

**For Official Use**

**DCD/DAC/POVNET/A(2003)2/RD5**



Organisation de Coopération et de Développement Economiques  
Organisation for Economic Co-operation and Development

**12-Nov-2003**

**English - Or. English**

**DEVELOPMENT CO-OPERATION DIRECTORATE  
DEVELOPMENT ASSISTANCE COMMITTEE**

**DAC Network on Poverty Reduction**

**DONOR POLICIES FOR AGRICULTURAL DEVELOPMENT**

**ROOM DOCUMENT No. 5**

**OECD, Paris, 13-14 November 2003**

Contact person: Dr John Farrington (ODI) - Tel (44) 20 7922 0366  
Fax (44) 20 7922 0399 - E-mail: [jfarrington@odi.org.uk](mailto:jfarrington@odi.org.uk)

**JT00153535**

Document complet disponible sur OLIS dans son format d'origine  
Complete document available on OLIS in its original format

**DCD/DAC/POVNET/A(2003)2/RD5  
For Official Use**

**English - Or. English**

Appendix 2 Donor policies towards agricultural development <sup>1</sup>						
	Political factors	Institutional factors	Economic factors	Access to capital assets	Sustainable resource management	Policy coherence
Austria	Poverty reduction; Good governance and equity; gender sensitivity	Democratisation and local ownership; strengthening of local government	Growth of agriculture for enhancing incomes and food security	Improvement of basic services and access to information	Environmental protection and maintenance of biodiversity	
Belgium	Human rights; democratisation; good governance and equity	Decentralisation and local "ownership"	Promotion of growth in private sector; redistribution with growth	Development of basic infrastructure; food security	Maintenance of natural heritage and biodiversity; development of own capacity to deal with environmental issues	
Denmark	Poverty reduction as principal objective, in context of human rights, democratisation, rule of law, good administrative practice	Support farmers' organisations and other rural institutions; emphasis on demand-driven and gender-specific service delivery	Promote growth in agriculture, to generate lower food prices; support "new" smallholder export crops	Focus on improved resource-access by poorest, especially women; focus on varieties for difficult areas	Productivity enhancing projects need EIA; national environmental action plans and international conventions (Biodiversity and Desertification) specifically taken into account	Promotion of exports (e.g. pork from Vietnam) needs to ensure coherence with domestic policies
Finland	Poverty reduction; promotion of social equality, democracy and human rights	Promotion of participatory approaches in local resource-use planning	Focus on improving linkages (employment creation; processing marketing)	Improvement in facilitating/regulating conditions (land tenure). Enhancing skills; promoting financial services	Sustainability as a primary goal, including erosion control, promotion of biodiversity, sustainable land use systems and reduced use of agrochemicals. Environmental impact assessments in all agricultural projects and programmes	
France	Promotion of democracy and rule of law; financial and legal environment in support of private investment	Support to producers' organisations; strengthening of local government	Major focus on enhancing incomes of agricultural producers through improved competitiveness, regional markets, export promotion	Access to basic services, including access of women to education and information; stress security of tenure	Emphasis on sustainability of development; support management of natural resources by local government	

<sup>1</sup> The analysis was based on external source (Farrington and Lomax (2001)). The track changed inserts or deletes concerning the IFAD column are made by PT

Germany	Focus on democracy and human rights; gender sensitivity	Support to democratisation and decentralisation through German Foundations; focus on partnership and participation in agro-policies and programming at all levels	Promotion of organic produce for export to EC	Enhances access to employment opportunities and rural-urban links; focus on more equitable access to production factors	Environmental protection and conservation of NR are major focus. Rural development strategies often include forest management and timber certification	
Italy	4 Maastricht global objectives with particular attention to poverty alleviation; community participation	Stress on capacity building and dialogue with central and local institutions; interaction with other sectors (e.g. livestock, forestry, community water management)	Capacity building mainly in resources and service planning; food security complexity (including social factors)	Organisation of bank services and access to inputs and markets	Information systems for natural resource management and food security; land management strategies and techniques; fight against "desertification"; community participation	Adoption of resolutions/results of International Summits/Conferences; involvement in the definition and application of internationally agreed strategies
Netherlands	Supports policy reform to mainstream poverty and gender; support to agricultural reform programmes; support to national policy analysis capability	Democracy, human rights, governance, political and administrative decentralisation; support for NGOs especially where above conditions are adverse	Growth seen as prerequisite for development; support to small enterprise; support links with Dutch companies	Supports urban employment creation and rural-urban linkages	Environmental effects and overall sustainability are important assessment criteria for NEDA activities; support to integrated pest management and search for sustainability in irrigated systems	
Portugal	Promotion of democracy and rule of law; poverty reduction; strengthening of local governments	Partnership with beneficiary countries; co-ordination with donors (bi-and multilaterals); international responsibility and solidarity; regional integration; mutual commitments	Enhancing economic growth, strengthening the private initiative; support links with Portuguese enterprises	Access to basic services (food, education, health) without any discrimination	Sustainable development an equitable rights in sharing benefits	Coherence between policies with impact to the beneficiary countries

