

Agriculture and Development

Berlin Workshop Series 2008

Agriculture and Development

Edited by
**Gudrun Kochendörfer-Lucius
and Boris Pleskovic**



inVent

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Contents

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------|-----|
| ABOUT THIS BOOK | vii |
| INTRODUCTION | 1 |
| <i> Gudrun Kochendörfer-Lucius and Boris Pleskovic</i> | |
| WELCOMING ADDRESS | 11 |
| <i> Gudrun Kochendörfer-Lucius</i> | |
| KEYNOTE ADDRESS | |
| Current Thinking on the Scope and Approach of WDR 2008 | 17 |
| <i> François Bourguignon</i> | |
| OPENING ADDRESS | 25 |
| <i> Astrid Kühl</i> | |
| INTRODUCTORY REMARKS | 27 |
| <i> Michael Hofmann</i> | |
| | |
| Part I: Agricultural Policy, Subsidies, and Trade | |
| Agriculture and Development: The Perspective of a Think Tank on the WDR 2008 Outline | 33 |
| <i> Michael Brüntrup</i> | |
| | |
| Part II: Markets and Institutions | |
| Market Access for Small Farmers: The New Standards Challenge | 41 |
| <i> Benoît Daviron and Isabelle Vagneron</i> | |
| Globalization, Privatization, and Vertical Coordination in Food Value Chains | 49 |
| <i> Johan F. M. Swinnen and Miet Maertens</i> | |
| | |
| Part III: Agriculture, Natural Resources Management, and the Environment | |
| Designing Improved NRM Interventions in Agriculture for Poverty Reduction and Environmental Sustainability in Developing Countries | 57 |
| <i> H. Ade Freeman</i> | |

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| Aspects of Land Degradation in Lagging Regions: Extent, Driving Forces, Responses, and Further Research with Special Reference to Ethiopia <i>Gunnar Köhlin</i> | 71 |
| Agriculture and the Rio Conventions <i>Laurence Tubiana and Sheila Wertz-Kanounnikoff</i> | 85 |
| Part IV: Agriculture-Rural Nonfarm Linkages and Rural Poverty | |
| Agricultural Growth, Employment, and Wage Rates in Developing Countries <i>Raghav Gaiha and Katsushi Imai</i> | 97 |
| Are Farm-Nonfarm Linkages Still Strong Enough to Tackle Rural Poverty? <i>Daniel Bradley</i> | 131 |
| Agriculture: Rural Nonfarm Linkages and Poverty <i>Alexander Schejtman</i> | 139 |
| Part V: Decentralization, Local Governance, and Rural Development | |
| Decentralization, Local Governance, and Rural Development <i>Jean-Louis Arcand</i> | 147 |
| Decentralization, Agriculture, and Poverty Reduction: Harsh Realities? <i>John Farrington</i> | 157 |
| Decentralization and Development: Emerging Issues from Uganda's Experience <i>John A. Okidi and Madina Guloba</i> | 161 |
| Decentralized Rural Governance in a Post-Socialist Economy: A Case of Community-Based Agricultural Marketing in Poland <i>Martin Petrick and Andreas Gramzow</i> | 175 |
| Part VI: Emerging Policy Issues | |
| Opportunities for European Bioethanol in a Global Environment (2006) <i>Oliver Henniges</i> | 187 |
| Nonlinear Effects of Weather on U.S. Crop Yields, Implications for Climate Change, and Why These Effects Matter for Developing Countries <i>Wolfram Schlenker and Michael Roberts</i> | 193 |
| Emerging Policy Issues within the Realm of Science Policy for Africa <i>Monty Jones</i> | 203 |
| CLOSING REMARKS <i>Alain de Janvry</i> | 215 |
| APPENDIXES | |
| Appendix 1: Program | 221 |
| Appendix 2: Participants | 229 |

About This Book

The World Bank and InWEnt (Capacity Building International, Germany) hold a Development Policy Forum each September in Berlin. This meeting, known as the “Berlin Workshop,” provides a forum for the European research community to contribute its perspectives to early discussions in preparation of the World Bank’s annual *World Development Report*. The Workshop offers new ideas and distinctive perspectives from outside the World Bank. Participants in the Workshop come from a range of academic, governmental, think-tank, and policy-making institutions in Europe, the United States, and the Russian Federation, as well as from the World Bank and the German development institutions. Conference papers are written by the participants and are reviewed by the editors. Participants’ affiliations identified in this volume are as of the time of the conference, September 4–6, 2006.

