

The world food crisis, rapidly defined by those in power as a problem of insufficient production, has become a trojan horse to get corporate seeds, fertilisers and, surreptitiously, market systems into poor countries. As past experience shows, what looks like “seed aid” in the short term can mask what is actually “agribusiness aid” in the long term. We look at what is going on.

# Seed aid, agribusiness and the food crisis

GRAIN



2

Earlier this year, political and economic leaders, abetted by the corporate mass media, were quick to explain the current global food crisis as a “perfect storm” of several factors: weather problems, the diversion of crops into biofuels, oil price hikes and poor people becoming less poor and eating more animal produce. In short, they wanted us to believe that the food crisis was a problem of production. Many have shredded that argument and – while agreeing that production should be improved – have shown instead how current economic policies focused on global trade and deregulation are the real culprits.<sup>1</sup> Yet the supply-siders moved fast to promote their solution to the wrong problem: to boost production, mainly by getting higher-yielding seeds to farmers.

What seeds? Where from? With what impact on vulnerable communities and local biodiversity? It is hard to find reliable data, but there is a serious risk that this simplistic production-focused response to the food crisis, which avoids asking the really

challenging policy questions, will result in a new wave of genetic erosion and livelihood insecurity by overriding communities’ local seed systems. The consequences for the survival of farming families around the world, and therefore for food production, could be extremely damaging.

## The “perfect choir”

Large amounts of money have been pledged in the last few months to send seeds and fertilisers urgently to food-crisis-stricken countries in the South. In May, the World Bank launched a US\$1.2-billion emergency finance facility to provide funds for the “rapid provision of seeds and fertilisers to small farmers”. Addressing the Group of Eight (G8) summit of the world’s richest countries, held in Japan in early July, the president of the World Bank, Robert Zoellick, told these powerful people that one of the main priorities in fighting the global food crisis was “to give small farmers, especially in Africa, access to seeds, fertilisers and other basic inputs”. In the lead-up to that meeting,

<sup>1</sup> See GRAIN, “Making a killing from hunger”, *Against the grain*, May 2008. [www.grain.org/articles/?id=39](http://www.grain.org/articles/?id=39)

the European Commission's President, José Manuel Barroso, proffered €1 billion to pay for "fertilisers and seeds to help poor farmers in developing countries". Not to be outdone, US President George Bush announced US\$1 billion in food crisis money and told the press that he would convince other world leaders that they should make moves to alleviate hunger by "increasing the shipments of food, fertilisers and seeds to countries in need". Two weeks later, the United Nations Secretary General, Ban Ki-Moon, took the message to the UN General Assembly in New York: "We must act immediately to boost agricultural production this year. We do this by providing urgently needed seeds and fertilisers for the upcoming planting cycles, especially for the world's 450 million small-scale farmers."<sup>2</sup> Imagine! Billions of dollars suddenly disbursed to distribute seeds to the poorest farmers on the planet – a group whose needs have never before ranked high in these leaders' concerns.

Earlier the UN's Food and Agriculture Organisation (FAO) had launched its own "Initiative on Soaring Food Prices", meant to "demonstrate that by increasing the supply of key agricultural inputs, such as seeds and fertilisers, small farmers will be able to rapidly increase their food production". The FAO Initiative already covers 35 countries, to the tune of US\$21 million, while another 54 countries are being similarly supported under its Technical Cooperation Programme at the cost of US\$24 million. Apart from ensuring immediate seed and fertiliser supplies, the Initiative also aims to "encourage donors, financial institutions and national governments to support the provision of inputs on a much larger scale".<sup>3</sup> It seems to be working, as organisations ranging from the Bill & Melinda Gates Foundation to the Red Cross are falling over each other to set up programmes to get seeds and fertilisers to farmers in response to today's food crisis (*see* table on pages 4–5).

### Learning from seed aid experience

The impact of seed aid – which means, in essence, the delivery of seeds to areas in crisis – has been a topic of hot debate among aid agencies for a number of years now. Very often in the past, development programmes focused on replacing what they viewed as poor-yielding local varieties with just a handful of so-called high-yielding seeds from research laboratories. Relief agencies distributing seed aid in emergency situations often followed the same pattern. Hardly any effort was made to understand local varieties: why farmers had selected them and why they continued to use them. Today, however, the advantages of local varieties are more widely acknowledged. It has been recognised that they

tend, among other things, to fare better under low-input conditions, to resist local stresses, to provide other outputs (such as straw for animal fodder) as well as grain, to have stable yields at low risk over time and to taste or cook better. In other words, they are appropriate, both culturally and agronomically.

