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Working Paper
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WIDER Working Paper, No. 2013/081

Provided in Cooperation with:
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WIDER Working Paper No. 2013/081

Foreign aid and sustainable agriculture in Africa

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September 2013

Abstract

Although agriculture is important for the livelihood of most Africans, especially the poor, donors did not accord it a high priority. Both volume and share of aid earmarked for agriculture in sub-Saharan Africa not only remained low, around five per cent, but continuously declined between 1981-2001, before picking up after the world food crisis in 2007-08. Aid recently became a top agenda in donors’ priorities because of concerns about its effectiveness and also because of budget pressures in donor countries as well as queries raised by their tax payers. However, despite skepticism about its effectiveness there exist successful experiences in aid supported projects that could be candidates both for scaling up and transferability across countries.

Keywords: agriculture, foreign aid, effectiveness, upscaling, transferability, sustainable

JEL classification: O55, Q1
Acknowledgements

We are grateful to Samah El-Bakri who provided valuable research assistance, and contributed greatly to the outcome of this paper through her insightful comments.
1 Introduction

The recent history of foreign aid probably begins with the Marshall Plan, US$13 billion to Europe after the Second World War. The success of the plan led President Truman, in his inaugural speech at the foundation of NATO to propose that: '...we must embark on a bold new programme for making the benefits of our scientific advances and industrial progress available for the improvement and growth of under-developed areas.'\(^1\) The Marshall Plan, perhaps, represents the most effective aid ever, judging by its outcome that Europe, in less than a decade, emerged from the ruins of a war to become a strong economic and political player in the international arena (Bovard 1986). Foreign aid since took different forms and levels (during the Cold War and thereafter) and was constantly on the agenda of international conferences and economic forums. In fact, there is a commitment by major donor countries to grant aid to countries in need, to the tune of 0.7 per cent from national income.

In general, aid is not given for purely altruistic goals. Rather it reflects the interests of donors, which may include military, political, and/or commercial interests. In fact, more often than not, it does not provide the maximum benefit to the recipient. This is especially true when aid is tied. Mark Malloch Brown, the former head of the United Nations Development Programme (UNDP), estimated in 2002 that farm subsidies in advanced countries cost poor countries about US$50 billion a year in lost agricultural exports.\(^2\) This claim was confirmed by Oxfam (2002) which reveals that aid tied to trade liberalization by the donors, such as the European Union (EU), is becoming detrimental to developing countries. The report estimated that Latin American countries, for instance, loses US$4 billion annually due to the EU farm subsidy policies. In their opinion, aid money, instead of being used to finance development effort in these countries, ended up being used to fund terms of trade deficit brought about by trade liberalization (ibid.).

The United States (US), for instance, gives huge subsidies for its agricultural sector. It is shown that in recent budgets at least US$5 billion is given as subsidies to rich farmers, irrespective of crop prices or yields, and a further US$10-15 billion are considered trade distorting subsidies that undermine incentives to invest in agriculture in developing countries (Elliot 2011).

Another indication of the size of the loss due to protectionism by advanced countries comes from the World Development Report (World Bank 2008). There it is shown that the cost of the Organisation for Economic Co-operation and Development (OECD) countries' subsidies to farmers distorts world markets, and as a result African countries are denied trading opportunities equivalent to almost twice the size of the OECD countries' foreign assistance. At the same time it is believed that rich countries spend about US$300 billion each year on agricultural subsidies—six times more than the annual US$50 billion rich countries put into foreign aid (UK Food Group 2008: 16). In addition, the World Development Report 2008 reports that developed country agricultural policies cost developing countries about US$17 billion per year—a cost equivalent to almost five times the current levels of overseas assistance.

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1. President Truman's Inaugural Speech, 20 January 1948.
2. Address by Mark Malloch Brown, UNDP Administrator, Makerere University, Kampala, Uganda, 12 November 2002.
development assistance to agriculture (World Bank 2008). As can be seen, estimates differ but all point to the complexity of judging the value of foreign aid.

Nevertheless, it could not be denied that aid has been instrumental in assisting developing countries to overcome many of their problems, including natural and man-made disasters. Aid levels have also seen substantial increases, in nominal terms, especially to Africa. In this regard it could be noted that total aid flows increased from US$58 billion in 2000 to US$133 billion in 2011, and donor commitments of aid directed to agriculture roughly doubled from US$4 billion in mid-2000s to just over US$8 billion in 2010.

The rest of the paper will discuss (a) the share of aid to agriculture, (b) aid to agriculture in Africa, (c) development thinking after independence of African countries and the role of aid, (d) recent developments in donor thinking about aid, including agricultural sustainability, aid effectiveness, scaling up of aid financed projects, and transferability across countries; and finally (e) recommendations and concluding remarks.

2 Share of foreign aid to agriculture

The statistics of official development assistance (ODA) does not always give a clear sectoral classification. For instance, between 23-36 per cent of aid is classified as unallocable. Furthermore, there are funds that do not constitute a transfer of resources to recipient countries but are included in aid statistics, for instance, administrative costs to donors, expenditure on refugees in donor countries, and support to international non-governmental organizations (INGOs) of donor countries. Accordingly, it is difficult to ascertain exactly the share of aid to agriculture, and the whole issue is quite complicated as aptly put by Nurul Islam, ‘the task of measuring, analyzing and evaluating aid to agriculture in all its components, ramifications, and implications remains a challenging task for researchers, policy analysts and policy makers’ (Islam 2011: 41). Roughly, however, the share of aid to agriculture has hovered around five per cent of total aid, although some differences in shares exist between multilateral and bilateral aid, for instance the World Bank’s International Development Association (IDA) lending remained at nine per cent to agriculture of its total commitments.