The planning and organization for the Workshop involved a joint effort. We extend our special thanks to Derek Byerlee and Alain de Janvry, codirectors of the World Bank’s *World Development Report 2008*. We wish to thank Aehyung Kim and Marisela Monoliu Munoz for their advice and suggestions. We also would like to thank the conference coordinators, Klaus Krüger, Joachim Müller, Katja Wehlte de Hernandez, and Theresa Bampoe, whose excellent organizational skills kept the workshop on track. Finally, we would like to thank the editorial staff, especially Stuart Tucker and Cindy Fisher from the Office of the Publisher, Martha Gottron, and Grit Schmalisch for all of their work on this volume.

Introduction

GUDRUN KOCHENDÖRFER-LUCIUS AND BORIS PLESKOVIC

The *Berlin Workshop Series 2008* presents a selection of papers from meetings held on September 4–6, 2006, at the ninth annual Berlin Workshop, jointly organized by InWent—Capacity Building International, Germany, and the World Bank in preparation for the World Bank's *World Development Report (WDR) 2008*. The workshop brings diverse perspectives from outside the World Bank, providing a forum in which to exchange ideas and debate in the course of developing the WDR.

Participants at the 2006 Berlin Workshop gathered to discuss challenges and successes pertaining to agriculture and development. Agriculture is the major sector contributing to economic development in many poor countries. Three out of every four poor people in developing countries live in rural areas. As globalization accelerates, development policies should tackle future challenges in agriculture arising from the scarcity of natural resources and globalization.

In her welcoming address, Gudrun Kochendörfer-Lucius highlights the paramount importance of redefining the framework for agriculture, providing us with food for thought and putting forward suggestions that need greater reflection and more detailed discussion. Her contribution focuses on three main topics. First, she presents some considerations on global agricultural development and trade. She describes the different approaches to agricultural development, stressing that we should discuss the outcomes and effects of these approaches and evaluate which nations or which population groups are benefiting, as this could help to develop target group-oriented strategies in poverty alleviation and agriculture. Second, she takes a critical look at how agriculture and the rural sector can be an effective engine for growth. Another issue on the agenda is to determine what agriculture needs in the way of technology, infrastructure, and financial support to become a growth engine? These new insights should contribute to an appropriate formulation and implementation of tailored

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agriculture-for-development programs. Finally, she looks at development in connection with systematic capacity building and training, pointing out the need to define sound capacity-building measures in terms of agriculture as well as to determine how these could be used more effectively.

In his keynote address, François Bourguignon discusses how agriculture encompasses everything that matters in development. With 70 percent of the world's poor people living in rural areas and depending directly or indirectly on agriculture, agriculture is the center of development and poverty reduction. Bourguignon asks why and how we should invest public resources in agriculture or implement agriculture-oriented development policies to reduce poverty. In addressing these questions, he examines five issues. First, he argues that agriculture is an engine of growth and that productivity gains in agriculture have a positive impact on the whole economy, lowering wages and facilitating development in the nonagricultural sector based on what he calls the "old" development paradigm and the spillover effects of agriculture. Second, a comparative advantage in some crops permits the local economy to become more efficient and to generate a surplus that can be invested elsewhere in the economy under the "new" development paradigm associated with international trade. Third, agriculture is the sector that encompasses the largest number of the poor. Finally, he highlights the need to be clear about what issues are to be addressed by policies.

In her opening address, Astrid Kühl notes that agriculture, with its achievements and problems, has taken a back seat in the European Union (EU) over the years. Further, she states that, because of agricultural subsidies and protected markets in the EU, competition does not provide a development impulse to agriculture in developing countries. Kühl concludes that rural areas and the farming population in developing countries offer a much suppressed and neglected potential.

In his introductory remarks, Michael Hofmann notes that the majority of the poor live in rural areas and that agricultural development has received declining attention in recent years. Hofmann emphasizes the importance of making significant progress in terms of agricultural markets and subsidies in trade negotiations in order to benefit developing countries. He argues that there is a need for the analysis of who would benefit from more investment in agriculture, a need to examine how urban and rural areas are mutually dependent, and a need to examine migration flows related to the exodus from rural areas. Hofmann concludes that we need to look for nonconventional solutions and be candid in our approach and analysis.

Derek Byerlee and Alain de Janvry also gave an introductory address in which they observed that the success of many countries in diversifying their economies started with major productivity gains in agriculture. Agriculture provided the basis for livelihoods to a majority of humanity, offered important business opportunities to private investors, and provided the cornerstone for food security. Providing an engine of growth for countries with a large agricultural sector relative to other sectors remains as vital and unique today as it has been historically. Despite all this, the world often has turned its back on agriculture too early, as though other sectors could assume its development functions more effectively. The resulting costs of underinvestment,