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Organized Symposium

Strengthening Agricultural Governance in an Interconnected World

Conveners: Regina Birner¹ and Jock R. Anderson²

Summary

Governance problems are a major challenge to agricultural development in low-income countries. Market failures caused by problems such as information asymmetries and externalities are widespread, and government agencies set up to address these problems are prone to governance challenges, such as political capture, corruption and staff absenteeism. Recent governance reforms have potential to address these problems, but attention to governance in the agricultural sector has been limited. The panelists will discuss governance reforms in the areas of agricultural research and extension; agricultural input supply; agricultural output markets; land administration; and agricultural regulation. The panel will also deal with the role of decentralization and community-driven development as a strategy to improve agricultural governance. The panelists will also discuss questions, such as: What have been particularly interesting cases of success and failure? What roles have information and communication technologies played in improving governance in the different areas? Which innovative research approaches have been applied to assess the impact of such governance reforms? Where are the knowledge gaps and the opportunities for future research? The audience will participate in the symposium through discussion contributions and through ödigi-votingö, e.g., on the relevance of different governance problems and on research gaps and priorities.

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Rationale of the Symposium

In the 21st century, agriculture continues to be a fundamental instrument for sustainable development and poverty reduction, as highlighted in the World Development Report 2008 on *“Agriculture for Development”* (World Bank, 2007). Yet, as also pointed out in that World Development Report, governance problems are a major reason why developing countries, especially the agriculture-based countries of Sub-Saharan Africa, have had such limited success in using agriculture as an engine of pro-poor growth. Agriculture is mainly a private sector activity, but market failures are widespread due to problems such as information asymmetries, non-excludability, e.g., in research and extension, externalities in natural resources management, scale economies and monopoly power in supply chains, and the nature of risk in agriculture (see, e.g., Binswanger & McIntire, 1987; World Bank, 2007). Government institutions that aim to address these problems are prone to governance challenges. The *“third sector”* (non-governmental and civil society organizations, producer organizations, natural resource management groups) can play an important role in overcoming both market and government failures in agriculture, but they are faced with their own governance challenges, such as overcoming the collective action problem and avoiding local elite capture (see, e.g., Mansuri & Rao, 2013; McCarthy et al., 2014).

In the 1990s, *“good governance”* emerged as a major goal on the international development agenda, and a variety of governance reforms has been promoted. One can distinguish between (1) *“supply-side”* governance reforms, which aim to increase the capacity of public sector organizations to provide better services, such as public sector management reforms and contracting out of service provision, and *“demand-side reforms,”* which aim to empower local communities to demand better services and hold service providers accountable (World Bank, 2007). Information and communication technologies (ITCs), which are highlighted in the ICAE 2015, have greatly enhanced the possibilities to improve governance, either by addressing market failures (e.g., use of cell phones to reduce information asymmetries on prices) or by addressing governance problems in public sector institutions, e.g., by computerizing land records or establishing complaint mechanisms based on cell phones (see, e.g., World Bank, 2011).

In spite of the strong overall emphasis on improving governance, there has been limited attention to the role that governance reforms can play in addressing the long-standing governance problems in the agricultural sector. Even though there is a growing literature that assesses the impact of governance reforms, often using randomized control trials, the literature on governance reforms of agricultural sector institutions has remained rather limited.

Hence, there are major knowledge gaps regarding the question: What has worked where and why in improving governance in the agricultural sector? The proposed symposium aims to address this knowledge gap by bringing together analysts with extensive experience in agricultural development, who will discuss the current state of knowledge and identify opportunities for future research in this field.

Topics to be covered in the Symposium

The symposium will be guided by a conceptual framework for the analysis of governance in agriculture, which will be based on the chapter “Strengthening governance, from local to global” of the World Development Report 2008 (World Bank, 2007, Chapter 11). The symposium will cover governance problems and governance reform in the following six areas, which have been identified as particularly relevant to support smallholder-based agricultural development, as further explained below: (1) agricultural research and extension; (2) agricultural input supply; (3) agricultural output markets; (4) land administration; (5) agricultural regulation and (6) decentralization and community-driven development.

