



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

DAC Network on Poverty Reduction

Donor Policies on Agriculture and Rural Development

Results of the Mapping Exercise

30-31 March 2004

This reference document is provided to the POVNET meeting on 30-31 March 2004 as BACKGROUND for the discussion on agriculture and pro-poor growth.

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Introduction and purpose

1. This note responds to a request by the POVNET Agriculture Task Team at its first meeting in Florence in October 2003 to map out donor practices in the area of agriculture and rural development. It was agreed that such information would be useful in light of the strategic thinking currently taking place within donor agencies as regards future directions in agriculture and rural development. Having a common reference point would help the Task Team to identify its work programme and value added.

2. 12 bilateral donors and 4 international organisations have responded to the questionnaire sent out by the DAC Secretariat. They were asked to provide information on:

- Strategies/approaches
- Priority areas and regional focus
- Current poverty reduction targeting
- Lessons learned and innovations
- Instruments used
- Evaluation methods
- Useful DAC products

3. The purpose of this document is to (i) present the results of the mapping exercise in terms of donor strategies and approaches and lessons learned, (ii) provide an inventory of relevant and recent studies in the area which could be posted on the upcoming POVNET website¹, and (iii) provide guidance in setting out a work programme covering the period through 2004-6. Annex B provides complementary information on ODA trends.

Strategies/approaches to agriculture and rural development

4. The mapping included questions on how member countries classify their current strategy or approaches to agriculture and rural development. Responses show that most donors pursue a rural development strategy and only few follow a rural livelihood strategy (Annex A Table 1). Some countries stated that they did not have an explicit agricultural or rural development strategy or were in the process of developing one.

5. Donors appear to have a strong conceptual preference for the rural development strategy. However, in practice donors often provide aid in this area through sectoral programmes. For example, the EC approach is a multi-sectoral endeavour requiring co-ordinated interventions in all sectors impacting on the rural space with funding flowing primarily through a programme or sector approach. Hence, EC interventions are based on national agricultural strategies. The Netherlands states that their financing strategy corresponds to the approach adopted in partner countries. For example, by supporting Sector Wide Agricultural Planning Strategies (SWAPS) focussed on agriculture in some countries, and on rural development in others (Annex A Table 2).

¹ The primary function of the POVNET website will be to inform about POVNET work, disseminate and share documents and maintain a calendar of POVNET meetings, workshops and related events in the development community.

6. Many bilateral donors respond to particular country agriculture or rural sector strategies or programmes as part of the national strategic plan (Poverty Reduction Strategy Papers (PRSPs) or similar development plans). Some argue that rural development strategies such as those described by the World Bank (Reaching the rural poor) and the EU (Fighting rural poverty) need to be more closely integrated in

Priority areas and regional focus

7. Priority areas for 13 out of 16 donors include sustainable natural resource management, producer/farmer associations and income generation/diversification (Table 1).

Table 1. Priority areas in Agriculture and rural development

	Total Frequency	Frequency/Participating donors
Sustainable natural resource management (land, water)	14	88%
Producer/farmer associations	13	81%
Income generation/diversification	13	81%
Human and institutional capacity building	12	75%
Agricultural productivity, research and technology	11	69%
Market access and competitiveness	11	69%
Food security and gender	10	63%
Microfinance/rural finance	8	50%
Decentralization/ democratization, local development	4	25%
Land rights, land use planning/ land reform and security	3	23%
Information/Knowledge generation and sharing/ Communication	2	13%
Food aid	2	13%
Managing and Mitigating Risk/ Vulnerability analysis	2	13%
Total	16	100%

Note: The following priority areas were mentioned once: HIV, education, national policies, livestock, protection of biodiversity, rural extension systems, participation and empowerment, commodities and agricultural trade, broad-based growth, irrigated agricultural policy reform, Financial Resource Mobilisation and partnership building.

8. Only a few donors have regional preferences, e.g. Spain allocates 55% of its resources for agriculture and rural development to Latin America. In Africa, most donor countries are focusing on the poorest countries that have a PRSP process (Annex A Table 3).

Current poverty reduction targeting approaches

9. Current poverty targeting approaches vary greatly. A first group of donors focuses mainly on economic growth (or broad-based growth) and thus poverty reduction via growth. Some of these donors provide at the same time compensatory measures to those not benefiting from economic growth. A second group of donors (e.g. Ireland) focuses directly on the poor as economic agents and on increasing their participation in the rural economy (Annex A Table 4). A third group of donors (e.g. Netherlands and IFAD) focuses on targeting by geographical area, population characteristics, or other criteria used in national planning. This third group of donors may have a mixed approach, since they often also follow the two other approaches.

Lessons learned and innovations

10. Responses indicate that past agricultural and rural interventions tended to create parallel structures entirely disconnected from national processes (Box 1 and Annex A Table 5). These projects were largely supply driven and relied heavily on TA components which often undermined the role of local administrations by providing services and infrastructure without ensuring that adequate local resources existed to maintain the operations on a sustainable basis. Usually these collapsed when donors pulled out and had little impact on national capacity. Consequently, a key lesson learned from earlier interventions is the importance of building local national capacity. Decentralization and governance building for permanent and broad based democratic rural institutions are thus new areas of emphasis.

Box 1. Experiences and lessons learned from past agricultural projects

- Multi-sector projects, including “stand alone” and integrated RD projects, showed negative results.
- Area based projects often failed to strengthen the feed-back system between local learning and national policies
- Past projects often failed due to weak local institutions and lack of governance
- States have moved out of the rural economy/agriculture and private sector interventions are not picking up the slack, leaving the rural economy stagnant with inhibited investment and innovation.
- Supply driven agricultural projects and strategies fail to see important links
- Technological inputs alone will not increase/sustain agricultural production
- For market based approaches to reduce poverty, targeted support for the poor is often required.
- The agricultural sector is an important multiplier in the economy
- Sectoral approaches have helped to ensure greater effectiveness and coherence of donor support

11. While there is a trend towards sectoral approaches, area based programs, i.e. programs that address the entire rural space and thus multiple sectors, are also being undertaken. Current rural development programs are seen as an umbrella, in line with paradigm shifts and new planning instruments (Country Development Frameworks (CDFs), PRSPs).

12. There has been a shift in donor priority areas, from addressing primarily technological issues (such as production and processing) to strengthening the producer’s position in the rural economy (the market place). Other new focus areas include sustainable use of resources and the environment and increased attention to inequality/ exclusion as regards to assets/services as well as risk and vulnerability (Box 2 and Annex A Table 6).

Box 2. What's new in agriculture and rural development assistance

- Sector wide approaches (SWAP) and Program based support
- Increased alignment with national processes and policies- e.g. PRSPs
- Demand driven interventions and strategies.
- Innovations designed to give the poor a leading role in development. Poverty reduction is the central goal.
- Emphasis on reflecting rural priorities in PRSPs and informing national policies on local learning/achievements
- Focus on increasing producer value added and access to markets
- Interest in addressing issues of inequality/exclusion as regards assets/services
- Central importance of governance issues and the building of permanent and broad based democratic structures
- Finding the right balance between creating an enabling environment and affirmative action for the poor
- Strengthening natural resource management links
- Increased policy dialogue- including grassroots organisations and the wider civil society.
- Involvement of the private sector and recognition of the potential of ICT.

Instruments used

13. The instruments used by donors break down into three broad categories; TA/Capacity Building, Financial Assistance and “Other” (Table 2). All donors except for two multilaterals (UNCCD and IFAD) provide TA and Capacity Building. Increasingly, donors also use policy dialogue, i.e. meetings and conferences, to further their objectives. The most common form of Financial Assistance is grants- followed by loans. Few bilateral donors provide less conventional forms of financial assistance- such as equities and guarantees- in order to level additional funds. Relatively new forms of Financial Assistance- such as Budget support and Debt for Development Swaps are also mentioned. Donors such as the Netherlands are phasing in Sector Budget Support gradually where possible. Sector approaches are often multi-donor coordinated and funded. They have a positive track record among bilateral donors. Some donors- such as the EC- make the provision of budgetary support contingent on the development of sector-wide programs.

Table 2. Instruments for agriculture and rural development assistance

	Totals	Frequency/Participating donors
TA/Capacity Building	14	88%
Financial Assistance	16	100%
Grants	14	88%
Loans	5	31%
Guarantees	3	19%
Budget Support (in the form of grants or other)	3	19%
Equity	2	13%
Debt for Development Swap	1	6%
Other	7	44%
Policy Dialogue	4	25%
Inputs in kind (food aid, inputs on grant basis)	1	6%
Total	16	100%

Note: Please see Annex A Table 7 for a breakdown by country

Evaluation methods

14. Most agencies do not have an evaluation and monitoring framework specific to agriculture and rural development. Instead, such projects and programs are evaluated according to the general evaluation guidelines of respective ministries.

