FAO – Alberto Conti

Country investment plans in agriculture

Lessons from early experience

FAO INVESTMENT CENTRE

LEARNING FROM INVESTMENT PRACTICES

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Background

In line with a new focus on country-led investment planning in food security, agriculture and rural development, as supported by the Rome principles on food security (see Box below), the L'Aquila Food Security Initiative, and – in Africa – the Comprehensive Africa Agriculture Development Programme (CAADP), many countries have embarked on the preparation of Country Investment Plans (CIPs)[1]. Such plans are intended to: direct the allocation of resources to agriculture and food security; significantly increase investment in the sector; and improve alignment of external resources to finance a common vision for agricultural development. In addition to the many international financing mechanisms available to developing countries, the Global Agriculture and Food Security Program (GAFSP) was established as a multilateral mechanism to assist in implementation of the pledges made at L'Aquila by providing funding on a competitive basis to support investments identified and prioritised in CIPs. Programmes funded through international financing channels are expected to be part of a country-owned and donor-endorsed agriculture and food security investment plan, including sector-wide approaches (SWAps) and other programme-based approaches. In Africa, such programmes are expected to be defined in a detailed investment plan evolving from each country's CAADP compact.

FAO has worked closely with a number of countries to develop their CIPs, and it is an opportune time to take stock of the experience in the CIP preparation processes supported by FAO, and to highlight lessons that can inform and enhance the quality of future CIPs.

Preparation of this learning note is based on three examples of CIPs which have been supported by FAO in 2010 and 2011:

- the Bangladesh Country Investment Plan (CIP): A Road Map Towards Investment in Agriculture, Food Security and Nutrition;
- the Ethiopia Agriculture Sector Policy and Investment Framework (PIF); and
- the United Republic of Tanzania Agriculture and Food Security Investment Plan (TAFSIP).

A comparative analysis of the planning processes employed and the outcomes in Bangladesh, Ethiopia and Tanzania is presented in an Annex online[2]. The learning note has also been developed through consultations with FAO staff who have supported the preparation of CIPs in a number of other countries.

1 Also known as National Agricultural Investment Plans (NAIPs) / Plans Nationaux pour l'Investissement Agricole (PNIAs).

2 http://typo3.fao.org/fileadmin/templates/tci/pdf/CIP_Learning_Note_Annex.pdf

Box - The Rome Principles for Sustainable Global Food Security

Principle 1: Invest in country-owned plans, aimed at channelling resources to well designed and results-based programmes and partnerships.

Principle 2: Foster strategic coordination at national, regional and global level to improve governance, promote better allocation of resources, avoid duplication of efforts and identify response-gaps.

Principle 3: Strive for a comprehensive twin-track approach to food security that consists of: (i) direct action to immediately tackle hunger for the most vulnerable; and (ii) medium and long-term sustainable agricultural, food security, nutrition and rural development programmes to eliminate the root causes of hunger and poverty, including through the progressive realisation of the right to adequate food.

Principle 4: Ensure a strong role for the multilateral system by sustained improvements in efficiency, responsiveness, coordination and effectiveness of multilateral institutions.

Principle 5: Ensure sustained and substantial commitment by all partners to investment in agriculture and food security and nutrition, with provision of necessary resources in a timely and reliable fashion, aimed at multi-year plans and programmes.

Source: Declaration of the World Summit on Food Security, Rome, November 2009

Review of case studies

A comparison between the three CIPs reveals a number of similarities and differences. All three countries are low-income developing countries with a large percentage of their populations dependent on agriculture, and experiencing serious food security and nutritional challenges. Their CIPs were prepared either as part of the CAADP Post-Compact roadmap (Ethiopia and Tanzania) or with the aim of mobilising additional funding from national and international sources (Bangladesh). Two of the CIPs (Bangladesh and Ethiopia) were also used in qualifying for GAFSP support. In all cases the planning process was country-initiated and managed in the first instance, with technical support from FAO and other development partners intensifying as the process matured. All of the CIPs were prepared in two stages, the first with mainly national teams, and the second with international technical assistance provided by FAO and others.

All of the CIPs are anchored on national policy and strategic frameworks and present investment plans intended to operationalise sectoral policies and frameworks, as well as national aspirations for poverty reduction, food security, gender equity, environmental conservation etc. All of the CIPs present well-designed results frameworks defining outcomes and impacts with indicators (or milestone indicators) of performance. However, the Bangladesh CIP goes further than the other two in detailing outputs, outcomes and impacts for each of the twelve programmes which make up the plan.