From the 1980s, aid to agriculture began to decline both in absolute and real terms. There are both external and internal factors that militated against increased aid to agriculture during this period. The external factors include the shift of more donor resources to other sectors, such as infrastructure and the social sector, because of their proven positive effect on development. For instance the effect of rural roads and rural electrification on income growth and poverty alleviation has been demonstrated because, among others, they facilitate access to markets for both outputs and inputs. Equally, investment in the social sector (education and health) is also recognized for its positive effect on labour productivity and promotion of human development in general. While this is true, it is also thought that civil society groups have contributed to this shift of donor focus to the social sectors by convincing donors that aid must be people-centred, instead of sector- or activity-centred (Eicher 2003). There are also other claimants on aid resources, such as commitments for debt relief for heavily indebted poor countries and humanitarian aid. The latter increased considerably in response to both natural and man-made disasters over the last two decades or so.
A further external factor that negatively impacted the share of aid to agriculture is the abundance in food production in the 1990s which led to low food prices in the international markets. At the time this led food exporters in advanced countries to oppose increased aid to agriculture for developing countries, because that would lead to further decline in food prices. It should also be added that opposition from environmental groups that saw agriculture as a contributor to natural resource destruction and environmental pollution also had their effect (World Bank 2007).

The internal factors, specific to the agricultural sector, that led to declining share of aid, included delays in completion of agricultural projects in less developed countries and the associated cost overruns, and large supervision costs that tend to reduce returns to agricultural projects. Other constraints included poor road and market infrastructure, undeveloped financial sectors, and higher weather related and disease risks. Added to this is the weak governance and institutional capacity structures entrusted to design, administer, and implement projects in an efficient manner in these countries (World Bank 2010: xi). This meant that donors on the one hand had to spend time building these institutions, and on the other hand resulted in delays in disbursement. Together these factors led donors to shift focus to policy reforms, both sectoral and macro, thus increasing policy-based lending as against direct lending to agriculture.

3 Aid to agriculture in Africa

Over the past four decades, aid to Africa quadrupled from around US$11 billion to US$44 billion. But as mentioned earlier, ODA to Africa is directed mostly to other sectors (the social sector 45 per cent and infrastructure 15 per cent). ODA is seen as a means of leveraging other flows to ward off aid dependency. Thus donors stress the importance of simultaneously mobilizing domestic resources, promoting international trade, and encouraging foreign direct investment (FDI).  

Measured by net ODA as a percentage of government expenditure many African countries are aid dependent. In fact in at least 15 sub-Saharan African (SSA) countries aid flows constitute between 50 per cent and 770 per cent of their government expenditures. The list includes Liberia 771 per cent; Guinea-Bissau 221 per cent; Rwanda 205 per cent; the Central African Republic (CAR) 195 per cent; Madagascar 194 per cent; Mozambique 167 per cent; Malawi 164 per cent; Sierra Leone 150 per cent; Ethiopia 133 per cent; Democratic Republic of Congo (DRC) 126 per cent; Uganda 98 per cent; Guinea 91 per cent; Zambia 84 per cent; Senegal 80 per cent; and Gambia 73 per cent. Measured by aid as a per cent of gross domestic product (GDP), many other African countries could also be classified as aid dependent. Among these are Mozambique 60 per cent; Sierra Leone 47 per cent; and Eritrea 31 per cent (Spagnoli 2010).

Agriculture is important for the livelihood of most Africans, and most of the poor in general. In fact 75 per cent of the world’s poor live in rural areas and depend on agriculture for all or part of their livelihoods and all or most of their food supplies. The positive relationship between improving agriculture and poverty alleviation is shown empirically to be very strong. For 42 developing countries, econometric analysis shows that for the poorest ten per

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3 UN Office of the Special Advisor on Africa (2010).
cent, a one per cent GDP growth in agriculture increases income by more than 2.5 per cent. (Kuyvenhoven 2008). The World Development Report (World Bank 2008) underscores the importance of growth in agriculture as a critical catalyst for economic growth and poverty reduction. The report points out that GDP growth from agriculture is shown to raise incomes of the poor 2-4 times more than GDP growth from non-agriculture.

Despite this, donors, for different reasons, practically accorded low priority to agriculture, as assistance to the sector constituted only five per cent of the total aid. The US, in particular, directed only two per cent of its total aid budget in 2007 to agriculture (Elliot 2011). In fact this is the case since early 1990s. This may be due to the increase in food aid and humanitarian assistance associated with natural or man-made disasters around the globe. However, with a growing world population, and persistent poverty in many countries, more support and investment to build local capacity to increase agricultural productivity and strengthen national and regional food systems cannot be over emphasized, if food prices are to be affordable for the most vulnerable groups.

Both the volume and the share of aid earmarked for agriculture, until recently, has been steadily falling below its 1980s levels. This trend has been especially strong in SSA, where bilateral agricultural aid fell by 60 per cent from US$1.3 billion to only US$524 million between 1990 and 2001 (UK Food Group 2008:14). The perception of donors is that agriculture and rural development projects are more risky and less profitable than other types of projects. But in the period of post-2007 world food crisis donors committed themselves to increase aid to agriculture. The World Bank’s Robert Zoellick announced in July 2008 that the World Bank would double its agricultural lending to Africa from an average of US$450 million to US$800 million a year, in the wake of international staple food price hikes (UK Food Group 2008: 15).

