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How do we increase the share of aid to agriculture in Africa?

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Abstract: Agriculture plays an important role in terms of employment and its contribution to gross domestic product in many African countries. Thus, any policy initiative targeted towards poverty reduction in Africa should consider the agricultural sector as the major priority area. Unfortunately, the sector faces a myriad of challenges and prominent among them is the issue of finance. Although some significant amounts of agricultural finance has come from official development assistance (ODA), private capital flows, and private philanthropy, it has been argued that the scale has not been adequate to transform the sector into a modern and highly productive sector. For instance, data from Organization for Economic Co-operation and Development show that in 2009, of the total ODA from the Development Assistance Committee countries, only six per cent went into agriculture, forestry, and fishing, while education received 10.3 per cent, population and reproductive health 11.5 per cent, and humanitarian 11.9 per cent. Using secondary data and country-case studies from Africa, the study investigates why aid to agriculture has been low, and how the share of ODA to agriculture can be improved.

Keywords: aid, agriculture, Africa, poverty
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Note: Tables and figures are at the end of the paper.

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1 Introduction

Agriculture plays an important role in terms of employment, and its contribution to gross domestic product (GDP) in many African countries cannot be over-emphasized. In addition, many of the poor and vulnerable are engaged in agriculture, particularly food-crop farming. Thus, any policy initiative targeted towards poverty reduction in Africa should consider the agricultural sector as the major priority area. It is a well-known fact that a stronger performing African agricultural sector is very essential in achieving the Millennium Development Goals (MDG), economic growth, and development (Fan et al. 2009a; Zimmermann et al. 2009). Despite this, the sector faces many problems in almost the whole continent. While sub-Saharan African (SSA) countries were considered net-food exporters in the 1970s, by 2002 the trend in the region was the opposite, because the region did not devote enough resources to the agricultural sector from the 1980s onwards, and hence SSA countries were revealed to import about 19 million tons of food annually (Hanson 2008). Unfortunately, the sector faces a myriad of challenges, and prominent among them is the issue of finance. Although some significant amounts of agricultural finance has come from official development assistance (ODA), private capital flows, private philanthropy, and domestic money banks, it can be argued that the scale has not been adequate to transform the sector into a modern and highly productive sector.

Generally, although ODA has in some cases had a significant impact on developing countries, in terms of economic growth and development, as well as improving welfare of individuals within the subregion, the same cannot be said about agriculture. There is a considerable room for improvement, particularly in targeting the agricultural sector. For instance, Organization for Economic Co-operation and Development (OECD) (2011) statistics show that in 2009, of the total ODA from Development Assistance Committee (DAC) countries, only six per cent went into agriculture, forestry, and fishing, while education received 10.3 per cent, population and reproductive health 11.5 per cent, and humanitarian 11.9 per cent. The decline in the share of ODA had occurred in a period when total ODA has increased by over 65 per cent. It is important to add that although ODA has increased, and donors have made several commitments to expand ODA as a proportion of gross national product (GNP), this has not been achieved in many cases.

One would also expect that the increase in ODA to SSA countries would vastly transform agriculture, which provides the basic form of livelihoods for about 60 per cent of the continent's active labour force, contributes 17 per cent of Africa's total GDP, and accounts for 40 per cent of its foreign currency earnings. Yet, farmers' yields have essentially stagnated for decades, and though total output continues to rise, it barely keeps pace with Africa's increasing population. Food production in particular has lagged and the number of chronically undernourished people increased from 173 million in 1990-92 to 200 million in 1997-99 (accurate figures are available for the latter years). Of this total, 194 million were in SSA countries. The poor agricultural performance in SSA is also attributed to the region's challenging environmental conditions, poor soil quality in many areas, inadequate infrastructure for transporting goods to the market, etc. In addition to that, the application of fertilizers in SSA per hectare of land is estimated to be less than ten kilograms (Hanson 2008).

Meanwhile, donors' priorities have simultaneously shifted away from agriculture toward other sectors. Worldwide, the amount of aid allocated to primary agriculture declined from US$11 billion in 1990 to US$7.4 billion in 1998. The decline has been especially sharp in the case of the World Bank, which provided 39 per cent of its total lending to agriculture in 1987, but only seven per cent in 2000.

Another worrying issue is that although the agricultural sector contributes immensely to economic growth and development in countries within the sub-Saharan region, it receives little support from governments and individuals. Governments' agricultural policies are very weak in making provision for economic incentives to rural producers. Many African governments continue to devote less than one per cent of their budgets to agriculture. The Comprehensive Africa Agriculture Development Programme (CAADP) acknowledges that overall investments in agriculture need to be drastically increased if Africa is to pull out of its agricultural crisis (Brown 2009). Hence in 2003, the African Union (AU) and the New Economic Partnership for Africa's Development (NEPAD) launched the CAADP, whereby countries committed to significantly increase the share of their national budgets allocated to agriculture and rural development to not less than ten per cent. Unfortunately, by 2008, eight countries were spending ten per cent of their annual budget on agriculture, while nine other countries were spending between 8-10 per cent, with the rest (majority) spending between 3-6 per cent (AU/NEPAD cited in Brown 2009).

The dwindling support for agriculture has also been the concern of donor institutional and agricultural support agencies. 'The DAC of the OECD speaks of declining aid flows to agriculture as "a matter of increasing policy concern" (OECD 2003), while the International Fund for Agricultural Development (IFAD) asserts that support for agriculture has "collapsed" (IFAD 2001)' (DFID 2004: 6). Indeed, it has been established that few economies have achieved broad-based economic growth without agricultural and rural growth preceding, or at least accompanying it. Thus, raising the share of ODA to agriculture may not only contribute to growth in the sector, but could also contribute to poverty reduction. To achieve maximum results, the political environment of the recipient country have to be sought by the donor countries, since ODA, to most of these developing countries, is constantly eroded by competing political interests, concern about budget deficits and prioritization of other sectors (e.g. infrastructure, education, and industrialization), which are often viewed as reflections of development.