DCD/DAC/POVNET/A(2003)2/RD5

Sweden	Poverty reduction and gender equity as overriding priorities; women in agriculture	Democracy and human rights; governance; full participation of women; farmer participation in technical change	Recognises need for vigorous private sector and clear public/private roles, but no support explicitly to private sector or to competitiveness	Focus on access to commons by the poor, and to policy setting and decision-making processes	Strong philosophy of supporting sustainable management of scarce resources	
UK	Strong commitment to poverty eradication and improved governance	Strong governance policies, aiming at political empowerment of the poor; enabling state; partnerships and mutual commitment	Views growth and competitiveness as subservient to poverty eradication objective	Capital assets central to sustainable livelihood approach	Commitment to protecting and improving the natural environment; long-term poverty reduction possible only if the resource base is sustained and enhanced	
FAO	Largely apolitical; heavy emphasis on participation and sustainability	Shift post-Rio to support for decentralisation; Participation by women and the poor in agricultural planning	Strengthens developing country capacity to comply with GATT 94 agreements and formulate quality regulations and certification. Promotes competitive domestic markets	Principal focus on food security	Strategic aims driven by Agenda 21.	
IFAD	Focus on enhanced productive capacity of poor people; focus particularly at micro level; largely apolitical; focus on rural women	Strong focus on beneficiary community mobilisation and CBOs participation (in particular women groups and small farmer; all activities are gender sensitive; focus on access to assets"	Post 1995: focus on competitiveness; growth of smallholder agriculture seen as key to poverty reduction and poverty alleviation potential ; strong focus on growth potential of agricultural research	HHFS, access to productive resources and rural financial assets ;	Have environmental welfare tools implanted in project design e.g. all projects require EIA; see local populations as "stewards of biodiversity"; hosts the GM and recently collaborating operationally with GEF initiatives in some regions;	

World Bank	Focus on poverty, especially in IDA. Focus on sector-wide and programmatic approaches	Increased emphasis on political bargaining power of the rural poor; strong support for decentralisation, participation, good governance	Strong stance against distorting effects of taxes and subsidies on competition and growth; claims that contribution of agriculture to overall growth has been underestimated	Strong support for improved access to public infrastructure and services	Among the first to impose EIAs; priority to soil fertility, biodiversity and sustainable water management	
USAID	Poverty reduction itself is not a strategic goal; development of human capacity, stabilisation of world population and improved health are all strategic goals	Institutions to be supported which promote human rights, accountable government, gender sensitivity and participation in policymaking. Encourages partnership with NGOs	Focus on shifting from subsistence to commercial agriculture. Agriculture contribution to economic growth recognised. Promoting competitiveness not a strategic goal.	Strengthened democracy will lead to fairer access to public resources	Strong focus on sustainability, including local actions to address global issues	

Source: Farrington, J and Lomax, J (2001) Rural Development and the 'New Architecture of Aid': Convergence and Constraints. *Development Policy Review* 19 (4) 533-544.

