



Global Donor Platform  
for Rural Development

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## **Agricultural sector experiences in implementing the Paris Declaration on Aid Effectiveness**

### **Introduction**

This document, prepared by the Global Donor Platform for Rural Development (Platform), has been requested by the co-chairs of RT 8, to summarise the experiences implementing the Paris Declaration in the agricultural sector. It draws on the experience of Platform members and partner country as well as relevant studies and provides an overview of the inputs that the agricultural work stream can provide to the outcome document and the further preparations of the RT for the HLF through the forthcoming regional meetings.

### **Summary**

The agricultural sector, and the millions of rural men, women and children potentially able to benefit from increasing their basic food supplies, income and employment, has the ability to deliver on key MDGs. The effective delivery and use of aid through well functioning partner country systems to achieve the MDGs is a commitment undertaken by both donors and partner countries in the Paris Declaration.

There has been progress towards the Paris partnership commitments in the agriculture and rural development (ARD) sectors, as illustrated by the development of sector-wide approaches (SWAs) or programme-based approaches (PBAs) in ARD sectors and the incorporation of ARD objectives into development partners' Joint Assistance Strategies (JAS).

It is important to stress that the Paris commitments are not ends in themselves but rather means towards improving the effectiveness of aid and achieving the MDGs. Efforts to improve the effectiveness of aid need to be tailored to the specific context, which, in the agricultural sector is diverse, heterogeneous and varies by country and region. Where the political space is well managed and stakeholders are truly involved and committed, they are successful but where there are **ownership** gaps (weak capacity and involvement of rural stakeholders) there is a consequent lack of integration of national and sector and local policies and strategies. Ministries dealing with ARD need to be able to make the case for ARD when difficult political choices have to be made. PBAs offer opportunities for **alignment** with government policies and systems but may, in some instances, impose constraints on the agricultural sector where the piloting of new approaches and models may require working outside government structures. The development of a Code of Conduct / Joint Principles on donor **harmonisation** specifically for agriculture would support sector management and capacity development (technical and institutional) particularly for effective monitoring and evaluation in ARD which would be the basis for improvements in **mutual accountability**. This would lead to the establishment and recognition of clear **results** for the agricultural sector which all stakeholders would be accountable for delivering.

To strengthen the link between means (PD) and ends (first step: MDGs), the outcome document of RT 8 should propose a more results-oriented Accra Action Agenda (AAA) that refers to the objectives and refocuses from aid effectiveness to development effectiveness.

## A. Agriculture and development

There are a number of reasons why agricultural growth is central to poverty reduction, equitable growth and sustainable development. Here are some killer facts:

**1. Agriculture for poverty reduction and the fight against hunger:** Three out of every four poor people in developing countries live in rural areas, and poverty rates in the rural areas are on average more than double those found in urban areas. 2.1 billion people live on less than two dollars a day and 883 million on less than one dollar a day<sup>1</sup> – and most depend on agriculture for their livelihoods.

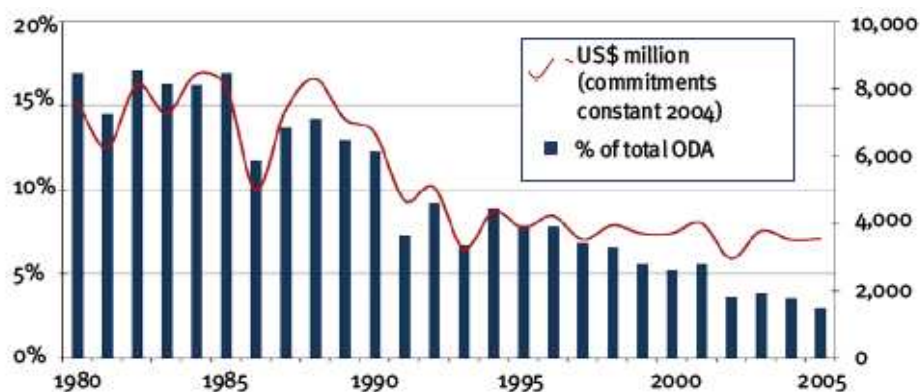
**2. Women in agriculture:** Agriculture is an important means for gender equality and women's economic empowerment. In most countries, women provide most of the agricultural labour and produce most food and yet they hold a tiny fraction of land titles in their own name. Women's role as head of household, as producers and breadwinners further increases as HIV/AIDS and out-migration to urban areas advances.

