Chapter 1

Evaluation Highlights

- Sub-Saharan Africa is a diverse and complex Region and is behind on most of the Millennium Development Goals.
- Agricultural development can make a major contribution to poverty alleviation and growth.
- Increasing agricultural productivity is key to improved food security for both rural and urban poor.

Picking tomatoes in irrigated fields, Senegal River Basin. Photo by Scott Wallace, courtesy of World Bank Photo Library.

Introduction

Sub-Saharan Africa is a diverse and complex Region with more than 700 million people and at least 1,000 different ethnic groups in 47 countries with 7 distinctly different colonial histories. Some of the world's poorest countries are in the Region, and during the past two decades, the number of Africa's poor has doubled, from 150 million to 300 million, constituting more than 40 percent of the Region's population (World Bank 2005e).

According to the *World Development Report 2008,* the rural poverty rate in the Region was 82 percent in 2002.[1] Africa remains behind on most of the Millennium Development Goals (MDGs). As a result, the Region and its development are now a priority for the international community.

A major reason that Africa lags behind other Regions is the underperformance of its agriculture, which accounts for 30 percent of the gross domestic product (GDP) and employs 75 percent of the population (Commission for Africa 2005). The weak performance of the sector is the result of a variety of constraints that are particular to agriculture in Africa and make its development a complex challenge. Poor governance and conflict in several countries makes things even more difficult.

Total agricultural output in Africa consists primarily of food crops; agricultural export crops account for only 8 percent of total agricultural production (Peacock, Ward, and Gambarelli 2007). While some export crops, such as cotton, have often been considered an African success story (see appendix I), food crops have performed particularly poorly in most countries. Cereal yields in Africa, even in 2003–05, were less than half those in South Asia and one-third those in Latin America. Africa also lags behind other Regions in percentage of cropland irrigated, fertilizer use, and land and labor productivity per worker (table B4, appendix B). The underperformance of the sector initially led to skepticism about agriculture's potential to contribute to Africa's growth and poverty reduction (Diao and others 2006). But the weak performance of Africa's agriculture is attributable to a variety of factors that are unique to the sector in that Region. This evaluation of the World Bank's contribution to development of the agriculture sector in Sub-Saharan Africa provides some insights into these reasons based on Bank experience.

The Role of Agriculture in Africa

If Africa is to achieve the MDGs, its agriculture sector has to be developed. Until recently the sector was neglected because neither governments nor donors made its development a priority. In the immediate post-independence era, during the 1960s, governments in several African countries treated agriculture primarily as a source of resources for industrialization, in the belief that industrialization was the way to development and food aid could meet the needs of cities and help deal with emergencies.[2] Production of cash crops was encouraged as a source of foreign exchange for development.

Achievement of the MDGs in Africa will require realization of agriculture's potential.

Then, in the 1970s, World Bank President Robert McNamara led the shift from an economic growth paradigm to a broader development paradigm in Africa. This committed the Bank to integrated rural development to directly attack Africa's rural poverty and underdevelopment (Eicher 1999). While in Asia this broader rural focus came after the initial focus on food production and the building of institutions, serious focus on agricultural development by donors did not take place in Africa because of this shift in priorities.[3]

Agriculture has strong indirect effects on growth in other sectors.

Later, when African countries were faced with severe fiscal crises in the mid-1980s, donors prioritized improvements in the efficiency of resource allocation. In the agriculture sector, more emphasis was given to marketing reforms, rather than to the development of all relevant activities in the sector. Success with marketing reforms was considered a crucial determinant of the overall response of the economy to changing economic incentives.

Moving forward, a focus on agricultural development is critical to contribute to poverty reduction and economic growth in the Region.

Poverty reduction

Farming in Africa is largely a household enterprise, and most farmers have 0.5 to 2.0 hectares of land. For most of them, the small piece of land they farm (whether or not they own it) is their only tangible asset. This differs sharply from the situation in South Asia, where most of the poor are landless (Lipton and others 2003).[4] Low productivity and not landlessness is the major problem in Africa. Under such circumstances, increasing the productivity of small pieces of land has the potential to reduce poverty significantly in the Region.

Farming in Africa is largely carried out by smallholder farmers, and low productivity and not landlessness is the major problem.

The relationship between poverty reduction and agriculture in Africa is a powerful one. However, it is not always sufficiently appreciated that productivity improvement not only increases the food security of the rural poor, but also benefits the urban poor, for whom increased production means lower food prices.[5] Based on work in eight countries in the Region, Dorosh and Haggblade (2003) found that investments in agriculture generally favor Africa's poor more than similar investments in manufacturing.[6] IFPRI research (2002b) shows that each 10 percent increase in smallholder agricultural productivity in Africa can move almost 7 million people above the dollar-a-day poverty line. Recent Bank analytical work has found similar favorable results for poverty reduction arising from increased agricultural production (World Bank 2005j). Hartmann (2004) has gone as far as to note that if the development community had to choose just one activity with which to address the first MDG of reducing extreme poverty and hunger in Africa, it should be to produce more food.

