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Foreign development assistance to agriculture and food security in Africa in the last decade: Lessons for tomorrow

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Abstract

There are well-founded fears that it is unrealistic to expect Africa to achieve the Millennium Development Goal 1 (MDG1) to eradicate extreme poverty and hunger and to halve the proportion of people who suffer hunger by 2015. Recent efforts of African governments to meet the MDG1 have resulted in a number of initiatives including the Comprehensive African Agricultural Development Programme (CAADP) framework that calls for 6% agricultural growth rates, the Maputo Declaration calling for 10% of total public spending to be on agriculture, and the 2006 Abuja Declaration calling for an increase in fertilizer use from 8 – 50 kg/ha by 2015. CAADP estimates that an average investment of US$18 billion/year will be required to trigger sufficient agricultural growth rate to meet MDG1. Meanwhile, budgetary allocation to agriculture in many African nations is low and an analysis of trends in foreign development assistance to Africa over a 10-year period (1995-2004) showed that the annual commitment to agriculture out of the total assistance of US$230 billion declined from 11% in 1995 to 6% in 2004. This decline could be traced to the frustration of donors and African governments alike at the failure of agriculture to achieve sufficient progress towards food security and poverty reduction. Nevertheless, there is evidence from the past that where projects have been successful, governments provided political leadership and financial support; organized farmers groups actively participated in decision-making; and that close public-private-partnership existed. Based on the lessons learned from previous projects and the subsequent more favorable rules of engagement of donors with beneficiaries, the paper concludes that the challenges and responsibility for getting agriculture back to the front-burner of the development agenda is largely that of African governments.

Keywords: Africa, Millennium Development Goals, Agriculture, Farmer

Introduction

Agriculture remains the dominant sector of the economies of African countries, accounting for US$80 billion or 15.5% of the market value of Africa's GDP and providing more employment to the active work force than any other sector of the economy. Agriculture is an important contributor to food security at micro and macro levels in spite of the fact that there are other causes of hunger and food insecurity outside agriculture. Agriculture is linked to food security because it makes food affordable to poor people by keeping food prices low and providing income and employment that improve poor people's access to food. Agricultural growth is strongly linked to the wider economy with the strength of the growth linkages from agricultural incomes being up to trice the size of those from the non-agricultural sector. On these bases alone, it is plausible to expect an Africa continent that is prosperous and food secure. Instead, African has the remarkable distinction of being the only region in the world where the number of people living under one dollar per day and the number of people that lack physical and economic access to sufficient and safe food to lead a healthy and productive life are projected to increase rather than decline in the next decade.

For several reasons including weak commitment of many African governments to agriculture and the lack of basic infrastructure to enable market access to inputs and products for rural producers, agricultural production has stagnated and in some cases declined in the last three decades while population continues to grow. Thus, there are well-founded fears that for Africa, the expectation to achieve the Millennium Development Goal 1 (MDG1) to eradicate extreme poverty and hunger and to halve the proportion of people who suffer from hunger by 2015 may be unrealistic. The goal of food security for Africa has been elusive for many decades now, yet increases in hunger and poverty in Africa pose serious security threat to the rest of the world. In realisation of this and with evidence that an agriculture-led growth is probably inevitable, African governments have in recent years undertaken a number of agriculture-based initiatives and actions towards reducing food insecurity in Africa which notably include among others the Maputo declaration and the preparation and adoption of the AU/NEPAD Comprehensive Africa Agriculture Development Programme (CAADP). The Maputo declaration calls on AU member nations to adopt sound policies on agricultural and rural development; prepare collaborative bankable projects under CAADP for the mobilization of resources; and allocate at least 10% of their national budgetary resources to the agricultural sector within five years while CAADP was designed to serve as an integrated framework of development priorities aimed at halting and reversing the decline of the agricultural sector in Africa.

