

Management Response

Management agrees with and is already implementing the main message of this review—that is, that the World Bank should provide more support for agriculture in Sub-Saharan Africa. Management has comments on several elements of IEG’s analysis and differs with some of IEG’s views on the way forward to achieve the shared objectives. The main points are:

- Management agrees that to achieve the Millennium Development Goals (MDGs) in Sub-Saharan Africa, agriculture must play a more effective role. The Region, in close collaboration with African leaders and development partners, has already moved the Bank significantly in this direction, including key organizational changes, noted below. The new leadership of the Bank and the Region is committed to do more to accelerate growth of agriculture and strengthen the sector’s contribution to reduction of poverty.
 - Drawing on the analysis in the draft *World Development Report 2008: Agriculture for Development* (World Bank 2007c),¹ management notes many areas of agreement. Management also highlights some differences with the IEG review on some of its findings and its recommendations.
 - Management notes its view that the IEG review could have usefully given greater weight to issues of country ownership, donor partnerships, alignment with country priorities, and harmonization among donors—key elements of the Paris Declaration and our current and future assistance programs.
- approximately one-third of the aggregate growth of Africa (excluding South Africa). More than two-thirds of Africa’s poor people remain in rural areas and depend largely on farming for their livelihoods. As the IEG review notes, African leaders recognize that more must be done to stimulate agricultural growth. They have expressed that view through the Comprehensive African Agricultural Development Program articulated by the New Partnership for Africa’s Development (NEPAD). The Bank and other partners are assisting the NEPAD process and helping countries to develop comprehensive programs at the national and regional levels. The Africa Region has identified agricultural productivity as one of eight priority areas. The authors of the *World Development Report [WDR] 2008: Agriculture for Development* also argue that agriculture can and must contribute more to Africa’s development, and they present an agenda for achieving that objective. In that context, management has comments on how, relative to IEG, it sees the wider challenges, and how the Bank has moved to confront these challenges. Management also has comments on several technical areas in the IEG review.

The following section elaborates on these points and responds to IEG’s recommendations.

Management Views on IEG’s Analysis and Conclusions

Management agrees that if Africa is to achieve the MDGs, agriculture must be used more effectively for development. Agriculture still contributes

Challenges and recent performance

Management agrees that more must be done. However, strategies to accelerate growth must be built on an understanding of changes already in process. The review presents country-specific data to argue that agriculture’s performance has been poor in general.² Drawing comprehensively from the same World Development Indicators, the WDR

team shows that sectoral growth increased from 2.3 percent in the 1980s to 3.3 percent on average in the 1990s, to 3.8 percent annually in the 2000s—a rate exceeded only by the Middle East and North Africa among the Bank’s Regions. The growth derived from a combination of shifts in incentives due to policy changes of the 1990s, higher world commodity prices, area expansion, and changes in the composition of output. Too little of the growth derived from increases in the productivity of land and labor. The WDR team shows that rural poverty rates have started to decline in 10 of the 13 countries for which data were analyzed, but that per capita agricultural growth, although positive on average since 2000, still lags behind that of other Regions and is too slow to meet the MDGs.

Constraints to growth. The IEG review attributes lagging growth to constraints associated with agro-ecological diversity, poor soils, variable rainfall, and frequent droughts. Management agrees but also notes that both technical and broader economic and institutional factors affect performance. Africa’s agro-ecology and geography exhibit both positive and negative characteristics; that these aspects have functioned as constraints reflects institutional shortcomings, chronic underinvestment, and residual discrimination in policies. The WDR discusses in some detail the contributions that changes in macroeconomic and sectoral policy made to faster growth over the period and draws attention to the lag structure of cause and effect. Although the policy environment has improved in the past decade and a half, more must be done on the policy and institutional side to facilitate faster growth and improved productivity in African agriculture. Because of the breadth of the agricultural agenda and synergies between and among interventions, the design task presents formidable challenges that go beyond those presented in the review, and that will require a significant analytic investment at both the national and thematic levels. The Bank is working with partners and clients to address these challenges.

