**Module 1: Setting the Scene – Steve Wiggins**

**Abstract**

#### Introduction

From the mid-1980s onwards most donors reduced funding for agriculture. This was partly because the Washington Consensus suggested that once macro-economic conditions and the investment climate were favourable, there would be no need for specific attention to sectors; and partly because during the 1990s other approaches and sectors — including health, education, environment and gender — caught the imagination of policy makers. But it was also because evaluations of the many agricultural programmes started in the 1970s revealed disappointingly high rates of failure, while administrators saw agricultural programmes as unusually demanding in their planning and management. Agriculture was seen by many as the awkward sector.

The 2000s have seen a re-assessment, prompted by the realisation from tracking the Millennium Development Goals, that most poverty is rural and most poor households are engaged, to some degree, in farming. Rural poverty, moreover, has not been falling as quickly as it needs to, outside of the well-known exceptions such as China. Academic studies have argued that agriculture can be particularly effective in reducing poverty. While some of this comes from the direct effect of agricultural development on farmers’ incomes, as much if not more can come from increased demand for labour, strong links to the rural non-farm economy, and from reducing the price of food.

#### Policies for agricultural development: from the straightforward to the complex

At first sight the core agenda for stimulating agricultural development is easy to set out, consisting of 3 tasks:

* Ensuring an overall economic environment that favours investment and innovation — or at very least does not actively stymie them. A stable macro-economy, no undue net taxation of agriculture, security of land tenure, predictable government policy including trade rules are key point;
* Providing rural public goods: physical infrastructure such as roads, irrigation and drainage, and power supplies; social investments such as education, health care and safe water supplies; and knowledge and information including agricultural research and extension; and,
* Remedying market failures, including assigning land rights, overcoming the high transaction costs that often impeded the development of rural financial services, input markets, and deter investment, correcting for externalities, and countering monopoly power.

While some of the core agenda is straightforward, other parts are not. One way to appreciate this is to split the agenda between those things that are relatively straightforward, proven, generally agreed; and those things that are more complex, where universal solutions are elusive, approaches are disputed, and where innovation, adaptation and tailoring to context matter. A second division can be made between policies and investments to produce the following schema.

Different challenges in agricultural and rural development

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|  | **Policies** | | **Investments & Programmes** |
| **Straightforward**  **Relatively simple; proven; low risk; widely agreed** | Stable macro-economy  No disproportionate tax on farmers whether direct and explicit or indirect  Commitment to improving the investment climate;  Inclination towards more open trade both with the world and especially with neighbouring countries. | Agricultural research  Roads  Rural education  Primary health care  Clean water  Irrigation (usually preferably small-scale and locally owned). | |
| **Complex**  **More difficult; high risk; complex; disputed**  **Needs innovation and adaptation** | Extent to which development needs kick-starting by offering additional support to farmers, such as subsidies on inputs and credit, or by protecting some activities from competition from imports  Setting development strategies, in fragile states when needs are many, resources few and capacity low | Deal with market failures, including those of high transaction costs and co-ordination failures, countering monopoly power, through institutional innovation  Promote rural financial systems  Reduce risks faced by poor rural households  Conserve natural resources  Promote more equitable gender relations  Protect land rights, promote tenure that is both fair and efficient  Balance public investment between higher and lower potential areas. | |

While the straightforward can be tackled by conventional [‘blueprint’] planning, the more complex things need more of a learning process [see Korten 1980] — that is an approach that stresses innovation, monitoring, learning, and re-planning in the light of emerging information.

Conceptually, this is not hard: but the organisational culture of most Ministries of Agriculture and many aid donors does not fit with the learning process — a professional and competent agency, it is thought, has no need to indulge in trial and error, it simply has to apply professional skills to get it right first time. This, of course, would be true if only we had a decent understanding of the workings of particular rural systems. But we don’t. The history of agricultural and rural development repeatedly tells of development programmes encountering unexpected obstacles and producing unintended outcomes: good managers then adapt their programmes accordingly — if they are allowed to.

Complexity most affects remedying market failures. It is not surprising, then, that one of the liveliest debates on agricultural development in Africa has arisen over the extent of these failures and the measures needed to overcome them. To simplify, there are two very different positions taken. On the one hand, some see market failures as both pervasive and severe in rural areas. Consequently poor people are trapped in their poverty, since they cannot access the credit, inputs, knowledge that would allow them to work themselves out of poverty. If such poverty traps exist, then vigorous state action is indicated to break the vicious circle — as seen with the approach taken in the Millennium Villages and in Malawi’s reintroduction of heavy subsidies on fertiliser. On the other hand, however, are those who recognise that market failures do occur but who do not see them as so severe as to prevent poor households from climbing out of poverty. They question the need for costly public action to remedy markets failures, look more to institutional innovations, largely driven by private initiatives; and prefer to use public investment for public goods.

