Josephine Mukambanda, mother and mushroom farmer, Rwanda. Photo: Simon Rawles

Donor in the Dark

Putting a spotlight on UK aid to small-scale farmers

Monique Mikhail, Claire Hickson, and Robin Willoughby[1]

INTRODUCTION

Food security and agriculture are once again centre stage in the global political discourse, and there is growing consensus that support for small-scale producers is critical to achieving food security for poor people in developing countries.[2] The scale of the problem is magnifying: we are experiencing a record number of food emergencies; food stocks are at their lowest in years; major droughts in the US, Russia, and elsewhere have caused food prices to rise dramatically once again; and the weather patterns we are now seeing are consistent with climate change predictions. While donors and developing country governments have been stepping up support to food security, agriculture, and nutrition since the food price rises of 2008, it is not nearly enough to match the need. In addition, the global and European financial crises continue to constrain government budgets, increasing the gravity of public spending decisions.

Despite the struggle at hand, the UK Government has committed to reaching the target of spending 0.7% of GNI on development in 2013, and food security seems to be rising on the agenda. The 2013 joint NGO campaign on food and hunger will be calling for an annual increase of £425 million in support of sustainable small-scale production as the UK's fair share of the public spending needed in agricultural and rural development to achieve the ambitious goal of zero hunger by 2025. This only represents 21% of the spending gap to reach 0.7%. Further, the UK's announcement at Rio+20 to provide up to £150 million to support climate change adaptation for small-scale food producers in Africa shows recognition of the importance of supporting small-scale food production, particularly in Africa.

From 2008-10, total bilateral and multilateral UK commitments to agriculture in sub-Saharan Africa were US$182.8 million, making the UK the 6th largest donor to the agricultural sector in the region. To ensure that this money is having the greatest possible impact, a number of questions are raised: What are DFID's agriculture priorities? What is the impact of the UK's aid to agriculture on those who need it most - small-scale food producers? And, is the current approach the most effective one?

With these critical questions in mind, three organizations (Concern Worldwide - UK, Oxfam GB, and Self Help Africa) commissioned desk research to gain a clearer picture of the amount of UK support to agriculture in Africa, particularly small-scale agriculture. Finding that the lion's share of UK aid to agriculture in Africa is channeled through multilateral organizations (primarily the World Bank, EU, the African Development Bank, and IFAD), we also conducted a review of available evaluations of the impact of these institutions' agriculture programmes on small-scale producers. (See Annex 1 on the back page for a description of the methodology used.)

Our research revealed that finding answers to these questions is challenging due to the lack of publicly available data. As a donor committed to results, and in order to achieve the best value for money, the UK needs to address some shortcomings in the transparency and accountability of its agricultural aid commitments. Therefore, to encourage a fruitful dialogue on UK support to small-scale agriculture, we highlight four critical recommendations to DFID, and identify six outstanding questions:

