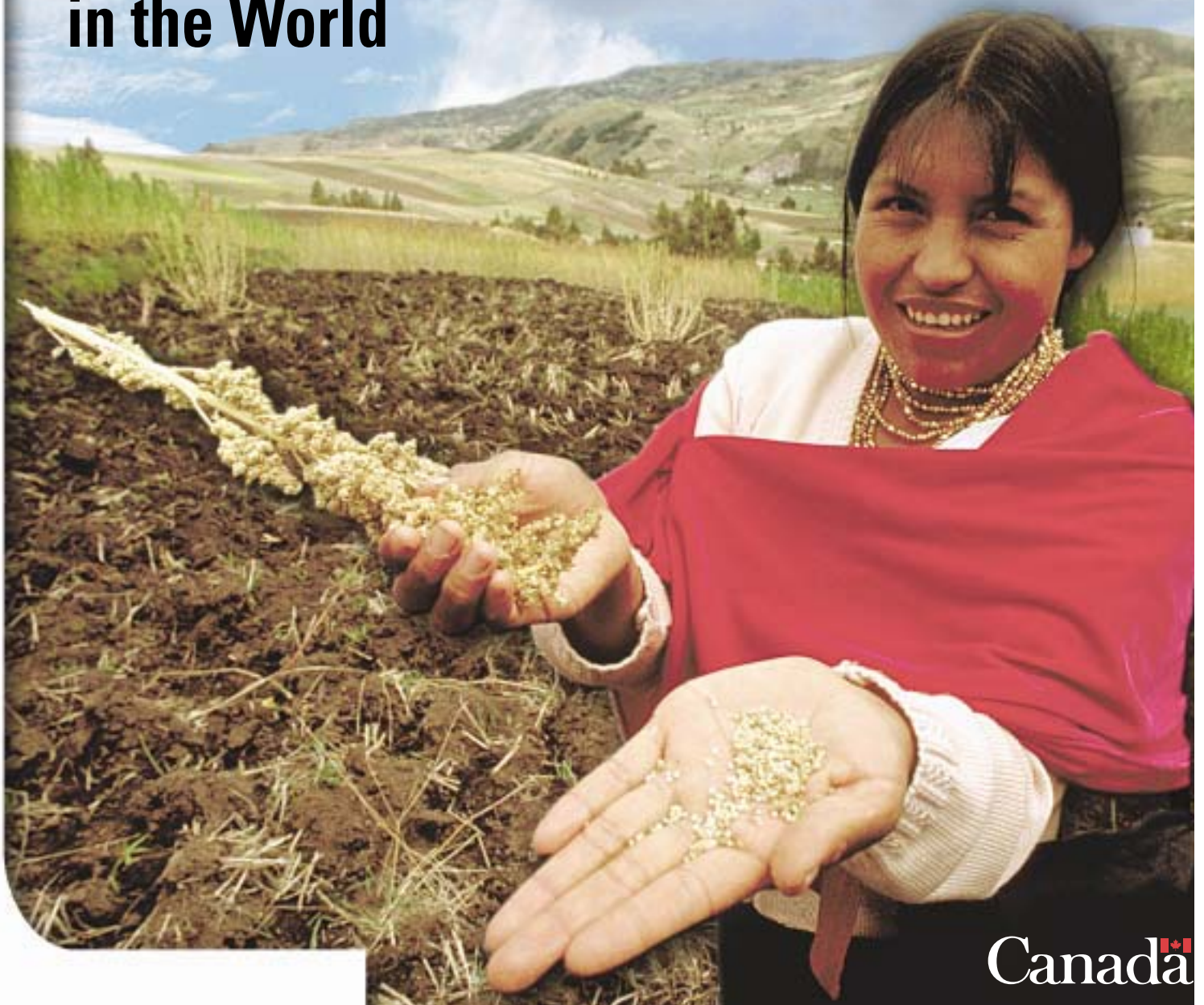




Promoting Sustainable Rural Development Through Agriculture

Canada Making a Difference in the World



Message from the Minister



In January 2003, during a trip to Ethiopia, I visited Endigow, one of many poor villages that are receiving Canadian development assistance, including seeds and tools to help with next year's growing season. I met people who knew that a hungry child cannot concentrate in school any more than a community struggling to feed itself can escape the downward spiral of poverty.

My meetings with affected families reaffirmed my belief that Canada needs to enhance its support for sustainable rural development. Approximately 75 percent of the absolute poor in developing countries live in rural areas, depending primarily on the land for their livelihoods.

Agriculture is central to rural development, with strong linkages to health, education, the private sector, water, and the environment. We need to manage the complexities of these relationships to ensure that rural development is integrated, equitable, and sustainable. In this way, a renewed focus on agriculture in rural development can help us meet the Millennium Development Goals—goals that reflect the international community's commitment to sustainable development.

This new policy statement of the Canadian International Development Agency (CIDA), *Promoting Sustainable Rural Development Through Agriculture*, addresses these challenges. The document builds on *Canada Making a Difference in the World: A Policy Statement on*

Strengthening Aid Effectiveness, which was launched in September 2002. It also reflects extensive consultations with our partners inside and outside Canada, including those in developing countries.

From October to December 2002, I met with more than 150 organizations from Canada and abroad to hear their views about how CIDA could best support rural development in the developing world. Nearly 2,000 people visited the on-line consultation forum, and a wide range of organizations and individuals submitted comments. I would like to thank all participants for contributing to our analysis and enriching our discussions. Many of their suggestions have found their way into this policy statement.

