

Policy Highlights

Agricultural Policies and Strategies: Concepts and Practice





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by the

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based on *Agricultural Development Policy: Concepts and Experiences* by Roger D. Norton

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1 INTRODUCTION: WHY AN AGRICULTURAL STRATEGY IS NEEDED

Preceding Modules on Policy Highlights examined issues relating to specific aspects of agricultural policy. Each of these has an important bearing either on production incentives or on factor markets. Improved functioning of the latter translates into greater efficiency and better access to agricultural resources, which are critical to agricultural growth and sustainable development.

Policy initiatives which address a single issue at a time (such as irrigation improvement without considering commensurate farm technology needs) may however have only limited impact on the sector or sub-sector. Because each policy initiative can have enormous implications in other areas, with possible cause-effect relationships, a holistic treatment of the different issues involved is not only prudent but in some instances mandatory. This applies especially where there are losers and gainers (besides costs and benefits) associated with a given policy action: reconciling the trade-offs involved must invoke decisions at the strategic level.

It is thus highly desirable for agricultural policies to be designed and implemented jointly, as part of an integral package, within the ambit of a sound sector or sub-sectoral strategy. This provides a consistency framework to help bring together diverse policy initiatives in one overarching logical structure that would consist of a vision for the future and a road map showing how to fulfill that vision.

A compelling vision of the sector's potentiality is necessary to mobilise the support needed for its fulfillment. Without widespread backing, an agricultural strategy cannot proceed beyond the status of just another technical study.

2 ROLES OF AN AGRICULTURAL STRATEGY

An agricultural strategy serves more than just providing an integral approach to policy issues:

As a *vision*, it presents fresh possibilities for the sector and a path to attain them. Past trends and future prospects, problems and opportunities, and strengths and weaknesses could all be reviewed and brought to bear on the vision.

It is also a *rallying cry* to mobilise support for the vision and its implementation. Widespread support is important for agricultural policies to work, and is often lacking when these are implemented in piecemeal fashion.

The strategy *formulation process* itself provides avenues for the legitimate aspirations of agricultural producers and other stakeholders to be articulated systematically and collaboratively.

Strategy formulation also provides an opportunity for *elevating the level* of national dialogue on policy issues, through better information sharing, educating and opening the

debate to a wider spectrum of stakeholders: learning-by-doing also contributes to capacity development amongst technical experts and civil society at large (see Box 1).

Box 1 - Information value of the strategy formulation process

In one of its many editorials commenting on the National Development Strategy in Guyana, *The Stabroek News*, an independent newspaper, had this to say: The draft National Development Strategy should be required reading for our politicians, businessmen, trade unionists and academics. Containing useful and interesting ideas and discussions on every aspect of the economy and its processes it cannot help but raise the level of public debate which in so many areas is ill-informed and bereft of any theoretical or systemic framework.

3 CONCEPTUAL ISSUES IN STRATEGY DEVELOPMENT

In its operational form, an agricultural strategy is an integrated package of policies for the sector, complemented by an investment programme. The component policies may be designed to take effect in the near or medium term, but typically most will represent deep reforms or re-directions whose effects will be felt over the longer term.

Sector or sub-sector objectives may consist of production and productivity improvements, representing economic efficiency goals. But they may also include social equity and environmental sustainability goals, generally manifest in poverty reduction and natural resource enhancement strategies (see Box 2).

Box 2 - Livestock sector objectives: example from a middle income country

" ... In drafting the proposed (livestock) strategy, certain major sectoral objectives have been borne in mind. The most important of these is to increase livestock production in order to keep pace with the rising demand for livestock products. The second objective concerns the need to protect farm incomes without increasing the burden on consumers. The third objective relates to increased equity – both between individual families and among different areas of the country. Finally the importance of sustaining the natural resource base has had to be considered."

There are many possible dimensions or axes along which a strategy may be integrated. These may be based on historical, economic and social factors, agronomic and ecological considerations, and other factors and analyses that may be relevant. The choice of such axes helps define the character of a strategy.

