



AID-FOR-TRADE WORKSHOP SUMMARY

"TRANSFORMATION AND PROMOTING RURAL ECONOMY"

11 February 2020

1. An [Aid-for-Trade](#) workshop on "[Transformation and Promoting Rural Economy](#)" was held on Tuesday, 11 February 2020. The workshop was split in two parts: Session 1 presented policy perspectives and Session 2 practice perspectives. The event was the seventh and final thematic workshop planned under the 2018-2019 Aid-for-Trade Work Programme¹ on "Supporting Economic Diversification and Empowerment".
2. In his **opening remarks**, the Chair, H.E. Mr. Chad Blackman, Ambassador of Barbados, recalled the relevance of the topic. Most of the world's population live in rural areas, and their development is integral to achieving the 2030 UN Sustainable Development Agenda. Rural development and transformation was therefore a policy priority for developing countries and providers of Aid for Trade. In addition, the Aid-for-Trade Monitoring and Evaluation exercise underpinning the 2019 Global Review had underlined progress made in agricultural export diversification, but also the range of obstacles that inhibited progress in the further development of agricultural sectors and rural economies.²
3. **In Session 1**, Takashi Yamano, Senior Economist, Economic Analysis and Operation Support Division, Asian Development Bank (AsDB) highlighted insights from Asia's rural development path over the last 50 years emerging from a new AsDB report entitled: [Asia's Journey to Prosperity: Policy, Market and Technology](#). Many Asian countries initially had prioritized industrial development as they viewed agriculture as a weak vector of economic growth and development. Over time, governments and administrations had shifted their focus, using public policies focusing on land reform and technological innovation to foster agricultural development.
4. Key to the success of agricultural productivity associated with the Green Revolution was political commitment and technological upgrading. The diffusion of high-yielding varieties and modern farming practices (e.g. irrigation) had transformed rice production in India, Indonesia, the Philippines, and Viet Nam generating crop surpluses and a growing footprint of these countries in

¹ 2018-2019 Aid-for-Trade Work Programme published under document symbol WT/COMTD/AFT/W/75.

² 2019 Aid for Trade at a Glance "Supporting Economic Diversification and Empowerment", viewed at https://www.wto.org/english/tratop_e/devel_e/a4t_e/gr19_e/gr19programme_e.htm.

global agricultural trade. Non-farm incomes had also grown concurrently and in rural populations, generating a diminishing proportion of their income from agriculture. Challenges remained in the areas of technological upgrading (because of considerable investment costs) and due to the challenge of climate change.

5. Madhur Gautam, Lead Economist, Agriculture Global Practice at the World Bank Group (WBG) spoke about a new World Bank report entitled "[Harvesting Prosperity : Technology and Productivity Growth in Agriculture](#)". He began his presentation by recalling the critical role that agriculture plays in economic growth, poverty reduction and environmental sustainability. Continued advancement in agricultural productivity, especially in low-income countries, was essential to ensure the food security of an increasing global population, to eradicate the remaining pockets of extreme poverty and face the challenge of climate change. Highlighting that world-wide, some two-thirds of growth in the agriculture sector is generated by productivity growth, he discussed the different drivers of, and impediments to, agricultural productivity growth, such as low research and development (R&D) expenditure, the enabling environment for innovation and technology, price policies and incentives, market infrastructure, and irrigation investment.

6. He recommended that agricultural policies should focus on resource efficiency – and noted that many of the tools were already available to move to so-called climate-smart agriculture. Increasing R&D expenditure and the uptake of new technology was essential. Governments needed to work on multiple fronts to resolve market failures in the supply and demand areas. Global value chains (GVCs) could support structural changes and overcome them. As the AsDB speaker previously, the representative of the World Bank highlighted climate change as a looming challenge that needed to be addressed for it would severely impact agriculture, particularly in those areas inhabited by a large number of poor and vulnerable.

7. Kris Terauds, Economic Affairs Officer, Commodities Branch at United Nations Conference on Trade and Development (UNCTAD) discussed an UNCTAD project aimed at promoting cotton by-product processing in Eastern and Southern Africa.³ Cotton was mainly grown for its fibre (or lint). However, commercial applications also existed for other parts of the plant, such as the stalks, husks, cottonseed and short-staple fibres. This meant that as much as 75% of the cotton plant's mass could go unutilized. Cotton by-products represented an opportunity for producing countries to unlock further benefits from their production, bringing new income, increasing domestic value-addition and markets access. The biomass generated by cotton by-products could further play a role in alleviating pressure on illegal tree logging and so help reduce emissions from deforestation and forest degradation. The project assisted countries in commercializing residues from the cotton value chain, of particular importance also given the high percentage of female farmers engaged in cotton production. In this context, he noted that governments needed to invest in two things:

³ Promoting cotton by-products in Eastern and Southern Africa, viewed at <https://unctad.org/en/Pages/SUC/Commodities/SUC-Project-1617K.aspx>

(i) rural infrastructure – as a prerequisite for cost-competitive products – and, (ii) programmes that attracted investments in rural businesses.

