

# Constraints to agriculture sector performance

## ■ What is learned?

- Modest progress in agricultural performance despite long term investment by governments and donors
- No progress in terms of closing the performance gap compared to OECD countries

## ■ Issues for discussion:

- Speed and sustainability of the performance
- Demand side considerations for improved technology (constraints in processing, storage, and distribution, etc. often inhibits farm level demand for improve tech.)

# Agricultural indicators

Country	Per cap Ag-V added \$2002	Per cap Ag-V added % 92-02	Fertilizer per ha gram/ha 2002	Cereal yield ton/ha 2002	Ag value added 1990 % GDP	Ag value added 2002 % GDP
Cameroon	1,139	-1.64	59	1.693	24.58	44.00
Ghana	337	-0.46	74	1.349	44.85	36.00
Mali	212	1.54	90	1.047	45.52	34.16
<i><u>Vietnam</u></i>	<i><u>259</u></i>	<i><u>12.20</u></i>	<i><u>2,948</u></i>	<i><u>3.504</u></i>	<i><u>38.74</u></i>	<i><u>23.03</u></i>
U.S.	53,403	8.18	1,096	5.567		

Source:WB data

# General indicators

Country	GDP per capita, \$2002	Population growth 2001-02 %	Aid per capita current \$U.S 1990	Aid per capita current \$U.S. 2002
Cameroon	685	2.1	38.2	38.6
Ghana	417	1.8	36.8	32.0
Mali	303	2.4	56.9	41.0
<i><u>Vietnam</u></i>	<i><u>435</u></i>	<i><u>1.2</u></i>	<i><u>2.9</u></i>	<i><u>15.6</u></i>
U.S.	31,466	1.1		

Source: WB data

# **Institutional constraints**

- **What is learned?**
  - **Institutions matters**
  - **knowledge is limited**
- **Issues for discussion:**
  - **Are there policies that can ignite growth leading to institutional improvement?**
  - **Can aid improve institutions?**

## Are there policies that can ignite growth leading to institutional improvement?

- Fact: Majority of low-income countries do not have strong broad base of economic institutions
- Fact: Data shows that in a number of instances countries with weak initial institutions were able to achieve sustainable growth and that in turn led to improvement in quality of their institutions (Mozambique, Dominican Republic, Vietnam)

# Can aid improve institutions?

- No effect on institutions (Burnside & Dollar, 2000, 2004)
- Aid harms institutions by promoting rent seeking, corruption, waste (Bauer, 1991, Kanbur, 2000) or
- ..by making government less dependable on citizens for revenue (Bates 2001, Herbst, 2000)