



## INTRODUCTION

In 1996 the World Bank began developing a comprehensive rural development strategy entitled *From Vision to Action* (World Bank, 1997). Approved by the Board in March 1997, this strategy identified rural poverty reduction, improvement in the well-being of rural people, and the elimination of hunger as the main strategic objectives in the Bank's rural development activities. *From Vision to Action*, provided a solid conceptual foundation for the Bank's rural development activities and resulted in a new generation of rural development programs. In general, however, implementation of *From Vision to Action* has not brought about the anticipated results.

Bank lending for projects in the rural space during FY99-01 was approximately 25% of total Bank lending. This includes lending to agriculture, which in FY01 was the lowest in the Bank's history, both in absolute and percentage terms. A similar trend can be seen in most other international agencies. This is particularly disconcerting when 75% of the people who live on less than one dollar per day live in rural areas, and most of them are farmers. The Bank will not be successful in its overall poverty reduction objective unless it helps reduce rural poverty at an accelerated rate.

The Agriculture and Rural Development Department, in close cooperation with the regions and other sector units active in rural areas, has prepared an updated rural development strategy to revitalize IBRD/IDA activities in rural areas by: a) adjusting the strategic framework; and b) formulating a program of concrete and implementable actions. This revision of the strategy responds to changes in the development context:

- in the global environment, especially to changes brought about by the forces of globalization and remaining trade distortions;
- in client countries, especially the challenges of unfinished policy reforms, decentralization, institutional development, still inadequate governance, the increased role of the private sector and civil society, as well as the rising number of conflicts; and
- within the Bank and especially through lessons learned in the past five years in the implementation of *From Vision to Action*.

The world confronts major challenges in rural development as it enters the 21st century. Most of the world's poverty is in rural areas, and will remain so, yet there is a pro-urban bias in most countries' development strategies, and in their allocation of public investment funds. Rural people, and ethnic minorities, in particular, have little political clout to influence public policy to attract more public investment in rural areas. The Bank recognizes that, to be successful in reducing rural poverty, the Bank must focus on the entire rural space, meaning the entire

rural society and both farm and non-farm aspects of the economy. The Bank is convinced that five critical components of a rural development strategy will contribute most to accelerated growth in rural economies and, consequently, to measurable poverty reduction: a) fostering an enabling environment for broad-based sustainable rural growth b) enhancing agricultural productivity and competitiveness; c) fostering non-farm economic growth; d) improving social well-being, managing risk, and reducing vulnerability; and e) enhancing sustainable management of natural resources.

This document outlines a holistic and spatial approach that tackles some tough and long-ignored issues and also addresses old issues in new ways. Most importantly, it recognizes that while top-down, non-inclusive approaches in the past, such as integrated rural development, identified most of the necessary pieces of the puzzle, they failed to put them together in a way that resulted in successful attainment of the Bank's objectives. While the main focus of the strategy is on rural poverty reduction, at the same time it includes key elements of a strategy for the food and agriculture sector. This sector remains a crucial and central component of rural growth and it is vital to success in reducing rural poverty.

The revised action-oriented strategy provides guidelines and focal points for enhancing the effectiveness of the World Bank's rural development efforts. Strategy implementation is based on four main thrusts:

- Raising the profile of rural development in national policy.
- Scaling-up innovations and successful investments in rural development.
- Improving the impact of Bank operations in rural areas.
- Pursuing the Bank's global and corporate priorities.

The implementation of the strategy will transform rural development activities in the Bank from a compartmentalized activity of various sector

departments and divisions, into a coherent, multi-sectoral discipline, supported by conducive internal budgetary and planning frameworks necessary for a more efficient implementation. The new approach is flexible, action-oriented, and client-driven. The strategy provides a platform for locally-owned and participatory, national priority-setting. Within that context it allows for a substantive rural development contribution to Comprehensive Development Frameworks (CDFs), Country Assistance Strategies (CASs), and country-owned Poverty Reduction Strategy Papers (PRSPs). It also creates a framework for multi-sectoral cooperation in client countries, within the Bank, and among international donors.

The basic foundations of the updated strategy are the six regional action plans.<sup>1</sup> Each of these was prepared by a regional team of cross-sectoral operational staff. The regional action plans indicate some shared overall priorities that are reflected in the corporate strategy even though the sequencing of the priorities may differ for specific regions. A series of nine regional consultations involving representatives of the respective governments, private sector, NGOs and academia were organized to ensure that the Bank, its clients, and fellow donor agencies are in agreement on the focus of the strategy and that they have had the opportunity to contribute to its formulation.

A detailed portfolio analysis and a number of studies on both global and regional issues were commissioned to support this process. These studies provide a rich empirical foundation for the regional action plans and the corporate strategy. Other sectoral strategies dealing with environment, forestry, water, and private sector development were considered in creating a coherent rural development strategy. A rural strategy seminar series was organized to discuss the findings and conclusions of the most important background studies. These seminars also provided an opportunity for the rural staff to interact with some of the world's leading experts on rural development and poverty reduction. The Bank's Rural Weeks in 2001 and 2002 provided a forum for in-depth discussion of the emerging strategy and its implementation within the Bank's Rural Family.

Each chapter in this volume deals with a major building block of the revised rural development strategy. Chapter One presents an overview of the current development context, which provides a foundation for the revision of the Bank strategy. Chapter Two outlines the conceptual foundation, objectives, and strategic priorities of the revised rural development strategy. Chapter Three discusses the enabling policy and institutional environment for broad-based rural growth. Chapter Four provides a discussion of the Bank's renewed approach to agricultural productivity and competitiveness. Chapter Five concentrates on fostering non-farm rural economic growth. Chapter Six enumerates the improvement of the social well-being of rural peoples, managing risk, and reducing vulnerability. Chapter Seven focuses on fostering sustainable natural resource management. Chapter Eight deals with the implementation thrusts and provides a framework to monitor implementation progress.

Annexes to the strategy provide more in-depth analysis of the issues discussed in the corporate strategy. Annex One gives a review of lessons learned from the implementation of the Bank's previous strategy *From Vision to Action*. Annex Two provides an overview of the consultation process that led to the new strategy. Annex Three includes summaries of the regional strategies. Annex Four focuses on water in rural development. Annex Five presents background material on physical and social infrastructure. Annex 6 concerns natural resources. Annex 7 gives examples of successful World Bank operations in agriculture and rural development. Throughout the main text in this volume there are references to further information available in these annexes.

## ENDNOTES

1 From Action to Impact: the Africa Region's Rural Strategy 2002; Reaching the Rural Poor in East Asia and the Pacific Region 2002; Reaching the Rural Poor in Europe and Central Asia 2002; Reaching the Rural Poor in the Latin America and the Caribbean Region 2002; Reaching the Rural Poor in the Middle East and North Africa 2002; South Asia Strategy and Action Plan for Rural Development 2002.