Rural development, poverty reduction and environmental growth in Sub-Saharan Africa

About 70% of Africa's poor are rural. Some 40% of rural household heads have completed primary education, compared with 70% of urban household heads. Forty-five percent of the urban population and 30% of the rural population have access to sanitation. Forty percent of school-age females in urban areas are enrolled in primary school, compared with 25% in rural areas. Overall, household data show that a while a large percentage of the urban population does poorly, the rural population does worse.

Economic growth of 6-7% per year has been found to be necessary on average in Africa to obtain a 2% per year reduction in the number of poor. This would require an agricultural growth rate of 4-5%. This is due not only to the large contribution of agriculture to gross domestic product (30-35% on average), but also because in most African countries, the major industries are related to agroindustry, agricultural marketing, and farm input supply.

Early rural development strategies

In the 1970s, donor agencies and African governments began significant investments in 5 types of projects: integrated rural development projects, single crop development projects, agricultural credit projects, free-standing agricultural services, and irrigation projects.

The situation in Tanzania typified the environment in which these investments were made.

- Official agricultural prices were so low as to be confiscatory, and black markets developed;
- Government marketing enterprises were characterized by inefficiency, high overheads and poor service;
- Farm input supply by government was often accompanied by significant corruption and poor service;
- Potentially competing input supply and marketing by private or cooperative operators was legally suppressed; and
- The exchange rate was overvalued, reducing the local currency value of export crops and eroding the local currency value of imported food.

In addition to the above, projects were run largely by donors and expatriates and government capacity was not developed. By the early 1990s, the population of expatriates working in African governments and public enterprises exceeded the number of European colonial administrators in 1955 (this includes all activities, not just agriculture and rural development). No doubt, there were some
successes. In Nigeria, integrated rural development projects have been more successful. Some single-crop development projects, such as the cotton projects in West Africa, were often successful. But public sector agricultural credit projects were largely disasters and large-scale irrigation projects had, at best, a mixed record. Mali's Office du Niger project is an example of success achieved in the latter case.

Changes in approach

Changes in approach began in the late 1980s and 1990s.

First, donors supported economic reform, removal of price controls, public expenditure reforms, and marketing and input supply reform to allow private and cooperative sector participation in a more competitive environment. Private and cooperative banking and financial intermediation were promoted.

Second, integrated rural development projects began to be phased out by donors and governments, as were public sector agriculture credit projects and large-scale irrigation projects. Commodity projects were continued, with an emphasis on efficiency and company restructuring.

Third, a single national agricultural research system and extension system at country level was developed in many countries.

Fourth, farmers groups would receive increasing help with input supply management, marketing, irrigation, tree planting, and soil conservation.

The earliest pilot of this changed approach was applied with success to agricultural extension in Kenya. A similar positive result was documented in Burkina Faso.

Is the new strategy working?

A qualitative rating of performance on policies regarding agricultural prices, fertilizer, extension and infrastructure was undertaken for a number of countries. Some countries have progressed and others regressed between the assessments made in 1988-92 and 1992-95.

A more detailed analysis indicated that the poor performers performed poorly in both economic and agricultural policy. Countries doing least well on policy and investment tend to do least well in agricultural growth. However, the data indicate that some countries are consistently succeeding among the group which has taken the improved agricultural strategy the furthest; these include Benin, Guinea, Mali, Tanzania, Uganda, and up till 1992, Nigeria. Some countries that are implementing many parts of the strategy but are not consistent performers include Botswana, Cote d'Ivoire, Kenya, Mauritius, Togo and Zaire.

Weaknesses in the new strategy

One of the most debilitating weaknesses has been the widespread failure of structural adjustment to create an enabling environment for private investment in the rural sector. Donors have also not emphasized the need to establish good instruments to support the private sector, and donor loans through government to the private sector have not worked well. Alternative financing vehicles to the failed parastatal credit banks have not been developed quickly enough to provide for the credit, banking and savings mobilization needs of the private sector.

Although NGOs are increasing in importance, some are repeating the past errors of the donors, including expatriate management and hundreds of small-scale projects that prove unmanageable and unsustainable without the NGOs.