**3. Agriculture for growth:** Empirical evidence shows that agricultural growth is at least 2.5 times more effective in increasing the available expenditure for the poorest third of the population than investments in the rest of the economy<sup>2</sup>. As presented in the World Development Report 2008<sup>3</sup>, agriculture based economies', i.e. the majority of developing nations, macro-economic development is spurred by agricultural development.

**4. Agriculture and natural resources:** Agriculture has a large environmental footprint, e.g. accounting for 85% of global fresh water use and contributes an estimated 22-30% of greenhouse gas emissions<sup>4</sup>. But it is a major provider of environmental services, sequestering carbon, managing watersheds, and preserving biodiversity. Climate change is a major challenge and a real threat to global food security, with rising temperatures and an increasing number of floods and droughts affecting production.

**5. Aid to the agricultural sector:** In real terms, ODA commitments to agriculture fell by nearly one half between 1990 and 2005<sup>5</sup>. Commitments declined from a high of about 18 per cent in 1979 to 3.5 per cent in 2004. The ODA trend is mirrored by developing national budget allocations into agriculture that dropped 5.1% in sub-Saharan Africa in 2004. Current efforts like those stated in the Gleneagles commitment and the Maputo declaration aim to reverse this trend.

**Figure 1. Official development assistance (ODA) to agriculture: 1980-2005**



Source: Cabral (2007) using OECD International Development Statistics.<sup>6</sup>

<sup>1</sup> World Bank: WDR 2008 page 1

<sup>2</sup> World Bank: WDR 2008 page 30

<sup>3</sup> IFAD internal communication

<sup>4</sup> World Bank: WDR 2008 page 30

<sup>5</sup> OECD 2007. ODA to agriculture declined from US\$7,983 million to US\$4,614 million in constant 2004 prices

<sup>6</sup> Cabral, L. (2007) "Funding agriculture: Not 'how much?' but 'what for?'"', Opinion 86, ODI, October.

## B. Agriculture in the Sectoral Context

Agriculture offers important perspectives on the application of the Paris partnership commitments, both as a sector with the potential to have a major effect on poverty alleviation and as a sector receiving aid.

The agriculture sector has, however, particular characteristics (different from other sectors) which challenge the application of the Paris partnership commitments.

- Generally, agricultural is private sector led: Agricultural production, processing and marketing activities take place within the private sector domain, in the hands of a diversity of operators which include, farmers, wage-labourers, agribusinesses, producer associations, suppliers of agricultural inputs, traders, etc.
- Although there is a general understanding that the contemporary role of state in the sector is about providing regulation, public goods (such as research and development) and addressing market failures, there is still lack of consensus of what this means in practice. There are, therefore, mixed experiences with the nature of involvement of the state in the sector.
- Concerning governance, agriculture and rural development is institutionally complex as it often involves different ministries and government institutions.
- The agricultural sector includes a wide range of stakeholders (public sector, private sector, professional organisations, and civil society) as well as farmers themselves to design and implement agricultural policies/programmes at national and farm level.
- Development problems and needs are heterogeneous and location-specific, i.e., they require decentralized and flexible approaches and strategies of action. The implementation of agricultural programmes occurs at local level with the participation of local authorities. Agricultural policies must therefore be in alignment with decentralisation and regional/local territorial planning.

Despite the context specificities of the agricultural sector, regional and international level approaches have emerged, including:

- International / national research programmes (incl. CGIAR);
- Regional integration and regional programmes such as the Comprehensive Africa Agriculture Development Programme (CAADP) or watershed approaches like the Nile Basin Initiative;

## C. Agriculture and the Paris Declaration

This section analyses the five partnership commitments as defined by the Paris Declaration from the perspective of the agricultural sector – the table in annex provides a summary of the main issues discussed below. For each commitment this section highlights achievements and bottlenecks, provides recommendations and identifies areas where further analysis is needed.

### **1. Ownership: “Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions”**

#### Achievements/good practice

Over the last decade, there have been noticeable improvements in government leadership of agricultural development interventions at the national level, as the experience with agricultural SWAps illustrates. PRORURAL, in Nicaragua, has been made possible by strong technical ownership and leadership and has in turn helped the Ministry of Agriculture to

recuperate its leadership of the sector (GDPRD 2007). In Uganda, the multi-sector framework of the Programme for the Modernisation of Agriculture (PMA) emphasised broad ownership across government and coordination at the national level.

In several countries (such as, Ghana, Kenya, Uganda, Zambia and Tanzania) joint assistance strategies (JASs), which have included the agricultural sector, have been led by national governments and this constitutes an important sign of stronger government ownership of development cooperation processes.

