

Consultation on the WDR-2008 Agriculture for Development Draft Report

Synthesis of the Consultation

Consultations on the draft yellow cover WDR-2008 Report took place between Monday April 9 and Friday April 16, 2007. It started and ended with letters by the WDR directors and Rimisp-Latin American Center for Rural Development, host organization and moderator of the electronic discussion. Throughout the consultation the number of participants stayed stable at around 1370 subscribed persons.¹ About 100 persons were actively participating, with an average of around 16 messages per day. In total about 200 messages were exchanged. Participants came from almost every region of the World: Australia, Africa, southern and east Asia, central and eastern Europe, Europe, Latin America and North America. It involved participants from different organizational origins: Universities, NGOs, Multilateral and Bilateral Development Organizations, Governments, farmer organizations, private sector and consultants.

A consensus on the need and timeliness of the WDR-2008 and its main thrust

There was a significant consensus of participants on the timeliness and importance of having a WDR on Agriculture as well as on the quality, academic credentials and richness of the proposed analysis. Participants spoke of a report long overdue, an indication of a renewed interest on agriculture. Many praised the report as impressive and with a comprehensive analysis of trends and ways to improve agro rural development. Several discussants considered this draft as a remarkable work, containing quality information, state of art discussion, and an encyclopedic support with an impressive number of case studies, etc.

There was a general consensus that having the WDR report on Agriculture and Development at this moment provides a sense of opportunity, as there is more sensibility by political decision makers to the issues now than there was in the past, when pro-industrialization perspectives dominated much of development debate. But at the same time, even though conditions have improved for agriculture, it is still a sector that drags behind others and confronts many menaces, both globally and in each country.

Participants underlined and recognized the reports mention of multifunctionality of agriculture: an economic activity, a way of life and a provider of environmental services. It was suggested that way of life should come in first. In addition to these functions of agriculture for development, three other roles of agriculture should be considered: national food security, social stability and a source of culture and identity, which participants judged as equally important.

¹ The consultation started on April 9 with 1354 participants, on Saturday 14, 1376 participants continued to be active and by Sunday 22, 1360 were subscribed.

Participants broadly subscribed to the country typology which considers different roles of agriculture for/in development. They thought that this was a significant contribution of the report and had implications for policy design, as described in chapter 10. The typology was also valued as important, as it set a basis for differentiated policies, away from one size fits all suggestions. Discussants thought that messages related to urbanized countries (Latin America and the Caribbean and Eastern Europe) were not as clear as for the other types of countries, nor were there enough boxes relating to this country type.

They also thought that the four pillar to widen pathways out of poverty: market entry, competitiveness, livelihoods, and skills were the right ones, but that they needed to be inserted in a longer time framework than it is now. Additional pillars were suggested: macroeconomic context, a better investment climate and free association of farmers for production, processing and servicing of agriculture. A good macroeconomic context is a major element in determining the agricultural sector performance and relates to macroeconomic stability, exchange rate policies, taxation policy to agriculture and the role of capital markets. A good business climate refers to governments (at central and local levels) policies and behavior on stability and security of land and property rights, regulation and taxation frameworks, finance and provision of rural infrastructure, functioning of product, input and labor markets and governance regimes (corruption and democracy), which gives certitude to all types of enterprises. Free association was suggested as a way to strengthen collective action.

Finally many participants recognized the effort of the WDR-2008 team to consult broadly on the report through both face to face discussions, but also through this internet-based consultation. It was noted that the implementation of main policy recommendations will require strong support from the different constituencies related to agriculture; thus public sector support and investment will be required to create the conditions for effective engagement of private and civil society actors. What is essential is for the report to open the discussion from considerations of diversity of situations and contexts, diversity of solutions and policies, implication of the stakeholders (organizations), of women etc. and finally to place agriculture in the agenda of international and national discussions.