4  Agriculture in development thinking after independence of African countries and the role of aid

After the independence of African countries in the 1950s and 1960s, development in agriculture was not considered a priority as it was not regarded as an important contributor to economic growth and therefore not further pursued (Ngambeki 2003). Instead, development thinking was centred on state-led industrialization and the belief that development and economic growth can be achieved by transforming agrarian-dominated societies into modern industrial countries (Eicher 2003). Achieving economic growth was considered the main priority rather than alleviating poverty through developing the agricultural sector. It was thought that creating jobs and supporting economic growth would create a trickle-down effect and thus tackle problems of poverty, as well as improving access to health and education. This belief was supported by international financial institutions such as the World Bank. For instance, in the 1960s, the World Bank’s Vice President stated: ‘Given the policy instruments and administrative capacity of the less-developed countries, I would judge that the employment increases generated by high growth are the most reliable means of maximising the welfare of the lower-income groups’ (Chenery 1971: 37, quoted in Eicher 2003).

Instead of pursuing the state-led industrialization model, many scholars believe that the colonial extraction model, based on international trade, included some tremendous advantages, such as organising rural space by relying on regionalism as the organization model for agricultural research. For example, the French set up regional research stations in
Senegal and Côte d’Ivoire to generate new technology and transfer it to satellite colonies, that were later adapted to local conditions. Instead, many African countries followed nationalization processes, particularly of regional research centres and private plantations rather than taking part in international trade of agrarian products (Eicher 2003). As a result, state-led industrialization in the 1960s and 1970s focused on capital accumulation and heavy reliance on foreign aid to achieve high rates of economic growth. To give an example, during the 1960s and 1970s, the World Bank increased lending for agriculture from six per cent of the Bank’s total lending to over 30 per cent. Between 1974 and 1984, agricultural lending commitments reached more than US$30 billion (ibid.).

Since the 1970s, however, interest in agricultural development increased and focused on tackling rural poverty by improving smallholder agriculture, in particular, community development. Yet, most integrated rural development projects were hindered by stringent macro-economic policies and were not sustainable; i.e. they did not include programmes or plans to finance social and agricultural services after donor aid was phased out. Thus while many donors invested large amounts of money into pilot projects to ensure their success, these became too expensive to be replicated or to be maintained on a national or regional level. The Cohen report (1987) on Swedish aid mentioned that Sweden invested US$41 million into the Chilalo Agricultural Development Union (CADU) rural development project in the Arsi province of Ethiopia that ran for a period of 26 years. Other common problems related to aid are structural problems, such as lack of co-ordination between numerous central ministries including agriculture, health, and education. In addition, Assal (2008) argues that concepts like participation, partnership, good governance, and empowerment are often vague and therefore not applicable in the local communities. They cannot address structural problems like poverty that hinder the recovery and development of the countries that require improved infrastructure or improved government structures.

With the growing agricultural activities of the Green Revolution in Asia, and the optimism of applying the same model to an African context, aid to agriculture rose in the 1970s. In addition, as a result of the global food crisis of 1972-74, many donors further increased global aid to agriculture. In fact by the early 1970s, many economists reached the conclusion that the development plans and strategies centred on economic growth through state-led industrialization were not achieving any substantial social benefits. Consequently, many donors shifted priorities and provided direct assistance to the rural poor through basic needs programmes, integrated rural development projects, and aid to small-scale agriculture (Eicher 2003).

In the 1980s, development optimism changed to pessimism and a shift to programme aid and policy reform occurred. Harsh economic policies, among others, failed to achieve the desired trickle-down effect, and the structural adjustment programmes pursued led to economic crises as state intervention and safety nets were either abolished or downsized.

In the 1990s, political issues such as corruption, good governance, and decentralization became important factors for donors and were set as prime conditions for allocating aid. This period also saw the increased importance to include social sector issues such as education, health, post-conflict aid, and the environment, into development planning. Due to the growing importance of social and political factors, aid to agricultural projects has seen a steady decline. Other reasons for the decline of investments in agriculture involve the perception that agricultural problems can be solved outside the sector by increasingly
focusing on infrastructure including roads and electricity to rural areas. Another impact is the declining support for assistance in the agricultural sector of developing countries (Brown 2009; Coppard 2010). According to the World Bank and the UK Food Group (2008) report, the major reasons for the overall decline of foreign aid to agriculture include the fall of international commodity prices, which made it less profitable to invest in agricultural activities, and the increased investments in social sectors.

At the beginning of the millennium, calls for increased aid grew stronger, particularly initiated by the World Bank followed by the EU, the Department for International Development (DFID), and private institutions, though the amount allocated to agriculture has remained static at about nine per cent. What has changed, though, is that the largest aid to agriculture was given to Africa. In the financial years 2002-06, aid to agriculture has been 47 per cent, compared to a share of 29 per cent in the financial year from 1996 to 2001 (UK Food Group 2008). With trends of climate change, rising food and energy prices, and rising demands in new investment in agriculture, aid to African agriculture has been put back on the international policy agenda. As Figure 1 highlights, between 2000 and 2008 global agricultural ODA has increased from US$3.6 billion to US$6.3 billion. While total agricultural commitments have increased, the Figure also shows that the proportion of agricultural aid has increased overall during the period (Coppard 2010).

Figure 1: Global agricultural aid and proportion of total ODA, 2000-08

Between 2005 and 2008, 50 per cent of the total agricultural assistance accounted for three areas, agricultural policy (22 per cent), agricultural water resources (18 per cent), and agricultural development (13 per cent). Agricultural policy has received the largest amount of aid and includes aid to agricultural ministries and measures, programmes and actions of capacity building. Agricultural water resources refer to all forms of irrigation investments, and agricultural developments include farm development initiatives and projects (Coppard
What is striking is the increased investment in agricultural research which includes investment into new technologies, from six per cent in the period of 2000-03, to ten per cent in the period of 2005-08 (see Figure 2).

