PLATFORM KNOWLEDGE PIECE 1

Policy coherence for agriculture and rural development

Global Donor Platform
for Rural Development

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The Global Donor Platform for Rural Development commissioned three comprehensive studies to capture Platform members' knowledge on key issues affecting the delivery and impact of aid in ARD:

PKP 1 Policy coherence for agriculture and rural development
PKP 2 Aid to agriculture, rural development and food security – Unpacking aid flows for enhanced effectiveness
PKP 3 The strategic role of the private sector in agriculture and rural development

The PKPs are the products of extensive surveys of Platform member head office and field staff, visits to country offices, workshops dedicated to sharing findings and refining messages, and successive rounds of comments on drafts.

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The views expressed herein are those of the authors and do not necessarily represent those of individual Platform members.

In this report

From the Platform lead on PKP 1

In 2002, the OECD Ministerial Council Meeting gave the Organisation a strong mandate to establish a coherent framework for its work on development and to foster policy coherence. At the same time, the Development Dimensions series of publications was launched, analysing the stakes and challenges in fostering policy coherence for development with regard to institutions and trade, and across sectors such as agriculture, fisheries and trade.

I was privileged to be involved in this work and made a specific contribution on 'Cotton in West Africa – the Economic and Social Stakes'. This highlighted the importance of development partner policy coherence for achieving the desired improvement in livelihoods, poverty reduction and increased opportunities for rural poor people. It revealed the multiple levels, dimensions, institutions, interests and actors that need to be taken into account to foster greater policy coherence for development. This concern remains central to the OECD's current work to encourage better policies for development and to develop a coherent development strategy.

I was therefore very pleased in early 2010 to be asked to work with Platform members and the ODI team as Platform lead on this important and timely study on policy coherence for development in agriculture and rural development.

This work is very timely. The international community is increasing efforts to foster coherence and institutional reform in the global policy and institutional framework for food security, agriculture and rural development. The UN HLTF, CFA and G8 / G20 work on the L'Aquila Food Security Initiative and on excessive global food price volatility, along with the upcoming 4th DAC High Level Forum on Aid Effectiveness in Busan, are all part of this process.

This study is unique, with potential to enrich these processes with a wealth of analysis and concrete examples, including 16 case studies from three continents in development – Africa, Latin America and Asia. It pulls together important evidence-based lessons from policy and practice distilled skilfully by the ODI research team from an extensive review of the literature, interviews with experts and agency staff in head office and country contexts. It provides practical recommendations to donors to identify best practices and improve policy coherence for agriculture and rural development. Rightly, the authors point out that the current range of global initiatives in agriculture, food and nutrition security and climate change could all complicate policy coherence still further, and the attainment of our ultimate objectives.

The challenge now for development partners and international agencies involved in agriculture and rural development policy and practice is to seriously address the key conclusions and recommendations.

We all need to foster substantive change and reform in our organisations' institutional practices, processes, ways for establishing priorities and policies. These must not contradict the very objectives of rural and agricultural development, poverty reduction and food security we aim to support people in developing countries to achieve.

This work deserves further follow up. The Platform could identify further examples of good practice that improve coherence – such as reforms of cereals markets (Mali), and engaging local communities (Mozambique) –, make them available on the Platform website and discuss them in occasional face-to-face fora and through moderated electronic debates on strategic themes or region-specific issues.

Policy coherence involves far more than coordination among development partners, or coordination of a country's agricultural and rural development policies. Indeed, as the authors note, most examples of policy incoherence in this study were those of conflicts between policies for agricultural development and other (sectoral) policies. This is an area development partners need to continue to address.

I hope the conclusions and recommendations will be discussed in sectoral debates on improving developments effectiveness in rural and agricultural development, and food security, in the upcoming High Level Forum in Busan.

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Acronyms

AFD	Agence Française de Développement
AfDB	African Development Bank
CIDA	Canadian International Development Agency
CAP	Common Agricultural Policy of the European Union
DFID	Department for International Development, UK
EC	European Commission
EPA	Economic Partnership Agreement, governing trade between the EU and developing countries
EU	European Union
FAO	Food and Agriculture Organisation of the United Nation
FTF	Feed the Future, USAID
GAFSP	Global Agriculture and Food Security Program
GDP	Gross Domestic Product
GDPRD	Global Donor Platform for Rural Development
GEF	Global Environment Facility
GMO	Genetically Modified Organism
GM	Global Mechanism of the United Nations Convention to Combat Desertification
HLTF	High Level Task Force on Global Food Security Crisis, set up by the UN Secretary-General
IADB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development, The World Bank
IDB	Islamic Development Bank
IFAD	International Fund for Agricultural Development
IFPRI	International Food Policy Research Institute
IPCC	Intergovernmental Panel on Climate Change
KFW	Kreditanstalt für Wiederaufbau, Germany
MEP	Member of the European Parliament
NAMA	Nationally Appropriate Mitigation Action plan
NAPA	National Adaptation Programme of Action
OECD	Organisation for Economic Cooperation and Development
PKP	Platform Knowledge Piece
PSIA	Poverty and Social Impact Analysis
REDD	United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
SWAp	Sector-Wide Approach
UNFCCC	United Nations Framework Convention on Climate Change
USAID	United States Agency for International Development
WB	The World Bank
WFP	World Food Programme

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Summary

Aims and methods

Overall, this Platform Knowledge Piece (PKP) aims to 'trace the consistency between evolving agricultural and rural development (ARD) policies and the Paris Declaration and the Accra Agenda for Action.' Specifically it addresses the following questions:

- Is coherence a significant problem in ARD policymaking — and is it worse than for other sectors, such as health and education?
- When incoherence arises, what causes it?
- Have recent global initiatives, above all those to promote food and nutrition security and those responding to climate change, made it harder to achieve coherent policy?
- What gets tracked and measured in ARD policy?

To answer these questions, the following activities were undertaken:

- Review of the literature, including relevant aspects of political economy
- Interviews with staff, mainly at headquarters, of seven development agencies – DFID, EU, FAO, IFAD, Netherlands, USAID and the World Bank – on their perceptions of coherence as an issue for ARD
- Interviews to assess the effect of recent global initiatives in food and nutrition security and climate change on the coherence of ARD policy
- Interviews with non-governmental organisations – mainly those based in Europe, – since they have been leaders in drawing attention to problems arising from lack of coherence in development policy – on their perceptions and experiences
- Reviews of policy performance assessments undertaken by development agencies
- Country studies of the issue in Cambodia, Honduras, Mali and Mozambique

Given that what matters in coherence becomes clear when policies are formulated and applied in the field, the country studies are central to the Knowledge Piece. Country studies addressed three main issues: the extent and seriousness of problems in achieving coherent policy for ARD; progress on donor efforts to harmonise, align and encourage ownership of aid programmes; and examples of good practice that improve coherence, in its various dimensions — and that leads to greater impact in reducing poverty and hunger in rural areas.

Since policy coherence is not a variable that can be readily — or usefully — separated from circumstances of place and time, four cases were selected for each country. Taking policies and programmes supported by donors, and where the efforts several public agencies had to be mobilised, two cases considered generally successful, and two seen as difficult, problematic, or failures, were chosen. Table 1 lists those chosen.

Although with so few cases, they cannot be taken as a representative sample, they allow processes and causal links to be appreciated, albeit qualitatively.

Table 1: Cases selected in each country

Cambodia	Programming and Policy Supporting Rice Production	Promotion of Non-Farm Rural Enterprise (SME Policy)
	Fisheries Policy	Water Resource Management Policy
Honduras	Training & credit for commercialising small farmers [EDA/ACA]	Land tenure
	Suppliers' programme –linking small farmers to hotels and restaurants	Seed & fertiliser distribution
Mali	Cereals sector reform	Reform of cotton sector
	Reform and rehabilitation of the Office du Niger irrigation scheme	Agricultural strategy law [LOA]
Mozambique	Rehabilitation of Gorongosa Natural Park	Sector-wider programme for ARD, PROAGRI Phase One
	Support for cashew nut production and processing	Chokwe irrigation scheme

Policy coherence for agriculture and rural development: issues

Issues of policy coherence studied

Policy coherence is about making sure that policies for development do not contradict or undermine one another and that, as far as possible, policies are complementary and create synergies. Several dimensions of coherence can be identified.

The best known dimension is that of consistency between aid and other policies: a concern to avoid that aid policies are undermined by other policies of the development partners, such as those governing trade, security, immigration, (domestic) agriculture and fisheries. This is a longstanding concern, especially in Europe where civil society has, since at least the 1980s, been active in raising cases where policies of the European Union (EU) and the member states for trade, domestic agriculture and fisheries, have undermined development efforts.

So well known is this aspect of coherence that it is usually referred as Policy Coherence for Development (PCD). This study, however, is not concerned with PCD – not because it is not important, but because the potential for this kind of incoherence is already quite well understood. Indeed, measures have been taken in several development aid agencies to monitor PCD and improve practice. It is thus other dimensions that are the main focus here, including:

- Internal consistency within the aid programmes of development partners, across different sectors and issues, and across countries
- Consistency across aid programmes of different development partners – the aim of the harmonisation principle of the Paris Declaration on Aid Effectiveness
- Coherence between aid programmes of development partners and national policies and programmes of developing countries – the subject of the alignment principle of the Paris Declaration
- Coherence within the policies of developing countries;
- Coherence vertically between policies formulated at scale, from global to regional to national to local scales

These concerns can be seen as being part of the wider agenda of aid effectiveness, so it is not surprising that several of the dimensions listed reflect the concerns behind the principles established in Paris in 2005 for aid effectiveness.

A further dimension that appears less often, or not at all in the literature is that of consistency through time – although some might argue that this is taken for granted when considering the dimensions above. Arguably this may be as important, or more so, for getting results than any other dimension. Policy coherence gains its importance from the complexity of the world, where public policy has multiple objectives and many instruments to achieve them, acting through human and natural systems that are imperfectly understood. It is almost inevitable in such circumstances that there will be trade-offs, contradictions and inconsistencies. This applies all the more so when providing assistance from OECD countries to developing countries when there are two sets of policies to consider.

Getting policy coherence in its various dimensions is not simple and may indeed be impossible, given (a) that policy-making has to reconcile the competing and divergent interests of many stakeholders; (b) the uncertainty associated with the way that the pursuit of a particular policy objective may impede the achievement of another policy objective; and (c) the continuing and inevitable shifts in objectives and their priority through time (OECD 2005b). Hence the search for more coherent policy is perhaps better seen as an heuristic exercise in reducing the worst and most harmful examples of inconsistency as and when they are apparent, rather than the pursuit of optimal policy that eliminates such contradictions.

Policy coherence may be particularly challenging for agriculture and rural development

It may be more difficult to achieve policy coherence in ARD than in most other sectors. Three things distinguish ARD:

- Agriculture and most rural enterprises are carried out by private enterprises, most of which are both small, family-operated concerns and dispersed over large areas, sometimes with difficult physical access to ports and cities. Two consequences follow. One is that agriculture is subject to more technical uncertainty than other productive sectors, with solutions that need adapting to local physical and human characteristics. The other is that the many small enterprises are highly prone to market failures when it comes to interacting with other actors in the supply chain, especially in finance and insurance. Indeed, some of the challenges faced by farmers and policymakers are complex: resolving market failures or conserving the environment are prominent examples.
- Since farming operates over large areas, regional and environmental matters become agricultural issues. Since in low income countries agriculture employs much of the workforce, produces one quarter or more of GDP and often generates exports, it is central to economic growth. Since agricultural labour productivity is low, too many of those working on farms are poor and hungry. Thus, a very wide range of objectives are commonly invested in ARD: economic growth and export earnings; poverty, employment, equality, gender fairness, food and nutrition security; environmental conservation; and regional equity.
- Political support for agriculture is often weak and unfocussed. Administratively, responsibilities for providing the public goods and services to support agriculture are spread over several ministries and agencies of which the ministry of agriculture is only one, and may well not even be providing the more important and costly public goods, such as rural roads, education, health, and clean water. Politically, in many developing countries and especially in low income countries, rural populations are not well organised. Only rural elites commonly have influence, with the danger that they seek to deliver private goods for their personal benefit, or for those of their immediate clients, rather than effective delivery of public goods that would have broader benefit.

Consequently, the sector generates questions and problems that are difficult to answer, owing to technical uncertainty. At the same time there is the expectation that ARD policy will serve multiple objectives, within political and administrative systems where responsibilities are divided and constituencies unorganised. Add to this limited administrative capacity in many developing countries, and we have all the ingredients for inconsistent and contradictory policy.

Hence, it is not surprising that agriculture is often seen as a difficult sector that underperforms – one where policy arguments multiply, producing more heat than light. Underperformance in the agricultural sector therefore may not be primarily attributable to deficiencies in aid administration; greater aid effectiveness through improved coordination may not address some of the key issues faced in ARD.

Emerging challenges in agriculture and rural development

The second half of the 2000s has seen substantial changes in thinking about agricultural development, food security and nutrition. Part of this stems from a revival of interest in agriculture from the relative neglect it suffered in the 1990s. That may be attributed in part to the first of the Millennium Development Goals – as the relief of poverty and hunger – which directed attention to the disproportionate share of these problems in rural areas.

Such concerns were highlighted when the spike in grains prices on international markets in 2007–08 took the world, accustomed to seeing falling real prices for grains for more than thirty years, by surprise. International responses began in late 2007 when the FAO launched the soaring food prices initiative. They included:

- Coordination: the UN Secretary-General formed the High-Level Task Force to improve coordination across the UN and with other development agencies, FAO has led the reform of the Committee on Food Security, and there have been a series of high-level meetings to consider responses. Perhaps the most important of these was the G8 summit at L'Aquila in July 2009, followed by the G20 meeting at Pittsburgh in September 2009, at which leaders committed to providing US$22 billion to agriculture, rural development, food security and nutrition.

- Funding: in April and May 2008 the main international financial institutions funding development announced programmes to rapidly disburse loans to developing countries to allow them to react to rising food prices, principally by distributing seed, fertiliser and other inputs to farmers. The EU simultaneously created a similar rapid response fund of €1 billion.

In the longer run, development partners have committed to the US$22 billion for agricultural development and food and nutrition security. Specific manifestations of this include the US Feed the Future (FTF) initiative as well as notably increased funding for food security from donors such as Canada and Spain.

At the time of these international responses the food price spike in Africa may have helped accelerate CAADP, with many more countries signing country compacts to achieve the six per cent agricultural productivity growth target set in Maputo 2003.

The food price spike also stimulated state and private enterprises to invest in food production, with a search for unused land in Africa, Latin America and south-east Asia. All told, this has led to there being more capital to invest in agriculture than at any moment since the height of the green revolution.

Unlike the rather sudden and surprising way that food security has risen in priority, there is nothing quite so novel about climate change initiatives that have been in existence for two decades or more. That said, it is only in the last few years that agriculture has become prominent in climate change negotiations. Specific international programmes for climate change adaptation and mitigation for agriculture are incipient. Agriculture should be recognised as a component in national plans for adaptation to climate change (NAPA) and for mitigation of climate change (NAMA). Meanwhile, most of the major development partners have programmes to deal with climate change that to some extent may affect agriculture.

In addition, interest in 'green growth' – growth that uses resources, especially water, efficiently, maintains biodiversity and mitigates climate change (see OECD 2011a) – has become a specific topic on G8 agendas. Indeed, since the shocks of 2008 in banking and food prices, two things are increasingly apparent in the agendas of international policymaking. One is a focus on finding ways to make financial systems and food markets more resilient; the other is the linkage between issues such as climate change, food security, water and energy.

These initiatives in agriculture, food and nutrition security, climate change, as well as those associated with green growth, dampening price volatility, tackling water scarcity and addressing energy concerns could make the challenge of policy for ARD that much more difficult – all the more so if and when their implementation involves additional agencies or funding modes. On the other hand, they may help focus efforts and thereby improve coherence.

Effective agriculture and rural development: experiences of policy coherence

Efforts to promote coherence by development agencies

During the last decade or so, development agencies have looked to improve the coherence of their work through several closely related activities, including:

- Improved co-ordination of development aid with national efforts, as seen in the Paris Declaration (2005), which set out five principles of aid effectiveness, including harmonisation of donor activities and alignment with national plans, the Accra Agenda for Action (2008) and other initiatives coordinated by the OECD Working Party on Aid Effectiveness. Related initiatives include the UN's Delivering as One, and the European Commission's various attempts to co-ordinate and establish donor codes of conduct for its member states.

- Better focused national and sector plans for development that development partners can finance, using instruments such as Poverty Reduction Strategies, Sector Wide Approaches (SWAp), National Donor Partnership Strategies and Joint Assistance Plans, as well as a set of Fragile State Principles intended to incentivise donors to strengthen, amongst other things, the planning and coordination capacities of partner states.

- Donors have also to varying degrees, with the European Union particularly active, attempted to address non-aid policies which affect international development – such as trade, migration, and intellectual property rights – through Policy Coherence for Development (PCD) initiatives. The PCD agenda is getting ever-more ambitious – taking into account, for example, macroeconomic policy, regulation of financial systems and global governance – with the potential for far-reaching impacts.

The Fourth High Level Meeting on Aid Effectiveness (planned for Busan, November 2011) is the first to attempt to integrate these more far-reaching agendas.

Many development agencies have undertaken to improve the coherence of their policies through internal measures, typically by integrating aid effectiveness into performance management systems, giving clear signals of what outcomes staff will be held accountable for and evaluated against, and how much risk is acceptable. Several have decentralised and delegated authority to the country level to make alignment of aid programmes with national priorities simpler.

External monitoring of donor consistency and coherence also exists, through DAC peer reviews of OECD donors; periodic reviews of groups of donors, for example the Nordic Plus grouping; indicators and rating systems such as the Center for Global Development (CGD)'s Commitment to Development Index (CDI) and Quality of Official Development Assistance Assessment; and, not least, by the prodding of civil society watchdogs and some parliamentarians. Partner country reviews of donor performance are potentially a very important mechanism, but to date remain rather uncommon. Policy performance assessments (PPAs) are potentially valuable tools to improve country ARD policy. Most fall into three broad categories:

- International indices of country performance against standard sets of indicators, such as business investment climate assessments or governance assessments, which include information on policies relevant to ARD.

- Appraisals carried out for individual ARD projects, which include an analysis of the policy environment.

- Specific ex-ante policy appraisals, in particular the World Bank's Poverty and Social Impact Analysis (PSIA).

Most PPAs currently used are ex-post, limited to measuring or gauging the effect of policies already in place. Ex-ante policy impact assessment, although commonly used in the EU, is not systematically applied in ARD in developing countries. Many individual analyses are carried out in connection with particular projects, but there is often little institutionalised follow-up. The World Bank's PSIA represents an innovative attempt to incorporate ex-ante analysis into policy development and to build partner country capacity for this. However after eight years PSIA is still not widely used and fully institutionalised, even within the Bank (World Bank IEG 2010).

A consistent finding from evaluations is that PPAs are under-used in policy dialogue and programming. Part of the problem lies in donor agencies and their partner governments. Many agencies manage information poorly, suffer from high staff turnover, and lack staff incentives and systems to check that available analysis has been reviewed. Under use of assessments also stems from weaknesses in the assessments themselves, including the lack of harmonisation between approaches and indicators in different PPAs, and failure to consider policy sequencing and instability.

Experiences of policy coherence: the view from headquarters of development agencies

Policy incoherence and its causes

From interviews with staff of development agencies, mainly those based at headquarters, four common arguments emerged.

1. Coherence in the dimensions studied here was not seen as a major issue. Overall, it was felt that country offices – most of the agencies interviewed were large enough to have substantial field presence – would be able to deal with most potential incoherence. When examples of incoherence were recalled, they were often issues of PCD, usually conflicts within trade policy and between trade policy and development objectives.

2. Despite the above, some of those interviewed had plenty to say about what might cause incoherence. Examples included contradictions between global commitments and national objectives, as seen for example between the obligations of membership of the WTO to free trade and the desire for a more restrictive regime locally; and inconsistencies within national policies of developing countries, with trade again seen as an example. Incoherence, some thought, was only likely to surface during implementation, since formally programmes and policies are drawn up that appear to be aligned with national strategies – but which are often liberally formulated – so that hard priorities emerge only when programmes and policies begin to be executed. See below for more on this issue.

3. Disagreements over development strategy were real and widespread, causing differences in policy recommendations. A prominent example is the trade-off between, on the one hand, trying to promote growth in agriculture, likely to generate benefits in the short run for better-off smallholders in areas with agricultural potential and – somewhat less certainly and with some delay – for the working poor in those same areas through linkages in production and consumption; and, on the other hand, trying to work directly with the very poor, wherever they may be located.

   Operationally, some agencies sidestep this issue by having different departments and budgets for these different cases. But that does not solve the higher order question of how much each department should have.

   In other cases the disagreements stem from a degree of ignorance, with a prime case being the links between agricultural development and nutrition – an issue brought into focus by the recent initiatives on food and nutrition security.

   Some agencies are reluctant to engage with some of the debates, avoiding contentious issues – such as input subsidies and genetically-modified organisms (GMO) – and seeking to establish consensus. While it is clearly not productive to take sides on issues where differences of values lead to profound disagreements, such as applies with GMO, there is the danger that other difficult issues, including those that are technical rather than ethical in nature, are left unattended on the grounds that agency field staff and national governments can resolve them in light of local contexts.

   These differences should not be confused with diversity, however. Since agricultural and rural development touches on many issues, and takes place in multiple contexts, diversity of programmes was to be expected. It would be naïve to interpret coherence as meaning a single approach to the issues.

   Should these issues be seen as examples of incoherence? Perhaps not. They are what they are:
   debates and disagreements over strategy rooted in legitimate differences of opinion over priorities (ends), and fostered by a degree of ignorance over how (complex and diverse) rural systems function (means), and hence what outcome may be expected from a given intervention – with further uncertainty arising from the difference between the intervention as planned and the way in which it is implemented.

An extension to this argument was noted: the case where development partners, often in concert, arrive at a different judgment to that of government on matters of national policy. In this case the donors may be harmonised, but they are not aligned and their policies are not owned. Presumably, alignment is something more than accepting without question whatever the government states as its priority. Is this an incoherence? No, again, this seems a difference of opinion on ends or means.

Whether these issues are termed matters of coherence may seem academic, but the distinction is important. Call them problems of coherence and the most likely solution will lie in improved coordination. Seen as differences of opinion on ends and means, it is apparent no amount of co-ordination will resolve them.

4. Those interviewed repeatedly highlighted the problem of lack of country leadership and the lack of clearer guidance from many governments as to their strategy. This invites much wider consideration of the factors that lead to governments being reluctant to do this. Since lack of clear strategy is a major finding of the country studies, this issue is dealt with in the next section.

The impact of global and regional initiatives

The global food and nutrition security initiatives have, in general, been welcomed both for their promises of additional resources and, perhaps above all, for helping to focus and galvanise efforts. In Bangladesh, for example, the process of drawing up a country plan for Feed the Future has brought the government along with agencies such as FAO, IFPRI and some of the bilateral donors into productive engagement.

There were some qualifications, however: concern over food prices was seen as having led to a focus on agricultural production and national self-sufficiency as ends in themselves, rather than as ways to reduce poverty and hunger. While a higher profile for nutrition was welcomed, lack of knowledge about this in specific circumstances was recognised as a technical challenge.

On processes, there were questions about how effective bodies such as the HLTF and the CFS would be in coordination. Operationally, concerns were expressed over the limited funding of the GAFSP trust fund, which could lead to applicant governments being disappointed. Moreover, there were reports that countries in Africa seeking to qualify for these funds were rushing to get CAADP compacts in place, and cutting corners in preparing the corresponding investment plans.

One observer was sceptical of international efforts, stressing the importance of national actions. This point is recognised in the first of the five Rome Principles[1] that of country leadership.

Concerns over climate change have not yet significantly affected aid for agricultural development – the funds and their mechanisms are not yet in place. Some interviewees did not expect the arrival of major funding for agriculture and climate change to disrupt current activity, since they thought their agency had long been promoting innovations that responded to the challenge of climate change, such as conservation farming or economising on water use in rice paddy fields. Indeed, measures to intensify agricultural production can be seen as saving emissions if they prevent the transformation of valued habitats such as forests, peat and wetlands into famland, and thereby releases large quantities of greenhouse gases in the process. There was, however, a sense of uncertainty about just how the need to adapt and mitigate would play out for agriculture.

There was considerable support amongst development agency officials for CAADP as a way to coordinate and focus agricultural development in Africa. One observer saw CAADP as a forerunner to the international initiatives, stressing that the Rome Principles look rather similar to those already deployed by CAADP. Previous frustrations at the apparently slow development of the Programme have been replaced by admiration of the way that CAADP has become a uniting focus for African-led plans.

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[1] The Rome Principles for Sustainable Global Food Security were adopted at the World Food Security Summit in November 2009 held in Rome.

Principle 1: Invest in country-owned plans, aimed at channelling resources to well-designed and results-based programmes and partnerships.

Principle 2: Foster strategic coordination at national, regional and global level to improve governance, promote better allocation of resources, avoid duplication of efforts and identify response-gaps.

Principle 3: Strive for a comprehensive twin-track approach to food security that consists of: 1) direct action to immediately tackle hunger for the most vulnerable and 2) medium and long-term sustainable agricultural, food security, nutrition and rural development programmes to eliminate the root causes of hunger and poverty, including through the progressive realization of the right to adequate food.

Principle 4: Ensure a strong role for the multilateral system by sustained improvements in efficiency, responsiveness, coordination and effectiveness of multilateral institutions.

Principle 5: Ensure sustained and substantial commitment by all partners to investment in agriculture and food security and nutrition, with provision of necessary resources in a timely and reliable fashion, aimed at multi-year plans and programmes.

Experiences of policy coherence: country views

Incoherence, in the dimension studied, were not prominent in the 16 case studies. Problems arose, however, in conflicts between different national policies. In both Honduras and Mozambique, for example, imports of food were tariff-free, and in one case exports of food were banned, to favour urban consumers at the expense of farmers, sector-wide despite the avowed goals of agricultural development.

The main finding of the country cases, however, concerned alignment and ownership of aid programmes. In case after case, the programme reviewed was indeed aligned with national policy. But that was usually because the national strategy was so permissive that almost anything that could reasonably be proposed would align. This highlights a chronic problem of countries failing to set out true priorities and make choices. Instead, liberal strategies are set out, in some cases probably to ensure that external resources are obtained – in the words of the report from Cambodia, an 'aid maximisation' approach. Strategies and policies, moreover, tend to accumulate: the status of previous policy is not clear, or at least formally it is not. In such circumstances, alignment of policy may formally be achieved, but that of country ownership and leadership is lost.

Governments, failure to prioritise has two consequences. One, in order to define priorities development partners are tempted to fill the gap by carrying out their own analyses of sectors and issues. Given that there are usually several donors interested in any given sector, multiple diagnoses and analyses accumulate. This then contributes to the second problem: as different development partners reach their various conclusions about the priorities, so development efforts become diverse in both their aims and methods. How costly is this? Diverse initiatives may still be valuable, but it is highly likely that synergies are being missed. If programmes are aligned by policy, there is much less progress on aligning procedures. Development partners over and again insist on their own accounting and reporting, some demand use of their own procurement systems, and still many funds are administered entirely outside the national system. Use of special implementation units remains common. Interestingly, in these cases, they are often associated with success – indeed, some reports praise them since their operations are seen as being transparent.

As if this were not enough, the cases include one of the most intensive experiences in aligning policies and procedures for agricultural development: the sector wide programme of Mozambique, PROAGRI. While much was done to coordinate development efforts and to strengthen the ministry, it failed to galvanise activity in the field. One interpretation is that this stemmed from too much focus on coordination and capacity building at headquarters, and too little attention to improving performance in the field: it invites questions about the incentives that applied to ministry staff and their lack of accountability to the farmers of Mozambique. This may be an exceptional case, but it underlines the obvious: that alignment and coordination are a means to an end, and not ends in themselves.

So far, so not-so-good: were there examples of good practice observed? Yes. A clear and repeated observation was the value of consultation and finding ways to engage stakeholders effectively in the early stages of programmes. These paid off where there were diverse interests, and where a common purpose needed to be established.

Perhaps the most outstanding case was the cereals reform of Mali, a process that has run since the early 1980s that has seen largely successful coordination between donors and government, and to good effect: cereals production has accelerated, consumer prices have fallen, and the market for cereals has become more competitive and effective. Similar success has been achieved in reforming the Office du Niger, again in Mali, a large irrigation scheme. On smaller scales, the same process of bringing stakeholders together to agree on a common purpose is associated with successes in conservation and rehabilitation of the cashew industry in Mozambique, and in two programmes to strengthen value chains and link farmers to better markets in Honduras. Why this worked in these cases, but not necessarily in others, will be addressed as part of the conclusions.

Conclusions

Four key points stand out from this review:

1. The main concern in policy coherence, both for development agencies and for governments of developing countries, is conflict between aid and non-aid policies, and between agricultural and other policies. This confirms the importance of PCD: the EU and member states who have taken this seriously are addressing a major concern.

2. While progress has been achieved on some of the Principles of the Paris Declaration on Aid Effectiveness has been achieved, there was scepticism amongst staff at the headquarters of development agencies about how much further efforts to follow the Principles of the Paris Declaration would contribute much to aid effectiveness. Progress was evident in the four countries on harmonisation. At first sight, moreover, aid-funded programmes for ARD appeared to be aligned with national priorities. Yet that was only so formally, since the cases reviewed revealed a deeper problem: that of the weaknesses of national strategies that failed to make choices and set priorities. It was also clear that not much progress had been made on aligning systems and procedures of some development agencies with national ones. Hence it seemed that country ownership of aid programmes was limited.

3. Does it matter that developing countries often fail to make clear choices of strategy for ARD? It probably does. In the absence of clearer guidance, policies and programmes proliferate. Some potentially compete, duplicate and overlap one another, leading to waste and loss. This is exacerbated by the tendency for new policies and programmes to emerge while older ones are not always clearly retired.

