



Evaluation of EC Cooperation in the field of rural and agricultural development in partner countries

Executive Summary

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Executive Summary

1. Objectives, context and Methodology

Objectives: This report presents the results of the evaluation of European Community's (EC) cooperation in the field of rural and agricultural development in partner countries during the period 1995-2005. It aims at drawing key lessons from past interventions in order to provide EC policy and decision-makers with operational recommendations to better implement their strategy in rural development and agriculture.

BACKGROUND: Agriculture and rural development are one of the key sectors of economic relations between industrialised and developing countries. Significant changes have characterized aid policies in this field over the past 50 years: from marketing strategies in the 1960s, through integrated rural development projects in the 1970-80s, through structural adjustment programmes in the 1980s and 1990s, to the current poverty reduction and sustainable development agenda. After a lull in recent years, donors are once again raising funds for this sector.

FIELD: The EC's rural development strategy in third countries is laid out in COM(2002) 429. It results from a reorientation and reformulation of EC policy objectives which started in the 1990s. It therefore constitutes an essential benchmark for this assessment.

On the basis of this Communication the evaluation team has studied to study a large range of interventions covering most, although not all, development issues.

METHODOLOGY: The evaluation has been carried out in two separate phases. First the Desk Phase involved the analysis of documents collected in Brussels as well as interviews with EC officials. Second, the Field and Synthesis Phases entailed testing the hypotheses offered during the Desk Phase through visits to 32 projects in seven countries (Morocco, Cameroon, Cambodia, Mozambique, Madagascar, Uganda and Bolivia). The team integrated these new findings with those from the Desk Phase and analysed this information base to arrive at an overall assessment of EC support for rural and agricultural development in third countries. The evaluation's conclusions are based not only on documentary sources but also on more than a hundred interviews carried out at EC headquarters and in the countries visited (NAO, Sectoral Ministries, Civil Society representatives, donors, project managers, beneficiaries, etc.).

2. Findings and Analysis

There are 12 Evaluation Questions. Answers to these questions can be structured following these criteria: *relevance, effectiveness/impact, efficiency, and sustainability, plus coordination and complementarity, and finally coherence.*

RELEVANCE: EC interventions in rural and agricultural development are consistent with the six dimensions of rural poverty as described in COM(2002) 429, as well as with national poverty reduction strategies of partner countries. The interventions were designed according to two different approaches: a territorial

approach (multisectoral programs with a defined geographical scope and with the objective to provide rural households with access to economic infrastructures and social services) and a sectoral approach (support to specific products or to administrations in charge of agriculture with the objective to increase producers' income).

Although over the evaluation period, rural development and agriculture has remained a significant priority of EC Country Strategy Papers, funds earmarked for this sector have decreased, although this decrease has been somewhat compensated for by non-programmable aid transfers (mostly budget lines for food security, NGOs, Stabex funds). In partner countries, rural development and agriculture remains a determining factor in poverty reduction. However, strategies in the sector are not operational.

EFFECTIVENESS/IMPACT:

Rural economic growth: Interventions aimed at increasing agricultural production and yields tend to have positive results, but only in concise areas or regarding specific products. The most important contribution to agricultural growth comes from backing reform of major export products with Stabex funds. There is little information on impact of EC interventions on agricultural productivity and on producers' income. When there is an impact, it is often subject to the instability of international prices. In development policies, unlike in agricultural policies in developed countries, agricultural prices are often considered as external variables determined by the market.

Access to production means and economic services: The objective of improving access to means of production is mainly implemented at the following sector: transport, irrigation and access to capital. Unlike previous approaches, the projects are designed on a small-scale basis and rely on the participation of beneficiaries. In many ways the EC continues to support access to capital through micro-credit interventions which enables the most indigent to have access to adapted financial services.

Thanks to these interventions, access to the main factors of production has increased for beneficiary populations. However, since these projects are conducted in the framework of programs targeted at very specific geographical areas, their global impact is limited.

There is little support in the field of land tenure, despite its recognised crucial importance for rural development and agriculture sectors. Research programs exist at local, regional and international levels but they lack visibility as well as structure between these levels.

