

Agriculture: An Engine for Growth and Poverty Reduction

Agriculture is critical to achieving global poverty reduction targets. It is still the single most important productive sector in most low-income countries, often in terms of its share of Gross Domestic Product and almost always in terms of the number of people it employs. In countries where the share of agriculture in overall employment is large, broad-based growth in agricultural incomes is essential to stimulate growth in the overall economy, including the non-farm sectors selling to rural people. Research has shown that every dollar of growth from agricultural products sold outside the local area in poor African countries leads to a second dollar of local rural growth from additional spending on services, local manufactures, construction materials, and prepared foods.

Recently, agriculture has been developing at an accelerated rate due to an improved policy environment, increased public spending, and a renewed strategic cooperation in the international community. The International Development Association (IDA), the part of the World Bank that provides grants and interest-free credits, has made a significant contribution to that trend in the poorest countries, particularly in Africa, thanks to its uniquely coordinated combination of financial resources, technical expertise, and support for improved policies. IDA has also fostered considerable expertise in dealing with the emerging challenges in this sector stemming from both new opportunities—such as growing markets for tropical high value produce—and new threats—such as rapidly rising food prices, avian flu, and climate change.

Due to a combination of factors, global food stocks were at one of the lowest levels on record in per capita terms in 2008 after a steady decline since the late 1990s. Significant grain price spikes occurred in early 2008, resulting in sharp increases in staple food costs in many developing-country markets. The price for inputs for food production such as fuel and fertilizer had tripled over the 18 months following January 2007. This encouraged renewed attention on agriculture and it also led to the search for integrated solutions to address food security concerns to mitigate the adverse effects of rising food prices. To address the growing food security and rural development concerns, IDA has provided considerable additional resources to countries through new operations or the restructuring of existing operations.

IDA'S CONTRIBUTION

Increased lending

Over the past nine years, the IDA allocation to agriculture fluctuated between US\$305 million in FY2000 to a high of US\$2.16 billion in FY09, suggesting a significant upward trend in lending over that period. While lending figures increased steadily, agriculture's share of total IDA lending remained static at about 9 percent over the FY04-08 period, but shot up to 16 percent in FY09. The largest share of resources for agriculture has gone to Sub-Saharan Africa (55 percent in FY05-FY09, up from 44 percent in FY00-FY04), while South Asia was the second largest beneficiary.

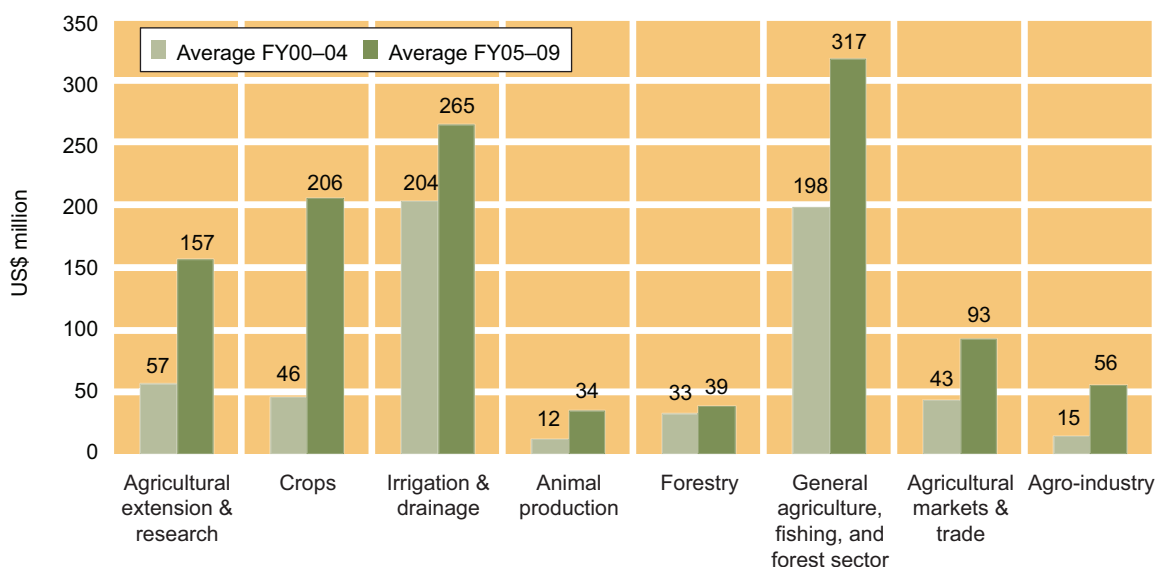
Since FY2000, irrigation and drainage, and general agriculture together represent about 60 percent of IDA funding for agriculture (Figure 1).