There may be further drawbacks: without clear direction, more fundamental issues affecting ARD can be obscured by less important concerns, with resources dissipated or the bases of agricultural development undermined. Moreover, a sector that lacks a sharp focus may well lose out when competing for national resources with other areas of public spending that are more clearly defined.

Why, then, does this happen? At times, donors may contribute to the problem by insisting on programmes and policies that reflect their preferences – but that leads back to the question of why developing countries do not establish a firmer line on their ARD policy. Two factors probably explain the problem. One is the relative complexity of ARD, in which opinions differ over choices of ends and means, reflecting differing values and technical judgments respectively. Such differences can contribute to fragmented, contested and changing policy. The other is a matter of political economy that results in national strategies being less clear than they should be. This point has emerged more strongly than expected and warrants expansion. Problems with policies can be attributed to closely-related political, institutional and operational factors, as follows:

- Politically, governments have to answer to constituencies whose needs and interests are not necessarily compatible. Short-term priorities tend to outweigh longer-run considerations. Rural interest groups, especially those of poor rural people, find it difficult to express their views, or to organise and place effective demands on leaders; so that urban interests, and those of elites, hold undue sway over decisions.

- Institutionally, responsibilities for ARD are split across several agencies in most developing countries, of which the ministry of agriculture is just one and probably neither that with most resources, nor that with the most prestige and power. The same applies in some of the development agencies. Institutional fragmentation tends to fragment policymaking for rural and agricultural issues, while preventing the administration from being an effective advocate for rural issues.

- Operationally, government agencies lack capacity especially in agriculture in Africa, where the cuts made in the 1980s and 1990s under structural adjustment tended to weaken the cadres. This results in limited ability to carry out the analyses that might help make strategic choices. It also reduces agencies' ability to deliver services, make investments, and operate public infrastructure. Development partners are not well placed to supplement national capacity since some agencies do not have much of a field presence. Meanwhile, their staff have usually been recruited for their professional and technical skills, rather than their wider abilities in political and administrative matters.

4. Political economy can be seductive. It is too easy to conclude that the politically powerful will always be able to appropriate aid for ARD, no matter what the supporting plans and documents say, and ensure that aid serves their interests. It would be naïve to imagine that this does not occur, but it is far from inevitable.

   A common element in these cases was the way in which stakeholders had been brought together to form interest groups determined enough to see the policy, reform, or programme through to a successful outcome. What allowed this to happen under often unpromising circumstances? Four factors seem to make a difference:

   A crisis, a promise. There has to be a substantial issue around which interests can coalesce: it has to be acknowledged, identified by stakeholders, with a degree of consensus about the problem or the opportunity. Tangible gains need to be perceived, preferably with some in the short-run. A failing irrigation scheme may be seen for its potential: the chance to export rice to the booming economies of neighbours can focus minds. In contrast, the promise of better coordination in ministry head offices may be less motivating. And look at what rising food prices internationally have done to concentrate minds.

   Engage only those with a real stake. This follows from the former point: negotiations are difficult enough without involving participants for whom this is not a burning issue. Participation has to be limited if the costs of coordination are to be kept down.

   Sustained interest and effort. Continuity of aims, purpose and resources helps. In the two remarkable reforms from Mali, for cereals and irrigation, government and donors held together in common purpose for at least twenty years in each case. Some ideas about how to do things changed in that time: indeed, in these cases the sequencing of measures is a feature – but there was little wavering in the commitment to making things work better.

   Regionally, CAADP seems to be another case where a focus on progress in the long haul, since it was never going to be possible to achieve its aims overnight, is paying off. What makes for sustained effort? This is difficult to answer: leadership and vision must be part of the story. It helps, though, if there are concrete results in the short run. That leads to the third point:

   Favourable external circumstances. Good fortune helps: the devaluation of the franc CFA in 1994 was not the result of plans by the groups reforming the cereals market and Office du Niger, but it helped improve returns from cereals production.

   The contrary also applies: if intractable technical problems arise, or some leader or technocrat is unwaveringly venal, or some stakeholders refuse to bridge the gaps between themselves and others, or if economic conditions move against the enterprise – then well-conceived efforts may sink.

   While mobilised interests can score successes, these may not be in priority areas or result in good policy. Indeed, reviews of agricultural policy in OECD countries frequently show that some of the strongest political coalitions have been formed to defend indefensible rents.

What do these four points imply?

1. If the main issue in policy coherence for ARD turns out to be ensuring that policies across governments, both North and South, are consistent, then the measures undertaken by the EU and some of its member states to ensure PCD are to be commended. In developing countries, improving coherence across the spectrum of policies is a major challenge beyond the scope of this paper: but part of the answers to which are outlined below.

2. The limits to what may be achieved from applying the Principles of the Paris Declaration on Aid Effectiveness to ARD with a narrow focus on detailed planning and co-ordination are clear. The high trans-action costs of close coordination are probably a price worth paying when it comes to major service sectors such as health, education, roads and water supply. In these sectors, public budgets are large and the costs of inconsistent initiatives can be very high: for example, national water programmes may have to maintain many different brands of donated rural water pumps.

It is less clear that detailed public planning and coordination are quite so valuable in agriculture. Here, so much depends on the individual decisions taken by farmers, traders who are subject to a complex and changeable natural and economic environment. It is thus not surprising to see that reported success in ARD comes from focusing political will and resources on specific identified policy problems where political agreement can be negotiated.

3. How can the set of political, institutional and operational problems, here broadly termed political economy, be addressed? This is a challenging question, to which the answers may be piecemeal.

   To begin, it is unlikely that coordination alone will make a difference. Capacity building in the form of training is not enough. What is often lacking is a countervailing constituency, made up of the rural majority on low incomes, to challenge self-serving elites and narrow interests that demands effective delivery of goods and services. In the long run, building the ability of rural civil society to hold leaders and public agencies accountable simply has to be done. The details of this are beyond the scope of this paper: but some implications are not – for development agencies this means engaging with such processes, recognising where some support can make a difference, and providing it. That means having field staff who are alive to these issues, and making a long-term commitment to working with local partners.

   Political economy is not the only issue. What can be done about debates in ARD over ends based on competing values, and discussions over means based on uncertainties? The challenge of competing values can be addressed through debate and dialogue, by seeking to bring stakeholders with differing perspectives together to establish common ground and to see where compromises can be made.

   To reduce technical uncertainty, more study and analysis is required. While there may be few shortcuts to better understanding, one of the simpler and less costly ways to gain knowledge is through learning from experience by evaluation, documentation and dissemination. It is surprising just how few development interventions are evaluated and the results made public. For a small additional investment in evaluation, many useful lessons might be learned and publicised.

4. Finally, the lessons drawn from the cases examined in this study suggest the importance of building coalitions of stakeholders around identified issues. The implication of this is that processes matter, that some of these will take time to come to fruition, and hence patience and a vision of the longer run goals are necessary. In practical terms for development agencies, field presence is probably required to support such processes , along with staff prepared to engage with the debates when they move further afield than technical matters.

   Coalitions can form around policies that are not priorities or even dysfunctional. Avoiding this is not straightforward, but the same processes of engaging a broad range of stakeholders noted above may apply. Leadership with vision also helps.

   There is no substitute for donors engaging in the hard work of building institutions and capacity – in the widest sense – and finding ways to bring otherwise marginalised stakeholders into political systems where power is unduly concentrated in the hands of fortunate elites. This may be neither simple, nor inexpensive, nor rapid but neither is it impossible. The costs, moreover, have to be set against the alternative of ineffective aid. The cereals reforms of Mali may have taken decades at considerable effort to those directly engaged in the process, but those who have struggled to improve cereals systems in Eastern and Southern Africa would probably look at the investments in Mali as time and money well spent.

1.0 Introduction

Objectives

Platform Knowledge Piece 1 started from a single, overarching aim:
'To trace the consistency between evolving agriculture and rural development (ARD) policies and the Paris Declaration and Accra Agenda for Action.'

As work progressed, the initial research question was broken down and the focus of enquiries narrowed to look at four main issues:

- Is there a significant problem with coherence in ARD policymaking? A subsidiary reflection is then whether ARD presents more problems for public action than other sectors, such as health or education.
- What causes incoherence? Potential reasons include political differences, limited resources and capacity amongst agencies formulating and implementing policy in developing countries, and limited understanding of the sometimes complicated and complex issues addressed in ARD.
- What has been the impact of recent global initiatives, above all those to promote food and nutrition security and those responding to climate change?
- What gets tracked and measured in ARD policy?

Activities undertaken

To answer these questions, the following activities have been undertaken:

- Review of the literature, including relevant aspects of political economy
- Interviews with staff, mainly at headquarters, of seven development agencies – DFID, EU, FAO, IFAD, Netherlands, USAID and the World Bank – on their perceptions of coherence as an issue for ARD
- Interviews to assess the effect of recent global initiatives in food and nutrition security and climate change on the coherence of ARD policy
- Interviews with non-governmental organisations, mainly those based in Europe – since they have been leaders in drawing attention to problems arising from lack of coherence in development policy – on their perceptions and experiences.
- Review of policy performance assessments undertaken by development agencies.
- Country studies of the issue in Cambodia, Honduras, Mali and Mozambique.

Given that so much of what matters in coherence is manifest when policies are formulated and applied in the field, the country studies are central to PKP I. The questions set for the country studies covered three areas:

- Are there significant problems from incoherence in policy-making for agriculture and rural development? If so, what are they? How serious are they?
- Are donor efforts for improved aid effectiveness through efforts to harmonise, align and encourage ownership of aid programmes worthwhile? Conversely, is there evidence that the search for better donor effectiveness detracts from more important matters?
- Are there examples of good practice that improve coherence, in its various dimensions – and that leads to greater impact in reducing poverty and hunger in rural areas?

Since policy coherence is not a variable that can be readily or usefully separated from other considerations and the circumstances of place and time, four cases were selected for study from each country. They were selected from policies and programmes that enjoyed donor support, and where the efforts of several public agencies had to be mobilised. In addition, the cases were selected so as to include two in each country that were considered generally successful, and two seen as difficult, problematic, or failures. The cases were studied using available literature and through interviews with key informants. Table 1 lists those chosen.

Table 1: Cases selected in each country

Cambodia	Programming and Policy Supporting Rice Production Fisheries Policy	Promotion of Non-Farm Rural Enterprise (SME Policy) Water Resource Management Policy
Honduras	Training & credit for commercialising small farmers [EDA/ACA] Suppliers' programme – linking small farmers to hotels and restaurants	Land tenure Seed & fertiliser distribution
Mali	Cereals sector reform Reform and rehabilitation of the Office du Niger irrigation scheme	Reform of cotton sector Agricultural strategy law [LOA]
Mozambique	Rehabilitation of Gorongosa Natural Park Support for cashew nut production and processing	Sector-wide programme for ARD, PROAGRI Phase One Chokwe irrigation scheme

Although these few cases cannot be taken as a representative sample, they allow processes and causal links to be appreciated, albeit qualitatively.

Structure of PKP 1

The rest of the report proceeds as follows. The second chapter sets the context for questions about policy coherence. It discusses the various meanings of policy coherence and defines the way the term is used in this report. It examines why the challenges of achieving coherence may be unusually large for ARD. It also sets out the emerging challenges that arise from the resurgence of interest in food security since 2008 and from climate change.

The third chapter reports on the results of this study. It looks at what development agencies have done to improve policy coherence, and in particular their efforts to assess policy performance. It then reports perspectives on policy coherence and associated issues gathered from staff of seven development agencies, mainly those based at headquarters.

Finally, it examines the 16 cases of success and failings seen in the four countries studies. In particular, it considers the extent to which there is evidence of policy incoherence, seeks to identify other problems worth examining in these cases, and reflects on the experiences gained through efforts to comply with the principles of the Paris Declaration on Aid Effectiveness. The fourth and final chapter concludes by drawing together the findings, developing the discussion around some of the more critical points, and weighing the potential implications.

2.0 Policy coherence for agriculture and rural development: issues

2.1 Defining policy coherence

Policy coherence[2] is about making sure that policies for development do not contradict or undermine one another and that as far as possible policies be complementary and create synergies. Several dimensions of coherence can be identified.

The best known dimension is that of consistency between aid and other policies, to avoid that aid policies are undermined by other policies, such as those governing trade, security, immigration, (domestic) agriculture and fisheries. This is a longstanding concern, especially in Europe where civil society has since at least the 1980s been active in raising cases where policies of the European Union and the member states for trade, domestic agriculture and fisheries, have undermined development efforts (see Box 2A). In response to such concerns, there are now formal arrangements within the European Commission and in the member states to monitor and avoid potential conflicts (see Section 3.1).

So well known is this aspect of coherence that it is usually referred as Policy Coherence for Development (PCD). This study, however, is not concerned with PCD – not because it is not important, but because the potential for this kind of incoherence is already quite well understood and measures already exist in several development aid agencies to monitor and improve PCD practice. It is thus other dimensions that are the main focus here. These include:

- Internal consistency within the aid programmes of development partners, across different sectors and issues, and across countries
- Consistency across aid programmes of different development partners – the aim of the harmonisation principle from the Paris Declaration on Aid Effectiveness
- Coherence between aid programmes of development partners and national policies and programmes of developing countries – the subject of the alignment principle from the Paris Declaration
- Coherence within the policies of developing countries
- Coherence vertically between policies formulated at scale from global to regional to national to local scales

These concerns can be seen as being part of the wider agenda of aid effectiveness, so it is not surprising that several of the dimensions listed reflect the concerns behind the principles of aid effectiveness established in Paris in 2005.

A further dimension that appears less often or not at all in the literature is that of consistency through time. Although it may be argued that this is taken for granted when considering the dimensions above, consistency through time is arguably as important, or more so, for getting results than any other dimension.

Policy coherence gains its importance from the complexity of the world, where public policy has multiple objectives and many instruments to achieve them, acting through human and natural systems that are imperfectly understood. It is almost inevitable in such circumstances that there will be trade-offs, contradictions and inconsistencies. This applies all the more so in the case of assistance provided by OECD countries to developing countries, in which there are two sets of policies to consider. The case of agriculture and rural development[3] also increases complexity, since uncertainties about natural and human systems in rural areas of developing countries are, by and large, greater than those seen in industrialised countries – a point that will be developed in section 2.2.

Achieving policy coherence in its various dimensions is not simple and may indeed be impossible, given that (a) policy-making has to reconcile the competing and divergent interests of many stakeholders; (b) the uncertainty associated with the way that the pursuit of a particular policy objective may impede the achievement of another policy objective; and (c) the continuing and inevitable shifts in objectives and their priority through time (OECD 2005b). Hence, the search for more coherent policy is perhaps better seen as a heuristic exercise in reducing the worst and most

[2] Coherence may be defined as consistency. It can be seen as the outcome of successful coordination. Similarly, the terms 'coherence' and 'consistency' appear repeatedly in definitions of coordination.

[3] In this study the term agriculture and rural development includes agriculture, livestock, fisheries, forestry as well as the non-farm rural economy, including rural manufacturing and services – all those activities that contribute to rural livelihoods, plus conservation of the environment. It does not include social development or investments in people, such as education, health and water.

Box 2A: European civil society and policy coherence for development

Civil society's interest in policy coherence for development can be traced back to the 1980s. As the European Union Common Agricultural Policy (CAP) subsidies to farmers led to mounting public stocks of milk powder and beef, some of these were exported to developing world markets, especially in West Africa, and allocated extra subsidies so prices were below market levels. Produce dumped in this manner undercut local producers trying to sell to the coastal cities of West Africa, leading to denunciations by European NGOs.

A striking example comes from the late 1990s, when Dutch Development Cooperation was investing some €200,000 a year for dairy development in Tanzania, while at the same time providing €600,000 subsidies on exports of European dairy products to that country (Eurostep 1999). NGOs also denounced tomato concentrate exports to West Africa, mainly from Italy, which allegedly caused the closing of two Senegalese tomato canning factories (ibid.)

Food aid has also long attracted criticism for undercutting local production (see, for example, Oxfam 2005). This was the focus, for example, of the campaign 'Pour une Afrique Verte'. Launched in 1985 by a group of French NGOs, the campaign objected to food aid, which 'generally speaking, does not solve the hunger problem and on the contrary aggravates it by creating a dangerous dependence' (Afrique Verte International 2010). Aid, they argued, should support efforts by Sahelians to feed themselves.

To their campaigns against dumping and food aid, civil society in the mid-1990s began scrutinising fishing agreements that the European Union had signed with some developing countries. These agreements were seen as allowing EU fishing fleets to fish in the territorial waters of developing countries, with dangers of over-fishing, while undercutting the livelihoods of local fisherfolk.

From 2000 onwards, NGOs started to develop a specific Policy Coherence for Development agenda, led by two civil society actors.

- **Fair Politics.** Created in the 2000, Fair Politics is an initiative by the Dutch Evert Vermeer Foundation in collaboration with the Instituto Marquês de Valle Flôr (Portugal), People to People (Estonia), and the Prague Policy Institute (Czech Republic). Under the banner of 'you should not take with one hand what you give with the other hand' (Suzan Cornelissen), Fair Politics monitors policy coherence through case studies. It also hands out an annual award, the Fair Politician of the Year, to a Member of the European Parliament who has helped promote PCD.

- **CONCORD.** The European NGO Confederation for Relief and Development, federates 18 international networks and 25 national associations from European Union Member States. The organisation enjoys a privileged position in Brussels, where it has frequent meetings with policymakers from the Directorate-General for Development and Cooperation – EuropeAid, and with the Commissioner for Development. In the 2000s, CONCORD decided to focus on PCD through a dedicated task force.

NGO efforts have resonated with some Members of the European Parliament, most notably German MEP Franziska Keller, so the issue is frequently raised in the Parliament.

As a result of NGO lobbying, the EU has become a prominent actor on Policy Coherence. Coherence was already noted in the Maastricht Treaty (1992) as one of the 'three Cs' that the freshly born European Union had to work on: coherence, complementarity, and coordination (Hoebink 2007). The European Union then committed to PCD in several statements and legally-binding treaties, including:

- The amended Treaty establishing the European Economic Community (2002) – article 178 states that the Community takes into account the objectives of development aid when carrying out policies that might have an impact on development (Rolland 2010)

- The 2005 European Consensus on Development – that states the need to 'ensure that the EU takes account of the objectives of development cooperation in all policies that it implements which are likely to affect developing countries, and that these policies support development objectives'

- The Lisbon Treaty of 2007 – where the principles of the two former agreements are incorporated

harmful examples of inconsistency as and when they are apparent, rather than the pursuit of optimal policy that eliminates such contradictions.

Finally, potential incoherence in policy may be recognised when policies are often described as 'trade-offs' demanding either difficult political decisions or ameliorating measures to offset the drawbacks of the choice made. But other types of incoherence may not be foreseen or even be that apparent when it materialises (Hoebink 2005). As will be seen, 'incoherence' may then be used rather loosely to describe cases where the outcomes are unsatisfactory, whether or not these may be attributed to some failing of coordination.

2.2 The specific challenge of policy coherence in agriculture and rural development

It will be argued that the challenges of policy coherence are greater in agriculture and rural development than in most other sectors. Indeed, some of the characteristics of ARD have made it more difficult to achieve the principles of the Paris Declaration on Aid Effectiveness and to use recommended aid modalities, such as sector-wide support.

In short, it is proposed that agriculture is unusual in the degree to which there is technical uncertainty over what needs to be done – especially when resources are scarce and priorities have to be defined. The political context is unusual in terms of the breadth of objectives that can be set for the sector, and yet constituencies for agriculture, either bureaucratic or amongst farmers, are usually poorly organised.

Why is this so? Here is the argument in full.

Agriculture's particular characteristics

1. Agriculture – and indeed most rural enterprise – is usually carried out by private firms and households, rather than by public agencies. The successful articulation of production, processing and consumption thus depends on functioning markets for inputs, services and outputs. Yet farming is typically carried out on a (very) small scale by families and hence production is atomised in many units,[4] thereby potentially driving up the number of transactions between farms and suppliers of inputs and services. Not only are such transactions numerous, they are also often costly, since on both sides of the bargain there can be ignorance about demand and supply, and about the competence and good faith of the other party. Hence market failures, especially for finance, some services and inputs, are widespread, and in some cases severe[5].

2. Agriculture is dispersed across large and varying areas, yet technical solutions need to be adapted to local conditions, so there are limits to the extent to which standard technical solutions can be applied. This is one reason why small enterprises remain the norm in farming: since standard solutions cannot readily be replicated widely, large enterprises have fewer economies of scale. Agriculture also takes place within systems consisting of multiple natural and human elements that can be seen as complex – about which policymakers usually have incomplete understanding.

   Two consequences thus arise. One is that agriculture is subject to more technical uncertainty than other productive sectors, with solutions that need adapting to local physical and human characteristics. The other is that some of the challenges faced by farmers and policymakers are complex resolving market failures or conserving the environment are prominent examples.

Agriculture interacts with many other concerns

Since farming takes place over large areas, and occurs in most parts of most countries – deserts, high mountains, dense tropical forests being the main exceptions – agriculture has unusually large effects on the environment. Moreover, regional issues become agricultural issues: indeed, in areas that are marginal by their resources or remoteness, some form of agriculture, forestry and fishing is likely to be one of the main sources of jobs and incomes.

Farming also engages large fractions of the labour force in developing countries, and in most low income countries agriculture is central to the livelihoods of the majority of the population. It may also be one of the main productive sectors of the economy, and an important source of exports. If to this it is added that farming typically has a lower productivity of labour than other sectors, then it is likely that that a disproportionately large share of the poor will be farmers, or employed on farms.

[4] This applies across most OECD countries as well: family farms may be physically larger, but they remain for the most part family-run concerns, limited to the scale that the family can operate, albeit with sophisticated machinery, buildings, and some hired help.

[5] So severe in some parts of Africa, some would argue, that these market failures constitute poverty traps. A common argument is that poor farmers cannot obtain working credit to invest in seed and fertiliser to raise yields and hence remain poor and hungry despite the technology to transform their farming being well known (see Sachs et al. 2004, CPRC 2008). It is this thinking that lies behind the Malawi input subsidy programme.

Thus, when considering agriculture and rural development many considerations apply: economic growth and export earnings; poverty, employment, equality, gender fairness, food and nutrition security; environmental conservation; and regional equity. Consequently, ARD policy is often expected to contribute to a very wide range of objectives. It also means that almost any agricultural strategy or programme can be criticised on the grounds that it does not contribute as much as it should to goals in one or other of these policy domains.

Political support for agriculture is often weak and unfocussed

Administratively, responsibilities for providing the public goods and services to support agriculture are spread over several ministries and agencies of which the ministry of agriculture is only one. Important rural public goods, and the costliest, such as rural roads, education, health, and clean water are invariably provided by other ministries. These agencies supply these goods in both urban and rural areas, so they are not necessarily advocates for rural development. The consequent dispersion of interests means that within the civil service, there will not usually be a strong and cohesive group focused on agriculture and rural development.

Politically, in many developing countries and especially in low income countries, rural populations are not well organised. There is rarely an effective political demand from rural people for ARD policy. This is not to argue that the rural vote may not be important; on the contrary, political leaders often have to capture those votes. While some leaders may see effective delivery of public goods as a way to do this, it is often easier to gain votes by transfers to favoured clients – since, the link is more transparent than that established through the delivery of quality of public services where the credit may be attributed to someone else.

The lack of political agency of many of the rural population can result in further harm: rural elites may interpose themselves between the public and the leadership, on the promise of delivering the rural vote to whoever they favour. Where the rural elite is relatively large, and where the public are well informed and able to see their relations to national leaders – two conditions that probably correlate – there may well be an incentive to deliver public goods. But when membership of the rural elite is narrow, and when the public are uninformed, then there is a danger that the elite will look for policies that deliver private goods for their personal benefit, or for those of their immediate clients[8].

Hence, for both administrative and political reasons, agriculture and rural development often lacks organised support that will press for the broad measures – aspects of rural investment climate and rural public goods – needed for development[9].

Summary

Some of these characteristics are far from exclusive to agriculture and rural development: uncertainties, multiple expectations, and weak administrative and political support arise with other activities as well. But agriculture is unusual in the way that all these aspects come together and often to a greater degree than in other sectors. The contrast with, say, primary health care, is significant.

Bringing these characteristics of agriculture together, we have a sector that, owing to technical uncertainty, generates difficult questions and problems, that is expected to achieve multiple and varied objectives, and that vies for political support within political and administrative systems where responsibilities are divided and constituencies unorganised. This is practically a recipe for inconsistent and contradictory policy. To this can be added the burdens of limited administrative capacity, as a result of which the ability to implement programmes and policies is restricted and outcomes of otherwise promising policies may be disappointing. Not that this would be obvious, since on top of this, and contributing to the technical uncertainties mentioned above, evaluations are usually scarce. This, coupled with few and unreliable data on agricultural performance, mean that debates on performance are often not well informed.

Set within this context, it is not surprising that agriculture is often seen as a difficult sector that under-performs one where policy arguments multiply producing more heat than light. There are good reasons for this and they may not lie primarily in the deficiencies of aid administration. Hence, in approaching the topic of policy coherence in agriculture and rural development, care has to be taken not to attribute problems that are inherent in the challenge to some failings of coordination and by extension to aid ineffectiveness.

[8] The results from work on political economy of the Future Agricultures Consortium in Eastern and Southern Africa coordinated by Lídia Cabral and Colin Poulton support this point. They call the rural elites the 'selectorate', a selected part of the electorate.

[9] There may be narrower interest groups, focused on particular crops or regions, but they may either lack influence on account of their narrowness, or else be concerned with obtaining quite specific benefits that have few advantages for anyone else. An example would be the large-scale maize growers of the Rift Valley in Kenya who pay close attention to the public guaranteed prices and trade rules for maize.

The argument in this section sets up a gloomy archetype that if true in all aspects at all times would stymie agricultural development. That is not the case: progress has been made and can be made even in not particularly encouraging rural contexts for public action. This raises questions about how such progress has been achieved – how some of the inherent disadvantages confronted by the agricultural sector can be overcome. The working hypothesis, to anticipate later parts of this paper, is that when interests and the (limited) resources and technical capacity that exist can be focused on a reduced set of issues, with sustained effort, progress can be made. The green revolution can be seen as the exemplary case. If so, then the question becomes of one of how to focus political interest, resources and capacity on key issues.

2.3 Emerging challenges in agriculture and rural development

2.3.1 The changes of the late 2000s

The past half-decade has seen substantial changes in thinking about agricultural development, food security and nutrition. These have been driven in large part by the unexpected rise and subsequent spike in cereals prices on international markets in 2007–08, and the recurrence of high food prices in 2010–11. At the same time, concern over climate change has been growing. Awareness of the potential effects on agriculture in developing countries, as well as of the contribution of such agriculture to global warming, is increasing.

This section briefly reviews these developments to determine whether they present additional challenges to achieving more coherence in agriculture and rural development. The fear is that, at least conceptually, they exacerbate the problem of multiple objectives set out above, while practically they have led to additional institutions and funding modalities that make coordination more difficult.

2.3.2 A turning tide on agricultural development

During the 1960s and 1970s the developing world exhibited a high level of interest in agriculture, motivated by a concern that food production was lagging behind rapid population growth. This concern reached its height during the food price spike of 1973-74, which led to substantial increases in spending on the green revolution both by governments and development partners.

From the 1980s, however, as food production rose faster than population and as the real cost of staple foods declined, interest in agriculture waned, to be overtaken by concerns over macro-economic imbalances in the 1980s, over the environment in the 1990s, and by competing claims for attention and resources of gender, health and education (Eicher, 2003).

Agricultural development came to be seen as difficult and problematic, tarnished by the perception that the ambitious rural development programmes of the 1970s had often failed. Donor funding to agriculture fell dramatically: OECD statistics show that agriculture received only half as much in real terms in 2005 as in 1980, while its share of funding fell from 17 per cent in the early 1980s to 3 per cent in 2005 (Cabral, 2007). But from this low point, there has been a revival of interest in agriculture. When at the end of the 1990s the Millennium Development Goals were set, the first was to halve poverty and hunger. This directed attention to the fact that the poor and hungry overwhelmingly live in rural areas where agriculture is usually the largest source of livelihoods and jobs. In the early 2000s, the World Bank (2005) led a review of growth and poverty, which, along with other studies released at that time (see, for example, Irz et al. 2001), reaffirmed the link between agricultural development and poverty reduction.

This led to reassessments of the importance of agriculture by both academics and aid agencies, culminating in the World Development Report 2008: Agriculture for Development (World Bank, 2007), which makes the case for agricultural growth and development as a means to reduce poverty and hunger. In Africa, this revival of interest was intensified by the frustration in some countries, above all in eastern and southern Africa, with the slow pace of agricultural development.

Consequently, in Maputo the agriculture ministers of the African Union committed themselves to raising the share of their public budgets spent on agriculture and rural development to 10 per cent within five years, in pursuit of a target growth of six per cent a year for the sector. At the same time, the New Partnership for Africa's Development (NEPAD) started the initiative of the Comprehensive Africa Agriculture Development Programme (CAADP).

Private foundations, since 1999, have also joined these efforts committing large additional funds to agricultural development across the continent. These include the Alliance for a Green Revolution in Africa (AGRA) in 2006, chaired by the former UN Secretary General Kofi Annan and funded in large part by the Rockefeller and Bill & Melinda Gates Foundations.

2.3.3 Initiatives following the cereals price spike of 2007–08

Above all, the spike in grains prices on international markets in 2007-08 took the world, accustomed to seeing real prices for grains fall for more than thirty years, by surprise. Leaders in both the developing world and the OECD were alarmed, almost to the same extent as in 1973-74. The spike was seen as an international crisis. For some it was a sign that the world food system was failing and in need of reform.

