

# **DFID – E-Forum New Directions for Agriculture in Reducing Poverty**

## **GROWTH AND POVERTY:**

**Moderator Team:** Alex Duncan and Gareth Williams

## **Synthesis of key outputs**

### **INDEX**

[Objective and Key Questions](#)

[Key Questions Asked](#)

[Theme Outline](#)

### **Moderators' Messages and Summaries**

[Welcome, note, 30 March 2004](#)

[Summary, 26 April 2004](#)

[Note, 29 April 2004](#)

[Summary, 1 May 2004](#)

[Summary, 10 May 2004](#)

[Summary, 20 May 2004](#)

[Summary, 3 June 2004](#)

[Final Summary, 9 June 2004](#)

[The Entire Theme Archive](#)

## Objective and Key Questions

The consultation aims to seek views, opinions and examples of innovative and established practice in order to inform future DFID policy and investment. Your moderator will lead the debate with the short introductory paper below, provide regular summaries and guide the dialogue.

### Key Questions Asked:

**What is the role and contribution of agriculture within growth and poverty reduction? How might DFID's programme and policy best provide support?**

### Theme Outline – prepared by Alex Duncan, 30 March 2004

Contributors are invited to address this theme in whatever way they see fit. However, as an aid to stimulating ideas and to a coherent debate, this note suggests considering three linked questions. Based on a first round of responses, the moderators will identify main strands for further debate.

#### **1. Looking forwards in a changing world to the contribution that agriculture can make to reducing poverty, what are the opportunities and threats?**

Subsidiary questions might include:

- **How is the context changing?**
- Simon Maxwell sets out seven statements (pp.1-2 of the launch paper 'New Directions for Agriculture in Reducing Poverty') about how the world is changing. Some of these are deep-seated environmental or institutional factors (e.g. global markets) that are only partially under the influence of national governments, whether in the developing or developed world. Others are to do with the ways that governments (and aid agencies) act.

Are Maxwell's statements right and relevant? Are there other changes that are at least as relevant to agriculture? The threats get much attention: is there a risk of over-emphasising them at the expense of opportunities, whether resulting from technology, markets, or scope for diversification?

- **Overall, is the conventional wisdom that 'agriculture is the primary motor of growth and poverty reduction in the poorest countries' still valid, and will it remain so? Which aspects of agricultural (or rural) development need emphasis in the coming years?**

Because poverty is generally seen as a multidimensional phenomenon (involving income poverty, lack of rights, disempowerment, vulnerability, and so on) it might be useful to think about how different dimensions of

poverty are affected by agricultural development, and for whom. What patterns of agricultural development will have most impact? Maxwell's paper sets out some propositions. Do you agree?

What are the linkages between agriculture, growth and poverty reduction? Is there anything specific about agriculture that makes it more poverty-reducing than are investments in other sectors? What evidence is there from the past about the strengths of these linkages? What types of investments are likely to deliver the greatest benefits in terms of growth and poverty reduction? A whole range of options could be considered including land reform, research and extension, investment in high potential areas or low potential areas, smallholder vs commercial farm strategies, etc. How good is the base of the evidence for any propositions?

**2. What are the implications for the types of intervention that are appropriate at different levels (global, national and local) by different types of actors (public, private and civil society)?**

- **If agriculture is so important, why did it fall off the map – and how can this (or should it?) be prevented from happening again?**

Those who ignore history are condemned to repeat it. One argument is that from around 1980 macro-economic crisis forced attention towards stabilisation and adjustment, and away from projects and even sectors, including agriculture. Another is that the poverty agenda, and PRSPs, have led to the 1970s Tanzania error --- an over-emphasis on unaffordable social services, and a neglect of investments and institutional measures to stimulate economic growth--- compounded by new thinking about the role of the state that constrains the scope for support to agriculture. Yet another is that many interventions around agriculture and rural development failed during the 1970s and 1980s, undermining the case for such spending.

- **What do we know about what works? What are the approaches, and even specific examples, that offer positive lessons?**

In a changing context (including market changes, new approaches to development, to public administration and to aid management, and successful developments in many parts of the world) what are the positive lessons that may be drawn for agriculture in those parts of the world where the problems are deepest? Are there approaches (for instance multi-functionality, revisiting the case for subsidies, intergenerational perspectives, environmental credits) that supplement or replace market-led strategies and that should be given more attention?

Or are we wasting time in looking for yet more examples of 'what' to do? Are the roots of the problems to be found in power relationships, political and social weakness, and adverse incentives, and to only a limited extent in lack of investments and capacities?

- **What are the main institutional or other weaknesses at the global level that need attention? What positive changes can be proposed?**

Relevant institutions include those covering trade, global agricultural research, and intellectual property rights, as well as the governance of multilateral organisations.

Are new institutions or organisations needed?

**3. How can DFID be more effective in getting poverty-reducing agriculture going? What should it do, or not do, to support policies, programmes, investments and processes?**

- **Should DFID give greater priority to agriculture, and, if so, what principles and considerations should guide it?**

Or does any such case reflect not so much the evidence, as special pleading by interest groups?

- **How does, or should, DFID relate to those other elements of the international system that have a role in promoting agriculture's role in poverty reduction and economic growth?**

DFID has limited financial and human resources, but the UK government also has other instruments and levers of influence. Some of these relate to aid, others to trade, the environment, and conflict resolution. What strategic choices might DFID, and government more broadly, make over how best to deploy these in support of agriculture?

- **Are there new ways in which DFID might work in priority countries and regions?**

In the context of PRSPs, its own Country Assistance Plans, and the range of instruments available (partnerships with the private sector and civil society, direct budget support, public expenditure and administrative reforms, sector programmes, and projects, etc.), are there changes to DFID's modus operandi that would raise the effectiveness of its support for agricultural development?

## **Welcome to the Agriculture Forum debate on growth and poverty, from Gareth Williams and Alex Duncan – 30 March 2004**

Dear all

Welcome to debate on the role and contribution of agriculture within growth and poverty reduction, and on ways in which DFID's programmes and policy might best provide support. We are looking forward to a lively set of contributions.

If you haven't already done so, please take a moment to look at the note on the website for theme 1: <http://dfid-agriculture-consultation.nri.org/theme1/theme1.htm>

You are invited to address this theme in whatever way you see fit, but you may want to frame the discussion initially around three main questions, taking into account some subsidiary ones, as follows:

1. Looking forwards in a changing world to the contribution that agriculture can make to reducing poverty, what are the opportunities and threats?
  - How is the context changing?
  - Overall, is the conventional wisdom that 'agriculture is the primary motor of growth and poverty reduction in the poorest countries' still valid, and will it remain so? Which aspects of agricultural (or rural) development need emphasis in the coming years?
2. What are the implications for the types of intervention that are appropriate at different levels (global, national and local) by different types of actors (public, private and civil society)?
  - If agriculture is so important, why did it fall off the map - and how can this (or should it?) be prevented from happening again?
  - What do we know about what works? What are the approaches, and even specific examples, that offer positive lessons?
  - What are the main institutional or other weaknesses at the global level that need attention? What positive changes can be proposed?
3. How can DFID be more effective in getting poverty-reducing agriculture going? What should it do, or not do, to support policies, programmes, investments and processes?
  - Should DFID give greater priority to agriculture, and, if so, what principles and considerations should guide it?
  - How does, or should, DFID relate to those other elements of the international system that have a role in promoting agriculture's role in poverty reduction and economic growth?
  - Are there new ways in which DFID might work in priority countries and regions?

Depending on your responses and contributions, after a week or two the moderators (Gareth Williams and I) will suggest priority areas for further rounds of the discussion.

Many thanks.

## Summary – prepared by Gareth Williams, 26 April 2004

Dear participant,

Welcome to the first weekly summary for the growth and poverty mailing list. I will be moderating this discussion group jointly with Alex Duncan.

Firstly, I would like to thank everyone who has contributed so far. The discussion has been busy right from the beginning, and it is most encouraging that we already have twenty excellent contributions. I am sure that we will build further momentum as the discussion proceeds over the next three weeks.

In the short space available it is only possible to summarise some of the key themes that are emerging. It is inevitable that some of the richness and breadth of the discussions has been lost. I would therefore encourage readers to keep referring to the website where the original contributions have been archived: <http://dfid-agriculture-consultation.nri.org/maillists/growth-and-poverty/maillist.html>

I would like to highlight six groups of linked questions that have been the focus of the discussion so far:

- \* How does agriculture contribute to pro-poor growth and what are its limitations? How do the linkages between agriculture, growth and poverty vary in time and space? Is it helpful to focus on agriculture alone in considering what drives pro-poor growth, or is a multi-sectoral view essential?
- \* Have we paid enough attention to the extent of self-provisioning in agriculture? Does this make a difference to our understanding of agriculture, growth and poverty linkages, and what are the implications for development policies?
- \* What are the linkages between agriculture, hunger and nutrition, and how does this in turn affect growth and poverty?
- \* How is the context of agriculture changing? How does this affect linkages between agriculture, growth and poverty, as well as policy priorities?
- \* Should a focus on the intensification on smallholder farming be the main priority for donor support within the agricultural sector?
- \* Is the problem simply to raise investment, or do we need to think more deeply about problems of governance, organisation and administrative capacity that prevent resources reaching poor farmers?

1) How does agriculture contribute to pro-poor growth?

Many participants have responded to Simon Maxwell's questioning of the 'conventional wisdom' that 'agriculture is the primary motor of growth and

poverty reduction.’ The range of viewpoints expressed suggest that issue is not clear cut, and that the answer may be that ‘it depends’. Andrew Dorward argues that agriculture plays a different role in poverty reduction at different stages of the development process. He suggests that the particular role of agriculture has been to kick-start poverty reduction at an initial stage of development when improvements in staple food productivity have occurred. This has led to improved nutrition, real incomes, economic activity, and institutions that have provided a platform for subsequent growth. These later stages of growth may be associated more with non-agricultural sectors and more rapid poverty reduction.

Buddhika Samarasinghe and Sunil Sinha express a rather different (although not necessarily opposing) view that agriculture alone is not able to deliver large-scale poverty reduction. Where agriculture has played a significant role in reducing poverty, this has mainly been through linkages with other sectors - for example, the effect of rising agricultural productivity on raising wage levels in the industrial sector. It is argued that the pattern of growth and linkages between agriculture and other sectors need to be understood in particular contexts.

Several contributors have pointed to spatial differences in how agriculture contributes to poverty reduction and growth. Paul Mundy has commented on the diversity of agricultural systems and the need to avoid a ‘one size fits all’ approach. Buddhika Samarasinghe and Sunil Sinha point to significant differences between Asia, Africa and Latin America in the pattern of growth and linkages between agriculture and other sectors. Referring to the case of India, Bhuban Barah emphasises the heterogeneity of farming systems at the country level. Andrew Dorward argues that the favourable conditions that allowed the green revolution to reduce poverty and stimulate growth in south Asia are not present in today’s poor rural areas (i.e. areas with low agro-ecological potential, low population densities, and a high incidence of HIV/AIDS).

Keith Reed has helpfully suggested that the ability of agriculture to contribute to growth and poverty reduction depends on presence of certain preconditions (e.g. infrastructure, and good policies). It may be fruitful for the discussion group to consider further what these preconditions might be. In his introductory article Michael Lipton provides a list of three preconditions (adequate incentives, fairly equal access to land and water, and improvement in employment intensive farm technology). Andrew Dorward has also provided a list of five necessary conditions for starting pro-poor agricultural growth.

Moving the discussion forward.

I sense that there is going to be a lot more to say on the role of agriculture in pro-poor growth, and that we will end up with a rather nuanced, rather than black and white, understanding. It would be good to hear more about how agriculture-growth-poverty linkages have varied between countries and time, and how agricultural development has affected other sectors and has reduced poverty through indirect mechanisms. The policy implications of these distinctions need to be fully explored.

2) What is the significance of ‘self provisioning’ to debates about agriculture, growth and poverty reduction?

Andy Bullock has contended that the introductory papers have not given enough attention to the fact that the majority of the African poor rely mainly on self-provisioning (i.e. subsistence farming). His views are echoed by several others. Berthold Seibert described the realities of rural development in Sichuan Province, China, where farmers’ priorities are to secure subsistence production rather than to face the risks of participating in tricky agricultural markets. Andrew Macmillan

argues that we cannot rely solely on market-driven solutions, but need also to empower families who remain largely disconnected from markets and services.

Moving the discussion forward.

