Highlights of the study
Aid for Agriculture: Turning Promises into Realities on the Ground
Niger, Burkina Faso and Ghana case studies

The last 25 years have been marked by a combined disinvestment in the agriculture and food sector in ECOWAS[1] countries. This is despite the fact that agriculture generates 35% of GDP and 15% of export receipts for ECOWAS countries,[2] and directly employs at least 2/3 of their populations. Between 1995 and 2007 donors only provided on average 4.7% of their Official Development Aid (ODA) for agriculture for all ECOWAS countries. While, ECOWAS Governments, have often abandoned using national agriculture policies, leaving market forces to guide any changes that occur.

This study, based on three case studies in Niger, Burkina Faso and Ghana, raises serious concerns about the way aid is provided in the agriculture sector by Development Partners (DPs)[3]. Project based approaches and poor coordination of international assistance is undermining the effectiveness of agricultural aid. Despite the fact that donors have signed the Paris declaration on Aid effectiveness and, more recently, committed to 'country led processes' with the 'L'Aquila initiative', the evidence collected shows that they are far from applying the principles and that a fundamental change in the way aid is provided is needed.

Aid for agriculture: a well worn but inefficient system

Donor dependence and lack of ownership

- *Financing from DPs account for over 74% of total budget receipts for the rural sector in Niger*[4] *and represent 91% of rural investments in 2007, not including HIPC or global budget aid.*[5]
- *DPs' contribution to the Ministry of Food and Agriculture's budget in Ghana stands at 63.3% for 2008 and for 2009, 68.5% are expected.*[6]

External financing has long represented the vast majority of agriculture sector financing. This situation led to three main challenges. First, the difficulty for governments to develop their own approach of agriculture sector development, due to the lack of ownership. Second, the crucial need for DPs to coordinate their interventions on the ground, to avoid incoherence of their actions. Third, the necessity for DPs to fully involve CSOs, and especially Farmers organizations, from the early stage of elaboration of projects, to implementation and monitoring.

Project Aid: the Wrong Way Around

- *In 2007 all ODA to agriculture in Burkina Faso was provided by 27 donors that financed 130 projects*
- *In the sole region of Diffa in Niger (one of the 8 regions in Niger), 78 rural development projects were being implemented in 2008*

The vast majority of DPs' interventions in the three countries are implemented through project based approaches, which are scarcely aligned with national priorities and poorly coordinated. This leads to an absence of global coherence of the interventions in the sector.

[1] Economic Community Of West Africa
[2] ECOWAS, 2004
[3] The study assessed interventions of Technical and Financial Partners, such as bilateral and multilateral cooperation (i.e. the EU), UN agencies (WFP, FAO, IFAD, etc.) and development banks (World Bank, African Development Bank). For more simplicity in the following pages, we will use Development Partners (DPs).
[4] 2008 Rural budget for Niger
[5] CILLS, CSAO (Avril 2008) Profil sécurité alimentaire, Niger
[6] Ghana: 2008 MoFA's Annual Financial Report; 2009 MoFA's financial report for the first quarter.

Ineffectiveness, lack of coordination and incoherence of interventions

In Burkina Faso, six projects, financed by the World Bank and the German, Danish and Canadian international development agencies, are supporting around thirty industries. Government choices are not consistently included in DPs programs, and programs are poorly coordinated among themselves. Some industries consequently receive support from several programs (e.g., sesame, onion, shea, poultry farming, milk) while others such as maize and rice receive much less support and just in a few regions, despite the priority given to these products by the government and their crucial role for food security.

- *In Niger, 23 different official 'coordination framework' between the State departments and DPs have been created (at least on the paper) to help implementing the rural development strategy (1 at the national level, 8 at regional level, and 14 program designed)*
- *In Burkina Faso, there are at least 5 'coordination frameworks' focusing in Agriculture and Food security.*

In all three countries donors or/and government have put in place 'coordination frameworks' focusing on rural development, food security or nutrition, but, in reality, these frameworks often fail to promote real coordination for the different stakeholders' interventions or harmonize practices in the field. The failure of these frameworks is due to a range of factors such as restrictive DPs internal decision-making processes, lack of existing thematic subsector groups, limited participation by wide range of donors, limited participation by civil society groups, 'sectorised' dialogue between rural development, agriculture, food security and nutrition issues. For example, Farmers organizations, despite their primary role in agriculture development, are poorly represented in these frameworks, thus have little access to information and are poorly involved in policy discussions and projects elaboration.