3.1 Advantages

Policies that are developed within the context of a comprehensive strategy have a number of advantages over stand-alone policies:

- They support and have better linkages with national development objectives;
- Built into the process is provision for mutual consistency across different facets of the sector and with macroeconomic policy;

- A balanced view of different policy goals and objectives is afforded; bringing out into the open possible trade-offs, gains and losses, and potential sources of conflict between stakeholders provides a basis for negotiation and seeking of consensual solutions.

Consensus on the need for uniform treatment of all economic actors is easier to achieve when various interests are brought together to participate in formulating a strategy than leaving them to negotiate individually with the government. This can help remove entrenched privileges, or at least reduce them significantly.

3.2 Important features

A viable and solid strategy, one that is capable of being implemented and can move the sector forward, must have a strong conceptual framework, and its policy proposals must be developed according to sound and defensible criteria. Otherwise, it may become simply a shopping list, forfeiting much of its persuasive power. Characteristics of a sound strategy are thus:

- Adequate detail and rigour in analysis of problems and opportunities;
- Logical links clearly established between diagnoses and solutions;
- It points the way forward in broad terms as well as in specifics;
- There is consistency, harmony, and complementarity across different policy areas intra and inter-sectorally;
- It constitutes an implementable programme.

The setting up of a secretariat or coordinating committee at a high enough level is a first indication of government commitment. This generally should lead to the forming of working groups and task forces for specific policy topics. The composition, terms of reference, and level of activity of such working groups are another indication of government commitment to the process.

3.3 Stakeholder participation

In order for a strategy to succeed, it must be representative, and gain the wide support, of the main stakeholders. Commitment to the strategy by the sector's authorities is essential, and needs to be reflected in the government's participation in its elaboration. Without this, national concerns and fiscal considerations may not be properly catered for.

On the other hand, a strategy developed at least in part by those representing the interests of agricultural producers, other sections of rural society, including women, the poor and other traditionally disadvantaged groups, and private commercial organisations with a stake in the rural economy, is more likely to be implemented than one developed solely by government officials and technical experts.

When a broad range of issues is discussed in a forum with many participants, each player can see that eliminating privileges for others requires reciprocity; its logic requires that all privileges be surrendered.

Formulation of policies and strategies should be a participatory process; the arguments for such an approach may be summarised as:

- Better prospects of securing national consensus, hence political support for implementation;
- Helps strengthen the channels of national dialogue, which may as yet be underdeveloped or atrophied;
- Higher quality of information fed into the formulation process, since officials and technical experts on their own may not have as deep an understanding of the practical issues involved as farmers or the private sector i.e. practitioners in production or marketing;
- Greater accountability & transparency of the policy making process, which also contributes to a wider process of improving governance.

Furthermore, countries which are in the process of negotiating external development assistance will find that strategies developed in truly participatory manner will empower them in dialogue with international agencies. National priorities then serve as guides for such assistance, rather than implicit policy objectives in conditionalities attached to aid agreements.

Participatory effort starts with an identification of the relevant stakeholders. This will be greatly helped by conducting a systematic stakeholder analysis which not only lists the key stakeholders but also gains insights into their different interests, power and influence. This helps avoid arbitrariness in who to include in stakeholder interactions.

4 PRACTICAL ISSUES IN STRATEGY FORMULATION AND IMPLEMENTATION

In basic terms, an agricultural strategy takes stock of the present situation, defines the anticipated direction of change, and the new emphases that will characterise the change (see Box 3). There are no hard and fast rules on how this is done, but the following *sequence of steps* represents some of the main thought processes involved in developing a strategy:

- Determine sector or sub-sector development objectives;
- Identify specific weaknesses and constraints;
- Examine main strengths and opportunities;
- Explore strategic options;
- Specify operational subobjectives;
- Draft a set of policies to achieve the sub-objectives;
- Outline a sector investment programme.