Increased agricultural productivity improves food security for both rural and urban poor.

Growth

Recent research demonstrates that the effect of agriculture on wider growth is also likely to be substantial. Christiaensen and Demery (2007) distinguish between the direct and indirect effects of this growth and argue that while agriculture tends to grow more slowly than non-agriculture, the indirect effects of agriculture on non-agriculture are substantially larger than the reverse feedback effects. These effects arise from linkages to agro-processing and input production, for example, as well as from the "wage good effect," which means that lower food prices imply an increase in saving at a given level of income and can stimulate demand for goods produced by the non-agriculture sector.

Study Purpose

The purpose of this IEG review is twofold. First, it serves as a pilot for the proposed IEG study of Bank-wide assistance in agriculture scheduled for fiscal 2009. Second, the review provides timely insight into specific issues relevant to the Bank's renewed focus on agriculture in Africa, especially as expressed in the Africa Action Plan. In addition, the African Union has launched a vision and strategic framework for Africa's renewal—the New Partnership for Africa's Development (NEPAD). The Comprehensive Africa Agriculture Development Programme is at the heart of efforts by African governments under the NEPAD initiative to accelerate growth and eliminate poverty and hunger. Lessons of experience from the Bank will contribute to the discussion surrounding these initiatives and will likely inform future international aid agendas and policy directions.

Study Scope

The focus of the study is agricultural development, not the broader issue of rural development, in Africa over the 15-year period of 1991–2006. The 47 countries of the Region are highly diverse in resources, endowments (see table B.1, appendix B for categorization), and ability to commit politically to actions that increase growth and reduce poverty (World Bank 2002a). Given this diversity, the study focuses primarily on the common issues across countries that are relevant for agricultural development in the Region as derived largely from a limited set of strategic statements of the Bank. The scope of the review is also influenced by the following:

- Only the Bank's direct lending and nonlending activities have been considered as a part of this study. The Bank was the single largest donor to African agriculture during 1990–2005, and an evaluation of its activities can provide valuable insights into the challenge of agricultural development in the Region. Undoubtedly greater value could be added if Bank support could be assessed along with the activities supported by other donors. However, such an exercise cannot be easily carried out with modest resources. Other multilateral organizations, such as the Food and Agriculture Organization (FAO), African Development Bank (AfDB), and the International Fund for Agricultural Development (IFAD) are also currently evaluating their support to the agriculture sector in Africa. When these evaluations are complete, they will be brought to bear in IEG's forthcoming study of Bank-wide assistance to agriculture.
- The report draws on the findings of other IEG studies that have reviewed regional and global programs in support of agricultural development, but did not itself encompass a comprehensive review of all related regional and global programs.
- Although food security is discussed, the report does not discuss the merits or demerits of food aid.
- The discussion on market access for agricultural products is confined to transport infrastructure and does not extend to other barriers, such as those arising from the need for conformity with specifications demanded by supermarkets.

Methodology

The evaluation is built on four main sources of information:

- ***Portfolio review:*** In consultation with the Bank's Agriculture and Rural Development (ARD) Department, IEG identified a portfolio of projects with agriculture components for review. Trends in lending for the portfolio of 262 projects were examined. In addition, a stratified random sample of 71 closed and ongoing projects was selected from the portfolio for detailed review. The Bank's nonlending activities (including relevant rural strategy documents), Country Assistance Strategies, and Poverty Reduction Strategy Papers were also examined to assess the Bank's strategic approach to the development of the agriculture sector.
- ***Country-level reviews:*** Two countries in East Africa (Kenya and Malawi) and two in West Africa (Cameroon and Nigeria) were selected for sector reviews to provide country-specific insights. Assessments of 13 agricultural projects in various African countries were also fielded by IEG in fiscal 2007.
- ***Literature review:*** Bank and non-Bank literature provided a basis for understanding the complexities in African agriculture and the Bank's role, as well as for confirming the findings of the portfolio analysis and the country-level reviews.
- ***IEG Bank staff survey:*** Bank staff (both headquarters and field-based) views on internal factors and incentives related to the Bank's assistance were sought. The survey was sent to 258 staff who worked on agricultural issues in the Africa Region and in the ARD Network as agriculture specialists or as task managers of projects with agricultural components, in-

cluding projects in sectors such as transport and multisector operations.

Some limitations of study design

The study has two main limitations. First, although project assessments provide the field input and bring the perspectives of government officials and other stakeholders on the Bank's support to agriculture, the study is largely a desk review carried out over 8 months and on a limited budget (compared with typical IEG sector/thematic studies). Second, the response rate of the staff survey was only 22 percent. Since it is in the nature of opinion surveys to have a response bias, it is difficult to ascertain whether those who responded are representative of the 258 staff to whom the survey was originally sent. Because of the limited number of responses and the likely response bias, the survey results have been used only to illustrate and/or substantiate the findings from other information sources. Details on the methodology are included in appendix A.