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Public and Private Roles in Agricultural Development

Proceedings of the Twelfth Agricultural Sector Symposium

Jock R. Anderson and Cornelis de Haan, editors

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FOREWORD

The tradition of the Annual Agricultural Symposium is now well established. It is an exciting time of the year for many reasons -- not the least being that it is the occasion when the maximum number of World Bank agricultural staff have the opportunity of getting together and considering matters of substance and novelty.

This year the Symposium was an especially interesting occasion since it was the first opportunity for many Bank staff to meet the new President, Mr. Lewis Preston, who honored us by opening the Symposium.

Our deliberations got off to a spirited start with the Opening Address of Mr. Mahbub ul Haq, formerly of the World Bank and of many senior positions in Pakistan and, most recently, of UNDP. His address "The Myth of Friendly Markets" led to a vigorous debate with participation by many of the very large audience of Bank staff.

The theme of this year's Symposium -- *Public and Private Roles in Agricultural Development* -- is one that is to the fore of debate on many aspects of Bank operations. The Symposium was thus a very appropriate time to canvas issues concerning the proper balance between public and private roles in the many facets of agricultural development. Most of the deliberations of the Symposium were linked to this general theme and the contributions ranged across roles in marketing, credit, research, extension, input supply, seeds, veterinary services, and grassroots development initiatives.

The topics covered went beyond just issues of public versus private balance. The occasion was taken to update Bank staff on matters related to the natural resource base underpinning agriculture -- a theme explored in even greater depth in this year's *World Development Report* -- as well as contemporary developments in fields as diverse as biotechnology, human nutrition, and aquaculture.

In making these papers available in this Proceedings form, it is our intention to share the assembled materials with those within the Bank who did not have the opportunity of participating, and those outside the Bank who share our concerns for more effective engagement in the agricultural development process.

Michel Petit
Director
Agriculture and Rural Development Department

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OPENING SESSION

OPENING STATEMENT

Lewis Preston*

The year ahead promises to be exciting and challenging. After the extraordinary events of the last few years, one hesitates to predict in January what will happen in February, but we do have a vague outline of what we can expect in 1992. We will see real benefits in developing countries from General Agreement on Tariffs and Trade (GATT) negotiations. We will see a further reduction in the debt of low- and middle-income countries, as well as cuts in military spending by both industrial and developing countries. Progress in these areas will free up resources for development. In the Bank we face a difficult round of negotiations in the International Development Association 10 (IDA-10). The demands on IDA are growing at a time when donors have many pressing obligations both internationally and domestically. We must make every effort to secure resources for development by demonstrating that we offer the most effective channel for developmental assistance. If we are able in real terms to at least maintain the level of the IDA-9, we should all be pleased.

I want to briefly mention the Global Environment Facility (GEF), a reflection of the Bank's stewardship that we must execute with our customary expertise. The international community turned to the Bank to find a mechanism to address a problem, and in a remarkably short time the GEF was established in cooperation with the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP) and with the backing of a diverse group of developing countries. We are already well into the 3-year Pilot Phase of the main program, and a second smaller program was recently launched for the Brazilian rain forest.

In terms of our organization, the most difficult problem is going to arise with the former Soviet Union, particularly in relation to our human resources. The G-7 and others will back membership for the former republics. The International Monetary Fund (IMF) will probably expedite its process, as has been done in the Bank, where we will try to address the problems of the newly independent states. The Bank is enormously well positioned to carry out its study of food sector policy and agricultural reform in the former Soviet Union, and Russell Cheetham, department director for the former Soviet republics, has positioned us in exactly the right spot. It is important that this be a cooperative effort, with other development agencies and the European Commission playing an important role. Real difficulties, however, lie ahead. The opportunity presented by the liberalization of consumer prices in the Russian Republic is significant. By allowing the market to work, we will perhaps have avoided the most difficult situation possible because it is unlikely that either the financial resources or indeed the transportation system within the former Soviet Union would be large enough to handle the grain supplies and food supplies needed not just this year but next. And so it is a vital assignment, and I hope that we can succeed. It also, of course, entails great risk, but it is better to have tried than not to have tried.

* Lewis Preston is president of the World Bank.

We have had an enormous bit of luck. Perhaps it was the wisdom of Mr. Gaidar (Acting Prime Minister) because the teams that were chosen on the Soviet side were chosen on a regional rather than republic basis. The recent political events, therefore, did not affect how the teams were functioning. The regions chosen were Moscow, Kiev, Sochi, and Alma-Ata. The Bank's team was led by D. Gail Johnson of the University of Chicago. Despite the political turmoil, the teams have been able to continue to function. I hope we will have a report that produces a reasonable chance of improving the 1993 spring crop.

The problems we are going to have in dealing with twelve separate republics are immense, and we will have to staff ourselves appropriately. We do not have an enormous amount of Russian-speaking talent assembled in this institution, though we are going to need it. The human resource problem is something that our current members are sensitive to, and we are going to have to handle it carefully. In terms of financial resources, however, the former Soviet republics are unlikely to be a significant drain on resource flows to our traditional borrowers for a long period.

We have tried to speed up decisionmaking in our own organization, and we have created an Office of the President, which will deal more directly with the regions and with Lawrence Summers (DECVP) and Visvanathan Rajagopalan (OSPVP). We also have initiated a process to recentralize the human resource and personnel function.

Additionally, we are changing our budget process to make it more useful. Clear budgets and better planning are essential, and we can streamline the exercise down to about three months instead of thirteen, making it a more effective procedure in the Bank.

Finally, one facet of the Bank pleases me enormously, and that is the institutional concern about quality. This is the key to whether we are going to be regarded as the best and most progressive development bank in the world.