Another policy response has been the aftermath of the global food crisis when a High-Level Task Force (HLTF) was established in April 2008, and the Comprehensive Framework for Action (CFA) was created. Under the CFA, the AU governments were to provide additional budgetary resources for social protection systems and to increase public funding for agriculture. Also, donors were urged to double their funding for food assistance, national support, safety-net programmes, and to increase the proportion ODA funds invested in food and agricultural development from the then three per cent level to ten per cent within five years (United Nations 2008).

Despite the investment targets outlined under the various policy frameworks, there is a considerable level of agreement that there is the need to scale up ODA to agriculture. But the question is; how can we increase the share of ODA to the agricultural sector? Using secondary data and country-case studies from Africa, the study investigates why aid to agriculture has been low, and how the key actors (donors, government, and private sector) can improve the share of resources to the sector. The rest of the paper is organized as follows: section two discusses the nature and trends in ODA flows to SSA, followed by a section on the role of aid to Africa's agricultural sector. Section four provides a discussion on why the share of aid to agriculture has been declining, and this is followed by a section analyzing African governments' policy response to the challenges. Section six outlines Africa's Green Revolution and other country-specific initiatives. The next section discusses how to increase the share of ODA to agriculture in Africa. The final section provides the concluding remarks and outlines the policy implications of the study.

2 The nature and trends in aid flows

The nature and dimensions of ODA has changed over the past three decades, but of particular interest is the proportion of aid, allocated to the various sub-sectors of agriculture. Although the level of ODA to Africa has increased, the share of aid to agriculture has been on the decline, particularly since 1987 when the decline was steep.

Hunger and the cycle of poverty, particularly in the developing world, are two of the most significant development challenges that the world now faces, and these problems are more of a rural phenomenon, typically in Africa. Hence, raising agriculture productivity is very essential for making the achievement of the MDG 1 a reality. Unfortunately, despite the general increase in the amount of aid to SSA over the past three decades, assistance to the agricultural sector has rather declined, with large shifts of ODA being in favour of the social sectors (e.g. education, health, and defence), emergency assistance, and reconstruction activities.

Generally, assistance to the agricultural sector during the 1970s and 1980s were high, and this was mainly attributed to the new technology, improved productivity, and the increase provision of some support by the public sector (Morrison et al. 2004). The total level of annual ODA commitments to SSA was between US$9 billion and more than US$23 billion in 1979 and 1989, respectively, in constant US$ of 2007. Within this period, assistance to the agricultural sector was evenly divided between the bilateral and multilateral institutions, with the European Community (EC) and the World Bank being the largest donors (Brown et al. 2009). However, the level of ODA to the region declined during the 1990s, but later rose at the end of the decade, as a result of the increase in aid to social sectors and growth in debt relief. Meanwhile, total annual ODA rose from US$26 billion in the year 2000 to almost US$51 billion in 2006, but fell to approximately US$41 billion a year after. Although the total aid to developing countries grew by almost five per cent annually, between 1980-2006 the total amount spent on agriculture dropped from 20 per cent to about four per cent within this period (Fan et al. 2009a). According to Brown et al. (2009), despite the relatively high level of the overall overseas assistance, the productive sectors (e.g. agricultural, industry, and mining) did not benefit with ODA allocation to the agricultural sector declining after the 1980s. In other words, the social sectors rather benefited from foreign assistance to these sectors, growing from about 13 per cent in 1979 to approximately 44 per cent in 2007. Tables 1 and 2 present ODA of some major donors and recipients, respectively (net disbursement in US$ millions).

Assessment from Table 1 indicates that out of the total ODA flows of about US$47,609 billion in 2009, the United States, European Union (EU) institutions, and International Development Association (IDA) appeared to be the major donors to Africa; disbursing 16 per cent, 12 per cent, and 10 per cent, respectively, out of the total aid received within the year. Although Tanzania received the highest share of foreign assistance, US$2.820 billion in 2007, 2008, and 2009, Ethiopia dominated with a net disbursement of about US$3.33 billion and US$3.82 billion, respectively, as shown in Table 2. Generally, almost every country, except Sudan, witnessed an increase in its ODA in 2009, compared to the previous year.

The composition of ODA in 2009 also experienced a change, with the bulk of these funds being channeled to the social, economic, and other general programmes' sectors. Figure 1 shows the ODA commitments by sector, in percentages, for 2009. As shown in the Figure 2, the social sector has been the sector of preference, in terms of the volume of foreign assistance received. Whereas, the social sector alone received about 40 per cent of the total amount of ODA, the production sector (e.g. agriculture, industry, and mining) received less than ten per cent of the total foreign assistance, which is almost the same amount committed to the humanitarian sector.

Table 3 illustrates that even though there was an approximately 11 per cent increase in the volume of assistance from the top ten donor countries to Africa between 2007-08, the total amount increased by only 3.1 per cent in 2009. Except for the US and UK that showed consistent increases in aid to Africa between 2007-09, assistance from the other countries was inconsistent within the same period. In particular, six countries; Germany, Japan, Netherlands, Canada, Sweden, and Norway out of the top ten donor countries, reduced their assistance to Africa in 2009.

