



GFAR Newsletter (August 2004)

Policies for Sustainable Agriculture and Rural Development: A Time for Action¹

The objective of this paper is to identify strategic policy priorities and innovations for a possible action agenda for GFAR's consideration, aiming to accelerate sustainable Agriculture and Rural Development (ARD) based on a brief review of the major challenges, future imperatives and positive developments for ARD in Developing Countries (DCs).

Major Challenges and Imperatives for ARD

From 1960 to 2000, the per capita income of the world's 20 poorest countries barely changed from \$212 to \$267, while that of the richest 20 nations almost tripled, from \$11,400 to \$32,300. The global poverty statistics indicate that 1.3 billion people live on less than one US \$/day; 70 to 80%, depending on the region of world, live in the rural areas, and approximately 850 million people suffer from hunger. One spin-off is that millions of rural people, especially the youth, are migrating to cities and foreign countries, to escape poverty and a bleak future in rural areas.

In recent decades, many developing countries have pursued policies that weakened government programmes and agricultural performance, thereby exacerbating rural poverty. Such policies include market liberalisation, submission of agriculture to macro-economic policy reforms (i.e. exchange rates, high interest rates and fluctuating market prices), and retrenchment of government budgets and staff for agriculture. It is noteworthy that today less than 1% of government's recurrent budget in many DCs goes to ARD. Such policy bias, coupled with unfavourable international markets due to constantly falling prices of agricultural export commodities, have weakened the sector's performance and its economic-political status as a key engine of development. This has spelled disaster since agriculture is essentially the most important economic sector of rural communities in DCs. The poverty and hunger statistics are not surprising.

The current dialogue on international trade, a contentious issue for DCs, is primarily driven by free trade and competition objectives. Success in trade negotiations depends on governments' capacity, backed by their private/business sector, to impose their conditions on other governments. Free trade can lead to greater economic growth, efficiency and welfare, provided traders can compete, have access to key resources and are enabled by policy and institutional frameworks, as shown by the benefits of freer trade between Japan, north American and European countries. The DCs cannot bargain with the stronger countries, they cannot even influence the agenda for trade negotiations. If they could, DCs would prefer more attention to development issues, i.e. the prerequisites to participate effectively in trade (e.g. investment and technical assistance to develop human capital, markets, private sector, infrastructure, technology and financial institutions). Instead DCs are pressured into trade negotiations prematurely, indicated by a rather high-level donor support for capacity building for trade negotiation. To make matters worse, developed countries have agricultural and trade policies that damage the interests of DCs and in particular those of small, poor farmers. If developed countries are serious about free trade, they should modify their support policies that work against farmers from DCs.

HIV/AIDS is truly a global disease, now afflicting some 40 million people, 5 million more in the last year alone, and 3 million die every year (UN 2004 figures). HIV/AIDS is a major problem for Sub-Saharan Africa, but elsewhere too: one out of every four new infections is occurring in Asia today, and new infections are becoming of concern in Latin America, the Caribbean and USA. The impact of HIV/AIDS on

¹ This article can be located at www.egfar.org/documents/Newsletter/newsaugust2004.pdf

ARD is devastating in terms of the attrition of professionals, decimation and weakening of the most productive groups and labour force (i.e. men, women and youth), plight of widows and orphaned children, the stigma surrounding the disease, increasing problem of chronic food insecurity and vulnerability of rural communities, all as a result of HIV/AIDS.

A major constraint in dealing with these critical challenges is the limited national capacity to lead and manage policy and institutional strategies. Take a country like Vietnam, in 2002 there were 25 bilateral donors, 19 multilateral donors and some 350 international NGOs funding over 8,000 projects, one for every 10,000 Vietnamese. Here as elsewhere in DCs, the donor-funded projects are not well coordinated because each major donor has its own strategic plan for the country. The senior officials and skilled professionals of the country are occupied as counterparts on these donor-funded projects and spend an inordinate amount of time collaborating with foreign-managed projects and reporting to different donors and in different formats, instead of working on their *national* programmes. In this context, it is extremely difficult for national institutions to develop their long-term strategies; they are not coordinating, and thus are not likely to utilize all that available assistance to the best advantage of ARD in the country. In many DCs, there are no clear national visions and no national corporate identity, and absorptive capacity can be a serious issue for ARD.

