

Comments on the Draft World Development Report 2008: Agriculture for Development

Submitted by;

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General Comments

Report is guided by the neo-liberal market paradigm

1. The explicit framework guiding the Report is the neo-liberal market paradigm which is the ideology espoused by the World Bank. It defines the “new agriculture” as “market-driven, state-assisted, civil society-influenced, and grounded in technological and institutional innovations” – a definition which essentially captures the thrusts of the World Bank towards market liberalization, limiting the role of the state in providing the required enabling environment for investments, civil society (which includes the business sector) participation, promoting technological innovations, and tapping public-private partnerships as the model for institutional innovations. This message is pervasive in every aspect of the Report and is expected to guide the interventions of the World Bank in agriculture in the next two decades.
2. The framework of the Report is premised on the belief that providing access to the market for poor farmers in the rural areas through increased investments in agricultural infrastructures and linkage with the markets will lead to increased incomes which will ultimately lift them out of poverty. The formula is hinged on the observation from countries like China, India, Brazil and Indonesia where increased investments in agriculture and increased access to market by poor farmers have resulted to sharp decline in the number of poor people in rural areas and thus significantly decreasing overall rate of poverty. It is expected that by following this formula, with some specific approaches in diverse situations, the experiences of these developing countries will be replicated across the developing world, especially in areas where there is concentration of rural poor such as in Sub-Saharan Africa.
3. The market-oriented approach in agricultural development promoted in the Report can be clearly gleaned from its prescriptions on “high-value activities”, the paradox of limiting the role of the state in the agricultural market and yet depend on it for strong public support in fostering agricultural development, and acknowledging the role of “powerful private actors”.
4. The assumptions and basis for analysis used in the Report are mainly hinged on the calculation of the economic value of agriculture, primarily through its contribution in overall gross domestic product (GDP) and total labor force of a country. The number of people dependent on agriculture for their livelihood and survival, and the socio-cultural value of agriculture to a country are only

secondary in the market-oriented paradigm advanced by the Report. Thus, countries like Brazil and Chile are even categorized as “urbanized” largely because agriculture contributes little to their respective GDPs and total labor force, never mind if millions of their people remain dependent on agriculture for their daily and cultural survival. The issue goes beyond appropriate categorization but has far more important bearing on the policy prescriptions given by the Report to countries that will be categorized according to the label assigned by the World Bank. The prescriptions essentially adhere to the one-size-fits-all approach, albeit with three distinct categories that represent stages of agricultural development of countries.

Future Agriculture will be dominated by big agri business corporations

5. Pondering deeply on the paradigm that guides the Report makes one wonder about the future in store for the world’s agriculture, especially in developing countries where poor farmers and rural dwellers are concentrated. The three categories of countries identified by the Report – agriculture-based, transforming, and urbanized – are virtually stages of agricultural development that countries go through in their respective development processes. The categories exactly correspond with the current development categories of countries around the world: least-developed, developing and developed/industrialized. If the World Bank categories of countries will be used, the end-goal is not surprisingly for countries to reach the “urbanized” stage where agriculture is fully integrated into the market and contributes significantly less to the overall economic growth compared to the industrial, manufacturing and service sectors, such as the case of the industrialized countries of the North and slowly, in big developing countries like Brazil. Following that trajectory, small-scale farmers have little hope to hold for the future but be integrated into the market as skilled workers in off-farm industries or as migrants in urban areas. Agriculture, under this framework, will best be left to those who can “best manage” the limited land resources in the most “efficient” manner. In the “urbanized” category, that role is best left for agricultural corporations who have the resources, technology and capacity to compete in the liberal markets.

6. The market-oriented prescriptions of the Report do not give a reassuring image of what the future holds for poor farmers in particular and the rural poor in general. From the stages/categories of agricultural development that it espouses to the approaches that it recommends, the haunting picture for the long-term future of the world’s agriculture is one dominated by agri-business, with former smallholders and subsistent farmers working as laborers and semi-skilled workers – if they choose to stay in on-farm production. For most parts, the Report espouses the idea that smallholders and subsistent farmers need to be equipped to move to rural non-farm employment or move to urban areas, without much pretension in making them stay in the farms. To the framers of the Report, the most efficient way to produce food and commodities is to leave the management of land to commercial growers and agri-business, while smallholders and poor farmers move to other economic activities that would give them higher income and boost their capacity to buy food and commodities for

their families. This is essentially the formula in using agriculture for development that consistently reverberates throughout the Report.