In terms of multilateral assistance to Africa, generally, there was approximately 13.6 per cent increase between 2007-08, from US$14.2 billion to US$16.1 billion. However, in 2009 the total multilaterals increased by almost 19 per cent. Table 4 shows the contributions from some multilateral institutions to Africa between 2007-09.

Table 4 shows that the EU institutions, IDA, and AfDF were the main multilateral donors to Africa between 2007-09, contributing about 33 per cent, 26 per cent, and 12 per cent, respectively, of the total multilateral assistance. While the assistance from the IDA declined in 2008 (from about US$4.18 billion in 2007 to US$4.054 billion in 2008), the EU's assistance also fell slightly in 2009, from US$5.756 billion in 2008 to US$5.606 billion in 2009. However, there was a consistent increase in the assistance from AfDF to Africa within the period.

Viewed in terms of the total bilateral contributions to agriculture, forestry, and fishing subsectors, Table 5 depicts the percentage of commitments by selected ODA donor countries. As seen in Table 5, the World Bank's fund IDA remains the major source of aid to the sector (agriculture, forestry, and fishing), contributing about 13.1 per cent, and this is closely followed by Japan (12.8 per cent), and Belgium (11.5 per cent) in terms of the total bilateral commitments to the region. Unfortunately, contributions from the remaining (DAC) countries/institutions to the sector, within the period, were less than ten per cent of the total commitments.

3 The role of aid to the African agricultural sector

Given the perception that the agricultural sector, particularly in Africa, is a tool for poverty reduction, most poverty reduction strategy papers (until recently when the focus has been shifted to the social sector) considered the sector as a priority. Obviously, one possible reason for this assertion is the fact that the sector serves as a source of employment, either directly or indirectly, for majority of the citizens; especially for the rural population where poverty is the norm. A number of studies have revealed the positive association between growth in the agricultural sector and rural development. Assessing the impact of agricultural foreign aid on agricultural output in low-income developing countries, Mousseau (2010) revealed a statistically positive and significant relationship between agricultural output growth and agricultural assistance for rural development.

One aspect of agriculture in SSA, which was almost solely funded by donors, was research. However, recent analysis (Mousseau 2010) suggests that these research-related activities have halted in the region, despite the high returns from agricultural research for the sector's development. Also, many research institutions in the region have witnessed instabilities as a result of political, social, and economic upheavals. From the tables above, aid to agriculture has come from a few bilateral and multilateral donors, despite the increase in total ODA, and the high number of donors involved in aid allocation to Africa. Secondly, the magnitude remains smaller compared to how much aid is allocated to other sectors, such as education and health. But why has the share of ODA to agriculture in Africa been declining, despite the increase in total ODA to the sub-region and other sub-sector?

4 Reasons for the declining nature of ODAs to Africa

Donor aid to the agricultural sector has declined in terms of both the absolute and as a share of total aid, and the following are some reasons that have been attributed to this declining nature. Even though the structural adjustment policies during the mid-1980s, to some extent corrected some problems with the basic incentive structures, it failed to address food security and social protection issues. With regard to the economic reforms under the structural adjustment programme (SAP), policies were designed to promote market competition, whereby governments in the developing countries were discouraged from direct engagement in the agricultural sector. With this, most African governments were seen to devote less of their resources to the sector. In the end, there was a little or no enthusiasm for most development agencies/donors to invest in the sector (Morrison et al. 2004). This led to a reduction of aid in agricultural sector, from 14 per cent of ODA in 1980 to about only four per cent in 2008 (IPRCC 2010).

Also, the SAP is argued to have put significant pressure on African governments to withdraw from direct service delivery, and hence resulting in high transaction costs in terms of transferring resources from donor agencies to the recipient countries. Here, most of the investment routes, which helped to reduce transaction costs, were eliminated; and hence there were no easy routes through which to channel resources to the agricultural sector, as pertains in the public services, such as education and health (Morrison et al. 2004). However, most governments in developing countries were found to demand more overseas assistance to the other sectors of the economy, which were considered more cost-effective, based on the priorities of the international development agencies.

The fall of the assistance and public expenditure to the agricultural sector in most African countries can be partly explained by the changes in the scope and roles of the various states (Cabral 2007), and these are believed to be the factors in the declining trend in ODA to the sector. Typically, most governments spend less than ten per cent of their total budget on the agricultural sector in the continent, even though most economies in Africa depend heavily on agriculture.

Data from Fan et al. (2009b) shows that the three most prioritized sectors in Africa were education, defense, and health, with education receiving the highest share of the total budget of almost 18 per cent in 2005. While the share of public expenditure to education experienced a consistent increase from 12.2 per cent to 17.9 per cent between 1980-2005, respectively, indicating the priority sector of most African governments, while that of the agricultural sector saw a decline from 6.4 per cent in 1980 to 4.7 per cent in 2000, except in 2005, where there was a slight increase to five per cent. Data from 42 developing countries from North Africa, SSA, Asia, and Latin America revealed that the total government expenditure in developing countries has increased by only six per cent annually over the last two decades (Fan et al. 2009b). This is evident in the decision to allocate at least ten per cent of their respective national budgets to the agricultural sector during the launch of the CAADP in 2003. In other words, the lack of commitment on the part of African governments to spend more on the agricultural sector is believed to contribute to the declining nature of foreign assistance, since these governments fail to demand for more ODAs to be invested in the sector (Brown et al. 2009).