![Figure 2: Proportions of agricultural purpose codes as a per cent of agricultural aid](image)


5 Recent developments in aid to agriculture: five main areas of donor consensus

Overall, it can be noted that current donor consensus on agricultural aid for Africa is centred on seven main areas: changing perception of agriculture; market and private sector-led agricultural growth; improved governance and political processes; social services and empowerment; aid effectiveness, scaling up, and transferability.

5.1 Changing the perception of agriculture: agricultural sustainability

Recent perceptions of development and agriculture have seen a shift away from agriculture as engine of growth towards realising a ‘right to food and food sovereignty’ (UK Food Group 2008). The Commission for Sustainable Development noted the importance of agriculture in sustaining rural life, an agriculture that increases food production and enhances food security in an environmentally sound way. Sustainable agriculture plays a key role in tackling food insecurity especially in rural areas. According to the UNDP (2012b) increases in agricultural productivity and better nutrition are important for food security and human development. They argue that increased food production will increase food security by raising food availability and lowering food prices, thereby improving access to food. In addition, higher productivity will also increase peoples’ incomes, which has positive effects on health and education (UNDP 2012a).

Previous development strategies to increase agricultural productivity were predominantly based on the industrial agriculture model which has often proven to be environmentally, socially and/or economically unsustainable. According to USAID, of the 11 per cent of the world’s land surface that is adequate to perform agricultural activities, 38 per cent has
become degraded by poor natural resource management practices (USAID 2012). Industrial agriculture is characteristic of the use of monoculture crops which allows reducing the costs of production, thereby reducing the price for certain commodities like wheat, corn and soybeans (Khan 2011). Sustainable agriculture shifts away from artificial methods of increasing yields towards focusing on the growing capacity of the natural inputs. This can be achieved by using a variety of techniques without affecting the environment, e.g., crop rotation, soil enrichment, and natural pest predators (NEPAD 2003). Crop rotation involves growing different crops in the same field instead of planting the same crop every season. This helps to ensure the long-term health of the soil because rotating crops with nitrogen-fixing crops replace nutrients back into the soil (Khan 2011; UN 2012).

With the concept of sustainable agriculture, many development agencies have sought to combine the three factors of environmental, social, and economic sustainability. Agricultural sustainability aims to apply a systems approach to address different aspects of food security. It addresses above all the economic, social, and environmental dimensions of agricultural production. Thereby a systems approach is pursued, where a system consists of the interaction of different individuals and institutions—such as researchers, unions, retailers, consumers, policy makers—that need to be considered (Amekawa 2010; ASI 2012). This way different causes and impacts of agriculture and food insecurity can be identified as well as addressed.

5.2 Market- and private sector-led agricultural growth

Market- and private sector-led agricultural growth refers to the idea that agricultural growth must be market-led by reducing the role of the public sector and promoting public-private partnerships. In this context, the need for a so-called 'new green revolution for Africa' is promoted where greater emphasis is put on agricultural research activities, in particular in science and technology (Ngambeki 2003). It also involves the use of advanced technologies. Like the 'green revolution' in Asian countries, the new green revolution for Africa involves improving and diversifying crops, improving irrigation systems, and advancing technologies (UK Food Group 2008). This also involves strategies to achieve minimum reliance on external inputs. For example, following a sustainable agriculture perspective means addressing scope and yield stability, stable food prices, and prices of fertilizers to meet economic sustainability (Amekawa 2010). Another aspect of economic sustainability is to diversify farms to avoid monoculture, thereby mitigating the risks of economic losses and responding to extreme price fluctuations associated with changes in supply and demand (ASI 2012). Yet, this also requires a commitment to changing public policies, economic institutions, and social values. This is why a system approach is important because it requires recognising the relationship between agricultural production and society (ibid.).

Another important focus of sustainable agriculture is the policy level, i.e., enhance or introduce policies that promote environmental health, economic profitability, and social as well as economic equity. For example, supporting commodity and price programmes to allow farmers to realise the full benefits of the productivity gains. Another strategy is to modify tax and credit policies to encourage family farms rather than corporate concentration. It is important to address these policies at the local, regional, national, and global level, where the last is particularly important to facilitate international trade.
With respect to international trade, African countries’ share in world agricultural exports has decreased over the past decade, namely from eight per cent in 1971-80 to 3.4 per cent in 1991-2000 (NEPAD 2003). Yet, promoting regional, global, and bilateral trade to achieve financial sustainability is important to avoid aid dependency. Due to high food prices, it is cheaper to buy products from international markets that are heavily subsidised than buying locally produced goods. As a result of not being able to produce enough domestically, many African countries rely on food imports which undermines local and national agricultural productivity and affects national GDPs negatively. NEPAD estimates that in 2000, African countries spent US$18.7 billion on food imports (2003). However, this requires the change of current trade policies, especially global trade policies (UK Food Group 2008).

5.3 Improved governance and political processes

Strategies that promote sustainable agriculture for poverty reduction must also address political processes and good governance. According to the UK Food Group (2008), to make political progress more effective, current trends focus on small and strategic improvements in governance. Therefore, priority is given to small-scale strategies to promote good governance (ibid.). Another obstacle that many African countries face is that trade and market access requires infrastructure development, financial structures, and strong national regulatory authorities to implement information and market development (NEPAD 2003). Therefore, political processes must not only refer to national political and institutional changes but also address the political framework of international trade and policies.