Enhancing agricultural growth

The positive impact of IDA's assistance to agriculture becomes apparent when one compares the sector's overall performance in IDA countries that borrow for agriculture to that of IDA countries that do not (Table 1). Naturally these outcomes are also affected by actions and events beyond the influence of the World Bank. There may also be what economists call "selection bias": countries that borrow for agriculture are more likely overall to have good agricultural resources and are more likely to spur agricultural growth—regardless of borrowing—than those that do not.

More broadly, IDA countries with active IDA-financed agriculture projects experienced faster economic growth overall and agricultural productivity growth per worker than IDA countries without active IDA-financed agriculture projects. While these outcomes

Figure 1. IDA Annual Commitments by Sub-sector, Average FY00-04 and FY05-09 (US\$ million)



Source: World Bank Business Warehouse.

are inconclusive, the results in the table are a significant indicator that borrowing from IDA can enhance agricultural growth.

Sharpening the global focus on agriculture to get results

IDA investment has shown an overall upward trend over the 10 fiscal years to FY2009, which parallels the increase in the overall lending to agriculture and in the quality of programs. The Bank’s Independent Evaluation Group observed a steady improvement in the performance of completed projects in the sector over fiscal years 2004-2008 (82 percent were rated satisfactory), compared with fiscal years 1999-2001 (when only 59 percent of the projects were rated as having a satisfactory outcome).

Increased concern in IDA countries about the earlier poor-performing agricultural projects, combined with a fuller global understanding that agriculture is particularly important to growth and poverty reduction in IDA countries, ultimately led to a virtuous circle of strategic dialogue and improved projects.

The *World Development Report 2008: Agriculture for Development* was endorsed by donors and, for the first time since the 1980s, led to a broad, renewed consensus on the importance of agriculture for development. The report called for greater investment in agriculture and warned that the sector must be placed at the center of the development agenda if the goals of halving extreme poverty and hunger by 2015 are to be realized. Among the emerging messages are the need for more donor support to agriculture and rural development sectors, for leveraging global partnerships, and for a strategic approach across sectors to increase rural employment. There is also the recognition of the need for public policies that make room for market-led responses to challenges in the agricultural sector.

Under the coordination of the United Nations Secretary-General, in 2008 the World Bank and its partners began collaborating on a strategic approach to address a rising food crisis, which posed a serious threat to food security in developing countries. Although prices are lower than their 2008 peak, they are starting to rise again and are expected

Table 1. Real GDP Growth¹ Per Capita Compared to Growth in Agriculture Value Added Per Worker in IDA Countries With² and Without Agricultural Credits, 1993–95 to 2003–05 (in %, per year)

Growth	IDA Countries with credits for agriculture N=53 ³	IDA Countries without credits for agriculture N=14 ⁴
Overall GDP per capita (constant 2000 US\$) ³	2.2	1.9
Agriculture value added per worker (constant 2000 US\$) ⁴	2.0	0.3

Source: *World Bank Indicators*, 2007.

1. Compound annual growth rates between midpoints of three-year averages.

2. Includes all countries that had active IDA projects in agriculture during the periods of time identified.

3. Data not available for 3 of 53 IDA countries with credits for agriculture and 2 of 14 IDA countries without credits for agriculture.