Agriculture and Development

There was a consensus on the main statement of the report on agriculture relations to development and poverty reduction. “The report frames agriculture as part of the solution for poverty reduction, rather than being the problem. The message that, consequently, strong public sector support and investment is required to create the conditions for effective engagement of private and civil society actors was very strongly supported.” A lively discussion took place on the type of link between the two, is it “agriculture for development” or “agriculture in development”? This discussion had to do with two issues: a) what is the main purpose of development? Is it people or is it crops and technologies? Agriculture in development was seen as putting people in the driver seat (development with people), while agriculture for development, was seen as giving priority for agriculture, increased productivity, crops or technologies; and, b) the

difficulty of considering agriculture as a motor of growth by itself. Agricultural growth requires strong and positive relations with other economic sectors, linking to effective demand (domestic and international) for its tradable goods and services, while being able to receive resources for increased output. Seeing agriculture in development would break with traditional thinking, since it would look at agriculture as fully embedded in developing country's policy and investment decision making and the foundation for longer term social and economic development and poverty reduction .

A related issue was the need for a closer analysis on the distributional impact of agriculture for development in the different country types. This would entail taking a political economy of growth approach and analyzing the redistributive benefits in the so called "agriculture-based" countries. Looking at the facts on how and why larger countries belonging to the "transforming" and "urbanized" categories deal with their own regions that have "agriculture-based" features, would help accomplish this analysis and would support policy choices that agriculture-based countries have.

The Overview: some suggestions

It was suggested that the Overview should be re-worked in order to make of it a more amicable document for decision makers, with very clear messages and policy recommendations. It should include a vision for agriculture, a conceptual framework, main messages and main policy recommendations.

A number of comments were made on the need of making up-front a statement on the vision for agriculture and rural resource systems (for or in) development. Agricultural and rural resource systems include processing, agro businesses and manufacturing, agricultural services including catering and consumption, all the rural resources, environmental functions and services, etc. This could also help to clearly make the case for non-farm rural growth and investment. It would also help to treat separately two ideas that although linked, are different from a conceptual and operational point of view: food production and rural poverty.

It was suggested that an overall conceptual framework should be elaborated that coherently links the different dimensions of the report and which makes underlying political and economic assumptions more explicit. For a sound conceptual framework the definition of poverty should be further elaborated, as are the relations between agriculture and development.

A number of participants suggested that the Overview provide a summary of the key messages and policy implications in a format and style that will gain the attention of policy makers.

The Need for Policy Plurality

A number of participants chose to discuss the WDR-2008 draft report from a critique of what was considered its main paradigm: industrializing agriculture and natural resources, without considering the problems it brings: excluded populations, pesticide pollution,

unsustainable water use, climate change, high energy cost, etc, which cannot be considered only externalized costs of market-driven processes. A critique of the industrial market driven paradigm should consider:

- a. The fact that in most developing countries where labor cannot be absorbed (as quickly) in other areas of industry, such a development actually produces poverty rather than reducing it. When are we going to realize that replacing labor with industrial inputs is not always our best bet when a decent living for small-holder families in rural areas is our aim? a participant asked.
- b. The impact of such model on water use and conservation. If agricultural market surplus will be based on irrigation, much more consideration needs to be paid to water re-cycling, separation of sewage, conservation of wetlands, river basin planning, water conservations, water harvesting and water use efficiency.
- c. The WDR 2008 gives scant attention to climate change and environmental degradation. At least something has to be said on it if climate change could bring different kinds of instability and mass movement of people. Higher priority must be placed on climate change (and its associated politics) in the report. As a participant asked: Does it give strong enough guidance as to what action is needed? And are all the recommendations for action in the report 'climate proof'?

As a result of such critique, it was recommended that WDR-2008 should be more open to policy pluralism. For example, it was recommended that the report should support giving more time, energy and money to the development of creative, socially embedded types of agriculture that can be optimized under conditions of cultural and ecological diversity by (part-time, female) smallholders. It was also asked for more mention to sustainable farming methods like Organic Farming and to fair trade practices. Finally the report should consider the issue of land reform as a policy option.