Despite several programmes, such as the ‘Everything but Arms’ arrangement, African countries’ participation in world trade is still inhibited by factors such as dependency on preferential access to a few developed country markets. ‘Everything but Arms’ was initiated by the EU to enable duty-free and quota-free entry for all products except arms for the least developed countries (LDCs) (ibid.). Other reasons for limited world trade participation are the subsidised products of developed countries. According to NEPAD, in 2001 OECD countries subsidised their agricultural sector to the tune of US$311 billion, giving them greater advantage in the global markets. In addition, the Strategy on Agriculture and Rural Development (World Bank 2003) reported that developed countries spent about US$300 billion on agricultural subsidies. In contrast, developed countries spent only US$50 billion on foreign aid. Therefore, the NEPAD report concludes that developed countries should change their conditions of foreign trade to facilitate developing countries’ access to global agricultural trade, such as ending hidden taxation of agriculture, increasing financial allocations to rural areas, supporting rural organizations, and modifying trade tariffs. The last is of particular importance. The World Development Report (World Bank 2008) estimates that agricultural policies set by developed countries cost developing countries about US$17 billion per year, which is equivalent to about five times of the ODA provision (UK Food Group 2008). Therefore, NEPAD (2003) criticised the position of many African countries who continued to follow the belief that dynamic and sustainable agriculture should not be based on subsidies when it is developed countries that benefit from huge amounts of subsidies to agricultural activities.

According to the UK Food Group report (2008), in order to make development sustainable, African countries must take the lead in their own development. This includes involving them into global decision-making processes and discourses on development and agriculture. The 2005 Commission for Africa stated in its recommendations to the G8 countries that African
countries must be more involved in decision-making processes in order to take responsibility for their own development. This involves also leading positions in institutions of the IMF and the World Bank that are traditionally given to European or US nationals. The issue of more equitable representation is reiterated in the Human Development Report 2013. The report emphasized that ‘the major international institutions need to be more representative, transparent and accountable. The Bretton Woods institutions, the regional development banks, and even the UN system all risk diminishing relevance if they fail to represent all member states and their people adequately. These bodies need to respect and draw constructively on the experiences of both the South and the North and to aim for equitable and sustainable outcomes for present and future generations’ (UNDP 2013: 109).

5.4 Social services and empowerment

In order to meet sustainable agriculture, aid programmes have increasingly put emphasis on ensuring access to social services including safety nets, as well as empowering women and small-scale farmers (UK Food Group 2008). Thus current aid programmes put greater emphasis on food production, food security, as well as agricultural and rural development. This includes ensuring adequate working and living conditions for farmers, especially those associated with health, by reducing pesticide use, for instance, as well as taking measures to protect the natural environments (ASI 2012). It also includes ensuring access to education. Examples of social sustainability are insurance, employment protection, food assistance or subsidies, and social transfers (UNDP 2012b). Human development goes beyond ensuring adequate incomes and commodities. It also addresses human choices and people’s capabilities: ‘their freedoms to be and do what they value’ (Sen 1985, 1989). An important aspect of human development is empowerment of women, minority groups, and smallholder farmers through better education and health, and a greater share in decision-making processes. Empowering women, who make up almost half of the agricultural labour force in SSA, is important as they play a significant role in food security (UNDP 2012a).

One prominent institution that is predominantly devoted to gender empowerment and supporting small-scale farmers in rural communities is the International Fund for Agricultural Development (IFAD). IFAD recognises that one of the main causes of food insecurity and famine are structural problems related to poverty, and the fact that most poverty is concentrated in rural areas in developing countries. Therefore, IFAD focuses on tackling rural poverty and empowering women and minority groups including small-scale farmers, fishermen, rural poor women, landless workers, craftsmen, nomads, and indigenous people, to increase food production, raise their incomes and thus maintain food security (IFAD 2012c; 2012d). This means that to make aid sustainable, IFAD focuses on increasing people’s access to financial services, markets and technologies, as well as land and other natural resources.

Women’s involvement in agricultural activities ranges from 20 to 70 per cent, yet it is also noted that their participation in agriculture-related activities is increasing in developing countries. The International Assessment of Agricultural Knowledge, Science and Technology for Development (IASSTD 2008), recommends four steps for supporting women’s activities in agriculture. These include supporting public services, particularly in rural areas to improve women’s living and working conditions; creating or modifying policies targeted at technological development that recognise and address women’s knowledge-enhancing skills.
and experience in food production; and assessing and reducing negative effects of farming practices and technologies that pose risks to women’s health.

Culturally, sustainable agriculture is more knowledge-based and is based on more intensive labour (Kassie and Zikhali 2009). Therefore, the understanding of ecological processes and problems is vital, and therefore raises people’s knowledge on ecological processes. It also requires greater farmer participation, fair treatment of workers, and farmer-to-farmer extension to achieve farmer empowerment. To make aid more effective and sustainable, local communities must be integrated in the design and implementation of initiated programmes to reflect their needs and constraints (UK Food Group 2008).

5.5 Aid effectiveness

Recently, and in particular since the food crisis of 2007-08, there has been a growing interest in agriculture from donor, driven by food security issues and climate change challenges. This comes at a time when there is also a renewed interest in agricultural development due to population growth and diversion of crops for energy. Although aid to agriculture still represents only around five per cent of total aid, donors have begun to show keen interest to know about its quality. Quality of aid or aid effectiveness are difficult to measure, in particular in agriculture, mainly because of the small volume of ODA for agriculture and the fact that data used to assess aid quality is not available at the sectoral level.

Donors’ interest in aid effectiveness has been triggered mainly by the growing budget pressures on the donor. In 2005 both donors and recipient countries agreed on a set of principles, the Paris Declaration on Aid Effectiveness. This position was reinforced in the Accra Agenda for Action 2008 (Elliot 2012: 3).

