

Chairperson’s Summary: Committee on Development Effectiveness (CODE)

On October 3, 2007, the Committee on Development Effectiveness (CODE) considered the report *World Bank Assistance to Agriculture in Sub-Saharan Africa: An IEG Review*, prepared by the Independent Evaluation Group (IEG), together with the Draft Management Response.

Background

CODE considered the IEG evaluation *World Bank Support for Capacity Building in Africa* on March 23, 2005. IEG also prepared the special study *The World Bank’s Assistance to Agricultural Water Management* (1994–2004), dated July 7, 2006.

The draft *World Development Report 2008: Agriculture for Development* was discussed by the Board on June 12, 2007, and is scheduled to be launched on October 19. The main message is that agriculture remains a fundamental instrument for development, and that in Africa this requires addressing constraints to agricultural productivity among smallholders—both those engaged primarily in subsistence and those already commercially active.

IEG Report

The IEG review was primarily meant to provide timely evaluation insight into the implementation of the Bank’s renewed focus on agriculture in Africa, especially as embodied in the Africa Action Plan. It will also help design the framework for the proposed IEG study of Bank-wide assistance in agriculture scheduled for fiscal 2009.

The study assesses the development effectiveness of World Bank (WB) assistance in addressing constraints to agricultural development in

Sub-Saharan Africa over the period of fiscal 1991–2006. The study notes that the agricultural sector has been neglected both by governments and the donor community, including the World Bank. It finds that the Bank’s limited and, until recently, declining support has been largely piecemeal and “sprinkled” across several critical areas such as research, extension, credit, seeds, roads, and policy reforms, but with little recognition of the synergy between them. As a result, though there have been areas of comparatively greater success—research, for example—results on the ground have been limited because of weak linkage with extension and limited availability of critical complementary factors such as fertilizers, water, and market access. Poor governance and conflict in several countries, weak institutional capacity, and inadequate government appreciation of the importance of agriculture in development, as well as insufficient coordination of donor efforts, have been factors in the continent’s poor agricultural performance.

The study also finds that the Bank’s technical skills to support agricultural development have declined over time and that its analytical work has been limited, of variable quality, and has not strategically informed lending program design or policy advice. The study recommends that the Bank should: (i) Support improvements in agricultural productivity by helping design

mechanisms that can bring various factors such as improved seeds, water, credit, and good extension advice, among others, to farmers in a coordinated manner; (ii) Focus on improving its own capacity to adequately support agricultural development by increasing the quantity and quality of analytical work to help set country-level priorities and ensure that policy advice and lending are grounded in its findings and by rebuilding its technical skills; (iii) Improve its data systems to better track activities supported by the Bank and strengthen M&E to report accurately on project activities in various countries.

Draft Management Response

Management agrees with the broad directions of IEG's findings and recommendations and is already putting many of them in place. Management's ongoing strategic exercise to identify and dimension comprehensive agricultural programs informs the CAADP Roundtables and assists our clients in designing their own programs. Management differs from IEG in some areas of emphasis. The IEG review attributes lagging growth to constraints associated with agro-ecological diversity, poor soils, variable rainfall, and frequent droughts. Management agrees, but also notes that both technical and broader economic and institutional factors affect performance. Management finds that IEG's recommendations address issues that are important for advancing agriculture in Africa but that several specific recommendations (for example, assure timely access to inputs) require further elaboration before they are actionable. Management is supporting the needed elaboration under the ongoing assistance to countries in the definition of comprehensive programs. Management differs from IEG in placing greater weight on country ownership of programs and harmonization with other development partners.

Overall Conclusions

Members welcomed the timely discussion of this study and on agriculture in Africa, particularly its anticipated inclusion as a main message of the president for the Annual Meetings, and the renewed emphasis on agricultural development

in economic growth and poverty reduction. Members found the discussion complemented well the 2008 *World Development Report* (WDR), Africa Action Plan, and work toward the MDGs. Members stressed the need to ensure that the Bank has an integrated agricultural approach to address systemic issues, identifying binding constraints within different country contexts, and addressing urgent needs of African poor countries with a multisectoral and multifaceted approach. There was consensus on the need for realistic goals for Bank involvement and appropriate balance between analytical work and policy advice. Directors also supported the efforts to revitalize the Bank's engagement based on its comparative advantages in promoting agricultural development, but with clear coordination and cooperation with other development partners such as the FAO.

Members commented on the need to include governments' views, define the public sector role vis-à-vis the private sector, and adapt to the global aid architecture and advance the implementation of the Paris Declaration, avoiding fragmentation of assistance. They also stressed the importance of addressing governance issues, corruption, and land tenure, while recognizing the social, economic, and political sensitivity of this issue. In this vein, while agreeing on the need for a country-owned and demand-driven approach, members expressed diverse opinions about the Bank's role and involvement. Members also stressed the adaptation to climate change, access to credit for small farmers, and development of innovative financial instruments, particularly for risk management, as well as the importance of addressing the trade agenda. Other issues that resonated with several participants were: financial resources needed, use of trust funds, and the role of IDA lending and grants; development of technology and technology transfer; categorization of countries, taking into account specific levels of development; institutional capacity and sustainability of policy reforms; and cross-sectors such as infrastructure, transport, water, access to markets, and the gender dimension.