Placing smallholders at the central stage

Different participants underlined the need that WDR-2008 should put more emphasis on smallholders and their challenges. The link between agriculture and development and between poverty and agriculture is very much structured around smallholders, peasants or small farmers. They not only constitute the majority of the rural poor, but also are much more vulnerable to the impacts of both economic and environmental crisis.

There was an interesting discussion on possible differences amongst smallholders and their implications for policy design. Some argued that there are those that effectively participate in markets and the segment that is mostly into subsistence farming (while engaged into other markets, labor in particular). Other participants considered that subsistence farmers, wage laborers, and vulnerable people also participate in markets, and thus the conceptual division between commercial and subsistence farmers is not an accurate one. On this line of thought small farmers should be seen as a continuum of situations, depending on assets, accessibility to markets, market failures and transaction costs. In any case, heterogeneity is a significant characteristic of the rural population both in terms of their ago-ecological locations and the complexity and amplitude of their

relations to markets: labor, agriculture, small trade, handicrafts, etc. The need of differentiated policies was suggested, but what does this imply? And how can these policies be designed and implemented?

Two perspectives on how to apply differentiated policies were discussed: a territorial based approach and an approach based on farmer type tailored support policies. The former considers policies focused on spatially-based economic innovation, through clusters of economic activity and institutions, which open possibilities for non farm employment. The latter, on the other hand, responds to specific needs of rural households. Some discussants thought that co-integration of both approaches to development are the best policy scenario. Nonetheless, it was recognized that given the complexities of differentiated policies, developing world countries could face major problems to sustain them.

In this line of thought a participant stated that “the challenge, therefore, is to put in place the right policies in each area/zone to develop and promote these inter-zone markets so that they are fully functional in terms of signaling scarcity prices and the magnitude and direction of flow of commodities for which the zone has a comparative advantage.”

High Value Crops

There was a sense that the report pays too much attention to the potential positive impacts of changes in food supply chains, in particular "the supermarket revolution" and its relation to high value crops especially regarding small farmers and agricultural development. Some participants stated that these markets are usually rather small and that staple food crops should not be neglected. Nonetheless a number of participants underlined the importance of crop diversification and the inclusion of high value crops on it. “Indigenous crops, underutilized crops, fruits, vegetables, spices, medicinal crops, and ornamental plants and flowers are so diverse and so numerous, that they are a source of opportunities” was mentioned by a participant.

At the same time, other participants while asserting the importance of changes in supply chains mentioned the need for their modernization and increased efficiency in order for developing country farmers to be competitive in their own markets and also in global markets, and to achieve higher incomes and living standards. As a lead discussant stated: the current crucial topic is how to produce and commercialize and not what to produce. The main purpose is not to recognize the innovative productive sectors, but to innovate in all of them.

A second remark on the impact of the “supermarket revolution” was related to the need for paying attention to the risks of corporate sector behavior, which can bring non desirable development impacts, among them: . the concentration of economic power across sectors, which could affect the efforts from promoting agriculture for development.; the purchasing practices (delivery times, stability of contracts, prices) which ‘transfer risk down the supply chain and undermine labor standards; the impact of large agri-business on the use of land and natural resources, and the increasingly difficult

access to affordable inputs to achieve standards established by supermarkets and high value crops exporters.

A critical element for the income of producers is prices. As a participant mentioned, one of these obstacles is the lack of economical incentives for farmers to invest in agriculture, due to the continuous drop of agricultural prices. Another obstacle is the problem of market prices instability and diminishing terms of trade, which impedes farmers to engage in investments that foster increased productivity. The document falls short in analyzing the impact of the behavior of agricultural prices.

This has to do with the impact of increased productivity on prices, given inelastic demands, the role of intermediaries and so on. It was recommended that the WDR-2008 deepens on how to achieve the right price incentives, without recurring to subsidies. Otherwise, the benefits of increased productivity will be abolished by dwindling agricultural prices. The point is not giving subsidies to farmers, but giving farmers accessibility to markets through investment in infrastructure, but also more market power through education and regulation policies.