This policy identifies programming CIDA will undertake to create new opportunities for the rural poor, empower developing countries, and build a knowledge base for sustainable agricultural development. In particular, research will be critical to meeting current and future challenges in the sector. All told, CIDA will increase investments to the sector from a current level of approximately \$95 million to \$300 million in 2005/06, aiming to reach \$500 million in 2007/08.

As CIDA puts this policy into practice, it will be looking to strengthen its relationships with partners in Canada and in developing countries. In particular, I want the Agency to continue drawing upon the knowledge of the agricultural sector of our Canadian partners: Canada's experience and expertise in the many facets of agriculture is a great strength.

Together, we will work with shared commitment, close collaboration, and strong leadership to promote sustainable rural development in villages such as Endigow.

The Honourable Susan Whelan
Minister for International Cooperation

Promoting Sustainable Rural Development Through Agriculture

**Canada Making
a Difference in the World**

Canadian International Development Agency

2003

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March 2003

© Minister of Public Works and
Government Services Canada, 2003

Catalogue No. CD4-8/2003

ISBN 0-662-67230-5

Cover photo: A farmer with quinoa grains near La Merced, a village
in the Riobamba area of central Ecuador.

CIDA photo: Greg Kinch



Printed in Canada

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CIDA photo: Greg Kinch

1 Introduction

The Context for Developing this Policy Statement

In September 2000, 147 leaders from countries around the world, including Canada, gathered in New York and issued the Millennium Declaration, which outlined their collective commitment to sustainable development and poverty reduction. Later that same year, the 8 Millennium Development Goals (MDGs), along with 18 targets and 48 indicators to measure progress, were also agreed upon. Since then, a powerful momentum has been building behind these goals. Agriculture can make very significant contributions to attaining them.

Canada Making a Difference in the World: A Policy Statement on Strengthening Aid Effectiveness outlines principles, policies, and programming approaches to improve the effectiveness of development assistance programs run by the Canadian International Development Agency (CIDA). The principles include local ownership, in which recipient countries (governments and people) develop their own development strategies; improved donor coordination; and stronger partnerships. A results-based approach, with improved monitoring and evaluation of development programs, is also essential; and greater policy coherence within developed countries in areas such as trade, investment, and technology transfer is equally necessary. In addition, CIDA has identified good governance, including building capacity and engaging civil society in developing countries, to be critical to effective aid.

Canada Making a Difference in the World: A Policy Statement on Strengthening Aid Effectiveness also outlined sectoral priorities for the Agency. While reconfirming CIDA's commitment to increased investments in its four Social Development Priorities, the policy announced a new focus on measures to facilitate economic growth. To this end, the Agency committed to developing new policies for private sector development, and agricultural and rural development, and to strengthening investments in these sectors.

This policy statement outlines the importance of agriculture to achieving several of the MDGs while making linkages to other sectors. Against this backdrop, the policy outlines CIDA's approaches to reinforcing these linkages, guiding principles, and programming priorities across five broad thematic areas.

In this statement, agriculture is defined as the entire system that links the producers and consumers of food and non-food agricultural products. This system incorporates dimensions such as the production, storage, processing, trade and use of these products, the natural resource base, and the policy and regulatory environment that supports the system.

2 Promoting Sustainable Rural Development Through Agriculture

The following policy responds to the sustainable agricultural development needs of developing countries (low and middle income) and economies in transition—all subsumed by the term “developing countries” used throughout the text.

This document reinforces the programming approaches elaborated in previous CIDA policy statements. In particular, CIDA’s policies on poverty reduction; the environment; gender equality; and human rights, democratization and good governance will continue to guide its programming in agriculture.

The Consultative Process for Developing this Policy Statement

The directions set out in this document are the product of, and have benefited from, extensive consultations with partners in Canada and overseas on the basis of a discussion paper entitled *Sustainable Rural Development: the Role of Agriculture in Canada’s International Assistance Program*.

Between October 15 and December 15, 2002, nearly 2,000 people visited CIDA’s on-line forum. CIDA received submissions from more than 60 organizations and individuals. As well, CIDA consulted with its partners in developing countries through round tables and informal discussions, and received input from 12 countries. The Minister for International Cooperation chaired 12 round table sessions in Canada,^{*} as well as an international round table in Ottawa attended by developing countries, donors, and multilateral organizations. More than 150 organizations participated in these sessions led by the Minister.

Participants expressed a broad range of views in these consultations. In such a limited space, it is not possible to capture the richness of the debate or the variety of views expressed; however, a number of common themes emerged:

- **Increasing the emphasis on agriculture programming.** There was unanimous support for the Agency increasing its focus on agriculture. This support was based on the expressed view that agriculture was a crucial sector for the poor in many developing countries.
- **Taking a long-term view.** Most respondents reminded the Agency that agricultural development was a long-term process, and recommended a sustained effort.
- **Adopting an integrated approach.** Many believed that while a sectoral approach was useful for analysis, CIDA must integrate its programming because of the complex nature of agriculture and its links to many other sectors. In this context, the Sustainable Livelihoods and Ecosystems Health approaches were considered to be particularly promising.
- **Broadening the definition of agriculture.** Some believed that the discussion paper defined agriculture too narrowly since, for example, it excluded forestry and fisheries.

* Sessions took place in Vancouver, B.C.; Edmonton, Alta.; Saskatoon, Sask.; Winnipeg, Man.; Guelph, Ont.; Ottawa, Ont.; Montréal, Que.; Longueuil, Que.; Moncton, N.B.; Halifax, N.S.; Charlottetown, P.E.I.; and St. John’s, Nfld.