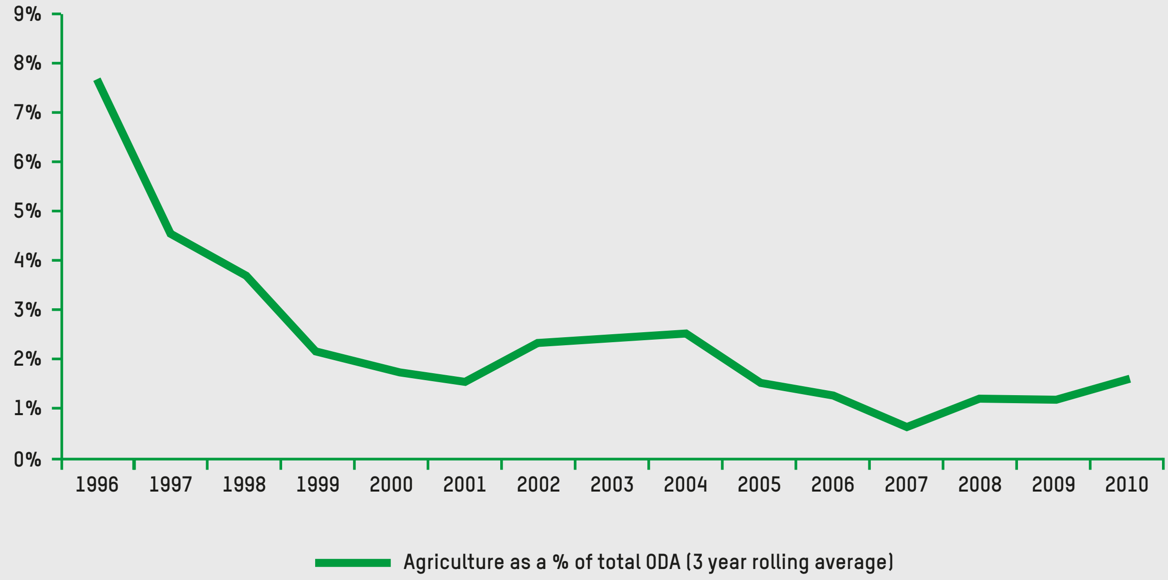
RECOMMENDATIONS

- **Set goals & pathways on agricultural investment:** DFID should provide a clear statement of intent on what it wants to achieve through its support to agriculture, including small-scale agriculture, and how it will achieve it through its future investments.
- **Become an active fund manager:** Assuming that the bulk of DFID's agricultural investment will continue to be channelled via multilateral agencies, DFID should become a more active 'fund manager', engaging in greater dialogue with partners to ensure its funding delivers on its own objectives and improve the impact of donors' collective investments in small-scale agriculture.
- **Improve effectiveness and evaluation:** DFID needs to work with other donors to set clear targets, timelines and impact indicators for their support to small-scale food producers and to improve the evaluation of this support. These impact indicators should be measured against poverty, food security, and nutrition goals.
- **Evaluate aid to small-scale producers:** DFID and other major bilateral and multilateral donors should commission a joint evaluation of agricultural programmes and specifically their support to small-scale food producers to identify ways to make it more effective in the future.

OUTSTANDING QUESTIONS

- **Fit for purpose:** What is the current administration's policy on agriculture and does it match DFID's ambition?
- **Policy framework:** How is the UK using the EU Food Security Policy Framework vs. pre-existing DFID policy on agriculture to guide its agricultural investments? How is it changing its practices to follow the new framework?
- **Bilateral vs. multilateral spending:** Is the current bilateral/multilateral split in the best interests of small-scale food producers? Is there a need for a rebalance? Or, can DFID demonstrate that giving more to multilaterals works?
- **Setting the multilateral agenda:** Perhaps there is a vast source of information that is unavailable publicly which could shed light on the impact of multilateral programmes on small-scale food producers' livelihoods and food security. Is DFID fully aware of the impacts multilateral programmes are having? Is it actively engaged in setting the agenda for and evaluating multilaterals' programmes?

Figure 1: UK aid commitments to agriculture



- **Monitoring, evaluating and reporting:** How does DFID monitor, evaluate, and report the impacts and effectiveness of its agricultural investments, and particularly those that target small-scale food producers?
- **Tracking aid to small-scale food producers:** With the accounting systems at hand, we can only come to minimum and maximum estimates that are wildly different and subject to high levels of uncertainty. Why isn't ODA to small-scale agriculture accounted for properly, and what problems does this raise? How can the tracking of ODA to small-scale producers be improved?'

THE STORY OF AID TO AGRICULTURE

Donor aid to agriculture: a checkered past[3]

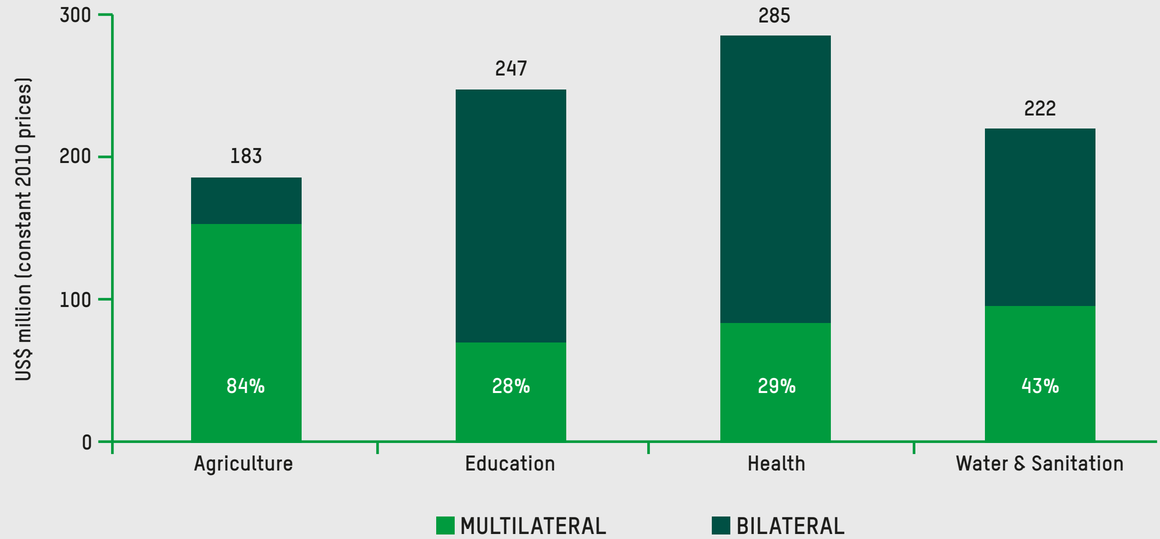
Agricultural aid has had a checkered past. In the 1970s, donors encouraged small-scale agriculture as a way to address hunger, placing a strong emphasis on state delivery of agricultural services, which mirrored the successful model of agricultural development that had been used in now-developed economies. However, partly due to disappointing results based on poor design and unrealistic expectations, declining quality of governance in parts of Africa, and limited state budgets, the 1980s saw a shift in development thinking. A new emphasis was placed on a greater role for the private sector, support for rural diversification and livelihoods, and a restriction of support to government's core functions of regulation and funding public goods. As a result, over the next few decades, many public sector funding gaps were left unfilled, causing agricultural development to stagnate as donor aid and developing country government support both declined.[4] The UK was no exception (see Figure 1).