For some participants focus on high value crops and niche markets could imply not paying enough attention to staple foods and traditional tropical exports in which millions of small farmers are engaged. Moreover, staple food production will continue to be very important, for the sake of food security, and therefore they also deserve innovations and attention. This bias prevents from proposing pathways such as: the enlargement of staple food markets at a regional level; supply regrouping by farmers organizations (such as cooperatives) in order to rebalance market powers to the benefit of farmers; value-adding through food processing by farmers organizations for local or regional markets, all this with an appropriate (and not necessarily regressive) protection.

It was also recommended to pay attention to local and regional markets with shorter supply chains and also to sustainable production strategies that make the most efficient use of inputs.

Globalization, Trade and Agriculture

Why has agriculture ceased to exert strong influence on economic growth in transforming economies? Agriculture growth rate has slowed down in most of South Asian countries after liberalization. A participant indicated that one of the reasons for this slowdown is the decline in terms of trade for agriculture after 1997, when international prices of agricultural commodities started falling. This relates to trade liberalization and WTO decisions. Most developing countries are struggling to adjust to post WTO liberalization and globalization. Since adjusting domestic policies to globalization and liberalization is the major issue for most countries, WDR should consider an analysis of this topic.

Consequently, it was suggested that developing and developed countries should seriously start thinking about new regimes to govern agricultural trade. As a lead discussant stated: “more attention should be given to studies that demonstrate that trade liberalization has

hurt the rural poor, especially in a context where northern countries continue to keep unchanged their trade practices and farmer support systems”.

A specific issue of concern was the type of Intellectual Property Rights regime being promoted by developed countries which is judged as inappropriate. Participants recommended the WDR-2008 to be more questioning of the longer term impact of this regime and suggested more work to be done rethinking it.

It was also stated that in order to reap the benefits of biofuels by developing countries, more attention should be given to aggregate value to their agricultural output, instead of the export of raw materials. If they do so, they can offset (in farm) job losses that will certainly occur due to the increase of plantations. Also, food security and social security issues should be considered, since these concepts are directly related to some of the relationships between agriculture and development

Where does growth and development happen? Does industrial and service growth not have an impact in agriculture and rural areas? It was considered that WDR-2008 should promote multi-sector investment in rural areas. It is nonsense to disconnect agriculture from the rest of the economy as an engine for poverty alleviation. Traditional theories of development assign crucial importance to inter-sectoral linkages and to the role of agriculture in overall economic development.

The Role of Farmer and Rural Organizations

While it was noted that the report recognizes the importance of farmer organizations and trade unions or other similar rural organizations and their strengths and weaknesses, more analysis should be devoted to the main characteristics of successful organizations and the ways government policies can ensure their development. The report also mentions the importance of collective action by farmer organizations to reduce transaction costs and achieve greater market power, but it doesn't say enough about the policies that could foster such collective action

It was suggested that the report include a box on what modern farmers' organizations should be: Modern farmers' organizations are membership organizations, or federations of membership organizations in which members elect their leaders and are accountable to their constituency. Their constituency develops rural and agricultural activities with a certain importance within the country. They have a clear view on poverty reduction and believe that they themselves, as well as their members, can play a role in poverty reduction. Modern organizations are open to dialogue and collaboration. This shows also from their membership of regional and international federations, i.e. organizations that are already familiar with a framework for international cooperation. In summary they have, at least, potentially, the following characteristics: a) Their constituency should represent a significant share of the rural population in their country, b) have the ambition to fulfill a specific role in development, c) work towards a society providing full political and economic participation of the rural population, d) look for possibilities of constructive dialogue with other stakeholders (which does not preclude the option of strong protest when this is required), e) be open to exchange and dialogue with

organizations from other countries, f).hold no exclusive ties with a political party or g) depend exclusively on government and they should have democratic leadership. A specific concern dealt with the need to assure women participation on rural organizations.

It was also mentioned that the role of farming organizations within the food and farming systems should be underlined, with the condition they are recognized as interlocutors and actors. Participation of farmer organizations on policy design was suggested at all levels, avoiding rent capture behavior.