Table 1. Rural development strategies compared<sup>2</sup>

	<b>EU</b>	<b>FAO</b>	<b>IFAD</b>	<b>World Bank</b>
1. Offer different options for peri-urban, rural and remote locations	The diversity of rural areas is recognised, though evidence is mostly provided on the diversity of regional problems (e.g. inadequate infrastructure in SSA, inequality in Latin America).	The WFS documentation was particularly strong in distinguishing between high and low potential areas, and seeking a balance in development effort between them. The emphasis in the Anti-Hunger Programme is more generically on 'poor rural communities' (and on Africa). The costs of poor connectedness are stressed, however.	Vulnerable and marginal mountains and semi-arid areas are identified as requiring special attention, but there is little systematic treatment of the problems of different areas. The classification of the poor (Table 2.1) identified as specific target groups : Rainfed farmers, smallholder farmers, pastoralists, artisanal fishermen, landless, indigenous people, female-headed households and displaced people. Attention to gender differences is a cross-cutting theme	There is emphasis throughout on heterogeneity and on different farming types (e.g. commercial, small family farms, subsistence etc . . )
2. Favour livelihood-strengthening diversification options for multi-occupational and multi-local household	One of the six core principles is to promote broad-based rural economic growth. The main focus is on raising the productivity of the natural resources sectors, but the growth of the non-farm sector (and associated infrastructure) is mentioned.	There is reference to rural development in Commitment 3 of the WFS, but the emphasis is clearly on agriculture and sector support services – particularly food, and particularly in the FYI declaration and the Anti-Hunger Programme. The latter has one paragraph (73) on the non-farm rural economy, in a section on the domestic policy environment.	IFAD strongly focuses on enabling the poor rural households who mainly depend on agriculture to overcome their poverty through technical and organisational capacity building, access to technology and NRs, income diversification, and access to markets and Rural Finance	Agriculture is clearly identified as the leading sector and the primary engine of economic growth, but with emphasis on links to the wider rural economy, overall food chains, and diversification into high-value crops. A chapter is also devoted to the non-farm economy, with a strong emphasis on supporting rural entrepreneurship.

<sup>2</sup> Description of activities derived from Maxwell (2003). The track changed inserts or deletes concerning the IFAD column are made by PT

<p>3. Accept the force of the post-Washington consensus – that market institutions need to be in place before liberalisation, and that states have a key role to play, for example in supplying (national and global) public goods</p>	<p>This point is clearly made. The paper discusses the importance of trade liberalisation and the removal of price distortions, but also says that 'liberalisation . . . must be carefully managed and sequenced . . . and must be accompanied by actions to create the conditions for equitable and environmentally sustainable market-led development' (Pg 9)</p>	<p>No explicit discussion of this item. The emphasis in the Anti-Hunger Programme is on 'stable and predictable macroeconomic policies', with no discussion of sequencing. However, the Programme is strong on state investment in infrastructure, services and safety nets.</p>	<p>The Maxwell report has a chapter on markets, emphasising the benefits of market access and liberalisation, but also the constraints, especially for the poor. The report emphasises high transport and transaction costs, lack of collective organisations, discrimination, and 'cultural and social distance' . . .</p>	<p>There is a strong emphasis on liberalisation and on 'completing' reforms e.g. removing the remnants of marketing boards, and removing other obstacles to the effective operation of markets (such as fertilizer subsidies). However the report also recognises (somewhat in passing) that Governments need to ensure that parastatal institutions are replaced by satisfactory arrangements, that trader entry is not constrained and that newly liberalized markets function adequately.</p>
<p>4. Explicitly take on inequality, in assets and incomes, with targets, timetables and concrete measures</p>	<p>More equitable access is another of the six key principles. The main focus is on land, rural finance and economic and social infrastructure.</p>	<p>Little discussion of inequality, but a strong focus on poverty reduction under Commitment two of the WFS, and to safety nets in the Anti-Hunger Programme. There is an emphasis on poverty and hunger throughout.</p>	<p>This is a major theme in Maxwell report, particularly in the chapter on assets. The Report pays particular attention to land, water and livestock, but also deals with housing, health, nutrition and education.</p>	<p>There is little explicit discussion of redistribution, apart from a brief mention of land reform. However, there is a strong focus throughout on poverty reduction.</p>
<p>5. Propose measures to counter the anti-South bias of technical change, recognising the need for public support to research</p>	<p>There is a strong commitment to supporting agricultural research and extension, including with respect to global public goods.</p>	<p>Technical change is identified as a priority in Commitment three of WFS, and 'the evolution of technology' is one of the six new challenges picked up in fyl. Global public goods (e.g. genetic diversity) is another challenge identified. The Anti-Hunger Programme also emphasises technology, especially for the poor.</p>	<p>This is a major theme, especially in the chapter on technology and natural resources. There is a careful analysis of the technology requirements of the poor, with many examples – in crops, livestock, pest control, land management, and water.</p>	<p>Agricultural growth will increasingly be knowledge-based, especially in high potential areas. Priorities are new public-private partnerships, biotechnology, and sustainable pest control.</p>