Two of the three CIPs (Bangladesh and Ethiopia) have been instrumental in winning grants from the GAFSP. All have engaged with the international community in an attempt to harmonise internationally-financed initiatives with each other, and with national policies and programmes. The Bangladesh plan spans five years and Ethiopia and Tanzania both ten years. Similar challenges were experienced in the development of the three plans, particularly: (i) the consultative approach which is essential to develop consensus on the investment priorities, but which has tended to produce un-prioritised "wish lists"; (ii) technical difficulties in preparing credible cost estimates for programmes that are only broadly defined in strategic terms (compared to conventional project costing); and (iii) the difficulty of succinctly documenting and communicating very large and broad-reaching visions to stakeholders and decision-makers.

The Bangladesh CIP was prepared over a relatively short period of intensive work and was overseen by a steering committee at ministerial level. Ethiopia and Tanzania were managed at sub-ministerial level over longer periods and did not enjoy such strong political buy-in. In the case of Tanzania, the diffusion of responsibility among the fragmented agricultural sector ministries, and between the mainland and Zanzibar, created further challenges and made the process difficult to bring to a satisfactory conclusion. In addition the Tanzania exercise was delegated to a large but relatively low level task force and drafting team.

The three countries used different approaches to cost estimation. In Ethiopia the costs were estimated through aggregation of estimates for the various plan components, and then adjusted to align with the funding considered likely to be available. Bangladesh adopted a similar approach, but categorised different programmes as top, high, medium or low priority to guide the allocation of resources if the anticipated level of funding is not forthcoming. Tanzania approached the cost estimation from two angles: first by estimating the total investment need to generate six percent annual GDP growth in the agricultural sector based on an assumed rate of return on investment; and also by aggregation of cost estimates for each of the sub-sectoral programmes and projects. The investment need assessments in Ethiopia and Tanzania produced higher estimates (USD22 and USD25 per capita per year respectively) than Bangladesh (USD10 per capita per year).

Investment planning processes

Investment planning in the CAADP context. African countries which have concluded a CAADP Compact are committed to the preparation of an investment plan as part of the post compact roadmap to operationalise the matters agreed in the Compact[3]. The post-compact strategy is intended to involve a multi-partner engagement including: (i) the development of a broad national agricultural investment plan; (ii) in-depth technical design of specific programmes and projects; (iii) independent technical review of the plan; (iv) commitment of resources by government and other partners; (v) implementation, monitoring and evaluation; and (vi) appraisal and improvements in the implementation process. The post-compact strategy is anchored on existing policies, capacities and investment programmes and is aimed at enabling countries to develop agricultural investment plans and programmes through iterative, multi-institutional processes and cutting across disciplines and sectors, as shown in Figure 1.

It is expected that the process will be led by an inclusive CAADP Country Team[4], comprising representatives from the Ministry of Finance and all relevant sectoral ministries, as well as representatives of "non-state actors", in particular private sector and civil society stakeholders. Close engagement of the country's development partners is also expected in order to align them with national programmes and work towards improved harmonisation and sector-wide approaches.

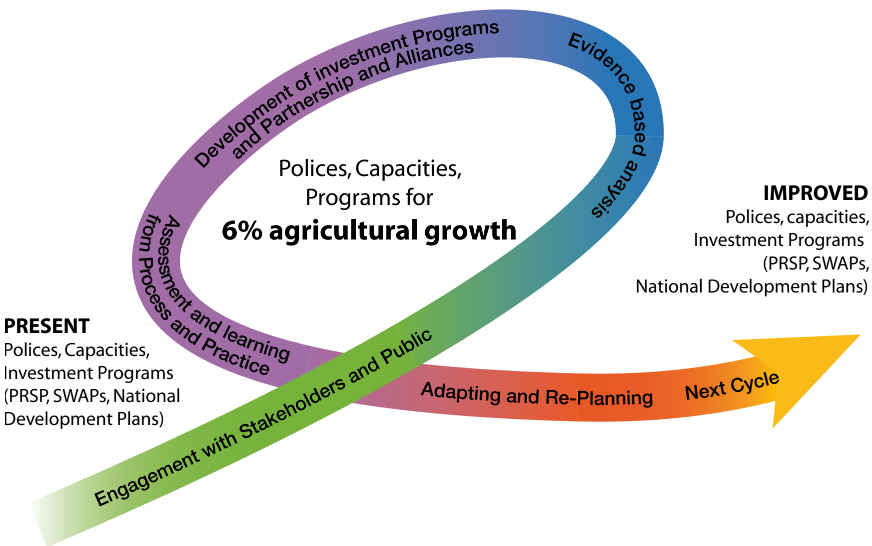
CAADP technical review. CAADP investment plans are required to be peer reviewed by the respective Regional Economic Community (REC) and the NEPAD agency. The post compact technical review is a critical step in the implementation of the country compacts and investment plans. The primary objective is to collectively evaluate for:

- the likelihood of the investment programmes to realise the growth and poverty reduction prospects laid out in the different strategy scenarios;
- the use of best practices and

3 A CAADP Compact is signed by key stakeholders and players in the country to demonstrate commitment to a shared vision and emerging strategies to collectively address the country's agriculture development agenda - see CAADP Post Compact Strategy and Review Guidelines, April 2010. Available at www.nepad-caadp.net/

4 The Country Team comprises people holding key positions in ministries and stakeholder organisations with formal authority for planning and policy, as well as selected personnel with the necessary technical competencies.