At the regional level, CAADP provides a good example of increasing ownership by developing national and regional institutions. This Africa continent-wide framework, aimed to foster agricultural growth and development, has been led by the African Union and NEPAD and is being implemented by the RECs and respective countries taking full cognisance of the unique features of agriculture at country level. This process is coordinated at country level by CAADP teams, often coordinated by senior members of respective Ministries of Agriculture.

### Bottlenecks

Despite progress, there are still significant challenges to address, particularly in the agriculture sector. One of the most important ones has been the insufficient representation and participation of agricultural stakeholders (farmers, farmer organisations, the private sector, civil society organisations, etc.) in policy formulation and implementation. Limited rural participation and lack of trust between governments and CSOs have created "ownership gaps" leading to "policy gaps" in government interventions and donor-funded development operations. For example, there has been insufficient attention paid to agriculture in the first iterations of poverty reduction strategies (PRS) and Joint Assistance Strategies (JAS), which have tended to emphasize the public provision of social infrastructure and services and have paid less attention to the rural productive sectors. Although agriculture features more prominently in the second generation of PRS papers, there remains a disconnection between poverty analysis, which often recognises the importance of agriculture, and poverty reduction policies, which often lack clarity as to the most effective approaches for rural poverty reduction and the role of agriculture.

Furthermore, the aid effectiveness framework has been paradoxically leading to an excessive focus on centralised and government-led development interventions, as the concern for national development strategies, medium terms expenditure frameworks, national budgets and budget support illustrates. This is inappropriate in a sector where the bulk of the action happens within the private sphere and at local level. The notion of government ownership has been further challenged by the lack of consensus on the role of the state in the sector.

There has also been insufficient coordination across relevant sectors, despite the urgent need to address coordination failures in the sector. There is a need, for example, for agricultural policies to be coherent with the macro-economic framework (exchange rates, fiscal policy, trade policy, etc.) and policies at sub-regional levels. In Mozambique, coordination between the ministry of agriculture and other government agencies of relevance to the sector (such as trade, infrastructures or finance) has been rather limited under the National Programme for Agricultural Development (PROAGRI), the country's agricultural SWAp. Despite the attempts of giving the SWAp a wider scope, in practice the programme has been largely confined to the narrower agricultural remit

Finally, there is the challenge of defining ownership for cross-sectoral policy areas (such as gender and environment) which lack an obvious institutional location.

### Recommendations

Given the progress to date and issues identified, donors should support ongoing efforts to develop agricultural policy at national level and the subsequent implementation. This needs special attention to political and representational issues and capacity building of all stakeholders and the policy 'space' to interact in.

The complexity of stakeholder relations in agriculture, the important role the private sector and CSOs play and sector responsibilities that are scattered among weak public institutions amplify ownership and coordination problems. The capacity to effectively lead sector processes in agriculture, including managing the political economy of policies at national level, requires more institutional capacity building at all levels: farmers (men and women), CSOs and public institutions. It is also urgent to address inter-sectoral coordination difficulties so that policies are broadly owned and consistent.

Finally, it is important to contextualise the debate on the role of the state. The agriculture sector is highly diverse and different policy solutions are required in different contexts.

### Further analysis

Agricultural policies need to reflect the (difficult) political choices (e.g. between consumers and producers or sectors). Successful agricultural development, and hence sustainable poverty eradication, is highly context specific and hence political economy analyses are required in order to identify the drivers and obstacles of successful agricultural policy change in the particular context.

## **2. Alignment: "Donors base their overall support on partner countries' national development strategies, institutions and procedures"**

### Achievements/good practice

Agricultural SWAp have promoted alignment of aid funded interventions with national policy and management systems, as illustrated by the use of common funding mechanisms managed through government public financial management systems to support national agricultural development programmes. There has also been a trend towards increasingly aligned forms of joint financing. In Mozambique, PROAGRI was the first common funding arrangement of its kind and as such played an important role in the subsequent shift to general budget support (GBS). The relative success of GBS and related improvements in PFM have, on the other hand, created a context in which PROAGRI's common fund mechanism will be the first case of fully-fledged sector budget support in Mozambique.

Sector working groups, bringing together government and donors, have often been created in the context of a SWAp or budgetary support (e.g. the PROAGRI group in Mozambique, the Development Partnership Group in Tanzania). Although there is scope for improvement (particularly in ensuring the participation of senior government representatives) these have provided a useful platform for dialogue and more aligned working.

