



PLEDGES, PRINCIPLES AND PROGRESS: Aid to Agriculture Since L'Aquila

ActionAid USA
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EXECUTIVE SUMMARY

In 2007 and 2008, a global spike in food prices caused riots in more than 30 countries and increased the number of hungry people in the world to a historic high of more than 1 billion. In response, at the 2009 G8 summit in L'Aquila, Italy, and at the World Food Summit in Rome later that year, world leaders pledged to significantly increase aid to agriculture, invest in smallholder farmers, and channel their assistance through country-owned plans in a comprehensive and coordinated way. The L'Aquila pledge and the Rome Principles signaled a renewed commitment by donors to agricultural development which hadn't been seen for decades.

This year, the three year timeframe for G8 L'Aquila Food Security pledge comes to an end, and leaders will decide on next steps for agricultural assistance. ActionAid has prepared this briefing paper to provide some background and context to policymakers and advocates at the three year mark. This report examines trends in overall aid to agriculture by key L'Aquila donors over the past several years, and provides an early (if incomplete) assessment of trends in aid to agriculture since the food crisis emerged.

By analyzing data from the OECD DAC of L'Aquila donors' investments in aid to agriculture in 2009 and 2010 (the first or first and second years of the L'Aquila pledge period, depending upon the donor) as compared to the period from 2006-2008, we found:

- Aid to agriculture by L'Aquila donors increased by 60 percent in the first year after the L'Aquila pledge was made. Countries like Canada, Spain and the United States made the largest increases while a few countries actually decreased their investment.
- Donors who pledged large amounts of new money at L'Aquila showed the largest increase in aid, while some donors with smaller pledges of new money ended up with a net decrease in aid.

- Despite a pledge by donors to back country-owned plans, such as those developed through the Comprehensive Africa Agriculture Development Program (CAADP), poor countries with national agricultural development plans received less than a quarter of aid to agriculture from L'Aquila donors. The L'Aquila Pledge has yet to have a significant impact on this trend, meaning that L'Aquila donors have yet to sufficiently align their aid behind country-owned plans as they pledged to in Rome. Canada provides the largest percentage of its aid to agriculture to poor countries with national agricultural development plans while the United States provides the largest amount in real dollars.
- The Global Agriculture and Food Security Program (GAFSP) Public Sector Window has emerged as a best practice in donor financing for agriculture. However, it remains underfunded and is at risk of closure without new donor commitments to the fund. With an innovative and transparent governance structure this multi-lateral trust fund is both encouraging donors to commit new money to aid to agriculture and investing in country-led strategies. But it is suffering from a lack of donor support.

Our analysis also finds that donors are not targeting aid to countries with the highest levels of hunger. While this was not a specific commitment of the L'Aquila pledge, a greater focus on the hungriest countries is critical in order to improve global food security. We found that:

- Just 17 percent of aid to agriculture is going to the 25 countries with the highest levels of hunger, and the L'Aquila pledge had little impact on this trend thus far.

With the three year L'Aquila pledge period coming to an end this year and with global food security high on the agenda of the 2012 G8 summit, ActionAid is urging the G8 and other donors to:

- Commit to sustain and expand the public financial pledges made at L'Aquila to help lift at least 50 million people out of poverty through public investment in agricultural development that benefits women smallholder farmers;
- Align their assistance behind country-owned plans like CAADP and make specific pledges to deliver increased assistance through the innovative GAFSP Public Sector Window; and
- Ensure that any new initiative to leverage private sector support for agricultural development includes significant opportunities for participation by farmers and civil society and a clear indication as to how private sector investment will improve nutrition and smallholder productivity and income.

INTRODUCTION

After the 2007-2008 food price crisis, G8 leaders came together in L'Aquila, Italy in July of 2009 and made a 'Hunger Pledge' to the world's poor. The "L'Aquila Food Security Initiative" (AFSI), supported smallholder agriculture and was backed by \$22 billion from 13 AFSI donors¹ over three years. Later in the year world leaders gathered at the World Food Summit in Rome and more than 60 Heads of State committed to the Rome Principles. These principles were meant to guide donor investments in agriculture and hold donors accountable for making investments in country-owned processes and plans which are comprehensive, sustained and coordinated (See Box 1).