4. Data not available for 7 of 53 IDA countries with credits for agriculture and 4 of 14 IDA countries without credits for agriculture.

to be, on average, above their 2004 levels at least until 2015. Just as significantly, prices are also expected to be more volatile. The World Bank's Global Food Crisis Response Program was initiated in May 2008 and allows for a rapid and flexible Bank response that supports the UN Task Force on the Global Food Crisis and the World Food Program's work on the emergency delivery of food and relief operations to the worst-hit countries. The World Bank created a US\$1.20 billion rapid financing facility to speed up assistance to the neediest countries, most of which receive IDA financing. The Global Food Crisis Response Program supports short-, medium- and long-term responses including: safety nets such as school feeding; employment programs; conditional cash transfers; and also increased agricultural production. In response to high demand, the Response Program's ceiling was increased to US\$2.00 billion by the World Bank Board in April 2009. By the end of June 2009, the World Bank had approved US\$1.15 billion in support for 33 countries, of which around 68 percent had already been released. The Response Program is also supported by funds from Australia (AUD50.0 million), Russia (US\$15.0 million), and the European Union (Euro 110.8 million).

At the same time, new challenges, such as climate change, will have far-reaching consequences for agriculture that will disproportionately affect the poor. Greater risks of crop failures and livestock deaths are already imposing economic losses and undermining food security. They are likely to get far more severe as global warming continues. Both adaptation and mitigation measures are needed urgently to reduce the adverse impacts of climate change, and these measures will be facilitated by concerted international action and strategic country

planning. As a major source of greenhouse gas emissions, agriculture also has much untapped potential to reduce emissions through reduced deforestation and changes in land use and agricultural practices. The World Bank Group has a Strategic Framework on Development and Climate Change, and is finalizing the World Development Report on Climate Change, which articulate how to integrate climate change adaptation and mitigation strategies and actions into other development challenges. Reflecting the multi-dimensional nature of the challenge, the Strategic Framework on Development and Climate Change will encompass activities in many sectors including agriculture. The *World Development Report 2008: Agriculture for Development* and the recent response to the recent food crisis has emphasized four key needs that can and must be met by agriculture in many developing countries:

- **Reducing poverty:** Helping smallholder farmers obtain easier access to markets for their produce will bolster the poverty-reducing effects of agricultural growth.
- **Feeding the world:** Feeding the world's growing population - estimated to swell by 2.3 billion more people by 2050 or 30 percent more than today - will require significant investment in agricultural productivity, particularly given the growing scarcity of water, and competing uses for food (such as biofuels). The declining global growth rates in yields of major grains (from around three percent in 1980 to one percent today) must be reversed.
- **Mitigating effects of climate change:** Agriculture can play an important role in mitigating the effects of global warming. Better managing agricultural intensification can reduce greenhouse gas emissions, as can sequestering carbon in the soil. But

Successful Projects in Africa

The Bank has had a number of successes in IDA-funded operations for agriculture. Three completed African projects and an ongoing program are highlighted below.

The **Mali Office du Niger Consolidation Project** assisted the government with the reform of the irrigation agency (Office du Niger), the rehabilitation and modernization of irrigation structures, and agricultural policy reforms (rice market liberalization and land tenure). As a result, liberalization of the rice trade and markets was achieved and sustained. The Office du Niger was restructured and its financial health restored. Reduction in milling costs saved the government US\$1.6 million per year and reduced milling costs to farmers and consumers by US\$6.0 million per year. The water fee collection rate increased from 60 percent to 97 percent, with water fees retained in the areas where they were collected and at least half used for maintenance. Yields increased from 1.8 metric tons per hectare to 5.5 MT/ha and real per capita income rose by US\$70 per year in the project area. The success of the project led other donors to provide additional support, and overall the IDA investment leveraged 250 percent additional investment from other donors.

The **Cameroon National Agricultural Extension And Research Program Support Project** strengthened producer organizations and improved credit, inputs, and marketing services by facilitating links between the groups, financial service providers, and the private sector. It created a network of 58,699 contact groups that represent at least 50 percent of all farm families (from 15 percent prior to the project) to link up with the agriculture research and extension system. As a result, agriculture productivity increases were seen for many of the major crops—for instance maize yields increased from 1.3 tons/ha to 2.9 tons/ha, and cassava from 3 tons/ha to 13 tons/ha. The beneficiary assessment showed that 93 percent of women in the project zones received assistance from the project. About 40 percent of the subprojects implemented were geared to the needs of women, exceeding the 30 percent that was expected in the planning phase.