Very influential people and decision makers may not know it, but ARD professionals are convinced that agriculture has a fundamental role to play in breaking the vicious circle of rural poverty. Agriculture is central to the livelihood strategies of the rural poor; sustainable development and productivity growth can benefit the poor enormously (i.e. provision of food, energy and construction materials, generation of income, and reduction of vulnerability), can benefit the whole economy (i.e. employment generation, affordable food for urban population, and generation of scarce foreign exchange) and also contribute to local, national and global protection of the environment and natural resources (e.g. watershed protection, bio-diversity, and other environmental services). In fact, if rural poverty is to be addressed, ARD must be placed at the core of national economic policy, which obviously is not what the decisions and actions of national leaders reflect.

Poverty, hunger and their effect on rural people are unacceptable on moral, social, economic and political grounds, because they threaten the very foundation of democracy, peace and human welfare. The appropriate strategies and tools to defeat poverty and hunger are known and available, but political will, commitment and seriousness are conspicuously lacking.

Positive Developments for ARD

The good news is that there is hope of better times ahead for ARD in DCs. Some recent developments indicate a positive trend, that the time is right to move forward towards sustainable ARD in the fight against rural poverty and hunger. The potential for major breakthroughs in the near future can be felt all around.

The World Summit on Sustainable Development in 2002, in Chapter 14 of Agenda 21, to which most if not all countries are signatories, accepted the major challenge for sustainable ARD, that is, to improve the livelihoods and quality of life of the rural people, especially the rural poor. The World Food Summit-Five Years Later (2002) agreed to 3 key objectives to tackle global hunger:

- a) promotion of sound policies and programmes for technology adoption and skills development;
- b) decisive action in cooperation with public and private sectors to strengthen and broaden research and scientific cooperation in agriculture, fisheries and forestry; and
- c) implementation of integrated rural development strategies in low and high potential areas of the developing world.

This WFS-fyl established an international alliance to accelerate efforts and has created mechanisms to share expertise and knowledge to fight poverty and hunger. According to its 2000-2015 strategic framework, FAO cites unfavourable policies, weak support institutions and market imperfections, as key constraints to mobilising programmes and resources for ARD. Also, 5 of the 8 Millennium Development Goals (MDGs) directly or indirectly relate to ARD: No. 1 on poverty and hunger, No. 4 and No. 5 are related to family nutrition, No. 7 on environmental sustainability, and No. 8 on global partnership for development.

Important multilateral and bilateral cooperation organizations such as the World Bank, IFAD, IDB, DFID, and others share similar visions and/or strategies to fight rural poverty and hunger, namely:

- a) improving governance by creating a more enabling policy, institutional and decentralized environment to address the needs and priorities of the poor;

- b) enhancing assets of the poor by increasing their access to education, health, water, land, appropriate technology, reliable markets, and protection from vulnerability;
- c) improving the quality of growth by promoting sound environmental management and protecting the environment, forests and biodiversity;
- d) reforming international and developed-country policies by eliminating trade-distorting agricultural subsidies; and
- e) supporting pro-poor investments in infrastructure, environmental goods and services, and addressing the socio-economic concerns of the poor.

For example, the World Bank, in its strategy *Reaching the Rural Poor* stated that it plans to allocate a greater focus and investment in ARD and to scale up programmes to fully engage its community of stakeholders. But such investments would be made for ARD, only if national governments include it in their list of top priorities and the proposed strategies and activities are bankable.

Regional development bodies or mechanisms (e.g. NEPAD, SADC, ASEAN, ACP, IFAP Regional Committees, SICA, and CARICOM) are also speaking the same language, indicating that ARD will have to play a more decisive role in solving the basic constraints to enhancing rural livelihoods and rural development by creating viable options and innovations for rural producers, rural workers, households and communities. Recently the Heads of State and Government in Africa adopted a major policy for ARD, committing them to allocating within the next 5 years at least 10% of the national budget to ARD implementation.

The CGIAR system wants to broaden the research agenda, by engaging a broader spectrum of stakeholders to effectively tackle development issues of global significance. This system comprises 16 international research centers that have an illustrious track record in the development of improved production systems and technology innovations for crop, livestock, forestry, agroforestry, fisheries, aquaculture, integrated natural resource management, soil and water management, as well as for food policy and R&D institutional management systems. Through its *Challenge Programmes*, the CGIAR intends to attract additional financial, technical, and human resources, to mobilize quality science and research for reducing poverty and hunger and protecting the environment and natural resources. The mission of the new CGIAR system qualifies it as probably a most essential and valuable partner for ARD in DCs.

