Do we need new messages?
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Agriculture for Development-Revisited

Our most celebrated logo; the WDR’s best investment. Thanks Ethan and Betty!

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Mr. Zoellick in Davos: “As others have mentioned here, Bill in particular, the World Development Report that the World Bank issued in autumn of last year emphasized that gains in agriculture have three times the effect of poverty reduction than gains in other sectors do, and it is pretty clear why.”

Rajiv Shah, USAID: “The World Bank’s World Development Report 2008 recognizes the importance of investing more in agriculture in developing countries as a means to reduce poverty and improve lives.”

World Economic Forum, Roadmap for Achievement of the New Vision for Agriculture: “Agriculture development particularly helps the poor, as shown by expenditure (income) gains induced by 1% GDP growth (Ligon and Sadoulet, WDR 2008).”

But not all smooth sailing
Critical voices

IAASTD: “The WDR promotes top-down approaches, increased world trade in agricultural goods, and ‘modernization’ of agriculture at the expense of small and subsistence farmers.”

Action Aid: “The WDR is a dangerous document that will worsen, not fix, the crisis among the world’s small farmers.”

Journal of Peasant Studies: “The WDR’s path-dependent vision of the future of agriculture is predicated on the continued subordination of the majority of those who live in the South Asian countryside.”

Raj Patel, Food First: “In its 2008 WDR on Agriculture, the World Bank makes it baldly clear that small farmers are ‘inefficient’ and, therefore, impediments to agricultural productivity, growth and ‘a pro-poor agenda’.”
Three years later, do we need new messages?
Outline of the presentation: In 8 steps

1. Recall the WDR08 main messages
2. Observe strong responses by the public, civil society, and private sectors
3. But mission far from accomplished: Hunger, ...
4. Big question: If strong responses and unresolved tasks, are new messages needed?
5. Three major changes in the intervening period
6. Implying several emerging new messages
7. But heterogeneity and change:
   Need continuous message generation mechanism instead of new messages
8. Four propositions to do this

1. The WDR08’s main message

“After 25 years of neglect, country governments and international organizations must invest more and better in agriculture to capture its potential for development”

Potential of agriculture for development:
- Kick start growth and induce a structural transformation.
- Reduce poverty, food insecurity, and rural-urban income disparities.
- Save on natural resources and provide environmental services.

Differentiated messages for the three worlds of agriculture
- Agriculture-based countries: Agriculture for growth
- Transforming countries: Agriculture for disparities
- Urbanized countries: Agriculture for poverty

2. A message well received:
WDR diffusion

Diffusion: WDR page views since release

80,000 hard copies sold or distributed
200,000 copies downloaded
1.02 million page views

2. Donor and civil society responses to spending on agriculture

With no pretense of causality!
60% increase in ODA to agriculture.
56% increase in WB Group lending to agriculture and $8.3b 2010 commitment.
$20b G8 pledged to the Global Agriculture and Food Security Program.
Many donors made agriculture their number one priority.
B&M Gates Foundation grants to agriculture: $1.4b since 2006, AGRA.
2. Public sector responses to spending on agriculture

- Major new African initiatives by Brazil/China in agriculture—investments in technology, infrastructure, market development
- 10 Sub-Saharan countries reached the 10% NEPAD target for public spending, up from 3 in 2007
- CAADP compacts to establish priorities for investment in agriculture

2. Private sector responses to investment opportunities in agriculture

- FDI in agriculture increases by 300%. Agriculture from a “sunset industry” (WSJ, 2007) to a booming opportunity (Economist, 2010)
- FDI only a small part of total investment flows—domestic funds, equity shares, etc.

3. But the agriculture-for-development mission remains highly incomplete

- Hunger not declining (credible figures?). Vulnerability to hunger raised by crises.
- Continued failed structural transformations in SSA: labor decline w/o growth.
- Continued stagnant aggregate land product/victivity in SSA.
- Worsening resource scarcity and environmental stress.

4. So, the big question is ...

- A huge opportunity, a huge task, with big risks

- Agriculture has become a hot opportunity sector for profit (private sector responses) and for development (public and civil society sector responses)
- But aggregate results lagging are (Africa transformation, MDG, environmental sustainability)
- And risks of failure to deliver due to deficits in knowledge, capacity, and governance (assuming that resource commitments are met)
- Question for this evening’s re-visit: Are WDR08 messages in need of adjustments to use agriculture for development more effectively?
5. Three main changes in the intervening period that may require new approaches

1. Intervening events: The triple crisis
   - **Food crisis**: Market disruptions, higher price volatility
   - **Financial crisis**: Fiscal deficits, lags in ODA delivery
   - **Climate change crisis**: Increasing weather instability

   New approaches are needed to deal with: Greater exposure to production shocks, increased vulnerability to poverty and hunger, reduced public resources, and rising tensions between growth and conservation