Finally participants thought that given the seasonal character of labor markets and the vulnerability to shocks, legislation that offers adequate protection for jobs in agriculture and respect for Freedom of Association, Trade Unions and Collective Bargaining should be included.

Looking at Governance Issues

There was an interesting debate on governance at different levels. For some participants a polycentric systems approach is desirable, as it involves nested levels of governance where each level (global, national, regional, local) controls and provides feedback to the others. From this perspective market and state failures could be addressed through self-governance mechanisms (the hand shake) to complement the invisible hand and the fist (quoting Bowles' metaphor of the three hands). For others this approach was not desirable and should be replaced by one based on political economy processes, which recognizes power differences at all levels.

A major issue arising from the discussion was the fitness of the public agricultural institutional system to respond to the new challenges faced by the sector. It was mentioned that a more in depth review of Ministries of Agriculture performance should be made and asses its preparedness for future policies implementation. Not all public functions can be played by decentralized or privatized institutions, namely R/D and SPS which are public goods. Nonetheless they have to be supplied in a very efficient way.

A particular area of concern voiced by a number of participants was governance issues in research institutions, where more effort has to be done on farmer participation in defining research priorities. There was also concern on dwindling support to the CGIAR institutions, which has among other effects not attracting young researchers.

Public-Private Partnerships: the report tends to focalize separately on public and private actors, with little reference to alliances that can be reached between private and public organizations. This would need to be explored in grater detail, again trying to extract policy lessons for future developments. It is important to be more explicit about the potential role of the private sector and public-private partnerships in service delivery and the necessary conditions and incentives required for private sector engagement in pro-poor development, particularly in highly marginalized areas.

One of the main bottlenecks identified regarding agricultural development is the weak institutional integration and lack of incentives for integration within and outside

agriculture, lack of downward and vertical accountability, lack of enabling environments to contain and stimulate the limited skilled manpower, and most important the lack of institutional stability which degrades institutional capacity, causes loss of institutional memory, continuity of initiatives, seriously damage morals of employees and is a highly expensive venture

Rural Finances

There was a sense that the rural finance chapter has serious limitations. The analysis was strongly focused on credit, paying little attention to all other (relevant) financial services (savings, insurance and micro insurance, transfers and remote payment systems, leasing, etc.). The new approach to rural financing should adopt a "Credit also" instead of a "credit alone" strategy, as most of these "other" services are relevant to reduce poverty and vulnerability, reduce consumption volatility and support nonagricultural businesses.

More broadly, it was recommended the strengthening of the whole concept of capital market and financial services, in order to include leasing, insurances, options and long term public and private investments.

Putting more attention to Policy Guidelines

There was a feeling amongst participants that a better balance has to be achieved between the rich analytical sections and the policy guidelines. As a lead discussant stated "Parts I and II are much better than Part III." The main thrust of the report needs to focus on 'what' needs to be done, and 'how' changes might happen. To that end, clear practical guidance on policies, investments and institutions needed to deliver changes should be the main contribution of the WDR on agriculture for Development. A participant went all the way to state that: the ultimate success of the WDR will be judged on the clarity of its main messages.

Being clear on the messages will help get through to decision makers to whom policy choices have to be presented with solid arguments and implementable proposals. This will require establishing priorities that governments can address. At the same time a participant wrote about the difficulties of making global recommendations as agriculture is a highly location and country specific activity.

