

# **Agriculture for Development**

**Toward a new paradigm and guidelines for success**

*A sequel to the World Development Report 2008*

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**Forum on How to Feed the World in 2050, FAO, Rome Oct. 2009**

# How to Feed the World in 2050?

- **Urgent to redefine a global strategy in using agriculture for development due to:**
  - **Food crisis: higher and more volatile prices**
  - **Rising demands on agriculture: population, income, biofuels**
  - **Rural poverty and food security: 75% rural and 1 billion chronic hungry**
  - **Growth deficits in agriculture-based countries: Sub-Saharan Africa**
  - **Climate change, resource scarcities, and environmental services**
- **Objective of this presentation: Considerations toward an answer**

# Outline of the argument

- ❑ I. Historical perspective on agriculture in development
- ❑ II. Current crises and resurgence of demands on agriculture for development
- ❑ III. Emergence of a new paradigm of using agriculture for development
- ❑ IV. Why the continued under-use of agriculture for development?
- ❑ V. Conditions for success in using agriculture for development
- ❑ VI. The way forward

# I. Historical perspective on agriculture in development

□ **Well defined classical paradigm of the role of agriculture in development in the 1960s**

- **Grounded in history:** Western experience, Asian miracles
- **Grounded in theory:** Agriculture on the road to industrialization
- **Grounded in empirical regularities:** Agricultural transformation
- **Grounded in behavior:** Agriculture responsive to incentives

# I. Historical perspective on agriculture in development

## □ **Successes, but many implementation failures in the 1970s**

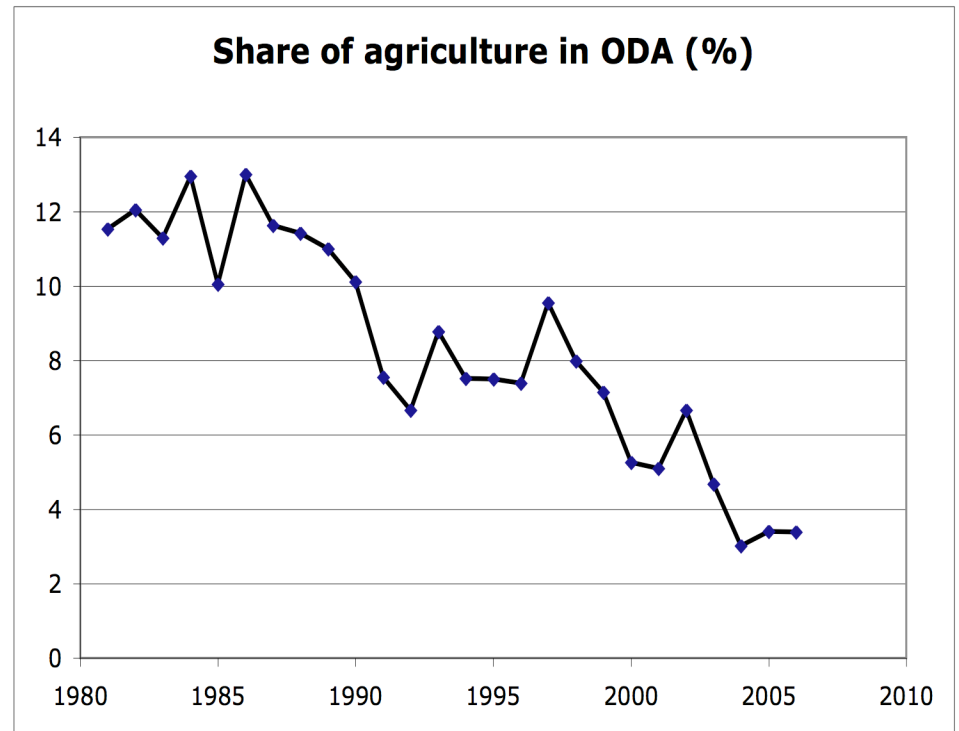
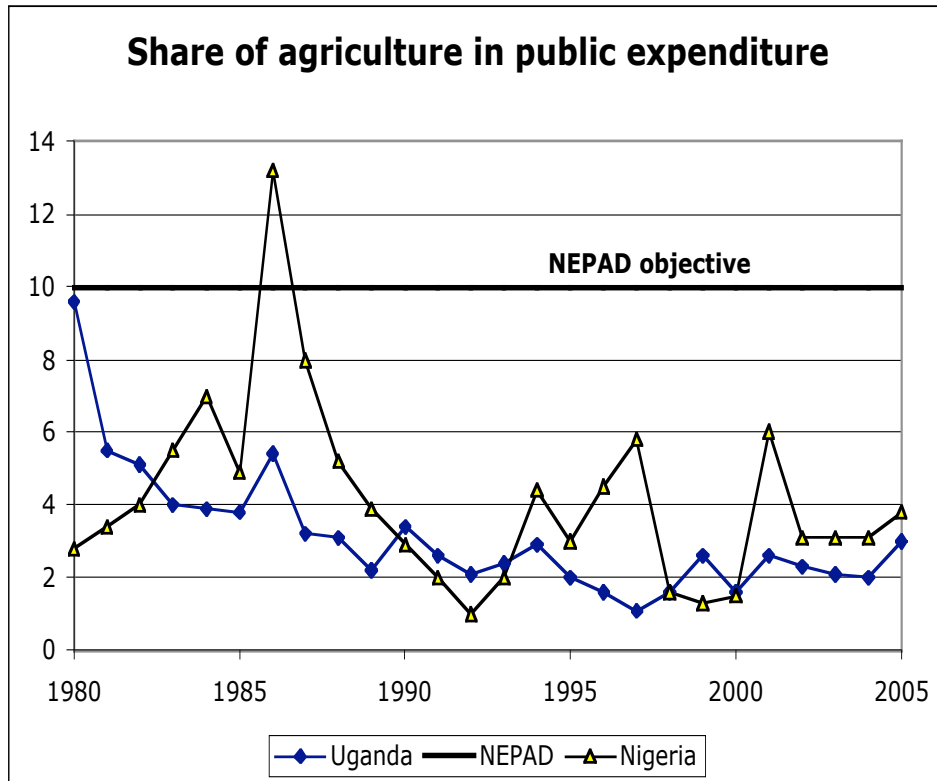
- **Urban bias** in Import Substitution Industrialization
- **Integrated rural development** to meet broadened development objectives flawed:
  - Overestimated state capacity to coordinate
  - Underestimated emerging private sector roles
  - Undermined cooperative producer organizations
- Many failures in **agriculture-based projects**
  - Too complex, insufficient support