food security is not equated with food self sufficiency

7. While the Report devoted a section to discuss the relationship of agricultural development with ensuring food security for the rural poor, it did not regard food security as a primary goal for agricultural production except in the most marginal areas in the so-called “agriculture-based” countries where infrastructures for bringing goods to market do not exist. It is largely assumed that increased income of the rural poor will result to increased capacity to buy food which is then equated to food security. None of the so-called successful examples of developing countries that managed to reduce rural poverty by linking farmers to the market, such as Vietnam, have presented the food security situation and nutritional status in the communities which have been lifted out of poverty. It is also notable that food security in the context of the multi-functionality of agriculture defined in the Report is not equated to food self-sufficiency, or the capacity of countries and communities to feed themselves. Again, the Report regards trade as critical factor in ensuring food security to countries, by providing access to food imports and market to tradeable goods that could generate income for poor farmers. It presupposes that trade plays a pivotal role in agricultural development, not in improving agriculture itself to primarily ensure food security.

Land regarded as commodity, silent on conflicts on land use

8. The Report does not at all tackle the problem of unequal land distribution in poor and developing countries as a critical factor that explains pervasive rural poverty. It views disparity as mainly an issue of income gap, but did not discuss that at the heart of disparity and inequality in rural areas across the world is the concentration of land and control over productive resources by a few at the expense of the majority. It fails to project the critical role played by genuine agrarian reform programs in such successful agricultural development transformation as China, Taiwan and South Korea. Unless this is acknowledged as a crucial issue in agricultural development, policy prescriptions will largely miss the point and market-based interventions will further alienate poor farmers from the land which is now largely regarded as a commodity that should best be left to actors that can manage the resource most efficiently.
9. The Report does not fully acknowledge the competition for limited land and finite productive resources between production for food and for the market. It is largely silent on the pressures of agricultural intensification on environmental resources, and the tensions between commercial farmers and traditional farmers, including indigenous communities, as shown by examples of commercial farm expansion on forest areas in Argentina and Chile.

Silent on other tensions

10. There are other tensions as well on which the Report opted to remain silent on, such as the quest for higher commodity prices by agricultural producers (net-food-selling) and the demand for lower prices of goods on the part of poor consumers (net-food-buying) in the urban and rural areas. These tensions need to be fully laid out in the open in order to be addressed adequately through policies that should have some bias for the rural poor that comprise the bulk of the world's poor.

Part I: Why Use Agriculture for Development?

Sustainability questions should be addressed by the Report

11. Despite the institutionalization of the sustainable development framework in policy praxis worldwide since Rio, the Report reflects little appreciation of the importance of this framework in the context of agriculture for development. The sustainability question is barely addressed in the Report, although it recognizes the environment consequences of agriculture (notably, without any qualification). The socio-economic sustainability of the promotion of high-value agriculture which requires intensive and extensive production is not discussed at all, despite the long experience of Southeast Asia in bearing the negative consequences of plantation agriculture that supplies the international commodity market. Moreover, the Report glosses over the environmental sustainability of its market-driven prescriptions for agricultural development.
12. The Report adheres to the multi-functionality of agriculture, but largely missing the holistic integration of these multiple functions into one. It tags agriculture as a “major user and abuser of natural resources”, without qualification and ignoring the fact that it is the intensive, input-dependent and monocropping agriculture that is the major user and abuser of natural resources – not the traditional, small-scale agricultural systems practiced by poor farmers worldwide. It chose to skip discussion on the fact that it was the pressure from intensive and extensive agriculture to serve the market that virtually drives small farmers from their land to venture into forest areas and burn forests so they can cultivate survival crops. It failed to acknowledge that the other side of agriculture as a “major provider of environmental services” is largely a function of small-scale and traditional farming systems that depend on biodiversity as protection against agronomic challenges and thus ensure household survival. It did not recognize that it is intensive monocropping that is responsible for the destruction and pollution of the world's watershed that provide life for the small subsistent farms of rural and forest dwellers who have no access to modern irrigation facilities. Failing to acknowledge this intertwined reality – where intensive and market-driven agriculture adversely impinging on small-scale and household-based agriculture – the Report presents policy prescriptions that tend to reinforce this inequality.