15. Evaluations take place at different levels: During project implementation², assessments and monitoring are mostly internal. Some donors only implement monitoring tools for larger programs or projects. Donors then conduct midterm and final (independent) evaluations. Such evaluations are usually the responsibility of respective ministries/ and or separate departments and involve the assessment of effectiveness, efficiency and sustainability of agriculture and rural development assistance. Most final evaluations measure project output and results vs. original objectives.

16. Some donors have shifted from project evaluation to synthesis/thematic evaluation. For example, Italy is currently carrying out an evaluation of its development assistance to South Africa in training, education and support to local SMEs. During such evaluations only specific issues and regions are under review at any one time. Similarly, the Netherlands has conducted a comprehensive evaluation of its area based approaches in 2000.

17. None of the bilateral and multilateral donors appear to undertake poverty reduction evaluation specific to agriculture and rural development assistance. Sweden concedes that while no poverty impact evaluation is taking place systematically, this is now receiving increased attention.

² IFAD uses an inter-disciplinary project development team in order to improve project design and implementation. A similar procedure is used by the World Bank by organizing "clinics" focused on a project or a common theme.

Conclusions

Useful DAC products

Types of Products

18. Members expressed interest in (i) sharing best practices and experiences³ (ii) developing the analytical knowledge on the multidimensionality of poverty reduction, (iii) a conceptual framework on the causal relationship between pro-poor growth and its linkages with the investments in different sectors (iv) analyzing the current coverage of rural issues in political process and documents (such as PRSPs and Medium Term Expenditure Frameworks (MTEFs)) and proposing ways of strengthening the rural/agricultural focus.

Thematic Areas

19. Donors highlighted the need to work on (i) market access for small farmers, (ii) trade liberalization and identifying trading opportunities as well as (iii) participation of the rural and poor segments of society in national planning processes such as PRSPs and (iv) pro-poor agricultural research. However, DAC members differed in their views on what type of products would be useful for pro poor agricultural research. While one member country suggested a DAC product that would provide guidance on investment in pro-poor agricultural research, another argued that the group should restrict itself to evaluating current approaches to agricultural research rather than developing operational guidance (Annex A Table 10).

Inventory of complementary Documents

20. As part of the mapping exercise, donors submitted documents on agriculture and rural development. These papers⁴, listed in Table 3, can be seen as a useful complement to the mapping exercise as regards information sharing and stocktaking.

21. Maxwell's (2003)⁵ paper, for example, provides more depth on the strength and weaknesses of the agriculture and rural development strategies in four key multilateral organisations (World Bank, EU, FAO and IFAD). He notes, for instance, the priority given to poverty reduction, environmental sustainability, and the shift to sectoral approaches. He also points to the need for greater focus on urbanization, the transformation of supply chains and the growing role of supermarkets. This is noteworthy given the sub-groups' decision to work on emerging issues related to producers' access to markets.

22. A more detailed discussion of the lessons learned and experiences with agricultural projects can be found in the paper titled "Hunger Taskforce: Increased donor effectiveness in agricultural support". In particular, this paper points to limited donor coordination and short project cycles as key reasons for a low success rate in past agricultural interventions.

³ In particular as regards to practices in scaling-up and scaling-out and improved donor coordination, given the comparative advantage of DAC in this area.

⁴ Please submit an electronic copy/link (and summary paragraph) on papers that you would like to post on the website.

⁵ The Annex of Maxwell's paper contains a categorisation of the four multilateral agencies' rural development strategies that has recently been updated by IFAD.

Table 3. List of relevant documents on agriculture and rural development

Author	Date	Title
Maxwell, (ODI)	2003	Six characters (and a few more) in search of an author: how to rescue rural development before it's too late
IFAD	2003	Annex 1: Four rural development strategies compared (revised IFAD) Annex 2: Donor policies towards agricultural development (revised IFAD)
Hunger Taskforce		Increased donor effectiveness in agricultural support
IFAD	ongoing	Rural Poverty Knowledgebase: http://www.ifad.org/rural/index.htm
IFAD	2003	Achieving the MDGs by enabling the rural poor to overcome their poverty
IFAD	2002	Environmental and Natural Resource Management: IFAD's Growing Commitment
IFAD	2003	Indigenous People and Sustainable Development
IFAD	2002	The Rural Poor Survival or a better life; the choice between destruction of resources and sustainable development
IFAD	2002	Financement du développement; La dimension rurale
Netherlands		Comprehensive Evaluation of Area based approaches (title?)
OECD	2003	Export competition issues related to Food Aid
Eicher	2004	Flashback: Fifty years of Donor aid to African Agriculture
USAID	2001	Bringing Farmers into Global Trade
USAID	2002	Integrating Natural Resource Management and Agriculture
Popular Coalition	2000	The Land Poor: Essential Partners for the Sustainable Management for Land Resources
Boucher et al.	2003	The Unfinished Business of Liberalization: Making Markets Work for All
DFID	2003	Rural Urban Linkages. Fertiliser Supply
IFPRI	2001	Appropriate Technology for Sustainable Food Security: GIS, GPS and Remote Sensing
IFPRI	2001	Appropriate Technology for Sustainable Food Security: Modern Technology for African Agriculture
IFPRI	2003	Food Safety in Food Security and Food Trade: Case study : Supermarket and Quality And Safety Standards for Produce in Latin America

POVNET website and responses to follow up questions

23. In the review process of this document, task team leaders were asked to comment on the idea and content of a POVNET website, in addition to other questions of substance that emerge from the mapping exercise. Respondents agreed overwhelmingly that the POVNET site should be used as a working tool to disseminate background information and task team work in progress. Only few task team member countries responded to the additional questions that emerged from the exercise. A brief summary of their responses follows below:

- *Strengthen rural and agricultural priorities in national processes* - members suggested to 1) establish a coordinating desk in relevant ministries that connect the national to the local level and 2) identify case study countries to analyze how rural and agricultural issues have been prioritized in national processes. This could be useful in providing guidance for member countries as regards to strategic participation in national policy processes.
- *Producing a DAC poverty monitoring tool kit*- there was uncertainty as to what this would look like and who it would target. It was suggested that issues of data collection and information management needed to be addressed first.

- *Governance issues in agriculture and rural development*- it was suggested that a more thorough analysis of the respective roles of the government and the private sector for agriculture and rural development may be useful.
- *Donor instruments for agriculture and rural development*- members responded that 1) current instruments were not “limiting” and 2) given the review of donor instruments in the harmonisations process, this may not be an appropriate area of focus for the task team.

ANNEX A: MAPPING RESULTS

Table A.1: Which description best fits your approach to agriculture and rural development?

Donors	Agricultural Development Strategy	Rural Development Strategy	Rural Livelihood Strategy	None of them (more an approach)
Bilateral				
Austria		x		
Belgium	x	x		
Finland		x		
Greece	x	x		
Ireland				x
Italy	x	x		
Japan	x	x		x
Netherlands		x	x	x
Spain		x		x
Sweden		x		
U.K.				x
U.S.	x			
Multilaterals				
EC	x	x		
IFAD			x	
UNCCD		x	x	
World Bank		x		
Totals	6	12	3	5

Table A.2: What are the objectives of this approach /strategy?

Austria

The Austrian rural development strategy is to contribute to poverty reduction efforts and provide support to sustainable human development by 1) Stabilizing/improving livelihood conditions, 2) Improving productivity and market conditions, and 3) Fostering the strengthening of local institutions, organizations and initiatives. It further supports the integration of the rural population and their equal participation in all decision-making and political processes and procedures affecting their daily life and/or environment.

Belgium

Improving food security and fighting against poverty by 1) promoting sustainable rural development, 2) contributing to satisfy the needs of poor populations, and 3) Preserving resources and the environment.

Finland

Finland's Rural Development Strategy promotes reduction of poverty and hunger according to the first Millennium Development Goal. It sets basic principles and three focus areas for Finnish development cooperation and policy in the field of rural

development.

Greece

Focusing on 1) poverty alleviation, 2) food security, 3) gender (economic role, social, political participation), 4) young farmers, and 5) sustainable management of natural resources.

Ireland

Building national capacity for development and implementation of pro-poor national agricultural strategies that provide an appropriate policy environment and demand-driven services to the rural sector.

Supporting economic growth in sectors where the poor are economically active by supporting their access to assets, factors and markets. Establishing a growing smallholder production-based rural economy as the basis of pro-poor economic growth in national poverty strategies.

Italy

The strategies applied (agriculture/rural development) are adjusted to the different country contexts, depending on socio-economic conditions. Framed in poverty reduction strategies (i.e. PRSP), the objectives of our interventions in agric/rural development aim at improving the income of the rural household, strengthening the production capacity, empowering the peasants (particularly by supporting their organisations) to enable them to deal with local, national and international markets, and fostering food security in the context of an improved natural resource management.

