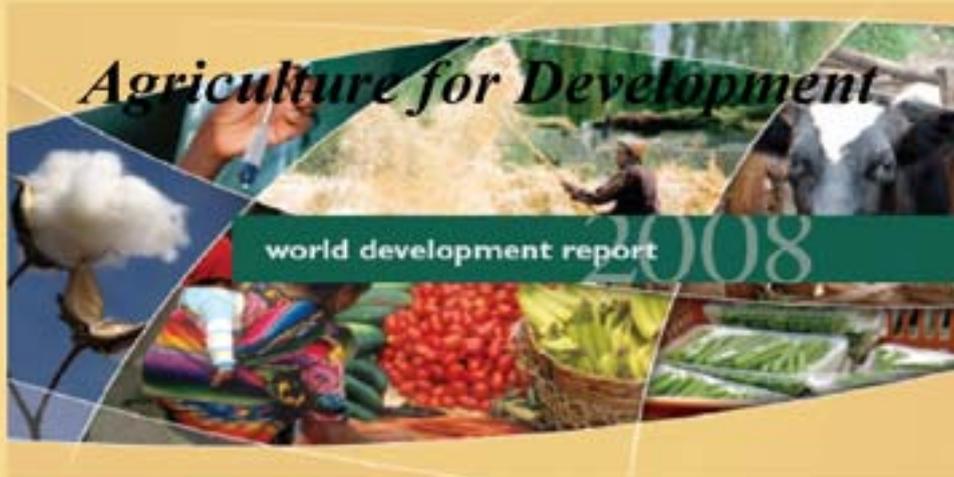


The Third Hugh Bunting Memorial Lecture delivered at the University of Reading, 9th June 2008



## Lessons from the World Development Report 2008

Alain de Janvry

*or back to business as usual?*



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### Agriculture for development in the headlines

*Agriculture has made the headlines over the last two years, if for the wrong reasons. "The End of Cheap Food", "The Silent Tsunami", "Grains Gone Wild", "Across the Globe, Empty Bellies Bring Rising Anger" have been typical titles. This popular interest in agriculture for development has been motivated by a conjunction of negative outcomes:*

- ▮ sharply rising food prices with associated food riots and rising hunger;
- ▮ an approaching deadline for the Millennium Development Goals that might not be met in most countries even though 75% of world poverty is rural and agriculture bears a heavy burden of responsibility;
- ▮ rising rural-urban income disparities creating political tensions in rapidly growing countries such as China and India;
- ▮ threats to the future of the family farm and excessively rapid rural exodus toward urban slums;
- ▮ new demands on agriculture for biofuels and environmental services;

- ▮ the destabilization and future threats of climate change, water scarcity, soil depletion, and loss of biodiversity; and pandemics such as the avian flu linking agriculture to human health.

Revisiting the role of agriculture for development is thus happening by popular demand. Yet, will this result in significant changes in the way agriculture is used for development, or are we to return to business as usual, with a strong neglect of agriculture, rural poverty, and environmental conditions, once the wakeup call of current headlines has been absorbed? This is the question raised in this Third Hugh Bunting Memorial Lecture.



## The WDR 2008 storyline and messages

Every year, the World Bank produces a World Development Report (WDR) as its main flagship publication. For 2008, the Report revisited the theme of agriculture for development, last considered in 1982. This 25 years hiatus saw major changes leading to the current situation of missed opportunities and crisis and it reflects the neglect and misunderstanding of agriculture for development by governments, international development agencies, and development thinkers over the period that today proves to have a huge cost. Not surprisingly, the WDR's main message was that, *"to capture agriculture's potential for development, and address the headline challenges, agriculture must be given a more prominent place in government and donor priorities"*. Times are clearly propitious to reconsider the role of agriculture and invest again, but differently, in agriculture. The WDR was developed in a broad consultative and participatory fashion, evolving into a consensus document of its time. The WDR was presented in 70 countries with more than 300 public meetings, the Report and the Overview were translated in 15 languages and more than 50,000 copies were distributed. The WDR website had half a million page views in only six months, most major media have given repeated attention to the WDR's main messages, and recommendations have