In Africa, the CAADP planning process culminates with signing of Compacts at national levels, and this commits donors and other stakeholders to align their support behind the national agricultural investment programmes and allied modalities agreed upon as part of the CAADP process.

### Bottlenecks

A weak policy framework constitutes an obstacle to alignment. Agricultural strategies often lack quality and direction making it difficult for donors to align. Although the development of JASs is an important development that will strengthen alignment in the agricultural sector, it requires stronger processes and adequate capacity of all stakeholders so that the underpinning PRS builds on a broad ownership and consensus (including rural ownership, often provided for by CSOs, including producer organisations). Usually, there is a lack of a clear line of sight between PRSs and sector strategies, resulting in a weak integration of sector priorities into national (budget) processes.

Alignment is a two-sided process involving both "internal alignment" within the government system around the sector strategy and expenditure framework and "external alignment" by donors. Progress with the former is often overshadowed by focus on the latter, which may again explain slow progress in implementation in cases, such as in the case of PROAGRI in Mozambique. Setting up mechanisms for "external alignment" has often resulted in significant transaction costs for government.

Insufficient attention to “internal alignment” is reflected in the agriculture sector coordination failure. Despite their original intent, SWAps have accomplished little in terms of promoting a sector-wide policy process and have remained largely within the confines of Ministries of Agriculture with insufficient involvement of other sectoral areas (infrastructure, trade, justice, etc.) and other stakeholders.

There has also been an almost exclusive focus on alignment with central-government led processes. SWAps, for example, have largely focused on supporting the way public institutions mobilise and use resources. But in agriculture, farmers, their organisations and the private sector are in fact the driving force. Working closely with these entities must be central to building an enabling environment for growth and long-term poverty reduction.

Notwithstanding the importance of the private sector, there is a general problem on the extent to which SWAps have been able to support a strong public-private sector interface. In a number of cases, debates over the right mix of public and private sector investment and the right levels of public action persist with consequences for coherence and pace of SWAp implementation.

### Recommendations

The main recommendation is to address capacity gaps in policy making in the agriculture sector. A pre-condition for effective alignment is a stronger policy framework with clear policy priorities underpinned by robust analysis, and inclusive debate on the policy options.

Also, in the agriculture sector the concept of alignment needs to be expanded to account for development processes unfolding outside government. Donors need to worry more about the interaction between national players (state and non-state actors) rather than focusing solely on their aid relationship with government.

### Further analysis

There is a need to document experiences and look for best practices with domestic inter-sectoral and multi-stakeholder coordination beyond aid driven processes, such as SWAps and JAS.

## **3. Harmonisation: “Donors’ actions are more harmonised, transparent and collectively effective”**

### Achievements/good practice.

The development of common funding mechanisms (via SWAps, basket funds and forms of budgetary support) represents a significant effort in promoting donor harmonisation. But the idea of harmonisation should not be restricted to that of pooling financial resources. There are other ways to strengthen coordination and coherence across aid-funded interventions.

Sector working groups are not only an example of progress in alignment but also in donor harmonisation. They can be important fora for donors to share information and debate development policy options.

Another important sign of improving harmonisation in the development of Joint Assistance Strategies (JASs), whereby donors share a common development strategy for assisting the country which is in line with the national development programme.

### Bottlenecks

Donor harmonisation has too often been associated with the setting up of joint financing mechanisms, sometimes without a careful assessment of their suitability to address the challenges in the sector. Joint funding and budget support mechanisms tend to create a bias towards public expenditure which might not always be appropriate. Government intervention in agriculture is increasingly less about public spending and more about policy formulation, market regulation and stakeholder coordination.

Political statements on harmonisation are not adequately backed by changing internal processes and incentives of both donors and development partners. Incentives for harmonisation within donor agencies are only now being developed and there remain high transaction costs, especially at country level.

While the general impression is one of gradually improving aid management under PBAs there is concern that the amount of time and resources being devoted to build the process architecture is imposing additional burdens on a weak civil service and is at the cost of ensuring that existing and new resources are delivering more effective investments and services in rural areas.

In spite of a generalised commitment to alignment and harmonisation, continued proliferation of donor led processes, at both international and national levels, is a serious concern. The global aid architecture has become increasingly complex, with the growing importance of non-DAC and other emerging donors as well as with a high degree of aid proliferation and ODA fragmentation<sup>7</sup>. Donor proliferation is also present in the agriculture sector. In the Tanzanian agricultural SWAp, donor proliferation has been an obstacle to progress. Donors were undisciplined in the preparatory phase, with some negotiating bilaterally even as the ASDP was being put together. Several donors also lacked delegated authority at the country level, resulting in lengthy delays, as experienced in the signing of the MOU for the Basket Fund. Several donors contribute to the Basket Fund on a project-basis with all the attached administrative rules that the Government of Tanzania needs to observe.