Figure 1 - The CAADP Country Process



Source: NEPAD

other technical guidance in the pillar framework documents in designing the above investment programmes;
- the technical realism (alignment of resources with results) and adequacy of institutional arrangements of the programmes;
- the integration of CAADP principles of inclusive review and dialogue;
- the consistency with budgetary and development assistance commitments and principles agreed in the compact;
- adequacy of institutional arrangements for effective and efficient delivery including information and knowledge support, M&E and ongoing evaluation and learning;
- coherence and or consistency between policies, implementation arrangements and delivery mechanisms and investments areas, priorities or programme objectives;
- appropriateness and feasibility of the indicators for impact and system or capacity improvement and accountability;
- extent and quality of dialogue, (peer) review and mutual accountability system; and
- potential to contribute and link to regional integration objectives.

The purpose of the review is not to approve or grade the investment programmes and other elements of the post-compact agenda. Rather, it is to ensure that every possible action is taken to ensure that the objectives and targets of the plan will be met.

Investment planning in non-CAADP countries. There are no uniform guidelines for preparing CIPs for non-CAADP countries. Different countries and development partners have their own requirements[5] which generally centre around definition of strategic objectives, expected results and performance indicators, and indicative investment programmes and projects. The GAFSP guidelines specify three funding criteria: (i) country need; (ii) country policy environment in terms of conditions conducive to higher investment returns; and (iii) country readiness. Country readiness is assessed on the basis of a comprehensive agricultural development strategy and investment plan that has undergone technical review, covering similar aspects as the CAADP reviews. Applications for GAFSP funding are expected to be accompanied by a summary of the peer-reviewed strategy and investment plan and detailed proposals for the activities to be funded. On this basis there is a fair degree of similarity between the CIP processes in CAADP and non-CAADP countries.

Anchoring CIPs on national development policies and plans. All three countries have well-developed policy and strategic frameworks, although these are fragmented and contradictory in a few areas, and generally not well monitored and evaluated. However, policy alignment has generally been well done, based on the understanding that the CIPs are designed to furnish the resources and harmonise efforts needed to operationalise existing policies, rather than develop new ones. In addition to backward linkages to established policy frameworks, several of the CIPs (Bangladesh and Ethiopia) have also facilitated forward linkages by merging them into national five-year development plans and their respective monitoring frameworks. Moreover, in the case of Bangladesh the CIP and its results framework have already been revised once and the monitoring reports on implementation are contributing to the Plan of Action of the National Food Policy (2008-15).

Analytical tools employed. All three case study CIPs involved detailed background studies and analysis of sectoral issues, policies, constraints, opportunities and lessons learned from ongoing previous investment programmes. These studies are documented in the form of working papers which were used to inform the design of the CIPs. However, evidence-based policy analysis was generally qualitative in nature and tended to support or justify the existing policy frameworks without critical examination. For example, the Ethiopia and Tanzania investment plans both allocate more than half the resources to irrigation development without an assessment of the likely returns on investment in irrigation versus alternative productivity enhancement measures, and a rather mixed track record of previous irrigation interventions.

Analysis of investment alternatives and options is generally limited. The key question to be addressed is: "how should resources be deployed to most effectively and efficiently achieve national policy objectives for agriculture, food security, rural incomes, etc?" In most cases this key question was addressed by group consultations and consensus-building rather than rigorous factual analysis. In Tanzania there was an attempt to engage a senior academic in the analytical process but this produced no specific results. Most of the analysis was based on

5 For example, the World Bank Country Assistance Strategy (CAS) and IFAD's Country Strategic Opportunities Programme (COSOP).

national statistics and "grey" (un-published) literature such as project evaluations and policy studies with limited citation of peer reviewed sources. Critical questions such as the expected return on investment from crops versus livestock, or from research versus extension, remain un-addressed and un-answered. This is not un-expected in the three case study countries, which have critical human resources shortages. However, the significant amounts of international technical assistance (TA) have not addressed these questions either, because the TA has generally been deployed during the latter half of the process, after the background studies were completed. In the absence of hard evidence to address such fundamental questions, the only option is to take a consensual approach to priority-setting, which ultimately enters the political domain[6]. Support to increase the capacity of these countries to employ sound policy analysis and planning tools would help to improve their capacity to prepare, implement and monitor investment plans.