High transaction cost, counterproductive on local capacities

- *Burkina Faso received almost 330 missions from donors in 2007, of which only 49 were coordinated.*[7]
- *In Ghana, these missions are so numerous that the Ministry of Finance and Economic Planning (MoFEP) has developed a code of conduct on the issue, and imposes a 'mission-free period' while the annual budget is being drafted from 15 September to 15 November.*

The approach followed by donors multiplies projects and tends to weaken local capacities and government's ability to truly lead country processes. Government human resources are monopolized by the daily monitoring of DPs projects, monitoring procedures and missions that are specific to each donor. This, as a consequence, to the detriment of programming activities and elaboration of sector agricultural policies. Due to the differences in salaries, equipment and working conditions, state personnel, jump from one project to the next or are directly employed by DPs.

- *The 32 projects reviewed in 2009 in the agricultural sector in Burkina Faso all had Project Management Units (PMUs) in place which compete with the state technical department.*
- *PMUs accounts for between 15 and 60% of total project funding in the rural development sector of Niger.*[8] *30 to 40% of the total of the annual expenditure in rural development in Niger is made up of 'funding experts' or given over to 'coordination'.*
- *In 2007, projects in Niger had a budget for running costs that was, on average, double that of the agriculture sector civil service department.*[9]

The creation of Project Management Units (PMUs), which are parallel management entities, competes with the State's technical departments. While donors have advocated for structural adjustment and reduction of public spending and staff in administrations, they have replaced the states mechanisms by project entities, which are temporary bodies, expensive and redundant with State's departments. Moreover, by directly implementing project funds through these PMUs, DPs do not make any contribution to capacity building for the civil service's financial and administrative management. This is despite the fact that this lack of capacity and transparency on the part of national financial systems is one of the main arguments put forward by DPs to justify using their own disbursement procedures.

[7] 2008 monitoring survey on the implementation of the Paris Declaration in Burkina Faso, OECD.
[8] Calculations based on a compilation of 'project files' carried out in mid-2006 by the Niger government based on information passed on by technical and financial partners.
[9] See 'Prise en compte du CDMT 2007–2009 du secteur rural dans la Loi de Finance 2007', Secrétariat exécutif du Comité interministériel de pilotage de la Stratégie de développement rural (SE/SDR), Niger.

The crisis as an opportunity for change

In response to food price increases, many DPs have announced greater investment in agriculture and food security. Between June 2008 and July 2009, over $40bn was pledged during the international summits by donor countries[10]. In addition, donors called for better coordinated interventions in the field, as well as increased investment in national strategies and support to 'country led processes'. These two points were identified as fundamental action principles in the 'L'Aquila Joint Statement on Global Food Security', arising from the most recent G8 summit.[11]

In West Africa, after a period of stagnation, the CAADP (Comprehensive Africa Agriculture Development Program) is blossoming. The process of drafting national and regional agricultural investment programs receives clear political support from the international community. However on the ground, the situation is moving slowly and the new projects implemented by DPs in response of high food prices remain poorly coordinated and too often disconnected from national processes. Moreover, most of the projects already being implemented have been financed with a reallocation of funding that had initially been intended for other development sectors.

Response to the crisis: Business as Usual

- *In Ghana, the World Bank and the Canadian International Development Agency (CIDA) increased their budgetary aid levels for the agricultural sector in 2008 respectively of $10m and 15m Ghanaian cedis (about $14m). These funds remains unfortunately far from the needs as the shortfall in fiscal receipts generated by the 20% reduction in import duty on rice alone is estimated to be more than 43m Ghanaian cedis (about $40m) for the period 13 June to 31 December 2008.*

To help governments to meet the cost of measures to mitigate the effects of the price increases in food products and agricultural inputs, some DPs have provided exceptional budgetary support. Even if this support does not cover all the costs, it is properly integrated into national strategies. However, since the exceptional funding came about to finance emergency measures, they are not likely to be sustainable on the long run.

- *In Burkina Faso, the World Bank, FAO, IFAD and African Development Bank implemented input distribution projects in 2008. These project are led by the DPs, that didn't manage to coordinate well in terms of targeting specific areas of interventions. Meanwhile, the government drafted an emergency strategy in response of high food prices, which also includes inputs distribution, but does not benefit enough from DPs support.*

Apart from these exceptional budgetary support, most of the DPs interventions has been implemented through projects. DPs in Burkina Faso, Ghana and Niger financed several emergency interventions in 2008 aimed at improving the food and nutritional situation for people worst affected by the food price rises. These projects have mainly been implemented by UN agencies (WFP, UNICEF, FAO), food aid, support to national bodies for the management of food crises, international or national NGOs.

Seeking to be effective in very short-term interventions, the majority of DPs prefer the specialized UN agencies and NGOs, whose logistical and human capacities are often greater than those of the developing country government. That said, they do not always strengthen the national food security systems, which further undermines their capacity to deal with the next crisis.