# I. Historical perspective on agriculture in development

## □ Leading to 20 years of neglect of agriculture under the Washington Consensus (1985-2005)

- Adjust the macro-fundamentals but no **sectoral** policy
- Industrialize through **open economy** not through agriculture
- Descale the **role of the state** in agriculture despite pervasive market failures
- Reduce **rural poverty** through transfers instead of rising autonomous incomes
- Investment in agriculture **discouraged** by low international commodity prices (OECD farm policies) and adverse environmental effects

# I. Historical perspective on agriculture in development



**Neglect of agriculture: Decline of the shares of agriculture in public expenditures and in overseas development assistance**

## II. Current crises and resurgence of demands on agriculture for development

□ Following 20 years of neglect, five crises put agriculture back on the development agenda:

- 1) **The global food and financial crises:** Rising food insecurity and hunger
- 2) **Stagnation of productivity growth in Sub-Saharan Africa** agriculture
- 3) **World poverty** still overwhelmingly rural
- 4) Increasing rural-urban **income disparities**
- 5) Rising **resource scarcity** and unmet demands for **environmental services**



## **II. Current crises and resurgence of demands on agriculture for development**

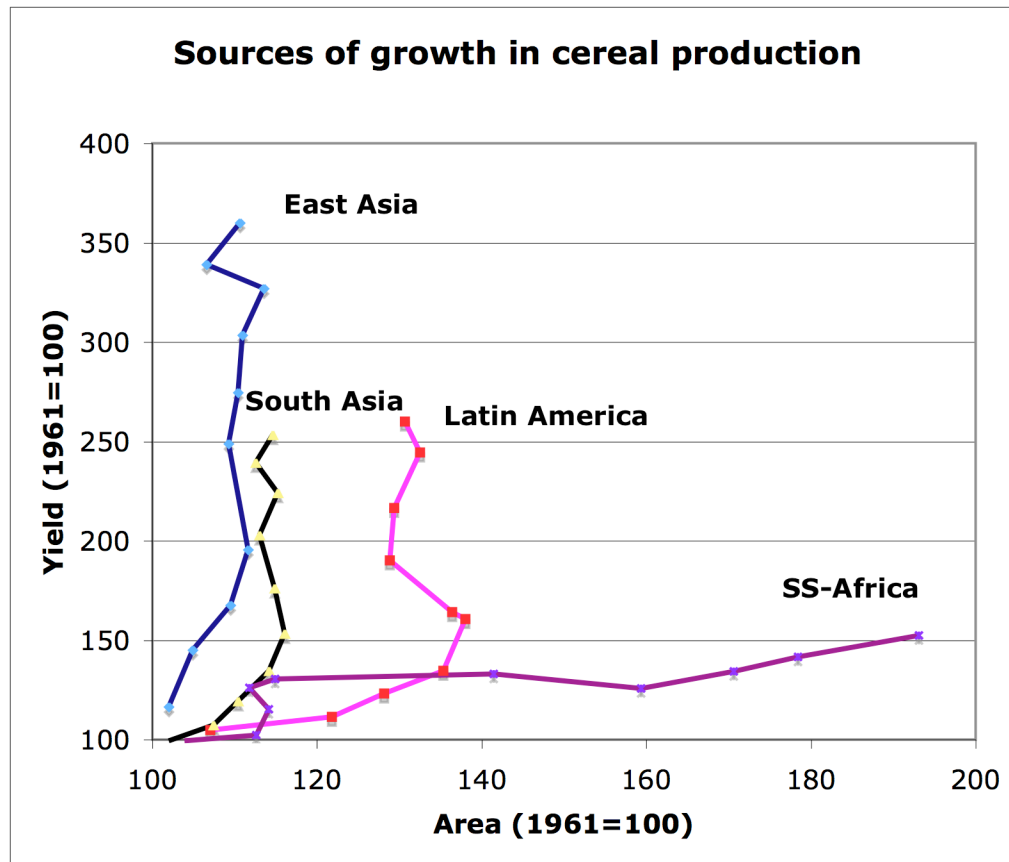
### **Crisis 1: Global food and financial crises**