8. Discussions on the three presentations made in Session 1 focused on technology, access to clean energy, climate change and women's economic empowerment in the agriculture sector.

9. In the **second Session of the workshop**, Magor Mbaye, First Attaché at the WTO Mission of Senegal presented the [Plan for Senegal's Emergence and Rural Transformation](#), commonly referred to by the acronym "PRACAS". The programme was geared towards accelerating the pace of agricultural growth in Senegal. He began with key figures of the Senegalese agriculture sector which contributes 14% of the country's gross domestic product, employs 60% of the active population and comprises some 750,000 farms. The programme's goal was to leverage Senegal's natural endowments and opportunities (i.e. high-quality human capital, developing infrastructure and privileged market access, etc.).

10. The representative of Senegal also highlighted some of the constraints faced, including in the production of millet, sorghum, corn, fonio and niebé. He then outlined the details of the strategy and its implementation, including the objectives of sustainability and women's economic empowerment. The following positive externalities were also expected: increase in agricultural production, structural transformation and employment. The speaker then outlined risks that could limit the impact of the programme such as climate change, and low capacity in human resources.

11. Iris Krebber, Head, Agriculture and Land Team, Department for International Development, United Kingdom (UK) explained the UK's Development Policy and how it focused on agriculture and rural development. She explained the Department for International Development's (DFID) dual goal of inclusive growth and economic development. She noted that DFID's policy contributed to Sustainable Development Goal 2 as well as to mitigating climate change by focussing on a climate-smart agriculture. She added that one key aspect of the policy and the UK's Aid-for-Trade programme was supporting farmers to understand and comply with standards, so giving them access to lucrative international markets. She highlighted the other aspects of DFID's work in helping small farmers to step up and participate in value chains. For small farmers challenges did not so much consist in lack of productivity, rather they emanated from food safety standards. She concluded by commenting that many Aid-for-Trade projects needed to be accompanied by complementary policies and robust measurement methodologies so as to ensure attribution of impacts.

12. The final presentation of Session 2 was delivered by Annette Ssemuwemba, Deputy Executive Director, Enhanced Integrated Framework (EIF), who presented case stories from three countries (Zambia, Cambodia and Samoa) in which projects to develop key agricultural sectors had been supported by the EIF. In Zambia, most agricultural production was made by small holders for subsistence purposes: productivity was low and pressure on the land high. With EIF support, Zambia had made policy interventions on sectors such as honey. In this example, dividends had accrued in the form of better-quality honey and a 700% increase in exports. In Cambodia, intervention in the rice sector had unlocked better earnings for producers and better quality. In Samoa, a

USD 2.3 million project had enhanced private sector participation and resulted in 500 acres of new cocoa trees planted. It had also contributed to women's economic empowerment. Female coconut producers had found a market opportunity and were now supplying their products to the Body Shop™. She concluded that infrastructure, standards and climate change were key challenges for agriculture and rural development.

13. In Session 2, discussions addressed opportunities for youth and female farmers, made a link to ongoing WTO negotiations on agriculture and the many trade barriers faced by developing countries on account of market distortions and their harmful impact on international agriculture markets.

14. In closing, the Chair recalled the centrality of agriculture to the health of the rural economy and agricultural growth's direct impact on poverty reduction. He also highlighted the role that public policy can play in various dimensions of the rural economy. The critical role of policies to promote productivity growth in agriculture was recalled along with the scope to support uptake of new farming methods and technology – a task made more urgent by climate change adaptation. Addressing market failures through the prism of value chain approaches that also upgraded the capacity of stakeholders to meet quality and safety standards was also essential as was integrating a strong gender dimension into public policy approaches. Growing non-farm income through services, in particular tourism, was a way to generate employment opportunities and reduce labour migration. The Chair highlighted that many of these insights brought us back to the on-going work to reform agricultural trade policy, in particular in the area of domestic support.

15. Copies of the PowerPoint presentations and a podcast of the meeting can be consulted on the Aid-for-Trade page of the WTO website at www.wto.org/aidfortrade.
