



AGRICULTURE FOR DEVELOPMENT POLICY BRIEF

Strengthening Governance to Support Agriculture

Good governance is especially important to formulating a conducive policy environment and effectively implementing policy agendas that make it possible to use agriculture for development. Yet agriculture suffers a double weakness: Governance problems are particularly pronounced in agriculture-based countries, and agricultural institutions are often weak relative to institutions governing other sectors. A wide range of approaches to governance reforms can be used to support the agriculture-for-development agenda, including revamping roles and skills in ministries of agriculture, implementing decentralization, and strengthening the roles of civil society and the private sector. The challenge is to identify those approaches that fit with country- and context-specific conditions and that are politically feasible.

Why is governance important to the agriculture-for-development agenda?

Good governance has several dimensions: political stability, rule of law, voice and accountability, government effectiveness, regulatory quality, and control of corruption. All these dimensions matter for agriculture. Political stability, the absence of violence, and the rule of law are essential preconditions for agricultural development. Violent conflicts are often linked to unequal access to land and other natural resources. In political systems that lack voice and accountability, the rural poor face particular difficulties when they try to influence the political agenda, resulting in low political attention to using agriculture for development. Government effectiveness, regulatory quality, and control of corruption are especially important for agriculture because successful agricultural growth in the early stages of development depends greatly on the state for correcting the market failures that are pervasive in the sector.

Countries in which agriculture is a large sector tend to get low scores on governance, which indicates a major dilemma: governance tends to be weakest where the public sector is most needed to realize the agriculture-for-development agenda. However, there is reason for hope, because the world has turned its attention to governance. Democratization, decentralization, civil society participation, public sector management reforms, and control of corruption hold great potential for improving governance for agriculture. Several countries in Africa have recently made considerable progress in improving governance. And the percentage of countries experiencing political instability and conflict has declined since the early 1990s. Yet success cannot be taken for granted—the complexity and diversity of agriculture make special efforts necessary.

Roles of the public sector, the private sector, and civil society have changed.

Historically, public sector interventions in agricultural markets were often ill informed, poorly implemented, and subject to rent-seeking and corruption, leading to government failures. In view of those problems, strong state interventions were reduced by structural

adjustments in the 1980s and 1990s, which emphasized the primary role of the market. The emphasis on “getting prices right” and improving the macroeconomic environment had important positive effects for agriculture, such as reducing its tax burden. But it left many market failures unresolved, creating second-generation problems, especially where a weak private sector could not respond to fill the gap. It is now widely accepted that both the state and the market have to be complementary and that for this to be achieved both the scope and strength of the state must increase.

Ministries of agriculture must adapt to new roles and capacities.

There is now general agreement that the state must invest in core public goods, such as agricultural research and development, rural roads, property rights, and enforcement of rules and contracts, even in highly industrialized economies. The agriculture-for-development agenda also assigns a strong role to public policy for promoting poverty reduction and equity, including gender equity, by building productive assets and providing safety nets. Although outsourcing and partnering with the private sector and civil society can reduce the burden of the state in realizing the agenda, agricultural ministries need new skills to facilitate, coordinate, and regulate effectively. They also need the capacity to design agricultural development strategies that are based on evidence, including solid agricultural statistics, to manage political processes, to ensure that budgets are aligned with strategies, to coordinate across sectors, to facilitate the participation of diverse stakeholders, and to create a conducive environment for the private sector and civil society.

The agricultural bureaucracies remaining after structural adjustment are particularly weak, however, and lack the capacity to implement the agriculture-for-development agenda in partnership with the private sector and civil society. Likewise, they face challenges in working effectively with local governments, which have gained importance due to decentralization. In most countries, ministries of agriculture are in need of far-reaching reforms to redefine their roles and develop new capacities.



Reform can be approached from the supply side or the demand side.

Reform from the supply side. Past efforts to strengthen agricultural administration have focused on the “supply side” by for example, providing training; encouraging merit-based recruitment and promotion; adjusting pay scales; and strengthening procurement, auditing, and public expenditure management systems. India was able to reduce corruption in land administration by introducing e-government. El Salvador, Malaysia, and Mexico make government agencies subject to the ISO 9000 management certification to improve performance and client orientation.

Reforming agricultural administration also often involves “rolling back” the boundaries of the state: In Uganda, extension provision is outsourced to the private sector and to nongovernmental organizations (NGOs). In Guatemala, BANRURAL, a public-private partnership, has been established to provide rural financial services. In West Africa, an increasing number of private veterinarians and community-based paraveterinarians provide livestock services. Many countries are devolving authority for irrigation to user groups. Although these approaches reduce some tasks of ministries, they also create the need for new capacities, such as contract management, regulation, and facilitation.