Two of the countries (Ethiopia and Tanzania) engaged IFPRI to support the CIP process through use of computable general equilibrium (CGE) models[7]. These models are effective in demonstrating how interventions in one sector or sub-sector of the economy filter through to impacts in other areas. Among other things the CGE models estimate the levels of productivity improvement need to achieve certain target levels of agricultural sector growth (six percent in the case of the CAADP countries). The models also show the sectors and sub-sectors where productivity gains are likely to be most effective in reducing rural poverty levels. Such findings are useful and generally accord with intuitive expectations; e.g. that poverty impacts will be greater by improving the productivity of crops grown and consumed by the poor. However the modelling process only provides a general indication of the key drivers of sectoral growth and poverty reduction, but does not provide guidance as to how scarce resources can be most effectively deployed in achieving the CIP objectives. It is questionable therefore whether CGE modelling represents a worthwhile investment in the preparation of CIPs, although they may have a role in broader policy formulation exercises.

6 This is in marked contrast to the CAADP guidelines which spell out detailed procedures for evidence-based analysis aimed to: (i) increase the capacity for analytical work within the country; (ii) build better linkages with national and regional knowledge centres; and (iii) identify priority investment areas.

7 In Tanzania the CGE model explicitly excluded Zanzibar, which seriously compromised the validity of the findings and aroused political sensitivities.

Institutional arrangements for planning and coordination.

The three CIPs were developed in widely differing institutional contexts. All three have strong planning cultures but vary in the degree to which planning responsibility is delegated to the line agencies. The CAADP and GAFSP guidelines propose a lead role for the institution(s) responsible for finance and development planning. In Bangladesh the Food Policy Monitoring Unit of the Ministry of Food and Disaster Management was the lead institution, rather than the Ministry of Agriculture[8]. In Ethiopia the process was led by the Planning and Programming Directorate of Ministry of Agriculture and Rural Development; and in Tanzania by the Policy and Planning Department Ministry of Agriculture, Food Security and Cooperatives representing the multiple ministries in the agricultural sector. In all cases the lead institution consulted widely with other sectoral institutions, stakeholders, civil society organisations and development partners, and considered their views in framing the plans, but there was limited involvement of the finance and planning institutions. In all three cases there were attempts to engage private sector organisations in the process, but these were only partially successful. Proposed arrangements for coordinating implementation of the CIPs are necessarily complex given the size and breadth of the investment plans, but generally involve some form of high-level steering committee. However the big challenge for implementation and M&E will be felt in the sparsely resourced planning departments of the sectoral ministries.

8 This reflects the high rates (and absolute numbers) of under-nutrition and malnutrition in Bangladesh. The focus of the Bangladesh CIP on food and nutrition also reflects the outcomes of consultations with civil society, development partners and government agencies, including the Ministry of Agriculture.

Leadership of the CIP process.

Committed leadership is key to producing comprehensive and credible CIGs. The case studies revealed instances of where over-delegation and/or diffusion of responsibility among large teams or task forces (e.g. Tanzania) created confusion, inability to agree on priorities and bring the process to a satisfactory conclusion. A high-level champion is needed to drive the process and take responsibility for its outcomes – as was the case in Bangladesh. Where individuals are assigned tasks in CIP preparation they need to be relieved of other duties. Consultants (national and international) have played an important role in all three CIPs and experience shows they need to be given clear terms of reference and deadlines and held accountable for results, including institutional capacity development and nurturing national ownership.

Collaboration with development partners. The key development partners have played an important role in the CIP process: (i) as a source of the funds needed to implement the plans; (ii) as contributors to the planning process; and (iii) by financing the national and international technical assistance required. In all cases a sectoral donor coordinating committee has engaged in the process, usually with one or two donors taking a leading role. This has been important in ensuring that the CIPs reflect the realities of what the donors will ultimately be prepared to support. Collaboration with development partners has therefore generally been satisfactory. However, collaboration between donors has sometimes been more problematic (e.g. Tanzania) due to divergent views on the modalities of support, with some preferring to support sector-wide initiatives through pooled funding or budget support, and others opting for a conventional project financing approach. There is also a risk that some donors may continue business as usual with an un-coordinated project-by-project approach, by just noting that their particular projects are "in line with the CIP".