CAADP recognises that the challenge of reversing the current trend and making African agricultural production to grow on a sustained basis by at least 4 to 6 percent annually – required to achieve MDG1 - is enormous and estimates that more than US$240 billion will be required over the 2002-2015 period – an average of US$18 billion per year. However, agricultural investment by African governments remains low. Shenggen et al (2006) show that in real terms (constant 2000 US$), SSA governments invested a total of US$9.4 billion in 2004 representing 2.8% of their total expenditure or 5.3% of the agricultural GDP of their countries. The study shows that at the rate of investment that happened between 1999 and 2004, Africa will not attain MDG1 till 2027 and that 6% agricultural growth rate will not be enough for some African countries including Burkina Faso, Cote d'Ivoire, Guinea Bissau, Nigeria, Niger, and Chad to attain MDG1 in 2015. Also, based on allocating 10% of their total spending to agriculture, Burkina Faso, Cote d'Ivoire, The Gambia, Guinea, Mali and Chad will fall short of the requisite level of investment. So clearly, in the case of many African countries, neither the investment of 10% of the total expenditure nor a 6% growth in the agricultural sector guarantees a safe berth.

Foreign development assistance to agriculture and food aid in Africa

External assistance to African agricultural and food security projects have been flowing and ebbing from bilateral and multilateral sources since the 1960's. The most important source of bilateral assistance for Africa has been the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD) made up of 22 member countries including Canada, France, Germany, Italy, Japan, The Netherlands, Sweden, United Kingdom and the United States of America while the European Commission (EC), the World Bank, United Nations' agencies including the World Food Programme are prominent sources of the official development financing. Thus, official development financing for Africa is sourced mainly from official development assistance (ODA) and other flows granted on more commercial terms. In this paper, agricultural development assistance refers strictly to net ODA receipts and commitments to the sector classified by OECD as Agriculture, Forestry and Fishing.

Trends in commitment of official development finance to Africa

Net ODA to Africa from DAC members hovered around US$1.6 billion annually in the 1960 and grew steadily in the 1970's and 1980's to reach US$16.4 billion in 1982 and US$19.6 billion 1996 before declining to US$12.0 billion in 2000 which is its lowest level in the last decade. The 10-year period (1995-2004) under focus in this paper is also broadly divided into two 5-year periods; a 1st period covering 1995-1999 and a 2nd period spanning 2000-2004 to incorporate landmark changes in development assistance decisions that followed the beginning this new millennium in 2000. Based on OECD database (2006), bilateral ODA commitments to Africa increased in absolute terms from US$59.7 billion in the 1st period to US$83.0 billion in the 2nd period totalling US$142.7 billion. Out of this, the United States contributed US$27.6 billion (19.4%), France US$26.6 billion (18.7%), Germany US$15.9 billion (11.2%), Japan US$14.7 billion (10.3%), United Kingdom US$13.0 billion (9.1%).

For multilateral development financing, the trends have been more or less similar and this is not surprising as the multilateral agencies source their funding largely from the same DAC donor countries. Compared to the 1985-1994 period, multilateral finance declined in absolute terms from a total of US$73.5 billion to US$64.0 billion during 1995-2004 and in real terms the annual rate of growth also declined from a positive 1.6% to a negative 1.5%. However, the picture since 2000 is more optimistic, with double digit annual growth rates for the European

Commission (EC), World Bank and the International Fund for Agricultural Development (IFAD). In the last 5 years, the EC and the World Bank alone accounted for over 75% of all multilateral development flows to Africa. OECD (2006) statistics show that net receipts from the World Bank particularly through the International Development Association (IDA) has totalled US$10 billion in the last 5 years growing in real terms at 16.5% annually. The United States is followed closely by the European Union (EU) and the EC. Overall, during 1995-2004, official development finance from bilateral and multilateral sources totalled US$229.9 billion or an annual average of US$23 billion. DAC donors and other bilateral sources distributed about 72% while 20% and 8% flowed through the World Bank and other multilateral agencies respectively (Table 1).

Trends in flows of development assistance to African agriculture

Out of the US$229.9 billion official development finance for Africa during1995-2004, US$142.7 billion were from bilateral (ODA) sources with more readily available data to analyse the funding commitments by sector (Table 2). Table 2 shows that total commitments to agriculture was US$9.1 billion or 6.4% compared to the preceding 10 years when agriculture got US$12.9 billion or 10.9%. By comparison, over the same period, the total commitment to emergency aid grew from US$2.5 billion to US$11.9 billion at the same time as commitment to social infrastructure jumped from US$22.0 billion to US$48.6 billion. A closer look at the last 5 years revealed a consolidation of the trend where commitments to agriculture and food aid declined to the extent that, according to Masters (2005), the combined total support for all agricultural production became less than one dollar per person in Africa. Masters (2005) associates this decline strongly with a rise and then loss of support for public institutions (including key agricultural services) and also as a response to the worldwide relative scarcity of food that emerged in the 1970's and was then alleviated during the 1980's and 1990's due largely to farm productivity growth in Asia and elsewhere.