International responses (see timeline in Table 2.1) began in late 2007 when the FAO launched the soaring food prices initiative. The main responses can be summarised as follows:

- Co-ordination: the UN Secretary-General formed the High-Level Task Force to help coordinate across the UN and with other development agencies. FAO has led the reform of the Committee on Food Security, and there have been a series of high-level meetings to consider responses. Perhaps the most important of these was the L'Aquila summit of the G8 in July 2009, followed by the G20 meeting at Pittsburgh in September 2009, at which leaders committed to providing US$22 billion to agriculture, rural development, food security and nutrition.

- Funding: in April and May 2008 the main international financial institutions funding development announced programmes to provide rapidly-disbursing loans to developing countries to allow them to react to rising food prices, principally by distributing seed, fertiliser and other inputs to farmers. At the same time, the EU also created a similar rapid response fund of €1 billion.

In the longer run, development partners remain committed to the US$22 billion for agricultural development and food and nutrition security. Specific manifestations of this include the US Feed the Future (FTF) initiative as well as notably increased funding for food security from donors such as Canada and Spain. At the same time as international responses were made, in Africa the food price spike may have helped accelerate CAADP, with many more countries signing country compacts (investment plans) to achieve the growth target set in Maputo 2003.

Table 2.1: Timeline of the main initiatives in food and nutrition security

Year and Months	Noteworthy Events
1999	AGRA: The Rockefeller Foundation launches its New Green Revolution for Africa initiative.
2003	African Union: African Union Assembly in Maputo establishes CAADP
2006 December	AGRA: The Bill and Melinda Gates joins the Rockefeller Foundation to create AGRA African Union: Abuja Food Security Summit, adopts resolutioesolution to commit to CAADP
2007 March September December	 African Union: First CAADP Ccompact signed with Rwanda. African Union: Second CAADP Partnership Platform in Addis Ababa notes"significant progress made in advancing the implementation of the CAADP Agenda" FAO: FAO call for initiative on soaring food prices
2008 January March April April/May June July July August November December	 African Union: NEPAD's Agriculture Unit Strategic Plan 2008–2013. African Union: Third CAADP Partnership Platform in Victoria, Seychelles notes"greater, deeper, harmonized understanding of the country CAADP implementation process." CAADP: Process becoming is being mainstreamed. Call for a CAADP Multi-Trust Fund. HLTF: UN Secretary-General forms the High Level Task Force (HLTF) on the Global Food Security Crisis as a (temporary) mechanism to help coordinate responses to the food crisis International financial institutions: ADB, AfDB, IADB, IBRD, IDB, and IFAD set up rapid disbursing loans to allow governments to react promptly to the food price crisis FAO: FAO hosts High-Level Conference On World Food Security: the Challenges Of Climate Change And Bioenergy HLTF: HLTF's task force produces the Comprehensive Framework for Action (CFA) as a plan of action to address the food security crisis. G8 leaders meeting in Hokkaido recognise UN's coordinating role and the CFA EU: Commissioner Barroso announces the €1 billion Food Facility for 2009/11 G8: In a statement on food security, the G8 announces its support for CAADP AGRA: African Green Revolution Conference African Union: Launch of the CAADP Multi-donor Trust Fund. EU: EU Food Facility adopted by European Parliament and Council
2009 January April May June	 UN: High-Level Meeting on Food Security for All in Madrid HLTF: Widespread support for CFA. David Nabarro named Special Representative on Food Security and Nutrition, coordinating the HLTF FAO: Director General proposes inter-governmental negotiations around a Global Partnership be taken forward within context of a reform of the CFS – an inter-governmental body serving as a UN forum with secretariat in FAO since 1974 African Union: NEPAD paper on role of CAADP as focal point in Africa for a Global Partnership for Agriculture and Food Security HLTF: London G20 meeting EU: The EC signs first Contribution Agreements of the Food Facility with FAO, UNRWA and UNICEF and later on with WFP for a total of €212 million African Union: First CAADP day, in Tripoli, Libya. 9 African ministries of agriculture commit to CAADP

July	G8 L'Aquila Summit leads to the L'Aquila Food Security Initiative (AFSI) HLTF: HLTF entities work together in contributing to the AFSI AFSI: 27 Countries and 15 international organizations endorse AFSI, which states 5 Rome Principles, starting with that of country-led plans GAFSP: Idea of a global food security initiative first discussed FTF: The US government pledges US$3.5 million as part of the AFSI African Union: Donors renew commitment for CAADP AGRA: Donors acknowledge importance of AGRA
September	Pittsburgh G20 meeting HLTF: Interest in a pooled funding for AFSI with support of HLTF entities working in coordination GAFSP: Leaders call on the World Bank Group to 'work with interested donors and organizations to develop a multilateral trust fund to scale up agricultural assistance to low income countries' Donor commitment: to invest US$22 billion over the next three years in ARD African Union: CAADP donors and partners meet in Addis-Ababa to advance CAADP implementation
October	HLTF: First HLTF progress document released FAO: Proposals for a 'revitalised CFS' agreed at 35th CFS meeting in October 2009 African Union: Ghana becomes the 10th African country to sign CAADP compact
November	FAO: World Summit on Food Security AFSI: The five Rome principles are adopted FAO: Sanctioning of CFS reform.
2010	
January	GAFSP: World Bank Board of Executive Directors approved the Global Agricultural and Food Security Program as trust fund to implement AFSI
February	HLTF: Speaking at HLTF meeting, the UN Secretary General announces 2010 as year to put commitments into practice and achieve results in countries.
March	EU: The European Commission proposes a Food Policy Framework.
April	African Union: 6th CAADP Partnership Platform meeting in Johannesburg, South Africa. 18 countries had signed CAADP Compacts.
May	HLTF: Consultation with civil society in Dublin, Ireland, to update the CFA. GAFSP: GAFSP steering committee launched first call for proposals on May 21, with deadline for submission as June 14, 2010. So far US$402 million deposited into trust fund. FTF: US President Barack Obama announces the Feed the Future commitment, a 3-year, US$3.5 billion founded program: the US contribution to AFSI. US had allocated US$812 million and drawn implementation plans of Feed the Future for 17 countries and 3 regions. EU: The European Council approves Food Policy Framework to be implemented by the end of
June	AFSI: G8 meeting in Muskoka, Canada. President Obama reiterates strong commitment of US to meet the L'Aquila pledge.
September	AGRA: African Green Revolution Forum chaired by AGRA chairman Kofi Annan. Important forum bringing together African heads of state, ministers, farmers, private agribusiness firms, financial institutions, NGOs, civil society and scientists, to discuss and develop concrete investment plans for achieving the green revolution in Africa.
October	NEPAD: Planning and Coordinating Agency (NPCA) launches Rural Futures Programme, a multi-sectoral approach to facilitate new thinking and broad agreement with respect to the visions, strategies and plans for rural development and poverty reduction.
2011	
March	CAADP: 7th CAADP Partnership Platform agrees mutual accountability framework
May	G8: Deauville Summit records progress on AFSI: '22 per cent of pledges have been disbursed, and an additional 26 per cent are formally in the process of being disbursed for specific purposes'. Summit also reaffirms commitment to mutual accountability in aid programmes.

In sum by the end of 2008 there was a great deal more interest at the highest levels in agriculture and food, backed by promises of much additional funding from the OECD donors. In addition, new sources of finance from private foundations, most notably the Bill & Melinda Gates Foundation, were in place.

The food price spike also stimulated both state and private enterprises to invest in food production, with a search for unused land in Africa, Latin America and south-east Asia (see, for example, von Braun & Meinzen-Dick 2009). All told, this has led to there being more capital to invest in agriculture than at any moment since the height of the green revolution.

2.3.4 Climate change initiatives

Unlike the rather sudden and surprising way that food security has risen in priority, climate change initiatives have developed since the early 1990s (see Table 2.2). That said, although the UN Framework Convention on Climate Change (UNFCCC) has been in existence for almost two decades, and the Kyoto treaty is almost as old, until recently programmes to mitigate or adapt to climate change have been largely concentrated on energy, industry and transport – not agriculture.

It is only in the meetings leading up to the Conference of Parties (COP) to the UNFCCC in Copenhagen in December 2009 that agriculture began to figure with any prominence in climate change negotiations. Specific international programmes for climate change adaptation and mitigation for agriculture are incipient. Additionally, agriculture should be a component in national plans for adaptation to climate change (NAPA) and for mitigation of climate change (NAMA).Further, most of the major development partners now have programmes to deal with climate change that to some extent may affect agriculture.

Table 2.2: Key events in international policy for climate change

Date	Events
1960	FAO: First formal agreement between the FAO and the World Meteorological Organisation (WMO) to launch the Interagency Agro-climatology Project
1972	UNEP: United Nations Environment Programme established
1988	FAO: First FAO position paper on climate change
1989	IPCC: The Intergovernmental Panel on Climate Change is set up by WMO and UNEP in an effort by the United Nations to provide the governments of the world with a clear scientific view of what is happening to the world's climate
1991	UNFCCC/World Bank: Global Environment Facility (GEF) is established as a US$1 billion pilot programme in the World Bank to assist in protection of global environment and to promote environmentaly sustainable development
1992	UNFCCC: Earth Summit in Rio adopts UNFCCC treaty
1994	UNFCCC: UNFCCC enters into force UNFCCC/World Bank: GEF is separated from the World Bank and becomes the financial mechanism for UNFCCC. World Bank remains the trustee
1995	UNFCCC: First annual Conference of the Parties (COP) held in Berlin IPCC: IPCC's Second Assessment Report provides key input for adoption of the Kyoto Protocol in 1997
1997	UNFCCC: Adoption of the Kyoto Protocol, first and still only legally binding treaty
1998	FAO: FAO for the first time officially represented at the 4th Session of the Conference of the Parties (COP-4)
2000	EU: The European Climate Change programme is launched to identify and develop all necessary elements of an EU strategy to implement the Kyoto Protocol
2001	UNFCCC: November, COP-7 in Marrakesh. The parties agree on a comprehensive rulebook, the Marrakesh Accords, on how to implement the Kyoto Protocol Guidelines for National Adaptation Programmes of Action (NAPAs) produced IPCC: Third Assessment Report
2004	African Development Bank: African Development Bank Group policy paper on environmentally sustainable development
2005	UNFCCC: February, Kyoto Protocol enters into force UNFCCC: UNFCCC launches the Nairobi Work Programme (2005-2010), a programme to assist developing countries adapting to climate change EU: January, EU adds to its European Commodity Clearing ECC European Commodity Clearing the Emissions for Trading Scheme (ETS), one of the three Kyoto Protocol mechanisms
2006	African Development Bank: The ClimDev Africa Programme launched to support African climate and development research capacity-building EU: EC launches the Control Climate Change initiative

Date	Events
2007	African Development Bank: commits to implement the Nairobi Framework FAO: FAO makes technical contributions to the IPCC Fourth Assessment Report with Special Report on Land Use and Land Use Change IPCC: February, Publication of the Fourth Assessment Report, with conclusions that global warming is unequivocal and very likely to be anthropogenic. Major impact of this report on policymakers and public opinion. EU: March, EU Climate Change Package agreed, in which EU leaders unilaterally commit to cut Europe's emissions by at least 20 per cent of 1990 levels by 2020, to ensure that 20 per cent of EU energy consumption comes from renewable resources, and to undergo a 20 per cent reduction in primary energy use compared with projected levels by improving energy efficiency (collectively known as the 20-20-20 targets) UNFCCC: November, UN IPCC releases its final assessment paper in Valencia, Spain warning of dire consequences from global climate change if stronger action is not taken. UNFCCC: December, At the 13th COP in Bali, the parties adopt the Bali Road Map as a two-year process to finalizing a binding agreement in 2009 in Copenhagen, and an action plan launching the Adaptation Fund and later on UN-REDD
2008	African Development Bank: January, In its medium-term strategy (2008-2012) the AfDB identifies climate change as a cross cutting threat. African Development Bank: April, The AfDB adopts its Climate Change Risk Management and Adaptation Strategy UNDP: May, UNDP launches a US$7 million global project, Capacity Development for Policy Makers to Address Climate Change to run in parallel with the Bali Road Map FAO: June: FAO organizes the World Food Security: The Challenges of Climate Change and Bioenergy high-level conference African Development Bank: June, Creation of the Congo Basin Forest Fund World Bank: July, the World Bank's Climate Investment Funds (Strategic Climate Fund and Clean Technology Fund) become operational. UNFCCC/UNDP/UNEP/FAO: September, the United Nations collaborative (UNDP/FAO/UNEP) initiative on Reducing Emissions from Deforestation and forest Degradation (UN-REDD) is launched World Bank: October: World Bank Strategic Framework on Development and Climate Change 2008, guiding the Bank Group's operational response to new development challenges posed by climate change within the principles, policies, and directions of the UNFCCC process
2009	EU: June, The Climate Change package becomes law, with binding legislation. UNFCCC: December, COP 15 and 5th meeting of the Parties of the Kyoto Protocol in Copenhagen, fails to comply to the Bali Road Map and to come up with a new binding agreement African Development Bank: December: First phase of the ClimDev Programme (2009–2012) is launched.-
2010	World Bank: 2010, World Bank's World Development Report focuses on development in changing climate UNDP/UNEP/FAO: May 2010, A new interim REDD + Partnership is launched in Oslo. The main goal of the Interim REDD+ Partnership is to ensure effective and sustainable REDD+ actions over the next few years. It is an initiative to provide finance for REDD+ actions, while an actual REDD mechanism is set up FAO: June 2010, FAO Climate Change Days, a three-day event tackling mitigation, adaptation and its synergies in the overall context of food security UNFCCC: December 2010, COP 16 in Cancun, Mexico
2011 and plans	IFCC: 2011: Preparation of special reports on renewable energy sources and climate mitigation, and on managing the risks of extreme events and disasters to advance climate change adaptation UNFCCC: 2012, End of the Kyoto Protocol IFCC: 2014,5th Assessment Report to be published September 2014

2.3.5 Additional considerations

Food security and climate change initiatives may be the most important ones for agriculture and rural development, but they are not the only ones. Interest in 'green growth' – growth that uses resources, especially water, efficiently, maintains biodiversity and mitigates climate change (see OECD 2011a) – has reached the point of being a specific topic at G8 meetings.

Indeed, since the banking and food prices shocks of 2008, two things are increasingly apparent in the agenda of international policy-making. One is the need to find ways to make financial systems and food markets more resilient, and less vulnerable to shocks. The other concerns the degree to which issues that have in the past been treated as separate sectors are now being linked. The recent OECD review of development policies (2011a), for example, brings climate change, food security, water and energy into the same chapter and stresses the connections between them.

Lastly, the challenges of coordination are multiplying as new countries, including increased South-South cooperation, and private foundations, enter the aid arena. In addition, aid is increasingly dwarfed by other external flows including investment and remittances. These initiatives in agriculture, food and nutrition security, climate change, as well as those associated with green growth, dampening price volatility, tackling water scarcity and addressing energy concerns could further confound existing policy challenges in ARD – all the more so if and when their implementation involves additional agencies or funding modes. On the other hand, such initiatives could help to focus efforts and thereby improve coherence. Section 3.2 reports on what is known about the impact of the food security and climate change initiatives.

3.0 Effective agriculture and rural development: experiences of policy coherence

3.1 Efforts to promote coherence by development agencies

3.1.1 The broader context: aid effectiveness and policy coherence

Donor efforts to promote coherence in ARD can be seen in the wider context of donor efforts to promote coherence in their work overall. This has covered a wide range of activities and approaches, as follows:

- Donor harmonisation and alignment. These principles are addressed by the Paris Declaration, the Accra Agenda for Action and other initiatives coordinated by the OECD Working Party on Aid Effectiveness (OECD 2005/2008, 2010). Related initiatives include the UN's Delivering as One (UNDG), and the European Commission's various attempts to coordinate and establish donor codes of conduct for its member states (EC 2009). These efforts will culminate in the planned High Level Forum in Busan, which is distinguished from previous such meetings by moving from a concentration on aid effectiveness to a wider concept of development effectiveness (see Box 3A).

- Country-led planning. Donor harmonisation and alignment are difficult or impossible where partner countries themselves do not have coherent and credible national and sector development plans which donors can support and finance. Therefore, a major parallel focus of donor activity has been to promote such planning on the part of partner countries, through instruments such as Poverty Reduction Strategies, Sector Wide Approaches (SWAps), National Donor Partnership Strategies and Joint Assistance Plans, as well as a set of Fragile State Principles intended to incentivise donors to strengthen, amongst other things, the planning and coordination capacities of partner states. In ARD, central government planning for agricultural and rural sector is promoted both through SWAps and through regional and international initiatives such as CAADP.

- Non-aid policies. Donors have also to varying degrees attempted to address non-aid policies which affect international development – such as trade, migration, finance and intellectual property rights – through Policy Coherence for Development (PCD) initiatives. Annex C outlines the experience of donor agencies in promoting improved PCD, with special regard to ARD. The European Union in particular has taken PCD seriously and now calls for an assessment of the impact of all relevant new policies, laws and programmes on developing countries as well as internally (EC 2009b, also see Annex C, Box 2). This agenda is getting ever-more ambitious, embracing international governance as well as previously' untouchable' areas of OECD country domestic policy – for example, macroeconomic policy and regulation of the finance sector (OECD 2011) – and has the potential for far-reaching impacts.

Box 3A: From aid effectiveness to development effectiveness: evolving thinking on policy coherence

The aid effectiveness agenda largely developed in the 1990s, after the end of the Cold War, when the explicit objective of official aid began to move towards poverty alleviation. Under pressure from civil society and the media (e.g. Hanlon 1991), donors began to acknowledge that their individual project-driven approaches to aid were not only cost-ineffective at alleviating poverty, but were collectively undermining the governance and capacity of aid-recipient countries.

A series of high level meetings starting in Monterrey (2002) and continuing with Rome (2003), Paris (2005) and Accra (2008) addressed these issues and set out the changes in behaviour expected of both donors and recipient (now called 'partner') countries (OECD 2010). However, these meetings still concentrated largely on the donor-aid recipient relationship, and efforts to promote what was often called the 'beyond-aid agenda' were confined to a box labelled Policy Coherence for Development (see above and Annex C).

The planned Fourth High Level Forum on Aid Effectiveness in Busan (November 2011), although it maintains a major focus on aid, will start to address some major issues beyond aid. Proposals for topics – still under discussion – include: middle income countries and South-South cooperation; leveraging aid for other sources of development finance; and future development governance systems and frameworks (OECD 2011d). Countries receiving aid have confirmed their interest in discussing these wider issues in Busan (OECD 2011e).

3.1.2 Donor incentives for policy coherence, coordination and alignment

Internal incentives

The OECD-DAC has been active in assessing the progress of its members on a range of consistency and coherence issues, and draws together lessons from its regular peer reviews (OECD 2008a). The Paris Declaration has its own monitoring and evaluation processes (OECD 2011bc). The OECD has identified three key building blocks of political commitment: policy coordination mechanisms and systems for monitoring, analysis and reporting (OECD 2008a, Hudson and Jonsson 2009; OECD 2009b). The OECD-DAC Joint Venture on Managing for Development Results (2008) identified the following factors that improve internal incentives to increase aid effectiveness, including coherence in the wider sense:

- High level leadership, including "commitment and clarity about competing priorities in the face of sensitive policy trade-offs"
- Clear internal and external communication about what people must do differently and why
- Integrating aid effectiveness into performance management systems, giving clear signals of what outcomes staff will be held accountable for and evaluated against, and how much risk is acceptable
- Decentralisation and delegation of authority to the country level as much as possible
- Checking that agency 'back-office functions' such as legal, fiduciary and procurement systems are supportive rather than undermining overall objectives (Annex C)

External pressure

External monitoring of donor agencies can counterbalance some of the weaknesses of internal incentives and create external political pressure for improvement. Current external monitoring of donor consistency and coherence include:

- DAC Peer Reviews – These are carried out approximately every five years for each OECD-DAC member, mostly bilateral donors plus the EC. PCD is one of the major issues covered (OECD 2009b)
- Periodic reviews of groups of donors, for example the Nordic Plus grouping (CowiConsult 2006)
- The Center for Global Development (CGD)'s Commitment to Development Index (CDI) and Quality of Official Development Assistance Assessment (Center for Global Development 2009; Birdsall and Kharas 2010). As well as being a pioneer in independent assessment of aid donors and beyond-aid coherence issues, CDI is notable for the work undertaken to develop comparable, evidence-based indicators (see for example Roodman 2009)
- Civil society watchdogs such as www.eucoherence.org (specifically focused on PCD), www.eurodad.org and www.brettonwoodsproject.org. Civil society pressure has been a major driver of initiatives to improve PCD, especially in Europe (see Annex C). None of the above independent monitors have the power to call international assistance agencies to account – they operate through the weaker forces of peer and public pressure. However, some donors have courageously incorporated independent monitoring into their own accountability systems to Parliament. For example, DFID chose CGD's Commitment to Development Index as the UK government's official monitoring indicator for its progress against policy coherence objectives (DFID 2009b)
- Partner country reviews of donor performance – for example, that conducted on behalf of the Government of Mozambique by Castel-Branco, Ossemane, and Amarcy (2010) – are potentially a very important mechanism. However such reviews are still rather uncommon, and may not be taken seriously by the recipient government if they review issues which are fashionable in donor circles rather than those most important to the recipient (Castel-Branco 2007). The Government of Uganda has recently initiated the formulation of a Partnership Policy in managing aid which also covers wider policy coherence issues (Bigirimana 2010) but it remains to be seen how effective this will be in changing donor country behaviour. Many of the country case studies from the second Paris Declaration evaluation (OECD 2011c) highlight the continuing imbalance between donors and recipients and the inability of the latter to hold the former to account

The world of international aid and development is changing quickly. Over the past decade there has been a proliferation of new aid donors including both governments and large foundations and non-governmental organisations. There has been a striking increase in South-South cooperation. Resource flows from aid are increasingly dwarfed by those from trade, investment and remittances from migration. All of this potentially increases the challenge for donors to achieve coherence across aid policies and with other policies.

3.1.3 Experience with policy performance assessments and analytical approaches for agriculture and rural development

Policy performance assessments (PPAs) are potentially valuable tools to improve country ARD policy. A summary of our findings on PPAs follows; more details and references can be found in Annex D.

Table 3.1 lists 14 types of PPA relevant to ARD. The majority fall into three broad categories:

- International indices of country performance against standard sets of indicators, such as business investment climate assessments or governance assessments, which include information on policies relevant to ARD
- Appraisals carried out for individual ARD projects which include an analysis of the policy environment
- Specific ex-ante policy appraisals, in particular the World Bank's PSIA.

The vast majority of PPAs currently used are ex-post, limiting themselves to measuring or gauging the effect of policies already in place. Ex-ante policy impact assessment, although commonly used in the EU (see Annex D Box 2), is not systematically applied in ARD in developing countries. A lot of individual analyses are carried out in connection with particular projects, but there is often little institutionalised follow-up. The World Bank's Poverty and Social Impact Analysis (PSIA) represents an innovative attempt to incorporate ex-ante analysis into policy development and to build partner country capacity for this. However after eight years PSIA is still not widely used and fully institutionalised, even within the Bank (World Bank IEG 2010).

A consistent finding from evaluations is that PPAs are under-used in policy dialogue and programming. Part of the problem lies in donor agencies and their partner governments. Many agencies manage information poorly, suffer from high staff turnover, and lack staff incentives and systems to check that available analysis has been reviewed (examples are given in Annex D). Under-use of assessments also stems from weaknesses in the assessments themselves. Five are highlighted in this report:

- Lack of harmonisation between approaches and indicators in different PPAs
- Lack of alignment of PPA approaches and indicators with developing countries' own information systems, together with little or no developing country ownership
- Poor quality or out of date information makes many PPAs useless for decision-makers
- PPAs often ignore how the international policy environment/PCD affects in-country policies
- Few PPAs consider the important issue of policy sequencing and instability – although some business climate surveys do include policy stability as an indicator

Table 3.1: Examples of policy performance assessments, other indicators and data sources available for monitoring policy coherence in ARD

Source (P – ex-post or A – ex-ante)	Type of information and its use	Issues raised by reviews and evaluations
Organisation for Economic Cooperation and Development (OECD) agricultural and agri-environmental policy assessments (P)	OECD evaluates agricultural policy changes in member and many non-member countries, for example (OECD 2009e; OECD 2009f). One of the main tools is annual measurement of support and protection levels, using internationally recognised indicators; for example, Producer and Consumer Support Estimates (PSE and CSE), Market Price Support (MPS), Producer and Consumer Nominal Protection Coefficients (NPC) and producer Single Commodity Transfers (SCT). The indicators and their interpretation are discussed in (OECD 2009d) with details in (OECD 2008c). OECD also advises governments on policy instruments that can be better "tailored to specific objectives, equitable and minimally production and trade distorting." More recent OECD work has focused on assessing agri-environmental policies (Vojtech 2010).	No reviews located; although the OECD measures of protection are frequently cited in policy analyses. There is still a lack of international harmonisation of key indicators, for example the World Trade Organisation uses a different indicator for support to producers, the Aggregate Measurement of Support (AMS) (see Box 2) (OECD 2009d).
FAO/OECD Monitoring African Food and Agricultural Policies Project (started 2010). This draws on previous work by OECD (above), FAO (Josling and Valdés 2004) and the World Bank (Anderson et al. 2008)	"The MAFAP project will develop a system for monitoring food and agricultural policies in Africa." A triennial monitoring report and in-depth studies for "a rising number" of countries are planned. "The reports will contain indicators and analysis on agricultural policies, including market interventions and budgetary expenditures, and will measure the scale of development challenges faced by the agricultural sector. The proposed indicators and analysis will help inform decision-making in two key areas. First, how can food and agricultural policies best address the country's policy objectives with respect to development, food security, poverty reduction and natural resource use? And second, how can aid and public expenditures most effectively target areas where the need is greatest and potential returns are highest?" More details are in the scoping study (MAFAP 2008).	Too early to tell. First overarching report planned for 2010.
World Bank Country Policy and Institutional Assessment (CPIA) Scores (P)	The CPIA is a composite score of 16 indicators in four clusters: economic management, structural (economic) policies, social inclusion and governance (the last group accounts for more than two-thirds of the overall weighting). The CPIA includes ARD-relevant indicators on trade, property rights and growth. Trade indicators concentrate on imports rather than exports. The CPIA does not include specific agricultural indicators, although following the recommendations of the 2009 evaluation (World Bank IEG 2009) these may be included in a revised version. The CPIA is used inter alia for determining levels of IDA loans. Other IFIs have similar assessment methods as a basis for fund allocation.	Criticised for being a one-size-fits-all assessment (e.g. trade is judged with standard tariff levels) with no allowance for individual country circumstances, and poor evidence linking high scores on indicators to growth and development (World Bank IEG 2009; Van Waeyenberge 2009).

Table 3.1: Examples of policy performance assessments, other indicators and data sources available for monitoring policy coherence in ARD

Source (P – ex-post or A – ex-ante)	Type of information and its use	Issues raised by reviews and evaluations
IFAD Performance Based Allocation (PBA) System indicators (P)	IFAD uses 12 indicators covering the country development context for the rural poor, including regulatory frameworks, access to resources and services, gender and accountability for the rural poor. IFAD reported having made 94 per cent of its 2008 annual commitments in line with its PBA system (MfDR 2008).	Allocation of funds according to the PBA has been criticised for creating "aid orphans" of fragile states where "community-based agriculture and rural development programs in post-conflict settings have considerable potential" (AfDB/IFAD 2010).
World Bank Investment Climate Surveys, Doing Business Indicators and Enterprise Surveys www.enterprisesurveys.org www.doingbusiness.org (P)	The Doing Business Indicators measure business regulations and their enforcement across 183 economies and selected cities at the sub-national and regional level. The Doing Business Project produces an annual global Doing Business Report and regular country and regional reports (for example, World Bank/IFC 2010). Indicators cover 10 main areas: Starting a business, Dealing with construction permits, Employing workers, Registering property, Getting credit, Protecting investors, Paying taxes, Trading across borders, Enforcing contracts and Closing a business. "The analysis ... reveals the relationship between business regulation indicators and economic and social outcomes, allowing policymakers to see how particular laws and regulations are associated with poverty, corruption, employment, access to credit, the size of the informal economy, and the entry of new firms." The World Bank Enterprise Surveys cover 125 countries and are conducted every 3–4 years. They aim at measuring many different aspects of the business environment and are mostly focused on domestic firms and small and medium enterprises (SMEs). Other investment climate survey tools – for example, from UNCTAD, ILO, USAID – are reviewed in Simon White 2004. At the time of the review many of them were still under development. The differences between the three tools are neatly explained in www.enterprisesurveys.org/Methodology/Compare.aspx One major difference is that while 'doing business' assumes that all published regulations are enforced, enterprise surveys record the real-world experience of entrepreneurs, including bribery.	From the ARD perspective, these tools largely ignore the rural investment environment (see next item in table) and concentrate on the formal sector – however many of the indicators are still relevant to rural areas (World Bank ARDD 2006), and parts of the formal sector such as input and output traders can have a major effect on ARD (World Bank OED 2004b). They both also concentrate on formal firms. An evaluation of the Doing Business Indicators (World Bank IEG 2008) found that the rankings were an effective way of raising the issue of business regulation, and that indicators had been used by policy makers in developing countries. However, they also highlighted that "7 of the 10 indicators presume that lessening regulation is always desirable [...] Since regulations generate social benefits as well as private costs, what is good for an individual firm is not necessarily good for the economy or society as a whole."