Consensus is also growing about the drawbacks of bringing in seeds from outside sources. A few months ago, at a workshop on seed aid that brought together the main players in the business, a report was presented that underlined what critics had been saying for years:<sup>4</sup>

- Bringing seeds from outside is often not needed, as seeds tend to be available in local seed systems, even in periods of crisis;
- Direct seed distribution is not very effective, as farmers tend to prefer their own seed sources;
- If practised repeatedly, seed aid can result in dependency, undermine local seed systems, and erode local seed diversity.

Somewhat earlier, this change in thinking led to a change of policy in Afghanistan where a code of conduct on seeds for relief operations was adopted by a number of the leading aid organisations. It lays down that seeds should be procured locally, that any emergency seed supply should not distort local seed systems, and that seeds should be adapted to the local environment.<sup>5</sup> There's no reason to doubt that the small or independent NGOs currently involved in seed aid projects in response to the food crisis are adopting this approach. It may be a different story, however, with the larger relief agencies, especially those paid to take on the work for governments.

Officials from the FAO assured GRAIN that the seed aid projects that they have mounted in response to the current global food crisis aim to source local seeds from local markets and dealers, and that they avoid hybrids and GM varieties. But the FAO's own media releases send a different and more chilling message. They talk of "trucks loaded with more than 500 tonnes of seed" leaving the Mauritanian capital for the countryside<sup>6</sup> and "600 tonnes of improved seed varieties being made available to poor farmers in Burkina".<sup>7</sup> At the very least, there is a mismatch between the official rhetoric and what is happening on the ground in some areas. And in the longer term the situation is even more worrying. With billions of dollars being thrown at humanitarian agencies to urgently get seeds and fertilisers to farmers in the name of the

2 BBC News, "UN warns on biofuel crop reliance", 18 July 2008  
<http://tinyurl.com/3qruij>

3 FAO newsroom, "Initiative on soaring food prices now covers 54 countries", 9 July 2008.  
<http://tinyurl.com/3ohbxz>

4 Louise Spertling, David Cooper and Tom Remington, "Moving towards more effective seed aid", *Journal of Development Studies*, Vol. 44, 2008.  
<http://tinyurl.com/4gl5rx>  
See also Louise Spertling, "When disaster strikes: A guide to assessing seed system security", Centro Internacional de Agricultura Tropical, Catholic Relief Services and US Agency for International Development, August 2008, 64 pp.  
<http://tinyurl.com/45qoht>