**The world food situation has changed drastically in the last three years. This implies three major policy shifts:**

- **Need give greater attention to the supply side of agriculture to achieve sustainable productivity gains and greater resilience to shocks.**
- **Need raise again the issue of food security as a policy concern:** Combine trade, national food reserves, level of food self-sufficiency, social safety nets, and role of subsistence farming.
- **Need focus not only on chronic poverty but also on vulnerability to price and income shocks for net buyers of food: “new poor” and risks of irreversibilities in assets, health, and education due to shocks.**

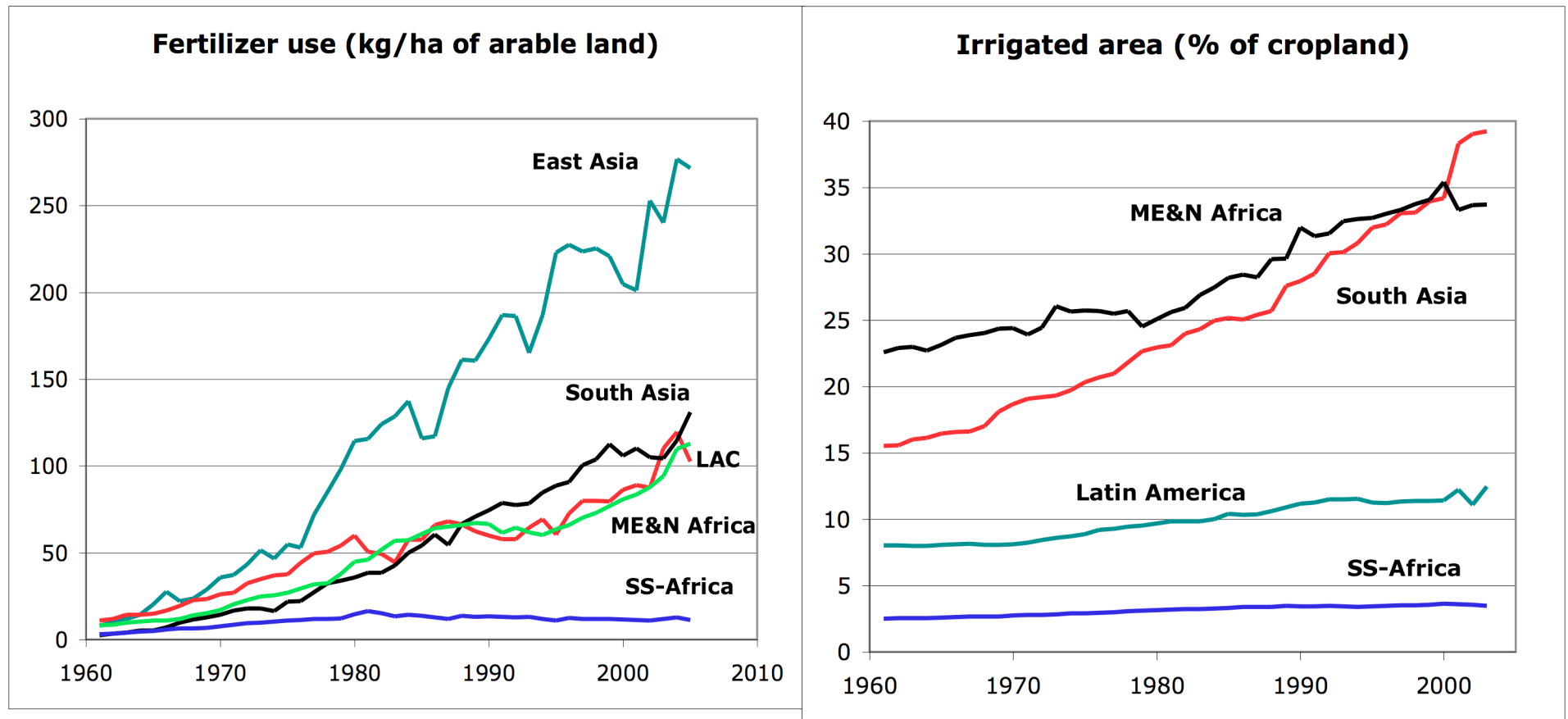
## II. Current crises and resurgence of demands on agriculture for development

### Crisis 2: Stagnant productivity growth in SS-Africa agriculture



**Area expansion has historically been the main source of output growth in cereal production in SS-Africa, but largely exhausted**