Reform from the demand side. Supply-side approaches often work best in combination with “demand-side” reforms, which increase voice and accountability by strengthening the capacity of farmers to demand better public service and hold service providers accountable. In Ethiopia, NGOs are assessing farmer satisfaction with agricultural advisory and other rural services by using Citizen Report Cards. In Senegal, producer organizations participate in decision making on the provision of agricultural services.

By bringing government closer to rural people, decentralization holds great potential to deal with the localized and heterogeneous nature of agriculture. Yet, the role of the public sector in supporting agriculture is complex, and agricultural development needs an appropriate mix of centralized and decentralized services. Some public functions are better kept centralized, such as food safety and control of disease epidemics. Where local governments do not “reach down” to the community level, community-driven development is a promising approach to harness the potential of rural communities and their creativity, skills, and social capital. The design of decentralized institutions and community-driven programs needs to address problems of social exclusion and to avoid that local elites use such programs to their own advantage. Encouraging more transparent information flows, gender-balanced community participation in local decision making, and participatory monitoring can help.

A conducive climate for the private and the third sector is important.

Because a positive rural investment climate is essential for a competitive private agribusiness sector to emerge, investment climate reforms need to pay special attention to the constraints faced by agricultural and rural enterprises. The private sector can also use its expertise and political weight to promote reforms through, for

example, public-private dialogues. The Working Group on Agriculture and Agribusiness in Cambodia’s Government-Private Sector Forum is an example.

The third sector comprises producer organizations, nonprofit service providers, and other civil society organizations. This sector has an important potential to help in overcoming market failures inherent in smallholder agriculture, while avoiding government failures. Producer organizations can facilitate input supply, extension, marketing, and management of common property resources, such as irrigation systems. They can also play a much larger role in setting the national agricultural policy agenda, as in Senegal. In India, dairy cooperatives provide services to more than 12 million households, benefiting women in particular because of their role in dairy farming. And the special competencies of many NGOs can be harnessed to deliver services, especially at the local government and community levels. A vibrant civil society strengthens public sector governance by giving political voice to groups often excluded such as smallholders, rural women, and agricultural laborers. Freedom of association, the right to information, and freedom of the press are crucial to unleash the potential of civil society.

Development partners are also part of good governance.

Improving governance is inherently a political and social process, conditioned by a country’s history, embedded in its institutions, and driven by its social movements. Ultimately, it is the citizens of a country and their leaders who have to reform governance. However, development partners can provide support for governance reforms—and they can contribute to better governance by coordinating their own activities and aligning those activities with country-driven agricultural strategies. Pooling of donor resources (“basket funding”), as in Tanzania and Ghana, can help to overcome the fragmentation of development assistance. Coordination at the regional and international level is also useful. The Neuchâtel Initiative, an informal group of representatives of bilateral and multilateral donors, develops common views and guidelines for in-country donor coordination on agricultural advisory services

Progress on the global agenda is necessary

Agricultural development depends on actions that only the international community can deliver, such as creating fair trade rules, conserving genetic resources, controlling the spread of pandemic diseases, and managing climate change. This global agenda requires a mix of global institutions: specialized institutions that have long-term support and commitment, such as the standard-setting bodies and the Consultative Group on International Agricultural Research; cross-sectoral issue-specific networks that can react quickly to emergencies, such as Global Fund for Control of Highly Pathogenic Avian Influenza; and mechanisms to ensure that the agricultural agenda is well coordinated and integrated into the broader global agenda for development, security and environment. The challenges in reforming global governance to deliver on this agenda are considerable. But in a global world and on a small planet, there is considerable mutual interest in supporting every country’s agriculture-for-development agenda. Meeting those challenges is a matter of equity and justice between North and South—and between present and future generations.

This policy brief has been extracted from the World Bank’s 2008 World Development Report, *Agriculture for Development*. Further information and detailed sources are available in the Report. The Report uses a simple typology of countries based on the contribution of agriculture to overall growth, 1990-2005 and the share of rural poor in the total number of poor (2002 \$2-a-day level). In agriculture-based countries (mostly Africa), agriculture contributes a significant (>20%) share of overall growth. In transforming countries (mostly in Asia), nonagricultural sectors dominate growth but a great majority of the poor are in rural areas. In urbanized countries (mostly in Latin America and Europe and Central Asia), the largest number of poor people are in urban areas, although poverty rates are often highest in rural areas.