The role of aid and the Bank’s strategy. The authors of the review note that because of resource constraints, the evaluation considered only the Bank’s

direct investment lending and nonlending activities. In addition, the evaluation’s treatment of the review period as one undifferentiated time slice impedes recognition of change within that period—for example, changes in modalities of assistance. New directions have been taken in the last five years, and the pace of change is accelerating with two significant developments. First, in 2003 African heads of state committed to increase spending on agriculture (from levels rarely in excess of 4 percent of public budgets to 10 percent). Second, the Comprehensive Africa Agriculture Development Program (CAADP) Roundtable process has been established to assist in articulating more robust programs. The nationally owned and regionally supported roundtable process is under way in Benin, Burkina Faso, Burundi, Ethiopia, Ghana, Kenya, Malawi, Mali, Niger, Nigeria, Rwanda, Senegal, Uganda, and Zambia. The programs defined through the roundtables will be financed jointly by national governments, bilateral donors, international financial institutions (including the World Bank), and private foundations. As the programs are articulated and as clients request, the Bank will reflect them in Country Assistance Strategies. With other partners, the Bank is fully engaged in this process both technically and financially, and it is committed to increased engagement. The IEG review’s analysis and recommendations could be taken to imply a role for the Bank (notably, increased investment lending through free-standing projects addressing specific technical constraints) that does not sufficiently recognize country leadership, donor alignment, and harmonization.

Organizational changes. To better support a comprehensive and harmonized agenda, the Bank has recently undertaken organizational changes. With the creation of the Sustainable Development Department in fiscal 2007 within the Africa Region, the approximately 80 staff members working on agriculture and rural development have been brought together into one unit under one manager with a mandate to facilitate thematic deployment and shared experience across the Region. Field-based sector leaders within the department have been given the mandate to facilitate coordination across the relevant technical

units (agriculture, water, urban, transport, energy, environment, post-conflict, and social). Staff members in the agriculture and rural development unit are engaged in a strategic exercise to clarify best practice in program design and normative costing for five broad thematic areas that constitute building blocks for comprehensive agricultural programs. This work will be completed in fiscal 2008, and will inform the CAADP Roundtables and the Bank's Country Assistance Strategies.

Thematic performance

In a number of technical areas, the authors of the IEG review provide conclusions and recommendations that are not fully consistent with management's views. Key areas of divergence are noted below.

Decentralization. The authors find that decentralization offers little increased scope to address agro-ecological diversity, and that the Bank has done little to support increased productivity in a decentralized environment. Management believes that decentralization holds significant promise, since local governments play an increasing role, and many extension agents now report to local officials rather than central ministries. The IEG review finds that little support has been accorded to efforts to improve productivity, and that food emergencies have instead dominated the Bank's programs. Management is of the view that smallholders are adapting to changing conditions, including planting different varieties and changing planting dates, and that more assistance in this area will bring improved results.

Fertilizer, seeds, and water. The IEG review argues that lack of fertilizer and improved seeds impedes productivity. That is, of course, true, and more must be done. Management points to innovations—some supported under Bank programs—that are being used to address these problems, and also notes important constraints in the policy environment and outside the agricultural sector (such as transport costs) that reduce the profitability of inputs. On irrigation, the authors of the IEG review cite work concluding that irrigated areas can be expanded at acceptable costs. Management draws on

the extensive interagency review of past lessons of irrigation in Africa and on analysis presented in the WDR to conclude that increased investments in irrigation are very much needed, but must be identified with careful consideration of the economic and ecological context.

Agricultural finance and extension. The authors of the IEG review see microfinance as a promising remedy for financial constraints that smallholders face. Management acknowledges the importance of microfinance for some producers, but is of the view that it cannot provide the mainstay of rural finance, particularly for agricultural production. Management sees promise in other mechanisms, such as interlocking contracts in the value chain, mobilization of local savings, and such innovative products as e-credit cards for purchasing inputs. With regard to agricultural extension, the IEG review is critical of the training-and-visit approach, and argues that no viable alternative has yet emerged. Management is less pessimistic, and points out that new, demand-responsive approaches have been sufficiently tested on the ground—for example—and offer promise.

Land rights. Management agrees that land rights are important. The authors of the IEG review observe that time taken to complete tenure reforms is often underestimated. Management is of the view that formal recognition of customary tenure, simple documentation of rights, stronger mechanisms for resolution of disputes, and an emphasis on women's land rights can all contribute to increased productivity.

Main Findings and Recommendations

Management finds that IEG's recommendations address issues that are important for advancing agriculture in Sub-Saharan Africa but are not readily translatable into operational actions. Management's specific responses to IEG's recommendations are provided in the attached Management Action Record.³ Management's commitment to make support for African agriculture a priority is already on record, and has recently been emphasized in assurances from the new vice president of the Africa Region.