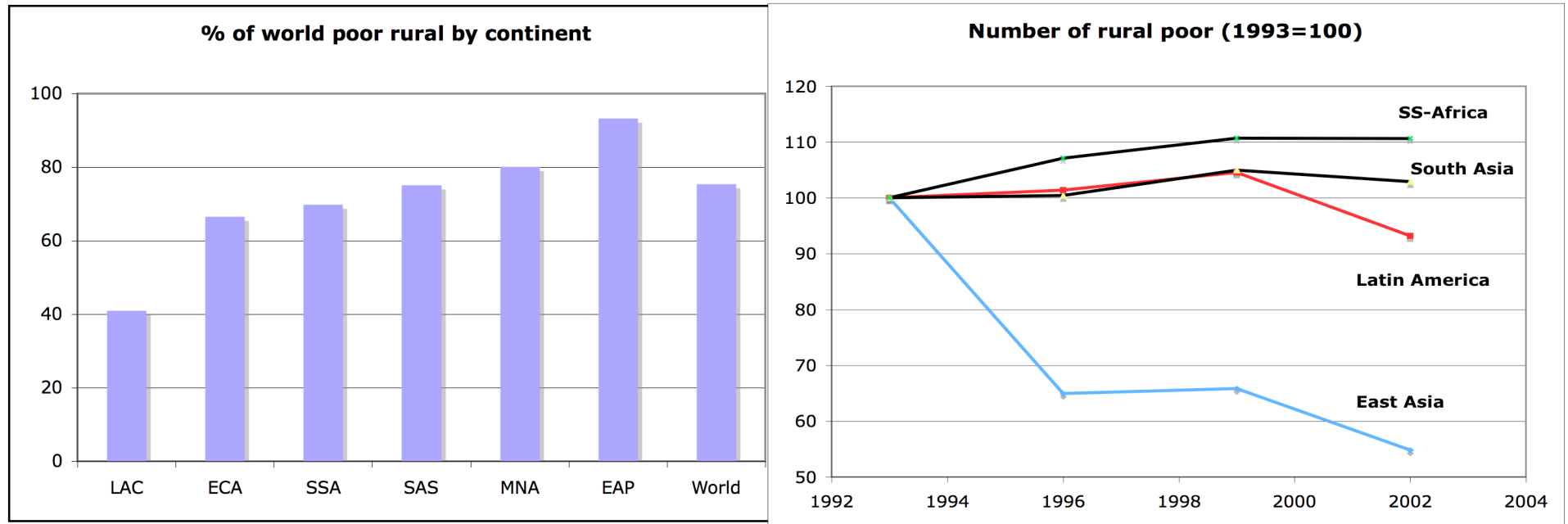
## II. Current crises and resurgence of demands on agriculture for development



**Stagnant yields are associated with low fertilizer use and limited irrigated area. Understanding the determinants of yield growth (technology adoption) is a major research challenge**