Access to social services: Integrated rural development programs have improved beneficiaries' access to social services. However, due to their limited scope, their impact on a global scale remains low. Furthermore, coordination between integrated rural development programs and central or decentralized services is often insufficient to secure the interventions sustainability. Budget support, mostly unrelated to agriculture and rural development strategies, is the main driver for EC support to social sector.

Sustainable management of natural resources: Environmental protection and sustainable management of natural resources becomes mainstreamed in the EC development policy. However, it is not often mentioned in Country Strategy Papers. The main reasons acknowledged for this are the absence of national operational strategy in this sector, the active presence and expertise of other donors in this field and the fact that partner countries do not consider these issues a priority. Integrated rural development programs involve specific activities related to natural resources management such as forestry, water management and soil protection. These components are nonetheless targeted on specific geographical areas.

Food Security: Early warning systems have improved access to information about food situations as well as the identification of risk areas. However local public authorities rarely use these systems. Consequently, the prevention of crisis has not been much strengthened in visited countries. Interventions funded by the food security budget line are not altogether specific compared to those in agriculture and rural development. There is no clear link between the EC interventions and the changes observed of the food security situation in the visited countries. Furthermore, a very limited amount of actions in these countries involve putting in place safety nets for the most vulnerable population in order to meet the food security objective.

Political and social integration: The EC contributes to strengthening institutional decentralisation process in partner countries by using and relying on decentralised structures for the implementation and management of its rural development programs. Its support

to civil society, channelled mainly via the NGO budget line, contributes to build capacity in the field of political and social integration. Moreover, EC rural development interventions often target poorest areas, even though not necessarily the most vulnerable population in these areas. The integration of women in rural development programs has improved.

EFFICIENCY: A large range of channels is used to fund EC interventions in rural development and agriculture. The flexibility of the Stabex funds and thematic budget lines (food security and NGOs) have often enabled successful implementation of interventions. Conversely, complex administrative procedures of programmable aid are acknowledged as being increasingly impeding the smooth implementation of EC interventions. The project/program approach remains the most widespread in the field of rural development. While deconcentration of EC services is acknowledged as a positive factor, the efficiency of this method is often poor. On the other hand, sectoral budget support approach is much less widespread in rural development and agriculture sectors.

SUSTAINABILITY: There has been since 1995 a positive evolution in the sustainability of EC interventions. The implementation of a real participative strategy and the integration of decentralisation processes led to better beneficiaries' ownership of these interventions. However, sustainability is still not considered by intervention managers as a factor of success: explicit exit strategies are rare in interventions design, maintenance of infrastructures is not guaranteed and coordination between sectoral and territorial programs is poor or non-existent.

COORDINATION AND COMPLEMENTARITY:

Despite significant progress, donors coordination often remains at the level of information exchange without due implementation of co-funded interventions. Limits to this coordination are threefold: absence of consensus on the role of State in rural development and agriculture, absence of operational national strategies in rural development, and lack of interministerial coordination. EC Interventions are often complementary, mostly in terms of geographical distribution. However, when it comes to rural development, the degree of their specialisation is relatively low.

COHERENCE: The EC trade policy is pushing for increasing liberalisation of agricultural markets. In theory, it is consistent with the aim of rural economic growth through the increase of market opportunities to producers. However, in practice, free trade of agricultural products is hindered by import quotas and export subsidies. These trade barriers impede the guarantee of profits originating from the opening-up of markets.

In order to curb the threat arising from the strengthening of EC sanitary standards applied to exports originating from developing countries, the EC has taken steps to help these countries respect European standards. Following its reforms carried out since 1992, the Common Agricultural Policy (CAP) has become more consistent with the EC development policy objectives. Nevertheless, these reforms have had direct negative impact on the income of certain ACP countries, used to export their products to Europe at internal market prices.

3. Conclusions (C)

STRATEGY: The EC strategy as defined in COM(2002) 429 constitutes a consistent framework which integrates the concepts of poverty reduction, food security, agriculture and rural development. However, the strategy does not precisely define the specificities of these different concepts neither their articulation. Moreover, its general and comprehensive nature lacks an operational dimension to guide interventions at field level. **(C1)**

Although it is recognized as playing an essential role in the fight against poverty, agriculture is rarely subject to operational sectoral strategies aiming at improving agricultural productivity. The EC, which has remained an important donor in the sector, has mainly focused its support on specific aspects of productivity such as production and yield.