13. The Report heaps praises on the agricultural growth attained over the past decades which has resulted to “food security at the global level”, but was silent on the social, economic and environmental costs of such “achievements”. The remaining poverty, which remains too huge in proportion to be ignored and is largely rural, is attributed to the failures of state interventions in agriculture in the past, rather than failures of the market. With that analysis, the burden is then shifted to states in providing better enabling environment for investments and development assistance in agriculture, without resorting to subsidies and taxation. It’s paradoxically asking governments to strongly invest in agriculture, but should steer clear of the market.
14. The Report prominently harped on the so-called “growth opportunities” offered by intensive agriculture, particularly the production of high-value crops in least developed and developing countries. But, it has conveniently skipped the discussion of the social and environmental costs that countries and communities have to pay and will continue paying through generations, by converting agricultural lands in Kenya to grow horticultural crops for export that compete for precious water resources needed to grow food and dry up some lakes around Nairobi. It chose not to discuss the impacts on communities and local food security of the massive conversion of agricultural lands as grazing area for livestock production to serve the market. Without acknowledging these costs that have to be paid by communities in exchange for foreign reserves for the government and temporary increased income for commercial farmers, the Report says that the challenge is how “to scale up these success stories”.
15. The Report has unfairly vilified environmental groups for often “opposing investment projects in agriculture”, in explaining the reasons for the decline of donor attention to agriculture since the mid-90s. It failed to specify that the agricultural investments opposed by environmental groups in many countries are the intensive and monocropping agriculture promoted by the international financial institutions and development agencies under the market-oriented agricultural development model. By omitting this fact, the Report avoided exposing the fact that the market-based agricultural developing that it is prescribing is no different from the prevailing policies that breed damaging environmental consequences in many countries.
16. The Report did not discuss the unsustainable production and consumption patterns that characterize the food and agriculture sector worldwide. The sharp increases in the consumption of meat and primary cereals such as wheat especially in developing countries are results of the shifting dietary preferences happening over the decades. This changing pattern has added pressure on environmental services, such as the environmental consequences of intensive livestock production. The shift has also further marginalized “secondary” crops which are the traditional staples in rural areas that have been neglected in the research and development agenda of international and national agricultural research institutions. “Secondary crops” such as rootcrops, tubers, teft and finger millet remain as the primary staples of the rural poor around the world. The Report needs to acknowledge this reality in order to put this issue in the priority

agenda of governments, especially to respond more effectively to the food security needs of the rural poor.

17. The policy prescriptions of the Report is heavily biased towards commercial production of high-value products, which can mainly be cultivated through intensified systems of production that requires efficiency throughout the process and market chain. While it offers some concessions for areas where market-driven agricultural production is not viable due to marginal geographical conditions and lack of infrastructures, the main thrust is consistently towards production for the market. This tone can be clearly gleaned from the analysis of the situation in sub-Saharan Africa and the challenges in the replication of Asia's experience in Green Revolution in that part of the world. Instead of looking at the diversity of food crops and the heterogenous agriculture systems in Africa as opportunities for development, these are regarded as obstacles to the replication of the Green Revolution in that continent.

Dualism should be viewed more critically: there is highly unequal control over resources

18. The Report asserts that “dualism is one of the defining characteristics of the developing economy”, referring to the co-existence of highly modern sector of commercial farmers and agribusiness with the traditional and subsistence sector, which holds true as well in the labor market where low-skill agricultural jobs exist side by side with high-skill jobs. This notion of dualism should be critically considered in view of the reality in agriculture. The so-called dualism or co-existence of two worlds in one context should be seen more as a necessity under the neo-liberal market framework. The traditional and subsistence sectors remain so because of the highly unequal control over resources and markets dominated by commercial farms and agribusiness, leaving the poor without any chance to compete with the big players in the open market.
19. While using “dualism” as a framework in understanding the current phenomena in agriculture and as guide in prescribing tailor-made agricultural policies, it fails to provide realistic solutions to the problems in agriculture if the co-existence of these situations is viewed as integral parts of one reality. Policies that are tailor-made for the subsistent or traditional sector may be able to respond to their conditions and needs in the short-term, but would fail to address the sector's unequal relations with their commercial and agri-business counterparts especially if their dynamics and interactions will be left to the market forces. The issue is not just balancing attention to the sectors to hold inequality in check, but also to institute mechanisms that will check the dominance of the more economically powerful sectors in order to genuinely level the playing field.