5 FAO newsroom, "Code of conduct on seeds for Afghanistan reached", 30 May 2002.  
<http://tinyurl.com/3sphbl>

6 FAO newsroom, "FAO starts seed distribution in Mauritania", 13 June 2008.  
<http://tinyurl.com/3l3yb2>

7 FAO newsroom, "Planting under way in Burkina Faso", 11 July 2008  
<http://tinyurl.com/4c8t2z>



# Table: Seed aid to fight the

Country/agency	Comment
EU	At the G8 meeting in July, the EU offered €1.6bn taken from “unused agricultural subsidies”. Most of it is for buying fertilisers and seeds, or other measures to increase production, on credit. The money is to be administered by international and regional development agencies.
USA	In the lead-up to the G8 meeting, Bush announced US\$1 billion to fight the global food crisis. Bush is quoted as saying “I’ll also ask leaders of the G8 to make other important strategic moves to alleviate hunger, such as increasing the shipments of food, fertilisers and seeds to countries in need.” <sup>1</sup>
World Bank	In May, the World Bank launched a \$1.2-billion “fast-track facility” to meet immediate needs including the “rapid provision of seeds to small farmers”. <sup>2</sup> The first grants went to Haiti (US\$10m), Djibouti (US\$5m) and Liberia (US\$10m). In June, the Bank started processing grants for Tajikistan, Togo, and Yemen.  In Burkina Faso, “the emergency programme helped distribute 3,500 tonnes of improved millet, sorghum, maize, beans, and rice seeds to 140,000 households in 302 rural communities in the country.” <sup>3</sup>
International Fund for Agricultural Development (IFAD)	In April IFAD launched a US\$200-million initiative, and gives the following examples <sup>4</sup> (among others) of how it is being used: <ul style="list-style-type: none"> <li>• In the Côte d’Ivoire US\$3 million is going to provide seeds and fertilisers to 10,000 small farmers as part of the government’s National Rice Programme;</li> <li>• In Mauritania US\$315,000 has been allocated for the purchase and distribution of seeds and the establishment of grain banks in poor rural areas;</li> <li>• In Haiti US\$10–15 million is being used to distribute seeds and to strengthen seed multiplication programmes, mainly for hillside small-scale producers;</li> <li>• In Syria funds are to be reallocated from an earlier loan to provide improved seeds, fertilisers and animal feed.</li> </ul>
FAO	The FAO announced in July that it was already working in 54 countries “providing seeds, fertilisers and other supplies to small farmers as part of an initiative to help vulnerable households cope with the impact of soaring food prices”. <sup>5</sup> Examples include: <ul style="list-style-type: none"> <li>• “Intensive distribution of millet, sorghum, maize, cowpea and peanut seeds to 33,000 farmers in Burkina Faso. (...) [F]or the current planting season, about 600 tonnes of improved seed varieties and 432 tonnes of fertilisers have been made available to impoverished farmers in Burkina.”<sup>6</sup></li> <li>• In Haiti, “seeds are being provided for maize, peas, native black beans, as well as cuttings to grow sweet potatoes and fertilisers.”<sup>7</sup> By August FAO was distributing 600 tonnes of sorghum, maize and bean seeds to 70,000 target families.</li> <li>• In Mauritania, more than 500 tonnes of sorghum, millet, maize and cowpea seeds have been distributed.<sup>8</sup></li> </ul>



food crisis, with FAO calling for the “provision of inputs on a much larger scale”, and with messages coming from world leaders and finance institutions that the time is ripe to get new technologies to small farmers to boost their production, it seems that farmers’ local seed systems may well be threatened in many parts of the world.

### Giving out to the private sector

The background to all of this is the recent radical transformation in the way agriculture is organised and supported. Twenty years ago, seed aid would

have been largely reliant on the public sector: seeds would have come from public plant breeding, production, and distribution systems, usually supplied for free, and recipient farmers would have been able to save seeds from the crops and share them with their neighbours. But since then the public sector has been divided, enclosed and privatised. Today, a handful of multinational companies from the pesticide industry control more than half of the global seed market, and their control extends through a growing network of private dealers and smaller national seed companies with political connections. Seeds are now big business.

# food crisis – a few examples

Gates Foundation	The Bill & Melinda Gates Foundation is giving a US\$17.5m package of grants to respond to the world food crisis. Of this, US\$10m is going to the World Food Programme and the other US\$7.5m has been allotted to Mercy Corps, Oxfam America and Catholic Relief Services. Part of this US\$7.5m grant will be used for seed distribution in Haiti, Democratic Republic of Congo, Somalia and Sri Lanka. <sup>9</sup>
Red Cross	The Red Cross is involved in seed distribution programmes in a number of countries: <ul style="list-style-type: none"> <li>• In Côte d'Ivoire, it has distributed seeds and fertilisers to some 21,000 farmers in the northern and central parts of the country;<sup>10</sup></li> <li>• In Guinea-Bissau, food supplies and rice and groundnut seed have been distributed to over 20,000 people;<sup>11</sup></li> <li>• In Sudan, seeds have been distributed to over 36,000 traditional farming households.<sup>12</sup></li> </ul>
Catholic Relief Services (CRS)	CRS, an arm of the US Catholic Church, received US\$10m from USAID and committed US\$1m in private funds to deal with the world food crisis. Among other actions, they are providing rice farmers in Burkina Faso with "more productive seed varieties". CRS say that they support seed vouchers and fairs as appropriate distribution mechanisms.
Concern	Under its "Seeds for the Starving" programme, the Irish aid group Concern has purchased more than 70 tonnes of seeds, including haricot beans and sweet potato cuttings, for distribution to Ethiopian farmers.
Tearfund	With an initial provision of £200,000, the UK relief agency is supplying seeds to farmers in Ethiopia, where not only have basic food prices shot up three- to fourfold since the beginning of the year but also drought is pushing people to the edge. The seeds are distributed through a "seed-distribution loan scheme", with farmers paying back the loans. <sup>13</sup>