A certain number of DPs are also implementing projects that support agricultural production over the medium term. This includes fertilizer distribution and improved seed generation and distribution to farmers. But unfortunately, these projects remain poorly coordinated and sometimes compete with governments programs which remained under-funded.

- *The FAO in Burkina Faso is receiving more funding for its 'emergency and rehabilitation' department to implement input distribution programs than for its 'traditional' activities. For its part, WFP is involved in supporting cereal industries through its Purchase for Progress (P4P) program.[12]*

Lastly, the financial commitments made at the global level has also provoked a kind of 'race to get the funding' between specialized UN agencies, with each positioning itself as the most effective channel to respond to the crisis, even if this provokes some confusion in the mandates of each stakeholder.

The fragile national investment programs

All three countries are running two parallel processes, and this situation creates some important challenges for the future development of 'country led processes'. On one hand, the countries are drafting, in some cases for several years, sector-wide agricultural programs. These processes has been driven by the government and / or a small group of donors, and the final

[10] After the summit organized by the FAO in June 2008, the FAO announced that 22 billions $ had been commited. Then at the L'Aquilla G8 summit in July 2009, G8 leaders commited to invest 20 billions in 3 years in food security.

[11] "Our action will be characterized by a comprehensive approach to food security, effective coordination, support for country-owned processes and plans as well as by the use of multilateral institutions whenever appropriate. Delivering on our commitments in a timely and reliable manner, mutual accountability and a sound policy environment are key to this effort." L'Aquila Joint Statement on Global Food Security, L'Aquila Food Security Initiative (AFSI).

12 World Food Programme, Purchase for Progress: www.wfp.org/purchase-progress (last accessed October 2009).

programs should represent the operational plans of their Rural Development Strategy (Niger and Burkina Faso) or agriculture policy (Ghana). But the elaboration of these plans progresses slowly: even though the general discourse among DPs is favorable to the implementation of sector-wide programs, in practice just a few number of DPs get involved concretely in their implementation. Many of them equate "sector program" to "budget support" and do not hide their skepticism and fears on State capacity to manage such a program.

On the other hand, the regional implementation of CAADP has resulted in the development of ? national agricultural investment programs (PNIAs), which are the national instruments for implementing the ECOWAS agricultural policy. This process receives clear support from the international community, and a range of donors is pushing to have operational plans to support as soon as possible. Development ‘compacts’ have already been signed is Niger and Ghana, that engage Governments, DPs, and civil society organizations.

It is now necessary that Governments ensure that these two processes come together into a single sector-wide agricultural program for each country, in order to have one coherent and inclusive process that would be crucial for DPs’ coordination in the following months. The other challenge is for DPs to reconcile their internal constraints with the opportunities offered by these new coordinated mechanisms, and to be able to really shift to a program based approach.

Strengthening national policies, a major challenge for agricultural development

The shift from the 'project approach' to the 'program approach' requires a profound redefinition of the respective roles and interventions of the DPs.

Effective investment in the development of sector-wide programs requires DPs to:

1/ Move away from project implementation towards technical support and/or support for the implementation of national policies and programs, by:

- Integrating already funded interventions and future interventions into the sector-wide programs currently being developed;
- “Decentralizing” decision-making process to regional and country levels so as to have adequate flexibility in decision making and funding to align their interventions with national plans;
- Systematically strengthening local capacity building at all levels, by developing sector training plans with the government and provide capacity building for local civil society, particularly farmers' organizations;
- Devoting specific human and financial investment to the support of sector-wide program.

2/ Move from the discussion stage to real coordination of interventions, by:

- Systematically using and strengthening existing coordination, programming bodies and procedures;
- Promoting the creation or strengthen subsector, thematic or regional bodies in order to move towards harmonizing field practices in a specific area of intervention and facilitate programming and joint State-donor reviews;
- Ensuring strong links between the different coordination bodies on rural development, agriculture, food security, crisis prevention, nutrition, etc;
- Ensuring effective participation of all stakeholders into programming and coordination bodies, particularly farmers' organizations.

3/ Transform financial pledges made at international level into additional long-term, predictable funding to strengthen ongoing national and regional processes, and promote direct support to country budgets, coupled with specific technical support, wherever possible.

National governments should:

1/ Ensure real leadership in the development and implementation of sector-wide agricultural and food security programs that ensure consistent interventions by all stakeholders over time as well as providing the necessary environment (trade and budgetary policy) for their creation.

2/ Ensure effective leadership in coordinating donor interventions, by playing a leading role in sector frameworks, and developing practical tools for alignment (procedures manuals, etc.) and setting specific commitments for donors in the sub-sectors;

3/ Make agriculture and food security a real national budget priority, by devoting at least 10% of national budgets to implement agricultural and food security policies, ensuring greater transparency for national budgets, and supporting capacity building for producers’ organizations.