## II. Current crises and resurgence of demands on agriculture for development

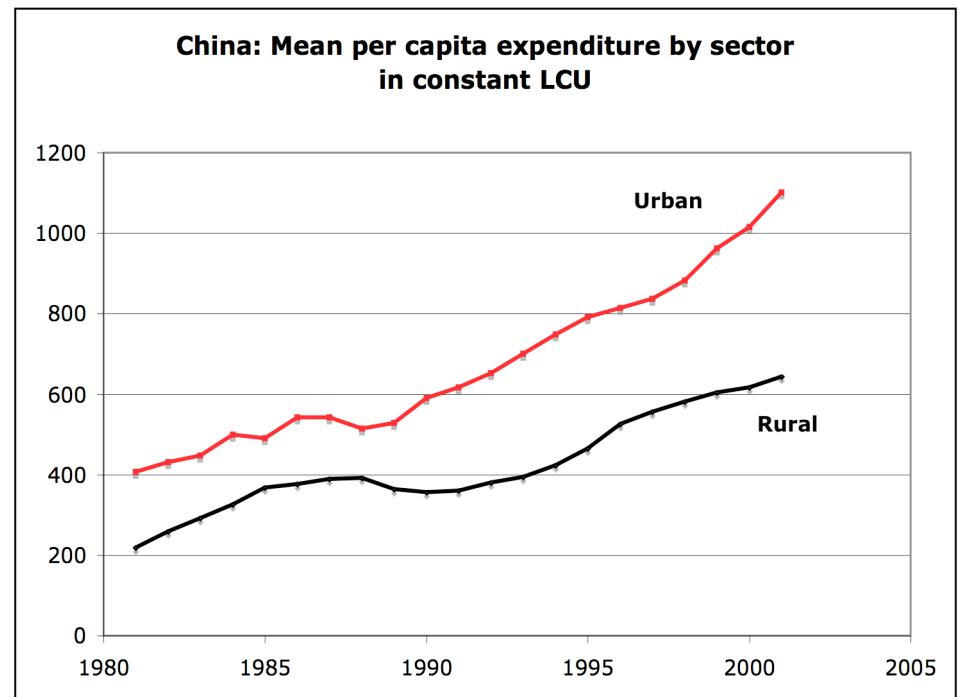
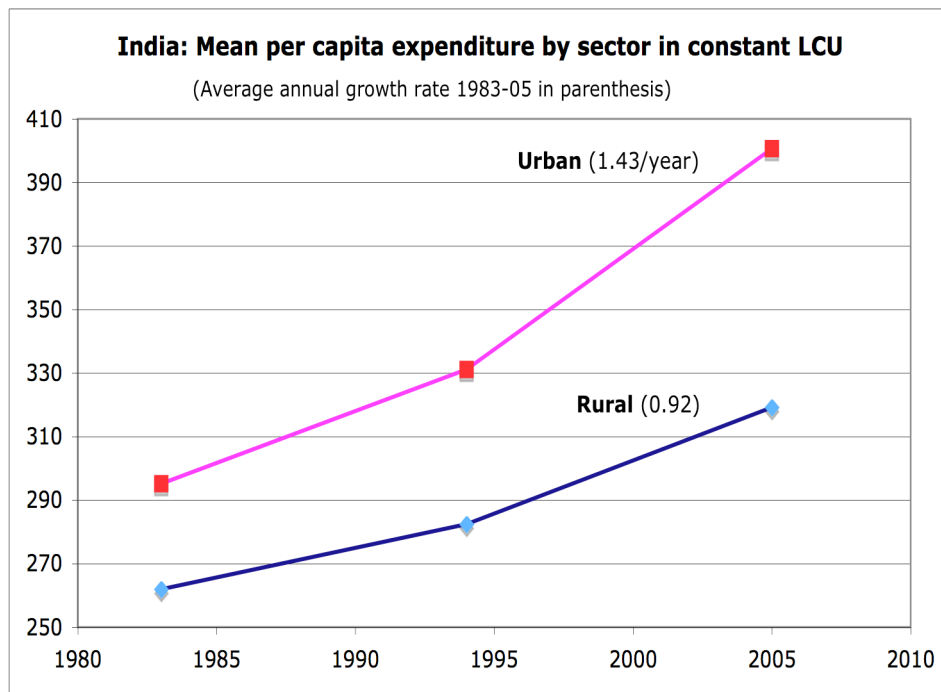
### Crisis 3: World poverty still overwhelmingly rural



**75% of world poor are still rural, and rural poverty is rising in SS-Africa and South Asia: Key to meet MDG#1**

## II. Current crises and resurgence of demands on agriculture for development

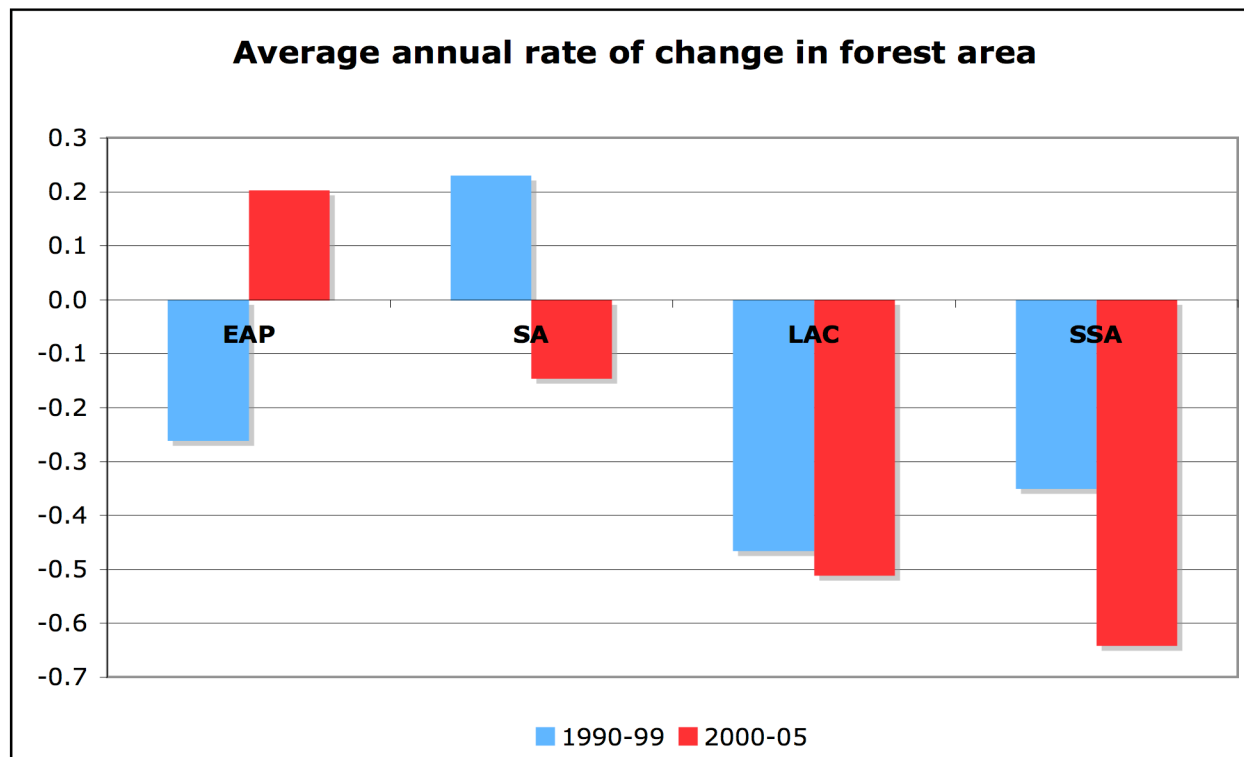
### Crisis 4: Rural-urban disparities are increasing