- **Scope of the discussion paper.** Many believed that the scope of the discussion paper was too narrow since it did not cover such related areas as population, conflict, and human rights, among others. Some, however, felt that the paper should have been more narrowly focused on agriculture, perhaps production agriculture, as this engaged most of the rural poor.
- **Safety net versus economic growth.** Participants frequently debated the appropriate role for agriculture: should it serve as a safety net for the poor or as an engine of economic growth?
- **Programming level.** Many believed that CIDA's programming should target the poor directly in the field (micro level) to create the greatest benefits for the poor. Others felt that policy level and multilateral (macro) programming were also necessary since these levels best address the conditions that affect the rural poor.
- **Role of research.** There was widespread concern that the knowledge base to address the pressing problems facing agriculture was not being generated quickly enough. Many felt that the problems will get progressively more challenging as population growth places more pressure on agricultural productivity and on the natural resource base.
- **Trade.** Participants expressed concerns that the international trading system did not advance the interests of developing countries. In addition, many noted the negative impact of subsidized agricultural products from developed countries on smallholder farmers in developing countries, and the need to reform the international trading system.
- **Biotechnology.** While participants acknowledged the potential benefits of programming to promote the use of biotechnology, they also raised concerns about the risks associated with these avenues, particularly as they related to health and environmental issues.
- **Harnessing Canadian capabilities.** Canadian development partners frequently reminded CIDA of the enormous knowledge and expertise that existed in Canada, and that could be harnessed to support the Agency's development efforts; however, many expressed the concern that the pool of experts was steadily declining as a result of CIDA and others paying much less attention to international agriculture.

Against this background, there was no clear consensus on a main focus for CIDA's revived efforts in agriculture. Not surprisingly, participants tended to stress the importance of programming in areas in which they were currently active, but held less-firm views on programming in other areas.

2 Agriculture: Key Challenges and Linkages

Agriculture and the Millennium Development Goals

Agriculture can make significant contributions to attaining the MDGs. It is the sector from which most of the rural poor in developing countries derive their income, and both rural and urban people obtain most of their food, which is produced largely by women. As agriculture depends heavily on the natural resource base, it influences environmental sustainability. Agriculture is also closely linked to human health and education.



CIDA photo: Roger LeMoynes

MDG TARGETS

Halve, between 1990 and 2015, the proportion of people whose income is less than \$1 per day

Halve, between 1990 and 2015, the proportion of people who suffer from hunger

Eradicating Poverty and Hunger

An estimated 1.2 billion people are absolutely poor, living on less than US\$1 per day; nearly twice that number live on less than US\$2 per day. Currently, about 800 million people go hungry each day. Approximately 75 percent of the absolute poor in developing countries live in rural areas, where they depend mostly on agriculture for their livelihoods. Thus, reducing poverty in rural areas, and hunger in both rural and urban areas, will depend heavily on the sustainable development of agriculture. Through efforts in the sector, income of the rural

poor must increase rapidly, and food production in the developing world must more than double over the next twenty years to keep up with population growth. To achieve these goals, the sector must promote pro-poor economic growth at rates at least as fast as population growth rates. This, in turn, will require raising agricultural productivity, integrating agriculture into local and international markets effectively, and creating productive on- and off-farm employment.

Promoting Gender Equality and Empowerment of Women

Women are responsible for half of the world's food production and between 60 percent and 80 percent of the food in most developing countries. Not only are women the mainstay of the agricultural food sector, labour force, and food systems, they are also largely responsible for post-harvest activities. Their specialized knowledge about genetic resources also makes them essential custodians of biodiversity for food and agriculture.

However, women's fundamental contribution is continually under-appreciated and under-supported, and is often adversely affected by prevailing economic policies and other development conditions. These circumstances must be reversed: sustainable rural development through agriculture cannot be achieved without the full participation of women.

Achieving Environmental Sustainability

The natural resource base of suitable land, water, forests, and biodiversity largely determines the potential of agriculture. These resource endowments have a major influence on human activity in agriculture, and in turn, are affected by them. Historically, agriculture responded only to the need for food. Much later, it sought to respond to poverty-reduction mandates as well. Now it seeks to simultaneously help meet the triple objectives of poverty reduction, food security, and environmental sustainability.

Most of the land suitable for agriculture is already in production. Therefore, meeting current and future food requirements will require rapid increases in productivity; otherwise, an undesirable expansion onto fragile and marginal lands will result. There is widespread concern that deforestation and land degradation are severely diminishing the potential of ecosystems. The main causes of these conditions go well beyond agriculture; however, agriculture does play a role: when policies are inappropriate, unsustainable agricultural practices are used and property rights are insecure.

Biodiversity supports the production of an ecosystem's goods and services essential for life as well as for many cultural values. Improving crops, livestock and feeds; increasing soil fertility; and controlling pests and diseases often depend on these resources; however, increasing population pressure, deforestation, and unsustainable agricultural practices are contributing to degradation of these "life insurance policies."

MDG TARGETS

Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015

Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources

Halve, by 2015, the proportion of people without sustainable access to safe drinking water

By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers

Contributing to Human Health and Education

Good health and education are two prerequisites for sustainable development, and agriculture contributes to both—in positive, as well as negative, ways.