Finally, there is a need for clear concepts to be developed for donors to act in a harmonised manner in the agricultural sector: e.g. distinguish between rural development throughout a specific area and agricultural development as an economic sector.

### Recommendations

Harmonisation and Alignment (H&A) and predictability are vitally important in the short run while efforts around harmonisation are likely to intensify as the policy and institutional change process unfolds. This underscores the need for donors to engage in medium to long-term agreements around the SWAps if the full benefits are to be reaped.

There is the need for a general "code of conduct" among donors on H&A that provides for a vision of more aid effectiveness in the sector. The Global Donor Platform for Rural Development has already drafted cornerstones for effectiveness in agriculture and rural development programmes and is in the process of finalising Joint Principles for agriculture and rural development.

Internal incentive structures must be put into place to further strengthen harmonisation processes.

There is also the need to look for additional dimensions of harmonisation, beyond the use of common funding mechanisms. This is particularly important in agriculture where the importance of the private and non-governmental sectors calls for development solutions beyond public sector investments and public service provision.

Aid-delivery mechanism in a PBA environment through a balanced combination of program-based pooled funding to governments as well as targeted funding through civil society organizations could be an effective approach to enhance impact of aid and respond to national priorities<sup>8</sup>. For example, the *Coastal Rural Support Program (CRSP) in northern Mozambique demonstrate how certain civil society-led interventions are complementing the government's efforts and making important contributions towards achieving poverty reduction targets within the context of program-based approaches (PBAs)*. Such balanced

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<sup>7</sup> IDA (2007) "Aid Architecture: An Overview Of The Main Trends In Official Development Assistance Flows", International Development Association, Resource Mobilization (FRM), February. Washington D.C.

<sup>8</sup> Complementing PBAs through civil society-led projects: Experience of Coastal Rural Support Program (Mozambique), Agha Khan Foundation Canada-CIDA Study (Oct 2007)

aid delivery model can leverage the unique advantages of PBAs while overcoming their limitations in harnessing the contributions of non-state actors.

### Further analysis

Division of labour remains a key area for analysis and debate during regional consultations.

Another important area for further investigation concerns the position of emerging donors in the global architecture of aid. Private Foundations and Philanthropists have increasingly become important sources of finance and investment in African agriculture. China, Brazil and India have also fast become reliable agricultural investment partners. As such *the financing for development* should recognize the diversity of financing partners: private and public foundations; the traditional donors; role of such philanthropic entities like the AGRA, including productive utilization of foreign diaspora remittances (growing to over \$300 billion and surpassing ODA in some countries). The influence of new donor/actors on the collective efficacy of donor support to agriculture needs further analysis and reflection.

## **4. Managing for results: "Managing resources and improving decision-making for results"**

### Achievements/good practice

The focus is on Management for Development Results (MfDR) at country level and the CAADP process to increase the percentage of expenditure on agriculture in African countries (e.g. Ethiopia) indicates the role of political leadership on this matter in partner countries. The monitoring of Government expenditure in rural areas of Uganda is a further example.

Performance assessment frameworks (PAFs), developed as part of general budget support financing agreements have also produced some good results in terms of putting in place a system for tracking government process and linking the use of resources with policy objectives. Agriculture sector indicators have been included in PAFs although there is scope for improving the selection of indicators and quality of information used to monitor progress.

The Global Donor Platform for Rural Development (GDPRD) and the World Bank undertook to prepare a Sourcebook in collaboration with the Food and Agricultural Organisation of the United Nations (FAO) to help standardize approaches and develop a menu of core indicators for monitoring and evaluating agricultural and rural development activities. The sourcebook will provide guidance on how to build the capacity needed for effective monitoring and evaluation in developing countries.

A comprehensive M&E framework for CAADP has recently been drafted and will be finalised very soon. The framework provides a concise set of indicators at the different levels of the CAADP results chain as well as guidance on the operationalisation of the system.

### Bottlenecks

A functioning M&E system is essential to provide a means to track progress and to monitor the links between policies/investments, their outputs and outcomes. Despite significant investments in this area M&E systems remain extremely weak in many developing countries. The agriculture sector is no exception. In the case of PROAGRI, while there has undoubtedly been investment in the development of M&E systems, accountability for performance in agriculture has remained largely limited to the rather unbalanced government-to-donors accountability. Furthermore it has disproportionately focused on financial performance and little on efficiency, quality and effectiveness of agricultural service delivery by the government. The tools developed to improve agricultural data collection and monitoring procedures have focused solely on agricultural production, input use and productivity, rather than on the delivery and performance of government provided services and their contribution to agricultural and livelihood outcomes.