Lack of investment and fresh resources may be a constraint in the short term, but in the long term it is not. Take the Vietnam example again, the donors and the resources are there, the question is how can they be deployed and invested and managed to build complementary synergies for maximum efficiency and sustainable ARD in the short, medium and long terms. A recent analysis shows that overseas development assistance accounted for more than 50% of government expenditures in 17 Sub-Saharan countries in 1999. Another major source of investment for ARD is the rapidly increasing remittances worth billions of dollars per annum. In the last few years, remittances have become the second largest capital flow behind foreign direct investment. Latin America and the Caribbean received the lion share of remittances in nominal terms with \$25 billion, South Asia was the region where receipts were the largest in relative terms, amounting to 2.5% of GDP, and for Africa, though the data is not available, the level of remittances is bound to be significant. Another development is the creation though the bond market of a first-ever private investment fund, specifically targeted for micro-finance institutions in DCs. The fund sponsored by the Grameen Bank, BlueOrchard Finance and Developing World Markets and the guarantee service being provided by JP Morgan Securities, will avail affordable loans for more than 40,000 micro-entrepreneurs, mainly women, in Latin America, Eastern Europe and Southeast Asia. If this fund is successful, microfinance will enter a new phase in becoming a major driving force towards poverty reduction and sustainable ARD.

There are valuable lessons and principles for sustainable ARD policies and institutional strategies that can be drawn from: past policy reforms; ARD strategies and innovations; technology development and farm experimentation with new approaches; governments working with emerging NGOs, peasant organizations, and other actors in the field. FAO, IFAP, the Third World Network in Malaysia and others are discovering in various DCs a wealth of policies, management systems and innovations based on local experiences and indigenous knowledge which are very relevant for poverty reduction and sustainable development. These can be rapidly systematized, validated and adapted to other regions and DCs.

In its new business plan 2004-2006, GFAR stakeholders have decided to start a new programme combining strategic thinking, policy advocacy and public awareness, which aims to add voice and GFAR perspectives to the global debate and initiatives on policy and institutional issues of critical importance to ARD. Specifically, GFAR expects to achieve 4 main outcomes:

- a) More participation, empowerment and ownership of key stakeholders at regional and national levels, e.g. farmers, NGOs and private sector;

- b) Definition of policy directions, institutional priorities and enhanced support for ARD from policy makers at national, regional and global levels;
- c) Strengthening of regional and national institutional capacity for planning, implementing and evaluating policy, institutional strategies and performance; and
- d) Emergence of functional National Agricultural Research Systems (NARS) and demand-driven research, inclusive of the participation of its stakeholders, particularly the rural poor.

To accomplish these, GFAR is determined to assist ministries responsible for ARD to mobilize effective collaboration from their counterparts in finance, economic development, education, trade, environment and others, and to make the case for ARD's role in national development. One positive factor is that there is at present enough technology on the shelf to cause a significant boost to ARD in the short and medium terms.

After the collapse of the Cancun talks of WTO, there is talk of a *remarkable turn-around* on the concessions to DCs that developed countries are willing to make on sensitive issues (31/07/04 WTO release) such as market access, domestic support and export competition. Although only a framework agreement was signed, these are encouraging signs for the detailed negotiations to follow among WTO members over the next few months.

Policy Analysis, Action and Mobilization

Policy is about governments, organizations or individuals selecting advantageous, expedient and effective directions or course of action to achieve desirable goals and targets. Policies drive the work of institutions and organizations which establish laws, norms, principles and practices to achieve such goals. Policy without capacity and resources to implement programmes will have no effect. Conversely, institutions and organizations cannot function efficiently or effectively without clear policies. To assess the success of policy, one must judge its effects on sustainable ARD objectives, including poverty and hunger reduction. Quite often, policy is more important than technology and other factors when farmers must decide what, how, when and whether to produce.

To address the future challenges and take advantage of new development opportunities outlined above, ARD stakeholders must focus on policy, which requires them to think strategically in visioning, be proactive in seizing opportunities, pragmatic in operations, and effective in mobilizing political support where and when it counts. This is no time for more discussions or for hesitation; it is a time for action. The following provides a synthesis of key policy priorities and innovations suggested for an action agenda.

