this is neither inevitable nor unique to food aid;
- iii. the case therefore is for improved (and in the medium term expanded) food aid not its curtailment;
- iv. emergency food aid's first purpose is to avoid starvation and pauperisation. In doing so it can be oriented to preserving and restoring household and rural productive capacity;
- v. balance of payments support food aid is potentially highly relevant to reducing both macro and micro constraints on and increasing incentives/capacity for domestic food production. The use of food for work/food sale financed rural work programmes and of counterpart funds complemented by related ODA financing can increase the degree to which that potential is achieved;
- vi. project directed food aid can play a useful supporting role but is probably usually unsatisfactory as the major channel for substantial national programmes and is best developed via specialised (e.g. UNICEF) and voluntary agencies;
- vii. both increased flexibility and multi-year food sector oriented approaches including both food and other ODA could substantially increase the effectiveness of food aid and reduce its potential negative side effects.

XI. Summary and Conclusions

74. The 1981 SNP identification of food and agriculture as an area critical to renewed growth and development of ldc's, but as one characterized by poor performance was and is true. Its policy proposals and instruments have been broadly corroborated or amplified, not refuted, by subsequent analysis and experience. Its agricultural growth target of 4% remains critical to achieving sustained rehabilitation and growth as well as food security.
75. However, over 1980-85 ldc food and agricultural sector growth rates have averaged under 2.5% and under population growth. Especially in SSA, the food security position has worsened dramatically. At the same time net external resource inflows per capita have declined substantially even in current price terms increasing both the need for and the difficulty in achieving accelerated food and agricultural growth rates.

76. Agricultural performance has been affected by negative external economic developments and unfavourable weather. However, the underlying trend rate of growth has been below that of population for two decades so that these exogenous events have been crisis precipitating rather than trend causing. While price incentives have played a negative role (especially for export crops) they are by no means an adequate total explanation of the trend. In most ldc's serious real (production and or transport capacity), incentive (lack of desired goods), environmental degradation, population and lack of applicable knowledge (on how to raise output) have interacted to contribute to poor agricultural performance over 1970-1980 and 1980-1985.
77. Action to reverse the past trend of falling per capita agricultural production requires holistic national food and agricultural strategies (with articulated programmes, policies and resource allocations to achieve them) in four areas:
- i. food production
  - ii. overall agricultural production
  - iii. food security and in particular greater food production by poor rural households.
  - iv. rural development issues - including basic services, non-agricultural income and technology, environmental protection and population - directly related to agricultural production.
78. In most ldc's the basic agricultural problem is that growth rates of domestic food, non-food and export production are all too low. Indeed that of domestic food is the least weak in a majority of ldc's. Macro economic, rural income and technical agricultural reasons all suggest that raising output in domestic food and in non-food/export sub-sectors should be seen as complementary and mutually reinforcing not as competitive or alternative.
79. Food aid is necessary for many ldc's for the foreseeable future. It is rising in volume, concentrated on ldc's and potentially more positively related to food production development - as well as to food security - than some other types of ODA. The strategic priority is to improve the contribution both emergency and balance of payments support make to increasing agricultural production. Several aspects are relevant:
- i. relating emergency food aid to production.
  - ii. ensuring that balance of payments food aids' positive macro economic impact is used to strengthen rural infrastructure, agricultural input availability, rural basic services and availability to peasants of incentive goods;
  - iii. building up more effective food for work and programmes financed from food aid sale counterpart funds directly relevant to food production rehabilitation and expansion and, where necessary, to meeting part of the short term costs (eg to poor workers) of

policy changes raising peasant incomes in advance of production increases;

- iv. greater donor flexibility and holism including providing complementary ODA for the foreign exchange costs of agricultural rehabilitation and development programmes whose local costs are met from food aid proceeds and programming both food and non-food ODA in support of ldc national food and agricultural strategies on a multi-year basis to enhance both food activity and efficiency of strategy implementation.

Annex: Food and Agriculture Sections of Substantial New Programme Of Action For The 1980s For Least Developed Countries

I - A. Food and agriculture

9. Agriculture and fisheries feature among the essential social and economic priorities for the development of the least developed countries, both as a means of satisfying the most fundamental human needs and as a basis for economic growth. Although more than 80 per cent of the people in these countries depend on agriculture for their livelihood and on an average 50 per cent of gross domestic product originates in this sector, productivity in agriculture is extremely low because of several bottlenecks, including inappropriate, defective and inefficient techniques of production as well as very weak agricultural support institutions and lack of infrastructure and other agricultural inputs. In addition, in many of these countries agriculture is specially vulnerable because of the threat of desertification and because of very limited irrigation facilities as well as of the vagaries of nature. The performance of most of these countries in this sector during the last two decades has been characterized by negative growth of per capita food and agricultural output. Many have also experienced rapid population growth compounded by rural exodus, increased urbanization, chronic food insecurity, stagnant or deteriorating nutrition well below minimum standards, a stationary volume of agricultural exports with declining terms of trade, and rapidly rising imports of food and agricultural commodities, especially cereals.

