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European Donor Support for Agricultural development in Sub Saharan Africa: A review
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Executive Summary

Throughout the twentieth and twenty-first centuries, chronic hunger in Sub-Saharan Africa has risen and now affects over 210 million people: a third of the continent's population. Globally, over a billion people are hungry. This is more than at any other time in human history.

During the food price spike of 2007/8, an additional 100 million people were pushed into poverty (FAO 2009). This food spike has not disappeared all together, with food prices predicted to rise in the next decade (OECD-FAO 2010). If we examine the causes of the chronic crisis, we can see that it was driven by an unprecedented combination of global processes, rising populations, increased per capita incomes affecting diet and food consumption, growing demand for biofuels, rising oil and fertilizer prices, increasing water and land scarcity, impact of climate change and inequities in global market prices and trends at the disadvantage of developing countries.

Over the past 20 years there has been an emphasis on short-term measures towards humanitarian food aid rather than building long-term resilience in agricultural capacity to raise what have been relatively stagnant crop yields. Improving the productivity of agriculture is the key to producing more food to consume, and therefore more income to purchase additional and better food. In developing countries 65-70% of the labour force is employed in agriculture, and it contributes an average of 32% of GDP (World Bank 2007). This demonstrates how agriculture provides the major share of income for the rural poor (World Bank 2007). These statistics translated into a Sub Saharan African context illustrate that among 200 million people, agriculture employs 62% of the population (excluding South Africa) and generates 27% of GDP (FAO 2006; World Bank 2006a; Staatz and Dembele 2007). The scale of these activities is important: in Africa there are approximately 33 million farms with those of less than 2 hectares representing 80% of all farms (Nayagets 2005). There are varying reports of the share of production and success that comes from small farms, with some estimates as high as 90 percent (Wiggins 2009).

The threats to such efforts are significant. Many African countries are characterized by highly variable domestic production, limited tradability of food staples and limited reserves to purchase their food needs through imports. In this context agricultural production is critically important to food security. Many countries in Sub-Saharan Africa undergo recurrent uncertainty due to food emergencies and food aid, therefore increasing agricultural and domestic production is an essential part of their coping strategy and makes them significantly less dependent on expensive food imports (World Bank 2008). This evidence reinforces the

argument that agriculture in its broadest sense is essential to growth, and to reducing poverty and food insecurity, and that a productivity revolution in small holder farming will be required to make this a reality.

The forecast for food price rises is as much as 40% in the decade ahead with concurrent rises in hunger and food insecurity (OCED-FAO 2010). In June of this year farm commodity prices had fallen from their record peaks of 2008, but were still on a steady increase and were unlikely to drop back to the average levels of the past decade. By early August, following extreme weather events in Russia, Ukraine and Kazakhstan the price of wheat had risen by 50% (Smale 2010): its highest level in 37 years. Within a fortnight, the Russian Administration, confronted by a severe drought, created further uncertainty in the global commodity market by banning grain exports for the rest of the year. Other countries such as Argentina have put in place permanent export bans. Several articles have appeared in the popular press signalling that manufacturers and retailers will face passing on the increased costs to their customers, but the real impact of these increases are likely to be in developing countries who are dependent on imports to meet their food security needs. Several articles have suggested means of managing this more effectively at the level of regulating commodity markets (von Braun 2010) and putting in place provision for food reserves.

However focusing on, and solving, these recent problems is not sufficient. The creation of a revolution in smallholder productivity in Sub Saharan Africa necessitates the required long-term investment in the sector to underpin the clear lags between agricultural research and development (Prabhu and Pingali, 2010 – GCARD Paper) and the associated welfare impacts and complex attribution of policy changes (Sumner, forthcoming 2010). When looking at the OECD/DAC index on agricultural aid expenditure, such objectives will not be met. Donor spending declined in the 1980's from a total of 17% ODA agriculture (as a % of sector allocable aid) to as little as 4% in the mid 2000's and, during the same period, World Bank lending declined from 30 to 7% (<http://www3.imperial.ac.uk/africanagriculturaldevelopment/resources/europeanactivity>).

