One billion people worldwide still live in extreme poverty. Agricultural growth remains central to poverty reduction, particularly in the poorest countries, where a large share of the population relies on agriculture for their livelihood. At the same time, global demand for some of the major agricultural product groups is growing due to the growth in population and incomes, dietary shifts, and demand for biofuels.

In these circumstances, a steady increase in agricultural production driven by greater productivity is needed. But growth in agricultural productivity has been held back in recent years by a number of factors—land and water constraints, underinvestment in rural infrastructure and agricultural innovation, lack of access to inputs, and weather disruptions. Climate change is already adding to the severe stress on the environment for agriculture.

The recent food and financial crises have added momentum to an emerging renewal of financing for agriculture and agribusiness. This augmented engagement is timely and welcome, but the crucial question concerns what steps would lead to greater effectiveness than in the past. This evaluation of World Bank Group support for agriculture aims to inform this issue.

A first overarching lesson concerns the needed focus of action. While broader rural and social development contributes to agricultural development, increase in productivity requires focused attention to the availability of improved crop production techniques, supply of water and agrochemicals, market access for farmers, and a favorable legal and policy environment. During 1998–2008 the World Bank and IFC together committed $23.7 billion in financing agricultural activities in addition to analytical work and advisory services. This was less than half of the commitments in the agricultural portfolio (and an even lower share in Sub-Saharan Africa), with the rest being directed to other rural activities.

Second, special attention is warranted for the agriculture-based economies, particularly those of Sub-Saharan Africa, where the needs are greatest and the success has been lowest. IFC, which has made an important entry into the Region, has nevertheless had limited engagement in this period. All Regions have important needs that the Bank Group should continue to support, given the increased demand for food. Yet greater effectiveness in the poorest countries is the most crucial challenge.

A third encompassing opportunity lies in exploiting synergies for which the Bank Group is uniquely positioned. Expanded public investments, be they in research or infrastructure, will pay off only if linked to private business—for example, in its marketing or financing aspects. The World Bank and IFC can partner more effectively than in the past, linking public and private investments, national and global initiatives, and financing and knowledge programs. Concerted efforts can also be channeled toward enhancing capacity for the clients as well as for staff as the Bank Group seeks to match the increase in financing with its own know-how.

The World Bank Group can help make a vital difference as countries confront old problems of improving agricultural yields and new challenges of the environment and climate change. Lessons learned both from the past and in real time provide precious avenues for a lasting impact.

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