**Rising urban-rural income disparities in India and China as sources of political tensions**

## II. Current crises and resurgence of demands on agriculture for development

### Crisis 5: Rising resource scarcities and unmet demands for environmental services



**The rate of deforestation is accelerating in LAC and SS-Africa. Conservation agriculture, rapidly expanding worldwide, is barely adopted in Africa due to lower yields and high labor costs**

### **III. Emergence of a new paradigm of agriculture for development**

**These crises put new demands on using agriculture for development, but with no possible return to the classical paradigm for two reasons:**

**□ “Development” is no longer just industrialization (1950-60) but multidimensional (1970-)**

**•Growth, poverty/hunger, vulnerability, equity, sustainability**

**□ The structural context for agricultural growth has changed drastically**

**•Globalization, integrated value chains, technological and institutional innovations, environmental constraints**

### III. Emergence of a new paradigm of agriculture for development

Hence emergence of a new paradigm of Agriculture for Development to replace the classical paradigm

#### □ Two features of the emerging paradigm

1) Because development is multidimensional:

- Win-wins exist, but **trade-offs** are expected
- Need **priority setting** at the national level

2) Need use both the **process** and the **outcome** of agricultural growth to achieve these multiple dimensions

- Role of smallholder farming

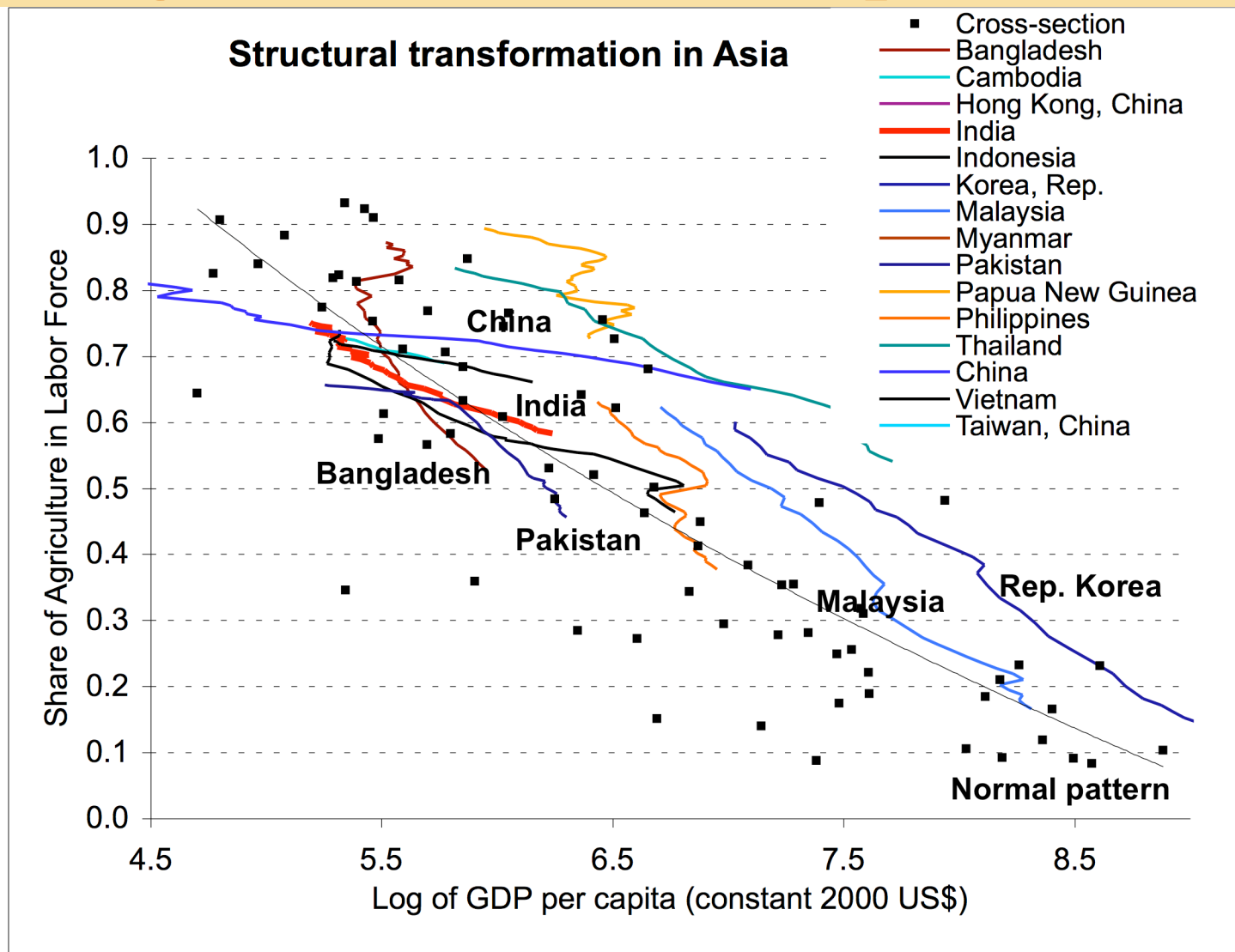
**But two barriers to overcome:**

Continued under-use of agriculture for development

Unclear how to succeed in using agriculture for development

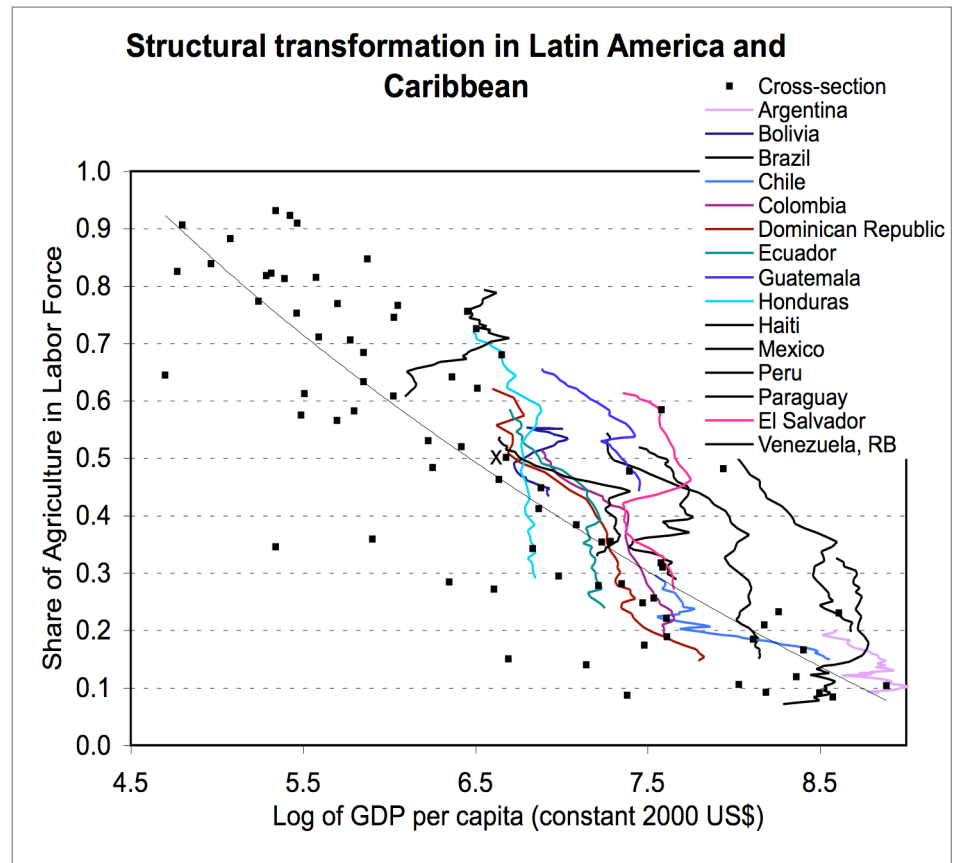
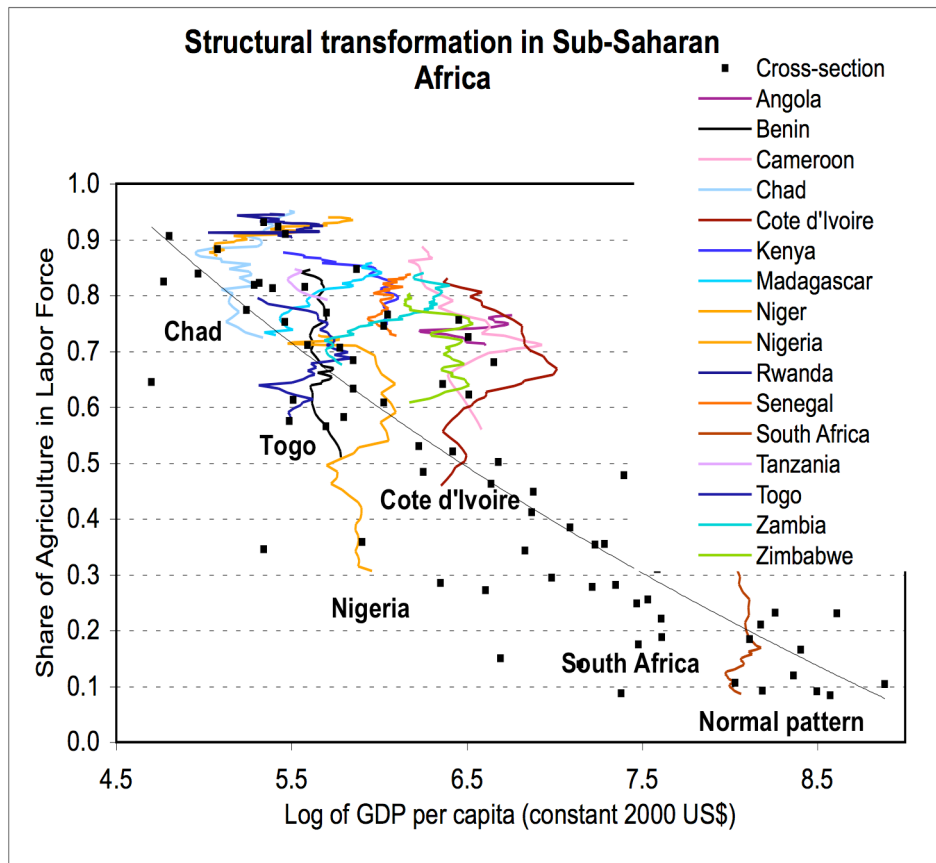


