Look again at how to tackle poverty

Farmer-to-farmer cooperation works. Farmer organisations from OECD countries, involved in the work of AgriCord, call upon governments for a major and increased effort to invest in farmer organisations in developing countries. Putting farmers in the driver's seat is the best guarantee to turn agricultural development into poverty reduction.

We regret to observe that farmer organisations are still neglected in terms of aid volumes, despite publicly and widely voiced commitments to increase support to agriculture and despite renewed interest in the role of farmer organisations in development. We are concerned that governments and donors miss their best chance to support poverty reduction.

- Together with us, many field practitioners, academics and donors have learned that farmer organisations can be crucial institutions to boost pro-poor development. Their organisations prove to be of vital importance in development, as they are powerful machines to disseminate new ideas, new technologies and knowledge over vast areas. These social aggregators are marketing interfaces to reach the bottom of the pyramid, all because of their layered structure. At the same time, they are the social media transmitting the voice of the poor. Rural democracy, economic growth and income distribution benefit from the determined action of organised farmers.
- Our colleague farmer organisations in developing countries confirm that the support to farmer organisations has indeed slightly increased, but we learn from them that the quality of aid and cooperation does not yet meet their expectations. Donors fail to learn from experience.
- We note the commitments of bilateral and institutional donors and of governments in developing countries to increase the aid to agriculture. It remains doubtful that these will compensate for the drop in support to agricultural development since the eighties. It is unlikely that the expected rise in external support will be sufficient for the increased number of poor in the African continent in particular. Above all, we regret that many African governments themselves are still not committed to invest in their smallholder agricultural development. We have to conclude in any case that the aid volume to farmer organisations still remains limited.
- Bilateral and multilateral aid for agriculture is channelled through governments. Farmers are rarely directly targeted. We believe that "public" should meet "private". Agriculture is primarily a private sector activity. Agricultural entrepreneurs, including smallholders, meet in cooperatives and associations to promote their production, their marketing and their business cases. They have an important role to play in poverty reduction and agricultural development. We regret that donors do not pay more attention to other than the official, governmental channels of development cooperation.
- Why not also use this very obvious channel - the own organisations established by the rural entrepreneurs? Donors need to find genuine trust in farmer organisations and federative bodies that aggregate many cooperatives and associations that can reach the individual smallholders. We start to realise that many donors are reluctant and not equipped to operate in the more risky private sector environment in which farmer organisations move.

We insist on the following five principles for agricultural development and poverty reduction:

1. Donors should further raise their aid to agriculture, above the original level of the early eighties and in line with the poverty level of their partner countries.
2. Donors need to look again at the relative importance of aid recipients in agriculture. In the light of the challenges in agricultural development and in the light of market failures in developing countries, donor actions could become more effective by investing directly in the strengthening of farmer organisations along with their support to governments.
3. The aid flows towards farmer organisations need to be coordinated by the farmer organisations themselves, and the overall aid to and its use by farmer organisations should be transparent for all stakeholders.
4. Donors should accept that investing in agricultural development, including public-private linkages and private sector development via farmer organisations, implies risks. Donors should consequently adapt their practices of cooperation to diversify their investments through multiple channels.
5. Blue print approaches to support farmer organisations do not exist and should be replaced by tailored strategies and capacity building of the farmer organisations. Joined learning processes by farmer organisations and donors should be explicitly supported.

Signed
Jan Albert Maat, president of LTO, the Netherlands
Piet Vanthemsche, president of Boerenbond, Belgium
Laurent Pellerin, president of AgriCord, president of CFA, Canada
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Jean-Michel Lemétayer, president of FNSEA, France

Look again at how to tackle poverty
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Discussion

Promoting Aid Effectiveness from the Bottom Up

› We want the donors to look again at their support for agriculture and we insist that donors further increase their support up to levels that are higher than in the early eighties and in line with the poverty levels of the concerned countries.

› Only governments that are committed to invest in agriculture themselves should be rewarded by important aid envelopes for agricultural development. When not, donors should explore alternative ways to invest in agriculture. The organized farming sector offers such an alternative.

We are convinced that support to agriculture remains necessary to reduce poverty. 75% of world's poor work and live in rural areas and, according to estimate, 60% will continue to do so by 2025. Moreover, analysis and facts from the field prove that agricultural development demonstrates the most powerful multiplier effects on poverty reduction in early stages of development. At the same time, we have learned that pro-poor agricultural development cannot take place when policies and institutions are not supportive. Unfortunately, we find this still confirmed by recent trends. The upward trend of the rice price for example, has not translated in an increased rice production by small scale farmers in poorer developing countries.

We appreciate the general conviction that agriculture has a crucial role to play for poverty reduction and needs support. However, we are bluntly surprised that donors and governments in developing countries continue to neglect agriculture. We applaud the recent widely voiced commitments of donors to invest in agriculture, which have been stimulated by the 2007-2008 food price crisis. However, at the same time, we have to conclude that the downward trend in aid for agriculture since the eighties with a decrease of nearly two thirds, will not be compensated and certainly not in the light of the increased number of poor and hungry in Africa in particular. We are afraid that the sense of urgency is lacking: instead of halving the number of hungry people, last year another 100 million were added to the statistics.