- 1 Anne Davies, "Bush offers \$1bn to fight global food crisis", *The Age*, 4 July 2008. <http://tinyurl.com/3te4f8>
- 2 World Bank press release, "World Bank launches \$1.2bn fast-track facility for food crisis", 29 May 2008. <http://tinyurl.com/4wcqrv>
- 3 World Bank, "Seeds to fight food crisis in Burkina Faso", 2 July 2008. <http://tinyurl.com/4z22uh>
- 4 IFAD press release, "Developing countries make use of \$US200 million initiative to increase food production quickly", 3 July 2008 <http://www.ifad.org/media/press/advisory/2008/07.htm>
- 5 UN news centre, "Poor farmers in 48 countries receive UN aid to cope with high food prices", <http://tinyurl.com/3ufark>
- 6 FAO newsroom, "Planting under way in Burkina Faso", 11 July 2008. <http://tinyurl.com/4c8t2z>
- 7 FAO Initiative on Soaring Food Prices, country information on Haiti, July 2008.
- 8 FAO newsroom, "FAO starts seed distribution in Mauritania", 13 June 2008. <http://tinyurl.com/3l3yb2>
- 9 Bill & Melinda Gates Foundation, "Emergency grants to help people most affected by global food crisis", 14 August 2008. <http://www.gatesfoundation.org/GlobalDevelopment/SpecialInitiatives/Announcements/Announce-080814.htm>
- 10 ICRC news release no. 08/106, "Côte d'Ivoire: Seed and fertilizer for 21,000 farmers", 20 June 2008. <http://tinyurl.com/4rx9zf>
- 11 ICRC news release no. 08/95, "Guinea-Bissau: Food and seed distributed to farmers in north-west", 5 June 2008. <http://tinyurl.com/3t6k78>
- 12 ICRC operational update, "Sudan: Responding to humanitarian needs in Darfur and Abyei", 8 April 2008. <http://tinyurl.com/3gqy5m>
- 13 Ed Beavan, "African food crisis is part of a 'silent tsunami'", *Church Times*, 22 August 2008. <http://tinyurl.com/4p4kn>  
Tear Fund, "East Africa food crisis". <http://tinyurl.com/4jwzvy>



Those international agencies that still claim a "public" mandate, such as the Alliance for a Green Revolution in Africa (AGRA) and the Consultative Group on International Agricultural Research (CGIAR), are increasingly public-private coalitions with direct ties to the multinationals. Their research programmes feed into the corporations' growth strategies and they increasingly adopt elements of the same companies' business models. So any talk of seeds today, if it is not specifically about local or farmer's seeds, implies private seeds – seeds that farmers have to buy and that come with tight restrictions on their use.

At the national level, where the seed aid momentum is being translated into new government programmes, the link between the official responses to the food crisis and the agribusiness agenda is evident. For instance, the initiatives to boost food production in Benin and the Philippines as a response to the global food crisis are little more than subsidy schemes for seed and fertiliser companies (*see* Boxes). Indonesia, too, is gambling that the private sector's hybrid seeds will resolve its long-term rice needs. Despite years of failure with hybrid rice in the country and no credible studies to back up claims of higher yields, the government

## Box 1 Worries for seed sovereignty in Benin

Benin is spending US\$7 million in subsidies to supply improved seeds urgently to farmers, according to Jinukun, a civil society network composed of peasant organisations, independent scientists, NGOs and activists. The programme deployed by the government is called PUASA (Emergency Food Security Support Programme). It aims to assist 1,850 farmers to produce 48,000 tonnes of grain (21,750 tonnes of rice and 26,250 tonnes of maize) on 15,000 hectares from the north to the south of the country. The maize seeds being distributed to farmers are of hybrid varieties such as DMR, Congo S, QPM Faaba, TZPB-SR while the rice seeds are those of NERICA 1, 2, 3, 4, 5 and 6, IITA 128, WARB 32 and similar types. There is no support for the multiplication and distribution of local or traditional varieties, or farmers' materials, only so-called "improved" seeds coming out of a few research laboratories.

Local groups like Jinukun have so far found no evidence of GM seeds being distributed under the cover of the current food crisis, though they continue to monitor this closely. Meanwhile, there are concerns about rice shipments coming in from the US and Japan as food aid, which could possibly contain GM material. Additionally, people are alarmed about the decision announced on 18 July 2008 by the government of Burkina Faso, just north of Benin, officially to allow the production and marketing of two Bt cotton varieties owned and patented by Monsanto. The Burkinabe authorities have earmarked 15,000 ha of land to multiply Monsanto's Bt cotton seeds for the next growing season. These seeds could easily leak into Benin over the border, despite Benin's recently renewed – and regionally unique – five-year moratorium on GMOs.

