



New Drivers, New Players in ACP rural development

6th Brussels Development Briefing

2nd July 2008

On 2nd July 2008, CTA and other partners convened the sixth 'Brussels Development Briefing' - part of a series of bimonthly Development Briefings on ACP-EU rural development issues. Around 105 participants gathered in Brussels to discuss the new aid architecture and the role of new donors within the ACP rural development.

Partners in the Briefings:

- CTA
- European Commission
- EU Presidency
- ACP Group
- Euforic
- Concord
- IPS Europe

Promoting dialogue and coordination

Luis Riera Director of DG Development of the European Commission, and Dr. Hansjörg Neun, Director of CTA, welcomed the participants to the 6th Brussels Development Briefing. The introductory remarks focused on the possibility of additional ODA flows coming from new donors as an interesting option to explore for ACP countries as a way to take advantage of their experience in rural development. Mr Riera described the subject of this briefing as "very timely" due to increased interest and role of emerging donors and the private sector in rural development which deserve a better understanding and coordination amongst the different actors. The adherence to the Paris declaration should be a priority for all donors and new aid should be embedded in country-led coordinated strategies.

Complementarities or competition?

H.E. Mr Sutiawan Gunessee, Ambassador of Mauritius, set the context of the discussion. Agreeing that the topic chosen is really "timely" and linked to other events which took place recently such as the [FAO High-Level Conference on World Food Security](#) in June 2008. This briefing and major conferences can contribute to the key meetings which are going to be held in 2008: the [Third High Level Forum on Aid Effectiveness](#) in Accra, the [High-Level Event on the MDGs at the UN](#) in New York in September, and the [Follow-up International Conference on Financing for Development](#) to Review the Implementation of the Monterrey Consensus, to be held in Doha end November early December 2008. CTA could play an



important role in enriching the debate, in support of the high level group of experts on food crisis and food security just set up by the ACP-EU joint Council of Minister ([Resolution](#) of the 13 June 2008 in Addis Ababa). Finally, the Ambassador raised some challenging questions: do we need complementarity or competition between new and old donors? Do we want to use the same cooperation mechanisms or do we want new ones? Do we want new alliances or just to reinforce the existing ones?

Questioning the current development model

Mr Ndiougou Fall, President of ROPPA (Network of Farmers' and Agricultural Producers' Organizations of West Africa), offered a farmer's perspective on the issue. The serious difficulties that developing countries are facing leave lots of rooms for new actors to bring in their contributions. For Mr Fall there are some important questions that need to be reflected upon and answered: what are the capacities of these new players? Do they have sufficient experience and knowledge to intervene effectively in agriculture and rural development? What are the values that drive them? Can they really bring a change? It is critical to undertake a lucid and in-depth systemic analysis to reform the current development model, strongly affected by globalisation and liberalisation in most regions, and of which migrations and degradation of natural resources are two irreversible consequences. Will the new actors be able to assess the situation and act differently? Mr Fall advocated for more incentives for production, regulatory policies, regional integration and investments in infrastructure. Global governance, coordination and coherence at regional and national level are key. He concluded stating that aid is a



discipline to support development policies at national and regional level, and those responsibilities should move from donors to beneficiaries and especially to farmers' organisations.

The role of philanthropic foundations

Mrs Olga Sulla, from the World Bank, presented the role of philanthropic foundations in supporting ACP agriculture. She argued that, backed by considerable financial capacity, they are playing an increasingly significant role in development assistance and have the potential to do much more. The vast majority of philanthropic foundations are US based, with most work carried out at national rather than international level. She pointed out that only 1% are active in development, giving total grants estimated between \$5-7 billion, mainly in emerging economies. These foundations have been most active in health and most foundations work through global funds and only 12 have offices in developing countries. Mrs Sulla noted that few foundations have been active in agriculture and rural development although their role is clearly growing. Although the World Bank was the single largest donor to agriculture in Africa between 1990 and 2006, it was criticized in a 2007 [Independent Evaluation Group \(IEG\) report](#) for failing to adopt a coherent and integrated approach in its lending support. She stated that the Bank has taken the findings seriously and it is strengthening its focus on agriculture with increased funding, new initiatives and a new approach aimed at stimulating private sector led investments across the value chain. Cooperation between the World Bank and philanthropic foundations is developing in a number of areas although further work is needed to fully exploit the complementarities.