The **Mauritania Rain-Fed Natural Resources Management Project** reforested and protected common land, cut local crop production losses by 30 percent, and increased yields of sorghum—the primary rain-fed crop—through investments in soil and water conservation, such as aerial tree-seeding, rehabilitation and protection of retention dams. The impact analysis showed that yields averaged 800 kilograms per hectare with the project, compared with 100 kg/ha without the project. Increased opportunities for the sustainable harvesting of gum arabic have significantly slowed the pace of males leaving some villages to look for work elsewhere. Women have benefited from closer access to water, resulting from some subprojects, and also from cash income from village gardens and market stalls.

The **Rwanda Rural Sector Support Project**, the first of a three-phase program, helped farmers, the private sector and the government by boosting basic institutional and technical capacities. In particular, it set the stage for subsequent efforts to raise agricultural productivity in the areas of agricultural services, infrastructure maintenance systems, efficient management of the export crop, and marshland and hillside farming. The rehabilitation or development of farmed marshlands achieved a target of 3,018 hectares against an original target of 2,500 hectares. Protection of the hillsides through tree planting covered 14,485 hectares, almost double the target of 7,500 hectares. Training of farmers was above target, and the supporting investments in small-scale infrastructure were mostly well above target. With respect to private-sector groups, 28 Commercial Enterprise and Technical Support Entities, all of which provide training were established against a target of 12. Twenty-one Private Agricultural Services Delivery Organizations and 48 consultants were trained and, 22 market facilities together with one slaughterhouse were completed. In addition, 44 private sector operators from 22 Support Entities were trained and 14 associations implemented off-farm activities. With respect to government capacity, 15 scientists were trained, eight additional scientists hired, and 120 rural engineers trained.

the latter will only significantly expand in IDA countries if soil carbon sequestration is adequately included in future carbon trading systems.

- **Supporting economic transformation:** The agricultural sector can play a role in promoting economic growth, in particular through the increase in demand for manufactured goods and services that flows from higher agricultural incomes. It can also contribute by providing cheap food, and market driven release of land and labor for urban development.

The World Bank Group accordingly committed to a significant expansion in support of agriculture. The World Bank has prepared an

Agriculture Action Plan for the fiscal years 2010-2012 that seeks to confront these challenges by addressing five critical themes:

- **Raise agricultural productivity**—including support to increased adoption of new technology (e.g. seed varieties, livestock breeds), improved agricultural water management, tenure security and land markets, and greater agricultural innovation.
- **Link farmers to markets and help them earn more**—including continued support for the Doha round of global trade negotiations, investments in rural roads, strengthened producer organizations, improved market information, and access to finance.

IDA Support for Agricultural Productivity Interventions through the Global Food Crisis Response Program

In addition to safety nets and budget support, IDA funds through the Global Food Crisis Response Program have supported agricultural productivity improvements in four countries (Ethiopia, Kyrgyz, Nepal and Tanzania) with approximately US\$450 million. The main objective of these activities was to generate a short-term supply response to mitigate the effects of the food crisis, while working towards medium- and long-term solutions. These projects typically focused on the provision of inputs (fertilizer, seed, and farming tools) and small scale infrastructure works to enhance agricultural productivity.

In the Kyrgyz Republic, IDA assistance is aimed at reduction of domestic grain price volatility by improving management of grain storage and support for a seed and fertilizer distribution program. The National Federation of Community Seed Funds mobilized 33 such funds and established 45 new community seed funds for the distribution of seeds and fertilizers. As of June 20, 2009, the community seed funds had distributed 350 tons of winter wheat seed, 200 tons of spring wheat, 225 tons of spring barley, 4 tons of lucern, 2 tons of maize and 1,254 tons of fertilizers. Sixty additional community seed funds are expected to be mobilized for planting winter wheat in September and October 2009. The project is expanding and incorporating the resources of United Nations partners to assist in the process. In addition, vitamin A supplements are being provided to 154,000 postpartum women and 550,000 children under age 5.

In Ethiopia, IDA supports Government efforts to ensure an aggregate availability of supply of fertilizers for the 2009-2010 production season to meet smallholder farmers' priority demand. A total of 510,000 tons of fertilizer has been procured. Most of the fertilizer has already been distributed to local warehouses. A total of 115,399 tons was recorded as sold to farmers by May 31, 2009, for the early small rain (belg) season and for the large rain (meher) season. Indications are that farmers are continuing to receive fertilizer on time.