While local groups understand the need to mount urgent programmes to deal with the current crisis in food markets, the real urgency, they say, is to regain Benin's food sovereignty – particularly in rice, for which Benin is 90 per cent dependent on imports. This requires putting into place new agricultural policies that support biodiverse farming, take account of the peoples' heritage, and guarantee adequate prices for Benin's millions of small scale producers.

Source: Drawn from a presentation by René Ségbenou to the Jinukun public conference: "Will the current food crisis open to the door to GMOs in Benin and in Africa?", held in Cotonou on 10 June 2008.

is subsidising the import and sale of hybrid rice seeds, and even using its farmer field school programmes to promote it. The few local tycoons and foreign companies that control the hybrid rice seed market in the country are the only ones whose profits are guaranteed.<sup>8</sup>

In Senegal, President Abdoulaye Wade launched his "Big Agricultural Offensive for Food and Abundance", or GOANA, as a response to the current food crisis. It aims to make the country self-sufficient in food by 2015, mainly by boosting the production of basic food and feed crops. Of the US\$792 million that the government says will be put into the project, US\$443 million will go to subsidise the purchase of fertilisers, US\$120 million to subsidise the purchase of seeds, and US\$30 million to subsidise the purchase of pesticides. Those companies involved in the production and distribution of these inputs, many of them foreign-owned, will be the first to profit from this scheme, particularly given the radical investment and fiscal deregulations that accompany GOANA.<sup>9</sup> Senegal's main farmers' organisation, the National Rural Exchange and Cooperation Council (CNCR), which was not consulted about the Offensive, says that farmers will be at risk of not being able to pay back the credit for the purchase of inputs, even with the subsidies, because the project has done nothing to address the long-standing structural

problems that prevent farmers from getting a fair price in the market for their crops.<sup>10</sup>

In Mali, the National Coordination of Peasant Organisations (CNOP) says that it had also been excluded from the development of the government's response to the world food crisis — the Rice Initiative (originally dubbed Operation Rice Commando), which aims to double domestic rice production in a few years. As in neighbouring Senegal, Mali's Rice Initiative focuses on subsidising so-called high-yielding seeds and fertilisers, with CNOP protesting that this will channel all the benefits into the pockets of the input dealers.<sup>11</sup> In many West African countries, the emphasis is put on the rapid production and distribution of Nerica™ rice seeds, developed by the CGIAR, and not on farmers' varieties.

The national food crisis programmes in Africa, geared to the rapid deployment of new seeds and crop chemicals to farmers, mesh perfectly with the strategy of AGRA and the CGIAR for the continent. These groups have been moving centre stage and presenting themselves as saviours with the right solution to boost food production. On the sidelines of FAO's food crisis summit, a deal was signed between AGRA and all the Rome-based food agencies, in which AGRA will have a pivotal role in developing and promoting new seeds and

8 GRAIN, "The food crisis and the hybrid rice surge," 12 May 2008: [grain.org/hybridrice/?lid=202](http://grain.org/hybridrice/?lid=202) Biotani and GRAIN, "Indonesia: more hype than hope on hybrid rice", 26 October 2007. [grain.org/hybridrice/?lid=196](http://grain.org/hybridrice/?lid=196)

9 Five guides for investors in GOANA were published by the Minister of Agriculture and APIX SA. All five guides are available in French (with a summary in Spanish by the Embassy of Spain): <http://tinyurl.com/3ttewu> To facilitate the entry of private investment, the Senegalese government has instituted special tax breaks, customs duties and VAT exemptions and the lifting of currency exchange controls.

10 CNCR, "Déclaration sur la GOANA et le Programme Agricole 2008/2009", Dakar, 30 May 2008. <http://tinyurl.com/3s7ojo>

11 CNOP, "Forum des rizeculteurs sur l'Initiative Riz", June 2008. <http://tinyurl.com/47mfma>



## Box 2 FIELDS of gold – for the corporate sector

The Philippine government's main response to the food crisis is a rice self-sufficiency programme dubbed "FIELDS". (FIELDS stands for "Fertiliser, Irrigation, Education and training of farmers, Loans, Dryers and other post-harvest facilities and Seeds of high-yielding hybrid varieties".) It revolves around providing multiple loans and subsidies to farmers in order to increase total paddy production to 19.8 million tonnes by 2010. About PHP44 billion (US\$1 million) has been earmarked for the programme, a big chunk of which will be spent on the production and distribution of subsidised hybrid and certified rice seeds to farmers. The source of the funding is still being debated. The government wants to skim it off the value-added tax and royalties collected from energy use, while transporters and people's movements are clamouring for the government to scrap VAT altogether on fuel, which is already extremely expensive.

