

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: RSAN

TA No. and Name: TA 5767-REG: A Study of Rural Asia			Amount Approved: \$1,800,000.0	
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Description <p>An economic transformation has occurred in much of rural Asia since ADB last undertook an agricultural survey of the region in 1976. The rural economy has become increasingly linked to a rapidly integrating world economy and rural society in Asia faces new opportunities and challenges. Dramatic changes have occurred in Asian agriculture: food self-sufficiency has been achieved in most developing member countries (DMCs); liberalization and development of the rural economy have led to increases in job opportunities and per capita incomes; there is growing commercialization of agriculture and an increased specialization in agricultural production; there is a broader range of rural financial services; and there is a changing perception of the efficacy of maintaining centrally formulated and imposed policies and programs, in favor of decentralized policy-making, and program and fiscal authority to beneficiaries and stakeholders.</p> <p>The transformation of rural Asia has also been accompanied by some troubling developments. The majority of Asia's population reside in the rural areas with the majority of the workforce employed in agriculture and related activities. Growth of agriculture and the rural economy remains a necessary prerequisite to sustained and equitable growth of gross domestic product (GDP), and is a major contributor to the reduction of poverty and of regional inequalities. While large parts of the region have prospered, Asia remains home to the majority of the world's poor. Growing inequalities and rising expectations have increased the urgency to tackle the problems of rural poverty. The rapid exploitation of natural resources is threatening the sustainability of the drive for higher productivity and income and is affecting the quality of life in the entire region.</p> <p>The concept of rural development has altered to encompass concerns that go well beyond improvements in growth, income, and output. These concerns include an assessment of changes in the quality of life, broadly defined to include improvements in health and nutrition, in education, environmentally safe living conditions, and reduction in gender and income inequalities. At the same time the policy environment has changed dramatically. Thus, there is a need to identify ways in which governments, the development community at large, and the ADB in particular, can offer more effective financial and policy support for Asian rural development in the new century. Therefore, it was decided to undertake a study to examine the achievements and prospects of rural Asia and to provide a vision for the future of agriculture and rural development in Asia.</p>				
Objectives and Scope <p>The objective of the <i>Rural Asia Study</i> (RAS) was to identify, for ADB's DMCs, policy and investment priorities that will promote sustainable development and improved economic and social conditions in the rural sector. The regional technical assistance (RETA) reviewed developments in the Asian rural economy to understand the gains and consequences of the economic performance of the last two decades or so of the 20th century, and identified possibilities and constraints to furthering the transformation into the next century. To address the diverse issues in a comprehensive manner, five thematic areas, each the subject of a comprehensive volume of work, were identified to provide the background on which the Study's recommendations were based. An overview volume summarizing the main findings of the study completed the main documentation of the RETA</p>				
Evaluation of Inputs <p>The study was designed as a team effort, using ADB staff and international experts under the guidance of an ADB interdepartmental steering committee. International consultants, assisted by domestic consultants, were commissioned to prepare the five thematic background studies for RAS and also help in the preparation of the strategic framework paper. A total of 113 person-months of international and 48 person-months of domestic consultants were utilized. Working groups, each comprising several ADB staff, for each of the thematic studies were set up to define the scope of the work and to act as counterparts of the consultants in the preparation of the background reports. The working groups provided guidance to the experts and reviewed their work to ensure high quality of output. A panel of external advisers from the international research community was constituted to review the approach and the methodology of the study and the terms of reference for each of the background reports. External reviewers drawn from the academe and senior policy makers reviewed the background reports and provided additional expert guidance. The preparation of the background reports included four workshops held at ADB Headquarters: an inception workshop in May 1998; two interim workshops to review progress in November 1998 and January 1999; and a final workshop in March 1999, at which the background reports were presented by the authors to a large group of participants comprising senior policy makers from ADB's DMCs, and representatives of international organizations, NGOs, donor agencies, members of the academe, and ADB staff. The studies were very well received at the workshops and the work of the consultants and of counterpart ADB staff was highly commended by the panel of external advisers and by the external reviewers. The work on the strategic framework paper has also been very satisfactory, resulting in a useful document to guide ADB's future interventions to assist rural development. The availability of online versions of the publication reduced the cost needed for disseminating the results of the study; further savings were incurred for carrying out dissemination workshops in the headquarters and in conjunction with ADB's Annual Meeting.</p>				
Evaluation of Outputs <p><u>Five-volume Publication:</u> The five thematic background studies were a five-volume study of rural Asia. Each volume is a stand-alone book and as a set comprises one of the most comprehensive studies of rural Asia's problems and future concerns. Oxford University Press published the study. The titles of the five volumes are as follows: Volume 1: "Transforming the Rural Asian Economy: The</p>				

Unfinished Revolution"; Volume 2: "The Growth and Sustainability of Agriculture in Asia"; Volume 3: "Rural Financial Markets in Asia: Paradigms, Policies and Performance"; Volume 4: "The Quality of Life in Rural Asia"; and Volume 5: "The Evolving Roles of State, Private, and Local Actors in Rural Asia." The books were well reviewed by numerous major publications, periodicals and newspapers and have been included as text material for various graduate study programs in universities internationally, including top universities in the US.