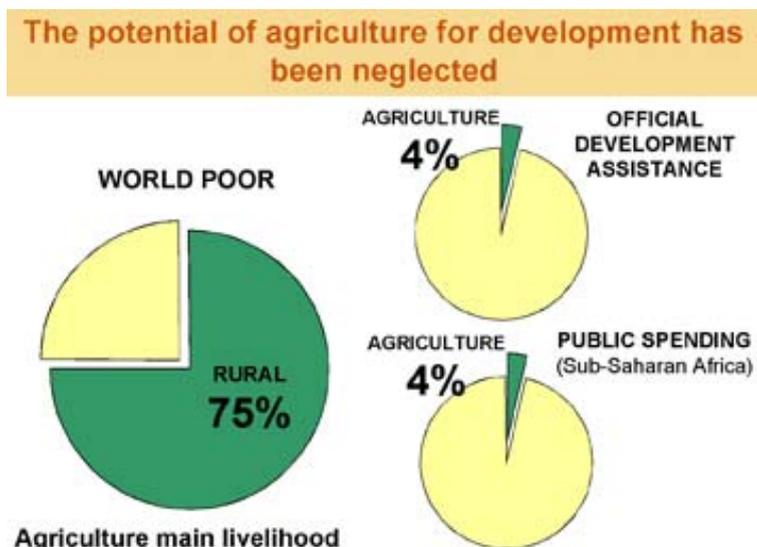
been extensively discussed among international development agencies.

The case for agriculture as an effective instrument for development hardly needs to be made. History, both recent and more distant, starting here with the agricultural revolution as the mother of industry, gives us major success stories where agriculture has been the engine of overall economic growth, where it has taken large numbers of people out of poverty, and where agricultural growth and environmental sustainability have been made compatible. Yet, agriculture has as a rule been neglected, and many countries find themselves today deprived of its potential development benefits and into food crises as a consequence of neglect, with Sub-Saharan Africa the most dramatic case in point. Why did this happen?

## Why the neglect of agriculture?

Neglect is seen in low and declining public spending on agriculture (typically 3 to 4% of public expenditures in Sub-Saharan Africa compared to 10% in successful countries at similar stages of development) and donor assistance to agriculture (4% of Official Development Assistance (ODA) to agriculture, down from more than 10% in 1990). This has been due to:

- ▮ low profitability of investment in agriculture under conditions of low commodity prices (in part a consequence of the Organisation for Economic Co-operation and Development (OECD) farm policies, in part of urban biases in public policy in the developing countries);
- ▮ priorities toward stabilization and adjustment and downscaling of the essential role of the state in agriculture following the debt crisis;
- ▮ focus on immediate poverty reduction via transfers and social assistance as opposed to increased autonomous incomes among rural households;
- ▮ concerns with the negative environmental effects of agriculture;



- qualification of agriculture as a sunset industry in development strategies;
- bad investment projects in agriculture with poor implementation and low rates of success.

No wonder that agriculture was neglected across the board over the last 25 years. But, have things changed?

## Are conditions different today?

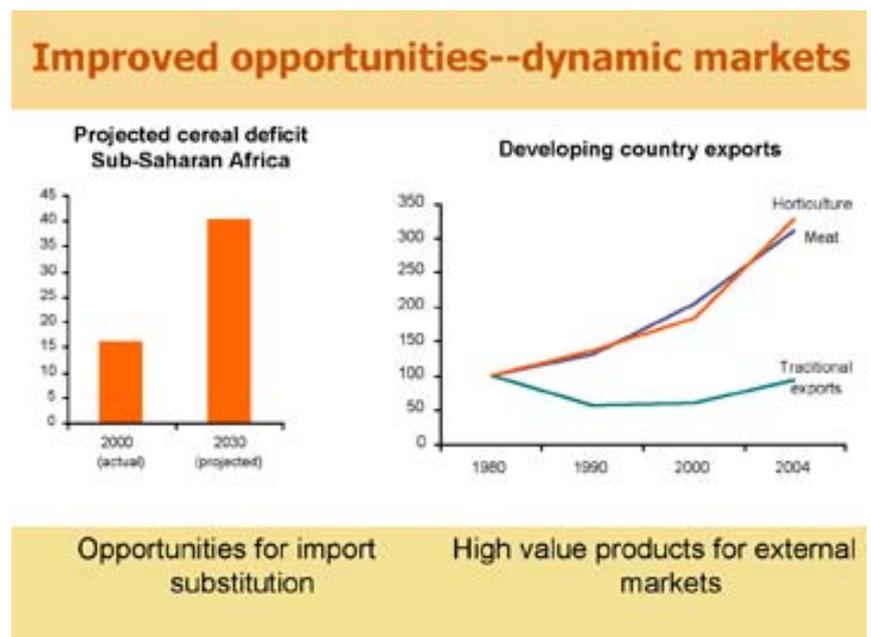
Incentives to invest in agriculture have in many ways changed, creating expectations that we may be entering a phase of renewal in using agriculture for development. Changes include:

- dramatically improved macro-economic conditions, price incentives coming both from the international market and generally reduced taxation of agriculture,
- new dynamic markets both for import substitution in cereals and high value activities,
- technological innovations such as NERICA (New Rice for Africa), Bt crops, conservation farming, and applications of Information Communication Technology (ICT) to agriculture;
- and institutional innovations in finance, insurance, value chains, producer organizations, and public-private partnerships.