Both declarations were, in fact, intended to respond to the growing criticisms that aid was not helping and might even be damaging for developing countries. The initiative on aid effectiveness revolves around a set of principles for more effective aid and a peer review process to encourage implementation. These principles include: maximising efficiency; fostering institutions in the recipient country (country ownership and alignment); reducing burden on recipient countries associated with management of aid (harmonization); and transparency and learning (mutual accountability) (Elliot 2012; Eliot and Collins 2012). However, these principles which are used as measures for quality of ODA are indicators of donor efforts to improve the quality of their aid and are not direct measures of effectiveness. The latter needs more effort from both donors and recipients to evaluate the actual impact of aid.

There is, however, a major element of aid effectiveness that does not seem to concern donors; i.e. policy-related aid. It is a fact that a considerable part of current aid to agriculture is assigned to policy and administrative management and agricultural development (41 per cent) (Islam 2007). At the same time, the percentage of aid that goes to the production of food is quite small, currently ten per cent for crop production, and three per cent for livestock. Local food production is carried out by local communities and farmers’ organizations within targeted programmes that also secure their livelihood and sustain the environment. The question that remains to be answered is whether there would be a shift in agricultural aid towards supporting local food production or not? This is crucial because policy conditionality attached to aid could simply change appearance from aid tying to a more tailored
liberalization tool such as ‘aid for trade’ that again results in limited support for local agriculture.

Lately, humanitarian assistance has been increasing, especially the component of food aid which can actually forestall agricultural development. Cheap, subsidized, or free US grains undercut prices of the locally produced food, driving local farmers out of business and into the cities. In Somalia in 1992, food aid poured in and reduced local prices by 75 per cent. US provided funds but only if food was bought from US farms. As a result, many farmers in Somalia abandoned their farms and joined the queues for imported food aid. Food aid distorts local food markets, drives farmers off the land, and creates long-term dependency on imported food. Such factors need to be taken into account if aid to agriculture is to be effective, in a sense of producing maximum positive impact on agriculture and the poor who depend on it.

An exceptional case regarding aid effectiveness is Ethiopia’s Productive Safety Nets Programme (PSNP) which is financed by a number of partners to the tune of US$4.4 billion over a period of nine years (2005-14). The objective of this programme is to support a sustainable system that improves food security for at least five million people. Activities financed include environmental regeneration which recovers the water tables and vegetation cover, increasing carrying capacity of livestock, small irrigation, farming, training and other activities that lead to a decrease in food insecurity. The programme has been evaluated by the Independent Evaluation Group (IEG) of the World Bank (2011), which concluded that the programme has been effective, pragmatic, and flexible. An earlier review in 2008 also indicated that households who have access to both a productive social safety nets programme and an agricultural support package are more likely to be food secure (Gilligan, Hoddinott, and Taffesse 2008).

5.6 Scaling up

The above discussed measures are important but more is needed to achieve increased agricultural production and to make aid effective. This is why a systems approach is necessary (ASI 2012). A project could be established in one location, but if it addresses different aspects such as infrastructure, provision of credit and participation in local and national markets, its overall effect would be much enhanced if it is scaled up.

One option is to focus on regionalization as suggested by Eicher (2003) and pursued by Comprehensive Africa Agriculture Development Programme (CAADP). The African Union and NEPAD initiated the CAADP in 2003. Its aim is to achieve economic growth by promoting multi-agricultural activities (Tibbett 2011). Members of CAADP have committed to increase allocation to agriculture and rural developments to at least ten per cent of their budget and raise agricultural activities by at least six per cent (Tibbett 2011; Brown 2009). CAADP focuses on a regional strategy of regional integration and co-operation to benefit economically from common resources, infrastructure, and other social, cultural, environmental, and political similarities. CAADP works in four areas, namely land and water management, market access, food supply, as well as hunger and agricultural research, focusing predominantly on policy issues. Here, it takes advantage of the membership of African countries to achieve policy and institutional changes to promote agricultural activities (Tibbett 2011). Regionalization is particularly helpful when addressing environmental issues as environmental degradation knows no political or geographical boundaries.
The IFAD, for example, which is a relatively small organization, has a limited outreach and its effects are somewhat limited (NEPAD 2003). Thus its focus is not predominantly on achieving economic growth on a national level but rather on increasing people’s incomes and improving their livelihoods by promoting agricultural productivity. Therefore, to make their programmes effective on a national scale IFAD reached the conclusion that it is not enough to support agricultural productivity in a local area. Rather, it is through upgrading local initiatives, enhancing quality standards of marketing and promotional services, transport and communication infrastructure, especially in rural areas, and improving relevant technologies to facilitate national and international trade. Current aid programmes are based on partnerships between different organizations that operate on different levels, i.e. partnerships between NEPAD and UN organizations to provide assistance to international public funding sources, or technical support to enhance regional organizations’ capacities to promote intra-regional trade in farm products, or national programmes to expand agricultural products.

Economic policy environment is of critical importance to the success of investment in agriculture. Aid from donors has shifted from direct lending to agriculture to policy-based lending. Apart from financial support, accompanying economic stabilization policies, land reform also feature highly in aid supported policy advice. It is found that donor support to land policy issues has contributed to a better understanding of property rights regimes and their importance for agricultural development, and by implication contribution to broad based economic growth, e.g. the Rural Land Management Project in Côte d’Ivoire (World Bank 2007: 62). Projects with components addressing multi-constraints like institutional capacity and credit provision are also good candidates for scaling up. This is due to shared issues of lack of institutional capacity and access to credit in the majority of African countries. Thus projects which provide training—in establishing early warning systems for drought, improving monitoring and evaluation capacities, or developing information systems to assist in better planning, as well as providing credit to small-scale farmers—should be scale up if their contribution is to be maximized.