¹ Australia, Canada, European Union, France, Germany, Italy, Japan, Netherlands, Russia, Spain, Sweden, the United Kingdom and the United States.

² G8 Evian summit – Action against famine, especially in Africa', 2 June 2003, www.ambafrance-uk.org

BOX 1 The Rome Principles

Principle 1: Invest in country-owned plans, aimed at channeling resources to well designed and results-based programs 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: 1) direct action to immediately tackle hunger for the most vulnerable and 2) medium and long-term sustainable agricultural, food security, nutrition and rural development programs to eliminate the root causes of hunger and poverty, including through the progressive realization of the right to adequate food.

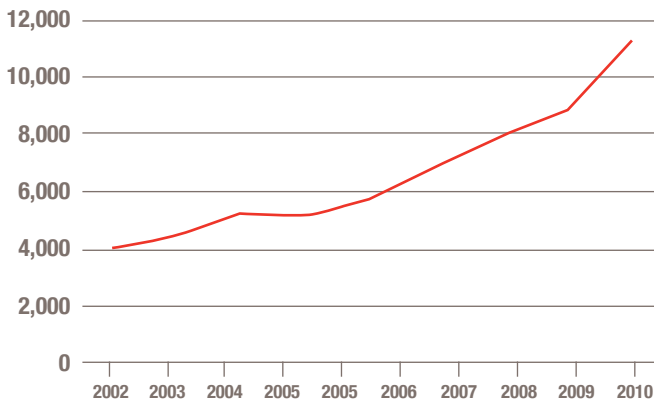
Principle 4: Ensure a strong role for the multilateral system by sustained improvements in efficiency, responsiveness, coordination and effectiveness of multilateral institutions.

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 programs

The L'Aquila Pledge represented an enormous shift in aid to agriculture which had been ignored for decades. Aid to agriculture began to plummet in the 1980s and by 2000, it had been cut by almost 50 percent from two decades prior. In 2003, at the G8 summit in Evian, France, G8 leaders committed to "reversing the decline of official development assistance to agriculture."² It was not until the food price crisis of 2007-2008 that the G8 made time bound commitments to reverse the decline. Chart 1 highlights aid to agriculture trends from AFSI donors and demonstrates that after the L'Aquila Pledge was made in 2010, there was a sharp increase in aid to agriculture.

CHART 1

Aid to Agriculture from AFSI donors 2002-2010 (in 2009 U.S. dollars)



THE PLEDGE

The amount of the total pledges made by donor countries at the G8 summit in 2009 — and the subset of each pledge which represented “new money” above and beyond previous budgets or commitments — varied widely across donors. The largest pledges were made by the European Union, the United States, Germany, Japan, France, the Netherlands and Canada. Of these pledges, however, only Canada and the United States included at least 50 percent new money. The other major donors offered an average of only a 20 percent increase in new money for aid to agriculture. Overall, the United States and Germany had the largest pledges of new money at \$1.7 billion and \$1 billion respectively.

A Note on Data Used in this Report

Data for this analysis was taken from the Organization for Economic Cooperation and Development (OECD), Development Assistance Committee (DAC) database. The DAC database includes all aid to agriculture, not just aid that donors included in their AFSI pledge. This data is, however, “defined” by AFSI, meaning that data was pulled from the following codes for aid to agriculture: including OECD DAC database codes 311, 312, 313, 32161. It does not include development food aid or nutrition spending. The DAC database also only has data available for 2009 and 2010. While most donors pledged financial

commitments for the period 2010-2012, some donors pledged investments from 2009-2011. Therefore, this analysis is based on either the first or first and second years of AFSI donor pledges. Many countries could have improved their performance in the following 1-2 years. Finally, no data is available on Russia, which is an AFSI donor, as it does not provide any data to DAC.

