

## Policy Pennings by Dr. Daryll E. Ray

## Bill Gates partners with US and others to boost production of the world's poorest farmers

The US Secretary of the Treasury, Timothy Geithner, and Bill Gates, Microsoft founder and co-chair of the Bill and Melinda Gates Foundation, co-authored an April 22, 2010 Wall Street Journal opinion piece announcing the "launching [of] the Global Agriculture and Food Security Program."

The goal of the "new fund [is] to help the world's poorest farmers grow more food and earn more than they do now so they can lift themselves out of hunger and poverty." According to the World Bank, small-holder farm families make up three-quarters of the world's population that is extremely impoverished.

While the goal of eliminating hunger and poverty around the world is decades old, the means that Geithner and Gates suggest for achieving that goal stands in contrast to much of the conventional wisdom of the last decade.

During the debates over the World Trade Organization (WTO) Doha trade round, it was argued that an export-oriented agriculture in poor countries would allow the farmers in these countries to capitalize on their comparative advantage by producing export crops for developing countries—flowers, fruits, vegetables, cotton, and other specialty crops. It was then asserted that the earned revenue could then be used to purchase low cost grains and seeds from industrialized farmers in developed countries.

A study by the World Bank in 2003 asserted that the adoption of a "pro-poor" scenario by WTO delegates would add more than \$500 billion a year to global incomes by 2015 and lift 144 million people out of poverty. Many, including the authors of this column, saw the expectations of the WTO as unrealistic because, in part, they ignored the issues of food security and the need for small holder agriculturalists in developing countries to produce their own food in the absence of the rapid growth of industrial jobs in these countries.

Instead we have seen upwards of 200 million people added to the number of the world's hungry as the result of a spike in the price of bulk commodities—corn, wheat, and soybeans. At nearly the same time, we saw the meltdown of the US economy and the adoption of a \$787 billion stimulus package by the US Congress in an attempt to halt the slide in the US economy.

The Geithner/Gates program takes the issue of food security and small holder production seriously. Their announcement builds on a pledge of \$22 billion by world leaders in 2009. So far, Canada, Spain, and the US have contributed \$230 million, \$95 million, and \$67 million, respectively, toward their share of the goal.

As part of the announcement, the Obama administration will seek an additional \$408 million in the

2011 budget for this fund. The Bill and Melinda Gates Foundation will contribute \$30 million, and South Korea will soon provide \$50 million.

Geithner and Gates point out "that there has been a sharp drop in aid for agriculture. In 1979, nearly 10 percent of all official development assistance worldwide went to agriculture, In 2008, about 5 percent did." They go on to note that "today, many Africans face food shortages in part because the average African farmer produces half the amount of crops per acre of an Indian farmer, one-fourth that of a Chinese farmer, and just one-fifth that of an American farmer."

To help overcome this African production disparity, the program "will partner with countries that have developed sound agricultural plans and that are already using their own resources to invest in the most effective ways to boost crop production. The fund's public-sector account will invest in infrastructure that will link farmers to markets, promote sustainable water-use management, and increase access to better seeds and technologies."

In their Wall Street Journal piece, Geithner and Gates cited the example of Rwanda, which "has increased its investment in agriculture 30 percent from 2007 to 2009 and recently reported that its agricultural production was up 15 percent over the period." In a separate interview reported by New York Times writer Helene Cooper, Gates "pointed to the example of Malawi, where the government recently doubled the country's food production by putting in [place] the same sort of agricultural development programs that the global fund is pushing."

In that same New York Times report, Gates is quoted as saying, "If I had one wish, it would be for good governance in all of these countries"—the fund is focusing its investment on countries with good governance.

Lack of good governance is a major developmental stumbling block in many developing countries. Cooper writes that Gates, "specifically cited the Democratic Republic of Congo, where since 1998 fighting has raged, particularly in the east, and where the prevalence of rape and sexual violence [against women] is believed to be among the worst in the world."

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