Table 3.1: Examples of policy performance assessments, other indicators and data sources available for monitoring policy coherence in ARD

Source (P – ex-post or A – ex-ante)	Type of information and its use	Issues raised by reviews and evaluations
Rural investment climate surveys (RICAs) (World Bank (P))	Now in their second round of pilots (World Bank ARDD 2006) – focus on constraints to investment in rural non-farm enterprises (RNFEs), which "provide 30 to 45 percent of rural incomes across the developing world." The World Bank's 2010-12 ARD work plan includes a focus on improvements in rural investment climate.	Not surprisingly, initial studies found that rural entrepreneurs reported different constraints than urban ones – mainly isolation from markets and low access to financial services. Work is still underway to develop comparable indicators across countries that are specific to rural areas (World Bank ARDD 2006). The studies suggested for example seasonality, rural human resources and rural-urban connectivity as potentially useful indices.
World Economic Forum Global Competitiveness Report and Regional Competitiveness Reports e.g. Africa (WEF 2009a; WEF 2009b) (P)	This annual report and country ranking contains twelve main indicator groups for 131 countries: Institutions, Infrastructure, Macroeconomic stability, Health and primary education, Higher education and training, Goods market efficiency, Labor market efficiency, Financial market sophistication, Technological readiness, Market size, Business sophistication and Innovation. The indicators are based on both international data sets and surveys of business leaders. Countries are categorised as 'factor-driven' (generally the poorest countries), 'efficiency-driven'' or innovation-driven' (generally the richest countries). The index is intended, amongst other things, "for policymakers who are seeking to address the obstacles to economic growth and competitiveness".	No reviews found covering use.
USAID Economic Performance Assessments (EPAs) of host countries (P)	Sponsored by the Economic Growth office of USAID's Bureau of Economic Growth, Agriculture and Trade (EGAT), these reports are aimed at USAID missions. Each report contains a synthesis of country indicators from international and country sources (and a discussion of data quality); international benchmarking of country performance and a short analysis to help with future programming priorities." See, for example, (Nathan Associates 2010). For others, search http://dec.usaid.gov/index.cfm. USAID Country Assistance Strategies do reference EPAs but it is not clear whether and how the reports are used in decision-making or monitoring on ARD policy or programming.	No evaluation located covering the use of EPAs

Table 3.1: Examples of policy performance assessments, other indicators and data sources available for monitoring policy coherence in ARD

Source (P – ex-post or A – ex-ante)	Type of information and its use	Issues raised by reviews and evaluations
World Bank Poverty and Social Impact Analysis (PSIA) (A)	Introduced by the World Bank in 2002 to help partner governments assess the distributional impact of proposed policies, particularly on the poor, using both social and economic analytic tools and techniques, and build capacity to do such assessments. 14 per cent of 156 PSIAs from 75 countries reviewed by (World Bank IEG 2010) covered ARD issues, including specific crop policy issues such as cotton and coffee as well as broader issues e.g. the Zambia land, fertilizer, and rural infrastructure PSIA 2005. The PSIA website http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTPSIA/0,,menuPK:490139~pagePK:149018~piPK:149093~theSitePK:490130,00.html contains guidance, tools for sectoral analysis including several ARD-related sectors, and case studies. A new multi-donor trust fund to support PSIA was launched 2010.	Evaluation of PSIA concluded that despite some individual successes (for example in Cambodia the PSIA reportedly helped build support within the government for a smallholder-based agricultural development scheme instead of large-scale agriculture), PSIAs to date have had only a moderate effect on country policies and Bank operations and negligible effect on country analytic capacity. Quality assurance and M&E of PSIAs was weak (World Bank IEG 2010). The evaluation recommends that PSIAs be better integrated into Bank programming.
Global Donor Platform for Rural Development/World Bank/FAO Sourcebook on results-based indicators for ARD (Global Donor Platform for Rural Development 2008).	The sourcebook – which concentrates on agricultural projects and programmes, with a brief mention of policies – suggests 86 indicators of ARD outcomes, and a subset of 19 'priority indicators' that "represent a minimum core set that all countries need to maintain and update on a regular basis." As the indicators listed measure outcomes, they would need to be supplemented with other indicators (particularly inputs and outputs) and there is no guidance on harmonising the latter. The sourcebook also contains advice on setting up M&E systems, data analysis and capacity building.	No reviews located. The sourcebook itself raises the issue of availability of data: "even though there was a general consensus (in workshops) that the generic list of indicators was useful and collectable, less than one-third of them were actually available in any single country." Many of the statistics are not easy to compare across countries owing to different methodologies used. The comprehensive national approach advocated is the ideal, but might discourage people who want to measure the effect of a specific policy.

Table 3.1: Examples of policy performance assessments, other indicators and data sources available for monitoring policy coherence in ARD

Source (P – ex-post or A – ex-ante)	Type of information and its use	Issues raised by reviews and evaluations
Household surveys, including living standards measurement surveys, agricultural censuses etc. (data source for P/A)	Analysis of the incentive and distributional aspects of policy. In particular household surveys can collect information on: agricultural production, use of inputs and technologies, investments, profits and income, other welfare indicators such as health and nutrition, schooling and household assets, environmental effects (Reardon and Glewwe 2000).	"An under-used source of data" (Reardon and Glewwe 2000). This still applies. One issue is under-use of information from household surveys conducted for other sectors' purposes, for example the Demographic and Health Surveys which cover nutrition.
Individual studies and baseline surveys for ARD projects in country (A)	Such studies are frequently commissioned by some donors to underpin ARD project proposals (e.g. USAID and the World Bank) but rarely employed by some others.	Despite the existence of some very high-quality individual studies covering relevant policy issues, numerous reviews have raised two questions around (a) lack of alignment: lack of country ownership or even knowledge of the studies, and use of stand-alone indicators that do not match country systems; and (b) poor knowledge management: studies are treated as one-offs which are rarely used by other programmes and frequently lost after a couple of years.
Support for global and regional programmes to carry out policy analysis (A/P)	An important donor-supported global policy centre in ARD is the Consultative Group on International Agricultural Research (CGIAR). CGIAR centres conduct a large amount of research on policies both of partner countries and globally, in particular on food policy (IFPRI), but also by other centres in connection with specific crops and agricultural systems (e.g. the comprehensive assessments of water in agriculture, such as Barker et al. 2004 for Vietnam). Donors also support many other international policy centres on specific ARD issues, for example the International Forum for Rural Transport and Development (IFRTD) and many UN agency projects.	Common problems include fragmentation, lack of sustainability and lack of country engagement in global policy programmes, much of which is donor-induced (World Bank OED 2004a). In the CGIAR, this is being addressed by a major reform effort. A 2003 evaluation found that "while the quality of the CGIAR's policy research is not in question," it needed to focus more both on partner country priority issues and capacity building and also on global issues such as intellectual property rights (World Bank OED 2003). This has not yet been fully addressed.

3.2 Experiences of policy coherence: the view from headquarters of development agencies

3.2.1 Policy incoherence and its causes

From interviews with staff of development agencies, mainly those based at headquarters, four common arguments emerged:

1. Coherence in the dimensions studied here was not seen as a major issue

2. Despite this, some of those interviewed had plenty to say about what might cause incoherence

3. Disagreements over development strategy were real and widespread, causing differences in policy recommendations

4. Repeatedly those interviewed highlighted the problem of lack of country leadership – and pondered the reasons for that

Policy incoherence not a major issue

Asked about policy incoherence, and reminded that the focus was on dimensions other than PCD and conflicts between aid and other policies, those interviewed felt that this was not a major issue. Two points were repeated several times.

1. If there were any inconsistencies in the policy of the agencies, this would be resolved by country offices, which are responsible for harmonising across different development partners, aligning with government policy and checking for consistency across their own agency policies. That, after all, was one of the main reasons for having staff in-country. It needs to be remembered that the agencies interviewed were all large donors that not surprisingly given their volume of activity, had their own country offices, usually with considerable technical expertise. IFAD was the only exception, and even this agency now has a field presence in some countries. The view may be different for smaller agencies where field presence is limited to the part-time efforts of diplomatic staff.

2. When trying to think of examples of incoherence, interviewees sometimes mentioned issues of PCD, usually conflicts within trade policy and between this and development objectives. For example, potential inconsistencies of African countries signing to Economic Partnership Agreements (EPA) while having obligations to regional trade deals through the Regional Economic Commissions (REC) were mentioned. So were the difficulties of non-tariff barriers to trade and the use of export bans, despite commitments to open trade under regional agreements.

In some interviews, discussion of incoherence moved to look at the impacts of effort to comply with the Principles of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action (AAA). Most interviewees agreed that transactions costs in aid were high and needed to be reduced as and where possible. Measures to improve harmonisation, alignment and ownership were usually supported, with the qualification that the link from this to better development impact was not clear. Moreover, in reality, there was less harmonisation and alignment than had been promised. This theme will be taken up in detail section 3.3, where the country experience is reviewed.

When discussing potential causes of policy incoherence, some of those interviewed could see several reasons why this might arise. Interviews in Rome produced three sets of inconsistencies:

- Contradictions between global commitments and national objectives, as seen for example between the free trade obligations that come with WTO membership, and the desire for a more restrictive regime locally

- Inconsistencies within the national policies of developing countries, with trade again seen as an example – for instance in Eastern and Southern Africa, where open trade in grains might resolve the periodic shortages and surpluses of different countries, but where fears of local shortages often lead to export restrictions

- Incoherence that is only revealed during implementation, since formally programmes and policies are drawn up that appear to be aligned with national strategies – that are, however, often stated liberally – so that hard priorities emerge only when programmes and policies begin to be executed. This theme will be explored in detail in the next section

Diversity and disagreements over strategy

Some of those interviewed felt that since agriculture and rural development touches on many issues and takes place in multiple contexts, diversity of programmes was to be expected and should not be a problem in itself. It would be naïve to interpret coherence as meaning a single approach to the issues.

An example of this came from Bangladesh, where government, donors and non-governmental organisations have various approaches to agricultural extension, all of which were seen as aligned with the overarching objective of helping farmers improve productivity. Given the diverse circumstances in rural Bangladesh, and above all of the different clientele served – there is a world of difference between the better-off farmers with substantial marketed surpluses and struggling widows trying to grow food for their own consumption – the existing diversity of approaches was considered appropriate[10].

There were, however, several references to differences over strategy. In some cases these were cases where development agencies and governments faced difficult choices – usually matters of judgments over priorities, cases where technical judgments differed, or debates over the means to achieve ends.

Some agencies and their analysts differ over priorities. In the agriculture sector, which may be expected to fulfil many different development objectives (see the argument in section 2.2) this is to be expected. So, for example, some may favour promoting the private sector, while others prefer to focus on food security. A prominent example is the trade-off between trying, on the one hand, to promote growth in agriculture – likely to generate benefits in the short run for better-off smallholders in areas with agricultural potential and (somewhat less certainly and with some delay) for the working poor in those same areas through linkages in production and consumption – and, on the other hand, trying to work directly with the very poor, wherever they may be located.

Box 3B highlights the issue faced the United States in Ethiopia. IFAD faces a similar conundrum. Its mandate is to assist the rural poor, but often, for its interventions to be effective and sustainable, IFAD has to work not with the poorest, but with those that are in a position to take advantage of opportunities – that is, those who have some capital and are entrepreneurial. Some approach the need to demonstrate that the poor will eventually benefit from interventions that may not target them directly as a challenge others might argue that it is just a choice.

Operationally, some agencies sidestep this issue by having different departments and budgets for different cases. But this does not solve the higher order question of how much each department should have.

Box 3B: Growth versus poverty reduction, the case of Ethiopia

Civil society has often criticised official development agencies for their apparent inconsistencies. A good example comes from Ethiopia where in FY2008 Save the Children reported that USAID had provided food aid worth almost US$300 million, plus a similar sum for emergency assistance and disaster relief, while providing less than US$5 million for agricultural development. Unsurprisingly, Save the Children saw this as inconsistent: shipping US food surpluses half way round the world instead of helping farmers to produce more locally.

The critique came at the same time as the World Development Report 2008 stated the case for agricultural growth as a way to reduce poverty, a point that USAID accepts it had not been sufficiently cognisant of at the time. That said, the very heavy sums for food aid came from a different budget, one that was not fungible either.

The disparity is now being remedied: USAID has raised its contribution to agricultural development to US$29 million for FY2010.

Cases such as this are not without their qualifications: USAID is not the only source of assistance to Ethiopia and if other partners were concentrating on agricultural development, then for USAID to focus on relief might have been coherent. A further question is to what extent this division of US assistance to Ethiopia was at the time aligned with national priorities.

Source: Save the Children 2009, interviews

[10] Not that diversity could always be seen as a virtue in the Bangladeshi countryside, where different forms of social protection, the pet projects of several agencies, have piled up in a bewildering manner.

In other cases the disagreements stem from a degree of ignorance. A prime case concerns the links between agricultural development and nutrition – an issue brought into focus by recent initiatives on food and nutrition security. All those interviewed were aware that there is no necessary direct relationship between agricultural development and improved nutrition; they were less clear on how and to what degree agricultural development can help, and what accompanying measures are needed.[11]

Some agencies are reluctant to engage with some of the debates. Avoiding contentious issues – such as input subsidies, genetically-modified organisms (GMO) – these agencies prefer to build consensus. One might expect the Rome agencies to take a lead in such debates, but that is not always the case. IFAD argues, for example, that it is not a normative institution. Its strategic framework makes a general statement of objectives and principles of engagement. In addition, IFAD has policies on thematic issues (e.g. rural finance, land, rural enterprises), though they tend to be general. This generality is explained by the desire to be flexible to adapt to different circumstances in the field. FAO, on the other hand, has an explicit normative function. Yet it argues that its policy is not to have positions on issues, but rather to mediate debates and empower member states with the necessary skills to enable them to effectively use empirical evidence to inform their decisions.

While it is clearly not productive to take sides on issues where differences of values lead to profound disagreements, such as with GMO, there is a danger that other difficult issues that, including those technical rather than ethical in nature, are left unattended on the grounds that agency field staff and national governments can resolve them in light of local contexts[12].

Should these issues be seen as examples of incoherence? Perhaps not – they are what they are: debates and disagreements over strategy rooted in legitimate differences of opinion over priorities (ends), and fostered by a degree of ignorance over how (complex and diverse) rural systems function (means), and hence what outcomes may be expected from a given intervention, with further uncertainty arising from the difference between the intervention as planned and the way in which it is implemented.

An extension to this argument arises from cases in which development partners, often in concert, arrive at a different judgment than that of government on matters of national policy. In such cases donors may be harmonised, but they are not aligned, and their policies are not owned. Presumably alignment means more than accepting without question whatever the government states as its priority. Is this an incoherence? No; again, this seems a difference of opinion over ends or means.

Whether these issues are termed matters of coherence may seem academic, but the distinction matters. Call them problems of coherence and the most likely solution will lie in improved co-ordination. Seen as differences of opinion on ends and means, it is apparent that no amount of co-ordination will resolve them.

Country leadership

Several of those interviewed stressed the importance of country leadership and the lack of clearer guidance from many governments as to their strategy. This invites much wider consideration of the factors that cause governments' reluctance to lead. Since lack of clear strategy is a major finding from the country studies, this issue is dealt with in the section 3.3.

[11] Compare and contrast, for example, the records of agricultural growth and child malnutrition in Burkina Faso and Senegal since the early 1990s. The former has a fast-growing agriculture yet has made almost no progress in reducing the stunting of children under five years of age: the other has a very slow growing agriculture, but has made great strides in reducing stunting.

[12] There is some confirmation that failure to engage at the international level can become a habit that is repeated at the national level. In one country, FAO was said to have been reluctant to confront the government with hard questions about agricultural strategy.

3.2.2 The impact of global and regional initiatives

As set out in section 2.3, at least three sets of initiatives potentially affect policy coherence: food and nutrition security; climate change; and, in the case of Africa, CAADP.

Global food & nutrition security initiatives

Global food and nutrition security initiatives have been broadly welcomed, both for additional resources, or the promise of them, and, perhaps above all, for helping to focus and galvanise efforts. This is particularly the case for USAID, where the initiatives corresponded with a new administration, resulting in a major new programme within the agency, Feed the Future (FTF). FTF caught the imagination of USAID's agriculture staff and allowed them to focus on broader concerns than the previous focus on agriculture as an arena of private sector development had allowed.

On the specific issue of whether these initiatives have made co-ordination and coherence more difficult, the general view was that they had not. One respondent argued that since it tended to be the same persons who represented their agencies in the various meetings taking place, be they under the auspices of the HLTF, CFS, AFSI or whatever, there was little incoherence. At country-level, it was reported that the efforts to develop a country investment plan to operationalise FTF in Bangladesh were commended for having brought focus and purpose, with a productive alliance involving FAO, IFPRI and the government using the Food Policy Action Plan as their point of departure and engaging other agencies as well.

Some qualifications were, however, registered:

- In substantive terms, there was the concern that the food price spike had tended to push the sector towards a concern with production, and in some countries towards a renewed focus on food self-sufficiency, and hence away from food security more broadly defined and from a view of agricultural development as a way to reduce poverty.

- Also substantively, while most interviewees were enthusiastic about a higher profile for nutrition, it was recognised that limited knowledge about the specific causes of malnutrition in particular contexts set technical challenges for policy-making.

- On process, there were some doubts about how effective coordinating bodies such as the HLTF and the CFS may be. That said, HLTF was commended for having the capacity to provide detailed suggestions for country activities for the EU when it came to disbursing the €1 billion facility set up in 2008, without which funds would not have arrived in the field as rapidly as they did. There were also concerns that the GAFSP trust fund at the World Bank had raised expectations in potentially benefiting countries. Meanwhile, behind the headlines announcing AFSI commitments of US$22 billion, the reality was that the funds lodged in the trust were two orders of magnitude less, and that governments applying for funding were likely to be disappointed. Moreover, there were reports that to qualify for these funds, countries in Africa were rushing to get CAADP compacts in place and cutting corners in preparing the corresponding investment plans. Country governments, it seemed, were simply running after the money.

An overall qualification expressed by one observer was that the international initiatives were all very well, but that what mattered far more were the national plans. Regional initiatives that translated more directly into country activities, such as CAADP, were thus potentially more valuable than global efforts. This point, however, does not necessarily contradict the potential value of international initiatives, especially when these take the first of the five Rome Principles, that of country leadership and country-based plans, seriously.

Climate change

Though climate change is widely acknowledge as a growing concern, it has not yet influenced aid for agricultural development in any great measure, as climate change funds and mechanisms are not yet in place. Until recently, in some agencies climate change was firmly in the remit of environmental specialists. Interestingly, some reported that they did not expect the arrival of major funding for agriculture and climate change to disrupt current activity, since they thought their agency had long been promoting innovations that responded to the challenge of climate change, such as conservation farming or economising on water use in rice paddy fields. Indeed, measures to intensify agricultural production can be seen as saving emissions if they prevent a more extensive farming from transforming valued habitats such as forests, peat and wetlands and thereby releasing large quantities of greenhouse gases. Another interviewee commented that there were clear complementarities, since better farming that uses, for example, less water or short-season varieties, would also help adapt to a changed climate.

There was, however, a sense of uncertainty about just how the need to adapt to and mitigate climate change would play out for agriculture.

Regional initiatives: Comprehensive Africa Agriculture Development Programme (CAADP)

There was considerable support amongst development agency officials for CAADP as a way to coordinate and focus attention on agricultural development in Africa. One observer saw CAADP as a forerunner to the international initiatives, stressing that the Rome Principles look rather similar to those already deployed by CAADP.

CAADP has not always been applauded. It was once common to hear donor agencies lament the slow progress of the programme. It seems, however, that the lengthy processes of engagement taken by CAADP with the REC and national governments, plus the determination of its leaders not to be incorporated into external initiatives, have allowed the programme to develop as an Africa-led initiative, firmly within the remit of the African Union. In the process, different participants with their own ideas about what CAADP may be have reached a common understanding of the Programme. There may be a lesson here about being prepared to persist with a process that necessarily takes time. It is to the credit of most development agencies that they have recognised the merit of CAADP as an example of regional leadership that reflects the spirit of the Paris Declaration.

3.2.3 Summary

A fairly clear picture emerges from the interviews conducted with development agency officials. It may be summarised with the following key messages:

- Policy coherence is seen largely as a problem in the continuing conflicts between aid and other (typically trade) policies of OECD countries. Incoherence in the dimensions considered here does not appear to be a pressing problem
- No-one disagrees that reducing transaction costs and implementing the Accra Agenda for Action are worth doing, but there is some scepticism as to how much such changes can improve aid effectiveness
- Issues that raise concern lie in two domains, neither of which is helpfully seen as a matter of coherence. One is the political economy of development decisions, mainly but not exclusively in developing countries, that results in strategies being less clear than they should be. The other is that differences of opinion over choices of ends (a value choice) or choices of means (a technical choice) in agricultural development can contribute to fragmented, contested and changing policy
- The recent international initiatives for food and nutrition security may present some additional costs of co-ordination and technical challenges, but these drawbacks are not that great and need to be set against valued advantages of not only additional resources, but also and above all, focus and purpose
- Climate change initiatives have yet to become a substantial issue for the agricultural programmes of development agencies
- CAADP is widely admired as a way to improve coordination – the fruit of a painstaking, if lengthy, process of engagement with REC and national governments

3.3 Experiences of policy coherence: country views

This section is structured around the three main questions set for the country studies:

1. Problems seen with policy incoherence

2. Progress on implementing the Accra Agenda for Action

3. Examples of good practice

3.3.1 Are there significant problems of policy incoherence in agriculture and rural development?

Problems of incoherence in the dimensions studied were not prominent in the four countries and 16 cases reviewed. When incoherence was reported, it tended to arise in the dimension of domestic policies that worked against one another, mainly concerning trade rules undermining agricultural development.

For example, in Mozambique a strong, probably overvalued exchange rate of the metical against the dollar works against farmers, both exporters and those producing for the national market face competition from cheap imports. In the same country, policies to stimulate domestic vegetable production were offset by tariff-free imports of tomatoes.

In Honduras, programmes to stimulate production of maize, typically grown by small farmers with low incomes, were undercut by allowing millers to import maize duty free – despite there being scope within the treaty (DR-CAFTA) with the United States for Honduras to apply a tariff on maize. When supplies of maize, beans and other staple foods run scarce, it is common for price controls to be applied and for exports of beans to be prohibited. These controls were applied in spite of efforts to promote exports of high quality beans grown by small farmers from Honduras.

These problems are understandable: in the cases cited, the priority measures favour – at least in the short run – domestic consumers who are an important political constituency. Typically the trade rules were applied by agencies other than the ministry of agriculture or others charged with agricultural development.

The other possible manifestations of incoherence are better discussed in answer to the next question.

3.3.2 Are efforts for improved aid effectiveness through harmonisation, alignment and country ownership of aid programmes worthwhile?

It is here that the main findings from the country studies emerge. In the cases seen, development agencies were indeed harmonising their efforts and aligning with national strategies. For example, the country study for Cambodia commends the development partners for their efforts on harmonisation: 'Evidence from the case studies additionally suggests that donors have been extremely active with regard to improving their aid effectiveness through harmonising their own programme initiatives. The interviews revealed that development partners have consulted extensively with government and donors themselves in order to avoid duplication and seek ways to work in complement to each other, while accepting the need to mainstream their programmes to align with ARD sub-sectoral development policy.'

The apparent positive outcome in harmonisation and alignment of policies, however, is heavily qualified by the observation that in many cases the national strategy was so permissive that almost anything a donor proposed could be seen to be aligned.

In Mozambique, policy inconsistencies are not obvious because policy statements are sufficiently broad and vague to avoid contradictions, lacking clear prioritisation of investments and activities or indeed any detailed analysis of economic, social or environmental impact of policies.

In Cambodia it was reported:
'Although the fisheries policy is comprehensive, it fails to clearly prioritise contemporary issues. Some donors said that even though they try to align their policy and programme, they still lack a clear sense of how to prioritise their programme to fit perfectly with the government's policy priorities.'

The problem was generalised, not just in fisheries policy:

'Prioritisation is practically absent in ARD policies, however, and this is a problem for increasing synergy in the sector. Donors identify different priority interventions based on their own situation analyses and assistance agendas. Most ARD donors still practise piecemeal programmes within the framework of different ARD policies. Meanwhile, the dominance of donor-funded programmes limits government capacity to direct donor initiatives according to its priorities. This dependency on donor assistance largely disables the government from defragmenting donor assistance, despite its good intentions.'

From the same country, there is the rueful reflection that:
'The government still uses an "aid maximisation approach" to gather as many projects and as much financial support from donors as possible to ARD to supplement to its role. '

In both countries there was a proliferation of policy documents, even to the point in Cambodia of there being two national development strategies in existence at the same time, promoted by different international financial institutions. Adding to the liberal context, policies from the past tend not to be formally repealed or retired.

In Mali, the government struggled to move from the general strategic guide of the 2006 Loi d'orientation agricole (Agricultural orientation law) to a more concrete action plan with detailed public investments and activities. Much the same problem of the failure to male strategic choices, or at any rate, to make them public applied in Honduras as well.

So while the principle of alignment is being met, that of country ownership and leadership is not being achieved. The consequences are clear: where there is too little indication of national priorities, donors carry out their own diagnoses of the sectors and issues upon which to focus their activities.

In Honduras:
'Each development partner insists on carrying out their own diagnoses and analyses. Consequently, they and the government have differing diagnoses that result in distinct policies and strategies being implemented by government and donors. This situation arises, in part, from the lack of leadership from those in charge of the sector and to the limited capacity in planning units within the public agencies for agriculture.' [Honduras country report, translated]

In countries such as Cambodia, where so much of the investment budget comes from aid, the accumulation of these analyses and the resources then allocated in accordance with their conclusions effectively become the national strategy.

Equally problematic is that with too little setting of priorities, development efforts become diverse, both in their specific objectives and the methods deployed to achieve them. It makes sense to question just how costly this is, since diverse initiatives may still each be valuable, but it is highly likely that potential synergies are missed.

While policy alignment may be achieved, much less progress on alignment of procedures can be seen in these cases. In many cases development agencies insist on applying their own rules for procurement, and require accounts to be submitted according to their systems. Indeed most of the funds may not enter the national system, as they are administered by a field office of the funding agency. Commonly monitoring and evaluation is carried out for the purposes of the donors, with variations in periodicity, variables observed and no doubt in intensity by the different funders.

In some of the cases, implementation has taken place through special units set up, in parallel to national systems, specifically to manage the particular programme. This applies, for example, to Gorongoza Park in Mozambique, and to the training and credit for commercialising small farmers and the suppliers' programmes in Honduras. These, interestingly, are all relatively successful cases; moreover the existence of the units is seen as having contributed to success. In Honduras, the unit set up at the prompting of the Millennium Challenge Corporation to run the training and credit programme was admired by stakeholders for its transparency[13].

In marked contrast, the cases include one of the most intensive experiences seen to date in trying to align not just policies but also procedures for agricultural development: the sector wide programme of Mozambique, PROAGRI I. As a Sector Wide Approach (SWAp), PROAGRI aimed to address problems of fragmentation of aid-funded operations, which undermined cost-efficiency of interventions and compromised coherence and domestic ownership of development. Yet, despite much activity to strengthen sector coordination, PROAGRI failed to deliver convincing results to the sector as a whole. It focused disproportionately on promoting donor alignment and harmonisation and on building systems and capacity in the Ministry of Agriculture, but failed to ensure effective service delivery at field level. Furthermore, despite the focus on sector coordination, this failed to be promoted in a comprehensive and sustained manner (see Box 3C).

Box 3C: PROAGRI I and the failed quest for coherence

PROAGRI is a donor-supported programme to promote the development of the ARD sector in an integrated manner in Mozambique. Objectives for the first phase (1999–2003) aimed to reform and modernise public sector institutions in agriculture, provide public services to promote agricultural production and productivity, and to ensure sustainable management of natural resources. About US$ 154 million were spent over five years, of which 88 per cent was funded by donors.

Despite the volume of resources invested, results at field level failed to materialise and the sector continued to underperform in terms of production, productivity and food security especially at the level of smallholders, which represent the bulk of farming activity.

What led to disappointment?

- Mismatch between resources focused mainly on institutional capacity and biased towards central level, where 56 per cent of resources were spent, on the one hand; and the needs of the sector in the field, especially small famers, on the other.
- Excessive emphasis on process and capacity building, disregarding service provision to farmers and outcomes. Despite this emphasis, weaknesses in policy formulation and analytical capacity within the Ministry of Agriculture persisted.
- Disproportionate contribution of aid to programme implementation vis-à-vis domestic resources, which suggests a lack of commitment from government, despite political discourse.
- Failure to promote sector-wide coordination, still focused on a narrowly defined agriculture sector, coupled with failure to engage the private sector.

The context did not help: the ministry had few resources, many of its staff had little training, and the overall low level of development in the rural areas – for example, lack of roads – made it hard to achieve much with the limited resources available to the ministry. Donors may also have had too optimistic a view of what could be achieved in the relatively short term.

Source: Mozambique country report.

PROAGRI may be exceptional, but it shows what can happen and reminds that alignment in particular and coordination in general are means to an end, not ends in themselves.

3.3.3 Are there examples of good practice that improve coherence?

A very clear and repeated observation from the cases reviewed was the value of consultation and finding ways to engage stakeholders effectively in the early stages of programmes. These paid off in situations where there were diverse interests, and where a common purpose needed to be established.

The largest and most ambitious example in the cases reviewed is that of the reform of the cereals sector in Mali. This brought together government, donors, private enterprise and farmer organisations to agree and successfully carry out a transformation of cereals policy, from close state control of marketing and distribution to one with freer markets and more scope for private initiative (see Box 3D).

Box 3D: Cereals reform in Mali

The PRMC (Programme de Restructuration du Marché Céréalier au Mali) began in 1981, with a view towards at supporting the liberalisation of the cereal markets in Mali.

Prior to this reform, cereals markets in Mali were largely administrated. State monopoly on input and outputs markets, fixed prices, import and export quotas aimed to provide the urban population with low-price food. The private sector, however, still operated a significant faction of the market.

