

DFID's 2005 Agriculture Policy: An Interim Evaluation

John Heath, Evaluation Department

DFID's Agriculture Policy makes sense in terms of its corporate mandate to reduce poverty—but take up by country offices is patchy. This shortfall reflects a problem that transcends DFID's work on agriculture: how does DFID bring centrally-driven policy guidelines to bear on locally-driven country programmes?

Background to the Evaluation

In December 2005 the Secretary of State launched a new Agriculture Policy for DFID. The Policy restates the case for agriculture as an integral part of a broad-based, pro-poor growth strategy. The seven priorities of the Policy are:

- Create policies and procedures that support agriculture
- Target public spending more effectively
- Tackle market failure
- Fill the agricultural finance gap
- Spread the benefits of new technology
- Improve access to land and secure property rights
- Reduce distortions in international markets

A full evaluation of the Policy will be conducted in 2008. In response to a request from the Renewable Natural Resources and Agriculture team, Evaluation Department conducted an interim evaluation, based on a review of DFID databases and documents, and the research literature, as well as interviews with staff. This evaluation, which covers the period up to December 2006, asks:

- Are the objectives of the strategy right? (This bears on the OECD evaluation criterion “relevance”).
- Have the objectives been—or are they likely to be—accomplished? (This addresses the criterion “effectiveness”).

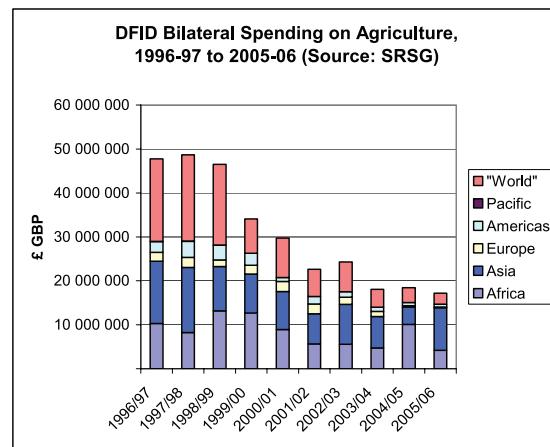
Findings

The evaluation rates relevance as *high* and effectiveness as *moderate*.¹

With respect to relevance, the priorities identified in the policy paper are fully consistent with DFID's

commitment to poverty reduction, as enunciated in the 2006 White Paper. The Agriculture Policy emphasizes the centrality of broad-based economic growth to poverty reduction, a position that is supported by the research evidence. For example, research shows that public investment in the development and dissemination of agricultural technology is one of the most effective ways of combating poverty. In India, every rupee spent on agricultural research and development gives a return of 13 rupees; the per rupee return to spending on education and health is respectively 1.4 and 0.8 rupees.

Figure 1: DFID Spending on Agriculture by Region



Source: SRSG Database, DFID, September 2006

The rating of policy implementation as moderately effective is a provisional assessment, given the shortness of the time elapsed since the policy was issued. The rating is based on progress up to the end of 2006; and on an analysis of factors likely to influence progress henceforth.

¹ The available ratings are: High, Substantial, Moderate and Negligible.

On the one hand, the consultation process that led up to the policy paper was very sound: both intellectually substantial and inclusive—with several contributions from developing countries. Equally positive, the DFID group charged with leading on the policy (Renewable Natural Resources and Agriculture Team) has launched important initiatives corresponding to each of the seven policy priorities. Some of these initiatives involve work mainly by staff members of RNRAT, others involve collaboration between RNRAT and other DFID units (including the Central Research Department).

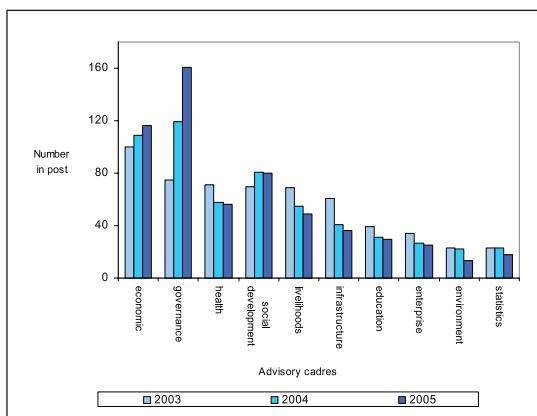
The following outcomes are noteworthy:

- DFID has done innovative work with supermarkets in the UK and South Africa, aiming to increase access by African producers to high-value export markets;
- Through the medium of a multi-donor challenge fund (FIRST), DFID has made a contribution to developing rural financial markets in several countries.
- In partnership with the World Bank, RNRAT has strengthened the advocacy for land rights and land administration in client countries.
- The Seeds for Development programme, a small business initiative sponsored by Cornell University and supported by DFID, was awarded a Tuskegee University prize in December 2006, based partly on its success in expanding the number of small, African seed companies that are participating. The programme was launched in 2003 with 10 companies in five countries; it now has 25 companies in eight countries.
- Through its programme with DFID, FAO produced and disseminated an influential trade policy brief on cotton. At a World Trade Organization meeting in Hong Kong, representatives from four West African countries worked together, using data from the brief, to build a case against the United States' position, pointing to the adverse impact of US subsidies on the world cotton market.

Progress in developing and disseminating agricultural research—particularly in Africa—has been less than expected. An African Union initiative supported by DFID—the Comprehensive African Agriculture Development Programme was set up in 2003 but implementation has been delayed and there is no evidence that it has led to increased uptake of improved technologies by African farmers. Also, the National Audit Office recently found that country teams and some non-governmental organisations are dissatisfied with the dissemination of CRD-sponsored agricultural research to themselves, to policy makers and to the poor.²

² National Audit Office, *Department for International Development: Tackling Rural Poverty in Developing Countries*, March 2007, p. 23.

Figure 2: Change in the size of advisory groups



Source: National Audit Office, *Department for International Development: Tackling Rural Poverty in Developing Countries*, March 2007, p. 26

One of the reasons why the effectiveness of policy implementation is rated moderate is the limited emphasis that DFID country programmes give to agriculture. For example, the proportion of country strategies with agriculture coverage is 87 percent for (government-owned) Poverty Reduction Strategy Papers and only 56 percent for DFID's Country Assistance Plans (CAPs). This disparity is partly because, in some countries, DFID is leaving agriculture support to other donors and partly because it is moving away from focused agriculture projects to programmes and policy dialogue with little explicit agriculture content. CAPs generally fail to provide a clear rationale for the level of DFID support to agriculture compared to other sectors and themes. Why does Pakistan—which derives 22 percent of its GDP from agriculture—have a zero rating on its cover to agriculture (Table 1)? Only 28 percent of budget support operations and 5 percent of Sector-Wide Approach operations had potential bearing on the agricultural sector; the proportion with explicit bearing is even smaller.

Table 1 Size of Agriculture Sector and Level of Cover

LEVEL OF COVER	SIZE OF AGRICULTURE SECTOR	
	SMALL Ag Value Added/GDP =under 20%	LARGE Ag Value Added/GDP =20% or more
None	Iraq	Sudan, Pakistan
Low	South Africa, China	Bangladesh, Tanzania, Mozambique
Medium		Uganda, Ghana, Zambia, Kenya, Ethiopia, Sierra Leone, Nigeria, Nepal
High		India, Afghanistan, Malawi, Rwanda

Note: "Cover" is a composite indicator. Cover is rated higher the more there is evidence of high agriculture content in : (a) PRSP; (b) CAP; (c) DFID programme spending; (d) DFID staffing; (e) government spending.

The evaluation uncovered major problems in bringing the principles of the Agriculture Policy to bear on country programmes, an issue that Livelihood Advisers are keenly aware of (Box 1). A similar message emerged from the National Audit Office report on tackling rural poverty. RNRAT engages with country offices but has limited influence—although it has succeeded in persuading some country offices to put their own resources into Policy-related initiatives such as improving the targeting of public expenditure. The prospects for fuller implementation of the Policy at country level are reduced by the continuing fall in spending on agriculture (Figure 1) and the fall in the number of Livelihoods Advisers—the group most likely to have the skills germane to agriculture (Figure 2).

Box 1. The View of a DFID Livelihoods Adviser in a Country Office

“Country offices respond to in-country incentives and top management directives. None of these currently signal country offices to engage with agriculture. Top management has not sent positive signals about engaging with agriculture. Nor have Ministers sent any signals.”

“And in-country Ministry of Agriculture is weak institutionally, a poor communicator and notoriously poor at negotiating with Finance and Planning. Not surprising that its voice is weakly heard by DFID. It is often segmented (fisheries, forestry etc) which further weakens its voice.”