I expect that there is rather more to discuss about the extent of self-provisioning in agriculture, and how this effects growth and poverty linkages. To what extent is self-provisioning a cause of poverty and low growth, or is it simply a response to constrained opportunities for diversification and growth? Should donors and governments push commercialisation as an essential first step in poverty reduction, or should, as Berthold Seibert has argued, we recognise the risks of agricultural markets and aim to secure subsistence needs first? What is it that prevents farmers engaging in commercial production? Are specific strategies required to support self-provisioning farmers?

3) What are the linkages between agriculture, hunger and nutrition, and how does this in turn affect growth and poverty?

Andrew Macmillan has referred to research evidence on the links between improved nutrition and economic growth. He suggests that agriculture has special relevance because there are significant economic benefits to be reaped by raising the adequacy of food consumption levels of the most undernourished. In the context of self-provisioning mentioned above, the links between agriculture, nutrition and poverty reduction would appear to be particularly direct and significant.

Per Eklund echoes these themes and calls for greater use of nutritional indicators (in particular, stunting) to assess progress in tackling hunger and poverty.

Moving the discussion forward. Again I think that these contributions raise a lot of questions on which further discussion would be very welcome. Does the recognition of nutrition-growth linkages imply that agriculture's contribution to growth and poverty reduction may be greater than previously thought? Does the use of different indicators to measure poverty (e.g. consumption measures vs anthropometric measures) imply rather different development priorities? Does a focus on hunger and nutrition objectives require a greater priority to be given to agriculture?

4) How is the context of agriculture changing? How does this affect our understanding of the linkages between agriculture, growth and poverty?

An interesting contribution from Mark Meassick looks at the changing context of agriculture. He identifies a shift away from a sole focus on primary production towards integration of the whole value chain 'from farmer to fork'. The economic contribution of agriculture has tended to be undervalued because only primary production has been considered. If the whole value chain in the food industry is measured then agriculture's contribution to GDP appears much greater. Mark Meassick also discusses arguments about the 'multifunctionality' of agriculture, and considers that arguments about environmental and social contributions have some validity, although these are often used as a ploy to maintain subsidies. The increasing diversification of employment and income sources in rural areas is an important trend that means that we can no longer take it for granted that smallholders have excess labour. In this context labour saving technologies are becoming increasingly relevant - a different point of view to Michael Lipton, who calls for employment intensive farm technology.

Moving the discussion forward.

I hope that other contributors will also take up the theme of the changing context of agriculture. This is a major theme of Simon Maxwell's article, which makes numerous predictions on the future of agriculture. It would be useful to engage further with each of his points, and to consider implications for pro-poor growth.

5) Should a focus on the intensification on smallholder farming be the main priority for donor support within the agricultural sector?

This is one of the main points of contention between the Simon Maxwell and Michael Lipton's introductory papers. It has also been an important theme of the discussion in this group. The majority view appears to be that a focus on smallholder agriculture is required. Christie Peacock has posted a FARM-Africa policy paper on the website that argues that the sustainable intensification of smallholder agricultural production should be a key component of national anti-poverty strategies in most, if not all, countries of sub-Saharan Africa. Andrew Dorward, has suggested that almost all historical examples of mass poverty reduction have started with rises in productivity in small family farms.

While recognising the role of small farms, their limitations have also been discussed by several contributors. Dick Tinsley, discusses three specific problems with small farm agriculture: risk aversion, constrained and sub-optimal decision making and labour constraints. A priority emerging from these problems is to make mechanisation available to smallholders. Andrew Dorward has responded to these ideas and has posed a series of questions that may spark an interesting debate.

Several contributors including Christie Peacock, Dick Tinsley and Andrew Dorward have discussed the specific problems faced by smallholders in marketing their produce. An interesting debate on the relative merits of cooperatives and private traders has begun. While I would encourage this debate, it could also be held within the 'economic opportunity' discussion group, which specifically addresses the question of making agricultural markets work for the poor. The key issue for this group is whether marketing problems faced by smallholders compromises their contribution to growth and poverty reduction. For example, can smallholders compete in today's tightly integrated supply chains, where supermarkets demand increasingly tough quality and traceability requirements?

Moving the discussion forward.

There is probably going to be a lot more to say on these issues, in particular to address Simon Maxwell's concerns about the viability of small farms and his predictions of their decline. What evidence is there to support or refute such claims? In what conditions might a small farm model of development be appropriate, and in what conditions is it not? How can donors support small farm development effectively? This question is particularly pertinent in the light of Berthold Seibert's contribution, and Vinay Chand's assertion that 'small farmers are probably the most difficult to help in the development process.'

6) Is the problem simply to raise investment, or do we need to think more deeply about problems of governance, organisation and administrative capacity that prevent resources reaching poor farmers?

A number of contributors have expressed frustration that the longstanding policy debate on the role of agriculture does not appear to have led to a reverse in the falling levels of donor investment in the sector. As Andrew Macmillan has argued - there is always room for fine tuning and further nuancing [of the arguments], but, at a certain point, this can become counterproductive, especially if it slows down the process of deciding on funding commitments for specific programmes

and projects.? Similarly, James Calvert argues that 'DFID should not go on reflecting on what to do next, but must get on with action now and in a significant, transparent and accountable way.' He calls for clear targets within DFID on agricultural spending and activities, as well as proactive lesson learning, a long-term commitment to supporting developing country policy researchers and makers, and relevant human resource and skills development within DFID.

Moving the discussion forward.

I wonder if these views find wider support within the discussion group, or if there is a range of opinions. Do we already have a good enough understanding to make a really sound case for increased investment in the agricultural sector? Vinay Chand suggests that money is not necessarily the problem. He argues that very little of the public resources allocated for agricultural development actually percolate down to the small farmer. This calls for new thinking in terms of raising private investment and private sector service provision. DFID also needs to develop new thinking on techniques of reaching small farmers because in Vinay's words 'we don't need money half as much as we need better targeting, management, control and accountability.' All of these points have important implications for the way DFID does business, which I am sure the discussion group will wish to consider further.

The points that Vinay Chand has raised relate to a broad set of issues concerning problems of governance, organisation and administrative capacity that prevent resources reaching poor farmers. I think that it would be very interesting to open up a debate on these issues. If agricultural development (and small farmer development in particular) really is so good for growth and poverty reduction, why isn't it happening? What are the features of the political-economy of developing countries that limit the influence of farmers in the policy process and the interest of the political elite in responding to their demands? And what in the long-term are the processes and institutional changes that could address these obstacles in the political and governance realm and make pro-poor change more likely?

\*\*\*\*\*

Thank you for taking the trouble to read to the end of this rather long summary. Given the volume of material coming in, I will try to send more frequent summaries from now on. In my next message, I'll discuss how we might try to focus the debate over the coming weeks.

## **Message from Gareth Williams, 26 April 2004**

I would like to make a few quick suggestions on how we might take the debate forward from here. I don't think that we have yet reached the stage where we need to narrow down the discussion. It is proving very useful to have a free ranging discussion in order to identify key themes that the participants feel are important. I propose that we continue the same format over the coming week. You may wish to refer again to the list of key questions in Alex Duncan's introductory note, and the six groups of questions that I have presented in the first summary.

I think that towards the end of next week, when we will be at the mid-way point in the discussions, we will need to try to sharpen the focus a bit. One option might be to focus on the third of Alex's questions: How can DFID be more effective in getting poverty-reducing agriculture going? What should it do, or not do, to support policies, programmes, investments and processes?

The idea would be to identify points that are most directly relevant and actionable in DFID's work. These would obviously cut across all of the subjects that have been discussed so far.

I will continue to think about this over the coming week, but in the meantime it would be good to hear participants' views on how we might take forward the debate, whether we need to bring greater focus, and what we might try to get out of the discussion at the end.

I would like to finish up by encouraging you to participate in the other discussion groups in the forum. While this has been a popular group, others have been much quieter. I don't wish to drive anyone away, but please do have a look at what is going on elsewhere. In several cases these groups are looking more specifically at issues that have been raised in this forum.

Please keep the excellent contributions coming in, and I shall try to get the next summary produced during the middle of the coming week.

## **Note from Gareth Williams, 29 April 2004**

Dear participants,

I am working on producing the second moderator's summary of the growth and poverty discussion group. Before, doing this I would like to deal with a few process and housekeeping issues.

### 1) Rebalancing the growth and poverty group

Following Felicity Proctor's recent message suggesting that the contributions on extension fit better in the "science and technology" group and the contributions on cooperatives and farmer organisations in the "economic opportunity" group, I will try to cover some of the issues raised in these discussions in the next summary, but in future they will be covered by the moderators of the other two groups.

### 2) Extension of the e-forum

It has also been announced that the e-forum will be extended by 2 weeks. Contributions will now be accepted until Friday May 28, with the final synthesis to be produced by June 7. This should give us enough time to have a really full discussion and to cater for the level of interest in this group. In my last message I had proposed that we needed to narrow down the discussions with a view to reaching conclusions and recommendations. I think that the extra time makes this less urgent, and we can continue a free discussion along the lines of the theme outline. I expect that there are still fresh issues to be raised, so it would not be productive to restrict the discussion at this stage. However, participants' suggestions on how to focus the discussions in the final two weeks would be much appreciated.

### 3) Keeping track of discussions

It would be very helpful if participants could make it clear in the subject line what topic they are dealing with, or whose contribution they are commenting on. As the number of contributions expands, it is becoming hard to follow threads in the discussion.

That is enough on process issues for now, and I will get on with producing the summary.

## Summary from Gareth Williams, 30 April 2004

This is the second summary of the growth and poverty mailing list. In the past week the discussion really has shifted up a gear, and moved in several fascinating directions. The number of contributions is snowballing (64 at the time of writing), which makes the job of the moderator all the more interesting, but harder. I have had to be quite selective in summarising the proceedings, which means that unfortunately it is not possible to cover all of the points raised in the many interesting contributions.

I would like to focus this summary on the following issues:

- 1) The core arguments about agriculture, growth and poverty reduction
- 2) Agriculture and nutrition
- 3) The changing context of agriculture (urban and peri-urban agriculture, agricultural diversification, environmental concerns, HIV/AIDS, contract farming)
- 4) Aid effectiveness in agriculture
- 5) Farmers associations
- 6) Extension

\*\*\*\*\*

- 1) The core arguments about agriculture, growth and poverty reduction

I would like to begin by drawing your attention to Michael Lipton's recently submitted contribution, which provides a clear and challenging set of arguments that I am sure that the forum will want to engage with. Michael contends that "without sustained initial employment-intensive, smallholder-based yield growth in agriculture, probably focussing initially on food staples . the remaining heartlands of world poverty will not reduce much". Michael calls this strategy "plan A", and suggests that it is one of the main requirements for meeting the MDG goal of halving world poverty by 2015.

There are a number of interesting points in Michael's contribution. First, he makes a similar point to Andrew Dorward's earlier contribution that the role of agriculture in poverty reduction is most significant at early stages of development. Yield expansion on small farms using employment intensive technologies is the principal means to support livelihoods initially where mass poverty prevails. After 10-20 years of 3%+ agricultural growth, demand from small farmers and labourers fuelled by agricultural progress, in turn sets off rapid non-farm growth.

A second crucial point is that donor strategies appear to have moved away from 'plan A' over the past 20 years, as evidenced by plummeting aid levels for the agricultural sector. Michael Lipton calls for "dated targets for reviving the proportion of aid from the UK, and if attainable for the EU and World Bank, supporting - in a broad sense - smallholder and employment-intensive farming." Increased aid will need to be matched by more open OECD trade policies, appropriate domestic policy responses and changing priorities within farm science.

In debating Michael Lipton's arguments, it may be worth revisiting Simon Maxwell's introductory article that raised a number of concerns with the plan 'A' type strategy, namely price declines for agricultural commodities, the small farm focus, and labour scarcity resulting from HIV/AIDS, rural-urban migration and rural diversification. Following Michaels contribution, Milind Murugkar has questioned whether yield growth might be offset by price falls for agricultural commodities. This echoes some contributions last week. For example, Buddhika Samarasinghe suggested that successful growth in agricultural commodities can lead to a fall in unit value of agricultural output. He relates this to the low income elasticity and high price elasticity of the majority of agricultural commodities. His contribution underlines the central role of sustained rises in productivity in factor use if farmers' incomes are to be maintained at a time of falling output prices. Behind rises in small farmer productivity lies a large public agenda and a major challenge for farm science (see science and technology group). Several contributors have pointed to the harmful effects of public policies on crop prices (for example Milind Murugkar's discussion of the Public Distribution System in India and M.A. Sattar Mandal's discussion of the effect of the dumping of Indian rice on the Bangladeshi market).