In Nepal, procurement of seeds and fertilizer has started with IDA support, with distribution expected after July 2009. Work on small-scale irrigation, through community grants, has started in parallel.

- **Reduce risk and vulnerability**—continued support for safety nets, for better managing national food imports, protection against catastrophic loss, and reduced risk of major livestock disease outbreaks.
- **Facilitate rural non-farm income**—including improved rural investment climates, upgraded skills, and expanded rural infrastructure.
- **Enhance environmental services and sustainability**—including better-managed livestock intensification, improved rangeland management, watershed management, ecosystems management in the production landscape, and support to overcome barriers to entry in carbon markets (better realization of the benefits of soil carbon sequestration).

The relative emphasis each theme receives will differ across different geographic areas based on country demands and needs.

A long-term, comprehensive approach

IDA's comparative advantage lies in its unique capacity to back its financial support with other mechanisms designed to promote strategic focus, capacity building, inclusive development, and coordination of investment and policy reform activities in client countries. IDA Development Policy Lending to agriculture almost doubled after the adoption of a new rural strategy in 2002. Lending rose from an annual average of US\$82.0 million in the fiscal years 1999-2003 to US\$187.0 million a year over the 2004-2008 fiscal years, and us\$266 million in fiscal year 2009. Development policy operations generally provide quick access to financial assistance in support of a range of development objectives that require underlying medium-term policy and institutional activity. This is critical in small-

holder agriculture where a large number of actions need to occur in sequence to allow farmers to produce more and to sell into expanding, but more demanding, agricultural markets.

Working across sectors

Sector work in Nicaragua, for example, demonstrated that improved rural roads are essential to link farms to markets, and also that education and health services are required not just to improve welfare directly, but also to increase agricultural productivity and provide labor mobility. In Bangladesh, research found that certain road improvement projects led to a 27 percent increase in agricultural wages and an 11 percent increase in per capita consumption. IDA's experience in multiple areas, under a wide variety of often difficult natural conditions, allows it to play a unique role in promoting synergies across sectors.

A long-term vision

As of 2009, IDA, endowed with a multi-year lending capacity, is still one of the largest single providers of resources for agricultural development. It is also backed by a strong institutional capacity for lesson-learning, monitoring and evaluation, policy analysis, and technical assistance with experience across the developing world. As such, IDA is especially well-placed to promote dialogue on the longer-term development agenda, and to convene multiple stakeholders and donors to coordinate development programs and assistance strategies.

As IDA countries are heavily reliant on natural resources for their development, the integration of many sectors in consistent

rural development strategies gives IDA the ability to ensure that the cumulative use of natural resources by the various sectors—as well as their respective impacts on natural resources—is sustainable both socially and environmentally.

Country-wide impact

Since 2002, 36 IDA client countries have completed national rural development strategies, which in turn influence their broader development strategies (Table 2). More recently, the *World Development Report 2008* has received considerable attention around the world, including new national agricultural development strategies in countries such as Vietnam.

Table 2. National Rural Development Strategies (NRDS) Completed in IDA Countries FY02–08	
Africa	Angola, Benin, Cameroon, Dem. Rep. of Congo, Ethiopia, Lesotho, Liberia, Madagascar, Mozambique, Niger, Nigeria, Sierra Leone, Tanzania, Togo, Uganda, Zambia, Zimbabwe*
East Asia & Pacific	Cambodia, Mongolia, Papua New Guinea*, Solomon Islands, Vietnam
Europe & Central Asia	Albania*, Kyrgyz Republic, Moldova, Serbia*, Uzbekistan*
Latin America & Caribbean	Bolivia*, Haiti, Nicaragua
Middle East & North Africa	Yemen
South Asia	Bangladesh, India*, Nepal, Sri Lanka

Source: World Bank, Agriculture and Rural Development unit.
* Indicates “blend” countries that borrow both from IDA and the International Bank for Reconstruction and Development.

Global partnership. The closer coordination of various donor efforts in rural development in the poorest countries of the world is promoted by, among others, the World Bank-supported Global Donor Platform for Rural Development, established in 2004. In 2005, the platform started piloting harmonization efforts in line with the Paris Declaration on Aid Effectiveness in four IDA countries—Burkina Faso, Cambodia, Nicaragua, and Tanzania. The Bank also supports critical global public goods by funding and collaborating with the Consultative Group on International Agricultural Research. Other examples of partnerships include in trade standards, rural finance, fisheries, and forestry.