Some new initiatives such as the enhanced heavily indebted poor countries (EHIPC) and the heavily indebted poor countries (HIPC), as well as certain policies such as the MDGs and poverty reduction strategies (PRSs), are believed to be responsible for the increased consideration of the share of public expenditure given to the social sectors (e.g. education, health, and defence), and unfortunate less attention, in terms of overseas assistance, to the agricultural sector in many developing countries (Cabral 2007; Eicher 2003). Although as part of the strategies designed to reduce poverty in developing countries, some sectoral policies and programmes to address agricultural sector's challenges were specified, however, most of the policies were biased towards education and health-related activities, infrastructure development, good governance, and the development of health institutions (Cromwell et al. 2005). The eventual neglect or little attention of the EHIPCs, HIPCs, PRSs, and MDGs given to the agricultural sector has made the sector less attractive for foreign assistance. According to Eicher (2003), some civil groups have also promoted the shift of foreign funds from the agricultural sector to the social sectors by convincing donors that aid must be *people-centered*' and not *sector*- or *activity-centered*.

Also, the other sectors appear to be competing with the agricultural sector for funds, and this explains the declining nature of foreign assistance to the agricultural sector. Generally, most foreign assistance to the public sector is seen to focus on improving the economic infrastructure (particularly roads), education, and health, probably because the agricultural sector in most African countries seem to be battling with some specific challenges, which makes agriculture one of the risky and relatively less profitable investment projects compared to other types of projects. Eventually, most donors have shifted their priorities away from the agricultural sector towards other sectors. Agriculture in the continent is characterized by poor technology, small production units, the use of rudimentary tools, and high dependency on rain. This makes the sector very vulnerable and risky to invest heavily into. Also, the shift in the focus of aid may be explained by the pressure on African governments to broaden their agendas, with education and health now being more favoured (Fan et al. 2009b).

The fall of foreign assistance in agricultural sector is also sometimes attributed to many current challenges faced by the sector, resulting from transportation and communication infrastructures, as well as international trade regulations (Cabral 2007). In addition, others believe that exogenous factors such as poor technological advancement have resulted in low investment in the agricultural sector. For instance, the road networks linking most production areas with the market centres in many countries of the developing world are undeveloped, which usually lead to post-harvest losses. Also, it is argued that the use of primitive farming techniques by most farmers in Africa is due to their low level of education. This view, therefore, encourages more investment in the other sectors; such as education, transportation, and communication, which are believed to have a direct link with the agricultural sector. This is perhaps a contributing factor to the falling nature of ODAs in Africa. It is not to say that African governments have done nothing to address the poor state of affairs. The next section outlines some of the responses to date.

5 African governments' response to the challenges faced by the agricultural sector

Generally, agricultural policies in Africa have not followed a particular pattern. The 1970s and 1980s were mainly characterized by massive governments' intervention in almost all the economic sectors (including agricultural) of the various economies in the continent. That is, many African countries within this period were under strong socialist influence, and the success from the Asian Green Revolution model served as a motivation for the states' involvement in the agricultural sector. According to Cabral and Scoones (2006), governments' intervention in the agricultural sector was to respond to the world food crisis between 1971-75, in the short term, and to serve as a response to the perceived bias towards urban-oriented industrial and infrastructural development, in the long term. Furthermore, governments in developing countries, donors, and policy analysts jointly believed in agriculture reform in productionoriented and sector-specific terms, which led to the prescription of heavy-investment programmes in the agricultural sector to increase food production (Cabral and Scoones 2006). During this period, African governments played significant roles in the form of (but not limited to) huge public spending on agricultural inputs, technology and research, creation of agricultural organization (parastatals, state-sponsored enterprises, etc.), trade co-ordination, and management of markets (e.g. pricing, marketing, tariffs, and restrictions).

Shortly after this initiative, most economies experienced some form of inefficiencies, which compelled most African governments to seek external assistance (accompanied by certain conditions) mainly from the World Bank and the IMF in the 1980s to mid-1990s. It is important to note that the agricultural sector in Africa since the 1980s has not been given much attention by both donors and the African governments themselves. Within this period, African governments were asked by the World Bank and the IMF to withdraw their involvement in the agricultural sector, in order to open up their economies and encourage private-sector participation. Particularly, African governments were asked, for instance, to eliminate price controls and to develop competitive local markets for agricultural inputs and outputs (Cabral and Scoones 2006). However, the programmes of the World Bank and the IMF were not sustainable enough to address Africa's problems, and this eventually led to a rethinking of the role of the state in Africa's agricultural sector.

Generally, the late 1990s did not also record any significant improvement in the Africa's agricultural sector, except for Malawi, which is well-noted for its decision to ignore the liberalization and privatization policies, prescribed by the World Bank and the IMF, and initiate a fertilizer-subsidy programme between 1998-99. Under the programme, each smallholder family in Malawi was given a starter pack of free fertilizers and seeds (Bello 2008), and the policy led to an increase in the production of maize, which doubled in 2006 and nearly tripled in 2007. This made Malawi a national surplus of corn, with the country exporting more than 300,000 tons of maize to Zimbabwe in 2007 (Hanson 2008).

In a related development, the NEPAD, which was officially established in 2001, recognized the significance of agriculture for development and poverty reduction in Africa, and the weakness of the sector in its member countries (Zimmermann et al. 2009). As part of NEPAD's sectoral priorities, the Comprehensive Africa Agricultural Development Programme (CAADP), which is also known as the Maputo Declaration, and the African Peer Review Mechanism (APRM) were developed to improve policies regarding agriculture in the continent. Here, while the CAADP was basically on agricultural policies, the APRM was not sector-specific but rather focused on improving governance on the continent. The APRM was therefore designed to adopt policies, standards, and practices that would lead to good governance—political stability, high economic growth, sustainable development, and accelerate sub-regional and continental economic integration. Thus, the APRM still concerned agriculture in many ways, given that agriculture is the largest sector in almost all the countries in SSA. Within the CAADP, African governments pledged to allocate at least ten per cent of their national budgets to agriculture and also aim at achieving at least six per cent agricultural growth rate. The four main themes within the programme were sustainable land and water management, rural infrastructure, market access, food security, and agricultural research (Zimmermann et al. 2009).