There have been a number of other interesting contributions on the links between agriculture, growth and poverty reduction. Louis Bockel refers to John Mellor's work on the multiplier effect of agriculture on the rest of the economy. The multiplier effect is strong because agriculture, especially smallholder agriculture, generates widely shared income that tends to be spent locally. Furthermore, agriculture is part of a commodity chain with a wide range of upstream and downstream actors, employed in labour intensive productive activities with a low import content. M.A. Sattar Mandal points to the strength of linkages between the farm and non-farm economy in Bangladesh.

As during last week's discussions, several contributors have suggested that the links between agriculture, growth and poverty vary between different places. Andy Bullock has proposed a three way classification of agricultural systems: (i) systems based entirely on self-provisioning, (ii) systems oriented mainly towards export markets, and (iii) the intermediate, and frequent case, where self provisioning and production for the local market are intertwined. The role of agriculture in supporting the MDG's varies between these cases.

Colin Poulton refers to differences between areas of high and low agro-ecological potential. He contends that in areas of low agro-ecological potential it is hard to see agriculture acting as a powerful growth driver. However, it may still be worth supporting agriculture in these areas in order to avoid the costs of providing long-term welfare support. Seamus Clearly argues a rather different position that assistance needs to be given to support exit strategies to help marginal producers move out of agriculture into alternative activities (e.g. pastoralists in parts of Mongolia, and Windward Island banana growers).

Colin Poulton also develops the idea 'low level equilibrium trap' that may limit the contribution of agriculture to growth and poverty reduction in certain cases. Referring to fieldwork in western Kenya, he notes that yields from subsistence maize production are insufficient to allow investment in improved soil fertility. This traps households in a cycle of poverty and soil depletion. Providing access to markets, knowledge, improved seeds and credit will be essential to escape the low-level equilibrium trap and to generate growth and poverty reduction.

## 2) Agriculture and nutrition

Following on from Andrew Macmillan's contribution last week, Andy Bullock provides further evidence on the economic benefits of improved nutrition. However, he reminds us that improved nutrition is a benefit in its own right. The MDGs set targets for infant and maternal mortality that depend for a large part on improving nutrition (as supported by empirical evidence referred to in Andy's contribution). Andy argues that the specific role of agriculture in contributing to raising nutrition levels needs to be more fully recognised, in particular in the broader context of the MDGs. These arguments provide an additional reason to invest in agriculture, going beyond the case made by Michael Lipton. They suggest that agricultural investment is desirable even in cases where agriculture-growth linkages may not be strong, for example in low potential areas and agricultural systems characterised by self-provisioning.

Several other contributors have suggested that we need to take a broad view of the contribution of agriculture to poverty reduction, encompassing all of the MDGs.

### 3) The changing context of agriculture

This week's contributions draw attention to a number of interesting trends in agricultural development:

#### \* Growth of urban and peri-urban agriculture

Diana Lee-Smith has raised the issue of urban and peri-urban agriculture. Although this has long been an important (although under-recognised) phenomenon, urban and peri-urban agriculture has increased in importance. Farming is an important part of urban livelihood strategies. Research suggests that about a third of urban residents in East Africa rely on farming for a significant portion of their incomes. Urban and peri-urban agriculture tends to be more market oriented than rural agriculture, and is usually part of a diverse livelihood strategy. Diana suggests that: 1) we need to know more about these livelihood systems, 2) we should assess risks and benefits, and 3) urban and agricultural policies need to become more complementary. Following on from this contribution there has been an interesting exchange about urban livestock farming (see contributions of Mahesh Chander and Brigitte Nyambo).

#### \* Agricultural diversification - Non-crop sectors

Several contributors have pointed to the increasing importance of non-crop sectors. Andrew Catley refers to predictions of a 'livestock revolution', and the opportunities for livestock producers. His contribution discusses priorities for livestock development in East Africa (Community-based Animal Health Workers and animal health standards in international trade). M.A. Sattar Mandal describes the rapid growth of high value, non-crop agricultural enterprises in Bangladesh (livestock, poultry, dairy and shrimp farming, horticulture and fishing). He suggests that pond fisheries and poultry farming offer important opportunities. However, in the case of the latter, high risks and capital requirements are an obstacle to the participation of the poor.

#### \* Rising profile of environmental issues

Alexandra Gonzalez-Calatayud has called for a discussion on sustainability and environmental questions concerning agriculture. She suggests that "environmental considerations are not an add-on extravagance, but an essential element for lasting agricultural growth". Environmental degradation threatens vital ecosystem services that maintain agricultural productivity, and is most

harmful to the poor, who are the most dependent on environmental resources. In calling for environmental mainstreaming, she argues that "what we need now is not new institutions, but new thinking in old institutions and strategies to ensure the adequate implementation of new policies." It is perhaps surprising that there have so far been rather few submissions on agriculture and the environment, but perhaps this contribution will stimulate further debate.

\* HIV/AIDS

Per Eklund has suggested that the forum should consider the impact of HIV/AIDS on farming in sub-Saharan Africa. I expect other contributors will wish to address this issue.

\* Contract farming

M.A. Sattar Mandall discusses the benefits growth of contract farming in Bangladesh, where smallholders are increasingly linked to national and export markets through contracts with private companies. This relates to the points raised in Simon Maxwell's article about the integration of supply chains and the technical barriers to trade that increasingly constrain smallholder participation in export markets. I understand that there has also been a discussion of these issues in the global trade group.

4) Aid-effectiveness in agriculture

Michael Lipton calls for large increases in aid spending on small-scale agriculture. However, a valid case for 'plan A' can only be made if ways of using aid effectively can be found. As the debate progresses, we need to focus more and more on the HOW and not just the WHAT. Contributions addressing this, especially those reflecting real experiences, will be of increasing value. The questions include, not exhaustively, how the human and financial resources available can be used sustainably:

- \* To support those contextual and underlying forces enhancing agriculture's contribution to growth and poverty reduction
- \* To identify and promote policy change and institutional reform
- \* To strengthen capacities in public and private sectors, and in civil society
- \* For successful investment and development projects

Last week a number of contributors raised concerns about the difficulties of ensuring that resources reach small farmers. This week John Atibila has added a contribution comparing the waste of resources in public sector support for forestry in northern Ghana with a much better targeted, small, community-managed project. Per Eklund discusses the risks of elite capture of resources that is commonly apparent in devolved systems of government. However, other participants have provided a more optimistic point of view. John Madeley points to the numerous success stories in supporting agriculture and farmers' livelihoods. He calls for DFID to compile a database of success stories in small-scale agriculture, and to make aid available for the replication of successful models

There has not yet been much discussion on appropriate instruments for donor support to the agricultural sector. However, I expect this will come later. Per Eklund criticises the move towards budget support, which, he states, is often dressed up as poverty reduction, but in reality tends not to go far beyond ministries of agriculture. I am sure the debate will not be one sided. Have there been successful examples of budget support contributing to valuable reform

processes in the agricultural sector? Can donors really continue with the project approach given its inherent weaknesses?

I sense that there is an interesting debate emerging on the role of international institutions in agriculture. Will Masters questions the performance of these institutions arguing that "the subsequent decline in support to agriculture tells us something important about the limitations of the mix of institutions that are now available to donors." Other contributors have stressed that we need to work within the framework of existing institutions rather than creating new ones (see Alexandra Gonzalez-Calatayud and Bhuban Barah's contributions). It would be very interesting to hear more views on these issues. Is the international architecture of institutions working in the field of agricultural development still appropriate? By institutional architecture I mean organisations, such as UN specialised agencies, CGIAR system, other multilaterals, bilaterals and NGOs, as well as treaties and international regulations. Are there too many institutions, or too few? Do mandates need to be clarified, and overlaps removed? Are there any major gaps in the architecture? Getting the institutions right seems to be an important precondition for raising levels of support to agriculture in developing countries.

\*\*\*\*\*

The rest of this summary deals with farmers associations and extension. As previously announced, discussions on these themes have been moved to other groups. In order to ensure continuity, I will briefly cover these issues in this summary before handing over to the other moderators who will continue the debate.

#### 5) Farmers associations

A vigorous debate has begun on the merits, or otherwise, of farmers associations. Several contributors have suggested that the development of farmers associations should be a central part of assistance strategies. Andrew Dorward discusses the benefits of farmers associations in lowering the costs of service provision (especially input supply and marketing) by achieving economies of scale and reducing transaction costs. Christie Peacock, referring to FARM Africa's experiences, points to a whole range of benefits including: mutual support and encouragement, empowerment and representation, providing a cost-effective entry point for external support, service provision and enterprise development. Vinay Chand argues that there are many successful examples of farmers associations, but remarks that they have often been misused and politicised in the past (e.g. agricultural cooperatives).

A more sceptical point of view is evident in a series of contributions submitted by Dick Tinsley. Dick argues that the overheads in establishing farmers organisations (e.g. building trust, accounting requirements) generally exceed their benefits. He suggests that farmers are essentially individual entrepreneurs and that they are generally not interested in being organised in groups. In these conditions the prospects for donors to establish sustainable farmers associations are very limited. Dick challenges the discussion group to consider what proportion of farmers associations will still be in existence two years after donor funding ceases. He argues that private enterprises are a more appropriate means to deliver services to farmers. However, farmers associations could play an important role in regulating private dealers.

I am sure that many participants will have direct experience of farmers associations and will wish to respond to Dick Tinsley's challenging arguments. The debate will continue within the 'economic opportunity' group.

#### 6) Extension

There has been a very interesting discussion on the future of agricultural extension systems. Dick Tinsley questions the appropriateness and affordability of traditional models of one-on-one extension, and calls for greater use of mass media and informal means of communication within farming communities. He argues that in many developing countries the public sector is no longer able to deliver effective services because operational budgets are so constrained. Dick Tinsley also questions the value of extension messages, which tend to reflect the idealistic concerns of agronomists to reach maximum potential yields, and do not take account of the real constraints faced by farmers. The ability of farmers to use extension messages is constrained by the availability of labour and draft power, as well as the large spread observed in planting dates. Dick Tinsley argues that the starting point in extension should be to analyse the constraints hindering the adoption of innovations, and only then to consider what technologies may be required.

Other contributors have raised similar concerns. James Biscoe proposes that basic economic assessments (e.g. partial gross margins) should be used much more systematically in deciding which research results to extend to farmers. On the basis of experience in South Africa, Alastair Bradstock suggests that new methodologies are required to deliver extension in a structured way. Vinay Chand comments on the need to promote alternative sources of extension outside of the public sector, but contrary to Dick Tinsley, argues that there is no substitute for face-to-face contact between extensionists and farmers.

A fascinating debate seems to be emerging here, which will be continued in the 'science and technology' groups.

\*\*\*\*\*

Thanks to everyone for your excellent contributions.

Kind Regards

## Summary from Gareth Williams, 10 May 2004

Dear participant,

This week we have had a number of thought provoking new contributions to the "growth and poverty" discussion group. The issues highlighted in this summary are:

- 1) The political dimension of agricultural reform
- 2) The contribution of agribusiness
- 3) Recognising the diversity of the smallholder sector
- 4) The changing context of agriculture
- 5) Environmental monitoring

\*\*\*\*\*

- 1) The political dimension of agricultural reform

In a challenging contribution, Brian Cooksey draws attention to the political dimension of agricultural reform. He argues that "political issues and constraints underlie all our discussions, and challenge the relevance of our proposed solutions to rural poverty." Using examples from East and Southern Africa, Brian considers the political interests at stake in agricultural reform processes. He suggests that in the case of Tanzania there has been a backlash against the liberalisation of export agricultural markets because this challenges vested interests in maintaining a more regulated market.

Brian argues that donors have tended to stick to technical prescriptions for policy change, and have ignored the political dimensions of reform. Aid has often proven to be counterproductive because it has strengthened the power of bureaucrats and politicians, who have little interest in the incentives facing farmers and investors. There are inherent risks in providing budget support for agriculture where this weakens incentives for reform. In some cases, the contribution warns, aid "may be part of the problem."

Moving the discussion forward. I hope that this contribution will stimulate a lively debate on the political dimension of agricultural reform and donor strategies. This forum has shown that there is a certain consensus around many of the policy measures that are required in the agricultural sector to promote growth and poverty reduction. However, there has been relatively little discussion up to now as to why these desirable patterns of change often do not take place. In order to answer this question we need to unpack the notion of "political will" and think more deeply about the political economy of agriculture in developing countries. What are the interests at stake? What are the incentives and restraints that cause particular agents to act in certain ways? How can donors get smarter about political economy issues to ensure that aid programmes strengthen rather than undermine the prospects for policy change in the agricultural sector? And how do the incentives operating within donor agencies influence decision making on aid for the agricultural sector?