By the end of the 1970s, the parastatal institution (OPAM – Office des Produits Agricoles du Mali) administrating the cereals markets went bankrupt. The PRMC responded to these growing difficulties, and was aligned with concurrent structural adjustment and other reforms.

From 1982 until at least 1999, the cereals markets were reformed, with the aim of giving farmers higher prices and incentives to produce, attract private investment into grain trading, storage and processing, and to redirect state agencies to the delivery of public goods – while reducing their running costs.

Step by step, prices were liberalised, private trading permitted, a more open regime for international trade in cereals instituted, information systems improved, and measures taken to improve traders' access to credit.

These measures were helped by the 50 per cent devaluation of the franc CFA in 1994, which improved the competitiveness of Malian cereals compared to imports.

Results – some of which may be attributed to overall economic liberalisation and regional integration – have been impressive:

- Cereal production grew quickly, especially after 1994. Annual cereal production growth rates aver- aged 3.6 per cent from 1990 to 2006, annual production per head rising from 213kg to 304kg
- The market became more competitive and effective. Though may still be oligopolistic, with only a few traders operating in the main urban centres; traders' margins have reduced and producers capture a larger proportion of the consumer value
- Increased production has contributed to reducing consumer prices
- Public expenses have reduced, the budget of OPAM's budget having fallen, from 3.3 per cent of public expenditures to 0.3 per cent

There are still challenges in volatile production and prices – the thin market where only a small share of production is ever – sold, and persistent malnutrition seen in rural areas.

Success in this case can be attributed to:

- A coherent and sequenced set of reforms, well aligned with the macroeconomic policy reforms
- Strong and committed support by a broad but united group of donors that fully funded the PRMC for the first 15 years (the main contributors being WFP, EU, USAID, CIDA, Dutch Cooperation, KFW, and ADF)
- High level oversight by the donors and the government through coordination and monitoring units, including a Food Security Committee (CSA) attached to the prime minister and a specific donor management committee working under the presidency of WFP for the whole period
- The flourishing cotton sector in Mali, which until the 2000s generated incomes that helped farmers invest in cereals, with cereal inputs provided through the CMDT

Source: Mali country study

Cereals sector reform was not the only case in Mali where a sustained and ambitious effort to reform part of agriculture was successful. In colonial times reforms were made to a large irrigation scheme, the Office du Niger. Where previously the Office du Niger had been run centrally, scheme management controlling much of what farmers did, reforms brought many of the controls to an end encouraging decentralised operations (see Box 3E).

Box 3E: Reform of the Office du Niger, Mali

The Office du Niger (OdN) began as one of the most ambitious projects of the French colonial administration in the 1930s. The intention was to convert 950,000 ha of the inland Niger delta for irrigated cotton and rice cultivation, managed by a French public company. At independence, the French colonial company was nationalised and turned into a Malian public company specialized in rice production. The Office du Niger controlled the entire paddy production, processing and marketing chains in the zone covered. Until the 1980s, 80 per cent of Malian rice was marketed by the OdN.

By the end of the 1970s, however, irrigation systems began to deteriorate, yields to decline, and the authoritarian management of paddy farmers was more and more criticised and problematic.
The reform of the OdN began in the early 1980s. Investments to upgrade and maintain irrigation infrastructure were renewed, and the OdN was refocused on its areas of comparative advantage; that is, irrigated land development, credit, transformation of paddy and marketing of rice. Prices were then progressively liberalised, private investment hulling plants subsidised, and credit to traders facilitated – all with a view towards building a functional private market system.

In 1994, OdN was turned into a profit-making public company. Its staff and responsibilities were further restricted to focus on water management, primary and secondary irrigation infrastructure management, land management, and extension services provision. A tripartite contractual arrangement regulated services provided by the OdN to the Malian government and farmers associations.

The impact of the reforms are seen as largely positive. The rice value chain has become much more effective and OdN no longer depends on subsidies to operate. Rice production rose to an annual growth rate of 7 per cent between 1990-2007, thanks largely to the devaluation of the franc CFA in the mid 1990s. Transformation and marketing costs fell, increasing the share of the price captured by paddy producers. Moreover, small scale threshing and hulling plants multiplied, allowing famers to add value on produced paddy. Lastly, farmers living in the OdN zone could diversify into higher value crop production such as shallots, which helped improve incomes.

A wide and coherent range of reforms – including macro-economic reform, empowerment of producer's organisations, infrastructure rehabilitation, land tenure security, institutional reorganisation, introduction of new techniques (such as transplanting) and improved varieties (Gambiaca-Nerica rice was also promoted in rain-fed areas) – contributed to the success. Sequencing of markets, supply side, and trade reforms also played an important role. After free imports of cereals in the 1980s when the cereal deficit was still very high, import taxes were reintroduced in 1990. They were only reduced once again in 1995, from 46% to 11%, after the devaluation of 1994 and after national supply had been increased.

Reform has been a joint effort of the Malian government and its partners. During the first phase (1988 – 1998), the Word Bank, AFD, the Dutch cooperation and KFW provided about 75 per cent of funds. A key reason for success was strong leadership by the Malian government, which decided to set up an independent and high level delegation attached to the prime minister to manage the reforms.

Sources: Mali country report; 1999, Implementation completion report, Republic of Mali, Office to Niger consolidation project, Report 19424, World Bank.

Similar good results were attained, albeit on a smaller scale, in reconciling interests in the Gorongosa conservation (see Box 3F) and in the revival of the cashew industry in Mozambique (see Box 3G). In Honduras, two successes were seen in improving value chains; the key to success in both cases related to the way farmers, customers, and those in the supply chain were brought together with government and the development partners to build consensus on key measures and gain commitment to joint action.

Box 3F: Engagement of local communities as a success factor: the case of Gorongosa National Park Rehabilitation Programme

The Gorongosa National Park is situated in Sofala province in the centre of Mozambique. It covers an area of 4,067 sq km with a buffer zone of 3,300 sq km. Established in colonial times, the Park was severely affected by the civil war, when about 95 per cent of the animal population was killed. Efforts to rehabilitate the Park started in 1994, with support from the African Development Bank. Since then, other donors have joined in, most noticeable the American Carr Foundation.

The Gorongosa Park rehabilitation programme has multi-sectoral components, including sustainable agricultural production. It follows an integrated local development approach with emphasis on natural resource conservation and the promotion of economic activities for project sustainability. The programme has managed to increase and sustain animal populations as well as to generate local employment linked to reintroduced tourism.

What factors made the Gorongosa Park rehabilitation programme a success?

- Integrated development approach with clear objectives which match government policy and local community needs
- Coordination of activities at several levels and involving different stakeholders (government, donors and local communities)
- Robust project management, with qualified professionals working in the field on a long-term basis
- Strong interaction with local communities to promote conservation and sustainable agricultural practices, although some malpractices noted
- Significant volume of resources sustained over a long timeframe

Source: Mozambique country report

Box 3G: Successful reforms in cashew nuts, Mozambique

Cashew is a major cash crop in Mozambique. During colonial times, the country was the world's largest exporter of cashew and the sector represented an important source of income and labour for the rural population. Production dropped dramatically after independence, due to the successive impacts of war, socialism (the establishment of communal villages moved people away from cashew plantations) and, finally, strict liberalisation which led to anarchic privatisation and subsequent dismantling of uncompetitive processing plants in the 1990s.

Since the early 2000s the sector has been subjected to a number of reforms targeting agricultural production and industry, including:

- Creation in 1997 of the National Cashew Institute (INCAJU), as an autonomous institution linked to the Ministry of Agriculture, whose main attributions include overseeing the sector, coordinating research and extension, regulating trade and exports and promoting commercial-oriented production and processing
- Rehabilitation of industrial activities, with investments in small to medium-size plants (as opposed to large plants inherited from colonial times)
- Attempts to introduce regulation to protect local produce supply to industry
- Research focused on developing improved varieties
- Training of specialised technicians focused on cashew
- Distribution of new varieties to producers

Despite several persisting difficulties – for example, low productivity, low value addition, and low quality of product, which makes it difficult to compete in international markets – the sector has experienced sustained increases in production over the recent years, from an average of 20–30,000 tonnes in the 1990s to 50–70,000 tonnes today. Exports have been reestablished and currently average 20,000 tonnes.

What factors may explain such positive outcomes?

- Commitment by government to recover the sector
- Coordination across the value chain, facilitated by a specialised body overseeing and regulating the sector in an integrated way (INCAJU), even if there are still gaps in regulatory and oversight capacity
- Involvement of different stakeholders, including research institutes, extension services, banks and private investors
- Investments in industrialisation and marketing of cashew, drawing on a variety of sources of finance, public funds, external aid and finance from domestic banking system
- Changing the location and reducing the scale of processing units and technology used
- Training of researchers and extension workers specialising in the cashew nuts sector, even if still in small numbers

Source: Mozambique report

3.3.4 Summary

The following points stand out:

- Most examples of policy incoherence observed involved conflicts between policies for agricultural development and other policies, or failings of a whole of government approach – the same problem as arises with PCD for OECD countries

- Progress had been made in all four countries studied (Cambodia, Honduras, Mali and Mozambique) on harmonising aid for agriculture and rural development. Formally aid-funded programmes were aligned well with national strategies, but only because those strategies were so permissive that almost any donor initiative could be seen as aligned. National strategies and plans chronically failed to make explicit choices – these tended to arise just before or during implementation

- Not much progress had been made on aligning procedures and systems (above all in finances and procurement) of the development partners with those of developing countries. In some cases, this was welcomed locally, since it gave confidence in the integrity of the systems used

- In the successes seen, the common element was the way in which stakeholders were brought together early in the process to form a group with an interest in seeing the policy, reform, or programme through to a successful outcome

The last point, of course, begs the question of what makes the formation of successful interest groups possible in some cases, but not in others. This question will be addressed in the conclusions.

4.0 Conclusions

4.1 Summarising key points and expanding critical arguments

Findings from the different parts of this study, above all the interviews with development agency staff at headquarters and the country cases, coincide on four key areas:

Policy coherence for agriculture and rural development

In the dimensions of coherence considered in this report – that is, policy consistency within development agencies, across the agencies, between agencies and developing countries, and within countries – coherence itself was not seen to be a major issue. The dimension that attracted comment was that of Policy Coherence for Development (PCD): the compatibility of aid policies for agriculture and rural development and other policies of the OECD countries, and the counterpart of this within developing countries; that is, inconsistencies of agricultural and rural policy with other policies, typically trade rules.

Somewhat inadvertently, the study confirms that PCD is an issue that concerns many policy advisors. The EU and several of its member states who have taken this seriously are dealing with a substantial issue.

The principles of the Paris Declaration and aid effectiveness

While progress on some of the principles of the Paris Declaration has been achieved, there was scepticism amongst staff at the headquarters of development agencies about how much further efforts to follow the Paris Declaration would contribute to aid effectiveness. Progress on harmonisation was evident in the four countries studied. At first sight, moreover, aid-funded programmes for agriculture and rural development appeared to be aligned with national priorities. Yet that was only so formally, since the cases reviewed revealed the deeper problem of weak national strategies that failed to make choices and set priorities. It was also clear that not much progress had been made on aligning systems and procedures of some development agencies with national ones. Hence, country ownership of aid programmes seemed limited.

Lack of country ownership of agriculture and rural development

Before discussing why in some developing countries strategies for agriculture and rural development are so broadly worded as to give little guidance for planning public policy, it is worth asking how much this matters. It probably does. In the absence of clearer choices and guidance, policies and programmes proliferate. Some potentially compete, some duplicate and overlap one another, raising fears of waste on the one hand and lost synergies on the other. This was exacerbated by the tendency for new policies and programmes to emerge while older ones were not always clearly retired.

There may be further drawbacks: without clear direction, the more fundamental issues affecting ARD can be obscured by less important concerns, with resources dissipated or the bases of agricultural development undermined. A sector that lacks a sharp focus may well lose out when competing for national resources with other areas of public spending that are more clearly defined.

Why, then, does this happen? At times, donors may contribute to the problem by insisting on programmes and policies that reflect their preferences. But that leads back to the question of why developing countries do not establish a firmer line on their ARD policy. Two factors probably explain the problem. One is the relative complexity of ARD, where for good reasons opinions differ over choices of both ends and means, reflecting differing values and technical judgments

[14] Headey et al. (2009) document the reasons that agriculture in Africa tend to get low priority and few resources: included is the low rank that ministries of agriculture commonly have in the cabinet pecking order: both politicians and civil servants see, if they have ambitions, posts at agriculture as a stepping stone to something better.

[15] In this case, technical dysfunctions did not harm the political ends. As a result, marked variations in the amounts of seed and fertiliser distributed did nothing to benefit continuity of production, but may still have served the political ends of patronage. Indeed, unreliable patronage can remind recipients of who they have to thank for what they get.

[16] As with most analyses of revealed political preferences, this will not be the only interpretation. It is the nature of these revelations that any such suggestion is likely to be denied officially.

[17] The country and sector have to remain anonymous in a public report since they are highly sensitive.

[18] This programme may be an example of policy not being formally rescinded: land reform legislation had been brought in by previous administrations, but had low priority with subsequent ones.

respectively – differences that can contribute to fragmented, contested and changing policy.

The other factor is political economy, a theme that emerged more strongly in the country cases than might have been anticipated. This and associated points thus need some expansion. A complex of closely-related political, institutional and operational factors often applies to ARD policy, as follows:

- Politically, governments have to answer to constituencies whose needs and interests are not necessarily compatible. For example, the governments of both Honduras and Mozambique encourage food production. The government of Honduras goes so far as to hand out inputs. Yet both governments feel commpelled to allow imports at low or zero tariffs to keep food prices down for urban consumers. Short-term priorities tend to outweigh longer-run considerations. Rural interest groups, especially those of poor rural people, find it difficult to express their views, or to organise and place effective demands on leaders. As a result urban and elite interests hold undue sway over decisions. Box 4A outlines the different ways that political preferences that are not formally expressed in strategies and plans emerge in practice.

- Institutionally, responsibilities for agriculture and rural development in most developing countries are split across several agencies. The ministry of agriculture is just one of these agencies, and probably possesses neither the most resources nor the most prestige and power.[14] Administrative fragmentation can lead to fragmentation of policy-making, but perhaps more importantly, it can prevent the administration from becoming an effective advocate for rural issues.

- Operationally, government agencies lack capacity, especially in agriculture in Africa, where the cuts made in the 1980s and 1990s under structural adjustment left ministries with few staff and resources. This results in limited ability to carry out the analyses that might help enable strategic choices to be made. It also reduces agencies' ability to deliver services, carry out investment programmes, and operate public infrastructure. Development partners are not well placed to supplement national capacity since some agencies do not have much of a field presence, and most of their staff have been recruited for their professional and technical skills, not their wider abilities in political and administrative matters.

Box 4A: Revealed political preferences in the four country cases

Not surprisingly, when priorities are not clearly set out in plans, they often emerge in practice. This was apparent with the bias towards consumers over the interests of farmers exhibited in Honduras and Mozambique.

Three other tendencies were revealed in the programmes reviewed. One is clientelism, where the priority for agricultural development becomes the distribution of favours to potential supporters. This was an seen in the seed and fertiliser distribution programme in Honduras, ostensibly meant to help marginalised small farmers overcome barriers to access to better inputs and so improve their food supply and incomes. Despite the existence of targeting criteria, actual distribution went to places and people who supported the government[15].

A second revealed priority was the capture of resources to favour elites with power. Such behaviour was inferred[16] from the case study of the PROAGRI sector-wide programme, under the auspices of which large amounts spent in Maputo at ministry headquarters, largely benefitting civil servants running the ministry – at the expense of small farmers. In other cases[17], there are areas of agricultural decision-making where development partners are not welcome, since rents for private gain and to fund politics are at stake.

A third outcome seen was the evasion of official policy. This was seen most starkly in Honduras, where a land tenure programme steered clear of the political minefields of redistributing or adjudicating on disputes over rural land. Instead, the programme worked diligently on one of its stated goals – to improve the land registry, an uncontroversial technical task – while interpreting its mandate to resolve conflicts in fourteen (largely rural) municipalities so as to carry out surveying and titling of urban plots – both technically simpler and politically less contentious than attending to rural conflicts[18].

These factors interact, creating feedback loops. For example, what planning capacity there may be is frustrated when key policies and resource allocations are decided by informal political pressures. Overall, these weaknesses tend to undermine performance of agricultural and rural development agencies, thereby reducing their prestige and the budgets they obtain.

Better practice: lessons from successes

Political economy can, however, be overly seductive: it is too easy to conclude that the politically powerful will always be able to ensure that policy favours their interests and that they will capture any benefits from aid programmes. It would be naïve to imagine that this does not occur, but it is far from inevitable.

Indeed, a common element in the successful cases studied concerned the way in which stakeholders had been brought together to form interest groups determined enough to see the policy or programme through to a successful outcome. The question then arises as to what allows this to happen in often unpromising circumstances? Four factors seem to make a difference:

1. A crisis or a promise. There has to be an issue around which interests can coalesce. This issue has to be acknowledged and identified by stakeholders, with some consensus about the problem or the opportunity. Tangible gains, preferably some in the short run, have to be expected.

   In Mali, the cereals reform began when matters were at a low ebb: as the country grew increasingly dependent on grain imports, and a parastatal organisation ran up debts, it became clear to all that something needed to change. In the same country, the poor performance of the Office du Niger stood in stark contrast to the clear potential of the irrigation scheme to create wealth. In Mozambique, INCAJU was formed for a sector where previously there had been a thriving export business, where it was reasonable to expect good returns from public efforts to revive cashew production, processing and exports. In the two successes from Honduras, the supply chains that were created and supported offered good returns to producers and traders, as well as better produce at attractive prices to customers. In Cambodia, efforts to promote rice production took place in a country that enjoys favourable natural conditions for producing rice, experienced rice farmers and a major market for surpluses in neighbouring Vietnam.

   Compare this to the case of PROAGRI: yes, there were interests in this programme – of ministry staff who saw the resources, and of donors who hoped that this would be an efficient and effective way to disburse aid. But it was not clear that there was much appetite for the programme amongst the country's many farmers, traders, processors and input suppliers in the supply chains.

   As with all conditions, the existence of an opportunity does not necessarily make for success.The difficulties of the Chókwè irrigation scheme in Mozambique remind us of this. With potentially 33,000 ha of land available for irrigation, the initiative should have been a success. Yet the scheme has been dogged by mismanagement, political interference and personal interests.

   The recognition of critical points also applies internationally. The food price spike of 2007–08 has galvanised interests in food security in ways not seen since the first food crisis of 1974.

2. Engage only those with a real stake. This follows from the former point: negotiations are difficult enough without involving participants for whom this is not a burning issue. Participation has to be limited if the costs of co-ordination are to be kept down.

3. Sustained interest and effort. Continuity of aims, purpose and resources helps. In the two remarkable reforms from Mali, for cereals and irrigation, government and donors held together in common purpose for at least twenty years. Ideas about how to do things changed in that time. Indeed, in these cases the sequencing of measures is a feature – but there was little wavering in the commitment to making things work better.

   Regionally, CAADP seems another case where a focus on progress in the long haul is paying off. What makes for sustained effort? This is difficult to answer. Leadership and vision must be part of the story. It helps, though, if there are concrete results in the short run. That leads to the fourth point:

4. Favourable external circumstances. It helps to have good fortune. The devaluation of the franc CFA in 1994 was not the result of plans by the groups reforming the cereals market and the Office du Niger, but it helped improve the returns to cereals production.

The contrary also applies: if intractable technical problems arise, or some leader or technocrat is unwaveringly venal, or some stakeholders refuse to bridge the gaps between themselves and others, if economic conditions move against the enterprise – all of these can sink well-conceived efforts. Several of these factors probably explain why the Chókwè irrigation scheme has not been revived, while the Office du Niger has.

A qualification applies: while mobilised interests can score successes, these may not be in priority areas. Indeed, they may not even be good policy. Some of the strongest political coalitions have been formed to defend indefensible rents, as reviews of agricultural policy in OECD countries frequently show.

4.2 Implications: some signposts for better practice

From these four sets of points, there are corresponding implications, some more prominent clearly marked than others.

1. If the main issue in policy coherence for agriculture and rural development turns out to be ensuring that policies across governments, both North and South, are consistent, then the measures undertaken by the EU and some of its member states to ensure PCD are to be commended. In developing countries, improving coherence across the spectrum of policies is a major challenge that falls beyond the scope of this paper, but part of the answers to which are outlined below.

2. The limits to what may be achieved from applying the principles of the Paris Declaration on Aid Effectiveness for agriculture and rural development with a narrow focus on detailed planning and coordination are clear. The high transaction costs of close coordination are probably a price worth paying when it comes to major service sectors such as health, education, roads and water supply. In these sectors, public budgets are large and the costs of inconsistent initiatives can be very high. For example, national water programmes may have to maintain many different brands of donated rural water pumps.
   It is less clear that detailed public planning and coordination are quite so valuable in agriculture. Here, so much depends on the individual decisions taken by farmers, traders who are subject to a complex and changeable natural and economic environment. It is thus not surprising to see that reported successes in ARD come from focusing political will and resources on specific identified policy problems where political agreement can be negotiated.
   This should not be read as playing down the role of the public sector: agriculture and other rural enterprises depend on public action, in establishing a rural investment climate, supplying public goods, and addressing failures in rural markets. What matters is not so much detailed planning and coordination as ensuring broad consistency across policy. But that is not helped if governments are unwilling or incapable of defining strategies that make choices, so that real priorities emerge informally.

3. How can the set of political, institutional and operational problems, here broadly termed political economy, be addressed? This is a challenging question, to which the answers may be piecemeal.

   To begin with, it is unlikely that coordination alone will make a difference. Capacity building in the form of training is not enough. What is often lacking is a countervailing constituency, made up of the rural majority on low incomes, to self-serving elites and narrow interests that demands effective delivery of goods and services. In the long run, the ability of rural civil society to hold leaders and public agencies accountable has to be built. The details of this are beyond the scope of this paper, but some of its implications are not. For development agencies it means engaging with suchprocesses, and providing support where it can make a difference. This implies having field staff who are aware of such issues, and making a long-term commitment to working with local partners.

   Political economy is not the only issue. What can be done about debates in ARD over ends based on competing values, and discussions over means based on uncertainties? The challenge of competing values can be addressed through debate and dialogue, with a view to bringing stakeholders with differing perspectives together, to establish common ground and to see where compromises can be made. For technical uncertainty, more study and analysis is required. While there may be few shortcuts to better understanding, one of the simpler and less costly ways to gain knowledge is through learning from experience by evaluation, documentation and dissemination. It is surprising just how few development interventions are evaluated and the results made public. For a small additional investment in evaluation, many useful lessons might be learned and publicised.

- Finally, the lessons from the country cases suggest the importance of building coalitions of stakeholders around identified issues. The implication of this is that processes matter, and that some of these will take time to come to fruition hence, patience and a vision of the longer run goals are necessary. In practical terms for development agencies, to support such processes probably means having field presence including staff prepared to engage with the debates when they move beyond technical matters.

Coalitions can form around policies that are not priorities – indeed around dysfunctional policies. Avoiding this is not straightforward, but the same processes of engaging a broad range of stakeholders noted above, as well as the existence of leadership with vision, may help.

There is then no substitute for donors engaging in the hard work of building institutions and capacity – in the widest sense – and finding ways to bring otherwise marginalised stakeholders into political systems where power is unduly concentrated in the hands of fortunate elites. This may be neither simple, nor inexpensive, nor rapid – but neither is it impossible. The costs, more-over, have to be set against the alternative of aid that is ineffective. The cereals reforms of Mali may have taken decades and considerable effort by those directly engaged in the process, but those who have struggled to improve cereals systems in Eastern and Southern Africa would probably look at the investments in Mali as time and money well spent.

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Annexes

Annex A: Interviewees

DFID

Kenny Dick, Agriculture and food team, Policy Division

Maria Ketting, Africa Regional Division

Yolande Wright, Senior Livelihoods Adviser, Bangladesh

European Commission

Willem Olthof – Head of sector Agric and FS, Natural resources sustainable management unit, DG Dev

David Radcliff – Policy Officer, Agriculture and CC specialist, DV Dev

Laurent Sillano – Regional Desk for Economic affairs in West Africa, DG Dev

Ollivier Bodin – Head of Unit : Policy Coherence for Development, Unit A1 - Forward looking studies and policy coherence

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Annex B: Country studies, summarised

CAMBODIA

Background

Cambodia is a country recovering from conflict: peace was declared in 1991 and the monarchy restored in 1993. Subsequent stability has contributed to rapid economic growth, albeit from a very low point, with growth rates of between five per cent and 10 per cent a year since 1993. Most of the growth has come from tourism, construction and manufacturing ó with garments a prominent industry. Cambodia is an agrarian country. Some 80 per cent of the country's population of 14M live in rural areas. Most of the rural population depends to some degree on agriculture. Agriculture, recovering from the destruction of the years of conflict, is also growing relatively quickly. With agricultural growth rates averaging 4.7 per cent a year since the early 1990s, Cambodia ranks amongst the top dozen countries in the world in terms of agricultural growth during this period.

Rice is the staple crop and dominates land use. Fishing in lakes and rivers is also important. Most farms are small and have modest yields since they use few inputs other than human labour. Less than one-third of rice fields are irrigated despite the abundance of water in much of Cambodia. Most farms generate low incomes. In an already relatively poor country, poverty is concentrated in the countryside where average incomes are less than half the national average: as many as 39 per cent of the rural population lives in poverty.

Enhancement of agriculture is one the four pillars of the current growth and development strategy. Government efforts are led by four agencies: the Ministries of Agriculture, Forestry and Fisheries, of Rural Development, and of Water Resources; coordinated by the Council on Agricultural and Rural Development.

Donors contribute much of the finance for agriculture and rural development: more than US$1 billion a year in recent years. The most prominent amongst the donors are, in order of size of budget for agricultural development: ADB, WFP, Japan, UK, Australia, Denmark, IFAD, UNDP and FAO.

Technical Working Groups (TWG) aim to bring ministries and donors together; four deal with agriculture and rural development: Agriculture and Water; Fisheries; Forestry and Environment; and Food Security and Nutrition.

Cases reviewed

Programming and Policy Supporting Rice Production

Rice is central to the traditional Cambodian diet. Rice crops occupy more than 80 per cent of the cultivated area, with both area and yields rising. From 2000 to 2009 rice production rose from 4M tonnes to 7.5M tonnes. This has allowed not only national self-sufficiency, but a growing surplus to be exported to neighbouring Thailand and Vietnam, reaching 3.5M tonnes in 2009. Hence there has been some success in stimulating rice production.

Recently, two sector strategies related specifically to agricultural development were formulated: the Agricultural Sector Strategic Development Plan 2006-2010 and the Strategy for Agriculture and Water 2006-2010. The overall goal of these strategies is to contribute to poverty reduction, food security and economic growth by enhancing agricultural productivity and diversification and improving water resource development and management.

Before the two major policies for agriculture were formulated, major donor programmes in agriculture were fragmented and often duplicated. Sector policy has provided guidance and a platform for donors to harmonise and align their programmes with national priorities. Most donors focus on the development of agricultural infrastructure, such as the construction and maintenance of small and medium irrigation facilities, while others work on agriculture marketing.

In addition, coordination and consultation appear to have improved among major donors such as ADB, the World Bank, and the EU through their joint country situation analysis. However, as noted in other cases, coordination aimed at improving synergy and promoting coherence among different government institutions remains a challenge.

The TWG on Agriculture and Water is the main mechanism to help coordinate different government and development partners in relation to agricultural development. It has been broadly effective in ensuring broad coordination of government and donor efforts, in setting a strategy for agriculture and water.

There is also evidence of an increase in institutional leadership, especially from the Ministry of Agriculture, Forestry and Fisheries (MAFF) and the Ministry of Water Resources and Meteorology (MoWRAM), with more ministry staff with solid qualifications and strong motivation present.

Fisheries Policy

Cambodia's fisheries provide full or part time employment for up to 6M people, more than one-third of the population. Fisheries are also critical to domestic food security, providing over 80 per cent of animal protein in the national diet and a prime source of essential vitamins and micronutrients in a country where 30 per cent of children are undernourished. Freshwater fisheries in Cambodia are among the largest and most significant in the world: harvesting, processing and trade in fish contribute an estimated 8-12 per cent of GDP.

Policy reforms since 2000 have reduced of commercial fishing lots, created a dedicated department to support community fisheries, built the capacity of local community fishery organisations through support from government, donor and NGOs, revised the fisheries law, and adopted regulations to give legal authority to community fishery organisations to manage designated fishing grounds. Community-based management has significantly expanded local communities' access to freshwater fisheries. Some 433 inland and 35 coastal fishing communities have been set up countrywide. In addition, 235 community fish refuges (CFR) have also been established, mostly in remote areas far away from important water bodies.

It seems that progress is being made in fisheries, thanks in part to building the strategic planning framework has been built through consultation with different stakeholders in fisheries over many years. The Fisheries Administration (FiA) has worked closely with development partners to understand their aims and aspirations and engaged with them through direct consultation and a number of Fisheries Forums to consider the issues, identify opportunities and challenges. The FiA has also worked closely with communities and communes, where fisheries provide food or employment, to understand their needs for fisheries management.

The sector, however, still faces challenges from destructive fishing practices, land use change, fishing beyond carrying capacity, dams upstream on the Mekong, climate change and the pressures from competing uses of water and wetlands. To address these, government, donors and NGOs have been working to ensure that that efforts are coordinated. The key forum is the TWG on Fisheries that has, over the past five years, brought together government, development partners and civil society to identify and review fisheries action plans and policies.

There remains work to be done. Above all, although the fisheries policy is comprehensive, it fails to clearly prioritise contemporary issues. Some donors said that even though they try to align their policies and programmes, they still lack a clear sense of how to prioritise their programmes to fit perfectly with the government's policy priorities. They would rather come up with their own programme that also to some extent complements government policy.