#### Further complications: sequencing

A further complication is that in many low income countries the list of things to do is dauntingly large, while initial capacity of both public and private sectors is limited. Hence development efforts need to be sequenced. Economics does not provide much guidance on this. One approach to this (Dorward et al. 2004) suggests the following three stages, thus:

1. Establish the basics: roads, irrigation, research & extension, possibly land reform ⎯ that create the conditions for profitable intensification;
2. Kick-start the markets by making seasonal finance, input supply, and reliable output markets through state action. This will increase use of inputs and amount marketed to a point where working with farmers becomes attractive to private firms; and,
3. Withdraw the state as and when effective private sector agents enter the markets.

#### Different contexts, tailored approaches

Farming takes place in many different physical environments, societies and polities: it is unusually affected by local circumstances. So agricultural development strategies need to be tailored to context. Key differences include those of gender of farmer — since women farmers are often disadvantaged, geography, and in social differentiation that is often surprisingly high within villages even in areas where there is no split between landlords and the landless.

Social differences are often less well appreciated than other distinctions. Certainly in Africa, discussions tend to consider ‘small farmers’ as though they were homogeneous. In accommodating the different needs of different social groups, Dorward (2009) proposes three paths out of poverty:[[1]](#footnote-2)

* Stepping up: intensify farming through improving transport, facilitating access to inputs and credit, investing in technology and through farmer organisation;
* Stepping out into the non-farm economy by more education and skills, better health care, and providing potential migrants with information on opportunities, conferring on them transferable rights as citizens and facilitating remittances; and,
* Hanging in, providing social protection for those who have few assets and options, investing in technology for food staples to allow them to make best use of their small plots, and making sure that the next generation get a better start than their parents through primary health care, infant nutrition, and schooling.

This formulation resolves, at least in part, some contentious current debates. While for those farmers intensifying production, increased use of external inputs such as commercial seed and manufactured will often be appropriate; this may not apply to the very poor and near-landless, where technology needs to be developed for food staples that saves labour and makes limited use of external inputs. The rural non-farm economy is complementary to agricultural development rather than being an alternative. Social protection is an important way to deal with chronic poverty, but not the only measure. It also highlights the role of the urban economy: rural areas and urban centres are linked by demand from urban areas for agricultural produce, supply of inputs for farmers, and by opportunities for households to diversify by migrating to urban areas.

#### Yet more complications: a wide agenda

The core agenda of agricultural and rural development, to create growth, reduce poverty and hunger is already broad. But there are compelling pressures to demand that policies and programmes are congruent with other priorities as well. A list of other requirements can be lengthy, as the following considerations are often added:

* Conserve environment, ensure sustainability in the face of:
  + Land degradation, land use change, deforestation;
  + Loss of biodiversity;
  + Climate change; and,
  + Water scarcity
* Include excluded & marginalised groups, including working to encourage, strengthen the capacities, and empower civil society actors to participate in policy making in agricultural and rural development
* Promote and ensure gender equity
* Promote regional equity
* Rebuild fragile states
* Reduce the incidence of HIV/AIDS, TB, malaria & other diseases
* Reduce risks and disasters [DRR]
* Ensure food security, and in some cases food sovereignty; and,
* Promote appropriate and participatory knowledge and innovation systems.

These sorts of additional requirements are especially common for aid donors, owing to numerous domestic constituencies adding their demands to the list.

Moreover, the list is not going to be reduced in the near future. On the contrary, some elements are likely to become ever more important as the world economy confronts some major transitions in which agriculture could play a key role. These include:

* Economising on water — 70% of human water is reckoned to come from irrigation;
* Reducing GHG emissions — as much as 30% of current emissions come from agriculture and land use change, largely to create more farmland, while agriculture is just about the only sector of the economy that can get close to zero net emissions thanks to carbon sequestration; and,
* Climate change that will hit agriculture particularly hard: ways to adapt have to be found.

These transitions have to take place while output is increased to meet the needs and demands of a growing and more affluent population.

This may seem a daunting agenda, but the prize is clear: if these transitions can be made successfully in agriculture, our sector will have made a major contribution to a sustainable — and indeed liveable — world for future generations.

#### Learning

Finally, since it is clearly not that straightforward to plan and implement agricultural development, there is a premium on learning from the very many experiences seen so far. There is an evaluation deficit: only a fraction of government and donor programmes are evaluated, and even then not all of these are published. Most NGOs do even less evaluation.

To illustrate the frustrations of this point, consider Africa where most of the debate is framed in terms of disappointments with agricultural development. This can suggest that there is something in the geography or history of Africa that is uniquely unfavourable for agricultural development. But the evidence suggests otherwise: there are plenty of examples of success in agricultural development across the continent — not enough, to be sure, but they exist. How many people know that since the early 1990s, most (17/top 30) of the world’s fastest growing agricultures are African? How many know that Burkina Faso has increased its cereals output since the early 1960s by the same multiple as one of the stars of the Asian green revolution, Vietnam? If some African countries can have agricultural development, then it is not geography or history that makes the difference, but policy. There is more that African countries can learn from their neighbours than is commonly imagined.

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1. The World Bank (2007) proposes three paths: farming, labour and migration. The first corresponds to stepping up, the other two to stepping out. [↑](#footnote-ref-2)