Political support to agriculture has been expressed in response to rural poverty and the food crisis, with increased government commitments (NEPAD (New Partnership for Africa's Development), India's 11th Plan, China's fiscal reforms) and higher ODA support (World Bank commitments to invest in African agriculture, the Rockefeller-Gates Agra initiative, and the UN New Deal for Hunger, etc.). This comes with major challenges:

- new constraints on growth (declining farm size associated with population growth, soil depletion, climate change, rising water scarcity, political resistance to GMO technology),

- pressures to accelerate the growth of agriculture but often with insufficient concerns with the pro-poor value of that growth,
- potential conflicts between the urge to seize new market opportunities and sustainable farming,
- weak governance for agriculture especially at the level of Ministries of Agriculture and decentralization initiatives,
- short-run responses to protect consumers from the food crisis that run counter to long-run incentives for supply response in the sector.



The balance between opportunities and challenges can, however, be uniquely favourable to using agriculture for development. What is to be done is generally well understood by development experts. But will this happen? Professor Bunting would have been uniquely qualified to answer this question.

## Back to business as usual? Messages for the profession

There are basically four conditions that would need to be met in order to avoid the business as usual scenario: awareness, options, capacities, and political support. Meeting each of these conditions gives us an agenda as development professionals coming from a multiplicity of complementary disciplines.

### Increase the awareness of what agriculture can do for development

An important reason for the neglect of agriculture over the last 25 years, importantly contributing to the food crisis, is a misunderstanding of the role of agriculture for development. This is in part because other ideas took precedence:

- ▶ priority to industry and urban environments as sources of economic growth,
- ▶ focus on stabilization and adjustment with the expectation that agriculture supply response would follow,

- ▶ massive descaling of the capacity of the state under the Washington Consensus,
- ▶ a vision of large food surpluses at a world scale and that hunger was due to poverty not to lack of supply,
- ▶ belief that less agriculture would help reduce greenhouse gas emissions and water scarcity.

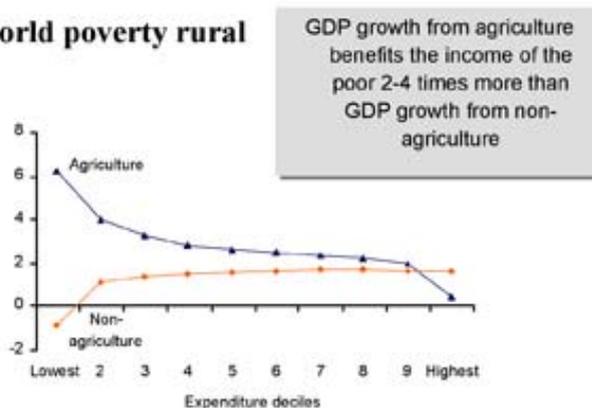
Yet, blame is partially on us as development professionals. Conditions for agriculture have changed dramatically over the last 25 years, but theories of the role of agriculture for development have not been sufficiently adapted to the new conditions: globalization, integrated value chains, technological and institutional innovations, climate change, etc. New models of the role of agriculture for development under these conditions and new empirical analyses of how agriculture can be used for growth and poverty reduction are needed. Research on these subjects has been neglected and is badly needed. Young talents need to be attracted to the field. Massive efforts need to be made to educate and diffuse information on what agriculture can do for development. As academics and development professionals, we have a major responsibility in achieving this first condition.

### Identify new options for effective investment in agriculture

Market conditions to invest in agriculture are more favourable today, duly taking into account rising energy prices for the choice of techniques. We need to produce more, but we must produce differently: agricultural growth has to be pro-poor and sustainable. But do we have good investment options that meet these conditions in the project pipeline? Another important reason for the neglect of agriculture over the past 25 years is that many agriculture and rural development projects have been ill-designed and have fared poorly in implementation. Reducing rural poverty has been found to be easier through social assistance programmes, such as the widely popular conditional cash transfers, than through complex and low-performing

## Success stories: Agriculture as a source of livelihoods

75% of world poverty rural



agriculture-based projects. Meeting the condition of providing attractive investment options to ministers of finance and development agency country directors requires two initiatives. The first is to help countries develop agriculture-for-development agendas tailored to their own specific conditions and interests. Successfully developing these agendas requires information (developing “agriculture-for-development assessments” by analogy with the “poverty assessments” so important for the Poverty Reduction Strategy Papers (PRSP) process) and participation (broadly consultative agenda setting initiatives). It also requires experimenting with new ways of designing and implementing agriculture for development projects.