L'AQUILA PLEDGE: IMPACT ON AID TO AGRICULTURE

The Pledge

We therefore agree to act with the scale and urgency needed to achieve sustainable global food security. To this end, we will partner with vulnerable countries and regions to help them develop and implement their own food security strategies, and together substantially increase sustained commitments of financial and technical assistance to invest in those strategies.

*L'Aquila Joint Statement on Global Food Security,
L'Aquila, Italy, 2009*

What impact did the L'Aquila Pledge have on overall aid to agriculture³? ActionAid has found that a comparison of aid to agriculture pre- and post-L'Aquila Pledge has revealed both positive trends and areas for improvement, with some countries leading and others failing, thus far, to make progress on their pledge.

ActionAid's analysis shows that overall aid to agriculture from AFSI donors did increase by 60 percent in 2010, the year after the pledge was made (as compared to the average aid to agriculture between 2006 and 2008). It was clear from our analysis, however, that some countries were leading this increase while others actually decreased aid (see Table 1).

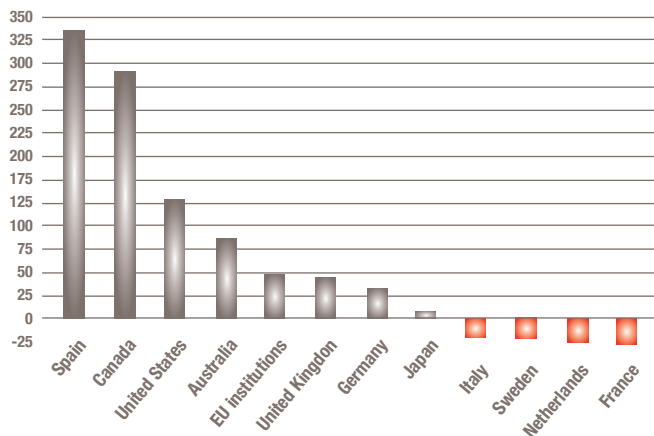
Canada, the United States and Spain led AFSI donors in increasing aid to agriculture in both percentage and real dollars.⁴ These three donors alone made up 80 percent of the increase in aid to agriculture in the first year. On the other hand some donors actually decreased their aid to AFSI. France, the Netherlands and Sweden decreased aid after AFSI by an average

³ As defined by OECD DAC.

⁴ OECD. Creditor Reporting System online database. Last accessed: March 28th 2012. Available at: <http://stats.oecd.org>

of 25 percent. In most cases this is directly linked to how much new aid these countries pledged. The donors that pledged the largest amount of new money, Canada, the United States and Spain, also saw the largest percentage increases. Donors who promised very little money, in most cases, ended up decreasing aid to agriculture in the year after AFSI.

TABLE 1
Percentage Change in Aid to Agriculture post-L'Aquila Commitment (Average of 2006-2008 compared to 2010)



THE PLEDGE TO INVEST IN COUNTRY INVESTMENT PLANS

The Pledge

Local ownership must begin with the national political will to develop and implement comprehensive food security strategies, based on sound scientific evidence, inclusive consultation, domestic investment and clear directions. We commit to provide resources — whether financial, in-kind or technical assistance — in support of CAADP and other similar regional and national plans in Africa, Latin America and the Caribbean, and Asia.

L'Aquila Joint Statement on Global Food Security,

Fundamental to the success of the L'Aquila Pledge was that investments were to back countries with national agricultural development strategies, or country investment plans (CIPs). The Rome Principles also committed donors to increasingly channel their funding through country investment plans like CAADP.