Summary Overview Volume: The results and recommendations from the study were presented at a seminar during ADB's 32nd Annual Meeting in Manila. Based on extensive discussions and comments, the report was revised and then published by ADB as an overview volume titled "Rural Asia: Beyond the Green Revolution." The overview summarized the main recommendations of the study and provides the basis for future discussions between ADB and DMCs on ways to eradicate poverty and improve the quality of life in rural Asia. The overview also provided the basic material used to prepare the strategic framework paper for ADB's interventions in support of rural development.

The five-volume publication is available for sale internationally. Free copies were distributed selectively to policy makers, academics, and ADB staff. The overview was broadly distributed free of charge to a very wide audience. All publications are being extensively used by the DMCs and ADB for guiding work programs, providing background material for policy dialogue, and for developing ways and means to tackle the problems of rural development. The TA completion date was extended to complete the dissemination of the outputs of the RETA and to finalize the Strategic Framework Paper for ADB Assistance to Agriculture and Rural Development as indicated in the output and recommendations of the study.

Overall Assessment and Rating

The study is rated highly successful. It achieved its objectives and has provided valuable perspectives that have fed into operations.

Major Lessons Learned

The study demonstrated the very real needs of rural Asia, and the efforts that will be necessary to ensure that the successes of the past are continued into the future. The overview volume summarizes the main lessons learned from the study. These may be briefly stated as follows:

- ? Agricultural growth is a prerequisite for economic development in general and rural development in particular;
- ? To reduce poverty and improve quality of life in rural areas, agricultural growth must be both pro-poor and environmentally sustainable;
- ? Promoting the growth of the rural nonfarm economy will greatly enhance the pace of rural development;
- ? Efficient rural financial markets play a key role in promoting rural development;
- ? It is necessary to ensure effective institutions for rural development; and
- ? To improve the overall quality of life in rural areas it is necessary to go beyond growth, poverty, and environmental considerations and directly address specific concerns of particular relevance to rural Asia.

Various scenarios were looked at in the overview to see what the impact of having more or less investments in rural development would be on the general well being and quality of life of rural Asia. The results showed quite dramatic adverse effects on the quality of life and poverty reduction if investments in rural development were to slow down, and major improvements if investments were to pick up. Perhaps the most important conclusion to be drawn is that rural development will remain a major area of concern if poverty in Asia is to be addressed in any meaningful manner. With regard to the implementation of the TA, the major lessons learned is not to underestimate the staff time required to effectively implement a major study, coordinate the work of the teams, and finalize the publications.

Recommendations and Follow-Up Action

The TA provided valuable insights on the problems facing the sustainable development and improved economic and social conditions in the rural sector of Asia. The study had focused on the need of Asian countries to adapt to a changing world, and meet the new challenges of the future in ways that exploit their growth opportunities, but which are also pro-poor and environmentally sustainable.

In the face of the challenge, the completion of the rural transformation of Asia will take renewed efforts on the part of governments. Creating an enabling environment for the private sector to contribute to rural development, promoting transparency, greater responsiveness, and the eradication of corruption are keys to sustained growth in the next century.

The strategies that will lead to poverty reduction and improving the quality of life of the rural population must be broad-based and far-reaching. Some elements of that strategy include the following and these are being incorporated into the guidance for Country Strategy and Program and mission leaders in the strategic framework.

- ? Maintaining sufficient levels of public investments in agricultural research, rural infrastructure, education, and health;
- ? Reducing or eliminating wasteful public expenditure on subsidies;
- ? Adopting rationalized agricultural pricing policies;
- ? Undertaking major institutional reforms;
- ? Creating effective safety-nets to protect vulnerable people;
- ? Adopting taxation and interest-rate policies conducive to long-term investments;
- ? Managing natural resources holistically; and
- ? Facilitating effective roles for NGOs and civil society in carrying out good-governance reforms.

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