The upcoming IEG review. Management notes that since this evaluation serves as a pilot for the proposed IEG review of Bank-wide assistance in agriculture scheduled for fiscal 2009, IEG may wish to consider several points in reference to that future work: (a) the evaluation should be based on the strongest possible analysis; (b) the task should be staffed and funded commensurately with its technical challenge; and (c) the harmonized framework in which the Bank works should be reflected in the design of the assessment.

Management Action Record

Major IEG recommendation	Management response
<p>To effectively support the implementation of the Africa Action Plan and its appropriate focus on agricultural development as a key priority, IEG recommends that the Bank:</p> <p>Focus attention to achieve improvements in agricultural productivity:</p> <ul style="list-style-type: none"> • Establish realistic goals for expansion of irrigation and recognize the need to increase productivity of rain-fed agriculture through improvements in land quality, as well as water and drought management. • Help design efficient mechanisms, including public-private partnerships, to provide farmers with critical inputs including fertilizers, water, credit, and seeds. • Support the development of marketing and transport infrastructure. 	<p>Agreed with the following qualifications:</p> <p>Management agrees to take the following actions, which fit with the spirit of IEG's recommendations but are grounded in the world of country ownership, alignment, and harmonization in which the Bank works:</p> <ul style="list-style-type: none"> • The Region has developed a draft Business Plan for Irrigation that identifies priority countries and projects in which irrigation can be expanded in the period fiscal 2008–12. The plan will be discussed with partners and, with their agreement, embedded in future Country Assistance Strategies. • Through agricultural technology operations and support to farmer organizations, the Region is supporting matching grants and various forms of smart subsidies for purchase of improved inputs from the private sector. It is using policy-based operations to assist countries with the regulatory framework for input supply. • In fiscal 2007, executive directors approved more than \$2.5 billion in new lending to Sub-Saharan Africa for infrastructure, much of which serves rural areas. Management notes that, for example, it is now common practice for African governments seeking support from the Bank in the transport sector to involve the agriculture ministry in identifying priority investments. Going forward, explicit attention will continue to be given in fiscal 2008–10 to synergies between infrastructure and commercial agriculture in Bank support.
<p>Improve its work on agriculture:</p> <ul style="list-style-type: none"> • Increase the quantity and quality of analytical work on agriculture and ensure that policy advice and lending are grounded in its findings. • Support public expenditure analyses to assess resource availability for agriculture and to help set Bank priorities. • Rebuild its technical skills, based on a comprehensive assessment of current gaps. 	<p>Agreed with the following qualifications:</p> <p>The priority in Africa is assistance to countries in developing their own comprehensive programs to improve agricultural productivity.</p> <ul style="list-style-type: none"> • The Bank will concentrate on assisting governments to design, cost, and mobilize the resources needed to implement comprehensive programs of agricultural development. • As an analytic priority, by fiscal 2010 the Region will assist clients in at least five countries to assess agricultural public expenditure and identify expenditure gaps relative to growth targets for the sector. This work is innovative and methodologically complex, and will be pursued jointly with the Agriculture and Rural Development Department and with other development partners and in the context of the CAADP Roundtable process. • The Region regularly reviews skill needs and gaps. At present the major gap is in knowledge of issues related to sectoral public spending, both operational practices and analysis.

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Management Action Record (*continued*)

Major IEG recommendation	Management response
<p>Establish benchmarks for measuring progress:</p> <ul style="list-style-type: none"> • Improve data systems to better track activities supported by the Bank. • Strengthen M&E to report on project activities in various agro-ecological zones and for different crops and farmer categories, including women. • Develop a system to coordinate agricultural activities in a country with road access, market proximity, and soil conditions. 	<p>Agreed with the following qualifications:</p> <ul style="list-style-type: none"> • All projects from the Africa Region presented to the Board for approval now require baseline data for the results framework. • A set of core indicators at the national level has been developed to monitor progress under the Africa Action Plan (AAP). For agriculture, these indicators include five-year moving average data on growth in agricultural GDP, productivity per hectare, and productivity per worker. • The Region is experimenting with M&E systems based on GIS (Geographic Information Systems) tracking of data. This may allow collection of information on agro-ecological zones and links with transport. <p>All of the actions noted above in response to the three IEG recommendations are elements of the agricultural productivity component of the AAP (one of the flagship operational constituents of the AAP). Management will consider its agreed actions complete with their successful implementation over the next three years. Management will report agricultural productivity results to executive directors as part of overall monitoring and reporting on the AAP.</p>