Under the programme, the seeds to be promoted are a combination of a few publicly developed hybrids and a number of private ones. Among the seed companies which will be supplying the seeds is SL Agritech, a Filipino firm that has already cornered much of the hybrid rice seed market through the government's previous hybrid rice programmes. Germany's Bayer is another major player. Several groups in the Philippines are very angry about the whole programme.

According to the Farmers' Council, a national network of farmers' groups, the proposed provision of a seed subsidy "will simply amount to subsidising big seed companies like SL-Agritech, Bayer and Monsanto". Early last year, the Farmers' Council estimated that SL-Agritech may have already pocketed some PHP208 million (US\$ 4.3 million) from the government's promotion of subsidised hybrid rice seeds. "The design of the FIELDS interventions will actually make the rice programme dependent on private companies with no accountability to the public," said the Farmers' Council leader and well-know peasant activist Jaime Tadeo.

"We are alarmed over this development" concurs Wilhelmina Pelegrina of SEARICE, an NGO working on the conservation and development of local seeds with farming communities in the Philippines. "Providing input subsidies for hybrid rice is not a sustainable way of achieving rice self-sufficiency and address the rice crisis", she said.

Centro Saka, a farmer-based policy research group, fumes that the FIELDS programme will "merely perpetuate the misguided strategies that have turned the Philippines into the world's biggest rice importer", citing the poor performance of the government's current hybrid rice programme and the corruption issues that haunt it.

The government, however, is bent on putting seed companies more firmly in control. At a national workshop on hybrid rice not long ago, the Arroyo administration made it very clear that its goal was to have the private sector in charge of hybrid rice commercialisation by 2010. The same thinking is shared by the brand new Hybrid Rice Research and Development Consortium that the International Rice Research Institute (IRRI), a CGIAR institute based in the Philippines, is coordinating. The consortium gives private companies not only privileged access to publicly held germplasm but also exclusive rights to commercialise hybrid rice lines developed through public research programmes. As soon as the food crisis erupted in the Philippines, with rice prices flying through the roof, the Department of Agriculture signed a cooperation agreement with IRRI to beef up research, production and deployment of new high-yielding varieties of rice for the FIELDS programme. This could have a devastating impact on local food sovereignty.



establishing a commercial seed sector in Africa.<sup>12</sup> A week later, AGRA signed yet another agreement, this time with the US government's Millennium Challenge Corporation, to "provide Africa's farmers with technologies, infrastructure and financing".<sup>13</sup> In the same vein, FARM, a multi-million-euro initiative of the French Presidency and some of France's corporations, including the seed giant Vilmorin and global supermarket powerhouse Casino, has launched projects in Burkina Faso and Mali that aim to counter the effects of the food crisis by helping farmers' organisations to finance the purchase of fertilisers and seeds.<sup>14</sup> FARM is specifically mandated to help poor countries to gain access to the "benefits" of European agricultural technology, such as seeds.<sup>15</sup>

### When agricultural development becomes agribusiness development

To understand fully how today's top-down mobilisation to get seeds to farmers lays down a red carpet for agribusiness to walk into developing countries and hit the jackpot, one has to look at the changing landscape of corporate activity in the food system. The surge in agricultural commodity prices has triggered a corresponding rush by big business to take greater control over the entire food chain. Multinational food companies and retailers are moving deeper into food production, particularly through contract farming, in order to reduce procurement costs and guarantee supplies. Concerned about the long-term impact of high

12 FAO newsroom, "Boosting food production in Africa's 'breadbasket areas'". <http://tinyurl.com/3zngz>

13 AGRA, "AGRA and the Millennium Challenge Corporation launch a historic collaboration to provide Africa's farmers with technologies, infrastructure and financing". <http://tinyurl.com/3zh46p>

14 La Fondation pour l'agriculture et la ruralité dans le monde. [www.fondation-farm.org/](http://www.fondation-farm.org/)

15 La Fondation pour l'agriculture et la ruralité dans le monde. See <http://tinyurl.com/4rzu5l>

### Box 3 All eyes on Africa

With the recent surge in agricultural commodity prices and the credit crunch, African agriculture has suddenly become a major target for investment funds seeking fast returns. Some private deals are being brokered through governments. The Chinese government and those of various petrodollar-rich Gulf states are actively facilitating the deployment of not just public sector loans but also important new private capital inflows into African agriculture. Chinese entrepreneurs are setting up various deals, from rice farming in Mozambique to sesame production in Senegal, often with state support for the introductory phase. Similarly, Gulf states are seeking to diversify and invest their oil revenue in agricultural production in Africa, Asia and Latin America.