CIDA photo: Roger LeMoyne

MDG TARGETS

Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

Reduce by two thirds, between 1990 and 2015, the under-5 mortality rate

Reduce by three fourths, between 1990 and 2015, the maternal mortality ratio

Have halted, by 2015, and begun to reverse, the spread of HIV/AIDS

Have halted, by 2015, and begun to reverse, the incidence of malaria and other major diseases

Adequate nutrition is indispensable to attaining good health. Though insufficient by itself, an adequate supply of food is a key determinant of adequate nutrition. This factor alone can drastically reduce malnutrition in adults and children, and increase birth weights of newborns. By improving incomes and nutrition, gains in agricultural productivity can help break the cycle of passing malnutrition from one generation to the next. In addition, it is often the savings from agriculture that provide the means to meet expenses relating to educating children.

Agricultural practices, however, can have negative effects on human health and education. For example, overexposing adults and children to dangerous chemicals and harmful forms of child labour in both family and commercial settings are significant problems. In addition to exposure to dangerous chemicals, children may suffer long working hours, lack of access to education, very low or no pay, and injury due to heavy loads and dangerous machinery. If children must work to support themselves or their families, they should be assisted with programs that reduce the physical risks they face and provide leisure time, flexible schooling, and fair pay.

Agriculture and health are also related to efforts to combat HIV/AIDS, malaria, and other diseases. Poor people and farming communities have been particularly hard hit by HIV/AIDS: about 60 percent of HIV-positive sub-Saharan Africans are women. Given women's pre-eminent role in food production and preparation, this fact could exacerbate food insecurity in the region.

Linkages

Agriculture is functionally linked to many other areas. The Agency's agricultural programming will, therefore, reflect these linkages to achieve integrated development and ensure that its total development effort is greater than the sum of its parts. Agricultural programming is linked to the following areas, among others:

Private Sector Development

Small farmers in rural areas often comprise the largest segment of the private sector in developing countries. The full potential of these farmers and farms is often not realized due to poor policies, inadequate markets and other infrastructure, and generally weak institutions. Creating the enabling environment in which agriculture can perform is crucial. For example, well-functioning agricultural markets can underpin a rural economy and help promote rural enterprises in agro-processing and the provision of rural services.



CIDA photo: David Barbour

Water

Water is an indispensable resource for agriculture and has played a pivotal role in the development of the sector, but it is also scarce and unevenly distributed both regionally and among certain marginalized populations. Agriculture is the largest user of water, accounting for more than 70 percent of total freshwater withdrawals globally and between 87 percent and 95 percent in developing countries. Current water use by agriculture may not be sustainable because of both scarcity and competition for use from other sectors such as human consumption, health, sanitation, and industry. As a result, many innovations to improve water use efficiency are being tried, and others such as more water efficient crops are needed.

Forestry

Forests have historically provided shelter, food, fuel, medicines, and building materials. More recently, they have become sources for new goods and services such as pharmaceuticals, raw materials, recreation, and carbon sequestration. However, forests now cover only 24 percent

of the world's land surface, and a net loss is occurring in developing countries. There are no simple answers to deforestation, but developing sustainable agricultural systems will help ensure that forests continue to provide both traditional and new goods and services.

Oceans and Fisheries

The oceans offer a development option to a major portion of the 660 million inhabitants of the least-developed countries. Like dairying, the sector provides an all-year harvest and income stream, which contributes to the social and economic welfare of large cross-sections of rural and urban populations. Since staple foods are often protein-deficient, poor people can improve their diet by adding fish, which are rich in protein. Approximately 50 million women are employed in this sector. Access to resources within the 200-mile exclusion zones of coastal states has brought new opportunities, and valuable social and economic assets under their control.

Pursuing an Integrated Approach

Inter-sectoral collaboration is essential for rural development. This includes integrating agriculture, health, gender, environment and governance programs to ensure inter-disciplinary and multi-sectoral approaches to sustainable development.

— Submission from the
Nova Scotia Agricultural
College

The internal complexities, as well as the external linkages, of agriculture must be simultaneously managed to attain development that is integrated, equitable, and sustainable. In response to this challenge, CIDA will use two closely aligned and congruent approaches, **Sustainable Livelihoods** and **Ecosystems Health**, to organize its programming efforts.

Sustainable Livelihoods focuses on activities that promote sustainable human communities. The approach begins with peoples' assets and capabilities, and seeks to build on them. A livelihood is said to be sustainable if it can adapt to stresses and shocks, maintain and enhance its capabilities and assets, and at best, enhance opportunities for the next generation. This approach recognizes that the root of all human development and economic growth is livelihoods—not jobs per se, but the wide, infinitely diverse range of activities people engage in to make their living—together with assets or entitlements they own or can access.

Hence, it integrates considerations of income generation; the production of sufficient, nutritious food; women's empowerment; and environmental management.

Ecosystems Health is a way of thinking about human development that focuses on the systemic ecological and social contexts in which human activities occur, and that make them sustainable or not. A healthy ecosystem maintains itself without major human intervention, changes and adapts over time, and provides the services that sustain human communities. This approach, therefore, provides a broad framework to help identify both constraints and opportunities for those activities. It can help to identify agricultural policies and practices, for instance, and the livelihoods associated with them that increase food production without disempowering women and undermining ecological integrity.

A network of Canadian and international researchers is linking these two approaches. In so doing, both social and ecological considerations are brought into the same development framework. This helps overcome many of the limitations that occur when either is considered in isolation.