Comments on “three worlds”

20. The “three worlds” of agriculture referred to in the Report is deceptive in several ways. As mentioned earlier, the categories imply that countries go through these “worlds” as stages of development in agriculture, following the label assigned to countries as “least-developed countries” (“agriculture-based” in the WDR archetypes), “developing” (“transforming”), or “developed/industrialized” (“urbanized”). It strongly implies that countries in the “urbanized” category have reached the highest level of agricultural development, as indicated by the low contribution of agriculture in their GDP and their rate of economic growth. It clearly equates high dependence on agriculture with low level of development, as determined by the sector’s GDP share and incidence of poverty. While this may be true when GDP figures are overlaid with the rate of poverty in most countries, it does not capture the reality of the agriculture sector. Worse, such an approach gives rise to inappropriate, even potentially disastrous, policy prescriptions following the one-size-fits mode. For one, the GDP contribution of agriculture does not provide a real picture on the number of lives that are directly dependent on agriculture and the dynamics of the sector in relation to the rest of the economy. Labeling Brazil and Chile as “urbanized” would only provide palliative solutions to the impoverished situation of the millions of rural poor through such market-based measures as interlinked farming and the establishment of rural agro-industry which are so detached from their socio-cultural realities. Such market-based approaches could spell disaster to social cohesion and the cultural identity of indigenous peoples in “urbanized countries” whose collective survival is already highly threatened.
21. The “three worlds” of agriculture used in the Report do not just co-exist, but essentially feed on each other to sustain the current development process that breeds inequity in wealth distribution. These “worlds”, which are also found within countries, do not just exist as separate worlds on their own but are closely interlinked with each other to propel the current world economic order. Theorists may tag the categories espoused by the Report as falling under the “dualist” school of thought, in contrast to the “dependency school”. While the Report acknowledged that the typology is not static, the current realities across the world would bear out that the “three worlds” in the Report do not co-exist harmoniously but within continuous tensions, especially in view of the growing realization in the “agriculture-based” and “transforming” countries on the realities of the inequity and the system that breeds it where the development of the “urbanized” countries is made possible by the exploitation of resources and toil of the rural poor in other parts of the world.
22. The so-called “heterogeneity” of the situation within countries present a paradoxical situation where most of the poor in the rural areas are actually found in favorable areas with agricultural potential, access to markets and with high population density that could provide required labor in agriculture. Despite the empirical data before it, the Report fails to acknowledge the paradox that begs explanations. Why, despite these “favorable” conditions, rural poverty remains prevalent in those areas within the “three worlds”? The answer potentially challenges the market-based paradigm espoused by the Report and exposes the reality that poverty seems more pervasive in areas that are most integrated into the market.

23. While identifying the central problem in agriculture in each of the “three worlds” – “food problem” in “agriculture-based” countries, “disparity problem” in “transforming” countries, and “farm subsidies problem” in “urbanized” countries - is quite useful to prioritize policy interventions, it could be deceiving and may result in glossing over important problems that exist in many impoverished rural communities. The “disparity problem” may be central in “transforming” countries like Thailand and the Philippines, but for many rural poor in these countries, the central problem is food as they don’t have the means to provide decent nutrition source for their families. For the indigenous population of “urbanized” Brazil and Chile, the problem of farm subsidies belong to an entirely different world since their concrete challenge is ensuring daily survival. These realities, which may be happening in “packets” and in the “margins” in the eyes of the World Bank, need to be considered in outlining the policy prescriptions.

food self sufficiency should be part of the prescription

24. It is striking that one of the explanations offered by the Report to explain the failure of agriculture as an effective engine of growth, especially in sub-Saharan Africa, is the “non-tradability of food” due to high transaction costs resulting from poor infrastructures and the fact that the primary staples of the poor are not internationally traded. This analysis reveals the real position of the Report vis-à-vis agricultural development and food security which is consistent with the market-oriented paradigm that it promotes. Food self-sufficiency, even food security that involves countries not having to worry about their foreign exchange to secure food for their population, is clearly not part of the prescription of the Report. The formula requires countries to be fully integrated into the market to enable them to trade their agricultural products which would allow them to earn money that they can use to buy consumer products and food which they can no longer produce under the market-oriented agriculture that drives them to produce high-value crops for export. The Report has failed to acknowledge the disastrous stories of countries that followed this formula which has been prescribed to them in the past 25 years under the structural adjustment programs of the WB-IMF.

Comments on the New agriculture, the dominant role of agri business

25. The Report seemed to have downplayed the role of transnational agribusiness corporations in the current agricultural context, which could lead to gaping holes in policy options. While a section focuses on the growth of global agribusiness and acknowledges the major ramifications of increased corporate control for farmers, the empirical data and global trends presented barely permeate the analyses in the Report. Without acknowledging the transnationalization and consolidation of agribusiness, which is one of the most significant changes in the world’s agricultural landscape since the WDR in 1982, the growing concerns on unequal access to and distribution of resources in the agricultural sector will not be addressed. Giant agribusiness has evolved into a major player in agriculture – across the “three worlds” – that would be foolish to ignore in any agricultural policy discussion. As mentioned in an earlier point, it is not sufficient to provide social benefits for the disadvantaged sector in agriculture by integrating them into

the market and expect poverty alleviation to follow suit. The powers and influence of the dominant players need to be equally checked in order to genuinely level the playing field. **Policy options such as mandating corporate accountability and responsibility should then become part of the equation.**