- 2) The contribution of agribusiness

Jonathan Innes' contribution on commercial agriculture has raised a subject that has been rather neglected in the forum so far. Jonathan suggests that investments in agribusiness generate numerous benefits, including employment creation, marketing opportunities for outgrowers in the smallholder sector, the development of value-adding agricultural processing, skills formation, the provision of social infrastructure and community services, and strong multiplier effects arising from upstream and downstream production and marketing linkages.

Jonathan notes that there has been a decline in investment in commercial agriculture, notably in Africa. This is attributed to the above average level of investment risk. He suggests that there are many investment opportunities in agriculture that are not being realised, and calls for the creation of an agribusiness investment fund to channel private capital into agricultural projects meeting development, social, environmental, ethical, health and safety and corporate governance criteria. It is suggested that this fund would mainly be financed from private sources, but that DFID could support the process by: (i) providing loan guarantees and underwriting debt, (ii) committing equity and grant funds, and (iii) providing grants for the provision of social infrastructure and community projects.

Moving the discussion forward. I hope that this contribution will stimulate further discussion on the subject of commercial farming. It may be worth returning to Simon Maxwell's introductory article that argues that smallholder agriculture is likely to increasingly give way to large-scale, commercial farming. Is there any evidence for such a trend, and what are the conditions that determine how rapidly such a transition may take place? What are the implications of large-scale commercial farming for growth and poverty reduction? Should donors support the growth of agribusiness, and if so, how? How can private investors be encouraged to finance agribusiness in developing countries?

### 3) Recognising the diversity of the smallholder sector

Returning to the subject of smallholder agriculture, I would like to draw your attention to a contribution from Karim Hussein, who argues that the smallholder sector should not be treated as a single category, should instead be recognised as a diverse group of different types of family farm. Drawing on research work in West Africa, Karim presents a typology of three categories of family farm: (i) farms oriented towards the market, (ii) farms in which cereals and cash crops are largely balanced in terms of relative importance, and (iii) farms oriented towards staple food grain production to satisfy household consumption needs. He concludes that "too often these three categories are considered to as one overall group of family farm producers, and policies and approaches are not adapted to their differing circumstances."

Karim has posted two papers on the work of the Sahel and West Africa Club on the forum website.

### 4) The changing context of agriculture

Karim Hussein's contribution also draws attention to a number of medium and long terms trends in the development of agriculture. These include the diversification of agriculture, upstream and downstream linkages in agricultural production, rural-urban dynamics, population growth, the increasing diversity of actors in the agricultural sector, the growing importance of regional and cross-border perspectives, land and natural resource conflicts and the spread of innovation. In a follow-up to last week's discussion on the rise of urban and peri-

urban agriculture, Diana Lee-Smith has provided further ideas on urban livestock husbandry.

Moving the discussion forward. Over the past three weeks numerous trends in the development of agriculture have been identified. I sense that we now have a good picture of how the world is changing, but what is perhaps lacking is discussion of how these trends should be reflected in policies for the agricultural sector and donor assistance strategies.

5) Environmental monitoring

Following last week's contributions, David Bourne discusses the need to integrate environmental considerations more effectively in agricultural development strategies. He suggests that one of the main obstacles to achieving this goal is the dearth of reliable information on the current state of land use and natural resources. He calls for DFID to consider supporting national and regional organisations involved in natural resource assessment and environmental monitoring.

\*\*\*\*\*

Well that's all for this week. Thanks for all your contributions, and remember there are just three weeks to go now.

## Summary from Gareth Williams, 20 May 2004

This is the fourth summary of the growth and poverty discussion group including messages from May 8 to May 19. This has been an especially busy period with more contributions posted than the three previous weeks combined. Although there have been a huge number of contributions, the debate has been focussed on a limited of threads:

- 1) The broad relationships between agriculture, growth and poverty, including discussion of gender and food security dimensions.
- 2) Alternative strategies for agriculture and poverty reduction (cereals-based intensification, small farm vs large farm strategies, low external input agriculture (LEIA) vs high external input agriculture)
- 3) Trends in agricultural development, including urbanisation and links with the urban economy, technological innovation and environmental change and the livestock revolution.
- 4) The political dimension of agriculture
- 5) The priority of agriculture within DFID, and how DFID needs to change.

Because of the huge volume of material I have decided to split this summary into two more easily digestible parts. The first part will deal with the above points 1 and 2, and the second part will deal with points 3 to 5.

\*\*\*\*\*

### 1) Agriculture, growth and poverty

#### 1.1 Agricultural growth and the displacement of labour

Several contributors this week have suggested that economic growth is normally associated with the displacement of labour out of the agricultural sector into non-farm sectors. Dirk Bezemer (13 May) identifies two essential conditions for growth: (i) agriculture must become more productive, needing less labour per output, and (ii) non-agricultural opportunities must open up so that the labour released from agriculture can be used even more productively.

Other contributors have made similar points about the displacement of labour from agriculture. James Biscoe (15 May) states that the key condition for growth is that agriculture should become more productive and profitable in order to free up resources to be used in other sectors of the economy. Dick Tinsley (13 May) supports this by pointing to the declining share of household expenditure on food items as incomes increase. Jim Kinsella (13 May) states that "historically, economic development that is successful in GDP per capita terms has invariably implied falling rural population shares, falling shares of employment in agriculture, and a falling share of agriculture in GDP."

The general view amongst the discussion group appears to be that the movement of labour out of the agricultural sector is a normal part of the development process. However, there does appear to be a concern that this transition should

be managed carefully to avoid social and political upheaval (see section on urbanisation below). Much depends on the terms under which people move out of agriculture. Are there reasonable formal or informal non-farm or urban alternatives? The diversification of livelihood sources is mostly desirable from the perspective of raising and stabilising incomes. However, as Laurent Chazée has pointed out using an example from Nepal, non-farm employment may sometimes be an act of desperation reflecting the inability to make a decent living out of farming.

Another general point emerging from the discussions is that the transition out of agriculture is context specific. For example, the difference between rainfed and irrigated agricultural systems is explored in John Dixon's contribution (14 May). Dirk Bezemer (13 May) argues that non-farm growth is the main priority in South Asia, where the Green Revolution has already delivered agricultural productivity gains. However, in Sub-Saharan Africa raising the productivity of agriculture is the immediate challenge. In considering the diversity of these processes, several contributors have identified intermediate stages in the transition out of agriculture. Several contributors emphasise the importance of multiple livelihood strategies in rural areas, and Diana Lee-Smith has pointed to the growing importance of urban and peri-urban farming.

Moving the discussion forward. A common argument running through many of these contributions is that we need to think about farming in broad terms (i.e. intersectoral and urban-rural linkages, broad livelihood strategies) rather than just as a sector. The livelihoods approach appears to be broadly validated as a way of thinking about what is important for poverty reduction. In moving the debate forward I think that it would be interesting to explore the implications of these perspectives for government and donor policy. Should interventions be designed on sectoral lines, or are multisectoral programmes needed? How should donors and governments address broad structural shifts in the economy? Should donors and governments attempt to manage such transitions, and, if so, how? What are the implications for public resource allocation? How can we argue that agriculture deserves greater investment in situations where its share of GDP and employment is declining?

## 1.2 Agriculture and pro-poor growth

Clive Robinson (8 May) and Rutchi Tripathi (13 May) have argued that growth may not necessarily result in poverty reduction. Furthermore, 'growth first' strategies may not be sufficient to reduce hunger. They call for strategies aiming to tackle poverty and food insecurity in the first instance in order to deliver the preconditions for growth. However, Dirk Bezemer (13 May) contends that in most cases growth does result in poverty reduction, and that exceptions are rare. Empirical evidence suggests that growth almost always raises the income levels for the lowest 20% of the income distribution. Conversely, attempts to tackle poverty directly through redistribution have generally failed to deliver growth.

Moving the discussion forward. It might be useful to discuss further whether, and under what circumstances, agricultural growth is pro-poor. Two alternative definitions of 'pro-poor growth' are commonly used. (i) the poor must obtain a significant benefit from growth, and (ii) the incomes of the poor must increase more than proportionally to the non-poor. What evidence is there to suggest that agricultural growth is more pro-poor (using either definition) than growth in other sectors? Do the linkages between sectors discussed in 1.1 make a difference to how the benefits of agricultural growth are shared between income groups?

## 1.3 Food security and hunger

There have been several forcefully argued contributions that call for a greater focus on hunger and food insecurity as part of poverty reduction strategies (see Rutchi Tribathi, 13 May; Andrew MacMillan, 14 May; Andy Bullock, 14 May). Andy Bullock suggests that "the global mortality statistics for hunger may well, in their own right, be very similar to the 3 million annual HIV/AIDS deaths", and questions why pervasive hunger does not have anything like the same international profile and response as HIV/AIDS. Andrew MacMillan calls for DFID and other donors to take more seriously their commitments to the World Food Summit targets and the hunger target in the MDGs. He argues forcefully for stronger action, stating that "there are no serious technical constraints to solving the hunger problem."

Moving the discussion forward. The implication of these contributions is that a focus on tackling hunger would require greater priority to be given to the agricultural sector. I think that in order to build a solid case a few more links in the argument need to be made. Does a focus on hunger and food security imply a significantly different development agenda to one that is based on a broad poverty reduction strategy? If so, does this mean that more attention needs to be given to the agricultural sector? We need to bear in mind that while agriculture is important for increasing food availability and improving nutrition (particularly in situations of self-provisioning), it is often the lack of access to food (i.e. inadequate incomes and purchasing power) that generates hunger and food insecurity.

#### 1.4 Gender dimensions of agriculture, growth and poverty

Although a relatively neglected topic in the forum up to now, gender issues have been discussed by several contributors this week. Clive Robinson (8 May) points to women's double burden in agriculture and domestic work, and gender inequalities in access to resources, assets and decision making. Rutchi Tripathi (13 May) comments that women are generally responsible for more than half of agriculture production, but are disadvantaged in household food and resource allocation. Diana Lee-Smith (12 May) suggests that where women are in charge of production and household decisions, nutritional outcomes for children are generally better. She raises concerns that the development of cash cropping in Kenya's sugar belt (a crop generally cultivated by men) may have led to adverse nutritional consequences.

Moving the debate forward. I hope that these contributions will encourage others to enter the debate. It would be particularly useful at this stage to consider the implications of gender relations for the design of development strategies for the agricultural sector. Has ignorance of gender relations been a major cause of failure of agricultural development strategies? How do gender relations affect the outcome of agricultural development? What specific interventions are required as part of agricultural development strategies to support women's practical and strategic needs? For example, Sophia Huyer (11 May) identifies the need for low-cost reliable technologies for food processing, cooking and lighting, as well as support to women's self help groups and cooperatives aimed at improving marketing and promoting women's empowerment.

#### 2) Alternative strategies for agricultural development

A number of different priorities for agricultural development are evident in the discussions:

##### 2.1 Intensification of cereals production

Louis Bockel (12 May) argues that intensive cereal based growth offers the best prospects for sustained poverty reducing growth. He attributes this mainly to the high average household budget share of the poor spent on staple food items. He proposes that there are several necessary conditions for intensive cereal-based transformations to occur: (i) appropriate and high-yielding agricultural technologies, (ii) local markets offering stable output prices, (iii) seasonal finance for purchased inputs, (iv) reasonably secure and equitable access to land, (v) attractive returns for operators and downstream agribusiness, and (vi) infrastructure to support input, output and financial markets. He suggests that there has been a notable lack of success in kick-starting cereal based intensive growth in poorer rural areas, mainly because the private sector has not moved in to provide farmers with input, output or financial market services that are attractively priced, timely and reliable. Nick Parott (12 May) supports the view that grain production should be the main agricultural priority especially for resource poor farmers. He argues that the main challenge is to remove cultural and economic obstacles to the adoption of new technologies.

Several other contributors sound a more cautious note on the value of a cereals-based intensification strategy. Both James Biscoe (12 May) and Vinay Chand (13 May) point to the long-term decline in agricultural commodity prices that have offset yield increases to a certain extent. In view of these trends they argue that while intensification is still required, it is important to complement this strategy with actions to promote agricultural diversification into higher value crops and value-adding through processing.

Moving the debate forward. Agricultural intensification is just one of several strategies available for agricultural development (e.g. cereals based intensification, diversification into higher value crops, diversification out of agriculture, value-adding through processing and marketing). John Dixon (14 May) has suggested that different strategies are appropriate in different settings. But, how do we know what is the appropriate mix of strategies, what are the complementarities and trade-offs, and what principles might be used to guide this choice? In practical terms how can donors and governments support a broad menu of agricultural and rural development options?

