Old Policies in New Contexts?
Agricultural Policies for low income countries

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What do my colleagues worry about?

• Global Food Prices
• Global Food Production
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• Global Food Prices
• Global Food Production
• Plus Resource Scarcity and Climate change
• Are they new concerns?
New Contexts?

• Growth in the Developing World, including Africa
  – With considerable progress in MDG1 (income poverty) and several other indicators
  – Still high undernutrition
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  – With considerable progress in MDG1 (income poverty) and several other indicators
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• High Food prices, peak 2008, heading towards one now?
My questions

• Where does agriculture fit on the development policy agenda?
• What role for agriculture in growth in Africa now?
• Are high agricultural prices an opportunity or a drag on growth and poverty reduction?
WHERE DOES AGRICULTURE FIT ON THE DEVELOPMENT POLICY AGENDA?
My adventures with senior policy makers

• “I don’t want to see hundreds of millions wasted again on some agricultural projects in Africa”
My adventures with senior policy makers

• “I don’t want to see hundreds of millions wasted again on some agricultural projects in Africa”
  – A perception that much has been spent with little transformational result;
  – A perception that growth has picked up without agriculture leading;
  – A perceived tiredness with an advocacy based defensive attitude from the agricultural research community;
  – While still wanting simple narratives and quick results.
My adventures with senior policy makers (2)

• The polished press release version...

“The problem is that [the] farms [of the poor], which tend to be just a couple acres in size, don’t produce enough food for a family to live on. […]

The world faces a clear choice. If we invest relatively modest amounts, many more poor farmers will be able to feed their families. If we don’t, one in seven people will continue living needlessly on the edge of starvation. My annual letter this year is an argument for making the choice to keep on helping extremely poor people build self-sufficiency.”

2012 New Year letter by Bill Gates
My adventures with senior policy makers (3)

• But maybe it is back?
  – G8 – “New alliance” but using a ‘private investment’ language
    • with the risk of confusion of hunger and nutrition, and agricultural growth per se
    • with a continuing tendency for policy-based evidence making
My adventures with senior policy makers (4)

Narrative:

• development is simple

• always and everywhere spending on agricultural research and on smallholder agriculture is the route to growth, poverty reduction and eradication of hunger and undernutrition.
WHAT ROLE FOR AGRICULTURE IN GROWTH IN AFRICA NOW?
Is Africa different? Is it changing?

• View on role of agriculture in development heavily influenced by Asian experience of green revolution and role of smallholders

• Underestimating the other economic processes that took place in these settings at the same time
Is Africa different? Is it changing?

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• **Underestimating** the **other economic processes** that took place in these settings at the same time

• Elsewhere (WBRO and FAO-paper with Collier) – I **questioned** central role of both agriculture in growth plus the essential role of smallholders, both in general and in terms of evidence base;

• May not mean that for Africa diagnosis is wrong.
Africa is changing and heterogenous

• Economic growth in Africa has picked up by several % point in last decade
  – Linked to commodity price boom, but not exclusively so
  – Take-off despite not starting from agriculture?

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Africa is changing and heterogenous

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• Primary areas for growth-promoting investments would also appear to be rather different:
  – heterogeneity of contexts (natural resource rich, landlocked, coastal, population density, governance)
  – affecting the comparative advantage of agriculture in different countries and regions
  – Not a story of ‘everywhere and always’ investing in smallholder agriculture as basis for growth
A better policy narrative to promote agriculture?

- Identify its relative role better
  “Agriculture is a sector whose neglect is harmful for sustaining growth – a crucial source of feeding growth in other sectors, of diversification, and of central importance in closed/landlocked regions and countries.”

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A better policy narrative to promote agriculture?

- **Identify its *relative* role better**
  “Agriculture is a sector whose neglect is harmful for sustaining *growth* – a crucial source of feeding growth in other sectors, of diversification, and of central importance in closed/landlocked regions and countries.”

- **Identify clearly the opportunities for high returns**
  “Within agriculture, there are *unexploited returns* across the value chain; particular things that deserve promotion of investment just as there are other things that are probably wasteful.”
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• **Identify the pay-off for poverty and nutrition**
  “Growth in agriculture, and in particular by smallholders, reduces poverty strongly as there is more poverty in their ranks, and agriculture tends to be relatively labour intensive.” (But be cautious in jumping to undernutrition and hunger implications.)
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My questions

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So what about food prices?

• THE DISCUSSION ON FOOD PRICES IS THE ONE POLICY AND RESEARCH AREA IN WHICH WE ARE IN AN ABSOLUTE MUDDLE
The right price for food?

• Swinnen/Squicciarini in Science, “Mixed Messages on Prices and Food Security”
  – Pre-2008: “low prices are terrible for the poor”
  – Post-2008: “high prices are terrible for the poor”?
The right price for food?

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  – Pre-2008: “low prices are terrible for the poor”
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• Key issues:
  – Essential point on heterogeneity of impact was largely lost
  – So what is the “optimal” price for food in the world and in a country?
    • Back to the 1980s
    • The need to fully document the causal chain
Some methodological issues

– Think deeper about transmission from international to domestic prices
  • Think through spatial impacts
  • Map the causal chain, transparently, carefully, based on the best evidence for the sub-question at hand
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– CGE modelling nor ‘first order effects’ alone won’t do it
Some methodological issues

• Specifically, on impact
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  – Much better mapping of price data onto those on whom impact is modelled
  – Much better understanding/evidence on ‘deficit’ versus ‘surplus’ farmers
  – Dynamic understanding of impact
    • Production and behavioural responses
    • But also get some other 101 econ back into it: food price change means a set of relative prices changes
      – Between commodities
      – Between assets and commodities
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• Answers are not simple:
  – So don’t make them seem simplistic
  – Find ways of articulating complexity, remaining truthful to the evidence
Thoughts?

We need good summarised knowledge

Comments welcome

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