Next Steps

There was a request for an update on the Rural Development Sector Strategy, which management indicated had been last discussed in the 2005 Sector Strategy Implementation Update. Members looked forward to considering the proposed IEG study on Bank-wide assistance in agriculture in fiscal 2009, although a few speakers requested earlier consideration of this report.

The following main issues were raised during the meeting:

The agriculture sector in Africa

Members stressed the importance of the agriculture sector for Africa, its contribution to growth and poverty reduction, and in reaching the Millennium Development Goals (MDGs). They agreed with IEG that agriculture was largely neglected by governments and donors, and noted that the Bank's investment lending to the sector has been relatively low. A few members noted that the agriculture problem goes beyond the Africa Region. One of them sought further information on outstanding lending volume. *Management responded that the Bank's Africa agriculture portfolio of 49 projects is \$2.2 billion. New loans, credits, and grants for the last two years (fiscal 2006 and 2007) exceeded \$550 million each year; an 80 percent increase compared with the average for fiscal 2001 to 2005.*

Bank contribution

There were comments on the need for enhanced and scaled-up Bank support for agriculture in Africa, a request for a proposal for streamlining the Bank's engagement, and a status report on activities for raising agricultural productivity in the Region. A member emphasized the need to consider agriculture in Africa in the context of the World Bank Group's Long-Term Strategy Exercise, led by the chief economist. Relatedly, the Bank Group should maintain coordination and consistency in country programming. A question was raised on whether there was a need to look at organizational aspects and management systems in the Bank.

Bank's strategic approach

Members stressed the importance of a fully integrated agricultural approach, while ensuring cross-sectoral fertilization. They proposed integration of other sectors, particularly those associated with rural poverty: nutrition, health, and education and infrastructure and transport linked to market access. There was a need for a holistic approach to address systemic issues. Relatedly, a multifaceted approach was also needed given the complexity of this sector. A number of speakers requested maintaining consistency with the WDR, particularly its emphasis on the need to increase the productivity of smallholders and on improving governance.

Thematic performance

Some speakers felt the IEG study should have analyzed further the importance of gender, including recommendations on how to better align gender with the Bank's assistance. Several members stressed the importance of the Bank's engagement in land tenure and sustainable land management, while recognizing the political and social sensitivity of the matter and acknowledging that this is a country-driven process. Many speakers noted that the Bank has a role to play in promoting adaptation to climate change, responding to droughts, and improving infrastructure, including transport, roads, and water management. Relatedly, one member noted that the Bank does not have a comparative advantage in the agriculture processing industry and market-oriented products. The Bank should continue to scale up direct investment in irrigation, extension, and provision of fertilizers and improved seeds. Technology development and technology transfer for increasing productivity were also relevant. The need for new knowledge and institutional capacity, including for smallholders, as well as sustainability was also cited. There were also comments on the importance of farmers' access to credit, development of microfinance, and risk management instruments. In this vein, a speaker noted the importance of IFC's role in agricultural finance.

Aid architecture

Several speakers commented on the Bank's role and comparative advantage in the agriculture sector vis-à-vis other development partners. A few felt the Bank could play a coordination role in some areas such as donor financing or other commitments such as the implementation of the Paris Declaration on alignment and harmonization. One member noted the importance of aligning with the FAO and IFAD, which have recently conducted evaluations of their agriculture strategies. Others stressed the need for the Bank to integrate contributions from other entities such as CGIAR and national research centers. The high fragmentation of Bank and donor assistance in this sector was also mentioned.

Country focus

Some members stressed the importance of the demand-driven approach, based on a country's own prioritization. The Bank should help countries identify the binding constraints in the country-specific context. In addition, there was a need to address the role of the public sector vis-à-vis the private sector in the economy. Caution in promoting liberalization of the agriculture sector was requested. One member proposed making specific assessments based on the categorization of countries. In this regard, countries could be identified as predominantly agrarian societies, resource-rich, or relatively advanced, such as South Africa. This member felt the study could have benefited from views of country authorities, while noting that staff views were more on internal factors.

Analytic work

Some members stressed the need to focus on the Bank's comparative advantage in analytic work and policy advice. In this regard, some speakers felt that there are numerous studies,

and the Bank should specialize in what it does well; that is, project management and monitoring and evaluation. One speaker felt the IEG study could have covered WBI activities—the nexus between research and implementation. *Management responded that analytical work under the agriculture pillar of the Africa Action Plan continues to be important and is being designed to be more strategic and quality-oriented. It also noted that monitoring and evaluation is integral to the Africa Action Plan, particularly in measuring productivity.*

Financing and staffing

Some speakers stressed the importance of ensuring appropriate human and financial resources, including through IDA, trust funds, and grants to address the agricultural challenges of the poorest African countries. One member regretted the progressive decline in the staff's technical skills, although welcoming management's efforts and recently undertaken organizational changes. A few members sought further clarification on the different number of technical experts presented by management and IEG. *IEG clarified that it drew on human resources data, which show that technical skills have declined since 1997. Management noted that 37 out of 79 staff (47 percent) were decentralized. Management also said that it was undertaking a comprehensive skill-mix review.*

Data

One member sought clarification on the divergence between management and IEG aggregated figures and country data. *IEG noted that while both IEG and management drew on World Development Indicators, management drew on aggregate growth rates, while IEG presented data by three categories of country performance.*

Jiayi Zou, Chairperson