The urgency for an African Green Revolution

Why it is that Asia has achieved a green revolution and Africa not yet? For Akin Adesina, Vice President of the Alliance for a Green Revolution in Africa (AGRA), agriculture has been neglected for too long. If we look at the global market today, Africa is the only continent begging for food, and it should move away from the dialogue on food security towards a reflection on "food self-sufficiency". Technologies are there but still sitting on the shelves, there is not a rural import market system, little processing and African soils are the poorest in the world with a huge fertilizer deficit and with an enormous rate of losses during transportation. The problem is not only the access to food but the ability to produce it. As a huge continent with many different ecosystems, Africa is different from Asia and needs a "uniquely green revolution that respects diversity". AGRA programmes support improving seed systems, soil health and market access as well as policy



advocacy. Locally based and consistent policies being of central importance, AGRA is working with NEPAD and CAADP to create a new policy environment for the green revolution in Africa. Mr Adesina argued that World Bank structural adjustment programmes of the 1980s were disastrous for African agriculture and he urged to end the "Washington Consensus" and adopt a real "African Consensus" for policy development owned by African countries. He reminded participants of African success and if "maize revolutions" have been possible in Zambia, Zimbabwe and Malawi, then productivity growth is possible. To start a green revolution, Africa needs supportive policies, sustainable change and poverty reduction. All actors need to ensure that institutions, infrastructures, markets, and technology contribute to it.

Perspective from the civil society

Rudolf Buntzel representing Concord, explained that new actors bring new international funds with different procedures which also affect NGOs challenged to search for additional sources of funding. The new multiplicity of financing for rural development is ambivalent: there is more money available and a new diversity of donors, but not necessarily more efficiency. Many of the new players bypass the existing general consensus on aid effectiveness accountability and transparency. For him, calls for the private sector to become more involved might shift the focus away from poverty reduction to economic growth. He argued that economic theories and models from past experiences of industrialized countries were bound to fail. Poverty alleviation goes often with conflict against vested interests and he questioned whether new donors were ready to engage into political conflict, sometimes against governments. The participation of the poor in their own development is key and researchers, investors, governments need to be co-pilots. Dr. Buntzel mentioned the Global Fund to AIDS, Tuberculosis and Malaria as an example of good practice.

Emerging donors experiences and ACP countries

Chair of the second panel, H.E. Mrs Brave R. Ndisale, Ambassador of Malawi, introduced the session after having underlined that the new emerging donors like China, India and Brazil have had in the past experiences that Africa is actually going through. She wondered whether they are bringing their own experience to their development cooperation with African economies. What lessons from their policies can be learnt by ACP countries? How do they fit within the traditional aid?



Chinese development assistance to Africa

Ms. Hannah Edinger, from the Centre for Chinese Studies at the Stellenbosch University, gave an

overview on China's foreign aid to Africa. China's 50 years relation with Africa has shown a different approach to development assistance from traditional donors. Its concept of aid is broad and vague and it is difficult to distinguish between aid and investments or commercial flows. Aid focuses on infrastructure and industry and to a smaller extent on agricultural development. In other words, Africa is seen by China as an emerging market with new investment strategies. In this context, China is rather a development partner than a donor as such.



An attempt to systematize China's aid to Africa is the Forum for China-Africa Cooperation (FOCAC), created ten years ago which agenda has been set by the Chinese and the African Union (AU) and NEPAD played just a limited role. Effective coordination remains challenging, and data monitoring is difficult, with the result that aid projects are disconnected.