## 2.2 Small farm vs large farm strategies

Throughout the forum the consensus view has been in support of a small farm development strategy. Several contributors have added their voice this week. Leonidas Hitimana (12 May) describes a SWAC/OECD study that finds that family farms in West Africa are more competitive than large farms. David Gibbon (8 May) points to the resilience of small farms in Southern Europe as an indication of the viability of this model. Julia Wright (10 May) emphasises the value of traditional knowledge ("ecological literacy") held by small farmers in Zambia and Cuba. Jim Kinsella (May 13) argues that small farming is the reality in many developing countries, and that governments and donors need to work pragmatically within this context. He states that "I advocate for starting where farmers are at, listening to them and working with them."

A few contributors have discussed the potential role of large-scale commercial farms and agribusiness. Speaking from experience in India, Vinay Chand (17 May) argues that opportunities for commercial farming are relatively limited: "most private investors know there is more money to be made from trading and processing than from farming." Hence, large scale private sector interests are mainly concentrated in processing, marketing and other forms of service provision. Vinay states that export opportunities will generally be met by

contract farming and private owned processing. John Atibila (17 May) describes an example of a fish processing and marketing business formed by small-scale fish farmers in Ghana

A rather different point of view is put forward by Dirk Bezemer (18 May) who discusses the difficulties faced by smallholders in the face of liberalisation policies that have simultaneously exposed farmers to risk and resulted in a loss of service provision. He argues that there is a problem of transaction costs that has often prevented the emergence of private sector service provision. He suggests that in order to overcome the transactions problem there may be a need to scale up or link farming operations. This could be achieved through increases in farm size, large scale private investment (domestic firms and MNCs), government interventions or the formation of producer associations.

Moving the debate forward. While there appears to be a consensus that development strategies should primarily be oriented towards the needs of smallholders, there has been relatively little discussion of the opportunities of commercial agriculture. Are there any success stories worth highlighting (e.g. horticulture in Kenya, bananas in Cameroon)? What about development strategies for countries with a dualistic (i.e. smallholder and commercial) agricultural sector, or predominantly commercial agriculture (Latin America)? Another issue worth considering is how farm size distributions are conditioned by failures in factor markets. For example, do failures in land and credit markets block processes of land consolidation? Do (a) the decline in public agricultural service provision, or (b) the growing market share of supermarkets confer advantages on large farms? Is it the case that if the enabling environment for agriculture could be got right then the whole issue of small farms vs large farms would cease to be relevant because economic operators could be expected to find the optimal farm size?

### 2.3 Low External Input Agriculture vs High External Input Agriculture

There has been a fascinating and vigorous debate on the merits of Low External Input Agriculture (LEIA), a system that is essentially based on recycling nutrients within a local area. Several contributors have advocated a LEIA-based approach. Julia Wright (10 May) points to the failure of industrial agriculture in fragile ecosystems and calls for low input, organic farming. Nick Parrott (12 May) calls for a "farmer based approach that builds on local strengths and knowledge", and argues that "this seems to be the strength of the LEISA (and organic) approaches."

Other contributors have sounded a more cautious note. Jim Kinsella (12 May), suggests that LEIA may offer a way forward, but may not be appropriate where labour is a constraint, in particular amongst communities affected by HIV/AIDS. Dick Tinsley (12 May) contends that labour is usually the limiting factor in smallholder agriculture, making LEIA generally unsuitable. In a separate contribution he argues that LEIA may not provide a sustainable development option where it requires the expansion of cultivation onto marginal lands that are at risk of degradation. For every hectare of land cultivated under LEIA systems an additional 3-5 hectares would be required to generate nutrients (e.g. through grazing and manure systems, or collection of plant matter). In contrast, agricultural intensification strategies using chemical fertilisers (HEIA) may reduce pressure on marginal lands thereby conserving natural resources and biodiversity. However, these arguments have been countered by several contributors. A contribution from Farmers link (13 May) argues that that LEIA systems are generally compatible with ecosystem and wildlife conservation, whereas High

External Input Agriculture imposes significant environmental costs (usually not internalised). Several contributors have argued that LEIA systems are more suited to smallholders and offer a means to avoid rapid displacement of labour out of the agricultural sector.

Robin Matthews (13 May) refers to a DFID review of LEIA systems. The main conclusions are that: (i) LEIA is nothing new, and builds on traditional farming practices, (ii) both LEIA and HEIA strategies are resource intensive - the former requires large scale land and labour inputs, while the latter is capital intensive, and (iii) both systems work under particular conditions - the appropriate balance depends on which production factors are most abundant.

Moving the discussion forward. I sense that this discussion has really helped to clarify the issues. Both LEIA and HEIA appear to be valid in different circumstances, and there is a need for flexibility. Changing labour and land ratios may call the sustainability of LEIA systems into question in some places. One question that has not been fully discussed is the extent to which LEIA systems have been properly recognised in agricultural research and extension systems, as well as broader donor and government strategies for agricultural development.

## **Summary - Part 2**

This is the second part of my fourth weekly summary of the growth and poverty discussion group covering the following issues:

3) Trends in agricultural development, including urbanisation and links with the urban economy, technological innovation and environmental change, and the livestock revolution.

4) The political dimension of agriculture

5) The priority of agriculture within DFID, and how DFID needs to change.

\*\*\*\*\*

3) Trends in agricultural development

3.1 Urbanisation and links with the urban economy

There has been an interesting discussion of the implications of the displacement of labour from the agricultural sector (see section 1.1). Most contributors agree that urbanisation is inevitable. However, there is a concern that, if poorly managed, this process could result in social, environmental and political upheavals. Vinay Chand (13 May) comments on the alarming pace of urbanisation and the risk of political instability. He suggests that supporting small farmer development offers a means to "win time" and slow down rural to urban migration. Dick Tinsley (13 May) makes a similar point, arguing that "it is our job to recognise and manage the disruption, rather than to try to totally prevent it."

A theme that has been repeatedly emphasised in the forum is that livelihoods may not be entirely rural or urban based. David Gibbon (13 May) discusses the growth of secondary urban centres in rural areas, where people often pursue a mix of agricultural and non-agricultural livelihoods. Diana Lee-Smith (12 and 15 May) has provided additional contributions on the theme of urban and peri-urban agriculture, which she suggests may involve up to 200 million people in Sub-

Saharan Africa by 2020. Jac Smit (13 May) discusses rural-based industrialisation. Others have discussed the growing importance of commuting between rural and urban areas.

Moving the discussion forward. There seems to be general agreement on the need for greater recognition of the importance of rural-urban linkages. Yet, there has been relatively little discussion of what this means in practice for government and donor policies. How should donors and governments support rural-urban linkages? Is small farmer development an effective means to manage the pace of urbanisation? Is there a need for greater support to urban and peri-urban farming, and if so in what form? Should donors and governments move towards a regional planning approach as discussed by Prian Gordon (13 May). All of these questions imply the need to take a broad view of agriculture and to recognise its links with non-farm sectors and the urban economy.

### 3.2 Technological innovation and environmental change

The discussion of environmental themes has continued with several contributors considering the linkages between technological change and environmental protection. Will Masters (May 8) has contended that technological innovation is generally good for the environment because yield increases reduce the pressure to extend cultivation onto marginal lands. Similarly, James Biscoe (12 May) argues that technology increases the value of environmental resources and creates incentives for improved natural resource management. Leonidas Hitmana (11 May) suggests that improved technology can result in more sustainable management of marginal environments, and points to the example of innovations in soil and water conservation techniques in the Sahel. However, Richard Wadsworth (11 May) points to the environmental damage created by high-tech, industrialised agriculture in the UK.

Moving the discussion forward. I expect that there is rather more to say about the complex relationship between technological change and environmental sustainability. However, it may be rather difficult to find clear answers because there are plenty of positive and negative examples of the environmental impact of technological change. It may be worth opening up a discussion on this theme in the science and technology group.

### 3.3 The livestock revolution

Czech Conroy (11 May) has discussed the implications of the "livestock revolution". Projections (made by IFPRI) suggest that by 2020 the livestock sector will account for more than half of total global agricultural output in financial terms. The livestock revolution creates both opportunities and threats for smallholders. While livestock are one of the main assets owned by the poor, most of the growth in the sector has been associated with large-scale livestock producers. The key challenge will be to create an enabling environment for pro-poor livestock development, including appropriate policies, laws, programmes and livestock services. He suggests that in the case of India there is plenty of scope for making the livestock enabling environment more pro-poor, for example by revisiting the issue of grazing restrictions and promoting research work on the productivity of small-scale livestock systems.

In a separate contribution, Czech (13 May) discusses the problems of urban and peri-urban livestock rearing. In addition to the issues of zoonoses and waste management raised by Diana Lee-Smith in an earlier contribution, he raises the problem of the high demand for water by urban livestock producers. There is an

important research agenda connected with the need to find ways of minimising the costs of urban livestock rearing while maximising its benefits.

#### 4) The political dimension of agriculture

There have been several responses to Brian Cooksey's earlier contribution on the political dimension of agriculture. Vinay Chand (11 May) considers that pro-agriculture policy change may be blocked because farmers, especially small farmers, as a voting or lobby group are usually far less influential than other sectors, such as industry. A common obstacle to reform is the power of vested interests. Vinay suggests that it is usually not fruitful to tackle vested interests head on. He cites an example from India where a parallel market structure has developed alongside official and regulated markets. Rather than pushing through difficult reforms in the state managed structure, it may be easier to promote the growth of parallel structures, which will increasingly out-compete official structures.

Several other contributors have also addressed this important question of how to bring about policy change in the face of strong vested interests. Brian Cooksey (11 May) argues that donors should not limit themselves to working with government, and should increasingly work with private sector and civil society organisations. Lies Craeynest (10 May) highlights the importance of rural social movements as pressure groups and agents of change, but suggests that their concerns are rarely taken up or considered by donors. Martin Evans (11 May) discusses some fascinating examples of policy change in China. A key element of the success of reforms was the attention that policy makers paid to the motivations of the officials who would be responsible for bringing about change. In the case of grain marketing reforms, state controlled procurement was phased out on a gradual basis in order to limit opposition from those benefiting from rent-seeking activities, while creating an expanding space for private operators. The assessment of political feasibility has fundamental implications for the design of reform packages. As Martin concludes: "Perhaps when we are contemplating the design of reforms, we sometimes give too much attention to the ideal outcome or end-result and do not always think carefully enough about who is actually going to be relied upon to deliver change and how they can be encouraged to fall in with the plan. It may mean accepting a less than ideal situation for some time, but possibly with a greater chance of getting nearer to something better in the end."

Moving the debate forward. I sense that discussion on this crucial topic has only just begun, and I would welcome further contributions over the last week. It may be interesting to consider why farmers (or particular types of farmers) lack political influence. How can vested interests in the agricultural sector be tackled? What are the potential change agents within rural society that could exert pressure on policy makers for change? How is the changing context of farming (e.g. rural-urban linkages, demographic change, HIV/AIDS, environmental degradation) affecting policy processes?

#### 5) The priority of agriculture within DFID, and how DFID needs to change.

There appears to be a widespread concern amongst the participants of the forum that agriculture has been neglected within DFID and other donors. Andy Bullock (12 May), for example, examines the content of DFID's Public Service Agreement and Service Delivery Agreement, and finds very little reference to agriculture and hunger. He comments that "the word 'agriculture' does not figure once in the PSA or the SDA", and concludes that "this all points to a non-existent commitment by UK government to eradicate hunger, questionable strategic links

between agriculture/food interventions and poverty reduction, health and education, and an ambivalent commitment to improve trade opportunities in developing countries." In a separate contribution Andy Bullock (17 May) discusses the 2003 Performance Report on the PSA that found progress to be significantly off-track. He concludes that "DFID's response to food, agriculture and hunger can not be one of 'tinkering' within its current policies. It requires a wholesale re-tailoring."

David Gibbon (13 May) voices similar concerns, stating that "agriculture was about to officially disappear altogether from DFID's agenda". However, he appears to suggest that there may be signs of revival. Andrew MacMillan (14 May) contrasts the UK government's commitment to the World Food Summit goal and the MDG hunger target with the lack of resources directed at these goals. He argues that while the debate continues "the clock is ticking away", and options for meeting the targets are becoming more limited.