The first three topics deal with areas in which the private sector can “in principle” play a major role. Yet, all three areas are affected by market-failure problems that occur especially in early phases of agricultural development and that have, traditionally, been addressed by government intervention leading to far-reaching governance problems.

- (1) *Agricultural research and extension*: In agricultural research and extension, non-excludability provides a major rationale for government intervention, next to other factors, such as spillovers in research, and merit-good aspects of extension. The provision of agricultural research and extension by the public sector agencies is, however, subject to multiple governance problems, such the challenge to retain qualified staff in agricultural research organizations and the challenge to avoid staff absenteeism and elite capture in agricultural extension (see, e.g., Birner and Anderson, 2009). Governance reform efforts have aimed to strengthen the role of the private sector and local communities, e.g., by contracting out of service provision. However, these efforts involve their own governance challenges, limiting the success of such reform efforts (Feder, Birner and Anderson, 2011; Feder et al., 2011; Rwamigisa et al., 2013).
- (2) *Agricultural input markets*: Agricultural inputs, such as seeds, fertilizer, agro-chemicals and machinery, can all be supplied by private sector companies. However, high transaction costs, risk and other factors lead to market failures, especially in early phases of agricultural development (Dorward et al., 2004; Morris et al., 2007). Government interventions, such as input subsidy programs have been widely used to address these problems, but they involve substantial governance challenges, such as political capture (see, e.g., Birner, Gupta and Sharma, 2011). In Sub-Saharan Africa, input subsidy programs have seen a revival in recent years, but it remains a debated question whether they are effective (see, e.g., Xu et al., 2009) and to what extent their governance challenges can be addressed, e.g., by using “market-smart” approaches (Banful, 2010).

- (3) *Agricultural output markets*: Similar to the case of agricultural input markets, the need for government intervention in agricultural output markets has also been subject to substantial controversy (see, e.g., Jayne, et al., 2002). There is theoretical as well as empirical evidence of coordination problems in agricultural output markets that justify government policies in this area, e.g., for price stabilization and coordination of support services. The experience, however, shows that special attention needs to be paid to the governance problems related to these policies (Poulton et al., 2006).

The following two topics deal with two tasks, agricultural regulation and land administration, that need to be carried out by government agencies and that are important to create an enabling environment for farmers and agribusiness companies. Both tasks are prone to governance problems.

- (4) *Agricultural regulation*: Regulatory agencies are important in the agricultural sector to provide public goods such as biosafety, to control monopoly power in agricultural markets, and to address information asymmetries, e.g., through seed certification. Such agencies are well known to be subject to governance challenges such as red tape, bribery and political interest capture. The regulations related to genetically modified organisms (GMOs) is an area where these governance challenges have been particularly pronounced (see, e.g., Ramaswamy, Pray and Lalitha, 2012).
- (5) *Land administration*: The agencies in charge of land administration are often perceived to be among the most corrupt government agencies in developing countries (Transparency International India, 2005; Deininger and Feder, 2009). In Sub-Saharan Africa, there is an increasing need for an effective land administration, as land-titling programs are implemented to strengthen land tenure security of smallholders in view of large-scale land acquisition (Deininger and Byerlee, 2011). The process of formalizing property rights involves its own governance challenges, such as the exclusion of marginalized groups (Meinzen-Dick and Mwangi, 2009). Promising governance reform approaches in the area of land administration include the computerization of land records, community-based approaches to land titling (Deininger et al., 2008) and the development of a Land Government Assessment Framework (LGAF).

The final topic deals with governance reform approaches that aim to strengthen the role that the third sector, in particular local communities, can play in improving governance by addressing the market and government failures identified in the previous topics.