- *Strategic visioning* - ARD needs a long-term vision and strategy based on the analysis of plausible future scenarios and expectations. As Dr Swaminathan pointed in the GFAR Newsletter (April 2004), this is the responsibility of the political directorate, however the vision must reflect the cultural values, social priorities, economic potentials and environmental concerns of the society. A vision is articulated into a holistic, integrated and coherent strategy by ARD stakeholders that can guide the design and execution of action programmes. Vision and strategy should be providing directions for achieving food security, human nutrition, how to address gender and youth issues, etc. Also crucial in terms of globalization and international trade, the vision and strategy should be explicit, *inter alia*, on the potentials and targets for developing competitive products, trade and market development, technology generation and transfer (e.g. biotechnology and GMOs), role of small farmers and family farming, provision of services, and linkages and interactions with the urban, manufacturing and services sectors (e.g. health, education, water), particularly to address poverty and hunger.
- *Appropriate, favourable policies for ARD* - Policies can affect ARD indirectly, such as macroeconomic, social and governance policies. There are others that affect ARD directly such as those related to agriculture, rural development, natural resources and environment. A practical approach is to identify and analyze them in terms of the following key objectives, i.e.:
 - a) policies to enhance access and security to land and other natural resources;
 - b) policies to create opportunities for production, processing and marketing;
 - c) policies to conserve resources and safeguard the environment; and
 - d) policies to enhance capacity for preparing for, managing and mitigating natural hazards and man-made emergencies.

The analysis of existing policies and priority reforms should be focused on understanding more precisely how they affect the poor, Indigenous Peoples, women and children (food and nutrition issues), small farmers and entrepreneurs, and understanding how to integrate or mainstream poverty and hunger related issues into national development policy.

- *Stakeholders' participation* - Following on the GFAR model, GFAR is by definition the multiple stakeholders it represents (e.g. farmer and cooperative organizations, NGOs, research institutions, CGIAR centers, agri-business private sector, and the donors). To this list, key government ministries, universities and consumer groups, where they apply, should also be included and invited to participate as key stakeholders in policy analysis. It is essential to involve all these stakeholders in policy analysis for several reasons:
 - a) They each possess a particular comparative advantage in terms of knowledge, skills and potential contributions they can make;
 - b) They each have a different perspective in analysing policy issues at local, provincial and/or national scales (even at global level), and then in assisting to understand policy effects and implications in its totality, synergies or contradictions at different scales; and
 - c) They each have a vital role to play in promoting, implementing and/or monitoring and evaluating future policy performance in their spheres of influence and operation.

Because of the interests and benefits for each stakeholder, it is important for them to jointly identify and agree on a core set of indicators relevant to ARD which can be used to monitor and assess the performance of policies, particularly as they relate to priority objectives and target groups. In this respect, GFAR is very keen on promoting and supporting stakeholder groups to work together to clarify their positions, develop a coherent visions and strategies, and plan and implement them based on the principles of comparative advantage, complementarity and subsidiarity.

- *Institutional capacity enhancement* - Given the current level of expertise, capacity enhancement is high priority for policy planning, implementation and evaluation. A first priority is policy analysis methodology, e.g. tools for effective participation of stakeholders at the local, territorial and national levels; policy constraints analysis in ARD; analysis of future scenarios; design and implementation of sustainable ARD policies; policy analysis matrix; and M&E indicators for sustainable ARD. As second priority are relevant policy guidelines and innovations (e.g. policies to achieve specific objectives, strategies to promote and create productive/income-generating options, for social protection and vulnerability reduction of the poor, and governance options for participation of the poor and smallholders). Another priority area deals with skills for communication and mobilization of support for policy action. Depending on resources and opportunities, a combination of capacity building and good management options could be employed, in order to create highly committed and performing teams and individuals for policy analysis and execution.
- *Partnerships among international and regional actors* - Most external donors (multilaterals and bilaterals) and cooperation agencies are keen on greater collaboration among them and supporting the national actors to assume leadership and management roles, provided those actors can implement programmes with efficiency, effectiveness and transparency. Partnerships offer a very high pay-off because they can enable stakeholders to take a comprehensive, multisectoral and integrated strategy for sustainable ARD. Partnerships, however, are complex and thus require careful nurturing and management. Recent experience suggests that the secrets for their success include the following key requirements, for example: enabling policies, institutional frameworks and legal regulations; impartial, legitimate and credible brokers; capable and committed partners with realistic expectations; operational processes with clear responsibilities, code of conduct, transparency and social accountability, particularly for mobilizing, allocating and managing financial resources; functional and meaningful M&E and reward systems; and continuous capacity building and technical assistance to ensure effective organization, management and mutual learning among partners.
- *Mobilization of political commitment and support* - The key task here is how to grab the attention and influence those who make decisions on national priorities and financial investments. The ARD vision and strategy can be very helpful for mobilizing political and public support, and ARD stakeholders should study and learn to quote international conventions, declarations and commitments for their cause. More pointedly, ARD stakeholders must put themselves in the shoes of, the Minister of Finance