There have been several calls for DFID to restate its support for the food and agriculture agenda, in particular its commitment to the World Food Summit goal and the MDG on hunger. Paul van Gardigen (14 May) argues that DFID needs to recognise that there are links between agriculture and all of the MDGs, and that this should be reflected in DFID's Public Service Agreement. Andy Bullock (17 May) identifies several entry points for DFID to renew its focus on food, agriculture and hunger: (i) a restatement of the WFS goal, (ii) the Commission for Africa, and (iii) the Comprehensive African Agricultural Development Plan (CAADP) that commits all African Heads of State under NEPAD to raise expenditure on agriculture to at least 10% of Government expenditure in the near future.

Several contributors have addressed the issue of how DFID needs to work differently to promote agricultural development. David Gibbon (8 May) expresses concern that resources have been diverted away from small farmer development to food aid and budgetary support. Vinay Chand (11 May) suggests that only of a small proportion of DFID's aid may reach its ultimate beneficiaries (farmers), and argues that DFID is mainly funding the "development business" rather than the "development process". Brian Cooksey (13 May) proposes that in order to strengthen its support for agriculture, DFID should: (i) improve coordination with donors, (ii) avoid going too far towards budget support before governments have fully resolved what they should and should not be doing in agriculture, (iii) engage with the private sector and civil society, in addition to government, (iv) encourage an inclusive debate on agriculture and poverty that rises above sectoral/vested interests, (v) support evidence based policy making through research, and (vi) avoid conditionality (but withhold aid where conditions are not right). Brian argues that one of the main constraints to introducing these changes is the incentives operating within donor agencies that create an "urge to lend and spend". This is a key issue that has been raised by several other participants.

Moving the debate forward. I propose that during the final week we should try to focus more on DFID. We need to think more about what it needs to do to take account of the issues raised by this discussion group. I will shortly issue a note giving some thoughts on how we might organise the debate.

## Summary from Gareth Williams, 3 June 2004

The final week of the growth and poverty group has been busy as usual, and contributions have poured in right up to the finishing bell. In order to try to capture this I have decided to write a final weekly round up before drafting the overall summary of the six week process. During the last week many contributors have given their thoughts to the role of DFID in promoting agricultural development, and what DFID needs to do to implement the points raised by this forum. I will devote much of this summary to this topic, but before doing so I will provide a quick round up of some of the other issues that were raised by contributors.

### \* The role of agribusiness

There has been a fascinating discussion about the links between agribusiness and small farmers. Several contributors point to the positive role of commercial farms in providing a range of services to smallholders, including input supply, credit, extension and marketing. A number of contributors have pointed to success stories. Jonathan Innes (26 May) discusses the role of sugar estates in Kenya, Swaziland and Uganda in providing employment and social services, as well as a market for sugarcane purchased from smallholders in the surrounding areas. Vinay Chand (26 May) describes other examples of outgrower schemes, including BAT in Indonesia and Del Monte in the Philippines. Martin Evans (25 May) distinguishes between several different types of outgrowing arrangements. Dick Tinsley (26 May) adds an example of tea estates in Tanzania. All of these contributors point to the benefits of linking agribusiness to smallholders. However, as Leonidas Hitimana (26 May) has pointed out, we still do not know enough about what policies are required to encourage such links.

Several arguments have been put forward concerning the logic linking smallholders to agribusiness. Vinay Chand (26 May) suggests that the key is to organise a critical mass of small farmers to participate in service provision and markets. This relates to Dirk Bezemer's (18 May) earlier point about the coordination problems that characterise rural transactions and may result in market failures. Martin Evans (25 May) suggests that linking agribusiness to smallholders provides a means to fill the institutional vacuum left by the withdrawal of state service provision. By connecting smallholders to export supply chains, agribusiness may also provide a solution to Simon Maxwell's concern that the requirements of supermarkets are increasingly driving small farmers out of export markets. While agribusiness can provide significant opportunities to smallholders, a key issue is whether the former have gained excessive market power. In order to achieve required economies of scale many agribusinesses have effectively become local monopsonies (Martin Evans, 25 May).

The discussion of agribusiness has helped to throw light on the debate between Simon Maxwell and Michael Lipton at the beginning of the forum about the relative merits of a small farm or agribusiness development strategy. The examples cited above suggest that the two sectors can be complementary. Several contributors have called for a twin-track approach. Martin Evans (25 May) suggests that because the majority of farmers still operate as smallholders, widespread increases in prosperity in the small farmer sector will be the main driver of poverty reduction and growth. However, he also states that "the underlying social and economic pressures of growth do inexorably push farming towards larger, more capital intensive modes of operation." Julian Quan (28 May) makes a similar argument, but cautions against overestimating the potential of

corporate led, capital intensive agricultural models to deliver employment, livelihoods and food security for the poor. While the assessment of agribusiness has been relatively positive, there have been several voices of dissent. Writing mainly from a Latin American perspective, Lies Craeynest (26 May) argues that agribusiness has displaced farmers from the land, generated migration to the cities, exposed smallholders to highly fluctuating commodity prices, led to monoculture, heavy use of chemical inputs and environmental damage, and created highly exploitative labour practices. Similar concerns about labour relations have been raised by Ruth Segal (27 May). Lies has called for national and international regulation on the conduct of agribusiness in relation to workers' rights, environmental protection and competition.

Jonathan Innes (28 May) has responded to these points arguing that good labour relations are essential to successful agribusiness, and that the environmental impacts of agribusiness compare well with smallholder farming. Land concentration in Latin America is more an outcome of the land tenure system than an inherent problem with agribusiness. Vinay Chand (28 May) has suggested that very large land holdings are relatively inefficient, and that agribusiness is likely to be most profitable when it is focussed on service delivery and procurement from small farmers.

#### \* Agro-processing

Several contributors have emphasised the importance of supporting agricultural processing as a means to add greater value close to the point of production, and to respond to declining real commodity prices. Vinay Chand (22 May) discusses the example of coconuts and provides price comparisons to illustrate that processing is potentially far more remunerative than cultivation. Lameen Abdul-Malik (24 May) argues that processing "is where the real money is", but that substantial investment and strategic thinking is required to challenge the dominant position of multinational companies in agro-processing. James Biscoe (24 May) suggests that processing can help to promote diversification by creating a range of by-products (e.g. coconut husks that can be exported as mulch).

#### \* Community development

There have been a number of submissions on the theme of community development. In a series of contributions Per Eklund (19 May, 24 May) discusses the elements of community empowerment. He highlights the role of external knowledge and technology in inducing local institutional innovation. A key requirement for community organisations is to develop mechanisms to address collective action problems and elite capture. There are major constraints on the side of government in supporting community empowerment processes. However, development projects offer some good practice - for example community participation in project design and budgeting.

#### \* Urban agriculture

Jac Smit (19 May) has provided a final contribution on the theme of urban agriculture. He comments on an earlier submission that explained the growth in urban agriculture in Africa as the result of "wars, droughts and disasters, lack of economic growth and retrenchment policies." (Diana Lee-Smith, 15 May). Jac argues that urban agriculture is not only a sign of economic distress, but is also driven by opportunity. Key factors explaining the growth of urban agriculture include: (i) awareness and communication (media, internet, word of mouth), (ii)

policy change (municipal, district and national), (iii) urban growth, (iv) new technology (plastic, drip irrigation, improved seed) and (v) empowerment of women.

#### \* HIV/AIDS

Stuart Gillespie (28 May) asks why there has been very little debate on HIV/AIDS and agriculture. He argues that in recent years the importance of agriculture in addressing the causes and consequences of HIV/AIDS has become clearer. Agriculture is the main source of livelihood for the majority of people globally affected by HIV/AIDS. The sector is particularly threatened by the pandemic, which is removing labour power and leading to a rapid attrition of agricultural extension capacity. Studies have shown that HIV/AIDS has a significant impact on all the major classes of asset or capital, and on most institutions.

While mitigation strategies will be vital, agriculture can also play a role in HIV/AIDS prevention. Agriculture is closely linked to determinants of infection risk, including migration and nutrition status. There is also a link between good nutrition and the efficacy of ARV therapy. However, the empirical basis on which to understand the links between HIV/AIDS, nutrition and agriculture is still rather thin.

The contributor argues that DFID needs to apply an "HIV lens" to different aspects of agricultural policy and to other policies affecting risk, vulnerability and livelihood security. This is particularly challenging because HIV/AIDS is fundamentally cross-cutting. Bridges need to be built between social scientists, epidemiologists, public health specialists, nutritionists and agricultural economists to fully map the interactions and to integrate HIV/AIDS concerns into agricultural policy.

#### \* Pesticides

Barbara Dinham (28 May) discusses the environmental and health hazards of pesticides, as well their impact on farmer debt. She points to alternatives to chemical pesticides, such as integrated pest management. A priority is to regulate more effectively pesticide sales, distribution and use through national legislation and international initiatives, such as FAO's International Code of Conduct on the Distribution and Use of Pesticides.

#### \* Population dynamics

Beier Kirchner (26 May) suggests that one issue that has not received sufficient attention in the forum is the effect of population dynamics on agriculture. This includes the impact of migration, the difficulties of service provision in the context of rapid population growth, and the complex relationship between population pressure and natural resource management.

#### \* Political dimensions of reform

Richard Bolt (24 May) has offered some observations on the analysis of the political dimensions of agricultural reform. The path of reform is often uncertain and erratic because it involves trade-offs between different interest groups at different points in time. Richard identifies four dimensions of reform trajectories: (i) time (this often involves short-term costs for particular groups before wider benefits are realised), (ii) distribution (between income and social groups), (iii) political-economy (who are the gainers and losers, where are the vested interests, and can losers be compensated?), and (iv) fiscal (net fiscal impact may

change with time). There have been several calls for greater ex-ante assessment of the poverty and social impact of proposed agricultural reforms. Louis Bockel (28 May) contends that this is a major weakness of many PRSPs.

\*\*\*\*\*

## The role of DFID

There has been a good response to the call for suggestions on what DFID needs to do to address the issues raised by this discussion group. Several contributors have submitted specific contributions on the role of DFID (see, for example, James Biscoe, 25 May; Andy Bullock, 26 May; Beier Kirchner, 26 May; Vinay Chand, 27 May; Sandeep Saxena, 27 May; Dave O'Neill, 28 May), while many others have included recommendations for DFID in their discussion of particular topics. In broad terms the suggestions made by this discussion group can be grouped into three main areas: (i) recommendations on the priority of agriculture within DFID, (ii) recommendations on what aspects of agricultural development need to be supported, and (iii) recommendations on DFID's way of working and how it may need to change.

### 1) The priority of agriculture within DFID

There is a general call for DFID to restate its commitment to supporting the agricultural sector, which is seen as being fundamental to growth and poverty reduction. Andy Bullock (26 May) has called on DFID to recognise the contribution of agriculture across all of the relevant MDGs. Several contributors have called for DFID to focus more explicitly on the MDG hunger target, and to link this closely to an agricultural development strategy. Greater investment in agriculture will need to be matched by efforts to influence policy change. Contributors have commented on the need to raise the profile of agriculture, food and hunger issues in PRSPs, and to engage with processes such as the Comprehensive African Agricultural Development Plan (CAADP). The potential role of the Commission for Africa in promoting agricultural development has also been highlighted.

Many contributors have expressed a sense of frustration that while DFID appears to acknowledge the importance of agriculture in its key policy papers, this does not appear to have translated into fresh action. In the words of Beier Kirchner (26 May) "the crucial points are already well formulated in the two DFID policy papers on [agriculture and] poverty reduction . why we are still discussing about what so many of us have long accepted as necessary action." Some participants have pointed to an ambivalence within DFID towards agriculture. Dave O'Neill (28 May) suggests that DFID has paid "scant regard to requests and justifications for agricultural development projects in poverty eradication programmes generated by African countries." He questions why agriculture appeared to drop off the agenda.

### 2) What aspects of agriculture need to be supported?

Participants have provided numerous suggestions on what DFID needs to do to support agriculture:

\* Research and extension was a particular emphasis of contributors' recommendations. Suggestions included the need to focus on appropriate technological development (e.g. LEIA approaches), to revitalise adaptive research, to use a range of media in new ways to communicate extension messages, and to reorganise extension services to support broader rural

enterprise development. Some of these themes are also addressed by the 'science and technology group'.

- \* Technical assistance and capacity building for ministries of agriculture. One participant recommended that DFID should establish a team of in-country technical advisors.

- \* Invest in water management and irrigation as a means to boost productivity and reduce vulnerability.

- \* Engage in land tenure reform issues. DFID is in danger of losing capacity on land tenure reform (see Julian Quan's 28 May contribution, which is further discussed in the 'economic opportunity' group).