Japan

Ministry of Foreign Affairs (MOFA) does not have an explicit strategy. However, the objectives of Japan's ODA in this sector are as follows: 1) improving agricultural productivity, 2) improving agricultural infrastructures; 3) providing assistance to improve access to local markets, 4) providing food aid in emergency and 5) providing capacity-building for local organizations. Japan is trying to achieve these objectives through multi-sectoral approaches, combining agricultural assistance with social development assistance such as education and health and with the participation of community member in rural areas. The objectives of JBIC are to achieve: 1) balanced development of the region that leads to sustainable development, and 2) to stable food supply which will cope with rapid population increase and recent climate change. The priority objectives of JICA's assistance in agriculture and rural development are also providing support to stable food production and supply and the reduction of poverty.

Netherlands

Main objective is to contribute to poverty reduction

Main strategy is to promote an enabling environment for pro-poor economic development in rural areas, linked with the overall economy (rural-urban linkage) and with (international) trade.

U.S.

The U.S. agricultural strategy aims to 1) expand global, regional and domestic trade opportunities and improving the capacity of farmers and rural industries to act on them; 2) improve the social, economic, and environmental sustainability of agriculture; 3) mobilize science and technology and foster a capacity for innovation; and 4) broaden agricultural education and training, outreach, and adaptive research.

U.K.

Key objectives of this strategy are 1) reframing agriculture as a mainstay of pro-poor growth, 2) Focusing on the enabling environment (with policies and institutions as entry point), 3) Encouraging private investment, public reform, participation of the poor, engagement with international processes, 4) Learning lessons from on-ground experience, 5) Political empowerment of the poor, and 6) enabling state partnerships and commitments.

Spain

The Spanish agricultural and rural development programs are guided by the objectives set up for infrastructures and promotion of the economic fabric. These objectives are to: 1) support the creation and maintenance of economic and social infrastructures, 2) to support the creation of a favourable economic environment that encourages the development of the entrepreneurial fabric, 3) to promote joint entrepreneurial operations and investments, 4) to support investment initiatives in the poorest sectors (for example, by opening micro-credit lines, and backing micro-companies, small and medium sized enterprises and cooperatives), 5) to support private sector-employer organisations and their capacity for social intercourse, and the creation and development of small and medium-sized enterprises and micro-companies through technical assistance, and 6) to press the conditions which promote decent jobs for citizens, with a view to social cohesion.

Sweden

The objective is usually to strengthen the institutional capacity of government agencies, the private sector and other collaborating partners to undertake activities with the aim of improving livelihoods among the rural poor. Examples are land administration, natural resources management, agricultural development, forestry, rural infrastructure and social services. Often SIDA's support is provided in the form of area-based programmes for development and practical application of new methods and institutional procedures in a particular geographical setting combined with institutional strengthening and capacity building.

EC

EC's rural development goal is to sustainably improve rural livelihoods through six objectives: 1) contributing to the establishment of a peaceful, equitable and democratic rural societies, 2) supporting effective and accountable institutions, 3) supporting economic policies centred on rural growth, 4) enhancing individual assets for rural dwellers, 5) contributing to the sustainable management of natural resources, and 6) improving coherence in EC policies Within this RD strategy agriculture features prominently as the motor of rural growth.

IFAD

IFAD's mandate is to enable the rural poor who are mostly engaged in agriculture overcome their poverty. Therefore the objective is to establish a progressive, vibrant and cost-effective agricultural sector building on the assets of the poor. IFAD will concentrate on the attainment of three strategic objectives: 1) strengthening the capacity of the rural poor and their organizations; 2) improving equitable access to productive natural resources and technology; and 3) increasing access to financial services and markets. IFAD also focuses on the most vulnerable segments of society (for example, analyzing the differing opportunities and constraints of women and men) and reviews ways to increase their resilience.

UNCCD

Dryland degradation is not the result of natural desert expansion. Rather, it is part of a vicious cycle that originates with climate variations and human activity. Poverty also plays a role when poor farmers and herders must overuse their land in the struggle to feed and support their families. Desertification, in turn, entrenches poverty and food insecurity, leading to famine and adding to social, economic and political tension. For many developing nations, the agricultural sector is the backbone of the economy. By diminishing soil fertility and agricultural productivity, desertification undermines the agricultural development that is essential for transforming potential growth into poverty reduction.

World Bank

The Bank's objectives in rural poverty reduction, and for rural development in general, are geared to assist clients in accelerating broad-based rural growth by: 1) fostering an enabling environment for broad-based and sustainable rural growth, 2) enhancing agricultural productivity and competitiveness, 3) encouraging non-farm economic growth, 4) improving social well-being, managing and mitigating risk, and reducing vulnerability; and 5) enhancing sustainability of natural resources.

Note: The description of strategies was taken from the questionnaires and text was shortened where necessary.

Table A.3: Regional and country focus in agricultural and rural development.

REGIONAL AND COUNTRY FOCUS				
Criteria/Comment	Latin America & Caribbean	Africa	Asia	Near East/ Europe and Eurasia
Austria	Rural development in the these regions	Nicaragua,	East Africa region Uganda, Tanzania, Ethiopia, South Africa, Mozambique, Burkina Faso, Senegal,	Nepal Vietnam
Belgium	Rural development countries in the near future	Bolivia, Ecuador, Peru	Burundi, Rwanda, Benin, Burkina Faso, Mali, Niger, Tanzania, Uganda	Vietnam
Finland	Focus countries	Nicaragua	Tanzania, Mozambique, Zambia, Kenya, Ethiopia,	Nepal Vietnam
Greece		Africa		Middle East Balkan peninsula Black Sea countries
Ireland			Sub-Saharan Africa Ethiopia, Uganda, Tanzania, Mozambique, Lesotho	
Italy		Central and South America(Peru, Ecuador, Honduras, Brazil, Nicaragua, Guatemala)	Sub Saharan Africa (Ethiopia, Mozambique, Mali, Niger, Senegal, Burkina Faso) North Africa (Algeria, Tunisia, Morocco)	
Japan	Worldwide (100 countries last 10 years) Japan plays a leading role in on the sectoral donor coordination		Africa Tanzania	
Netherlands	Countries that have rural development related SWAPS	Bolivia, Nicaragua,	Regional focus on Africa Burkina Faso, Ethiopia, Mali, Tanzania, Uganda, Zambia, Rwanda,	Indonesia, Surinam
Spain	Latin America receives 55% of the resources addressed to agricultural and rural development	Latin America Peru, Ecuador, Bolivia, Guatemala, Nicaragua		

Sweden		Central America- Nicaragua, Honduras, Guatemala	Sub Saharan Africa- Kenya, Tanzania, Mozambique, Ethiopia, Uganda , Zambia	South- East Asia (Vietnam, Laos, Cambodia, Bangladesh)	Eastern Europe
U.K.	DFID's global focus is on the poorest countries o (target of increasing the proportion of DFID's bilateral programme going to low income countries from 78% to 90% by 2006)		Africa	Asia	
U.S.	All regions Initiative to End Hunger in Africa targets three regions and nine focus countries in Sub Saharan Africa	Latin America & Caribbean	Sub Saharan Africa Focus countries so far identified: Kenya, Uganda, Mozambique, Zambia, Ghana and Mali	Asia	
EC	Countries that have agriculture and rural development as a focal area of intervention		Mozambique, Ghana, Uganda, Kenya, Burkina Faso, Niger, Namibia, Malawi, Ethiopia	India, Vietnam, Cambodia	
IFAD	Global approach, regional and country allocation formulae based on the PBAS (performance based system)				
UNCCD	All countries affected by drought and desertification that are parties to the CCD		Africa		
World Bank	Global focus and regional rural initiatives for each region	Latin America and the Caribbean	Sub Saharan Africa	South Asia East Asia and the Pacific	Europe and Central Asia, Middle Eat and North Africa

Table A.4: Current poverty targeting approaches in agriculture and rural development

Austria	Sustainable economic growth in rural areas (by providing equal chances for the poor) and enhanced opportunities in access to markets, capital, resources, adapted/appropriate technologies, information and extension is required for poverty reduction. Empowerment of rural poor and the establishment and strengthening of institutions (that enable and support equalised representation of the interests of the rural population as well as a sustainable and efficient provision of (social) services) are essential basic elements of a balanced rural development approach. ADC interventions are concentrated in four areas: 1) ensuring access to and protection of natural resources, 2) improving productivity and marketing conditions, 3) institution building and capacity development, and 4) Participation and empowerment. As people depending mainly on agricultural production for sustaining their livelihood are the main target group of the Austrian Development Co-operation, market-oriented (but not yet market-integrated) smallholders are defined as priority target group. However, emphasis is also given towards improving subsistence economy.
Belgium	The approach is through an adequate geographical and population targeting as well as developing agricultural and non-agricultural activities of targeted poor population.
Finland	The aim of rural development activities is poverty reduction as in all development cooperation of Finland. The Strategy underlines i) the importance of understanding of livelihoods strategies at the local level to direct support accordingly, ii) seeing the poor as active participants in poverty reduction processes, and iii) strengthen policy dialogue to ensure that national policies support poverty reduction.
Greece	Every single activity is poverty reduction assessed and planned through agricultural/rural development and environmental sustainability.
Ireland	Establishes the poor as direct agents and beneficiaries of growth by supporting the economic activities in which they engage. Reduce inequality in access of the poor to assets, inputs and markets and empower the poor in decision-making in development interventions and service delivery.
Italy	Our approach supports decentralisation and local ownership, strengthens the local government, promotes community participation and empowers producers' associations. We also contribute to building capacities, mainly in market access, natural resources

management and food security. Though ARD interventions directly target the poor in the least developed countries (LDCs), an emphasis on beneficiaries living in poverty is also present in our programmes in middle income countries.

