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**Interactive thematic session**

**ENHANCING PRODUCTIVE CAPACITIES: THE AGRICULTURAL SECTOR AND  
FOOD SECURITY**

Summary prepared by the Conference secretariat

**Introduction**

1. The thematic session took place against the background of analyses provided by FAO on the problems of and prospects for enhancing the productive capacities of LDCs in the agricultural sector. The analyses also include the interrelationship between agricultural development, food security, rural development and poverty alleviation. The agricultural sector is the mainstay of LDC economies and underpins their food security and development. Even so, the agricultural sector remains largely underdeveloped. For LDCs as a whole, growth in agricultural output declined during the 1990s and their combined share in world agricultural exports fell to just 1 per cent. This poor agricultural performance is also at the heart of the growing hunger and malnutrition. In fact, the number of undernourished in LDCs has nearly doubled over the last three decades, from 116 million people to 235 million people.

**Issues relevant to the agricultural sector and desirable responses**

2. Significant progress in agricultural competitiveness and productivity is a key requirement for making agricultural production an avenue for poverty reduction. During the session, it

was recalled that competitiveness in export markets generally implies, as a prerequisite, competitiveness on domestic markets, which sometimes presents a challenge to efforts made by LDCs to dismantle their import barriers. Progress in farm productivity involves substantial effort to develop a sufficient physical infrastructure, reduce the numerous transaction costs that affect farmers, secure a range of necessary producer services, including agricultural credit, pursue research and appropriate technological progress, assist farmers through relevant extension and quality control services and develop human resources through sensitization and training. The importance of the role of women in agricultural development was also stressed several times during the session.

### ***The policy framework***

3. The primary responsibility for reducing hunger and food insecurity rests on the shoulders of LDCs themselves. They need to implement a series of coherent policies for rural development, involving the participation of rural communities and, in particular, women. The importance of establishing a national policy framework for agricultural development was strongly emphasized by several participants. It was noted that the need for an agricultural development strategy is not adequately emphasized in poverty reduction strategy papers. Other participants held the view that the absence of a vision of agricultural development in African LDCs has been due to imposed economic liberalization in which a structural adjustment of supply capacities did not take place, contrary to declared intentions.

4. It was stressed that land reforms are desirable in several LDCs where land ownership and the recognition of legal assets in general are difficult to attain, particularly for small farmers. In all aspects of the decision-making process relevant to agricultural development, cooperation between public authorities and the private sector is highly desirable, as was noted by civil society representatives.

### ***Institutional framework***

5. The paramount importance of an appropriate infrastructure was emphasized by several participants, thereby underlining the need for external assistance in this area. Particular attention was given to the case of several land-locked LDCs that face severe competitiveness problems resulting from long transit distances to sea routes. An enabling business environment is also necessary for the development of a modern agricultural sector. In this regard, the need for an adequate infrastructure to enhance the efficiency of the rural economy in general was described as crucial.

6. Increasing capacities to improve and maintain the quality of the agricultural output was recognized as essential for many LDCs. Their participation in determining international standards was strongly advocated. The ability to produce competitive agricultural goods that continuously meet international quality standards was defined by some speakers as a more desirable achievement than the retention of market access preferences, which was described as a poor incentive to competitive farming.

7. Several participants emphasized the importance of research and access to appropriate technology as vital for improving product specialization and quality. It was noted that most of the required agricultural technology in the LDCs is affordable and environmentally sustainable. The sharp decline that took place in agricultural research over the last 20 years in the LDCs stood out, during discussions, as one of the most significant factors explaining the poor agricultural diversification and productivity performance that many LDCs have demonstrated. Research that is undertaken by the private sector may provide a crucial contribution to those who can afford it, but LDC farmers are not always in a position to benefit from this. Therefore, public funding of research with international support is a necessity in these countries. One participant recalled that all success cases in agricultural development (e.g. India, China, Brazil, etc.) have been driven by relevant long-term investment in agricultural technology. Agricultural development in Mozambique was cited as a success story that was largely due to the commendable strides made in agricultural research, road improvement and marketing.

### ***Human resources and institutional capacities***

8. The necessity to enhance human resources relevant to the agricultural economy and to relevant international negotiations was underlined. Specifically, participants called for external support for the LDCs to increase the competence of extension workers and the effectiveness of extension services. Apart from causing major productivity losses in agriculture, HIV/AIDS has created a knowledge gap, as the transfer of knowledge from parent to child has been disrupted by the disease.

### **International support to agricultural development in the LDCs**

9. International assistance to the agricultural sector in LDCs has declined over the years, falling by 20 per cent during the 1990s. All participants were in agreement that this declining trend must be reversed in order to ensure that the external support to agricultural development be commensurate with the paramount importance of the sector. This would require an increase by at least 20 per cent of external financing to the agricultural sector from bilateral and multilateral sources to enhance productive capacities and food security. The participants also expressed the desirability of restoring ODA levels in real terms. The efforts made under the African Development Fund were noted: 60 per cent of resources in recent years have been disbursed to rural development (28 per cent to agricultural projects). Nevertheless LDC ownership of their agricultural development policies is a crucial factor for their success.

10. FAO continues to have a wide range of field activities in LDCs. During the 1992-2000 period, 31 per cent of its field assistance was devoted to LDCs. The organization has proposed the creation of a trust fund facility, with voluntary bilateral and multilateral contributions to upgrade food safety and quality assurance capabilities of the LDCs, as well as their ability to adapt to, and conform with, international food safety and quality requirements. It has also proposed to enhance LDC participation in international standard-setting bodies such as the Codex Alimentarius Commission. FAO took the opportunity at the

session to inform the participants of the forthcoming “World Food Summit Five Years Later”, scheduled for November 2001.

11. It was proposed that inter-agency task forces to prepare national and regional projects in the field of agricultural development be established. Areas of activities to which relevant projects could pertain would include land development and water management, research, livestock disease control and institution-building for credit, marketing and non-farm employment activities.

12. The International Atomic Energy Agency referred to a programme, endorsed by the Common Fund for Commodities, to eradicate the tsetse fly, which has been a major problem for the development or continuation of agriculture in large parts of Africa.