Declining focus on agriculture

Agriculture's fall from grace led to its unique profile among UK aid to social sectors. Not only does the overall spending lag significantly behind other sectors but it is channeled predominantly through multilateral commitments instead of administered bilaterally (see Figure 2).[5] The un-earmarked funding to multilateral agencies[6] as a proportion of total UK aid to agriculture in sub-Saharan Africa has been growing - from 65% in 2000-02 to 84% in 2008-10 – and is higher than both the total ODA proportion (43%) and that of other sectors (education 28%, health 29%, and water and sanitation 43%). While the underlying causes of a lack of emphasis on agriculture have already been described, the focus on multilateral channels is likely due to the 2008 Accra donor commitment to consider their respective comparative advantage in various sectors. Clearly, on agricultural aid, the

"Agriculture fell out of favour with DFID and other donors in the 1990s and, since then, the plight of poor farmers has worsened. Today, most small-scale farmers are unable to access the basic services which could help them increase their productivity and forge a sustainable livelihood from agriculture. Despite the obvious contribution of agriculture to poverty reduction, DFID has been slow to re-engage with the sector but is now showing a willingness to do so. "
House of Commons International Development Committee review of DFID's Agriculture Policy, 2004

Figure 2: Average 2008-10 UK bilateral and multilateral commitments for social sectors



UK has identified multilateral organisations as having that comparative advantage.

Food aid over agricultural investment

Agriculture has also fallen in prominence within the realm of food security spending. Over the past decade, as food security has risen on the global agenda, the UK's food security spending in sub-Saharan Africa has increasingly favoured short-term food aid versus long-term aid to small-scale food producers which could build their resilience to shocks. Between 2000-02 and 2008-10, emergency food aid grew by 100% while agriculture aid grew by only 17%. This shift in priorities to favour emergency food aid over agricultural support has been mirrored by all DAC donors (see Figure 3.) While it is commendable that the UK and other donors help vulnerable people in times of food crises, and it is critical that this support continues, the frequency and magnitude of these crises have been rising and are expected to continue rising. If the UK were to emphasise the building of small-scale food producers' adaptive capacity to address such shocks, it is likely that smaller increases in emergency food aid would be necessary.