Ms Edinger argued that China is a relatively small donor, but its commitment is very visible and provides key inputs in the agricultural sector. She called for greater coordination, harmonisation and transparency and for traditional donors to work more towards constructive partnerships with China in Africa.

China's multiple roles in Africa

Jian-Ye Wang, from the International Monetary Fund (IMF), focused his intervention on changing Africa-China economic relations. For Mr. Wang the label "new donor" is misleading, as China is not primarily an aid donor in the traditional sense and the real point is that private capital flows are overtaking ODA in Africa. China plays multiple roles: a market for Africa's exports, a financier, investor, contractor and constructor. Economic relations between China and Africa are now primarily commercial rather than aid-driven. China's private sector plays a significant role in Africa, and its cooperation is decentralised and broad-based.



Mr. Wang further argued that changes in the China-Africa relationship are a reflection of structural shift in the world economy: past debtors are today's creditors and vice versa. Over the seven years to March 2008, global foreign currency reserves jumped (mostly in emerging and oil exporting countries) by US\$4.9 trillion, with China's reserves alone up US\$1.5 trillion. As a result, China has become a more significant supplier of capital than even the USA. China's engagement in Africa is a logical consequence of this growth. In addition, China has experiences that can be relevant for Africa, particularly in terms of rural development. Mr Wang mentioned as an example China's dramatic rise of productivity in the agriculture sector, which has not only enabled China to feed about 20 percent of the world's population with some 7

percent of the world's arable land, but also facilitated industrialization and further economic reform. China's reform started with agriculture, not with "charity", and demonstrates that growth is the most effective way out of poverty, for lasting poverty reduction. While African countries can learn important lessons from China's experience, they need to determine their own development strategy which fits the local conditions.

Trilateral EU-Africa-China cooperation

Mr. Uwe Wissenbach, Coordinator for Africa-China relations at the EU Commission, presented the EU approach to the emergence of China in Africa. He reiterated that China is still a modest donor, especially in the rural sector, and its impact on Africa won't be huge in terms of aid. For him when we talk about China's development cooperation with Africa we cannot use the traditional categories of "donors" and "aid architecture", since China is not a "donor" and in Africa there is not a real "architecture" of aid: there are a lot of "architects", with different "building codes". He acknowledged that China has achieved impressive economic growth, but he also reminded participants that "development is not only about GDP". It is not the recent GDP per capita growth that reduced poverty in China; this goal was achieved thanks to the rural reforms of the '80-'90 which were not initiated or carried out through external money transfers, but based on Government's policies aimed at promoting the entrepreneurial spirit of the farmers, achieving a land reform, creating markets and conditions for market access. The Chinese approach to development was very pragmatic, finding solutions which best serve their needs. For Mr Wissenbach, China has a much bigger impact in Africa as a customer for food products or as a competitor in terms agricultural trade. In his views, the strong focus given to Africa-China cooperation is exaggerated and brings unnecessary controversies. The legitimacy of traditional and new donors needs to be respected. China, Africa and the EU should just work together as partners, respecting the legitimacy of everyone, relying on existing structures such as NEPAD, and bringing stronger support to African initiatives. The EU could be the key interlocutor in this process, but African countries should ultimately be in charge of this cooperation.

Trends in aid effectiveness

The last panel chaired by Hon. Waven William, from the Seychelles National Assembly, co-rapporteur for the ACP-EU Joint Parliamentary Assembly Report on "Effectiveness of aid and definition of public development aid" focused on trends in aid effectiveness, alignment and harmonisation.