In West Africa, the Economic Community of West African States (ECOWAS) and NEPAD jointly developed the regional agricultural policy, the Economic Community of West African States' Agricultural Policy (ECOWAP) to support and co-ordinate the implementation of the CAADP in the region for the period between 2005-10. For example in Ghana, the aim of ECOWAP was to support strategic planning of the country's agricultural sector (Government of

Ghana 2009). In Ethiopia, the Plan for Accelerated and Sustained Development to End Poverty (PASDEP), designed by the government in 2005-09, placed agriculture at the centre of the country's growth strategy. In the plan, the government was expected to encourage private-sector participation, and at the same time support small-holder agriculture, in line with previous agricultural strategies. Thus, PASDEP was designed by the Ethiopian Government to offer a multifaceted response to the agricultural sector (Cabral and Scoones 2006).

Unfortunately, evidence on the performance of the CAADP revealed that even though most African governments have increased their budgetary allocation to the agricultural sector, since the Maputo Declaration in 2002, African countries as a whole have not met the objective of at least ten per cent budgetary allocation by 2008 (Fan et al. 2009a). An assessment on the CAADP indicates that ownership of the CAADP remains a challenge among government actors. Specifically the agricultural ministries, within member countries, have not taken the CAADP up passionately enough to defend their share of the budget. With regard to the APRM's influence on African agriculture, the mechanism has not adequately captured issues relating to governance in the sector and this may be attributed to the fact that the APRM does not necessarily focus on any particular sector.

It is therefore not surprising that the continent was one of the worse hit during the world food crisis between 2007-08, given that food formed the highest percentage of a typical household basket of goods and services in the region (Kamara et al. 2009). This led to a global concern, particularly with regard to how developing countries are affected by these fluctuations in the world's commodity prices. Several economies, both developing and developed, came out with a number of policies, in order to reduce the negative impact of the soaring food prices on their economies. Generally, in response to the crisis in Africa, a number of measures were taken by governments, non-government organizations, donors, and institutions, both international and regional. Even though the increasing food prices had several implications on every country according to Abdul et al. (2009), the associated socio-economic impacts varied across countries, depending on the level of income. According to Mousseau (2010), certain policies such as trade facilitation, market regulation, food subsidies, and management of food stock implemented in some large economies seem to be difficult to be implemented in relatively smaller economies in SSA that are usually characterised by porous borders, which have made it difficult for individual countries to intervene effectively. Hence, the food prices affected African countries differently, leading to differences in governments' responses or policies in the region, thereby worsening the price disparity in some situations. A look at the various policies, directed at the increasing food prices, suggest that while some were designed to tackle the demand-side (excessive demand), the others were also meant to positively influence food supply in the respective economies (supply-side).

In addition, some policies were focused on trade between the implementing country and the rest of the world. Within the trade-related policies, the use of tariffs was dominant among some countries, even though tariffs recorded limited impacts because the existing tariffs were already low. However, notable examples include Nigeria, which reduced its import tariffs on rice significantly by about 97.3 percentage points (from 100 per cent to 2.7 per cent). Similarly, Sierra Leone also reduced its import tariffs from 15 to 10 per cent. On the other hand, the food shortages compelled some governments to ban export of staples and some other food products. For instance, Kenya and Tanzania imposed restrictions on the export of cereals in the first half of the year 2008 (Mousseau 2010). In terms of supply-side policies, Malawi is highly commended for its input-supply scheme. Thus, the country revitalized its agricultural sector by instituting an input-supply scheme, which subsequently improved the productivity in the sector, and the food security situation of the country (Kamara et al. 2009).

Some governments also resorted to manage and release food stocks periodically, in order to reduce the impact of the crisis on their economies, even though this latter only served as a safety net for the poor and vulnerable, and hence not being sustainable. Here, countries such as Burkina Faso, Cameroon, and Ethiopia were revealed to use this approach. A point worth noting is the fact that the stock of food and its ability to stabilize the domestic markets in these individual countries was not the same (Mousseau 2010). In response to reduce the impact of the food crisis on the Nigerian economy, one of the policies was to provide food or cash-based transfers to households so that they served as safety nets for the people in order to ensure household food security and reduction in poverty and vulnerability. Despite the massive criticism of poor targeting, Egypt also tried to solve the food crisis through food subsidies.

6 Africa's Green Revolution and some other country-specific initiatives

In agrarian economies such as those that exist in Africa, agricultural development is considered very essential prerequisite in the region's growth and development agenda, and hence it is not surprising that the past two decades have witnessed views by recognized institutions such as the United Nations, private philanthropists, and African governments themselves on ways to adopt the 'Green Revolution' in Africa; and hence the formation of the Alliance for a Green Revolution in Africa (AGRA). Even though the prime target for the Green Revolution is the agricultural sector, the initiative is also expected to go beyond the sector. Thus, in line with Asian Green Revolution, the project is designed to also encourage good governance, investments, and infrastructural development. As part of the main objectives, the *Rockefeller Foundation*[1] targeted a strong commitment from the respective national governments and public-private collaboration regarding infrastructure, water and irrigation, and environment, as well as building markets for the inputs and outputs of a revolutionized farm sector (Dano 2007). Within the programme, the African Seed Systems (PASS)[2] was the first initiative for AGRA. In the pursuance of involving African governments in the programme, the Rockefeller Foundation financially supported the African Fertilizer Summit of 2006 in Abuja, and this saw the commitment from over forty national governments who agreed to lift all cross-border taxes and tariffs levied on inorganic fertilizers. Again, African governments pledged to establish agro-based industries, village retailers who sell seeds, fertilizers, farm tools, and African-fertilizer-financing mechanism within the African Development Bank.