Japan

Japan's new ODA Charter (2003) of MOA sets poverty reduction as a priority issue, in which agriculture is a high priority sector. Japan will 1) provide materials and equipment for food production and support agricultural and fisheries production through the construction of irrigation and other facilities. In addition, Japan will support infrastructure development and distribution management for improving access to markets, 2) emphasize support for varietal improvements and agricultural and fishery technologies, and will provide assistance for the effective dissemination of these technologies, 3) pay special attention to the organization of local residents and the improvement of administrative capacities with regard to the dissemination of agricultural and other technologies and the management of agricultural and water resources, 4) appropriately utilize food assistance as an important measure in cases of emergency.

JBIC's approach is to increase income levels and living standards through agricultural development in rural areas, increase total food production and improve distribution in order to reduce poverty. JBIC assists following projects / programs 1) irrigation system development in order to increase productivity, 2) water resource development in order to increase productivity, 3) improvement of basic rural infrastructure such as rural roads, rural electrification, water supply and sewerage system, 4) micro finance/agriculture credit delivery, and 5) livelihood program for agricultural villages.

The priority area of JICA's assistance in agriculture and rural development are assistance to 1) the formulation of country and regional development program 2) poverty reduction (increase of agricultural productivity and improvement of living standards) 3) development and maintenance of infrastructure for agricultural production 4) improvement of distribution and processing system of agricultural goods and access to market 5) development of technology and improvement of dissemination system for new technology

promotion of public participation and institutional / capacity building of administrative bodies.

Netherlands

Poverty reduction is the main objective, but depending on the program that we have in a particular country, the poor may be more or less directly involved in the activities.

Spain

Fighting against poverty is the ultimate aim of Spanish Cooperation. Thus, all the actions on agriculture and rural development must involve three lines of action: 1) sustained economic growth, 2) supply of basic social services for the poor, 3) back up in the form of assistance to those who do not benefit immediately from the growth. The following conditions are required: 1) human development, 2) an increase in the channels of participation for the poor and 3) improved terms for private investment.

Sweden

Although the overall objective is poverty reduction the approach is usually indirect in the sense that emphasis is put on strengthening national government agencies and other partners' capacity for work in areas of relevance for rural development which are assumed to have a poverty reducing impact.

U.K.

Poverty reduction, as measured by the MDGs, remains the target. Means to achieve this are through agricultural growth, and improved capacity of the poor to participate in and benefit from growth processes. Key areas include: 1) improving the investment climate for agriculture and tackling regulatory impediments to investment, 2) improving benefits of agricultural trade to poor people and poor countries, 3) improving access of the poor to assets and markets, and 4) improving the availability of finance to poor people.

Improve synergies between measures to tackle risk and vulnerability and measures to promote agricultural productivity, i.e. links between livelihoods protection and promotion.

U.S.

The strategy's broad goals are to reduce poverty and hunger (the Millennium Development Goals). Poverty reduction is targeted through increased agricultural productivity and competitiveness which creates jobs and investment opportunities, expands trade, and improves health and nutrition.

EC

Given the incidence of poverty in rural areas, rural development is a key priority for poverty reduction alongside food security. Similarly Poverty Reduction is also the overall objective of our development policy and EC Country Strategies must be embedded in national Poverty Reduction Strategies.

IFAD

IFAD addresses poverty targeting 1) by supporting programs in the remote, mountainous and ecologically vulnerable areas where the beneficiaries are predominantly socially and economically marginalised, 2) by supporting, enhancing and strengthening the capacity of the institutions of the poor and the vulnerable groups to access natural resources, technologies, rural finances, markets and trade opportunities, 3) through all rural finance interventions, as IFAD rural finance programs are targeted to reach the rural poor through specific instruments / interventions, designed to support outreach towards the very poor, 4) by empowering the rural women economically and socially and by mainstreaming the gender concerns in the national programs to enhance the capacity of the community based organizations, and 5) by following a rule for regional allocation of funds which allows most of the loan portfolio to be directed to the poorest and most vulnerable countries.

World Bank

The Bank's rural development strategy, "Reaching the Rural Poor", has as its main objective rural poverty reduction, through broad-based rural growth and targeted interventions.

Table A.5: Lessons learned and experiences in agriculture and rural development

Austria
The changing international trends and paradigms as well as the given reality in developing countries and the changes taken place were the most decisive factors. It was considered necessary to take new instruments and processes (like for example CDF, PRSP etc.) as well as institutional/political developments (like decentralization) into account.
Finland
Our activities are based on our experiences from the area based development interventions. We have targeted our efforts to tackle the weaknesses of them by influencing institutions and policies of relevance and strengthening the feed-back system in order to link the local achievements and learning to national policy making.
Greece
Key experiences include the Johannesburg World Summit on Sustainable Development, the World Food Summit +5 and the Kyoto International Conference on Water.
Ireland
Poor impact of agricultural services in the context of state divestiture in the sector and the weakness of expected private sector intervention. Increasing inequality and stagnant or negative progress on poverty reduction despite positive rates of economic growth. Stagnation in the rural economy as liberalisation combined with lack of competition promotes market failures that increase risk and vulnerability and inhibit investment and innovation.
Italy
The experience of extensive Italian support to integrated rural development and area based programmes, especially in Ethiopia, Mozambique and Senegal, in the eighties and early nineties.
Japan
MOA: Under the harsh growing environment and low-input conditions of upland rice ecology in Sub-Saharan Africa, high-yielding rice varieties were necessary to be developed.
Netherlands
The fact that past interventions were often not sustainable without continued donor support, mainly because of weak governance and weak local government institutions.
Spain
What we have learned about our experience in this field is that the multi-sector projects have a high degree of failure. The typical project of the Spanish Cooperation does not have enough resources to tackle several areas of work. These kinds of projects must concentrate their actions, in one or two sectors, in order to get aid effectiveness.
Sweden
The adoption of a multi-dimensional perspective on poverty stems from the realization that to be effective poverty reduction needs to be approached from different angles. This does not mean that SIDA advocates a return to integrated rural development programmes; rather that such a multi-dimensional perspective is applied at country/area level analysis but with specific, sectoral interventions. The more strategic role we today seek to give ADPs stems from a realization that whereas PRSP and other macro-level plans outline the general framework and policies for poverty-oriented rural development, there is still a need to develop experiences for their application in practice at field level. This is where we see an important potential role for ADPs. Finally, the increased attention to decentralisation in the context of rural development reflects an ambition to move beyond earlier more isolated attempts at stimulating people's participation type PRA, to foster an institutional system and governance structure for more permanent and broad-based democratic rural development.
U.K.
Country level experience shows that agriculture remains central to poverty reduction and to the livelihoods of poor people in rural and urban areas. Failure to address the specific conditions for agriculture to perform and for poor people to benefit from this performance compromises delivery of growth and poverty reduction. Evidence further shows that whilst growth is vital for poverty reduction and market-based approaches are vital for growth, the conditions necessary for these to function are often constrained, requiring supportive interventions for the poor.
U.S.
The following lessons were drawn from past experiences: 1) a supply driven agricultural strategy does not provide important market links nor necessarily improve competitiveness 2) the agriculture sector is an important economic multiplier within a community – increased agricultural production creates wage jobs both in agriculture and in local industries, and 3) agricultural productivity can not be sustained at its current levels or increased by technological inputs alone.
E.C.
As mentioned above the Integrated RD Projects created massive parallel structures with heavy TA components which undermined the role of local administrations by providing services and infrastructure without ensuring that the necessary budgetary resources were available in national budgets. This led to heavily funded projects management units disconnected from national processes which collapsed at the end of donor support and little impact on national capacity.
IFAD
The experience gained from working at the micro and rural household level and engaging at the policy dialogue with local authorities gave IFAD the ability to device innovations capable of giving the poor leadership roles in development. IFAD's experience of working from a broad perspective, using an integrated approach that deals with a) building up the assets, knowledge and empowering the poorest in the poor areas, to improve the sustainability, profitability and productivity of their agriculture; b)

linking them to markets; c) strengthening related institutions and d), where necessary, financing investments in the social sector to improve overall livelihoods. The extensive experience gained from a large number of projects was used as a platform for policy dialogue; awareness building of decision makers influenced the national programs to mainstream the interest and concern of the rural poor in country programmes and policies.

World Bank

The rural development strategy arises out of the need to 1) focus on the poor 2) foster broad based growth 3) address the entire rural space using inclusive cross sectoral approaches 4) forge alliances of all stake holders, and 5) address impacts of global developments on client countries.