Resources that have been channelled through donors' support would have been used more effectively had the government clearly prioritised areas for development and coordinated resource allocation to priority sectors and had the development partners fully committed to doing so.

Policy Support to the Promotion of Non-Farm Rural Enterprise (SME Development Policy)

The development of small and medium enterprises (SME) is important to rural livelihoods in Cambodia because of its power to generate off-farm employment and income for poverty alleviation and decent living. According to the Ministry of Industry, Mines and Energy there are 35,560 SMEs operating across the country, employing 125,332 people. SMEs in Cambodia often suffer from obsolete technology, inadequate training, shortage of capital, limited market information and channels and poor legal and regulatory support.

A development strategy for the sector has been lacking. In the past decade, many schemes have promoted Cambodia's off-farm sector, set up by government, development partners and civil society. Before 2004, various initiatives on SMEs and off-farm enterprise tackled different elements on a piecemeal basis, with high fragmentation. Impacts were seen only through individual programme/project evaluations: national progress could not be tracked.

Policy incoherence within government was limited by poor coordination and the complexity of institutions that share roles and responsibilities in the SME promotion sector. Until 2004, there was no single department controlling SME promotion policies. As many as 25 different ministries and agencies have developed their own SME promotion strategies, regulations and policies; with little coordination and sharing of information.

Consequently, almost half of Cambodian firms claim that interpretations of regulations are inconsistent and unpredictable, while taxes and other regulations present obstacles. Little information exists on industry structure, and few channels are available for communicating and disseminating information. Support for SMEs has been weak, in contrast to the incentives applying to larger-scale export manufacturing such as the garment factories.

In 2005, the government developed the SME Development Framework with technical assistance from ADB. This served as the strategy and comprehensive implementation plan for government and development partners until 2010. The national SME Sub-Committee serves as a mechanism to coordinate framework activities. It is the first inter-ministerial body in Cambodia to formulate and implement policies for SMEs.

There is still some way to go, however, to establish an agreed strategy. Most programmes are still initiated mainly by development partners: government is failing to lead such initiatives to meet the priority vision of SME development reflected in national policy for the non-farm sector.

Water Resource Management Policy

Agriculture in Cambodia suffers from a shortage of irrigation by which to realise the potential to grow multiple crops in a year. Only 32 per cent of rice fields are irrigated. Moreover, existing irrigation schemes often function poorly.

Since 1993, laws and policies on water resource management have been prepared and gradually improved to meet demand. The two main current policies related to water resource management are the Strategy for Agriculture and Water and the National Water Resources Policy. Donors and government have put in place a broad policy framework for water resource management to promote wider and deeper harmonisation of projects/programmes and, of course, aid delivery to ensure implementation.

There have been successes in setting up Farmer Water User Communities: 350 between 2004 and 2008, benefiting 305,550 families in those areas where irrigation schemes have been rehabilitated or constructed.

Activity is dominated by the donors who have projects to develop or restore irrigation systems. While these are in line with official policies, in implementation the donors still large ignore national systems for financial management, monitoring and evaluation.

The TWG on Agriculture and Water was established in 2004 to facilitate policy formulation, implementation and coordination among related institutions and donors. The work of the TWG has been effective in terms of ensuring the harmonisation and alignment of aid as well as donor policy to fit the policy framework, but ensuring good coordination remains difficult. Low capacity of government staff and poor attendance are the main barriers to the more effective work of the TWG.

Commentary

Cambodia illustrates several issues that can arise in a low income country recovering from conflict with limited state capacity, yet receiving large amounts of aid.

Government, whatever other objectives it may state, in practice follows a pragmatic position of stating broad policies that allow development partners to follow their own preferred strategies and activities. This partly reflects its understandable desire to maximise aid flows and not to alienate any donor; but it also stems from low state capacity to define more specific and focused policies, without donor technical assistance, and to be able to discuss these with donors. Government is further hamstrung by the proliferation of ministries and public agencies that have been created for political reasons: post-conflict, it is important to bring as many political leaders within the government as is reasonably possible.

Facing this situation, donors react by carrying out their own analyses. This allows them to define policy in sufficient detail to assign resources to specific activities. In the process, of course, they effectively interpret the broad guidelines of the official strategies.

The Government's reaction to the challenge of coordination has been to set up sector working groups, although there are plans for wider reform of the civil service. Thanks to the technical working groups, some of the process by which donors tend to dominate the policy setting is open and could be debated ó although it is not known to what extent the working groups involve active debate, as opposed to the exchange of information. Nevertheless, there are signs that donors have tried to improve coordination and to follow harmonisation and alignment along the Principles of the Paris Declaration on Aid Effectiveness; although they seem reluctant to align their operating systems with those of the government.

HONDURAS

Background

Honduras has around eight million inhabitants. Some 54 per cent live in rural areas, where most work in agriculture. Poverty is higher in rural than in urban areas, reaching 64 per cent of the rural population.

The current strategy for agricultural development was set out in 1992 with the Agricultural Sector Modernisation and Development Law [Ley de Modernización y Desarrollo del Sector Agrícola]. This aims to take advantage of the possibilities of trade and foreign investment, with diversification of the sector towards non-traditional exports and promotion of agro-industry. In 2002 a forum, Mesa Agrícola Hondureña (MAH), was established to bring together all stakeholders in agriculture – government, private enterprise, farmers, civil society – to allow debate on strategy. That contributed to the 2004-21 National Policy for the Agriculture, Food and Rural Sector [Polìtica de Estado para el Sector Agroalimentario y el Medio Rural (PESA)]. This emphasises competitiveness in key supply chains. That has been supplemented by additional measures to provide wider-ranging support to poor smallholders, including fertiliser and seed distribution, and stimulating rural savings banks [Cajas Rurales y Bancos Comunales].

Although legally the Ministry of Agriculture and Livestock (Secretarìa de Estado de Agricultura y Ganaderia (SAG)) leads the sector, other public agencies have remits covering agricultural marketing, banking, and land matters. In 2000 a large programme for sustainable rural development [Programa Nacional de Desarrollo Rural Sostenible (PRONADERS)] was created within the ministry. The programme's head was given ministerial status in 2010.

Hence, responsibility for agricultural policy is fragmented. There is single body, the Federación Nacional de Agricultores y Ganaderos de Honduras (FENAGH), that brings together some 39 different farmer organisations, some organised by region, others by product. Honduras has many development partners. The main contributors to agriculture and the recent weight of their contributions can be seen in this table[19]:

Agency	2010 contributions to agriculture and rural sector, US$M
World Bank	30.3
UNDP	27.4
IFAD	22.9
BCIE [Central American Bank]	14.1
Swiss	6.5
Spain	3.9
Japan	1.9

Source: SAG 2011

An increasing number of NGOs are active in the countryside, many channelling funds from international NGOs, some supplying credit and technical assistance that is no longer provided by the state.

[19] USAID does not appear in this table: odd since it is one of the largest donors for agriculture and rural development.

Coordination mechanisms comprise:

- Consejo de Desarrollo Agroalimentario (CODA) that brings together public agencies
- Mesa Sectorial Agroalimentaria (MSA) in which these are joined by private enterprise, development partners and civil society
- Consejos Regionales de Desarrollo for the 16 regions
- G-16 group of donors, formed after hurricane Mitch in 1998, brings together the main donors, with sector groups
- Foro Nacional de Convergencia (FONAC) is a forum for dialogue, founded in 1994, that also includes agriculture and rural development

Cases reviewed

Training, development and credit for commercialising small farmers [Programa de entrenamiento y desarrollo de agricultores (EDA) y de acceso a crÈdito para los agricultores (ACA)]

Funded by the Millennium Challenge Corporation (MCC) to the tune of US$70 million, this programme aimed to help small farmers intensify production and market high-value produce, such as vegetables, fruit and flowers. It trained farmers, provided access to credit, built rural roads and other public goods.

The programme is considered successful, having reached over 7,000 farmers cultivating more than 9,000 ha, with export sales estimated at more than US$44 million.

EDA/ACA is very much in line with national strategies for stimulating competitive farming. In systems, however, it is only partly aligned since it has its own implementing unit, reports to its own board, and uses MCC procurement procedures. This, however, is seen as an advantage: '[these arrangements] allowed good control and administration of resources, rendering of accounts, with decisions taken objectively on technical grounds. The programme has been an example of transparency in its implementation.'

Credit under the programme has been offered at lower rates than in other programmes or on the market. It may also have offered high compensation to those affected by road improvements.

Success in this case – the programme has operated with several agencies – is attributed to the initial participation of a wide range of stakeholders, plus the integrated approach followed.

Supplier Programme [Progama de Proveedores]

This programme connects 700 or more small-scale producers of fruit, vegetables, other high-value produce to tourist hotels and restaurants. Following the completion of market surveys, the programme facilitated contacts between growers and buyers, helping them form contracts, and trained farmers on how to meet standards. It has succeeded in creating links that have apparently persisted after end of funding.

The programme was implemented through the ministries of agriculture and industry, with funding from IADB, the World Bank and DANIDA, and with participation of farmer cooperatives and private companies, including Walmart.

The project aligned well with national priorities for stimulating competitive farming, though IADB, rather than national, implementation procedures were used.

Success in this case may be attributed to bringing together diverse stakeholders under the umbrella of the National Competitiveness Commission [Comisión Nacional de Competitividad (CNC)] that includes government, civil society and private enterprise.

Land tenure

Land tenure policy in Honduras involves several different laws and institutions accumulated through time. Policies have two aims: to redistribute land to those without, using land either bought or taken by the state on account of not being used or else irregularly acquired; and, to register land in a functioning, agile system that gives owners security while facilitating any subsequent trading of land.

The World Bank has recently supported two programmes that were meant to set up a better way to register land, and to apply these methods in the city of Comayagua. But it seems that while they set up the systems, when it came to action on the ground, they restricted their actions to titling urban plots, which tends to be less controversial than intervening in rural land.

The main aims of ensuring that farmers had titles, and redistributing land to the landless, went unattended. The lesson here is that no matter what the policy may be, if public agencies are not sufficiently determined to see them through, little happens. Instead of decisive action pushed through by a leader, or underwritten by a social consensus, the result is several agencies with partial responsibilities, several laws, but nothing that forces the agencies to act, to make the laws work.

The presence of a donor with funding and technical expertise does not change this. The report comments:

'It has to be recognised, however, that donors fund the sectors the government requests, and once approved, usually the possibility of influencing the use of resources – providing that the conditions of the loan are not broken – is minimal.'

Technical grant for production in solidarity [Programa de Bono Tecnológico de Solidaridad Productiva]

This large-scale programme, funded by the government and Japan and supported by other donors such as the World Food Programme, distributes seed and fertiliser for staples, with training in credit use, to subsistence farmers. It has succeeded in reaching 82,000 small farmers who have been able to make use of the inputs.

At one level, it is well aligned with national policy to boost staples production and combat poverty and hunger among the rural poor. Yet it is a programme apart, unconnected to other public efforts, delivering inputs as few other programmes do. Meanwhile, other national policies seem to undermine this programme; for example, millers are allowed to import cereals free from duty, thereby bringing down grain prices in domestic markets.

Funding, moreover, seems to be short-term, perhaps involving as little as annual promises.

The resultant uncertainty over the programme makes planning difficult. The programme, above all, serves political clients. Despite the existence of criteria for who qualifies for the inputs, in practice there is scope to make sure they go to political supporters.

Commentary

This country study reveals considerable efforts between government and the main development partners to implement the Principles of the Paris Declaration on Aid Effectiveness. Yet, there remains much to be done:

- Much of the aid continues to be delivered in the form of projects, at least 30 of them for the sector, from eight or more donors with the potential for duplication and inconsistency

- Despite Honduras' efforts to improve its administrative systems, many of the projects use their own implementing units, manage their own funds, follow donor procedures for procurement, and report administratively, financially and technically according to the donor's requirements

- Development partners still conduct their own studies and analyses of the sector and arrive at their own conclusions as to plans and activities – and different donors come to differing conclusions. This stems, it seems, in part from donors insisting on their own assessments, and in part from government lacking capacity to conduct substantial analysis to establish national policy in sufficient detail for planning and implementing public policy making also suffers from chronic inconsistency through time: every new government wants to have its own policies.

Although the current strategy emphasises achieving competiveness within the market, in the public agencies the vision tended towards supply-side issues of productivity, rather than starting from considerations of demand.

MALI

Background

Mali is among the poorest countries in the world. It is a landlocked country situated in the western part of the Sahel. Following rapid population growth over the last 20 years, it currently counts around 13 million people, almost 70 per cent of which live in rural areas (2006 data). The Malian economy is agriculture-based, with the primary sector employing over 42 per cent of the labour force and generating around 37 per cent of GDP (2007).

Malian agriculture is not very diversified: most important food productions are cattle and dairy products, coarse grains and rice. The only major export crop is cotton, which is only grown in the southern part of the country.

The Malian policy environment has evolved dramatically over the last 30 years, shifting from a centralised, state-led model of development until the early 1980s, to become one of the most liberalised and decentralised models in the region. Malian farmers' organisations and representation systems are now considered as among the most advanced in the region.

Political and institutional reforms took place in two phases: (1) Economic reforms in the 1980s, which started with macroeconomic stabilisation and privatisation of agricultural extension, followed by liberalisation of important agriculture subsectors. Decentralisation and empowerment of rural organisations were also initiated in this phase. (2) After the 1991 revolution, liberalisation of the economy and of the agriculture sector continued, and important efforts were invested in improving governance in the agriculture sector. Farmers' organisations and movements progressively improved their representation in local and national policy forums. The Assembly of Agriculture Chambers (APCAM) was founded in 1991 and emerged as a policy-influencing force in the early 2000s (foundation of the National Coordination of Farmers' Organisations in 2004). As a symbol of this democratisation, a consultative process led to the adoption of a national agriculture law (LOA) in 2006. The Ministry of Agriculture, Livestock and Fisheries is in charge of policy formulation and implementation in the sector. The policy and statistics unit (CPS/SDR) is responsible for policy formulation and analysis and coordination with other ministries on these matters. A specificity of the Malian system is the existence of a special food security unit attached to the Prime Minister (CSA), which controls residual grain markets regulation systems.

Malian public resources are largely dependent on foreign aid. OECD countries and multilateral organisations aid accounts for about 12 per cent of the Malian GDP and 60 per cent of public expenditure. Expenditures on agriculture account for around 11 per cent of aid resources (about US$500MUS$ in 2009). Non OECD donors also play a significant role, especially Saudi Arabia, Libya, and China, but their contributions are difficult to track.

OECD donors have made significant efforts to set up coordination forums in Mali. Rural and Agriculture Economy (RAE) is one of 13 thematic groups, and is itself structured into 3 thematic groups: Office du Niger (headed by the Embassy of the Netherlands), Food Security (headed by WFP), and Livestock and Fisheries (headed by the Belgian Embassy). The overall RAE group is coordinated by DANIDA. Furthermore, a large number of national and international NGOs are implementing various programs in rural Mali, including cyclic relief operations in the northern part of the country.

The context is then one of a country highly dependent on aid, with relatively well developed institutions to represent farmers, and farmers associations in policy making. The challenge is for the government to be able to play its leading role with limited resources.

The Ministry of Agriculture, Livestock and Fisheries is in charge of policy formulation and implementation in the sector. The policy and statistics unit (CPS/SDR[21]) is responsible for policy formulation and analysis and coordination with other ministries on these matters. A specificity of the Malian system is the existence of a special Food security unit attached to the Prime Minister (CSA[22]), which in particular controls residual grain markets regulation systems.
Malian public resources are largely dependent on foreign aid. Indeed OECD countries and multilateral organisations aid accounts for about 12 per cent of the Malian GDP and 60 per cent of public expenditure[23]. Agriculture expenditure account for around 11 per cent of aid resources (about 500MUSD in 2009). Non-OECD donors also play a significant role, especially Saudi Arabia, Libya, and China, but their contribution is difficult to track.

[20] Assemblée Permanente des Chambres d'Agriculture du Mali

[21] Cellule de Planification et de Statistiques du Secteur Développement Rural

[22] Office des Produits Agricoles du Mali

OECD donors have made significant efforts to setup coordination forums in Mali. Rural and Agriculture Economy (RAE) is one of 13 thematic groups, and is itself structured into three thematic groups: Office du Niger (headed by the Embassy of the Netherlands), Food Security (headed by WFP), and Livestock and Fisheries (headed by the Belgium Embassy). The overall RAE group is coordinated by DANIDA. Furthermore, a large number of national and international NGOs are implementing various programs in rural Mali, including cyclic relief operations in the northern part of the country.

The context is then one of a very much aid dependent country with relatively well developed institutions to represent farmers and farmers associations in policy making. The challenge is for the government to be able to play its leading role with limited resources.

Cases reviewed

Restructuration of the cotton sector in Mali

The cotton sector is of critical importance for Mali, generating 30-45 per cent of export revenues for the country, and 5-8 per cent of GDP. Around 3.7 million people depend on cotton for their livelihoods in the South of the country.

An inevitable reform: In 1974, the 'Compagnie Malienne pour le Developpement des Textiles (CMDT)' – was created. Employing more than 4000 staff, this state agency progressively integrated and controlled the cotton value chain in the country, including input and output markets. Mali cotton production and revenues grew steadily following the establishment of CMDT, and enjoyed an extra boost in the 1990s after the devaluation of the CFA franc. This integrated organisation of the value chain was considered effective until the international cotton prices plunged at the end of the 1990, which left the parastatal with enormous and increasing deficits.
After a new cotton crisis in the early 2000s, the Government decided to engage in a reform of the CMDT, much later than the liberalisation of other sectors of the rural economy. Yet, this movement was coherent with the overall policy of liberalisation of agriculture markets, and of empowerment of farmers' organisations to deliver services to farmers. The CMDT reform strategy was to focus on marketing, to better engage producers in governance of the sector through farmers, organisations, and, eventually, to privatise the CMDT and liberalise the sector.

Slow progress and frustrations: The first of these three steps was quickly engaged. A number of pummelling companies emerged, producing cotton oil and animal feed. Prices of fibres on the world market remained low, and the proportion of grain and the value of the cotton production progressively increased. With limited political momentum behind the reforms, and donors mostly funding the unit piloting the reform process, it took much longer to make progress towards the other objectives. After 2006, village associations and producers organisations were turned into cooperatives of cotton producers meant to defend farmers' interests in a future cotton stakeholder forum, eventually created in 2008 and just entering in action now. The CMDT has not yet been privatised. The first step of splitting the institution into four regional branches is also yet to happen.

The situation has not improved for cotton producers since 2001. International prices have remained low and, especially after 2004, production volumes have eroded. Productivity has declined with increasing input prices and unattractive output prices. The financial situation of the CMDT has further deteriorated. The reform of the cotton sector has clearly not met its original expectations.

Factors of blockage: There are a number of reasons limiting the success of the CMDT reform:

The first issue has to do with international markets. World prices for cotton fibres are pushed down by subsisted production in the US, China and in India. More effective markets will help boost the sector. Fairer international prices would increase room for manoeuvre and facilitate the liberalisation of the sector.

[24] IPC -Interprofession du Coton).

[23] Commissariat à la Sécurité Alimentaire

The reform of the cotton sector is ambitious. Building the capacity of cotton producer cooperatives to defend farmers' interests requires time and committed support. Frustration and impatience on behalf of actors within the sector who would like the reform to move more quickly poses a threat to its future success. Maintaining partners, confidence in the reforms presents a real challenge to the Malian Government – all the more so as donors' engagement is not as active as in other sectors (c.f. Office du Niger or PRMC), putting the government under pressure when stronger leadership is required.

The most significant barriers confronted by the reform have been political. The cotton sector is the most important source of revenue to the government and reforming it is by nature politically sensitive. Likewise, CMDT staff have resisted a reform that threatens their jobs.

Meanwhile, donors became frustrated by a slow reform process, while the government and farmers organisations considered OECD domestic policies as responsible for the low prices responsible difficulties in the sector.

Conclusion: In this case, policy coherence as doesn't appear as a major reason for the slow progress observed in Mali over the last 10 years. Blockages have more to do with OECD domestic policies pushing down international cotton process. National politics as well as lack of commitment by donors to support reforms have also contributed to their slow pace.

Transition towards a Sector Wide Approach in Mali and interaction with the CAADP process

Mali is typical of countries in which donors prioritised the implementation of the principles of the Paris Declaration on Aid Effectiveness. First, aid represents a large proportion the Malian government resources (representing 12 per cent of the country's GDP, and around 50 per cent of public expenditures in 2006). Second, aid effectiveness was rated particularity low in a baseline study of the Paris Declaration. While this baseline study acknowledged achievement of some multi-donor programmes, it regretted that only two SWAPs were in operation (health and education).

Efforts toward greater harmonisation and coordination were then made in the agriculture sector. The 2006 'Agriculture Orientation Law' (LOA) has been a major step forward. It provides a framework for donors' initiative to align with. Beyond its content, a positive feature of the LOA was its formulation process, into which farmers' organisations were given the possibility to input through a formal consultation process. By nature, the LOA orientations are broad and permissive, although it is clearly engaged in promoting equity and smallholder agriculture. Most donors have had little difficulty aligning with its priorities. Yet, the existence of this framework incentivised donors to start working towards a sector wide approach for agriculture and rural development.

Donor-led propositions for a sector wide approach were elaborated in October 2008 and revised in May 2009. One of the priorities of the agriculture and rural development working group was the elaboration of an agriculture development policy (PDA) and a priority investment plan for the agriculture sector (PNISA) by the Malian government, setting funding priorities around the LOA orientations. The sector wide approach plan also proposes joint information management, strengthening of monitoring and evaluation in the sector, investments in data collection and analysis.

Between 2008 and 2010, activity mostly concentrated on mobilising the different stakeholders and elaborating a methodology to elaborate the PDA and the PNISA. Insufficient leadership and ownership of the approach by the Malian Government proved to be major difficulties.

The length of the process proved a challenge to donor organisations, whose personnel turn over tended to limit the possibility for sustained engagement over the course of the long maturing processes.

In 2010, the PNISA maturation process has been significantly accelerated by the CAADP compact elaboration process. Indeed, the ECOWAP-led CAADP process required the formulation of a Priority National Investment Plan by the Malian government, articulated around the four CAADP pillars and the relevant national strategic orientations. To avoid duplication with the ongoing PNISA design process, it was decided to merge the two processes into one. Yet, the CADDP timeline was much quicker and constrained by the October 20010 Dakar Business meeting. A priority action plan was formulated within a short timeframe.

Most donors' delegations felt the process had been rushed, and didn't feel the PNISA was of good enough quality; no donor besides USAID has yet committed to fund the PNISA. Two main concerns were expressed: (1) the Malian Government's limited ownership and leadership over the PNISA process (it can hardly impose its rhythm, neither to the ECOWAP initiative, nor to its donor partners); and, (2) the lack of policy analysis and formulation capacities at all levels of the Malian administration, leading to the lengthy PAD and PNISA formulation process.

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Another issue is that the CAADP process is managed by the Ministry of Regional Integration, while the PNISA elaboration process resides with the Ministry of Agriculture.

Conclusions: In this case, despite political commitments to supporting the emergence a Malian investment plan in the sector, lack of leadership by the Malian Government and tensions between Malian and regional donor-supported initiatives delayed implementation of cohesive plans.

PRMC : Programme de restructuration du marché céréalier au Mali

The PRMC was initiated in 1981. It aimed at supporting the process of liberalisation of the cereal markets in Mali.

Prior to this reform, cereal markets in Mali were largely administrated, with state monopolies on input and outputs markets, fixed prices, and trade quotas. The objective of this policy was to provide urban populations with low price food. In theory the private sector was excluded from this system, but in reality it still operated a significant faction of the market. By the end of the 1970s, the Office des Produits Agricoles du Mail (OPAM), the parastatal institution administering the cereal market, went bankrupt. In response to these growing difficulties, the PRMC was aligned with the structural adjustment and reform process. The liberalisation of the cereals markets was completed in the early 1990s and was then gradually turned into coordination framework on food security.

Box: Sequence of PRMC reforms

1982 -1987: Adjustment period: suppression of state monopoly on grain trade, end of consumer subsidies, etc.

1988-1993: Further restructuring of OPAM and liberalisation, but protection of domestic market

1994: 50 per cent devaluation of the CFA franc, improving the competitiveness of Malian cereals

1994-1999: Focus of market efficiency and stabilisation mechanisms (EWS, credit lines for traders, etc.)

Results

None of the results is attributable to the PRMC reform alone. Yet, looking at a series of indicators, there are clear signs of success:

- Annual cereal production growth rate averaged 3.6 per cent from 1990 to 2006, and production per head jumped from 213kg per person and per year to 304 kg per person and per year. This has contributed to reducing consumer prices
- The market became more competitive and effective. The market is still oligopolistic, with a few traders operating in main urban centres. Yet, trade margins have reduced, and producers capture a larger proportion of consumers' prices
- Public expenses have reduced, with OPAM's budget falling from 3.3 per cent of public expenditures to 0.3 per cent

Yet, important challenges still persist, such as important variation of production volumes due to erratic climatic conditions, and in absence of sufficient storage, cereal price volatility has increased.

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Reasons behind the success of the liberalization reforms

- A coherent and sequenced set of reforms aligned with macroeconomic economic policy changes
- Committed support by a broad but united group of donors, which contributed 100 per cent of the PRMC funding for the first 15 years
- High-level oversight by the donors and the Government, including through the establishment of a number of coordination and monitoring units – not least of which the CSA (Food Security Committee) attached to the prime minister – and a specific donor management committee working under the presidency of WFP for the whole period
- Until the 2000s the cotton sector was flourishing in Mali. Incomes generated by cotton helped farmers invest in cereal production, with in particular cereal inputs provided to cotton farmers through the CMDT

Conclusions: In this case, the coherence of a set of reforms within and beyond the agriculture sector has largely contributed to the success. Donor cohesion played an important role, but inputs from the cotton subsector also contributed to the success of PRMC reforms.

Office du Niger – A similar story, with more specific

Another case in Mali shows how sustained and ambitious effort to reform part of agriculture can result in success. It involves reforms made to a large irrigation scheme dating from colonial times, the Office du Niger.

The Office du Niger (OdN) is inherited from one of the most ambitious project by the French colonial administration in the 1930s. The intention was to irrigate 950,000 hectares of the interior Niger delta for cotton and rice cultivation, managed by a French public company. At independence, the French colonial company was nationalised and turned into a Malian public company, specialised in rice production. The Office du Niger controlled the entire paddy production, processing and marketing chains in the zone covered. Until the 1980s, 80 per cent of the rice was marketed by the OdN. But by the end of the 1970s irrigation systems began to deteriorate, yields to decline, and authoritarian management of paddy farmers was more and more criticised and problematic.

The reform of the OdN was initiated in the early 1980s, following two main orientations: renewed investments in irrigation infrastructure upgrading and maintenance, and refocusing OdN on its areas of comparative advantage: irrigated land development, credit, transformation of paddy and marketing of rice. Prices were then progressively liberalised, private investment in hulling plants subsidised, and credit to traders facilitated. The objective of all these investments was to built a functional private market system.

In 1994, the OdN was turned into a profit-making public company, and its staff and responsibilities are further restricted. The missions of the reformed OdN were water management, primary and secondary irrigation infrastructure management, land management, provision of extension services. Services provided by the OdN to the Malian government and farmers associations were regulated through a tripartite contractual arrangement.

The impacts of the reform are largely considered positive. The rice value chain has become much more effective and the OdN is no longer dependant on subsidies to operate. Rice production quickly progressed (7 per cent annual growth for the period 1990-2007), especially after the mid-1990s and the devaluation of the CFA franc, which enhanced competitively of Malian rice. Transformation and marketing costs fell, increasing the share of the price captured by paddy producers. Moreover, small scale threshing and hulling plants multiplied in the area of the OdN, allowing famers to add value on produced paddy. Lastly, farmers living in the OdN zone could diversify into higher value crops production (such as shallots), which helped improve their incomes.

A wide and coherent range of reforms contributed to the restructuring of the OdN: macro-economic reform, empowerment of producers' organisations, infrastructure rehabilitation, land tenure security, institutional reorganisation, introduction of new production techniques – transplanting –, improved varieties (Gambiaca-Nerica rice was also promoted in rain-fed areas). Sequencing of these markets, supply side, and trade reform played an important role.

After an initial period of free importation in the early 1980s when the cereal deficit was still very high, import taxes were reintroduced in the mid-1900s. It is only when the national market and supply had been reinforced that devaluation (1994) and reduction of import taxes (1995) took place.

Conclusions: The success of this reform process is largely attributed to a joint effort of the Malian government and financial partners. Partners during the first phase (1988-1998) were: the Word Bank, AFD, the Dutch cooperation and KFW. Donors contributed around 75 per cent of funds engaged for the period 1988-1998. One of the key reasons for the success of the project supporting the OdN reform process was the strong leadership of the Malian government, which decided to set up an independent and high-level delegation attached to the prime minister to manage the reform process.[26]

Commentary

Mali is both very dependent on aid, and an agriculture based economy. These factors make it a very relevant case study. The diversity of donors and well as of NGOs intervening in the agriculture sector poses the problem of policy coherence. Some lessons emerge from the examination of the case studies.

Donor harmonisation and commitment has been an important factor of success for liberalisation reforms, especially that of the cereal markets. Similar coordination efforts have been made in the case of the Office du Niger, and they have yielded benefits too. Donor competition to support what was quickly perceived as a success also contributed to the success of the OdN, especially when it came to infrastructure development and rehabilitation.

Reform of the cotton sector has progressed more slowly. In this case, policy coherence doesn't appear as a major reason behind slow progress over the last 15 years in Mali. Blockages have more to do with OECD domestic policies pushing down cotton prices.

National politics as well as lack of commitment by donors to support reforms have contributed to their slow pace.