National programs and price increases often do not reach subsistence farmers. Thus, the poorest are often ignored. This category includes the old and disabled, women whose husbands work elsewhere, farmers in remote areas with poor infrastructure, and those in low rainfall areas.

Efforts to build African capacity are most often half-hearted. Few good models of capacity-building exist, with the national extension programs coming the closest.

The decline in donor support to rural development projects and integrated commodity projects was accompanied by a decline in investment in rural health, education and infrastructure facilities. National programs were not developed fast enough to counter this decline in donor support.

The natural resource management projects were not sufficiently effective in retarding the high rates of soil, water, forest and wildlife degradation affecting most of Africa. Also, governments have not had the capacity to manage natural resources.

Most important, the lack of government commitment to agricultural development in many African countries greatly inhibited the quality and quantity of donor efforts. However, some donors financed such investments even when governments did not provide the operation and maintenance funds needed to sustain investments in agricultural research, extension, rural infrastructure, irrigation, environment, water
supply, and public marketing and input supply.

Adjustments needed in the development strategy

National agricultural extension with participation by farmers, NGOs, and the private sector and with closer attention to fiscal sustainability. National agricultural research with better links to farmer needs at one end and to international research at the other. Agricultural policy reform and institution-building with more focus on land tenure, decentralization, overcoming of constraints on rural women's participation, and reform of the legal system.

Farmer-managed small-scale irrigation.

Expansion of natural resource management programs with more farmer and community management; support for national water, forestry and soil fertility programs.

Support to farmers' groups to mobilize participation by farmers and especially by women's groups in project preparation and implementation.

Direct support for private sector marketing and processing by IFC and MIGA.

Agricultural and rural credit through rural-based private and cooperative-owned banks which mobilize savings, use market-determined interest rates, and undertake loan recovery efforts.

Expansion of national health, education, population, and nutrition programs that include services to the rural population, and a focus on primary services.

Development of infrastructure in national water supply, rural roads, and transport programs, each serving rural areas with participation by the private sector.

Use of extension, farmers' groups credit, social services, and policy reform to deal with women's issues.

Safety net for the poorest.

Capacity-building efforts in all projects and programs.

Role of the World Bank

Being the largest donor to African agriculture, infrastructure, health and education, the Bank will play a comprehensive role in supporting the modified rural development strategy.

The Bank will be more selective in targeting countries for assistance in rural development programs, focusing on those that demonstrate commitment to appropriate agricultural policy and investment. It will expand its information, education and communication initiatives to help governments generate widespread commitment by their citizenry.

Bank finance will increasingly be directed towards national sector or subsector programs. Through well-articulated country assistance strategies, the bank would ensure that national education, health, nutrition, transport, water and economic policy programs provide support for rural and agricultural development.

The Bank's affiliates, IFC and MIGA, will expand their investment in agroindustry, agricultural marketing, and farm input supply. Natural resource management, forestry, and water projects will be evaluated to identify best practice, leading to proposals for replication.

All on-going and proposed Bank-assisted agriculture projects will be reviewed to identify changes that would enhance the positive impact on using and developing African capacity.

A participatory preparation and implementation plan involving farmers will be developed for every agriculture project supported by the Bank. Safety nets for the rural and urban poorest would be established.

The Bank and its affiliates would more actively support the worldwide liberalization of agricultural trade and discourage inefficient industrial country agricultural policies that reduce African export markets. Standardized performance indicators will be used to monitor and evaluate progress of the modified strategy.

Tradeoffs would be assessed between investments and policies that maximize rural income growth, versus those maximizing poverty reduction.

Kevin Cleaver. 1997. Rural Development Strategies for Poverty Reduction and Environmental Protection in Sub-Saharan Africa. Directions in Development series. World Bank. To order copies of the publication, please telephone (703) 661-1580 or fax (703) 661-1501. For related information, please write, telephone or e-mail P.C.Mohan, Rm. J5-171, 1818 H Street NW, Washington, D.C. 20433; tel. no. (202) 473-4114; pmohan@worldbank.org