

# GHANA

## Strategy Support Program



### Political Economy and Donor Responses to CAADP

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#### INTRODUCTION

The donor response to CAADP has developed and grown over the past decade. CAADP's clear continent-wide ambitions and the ability of CAADP to draw in solid African government financial and political commitments at head-of-state level are attractive to donors as a sign of Africa's renewed seriousness on agriculture.

Many donors recognize that their emphasis on social programs alone during the 1990s was unable put Africa on a sustainable path, and that their own donor commitments to agriculture needed to be renewed after a decade of serious neglect. CAADP demonstrated that there could be a serious partnership with Africa in this endeavor. At the same time, CAADP provided a means to meet the Paris Declaration's dual commitments for donors to work under host country leadership while focusing on real development outcomes in terms of the Millennium Development Goals (MDGs).

The US, UK, CIDA, EU, and World Bank have been critical partners supporting development and roll-out of CAADP at continental, regional, and country level. Over the course of the past few years, CAADP—and its country-level manifestations through the national agriculture investment plans (NAIPs) such as Ghana's Medium Term Agricultural Sector Investment Plan (METASIP)—have attracted a broader coalition of supportive donors willing to align their programs with CAADP processes and priorities, despite the inevitable tensions that this presents to donors who would like to be less constrained in their choices of what and where to fund programs.

This brief focuses on CAADP and the 2007–2009 world food price crisis, recent developments, and current donor incentives to continue to work through CAADP at country, regional, and continental level. It argues for two imperatives if CAADP is to sustain and increase the rates of return and make an impact on poverty

reduction through agricultural investment. First, more “technocratic” rigor is needed in CAADP processes and standards. Second, a more effective and clear set of political incentives is required at country level. Providing incentives to the politicians and officials who ultimately decide on spending priorities and allocations is equally important as recognizing that African officials and donor aid officials both have a political need to create new programs and approaches. Providing a roadmap for such changes and approaches will ensure continued impact.

#### CAADP AND THE WORLD FOOD PRICE CRISIS

The 2007–2009 world food crisis was a watershed event for donor recommitment to agriculture. The World Bank's World Development Report on Agriculture and President Obama's inauguration were key events in this recommitment.

The World Development Report—the first such report with an agriculture focus in 25 years—laid the intellectual groundwork for the significant donor recommitments to agriculture that were forthcoming.

President Obama took office in the middle of the food price spikes, stating in his inaugural speech, and in spite of an inward-looking national focus on the worst US financial and jobs crisis in 80 years, “To the people of poor nations, we pledge to work alongside you to make your farms flourish and let clean waters flow; to nourish starved bodies and feed hungry minds.”

The US commitment to addressing food and agriculture needs alongside the World Bank and other donors represented the most significant increase in donor financing of African agricultural development in more than two decades. It wasn't inevitable that new donor resources would go through the CAADP processes, but US and leading donor support, through the G8 summit in l'Aquila and the multiple events leading up to it, resulted not only in G8 support for greater commitment to agriculture and food security but to a series of principles that did lead donors to a major new commitment to work through CAADP. These “Rome Principles” included:

- Country ownership
- Strategic coordination
- A comprehensive approach to food security
- Multilateral approaches

CAADP provided a way for donors to apply these principles in-country, especially as the countries developed compacts and NAIPs, and the multilateral Global Agriculture and Food Security Program began disbursing significant grants to governments with solid CAADP NAIPs in place, and whose proposals flowed out of the NAIP and offered credible pathways to significant impact. The donor response in turn created incentives for a significant number of countries to follow CAADP standards and processes. These countries recognized that developing NAIPs following those standards—developing NAIPs in a consultative way, based on solid evidence, with realistic costing and peer review—would attract significant new donor funding. In other countries following the CAADP standards, however, such new funding—beyond the GAFSP—was not forthcoming because this period also coincided with a new donor focus on putting more effort into fewer countries.

## RECENT DEVELOPMENTS

Donors are engaged in supporting the AU effort to renew, rethink, and reinvigorate CAADP over the next year, leading into the 2014 African year of agriculture. The CAADP donor Partnership Platform (PP) is heavily engaged in this effort. Its members see the l’Aquila principles and CAADP leadership as more important than ever, along with the need for greater rigor in thinking about CAADP’s key focus, participants, and approaches. Greater rigor is also needed in defining objectives such as what constitutes “investment.”

But the fact that donors have committed individuals and resources to the PP doesn’t alone mean that donor support for CAADP is unequivocal across donor countries and situations. CAADP’s ability to deliver results in terms of reduced numbers of poor people, something that has yet to be fully tested pending the implementation of true outcome-oriented joint sector reviews, will be a key test as to whether donors will continue their past strong support for CAADP. It is here that the differing incentives and political economy choices facing donors and African governments intrude.

The New Alliance for Food Security and Nutrition, the Grow Africa private investment initiative for Africa, and renewed attention to both policy and resilience are recent developments that in a sense are a “test laboratory” of current donor commitment to the CAADP framework. The New Alliance was conceived from the beginning as a new and different model, especially focused on

private investment and the government policy changes required to attract more private investment in African agriculture. At the same time, however, it was also conceived as a model that could and should fit within the NAIPs, and in practice is rapidly being integrated into NAIP related structures in Tanzania, Ethiopia, and Ghana. The decision to include other countries such as Côte d’Ivoire and Burkina Faso (and even Mozambique prior to government completion and approval of the NAIP) demonstrates the multiple pressures that donors operate under in choosing countries. While those three countries weren’t in the vanguard of implementing CAADP, they were nevertheless chosen to be early New Alliance participants. At the same time, donors, in-country government and donor consultative structures, and the AUC are committed to putting New Alliance even in these countries into existing and evolving country structures, which may well strengthen and accelerate CAADP progress in those countries.