Participation of non-state actors. The three CIPs reviewed have largely been government-initiated and managed. All have made efforts to engage non-state actors, with varying degrees of success. Development-oriented NGOs have been active participants and stand ready to become engaged in implementing the plans. Efforts to engage farmer organisations have however met with mixed success, partly due to the poorly developed nature of such organisations in the case study countries, and the need to work to tight planning deadlines. This highlights the importance of increased efforts to strengthen farmer organisations and engage them fully in planning processes. The Bangladesh exercise took deliberate steps to involve the private sector through consultations with the Chamber of Commerce, and a number of key private sector organisations. However in general, private sector actors (whether at SME or larger scale) and their representative organisations (e.g. chambers of commerce), have shown a reluctance to be involved, as have national financial institutions. Despite the difficulty of meaningful private sector engagement, all three CIPs advocate a key role for public-private partnerships (PPPs), and the engagement of the private sector as suppliers of agricultural inputs and services.

Country ownership. There is a risk that CIPs are seen as a donor-driven initiative which is nothing more than a necessary step for procuring resources from the international community. In the CAADP countries it is possible that the business meeting, at which the plan is presented to the development partners, is seen as the culmination of the process, in the expectation that sufficient funding will be pledged to implement the plan[9]. High expectations about the availability of GAFSP funding may have been the primary motivation for development of CIPs in other cases. Involvement of international technical assistance to finalise and document the plans against tight deadlines (in Ethiopia and Tanzania, but less so in Bangladesh) can be at the expense of fuller consultation/participation, and may contribute to lack of country ownership. The CAADP guidelines describe the process of building ownership as "progressive appropriation" of the plan by the whole of government. Key issues in building country ownership and support for mobilisation of national resources include high level national leadership of the process, intensive stakeholder consultation, and treating the plans as living documents to be continuously evolved and developed as indicated in the iterative planning process in Figure 1.

Capacity needs, resource requirements and timetable. Most low income developing countries face serious capacity constraints in the ambitious and challenging process of formulating CIPs. The process is usually assigned to a task force based in the planning department of the key sectoral ministry, with participation by other departments and ministries. Agricultural sector planning departments are normally overburdened with project design, implementation and M&E work and find it difficult to dedicate resources for an extended period to work on CIPs. Consultants were therefore

9 The development partners tend to see the business meeting as an opportunity to review and endorse the plan and harmonise their support, rather than as a pledging exercise. As such, the functions of the CAADP business meeting may need to be reconsidered to bring it into closer alignment with the way donors do business.

engaged to undertake much of the detailed work in all three cases studied, mainly during the second half of the process when support was needed to assemble a number of disparate ideas into a unified investment strategy and plan. TA could have been more effective if it was engaged at an earlier stage in facilitating the analytical and planning processes and helping to develop institutional capacity.

Donor support for the process, both technical and financial, has been essential in all three cases. The timetables have varied from about 1.5 to 2.5 years from start to finish. It is easier to maintain enthusiasm and momentum with a quicker process, but harder to build ownership and institutional capacity. Alternatively if the process drags on for too long, planning fatigue sets in and the process can easily lose direction, especially if there are changes of key personnel.

Content and quality of the plans

Realism and practicality. Realistic and achievable targets are an essential starting point. The CAADP countries, through the 2003 Maputo Declaration have agreed to increase allocation of resources to a minimum of ten percent of their national budgets. Although not stated in the declaration, the generally accepted CAADP target is six percent growth in the agricultural sector. Most countries have interpreted the six percent target as a production target using agricultural sector GDP as the yardstick. This is a challenging target since few countries have been able to sustain sector growth at this level for an extended period. During the period 1961-2009 the ten best-performing developing countries, increased their gross value of agricultural production at rates varying between 3.2 percent and 4.6 percent per annum. Over decade-long periods only one country (China) exceeded the six percent level on two occasions, and three countries (Viet Nam, Malawi and Côte d'Ivoire exceeded it on one occasion each).

The six percent target is especially challenging for disaster-prone countries such as the three considered in this review. However the target is sometimes stated to be a productivity target, including on the CAADP website, which is even more challenging. Although long-term productivity data are not widely available, it is unlikely that any country has sustained such a level of productivity growth for an extended period.

A further reality check is to address the question of whether ten percent of a national budget is sufficient to generate six percent sectoral GDP growth. The answer to this depends largely on how effectively these public funds are invested to leverage much larger levels of private investment, and the size of the agricultural sector as a percentage of GDP.

Further realism and practicality considerations include capacity issues in financing and implementation. Large funding gaps (e.g. Ethiopia) create uncertainties about whether the CIP can be financed and emphasise the need for allocating priorities to various programmes to allow for the possibility that everything may not be funded. The same principle applies to implementation capacity where accelerating the scale and pace of programme implementation will place strains on capacity.