We regret that donors' commitment to agriculture remains generally low, but we are even more worried about the commitment by governments in developing countries to invest in agriculture, especially in Sub Saharan Africa. The Maputo declaration of African heads of states renewed in 2005, commits to invest 10% of national budget in agriculture by 2010. Out of Africa's 53 nations, only 6 reached the 10% target, 13 spent between 5 and 10%. 15 spend less than 5%. 18 did not report any data to NEPAD secretariat. We want to address the donors and ask them: Why do you continue supporting these governments if they are not investing in agriculture for poverty reduction themselves?

Diversify Aid Recipients

› We strongly suggest that donors consider a more balanced distribution of aid to agricultural development and provide direct support to farmer organisations as an additional channel next to the governmental one. Strong farmer organisations can advocate farmer interests with their governments and can by their own actions correct market failures for the benefit of pro-poor agricultural development.

After fifty years of experience, most donors remain confused about how to package, coordinate and deliver aid to accelerate agricultural and rural development. We observe that they continue to use only the governmental channel while our colleagues in developing countries inform us about the complexity of the governments' sector support for agriculture. Despite the good intentions of some of these strategies, they are implemented by several ministries, interfering with decentralisation and without sufficient tailoring to specific natural and vulnerability characteristics of specific areas and groups of farmers. The fact that countries with better sector strategies and better coordinated donor support for agriculture do not have higher agricultural growth rates than those lacking strategies and coordination, rather on the contrary, can demonstrate this complexity.

We also all know that the pro-poor focus of some of the state's agricultural strategies in developing countries is not guaranteed. These strategies are shaped by political considerations and we regret as many others do that the voice of farmers is not effectively taken into account.

Finally, we are moving in an era where agriculture is primarily a private sector activity, which we know that governments cannot and should not want to control. The best they can do is to create an enabling environment and encourage entrepreneurship and investment and provide the required public goods. Of course, in very poor areas, where agriculture mainly functions as a safety net, balanced public subsidies for the poor can be more relevant. Fortunately the donor scene is more and more convinced that governments' role is to facilitate, coordinate and promote farmers, businesses and civil organisations to put their energy and resources into this development. Part of this involves programming significant spending on public goods – for example rural roads and research but also includes fostering institutions that will remedy market failures and encourage collective actions wherever individual efforts are insufficient.

Strong farmer organisations in developing countries can advocate and promote pro-poor investments and policies for agricultural development. They have also demonstrated that they can serve as key institutions to correct market failures whether the organisations seek vertical integration by taking on supply chain functions or whether the aim is horizontal coordination of farmers and joint negotiations to influence the provision of these essential factors.

Make Aid Flows Tailored and Transparent. Learn from Experiences.

› We plead for tailored support to farmer organisations according to their initial capacity, policies, strategies and dynamics in the context. We insist that blue print approaches be avoided but that the complexity of institutional development of farmer organisations is acknowledged.

› We also advocate better coordination and more transparency of aid flows to farmer organisations.

› We are convinced that coordinated learning as a shared initiative between farmer organisations and donors can be intensified.

We applaud donor initiatives that support farmer organisations directly. Yet, we feel it necessary to address the quality aspects. The current aid to farmer organisations is scattered, generally not yet of adequate quality and weakly coordinated. Handling the scattered aid envelope and adapting to strategies of different donors, leaves farmer organisations unfortunately limited space to develop their own strategies, plans and identity. We also regret to see that donors, who support local or provincial farmer groups, do not always involve the national levels of farmer organisations.

Additionally, we feel that too many donors are convinced of blue print approaches for institutional development, while clearly they do not apply. Second best institutions are in reality often the outcome. Donors also tend to have a too loose attitude towards the accountability of farmer organisations. We are afraid that these practices may undermine their development, rather than strengthen farmer organisations in developing countries.

Finally, as a blue print approaches cannot be applied, farmer organisations, together with donors need to experiment to a certain degree. Experimentation is positive, but we regret that the lessons learnt from these experiments are seldom captured jointly by farmer organisations and donors.

Include Fragile Farmer Organisations and Accept Risk

› We plead, similarly to what is stated in the Paris Declaration for fragile states, not to leave out farmer organisations systematically referring to their variable and fragile organisational strength, but rather to find adapted ways to build gradually their capacity while preserving their identity.

› We are convinced that donors should act in a less risk averse way and should accept that poverty reduction via agriculture will go via rocky institutional paths and via private sector development. Long-term commitment is required for success.

› We want to see increased investments in public-private linkages, with the initiative coming from farmer organisations.

We regret to observe that even where donors consider the role of farmer organisations and direct investments in farmer organisations relevant, that still some factors keep them from effectively investing in these farmer organisations. Firstly farmer organisations are considered as fragile, lacking sometimes capacity to absorb support, with incipient financial accountability and not yet strong enough to function as market institutions or to influence policy. Donors need to find genuine trust in farmer organisations and adapt their support to the capacity of the organisations, rather than turning away.

In a similar vein, the reality forces us to conclude that after years of development cooperation, donors are still very risk averse and reluctant to invest in agricultural private sector development and in farmer organisations as market institutions. The success of the investments is partly dependent on private sector development in agriculture, which sector is exposed to volatile climate and markets. We consider it wrong for donors to ‘put all their eggs in one basket’ and to centre all aid in public channels, especially in this private enterprise driven sector.

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