26. The Report defines the “new agriculture” as “market-driven, state-assisted, civil-society-influenced, and grounded in technological and institutional innovations” – comfortably leaving out the agribusiness corporations from the equation. This is very strange in view of the fact that it is largely global agribusiness that is the main driving force behind the institutional and technological innovations in the agriculture sector, with the increasing prominence of so-called public-private partnerships and the push for genetically engineered (*aka* “biotech”) crops worldwide. The Report cannot skirt acknowledging this glaring reality. Neither can it hide giant agribusiness corporations behind the broad term “civil society” which the Report has not even defined. **The term “new agriculture” needs to be therefore redefined to reflect the crucial role played by agribusiness corporations in the current state of play the agriculture sector worldwide.**

Comments on political will and government’s “special powers”

27. The Report has correctly identified political will as the key to using agriculture for development. It has, however, failed to **acknowledge that political will is a result of diverse factors beyond the political domain in most contexts.** Political will too, does not happen in a vacuum. The dominant market-oriented development paradigm that governs the ideology of many governments across the world is one very important factor that defines the expression of political will of governments.
28. No doubt, agriculture has “special powers” in reducing poverty. But why, despite this conclusion, China whose aggregate growth originating in agriculture is estimated to have been 3.5 times more effective in reducing poverty has worsening social unrests among its rural population despite the country’s full integration into the international market? Why Latin America where ratio is 2.7 has opted to take the industrialization route instead of giving importance to developing its agricultural sector targeted at alleviating poverty in the rural areas? Why governments do not use the “special powers” of agriculture to reduce poverty, and why have multilateral and bilateral development institutions been continually reducing the level of their overseas development assistance (ODA) in agriculture? This question desperately begs answers, especially in the face of explanations in the Report that ODA have been declining due to market-based factors such as low returns of investments, declining real prices of commodities, etc.
29. The Report has cast a negative image to subsidies extended by governments in developing countries in the past, without providing a context to the discussions. While it noted Zambia’s allocation of 37 percent of the public budget for agriculture in 2005 for fertilizer subsidies, it failed to mention that the subsidy is operating within an agricultural policy that promotes intensive agriculture oriented towards the market and was largely benefiting commercial farmers who can afford to pay for their share in the costs of fertilizers. **The unproductive**

subsidies in agriculture extended by governments in some developing countries also need to be discussed in relation to issues in governance and political dynamics in any given setting.

Pathways to poverty should include ensuring small farmers control over lands and markets

30. The pathways out of poverty and the need for differentiated policies prescribed in the Report provide useful handles for governments to use agriculture for development, albeit mostly limited to market-oriented solutions. The Report, however, did not mention that these prescriptions are not at all new and countries worldwide have accumulated experiences to lend lessons that could be used as basis to reflect on the viability and sustainability of the market-based agricultural development model. **Cases of failures in enhancing smallholder competitiveness and market entry, subsistence livelihood and skilled occupations should have been presented alongside the “success stories”, to provide better handles for governments and policy makers on the factors behind the experiences.** The World Bank must have accumulated massive experiences on the implementation of numerous loan programs that include these four generic components in agricultural development agenda – what worked and what did not, and why. Those are the kinds of documented cases that could impart more strategically useful lessons for governments which policy-makers can use as basis in designing appropriate policy interventions that would genuinely serve the interests of the rural poor.
31. It is notable that the pathways out of poverty identified in the Report which specifically target smallholders and subsistent farmers do not include ensuring their control over the market, such as prices of commodities, etc. None of the pathways also discuss ensuring the control of smallholders over productive resources, especially land. The Report is generally silent on the agrarian issue, and has in fact completely skipped that crucial dimension in describing the situation and policy options for “agriculture-based” and “transforming” countries, except on the development of land markets.
32. Beyond the projection of “successful cases” of market-driven agricultural development models, **the Report would be more useful if it could provide more holistic analysis and unbiased presentation of country experiences in implementing policy interventions that tap agriculture for development.** Beyond presenting the experience of Vietnam, for example, in optimizing market opportunities to “induce quick transitions from subsistence to market-oriented farming” which resulted to two-thirds of its smallholders engaged in subsistence farming in 1992 into market participants in 1998, the Report should provide a data on the transformations experienced by Vietnamese villages as they shift from subsistent farmers to market participants. **Parameters of “success” need not be solely limited to glowing statistics on market participation, but should equally pay attention to more meaningful measurements that define the quality of life of people such as nutrition status, access to food, education status, gender equality, emancipation of women, etc.**