Despite these setbacks, Europe has had a respectable recent track record through having played a key role in getting agricultural development back onto the political agenda. With the first conference in Kampala in 2004, and shifting support from food aid to food security in the mid 1990's, there have been successes, in addition to some notable individual country commitments e.g. The Irish Hunger Task Force 2008. Such actions are consistent with the momentum generated at the 2009 L'Aquila summit of the G8 countries, where \$22.5 billion was committed to this task including \$3.5 billion from the United States and \$3.8 billion from the European Commission, as well as significant commitments from several other European donors.

There has been significant progress since L'Aquila (Musoka 2010), but the tracking of such success demonstrates that although some progress has been made, there is still some distance before the G8 commitments are fully realised. Notably, the paths discussed at the G8 have perhaps been moulded by the advent of the BRICS countries that are now sitting at the level of the G20. This could perhaps be marked as a transition statement, whereby the rise of these countries is perhaps leading to a change in emphasis and agenda: will the agenda and framework remain, or will we see a transition to issues such as maternal and newborn child health?

In addition, Europe has played an influential role in the United States with the World Bank, Global Agriculture and Food Security Programme (GAFSP) funded initially with \$900 million by the US, Canada, Spain, the Republic of Korea and the Bill and Melinda Gates Foundation. Additional US commitments will largely be routed through the Feed the Future initiative to support country-led, country-owned strategies and are aligned with opportunities emerging through the local commitments captured in the 22 national compacts as part of the Comprehensive African Agricultural Development Programme (CAADP) commitments by African governments. In Europe itself, the European Commission is utilising existing aid instruments such as the €1 billion Food Facility and Food Security Thematic Programme (FSTP). However, it remains to be seen, particularly in light of the financial crisis and air of austerity in Europe, how some of the other G8 commitments will be realised and spent. These commitments are crucial in light of the devastating crises and future predictions.

Prior to the onset of the financial crisis, there was increased support in the agricultural sector. In 2005/6 European support for agriculture began to increase again, thereby adding to the European Commission's ongoing agricultural programmes at the country level. The FSTP programme was created in 2007 to address food security at global, continental and regional levels, and a second phase is currently being scheduled for 2011-12, with an indicative budget of €750 million. Furthermore, in December 2008, the EC launched a three year €1billion Food Facility to bridge the gap between emergency aid and medium to long-term development aid in 50 countries.

These achievements explain how the European Union is responsible for over 60% of the world's ODA (Hearn, Koc, Piesse and Thirtle: 2010). Of this the EU (EC and member states combined ODA) gives about \$1.75 billion to agricultural development with nearly 50% going to Sub-Saharan Africa. In 2007 just two donors, France and the European Commission contributed more support than the USA, and several small European countries contributed greater amounts as a percentage of their GDP such as Denmark. France is the contributor of the largest share of total DAC AID at 37% in 2007, followed by the European Commission at 11%, United States at 9% and other small countries such as Denmark and Germany at 6%, Norway at 5% and other countries such as the UK at 3%. However, Europe's support varies widely in terms of the agricultural sector targeted. Only France puts the majority of its funding (80%) into agricultural research. By contrast the EU spreads its allocations across a number of sub-sectors and the UK focuses significantly on policy. Although this support may appear to be complementary, recipient countries vary. For example, France aligns its support with Francophone countries, and the UK and other donors on Anglophone countries.