“The new agendas relating to agriculture—trade, input subsidies, food quality, relative roles of state and private sector—are complex and poorly understood within country. [This] again weakens incentive for DFID to engage—as DFID shies away from complexity.”

“Although Poverty Reduction Strategy Papers may give priority in many countries to agriculture, this does not necessarily shape priority for DFID engagement although new White Paper may tip the balance a bit towards growth-related sectors.”

“In-country DFID staff travel less outside capital cities (again lack of incentives, and sometimes bureaucratic disincentives). This means that [they] run the danger of interpreting through urban-biased lens. A field and reality-based perspective drives our priorities less than internal spin.”

(*E-mail, dated 18 February 2007, sent to Evaluation Department in response to a request to country office Livelihoods Advisers for comment on the first draft of this study.*)

DFID country offices to review—as an integral part of the CAP process—the case for supporting agriculture. Where DFID offices in these countries do not prioritise support to agriculture it would be helpful if they could set out the rationale for their decision. The extent to which this advice from top management is followed by country offices can be monitored through the Quality Assurance Group’s regular reviews of CAPs.

For the Renewable Natural Resources and Agriculture Team.

- Formalize the baseline measures that will be used in the 2008 evaluation, with particular reference to defining suitable baselines and targets for *outcomes*.
- Ensure that the 2008 evaluation gives proportional weight to the part of DFID spending on agriculture that is channelled through multilaterals.
- Continue to explore ways to increase the share of country programme resources devoted to interventions consistent with the seven priorities of the Agriculture Policy.

For Central Research Department

- In readiness for the 2008 evaluation construct an appropriate agricultural research baseline: a survey of selected countries, assessing the current level of technology used by poor and non-poor farmers and developing indicators for tracking the generation of new technologies, their uptake by the different income groups, and the impact on productivity.

Management Response

Top Management

In developing Country Assistance Plans, country teams will review the need for DFID support to agriculture where it is highlighted as a priority sector in the Poverty Reduction Strategy Paper. The decision to support agriculture will have to be made in the context of DFID’s comparative advantage, the activities of other donors, and the balance of priorities at the country level. Whether the judgements made by country teams are sound will be reviewed through the Quality Assurance Group process and any disagreements flagged to senior management.

Recommendations

For Top Management

- With respect to countries where agriculture is a priority highlighted in Poverty Reduction Strategy Papers, or other nationally-owned strategies, top management is encouraged to explicitly advise

Renewable Natural Resources and Agriculture Team

The evaluation provides a useful and timely picture of DFID’s efforts to implement its agriculture policy. It puts a welcome spotlight on the importance of agriculture to developing economies and the high

Central Research Department

relevance of the policy to DFID's poverty reduction agenda. It raises challenging questions about how DFID can balance its country-led approach with central policy guidelines.

RNR and Agriculture Team will continue to help and support country programmes to engage with agriculture policy issues. We will also continue to engage with development partners and the international system to push for change and raise the profile of agriculture's role in growth and poverty reduction.

We accept the importance of setting up appropriate baselines for monitoring the implementation of the policy and will do this in discussion with other parts of DFID.

The general tone of the report is fair. It acknowledges problems due to difficulties in accessing information and sets out measures that would make future evaluation of the progress of implementing the Agricultural Policy more feasible. In principle the recommendation for CRD to develop benchmarks is sound; this would be a CRD-led task, but would involve many other parts of DFID. Considerable work will be needed to do this in a meaningful way, including working with other development partners, national governments and other organisations. Adoption of agricultural technology by producers, effects on productivity and eventual change in incomes, livelihoods etc. is a complex non-linear process and does not happen in isolation from other development sectors/issues (land tenure, credit, extension systems, markets, trade etc.).

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

DFID, the Department for International Development: leading the British government's fight against world poverty.

One in five people in the world today, over 1 billion people, live in poverty on less than one dollar a day. In an increasingly interdependent world, many problems – like conflict, crime, pollution, and diseases such as HIV and AIDS – are caused or made worse by poverty.

DFID supports long-term programmes to help eliminate the underlying causes of poverty. DFID also responds to emergencies, both natural and man-made. DFID's work aims to reduce poverty and disease and increase the number of children in school, as part of the internationally agreed UN 'Millennium Development Goals'.

DFID works in partnership with governments, civil society, the private sector and researchers. It also works with multilateral institutions, including the World Bank, United Nations agencies, and the European Commission.

DFID works directly in over 150 countries worldwide, with a budget of nearly £4 billion in 2004.

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