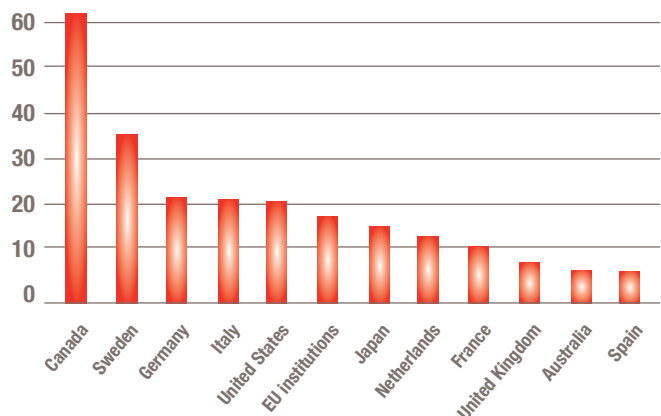
⁵ A Country-led Food and Nutrition Security Initiative: Impacts and Costs, ONE.org, Washington, DC, 2012

It is critical for donors to align their assistance behind CAADP and other national agricultural development plans because this ensures that donor aid is channeled strategically and that it is supporting efforts that the government and key in-country stakeholders have identified as their own priorities.

ActionAid's analysis has found that despite their pledges, donor countries are not prioritizing poor countries with country investment plans (see Table 2). There are currently 30 IDA-only countries with CIPs⁵. On average, donor governments are providing just 20 percent of total aid to agriculture to these countries. This means that the vast majority of aid, around 80 percent, is going to countries without country investment plans or middle income countries where donor governments may or may not be investing in strategic, country-defined goals.

There are of course many countries without country investment plans that still require donor assistance to sustainably improve national food security. This analysis is not to suggest that donors should only invest in poor countries with CIPs. On the contrary, in countries in need of food security investments donors should provide technical assistance to incentivize those countries to develop widely consulted country investment plans and food security strategies. Our analysis suggests, however, that the L'Aquila Pledge and Rome Principles should have improved the trend towards investing in countries with CIPs. In the first year of investments, we have seen that this has not been the case. We hope that in the later years of the pledge that this trend has improved.

TABLE 2
Percentage of total agricultural aid to poor countries with Country Investment Plans (2010)



CASE STUDY:

BEST PRACTICE SINCE L'AQUILA: THE GAFSP



Esther, a Rwandan smallholder farmer, received support from the Rwandan government via the GAFSP which has helped her to increase her yield and income.

The public sector window of the Global Agriculture and Food Security Program (GAFSP) is an example of an innovative mechanism for encouraging both new aid to agriculture as well as investment in country-owned strategies.

In total, nearly one billion dollars has been pledged to the public sector window of GAFSP, of which \$481 million has been disbursed. This has been allocated to 12 countries to support investments. One of the innovations of GAFSP is its governance structure. The Steering Committee which governs the Public Sector Window includes 12 voting members, including 6 representatives from donors and 6 from developing country governments. There are an additional 11 non-voting members who also fully participate. These include three civil society representatives, one from northern civil society organizations and two from farmers' organizations in Africa and Asia. ActionAid serves as the Northern CSO Representative on the Steering Committee.

Another GAFSP innovation is that countries who submit project proposals to GAFSP which have included consultation with broad civil society are more likely to be chosen. This provides a built-in incentive to include broad consultation during project design. ActionAid is pressing for the fund to enhance incentives to support sustainable agriculture and to ensure civil society participation is even more robust at the country level.

The innovations described above are helping GAFSP to create positive results on the ground which ActionAid has seen firsthand. ActionAid has visited a project called "Land Husbandry, Water Harvesting and Hillside Irrigation Project" (LWH) in the last year. The project helps Rwandan farmers build terraces in the hillsides to increase the productivity of their farms and decrease soil erosion.

The project grew out of a Rwandan \$6 million government initiative to improve agricultural productivity. GAFSP funds of \$50 million are being used to expand the project to an additional 7-8 sites. This will allow the LWH

to reach an additional 6,000 beneficiaries and 50 percent of the direct beneficiaries are expected to be women.

ActionAid met with some of the farmers benefitting from this project and heard from them how it was assisting their farms and their families. The farmers alternate between planting wheat and potatoes and in their first harvest were able to sell 65 percent of their potatoes in the market. Prior to the project they were only able to sell 10 percent of their harvest, which means their surplus has increased significantly.

