Agricultural And Rural Development

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NEEDS strategy: Agricultural and rural development are essential

- Income poverty in Nigeria has more than doubled
- Rural per capita income has grown very slowly over the past 20 years
- Most of it is rural, and rural poverty is deeper than urban poverty
- Goals of NEEDS cannot be accomplished without rapid agricultural growth and broad rural development

Why has agricultural value added grown so slowly

- From your own agricultural sector review of 2001:
  - Unfavorable, unstable macroeconomic environment
  - Agricultural policies and programs have been ineffective and erratic
  - Low public spending on agricultural and rural development
  - Low quality of spending

Small farms can do it

- China: rapid agricultural growth for over 20 years, from famine to food self sufficiency
- India: sufficient agricultural growth to move from famine to self sufficiency and exports
- Burkina Faso: is feeding twice as many people today than 25 years ago
- Africa has adopted new varieties of rice, maize, sorghum, cassava, sweet potatoes, cowpeas, and other crops
- And developed sustainable soil management techniques

How not to do it

- Via delivery of agricultural services by centralized state agencies: global failure was clear already in 1980
- Via integrated rural development programs: top down and expert driven, fiscally and institutionally unsustainable, abandoned in 1987
- Via subsidized credit from agricultural banks and fertilizer subsidies: captured by large farmers, used inefficiently, fiscally not sustainable
- By fostering the large scale farm sector: Colombia, Brazil, South Africa….: Growth, but no rural poverty reduction

The new approach

- Empower farmers, (*most of whom are poor women)*, and rural populations to manage their own investments, services and rural development programs
  - By increasing farm profits, savings and investments
  - By allowing them to produce their own public and semi-public goods and services via community-driven development (CDD)

The new approach is not a silver bullet

- Implementation requires a lot of political will
- And sustained efforts on many fronts
- Implementation gives rise to many complexities
- A vision which is easy to explain and understand

Improving farm profits, savings and private farmer investments

Why is it so important:

It is incredibly difficult to provide credit to small and poor farmers in a fiscally responsible and sustainable way

Especially difficult in sub-Saharan Africa: population densities are low, agriculture depends on rainfall, and agricultural technology is lagging

The main way to finance small farmer investment is therefore via savings in cash and in kind (sweat equity)

The first pillar: Increase farm profits, savings and investment

1. International prices

- They are given from the outside and depressed because of adverse OECD agricultural policies, and constraints on intra-Africa trade.
- But they can nevertheless be influenced
  - By astute negotiations in the WTO
  - By reliably supplying high quality outputs
  - By developing niche markets such as organic produce

2. Transmission of international prices from the port to the farm

- Farm gate prices are depressed by
  - A high value of the domestic currency
  - Taxes on exports (mostly abolished by now)
  - Transactions costs from port to farm
    - Port costs: Still a major problem
    - Transport and marketing costs
      - bad roads: you know all about them
      - transport and marketing monopolies
      - illegal road barriers and extractions

3. High cost of purchased inputs

- Protected domestic production of fertilizers, pesticides, machines
- Monopoly marketing of inputs by parastatal or private companies
- Poor international procurement practices
- Poor transmission of international price from port to farm (see last slide)

4. Efficiency of production on the farm depends on

- Farmer health, nutrition and education
- Irrigation and drainage
- Soil management
- Land tenure security
- ***Agricultural technology: the ultimate source of growth***
  - Research systems
  - Extension and other advisory services

The second pillar: community-driven and local development (CDD)

The origins of CDD

- Failure of integrated rural development (1970-1990)
  - Programs designed by experts in consultations with communities (no participation beyond consultation)
  - Executed by a number of line agencies (center or state level)
  - Little arrived in villages, and what did often reflected priorities of the agencies rather than the villagers
  - Cumbersome procurement and disbursement practices
  - Declared a failure by World Bank Operations Evaluation Department in 1987

Mexicos municipal funds (early 1990s)

- A follow up to 15 years of integrated rural development
- Core ideas
  – Rural development coordinated at local and community level
  – Designed and executed by communities, and coordinated by local development committees
  – Municipalities get a block grant which cannot be used for salaries, but only as grants for projects proposed by communities
  – Money transferred to communities for execution of the projects
  – Learning by doing at all levels

Scaling up and spread to other countries

- In first year communities in 2200 municipalities executed 17,000 projects, 700,000 since then
- Now institutionalized into budget law of Mexican Federation in the mid-1990s
- Similar large multi-sector programs in Brazil, Indonesia, Burkina Faso, Malawi, Tanzania…..
- Applied to small scale infrastructure, water, irrigation, natural resource management, agricultural extension, land reform, health (e.g. eradication of onchocerciasis, and HIV/AIDS treatment)

Alleged problems

- Lack of capacity: When there are opportunities, latent capacities are mobilized at community and local level: retired teachers, accountants, other skilled people…
- Quality of projects will be poor: Surveys show that quality at least as good as with other implementing mechanisms, execution is much faster, costs are around 40 percent lower
- All benefits will be captured by elites: Too little research yet to be sure, but so far not much adverse evidence
- Money will be misused: Multiple downwards accountability mechanisms have prevented this from happening

Multiple accountability mechanisms

- Communities elect internal finance and audit committees (often best done by women)
- The executive, finance and audit committees are elected
- Accounts and records are in local language
- Information on money received and spent is publicly posted in the community
- M&E system includes random audits
- Independent NGOs can be contracted to monitor program
- Journalists can be encouraged and supported to regularly report on the programs

Challenges

- Political will to shift power and resources to the bottom
- Sectors need to get out of direct provision and move to facilitation and technical and implementation support
- Scaling up is much easier when there local governments are well developed and can coordinate, so capacity development of local government is essential

Some design features

- Functions carefully assigned to central, state, local and community levels, using principle of subsidiarity
- Scaling up to tens of thousands of projects requires
  - massive training and communication
  - very careful planning of logistics
- Communities and local governments require
  - good facilitation of their participatory planning
  - training in financial management
  - technical inputs

Experience in Nigeria

- Many projects of NGOs and bilateral donors have successfully used community-based approaches
- World Bank has supported the FADAMA 1 program in the late 1990s and just approved FADAMA 2 projects
- Other World Bank financed projects are under execution or are just becoming effective: HIV/AIDS, community-based natural resource management, rural water supply, and an urban community project

Suggestions on where to go next

- Summarize Nigerian experience with CDD approaches
- Develop CDD into a national approach via consultations among stakeholders and donors
- Harmonize approaches to participatory planning, accountability, disbursement, procurement, monitoring and evaluation, community participation in costs, etc
- Strengthen LGAs and make them more accountable
- Scale up CDD to national program involving all LGAs, as in Mexico, Indonesia, Burkina Faso…

The threat of HIV/AIDS

- Prevalence rate is around 5 percent, there are over three million infected Nigerians, and over a million orphans
- The epidemic can spiral out of control, as in South Africa
- All reform and development efforts will then be undone
- Ample resources for prevention, care and treatment are already available in the country
- There is no longer a tradeoff between prevention and treatment, but they reinforce each other

HIV/AIDS treatment

- Of the three million infected between 300 to 500 thousand require immediate treatment
- Saving them is possible, this holocaust can be stopped
- Treatment costs are less than 400 dollars per patient year
  - Cheaper than letting the patients progress to AIDS and death
- There are latent treatment capacities in health posts and secondary treatment facilities: in the public and private sector, NGOs, and the faith-based health sector
- Give them the money and let them do it