Many new approaches have been introduced in recent years, following in the wake of rather unsuccessful integrated rural development approaches. These include decentralization and participation in community-driven development projects, public-private partnerships, improvements of the rural investment climate, technological innovations for subsistence agriculture and resilience to climate change, territorial development approaches in support of the rural non-farm economy, etc. Innovations are not lacking, but evaluation and learning for change are. The need is to innovate, experiment, and learn, not replicate uncritically what has been done elsewhere, elevated to the status of silver bullets. A Green Revolution for Africa will have to be different from what it was in Asia. It will have to meet the challenges of heterogeneity of conditions, multiple constraints to productivity growth, and small countries in need of regional co-operation. This requires systematic impact analyses to learn from successes and failures, and capacity to internalize lessons from these evaluations into institutional learning and change. Credible sourcebooks need to be kept to collect and disseminate this information. Our profession is ideally suited to produce appealing and credible investment opportunities that are competitive with other approaches to reducing rural poverty.

## **Build capacities to use agriculture for development**

Another reason for the neglect of agriculture has been the lack of capacity to understand and use agriculture for development. Experts in this field have been aging. New talents are needed at four levels.

First, at the individual level. Farmers and small and medium entrepreneurs (SME) need to have the ability to deal with the complexities of new technologies, new institutions, new market opportunities, and the far reaches of globalization. Where are the rural business schools to provide training in entrepreneurship for smallholders and SME? Most rural education is quite unfit to support these functions.

Second, at the collective level. Smallholders need membership of effective producer organizations to access information and markets, acquire bargaining power in contracting into value chains, and exercise a voice in policy making. This requires training in collective action: new leaders and administrative expertise in representative organizations to participate in complex contractual relations and policy negotiations.

Third, governance for agriculture will not be reshaped without developing the technical and administrative skills required by the ministries of agriculture and decentralized administrations to perform effectively. Today, there is broad agreement that ministries and local governments need to assume new functions in support of agriculture for development. Yet, this will not come about without a major effort at building the capacities needed to assume these functions.

Finally, the international organizations have a major role to play in support of agriculture for development. The international public goods dimensions of agriculture – from trade rules, to intellectual property rights, technology, climate change, and health – make it impossible for national agriculture-for-development agendas to succeed alone.



Foreign aid support is essential but this requires an expertise in international development agencies that has been depleted and not adapted to the new approaches to using agriculture for development. Financial commitments will not yield agriculture for development and solutions to the food crisis without this expertise. The international development agencies thus need to start by investing at home. New agriculture development professionals are needed, not only in numbers but with new skills and breadth that make them effective in using agriculture for development. Here again, universities and the development profession have a unique role to play in meeting this condition for success.

### **Mobilize political support to pro-agriculture for development coalitions**

Finally, we well know that it is all a matter of political support. Good policy ideas need to be not only physically, financially, and administratively possible, but also to be politically feasible. Where will political support to use agriculture for development come from? Crisis conditions and media headlines help create attention and a sense of urgency. But this is not enough. The need is for empowerment of producer organizations, particularly representing the rural poor, and mobilization of the rural vote. There are new actors in agriculture that can provide uniquely supportive coalitions to agriculture-for-development agendas. This includes cooperatives that bring together small and large farmers, value chains that rely on smallholders as essential suppliers, and urban interests concerned with un-crowding labor markets and the provision of environmental services. In general, the development profession must not look at the problem of agriculture for development as only a technological and economic programme. Understanding and using the political economy of agriculture-for-development in overcoming the interests of the business-as-

usual approach is an essential dimension for success.

## **Conclusion**

Agriculture is in the headlines, but this has been to expose crisis, not to praise success. Being in the headlines creates advantage: broad popular attention, rhetorical political support, and improved financial commitments by donors. Yet, will this help promote agriculture for development or will it result in continued neglect, to business-as-usual as over the last 25 years? There are unique opportunities to make the first happen, in spite of huge challenges. For this, in the tradition of Professor Bunting's life commitment, university and development professionals have a central role to play.

### **Action is needed on four fronts:**

- ▶ **to help re-conceptualize how to use agriculture for development and build awareness;**
- ▶ **to help explore new approaches for the design of financially appealing agriculture-for-development projects;**
- ▶ **to help build capacity at the individual, collective, national, and international levels, starting with the development profession itself;**
- ▶ **to help consolidate the political economy of agriculture for development and its supportive coalitions.**

**For all of this, focus on technology and economics is important. Essential, however, is focus on people, institutions, processes, and politics.**