But also, in perfect synch with the world food crisis, a new army of private equity funds and asset management groups are lining up to make big money in Africa. This is precisely because the vast majority of the farmers in the continent are peasant farmers without the infrastructure that industrial agribusiness needs. Specialised funds, such as the Agri-Vie Fund<sup>1</sup> (which is a new US\$90m private equity fund), Africa Invest<sup>2</sup> (that promises returns to investors of 40 per cent), and Emergent<sup>3</sup> (a hedge fund targeting returns of 400 per cent on no-till farming), were created this year to cash in on Africa's agribusiness development. A trio of prominent Gulf investment houses has just created AgriCapital, a Sharia-compliant fund that will invest at least US\$1 billion of the region's brimming financial liquidity into biotechnology and food production overseas, including north and southern Africa.<sup>4</sup> The Dutch Rabobank has also opened a new US\$75m fund for investment, mostly in African agriculture, while the French banks BNP Paribas and Crédit Agricole are doing the same. While half of Africa's private equity comes from a mix of sources in the US, the governments of Germany, UK, Belgium and the Netherlands are pitching in with tens or even hundreds of millions of dollars each.<sup>5</sup>

In various ways, these funds will work with governments to consolidate farms, to build roads and other infrastructure, to bring in technology (including biotechnology), to link to global markets and to set up truly functional supermarket supply chains – at lower cost than elsewhere, hence the potential payoff. As the Organisation for Economic Cooperation and Development (OECD) puts it, none too subtly, “The curse of higher food prices can be turned into a blessing if African agriculture finally becomes a business.”<sup>6</sup>

- 1 Julie Bekker, “New private equity fund launched to invest in agribusiness in sub-Saharan Africa”, ITI News, South Africa, 13 August 2008. <http://tinyurl.com/4nwo3j>
- 2 See their website at <http://www.cruim.com/africa/africa-invest-home2>
- 3 David Stevenson, “Buy into Africa”, *Investors Chronicle*, UK, 15 August 2008. <http://tinyurl.com/47qdc>
- 4 Pratap John, “Gulf banks launch 3 major Islamic investment projects”, *Gulf Times*, 28 August 2008, <http://tinyurl.com/5ywkuh>
- 5 “Escalating food prices lure investors to Africa's agriculture sector”, Press Trust of India, 3 July 2008, <http://tinyurl.com/4s84vu>
- 6 Denise Wolter, *Higher food prices – a blessing in disguise for Africa?*, Policy Insights No. 66, OECD Development Centre, Paris, May 2008. <http://www.oecd.org/dataoecd/43/47/40986119.pdf>



food prices on national food security, the cash-rich governments of countries such as China and Saudi Arabia are working hand-in-hand with their domestic business sectors and newly created investment vehicles to outsource food production. And the hot money concentrated in the world's financial centres, reeling from the impact of the credit crunch, is looking to agricultural commodities and farmlands as a place for fast returns. All of this means that control over farming is increasingly moving out of the hands of farmers and into boardrooms. And board members on agribusiness corporations have very different priorities from farmers: they want control over a uniform supply of seeds to produce crops that feed into global agriculture commodity markets; they are not interested in local seeds or the preservation of biodiverse food systems.

