

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)

Support to AU/NEPAD (Period of July 2009 to June 2010)

Introduction

African leaders created the New Partnership for Africa's Development (NEPAD) in 2001 to promote sustainable development and strengthen efforts to achieve the Millennium Development Goals (MDGs). Within the NEPAD framework, the Comprehensive Africa Agriculture Development Programme (CAADP) is Africa's initiative to boost agricultural growth and productivity to reduce poverty and hunger in Africa. Under CAADP, the African Union (AU) and NEPAD have supported countries across the continent to take stock of their approaches in the agriculture sector, to reform programs and policies where needed, and to develop plans to scale up programs as merited.

Established by the AU assembly in 2003, CAADP focuses on improving food security, nutrition, and increasing incomes in Africa's largely farm-based economies. It aims to do this by raising agricultural productivity by at least 6% per year and increasing public investment in agriculture to 10% of national budgets per year.

IFAD in Partnership with AfDB: Evaluating and Implementing CAADP Policies

In 2009, the African Development Bank (AfDB) and IFAD undertook a joint evaluation of agriculture and rural development policies and operations in Africa. The joint evaluation included an assessment of past and current relevance and performance, but was also forward-looking in seeking to provide recommendations regarding ways in which the two organizations can respond to a changing environment in line with their strategic objectives and comparative advantages. One of the joint evaluation's recommendations was for the AfDB and IFAD to work together to ensure policies and operations are aligned with CAADP's policy pillars, and that the two agencies' agriculture and rural development strategies and business plans are aligned with national sector policies and strategies.

The evaluation also noted that the prevailing international trade regime undercuts agriculture in Africa and recommended that both institutions should, at the level of global policy, develop knowledge and capacity to engage in international advocacy on trade issues affecting African producers, and support borrowing countries in strengthening their capacity to negotiate trade issues in international forums.

In response to the recommendations contained in the joint evaluation report, AfDB and IFAD management affirmed their support for CAADP, its four policy pillars and the promotion of country-led CAADP processes. Both institutions will continue to work in partnership with CAADP and align their policies, wherever possible, with national priorities and strategies. AfDB and IFAD were of the view that CAADP can certainly play an effective role in the area of policy dialogue and advocacy. Equally important for bringing about improvements in the agricultural and rural sector was the achievement of the targets set under the Maputo Declaration.

Concerning international trade, both institutions propose to work closely with the African Union/CAADP and the Regional Economic Commissions (with the African Union taking the lead role) to adopt common positions when negotiating on trade issues in international forums.

High-Level Support to CAADP: L'Aquila Food Security Initiative

At the global level, strong political, technical and financial support for CAADP emerged as a key outcome of the G8 meeting at L'Aquila in July 2009 where the heads of state, government and international and regional organizations adopted the L'Aquila Food Security Initiative. The L'Aquila Initiative affirmed that CAADP is an effective vehicle for ensuring that resources are targeted to a country's plans and priorities, and committed to provide financial, in-kind and technical resources in support of CAADP. IFAD, along with other key development partners, endorsed the Initiative. The principles set forth in L'Aquila were further endorsed as the Rome Principles at the World Food Summit in November 2009. CAADP has thus become a key organizing framework and process for expanded and intensified efforts sustainable to achieve greater food security in Africa. The development partners of African countries, including IFAD, are working through CAADP to realize commitments made at the global level. IFAD is following up actively with the CAADP Donor Group seeking to improve coordinated support at the continental level.

A good example in this context is IFAD's support in Rwanda. In March 2007, Rwanda became the first country to sign a CAADP Compact. The Rwanda Compact confirmed the consensus around the goals and priorities that Rwanda has set for the sector and the partnerships and assistance that are required to achieve eight percent annual growth in the sector and to meet the MDGs. The Compact commits the government of Rwanda and its development partners to increase the effectiveness of planning and execution of government efforts as well as the delivery of external assistance in the agricultural sector, thereby providing a solid framework under which assistance can be scaled up to help meet the short and long term investment needs in the sector. Building on the Compact, the government of Rwanda developed a comprehensive medium-term plan (the Strategic Plan for Agricultural Transformation) in consultation with development partners, the private sector, farmers' and civil society organizations and other relevant stakeholders.

Since the signing of the Rwanda CAADP Compact, IFAD has so far committed 20.45 million USD in grant financing to the sector. In addition, its Executive Board in December 2009 approved another 9.32 million USD as add-on grants to its existing agricultural supported operations and congratulated the government of Rwanda for its leadership in CAADP. For the 2010-2012 budget cycle, IFAD is planning to contribute to Rwanda's Agriculture Sector Investment Plan an additional allocation of about 40 million USD, all of which would support agriculture development.

The experience with the ECOWAS Regional Economic Community demonstrates IFAD's strong support to the increasing momentum around the CAADP agenda in West Africa. IFAD is a signatory of the partnership compact for ECOWAS (ECOWAP) which outlines a commitment to support individual Member States as well as the mobilizing regional programs. Beginning in

mid-2009, the West African states, with the strong support of ECOWAS, were able to sign CAADP compacts in most countries and initiated preparation of the National Agriculture and Food Security Investment Plans that were presented at a business meeting in Dakar in June 2010, along with an investment plan in support of the regional compact, ECOWAP. At this important event attended by government, farmer organizations, private sector, NGOs and donors from all ECOWAS Member States, IFAD emphasized its full commitment to support and align its financing with country investment plans, to increase its field presence to better engage these processes – including the completion of investment plans based on technical reviews - and share its experience on the ground through existing coordination mechanisms, and to continue its strong focus on supporting the capacity and role of producer organizations and improving results-focused monitoring and evaluation for the agricultural sector. IFAD's expanding role in supporting smallholder integration into market-oriented agriculture was recognized by government, private sector and donor participants during the business meeting with requests for further partnership.

In terms of progress within specific countries, IFAD was the first donor to initiate a specific program in support of the compact and investment plan of Togo, which has since been joined by AfDB and World Bank in a larger programmatic support. In the first round of GAFSP support, the GAFSP Steering Committee assigned IFAD as supervising institution for two of the five approved country proposals – Togo for 20 million USD (additional 19 million USD with World Bank) and Sierra Leone (50 million USD) – reflecting both the requests of requesting governments as well as in recognition of IFAD's experience in effectively integrating producer organizations in the formulation and implementation of projects. Several other countries are indicating their interest in IFAD support in their GAFSP proposals which are expected to be submitted for approval in October 2010.

While countries in Central Africa working within the CEMAC economic community are moving more slowly with the CAADP process, IFAD is already analyzing formulation of a new project in Central African Republic with the emerging CAADP compact. Further, IFAD has been engaged with the recent discussions regarding development of CAADP compact and investment plan in Mauritania. IFAD is continuing to engage with AfDB and the World Bank regarding regional roles in relation with GAFSP support, and utilizing the opportunities of the CAADP country processes to strengthen partnerships with the EC, USAID and other donors through better aligned financing.

IFAD's loans and grants are allocated based on articulated priorities of governments and implemented through government systems, consistent with key tenets of CAADP. Through active participation in ministerial-level agriculture sector working groups, IFAD supports CAADP objectives of harmonization and alignment of development programs to increase aid effectiveness.