Taylor and Howard indicate that assistance to African agriculture by the United States is influenced by competing priorities and congressional earmarks which make priorities established by USAID officials sometimes very difficult to translate into new budget allocations e.g. since September 11, 2001, development initiatives with longer-term investment horizons and pay-offs (such as agricultural development in Africa) have competed unfavorably with immediate, short-term needs in Afghanistan, Iraq, and Sudan while funding for health-related assistance in Africa to fight HIV/AIDS, malaria, and other diseases of great concern have increased dramatically in recent years.

The multilateral agencies have always been the most important source of development finance to agriculture and their share according to Matthews (1998) has varied between 55% and 65% of the total with lending by the World Bank alone in most years exceeding bilateral aid to agriculture from the DAC countries. It follows that changes in financial flows from multilateral sources especially the World Bank will greatly influence funding trends for agriculture. According to World Bank (1996), in the 1981-1989 period, only 58% of completed agricultural projects were evaluated as satisfactory or better than satisfactory which was 10% points below the Bank's average. At the same time as this poor performance of agricultural projects was helping to push financing away from agriculture, NGOs were effective in convincing donors to increase their support for rural development, social services and poverty alleviation and, therefore, successfully pulled funding to health, education and the environment (Eicher, 2003). In addition, in a number of agencies including the World Bank, there was a shift away from functional units to regional departments which meant that agricultural projects in individual countries had to compete with other sector projects in those same countries (von Braun et al, 1994). In some cases, the number of competent agricultural staff was reduced and this weakened the capacity to design bankable agricultural projects with which to increase the waning share of development assistance to agriculture. Another important factor that contributed to the decline in assistance to agriculture was the fall in food prices due to over-production in the developed countries especially the United States.

Lessons from some successful foreign assisted agricultural projects in Africa

Some of the frequently cited cases of success in African agriculture are the Zambabwe's maize revolution, the regional spraying to control the cassava mealy bug and the development of high yielding cassava varieties, smallholder cotton in Mali, New rice for Africa (NERICA), horticulture in Kenya, and the development of early warning and regional food security programmes in the Sahel and southern Africa (AU, 2006). The development and distribution of an effective rinderpest vaccine to protect livestock as key agricultural asset was evaluated as an Africa wide success (Gabre-Madhin & Haggblade 2001). At the regional level, for livestock also, the improvements of the smallholder dairy system in Kenya involving improved breeds and veterinary services, extension of zero-grazing packages, provision of market support and price deregulation is notable (Staal and Shapiro, 1988). In Kenya, a good example on how to keep smallholders competitive in the face of globalization and "super-marketization" has been set through a new Dairy Development policy (April 2006) which is facilitating the transformation of the informal milk market through the development of low-cost appropriate technologies for small investors, training programmes on safe milk handling, efforts to improve standards of milk processing in the informal sector, provision of incentives for improved milk handling, and establishment of a supportive milk dealer certification system. This landmark policy ensures that the over 30,000 milk hawkers who deliver milk from 800,000 small dairy farms remain in business (http://www.smallholderdairy.org).

A report by the Global Coalition for Africa (GCA, 1999) sees these as limited but promising areas of success that contain the seeds and ingredients for broad based growth in production and productivity, and need to be replicated and expanded. According to GCA (1999), the broad lessons from these success stories would appear to be that: i) governments have to provide political leadership and financial support; ii) research and extension workers have to be dedicated, able to work as a team, and collaborate closely with farmers; iii) farmers need to organize and actively participate in decision-making; and iv) close public/private collaboration and partnership are required.

The success stories also highlight the role of research e.g. by the Consultative Group on International Agricultural Research (CGIAR) to which the International Institute of Tropical Agriculture (IITA), the West Africa Rice Development Agency (WARDA) and the International Livestock Research Institute (ILRI) associated with the cassava, rice and livestock success stories belong.