Part II: How to Use Agriculture for Development

33. The discussion of “access to assets” in the Report deliberately avoided the issue of land distribution which is the central issue in many poor and developing countries. Instead, land is regarded in the Report as an “asset” that should be traded in land markets, particularly rental markets, as an instrument to raise productivity, diversity household incomes, and “facilitate the exit from agriculture”. It basically follows the highly-vaunted “De Sotta principle” developed and promoted by the Peruvian economist Hernando de Sotta who asserted that developing countries should institutionalize and strengthen property rights to allow the poor to use their lands as assets that can be traded in the market. The Report states that functioning land markets are needed to transfer land to the “most productive users”, and in many ways implies that smallholders should best sell their lands, move to rural non-farm sector and migrate out of agriculture – leaving the management and control of their land to commercial farmers and agribusiness.
34. The Report has correctly identified education, health and collective action by farmer organizations as the most valuable assets that can enable rural people to use agriculture for development – albeit for the wrong reasons. The Report states that education will allow rural people to get skilled jobs in the rural non-farm economy and to migrate out of rural areas, instead of **using education as a means for the rural people to enhance their productivity and competitiveness, and to strengthen their identity and pride as farmers.**
35. The Report has provided very good analysis on the costs of global agricultural trade policies on poor farmers, with empirical statistics on the actual costs on commodity prices, share of developing countries in global agricultural trade, and agricultural growth in developing countries. However, the policy options that it provided points towards further opening up markets and more on prescribing reforms within developing countries’ policies in taxation on agricultural exports and protection of agricultural imports. It gave credit to the efforts of the OECD in reducing agricultural tariffs and subsidies, but downplayed the very minimal accomplishments attained in the WTO’s Doha Round in the area of reducing trade-distorting subsidies. The Report basically tows the same line as the WTO in stating that full liberalization through further reduction of tariffs and ensuring market access is more “poverty-friendly” than the effort given by negotiators on the elimination of subsidies which has caused the suspension of the Doha Round of trade negotiations.
36. The Report acknowledged the long-term downward trends in the world market prices of traditional exports coming from developing countries which threaten the livelihoods of producers, but only offered a weak prescription on governments to reduce taxation on exports and ensure greater liberalization of export markets. These measures, however, in the long-term only offer stop-gap solutions and would not ensure the sustainability of income and livelihood originating from such exports. The Report is not forward-looking enough to prescribe long-term solutions to address the market-dictated trend that involves decreasing world market prices of traditional commodities especially with the intensification of production.

37. The market-based prescriptions in the Report on how alleviate poverty among smallholders, such as making product and factor markets work better, mainly revolve around the enhancement of their participation in domestic and global high value markets. Current schemes such as integrated supply chains and contract farming are seen as powerful means to ensure the participation of the rural poor in the market, mainly as agricultural laborers and rural non-farm employers.
38. The Report acknowledged the failures in the input market especially for seeds and fertilizers in Sub-Saharan Africa, thus the need for so-called sustainable solutions. The market failures in the agricultural inputs largely refer to the massive subsidies given by governments for seeds and fertilizers, rather than leaving the market forces to determine its course. It refers to “market smart” approaches to jump-start agricultural input markets such as the “starter packs” currently being promoted by transnational companies like Monsanto in South Africa with its “*Combi-packs*” that include a package of hybrid corn seeds, fertilizers and herbicides enough for use in small landholdings. This marketing scheme is part of the coordinated plan for a “new Green Revolution in Africa”. The Report praises this current marketing approach geared at the “bottom of the pyramid” (BOP) as showing “great promise for scaling up”. The direction of such policy prescription is expected to lead to bigger role for agribusiness and agro-chemical corporations in agriculture, especially in “agriculture-based” countries which have yet to be fully penetrated by agri-business interests mainly due to infrastructural and institutional factors.
39. The Report also acknowledged that the demise of special credit line for agriculture through state banks or programs has left a “huge gap in financial services” that has yet to be filled, despite the so-called microfinance revolution. It looks at the current rise of integrated supply chains and contract farming as means to link savings and loan services with loans and insurance, but without being clear on who will actually benefit from such services if those who control the supply chains and contract farming schemes are not the rural poor who have mainly become workers under those arrangements. The Report ultimately acceded that the only way to provide formal insurance to the poorest households is through government subsidy, a solution that the document has consistently been warning governments against.
40. Too much importance has been given on the role and contribution of formal and centralized agricultural research and development efforts at the national and international levels, despite the value given by the Report on farmers’ participation in agricultural development. The Report calls for substantial increases in funding allocation for agricultural R&D, but only for the formal institutions, not for farmer-led and civil society-initiated R&D efforts such as participatory plant breeding and community-based genetic resources conservation efforts. With flagging public funds for agriculture, the Report is calling for the removal of institutional constraints that inhibit the ability of public research institutions to meet rapidly changing demands for innovation. It promotes public-private partnerships as a viable solution to problems involving resource constraints in the public research sector, but did not **cite detailed analysis of the costs and benefits of such institutional arrangements on public goods in the long-term.**