One of such commitments worth noting is Nigeria's current agricultural and rural development policy and strategy, whereby the sector is identified as a major driver of growth in achieving its vision of 2020. In the vision, the agricultural sector is expected to be a technological driver that would be profitable, sustainable, and would meet the socio-economic aspirations of the country. The main elements of the agenda include land reform, commercial agriculture, irrigation development, institutional support, and market stabilization. This suggests that the country recognizes that low productivity, ineffective domestic policies, and land ownership systems are some of the problems that the sector faces and therefore needs to be addressed. Also given that the agricultural sector still remains an important sector in many African economies and yet

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[1] According to Dano (2007), this 'New Green Revolution' proposed to be adopted in Africa is led by the same players that headed the concept in Asia (headed by Rockefeller Foundation) with new allies adding strength to the effort.

[2] Launched in the year 2006 with the support from the Bill & Melinda Gates Foundation, PASS was designed to help answer questions regarding how to ensure accessibility of quality seeds to poor farmers and also help create new varieties of seeds. Also see (http://www.gatesfoundations.org/agriculturaldevelopment/Documents/good-seeds-better-lives-gates-foundation-pass-agra.pdf).

governments' policies, as well as donors' support have not been adequate to promote the sector, the issue of raising the volume of ODA to the sector still remains.

7 How do we increase ODA share to agriculture?

Spelling out clear policies for the agricultural sector and involving donors, from the beginning of the design of these policies to the final stage, is very important for increasing foreign assistance to the agricultural sector. For instance, the World Bank's Agricultural Services Sub-Sector Investment Project (AgSSIP), which was initially planned to revive the whole agricultural sector, was altered after a broad consultative process that took place between 1998-2000. Subsequently, the final AgSSIP project's document lacked strong links to the earlier documents and mainly focused on research, extension, and broad sector reforms. Eventually donors opted out of the AgSSIP project, which was supposed to have been co-financed by various donors, leading to the establishment of a sector-wide approach (SWAp), ended up with only the UK providing some funds at the project appraisal stage (Wolter 2008).

Secondly, there should be some links between agricultural policies and the policies of other sub-sectors like health, education, transportation and communication infrastructure, and to some extent international trade, since these sectors have emerged as funding competitors to the agricultural sector. This is based on the widespread perception that most of the challenges the sector faces can be addressed outside the sector (Cabral 2007). This is evident from the discussions above that the three most prioritized sectors for Africa between 2000-05 were education, defence, and health, with education consistently receiving the highest share of the total budget in Africa from 1990 to 2005.

Generally, the agricultural sector in Africa is regarded as unattractive enough for foreign assistance. That is, the sector's growth rates in SSA have increased modestly from the yearly percentage of 2.4 per cent (from 1980-89) to about 2.7 per cent (from 1990-99), and subsequently to 3.3 per cent annually since 2000. However in recent times only Ethiopia, Mali, Mozambique, Nigeria, Senegal, and Gambia have exceeded the CAADP threshold of six per cent growth (Fan et al. 2009a). In order to at least increase productivity and improve the attractiveness of the sector, as well as to convince donors for assistance, countries must tackle irrigation since less than ten per cent of Africa's irrigable land is irrigated (United Nations Economic and Social Council 2007). Also, there should be an improvement in the land-ownership systems to create a relatively easy access to land for agricultural purposes. Again agricultural research must come high on the list of priorities of African governments in order to improve farming methods. Finally the horticultural sub-sector of the agricultural sector must be developed, since many donors have shown interest in this area.

Within the poverty reduction strategies (PRSs) prescribed by the IMF and the World Bank, poverty in Africa has to be tackled through macroeconomic stability, structural policies, sectoral policies, and programmes (particularly education and health-related issues), to address human capital, infrastructure development, and good governance (Cromwell et al. 2005). In effect, these PRSs have failed to look at the importance of other productive sectors such as agriculture, mining, and industry. The poverty reduction strategies should be revised to reflect the agricultural sector as one of the key sectors to reduce poverty, since spending on social programmes such as health and education has proven to be insufficient in terms of reducing poverty in many African countries (Cabral 2007), given that most of these African economies are agrarian.

In addition, African governments themselves must first demonstrate some level of commitment to the sector, by spending at least ten per cent of their total budget to the sector, as agreed during the CAADP in 2003. This recommendation is based on the fact that in 2009, only eight countries; Burkina Faso, Ethiopia, Ghana, Malawi, Mali, Niger, Senegal, and Zimbabwe in Africa were revealed to have achieved the 2003 Maputo Declaration, by devoting at least ten per cent of their national budget to the agricultural sector (Fan et al. 2009a). This requires that in contrary to SAP, which discouraged African governments from directly involving themselves in the agricultural sector, African governments must rather be seen prioritizing the agricultural sector, by first devoting some amount of their resources to the sector in order to increase the enthusiasm for development agencies or donors to assist. It has been suggested that allocating 10-15 per cent of general budget-support funds will significantly help to transform the sector.

There is the need to match emergency food-security allocations with long-term agricultural productivity investments. Thus, the increasing imbalance between short-term interventions and long-term agricultural support should be addressed. Currently, a substantial amount of aid is allocated to short-term measures to address food insecurity, but this is not equally matched to address long-term agricultural productivity.