Structure and level of detail. The three CIPs reviewed are all well structured around thematic areas, strategic objectives and programmes. The level of detail included in the plan is an important planning issue in itself and two of the three CIPs have run into difficulties by trying to include too much detail. The CIPs are intended to be used for strategic purposes in deciding on priority areas of investment and allocating resources accordingly. They should not attempt go to the level of detail used in project design.

A further consideration about the level of detail is the need for the CIP to communicate the sector strategy and investment plan to decision-makers within government and the international community. This calls for a level of detail which is appropriate for high-level decision-makers, supported by annexes and working papers. All of the case studies reviewed presented well written summary reports of 30-50 pages which include results frameworks of 2-4 pages. However these reports are too detailed to be used as a communication tool for high-level decision-makers, and should be complemented by Executive Summaries.

Monitoring and evaluation framework. M&E of sectoral investment programmes requires a different approach to monitoring of projects, and needs to be tailored according to the capacity of national institutions. For project M&E it is important to track activities and outputs as well as higher order results. M&E of CIPs has to be pitched at a higher level and integrated into national M&E and results management frameworks, with a focus on outcomes and impacts using a small number of readily measurable indicators. A critical results indicator is the level of agricultural sector GDP growth relative to the target, and this will always be available from the national accounts.

Proposals for M&E of the Ethiopia and Tanzania CIPs are only specified in broad terms. The Ethiopia M&E framework proposes an approach of aggregating up individual project and programme M&E results and integrating the information with the Agricultural and Rural Development Database, which was under development at the time of CIP preparation. This will be the responsibility of the Planning and Programming Directorate (PPD) of the Ministry of Agriculture. The resources available for M&E in the PPD, and the large number of programmes and projects to be monitored, means that this aggregation process is a daunting challenge. It may be better to rely more on a top-down view based on a very small number of key indicators for each of the four strategic objectives. Tanzania also proposes an aggregative approach based on performance indicators for each programme and project, to be based on expanding and strengthening of the existing national M&E systems used for the Agricultural Sector Development Programme (ASDP) on the mainland and the Agricultural Sector Plan (ASP) for Zanzibar. This sector-wide approach to M&E will inform higher level national measures of social and economic development. The Bangladesh CIP contains a more detailed M&E plan which specifies inputs and outputs for each of the 12 programmes as well as outcome and impact indicators for each of the three strategic objectives. The impact indicators are intended to inform the higher level monitoring of the National Food Policy Plan of Action. It also provides clear recommendations on institutional roles and responsibilities for M&E, defines the tools to be used, and identifies the key challenges and opportunities in implementing the M&E activities.

Approaches to cost estimation. It is very difficult to cost a strategy in the same way that projects and programmes are costed. The sheer volume of work renders this approach impractical. A USD50 million investment project design normally includes 5-10 detailed cost tables. If this level of detail is extended to a USD10 billion CIP it would imply an unmanageable quantity of detailed information. In the case study CIPs several different approaches were used. The Bangladesh CIP presents a semi-detailed set of cost estimates for ongoing and planned projects by programme and sub-programme and aggregates these to the overall CIP level. The Ethiopia PIF employed a similar aggregative approach but with a much lower level of detail at the individual programme and project level. The Tanzania TAFSIP attempted a very detailed costing exercise, similar to way that projects are normally costed, but this was never completed, and the final output was a set of semi-detailed estimates similar to Bangladesh. Tanzania also attempted to estimate the magnitude of investments needed to generate six percent growth on the basis of an assumed percentage return on investment. This approach is relatively simple to apply and provides a useful means of checking that the proposed level of investment is appropriate for the target rate of agricultural sector growth.

Prioritisation of plan components. Planning involves choosing between alternatives, but all of the CIPs reviewed are limited in their analysis of alternative options or strategies. Where such analysis has been undertaken (Ethiopia) it does not appear to have influenced the ultimate selection of priorities. The problem is partly related to the lack of evidence, or inadequate use of evidence, to guide strategic choices; and partly due to the difficulty of deciding what not to do in a participatory planning context. Each person or organisation consulted in the CIP process inevitably tends to advocate for their own areas of interest, so that when everyone's views are considered the result is a plan that tries to do too much. Such "wish lists" are difficult to avoid in participatory planning processes, unless these are managed with clear strategic vision towards consolidation. This problem can be addressed by full discussion of ideas to reach agreement on a manageable number of initiatives; and evidence-based analysis of investment ideas according to an agreed set of criteria which estimate how efficiently and effectively each will contribute to the country's overall development aspirations. This approach can influence the allocation of resources between competing areas and slant the plan more towards areas that will generate the best returns on investment.