- \* Promoting access to agricultural credit

- \* Consider supporting an investment fund for agriculture and agricultural processing

- \* New approaches to supporting agribusiness. Recommendations have included: (i) DFID to play a proactive role in promoting regulations for agribusiness, (ii) strengthening incentives to support links between agribusiness and small farmers, (iii) establishing a DFID team to promote agribusiness development. The final point is discussed in a contribution by Andrew Beveridge (28 May) that suggests that DFID could establish new financial instruments and institutions to catalyse private investment.

- \* Promoting urban agriculture

- \* Promoting agro-processing close to areas of production.

- \* Attending to marketing issues (e.g. market information, market research, marketing services and technology).

- \* Waste management and recycling of organic wastes as fertilisers.

- \* Supporting rural business development services.

- \* Support exit strategies where farming does not have a viable future.

- \* Trade reform. Various suggestions have been made within this group, including improving market access to EU/US, promoting fair trade products, introducing mechanisms to link retail prices in the EU more closely to world price changes, and clarifying DFID's position on trade within the Public Service Agreement and Service Delivery Agreement. Some of these themes are addressed by the 'global trade' group.

### 3) Recommendations on DFID's way of working

Participants have pointed to several areas where DFID needs to change its way of working in order to support a renewed focus on agricultural development:

- \* Lesson learning and sharing best practice. It has frequently been emphasised that there are no ready solutions, and that agricultural development is always a learning experience. In order to support lesson learning DFID needs to share best practice across country programmes. Several contributors have implied that DFID and other donors are weak in this regard, and that institutional memory is lacking. Beier Kirchner laments that "we could have access to a vast treasure of

project progress reports, internal, external and even impact and ex-post evaluations of every kind of measure which show us what does work and why, and what does not. But these treasures lie dormant on millions of computers, because we have not found suitable methods to institutionalise learning processes."

\* Partnerships. Several contributors have emphasised the importance of DFID working in partnership with a range of organisations (e.g. governments, EC and EU donors, multilaterals, UN system, G8, research institutes) in order to promote agricultural development. The importance of DFID consulting with a wide range stakeholders (especially NGOs - See Sandeep Saxena 27 May) on new policy initiatives has also been highlighted.

\* Taking account of political economy. Andy Bullock (26 May) calls for DFID to engage in countries with difficult governance given the high levels of malnutrition often encountered in post-conflict countries. Beier Kirchner (26 May) takes a rather different line arguing that aid should be restricted to countries demonstrating an "open and transparent political dialogue."

\* Flexibility. Beier Kirchner (26 May) comments that "predictions are becoming much more uncertain. Donors will have to accommodate growing uncertainty by [demonstrating] more flexibility and increasing the speed of reaction to unexpected developments."

\* Limited use of budget support. There has been very little enthusiasm for budgetary support instruments throughout the forum. Vinay Chand (27 May) argues that "budgetary contributions are generally a gift for politicians and bureaucrats. In most cases, but not all, it is better to follow a project approach allowing enough time for the cycle and with all the linkages." Carlos Felipe Ostertag (27 May) also suggests that donor agencies need to be more cautious and selective when handing funds to the public sector.

\* Getting money to reach the ground. Vinay Chand (27 May) complains that too much donor funding is absorbed by administration and consultants, or is lost through corruption. He criticises "the tendency to provide paper solutions to paper problems", and calls for mechanisms to ensure that an agreed percentage of donor funds are spent on frontline services. This would need to be supported by clear targets and monitoring indicators in order to judge success in terms of raising farmer incomes.

\* Investing in human resources. Several participants have pointed to the importance of staff training and directed learning to increase DFID's capacity to support agricultural development. Ruth Segal (27 May) and Vinay Chand (27 May) have both warned of the pitfalls of DFID attempting to disburse more money with fewer staff.

\* Taking forward the findings of the forum. Several contributors have suggested that DFID should use the findings of this forum as a basis for dialogue with governments and other stakeholders (James Biscoe, 25 May). Sandeep Saxena (27 May) has suggested organising an online questionnaire or competition to encourage grassroots organisations to comment on the findings of this forum.

## **Overall Summary prepared by Gareth Williams and Alex Duncan, 9 June 2004**

This is the overall summary of the growth and poverty discussion group bringing together the key points emerging from the six week debate. Before starting, I would like to thank all the participants of this group, who have made it such a worthwhile process. Participation has been excellent both in terms of the numbers and quality of contributions. We have been an exceptionally active discussion group with 190 contributions (excluding moderators) from 78 individuals amounting to around 120,000 words. In total 401 people have subscribed to this mailing list.

It is very difficult to condense this huge volume of material into a short summary. I have tried to extract some of the key messages and identify points of consensus and debate. However, I am conscious that the result is somewhat telegraphic, and that much of the richness of the discussions has been lost.

This summary is structured around the following headings:

- 1) The contribution of agriculture to growth and poverty reduction
- 2) Alternative strategies for agricultural development
- 3) The changing context of agriculture
- 4) The political dimension of agriculture
- 5) The role of DFID

\*\*\*\*\*

- 1) The contribution of agriculture to growth and poverty reduction

### 1.1 Agriculture, growth and poverty

One of the key messages arising from the discussions has been to reassert the importance of agriculture as the motor of growth and poverty reduction in the poorest countries. Contributors to the forum have put forward numerous arguments to support this assertion:

- \* The majority of the poor (and the majority of the population in the poorest countries) continue to live in rural areas, and largely depend on agriculture for their livelihoods.
- \* Agricultural activities account for the greatest share of household production and consumption for the rural poor.
- \* Agriculture is part of a commodity chain with a wide range of upstream and downstream actors, employed in labour intensive activities. Estimates of the value of agriculture to GDP may understate the full contribution of agriculture because they only consider production.
- \* Multiplier effects. Agriculture generates widely shared income that tends to be spent locally.
- \* Indirect effect on real wages. Rising agricultural productivity leads to higher wages in the farm and non-farm sectors. They may also result in lower food prices - i.e. an increase in real wages.

Although it was generally agreed that most examples of mass poverty reduction have started with rises in agricultural productivity, it was also acknowledged that the contribution of agriculture to growth and poverty reduction has varied greatly in time and space.

In time:

\* There appeared to be a consensus that agriculture is particularly important for kick starting growth and poverty reduction at early stages of the development process. Increased productivity of staple foods leads to improved nutrition and real incomes, which creates the preconditions for subsequent growth in the non-farm sector.

\* At later stages in development, linkages between the agricultural and non-agricultural sectors become more important. Two conditions are essential for growth: (i) agriculture must become more productive using less labour per unit output, and (ii) non-agricultural opportunities must be available so that labour released from agriculture can be used even more productively. There was some debate about the desirability of the movement of labour out of agriculture into the non-farm and urban economy (in particular where this fuels rapid urbanisation), and several contributors called for this process to be carefully managed. However, it was generally accepted that the movement of labour out the agricultural sector is a normal part of the development process, and that the agricultural share of GDP tends to decline with time.

In space:

\* Participants drew attention to the differences in agricultural systems between Asia and Sub-Saharan Africa. Green revolution technologies that led to large-scale increases in the productivity of irrigated agriculture in Asia have been far less successful in rainfed agricultural systems in Sub-Saharan Africa.

\* One contributor suggested that in areas of low agro-ecological potential it is doubtful whether agriculture will generate much growth. However, agriculture may still be worth supporting in such conditions in order to avoid the costs of long-term welfare support.

\* Contributors emphasised the diversity of farm types, and the need to avoid a "one size fits all" approach. It was emphasised that within broad categories, such as smallholder farming, there are significant differences in terms of the balance between self-provisioning and production for the market. The linkages between agriculture, growth and poverty depend greatly on the nature of the farming system.

## 1.2 Agriculture, nutrition and hunger

The role of agriculture in improving nutrition has been a particular focus of this discussion group. Contributors have referred to research evidence on the links between improved nutrition and economic growth. They have also suggested that there is a strong connection between improved nutrition and other MDGs, such as child and maternal mortality. It has also been emphasised that nutrition is a goal in its own right. One contributor suggested that the global mortality statistics for hunger may be comparable to the 3 million annual AIDS deaths.

These arguments provide additional reasons to invest in agriculture that go beyond generating incomes and growth. They may justify greater investment in agriculture even where growth linkages may not be particularly strong, for

example in low potential areas and farming systems characterised by self-provisioning. Many contributors have called for DFID to focus more explicitly on reducing hunger and improving nutrition, and to reaffirm its commitments to the World Food Summit targets and the hunger target in the MDGs.

### 1.3 Agriculture and gender

This has not been a major emphasis of the discussion group. However, a few contributors have argued that while agriculture contributes to growth and poverty reduction, the outcomes for men and women are very different. Participants have drawn attention to women's double burden in agriculture and domestic work, and gender inequalities in access to resources, assets and decision making at household, community and societal levels.

#### 2) Alternative strategies for agricultural development

A major focus of the debate was the alternative choices for agricultural development strategies and resulting trade-offs.

##### 2.1 Small farmer development

There was widespread support for the view that smallholders should be the main focus of agricultural development. One participant asserted that "without sustained initial employment-intensive, smallholder-based yield growth in agriculture, probably focussing initially on food staples . the remaining heartlands of world poverty will not reduce much." Contributors argued that a focus on smallholder development is justified on several grounds:

- \* The observed inverse relationship between productivity and farm size.
- \* The vast majority of farmers are still smallholders. There was a widely supported call for donors to "start where farmers are at".
- \* The relative resilience of small farms in the development process suggests that they possess inherent advantages.

However, participants drew attention to a number of caveats concerning the strategy of labour-intensive, smallholder-based, yield growth:

- \* Smallholders face a number of constraints, in particular the availability of labour and draught animals during periods of peak demand (e.g. planting season). Consequently, smallholders operate in an environment of constrained and sub-optimal decision making (e.g. they do not have full control over key decisions, such as the planting date).
- \* More generally, there was a discussion about whether the assumption that smallholders have abundant labour still remains valid in rural areas characterised by out-migration, non-farm diversification or a high incidence of HIV/AIDS.
- \* Continuing declines in commodity prices may offset the gains from increased productivity (see 2.3).
- \* There was some concern that small farmers are increasingly being excluded from national and export markets because the requirements of food industry supply chains have become increasingly demanding (in terms of quantity, quality, timeliness and traceability requirements).

\* One contributor suggested that in an era of declining public services small farms may be disadvantaged.

\* It was also suggested that that small farms may be more affected than large farms by market failures arising from transaction costs. One participant referred to the problem of coordinating market transactions between numerous small units, and suggested that this problem may decline as farming operations are scaled up.

Against this background some participants argued that economic pressures and technological progress are pushing farmers towards larger and more capital intensive modes of production. However, there was some disagreement on the desirability and pace of such change.

## 2.2 Agribusiness

While the majority of contributions emphasised the benefits of small farmer development, some participants drew attention to the value of agribusiness. Several examples were referred to suggesting a wide range of benefits, including employment creation, generating marketing opportunities for outgrowers in the smallholder sector, the development of value-adding processing industries, skills formation, the provision of social infrastructure and services, and strong multiplier effects arising from upstream and downstream production and marketing linkages.

In contrast to these contributions, some other participants sounded a more cautious note on the potential of agribusiness to deliver growth and poverty reduction. A few participants strongly criticised agribusiness on a number of grounds: (i) the tendency to displace small farmers from the land, (ii) labour relations on commercial farms, (iii) the environmental impacts of agribusiness, (iv) the risks inherent in contract outgrowing (fluctuating commodity prices), and (v) competition issues relating to market power of agribusiness.

Although there were clear differences of opinion, the consensus view was that agribusiness has the potential to make a significant contribution to growth and poverty reduction. There are signs that this potential has been under-realised. One participant pointed to the decline in investment in commercial agriculture, particularly in Africa. There were calls for DFID to find new ways to support agribusiness (see section 5.2), and to follow a twin track approach promoting agribusiness alongside smallholder development.

There was also a widespread recognition that agribusiness and smallholder development can be complementary. During the last week of the forum several contributors presented examples of agribusiness firms providing services to smallholders, including input supply, credit, extension and marketing. It was argued that the role of agribusiness in marketing smallholder produce (contract outgrowing) has become particularly significant in the context of the increasing stringency of the purchasing requirements of supermarkets. Furthermore, it was suggested that linking agribusiness to smallholders provides a means to fill the institutional vacuum left by the withdrawal of state service provision. While the benefits of linking agribusiness to smallholders were widely acknowledged, it was also emphasised that development practitioners still do not know enough about what policies are required to encourage such links.