Table A.6: New approaches and innovations in agriculture and rural development by donor country/agency

Austria

The Austrian Development Co-operation has changed its approach/strategies, since "rural development" is nowadays considered rather as an umbrella respectively in a spatial context than as a sector in the usual sense (whereas formerly the agricultural component has been much more in the centre). In this context, rural development does not only cover such traditional production oriented sub-sectors, like agriculture or livestock, but essentially all measures required for a dynamic subsistence economy including all possible social capital, the institutional environment and the representation of interests. Linking up with concepts concerned with the improvement of information flows and communication as well as ensuring participation and partaking of rural populations has proved essential for a modernisation of the economy and the society.

Belgium

Belgium has not yet drastically changed its strategy: the demand driven project approach in agriculture and RD is still applied. Increasing attention is (will be) put on the aligning of Belgian aid on national policies (PRSPs), harmonization and coordination.

Finland

The strategy is strongly based on our experiences from the development activities in this field. The novelty is that it underlines poverty reduction as the most central goal for our work, that it takes a twin-target by underlining the importance of understanding local livelihoods strategies while stressing the need that national policies should support them. The participation of the poor is important in order to empower them. The strategy also underpins development of research, extension and services needed in rural areas. It doesn't take a position as regards high/medium or low potential areas.

Greece

The environmental dimension and access to markets

Ireland

- Contextualisation of agriculture in rural development environment and in overall poverty reduction strategies.
- The centrality of inequality and exclusion with regard to assets, inputs, markets and services to rural poverty and the need for demand-driven approaches and empowerment strategies.
- The need to focus on structural constraints related to human and physical capital, markets, risk and vulnerability in the rural economy rather than on the traditional technological issues related to production and processing.

Italy

Some traditional priorities, like capacity building, have new implications when applied to innovative areas of action, like strengthening the capacity of producers associations to deal with markets, to increase the quality of their products, to facilitate, at international, national and local levels, their integration in global markets. At the same time, in line with this strategy it is important to avoid exclusion from the huge and quick transformation of the agricultural production system, so as to include Rural World 3 in the development process and to reinforce the capacity of the Rural Worlds 1 and 2 to functionally connect and "integrate" RW3. RW3 has to deal more than the others RWs with food security, with social protection and risk management aspect and in general with household vulnerability. Raising the awareness of vulnerability is related to access to information, quality of data and data collection as well as the development of local technical capacities and education. Uses of information systems can go beyond the prevention of the food crisis and gear towards development planning and a participatory definition of local development strategies.

Japan

Development and dissemination of NERICA in Africa (MOA) JBIC's current approach is focused on: 1) Encouraging participatory approach (local residents and farmers including poverty group participate in project formation, administration and management) 2) Encouraging partnership with NGOs in order to make the project more effective and efficient 3) Strengthening development of farmer institution such as irrigation associations. Other than promoting partnerships with NGOs and public participation, JICA seeks effective ways of utilizing Japan's experience in rural livelihood improvement activities. Also, JICA's capacity development emphasizes on promotion of partner country ownership, knowledge acquisition and multi-layered capacity development.

Netherlands

It is not so new, but compared with the past, the issue of institutional development, and preventing to set up donor driven parallel structures, is much more stressed (SWAP or Program based approach). From now on, we will also try to focus more on governance issues that are vital for creating a more conducive environment for Private sector development.

Spain

By the end of this year, we will have a draft strategy on promotion of the economic fabric. In this strategic paper the agricultural themes will be included.

Sweden

SIDA today applies a multi-dimensional perspective on poverty and therefore seeks to create synergy effects between its various interventions in rural areas. Although much of our support to rural development still takes the form of area-based programmes we

put more emphasis on the role of the latter as mechanisms for testing of new methods and approaches as well as for policy development with scope of replication at a larger scale. Another recent development is the attempt of integrating support to rural development with support to decentralization so as to foster a more conducive institutional and governance environment for local planning and participation.

U.K.

- Rethinking the role of agriculture within pro-poor growth and food security.
- Rethinking the extent to which creating high level 'enabling environment' conditions and liberalised markets is sufficient for stimulating growth and reducing poverty through agriculture.
- Questioning the right balance between support to the enabling environment for agriculture, and more affirmative action for the poor.

U.S.

- Demand-driven – what are the markets (local, national, regional, global)
- Strong natural resource management links to agriculture

EC

Rural Development (RD) has been addressed in the past through stand alone and/or Integrated Projects with poor results and questionable sustainability. By supporting strategic work on RD we intend to contribute to ensure that rural priorities are adequately reflected in Poverty Reduction strategies. At sectoral level (Agriculture) the adoption of sectoral approaches has considerably helped in ensuring greater coherence of donor support and greater effectiveness of development spending.

IFAD

- Greater focus on strengthening grass-roots organisations of the rural poor and local institutions representing them and giving the rural poor a leading role in achieving several of the MDGs.
- Enhanced IFAD's catalytic impact through policy dialogue and advocacy for rural poverty reduction
- Sharing experience and knowledge in rural poverty reduction through the web-based *Rural Poverty Knowledgebase*: <http://www.ifad.org/rural/index.htm>
- Enliven and enrich the IFAD Governing Council governance through conducting round tables and global theme discussions
- Undertaking a donor peer review on Micro-Finance

UNCCD

Our mandate is defined by the UN Convention to Combat Desertification (CCD). The CCD stipulates that action programmes to combat desertification should adopt a bottom-up approach by reinforcing popular participation. The Global Mechanism therefore aims to support the development of an enabling environment in which local populations themselves can halt the land degradation process. Consequently, states affected by desertification and drought commit to implementing the necessary changes at the political level, such as decentralisation, improvement of land-ownership regulations, and the empowerment of women, farmers, and herders. Drawing from past experience, national action programmes must be completely integrated in sustainable development policies at the national level and aim to improve natural resource management as well as reducing poverty in affected areas.

WB

The new rural development strategy shifts emphasis to: 1) Giving voice to the rural poor 2) Fostering broad-based rural growth 3) Addressing the entire rural space 4) Forging alliances of all stakeholders – donors and recipients and 5) Addressing the impact of global developments on client countries (trade, subsidies, climate change)

Table A.7: Instruments used for agricultural and rural development by donor country/agency

	TA/Capacity Building	Financial Assistance						Other	
		Grants	Loans	Guarantees	Equity	Budget Support	Debt for Development Swap	Policy Dialogue	Inputs in kind *
Bilaterals									
Austria	1	1						1	
Belgium	1	1							
Finland	1	1	1						
Greece	1								1
Ireland	1	1						1	
Italy	1	1	1				1		
Japan	1	1	1						
Netherlands	1	1			1	1		1	
Spain	1								
Sweden	1	1							
U.K	1	1		1		1			
U.S.	1	1		1					
Multilaterals									
EC**	1	1							
IFAD		1	1			1			
UNCCD		1							
WB	1	1	1	1				1	
Totals	14	14	5	3	2	2	1	4	1
%	88%	88%	31%	19%	13%	19%	6%	25%	6%

Note:

* Inputs in kind stand for food aid and other inputs on a grant basis.

**All EC aid is grant aid- this financial assistance may be used to finance budget support and/or to finance TA

Table A.8: Description of dominant instrument(s) for agriculture and rural development**Austria**

Concerning technical assistance the Austrian Development Co-operation (ADC) avoids creating "parallel structures" by any means, but is rather relying on existing institutions and organisations and the strengthening of their capacities. Capacity building and training measures are predominately addressed by using locally and nationally available partners and expertise. This also applies for (agricultural) research and studies/assessments carried out. Capacity building measures are a main component in district development programmes, whereby the ADC is dealing with the strengthening of the local governance systems (on district level as well as on the lower ones) in regard to planning procedures, participatory approaches, data collection, systematisation and analysis, financial management, co-ordination mechanism, contracting and tendering, monitoring and evaluation etc. Such training activities have to be part of a well-structured priority-training plan of the concerned local government, being based on a comprehensive training needs assessment and analysis and providing various indicators. These training plans have to be elaborated and agreed upon by the relevant local authorities. Furthermore, training activities should follow national standards set up by the relevant ministries, use training modules already existing and be complementary to other ongoing capacity building measures carried out.

Belgium

Trough the bilateral aid channel, Belgium still gives project grants mainly in co-management (this means that Belgium and the partner country government are co-responsible for the implementation of the grand).

Finland

Finland uses mainly grants in its bilateral cooperation. The project and programmes are designed to support national policies and if possible they support development and implementation of sectoral approaches. The tendency is to avoid parallel management structure and to integrate the activities in the budget and work plans of national institutions.

Greece

The dominant instruments include 1) Vocational training (agriculture, fisheries, forests, environmental protection, income

diversification) 2) Institutional Capacity Building and 3) Scholarships.

Ireland

Sector Wide Approaches in agriculture. Multi-sectoral local development programmes implemented by local authorities and communities.

Italy

Our main instruments are TA and capacity building programmes, Social Development Funds and area based management programmes. We use soft loans mainly to finance infrastructural development agricultural programmes and to strengthen capacity building and training programme in middle-income economies, especially to strengthen local SME's markets access.