Uses and impacts of CIPs

CIPs are used in three main ways: (i) as a country-led approach to mobilising resources for agriculture and food security; (ii) for better harmonisation of government, donor and private sector investment activities as a basis for sector-wide approaches; and (iii) to build agricultural sector investment programmes into five-year plans and/or Medium-Term Expenditure Frameworks (MTEFs). There are early signs of positive impacts in some cases with increased pledges of support from the international community and movement towards greater harmonisation of effort among donors, and between donors and governments. However it is too soon to make judgements about impacts on the CIP objectives themselves such as agricultural sector growth, food security, rural poverty, etc.

Resource mobilisation. The prospect of mobilising additional resources is one of the major motivations for the design of CIPs. Two of the CIPs reviewed here (Ethiopia and Tanzania) have elicited significant increased funding commitments from national governments, and two (Bangladesh and Ethiopia) have been successful in attracting GAFSP funding. Most donors respond positively to a well designed and appropriately prioritised investment plan, to which they can make a long-term commitment. This is far preferable to ad hoc project-by-project interventions. CIPs provide donors with the opportunity to adopt a programmatic approach, and to identify thematic areas or sub-sectors where they can concentrate their resources according to their specific mandate.

Harmonisation of development partner activities. CIPs greatly improve the prospects for harmonisation and coordination of donor and government-funded activities. In the three case studies the governments and development partners collaborated closely during formulation of the CIPs and developed a common understanding of the priority areas for investment and the expected role of each partner. However, significant improvement needs to be made in the inclusion of civil society and farmer organisations in particular, and to ensure that harmonisation continues beyond the planning stage. Strong country ownership of the plans needs to be built through the process of "progressive appropriation" to reduce the risk of donor driven initiatives and un-coordinated actions. Harmonised decision-making by the donor groups is expected to rationalise the allocation of resources towards the identified priorities, and also

FAO - Sarah Elliott

to work towards harmonisation of project implementation modalities, performance indicators, and reporting procedures.

Pooled funding arrangements. CIPs are an essential element of efforts to advance harmonisation to the stage where donors are prepared contribute to pooled funding and/or sectoral budget support. Whilst donors vary in their enthusiasm for such arrangements it is certain that nobody will agree to this approach unless it is anchored on a strong long-term investment plan.

Five-year plans and MTEFs. In countries which use five-year development plans and/or MTEFs it is important that CIPs are reflected in these instruments. This ensures that agriculture, rural development and food security issues are adequately represented in the national development priorities, that they garner the necessary political support, that the funding arrangements are compatible with MTEF ceilings, and that M&E of the CIPs is linked to national level M&E systems.

Key issues and challenges

Building consensus and ownership. The design of CIPs is a demanding and time consuming process requiring high-level multi-disciplinary expertise. But it cannot be left to experts alone – it must be broad-based and consensual in its approach and holistic in its content. The challenge is to balance the need for rigorous analysis and prioritisation, which tends towards narrower and more sharply defined plans; with consultative approaches which can produce ill-defined and open-ended "wish lists". Direct consultation with farmers[10] and their organisations is critical in identifying the issues of real concern and ensuring that these are adequately addressed. Generally an iterative approach is employed with initial consultations producing long lists of suggestions which can then be screened, evaluated and prioritised for further consideration by stakeholders. The Bangladesh CIP is a good example of how several iterations of this process eventually produced a well balanced plan with a high degree of national ownership. In the countries reviewed, CAADP Country Teams have not yet been fully functional in bringing representatives of key stakeholder groups together to jointly manage the process.

Evidence-based analysis. Bringing evidence-based analysis to bear on investment planning requires a consolidated review of relevant evidence from peer reviewed publications as well as grey literature from national and international sources and the involvement of key academic institutions and individual experts early on in the planning process. It also depends upon the willingness on the part of politicians and representatives from various interest groups to let evidence be the key guiding factor in determining investment decisions as opposed to political considerations and "horse-trading" between various interest groups. This is a challenge in all countries, but greater transparency in communicating research results and justifying investment decisions based upon evidence where available will enhance impact and success in the longer run.

10 The term farmers in this note refers to all types of agricultural producers.

Identifying priorities. Deciding what not to include in a plan, or agreeing that some things are less important than others, is always the most difficult part of participatory planning. Evaluating and comparing options about what to do and how, also presents formidable challenges in the absence of strong evidence about what has worked in the past and what has not. Identifying priorities therefore has to be a somewhat subjective process, but it should also be well structured and based on agreed criteria linked to overall strategic objectives. Each objective should specify criteria by which alternatives will be evaluated and selected for inclusion or non-inclusion in the plan, and should guide the allocation of resources among the preferred options. The facilitators of the process need tools to arbitrate among competing options and the participants must accept such arbitration. None of the three case studies present a clear framework for identification of priorities in this way.

