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Supporting Agriculture Growth under CAADP using a Sector Wide Approach

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Eric Buhl Nielsen
# Programme Overview

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Session 1

THE SECTOR WIDE APPROACH
A Sector (Wide) Approach is about ownership of policy development, resource allocation, decision making and interventions within a sector.

A Sector (Wide) Programme is the implementation vehicle for the Sector Approach with:

1. A coherent policy and strategy
2. A medium term and an annual budget
3. A coordination framework for implementation
A **Programme Based Approach** is a way of engaging in development cooperation based on the principle of coordinated support for a locally owned programme of development:

- Leadership by the host country or organisation
- A single programme and budget framework
- Donor coordination and harmonisation of procedures
- Efforts to increase use of local procedures over time
Government - DPs

SWAp or Sector Approach

(SWAP) or Sector Programme

Programme Based Approach - PBA (Programme Based Support)
The SWAp ‘backbone’

Policy

Budget

Action

Monitoring
The big picture

Concepts and Definitions
The Big Picture

Concepts and Definitions

a ‘little’ picture

National farmers union

Fees

Services

Farmers

Front Line Service Providers

Line / Sector Ministries

Ministry of Finance

Cabinet

Parliament

Client/Citizen
Financial support modalities

Project support / Non-pooled funds
Intervention by a single DP using specific procedures to deliver specific outcomes in support of a sector programme

Common Pool Funding
Intervention by a group of DPs using agreed common procedures to deliver specific outcomes in support of a sector programme

Sector Budget Support
Transfer to the national Treasury in broad support of a sector programme & spending framework
Common Financing Modalities

National Government

Donor X

Donor Y

Donors

’Sector Fund’

PPP

Own funds

NGOs/CSO

Through Treasury

Co-financed activities

Projects

(Sector) Budget Support

National revenues
Potential funding flows

- National Government
  - National revenues
  - (Sector) Budget Support

- Lending Agencies / donors
  - ‘Pool Fund’ Donor X
  - Donor Y
  - Donor X
  - NGOs/CSO

- Through Treasury
- Co-financed activities
- Projects

- Sector Programme
- Own funds

- PPP
The Sector Wide Approach is:

A practical approach to planning & management, which:

• Identifies inter-related sector constraints & opportunities

• Addresses constraints and opportunities which require coordinated action across actors and sub-sectors

• Strengthens linkages between the sector policy, budget, activities and results
This means that...

- The SWAp is first and foremost a planning and management instrument for government, which *can* be supported by donors...

- and where it *is* donor supported, the SWAp offers government an effective tool for donor coordination to which all support modalities can be aligned
Elements of a SWAp

- Sector policy & strategy
- Sector budget & its medium term perspective
- Sector & donor coordination
- Institutions & capacities
- Performance monitoring & accountability
- Macro-economic policy
- Public Finance Management system
Capacity - at the heart of the SWAp

<table>
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<th>Capacity development</th>
<th>Enabling Environment</th>
<th>Organisations</th>
<th>Individuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>HRD training</td>
<td></td>
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</table>

- **Skills**
- **Knowledge**
- **Attitude**

- **Strategy, structure, systems**
- **Staff, style, incentives, shared values**

- **Political economy**
- **Laws, regulations**

Capacity in the public sector is often slow and incremental as it depends on many factors at all levels – accountability / incentives - the big picture and the small picture.
Enabling Environment

“Political Economy analysis is concerned with:

• the interaction of political and economic processes in a society
• the distribution of power and wealth between different groups and individuals
• the processes that create, sustain and transform these relationships over time. “

OECD/DAC
We often observe:

• persistent problems,
• dysfunctional institutions that survive,
• stubborn resistance to reforms and change,
• collective action fails despite participatory approaches,
• capacity building but with little impact
Enabling Environment

Focus of traditional analysis

Focus of political economy analysis
Enabling Environment

Political Economy analysis can:

- Reveal how power and resources are distributed and contested
- Provide insights into underlying interests, incentives, rules and institutions.
- Support more effective and politically feasible development strategies,
- Ensure more realistic expectations of what can be achieved
- Help outline the risks involved.
- Identify the main opportunities and barriers for policy reform
- Indicate how donors can use their influence to promote positive change
Session 2