1. Food Strategies

10. In view of the above situation it is necessary that the agricultural sector continue to receive the highest priority in the national development strategies of the least developed countries. In particular, one of the first objectives for these countries should be to increase their food production so as to improve the nutritional situation of their populations, especially the most vulnerable groups, and diminish their dependence on external supplies. In this context, the World Food Council has emphasized the concept of a national food strategy in the context of national programmes in order to raise food issues to the highest policy levels and ensure a more co-ordinated approach to all aspects of food production and distribution, nutrition and national food security. Within the framework of their national development priorities and programmes, least developed countries should therefore prepare strategies, plans and policies for the agricultural sector, giving particular attention to food production and distribution, which will:

- provide a framework for the identification and preparation of investment projects and help mobilize additional domestic investment resources and external financing and
- aim at attaining greater food self-sufficiency as soon as possible and thereby at eliminating hunger and malnutrition as rapidly as possible and at the latest by 1990.

## 2. Food Security

11. Achievement of food security should clearly be one of the prime objectives in the agricultural sector. This requires that adequate food supplies be reliably accessible at prices that can be afforded by those who require them. To achieve the goal of food security in the least developed countries, programme and policy action at the national level is required, as well as the help of the international community, as is emphasized in the Plan of Action on World Food Security endorsed by the Conference of the Food and Agriculture Organization of the United Nations.<sup>3/</sup>

12. Every least developed country should take important initiatives to reduce its dependence on food imports, more particularly because of the changes they entail in food consumption patterns and the various dislocations they may lead to in the food sector of the developing countries and the need to reduce foreign exchange outlays. In addition to the primary objectives of increasing agricultural production, initiatives should include efforts to expand and appropriately distribute local, national, subregional and regional food stocks, taking into consideration capacities and techniques at the local level; to train personnel in the management of these stocks; and to strengthen early warning systems through improved information gathering and reporting on food crops and on stocks.

## 3. Food Production

13. The pre-condition for an improvement in food production is the demonstration of a strong political will (a) to direct adequately, and where necessary to increase budgetary resources to agriculture as well as to related activities such as livestock production, fishing and forestry; (b) to institute policies, especially on prices, which inter alia, will provide incentives for production, achieve an appropriate balance between crops for domestic consumption and crops for export and encourage small farmers and co-operatives to increase productivity; (c) to set up effective mechanisms for the drawing-up and implementation of the necessary programmes. Major emphasis in the decade of the 1980s will be given to increasing substantially agricultural production, aiming at an annual rate of increase of 4 per cent or more.

14. In conformity with the Programme of Action adopted by the World Conference on Agrarian Reform and Rural Development (Rome, 12-20 July, 1979),<sup>4/</sup> the least developed countries will pay particular attention to the following:

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<sup>3/</sup> FAO Conference resolution 3/79. For the text of the Plan of Action see FAO Council resolution 1.75, annex.

<sup>4/</sup> See Report of the World Conference on Agrarian Reform and Rural Development, Rome, 12-20 July 1979 (WCARRD/REP); transmitted to the members of the General Assembly by a note of the Secretary-General (A/34/485).

- (a) Expanding the acreage of cultivable land wherever possible;
- (b) Seeking appropriate solutions to structural problems of land tenure;
- (c) The improvement of productivity through the conservation of soil, provision of irrigation and drainage, and the use of appropriate tools, fertilizers and improved varieties of seeds;
- (d) The development of indigenous farming techniques and, to the greatest extent possible, the reduction of dependence of the rural sector on imported inputs;
- (e) The strengthening of national research, including the dissemination of research findings already available;
- (f) Training of the necessary manpower at all levels;
- (g) The development of physical infrastructure such as rural roads and communications and storage facilities;
- (h) The reduction of post-harvest losses;
- (i) The improvement and strengthening of arrangements for rural credit, agricultural input supply and marketing and extension services;
- (j) The application of appropriate pricing policies to provide the necessary incentives to production.

