

# **The World Bank's Contribution to Agriculture Development in Sub-Saharan Africa: An IEG Desk Review Approach Paper**

## **Rationale For the Review**

1. The purpose of the review is twofold. First, it will serve as a pilot for the IEG study on Bank assistance in agriculture scheduled for FY09 and will develop a methodology and a conceptual framework for that study. Second, drawing on lessons of experience, the desk review will provide early insight into specific issues of relevance to agricultural development in Sub-Saharan Africa (SSA) today. During the last two decades, the number of poor in Africa has doubled from 150 million to 300 million, and Africa is the only region that remains behind on most of the MDGs. About 70 percent of the MDGs' target population in Africa is in the rural areas, and for most of the rural poor, agriculture is a critical component in the successful attainment of the MDGs (World Bank and IFPRI 2006). An assessment of the Bank's contribution to agriculture development in SSA is thus critical to understanding the Bank's past role in the development of the sector and for drawing lessons going forward. There are three other reasons why the review is timely:

- Africa and its development are now at the center of the international development agenda. In 2002, donors at Monterrey, Mexico pledged to increase aid levels significantly to Africa. At the 2005 summit at Gleneagles, Scotland, the G-8 heads of state and government announced a commitment to double aid to Africa by the end of the decade—from US\$25 billion in 2004 to US\$50 billion in 2010. President Wolfowitz has named Africa a development priority for the World Bank which has endorsed the Commission for Africa report (March 2005) that recognizes the crucial role of agriculture in the region's development. Lessons of past experience from the Bank will contribute to discussion and likely inform future international aid agendas and policy directions.
- The literature shows that agriculture growth in Africa remains fundamental to growth and poverty reduction on the continent. A one percent increase in crop yield reduces the numbers living in under dollar one per day poverty by six and a quarter million, with 95 percent of these in Africa and Asia (Thirtle, Lin and Piesse 2003). The African Union (AU) has launched the New Partnership for Africa's Development (NEPAD)—a vision and strategic framework for Africa's renewal. The Comprehensive Africa Agriculture Development Programme (CAADP) is at the heart of efforts by African governments under the AU/NEPAD initiative to accelerate growth and eliminate poverty and hunger. The World Bank's recent (September 2005) Africa Action Plan, which is meant to be in line with the CAADP, considers agriculture as a 'driver of growth' for the region. Lessons of experience will contribute to an effective implementation of the Action Plan.
- The 2008 World Development Report (WDR) is on *Agriculture and Development* and is also concerned with issues of African agriculture. The findings of IEG's review will inform the Board discussion on the WDR.

## **Background**

2. SSA is a diverse and complex region with 700 million people and at least a 1000 different ethnic groups. The 47 countries of the region are also widely diverse in their resources and factor endowments and their ability to commit politically to actions to increase growth and reduce poverty (World Bank 2002a). Agriculture contributes at least 40 percent of exports, 30 percent of GDP, up to 30 percent of foreign exchange earnings and 70 to 80 percent of employment in the region as a whole (Commission for Africa 2005). The sector is also the dominant provider of industrial raw materials with about two-thirds of manufacturing value-added in most African countries being based on agricultural raw materials (AU/NEPAD 2003). Nearly 80 percent of the poor in SSA live in rural areas

and even those who do not, are heavily dependent on increasing agricultural productivity to lift them out of poverty (World Bank 2000). The literature shows that while agricultural output is growing in Africa, average productivity of agricultural labor has declined over most of the last two decades. Further, because of famine, disease and growing populations, almost 200 million people are undernourished. At the same time there has been progressive growth in food imports with Africa spending an estimated US\$18.7 billion in 2000 (AU/NEPAD 2003). The CAADP report notes that if the self-sufficiency ratio in the region is to stay the same in 2015 as in 1995-97 (about 85 percent), the region will have to meet 118 million tons of its projected needs of 139 million tons of cereals through increased production thus requiring a substantial increase in output.