We used debt swaps in Egypt and Morocco, to contribute and finance important rural development and agriculture programmes for agricultural sector reforms negotiated by the government and the IFI.

Japan

The MOA of Japan prioritizes the following four areas 1) Technical Cooperation (training, dispatch of experts and volunteers) 2) Loan aid and Grant aid (general project-type grant aid, grant assistance for grassroots project)

JBIC extends loans to governments of developing countries on moderate conditions with low interest rates and long terms. Developing countries need to build up economic and social infrastructure for their development. The major objective of ODA loans is to assist these countries in their self-help efforts to achieve sustainable development. Regarding TA/Capacity Building, JBIC has a TA facility called "Special Assistance Facility (SAF)". SAF is special assistance in the form of study and survey conducted for the purpose of assisting in project formation, procurement management, project implementation, and sustaining and enhancing operational effects of completed projects. JBIC conducts SAF by employing and dispatching experts such as consultants.

JICA undertakes the following activities: 1) Technical Training Program 2) Dispatch of Experts 3) Provision of Equipment 4) Dispatch of Japan Overseas Cooperation Volunteers 5) Development Studies and 6) Community Empowerment Program (<http://www.jica.go.jp/english/about/index.html>)

Netherlands

Grants are the most dominant instrument. Where possible, there is a gradual shift from program support to Sector Budget Support (SBS)

Spain

Since the elaboration of the Master Plan, the system for Development NGO access to subsidies changed and new categories were established: 1) *Several-Year Framework Agreements* between the Spanish International Cooperation Agency (the AECI) and some Development NGOs to fund programmes and projects. The Development NGOs that join this system are not able to participate in other categories and sign a three or four-year agreement that guarantee funding for the implementation of programmes and projects in accordance with certain previously defined priorities and guidelines. 2) *Programme Agreements* between the AECI and some Development NGOs for funding of a programme in one or more countries, in a particular sector, over two or three years, and 3) *Subsidies by project*.

The other main instrument has been the projects, programmes and technical cooperation: 1) *Projects*: A project involves precise intervention in the beneficiary country, with clearly defined targets, time span and resources, 2) *Programmes*: This comprises all the contributions made available to the beneficiary with general development aims and not linked to specific projects, and 3) *Technical cooperation*: Technical cooperation is understood as the entire range of aid activities targeting the development of human resources, raising the level of knowledge, qualifications, technical skills and the productive capacities of the inhabitants of the developing countries, through training activities, the provision of experts, technical consultancy and advisory work, and contributions linked to the promotion of activities in science, technology and research, through the main Official development assistance players.

Sweden

Swedish development co-operation is usually provided in the form of financial support to projects and programmes elaborated by recipient governments, which may, or may not, include technical assistance. Sector-wide approaches to e.g., agriculture, are not yet very common but an example is PROAGRI in Mozambique. To the extent possible SIDA seeks to co-ordinate its support with that of other donors, either as joint or parallel funding.

U.K

Support to international and multilateral agencies including CGIAR, EC, World Bank, regional development banks, and the UN system including FAO, IFAD and WFP. Bilateral programmes, with increasing focus on sector-wide support and transfers through budgets (often as multi-donor budget support arrangements).

U.S.

The three main instruments of USAID are 1) TA/capacity building – A number of headquarters-based mechanisms exist that enable field missions to obtain technical assistance. In addition, field missions have stand alone mechanisms in support of broader agriculture program objectives. 2) Grants – The majority of grants are made to local/regional institutions to strengthen in-country human and institutional capacity and 3) Development Credit Authority leverages additional capital for intended program outcomes. (Note: Over 90 percent of the Agency's agriculture budget is allocated to the field and most agriculture programming is done by missions. Headquarters provide TA/capacity building assistance mechanisms and guarantees through our Development Credit Authority).

EC

Grant funding to projects and programmes including direct budgetary support where sectoral programmes are implemented. Capacity building being an integral part of such funding it is often the case that sectoral support is accompanied with targeted TA for institutional development.

IFAD

The bulk of IFAD's loans are made available to low-income countries on highly concessional terms, repayable over 40 years,

including a grace period of ten years and a 0.75% service charge per annum. Loans may also be provided on intermediate and ordinary terms.

UNCCD

The Global Mechanism (GM) acts principally within the framework of the financial agreements with affected partner countries. As such, the GM gives grants to create enabling conditions that are conducive to developing a strategy which optimises domestic financial resources and mobilises external resources needed to implement actions programmes. By mobilising financial resources, the GM seeks to improve the utilisation of national resources as well as those accorded within the context of bilateral and multilateral cooperation. In areas affected by drought and desertification, the GM strategy emphasises the need of mainstreaming combating desertification, land degradation and poverty into national policies for rural development. Consequently, the main quality assurance criteria on which the GM relies when it mobilises new financial resources to combat desertification are: 1) The mainstreaming of programmes to combat desertification into national economic and social development plans; 2) The establishment of adequate mechanisms for dialogue and coordination between different actors, including development partners; and 3) The reinforcement of the role of civil society in the decision-making process during the planning and implementation of action programmes to combat desertification.

World Bank

The World Bank uses two main instruments 1) *Loans via IBRD* at market rates and *Credits via IDA* at below market rates for poorer countries, or a combination of both. There are two broad groups of instrument: *Investment Operations* finance goods, works, and services in support of economic and social development projects in a broad range of sectors; *Adjustment Operations* provide quick-disbursing external financing to support policy and institutional reforms and 2) *Analytical and Advisory Activities*: provide a foundation for defining strategic priorities and informing policy dialogue and decisions on projects and programs. These activities comprise Economic and Sector Work and non-lending Technical Assistance, Knowledge Management as well as Training and Research Services

Table A.9: Evaluation/Assessment of outcomes/results of agricultural projects

Austria

Rural development programmes (dealing with agricultural production and marketing and/or strengthening of local authorities and empowerment of local populations) like any other programme of the Austrian Development Co-operation (ADC) have different mechanism for evaluation/assessment. During the course of such projects/programmes normally "internal" evaluation/assessment are carried out. This can be evaluations initiated by the implementing agency involving national/international expert(s), self-assessments by the local authorities concerned, mid-term reviews involving all stakeholders etc. Additionally, the respective co-ordination offices of the ADC are dealing with regular monitoring and follow-up. Final evaluations are predominately initiated by the respective department within the ministry and involve national/international experts to assess the effectiveness, efficiency, sustainability etc. of the programme/project.

Belgium

Belgium uses the logical framework. Projects are evaluated according to the indicators specified to the project logframe. More and more, the indicators used are in line with MDGs indicators.

Finland

Finland's evaluation practices can be divided in three components: i) internal monitoring of the projects and programmes, ii) mid-term reviews and final evaluations of project and programmes, and iii) thematic evaluations. In the two first ones, "Guidelines for Programme Design, Monitoring and Evaluation", MFA 2000, is used as a guiding tool. The thematic evaluations have been carried out recently e.g. with forestry projects and education projects.

Greece

By its potentially multiplying effects (dissemination) and its sustainability.

Ireland

Through joint review mechanisms with partner institutions - developing and using national and local monitoring and review mechanisms and capacities.

Italy

Over the last decade we shifted from project evaluation to synthesis (thematic) evaluations. The focus of the current evaluation plan is on Sub Saharan Africa, training/education and support to local SMEs. Evaluation results drawn from agricultural projects are integrated in the overall evaluation of the effectiveness of Italian aid in the above areas.

Japan

JBIC publishes post-evaluation of each project. Please access to <http://www.jbic.go.jp/english/oec/post/index.php>

Followings are example of agriculture / rural sector development projects:

Philippines: Agrarian reform infrastructure development project http://www.jbic.go.jp/english/oec/post/2002/pdf/Part2_1-1.pdf

Bangladesh: Rural Development Credit Project http://www.jbic.go.jp/english/oec/post/2002/pdf/Part2_1-2.pdf 5 countries:

Irrigation Project Re-evaluation http://www.jbic.go.jp/english/oec/post/2002/pdf/Part2_1-3.pdf.

For access to JICA evaluation reports, please access below <http://www.jica.go.jp/english/evaluation/report/index.html>

In general, our agricultural projects have been successfully implemented and obtained positive results. For example, evaluation findings from Bagamoyo Irrigated Agriculture Promotion Project in Tanzania (FY2000) are as follows: Rice crop productivity has leaped upward significantly by introduction of the irrigated rice cultivation technology. In traditional non-irrigated rice cultivation, the crop production level has averaged 1.5t/ha, but the irrigated paddies yielded 5.5t/ha, approximately a 4fold increase (cultivated twice

a year). It has been reported that the increase in the rice crops has beneficial effect on increased job opportunities, improvement of farmhouse, increase in school enrolment and other areas.

Netherlands

Different ways. For area based approaches, a comprehensive evaluation has been conducted in 2000 (document available)

Spain

The Planning and Evaluation Office has the competence of follow-up and evaluation for Spanish Cooperation. In this sense, this office has evaluated, in year 2002, one of the most important projects on rural development. Besides, there is a system to evaluate the projects of NGOs financed by the AECI.