SECTOR WIDE APPROACHES IN AGRICULTURE
<table>
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<th></th>
<th>Health, Education...</th>
<th>Agriculture and RD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector is:</td>
<td>human and social development</td>
<td>productive</td>
</tr>
<tr>
<td>State is:</td>
<td>main service provider and regulator</td>
<td>regulator, facilitator and also service provider</td>
</tr>
<tr>
<td>Main source of investment is:</td>
<td>public</td>
<td>private/public: public funds to leverage private investment</td>
</tr>
<tr>
<td>Government service provision towards:</td>
<td>mainstream services</td>
<td>focus on enabling environment</td>
</tr>
<tr>
<td>Visibility of public expenditure is:</td>
<td>good; around tangible outcomes</td>
<td>not easy; further reduced with private sector led growth</td>
</tr>
<tr>
<td>Consensus over policy:</td>
<td>is often there</td>
<td>is often difficult</td>
</tr>
<tr>
<td>Institutional reform based on:</td>
<td>re-organisation of responsibilities within the public sector</td>
<td>re-division of roles between public and private actors</td>
</tr>
<tr>
<td>No. of actors/interactions:</td>
<td>lower</td>
<td>higher</td>
</tr>
<tr>
<td>Sector is:</td>
<td>homogenous</td>
<td>heterogeneous</td>
</tr>
<tr>
<td>Standardisation &amp; up-scaling:</td>
<td>easier</td>
<td>difficult</td>
</tr>
</tbody>
</table>
Problems with SWApS in ARD

- **Ownership gaps**
  - government - national level bias
  - representatives, legitimacy of Non-State Actors organisations

- **Coordination difficulties**
  - The ‘SNAP’ effect - Sector Narrow Approach

- **Monitoring & Evaluation**
  - data availability, what to measure?

- **High transaction costs**
  - excessive focus on joint financing
Adapting the approach to the sector

“A sector programme should cover all policies and expenditure programmes in an area where fragmentation of planning and implementation would seriously reduce efficiency and output”

*Peter Harrold et al, The broad sector approach to Investment Lending 1995:8*

In delineating ‘the sector’ a practical approach should be adopted based on: *What needs to be put together for development to work?*
‘How wide is sector wide?’ - part 1

‘The sector’ can be defined in several ways:

• Based on a socio-economic area that produces specific goods and/or services
• A policy area or group of results
• A geographical area/ territorial concept
• According to how government is organised and based on administrative delineations
‘How wide is sector wide?’ - part 2

‘How wide is the sector’ should also depend on the purpose of delineation:

1. The sector-**policy**: may need to be wide to capture inter-dependent linkages in order to have an impact

2. The sector-**programme**: needs to depend on the institutional context and potential conflicts of interest

3. The sector-**budget**: needs to be based on existing budget frameworks and public finance management instruments and procedures
Translating policies into programmes

What needs to be done?

What needs to be done at (roughly) the same time?

What can be put together in a single programme?

Policy/Strategy

Sector-wide Programme

Sub-Programmes

Sector Approaches in Agriculture and RD
Uganda: PMA (Programme for the Modernisation of Agriculture)


- Economic Management
- Production, competitiveness and incomes
- Security, Conflict Resolution and Disaster Management
- Good Governance
- Human Resource Development

MTEF Sector 1
MTEF Sector 2
MTEF Sector 3
MTEF Sector x
Session 3

COMPREHENSIVE AFRICA AGRICULTURE DEVELOPMENT PROGRAMME (CAADP)
CAADP

The CAADP Country Process
Enhancing agricultural sector performance - better policies, capacities and investment programs for higher resource use efficiency

Development of alliances with public & private investors

Turning priorities into programs / thrusts for action

Development of partnerships & inter-sectoral perspectives

Experts pools - knowledge support

Working groups on priorities

Analysis of growth scenarios, options & challenges, and prioritization

Review of policies and practice - stocktaking

Next Cycle

Improved Policies, Capacities, Investment Programs (PRSP, SWAPs, National Development Plans)

CAADP

Resource Group + REC + pillars

CAADP Country Team (process managers)

Coaching

Engagement with Stakeholders and Public
Common understanding of opportunities for agricultural growth

Assessment of performance and progress

Peer review and sharing

Learning lessons and adapting for improvement of process & practice

EVIDENCE-BASED ANALYSIS
Deepening understanding around common priorities

Policies, Capacities, Programs for 6% agricultural growth

Min. of Agriculture

Researchers

Extension

Farmers

CSOs

Local government

Min. of Finance

Agri-dealers

NGOs

ADAPTING & RE-PLANNING
Re-assessing priorities and programs

Cultivating partnerships & alliances, incl. with investors and donors

CAADP

Country Team

(coaching)

Present
Policies, Capacities, Investment Programs (PRSP, SWAPs, National Development Plans)

Creating a common vision, understanding, buy-in and trust

Deepening discussions through critical awareness & knowledge inputs

Clarifying roles and responsibilities of actors in the process

Improved Policies, Capacities, Investment Programs (PRSP, SWAPs, National Development Plans)