3 Responding to the Challenges Through Agriculture

Principles

The following five principles will underpin CIDA's programming in agriculture:

- **Creating new options for the poor.** Agricultural productivity, which is currently low, must be steeply increased. Appropriate technologies and sustainable production techniques can do much to meet this challenge. As agricultural productivity rises, it will almost inevitably displace farm labour. Therefore, more opportunities must be created for off-farm employment. Agro-based processing is one such route that will also add value to primary agricultural products and help reduce unacceptably high post-harvest losses.

Perhaps the key lesson emerging is that the transformation of rural livelihoods depends on the ability of people to expand their opportunities and choices.

— *Submission from the Aga Khan Foundation of Canada*

Three requirements must be met to create these new opportunities for the rural poor. First, policies must, for example, avoid destabilizing local prices and the longer-term disincentive effect of long-term food aid and subsidized food dumping on agricultural development. Second, market access must be facilitated. Third, a concerted long-term effort to achieve the above objectives is necessary. CIDA's programming will help create these opportunities.

- **Empowering developing countries.** At the national level, sustainable agricultural development requires strong institutions (both public and private) and an appropriate enabling environment. Developing countries are also increasingly required to respond to agricultural and other global governance mechanisms related to trade, the environment, genetic resources, and others. Many countries have little capacity to do so. Successful development efforts will increasingly depend on them having in place the appropriate policies and institutional capacity to manage the complex rural environment in which agriculture must develop, including the natural resource endowments. CIDA will help developing-country partners to strengthen both their human capital and institutional capabilities in these areas.
- **Building and sharing the knowledge base.** Over the years, many doomsayers have predicted that agricultural growth would fail to meet the food needs of growing populations, leading to starvation and death on a global scale. Those predictions were averted because of rapid progress in advancing and using knowledge. Even with such progress, poverty is widespread among rural people depending on agriculture in developing countries, millions are hungry, and famines frequently occur in certain regions. Overcoming these challenges is made progressively more difficult by rapid population growth on the fixed natural resource base believed to be reaching its limits. Agricultural innovation,

There is a wide appreciation of the need to support national, regional, and international research organizations—particularly those dealing with new or emerging issues.

— *Consultations with Ghanaian partners*

therefore, must clearly continue at an accelerated rate in order to respond to these challenges. Unfortunately, investments in research suffered most during the past decade of low investments in agriculture. There is increasing fear that creation of the requisite new knowledge, and agricultural techniques of particular interest to developing countries is lagging. CIDA will seek to respond to these concerns by investing in knowledge creation and use.

The majority of poor farm workers are women who don't own land. They are the real poor and should be the target of these efforts.

— Jan Karlsson,
Minister for Development
Cooperation, Migration
and Asylum Policy,
Sweden

- **Relying on partnerships.** Creating the opportunities to allow the poor to escape poverty and hunger through sustainable agricultural development is an undertaking beyond the scope of any single donor. Moreover, unless donors, international development institutions, and developing-country partners work in a more coordinated way, they are unlikely to get the job done. In addition, by strengthening relevant institutions, CIDA can scale up efforts from the national level to the regional and international levels. This, in turn, will create further impacts on the national level. Promoting stronger partnerships will be a key pillar of CIDA's efforts.
- **Achieving gender equality by empowering women.** Women are crucial partners in the fight against hunger and poverty. Women farmers contribute substantially as casual labourers and unpaid family workers in both commercial and subsistence agriculture, including livestock and fishing. They bear a disproportionate burden of agricultural production, however, with intensive tasks such as tilling and clearing, which is often combined with



CIDA photo: Roger LeMoyné

child care and meeting basic family needs (e.g. transportation of fuel wood and water to the home). CIDA's programming in agriculture will address the central role of women in agriculture and inequality in women's access to productive resources such as land, labour, inputs, transport, and technology, and to support services such as credit, education/technical advice and research.

Program Priorities

CIDA will execute its programming in agriculture in five areas. These areas, and the respective priorities under each, were determined after extensive consultations. Relevance and impact, affordability, Canada's comparative advantage, and opportunities for Agency leadership were key criteria in reaching decisions on programming priorities. Lessons learned from the Agency's long engagement with programming in agriculture have also informed CIDA's analysis (see Appendix). The five priority areas are:

Strengthening National Capacity

Developing countries striving to transform their rural economies through agricultural development are confronted with many challenges that are both national and international in scope. At the national level, careful participatory planning, appropriate policies, and sound implementation strategies are prerequisites. Additionally, pursuing new scientific opportunities made possible by the "gene revolution" and advances in biotechnology will require careful balancing of the opportunities and risks.

At the international level, developing countries must effectively participate in global governance mechanisms relating to agriculture in the form of conventions and protocols, and trade. Agreements, such as those of the World Trade Organization, lock developing countries in for the long term and have direct impacts on local economies. Most developing countries are often not in a strong bargaining position to negotiate such agreements. Additionally, they are further disadvantaged by having insufficient technical capacity to participate effectively in these negotiations. Developing countries require capacity building to participate in the development of international frameworks, to develop national policies reflecting domestic priorities and international requirements, and to implement these policies and meet international obligations. All together, these capacities must enable developing countries to sustainably manage their rural economies and the natural resource endowments on which they are based.

There is a need to strengthen national capacities of recipient countries - it is at the national level that many of the factors and decisions are made that can and will strengthen the agricultural sector.