When ActionAid met with Esther she was surrounded by other women working on her land. She said that because of her increased profit she was able to pay her neighbors to help her with her land. She and her husband had made nearly 10 times the money they had earned in the past as a result of the terraces on their land. With this money, not only are they contributing to the community by paying neighbors to assist on their land, but they have also been able to build a bigger house.

Esther, her husband and all of the 6,000 farmers who are being assisted by GAFSP in Rwanda are just some of the beneficiaries of the pledge that was made at L'Aquila. Esther proves that country-owned, sustainable, and coordinated investments can increase food security and decrease poverty through agricultural development.

Some countries are doing a better job of investing in countries with CIPs than others. Canada gives more than 60 percent of its aid to agriculture to countries with CIPs. The United States gives the highest dollar amount to poor countries with CIPs at more than \$300 million, although it makes up only 20 percent of its total aid to agriculture in 2010. Countries including Australia, Spain and the United Kingdom gave less than 10 percent of total aid to agriculture to countries with CIPs.

Finally, ActionAid's analysis showed that the L'Aquila Pledge appeared to have little effect on investments in countries with CIPs. Overall aid to agriculture to countries with CIPs increased less than 2 percent after the L'Aquila Pledge. In fact, two-thirds of donor countries decreased their aid to these countries post-L'Aquila. This illustrates that, at least in the first year of the pledge, AFSI donors were not sufficiently adhering to the Rome Principles to which they agreed and that the pledge, for most countries, had little effect on where their aid to agriculture went.

OTHER TRENDS IN AID TO AGRICULTURE

Overall, the L'Aquila Pledge was meant to "achieve sustainable global food security." While AFSI donors did not specifically pledge to invest in the poorest and hungriest countries, they will not be able to achieve their goal of sustainable food security without addressing the countries in which the majority of the world's food insecurity exists. To test progress in this area, ActionAid analyzed whether or not aid to agriculture is going to the countries with the highest rates of hunger and poverty.

IMPACT ON HUNGER

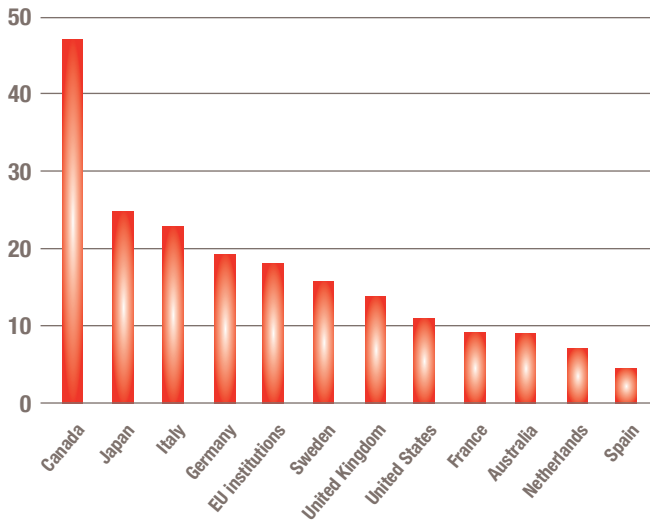
ActionAid found that AFSI donors are investing only 17 percent of aid to agriculture in the 25 countries with the highest levels of hunger⁶ (See table 3). Canada had the highest levels of investment in countries with high levels of hunger. Nearly half of all Canadian aid to agriculture went to the 25 countries with the highest levels of hunger. Japan provided the most aid, in terms of real dollars, to the countries with the highest levels of hunger at \$244 million. Canada, the European Union, and the United States all also provided more than \$100 million to these countries.