(or those in the higher echelons of power) and figure out what type of evidence the Minister needs to know, or whom the Minister should hear from, to be convinced of ARD. Probably for the Minister, the case must be made in the context of national economic growth, employment and income generation, and public revenue and foreign exchange generation. Since multilateral financial institutions and donor agencies cannot put ARD on the priority list unless instructed by their boards of directors, made up of government representatives, ARD stakeholders must know who represents the country on such bodies and when national positions are crafted for such fora. Here DCs have to borrow a page from developed countries, which have the best expertise (e.g. street demonstration, organized letter-writing and phone-calling to elected representatives, commercial boycott, poster campaigns, etc) for mobilizing political and public support for ARD, even though less than 3% of the population is directly involved in agriculture.

- *Policy leadership and management* - All of the above in policy analysis and action requires able leadership and management. Leadership development must be supported solidly and continuously. The main task of leaders is to engage the various stakeholders to work together to guide policy choices and to deal with inherently conflicting demands, and to make good judgment in terms of future expectations and possibilities. Leaders and managers make it happen; they form a competent and committed team who champions and carries out the required tasks to successful completion. This means that criteria and capacities must be put in place to develop and motivate leaders and managers. Some capacities to consider should include these:
 - a) Developing, articulating and communicating shared, long-term visions and strategic plans;
 - b) Leading change in terms of anticipating/ preparing for change, developing creative solutions to ARD challenges, and enabling staff to learn, be innovative and take initiative;
 - c) Focused on timely delivery of results and achievement of objectives;
 - d) Focused on building staff capacity and mobilizing resources; and
 - e) Motivating and managing stakeholders and partnerships in the process.

Books and courses are readily available on good practices of exemplary leadership (i.e. how to model the way, inspire a shared vision, challenge the process, enable others to act, and *encourage the heart*), the key characteristics of admired leaders (i.e. honesty, forward-looking, competence, inspiring, broad- and fair-minded, straight-forward, team player, etc.), and the foundations of leadership (i.e. mission-oriented, credibility and stability). Their application to ARD is high priority.

On the key question of which institution or institutions should take the lead in national policy analysis and action for ARD, it is suggested that appropriate multi-institutional partnerships be established that can:

- a) Ensure effective participation of key stakeholders, as mentioned above, particularly those responsible for making, analyzing and implementing policy, as well as those who are affected by policy; and
- b) Promote a favourable environment and incentives for open policy dialogue among stakeholders, particularly those at the local and provincial levels.

These policy-related initiatives would usually depend on the NARS, NGOs and universities, with the support of interested international and regional stakeholders, e.g. FAO, who can then entice government participation.

Concluding comment

This paper argues strongly and cogently for a national policy framework, strategy and action agenda for ARD, which is the single most conspicuous weakness of DCs in the drive towards sustainable ARD. This must change, otherwise: DCs will not be able to influence global, multilateral and bilateral stakeholders that could invest in ARD; national institutional capacity will not develop to lead decision making; those well intentioned, externally funded projects will not amount to much impact for long term ARD objectives; and as for GFAR, R&D systems will never be able demonstrate the potential pay-off of technology in terms of reducing rural poverty and hunger and improving the social and economic well-being of rural people.

That effective policy, institutions and stakeholder empowerment in policy making are indisputable for sustainable ARD, including rural poverty and hunger, means that the time is perfect to move forward. There is strong support on the part of most international stakeholders, but the high echelons of national power need some convincing and prodding to make ARD investments.

Over the last 50 years, the international discourse on poverty, unfortunately, has shifted from *eradication*, to *reduction*, and now to *alleviation*. What's next, *coping* or *acceptance*? This paper is optimistic, using poverty reduction, though realizing that poverty eradication is within reach, hopefully in the life of this generation!

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