African Union

NEPAD
A PROGRAM OF THE AFRICAN UNION

African Union

NEPAD
A PROGRAM OF THE AFRICAN UNION
CAADP country processes

Principles of CAADP

Engagement, Planning, M&E,
Peer Review

Stocktaking exercise (baseline)
Round Table (regular stakeholder dialogue)
Growth & investment analyses
review of institutions & capacities

Build alliances with investors

Country Policies Programmes, Institutions
(PRSP SWAp, ADP…)

Improved Country Programmes/Investments and implementation arrangements
Status of CAADP Implementation in West Africa
CAADP implementation at country level
Session 4

Core elements of SWAp

Policy - Finance - M&E
Core elements

- Policy
- Budget
- Action
- Monitoring
Policy challenges

- Importance of legal and macro-level policy framework
- Policy alignment at the sector level
- Policy is politics: Winners and losers of policy
- Clarity over roles between public and private actors
- Allowing participatory processes but avoiding ‘wish lists’
- ‘Policy or Strategy Compliance’
- Broad policy, narrow functional implementation programme(s)
- Money talks - policy and budget
The Legal Framework as foundation

- serve the policy
- sector legal framework compatible with overall legal framework
- updated
- fair and transparent
- enforced

Policy

- participatory
- country specific
- experience and evidence based
- monitored
- lessons learned integrated

Legal framework

- policy loyal
- technically and economically feasible
- guide investment and implementation towards targets
- be clear on (public – private) roles

Strategy
Common Challenges in Policy

- There is no policy
- The policy is not good enough
- The policy is there but it is not implemented
- There are huge gaps in the policy
- People are tired of talking policy & want to see action
- Important stakeholders have no influence on policy
- There are serious differences in opinion between partners and donors
- Influential donors don’t follow the policy and government lets them

.....
Finance - Challenges in ARD

- The role of public versus private investment
- Fragmentation of the ‘sector’ budget
- Aligning the (sector) programme budget to country structures
- The importance of revenue streams
- Importance of Non-State Actors (risk of too great a focus on government and the national level)
- Choosing the ‘right’ financial support modalities
Characteristics of an MTEF – a tool for multi-year coherence

- Medium-term allocations focus on strategic priorities
- Medium-term allocations are predictable
- Comprehensive & integrated coverage
- Clear action plan with defined, feasible outputs & outcomes

Core elements of Swap
The role of the public budget

- The national budget cycle demands attention by sector agencies
  - esp. when less project-based support can be relied upon
- Need for strong link Min of Finance - Sector Ministry
- The role of the public budget to the sector
  - Public expenditure for enabling environment
  - Quality rather than quantity of public investment
  - Link public expenditure - sector development
- The budget as the true reflection of (policy) priorities
- The national budget cycle demands attention by donors
## Fragmentation of the sector budget

<table>
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<th>Risks</th>
<th>Opportunities</th>
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<tr>
<td>Multiple ministries, departments, agencies, parastatals, semi-autonomous agencies</td>
<td>Sector Working Groups to draw together the ‘sector budget’ from different public agencies</td>
</tr>
<tr>
<td>Both public and private funding streams</td>
<td>Use programmatic budgeting</td>
</tr>
<tr>
<td>Importance of internal revenue streams</td>
<td>External support (provided by donors) to be recorded in the national budget system</td>
</tr>
<tr>
<td>Complicates transparency and planning</td>
<td>Internally generated funds to be subject to the same level of accountability as funds derived from treasury</td>
</tr>
<tr>
<td>Weakens accountability</td>
<td>Provide budgetary information to the public</td>
</tr>
<tr>
<td></td>
<td>Strengthen national oversight institutions, e.g. State Audit Offices</td>
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<td></td>
<td>Strengthen capacity of civil society organisations in their lobby and watchdog role</td>
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Common Challenges - Sector Budgets

The link between policy and budget is weak

The sector does not have enough ‘clout’ to fight for limited resources

The sector is the first being cut during the budget year

The sector has come up with a completely unrealistic ‘wish-list’

The sector has a preference for projects

Government money may ‘crowd out’ private investors

Funds intended for strengthening non-state actors and that have been put in the programme budget, do not arrive at non-state actors when programme funds are managed by government
Challenges Monitoring & Accountability

- Distinguishing between purposes of monitoring
- Linking indicators to purpose
- The problem of ‘trigger’ indicators
- Linking public investment to sector performance (‘the missing middle’)
- Measuring the enabling environment
- Strengthening accountability from below
Purposes of Performance monitoring