41. It is notable that while the Report calls for sharp increases in public investments in agricultural R&D, it also acknowledges the fact that the public sector conducts 94 percent of agricultural R&D in developing countries. Private funds in agricultural R&D remains largely concentrated in industrialized countries, particularly in the area of seeds, agro-chemicals and biotechnology, but invest little in developing countries. This reality needs to be factored prominently in policy decisions on exploring so-called innovative public-private partnerships to raise funds for the research agenda of the public research institutions, with a clear recognition of the benefits that such arrangements will actually bring to the private sector and the not so well understood costs for the public sector and public goods in the long term.
42. The Report hails conservation or zero tillage as “one of agriculture’s major success stories in the past two decades”, especially in commercial agriculture in Latin America and small-holders in rice-wheat systems in South Asia. It failed to discuss, however, that in many contexts where conservation or zero tillage was introduced, sharp increases on herbicide use have been experienced which brings in an array of environmental consequences such as ground-water pollution and farm animal poisoning. The high costs of herbicides, which eats up considerable portion of incomes of smallholders and subsistent farmers, were also not discussed in the Report.
43. The Report laments the “low public investments in biotechnology” and the controversies over food and environmental safety of genetically engineered crops, which hamper the potentially large benefits of biotechnology to rural poor as claimed by its proponents such as the World Bank. But, it did not **expound on how much public investments are really required in biotechnology and compare that investment with the expected benefits to the rural poor, as contrasted with investments in other areas in agriculture such as infrastructures and support programs**. Without such a comparative analysis, such prescription represents a blind pressure on governments to increase public funding on biotechnology without any clear project of how much benefits are expected to be gained from such intervention as contrasted with the projected costs on the environment and socio-economic aspects. The Report should also look at concrete cases of public investments in the development of genetically engineered crops and their experiences in terms of costs and benefits. One good experience to look at it is the experience of the Rockefeller Foundation (a philanthropic institution, not exactly public) in investing on the research and development of genetically engineered rice. Publications show that the Rockefeller Foundation has already invested some S\$100 million for its Rice Biotechnology program over a period of 10 years, still without any single genetically engineered rice variety released in the market. There is no indication how much more should any philanthropic agency or government have to invest in order to deliver the promises of biotechnology in uplifting the condition of the rural poor. A thorough analysis should show how much that level of investment would have benefited the rural poor if that were invested in agricultural infrastructures and support programs instead of biotechnology.
44. The prescriptions provided by the Report in making agriculture more sustainable and a provider of environmental services did not provide clear solutions on how

intensified agriculture can become environmentally sustainable. It did not recommend massive reduction on the use of pesticides, herbicides and inorganic fertilizers, but obliquely referred to “many promising technological and institutional innovations” to make agriculture more sustainable such as targeting the use of chemicals in a more precise manner through GIS information, adoption of genetically engineered crops – solutions that are not accessible to the rural poor, have questionable benefits to the environment and involve serious socio-economic considerations.