Sweden

Projects and programmes are as a rule subject to both mid-term and final independent evaluations. In some larger programmes we also make use of special Monitoring Teams as an input to SIDA's own periodical annual follow-up. Evaluations have so far not systematically analysed the poverty impact of interventions but this is an issue that is now receiving more attention within SIDA.

U.K

All submissions for approval include detailed monitoring arrangements specifying the roles of all agencies involved. Monitoring reports include progress on individual activities and outputs, and towards overall project purpose. The validity of supporting assumptions is checked. Output to Purpose review by a multi-disciplinary team and involving key stakeholders. Post Completion Reports are required for all bilateral country projects, programme aid and budgetary aid allocations over £1 million.

U.S.

Projects are required to collect data on output and results indicators based on each field mission's strategic objectives for agriculture and stated intermediate results. These indicators are arrived at through consultation with the mission and are delimited by the "manageable interest" of the project implementer. Most projects are for five years. At the end of a project an evaluation is conducted to assess project outcome.

IFAD

The following activities were listed by IFAD for its evaluation of agriculture and rural development programs 1) An inter-disciplinary project development team supporting the design and (recently) the implementation of the loan programs 2) Present and discuss progress made, ideas and thematic issues at informal lunch time seminars 3) Include participatory M&E 4) Develop a guideline for M&E 5) An independent office of evaluation 6) Collaborate with Cooperative institutions and 7) Identify and collaborate with focal, country based civil society organisations, NGOs and national experts.

World Bank

Following completion of a project, the Bank's Operations Evaluation Department conducts an audit to measure its outcome against its original objectives. The audit entails a review of the project completion report and preparation of a separate report. Both reports are then submitted to the executive directors and the borrower.

Table A.10: Thematic areas of products that would provide useful guidance for you agency

Austria	<ul style="list-style-type: none"> Provision and analysis of lessons learned and best practices (with a possibility for scaling-up and out). Share outlines and good examples of thematic approaches, strategies and possible instruments dealing with market development, improvement of marketing chances and options as well as risk mitigation.
Belgium	<ul style="list-style-type: none"> Reflect on successful national rural development strategies. Analyze relation between national trade policies on agricultural products and performance of the agricultural sector (i.e., trade and development) Study the future of small scale farmers in developing countries in a liberalised agriculture market.
Finland	<ul style="list-style-type: none"> Provide best practices in the identified focus areas Strengthen the theories and scientific basis for implementation of the strategy
Greece	<ul style="list-style-type: none"> Governance (policies & institutions) Inter-linkages between agriculture/environment/ poverty reduction Small-holder access to markets
Ireland	<ul style="list-style-type: none"> Study the multi-dimensionality of rural poverty and how investments in agricultural development need to be complemented by other investments in human development. Develop a robust conceptual framework for pro-poor growth that provides a <u>causative</u> analysis of the relationship between economic growth and poverty reduction and identifies the practical and policy determinants of the poverty elasticity of growth. Provide examples of pro-poor private sector strategies with appropriate emphasis on small-holder farmers and small-scale and informal traders, producers and processors as the critical investors, entrepreneurs and innovators for pro-poor growth. Analyze current PRSPs (and MTEFs) to see to what extent they reflect the above. Share documentation and discuss good practice examples. Provide guidance on investing in (a livelihoods approach) to agricultural research.
Italy	<ul style="list-style-type: none"> Shape a common understanding on the best ways to strengthen peasants' capacities to deal with markets, to increase their ownership of development processes, their participation in local governance and their access to information systems.
Netherlands	<ul style="list-style-type: none"> Share analytic tools, tools for participatory planning Exchange best practices in the field of promoting rural development (which is often linked with decentralisation). Exchange experiences with applications of integrated rural development strategies, focussing on pro-poor

	<p>economic development and private sector development.</p> <ul style="list-style-type: none"> • Emphasize the need for donor agencies (and local agencies and private sector organisations) collaboration in the field to implement same approach and to reinforce each others interventions. • Possibly evaluate experience on work in (pro-poor) agricultural research, or product chain management.
Spain	<ul style="list-style-type: none"> • Policy on access to markets • Market information system • Access to developed countries markets • Regional and sub-regional integration
Sweden	<ul style="list-style-type: none"> • A thematic area of particular interest for SIDA is how to improve the income of rural poor (both farm and non-farm income) through improved access to markets of various kinds. At the same time we realize that a market-based approach faces particular challenges in remote, resource-poor areas where many of the rural poor live, and therefore are interested in experiences and models for how such challenges can be addressed. • How to involve poor women on more equal terms in productive rural activities, • How concerns about HIV/AIDS could be mainstreamed into policies and strategies for rural development, • institutional and governance issues related to increased participation and empowerment of the rural poor in development planning, decision-making and access to development resources at the local level.
U.K	<ul style="list-style-type: none"> • Share case studies and regional experiences on agricultural policy successes and challenges in a range of contexts • Explore opportunities for joint diagnostic work and policy dialogue.
U.S.	<ul style="list-style-type: none"> • Access to assets • Access to markets • Access to innovation, and • Access to safety nets and risk management
EC	<ul style="list-style-type: none"> • Enhance the poverty focus/impact of sectoral programmes • Improve the rural focus of sectoral strategies and PRSPs, and • Empower communities in participating in national/local planning and budgetary processes. • Share tools to improve the responsiveness of national strategies to beneficiary priorities. • Share best practices and approaches to institutional development and capacity building within a context of institutional reforms
IFAD	<ul style="list-style-type: none"> • Share experiences with supporting DAC member country farmers • Share best practices on pro-poor growth, strategies and policies in (e.g. infrastructure, agriculture, trade, and the role of the private sector and public-private partnerships natural resource management especially community-based is an important area) gained by DAC member donor countries learned from supporting development programs • Share experience on policy dialogue for agricultural and rural development • Share experience on supporting agricultural finance and appropriate institutions and rural finance models (e.g. financial cooperatives) • Share experience on trade drivers to national, regional (south-south) markets.
UNCCD	<ul style="list-style-type: none"> • Promote National Agricultural Policies (NAPs) for combating desertification as planning and investment tools for agriculture and Rural development in Drylands • Integrate desertification/Land degradation into OECD Programmes • Exchange of experience in supporting rural finance tools and models (i.e. microfinance, cooperatives...) • Experience of involving the private sector in rural developing strategies and natural resource management. • Exchange of best practices for promoting rural development
World Bank	<ul style="list-style-type: none"> • Become member of/participate in alliance of stake-holders (i.e., "Global Platform for Rural Development" jointly hosted by IFAD and the Government of Germany) to harmonize rural strategies and share lessons learnt in rural development. • Contribute to safety nets, rural finance and private sector development areas.

ANNEX B: TRENDS IN AGRICULTURAL ODA ALLOCATION⁶

24. This annex provides a brief overview of trends in Official Development Assistance [ODA] to the agricultural sector. The objective is to provide background information for the mapping results and the work on agriculture and rural development. It gives historical trends for agricultural ODA allocation by sector, donor, region and agricultural sub-sector.

25. In short, these tables show the relative decline of ODA to agriculture for most bilateral and all multilateral donors. It also shows regional and sub sector priorities among DAC donors. Most funds in agriculture are currently allocated to agricultural water resources, agricultural policy and administrative management as well as agricultural land resources. Donors appear to focus predominately on agricultural sub-sectors.

Sectoral distribution of ODA

26. Table 1 illustrates the relative importance of agricultural ODA allocation⁷ in the total ODA budget of DAC donors over time. It shows the decline of ODA allocated to agriculture, forestry and fishery from 17% of all ODA in 1980/81 to only 9% in 2000/01. During the same time period, funds allocated to social infrastructure and services have increased significantly from 35% to 51%. The breakdown into agriculture, forestry and fisheries took place after 1996 and is thus only shown for the year 2000/01.

Table B.1: Trends in bilateral ODA from DAC countries by sector

Sectors	Total DAC by Sector, US\$ mn (at current prices)			Two year averages in percent		
	1980-81	1990-91	2000-01	1980-81	1990-91	2000-01
SOCIAL INFRASTRUCTURE & SERVICES	5816	12132	14026	35%	40%	51%
Education	2996	5306	3597	18%	17%	13%
Health	1302	1518	1671	8%	5%	6%
Water Supply & Sanitation	507	1839	2444	3%	6%	9%
Government & Civil Society	288	1557	2550	2%	5%	9%
Other Social Infrastructure & Services	724	1432	2667	4%	5%	10%
ECONOMIC INFRASTRUCTURE AND SERVICES	4067	10253	6880	25%	33%	25%
Transport & Storage	1994	4312	3787	12%	14%	14%
Energy	1618	3954	1490	10%	13%	5%
PRODUCTION SECTORS	6053	6534	3436	37%	21%	12%
Agriculture, Forestry, Fishing	2783	4089	2567	17%	13%	9%
Agriculture	-	-	1889	-	-	7%
Forestry	-	-	310	-	-	1%
Fishing	-	-	205	-	-	1%
MULTISECTOR / CROSSCUTTING	561	1698	3384	3%	6%	12%
ADMINISTRATIVE COSTS OF DONORS	0	1741	2782		6%	10%
TOTAL SECTOR ALLOCABLE	16497	30617	27726	100%	100%	100%
TOTAL DAC ODA	23623	57526	43734			

Source: DAC data for bilateral donors

⁶ This note was prepared from the DAC and CRS database and the Development Cooperation Report 2003.