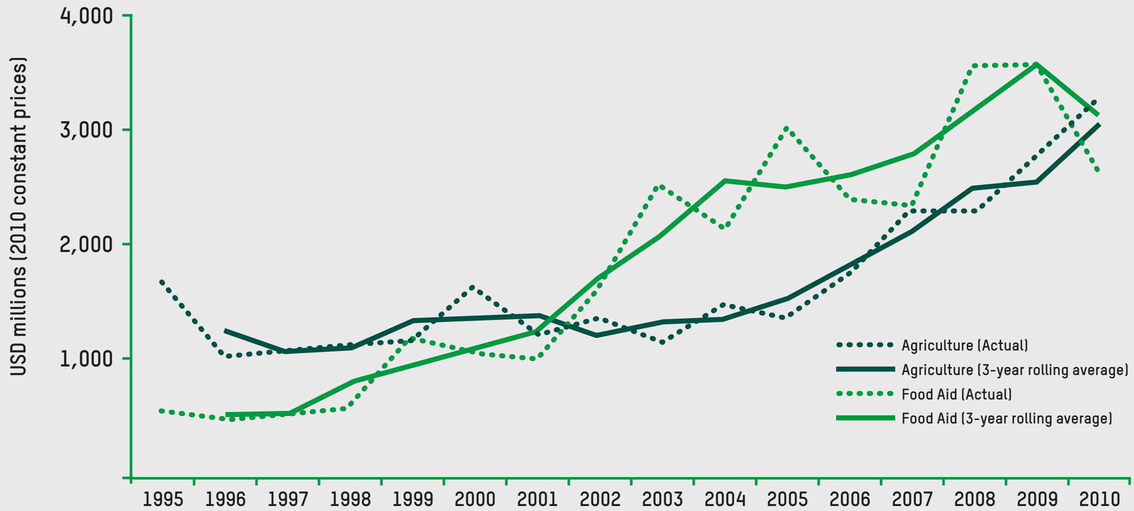
Lack of clarity in agricultural policy

DFID agricultural policy evaluations were conducted 3 times in the past decade – 2003-4, 2005, and 2009 – which all call for a greater emphasis on the lagging agricultural sector, and particularly a focus on small-scale producers as the path to food security success. Unfortunately action on these recommendations has been slow. Further, in 2011 the UK agreed to use the EU Food Security Policy Framework, which strongly supports sustainable, equitable, and resilient small-scale food production, as its guiding policy. It would be useful to clarify which of these policies DFID is following through its agricultural aid, and if progress is being monitored.

Searching for the smallholder needle in the haystack

In order to place greater emphasis on support to small-scale producers, it is necessary to provide a snapshot of the current reality of aid to this critical group of entrepreneurs. Further clarity is also needed on the impact that aid is expected to achieve. With the current publicly available monitoring, evaluation, and reporting information (DFID and OECD-DAC), it is almost impossible to reliably account for how much support small-scale food producers actually receive. Data on aid intended for small-scale food producers is not transparent and is largely dependent on inconsistently reported project level descriptions. This means that in order to assess the quantity directed towards small-scale food producers, major assumptions are inevitable, and this in turn skews the data. Given these limitations, our best estimates of support to small-scale food producers range from 30% to 58% of total UK aid to agriculture in sub-Saharan Africa. While the amounts are not insignificant, the margin of error in the range is indicative of the inadequacy of measurement. Further, the UK's aid to small-scale food producers is extremely fragmented and from the recipient perspective, not

Figure 3: Total DAC (bilateral and multilateral) aid to agriculture and food aid



particularly significant compared to other donors (with the exceptions of Zimbabwe and Rwanda). In 2009 the average commitment per small-scale food production project was $0.2 million[7] as compared to the donor average of $0.56 million.

> **"Any efforts to enhance African agriculture will have to focus first on small-scale food producers, particularly women farmers."**
> Joint evaluation of the agriculture and rural development policies of AfDB and IFAD

It is equally difficult to qualitatively assess the impact of multilateral aid to small-scale food producers. Our attempt to review the impact on small-scale food producer livelihoods of the multilateral agencies that receive the bulk of the UK's sub-Saharan Africa agricultural contributions (the World Bank/IDA,[8] European Institutions, the African Development Bank and the International Fund for Agricultural Development) was met with similar difficulty. We found that very few global evaluations of the impact of agriculture, rural development and food security programmes of major multilateral donors have been done and are publicly available. And, even fewer of these actually focus specifically on small-scale food producers. It is largely the AfDB and IFAD that have self-evaluated their support to small-scale food producers.[9] The World Bank focuses much more on national economic growth, making it very difficult to find direct World Bank involvement in programmes specifically aimed at small-scale producers. The European Institutions present a different kind of problem: inaccessibility of information.

What little impact evaluation does exist tells us that programmes have suffered from lack of focus and coherence. This is demonstrated by the diffuse nature of agriculture interventions, which tend to be "sprinkled" across a wide range of activities such as agricultural research, extension, credit, seeds and policy reform, without clear goals or strategies. Evaluations have found that this ad hoc approach has undermined results. With the UK's recognition of the importance of directing agricultural aid to small-scale food producers[10] and DFID's strong desire to achieve value for money on its investments, greater support, monitoring and public reporting on the quantity and impact of aid to small-scale food producers is needed.