- (6) *Decentralization and community-driven development*: Decentralization aims to improve governance by bringing government closer to the people. However, the appropriate level of decentralization depends on context-specific factors, and the effect of decentralization on pro-poor service provision has been mixed (Akramov and Asante, 2008; Birner and von Braun, 2009). Community-driven development (CDD) is a related governance reform that aims at empowering local communities to take responsibility for their own development (Binswanger, De Regt and Spector, 2010). Decentralization and CDD approaches have a strong potential to address specific governance issues in the agricultural sector, such as dealing with heterogeneity of local conditions (World Bank,

2007). Yet, as indicated above, they involve their own governance challenges, such as local elite capture. The active participation by women and marginalized groups can help to overcome such challenges and increase collective capacity (McCarthy and Kilic, 2014).

Key questions to be addressed in the symposium

- What have been major governance reforms in the respective areas? What are particularly interesting examples of success or failure? How have political economy factors influenced governance reforms in this area?
- In the spirit of this conference, what role have information and communication technologies played, so far, in improving governance in the respective area?
- To what extent has research been conducted to analyze governance reforms in the respective area? What do we know about the impact of major agricultural governance reforms? What research approaches have been used? Where are major knowledge gaps?
- What are important opportunities for future research on governance reforms in this area? What role can and should - agricultural economists play in the future to contribute to better governance in the agricultural sector?

Format of the Symposium

At the beginning of the panel session, the conveners of the symposium will introduce the panel and present a conceptual framework for the analysis of governance in agriculture (6 minutes). The panelists (see table below) will then present introductory statements (approx. 6 minutes each).

These introductory statements (together 60 minutes) will be followed by a plenary discussion (30 minutes). The ICEA Conference is expected to be a unique opportunity to bring together an audience for this panel who can share rich insights from different parts of the world. After the introductory statements by the panelists, the audience will participate in two ways: through contributions to the discussion, and through *digivoting*. The discussion will be moderated by the conveners, who aim to promote a lively exchange of ideas and insights. *Digi-Voting* (a digital voting system using hand-held devices that will be distributed to the audience) will allow everybody in the audience to contribute by *voting* on contested questions and by ranking issues (such as governance problems and research gaps and priorities) according to their perceived relevance.

Panelists and topics

1) Agricultural research and extension	Gershon Feder , <i>International Food Policy Research Institute (IFPRI)</i> Governance reforms in agricultural extension: The potential of community-based and private extension approaches Patience Rwamigisa , <i>Makerere University and Ministry of Agriculture, Animal Industries and Food (MAAIF), Uganda</i> Political economy challenges of reforming agricultural research and extension: The experience of Uganda
2) Agricultural input supply	Thomas Jayne , <i>Michigan State University</i> Political economy challenges of input subsidy programs in Africa
3) Agricultural output markets	Colin Poulton , <i>School of Oriental and African Studies (SOAS)</i> Governance challenges of agricultural output markets
4) Land administration	Derek Byerlee , <i>Stanford University</i> International standards and land governance Esther Mwangi , <i>CIFOR</i> Governance challenges of formalizing property rights in land:
5) Agricultural regulation	Carl Pray , <i>Rutgers University</i> Governance challenges of biotechnology regulation
6) Decentralization and Community Driven Development (CDD)	Hans Binswanger-Mkhize , <i>Tshwane University of Technology</i> and Jacomina de Regt , <i>International consultant</i> The potential of CDD to address governance challenges in agricultural development Felix Asante , <i>University of Ghana, Legon</i> Decentralizing the agricultural administration: The experience of Ghana

Moderators/conveners: Regina Birner, *University of Hohenheim*, and
Jock Anderson, *University of New England*

Output

A summary of the Organized Symposium will be published online, which will include a synopsis of the contributions by the panelists, a summary of the discussion and the results of the digitizing. The results of the Symposium are expected to provide valuable guidance for future research on governance in agriculture.

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