Finally, there should be a proper systematic evaluation of co-operations' activities and ODA, so that funds are directed to their intended purposes. For instance, the government must create an enabling environment for mobilizing domestic funds by creating coherent and effective policies so that ODA is flexible and adaptive enough to be channeled to the specified need of the sector. In addition, a re-prioritization among donors and governments for existing funds is necessary.

Other suggestions include:

- Support private-input suppliers, marketing, and processing through private and non-governmental organizations' (NGO) investments: less dependency on aid budgets.
- Better sharing of intellectual property, especially for biotechnology.
- Reduce food aid.
- Improve resilience of developing country small-scale farmers and rural people in the face of environmental damage, climate change, economic down-turn, conflict, and natural disasters by using climate change funding and private-sector funds in addition to aid. To improve small-scale farmer resilience, support innovative agriculture-service provision through NGOs, local community management, and private-public partnerships.
- Reduce research and development (R&D) services provided by governments and foreign technical assistance.
- Restructure the international and bilateral aid architecture for greater effectiveness.
- Reduce, and in some cases eliminate, bilateral aid agency's agriculture assistance. This would reduce the fragmentation of aid, the tying of aid, and competition between aid agencies.
- Governments to pool aid funds through some of the existing multi-lateral agencies.

8 Conclusion and policy implications

The paper sought to investigate how to increase the share of ODA to agriculture in the view of decline of transfer of resources to the sector and the seemingly important role played by the sector in generating employment, foreign exchange, and its contribution to GDP in many African countries. The study found that despite the increase in ODA to developing countries, especially to Africa, agriculture receives little support from governments and private-sector operators. Many African governments have continually devoted less than ten per cent of their budgets to agriculture. Policy responses such as CAADP, NEPAD, and MDGs to this unfortunate situation have all acknowledged the need to step up investment in the sector. Unfortunately not many African governments spend ten per cent of their annual budget on agriculture, as agreed under the CAADP framework.

The paper revealed that assistance to agriculture was high in the 1970s and 1980s as a result of the use of improved technology, productivity, and general support to agricultural institutions. However, the 1990s witnessed a decline in ODA to agriculture but this improved by 2000 as a result of increase in aid to the social sectors, as well as an increase in development relief. In the past five years, Tanzania and Ethiopia have received the highest share of ODA. The USA, EU, and IDA have been the major sources of aid. In 2009, the social sector received the highest share of aid (about 40 per cent) compared to about 15 per cent and seven per cent received by the economic and production sub-sectors, respectively. IDA remains the major source of aid to agriculture, followed by Japan and Belgium. Viewed in terms of multilateral assistance to agriculture, the EU, IDA, and AfDB were the main sources of aid, with the rest constituting less than ten per cent.

The reasons for the declining ODA share to African agriculture are not far-fetched. The SAP, as part of the measures to promote efficiency, discouraged African governments from directly engaging in agricultural production, and therefore there was not much incentive for development agencies, including donors, to invest in the sector. The decline in ODA to the sector has also been blamed on the changing scope and role of the state, which has been more towards providing a regulatory environment than active participation in the sector. Also civil-society organizations have partly accounted for the decline; they have promoted people-centred rather than sector or activity-centred programmes, all at the expense of agriculture. Other exogenous factors include poor transportation and communications network, which indirectly affect agriculture, have been blamed for the poor agricultural performance. In addition, poor technological advancement in the sector has explained its sluggish growth and therefore the decline in ODA to the sector.

In view of the challenges outlined above and the reasons advanced for the low ODA share in agriculture in Africa, it is important to ensure that agricultural policies are developed in a highly participatory manner without losing sight of its local ownership. Secondly, irrigated agriculture should be promoted to ensure that the sector records higher growth rates and attracts donor interest. This should be complemented with the improved land-ownership issues, in order to promote large-scale agriculture. In addition, PRSPs and other medium-term strategies should place agriculture on its priority list and ensure that African governments allocate a reasonable proportion of its expenditure to the sector. Also equally important is the need to promote public-private partnership in agriculture, whereby governments provide the necessary infrastructure (e.g. dams) for the private-sector operators in agriculture to take advantage. Agriculture funding should be comprehensive across the value chain from production to distribution, in order to ensure sustainability in the sector. Donors should also support governments' investments in agricultural processing to promote value addition, and make the sector more attractive to donors and private agents.

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Table 1: Top 10 ODA donors in US$ millions in 2009

Donors	Net disbursements	Percentage
United States	7 672	16
EU institutions	5 606	12
World Bank's fund IDA	4 823	10
France	4 092	9
United Kingdom	2 795	6
AfDB	2 582	5
Germany	2 084	4
IMF (SAF, ESAF, PRGF)	2 076	4
Spain	1 578	3
Japan	1 499	3
Other donors	12 803	27
Total	47 609	100

Notes: European Union (EU), International Development Association (IDA), African Development Bank (AfDB), International Monetary Fund (IMF), Structural Adjustment Facility (SAF), Enhanced Structural Adjustment Facility (ESAF), Poverty Reduction, and Growth Facility (PRGF).

Source: Adapted from OECD Statistics (2011).