The rural development policy framework is now fairly structured in Mali, especially since the promulgation of the Agriculture Orientation Law in 2006. The emergence of farmers' organisations as actors in the policy debates has been an encouraging trend. However, the move to identify Mali-led priorities has been rather slow and weakly coordinated, marred by delays in formulation of an investment plan for the ARD sector and a slow start for the implementation of the CAADP process. This is a typical illustration of critical gaps in policy analysis and formulation capacity in Mali, as well as limited leadership capacity of the Malian government.

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[26] Office des Produits Agricoles du Mali

MOZAMBIQUE

Background

Mozambique is an expansive southern African country with around 21 million inhabitants, more than half living in rural areas. The country became independent in 1975, only to plunge into a long civil conflict which, lasting until 1992, damaged society and the economy, particularly the agricultural sector.

Agriculture represents 23 per cent to GDP and the majority of the rural population and the rural poor depend on it as the main source of livelihoods. About of 99 per cent of farms are small, with an average area of 1.4 hectares. Smallholders dedicate more than 80 per cent of their land to food crops, the most important being maize, cassava, beans, peanuts and sorghum. The main cash crops produced in the country are sugar, cotton, copra, cashew and tobacco.

With about 36 million hectares of arable land, the country's agricultural potential is significant. Yet, indicators show poor performance, particularly for smallholder agriculture, characterised by low productivity (with pre-Independence records yet to be reached for most crops) and limited technology uptake. Furthermore, poorly developed infrastructure and domestic markets make it extremely difficult to channel production from surplus to deficit provinces. As result, recent statistics show that food production per capita has been declining, while food insecurity and rural poverty are on the rise. Mozambique is a heavily aid-dependent country and half of its national budget is covered by aid resources. Agriculture is equally heavily funded by donor money, and takes about 9 per cent of overall official development assistance. An agricultural sector-wide approach, known as PROAGRI, was developed in the late 1990s and with it a budget support mechanism was created to finance the sector. During the first phase of PROAGRI, about US$ 150 million were channelled to the Ministry of Agriculture, mainly to support institutional strengthening and reform with the ultimate aim of improving service delivery and the sector's performance. Several coordination mechanisms were put in place to support the interaction between government, donors and other key stakeholders. Despite the volume of investment, results have failed to emerge and this has led to scepticism about the PROAGRI formula, criticised for being disproportionately focused on central-level institutions' planning and management systems, and for overlooking the real constraints facing farmers. Some attempts were made to focus more directly on service delivery and the role of the private sector. Yet, changes in the political landscape (presidential succession) combined with frustrations with PROAGRI's achievements have led to a policy impasse and an unclear position from top government leadership on the importance and future of PROAGRI.

The policy framework for agriculture in Mozambique is increasingly intricate as policy documents and implementation strategies, without clear priorities and often recommending contradictory courses of action, continue to accumulate without explicit revocation of previous ones. The most recent policy benchmark is the 2008 Action Plan for Food Production (PAPA), which emerged in the aftermath of the food prices crisis to ensure the country's food self-sufficiency. Current policy seems to support a more interventionist role for the state in agriculture (with frequent handouts of seed, fertiliser and machinery commanded directly by the President), not only to ensure quick food production results but also for electoral purposes. PAPA seems to represent a paradigm shift from preceding policy debates, which suggested a streamlining of the state and focus on addressing market distortions to foster private sector development.

Cases reviewed

The two examples of success reviewed for Mozambique were the rehabilitation of the Gorongosa National Park and the reform of the cashew nuts sector. The cases of failure analysed were PROAGRI I and the Chokwe irrigation system.

Rehabilitation of Gorongosa National Park

The rehabilitation of the Gorongosa Natural Park is a project with components across several sectors. It follows an integrated local development approach focused on natural resource conservation and the promotion of economic activities (including agricultural) for project sustainability.

Although risks related to environmental sustainability raise questions about the project, indicators suggest this to be a successful experience. Reasons for success include: clarity of objectives and integrated development approach; good match between government policy and local community needs; robust project management, with qualified professionals working in the field on a long-term basis; strong interaction with local communities to promote conservation and sustainable agricultural practices; and significant volume of resources sustained over a long timeframe.

The coordination of activities at several levels and involving different stakeholders (government, donors and local communities), with all parties agreeing on project objectives and approach, suggests an underlying policy coherence story.

Support to cashew nuts sector

This case looks at government support to the cashew sector over the years. The successful intervention concerns recent government attempts to recover the sector (which was severely damaged by World Bank-imposed conditionality pushing for the privatisation of the sector and dismantling of processing plants), which have resulted in increased production and exports of cashew nuts.

Success is attributed to a number of factors: strong commitment by government to recover the sector; operationalisation of a new industrialisation concept (related to rural location and smaller dimension of processing units and technology used); investments made in the sector (industrialisation and marketing) drawing on public funds, external aid and finance from domestic banking system; the creation of a specialised body to oversee and regulate the sector in an integrated way (INCAJU) – looking at research (improved varieties developed), extension, technological transfer, specialised agricultural inputs, finance and economic incentives, industrialisation, marketing, exports, and certification and quality control, although some gaps remain however in terms of regulatory and oversight capacity; and training of researchers and extension workers specialising in the cashew nuts sector, even if still in small numbers.

The coordination across the cashew value chain, involvement of different stakeholders (including research institutes, extension services, banks and private investors) and combination of public and private finance all suggest the recognised importance of building coherence into the project.

PROAGRI – phase I

PROAGRI was initiated in the late 1990s to support the development of the agriculture sector in an integrated matter. It was Mozambique's first experience with a SWAp and has from the start had a strong donor drive. Objectives for the first phase included reforming and modernising public sector institutions in agriculture, providing public services to promote agricultural production and productivity and ensuring the sustainable management of natural resources. About US$ 154 million were spent on PROAGRI over five years, 88 per cent of which was donor-funded.

PROAGRI is considered a failure, due to the lack of evidence of improved service provision and sector performance (production, productivity and food security), and the inability to resolve weaknesses in policy formulation and analytical capacity within the Ministry of Agriculture despite significant investment in institutional strengthening. Some of the reasons for failure include: the excessive focus on central-level government bodies (where 56 per cent of resources were spent); the disproportionate emphasis on process and capacity building, disregarding service provision to farmers and outcomes; and failure to promote sector-wide coordination, with the prevailing view still focused on a narrowly defined agriculture sector.

Policy coherence issues emphasised by this case study include: (1) the disproportionate contribution of aid to programme implementation vis-à-vis domestic resources (lack of commitment from government, despite political discourse); and (2) the mismatch between application of resources (focused mainly on institutional capacity and biased towards central level), on the one hand, and the needs of the sector and the structure of agricultural production (smallholders), on the other.

Agricultural irrigation system (Chokwe)

This case study reviews the project for the rehabilitation of Chokwe, Mozambique's largest irrigation scheme, built during colonial times.

The Chokwe rehabilitation project has failed to produce and sustain improvements. This is illustrated by the fact that currently only one third of the land covered by the irrigation system benefits from it.

There are several reasons for failure and the analysis highlights the following: mismanagement, with limited consultation with and involvement of local communities; limited capacity of the government agency overseeing agriculture irrigation; policy gaps (e.g. on food security and on technological transfer to farmers) and policy dilemmas and taboos (land ownership and subsidies to agriculture) compromise the effective operation of the system; politicisation of the project, driven by political motivations and not by a clear long-term development strategy integrated across the relevant sectors involved; and disengagement from donors or funders vis-à-vis project objectives. The major floods which affected the country in 2000 further compromised the project.

Coordination failure seems to be an important part of this story. This is reflected in the insufficient participation of local communities or local administration, the lack of synchronization across relevant government agencies, the discontinuous nature of donor support to the system and, finally, the radical changes in policy without smooth transitions.

With regards to the latter, policy shifted abruptly from the colonial model of strong support and subsidisation to a socialist model of strong subsidisation, and then to liberalisation without a proper development strategy and with weak regulatory capacity by the state.

Commentary

Some of the lessons emerging from the analysis of Mozambican experiences are that:

- The absence of clear priorities and strategies undermines coherence (e.g. agricultural irrigation until recently)
- The existence of regulatory agencies with a clear strategy and mandate (e.g. INCAJU) leads to stronger coherence across policies and interventions
- Institutional weaknesses (e.g. unclear hierarchy within government at centralised and decentralised levels) compromise coordination
- Government and donors need to stay the course. Short-term interventions are insufficient to build an in-depth understanding of local realities and ensure effectiveness and sustainability of operations
- Tendency to take a very narrow look at the sector, missing the links within value chains and across sectors of the economy, undermines effective coordination and coherence
- Involvement of local government and communities is a critical success factor
- Politics often get in the way of policy coherence – e.g. huge investments made in rice production in Chokwe are driven by a political rather than a technical (agro-ecological) and economic rational

Annex C: Development agency experiences in promoting Policy Coherence for Development, especially for agriculture and rural development

Promoting PCD in donor agencies: the broader context

Policy Coherence for Development (PCD) is not a new concept for donors. The Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD-DAC), which includes most bilateral donors and (as observers) many multilateral agencies, has been active for nearly two decades in promoting policy coherence (Ashoff 2005), and now produces annual progress reports, e.g. (OECD 2009a). The OECD-DAC Guidelines on Poverty Reduction (2001) state boldly that "We should aim for nothing less than to assure that the entire range of relevant industrialised country policies are consistent with and do not undermine development objectives". In the European Union, the 1992 Maastricht treaty introduced the '3 Cs' principles of 'coherence, coordination and complementarity', and Article 178 states that "The Community shall take account of the ... policies that it implements that are likely to affect developing countries" (Egenhofer et al. 2006). The European Consensus on Development (EU 2006) states that "The EU is fully committed to taking action to advance Policy Coherence for Development", and a related Communication by the European Commission sets out objectives for PCD in fourteen areas, including agriculture and trade. Finally, the Millennium Declaration of the United Nations, signed by all members (UN General Assembly 2000), contains the "resolve to create an environment - at the national and global levels alike – which is conducive to development and to the elimination of poverty", and applies this principle to the analysis of globalised policy areas such as finance and trade. (Egenhofer et al. 2006). Following the global financial crisis, the OECD has recently turned this ambitious vision into a series of recommendations spanning virtually the whole gamut of globalised policy areas including some previously 'untouchable' areas such as domestic taxation, financial regulation and macroeconomics (OECD 2011).

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Nevertheless, getting a real political push behind policy coherence and turning commitments into practice has not always been straightforward, especially when there are trade-offs between domestic interests and those of international development. The DAC has been active in assessing the progress of its members on PCD, and drew together lessons from its regular peer reviews (OECD 2008a). From this it identified three main building blocks and nine lessons for promoting PCD (Box 1).

Box 1: Progress towards Policy Coherence for Development: Lessons for OECD members

Building Block A:	**Political commitment and policy statements**
Lesson 1:	Educate and engage the public, working with civil society, research organisations and partner countries, to raise awareness and build support for PCD, on a long-term basis.
Lesson 2:	Make public commitments to PCD, endorsed at the highest political level, with clear links made to poverty reduction and internationally agreed development goals.
Lesson 3:	Publish clearly prioritised and time-bound action agendas for making progress on PCD.
Building Block B:	Policy co-ordination mechanisms
Lesson 4:	Ensure that informal working practices support effective communication between ministries.
Lesson 5:	Establish formal mechanisms at sufficiently high levels of government for interministerial coordination and policy arbitration, ensuring that mandates and responsibilities are clear, and fully involve ministries beyond development and foreign affairs.
Lesson 6:	Encourage and mandate the development agency to play a pro-active role in discussions about policy co-ordination.
Building Block C:	**Systems for monitoring, analysis and reporting**
Lesson 7:	Make use of field-level resources and international partnerships to monitor the real world impacts of putting PCD building blocks in place.
Lesson 8:	Devote adequate resources to the analysis of policy coherence issues and progress towards PCD drawing also on the expertise of civil society and research institutes, domestically and internationally.
Lesson 9:	Report transparently to parliament and the wider public about progress on PCD as part of reporting on development co-operation activities and progress towards meeting the Millennium Development Goals.

Source: OECD 2008a, Hudson and Jonsson 2009.
Also see discussion of these lessons in OECD 2009

Commitment and policies

Political commitment is obviously fundamental to making any policy change. A 2009 OECD-commissioned assessment of DAC members' commitment to PCD is shown in Figure 1. Agriculture is of course a particularly contentious coherence issue in countries where there is a large agricultural sector dependent on government support and preferential trade. Public education (Box 1 lesson 1) is critical to getting broad political support: fair trade is an example of a PCD issue which has received wide public support in many OECD countries. Civil society organisations have often played a key role in mobilising national political commitment to PCD on specific issues such as country debt and trade, see e.g. (UK Food Group 2010).

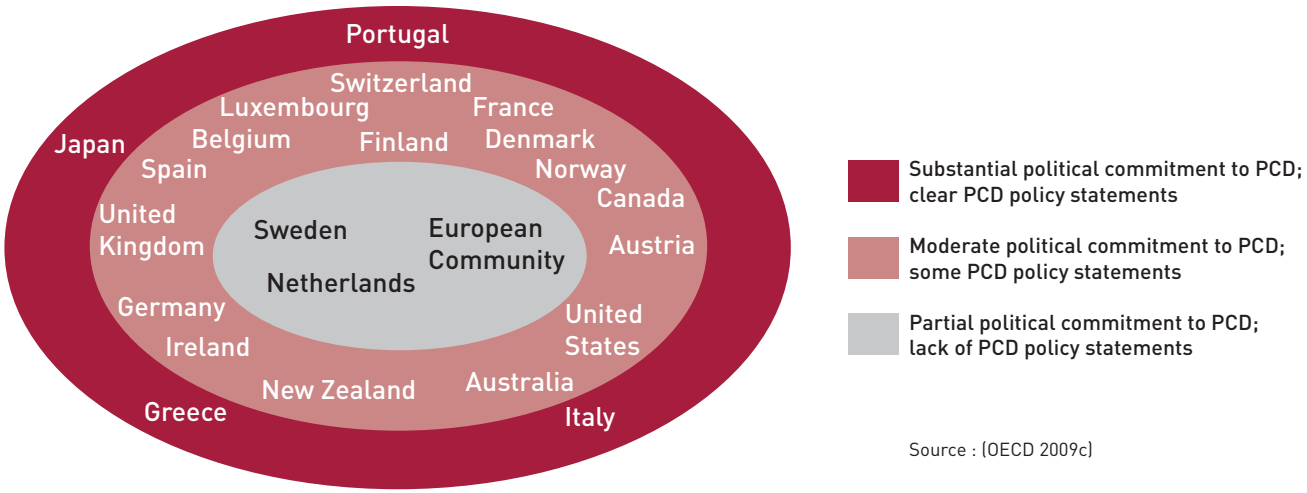
In ARD, the Joint Donor Principles for Agriculture and Rural Development Programmes (Global Donor Platform for Rural Development 2009) are a good start.

Box 2: Extracts from the Joint Donor Principles for Agriculture and Rural Development Programmes

- Focus on alignment with national ARD development strategies and country systems that are 'good enough', strongly considering decentralised government institutions.
- Support the strengthening of internal coherence of policies (internal alignment), enhancing cross-sectoral approaches to ARD. Donors must ... support the 'internal alignment of government institutions (such as the ministries of finance and planning) and their policies. Agricultural policies must [also] be aligned with decentralisation and regional/local territorial planning to ensure the coherence of policies and strategies.
- Support capacity development of key stakeholders and their institutions to participate more effectively in the design, delivery and monitoring of ARD-specific country strategies

Legislation can play a useful role in codifying policy coherence aims and protecting them from changes of government, particularly to ensure that coordinated responses are driven by development objectives rather than foreign policy, military or trade interests[27]. Examples include the UK's International Development Act (2002) and Sweden's Government Bill on its Policy for Global Development (2003).

Figure 1: Political commitment of DAC member states to Policy Coherence for Development



Source : (OECD 2009c)

Structures and mechanisms

One structure that has been fairly successful for promotion of policy coherence is the Dutch PCD unit located in the Ministry of Foreign Affairs. This has a high-level director and professional staff who can carry out and commission complex analyses of policy impacts. The Unit has a structured workplan built around upcoming policy decisions in the Netherlands and more particularly in the EC, since key policy areas like agriculture and trade are handled at European Union level (Netherlands MFA 2006; Netherlands MFA-DGIS 2006). The Netherlands has been titled the 'PCD Frontrunner' in a recent report from the NGO confederation Concord (CONCORD 2009). However, without support from other member states, the Netherlands cannot impact much on EU policies. The Unit has been recently evaluated and recommendations made on structure (Engel et al. 2009).

The UK Government has experimented with several structures and mechanisms to encourage cross-government working towards joint development objectives, with mixed success. Some of the most successful structures have been cross-government committees created around a specific issue such as access to medicines/TRIPS[28]. Broader remits have been more challenging. Special cross-government units have been created on international trade, stabilisation post-conflict, and climate change, joining together staff from one or more ministries including DFID (OECD DAC 2010). Parliament has an important oversight role and often intervenes robustly in favour of better coherence[29], although not all areas have received equally thorough scrutiny.

The European Commission has put considerable efforts into developing mechanisms to promote PCD, including creating an interservice group and a specific unit within the EuropeAid Development and Cooperation Directorate General (Carbone 2008)(EC 2009a; EC 2009c; EC 2010). (Dearden 2010) The EU has recently approved a European External Action Service (EEAS). The public memo says: "The EEAS will support and strengthen EU development policy, while also allowing to improve the overall coherence of the EU's external action … The EU can only have an impact if it is consistent in combining all instruments at its disposal, from development projects to crisis management missions" (it also states optimistically that "a continual operation will guarantee that the political expertise provided by the EEAS will be optimally combined with the development expertise of the Commission") (EU 2010). The EEAS is committed to support the European Consensus on Development and other commitments to PCD. It remains to be seen how this will work in practice.

Other examples of national and agency structures to promote PCD include the French Inter-Ministerial Committee for International Cooperation and Development (CICID) established in 1998 and the Norway Policy Coherence Commission, established in 2006 (Norway MFA 2008). (ECDPM 2007) includes seven case studies on PCD structures, but concluded that most were still of 'an experimental nature'.

Box 1, Lesson 4 highlights the importance of informal contacts between ministries; this has reportedly been easier in smaller organisations and countries (for example the Netherlands rather than the USA) (OECD 2009c). (ECDPM 2007) agrees: "while policy statements and clarity on mandates are important, by and large specialists are not that keen on an excessively formalised system. Rather they prefer to rely on developing dialogue and interaction between different parts of government." Decentralisation of donors to country offices has been very helpful in improving policy analysis and dialogue at country level (OECD DAC 2009b).

[28] Trade Related Intellectual Property Rights

[29] For example Parliament's International Development Committee holds DFID to account; its reports include practical criticisms to which the government must respond, such as "We have not been provided with enough evidence to convince us that the Cross-Whitehall Working Group has sufficient authority or capacity to act as the main mechanism for monitoring the implementation of the UK's HIV/AIDS Strategy. Its terms of reference are vague; it involves officials rather than ministers; and its administrative support does not appear to be adequate."

Table 1: Investing in people can pay off in PCD: lessons from an evaluation of DFID's influence on UK trade policy

DFID's trade-related reputation with other UK Government departments before and after strengthening its own Trade Policy Unit

1997	2001
"useless" "arrogant and inept" "evangelical" "a pain" "department for NGOs" "team that wanted to do a lot with no experience"	"Useful ability to commission research and contribute to capacity-building programmes" "Very good strength of analysis" "Has raised UK profile and helped UK have strong [international] influence" "Has helped in presentation of trade policy." "Has encouraged lateral thinking on policies which support trade. "But still ... sometimes acts on its own, not informing others until later. "joined up" often only flows one way." "Can hold back on information"

Source: (Pedley 2003)

Investing in high-quality staff and training is obvious, but sometimes overlooked (Table 1). Staff incentives are also important for the successful operation of any mechanism to promote PCD. "People need to feel they understand why they need to work differently to promote PCD, and that they will achieve something useful or be rewarded by making progress in this area. As one respondent remarked, `there are few natural heroes'" (ECDPM 2007). Staff incentives are of course a major focus in the general organisational development literature. Some specific ideas and examples of improving staff incentives to increase aid effectiveness, including policy coherence, are given in (OECD-DAC Joint Venture on Managing for Development Results 2008). Key features identified include:

- High level leadership, including "commitment and clarity about competing priorities in the face of sensitive policy trade-offs"
- Clear internal and external communication about what people must do differently and why
- Integrating aid effectiveness into performance management systems, giving clear signals of what outcomes staff will be held accountable for and evaluated against, and how much risk is acceptable
- Decentralisation and delegation of authority to the country-level as much as possible
- Checking that agency 'back-office functions' such as legal, fiduciary and procurement systems are supportive rather than undermining overall objectives

What is certain is that without specific mechanisms, responsibilities and incentives for implementing PCD, it is not likely to make significant progress. For example, successive OECD-DAC Peer Reviews of Sweden have highlighted the fact that despite excellent policies on PCD, Sweden has not been able to make much progress due to lack of clear responsibilities, in particular for monitoring (OECD-DAC 2009a).

Analysis, monitoring, reporting and evaluation

Analysis

Analysis of potential PCD impacts, while an essential prerequisite for policy and action, is one of the weakest areas for most agencies (Box 1, Lessons 7 and 8). "Many countries, such as Belgium, Greece, Italy, Japan, Norway and Spain, were found, in recent [OECD-DAC] peer reviews, to lack analytical capacity, or were failing to make good use of their analytical capacity. This applies to countries that are at the forefront of progress on PCD as well as to the laggards." (Hudson and Jonsson 2009)[30] The EC has attempted to address this lacuna with updated guidance on impact assessment (EC 2009b), which requires the proponents of major new EC policies, programmes and laws to identify potential im-

pacts on developing countries (Box 3). A similar approach has been recommended for Ireland, which also makes wide use of regulatory impact assessments (Barry, King, and Matthews 2009).

Box 3 Key questions to address when considering a new EU policy, law or programme (EC 2009b)

- How does the option affect trade or investment flows between the EU and third countries? How does it affect EU trade policy and its international obligations, including in the WTO?
- Does the option affect specific groups (foreign and domestic businesses and consumers) and if so in what way?
- Does the option concern an area in which international standards, common regulatory approaches or international regulatory dialogues exist?
- Does it affect EU foreign policy and EU/EC development policy?
- What are the impacts on third countries with which the EU has preferential trade arrangements?
- Does it affect developing countries at different stages of development (least developed and other low-income and middle income countries) in a different manner?
- Does the option impose adjustment costs on developing countries?
- Does the option affect goods or services that are produced or consumed by developing countries?
- Does the option have a social impact on third countries that would be relevant for overarching EU policies, such as development policy?
- Does it affect international obligations and commitments of the EU arising from e.g. the ACP-EC Partnership Agreement or the Millennium Development Goals?
- Does it increase poverty in developing countries or have an impact on income of the poorest populations?
- Does the option have an impact on the environment in third countries that would be relevant for overarching EU policies, such as development policy?

While considerable analytical attention has been given to the potential impacts of domestic policy in developing countries (see next section for agricultural examples), much less data has been collected on the impact of policies of donor countries and agencies. The most recent Global Monitoring Report (World Bank/IMF 2010) devotes considerable analytical resources to the policies of developing and emerging economies, while the discussion of the global environment for development is limited to aid and trade (completion of the Doha round). The World Bank's Country Policy and Institutional Assessment (CPIA) index, which forms the main basis for allocation of IDA funding, has been criticised for its 'one-size-fits-all' approach to scoring recipient countries on such issues as trade and tariff policy, without taking the country's specific external trading environment into account (World Bank IEG 2009; Van Waeyenberge 2009). Similar assessment/allocation systems are operated by other IFIs (MfDR 2008). IFAD's 'performance-based allocation system' (IFAD 2003), while a bit more flexible, still does not consider the external policy environment for individual countries – for example, that faced by a major cotton exporter.

[30] According to (EC 2009a): "Seven Member States use impact assessments systematically to support effective action on PCD. The Netherlands focuses in particular on decision-making around EPAs. Sweden is developing measures to do impact assessment at an early stage in the PCD decision-making process. The UK focuses its assessments mostly on the impact of insecurity, climate change and economic growth. Germany and Ireland make use of impact assessments by the European Commission and others. Germany underlines the particular usefulness of Trade Sustainability Impact Assessments. Poland has created a special post on Impact Assessment within the Department of International Cooperation. Romania and Lithuania expect to make more use of impact assessments in the near future." However, apart from the Netherlands this is all at an early stage.

Similarly, donor country assistance plans rarely deal with donor country non-aid policies, which are taken as exogenous. However, the EC has made a major effort to address this: "The new format for the Country Strategy Papers, adopted in 2006, provides for PCD to be specifically addressed, offering an opportunity for the partner countries to highlight their main concerns regarding the non-aid policies of the EU. Subsequent analysis has shown that trade policy is addressed in almost all CSPs, with agriculture and fisheries considered in half." (Dearden 2010)

Similarly, donor initiatives to build partner country capacity to analyse and improve policy have largely also focused on domestic rather than international issues. "The overwhelming focus of the Poverty Reduction Strategy Paper initiative has been on the assessment and the monitoring of developing country performance, with no attention paid to the impact of developed country policies on the likelihood of achieving global results." (Picciotto 2005) The latest report available of the joint IFI monitoring system COMPAS includes progress reports on country capacity building for development results; while many IFIs report strengthening country capacity to analyse domestic issues, none report having trained country partners in analysing PCD issues (MfDR 2008). The exception is trade policy, where there have been numerous initiatives to train developing countries to negotiate better in international trade deals (Prowse 2002). However, even in this area, little assistance has been provided to developing countries for key analytical activities, for example "to enable them to devise estimates of the implementation cost of new WTO commitments to national budgets, identify their needs for assistance, assess the appropriate transition and sequencing of policy reform to meet WTO obligations whilst ensuring other development priorities are not diverted, to monitor the social and economic impacts of the implementation of new trade policies, and to devise appropriate responses." (Deere 2004)

Analytical approaches and indicators for policy coherence related to ARD are further discussed below.

Monitoring and reporting

"It is in monitoring and reporting progress that we find the greatest weakness among OECD-DAC members..."(Hudson and Jonsson 2009). Problems include:

- Many agencies entirely lack structured monitoring systems, or they do not include PCD. However, this is improving and some agencies e.g. the EC, Netherlands, Sweden and UK do publish their progress against PCD objectives using defined indicators.

- Most agencies have signed up to the MDGs. However most MDG indicators are high level outcomes. Moreover, only MDG 8 ('A global partnership for development') deals with policies of developed countries, and most of the indicators for MDG8 are limited to trade and debt issues. There may be no structure calling agencies to account for monitoring data.

- Furthermore, monitoring MDG8 has been relatively weak, e.g. for trade (ESCAP 2010).

- Indicators may be weak, difficult to measure or have a poor analytical basis. Current ARD-related coherence indicators for the EU are shown in Table 2. The indicators column is dominated by a mixture of inputs and outputs, with very few outcomes and impacts (terms are defined in (OECD-DAC Evaluation 2002), and many indicators are rather weakly specified. This is not just a technical issue: if indicators are to be used to hold agencies to account then they need to be very clearly defined and measure outcomes as well as inputs.

- Accountability may be diluted because PCD indicators are lost among many others. For example, in 2009 only two of 32 main indicators tracked by government to monitor DFID's achievement of its Departmental Strategic Objectives (DSOs) were specifically related to PCD (DFID 2009b).

- PCD may not be integrated into some key indicators. For example, DFID's DSO indicator for "greater public support for and understanding of development" measured the "number of people who have heard of DFID", rather than gauging public support for important development-related public policies such as trade (DFID 2009b).

Table 2: Examples of ARD-related objectives, targets and indicators from the EU Policy Coherence Workplan, 2010-13

Objective	Target	Indicator(s)
Market access	Helping developing countries to adjust to SPS measures, technical regulations and standards or other market regulation	The impact assessments of technical regulations and standards, including SPS, initiatives planned for 2010-2013, as for example on plant or animal health cover impact on developing countries (Output)
Market access	To implement effectively Aid for Trade	Volumes by categories of countries of assistance requested and provided under the AfT scheme (Input)
Strengthening the comprehensive approach to climate change	Reduce trends regarding the loss of biodiversity, degradation, of ecosystems and desertification	Number of FLEGT processes implemented and launched in 2010 (Output) Tropical deforestation rates have reduced since 2009 (Outcome)
Strengthening the comprehensive approach to climate change	Contribute to the understanding of the climate system and the implications for mitigation and adaptation in developing countries	Within the annual work programme on research, the number of climate change topics specifically targeting developing countries (Input) Number of EU-funded climate change research projects targeting / involving developing countries (Input)
Migrants' remittances	To promote cheaper, faster and more secure flows of remittances to migrants' countries of origin, and to ensure that relevant legislation does not contain provisions hampering the effective use of legal remittances channels	Monitor migration regulations in the EU to make sure they do not contain provisions which could negatively impact on the globally agreed objective of reducing remittances costs, either directly or through measures of equivalent effect (Output)
Intellectual property rights	To make better use of IPRs for development, for example to promote investment and innovation and to facilitate IPR protection in the EU of export products from developing countries	Progress in negotiating at WTO and WIPO the protection of genetic resources and traditional knowledge, in liaison with negotiations under the Convention for Biological Diversity (Output) Inclusion in EPAs and in other bilateral agreements of IPR provisions taking into account development needs and administrative capacities of partners (Output)

Source: (EC 2010) Categorisation of indicators (italics) assigned by authors.