Overall, the absence of comprehensive agricultural national policy in visited countries has led to poor agricultural work productivity. **(C2)**

Despite a critical assessment of the sector in 1994, the EC has continued to conduct integrated rural development programmes since rural development multi-sectoral programmes are still relevant in the fight against poverty. By including a more participative approach and by making use of institutional structures already in place, the quality of EC programmes has improved. It is nevertheless the case that the relevance of such programmes to reducing poverty at a general level is restricted by their poor efficiency. Thus even if used on a large scale, they fail to achieve significant global impact. **(C3)**

IMPACT OF INTERVENTIONS :

Overall, rural and agricultural development interventions have had positive impacts (better access to social services and production means) but these have been limited (integrated rural development programs), fragile (instability of market prices) or hardly visible (research). **(C4)**

The food situation has improved in visited countries but no formal links can be established between the EC interventions and this improvement. Furthermore, the range of EC actions conducted in the field of food security was little or no different to those in agriculture or rural development. **(C5)**

Despite its growing importance in EC development policy, the issue of environmental protection and sustainable management of natural resources is hardly mentioned in Country Strategy Papers. However, management of natural resources is often integrated in rural development programs. There is little existing information on the impact of these interventions, but since it is targeted at specific geographical areas, the impact can be considered as limited. **(C6)**

Integrated rural development programs are characterized by real impact limited to the areas of intervention, weak efficiency, and despite constant improvements since 1995, poor sustainability. **(C7)**

IMPLEMENTATION: The flexibility of non-programmable financial instruments such as Stabex funds and thematic budget lines has been a factor of success of EC interventions. **(C8)**

Despite recurrent problems of inefficiency, the project/program approach remains widely used for EC interventions in rural development and agriculture. **(C9)**

BEST PRACTICES: EC interventions have played a determining role in building capacities of civil society organisations. **(C10)**

The EC often plays a significant role in donor coordination forums. Despite some progress, the level of donor coordination remains often limited to the exchange of information. **(C11)**

Consistency between the EC CAP and trade policies and its development policy has been strengthened. The CAP reform and the change in trade policies have created opportunities for developing countries. However, they have negative impact on ACP producers incomes. Furthermore EU sanitary standards may hinder exports towards the EU. The EC has taken compensatory measures to help countries adapt themselves. It is too early to assess the effects these measures. **(C12)**

4. Recommendations (R)

STRATEGY: The evaluation team recommends to clarify the overall strategic framework in order to better specify the concepts of rural development, agriculture and food security as well as their articulations. It is also recommended to complement the strategy with operational considerations aimed at providing field practitioners with implementation guidelines. **(R1)**

Regarding the agricultural sector, it is recommended to specify the strategy and priorities in order to meet the objective of increasing agricultural productivity. **(R2)**

Regarding the issue of food security, it is recommended to define a specific intervention strategy for agriculture-dependent households marginalized from economic growth. **(R3)**

Lastly, on rural development, the evaluation recommends orienting the strategy towards a more general concept of integrated management of rural areas. The strategy should be more process-based than action-based, one possible area being territorial governance. **(R4)**

IMPLEMENTATION: At an operational level, recommendations for the agricultural sector tend to prioritize sectoral approaches and, whenever possible, advocate a move towards budget support. The project/programme and sectoral approaches should be complementary. **(R5)**

In the field of rural development, the evaluation recommends to keep implementing integrated programs in response to sporadic issues when the existing institutional framework is not adapted. However, given the EC poor comparative advantage for the implementation of these types of programs, it is recommended that the EC focuses on defining sectoral policies and supports and monitors their implementation. It is furthermore recommended that the EC study the option of outsourcing these tasks to other stakeholders with comparative advantages. **(R6)**

SPECIFIC RECOMMENDATIONS:

Regarding the coherence of EC policies, it is recommended to assess EC compensatory measures to lessen the impact of CAP reforms on ACP countries. Similarly, it is recommended to assess support measures for the implementation of sanitary standards. **(R7)**

Finally, in relation to environmental protection and management of natural resources, it is recommended to conduct Strategic Environmental Assessment at country or sectoral strategy levels, as required by EC Directive 2001/42. **(R8)**