— *Dr. Jacques Diouf,*
Director General,
Food and Agriculture
Organization

Programming priorities:

- **Supporting sector assessment, domestic policy formulation, and strategic planning.**
- **Assisting developing countries to compete both regionally and in the global marketplace through enhanced capacity to formulate and implement trade policies, and to develop infrastructure and overcome trade barriers, e.g. sanitary and phytosanitary requirements.**

- **Building the capacity to respond to the opportunities and risks of biotechnology.**
- **Increasing national capacity to undertake gender analysis, manage natural resources, and respond to agriculture-related conventions and protocols.**

Creating and Using Traditional and New Knowledge for Development

Knowledge—both indigenous and new—has been pivotal to agriculture’s development contributions. Such knowledge has historically supported food security objectives, but must now also contribute to poverty eradication and environmental sustainability as well. Attaining the potential contributions of agriculture to the MDGs will depend on continued creation and use of new, as well as existing, agricultural knowledge at an accelerated rate.



CIDA photo: Bruce Paton

We suggest a cautionary and balanced approach to the applications of biotechnology in a developing-country context. While integrating the contribution of scientific-based agricultural improvement, CIDA should increase support for research on agriculture that builds on, rather than replaces, indigenous agricultural practices.

— Submission by the
Canadian Food Security
Policy Group

Much remains to be done about old problems such as land degradation, plant and animal pests, and disease control, even as new challenges such as climate change, water scarcity, and pressure on biodiversity are emerging. Lessons from past experiences with respect to second-generation technological problems of irrigation, cultivation practices, and excessive inorganic chemical use, must also be learned and addressed.

New science in the areas of genomics and biotechnology, and biological control of diseases can potentially improve crop and livestock adaptation to environmental stress, including climate change, which will, in turn, improve yields and conserve natural resources. These avenues must be approached in a balanced way, carefully weighing benefits and risks.

Contemporary research and transfer organizations have not been as effective as they might have been. Improving them will require greater attention to the role of women in agriculture and to the appropriateness of innovations, which are to be designed, tested, and transferred using participatory approaches.

Programming priorities:

- **Strengthening national, regional, and international agricultural research and transfer capabilities.**
- **Improving crop and livestock adaptation to stress and enhancing the efficiency of natural resources utilization.**
- **Increasing the food and feed value of staple crops of the poor.**

Enhancing Food Security, Agricultural Productivity, and Income

Agriculture in developing countries is increasingly moving away from a subsistence orientation and government dominance to commercialization. There are opportunities to accelerate this process in such a way that producers, particularly women, who produce a dominant share of the world's food, become equal partners in the development process and share the benefits.

However, the rural poor, particularly women, own or have secured access to few assets they can use to escape poverty. Secured access to land, for example, is often a binding constraint, and the poor are often left to cultivate the marginal areas. The productivity of their two main assets—land and labour—is very low, but can be significantly improved through intensification and diversification of their production systems. Potential strategies include matching production with natural resource endowments, integrating crop and livestock production, and employing agro-forestry technologies.

Post-harvest losses among resource-poor farmers are high, ranging from 20 percent to 40 percent, depending on such factors as the type of product, proximity of the farm to the homestead, and access to the market. Cutting post-harvest losses in economically efficient ways will augment the food supply and will also help increase farmers' incomes.

Even at current production levels, research and education on nutrition can improve food use and safety, leading to a bigger impact on food security.

Programming priorities:

- **Improving access, management, and administration of land.**
- **Diversifying and intensifying agricultural systems.**
- **Reducing post-harvest losses.**
- **Improving food safety, nutrition education, and use of available foods.**

Enhancing the asset base of the poorest represents an essential means of reaching the goal of poverty reduction.

— *Submission from
Développement
international Desjardins
(DID)*

Agricultural Sustainability and Natural Resource Management

Degradation of natural resources (land, water, biological diversity) threatens the livelihoods of the poor, particularly in rural areas, where they rely on them more. Increasing poverty, in turn, limits the range of available options with regard to the sustainable management of these



CIDA photo: Roger LeMoyne

finite resources. The challenge is made more difficult by the increasing population densities in developing countries and the effects of climate change.

Breakthroughs in agricultural productivity have been made in more favourable agro-ecologies where the use of inputs (irrigation, fertilizer, pesticides, and hybrid seeds) has been high. In addition to being inaccessible to most small farmers, however, agriculture based on high input use can easily produce ecological damage. Still, where intensification of agriculture based on modern technology was ignored, poverty and hunger have increased.

The sustainable development of agriculture will require a careful analysis and balancing of the potential tradeoffs between economic and environmental objectives. Programming in this area will be linked to Agency efforts under the Convention to Combat Desertification.

Programming priorities:

- **Reversing current trends of land degradation.**
- **Promoting integrated natural resource management at farm, community, and watershed levels.**
- **Improving the efficiency and effectiveness of water use in agriculture.**

Developing Well-Functioning Markets

Food markets are responding to populations that are becoming increasingly urbanized, earning higher incomes, and demanding more diverse products of higher quality and value, including livestock products, fruits, vegetables, flowers, and processed foods. Also, as food markets globalize, trade in high-value agricultural products has been growing. Increasingly, food processors in developed and developing countries are sourcing their supplies globally. If the obstacles to international trade currently faced by the poorer developing countries—subsidies, and tariff and non-tariff trade barriers—can be overcome, agricultural producers have a greater chance to participate in such trade.



CIDA photo: Roger LeMoyne

To help the rural poor participate in these local and international markets, agricultural output must diversify, quality of produce must improve, and agro-based processing must add value to primary products. Rural agricultural communities must also obtain greater access to credit. These communities can become better organized through cooperatives, which can help provide a range of necessary rural facilities, including those relating to input and output marketing, and financial services.