Box 3 - Extract from a poultry subsector strategy document

The levels of technical efficiency in the poultry sector in the country are comparable to those in most developed countries. Further improvements would thus largely parallel new technical breakthroughs. The sector is also fairly homogeneous in terms of technical productivity levels: there is little difference between the best and poor performers. The key issue in further development of the sector is the price of feed ingredients. Feed constitutes 60 -70% of costs, and all feed ingredients used are internationally tradable. The medium-term target should be to give the sector access to feed ingredients at world prices. Simultaneously, all restraints on imports, except for legitimate anti-dumping cases, should be removed. This would relate mainly to feed grains, as high protein straights and feeds are already lightly taxed ..."

Sector or sub-sector objectives could change as new information comes to light; their determination tends to be an iterative and evolutionary process in practice.

A document structure that provides stimulus to asking the right questions can facilitate the work considerably, especially when non-specialists are involved in it through the participatory process.

It is particularly important to guide those who are developing the strategy into identifying principal constraints that need to be overcome, and issues to be addressed, in each area before they attempt to analyse alternative policy recommendations.

4.1 Means of implementation

The process of formulating a strategy should include preparations for the implementation stage. Policy proposals should include the instruments or means for their implementation. These consist of one or more of the following:

- New legislation (legislative channel);
- Administrative decisions and decrees of the executive branch that alter the rules governing the economic environment for agriculture and change institutional structures (administrative channel);
- Allocations of public investment, or *capital account* funding, some of which may come from external partners in development (investment channel);
- Allocations of the *current account* budget of the government (programme channel);
- Voluntary participation in implementation by the private sector and civil society (non-government channel).

Implementation may occur through more than one of these channels simultaneously, as in the case of programs that require both investment and current account spending, and are also supported by administrative decrees.

A draft strategy and the final version of the document may play quite different roles. The latter is the formal basis for an implementation program but the former, simply

because it has the status of a draft, sometimes can address sensitive issues that policy makers may have sidestepped.

Endorsement of the strategy either by the Executive branch or Legislative branch, preferably both, would be necessary to give it legitimacy. Following this, the implementation process may go on to:

- Develop a medium-term implementation plan, under which aegis annual implementation plans would be formulated;
- Identify clearly the needed actions in all five implementation channels, including assignment of responsibilities and target dates;
- Establish an implementation secretariat and/ or a high-level committee to manage the execution and monitoring of the strategy.

Policy implementation is a major undertaking, a challenge that is sometimes underestimated. To be successful, it requires conviction, consensus and coordination.

4.2 Strategy formulation: a cyclical process

The dividing line between policy design, dissemination (attaining consensus) and implementation is not a sharp one. Effective dissemination is essential for putting new policies into effect. During the dissemination phase feedback often is received that could result in changes to the design of the policies and the strategy itself.

In Honduras, developing an agricultural policy reform package involved some 80 all-day meetings over a period of a year, in which campesino (peasant) organisations and large scale producers participated. In Guyana, more than a hundred meetings of civil society task forces were held over a period of several years. The most salient characteristics of these meetings is that through them, civil society members actually drafted the policy reforms.

In general, the following six stages can be identified throughout the dissemination-cum-implementation interface, that is, after an initial design for policy reform has been proposed:

- Promotion and advocacy of new policies among all concerned policy makers (including in Ministries other than Agriculture);
- Dissemination of the new policies and their benefits among producers and the public at large and to international development agencies;
- Drafting of the programme for implementation through the five channels indicated above. (The more concrete the policy proposals are in the strategy, the easier is this task.);
- Implementation of the policies;
- Monitoring the implementation;
- Evaluation of the results, modification of the implementation plan and possible revision of the strategy itself.

In any of the first five of these stages, the strategy itself is subject to modification, as additional elements of reality are brought to bear on the proposals.

Policy implementation is a demanding task, hence merits careful attention and a systematic approach. Without successful implementation, even the best designed policies and strategies are of no value.

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- Environment and sustainability
- Institutional and organizational development
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