⁷ ODA to agriculture comprises agricultural sector policy, planning and programmes, agricultural land and water resources, agricultural development and supply of inputs, crops and livestock production, agricultural services, agricultural education, training and research as well as institution capacity building and advice. Forestry and fishing are also included (identified as separate sectors only from 1996 onwards). The definition excludes rural development (classified as multi-sector ODA) and development food ODA (a sub category of general programme assistance) (DCR forthcoming, 2003).

Rural development is not included in the DAC definition of ODA to agriculture and is instead captured under crosscutting/multisectoral ODA.

Donor allocation of ODA

27. The only exception to the general trend of declining ODA to the agricultural sector is Denmark, where the percentage of donor ODA has stayed constant. The United States accounts for most of the fall in absolute terms, while reductions in Canada, the Netherlands, New Zealand, Norway and Switzerland have also been significant. The multilateral figures show an even more drastic decline, from an average of 35% in 1980/81 to 10% in 2000/01. In 2000/01 total donor funding for agriculture amounted to 4.1 billion a year.

Table B.2 Trends in ODA to agriculture, forestry and fisheries by bilateral and multilateral donors

Bilateral	Agriculture, Forestry, Fishing					
	US\$ mn.			Per cent of Donor Total (1)		
	1980-81	1990-91	2000-01	1980-81	1990-91	2000-01
Australia	36	65	60	7	13	8
Austria	1	11	7	1	3	1
Belgium	19	51	44	4	10	9
Canada	167	152	50	22	9	4
Denmark	25	55	90	10	9	10
Finland	15	83	16	14	12	6
France	309	533	210	7	7	6
Germany	339	377	141	8	7	4
Greece	0	0	1			1
Ireland	0	3	13	0	14	8
Italy	30	275	25	10	11	4
Japan	389	1244	1140	11	11	9
Luxembourg	0	0	2		0	4
Netherlands	282	230	91	21	12	3
New Zealand	13	3	3	25	4	3
Norway	64	51	46	25	7	5
Portugal	0	0	4		0	1
Spain	0	4	36		1	3
Sweden	61	151	35	11	11	3
Switzerland	39	107	26	20	15	4
United Kingdom	72	224	148	6	10	5
United States	921	471	379	18	3	4
Total	2783	4089	2567	12	7	6
Multilateral						
AfDF	79	149	143	31	24	14
AsDF	159	525	108	35	43	9
EC			426			7
IDA	1049	1442	660	34	22	10
IDB Sp F	204	78	32	29	16	8
IFAD	206	110	172	59	54	50
Total	1697	2304	1541	35	25	10
Grand Total	4480	6393	4108	16	10	7

Source: DAC data for bilateral donors and CRS data for multilaterals

Note: 1) ODA from each donor to agriculture as percentage of all ODA from each donor.

Regional distribution of ODA

28. Table 3 shows the changes in agricultural ODA by region over three decades. The biggest decline has taken place in South Saharan Africa and in South and Central Asia. Interestingly, ODA to Sub-Saharan Africa increased till 1990 and only declined thereafter by 14%. Conflict has interrupted programmes to some countries (Somalia, Sudan), while governance concerns prompted reduction in ODA to others (Bangladesh, Kenya, Myanmar and Tanzania). The biggest drop occurred in ODA to India. The only region to which agricultural ODA increased in this time frame is Far East Asia. This relates mainly to China and reflects a change in the regional focus of DAC members' ODA to China. Along with steady increases in the aid flow to China, industrial development in the coastal regions has been largely taken over by the private sector, such that donors have redirected their financing to the rural interior⁸.

Table B.3: Trends in agriculture, forestry and fisheries ODA by region

REGIONS	Agriculture, Forestry, Fishing (CRS data) Percentage based on CRS total		
	1980-81	1990-91	2000-01
Africa - North of Sahara	9%	6%	6%
Africa - South of Sahara	30%	40%	26%
North & Central America	4%	7%	6%
South America	4%	8%	5%
Far East Asia	14%	15%	34%
South & Central Asia	33%	16%	9%
Europe	0%	0%	3%
Middle East	4%	1%	2%
Oceania	2%	1%	2%
Other and unspecified	1%	4%	6%
Total (1)	100%	100%	100%

Source: CRS data for bilateral donors

ODA distribution by sub-sectors

29. ODA for the provision of agricultural inputs, agricultural services and agricultural education/research has halved in real terms over the last 20 years. All donors except Japan have stopped financing agricultural inputs. Only few projects on agricultural services such a storage and transportation, marketing and financial intermediaries have been reported in recent years^{9 10}. Only few agricultural sub-sectors show an increase in ODA allocations, such as agricultural land resources and agriculture policy and administrative management (Table 4).

⁸ DCR 2003

⁹ Idem

¹⁰ Some of this decline can be explained by the shift from project to program aid.

Table B.4: Trends in ODA allocated to agricultural sub-sectors

Agricultural sub-sectors	1980/81	1990/91	2000/01
Of which:			
Agriculture policy Administrative Management	7%	18%	20%
Agriculture water resources	15%	15%	15%
Agriculture development	11%	8%	9%
Agriculture land resources	2%	4%	9%
Agriculture inputs	21%	6%	8%
Agricultural research	4%	4%	2%
Agriculture education/training	4%	2%	2%
Food crop production	7%	3%	1%
Industrial crops/export crops	3%	3%	1%
Agricultural Financial Services	4%	3%	1%
Agricultural Services	5%	5%	1%
Forestry			
Of which:			
Forestry development	4%	6%	8%
Forestry policy & Administrative Management	0%	5%	4%
Fisheries			
Of which:			
Fishing policy & Administrative Management	1%	2%	3%
Fishery Development	6%	5%	2%
Total Agriculture, Forestry and Fisheries	100%	100%	100%
MEMO (1)			
Agricultural ODA	12%	7%	6%
Development Food ODA	7%	3%	4%
Rural Development	1%	1%	1%

Source: CRS data for bilateral donors

Note: (1) Calculated as percentages of total DAC ODA

30. Table 5 provides a breakdown of the agriculture, forestry and fisheries by the type of projects or program funded for the year 2001, as well as the most important donors in each of the sub sectors. It clearly suggests that donors focus on specific areas, for example, France accounts for 86% of all ODA allocated to industrial crops/export crops. While naturally the largest DAC donors appear more often, smaller donors make significant contributions to some of these areas- for example, Denmark to Agricultural Development, Norway to Fishing Policy and Development, and the Netherlands to Forestry Policy and Administrative Development. However, it is noteworthy that Japan leads many of the areas listed, both in agriculture and fisheries.

Table B.5: Agricultural sub sectors in 2000/01 and their major donors

Agricultural breakdown	Total%	Largest contributors					
Of which:							
Agriculture policy Administrative Management	20%	US	62%	France	10%	Denmark	8%
Agriculture water resources	15%	Japan	82%	France, Spain	4%	Germany	4%
Agriculture land resources	9%	Japan	74%	Germany	9%	Switzerland	9%
Agriculture development	9%	Japan	27%	Denmark	12%	UK	11%
Agriculture inputs	8%	Japan	86%	Germany	7%	Netherlands	3%
Agricultural research	2%	UK	31%	Australia	12%	Netherlands	11%
Industrial crops/export crops	1%	France	86%	Japan	4%	Australia/ Spain	2%
Agriculture financial services	1%	France	77%	Germany	14%	Spain/ UK	3%
Agriculture education/training	1%	France	18%	Netherlands/ Denmark	16%	Australia	11%
Fisheries							
Of which:							
Fishing policy & Administrative Management	3%	Japan	41%	Norway	20%	US	10%
Fishery services	2%	Japan	92%	Spain	6%	Netherlands/ Norway	1%
Forestry							
Of which:							
Forestry development	8%	Japan	42	Germany	18%	UK	17%
Forestry policy & Administrative Management	4%	US	34%	Netherlands	22%	UK	16%
Total Agriculture, Forestry and Fisheries	100%						
MEMO (1)							
Rural Development	100%	Japan	38%	UK	19%	Germany	12%
Development Food ODA	100%	US	7%	Canada	7%	Japan/Italy	4%

Source: CRS data for bilateral donors

Note: (1) As a percentage of total rural development and development food ODA

References and databases:

DAC and CRS statistics www.oecd.org/dac/stat/idsonline

Development Cooperation Report (DCR) 2003

http://www.oecd.org/document/20/0,2340,en_2649_33721_25696916_1_1_1_1,00.html