## 2.3 Cereals based intensification

Several contributors suggested that the principal focus of agricultural development should be to promote the intensification of cereals production, arguing that this offers the best prospects for sustained growth and poverty reduction because staple foods account for the greatest share of household production and consumption for the poor. In response to these contributions, several participants cautioned against a sole focus on raising yields. A risk for producers is that future yield increases would be offset by further declines in cereal prices. However, net food consumers, including many very poor households, would benefit from lower food prices. A key policy goal is to ensure that smallholders do not lose out by being unable to take part in the process of raising yields (for example through lack of technologies, institutions, infrastructure, etc.), as has happened in much of Africa. There was a general consensus that strategies to increase the yield of staple crops should be complemented by actions to promote diversification (within and outside agriculture) and agro-processing.

#### 2.4 Diversification

Numerous contributors have drawn attention to opportunities for diversification within agriculture, moving away from staple crop production towards higher value products, such as livestock, horticulture and aquaculture. The opportunities for the poor to benefit from diversification opportunities depend greatly on capital requirements, risk and marketing arrangements.

Several contributors argued that diversification out of agriculture is desirable in areas where farming has no commercially viable future. There were calls for donors to consider supporting exit strategies in such cases.

#### 2.5 Agro-processing

Several contributors have emphasised the importance of supporting agricultural processing as a means to add greater value close to the point of production. Contributors presented various examples to illustrate that agro-processing is potentially far more remunerative than agricultural production. However, several obstacles were identified. Certain types of agro-processing require a large scale of operation and high initial capital requirements. New entrants often find it difficult to compete with existing operators, in particular multi national companies.

#### 2.6 Low External Input Agriculture (LEIA)

There has been a fascinating discussion on the merits Low External Input Agriculture. Several contributors have promoted LEIA approaches as an alternative to more capital intensive agricultural systems that depend on chemical inputs. Where land and labour are widely available, LEIA systems appear to be economically and environmentally sound. However, increasing land and/or labour scarcity in some areas may call the approach into question. A hotly contested issue was whether LEIA systems could result in environmental damage by increasing the pressure to utilise marginal lands. In spite of these concerns, there was a consensus that LEIA systems are appropriate in some areas, and that they deserve greater recognition in agricultural research programmes and development strategies.

### 3) The changing context of agriculture

The discussion group has drawn attention to a number of trends in agriculture that are changing the context for development strategies. These include rural-

urban migration, urban agriculture, the growth of the rural non-farm economy, the livestock revolution, the increasing integration of the modern food industry, demographic change, the growing importance of regional and cross-border perspectives, land and natural resource conflicts, and the spread of innovation. A common feature of many of these trends is that agriculture is becoming increasingly linked to non-farm sectors and the urban economy. This requires policy makers to take a broad view of agriculture and its wider linkages.

Some agricultural trends that received particular attention in the debate are outlined below:

### 3.1 Urban agriculture

Several contributors have discussed the increasing importance of urban and peri-urban agriculture. Research suggests that about a third of urban residents in East Africa rely on farming for a significant portion of their incomes.

Contributors to the forum have explained the growth of urban agriculture in terms of push and pull factors. There has been some debate as to whether urban agriculture should be interpreted as a sign of economic distress (reflecting, for example, the impact of conflict, drought, weak economic growth and retrenchment policies), or whether it is driven by opportunity. One participant has suggested that new opportunities have arisen in urban agriculture as a result of policy change, new technologies (plastic, drip irrigation, improved seeds) and empowerment of women.

Urban and peri-urban agriculture offers important benefits to development because of its strong market orientation. It has also helped to diversify urban livelihood strategies, but carries certain risks. For example, urban livestock farming is often associated with animal disease and waste management problems, as well as increasing water demand.

There has been general agreement that donors need to give more attention to urban and peri-urban agricultural development. Priorities emphasised by contributors include: (i) learn more about these livelihood systems, (ii) assess the risks and benefits, and (iii) make urban and agricultural policies more complementary.

### 3.2 Livestock revolution

The implications of the "livestock revolution" have been discussed by several contributors. Projections (made by IFPRI) suggest that by 2020 the livestock sector will account for more than half of total global agricultural output in financial terms. Contributors have emphasised that the livestock revolution creates both opportunities and threats for smallholders. While livestock are one of the main assets owned by the poor, most of the growth in the sector has been associated with large-scale livestock producers. The key challenge will be to create an enabling environment for pro-poor livestock development, including appropriate policies, laws, programmes and livestock services.

### 3.3 Environmental change

A number of environmental themes were addressed by this discussion group:

\* Environment-poverty linkages: environmental degradation is particularly harmful to the poor, who are the most dependent on natural resources.

\* The need for more reliable information on the current status of land use and natural resources.

\* The links between technological change and environmental degradation. Contributors have noted positive examples, for instance improved soil and water conservation techniques in the Sahel. Some contributors have argued that technology driven yield increases have reduced pressures to cultivate marginal lands.

\* The environmental risks of pesticides have been discussed by several contributors.

### 3.4 HIV/AIDS

This topic has received surprisingly little attention by the discussion group. However, a few contributions have pointed to the importance of agriculture in addressing the causes and consequences of HIV/AIDS. Agriculture is the main source of livelihood for the majority of people globally affected by HIV/AIDS. The sector is particularly threatened by the pandemic, which is removing labour power and leading to a rapid attrition of agricultural extension capacity. HIV/AIDS has a significant impact on all the major classes of asset or capital, and on most institutions.

Contributors have called for strategies to mitigate the impact on agriculture. In addition, it has been suggested that agriculture can also play a role in HIV/AIDS prevention. Agricultural development is closely linked to determinants of infection risk, including migration and nutrition status. There is also a link between good nutrition and the efficacy of ARV therapy. In order to take more account of the links between agriculture and the HIV/AIDS, there is a need for further research and more interdisciplinary ways of working.

#### 4) The political dimension of agriculture

Several participants have drawn attention to the politics of agriculture. One contributor reminded the group that "political issues and constraints underlie all our discussions, and challenge the relevance of our proposed solutions to rural poverty." Contributors identified several obstacles to change, including vested interests that may block reform, the relative weakness of farmers as a voting/lobby group, and the lack of incentives for policy makers to promote pro-poor policy change. The path of reform is often uncertain and erratic because it involves trade-offs between different interest groups at different points in time.

It has been argued that donors have tended to stick to technical prescriptions for policy change and have ignored the political dimensions of reform. In some cases aid has proved to be counterproductive because it has strengthened the power of bureaucrats and politicians, and has provided the resources to delay reform. Budget support for agriculture was viewed by several contributors as being particularly risky in this regard. Another general criticism levelled at donors is that they have been overly concerned with the achieving the ideal policy result, and have not given enough attention to who will deliver change and how. Donors may need to be more strategic "accepting a less than ideal situation for some time, but possibly with a greater chance of getting nearer something better in the end." Reform processes need to be carefully managed, timed, sequenced and packaged in order to maximise support and minimise opposition from vested interests. Several participants have argued that donors should not restrict themselves to working with government, but should increasingly support private

sector and civil society organisations, as well as broad social movements, who can put pressure on government to deliver policy change.

## 5) The role of DFID

### 5.1 The priority of agriculture within DFID's programme

There has been widespread concern amongst the discussion group regarding the decline in aid levels for agriculture over the past 20 years. There has also been a strong perception that agriculture has become marginalised in DFID's agenda. One participant discussed DFID's Public Service Agreement and Service Delivery Agreement, and commented that "the word 'agriculture' does not figure once in the PSA or the SDA". Another contributor has contrasted the UK government's professed commitment to the World Food Summit goal and the MDG hunger target with the lack of resources directed at these goals. Another suggests that DFID has paid "scant regard to requests and justifications for agricultural development projects in poverty eradication programmes generated by African countries."

Many contributors have praised DFID's policy papers on agriculture, and have welcomed DFID's engagement in the agricultural policy debate. However, there is a sense of frustration that this does not appear to have translated into action. In the words of one participant: "the crucial points are already well formulated in the two DFID policy papers on [agriculture and] poverty reduction . why are we still discussing about what so many of us have long accepted as necessary action?" Another commented that "DFID should not go on reflecting what to do next, but must get on with action now and in a significant, transparent and accountable way."

There have been numerous calls for DFID to restate its commitment to promote agricultural development. Contributors have suggested several entry points for DFID to renew its focus on agriculture: (i) reaffirming DFID's commitment to the World Food Summit and MDG hunger targets, (ii) the Commission for Africa, and (iii) the Comprehensive African Agricultural Development Plan (CAADP). Several participants have suggested that DFID should adopt explicit spending targets for agriculture. One called for "dated targets for reviving the proportion of aid from the UK, and if attainable for the EU and World Bank, supporting - in a broad sense - smallholder and employment intensive agriculture."

### 5.2 Priorities for agricultural development

Participants have provided numerous suggestions on what DFID needs to do to support agriculture:

- \* Research and extension was a particular emphasis of contributors' recommendations. Suggestions included the need to focus on appropriate technological development (e.g. LEIA approaches), to revitalise adaptive research, to use a range of media in new ways to communicate extension messages, and to reorganise extension services to support broader rural enterprise development (see also science and technology group).

- \* Technical assistance and capacity building for ministries of agriculture. One participant recommended that DFID should establish a team of in-country technical advisors.

- \* Invest in water management and irrigation as a means to boost productivity and reduce vulnerability.

\* Engage in land tenure reform issues. DFID is in danger of losing capacity on land tenure reform (see also economic opportunity group).

\* Promote access to agricultural credit.

\* Develop new approaches to supporting agribusiness. Recommendations have included: (i) DFID to play a proactive role in promoting regulations for agribusiness, (ii) strengthening incentives to support links between agribusiness and small farmers, and (iii) establishing a DFID team to promote agribusiness development. In addition, it has been proposed that DFID should consider establishing an agribusiness investment fund. This would mainly be financed from private sources, but DFID could play a supporting role by: (i) providing loan guarantees and underwriting debt, (ii) committing equity and grant funds, and (iii) providing grants for the provision of social infrastructure and community projects.

\* Support urban agriculture

\* Promote agro-processing close to areas of production.

\* Attend to marketing issues (e.g. market information, market research, marketing services and technology).

\* Waste management and recycling of organic wastes as fertilisers.

\* Support rural business development services.

\* Support exit strategies where farming does not have a viable future.

### 5.3 How does DFID need to change?

Participants have pointed to several areas where DFID needs to change its way of working in order to support a renewed focus on agricultural development:

\* Lesson learning and sharing best practice. This discussion group has frequently emphasised that there are no ready solutions, and that agricultural development is always a learning experience. In order to support lesson learning DFID needs to share best practice across country programmes. Several contributors have implied that DFID and other donors are weak in this regard, and that institutional memory is lacking. One contributor laments that "we could have access to a vast treasure of project progress reports, internal, external and even impact and ex-post evaluations of every kind of measure which show us what does work and why, and what does not. But these treasures lie dormant on millions of computers, because we have not found suitable methods to institutionalise learning processes."

\* Partnerships. Several contributors have emphasised the importance of DFID working in partnership with a range of organisations (e.g. governments, EC and EU donors, multilaterals, UN system, G8, CGIAR and other research institutes) in order to promote agricultural development. It has also been argued that DFID should engage more with private sector and civil society organisations on agriculture. The importance of DFID consulting with a wide range stakeholders (especially NGOs) on new policy initiatives has also been highlighted.

\* Taking account of political economy. There seems to be some divergence of opinion between contributors arguing that DFID should restrict its support to

countries with a good policy and governance environment, and others who point to the need for DFID to engage in countries with difficult governance (e.g. post-conflict situations).

\* Flexibility. One contributor comments that "predictions are becoming much more uncertain. Donors will have to accommodate growing uncertainty by [demonstrating] more flexibility and increasing the speed of reaction to unexpected developments."

\* Limited use of budget support. There has been very little enthusiasm for budgetary support instruments throughout the forum. One participant argues that "budgetary contributions are generally a gift for politicians and bureaucrats. In most cases, but not all, it is better to follow a project approach allowing enough time for the cycle and with all the linkages." There appears to be a consensus that donor agencies need to be more cautious and selective when channelling funds through the public sector.

\* Numerous contributors emphasised the importance of evidence based policy making and research. There was also a call to support developing country policy researchers and policy makers.

\* Examine the incentives operating within DFID. Several participants argued that disbursement pressure in development organisations has led to inappropriate interventions, waste and poor results.

\* Investing in human resources and skills development within DFID. Several participants have pointed to the importance of staff training and self-directed learning to increase DFID's capacity to support agricultural development. Contributors have warned of the pitfalls of DFID attempting to disburse more money with fewer staff.

\* Taking forward the findings of the forum. Several contributors have suggested that DFID should use the findings of this forum as a basis for dialogue with governments and other stakeholders.