- Standards and trade: A Standards and Trade Development Facility, established with the help of the World Bank and housed at the World Trade Organization (WTO), supports developing country efforts to reach international markets with agriculture products.
- Rural finance: The World Bank and the Bill & Melinda Gates foundation established an Agriculture Finance Support Facility to support the replication or scaling-up of profitable rural finance business models and the generation of knowledge and learning about these models.
- Marine fisheries: To improve governance and sustainable livelihoods in the fisheries sector, the World Bank in association with key donors and stakeholders established the Global Program on Fisheries (PROFISH).
- Animal disease: To address the global impacts of emerging and re-emerging diseases of animal origin on the health and well-being of the public, the World Bank is working with the World Animal Health Organization through the Global Animal Health Initiative.

Environment Projects Yield Agricultural Results

The **Tanzania River Basin Management & Smallholder Irrigation Project** (FY97) addressed water-related environmental concerns at the national level, with a focus on particular problems in the two largest basins. It aimed to improve water access and use by low-income smallholder farmers in 15 irrigation schemes through better water management, higher quality infrastructure, and improved stakeholder participation in water management. By the end of the project in FY04, agricultural yields for more than 5,000 families doubled and household incomes tripled. 1,674 farmers were trained in scheme water management, crop production techniques, agro-business and financial management and leadership skills. Average rice yields in project areas more than doubled.

In Senegal, the **Sustainable and Participatory Energy Management Project** (FY97) adopted a comprehensive approach, tackling both woodfuels' supply and demand, and demonstrated that the production and marketing of traditional biomass fuels can be stabilized, while arresting deforestation, contributing to ecological conservation and increasing village incomes. At the project's close in 2005, community-managed forest resource systems accounted for a large part of the country's woodfuel supply, having developed the communities' capacities, generating significant returns for them, and improving forest conservation. The project also surpassed its targets for net CO₂ emission reductions (1.78 million vs. 510,000 tons), and incremental income to the communities from the woodfuel trade and natural resource-based microenterprises (US\$12.5 vs. US\$3 million per year).

Two projects set out to restore China's heavily degraded **Loess Plateau** through one of the world's largest erosion control programs with the goal of returning this poor part of China to an area of sustainable agricultural production. Between FY94 to FY06, more than 2.5 million people in four of China's poorest provinces were lifted out of poverty. Through the introduction of sustainable farming practices, farmers' incomes doubled, employment diversified and the degraded environment was revitalized. Among other highlights of the project: natural resources were protected; food supplies were secured; the project significantly contributed to the restructuring of the agricultural sector; and, even in the lifetime of the project, the ecological balance was restored in a vast area considered by many to be beyond help.

- Forestry: The World Bank is working to better coordinate partnership activities, in order to increase the financing and improve the governance and positive impact of forest sector activities. The Growing Forest Partnership is an action-oriented initiative that aims to promote partnerships among national governments, civil society organizations, development and financing agencies and the private sector in support of sustainable forest management and efforts towards reducing rural poverty.

Lessons learned

The World Bank has invested considerable effort to learn the lessons from its past strategies and reflect those lessons in its current work.

The *World Development Report 2008* stated that agriculture is critical to overall growth, food security, and poverty reduction in agriculture-based countries,¹ most of which are in Sub-Saharan Africa. Recommendations include:

- Improving smallholder competitiveness in high- and medium-potential areas and improving livelihoods, food security, and environmental resilience in remote and risky environments are priorities.
- An approach that cuts across economic sectors is needed to capture synergies between

1. Agriculture-based countries are defined as countries where a high share of overall growth originates in agriculture and where the poor are concentrated in rural areas. Some countries that are not included in this category have sub-national regions that can also be classified as agriculture-based.

improved technologies, sustainable land and water management, institutional support, and human capital development—all linked to market development.

- Decision-making on many actions is best decentralized in order to tailor them to local conditions, but others need to be coordinated across countries to provide an expanded market and to achieve economies of scale in such services as research and development.