5.7 Transferability

Similar to scaling up, it is not enough to initiate a programme in one country or one region. In the past, aid and development projects have often been applied to different social, political, environmental, cultural, and economic situations, thereby neglecting their different circumstances (i.e. one size fits all) (UK Food Group 2008). As a result, the World Bank is now promoting the idea of ‘agriculture for development agendas’, tailored to the individual contexts, that is establishing or modifying development policies to reflect both national priorities and satisfy regional need and could also be replicated. Similar examples are the Consultative Group on International Agricultural Research (CGIAR), the programme financed by IFAD and the Global Environment Facility (GEF).

One of the success stories that should be a candidate for transferability is the experience of the CGIAR, an amalgam of 15 international agricultural research centres (only four of which are African). CGIAR—a donor-funded group—is dubbed a success story by the Independent Evaluation Group of the World Bank in its 2007 report titled ‘Sub-Saharan African Agriculture’. It is thought that CGIAR has contributed immensely to the development of improved varieties of many crops in Africa over the past 20 years (World Bank 2007: 43). Examples of individual projects in the area of production and multiplication of seeds of major crops mentioned in World Bank 2007 include the Togo National Agricultural Service Project.
One of the main constraints to agricultural productivity in Africa is found to be low soil fertility. It is thought that only six per cent of land in Africa has high agricultural potential. An evaluation of the World Bank’s interventions in the agricultural sector in Africa between 1990 and 2006 found that only 60 per cent of projects were rated as satisfactory on outcome (World Bank 2007). It was concluded that this is attributable to political instability and weak institutional capacity, in addition to other constraints like soil infertility and lack of access to credit. This point to the importance of research that develops crop varieties that are suitable to poor soil or which develops fertilizers affordable to the poor African farmers.

Given the importance of constraints to productivity, such as access to credit, projects that include credit or institutional capacity components should also be transferable to other countries since the issues they address are common to most African countries. Examples from the World Bank’s interventions in the agricultural sector include, Rwanda’s Agriculture and Rural Markets Development Project (1995), and Mali’s Agricultural Competitiveness and Diversification Project (2006) (World Bank 2007).

IFAD, unlike the World Bank, supports partnerships at the community level to translate local efforts into global environmental benefits (IFAD 2012b). It operates with international partnerships to transfer positive outcomes and frameworks to similar situations where applicable. IFAD aims to work with international standards and guidelines from international conventions such as the Rio Convention for institutional and policy changes, as well as the removal of barriers to trade (IFAD 2012a, 2012b). Furthermore, IFAD says it is following a tailor-based approach, i.e. flexible approaches to respond more effectively to the needs of individual countries. It claims that this is made possible because of its flexible lending and non-lending instruments (IFAD 2012b, 2012c). On a macro level, IFAD intends to expand policy engagement, strengthen partnerships with national and international organizations, as well as public and private donors (IFAD 2012a).

Another prominent institution is the GEF, which is an independent financial organization that supports developing countries in carrying out programmes to achieve environmental protection. Since its establishment, GEF has provided more than US$6.2 billion in grants and US$20 billion in co-financing projects to over 1800 projects (IFAD 2012b). Similar to the World Bank, IFAD and CAADP, GEF promotes tailored programmes, such as the National Adaptation Programmes of Action (NAPA) that are financed by global institutions but administered by national and local focal points to address individual country needs.

Take the example of Sudan which has signed 16 multilateral environmental agreements (MEAs), the majority of which are based on aid provision for developing and LDCs. The best funded MEAs are the climate change (UNFCCC) and biodiversity (CBD) conventions which are also funded by GEF (UNEP 2007). According to GEF (2012) Sudan, since joining GEF, has received a total of US$19.14 million for environmental programmes and projects. Through GEF-5 (July 2010-June 2014) Sudan will receive an indicative allocation of US$3.88 million to execute projects in climate change, biodiversity, and land degradation.

A good example for scaling up and transferability is GEF funded NAPA, though the allocated funds are very limited. The NAPA Priority Intervention is to build resilience in the
agriculture and water sectors to the adverse impacts of climate change in Sudan. It started in January 2010 with GEF funding US$3 million, UNDP Khartoum-Sudan Office US$500,000, and the Government of Sudan with an equivalent of US$3.3 million in local currency. The project is an integral part of the Least Developed Countries Fund (LDCF) supported NAPA follow-up projects. The project aimed at achieving greater resilience of the most vulnerable communities through its various activities.

Among the main achievements of the NAPA follow-up project in Sudan are the following (Elhag and Khatir 2012):

1. In situ water harvesting through terraces: earth bunds and deep ploughing in Gedarif and South Darfur led to substantial increase in crop productivity. Yields increased from 50 to 150 per cent, benefiting 730 households in Gedarif and 420 households in South Darfur states.

2. In River Nile and North Kordofan states; water-efficient irrigation of crops and shelterbelts provided using both conventional and solar pumps (supporting switching to solar-powered water pumps) to irrigate 317 hectares planted with different crops with a result of 20 to 60 per cent increase in productivity.

3. Early maturing and drought-resistant varieties were developed and used in South Darfur and Gedarif States to ensure higher crop productivity.

4. New cash crops were introduced in all states: increase in household incomes in the four states, net profits ranged between US$500 per household per season for tomato growers in the River Nile, and US$1,207 per season for cucumber planters in South Darfur.

5. Micro-fencing in four villages in North Kordofan for sand dunes fixation delivered impressive results on yields and increased overall land productivity. Seedlings were planted inside the fences and tended (supplementary irrigation delivered during summer benefited 56 farmers); women have had an essential role in these adaptation measures, especially in establishing nurseries and tree planting. Women in North Kordofan were active in committees and sand dunes fixation activities. More than 800 women benefitted from the project through crop cultivation, butane gas provision, animal husbandry, restocking, and breed improvement.