Two of Asia's biggest food corporations – Sime Darby of Malaysia and Charoen Pokphand of Thailand – are now moving into rice production as

part of their home country's responses to the global food crisis. They are starting their programmes with the production and commercialisation of their own hybrid rice seeds – developed with the support of the public sector.<sup>16</sup> Similarly, Chinese foreign investment in rice production, whether in Laos or in Cameroon, is invariably based on Chinese hybrid rice varieties, often initially tested and introduced through bilateral aid arrangements.<sup>17</sup>

Sub-Saharan Africa has suddenly become a magnet for this agribusiness invasion (see Box 3). But around 90 per cent of the seeds used in Africa are local varieties supplied by farmers, not suitable for big agribusiness. Corporate investment thus hinges on the introduction and spread of varieties suited to corporate needs – the equivalent of the Roundup Ready soya bean that paved the way for agribusiness to colonise rapidly the southern cone of Latin America. Local food systems depend on the opposite: diversity. And so the seeds and the seed aid programmes emerging from today's food

16 GRAIN, “Malaysia: Nestlé, Sime Darby lead corporate push into padi”, 1 February 2008. [grain.org/hybridrice/?lid=198](http://grain.org/hybridrice/?lid=198)  
Kamol Sukin, “Farmers add hybrid grains to their list of fears,” *The Nation*, 20 June 2008. <http://tinyurl.com/538mfk>

17 GRAIN, “The food crisis and the hybrid rice surge,” 12 May 2008. [grain.org/hybridrice/?lid=202](http://grain.org/hybridrice/?lid=202)

crisis are situated at the heart of a fundamental struggle between competing models of food production: a corporate-controlled and globalised industrial food system versus a diversity of efforts to maintain, develop and expand food sovereignty. Looking at the available evidence, especially at the national level, it seems that most of the seed aid is landing on the agribusiness side of the fence.

**Polarising possibilities**

Across the board, from ministries of agriculture to the World Bank, this fundamental struggle over who controls food is camouflaged by an ignorant discourse that says: (a) that farmers don't have seeds – or they don't have “good” seeds; (b) that to provide farmers with “good” seeds, governments need to adopt the right market structures, including seed certification systems, lax biosafety rules and intellectual property regimes. The emphasis that is ceaselessly placed on the superiority of “good” seeds has an almost eugenicist feel to it: “good” seeds are hybrids, GMOs, certified or improved varieties, all of which are the “only” ones sure to give high

yields and therefore are the “only” way out of the current food crisis; “bad” seeds – or “flawed” seeds, as aspiring industry leaders in Ghana call them<sup>18</sup> – are farmers' seeds, uncertified seeds, peasant varieties, anything that has not gone through a research laboratory and gained a government stamp of approval.

At the end of the day, the response to the world food crisis that says “we need to boost production!” steers the world away from the profound political discussion that is urgently needed about the mess we are in and how we got here. It leads to knee-jerk responses, such as the world's biggest powers pouring billions of dollars into the distribution of new, “improved” seeds to hundreds of millions of small farmers. These responses permit private capital, including purely speculative investment, to take over what used to be called agricultural development and to transform it into straightforward agribusiness development. It is already abundantly clear that, unless this invasion is stopped, the supposed beneficiaries – the small farmers – will be the victims.



18 Ghana News Agency, “Seed producers worry about poor use of improved seeds”, 21 August 2008. <http://tinyurl.com/4ubz73>

**The food crisis, by numbers**

On 18 September 2008, the UN Food and Agriculture Organisation (FAO) announced that this year soaring global food prices have increased the number of people in the world suffering from acute hunger to more than 1 billion. Here are a few statistics that put today's global food crisis into perspective. Bear in mind that these numbers are from 2007, when global food prices rose 24 per cent. Things are much starker in 2008, with the FAO saying that global food prices have shot up 52 per cent since the beginning of the year, while agribusiness corporations progressively report new rounds of profit increases over last year's record numbers. In the year 2000, world leaders pledged to cut the number of hungry people in the world by half, to around 400 million. This was one of the central Millennium Development Goals. Today that pledge is becoming a huge embarrassment.

Increase in profits for the top three global fertiliser companies (Potash Corp, Mosaic, Yara) in 2007:

**+139%** (their total profits for 2007 = **US\$2.9 billion**)

Increase in profits for the top three global grain trade companies (Cargill, ADM, Bunge) in 2007:

**+103%** (their total profits for 2007 = **US\$5.3 billion**)

Increase in profits for the top three global seed/pesticide companies (Monsanto, Syngenta, DuPont) in 2007:

**+91%** (their total profits for 2007 = **US\$ 3.0 billion**)

Increase in number of people below the hunger threshold in 2007:

**+10%** (up by **75 million** to **923 million**)

Amount of funds for agriculture that the FAO says is required on an annual basis to resolve the current food crisis:

**US\$30 billion**

Amount of funds allocated by the US government – through taxpayers – to bail out the US banking system in 2008:

**US\$1.015 trillion** (as at 22 September 2008)