CONCLUSIONS

The quantitative review of the UK's spending on small-scale agriculture and the qualitative review of global evaluations of multilateral agencies' impact on small-scale producers left us with more questions than answers. What is clear is that DFID's spending on agriculture is not inconsequential, nor is it necessarily ineffective. It is simply badly in need of review, reflection, reprioritisation, and reporting. The set of recommendations and outstanding questions highlighted here provide a good place to start.

ANNEX 1: METHODOLOGY

The first component of the research, conducted by Development Initiatives (DI), involved a quantitative analysis of data on DFID's spending on agriculture, food security and rural development programmes, looking at both multilateral and bilateral aid, using the Organisation for Economic Cooperation and Development Assistance Committee's (OECD DAC) Creditor Reporting System (CRS) to determine overall levels of aid and the channels used.

The DI researchers also attempted to assess how much of DFID's bilateral and multilateral aid goes to small-scale food producers. Since the CRS database has no code for aid to small-scale food producers, this required a search of key words in project descriptions reported by donors to the OECD. This has serious limitations. Populating project description fields are entirely at the discretion of donor agencies, resulting in many fields being left blank or lacking in necessary detail, thereby skewing the accuracy of results. This is particularly prevalent in reporting by multilateral agencies, through which the UK puts most of its aid to agriculture. It was necessary to assume that 100% of funding for projects identified as supporting small-scale food producers was indeed targeted at them, though this may not always have been the case. Any projects which were not described as focused on small-scale food producers or related areas were excluded – even though a proportion of activities may in fact directly or indirectly impact small-scale food producers.

Because the UK Government spends the bulk of its agricultural aid to sub-Saharan Africa through multilateral channels, the second component of the research qualitatively reviewed the relative effectiveness of the various multilateral funding channels by reviewing available evaluations. The research focused on DFID's support and the effectiveness of its main multilateral partners in sub-Saharan Africa – the World Bank, EU, the African Development Bank and IFAD.

We looked at key documents setting out agricultural strategies of the EC, World Bank, African Development Bank and IFAD and major evaluations of policy [e.g. the Independent Evaluation Group of the World Bank 2007 report and follow-up, the IFAD/AfDB joint evaluation of 2011]; critiques and commentaries on aid to agriculture by external bodies [including ODI, Future Agricultures, Farm Africa, ActionAid, the Corporate Leadership Coalition and Reality of Aid]. We also consulted several individuals. We particularly looked for evidence of EC aid effectiveness via both the OECD-DAC evaluation resource centre database and the EuropeAid evaluation website. We searched for programmes on agriculture and specifically on small-scale food producers by theme, by intervention sectors covered by evaluation questions and by country.

ENDNOTES

1. Correspondence should be addressed to Monique Mikhail (mmikhail@oxfam.org.uk), Claire Hickson (claire.hickson@selfhelpafrica.net), or Ana Ramirez (ana.ramirez@concern.net). The authors would like to thank Natalie Duck and Ana Ramirez, as well as internal reviewers for their contributions.

2. Foresight Report, The Future of Food and Farming (2011), Final Project Report, The Government Office for Science, London.

3. Note: The OECD-DAC database has recently released data for 2011 which has not been included in this analysis. It is unlikely that this data would skew the trends that are drawn out in this publication.

4. House of Commons International Development Committee. DFID's Agriculture Policy: Seventh Report of Session 2003-04. 15 September 2004.

5. DFID is not a major DAC donor to agriculture in sub-Saharan Africa when considering solely its bilateral contributions (it was the 14th largest over 2007-09), but when considering both its bilateral and multilateral commitments, it was the 5th largest agricultural donor over the same period (following behind the USA, France, Germany and Japan).

6. DFID contributes largely to multilaterals in the form of un-earmarked contributions; thus the imputed spending on agriculture is determined by taking the same proportion of the un-earmarked contribution as the proportion of the multilateral agency's budget spent on agriculture.

7. One project in Zimbabwe was so significantly large in comparison with all of the other projects that it was excluded from this average as an outlier.

8. Growth in IDA accounts for the majority of the increase in the proportion of aid for agriculture in sub-Saharan Africa going through multilateral channels, having more than doubled between 2000-02 and 2007-09.

9. IFAD works directly with small-scale food producers, whereas the AfDB tends to take a more indirect approach, working more at a national/macro level on the policy and market environment.

10. as evidenced by Deputy Prime Minister Nick Clegg's speech in Brazil at Rio+20 in June, 2012; http://www.dpm.cabinetoffice.gov.uk/news/nick-cleggs-rio20-plenary-speech

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