1. Develop an evidence base for policy decisions
2. Provides information for management decision making
3. Provides information for domestic and international (mutual) accountability
Challenges Monitoring/Accountability

There are no baseline data; or baseline data are not good enough

There are no repercussions for poor performance - impunity

Focus on ‘trigger’ indicators neglects important work elsewhere

Trigger indicators are the wrong ones – impact indicators that are effected by external causes beyond control of recipient agency

There is no indicator system OR The indicator system is too complicated; there are too many indicators

Performance targets agreed upon with donors are not met – while donors are under pressure to disburse
An overview in 10 steps

1. SWAp as an organising principle ‘S as in System Wide Approach’
2. It is common sense but not common practice - process rather than product
3. Evolution of the approach - from aid effectiveness agenda to country led
4. The sector approach backbone - policy - money - results
5. The big picture - the importance of domestic accountability
6. The many small pictures - day to day accountability within the sector, making the market work
7. Financial modalities and the sector approaches are two different thing - aligned projects can still play a role
8. A convincing / credible sector approach leads to the conditions of supporting national systems from within - sector budget support
9. How to balance between making a sector approach too wide or too narrow? Wine glass
10. Keep it simple - use 80/20 rule
Session 5

CAADP and SWAPs in Agriculture
The CAADP Country Process IS a SWAp!

• It looks at the agricultural sector as a whole
• It aims to strengthen linkages between policy, budget, activities, monitoring
• It focuses on building country capacity
• It fosters alignment of donor support behind country owned agriculture development plans
Agriculture Growth (at least 6%)

Public expenditure to agriculture (10%) & Private investment in agriculture

Strong agriculture sector actors, institutions and systems

Sector wide approach

CAADP & SWAPs in Agriculture
<table>
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<th>SWAp</th>
<th>CAADP</th>
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<tr>
<td><strong>Purpose</strong></td>
<td>Increased agricultural growth</td>
<td>Increased agricultural growth</td>
</tr>
<tr>
<td><strong>Since</strong></td>
<td>mid 1990s</td>
<td>2005 onwards</td>
</tr>
<tr>
<td><strong>Original reason</strong></td>
<td>Ineffective aid + collapse of country PFM systems</td>
<td>Slow and uneven agriculture growth</td>
</tr>
<tr>
<td><strong>Current main objective</strong></td>
<td>Strengthened country systems for the sector</td>
<td>Up-scaling of best agricultural practices</td>
</tr>
<tr>
<td><strong>A new approach to</strong></td>
<td>Sector management</td>
<td>Investment planning</td>
</tr>
<tr>
<td><strong>Emphasis</strong></td>
<td>Government ownership, policy dialogue</td>
<td>Country ownership, inclusiveness</td>
</tr>
<tr>
<td><strong>Focus is on</strong></td>
<td>Public expenditure (government and donor)</td>
<td>Private investment (domestic and foreign)</td>
</tr>
<tr>
<td><strong>Approach to</strong></td>
<td>Public management of the sector</td>
<td>Planning of investment in the sector</td>
</tr>
<tr>
<td><strong>Scope</strong></td>
<td>Very variable: tailored to need</td>
<td>Sector-wide</td>
</tr>
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</table>
Sector building blocks

Where do we want to go?

What resources do we have to get there?

How do we get there?

Who does what and when?

CAADP & SWAPs in Agriculture
How does it all fit together?

Where do we want to go?
CAADP Country Compact

What resources do we have to get there?

Agriculture Medium Term Investment Plan

How do we get there?

Who does what and when?

implementation frameworks – investment programmes
Medium term fiscal framework

Hard budget ceiling

Prioritised affordable sector policy framework

3-5 year sector budget frameworks

Budget Cycle

- Budget execution
- Accounting & monitoring
- Auditing & reporting
- Planning and budgeting
- Allocation of funds
- Procurement

MTEF

- Medium term fiscal framework
- Hard budget ceiling
- Prioritised affordable sector policy framework
- 3-5 year sector budget frameworks
- Annual Budget
Medium term fiscal framework

MTEF

Prioritised affordable sector policy framework

CAADP Country Compact

Agriculture Investment Plan

3-5 year sector budget frameworks

Implementation frameworks - investment programmes

Annual Budget

Medium term fiscal framework

Hard budget ceiling

Prioritised affordable sector policy framework
MTEF and Agriculture Sector Support

**Public Expenditure**

- **Domestic**
  - Budgetary resources:
    - Recurrent & Investment

- **External**
  - DP support
  - BS: Recurrent & Investment
  - Other modalities: Investment