### **The World Bank Portfolio**

3. A 15 year period, FY1991-2006, has been selected for review. During this period, a total of 1,034 projects were approved in the SSA region with total IBRD/IDA commitments of US\$50.5 billion. Of this, 262 projects triggered an agriculture code, and accounted for agriculture lending of US\$4.6 billion (including agriculture components of non-agriculture projects).<sup>1</sup> The portfolio shows a general decline in actual agriculture lending (from US\$419 million in FY91 to a low of US\$123 million in FY00), followed by a gradual increase from FY01 to FY06. Lending in FY06 increased sharply to US\$685 million (from US\$390 million in FY05, see Annex 1, Chart 1).<sup>2</sup>

4. Of the 262 projects that trigger an agriculture code, 72 projects are active and 190 are closed. Geographically, the portfolio is spread across 38 countries, including two regional projects (Annex Chart 2 and 3 for regional distribution and distribution by lending instrument).

### **Key Evaluation Questions**

5. Based on preliminary research six evaluation questions have been identified:

- How has the Bank's strategy for development of the agriculture sector in SSA evolved?
- What is known about changes in the volume, direction and performance of Bank agricultural lending and non-lending activities in SSA in the last 15 years and the reasons for those changes?
- How have agricultural issues been addressed in the Bank's assistance strategies and poverty reduction strategies and how has this affected the performance of the sector?
- What is the documented evidence of on-the-ground impacts on agricultural output and productivity of the Bank's interventions and policy dialogue in SSA?
- Does the agriculture strategy as included in the Africa Action Plan (2005) reflect the lessons of experience?

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<sup>1</sup> This study uses the same methodology for identification of actual lending (IBRD and IDA) for agriculture as the Agriculture and Rural Development (ARD) Department of the World Bank and IEG worked with ARD to verify the portfolio of projects to be reviewed. The amount of actual lending is extracted from the Bank's database on the basis of actual \$ amounts assigned to the various agriculture sub-sectors as coded by Bank's Task Team leaders. In the Bank's database, projects that trigger agriculture codes are grouped under two sectors: *Agriculture, Fishing and Forestry and Industry and Trade*. Sub-sectors under the Agriculture, Fishing and Forestry Sector are—agriculture, extension and research (AB); animal production (AJ); crops (AH); forestry (AT); irrigation and drainage (AI) and general agriculture, fishing and forestry (AZ). Sub-sectors under the Industry and Trade Sector are—agriculture marketing and trade (YA) and agro-industry (YB). As noted by ARD, due to problems with the Bank's sector coding system lending to the agriculture sector may be under reported, particularly investments for agriculture agency reform, land administration and rural finance may not be fully captured.

<sup>2</sup> Overall lending to the SSA Region also increased sharply by US\$ 936 million in FY06 in comparison to FY05. 41 percent of this increase in lending went to agriculture.

- How have internal factors/incentives within the Bank affected the implementation of the agriculture strategy and agricultural lending activities in SSA?

6. The focus of the review is on agriculture development and not on rural development more widely. In addition, several process related issues which are an integral part of themes like community-based rural development (CBRD) and which have been covered by IEG's recent evaluation of community-based and –driven development approaches supported by the Bank will not be covered by this review.<sup>3</sup> Further, only those aspects which are relevant to agricultural land management will be covered under the theme of natural resource management. The environmental aspects of this theme are being covered by IEG's ongoing Environment Study (FY07).

### Evaluation Design

7. A fifteen year period is being selected for review to allow the tracing of changes in Bank strategy for development of African agriculture overtime, implications for lending and non-lending activities supported by the institution and evidence of progressive learning from implementation experiences. Four main instruments will contribute to the review: a portfolio analysis, country reviews, a literature review, and a Bank staff survey.

8. **Portfolio Analysis.** This component will look at trends in lending for the portfolio of 262 projects. In addition, a stratified random sample of 71 closed and ongoing projects will be selected from the 262 projects for detailed review. The portfolio analysis will also examine the Bank's non-lending activities (including relevant economic and sector work), country assistance strategies and poverty reduction strategy papers to assess the Bank's strategic approach for the development of the sector. It will also review the various Bank's and Africa Region's rural and agricultural development strategies to assess how the evolution in the strategies has affected agricultural lending and non-lending activities overtime.