2. Intervening ideas
   - The “rigor revolution” in economics makes obsolete many poorly identified past messages
   - A profession looking for a safe passage (rigor and relevance) between two dangers: Scylla (unreliable relevance) and Charybdis (irrelevant rigor)

   New approaches are needed to: (1) improve the relevance of rigorous results for policy making and (2) broaden the scope of external validity for implementation

3. Intervening approaches
   - A huge number of **new initiatives** to make smallholder farming in Sub-Saharan Africa competitive
   - **Booming applications** of IT with the cell phone revolution, new approaches to savings and insurance, role of social networks, etc.
   - **New business models** to tap private investment

   New approaches are needed to increase the development value, scalability, and sustainability of these initiatives

6. A guided tour of 6 emerging messages

   - **Message 1.** Based on recent experience, need to assert more convincingly the centrality of structural transformations anchored on agricultural growth
     - Many African countries have returned to agriculture as their number one priority sector
     - Upsurge of investments in agriculture and agro-industry supporting successful transformations
     - Rationale for a new approach outlines in a “new paradigm”
     - But need rigorously anchor the paradigm in theory and practice
     - Need resist the temptation of mineral and plantation export-led growth with few linkages and social spillovers, and uncertain sustainability

   - --> Provide more credible analytical grounding to the WDR08 message of the key role of an ag growth-based structural transformation as ag-pessimism is rampant and eloquently argued (e.g., Collier, Dercon)
6. A guided tour of 6 emerging messages

Message 2. Counteract rapidly mounting anti-smallholder biases in value chains, including for low value products
- Rapid rise of vertical integration, large farmer out-grower schemes, *pools de siembras*
- Economies of scale in financing, marketing, and SPS standards
- But “Third Way” is possible: Producer organizations, Productive Alliances, WVC approaches, large-small farm complementarities
- Labor market performance also key for poverty reduction

--> Smallholder competitiveness must be more pro-actively defended and supported to achieve Ag4Dev

Message 3. Accelerate progress toward an institutional revolution for smallholder farming
- In spite of notable “institutional revolutions”, huge institutional gaps remain in property rights, information, financial services, market transactions, governance for agriculture
- Many transformative innovations are in progress
- But major efforts are needed in piloting, assessing impacts, and learning to improve

--> Invest in an imaginative agenda of institutional innovations for learning, scaling up, and sustaining

Message 4. Reconcile addressing food security and using agriculture for development
- The urgency of food crises and food riots has distorted the A4D agenda away from agriculture and toward consumer and short run interests, including input subsidies.
  - Also excess emphasis on global food supply as sufficient for food security (neo-Malthusian “Coming Famine”)
- Need use A4D as an instrument of sustained food security
- For this, need comprehensive national strategies on how to use agriculture for development, including to achieve food security.

--> Help countries develop vision and agency coordination to use agriculture for development

Message 5. Give greater attention to the vulnerability to poverty and hunger
- Crises imply rising vulnerability to poverty and risks of irreversibilities
- Major instruments for this are:
  - Ways to reduce, manage, and cope with price and production volatility
  - Quick-response social safety nets: But difficult to setup for the informal sector, rural populations, and in poor countries
  - Productivity gains in subsistence farming in poor countries: 75% of poor rural, 50% food producers. Self-provided safety nets are cheap and effective. Yes, misunderstood (not a pathway out of poverty) and badly neglected

--> Poverty is changing and so must approaches
6. A guided tour of 6 emerging messages

Message 6. Most urgent of all, need to address the capacity of governance for agriculture from local to global levels
- Improved governance for agriculture is the most unattended WDR08 message: few significant changes and experiments
- Huge market and civil society failures for agriculture require a pro-active state and PPP
- Lack of progress is due to lack of knowledge as to how to it: need experimenting and learning
- Reforms of global governance promising, but fragile and lack a structure of authority

--> The A4D objective will not succeed without good governance, and this is still lagging

7. Conclusion:

From messages to message generation

Are new messages needed?
- Main WDR08 messages remain as good as old wine
- But continuous updating to a rapidly changing set of opportunities and needs is required
- And messages must be adjusted to local conditions to correspond to heterogeneity and country ownership

- Hence, need a message-generation process, to complement WDR-type messages
- This leads us to the following four concluding suggestions

8. Four propositions for a message-generation process

Recommendations for action

1. Prepare a biennial “world state-of-A4D” report
2. Prepare periodic country-level “A4D Assessments”
   - By analogy with the Poverty Assessments; building on existing efforts (CAADP compacts, GAFSP comprehensive agricultural strategies, USAID country-led strategies)
3. Support the participatory process of preparing country-level “A4D strategy papers”
   - By analogy with the PRSP; building on existing efforts (CAADP compacts)
4. Support these initiatives with increased training in A4D and trust funds for cumulative research in A4D

Hope you enjoyed the re-visit: It should become a recurrent process