Cooperatives provide a perfect linking mechanism, allowing farmers to collectively access the marketplace, both to market their crops and to access farm inputs at reasonable rates.

— Submission from the
Canadian Cooperative
Association

Programming priorities:

- Supporting agro-based processing and rural entrepreneurship.
- Strengthening local market organizations and institutions.
- Promoting agricultural services through cooperatives and rural agricultural education.
- Promoting access of farmers in developing countries to international markets.

Sequencing and Targeting Interventions

Development opportunities are not uniform among countries. Factors such as country income classification, extent of market liberalization, and trade policies usually influence agricultural development options. These parameters typically influence the type of assistance that may be attracted from international sources and indicate a country's policy and institutional readiness to pursue certain development options. By analyzing these factors, along with the agricultural potential, CIDA will relate to a country's agricultural development strategies.



CIDA photo: Peter Bennett

Once CIDA decides to enter into partnership for agricultural development with a particular country, it must carefully select the intervention points. Moreover, since all the identified priorities can rarely be undertaken at the same time, the Agency must also pursue interventions in an appropriate sequence. Years of agricultural programming experience suggest that the sequence flows in this order: policy, technology, infrastructure, asset distribution, and services.

The first priority is for the developing-country government to demonstrate commitment by creating the appropriate *policy conditions*. When that is in place, suitable *technologies* and adequate *infrastructure* work synergistically to help agricultural production expand. As these take hold, rapid benefits from improving *asset distribution* and providing agricultural *services* accrue to help increase the sector's productivity and competitiveness. Programming interventions should be analyzed in this context, recognizing that benefits will begin to accrue at higher levels in this hierarchy before requirements lower down are completely satisfied.

Using the above intervention points (policy, technology, infrastructure, asset distribution, services), agricultural programming options could be targeted along a continuum according to regional conditions within a country, from "safety net/self-sufficiency" approaches where conditions are poor, to market and export orientation where conditions are appropriate. Among the critical factors influencing conditions in a region are high versus low agricultural potential, good versus poor infrastructure, low wages and abundant labour versus high wages and scarce labour, and favourable versus unfavourable land distribution.

4 Implementing the New Directions

CIDA's implementation of the new directions in this policy statement will be based on a three-pronged approach:

- **Reinvesting in agricultural programming** through focusing incremental resources on the priorities outlined in this policy statement.
- **Strengthening the effectiveness of agricultural programming** by applying the principles of, and best practices for, effective development cooperation.
- **Increasing the focus on performance tracking and results management** to ensure CIDA's contribution to the MDGs.

Reinvesting in Agricultural Programming

Despite agriculture's important role in development, the relative attention it has received in the past decade has declined significantly. Investments in agriculture by the donor community and developing countries alike have dropped over that period, a pattern CIDA's own spending has followed.

CIDA is committed to reversing this trend in accordance with the increased focus on the sector exhibited by many developing countries and an increasing consensus on the importance of this sector in achieving the MDGs. To this end, CIDA will increase its investments in agriculture to \$300 million per year by 2005/06, and will aim to raise this level to \$500 million by 2007/08. This will be accomplished through a series of targeted initiatives supporting the policy priorities outlined in this document. Priority will be accorded to investments that reinforce the principles, policies, and programming approaches outlined in *Canada Making a Difference in the World: A Policy Statement on Strengthening Aid Effectiveness*. The table below describes CIDA's targets for investing resources in agriculture. This is in addition to funds committed to agriculture in the Canada Fund for Africa.

Targets for CIDA's Investments in Agriculture

2001/02 (actual)	2002/03 (estimated)	2003/04	2004/05	2005/06	2006/07	2007/08
\$85M	\$95M	\$150M	\$225M	\$300M	\$400M	\$500M

Strengthening the Effectiveness of Agricultural Programming

CIDA will apply the principles of aid effectiveness outlined in *Canada Making a Difference in the World: a Policy Statement on Strengthening Aid Effectiveness* to the Agency's agricultural programming efforts. This implies supporting a range of activities that includes:

Participating in the Policy Dialogue

At the international level, the Agency will remain active in policy dialogue and will work with multilateral organizations involved in agriculture to promote a pro-poor development agenda. CIDA will also promote policy dialogue at the national level to facilitate the effective participation of stakeholders in the development process. By doing so, the Agency will seek to advance a pro-poor development strategy and will be guided by poverty reduction strategy papers (PRSPs), or equivalent instruments developed by the respective countries. These will guide the development of CIDA's country development programming frameworks (CDPFs) that set the Agency's directions for programming in agriculture within a country.

Programming Approaches

CIDA uses a variety of instruments and mechanisms, depending on the target, to deliver development assistance in agriculture. At the multilateral level, the Agency works within established international forums and institutions to advance the development agenda. Bilateral branches and Canadian Partnership Branch use projects as the dominant instrument to deliver assistance. Program-based approaches will be increasingly used to deliver new programming in agriculture. Among potential options is the sector-wide approach (SWAp). Such approaches will promote locally owned development and help facilitate better donor coordination.

Promoting Better International Coordination

CIDA is committed to working in close partnership with developing countries, as well as with other donors, multilateral institutions, and civil society organizations. The Agency will actively promote a better coordination of efforts and sharing of experiences among partners supporting sustainable agricultural development. The Agency will continue its strong support for multilateral organizations, particularly those dealing with rural development, food security, poverty, gender equality, and the environment.