The World Economic Forum and the G8 also recognized that the Grow Africa private investment initiative could ultimately succeed and be sustained under AU leadership and authority. Regarding the policy aspects of agriculture, nutrition, and food security, the New Alliance’s major attention to such policies has been mediated by the NAIP-related in-country review and consultative structures so that this policy approach also takes place within the CAADP framework. It is less clear if donor and African approaches to resilience will choose to, or be able to, work within country CAADP frameworks in the desired timeframes, given humanitarian urgencies, the UN cluster system, and the simple fact of the confusion stemming from the very broad scope and sometimes inconsistent operationalization of Pillar 3. But despite the time pressures and urgencies, the East Africa resilience agenda has clearly been developed and is being implemented with strong foundation on, engagement with, and participation in CAADP structures of planning, consultation, reporting and implementation. The West Africa resilience agenda, some months behind the East Africa agenda, has the possibility to be implemented within CAADP regional and country structures.

The most important “recent development” is the fiscal crisis facing almost all OECD countries and the unknown impacts that will have on foreign aid. Evidence from both the UK (which maintained development aid as one of only three sectors that did not face drastic budget cuts last year) and the US (where President Obama met his over \$3 billion commitment to food security and where current bipartisan support continues strong for agricultural development funding) provides grounds for at least some optimism, depending on how serious the US and European crises turn out to be.

## DONOR INCENTIVES AND DONOR RESPONSES

Donors are in a sense protected from the messy politics of host country budget processes in terms of which regions and people in a particular country benefit from donor programs. They are also protected from the fundamental issue of whether their programs help politicians win or lose elections. In donor countries, very few donor officials, leaders, or parliamentarians will win or lose an election, or lose their job, based on foreign aid decisions they make. Therefore, for those donors with strong personal support for agriculture and poverty reduction programs, the main criteria for them is how many people's lives will be improved with their funds.

For this reason, donors have been very supportive of continental commitments over the past decade. African governments (and the AU and RECs at continental and regional level) have committed almost 50 percent of their own annual budget resources into programs to reduce poverty and advance the Millennium Development Goals. In particular, the continent-wide goals are to put:

- 10 percent into agriculture (Maputo Declaration)
- 15 percent into primary health (Abuja Declaration)
- 20 percent into basic education (Dakar Declaration)

Moreover, new commitments under the Scaling Up Nutrition (SUN) initiative are likely to push that poverty reduction commitment to well above 50% of annual African budget resources.

While donors support these commitments, they haven't always looked carefully at the political economy implications:

- Are there losers from these commitments and if so what actions are they taking in the political and budget process in a country?
- Are the winners – poor people benefitting from better food security, health, education, and economic opportunities – able to recognize and articulate the benefits they are receiving in ways that enter the political process and the perceptions of government policymakers, including at election time?
- What other budget needs are not being met with almost 50 percent of budget resources – in theory if not always in practice -- devoted to poverty reduction programs in these sectors?

Are ministries of finance committed to carrying out these budget promises, or are they more committed to limiting allocations and expenditures across the board?

At the same time, donor officials are under some of the same pressures that Ghanaian and other African leaders, ministers, and

technocrats face. They both need to demonstrate that they are bringing a new approach that will reduce poverty faster.

Thus, the continuity, stability, consensus and evidence base offered by CAADP in individual countries will be relatively undervalued in both the donor and African political sphere with the passage of time. We see this right now in New Alliance and Grow Africa, although in these cases the “newness” has been structured within a CAADP framework. In AU we see it in rethinking CAADP at 10 years. In countries we see it as countries like Nigeria and Niger developing new agriculture or food security strategies with little reference to or foundation in the CAADP compact. We also see it in the struggle—in an urgent timeframe—to try to ensure that the new resilience agenda is properly planned and managed. We need to build on, rather than ignore, work, priorities, processes, and proven approaches under CAADP.

This inevitable search for newness confronts donors with two issues: (a) managing ourselves, and (b) how to respond to countries whose “country-led” programs and requests are not consistent with CAADP. Ultimately, we should all be able to say, on the basis of sound evidence, that CAADP approaches have more impact, and that should be the basis of AU, REC, and donor dialogue with host countries. But can we say that today when donors are asked to choose between a country-led non-CAADP plan and a continental CAADP agenda? This raises questions that need to be answered by both donors and African governments: Is the NAIP a technical document prepared to meet an AU-wide standard agreed to by a head-of-state commitment for the purposes of attracting donor funding? Or is it a true national political document laying out approaches to reduce poverty through agriculture and food security?

The two alternatives have very different political economy and sustainability outcomes. And how can donors and governments, and the AUC and some RECs that have been so instrumental in building a major change in agricultural commitment and investment through CAADP, help CAADP evolve to make its standards and consultative, evidence-based approaches more rigorous, and do so in ways that recognize the incentives facing both donors and African leaders to demonstrate change.

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