Another significant challenge continues to be the mismatch between policy objectives/results and policy strategies and spending decisions. Although agriculture is



recognised to be central to the livelihoods of the poor and achieving the MDGs, policy priorities and budgetary allocations do not always reflect this.

### Recommendations

The lessons learnt from the 2007 Hanoi round Table of MfDR need to be applied to the specificities of the agricultural sector.

The development of Communities of Practice for MfDR (through the existing Joint Venture) offers opportunities to establish similar knowledge based systems for the agricultural sector where results monitoring & reporting is essential.

Capacity development at partner country level and raising political awareness are the primary elements of future support. Capacity development initiatives should not only be directed to government but also to civil society organisation which play an important role in monitoring government performance.

Finally, it is important to distinguish between policy outputs, outcomes and impacts. It is not enough to track agriculture policy by looking solely at volumes of production and productivity, since these depend not only on public services and investment but also on many other factors beyond government control. It is therefore necessary to put in place indicators which are adequate to assess government performance in service delivery.

### Further analysis

The establishment of suitable agricultural performance targets remains a key requirement to assess progress of government policies and justify the aid allocations by donors. Civil society organisations can play an important role in establishing and monitoring such targets.

There is very little information about efficiency and effectiveness in the use of public resources in the sector. Public expenditure reviews in agriculture are urgently needed to better understand the link between public spending and policy outputs and outcomes.

There is limited evidence of a link between improved public expenditure management and increases in the quantity of public spending in agriculture while evidence of improvements in service delivery is the most difficult to track. Public expenditure reviews in agriculture are urgently needed to better understand the link between public spending, service delivery and its outcomes and contribute to improving the quality of resource allocation and management processes at sector level.

## **5. Mutual accountability: "Donors and partners are accountable for development results"**

### Achievements/good practice.

Although this partnership commitment has been one of the most challenging elements of the Paris Declaration, Memorandum of Understandings (MoUs) signed in the framework of SWAPs between donors and partner countries do offer some tangible progress. The MoUs (though normally not legally binding) have established clear requirements from donors and partner countries alike and have established a basis for constructive dialogue where there are disagreements (e.g. untying of aid, policy targets).

### Bottlenecks

Farmers and CSOs have been insufficiently involved in the process of assessing performance of either the donor or the partner country's government. Mutual accountability remains largely confined to the government-to-government aid relationship.

### Recommendations

There is a need for a broader notion of mutual accountability which takes into account the roles of non-government players in sector development (particularly farmers) and the accountability responsibilities of both donors and national governments in relation to such actors.

Farmers (men and women) and farmer organisations need to be more systematically involved in the monitoring and evaluation of development interventions by both governments and donors.

### Further analysis

There is little information about progress on mutual accountability, particularly at sector. It will be necessary to document experiences with agriculture sector specific mutual accountability arrangements. Is there a process in place (outside the MoUs of SWAs) to establish parameters of performance and delivery for both donors and partner countries?

## **D. Cross cutting issues**

As indicated above, cross-cutting issues need to be addressed in the design and implementation of sustainable agricultural interventions. The Paris partnership commitments often proved useful in addressing cross-cutting issues.

Human rights: The right to food is a human right and it is estimated that 842 million people are still subjected to hunger. Strongly linked, agricultural development, and in particular smallholder development is critical.

Women in agriculture: Agriculture, often being the principle productive activity of women, is an important vehicle for gender equality and women's economic empowerment. In some regions, women produce 60 - 80% of the food<sup>9</sup> and yet they regularly hold only a tiny fraction of land titles in their own name. Women's role as head of household, as producers and breadwinners further increases as HIV/AIDS and out-migration to urban areas advances. With limited access to productive resources to unleash their potentials, they remain among the most vulnerable and marginalised in rural society.

Environment and sustainable natural resource use: Agriculture has a huge environmental footprint, e.g. accounting for 85% of global fresh water use and contributes an estimated 22-30% of greenhouse gas emissions. But it is also a major provider of environmental services, generally unrecognized and unremunerated, sequestering carbon, managing watersheds, and preserving biodiversity.