#### 4. Forestry, fisheries and livestock

15. Forestry is by far the most important source of fuel and the principal source of construction material in the least developed countries. Forest products are also important as supplementary food and animal feed. Scarcity of funds and skilled manpower has hampered the development and rational utilization of forest potential in these countries. At the same time, there has been widespread depletion of forest resources with resulting damage to watersheds, increased frequency and intensity of flooding, drought, desertification and loss of soil fertility. It is therefore necessary that the plans and programmes give emphasis to forest resource management through replanting, and through up-grading of infrastructure, of extraction techniques and of skills of forestry sector personnel.

16. Fish resources, both inland and marine, have considerable potential in several least developed countries and their planned exploitation will augment domestic protein supply and export earnings. In the decade of the 1980s the least developed countries will undertake programmes to introduce modern fishing vessels and gear, to develop fish landing and storage facilities and upgrade fishing and marketing techniques, and to undertake comprehensive fish resource surveys.

17. Despite the vital role of livestock as the major source of animal protein, of draft power for agriculture, of income for the non-farm rural



families and of export earnings, methods of stock management and animal slaughtering continue to be primitive in the least developed countries. Shortage of animal feed, water and pasture lands and recurrence of animal diseases have led to the depletion of stock in many of these countries. Therefore, efforts will be made during the 1980s to improve animal breeding, to develop modern dairy farms for milk and meat production, and to improve ranch management, including the introduction of high-yielding feed varieties and control of animal diseases.

#### 5. Rural development

18. Given that the least developed countries are essentially rural societies in which the majority of the population lives in rural areas, it is clear that there cannot be real social and economic development in these countries unless the standard of living of the rural population improves. In the context, therefore, of the high priority to be given to comprehensive and integrated rural development, every effort must be made to encourage the active and organized participation of the populations concerned in determining and evaluating, as well as in implementing, agrarian reforms in the programme of rural development with a view to increasing their over-all involvement, ensuring a wider sharing of benefits, increasing employment opportunities and raising productivity, and enhancing social infrastructures in rural areas, which will help stem rural urban migration. The programmes and projects will cover the strengthening of rural institutions and upgrading of skills (as set out above), primary and vocational education and functional literacy, planning and implementation of local projects and promotion of rural industries and service centres. Taking due account of the need to preserve and maintain natural resources by respecting the ecological balance, they should also seek to promote a diversification of economic activities and to ensure that economic development is paralleled by the promotion of the necessary social infrastructure in the areas of primary health and sanitation, safe water supplies and adequate housing. Since these programmes and projects should as far as possible be labour and local-cost intensive, they will call for appropriate support in terms of the assistance needed from specialized experts and for flexible modes of financing.

19. Within the framework of a transformation of rural life in its economic, social, cultural, institutional and human aspects, policies are needed which recognize the role of women in rural development and ensure their equitable access to productive resources, especially land and water resources and to inputs, markets and services.

#### II D - 3. Food and agriculture

97. Food and agriculture is an area where there is an important role for international co-operation in support of domestic efforts. The least developed countries will be able to rely on the developed countries and the relevant international institutions to help them

- to draw up national food strategies, such as those mentioned in paragraph 10 above;

- to take the steps laid down in that paragraph.

98. Increased technical and financial assistance should be provided to raise agricultural productivity and expand the production and improve the conservation of foodstuffs, particularly in the case of food crops. The least developed countries should be able to benefit more from aid for rural investment supplied by the International Fund for Agricultural Development.

99. The international community should be mobilized to participate in the establishment of food security in the least developed countries. To this end, the following measures should be taken:

- (a) Financial and technical support for initiatives to be taken by the least developed countries to build up national and subregional stocks;
- (b) Early negotiation for the conclusion of a new international wheat agreement containing viable economic provisions;
- (c) Actual establishment of the International Emergency Food Reserve at the level of 500,000 tons per annum, particularly through the participation of new donors;
- (d) Other appropriate measures, designed to strengthen national food security and increase on a predictable basis investment in agriculture and rural development.

100. Food aid, which is a critical part of any national food strategy for some least developed countries, is likely to continue to be necessary in order to help meet food requirements which most of these countries are unable to satisfy by themselves. Adequate food aid in the form of emergency aid will have to be made available in order to help ensure the survival of populations threatened by famine. In accordance with the objective of self-sufficiency in food, food aid in the form of a contribution to the offsetting of structural deficits will have to continue to be temporary, so as not to exacerbate or perpetuate the dependence of deficit countries.

101. Countries not yet taking part in the international food aid effort - but which could do so - should make a significant contribution to attainment of the annual objective of 10 million tons of cereals as food aid to developing countries under the Food Aid Convention, 1980.

102. Food aid for least developed countries should be provided so far as possible in the form of grants or on highly concessional terms; donors should consider paying relevant transport costs.