These achievements encouraged the Canadian International Development Agency (CIDA) to fund the Sudan NAPA projects for both scaling up the existing activities in the same location and/or transfer it to other places. Total CIDA funding is US$2.8 million and the government allocated an equal amount to this both in kind and in local currency.
6 Recommendations

From the above discussion, the following recommendations can be made:

1. The observed trend of donor renewed interest in agriculture should continue and be translated into increased volume of aid to agriculture, especially to those aspects directly related to agricultural productivity.

2. Donor countries should increase aid directed to investments in the prime movers of development, such as human capital, technologies, and institutional innovation to increase farm production and hence agricultural growth. With more financial resources NEPAD should focus on increasing African and donor investment in genetic and agronomic research on the major food staples to reduce food prices, which is an important aspect of poverty reduction strategies (Eicher 2003).

3. Donors should provide adequate finance to infrastructure to help reduce the costs of transportation of food, locally and nationally. This requires a stronger partnership of different organizations to co-ordinate the areas of commitment. Since aid programmes are increasingly focusing on a systems approach, it is needless to say that one initiative cannot address all aspects of a system. Therefore, greater and more efficient co-ordination between aid and development organizations and donor countries is essential to address different aspects of agricultural productivity.

4. The donor community should provide access to markets. This requires that developed and developing countries are working together to enable the latter greater and fairer access to global markets and support their self-sufficiency efforts by reducing reliance on imported food (USAID 2012). They should also reduce subsidies which have been harming exports of low-income countries over the years. This situation has led the World Bank, among others, to lobby for a genuinely supportive Doha Round and for the elimination of OECD agricultural subsidies in international forums, but admittedly with limited success (World Bank 2007: xxvii). This also involves increasing developing countries’ roles in decision-making positions in international politics (UK Food Group 2008; UNDP 2013).

5. Less developed countries should change perception of agriculture among the youth. Agricultural activities are considered to be a low-status livelihood with low incomes, especially compared with life in urban areas. UNDP (2012a) recommends that countries need to make agriculture more attractive to young people, economically, socially, and culturally. This should also include the participation of local and national NGOs as they tend to have greater access to local communities and greater knowledge of local and national circumstances.

6. Aid strategies should focus on raising people’s incomes and livelihoods by strengthening local production systems, local markets, as well as fair trade. This also requires the protection of markets by introducing safety nets, strengthening social services, and empowering women and small-scale farmers, and build people’s capabilities.

7. The recipient countries should earmark more resources to increase their capacities to absorb and manage aid financed projects.

8. Foreign aid should increasingly reflect the interest of recipient countries and thus should be translated into less tied aid. But in general foreign aid to agriculture should
be increased substantially to reflect the importance of agriculture and agriculture productivity in poverty alleviation in low-income counties.

7 Conclusions

The recent history of foreign aid starts with the Marshall Plan (US aid to Europe) in 1948. Since then developed countries have committed themselves to give small percentages of their national incomes to support development effort in developing countries. However, aid also reflects the interests of donor countries, including military, political, or commercial interests. In fact, many critics have expressed their concern over the costs incurred by developing countries as a result of agricultural policies of developed countries. Figures for such costs go up to US$50 billion a year. Others estimate that costs are five times the aid granted. The idea is that some aid money, instead of helping poor countries, has effectively been used just to fund terms of trade deficits of less developed countries that resulted from trade liberalization supported by aid money.

Total aid flows increased from around US$58 billion in 2000 to US$133 billion in 2011. But aid to agriculture remained low, around five per cent, although some major providers like the World Bank’s IDA gave a larger share of nine per cent. In fact aid to agriculture declined between 1981-2001 (by up to 60 per cent) before picking up, especially since the world food crisis of 2007-08. The main reasons behind the decline were both external and internal. These included, among others, such factors as donor shift to social sector funding and their perception that agricultural investment is risky and its returns are low. This perception is corroborated with the weak institutional and human capacity of recipient countries to design, administer, and implement projects. That said, agriculture remains to be the back bone of the economies of many African countries, and its importance in alleviating poverty is beyond questioning. Research results show that for the poorest ten per cent, a one per cent growth in GDP increases income by more than 2.5 per cent.

Recent debates on aid, agriculture, and poverty alleviation have focused on the concept of sustainable agriculture. This involves including different dimensions into project planning and implementation to enable it to be sustainable over the long run. It also includes looking beyond the dichotomy of producers and consumers by including aspects of policies, environment, and opinion as well as interests of the different stakeholders in the preparation and implementation of projects. Numerous projects, programmes, and action plans have been initiated over the past years, many of which have been unsuccessful because they were not sustainable after the termination of the programmes and drying up of funding. Sustainable agriculture also includes meeting people’s social needs and maintaining environmental protection which requires the co-ordination of several actors/donors on multiple levels.

Aid effectiveness has recently became a top agenda item in donors’ priorities because of concerns about its overall impact on poor countries, and also because of budget pressures in donor countries as well as queries raised by their tax payers. However, principles developed to gauge aid effectiveness focused on maximising efficiency, transparency and the like, which are less relevant to recipient countries. Factors that have adversely affected aid effectiveness have been food aid and the shift to policy-based lending, and both need to be given serious attention by donors to measure aid effectiveness more meaningfully.
Despite scepticism about aid effectiveness and the negative spillover effects on the economies of recipient countries, there exist successful experiences in aid supported projects that could be candidates for both scaling up and/or transferring across countries. Prominent amongst these are donor-supported agricultural research institutions like CGIAR, or projects with elements that address major constraints to African agriculture, for instance those addressing access to credit and institutional capacity-building (Ethiopia, Togo, Rwanda, Mali) or climate change-related projects such as the GEF’s National Adaptation Programmes of Action (Sudan).
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