Some specific environmental issues

Concerning the relations between agriculture and the environment it was acknowledged that a series of good principles are clearly expressed in the report: reinforce the ability of farmers to become providers of public environmental goods; the pathway for it is to promote more sustainable farming systems with minimum trade-offs with growth and poverty reduction. But, some participants noted, agriculture does not always fulfill such desirable purposes. Nonetheless it was suggested that the report should pay more attention to some specific topics and areas:

- a. Degrading and eroding soils with the resulting impoverishment and increased costs of keeping fertility for production but also for provision of environmental services. Principles of good land husbandry should be embedded in all systems of farmer assistance.
- b. The issues of land and other landed resources like water, etc should be given due attention in the report as well as the management of common property resources, which are fundamental for agricultural development. Specific recommendations should be given on how to address the issues of land and water rights
- c. The role that crop and varietal diversity play in agriculture and in particular the farming strategies of resource-poor farmers.
- d. The importance of environmental public goods and of cross border environmental issues

A participant mentioned that the issues related to environmental services are not always developed and followed through. He recommended including a typology matrix for the environmental services. The matrix would list what environmental services agriculture is capable of providing or must provide; what are the potentials and opportunities for enhancing these services; how well each service is being provided now; what is going well for which service and why? What is not going well for which service and why? What needs to be done in terms of policy, institution, science and technology, farming practice, markets, monitoring, etc to improve the situation?

The Aid System and Agriculture

Some discussants expressed that a more serious critique of the aid system for agriculture was needed. For example a participant mentioned the need to provide empirical evidence of how aid decrease did impact on the less developed countries, the economy of which depends mostly on the agricultural sector and whose population lives in rural areas?" Moreover, he mentioned the need to evaluate the cost of not investing in agriculture in social, economic, environmental and technological terms. A participant described this as donor failure, a specific form of economic failure, besides market and government failure.

Sometimes donors focus on small scale and isolated target groups without recognizing the importance of higher scale levels above that particular community or beneficiary. It was suggested that the aid system aid systems should address target groups/institutions/organization separately, i.e. indeed not diluting aid in numerous stakeholders within one aid program. Their must be separated aid programs for each stakeholder and it is up to them to create the multi-stakeholder arrangements. The multi-stakeholder arrangements have to grow out of the natural interaction of local parties and should not be induced artificially by external parties.

A specific issue of concern was the role of food aid which was acceptable to most under emergency conditions, but judged as capable of having negative effects on agricultural development, especially when developing countries are used to dump food surpluses.

Participants recommended that more analysis should be made on effective food aid triggers for agricultural development, identifying best practices.

The World Bank's role in agriculture should also be discussed. As one participant mentioned, the report looks outwards from inside the Bank. However, it should also start looking inwards from outside, to examine the role of the Bank itself as a key actor in this debate, both in terms of its funding and in its role as a 'knowledge bank'

Some crosscutting proposals

A significant number of participants emphasized the need to strengthen the perspective on women and gender in the report. A lead discussant stated that given the role of women as the main agricultural producers in many poor countries and the consequent adequate targeting of attention on their particular needs, namely in term of access and control of productive resources, as well as their representation in producers' organizations, should deserve a specific section of the Report. At the same time the whole report should be reviewed from a gender perspective.

The role of young people in agriculture, both as future rural leaders and agricultural entrepreneurs should require giving it more thought. As Mr. Manish Kumar stated “a sharp decline is being noticed in the interest of youth to pursue an academic or professional career in Agriculture and Rural Development. WDR 2008 should specifically discuss this issue and suggest some strategies to address the problem.

WDR has to look at the relations between agriculture and HIV/AIDS, which affects a large part of the rural population in the developing world, both from an impact point of view, but also from the perspective of the role of food in strengthening of the immune system of vulnerable populations.

Participants insisted that education was a key cross-cutting issue. While they thought WDR-2008 identified the main factors affecting education: i)lack of relevancy ii) lack of quality iii) direct & opportunity costs as a barriers to access iv) lack of availability, and v) difficulties of physical access, they thought the report should come up with more and better examples of agricultural and entrepreneurship education in regular schools and models that show how this can be effectively provided.

Finally there was a heated debate on GMSs, with some participants arguing in favor of them and others underlining their risks and advocating for precautionary norms and regulations. Some thought that too strict regulations could discourage genetic research on seeds and that the WDR-2008 should be careful in stating language that could affect research funding and support.

Other Comments

There was a number of specific comments to paragraphs, tables and boxed of the WDR report which will be sent directly to the WDR team