DCD/DAC/POVNET/A(2003)2/RD5

<p>6. Demonstrate that agricultural strategies will be consistent with natural resource protection, including water management</p>	<p>Promoting sustainable natural resources management is one of the six key principles. There is a particular focus on community-based institutions.</p>	<p>Conserving natural resources is one of the six priorities of the Anti-Hunger Programme. Esp. with respect to water, genetic resources, fisheries and forests. The fyl papers identify freshwater resources as one of six key issues, especially the conflict between 'water for agriculture and rural development' and 'water for nature'.</p>	<p>Improved natural resource management is largely treated as an instrumental input to poverty reduction, rather than a good in its own right – but is a recurrent theme. Water issues are prominent throughout; risk management and post conflict resolution and support are new areas gaining attention in some regions.</p>	<p>There is a short chapter on enhancing the sustainable management of natural resources, noting the importance of land degradation, water management, forests, fisheries and global warming.</p>
<p>7. Recognise the importance of investment in infrastructure and human capital</p>	<p>Investment in human capital is one of the six principles: 'major investments are required in order to improve the coverage, quality and affordability of health and education services in rural areas'.</p>	<p>The fyl papers contain an analysis of investment required in agriculture, particularly for research, extension, and public infrastructure and services. There is mention under commitment two to health and education. The Anti-Hunger Programme includes rural infrastructure as one of the six priorities. Education is dealt with mainly in an extension context.</p>	<p>Linkages to the main roads through feeder roads receive sizable attention in IFAD projects.. Education and health are discussed in the context of asset redistribution, but are not major themes. However, the chapter on institutions deals extensively with strengthening groups, e.g. for managing common property resources or for micro-finance.</p>	<p>Adequate infrastructure is identified as a sine qua non, but in practice little discussed.</p>
<p>8. Respond to the 'obligation' to protect the poor, with new social protection measures, including in conflict areas, and for HIV/AIDS</p>	<p>Managing risk and providing safety nets is one of the six principles.</p>	<p>There is a short section in the fyl papers on 'transitional assistance to the food insecure'. The right to food is a recurring theme, and is strongly emphasised in the fyl papers. The Anti-Hunger Programme cites safety nets as one of six priorities, with a cost estimate of \$5.2 billion (20% of the total investment package proposed).</p>	<p>There is little in the report on social protection. PT comment: Certainly. These are not typical intervention areas for IFAD.</p>	<p>A chapter is devoted to social well-being, risk and vulnerability, focusing especially on nutrition and health, HIV/AIDS, education, and food security.</p>



9. Propose pragmatic steps towards greater de-concentration and devolution	Building more effective, accountable and decentralised institutions is one of the six key principles. The paper covers decentralisation and the reform of public sector institutions, among other topics.	No significant discussion of this item, though fiscal and administrative decentralization are mentioned in the Anti-Hunger Programme.	Decentralisation is a theme of the chapter on institutions in Maxwell's book, for example with respect to natural resources.	Better governance is a recurrent theme, including administrative and fiscal decentralisation. Participation and social inclusion are discussed in the chapter on social well-being.
10. Identify the place for agriculture and rural development in PRSPs and sector programmes	There is a strong section on country programming, including a discussion of PRSPs and sector wide approaches, and of public expenditure reform. A methodology is proposed for country-level rural development strategy work.	Commitment seven of the WFS notes the importance of national plans.	There is little discussion of the modalities of aid, except for a review of partnership possibilities at the end of the Report.	There is strong support for national rural development strategies, and an extended discussion of how rural development priorities can be incorporated successfully into PRSPs and other planning processes.

Source: Maxwell, S (2003) *Six characters (and a few more) in search of an author: how to rescue rural development before it's too late*. Paper prepared for the 25<sup>th</sup> International Conference of Agricultural Economists (IAAE), 'Reshaping Agriculture's Contributions to Society', held in Durban, South Africa, 18-22 August 2003.