In looking at contributions to agricultural research for development through the Consultative Group on International Agricultural Research (CGIAR) and their 15 international research centres, Europe is the region that contributes by far the largest share of finance by member group despite a slight decline in the total from \$222 million in 2007 to \$213 in 2008. The CGIAR membership and funding trends from 1994 to 2008 suggest that the number of members contributing support to the CGIAR is increasing from approximately 35 in 1994 to almost 60 in 2008 with concurrent increases in support from approximately \$280 million in 1994 to close to \$500 million or \$0.5billion in 2008. It is important to understand the overlap with CAADP and with African governments and countries that are making progress, to date there are 22 countries that have signed country compacts. This supportive framework offers the possibility

of accelerating food security and agricultural development with each signatory committing to specific agricultural plans and investments.

Furthermore, several other initiatives could potentially assist food security. The Transparency International Index tracks corruption in listed countries and, in conjunction with the Millennium Challenge Index, can be used as a guide to investment. Studies such as the McKinsey Global Institute 2010 Report discuss the future long-term growth possibilities in the agricultural sector, citing it as a key industry for future development. The report suggests that the potential growth from the agriculture sector is vast, particularly in relation to the role that the private sector can play. The creation of better business climates in many African countries, by domestic governments and reform, has helped significantly. These are amongst other means by which one can gauge whether aspects have influenced specific donor conditionalities.

On the one hand, there is a top down global response characterized by strong rhetoric and promises. These assurances are as of yet, largely unfulfilled, in the absence of large-scale funding and with the evidence of clearly declining levels of aid support to agriculture. A notable exception is in relation to the CGIAR, which appears to be increasing. Furthermore, the Global Partnership for Agriculture and Food Security (GPAFS) and the Committee on World Food Security (CFS) demonstrate continued global coordination. However, ensuring that there is action to accompany the rhetoric is ever more important. This is the only way to ensure that there is a successful impact from the increased expenditure, continued donor support and true value for money. On the other hand, there is a rich diversity of on-the-ground activities in Sub-Saharan Africa, undertaken by government, private sector agencies and civil society. The challenge facing us is in how to translate investment into opportunities for transformational change that are necessary to reach the 1 billion undernourished people, and at the same time drive the smallholder revolution in productivity.

There are several elements that can bridge the gap. Global coordination and major donor fund programmes can only succeed so far, whilst in Africa there must be policies and funding from African governments, and Africans must be implementing these programmes and frameworks. Ongoing success with the Comprehensive Africa Agriculture Development Programme (CAADP) and the Alliance for a Green Revolution for Africa (AGRA), leads the way. Country ownership of programmes is important, through this there exists the likelihood of increased production and incomes for smallholder farmers. Such successes are cumulative, and lead into improved sustainability and resilience of production, a beneficial outcome for both African and global citizens. Through clear theories of change, and careful plans, such actions can lead us to encourage practices of scaling-up already proven solutions and programmes. The suggestions, requirements and attributes necessary are extensive: infrastructure (including rural roads, irrigation and rural energy), strengthening of research systems, encouragement of seed companies and Agro-dealer networks; making fertiliser accessible to farmers; support of agricultural export industries and potential incentives or new markets for ecosystem services. In a wider context, the freeing of internal markets, investment, revitalisation of extension services, support for national micro-credit schemes, provision of market information. This list is by no means exhaustive, and only by undertaking many of these measures is scaling up existing interventions a possibility, enabling greater productivity and incomes combined with significant benefits to poor, small farmers and greater resilience to climate change and other shocks.

Scaling up is a significant process, and involves the enlargement of promising programmes, technologies and projects that have proven successful at a local level, to their larger provision at a national or even regional level: potentially delivering incredible success. There are at least five mechanisms of scaling up: spreading from farmer-to-farmer, via cooperatives and Farmer's Associations, through government or quasi-government activity and by the private sector, including through public-private partnerships.

In order for the correct projects to be chosen, and to ensure they work successfully, evidence of what does and does not work is required; in terms of equity, replicability and sustainability. In this regard, Europe is well positioned to take the lead. Europe's successes in agricultural development are important, and it is crucial that the European food and agricultural science system continues to make a strong contribution to African technology research, knowledge and development. Only through such partnerships is the possibility of improved global terms of trade able to be turned into a reality.

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