External monitoring of donor agencies can counter-balance some of the weaknesses of internal monitoring systems. Current systems for external monitoring of PCD include:

- The Center for Global Development's Commitment to Development Index (Center for Global Development 2009), which is published every two years. As well as being a pioneer in independent assessment of PCD, CDI is notable for the work undertaken to develop comparable, evidence-based indicators: see e.g. (Roodman 2009)[31]

- DAC Peer Reviews – These are carried out approximately every five years for each OECD-DAC member, mostly bilateral donors plus the EC. PCD is one of the major issues covered (OECD 2009b)

- Periodic reviews of groups of donors covering PCD, for example the Nordic Plus grouping (CowiConsult 2006)

- Civil society watchdogs such as www.eucoherence.org (specifically focused on PCD), http://www.eurodad.org and www.brettonwoodsproject.org

- Partner country reviews of donor performance, such as (Castel-Branco, Ossemane, and Amarcy 2010) on behalf of the Government of Mozambique, have the potential to cover policy coherence issues. However such reviews are still rather few and far between, and may not be taken seriously by the recipient government if they review issues which are fashionable in donor circles rather than those most important to the recipient (Carlos Nuno Castel-Branco 2007). The Government of Uganda has recently initiated the formulation of a Partnership Policy for Uganda and its partners in managing aid which includes engaging with beyond-aid issues. (Bigirimana 2010), but it remains to be seen how effective this will be in changing donor country behaviour

None of the above independent monitors have the power to call international assistance agencies to account – they operate through the weaker forces of peer and public pressure. However, some donors have courageously incorporated independent monitoring into their own accountability systems, for example DFID chose CGD's Commitment to Development Index as the UK government monitoring indicator for progress against policy coherence objectives (DFID 2009b).

Evaluation

Picciotto discusses the challenges and options for incorporating PCD into evaluation of development programmes. His description still holds true: "Currently, development evaluation relates development outcomes to the design of aid programs and projects and the domestic policy and institutional environment. They treat OECD countries' policies as given and 'exogenous'. PCD evaluation would shift the focus of analysis towards global public policies and make them endogenous. This is not a trivial change. It will add considerable complexity to the evaluation process. The enormity of the challenge may explain the limited progress made in tackling it. But a start must be made."
(Picciotto 2004; Picciotto 2005)

A few influential evaluations have been carried out of PCD implementation at a global level (World Bank OED 2004a; ECDPM 2007). An increasing number of agencies (e.g. (DFID 2009a) are making policy coherence a key element of their evaluation policy and included it as a core evaluation criterion. However none have yet systematically integrated PCD into project and programme evaluation.

The Evaluation of Global and Regional Partnerships Programme (a joint undertaking of the World Bank and the OECD-DAC Evaluation Network) has developed guidelines and standards for evaluation of global programmes affecting policy, many of which are led by the IFIs (World Bank IEG 2007a). For example it recommends checking the following questions for each programme:

- The existence of an international consensus that global/regional collective action is required

- Alignment with beneficiary needs, priorities, and strategies

- Consistency with the subsidiarity principle (decisions taken at lowest appropriate level)

- The absence of alternative sources of supply

Finally, the Table below sets out a SWOT analysis of the current state of policy coherence processes in donor agencies, with special reference to policy performance assessments.

[31] However it is worth reading the critique of the CPI composite indicators by (Barry, King, and Matthews 2009)

Table 3: SWOT analysis of policy coherence processes in donor agencies for agriculture and rural development

Strenghts

- Broad agreement on importance of non-aid policies for ARD
- European Union and some members (particularly Netherlands and Sweden) taking a structured approach to policy coherence including setting and monitoring targets
- Wide range of policy performance assessments (PPAs) in existence covering ARD and related sectors such as business and trade

Threats

- World recession – political pressures to favour domestic interests
- New global actors (including aid donors) which may be less interested in conforming to PCD principles

Weakness

- Trying to develop comprehensive analyses instead of focusing on a few key issues
- Lack of research and analysis on costs and benefits of policy change, to underpin targets and indicators
- Staff incentives for policy coherence largely lacking in donor institutions
- M&E rarely addresses policy coherence adequately
- Lack of harmonisation (including in PPAs). Smaller agencies often develop their own indicators instead of working with the large agencies to improve theirs
- PPAs poorly aligned with partner government systems and assessments rarely 'owned' by partner governments

Opportunities

- Track and make better use of existing PCD analysis from key policy units e.g. Dutch PCD unit
- Capacity building for developing country governments and research institutes to do better PCD analysis – one possibility could be twinning arrangements with developed country agriculture ministries
- Support independent and NGO critical analysis of key issues and encourage civil society debate
- Use national processes including donor reviews to target specific areas better on agric development, e.g. red tape, include PCD impacts
- Evaluate innovative structures e.g. UK trade unit
- Monitoring systems for agricultural programmes including baseline studies should routinely collect info on policy environment
- Get involved in Monitoring African Food and Agricultural Policies Project of OECD & FAO (MAFAP) and other leading policy assessment programmes

Annex D: Policy performance assessments

Policy performance assessments (PPAs) are potentially a valuable tool in improving country ARD policy. Table D1 below shows some of the performance assessments, analytical approaches, indicator sets and data sources that are used by donors to support policy coherence in ARD, together with lessons from reviews and evaluations of these assessment approaches.

Table D1 also categorises each assessment as ex-post or ex-ante. The vast majority of assessments currently used are ex-post, limiting themselves to measuring or gauging the effect of policies already in place. Ex-ante policy impact assessment, although commonly used in the EU (see above), is not systematically applied in ARD in developing countries. A lot of individual analyses are carried out in connection with particular projects, but there is often little institutionalised follow-up. The World Bank's Poverty and Social Impact Analysis (PSIA) represents an innovative attempt to incorporate ex-ante analysis into policy development and to build partner country capacity for this. However, eight years since its inception. However, PSIA is still not widely used or fully institutionalised, even within the World Bank (World Bank IEG 2010).

Five issues are highlighted by the reviews covered in the table:

- Lack of harmonisation between approaches and indicators
- Lack of alignment of approaches and indicators with developing countries' own information systems, together with little or no developing country ownership
- Poor quality or out-of-date information
- Little awareness of how the international policy environment/PCD affects in-country policies
- Under-use or no use of analysis in policy dialogue and programming

These are discussed in turn. [32]

Harmonisation

Many interesting and innovative approaches and indicators have been employed by different agencies – and even by related sectors within the same agency (such as agriculture and private sector support) – with relatively little cross-fertilisation. The issues raised by Simon and White in their 2004 review of business environment assessment tools are equally valid for wider ARD-related assessments:

"Each tool uses a different set of information sources ranging from large-scale firm surveys, to gauging expert opinion, to stakeholder consultations. And each tool has a specific area of focus ... What donors measure in the business environment and the changes they monitor reflect their interests [and] ... analysis that gives priority to some issues over others" (Simon and White 2004).

There is no international agreement on most indicators, and often several competing indicators exist for similar policy measurements; for example, the OECD's 'Producer Support Estimate' and the World Trade Organisation's 'Aggregate Measurement of Support' (OECD 2009d). There is no agreement on standard international data sets for ARD, despite the useful suggestions by the Global Donor Platform for Rural Development (Global Donor Platform for Rural Development 2008). Here, the international ARD community might benefit from the experience of the international community tackling AIDS, which has – albeit with numerous technical and political challenges - negotiated an agreement on standard indicators collected by all countries and accepted by all agencies (UNAIDS 2009).

[32] Three other important issues are not well covered in reviews of PPAs and are picked up at the end of this annex: cross-cutting issues, policy stability and sequencing and political economy

Alignment and Ownership

One of the biggest issues is lack of alignment of international data needs with developing countries' own data systems. In the worst case, a poor country may be over-run with international agencies each collecting slightly different data for its own purposes, bewildering national ministries and statistics agencies. Despite numerous efforts to tackle this problem, there is still much to be done. Capacity building for statistics and monitoring and evaluation systems is often needed; this has a weak history, but has been improving (OPM 2009). Linkages between the statistical and monitoring and evaluation communities of practice also need to improve (Global Donor Platform for Rural Development 2008). Finally, there is a permanent tension between international harmonisation – developing standard indicators that allow comparison between countries – and using locally-specific indicators of interest to the country.

Lack of alignment is closely related to poor partner country ownership, leadership, or even use of assessment approaches. Aid projects commonly work with individual ministries on limited areas of policy analysis. However, such approaches are rarely adopted and systematised by the partner country. To address this, policy analysis projects increasingly involve national statistics agencies in their design. A recent example is the Ethiopia Rural Investment Climate Survey, where Ethiopia's Central Statistical Agency prepared the technical manual for the survey in cooperation with the World Bank (Loening and Mikael Imru 2009). Indicator and data quality and frequency policymakers need reliable and up-to-date information that clearly links inputs and outputs to outcomes.

If available information does not fulfil these requirements, then they will develop their own rough and ready analysis. Reviews have highlighted:

- ARD programmes frequently collect input and output indicators, but less frequently collect data on outcomes (Global Donor Platform for Rural Development 2008)

- Many of the commonly-used indicators do not have a solid evidence base linking them to desired outcomes, such as growth and poverty reduction; for example, tariff levels (World Bank IEG 2009). "A key challenge is to identify indicators that would capture the impacts of policies when cause and effect are not always identifiable and where results may appear only in the medium- to long-term" (OECD 2008b)

- Data may be collected too infrequently to be useful for decision-making. For example decision-makers attempting to use agricultural production data to help prioritise rural roads to be rehabilitated often find it too out of date (Ghana Department of Feeder Roads 2001)

- There is often little quality assurance of the analysis underlying external assistance programmes (World Bank IEG 2007b

- Poor information management: Useful studies are often not publicly available for use by others – and it is common even within an agency to find staff unaware of relevant studies that took place just a couple of years before

Table D1: Examples of policy performance assessments and other indicators and data sources available for monitoring policy coherence in ARD

Source (P – ex-post or A - ex-ante)	Type of information and its use	Issues raised by reviews and evaluations
Organisation for Economic Cooperation and Development (OECD) agricultural and agri-environmental policy assessments (P)	OECD evaluates agricultural policy changes in member and many non-member countries, for example (OECD 2009e; OECD 2009f). One of the main tools is annual measurement of support and protection levels, using internationally recognised indicators; for example, Producer and Consumer Support Estimates (PSE and CSE), Market Price Support (MPS), Producer and Consumer Nominal Protection Coefficients (NPC) and producer Single Commodity Transfers (SCT). The indicators and their interpretation are discussed in (OECD 2009d) with details in (OECD 2008c). OECD also advises governments on policy instruments that can be better "tailored to specific objectives, equitable and minimally production and trade distorting." More recent OECD work has focused on assessing agri-environmental policies (Vojtech 2010).	No reviews located; although the OECD measures of protection are frequently cited in policy analyses. There is still a lack of international harmonisation of key indicators, for example the World Trade Organisation uses a different indicator for support to producers, the Aggregate Measurement of Support (AMS) (see Box 2) (OECD 2009d)
FAO/OECD Monitoring African Food and Agricultural Policies Project (started 2010). This draws on previous work by OECD (above), FAO (Josling and Valdés 2004) and the World Bank (Anderson et al. 2008)	"The MAFAP project will develop a system for monitoring food and agricultural policies in Africa." A triennial monitoring report and in-depth studies for "a rising number" of countries are planned. "The reports will contain indicators and analysis on agricultural policies, including market interventions and budgetary expenditures, and will measure the scale of development challenges faced by the agricultural sector. The proposed indicators and analysis will help inform decision-making in two key areas. First, how can food and agricultural policies best address the country's policy objectives with respect to development, food security, poverty reduction and natural resource use? And second, how can aid and public expenditures most effectively target areas where the need is greatest and potential returns are highest?" More details in the scoping study (MAFAP 2008)	Too early to tell. First overarching report planned for 2010
World Bank Country Policy and Institutional Assessment (CPIA) Scores (P)	The CPIA is a composite score of 16 indicators in four clusters: economic management, structural (economic) policies, social inclusion and governance (the last group accounts for more than two-thirds of the overall weighting). The CPIA includes ARD-relevant indicators on trade, property rights and growth. Trade indicators concentrate on imports rather than exports. The CPIA does not include specific agricultural indicators, although following the recommen-dations of the 2009 evaluation (World Bank IEG 2009) these may be included in a revised version. The CPIA is used inter alia for determining levels of IDA loans. Other IFIs have similar assessment methods as a basis for fund allocation.	Criticised for being a one-size-fits-all assessment (e.g. trade is judged with standard tariff levels) with no allowance for individual country circumstances, and poor evidence linking high scores on indicators to growth and development (World Bank IEG 2009; Van Waeyenberge 2009)

Table D1: Examples of policy performance assessments and other indicators and data sources available for monitoring policy coherence in ARD

Source (P – ex-post or A - ex-ante)	Type of information and its use	Issues raised by reviews and evaluations
IFAD Performance Based Allocation (PBA) System indicators (P)	IFAD uses 12 indicators covering the country development context for the rural poor, including regulatory frameworks, access to resources and services, gender and accountability for the rural poor. In 2008 IFAD reported making 94 per cent of its annual commitments in line with its PBA system (MfDR 2008)	Allocation of funds according to the PBA has been criticised for creating "aid orphans" of fragile states where "community-based agriculture and rural development programs in post-conflict settings have considerable potential" (AfDB/IFAD 2010). It is not clear if the indicators are used in developing programmes in-country: a recent evaluation criticised IFAD for "insufficiency of analytical work" and also noted that "there have been few IFAD-funded projects or measures to address issues identified in its contextual analyses" (AfDB/IFAD 2010)
World Bank Investment Climate Surveys, Doing Business Indicators and Enterprise Surveys (P)	The Doing Business Indicators measure business regulations and their enforcement across 183 economies and selected cities at the sub-national and regional level. The Doing Business Project produces an annual global Doing Business Report and regular country and regional reports (for example, World Bank/IFC 2010). Indicators cover 10 main areas: Starting a business, Dealing with construction permits, Employing workers, Registering property, Getting credit, Protecting investors, Paying taxes, Trading across borders, Enforcing contracts and Closing a business. "The analysis ... reveals the relationship between business regulation indicators and economic and social outcomes, allowing policymakers to see how particular laws and regulations are associated with poverty, corruption, employment, access to credit, the size of the informal economy, and the entry of new firms." The World Bank Enterprise Surveys cover 125 countries and are conducted every 3–4 years. They aim at measuring many different aspects of the business environment and are mostly focused on domestic firms and small and medium enterprises (SMEs). Other investment climate survey tools – for example, from UNCTAD, ILO, USAID – are reviewed in Simon White 2004. At the time of the review many of them were still under development. >>	From the ARD perspective, these tools largely ignore the rural investment environment (see next item in table) and concentrate on the formal sector – however many of the indicators are still relevant to rural areas (World Bank ARDD 2006), and parts of the formal sector such as input and output traders can have a major effect on ARD (World Bank OED 2004b). They both also concentrate on formal firms. An evaluation of the Doing Business Indicators (World Bank IEG 2008) found that the rankings were an effective way of raising the issue of business regulation, and that indicators had been used by policy makers in developing countries. However, they also highlighted that "7 of the 10 indicators presume that lessening regulation is always desirable [...] >>

Table D1: Examples of policy performance assessments and other indicators and data sources available for monitoring policy coherence in ARD

Source (P – ex-post or A - ex-ante)	Type of information and its use	Issues raised by reviews and evaluations
	The differences between the three tools are neatly explained in http://www.enterprisesurveys.org/Methodology/ Compare.aspx. One major difference is that while 'doing business' assumes that all published regulations are enforced, enterprise surveys record the real-world experience of entrepreneurs, including bribery	Since regulations generate social benefits as well as private costs, what is good for an individual firm is not necessarily good for the economy or society as a whole"
Rural investment climate surveys (RICAs) (World Bank) (P)	RICAs – now in their second round of pilots (World Bank ARDD 2006) – focus on constraints to investment in rural non-farm enterprises (RNFEs), which "provide 30 to 45 percent of rural incomes across the developing world." The World Bank's 2010-12 ARD work plan includes a focus on improvements in rural investment climate	Not surprisingly, initial studies found that rural entrepreneurs reported different constraints than urban ones – mainly isolation from markets and low access to financial services. Work is still underway to develop comparable indicators across countries that are specific to rural areas (World Bank ARDD 2006). The studies suggested seasonality, rural human resources and rural-urban connectivity as potentially useful indices
World Economic Forum Global Competitiveness Report and Regional Competitiveness Reports e.g. Africa (WEF 2009a; WEF 2009b) (P)	This annual report and country ranking contains twelve main indicator groups for 131 countries: institutions, infrastructure, macroeconomic stability, health and primary education, higher education and training, goods market efficiency, labor market efficiency, financial market sophistication, technological readiness, market size, business sophistication and Innovation. The indicators are based on both international data sets and surveys of business leaders. Countries are categorised as 'factor-driven' (generally the poorest countries), 'efficiency-driven' or innovation-driven' (generally the richest countries). The index is intended, amongst other things, "for policymakers who are seeking to address the obstacles to economic growth and competitiveness". However no evidence was found on use of the reports.	No reviews found covering use
USAID Economic Performance Assessments (EPAs) of host countries (P)	"Sponsored by the Economic Growth office of USAID's Bureau of Economic Growth, Agriculture and Trade (EGAT), these reports are aimed at USAID missions. Each report contains a synthesis of country indicators from international and country sources (and a discussion of data quality); international benchmarking of country performance and a short analysis to help with future programming	No evaluation located covering the use of EPAs

Table D1: Examples of policy performance assessments and other indicators and data sources available for monitoring policy coherence in ARD

Source (P – ex-post or A - ex-ante)	Type of information and its use	Issues raised by reviews and evaluations
	priorities." Example: (Nathan Associates 2010) For others, search http://dec.usaid.gov/index.cfm USAID Country Assistance Strategies do reference EPAs but it is not clear whether and how the reports are used in decision-making or monitoring on ARD policy or programming	
Poverty and Social Impact Analysis (PSIA) (A)	Introduced by the World Bank in 2002 to help partner governments assess the distributional impact of proposed policies, particularly on the poor, using both social and economic analytic tools and techniques, and build capacity to do such assessments. 14 per cent of 156 PSIAs from 75 countries reviewed by (World Bank IEG 2010) covered ARD issues, including specific crop policy issues such as cotton and coffee as well as broader issues e.g. the Zambia land, fertilizer, and rural infrastructure PSIA 2005. The PSIA website http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTPSIA/0,,menuPK:490139~pagePK:149018~piPK:149093~theSitePK:490130,00.html contains guidance, tools for sectoral analysis including several ARD-related sectors, and case studies. A new multi-donor trust fund to support PSIA is starting up in 2010	Evaluation of PSIA concluded that despite some individual successes (for example in Cambodia the PSIA reportedly helped build support within the government for a smallholder-based agricultural development scheme instead of large-scale agriculture), PSIAs to date have had only a moderate effect on country policies and Bank operations and negligible effect on country analytic capacity. Quality assurance and M&E of PSIAs was weak. (World Bank IEG 2010) The evaluation recommends that PSIAs be better integrated into Bank programming
Global Donor Platform for Rural Development/World Bank/FAO sourcebook on Indicators for ARD (Global Donor Platform for Rural Development 2008).	The sourcebook — which concentrates on agricultural projects and programmes, with a brief mention of policies – suggests 86 indicators of ARD outcomes, and a subset of 19 'priority indicators' that "represent a minimum core set that all countries need to maintain and update on a regular basis." As the indicators listed measure outcomes, they would need to be supplemented with other indicators (particularly inputs and outputs) and there is no guidance on harmonising the latter. The sourcebook also contains advice on setting up M&E systems, data analysis and capacity building	No reviews located. The sourcebook itself raises the issue of availability of data: "even though there was a general consensus [in workshops] that the generic list of indicators was useful and collectable, less than one-third of them were actually available in any single country." Many of the statistics are not easy to compare across countries owing to different methodologies used. The comprehensive national approach advocated is the ideal, but might discourage people who want to measure the effect of a specific policy

Table D1: Examples of policy performance assessments and other indicators and data sources available for monitoring policy coherence in ARD

Source (P – ex-post or A - ex-ante)	Type of information and its use	Issues raised by reviews and evaluations
Household surveys, including living standards measurement surveys, agricultural censuses etc. (data source for P/A)	Analysis of the incentive and distributional aspects of policy. In particular household surveys can collect information on: agricultural production, use of inputs and technologies, investments, profits and income, other welfare indicators such as health and nutrition, schooling and household assets, environmental effects (Reardon and Glewwe 2000)	"An under-used source of data" (Reardon and Glewwe 2000). This still applies. One issue is under-use of information from household surveys conducted for other sectors' purposes, for example the Demographic and Health Surveys which cover nutrition
Individual studies and baseline surveys for ARD projects in country (A)	Such studies are frequently commissioned by some donors to underpin ARD project proposals (e.g. USAID and the World Bank) but rarely employed by some others	Despite the existence of some very high-quality individual studies covering relevant policy issues, numerous reviews have raised the following two questions (a) lack of alignment: lack of country ownership or even knowledge of the studies, and use of stand-alone indicators that do not match country systems; (b) poor knowledge management: studies are treated as one-offs which are rarely used by other programmes and frequently lost after a couple of years
Support for global and regional programmes to carry out policy analysis (A/P)	An important donor-supported global policy centre in ARD is the Consultative Group on International Agricultural Research (CGIAR). CGIAR centres conduct a large amount of research on policies both of partner countries and globally, in particular on food policy (IFPRI), but also by other centres in connection with specific crops and agricultural systems (e.g. the comprehensive assessments of water in agriculture, such as Barker et al. 2004 for Vietnam). Donors also support many other international policy centres on specific ARD issues, for example the International Forum for Rural Transport and Development (IFRTD) and many UN agency projects	Common problems include fragmentation, lack of sustainability and lack of country engagement in global policy programmes, much of which is donor-induced (World Bank OED 2004a). In the CGIAR, this is being addressed by a major reform effort. A 2003 evaluation found that "while the quality of the CGIAR's policy research is not in question," it needed to focus more both on partner country priority issues and capacity building and also on global issues such as intellectual property rights (World Bank OED 2003). This has not yet been fully addressed

External environment ignored in most country policy assessments

The most relevant criticism of most ARD policy assessments in relation to PCD is that they rarely collect information on the external environment (private sector investment, trading environment, other external policies). Monitoring and evaluation of agriculture programmes rarely takes into account the external environment, which is treated as exogenous (Rajalahti, Woelcke, and Pehu 2005; ODI 2010).

Related to this, some of the international indicators implicitly assume that all countries face the same constraints and have the same interests. This is clearly untrue, for example in world trade. "It is striking, for example, how virtually all developing countries condemn export subsidies even where, on a narrow economic analysis, subsidised exports would appear to benefit net-importing countries. On a commodity basis, it would be useful to rank commodities according to the absolute levels of damage caused by OECD agricultural policies although few studies report their results in this way." (Matthews and Giblin 2006)

Evidence under-used in ARD policy-making

The factors above, together with the tendency for any large organisation to have poor institutional memory and limited communication between work areas (Box 4) mean that policy assessments are often under-used in practical policy-making and implementation. Several reviews conclude that more structured systems should be put in place (reviews and records) to ensure that analysis is incorporated. This is a sensible suggestion. However it may be difficult for an aid donor working in partnership with countries which are supposed to 'own' their policy analysis and change to implement a centralised system of control (also see section on political economy below).

Box 4: Why doesn't analysis better inform donor policy? Lessons from a World Bank evaluation of ARD work

The evaluation found that "the findings from analytical work have not strategically informed Bank–client policy dialogue and lending program design." Some of the reasons pinpointed were:

Low availability: "Analytical work has been of limited quantity and not easily available, even within the institution. The Bank's database does not even have a systematic record of all agricultural and rural analytical work produced...[and] there are no records in the Bank's databases for informal analytical work produced as an input to the preparation of a project. In a knowledge-based institution such as the World Bank, it is surprising that the record of analytical work is so poor."

Poor quality: "The technical quality of analytical work in agriculture appears to have suffered from a decline in technical skills within the institution. Bank staff have tried to compensate for this skill shortage by hiring outside experts and using cooperative agreements with FAO and others... but coordination and timely, quality input have been issues."

Blinkered decision-makers: "The sectoral organization of the Bank has impeded interaction among staff across sectors. As a result, good quality analytical work produced in other relevant sectors, such as trade and transport, is also not adequately considered... and the Bank rarely builds on analytical work produced outside the institution."

System failure: "The incorporation of findings from analytical work currently depends too much on individual staff or peer reviewer interests and shifting country or thematic institutional memory." The evaluation suggested introducing a formal peer review process with a formal record of comments.

Source: (World Bank IEG 2007b)

Three other important issues regarding policy assessments in ARD have not been well covered in reviews: integrating cross-cutting issues; policy sequencing and instability; and political economy. These are dealt with below.

Integrating cross-cutting issues into ARD policy performance assessments

Relatively few cross-cutting issues such as gender, AIDS, social exclusion and the environment are routinely covered in ARD-related policy assessments – with the exception of analyses conducted to underpin individual project proposals, where structured processes for appraisal of cross-cutting issues have been put in place in most donor agencies. For example, reported data are frequently not disaggregated by gender. Appraisals of the quality of monitoring and evaluation systems (e.g. Global Donor Platform for Rural Development 2008, Annex 3) do not always check for the quality of inclusion of cross-cutting issues.

General issues regarding incorporating cross-cutting issues into donor assistance are reviewed by the OECD (2009b), which notes that few agencies have allocated adequate staff, budgets and management practices needed to implement their worthy policies. A number of guidance notes, toolkits and model indicators have been produced for analysis and monitoring and evaluation of cross-cutting issues, some of which are specific to agriculture and rural development. These include: SEAGA 2004; Maramba and Bamberger 2001; DANIDA 2006; World Bank 2005 for gender, Bishop-Sambrook 2004 for AIDS and Geeders 2004 for the environment. However, use of this guidance can be patchy in practice. Strong leadership from the top helps to ensure that busy field staff do not regard 'mainstreaming' of such issues simply as a box-ticking exercise.

The biggest question that donors have confronted over the past decade, as donor-led projects have been increasingly replaced by 'country led approaches', is how to encourage the integration of cross-cutting issues which may not be popular with partner governments into national policy and programming. It is easy to find references to cross-cutting issues in Poverty Reduction Strategy Papers and other policy documents, but turning vague statements into concrete and monitorable actions has been described as "like pounding water" (Farnworth 2010, referring to gender in agriculture). One controversial area has been whether donors should use conditionality (that is, imposing policy conditions for delivery of aid funds) in order to promote particular concerns such as gender equality. Some authors have concluded that conditionality can be an effective tool to leverage change and attain short-term cross-cutting objectives, "where donors are highly coordinated... and are willing to stand by agreed conditions" (Yaron and Judy White 2002). However, many others have concluded that conditionality leads to poor country ownership and will not promote long-term stable policy change.

Policy sequencing and stability

Optimising policy sequencing and minimising policy instability (sending confusing signals to farmers and the private sector) have both been found in evaluations to be vital to ARD (World Bank IEG 2007b; AfDB/IFAD 2010).

However, measures of sequencing and stability are rarely included in standard policy assessments, partly because they can be very situation-specific, and partly since there is no formal, widely accepted theory of sequencing in ARD. The exception is business climate surveys, which sometimes include policy instability as a negative-scoring indicator.

Political economy

Political economy underlies all policy change in ARD, as elsewhere. Understanding processes of political change is vital for identifying the best entry points for donor work with policy. For example, a lot of donor energy has been consumed in ensuring that the right words get into particular policy documents (such as Poverty Reduction Strategies, PRS), rather than looking at how change takes place in countries and the role PRS and other policy documents play in this (Cabral 2006). Deep-seated differences in view and approach to poverty reduction and the role of the state often underlie differences on specific ARD policy issues. These must either be tackled head on (e.g. through capacity building, if dialogue is poorly informed) or points of agreement must be found for change.

There are a number of approaches to assessment of political economy issues. Most of these have been individual, situation-specific studies either of the agriculture sector (Farrington and Saasa 2002; Hazell and Wood 2008) or of related sectors (Booth et al. 2006). IFPRI has done recent work on decentralisation and the political economy of rural development (http://www.ifpri.org/event/inside-black-box). Designing indicators which are predictive of institutional change is very challenging, but has recently been attempted for European agriculture policy by Theesfeld et al (2008).

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About the Platform

A joint donor initiative

The Global Donor Platform for Rural Development is a network of 34 bilateral and multilateral donors, international financing institutions, intergovernmental organisations and development agencies.

Members share a common vision that agriculture and rural development is central to poverty reduction, and a conviction that sustainable and efficient development requires a coordinated global approach.

Following years of relative decline in public investment in the sector, the Platform was created in 2003 to increase and improve the quality of development assistance in agriculture and rural development.

Addressing aid effectiveness

The Platform promotes the principles of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action for sustainable outcomes on the ground.

A neutral convening power

The Platform provides a forum in which members and partners come together to build consensus around critical or emerging issues and formulate joint approaches.

Adding value

The Platform adds value to the efforts of its members by facilitating the exchange of their development know-how – which consolidates into a robust knowledge base that is used in joint advocacy work.

Evidence-based advocacy

Members use the Platform to generate and promote common messages that raise the profile of agriculture and rural development in policy debates, conferences and workshops on international, regional and national levels.

The potential of agriculture and rural development interventions to reduce poverty is seldom understood.

Knowledge exchange

By providing entry points to information and space in which policymakers and practitioners can share knowledge, Platform members enhance their capacity to effectively support their clients in agriculture and rural development.

Cutting edge knowledge in agriculture and rural development is often dispersed between agencies, leading to duplication of efforts and delays in the uptake of best-practice.

About Platform Knowledge Piece 1

This Platform Knowledge Piece aims to trace the consistency between evolving agriculture and rural development policies and the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action. The focus of its enquiries is narrowed to look at the following issues:

- Is there a significant problem with coherence specifically in agriculture and rural development policy-making?
- What causes incoherence?
- What has been the impact of recent global initiatives, above all those to promote food and nutrition security and those responding to climate change?
- What gets tracked and measured in agriculture and rural development policy?

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