Table 2: Top 10 ODA recipients from all donors (net ODA receipts in USD millions)

ODA recipient country	2007	2008	2009	3 year average	% of all recipients
Ethiopia	2 578	3 328	3 820	3 242	7%
Tanzania	2 820	2 331	2 934	2 695	6%
Sudan	2 112	2 384	2 289	2 261	5%
Mozambique	1 778	1 996	2 013	1 929	4%
Congo Dem. Rep.	1 356	1 769	2 354	1 826	4%
Uganda	1 737	1 641	1 786	1 721	4%
Nigeria	1 956	1 290	1 659	1 635	4%
Kenya	1 323	1 363	1 778	1 488	3%
Ghana	1 164	1 305	1 583	1 350	3%
Zambia	1 008	1 116	1 269	1 131	3%
Other recipients	21 474	26 404	26 125	24 335	56%
Total ODA recipients	**39 305**	**43 926**	**47 609**	**43 614**	**100%**

Source: Adapted from OECD Statistics (2011).

Table 3: Top 10 donor countries to Africa (net disbursement in USD millions)

Donor	**2007**	**2008**	**2009**	**3-year average**	**% DAC countries**
United States	5 031	7 202	7 672	6 635	25
France	3 558	3 370	4 092	3 673	14
United Kingdom	2 462	2 594	2 795	2 617	10
Germany	2 415	2 703	2 084	2 401	9
Japan	1 766	1 571	1 499	1 612	6
Netherlands	1 677	1 516	1 216	1 470	5
Canada	1 195	1 346	1 342	1 295	5
Spain	761	1 114	578	1 151	4
Sweden	1 001	1 026	918	980	4
Norway	913	1 028	905	949	4
Other DAC	3 822	3841	4 058	3 907	15
Total DAC countries	24 601	27 313	28 155	26 690	100

Source: Adapted from OECD Statistics (2011).

Table 4: Top 10 bilateral and multilateral donors to Africa (disbursements in US$ million)

	2007	**2008**	**2009**	**3-year average**	**% of all multilateral**
EU institutions	5 184	5 756	5 606	5 515	33%
IDA	4 147	4 054	4 823	4 341	26%
AfDF	1 385	1 802	2 750	1 979	12%
Global Fund	1 020	1 372	1 407	1 266	8%
IMF (SAF,ESAF,PRGF)	90	540	2 076	902	5%
UNICEF	450	474	464	463	3%
GAVI	305	395	225	308	2%
UNDP	228	292	294	271	2%
GEF	311	228	221	253	2%
IFAD	190	205	119	171	1%
Other multilaterals	874	996	1 177	1 015	6%
Total multilaterals	14 183	16 114	19 161	16 486	100%

Notes: United Nations Children's Fund (UNICEF) Global Alliance for Vaccines and Immunisation (GAVI), United Nations Development Programme (UNDP), Global Environment Facility (GEF).

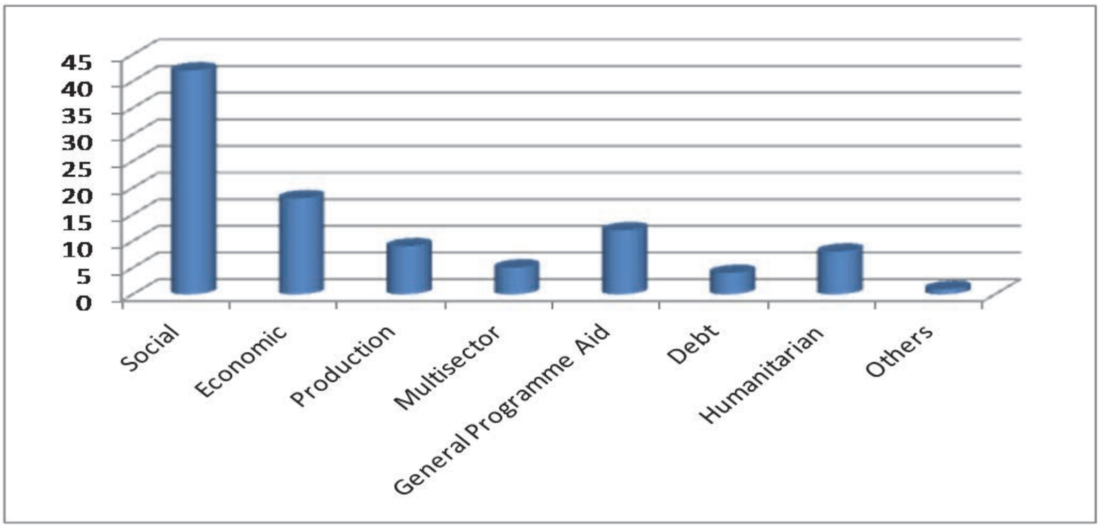
Source: Adapted from OECD Statistics (2011).

Table 5: Percentage of total bilateral commitments to agriculture, forestry, and fishing

ODA donor countries	Percentage to agriculture, forestry, and fishing
Australia	1.0
Austria	2.3
Belgium	11.5
Canada	9.6
Denmark	9.1
Finland	9.6
France	3.5
Germany	5.5
Greece	1.6
Ireland	9.9
Italy	5.4
Japan	12.8
Korea	8.7
Luxembourg	3.7
Netherlands	4.3
New Zealand	-
Norway	9.7
Portugal	1.4
Spain	2.8
Sweden	3.4
Switzerland	2.1
United Kingdom	2.8
United States	6.8
Total DAC countries	6.8
EU institutions	5.8
World Bank (IDA)	13.1
UNAIDS/UNDP/UNFPA/UNICEF	0.3
Total multilaterals	7.9

Notes: Joint United Nations Programme on HIV/AIDS (UNAIDS), United Nations Population Fund (UNFPA).
Source: Adapted from OECD Statistics (2011).

Figure 1: ODA commitments by sector (per cent in 2009)



Source: Adapted from OECD Statistics (2011).