# IV. Why the continued under-use of agriculture for development?



**Successful structural transformations in Asia**

# IV. Why the continued under-use of agriculture for development?



**But agriculture is still under- and mis-used in Africa and Latin America: Labor is pushed out of agriculture without associated growth in GDP per capita**

## IV. Why the continued under-use of agriculture for development?

- ❑ Resources are being committed to a Green Revolution for Africa (NEPAD, G8, WB, AGRA), but will it succeed?
- ❑ What we know: It must be different from the Asian GR because of
  - Heterogeneity of conditions
    - Need decentralization and participation
  - Multiple effective constraints
    - Need a multisectoral approach
  - Small countries
    - Need regional cooperation

## IV. Why the continued under-use of agriculture for development?

❑ **It must be different from the Asian Green Revolution**

**In addition:**

- It must **go beyond cereals** to include high value activities
- It must deal with **sustainability and environmental friendliness**

Beyond the seed-fertilizer-water package toward agro-ecology, agro-forestry, and conservation agriculture.

- It must **address brand new challenges**

Energy prices, climate change, integrated value chains, globalization

- It must **succeed urgently** given the rapid changes in the world food situation and distress of rural populations.

➔ **Answer: Continued under-use because we do not know enough about how to do it, and are not adequately equipped to do it successfully**

# V. Conditions for success in using agriculture for development

- ❑ **Proposition: Two conditions for success in using agriculture for development**
  
- ❑ **Condition 1: Need to re-conceptualize the role of agriculture for development in the new paradigm**
  - 1) Recognize the **complementarities and trade-offs** in the multiple functions of agriculture for development
    - ❑ Define country priorities and strategy
  - 2) Design the **process** of agricultural growth to achieve development beyond market forces
    - ❑ With eventual growth opportunity costs (e.g., debate on farm size)
  - 3) Redefine the **role of the state** in support of agriculture
    - ❑ State to set social priorities among conflicting functions, overcome market failures, regulate, and engage in private-public partnerships.

# V. Conditions for success in using agriculture for development

## □ **Condition 2: Need to re-design approaches for effective implementation in the new paradigm**

1) **Experiment** with new approaches and internalize lessons for scaling up successes in policy and practice

- Derive lessons from past mistakes and identify impacts in new options

2) Fix the **governance** structure for the state to fulfill its new functions for agriculture

- Redesign ministries of agriculture to use growth for development with a territorial perspective and a role for producer organizations

3) Develop **expertise** in using agriculture for development

- At the local (decentralization), national, and international levels
- Key role of the FAO as source of world expertise in using agriculture for development

## VI. Conclusion: The way forward

### Positive developments in support of using agriculture for development: Grounds for optimism

- ❑ Greater **public awareness** of importance of agriculture for development, including poverty, gender, environment
- ❑ More attention from **politicians** to food crises, hunger
- ❑ More **resources** committed by governments, foreign aid, new players, private sector
- ❑ Many localized **success** stories

### But can we deliver?

- ❑ Do we know how to do it?
- ❑ Do we have the capacity to do it?

## VI. Conclusion: The way forward

### Guidelines for a successful use of agriculture for development: Grounds for concern

- ❑ The biggest mistake we can make is believe that it is **easy** to do and that we already **know enough** to do it.
- ❑ **Effort** must be massive, concerted, and sustained to succeed: commitments must be met and continued
- ❑ Short term political concerns with **food** must be translated into long term concerns with **agriculture**
- ❑ **New approaches** must be devised and evaluated(WDR)
- ❑ **Capacity** to effectively use the resource committed is the main limiting factor to be addressed (FAO).



## **VI. Conclusion: The way forward**

**Making the emerging paradigm of  
Agriculture for Development succeed  
is essential but still uncertain**

**It is a major challenge and opportunity  
that the international community must  
address**

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