Costing and financing. Cost estimation for CIPs is far more difficult than costing investment projects for two reasons: first the investment plans represent broad strategic directions which can be approached in different ways with different cost implications; and second, the sheer size of the plans (multiple billions of dollars) means that detailed cost estimates are not a realistic proposition. The CAADP guidelines propose that CIPs are costed in the same way as projects down to individual activity level, but experience has shown that this is generally not possible. There is therefore a need to develop some more practical guidelines on how CIPs should be costed and how financing plans should be structured.

Inventories of ongoing and planned projects. In two of the three case studies (Ethiopia and Tanzania) the CIP teams have encountered difficulties in preparing a complete inventory of ongoing and planned development projects, including their budgets and un-disbursed balances. Such information should be available from agricultural and/or finance and planning ministries, but in countries with large and crowded development agendas, it is often fragmented, incomplete and out-of-date. Some bilateral programmes and "off budget" activities are difficult to keep track of, and some are implemented by non-agricultural ministries (environment, commerce, local government, health, etc) or NGOs. Preparing and updating such an inventory is an important task in directing the national development agenda, but one that is rarely done well. This makes it difficult for CIPs to define what is incremental and what is planned or ongoing, and to make an accurate estimate of the financing gap.

Revisions and updates. There is a tendency for CIPs to be seen as a one-off exercise to present a plan which will enhance the mobilisation of resources for sectoral development. This is not the best way to obtain value from the plans. They are better seen as living instruments which can be modified at any time as circumstances change and experience accumulates, punctuated by periodic major overhauls in synchrony with major national planning cycles such as five-year-plans, national poverty reduction strategies, MTEFs, etc. Such revisions and updates need to be informed by sound M&E data and periodic independent reviews.

Lessons learned and implications for future FAO support

These initial findings confirm that preparation of high quality CIPs is a challenging process, but critical to rational allocation of resources within the agricultural sector, and between the agricultural sector and other sectors. FAO support for the preparation of CIPs has proven very valuable in the three cases reviewed and a number of lessons have been learned to guide future efforts of this nature:

- Few countries, even those with abundant capacity, employ rigorous quantitative procedures in public finance and public investment decision-making. The concept of allocating capital according to its marginal productivity may underlie the process, but decision-making is guided by a broader set of policy goals including food security, employment, sustainability, income distribution, gender equity etc. Evidence-based policy analysis needs to consider all of these dimensions rather than just return on capital.
- Larger investment decisions tend to become more politicised than smaller ones. CIPs by their nature involve large investment decisions, but there is no way that the planning process can, or should, be de-politicised. In fact high level political support is an essential element of the planning process and ownership of the resultant plan. The important aspect is to ensure that political decisions are the fruit of a constructive dialogue with farmers themselves and open discussion of alternative approaches.
- There is no single best approach to formulating and implementing CIPs. In fact, a diversity of approaches is desirable according to the way that different countries usually plan and allocate resources, the cultural norms that influence these processes, the level of planning expertise and resources available for planning, and the varying policy frameworks on which CIPs must be anchored. CIP formulation needs to be mainstreamed into each country's planning processes/procedures, and will therefore be different in each country.
- The key agricultural sector development partners need to be closely involved from the outset in formulation of the CIPs. They have much to contribute to the process, and their early and close involvement is important to develop co-ownership with government and other stakeholders.
- Strong and high-level leadership is key to the planning process. It should not be over-delegated, and responsibility for delivering should not be too widely diffused within and between planning institutions.
- More needs to be done to engage non-state actors in the CIP process, especially the private sector and farmer organisations, including their representatives in CAADP Country Teams or their equivalent to work towards alignment in implementation as well as planning.
- Whilst the CIPs should be challenging and ambitious, they also need to be realistic and practical in terms of the

resources likely to be available and the implementation capacity of the institutions. In this regard the requirement for CAADP investment plans to be based on six percent per annum sectoral growth pushes these plans towards (or beyond?) the upper end of the realistic range.

Conclusion. FAO has provided valuable assistance in preparation of a number of CIPs, and this support is continuing. However it is an appropriate time to consider shifting the focus of support from the plans to the planning. This could involve developing a support "package" for capacity development in national level investment planning and offering this to countries which are embarking on the formulation, review or update of agricultural sector CIPs. Providing technical assistance early in the planning process would very likely be more effective than later engagement. The CAADP guidelines provide a useful framework for such CD support which would be equally applicable in non-CAADP countries.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