**Support to the SWAP**

**Off-budget Public Funds or Private Funds**
MTEF and Agriculture Investment Plan

Public Expenditure

MTEF

Domestic

Budgetary resources:
Recurrent & Investment

External

DP support
BS: Recurrent & Investment
Other modalities: Investment

Private investment

NAIP

National private investors
National NGOs, Churches

Global private investors
NGOs, FOs, Global funds
CAADP Country Process

**Public Expenditure**

- **Domestic**
  - Budgetary resources: Recurrent & Investment
- **External**
  - DP support
  - BS: Recurrent & Investment
  - Other modalities: Investment

**Private investment**

- National private investors
- National NGOs, Churches
- Global private investors
- NGOs, FOs, Global funds
MTEF and Agriculture Sector Support

MTEF

Support to the SWAP

Public Expenditure

- Domestic
  - Budgetary resources: Recurrent & Investment

- External
  - DP support
  - BS: Recurrent & Investment
  - Other modalities: Investment

Off-budget Public Funds or Private Funds
CAADP Country Process

**Domestic**
- Budgetary resources: Recurrent & Investment
- DP support
- BS: Recurrent & Investment
- Other modalities: Investment

**External**
- National private investors
- National NGOs, Churches
- Global private investors
- NGOs, FOs, Global funds

**Public Expenditure**
- MTEF

**Private investment**
- NAIP
Summary

• The CAADP process can add value to country-systems of policy, planning and public finance by:
  – making the policy dialogue more inclusive (involving both state and non state actors)
  – capturing cross-sector linkages (e.g. between agriculture growth & land, water, trade and infrastructure)
  – linking public and private investment in the sector (in the Agriculture Investment Plan)
  – offering a framework for alignment for all development support (incl. that provided by NSAs like NGOs and (global) private funds)
ECOWAS’ Regional Agriculture Investment Plan
Experiences with NAIPs and SWAp at country level
GROUP WORK BY THEME
Themes: Five - plus three?

1. Linking NAIPs to the national budget process
2. Public expenditure as a leverage to private investment
3. Building partnerships and involving non-state-actors
4. Strengthening monitoring and accountability
5. Development partners support and modalities

1. Policy - Managing the gap between paper and practice
2. CAADP and Agriculture SWAPs
3. Challenges and opportunities of decentralisation
Group-work management

• Pick your theme
  – Check your reflection/action sheet

• Pick your language
  – Wherever you are most comfortable

• Each group elects:
  – Chair
  – Reporter
  – Presenter
Tasks: Three - plus two

Under the Theme selected (e.g. linking NAIP to budget):
1. Identify challenges in different countries - examples
2. Identify opportunities in different countries - examples
3. Distil lessons learnt in how to progress under the theme
   - Which lessons can be replicated to other ECOWAS countries?
4. For a selected country: ‘Unpack’ a critical challenge and identify ‘next steps’
5. Prepare a presentation
The NAIP is not reflected in the national budget for the agriculture sector

There is a considerable NAIP-funding gap

Most of spending in Agriculture is outside the control of the Ministry for Agriculture – though the Ministry is in charge of NAIP implementation

(Investment) funds spend by the government are not part of the NAIP (e.g. parallel programmes)

Much of public spending in Agriculture is not captured in the national budget (e.g. off-budget DP contributions)
Common Challenges in Policy

- There is no policy
- The policy is not good enough
- The policy is there but it is not implemented
- There are huge gaps in the policy
- People are tired of talking policy & want to see action
- Important stakeholders have no influence on policy
- There are serious differences in opinion between partners and donors
- Influential donors don’t follow the policy and government lets them
GROUP WORK BY COUNTRY
Objective

To come up with a consensus around:

‘Realistic and feasible ‘next steps’ in fostering Agriculture Growth via an inclusive and comprehensive approach’

And a plan towards:

‘How to get these ‘next steps’ onto the national agenda and taken up by the ‘drivers of change’ in agriculture’
Group management

• Go into your country group
• Pick a quiet corner
• Elect:
  – Chair
  – Reporter
  – Presenter
Tasks: Five (- plus two)

1. Reflect over your Action Sheets
2. See if there is a pattern (same issues cropping up?)
3. Prioritise 1-3 main issues for action (e.g. by voting)
4. Under each issue: identify up to 5 Next Steps
5. For each Next Step (or action) mention:
   • Who leads?
   • Who else is involved?
   • By when to be carried out / completed?
   • How much does it cost?
   • Challenges that might be faced?
Tasks: (Five) - plus two

1. Make a plan for getting the next steps onto the national agenda and being taken up by key drivers in agriculture

2. Make a power point presentation