45. Policy options in water management forwarded by the Report are notably limited to the management and efficiency of irrigation systems, consistent with the market-driven intensified agriculture model pervasive in the document. Despite the acknowledgement of the lack of capacity of the rural poor to afford and access agricultural services like irrigation systems, the Report did not bother to **look at community-based and –managed water services in many rural areas, such as rainwater-harvesting across South Asia.**
46. The Report gave special attention to the discussion of bio-fuels as a means to use agriculture for development in developing countries while at the same providing environmental services, but with sufficient caution on the potential adverse consequences.
47. Beyond farming, the Report provides policy options in using agriculture for development through rural non-farm employment creation and the transition of the rural population to into high-paying jobs.
48. The Report does not hide its bias for GMOs as a tool to benefit the poor. The focused discussion on GMOs zoomed in on their benefits and aimed at replicating experiences in a few countries where GM crops such as *Bt* cotton have supposedly benefited the poor. The Report did not even attempt to present a balanced discussion that equally highlights the negative experiences and concerns on GMOs, implying that these have become non-issue in the current debate. It even considers the slow acceptance of GM foods as an obstacle in realizing the benefits of GMOs for the poor, with a sweeping claim that GM crops are “as safe as conventional varieties and that “scientific evidence does not support environment harm” – despite the existence of scientific studies challenging this claim. **A balanced presentation of the concerns, and a corresponding highlight on the “other side” of so-called success stories in GM crop production, such as the case of Argentina where massive commercial production of GM soybeans have contributed to deforestation, conversion of lands from food production, increased unemployment in the rural areas, and widespread malnutrition among children – need to be presented in the Report to better guide policy makers in adopting appropriate decisions on this issue.**
49. One notable gap in the policy prescriptions provided by the Report is the potentials of organic agriculture. Despite the obvious potentials of organic farming within the market-oriented paradigm adopted by the Report, especially in providing income opportunities for smallholders and subsistent farmers, this option was completely left out. This is quite surprising since the market for organic products, especially in Europe and East Asia, is considered as the

fastest growing segment of the agricultural market, even by the FAO. **The Report should therefore include organic agriculture as a viable option for countries across categories as a pathway to poverty alleviation, which could be supported by empirical data in countries like Thailand.**

Part III: How to Define and Implement Agriculture for Development Agendas

50. The Report pursues its four-pillared policy agenda to take the rural poor out of poverty, namely competitiveness and market entry for smallholders, livelihoods and skills for subsistent farmers, identifying priorities for each category of countries. With due credit, the Report takes into account the peculiarities of the situation in sub-Saharan Africa that require interventions different from the Green Revolution in Asia but would nevertheless require sharp increases in public investments. For “transforming countries”, the priority strategy that the Report prescribes is geared towards high-value crop production to close the disparity in incomes. For “urbanized countries”, priority is on the participation of smallholders in dynamic sectors and employment in agri-business. The effective implementation of such national agendas would require assessing the feasibility of policy and investment instruments, including good governance.
51. The Report acknowledges that market liberalization policies may have reduced the scope for government failures in agriculture, but they did little to improve state capacity in the agricultural sector which it says can be overcome through the role played by communities and civil society. While the Report laments that governance is generally weaker in agriculture than other sectors of the economy across country types, the policy options that it has put forward would ironically lead to the further weakening of governance in agriculture. Among the “innovative” solutions to improve governance in agriculture is by contracting out agricultural advisory services, such as the experience of Uganda. While such approach may upgrade the quality of agricultural advisory services, it does not contribute to the strategic development of internal capacities and skills of agriculture agencies.
52. Decentralization is largely considered by the Report as a means to bring government closer to the people, but acknowledges that there are some public functions of agriculture that should be kept centralized to capture economies of scale. Decentralization too requires public investments in capacity building of civil servants at the local level and in instilling the values of good governance among local officials. In traditional, elite-dominated politics pervasive in many poor and developing countries, decentralization often results to further entrenchment of traditional power structures which generally do not improve the quality and accessibility of government services in agriculture. While decentralization provides opportunities for greater participation of the people in agricultural decision-making, the prevailing elite-dominated institutional structures and mechanism impede the realization of those potentials. Worse, traditional political systems at the local level often mis-use and abuse people’s participation in agricultural development projects to serve selfish political ends, at the cost of people’s trust in potentially empowering processes.

53. The contributions and potentials of farmer organization and participation in agricultural development policies are given due credit and attention in the Report, although without much discussion on the role of the political and economic context prevalent in any given contexts. While governments and multilateral agencies must indeed invest in supporting and strengthening farmers' organizations, serious efforts need to be done in addressing the political and structural realities in rural areas. Traditional political systems and elite domination in rural economy are well-entrenched processes that inhibit the realization of the potentials of farmers' organizations and participation in agricultural development. Without meaningful transformation in those areas, farmers' organizations are faced with dangers of cooptation and exploitation by traditional political and economic interests.
54. The value of direct farmer participation and leadership in providing agricultural services and development has not been fully acknowledged in the Report. Policy prescriptions on research, development and extension (RDE) largely remain centralized and formal, with farmers playing roles in partnerships with other sectors and in participatory programs, but not as the key drivers and initiators. On-farm research and development efforts of farmers need to be fully recognized and supported, as well as community cooperation in extension services through informal and free sharing of experiences and skills among farmers. Government support for farmer organizing should be geared towards strengthening farmer-initiated efforts through capacity-building, organizational development and enhancing management skills.

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