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New Report Urges World Bank: Use Agriculture Loans to Lead Toward a True Cost Economy

Washington DC, September 15, 2015 — A report just released by Foundation Earth and Watershed Media urges World Bank leaders to revamp policies that oversee more than \$10 billion in agriculture loans and grants each year. At the root of Foundation Earth's analysis is the need for new financial frameworks that address "externalities" — the damaging impacts that economic activities have on the earth and on human health that do not currently show up on P&L sheets nor loan applications.

"In the face of a rapidly overheating climate, collapsing fisheries, degraded soil, depleted water resources, vanishing species, and other challenges directly related to agriculture, we can no longer afford to pursue a flawed accounting system," write Randy Hayes (Foundation Earth) and Dan Imhoff (Watershed Media), authors of the report.

They recommend a new True Cost Accounting approach designed to fund projects that produce the healthiest food with the least eco-impacts for the long-term security of target communities and advocate replacing the World Bank's current Climate Smart Agriculture with a more rigorous Biosphere Smart Agriculture program.

Among the key goals of the World Bank's growing agriculture program are raising income levels and alleviating poverty among the world's poorest populations while simultaneously addressing climate change. Food security and sovereignty is a growing global concern given that 2 billion are currently undernourished while the agriculture sector is critical to any discussion on climate change. Agriculture contributes 25 to 30 percent of global greenhouse gas emissions and it is also one of the economic sectors most directly affected by rising temperatures, searing droughts and violent flooding.

According to the new report, the World Bank should focus its essential financial assets toward growing a global agroecology movement in order to fight poverty, turn back the earth warming impacts of food production and rebuild soil carbon. This means shifting away from the large-scale industrial mindset that has dominated the Bank's development philosophies for decades and investing in a new generation of smaller scale, ecologically sustainable, information intensive farming systems.

As part of this research, the Switzerland based Millennium Institute was commissioned to study potential outcome scenarios for a current World Bank loan. Using their T-21 modeling program, they analyzed the on-the-ground outcomes of an \$80 million loan to Senegal, primarily for bringing new irrigation systems to two regions of the West African nation. Millennium's study determined that, while new irrigation projects will help raise a number of Senegalese out of poverty, those moneys would dramatically improve livelihoods if directed toward a biosphere smart, true cost, agroecology movement with smallholder training.

At the April 2015 annual meetings in Washington DC, World Bank President Jim Yong Kim declared that the World Bank needs to become part of the solution of rethinking food in developing countries. "We hope that this report will be essential reading for that rethinking process," says Foundation Earth President Randy Hayes. "That extends to all financial leaders."

[Read the full report.](#) Press inquiries Honor Eldridge +1 (202) 547-9359 heldridge@FDNEarth.org