The L'Aquila Pledge seemed to have very little impact on how much aid to agriculture was going to these countries. Aid to these countries increased by less than 2 percent after the pledge. Most AFSI donors increased their aid to these countries very slightly, while Canada increased its aid by more than 25 percent and the United Kingdom decreased its aid by almost 10 percent. While many of these countries are fragile states or conflict or post-conflict states, donors should find means to provide aid to agriculture that is tailored to the challenging circumstances in these countries and to provide technical assistance to help them to develop national agricultural development strategies where they don't yet exist.

⁶According to the 2011 Global Hunger Index (from 2004-2009).

TABLE 3

Percentage of agricultural aid to 25 countries with highest Global Hunger Indices (2010)



TOP 10

RECIPIENTS OF AGRICULTURE AID*

1. Afghanistan
2. Indonesia
3. India
4. China
5. Ghana
6. Colombia
7. Mali
8. Philippines
9. Iraq
10. Bolivia

TOP 10

HUNGRIEST COUNTRIES**

1. DRC
2. Burundi
3. Eritrea
4. Chad
5. Ethiopia
6. Haiti
7. Timor-Leste
8. Central African Republic
9. Comoros
10. Yemen

As this chart shows, there is no correlation between countries with the high rates of hunger and those that receive aid to agriculture from AFSI donors.

*From AFSI donors.

**As defined by the Global Hunger Index, 2011, covering the years 2004-2009.

WHAT'S NEXT FOR AID TO AGRICULTURE?

In 2012, the financial commitments in the L'Aquila Pledge are set to expire. Our analysis has highlighted some of the trends in overall aid to agriculture emerging since 2009. Further research will be required, however, to understand how this pledge affected aid to agriculture. 2011 data, for instance will help to determine whether these trends are persistent.

Overall, the L'Aquila Pledge has spurred these donors to increase the amount of aid to agriculture in a way that previous promises made by donors had not. However donors have not sufficiently channeled funds to poor countries with CIPS, nor to countries with high rates of hunger and poverty.

A New Alliance? The 2012 G8 Food Security Initiative

ActionAid understands that there will be a new global food security initiative announced at the 2012 G8 summit at Camp David. The new initiative will have a strong focus on mobilizing the private sector's contribution to agricultural development in developing countries. It will focus on policy reform, markets and finance, technology and innovation, risk management and nutrition.



ACTIONAID'S RECOMMENDATIONS FOR THE NEXT FOOD SECURITY INITIATIVE

Our analysis reveals several key points for donors to consider. First, we have seen that the L'Aquila pledge — as a concrete and time-bound financial pledge — has been successful in increasing aid to agriculture. We saw that donors who made large commitments followed up in the first year of the pledge with increased aid. Donors that made small commitments in many cases had very little increase or actually decreased their aid. What was different about L'Aquila was that it was clear and time bound. Leaders gathering in 2012 should consider this lesson.

Additionally, we have found that many donors are not targeting their aid very well. Only a fraction of aid to agriculture is going to countries with country investment plans and even less is going to countries with high levels of hunger. Donors must put their money where their mouth is and align their aid to agriculture behind country-owned plans.

With the three year L'Aquila pledge period coming to an end this year and with global food security high on the agenda of the 2012 G8 summit, ActionAid is urging the G8 and other donors to:

- Commit to sustain and expand the public financial pledges made at L'Aquila to help lift at least 50 million people out of poverty through public investment in agricultural development with a focus on women smallholder farmers;
- Align their assistance behind country-owned plans and make specific pledges to deliver increased assistance through the innovative GAFSP Public Sector Window; and
- Ensure that any new initiative to leverage private sector support for agricultural development includes significant opportunities for participation by farmers and civil society and a clear indication as to how private sector investment will improve nutrition and smallholder productivity and income.

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ActionAid is a partnership between people in poor and rich countries, dedicated to ending poverty and injustice. We work with people all over the world to fight hunger, seek justice and education for women, hold companies and governments accountable, and cope with emergencies in over 40 countries.

ActionAid USA
1420 K St, NW, Suite 900
Washington, DC 20005
Tel: +1 202 835 1240
inquiries@actionaid.org
www.actionaidusa.org