Climate change is a major challenge for agricultural/food production and a real threat to global food security. Rising temperatures and an increasing number of floods and droughts do affect global production whereby most of the "loosing" countries are developing countries<sup>10</sup>.

Further work is needed to present more clearly the experiences with cross-cutting issues in the agricultural sector.

## **Key messages from agriculture**

Sustainable agricultural development is the most promising approach to address rural poverty and hunger. The powers of agriculture-for-development must be unleashed. But there are no magic bullets. Using agriculture for development is a complex process. It requires broad consultations at the country level to customize agendas and define implementation strategies. It also requires having agriculture work in concert with other sectors and with actors at local, national, and global levels. It requires building the capacity of smallholders and their organizations, private agribusiness, and the state. It requires institutions to help agriculture serve development and technologies for sustainable natural resource use. And it requires mobilizing political support, skills, and resources<sup>11</sup>.

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<sup>9</sup> FAO: <http://www.fao.org/gender/en/agri-e.htm>

<sup>10</sup> IPCC

<sup>11</sup> World Bank: WDR 2008

- Message 1 Ownership: Farmers and rural communities have been largely excluded from agricultural policy processes (such as PRSPs, SWAps or JASs). A special effort has to be made to build their capacity and give them adequate voice for a meaningful participation in policy making and implementation and address current ownership gaps.
- Message 2 Alignment: Efforts to improve donor alignment with partner countries have focused almost exclusively on central government-led policy processes. There has been insufficient attention to "internal alignment" between national stakeholders (public, private and non-governmental sector players). Donors need to focus more on the interaction and coordination between national players rather than the donor-government aid relationship.
- Message 3 Harmonisation: Donor harmonisation has too often been associated with the setting up of joint financing mechanisms without a careful assessment of their suitability to address the challenges in the agriculture sector. It is important to look for additional dimensions of donor harmonisation, particularly the need for more effective division of labour which ensures complementarity of interventions in the field. The development of an international Code of Conduct on donor harmonisation will support sector management. Similar agreements need to be adapted and agreed upon at country level.
- Message 4 Management for results: M&E systems remain extremely weak in many developing countries. In the agriculture sector the challenge has been to define results indicators which can be linked back to public service delivery and investments. The establishment of suitable agricultural performance targets remains a key requirement to assess progress of government policies and justify the aid allocations by donors. Civil society organisations should play an important role in establishing and monitoring such targets
- Message 5 Mutual accountability: Farmers and CSOs have been insufficiently involved in the process of assessing performance of either the donor or the partner country's government. Mutual accountability remains largely confined to the government-to-government aid relationship. There is a need for a broader notion of mutual accountability which takes into account the roles of non-government players in sector development (particularly farmers) and the accountability responsibilities of both donors and national governments in relation to such actors.

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Global Donor Platform  
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## Annex. Progress in implementing the Paris Declaration principles in the agriculture sector

Principles	Ownership	Alignment	Harmonisation	Managing for results	Mutual accountability
Paris Declaration partnership commitments	Partner countries exercise effective leadership over their development policies and strategies and co-ordinate development actions	Donors base their overall support on partner countries' national development strategies, institutions and procedures	Donors' actions are more harmonised, transparent and collectively effective	Managing resources and improving decision-making for results	Donors and partners are accountable for development results
Achievements	<ul style="list-style-type: none"> <li>- Government leadership in agricultural SWAPs</li> <li>- CAADP process</li> <li>- Greater leadership by government in the development JAS</li> </ul>	<ul style="list-style-type: none"> <li>- SWAPs have promoted alignment of aid funded interventions with national policy and management systems</li> <li>- Sector working groups bringing together government and donors</li> <li>- Donor support to CAADP (national Compacts)</li> </ul>	<ul style="list-style-type: none"> <li>- Common funding mechanisms (e.g. SWAPs, budget support, basket funds)</li> <li>- Sector working groups have been important vehicles for sharing information and promoting debate</li> <li>- Joint Assistance Strategies</li> </ul>	<ul style="list-style-type: none"> <li>- Performance assessment frameworks (associated with the budget support modality) which include results indicators for the agriculture sector</li> <li>- Comprehensive M&amp;E framework for CAADP - has recently been drafted and will be finalised very soon</li> </ul>	<ul style="list-style-type: none"> <li>- MoUs establish mutual accountability commitments (e.g. donors have committed to improve predictability of aid while governments have committed to more participatory policy formulation processes)</li> </ul>
Bottlenecks	<ul style="list-style-type: none"> <li>- Insufficient participation of agricultural stakeholders – "ownership gaps" leading to "policy gaps" in policy formulation and implementation</li> <li>- Dominance of government-led processes and centralisation of decision-making</li> <li>- Lack of consensus on role of the state in agriculture</li> <li>- Insufficient coordination across relevant sectors ("sector-narrow" approaches)</li> <li>- Difficulty in defining ownership for cutting issues</li> </ul>	<ul style="list-style-type: none"> <li>- Weak policy framework which make it difficult for donors to align</li> <li>- Excessive focus on "external alignment" by donors with little attention given to "internal alignment" within the government system</li> <li>- High transaction costs in setting up mechanisms for "external alignment"</li> <li>- Too much focus (almost exclusive) on alignment with central-government led processes</li> <li>- Limited public-private interface, despite the overwhelmingly private</li> </ul>	<ul style="list-style-type: none"> <li>- Excessive focus on joint financing mechanisms sometime without a careful consideration of their suitability to the particular context</li> <li>- Limited agency incentives to harmonise (related to lack of consensus on policy priorities and nature of interventions and market interests of donor country)</li> <li>- Diversity of approaches is necessary but fragmentation of aid remains a concern</li> </ul>	<ul style="list-style-type: none"> <li>- Problems with data availability and quality and M&amp;E capacity</li> <li>- Lack of indicators to track performance of government (in the provision of public goods and addressing market failure)</li> <li>- Mismatch between policy objectives/results and policy strategies and spending decisions</li> </ul>	<ul style="list-style-type: none"> <li>- Farmers and CSOs have been insufficiently involved in the process of assessing accountability of either the donor or the partner country</li> </ul>