The Global Donor Platform for Rural Development

Christoph Lagenkamp presented the experience of the Global Donor Platform for Rural Development (GDPRD), created in 2004 when international attention to agriculture was at its lowest. It aims at a more coordinated cooperation in the area of rural development and agriculture, and a link between the

CAADP and the donors community. In the period 1978-2005, data show that ODA commitments to agriculture drop dramatically in both relative and absolute terms, but also that recipient countries' spending on agriculture declined. The current crisis and soaring food prices are the result of these underinvestment and mis-investment in agriculture which prime responsibility lies with national governments who must ensure that this is a priority.



Although a significant funding gap exists, with around \$20 billion/year needed for all developing countries to achieve MDG1, he argued that it should be possible to fill this gap where the absorptive

capacity allows. New players should bear in mind the paradigm shift which took place in recent years: from the stand alone projects to integrated rural development projects, sector-Wide Approaches (SWAs) and Integration of ARD in PRSPs and more recently the Poverty Reduction Budget Support (PRBS). With agriculture back on the agenda, it is important to make sure that it stays there supported by the policy makers at country level, convinced that agricultural growth is the most effective way to reduce poverty in agricultural based economies. Improved dialogue and collaboration among the different actors are critical to a more effective assistance but only if the recipient countries lead the process.

TICAD, Japan and South-South cooperation

Ambassador Keiji Yamamoto, from the Mission of Japan to the EU, and Motofumi Kohara, Director General for Rural Development of the Japan International Cooperation Agency (JICA), explained how Japan fosters South-South cooperation. Ambassador Yamamoto gave an overview of the Tokyo International Conference on African Development (TICAD) initiated in 1993 and since then



held every five years, being the largest policy forum on African development. Japan hosted the fourth TICAD summit in May 2008 and chaired the G8 Hokkaido-Toyako Summit, focusing on

development and Africa. The TICAD process is seeking alignment with the Africa Agriculture Development Programme (CAADP) agenda to enhance food production, improve market access and support sustainable water and land management. Japan acknowledges the gravity of the food crisis and has set a series of emergency responses, including the investment in infrastructure and the improvement of technologies. Based on its own experience, Japan launched a call for action aiming to double the current rice production in Africa over the next ten years.

Mr Kohara, from JICA explained the "Coalition for African Rice Development" (CARD) launched with

AGRA as one of the mechanisms to boost rice production. The coalition forms a consultative group of bilateral and multilateral donors, as well as regional and international organisations working with African countries. Rice consumption is rapidly increasing in many countries and it is originally a tropical crop suitable for the wide underdeveloped African wetlands. For Mr Kohara there is a possibility to increase yield per unit with basic technology transfer, fertilizers and improved seeds and Africa Green Revolution will be implemented learning from the experience of Asia, although the conditions prevailing are different in many aspects. He argued that improving rice production in Africa will also serve as an important driver in South-South cooperation between Africa and Asia.

NEPAD and aid effectiveness

Mr Amadou Diallo, from the New Partnership for Africa's Development (NEPAD) Secretariat argued that agriculture needs to be at the centre of the development agenda, since 85% of the population in sub-Saharan Africa depends, at least partially, on agriculture for their livelihoods. Agriculture is therefore key to poverty reduction and economic growth. For these reasons,



African leaders developed the CAADP as the NEPAD framework to revitalize the agriculture sector and for the first time they have committed themselves to undertake a common programme. African Heads of State have made significant commitments, pledging to ensure that 10% of national budgets are dedicated to investment in the agricultural sector. CAADP provides guidance on how to ensure that this spending at the national level is effective. In particular, the CAADP round tables process provides a tool for better harmonization and alignment of agricultural development efforts, even if with different levels of implementation from country to country. NEPAD's Secretariat steers the process, providing policy guidance, awareness raising and international support for this initiative. For the first time there is a broad consensus on objectives, targets, implementation processes and partnership principles. However, long lasting results will only be possible if all stakeholders join in the concerted effort needed and "African countries put themselves as main actors, not just witnesses, of a green revolution in Africa."

The next Briefing will take place the 16th October 2008 and will deal with "Rising Food Prices: an opportunity for change?"

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