Partnering Africa for agriculture-led economic growth; the role of the World Bank

The World Bank was at the centre of the historic deal proposed by the G8 to write off 100% of multilateral debts of the world's poorest countries. While overall aid to African agriculture is declining, agricultural commitments of the World Bank between 1974 and 1984 totalled more than US$30 billion which is by far the largest single component of the Bank's portfolio while its lending grew from about 6% of total Bank's lending in the early 1960's to over 30% of a much larger total by the mid 1970's. These financial investments have been as a result of the Bank's commitment to assisting smallholder agriculture and rural development projects to reduce poverty in rural Africa. The current situation in Africa is much the same as in the 1960's and 1970's and Eicher (2003) is convinced that the Bank is the logical organisation to turn to provide leadership on increasing and reforming aid just as it did in the 1960's and 1970's.

Though poor performance of some types of agricultural projects slowed down the World Bank's development finance flows to African agriculture in the 1980's, Matthews (1998) show that the Bank has tackled this problem based on the fact that the proportion of satisfactory or better projects in the agricultural portfolio had increased to 78% in 1995 or 10% points higher than the Bank's average for all projects in that year. In addition, the World Bank Group Rural Development Action Plan produced in 1996 increased the priority ratings for agriculture and rural development believing that commitment by the Bank to agricultural lending will send a signal both to other donors and to developing countries which will lead to and overall increased in the volume of flows.

The World Bank continually strives to improve the delivery of its aid based on the lessons learned from experience. Recognizing that in virtually all successful past assistance efforts the country itself was driving the agenda, the Bank strives to help governments take the lead in preparing and implementing development strategies to shape the future of their countries. This is the philosophy behind the Bank's Comprehensive Development Framework (CDF) which, since 1999, has guided the way its assistance has been delivered to developing countries. The four main principles of the CDF are: i) development strategies should be comprehensive and shaped by a long-term vision; ii) development goals and strategies should be "owned" by the country, based on local stakeholder participation in shaping them; iii) countries receiving assistance should lead the management and coordination of aid programs through stakeholder partnerships; and iv) development performance should be evaluated through measurable results on the ground, in order to adjust the strategy to outcomes and a changing world.

Conclusion

The goal of food security for Africa has been elusive for many decades and it is perhaps easy to understand the frustration of donors and African governments alike at the failure of agriculture to achieve sufficient progress towards food security and poverty reduction. However, there appears to be a wake up call and, in recent years, African governments have undertaken a number of agriculture-based initiatives to meet the MDG1 targets to the extent that it could be said that NEPAD is living up to its pledge to help mobilise African political support for agriculture.

The fight against hunger and poverty has to be agriculture-led with full public sector participation. CAADP estimates that US$18 billion is required annually to get African agriculture to grow at 6%. There is evidence that in spite an agricultural GDP worth US$520 billion and the Maputo Declaration, total agricultural spending has only reached US$9.4 billion in 2004 representing only 2.8% of total public expenditure. At this rate and considering that for some countries the 6% agricultural growth or the 10% agricultural spending is insufficient to attain MDG1, the fear is that Africa will miss the MDG1 target of 2015.

An appraisal of foreign development assistance to agriculture and food security in Africa in the last 30 years with particular focus on the last 10 years shows a decline. On the other hand, official development financing flows to emergency aid have increased in the same manner as for the development of social infrastructure. This has been in part due to the slow growth or stagnation of agricultural production and also because NGO's for health, education and the environment have been very successful in making a convincing case for local and foreign investment in those sectors which is largely responsible for 'diverting' agricultural aid to them. In addition, many foreign assisted agricultural projects performed below expectation due to design problems and lack of feeling of ownership by the countries in which such projects were being implemented. According to Lele (1979), where projects failed the macro-economic environment was found to be harsh, coordination was a major stumbling block and projects were loaded with vehicles and experts that could not be replicated on a regional or national basis without a continuous infusion of foreign aid. Nevertheless, experience from past projects shows that where projects have been successful that *inter alia* governments have to provide political leadership and financial support and close public-private-partnership thrived. These lessons have informed substantial changes in the ways that bilateral and multilateral development agencies engage with African governments and NGOs working in Africa e.g. through country-led development of Country Assistance Strategies, Poverty Reduction Strategy Papers and in the case of the World Bank also including the Comprehensive Development Framework and the Africa Catalytic Growth Fund. The above changes make the challenge and responsibility for getting agriculture back on the agenda squarely that of African governments who have been handed the freedom to chart the course of development of their various countries.

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