9. **Country Level Reviews.** First, in four countries where there has been significant Bank lending for agriculture, the Bank's total lending program will be reviewed to get an in-depth understanding of the Bank's contribution to development of agriculture in those countries overtime. Two countries are being selected in East Africa (Kenya and Malawi) and two in West Africa (Cameroon and Nigeria). Second, the review will draw on thirteen project assessments (PPARs) to be carried out in FY07 in SSA. These assessments will bring lessons of experience from the field to inform the review. The project assessments will bring the perspectives of government officials and other stakeholders on the Bank's agriculture support in the countries where project assessments are being carried out. The list of project assessments being undertaken is included in Annex Table 1. Table 2 shows the diversity of underlying conditions for agricultural growth in the 9 countries specific insights from which, either through project assessments or through a review of their overall agriculture lending program, will inform this review. These countries together spread across almost all the ecological zones in Africa and account for more than 45 percent of the population of SSA.

10. **Literature Review.** This component will not only provide a theoretical basis for understanding the complexities in African agriculture and the Bank's role, but will also be a means for 'testing' the findings emerging from the portfolio analysis and the country level reviews. A significant amount of research on various issues relevant for agriculture and its development in Africa has been undertaken

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<sup>3</sup> Since 1997, ARD has sponsored thematic groups which are informal communities of practice that exchange knowledge on areas of shared interest. ARD has seven thematic groups: natural resource management (NRM), sustainable agriculture systems, knowledge and information (SASKI), community based rural development (CBRD), Land Policy and Administration (LPA); Gender and Rural Development (GENRD), Rural Policies; Rural Infrastructure Services, Markets and Finance (RIMFI).

worldwide, including by the World Bank. Given the diversity of conditions in Africa along with the different potential for agriculture's growth in the 47 countries in the region, such triangulation of evidence is essential to do justice to the evaluation questions.

11. IEG has also carried out a significant number of relevant evaluations which this review will draw on for lessons for agriculture in SSA. IEG has completed several evaluations in the rural sector overtime, particularly Vision to Action Phase I (1999) and Phase II (2000) studies and the more recent study on Rural Poverty (2002). IEG has also recently completed a portfolio review of the World Bank's assistance to agricultural water management (2006) which builds on an earlier IEG study (2002). As part of IEG's review of Global programs, IEG undertook an evaluation of the Consultative Group on International Agricultural Research (CGIAR) and also produced a working paper on the CGIAR in Africa (2003). In the past decade, IEG has also undertaken several assessments of agriculture projects in Africa, in particular in Ghana, Benin, Niger, Mali, Uganda and Zambia and an impact evaluation of extension in Kenya (2000). Several country assistance evaluations (Rwanda, Zambia, Zimbabwe, Lesotho among others), most recently those on Senegal (2006), Malawi (2006) and Madagascar (2006) have also been completed.

12. **Bank-Staff Survey.** This instrument will seek the views of Bank staff (both headquarters and field based) working on agricultural issues in Africa and ARD on internal factors and incentives related to the Bank's assistance. The staff survey will be preceded by structured interviews of key staff which will help design the questionnaire for the survey.