<b>Principles</b>	<b>Ownership</b>	<b>Alignment</b>	<b>Harmonisation</b>	<b>Managing for results</b>	<b>Mutual accountability</b>
	(such gender)	nature of the sector			
Recommendations	<ul style="list-style-type: none"> <li>- Promote access to policy formulation and debate by all rural stakeholders</li> <li>- Strengthen partner country capacities so as to successfully integrate local farmers (men and women), CSOs and public institutions</li> <li>- Address inter-sectoral coordination difficulties so that policies are broadly owned</li> <li>- Continue the debate on the role of the state – this needs to be context specific (no blueprints)</li> </ul>	<ul style="list-style-type: none"> <li>- Address capacity gaps in policy making</li> <li>- Focus more strongly on the interaction and coordination between national players rather than the donor-government relationship</li> </ul>	<ul style="list-style-type: none"> <li>- Need for a code of conduct (joint principles) for donors in agriculture</li> <li>- Internal incentive structures must be put into place to further strengthen harmonisation</li> <li>- Need to look for other dimensions of harmonisation, beyond the use of common funding mechanisms which might not be suitable for agriculture</li> </ul>	<ul style="list-style-type: none"> <li>- Lessons learnt from the 2007 Hanoi round Table of MfDR need to be applied to the specificities of the agricultural sector</li> <li>- Development of Communities of Practice for MfDR offers opportunities to establish similar knowledge based systems for the agricultural sector where results monitoring &amp; reporting is essential</li> <li>- Develop M&amp;E capacity (both government and civil society) and raise awareness about the need to manage for results</li> <li>- Define performance targets for government action (quality of service provision and regulatory framework) and not only for sector performance which depends on exogenous factors (such as weather)</li> </ul>	<ul style="list-style-type: none"> <li>- Need for a broader notion of mutual accountability which takes into account the roles of private operators and other non-government players (particularly farmers)</li> <li>- Farmers (men and women) and farmer organisations need to be more systematically involved in the monitoring and evaluation of development interventions by both governments and donors</li> </ul>
Further analysis	<ul style="list-style-type: none"> <li>- The political economy of the agriculture sector – roles played by various sectors and drivers and obstacles of successful agricultural policy</li> </ul>	<ul style="list-style-type: none"> <li>- Document experiences and look for best practices with inter-sectoral and multi-stakeholder coordination, beyond aid-driven processes</li> </ul>	<ul style="list-style-type: none"> <li>- Progress in division of labour in the sector</li> <li>- Influence of new donors/actors on the collective efficacy of donor support to agriculture</li> </ul>	<ul style="list-style-type: none"> <li>- Establishment of agricultural performance targets - civil society can play an important role in establishing &amp; monitoring those targets</li> <li>- Analysis on efficiency and effectiveness of public expenditure in agriculture (including the link between expenditure and development results)</li> </ul>	<ul style="list-style-type: none"> <li>- Document experiences of progress with agriculture sector specific mutual accountability</li> </ul>