Improving the quality and impact of IDA-financed operations has resulted from: regional rural portfolio improvement plans; appointments of portfolio managers; emphasis on timeliness; closer management review of project progress and completion reports; and, a growing number of quality support training “clinics” to help staff improve the concepts and technical designs behind agricultural and rural projects. These clinics draw on the experience and expertise across IDA-funded activities and also, more recently, on external expertise as well.

LOOKING AHEAD

Agriculture-led growth remains key for IDA countries

As described in detail in the *World Development Report 2008*, the Millennium Development Goals (MDGs) simply cannot be met in most low-income countries, especially in Africa, without a productivity revolution in agriculture. The *World Development Report 2008* also presents a robust analysis describing how agricultural growth has had two-to-four times the impact of non-agricultural growth in improving the livelihoods of the poorest people.

Food security based on increased smallholder productivity is back as a major policy concern

As evidenced by the doubling of IDA lending to agriculture in fiscal year 2009, the food price crisis of 2007/2008 has focused policy attention of governments on the need for investing in the key public goods necessary to boost the productivity of smallholder farmers. The aim is to help the rural poor better manage their resources and cope with the risks they face, which represents a significant evolution from the current focus on merely adapting to a more hostile environment for farming.

Long-term structural changes are occurring

While the high food prices of 2007/2008 have abated somewhat in international markets, on average they have not declined as much in developing countries because of exchange rate depreciation and high transport costs that limit linkages to international markets. However, the volatility of food prices has increased substantially over the past 8 years, and continues to do so. This volatility increases risk for farmers. As the private sector mobilizes resources to tap new opportunities, it is vital to find ways to facilitate the inclusion of the rural poor in these plans. Channeling increased public sector investments through local community groups rather than central or state governments helps boost participation and local ownership that is key to a sustained increase in productivity and risk mitigation. Agriculture and rural poverty investments for the poor increasingly involve microfinance, reliable and timely weather forecasting, community empowerment, reduction of post-harvest losses, and public-private-civil society partnerships for inputs, marketing, and research.

IDA lending is adapting to these shifts

Within the World Bank, these shifts in client perspective are boosting demand for skill-intensive technical assistance that combines access to investment resources, knowledge transfer and capacity-building to profit from emerging opportunities and cope with emerging threats. This trend translates into growing demand for IDA credits for agriculture.

As agriculture remains vital to the livelihoods of the rural poor, continued globalization and economic integration bring both opportunities and challenges. Opportunities arise from new demand patterns and market possibilities propelled by dietary diversification in the rapidly expanding cities of developing countries and soaring new export markets for fish, meat, fruits, vegetables, and ornamental plants or cut flowers. Challenges arise from increased requirements in terms of food safety, bio-safety, and intellectual property rights, as well as sanitary, quality, and reliability standards necessary to compete in the fast growing segments of developing country markets.

Increasingly volatile food prices also pose a continuing serious threat in developing countries that requires immediate support from the international community in order to reduce the impact on the poor and vulnerable.

Recently approved IDA agricultural projects tend to reflect a strategic view of agriculture as an engine of growth and economic diversification along private sector supply chains in the context of policy and regulatory reforms, infrastructure development, institution-building and skills development by the public sector. Examples include the Zambia Agricul-

tural Development Support Project and the Burkina Faso Agricultural Diversification and Support Project.

In addition, new approaches have been promulgated for natural resource management, such as the 2004 World Bank strategy entitled *Sustaining Forests*. The latter emphasizes project activity that channels rising demand for tropical forest products into both ecologically sustainable practices and inclusive livelihood strategies for poor people dependent on forests. New projects will also need to be developed to address other “high-profile” issues that derive from the emerging threats and opportunities facing agriculture in IDA countries.

IDA as a partner in development should continue to invest in key international public goods that facilitate improved agricultural production, including enhanced productivity and better governance over the use of natural resources for the benefit of the overall population. Beyond production and resource management, it is vital to assist clients with market access.

Enhanced participation in the ongoing rapid development of agriculture and natural resource-related value chains requires building the capacity of both poor people and poor countries to meet ever more stringent reliability, quality, bio-safety, sanitary or phyto-sanitary, and food safety standards, and building the institutions that allow them to achieve market recognition for better compliance in terms of higher prices and larger sales volumes.

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