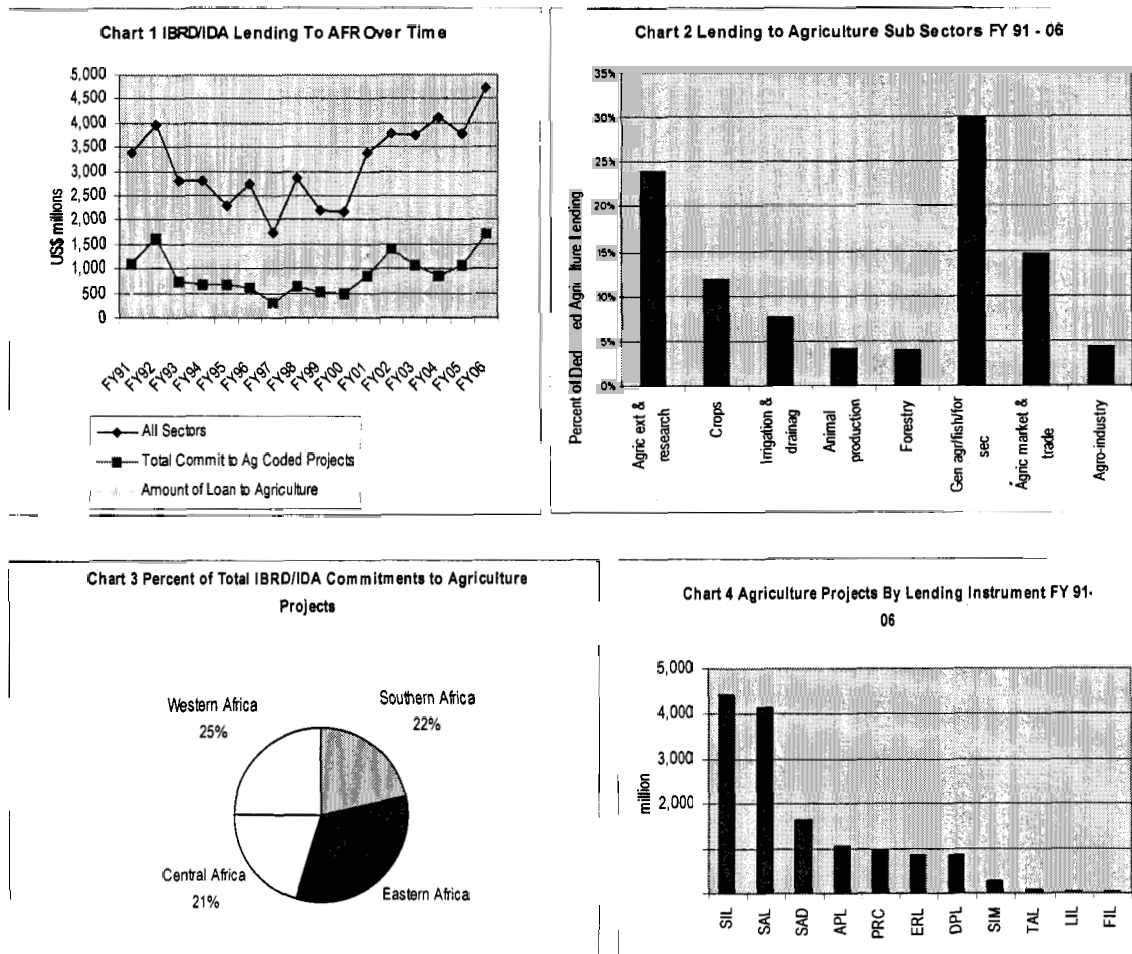
**Output, Timing and Resources**

13. The report will be submitted to CODE in June 2007. There will be two peer reviewers from outside IEG. The expected cost of the review is US\$250,000 (of which US\$150,000 for consultants and travel). Availability of trust fund resources is also being explored.

**Time Table**

Activity/Phase	Dates
Approach Paper to CODE	October 2006
Draft Report to Region for Comments	May 2007
Final Report to CODE	June 2007

## Annex Supporting Tables and Graphs



**Table 1: List of Project Performance Assessments Being Undertaken in FY07**

1. Mali: National Agricultural Research (ICR in FY02)
2. Mali: Agricultural Trading And Processing Promotion Pilot (ICR in FY03)
3. Mali: Pilot Private Irrigation Promotion (ICR in FY04)
4. Ethiopia: National Fertilizer Sector (ICR in FY03)
5. Ethiopia: Seed System Development (ICR in FY03)
6. Tanzania: Agricultural Sector Management (ICR in FY02)
7. Tanzania: National Extension Project 2 (ICR in FY04)
8. Tanzania: Agricultural Research Project 2 (ICR in FY05)
9. Malawi: Emergency Drought Recovery Project (ICR in FY05)
10. Zambia: Emergency Drought Recovery Project (ICR in FY06)
11. Madagascar Irrigation Rehabilitation (PCR in FY95)
12. Madagascar Second Irrigation Rehabilitation Project (ICR in FY01)
13. Madagascar Agricultural Extension Program Support (ICR in FY01)

**Table 2: Distribution of Countries Covered by PPARs and Country-Level Reviews**

		Agricultural share above average (34% GDP)		Agricultural share below average (34% GDP)	
		Falling GDP p.c. (1991-01)	Rising GDP p.c. (1991-01)	Falling GDP p.c. (1991-01)	Rising GDP p.c. (1991-01)
<b>More favorable agricultural conditions</b>  (top two-thirds of FAO country-level farming system assessment)	Coastal Country		Tanzania		Kenya
	Landlocked country		Ethiopia Malawi		
	Mineral-rich country	Cameroon		Zambia	Nigeria
<b>Less-favorable agricultural conditions</b>  (lowest third of FAO country-level farming system assessment)			Mali	Madagascar	

Source: Adapted from Diao and others 2006.

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