CIDA will support international organizations that generate agricultural public good research and information products that benefit the poor in developing countries. It will also promote closer collaboration between those organizations and national institutions. In addition, the Agency will strengthen national agricultural research and transfer capabilities in strategically selected countries, and support regional agricultural networks that coordinate research. CIDA will promote better collaboration among national, regional, and international agricultural organizations and Canadian research institutes.

Leveraging Canadian Partners

Canada has a long history of development cooperation, and Canadian organizations—including universities, non-governmental organizations (NGOs), the private sector, and other government departments—offer both depth and breadth of expertise, skills, and knowledge in the agriculture sector. CIDA will develop formal mechanisms with its partners to build stronger collaborative relationships for more effective agricultural programming.

Promoting Learning Within CIDA

CIDA will enhance intra-Agency collaboration, coordination, and sharing for more effective programming in agriculture. This includes sharing experiences, lessons learned, and key success factors; developing results frameworks and measuring results and ensuring coding congruence. These efforts will be supported by toolkits, guidelines, and practical information developed through existing Agency knowledge networks.

Increasing the Focus on Performance Tracking and Results Management

As noted in *Canada Making a Difference in the World: A Policy Document on Strengthening Aid Effectiveness*, a results-based approach with strong monitoring and evaluation of development programs is an important principle for aid effectiveness. The Agency's challenges are defined by the need to help meet four key requirements of human development and security, called key agency results (KARs): economic well-being, social development, environmental sustainability, and governance—with gender equality as a cross-cutting theme. Agriculture contributes to each of these four areas. Those contributions can be measured using carefully selected indicators.

CIDA will develop a results framework for activities in the agriculture sector that is congruent with, and linked to, CIDA's results frameworks at the corporate, program, and project level. CIDA will build on work done both inside and outside the Agency—including our developing-country partners—to develop and implement appropriate measures of how agriculture contributes to development as a whole.

Appendix

CIDA's Lessons Learned over the Past Thirty Years in Agriculture and Rural Development

(Prepared by CIDA's Performance Review Branch)

Lesson 1:

Agricultural projects should be viewed within a broader context of rural development.

Agriculture is the main source of overall economic growth and poverty reduction in many poor countries. Agricultural projects are undertaken in the context of the much broader goal of rural community development. Rural development looks beyond agriculture to address the non-farm rural economy, environmental sustainability, infrastructure, and financial and social services for the poor, rural population. This implies that new policies and strategies concerning programming in agriculture should integrate all affected actors to attempt to place the project within the community's broader goal of rural development.

Lesson 2:

Adequate knowledge of the local context (including physical, cultural, social, economical, and political factors) of the project area by project staff is a key success factor in rural development projects.

Although recipient countries are diverse, the goals of local actors (governments, donors, NGOs, local partners, and beneficiaries) are often similar: to increase agricultural production and/or sustain its productivity, to reduce hunger and poverty, and to strengthen the capacity of communities to plan and manage their own development to improve the local standard of living. Rural development takes place in different contexts, and the success of a project in one region does not necessarily indicate its appropriateness for another.

Lesson 3:

Beneficiaries should be involved in project planning and implementation to ensure that the project is sustainable and answers real and urgent local needs.

It is often a challenge for donors to work with a variety of local people and groups in establishing program and project objectives and activities that will most benefit the community; however, as rural development often requires multi-sector interventions, participatory and

collaborative planning helps to ensure that all relevant aspects of the community's development are taken into consideration. Effective collaboration is important in ensuring the appropriateness and long-term sustainability of efforts as this promotes shared responsibility and a feeling of ownership among stakeholders. The importance of "key entrance activities" to gain community confidence should not be ignored.

Lesson 4:

Organizing farmers into community or producer groups can improve their production, market, and bargaining powers.

The purpose of group formation is to target the poorer members of the communities so they can be involved in development activities and gain advantages in economies of scale for input purchases, agricultural crops, and market. Forming groups can also encourage the participation of the poor and marginalized in rural development policy making in natural resource management and biodiversity conservation. Groups can provide a mechanism to preserve local cultural heritage and traditional know-how.

Lesson 5:

Rural development programming should involve women and youth—often among the poorest—during both planning and implementation stages.

Statistics on agriculture and the economy of developing countries demonstrate that the majority of the absolute poor are rurally based, with women and children being particularly vulnerable. Women's contribution to agricultural production in terms of expertise, time, and labour have been estimated at up to 80 percent in most developing countries, but this contribution remains largely under-appreciated and under-valued. The lack of an effective internal policy on gender equality in a rural development institution can undermine efforts to achieve sustainable development.

Lesson 6:

Collaboration and knowledge sharing can help build local research and policy capacities for long-term rural development.

Agricultural knowledge can be gained from modern, scientific research and from the experience of local professionals and inhabitants. By providing technical training and an opportunity to combine scientific and local knowledge, rural-development efforts can play a key role in developing and sustaining local capacity for long-term agricultural research to improve farming techniques and products.

Lesson 7:

Create an enabling environment for the use of new agricultural products, techniques, and machinery so that they can be adapted to effectively meet local needs.

In the 1970s technical assistance in agriculture focused on the transfer of knowledge and equipment. Stories of unusable machines provided to small villages with no replacement parts or training have tainted the reputation of donors and their agricultural efforts. Experience has shown that while products, techniques, and machinery from developed countries can be of use to developing countries, they must be adapted to local, social, economic, and environmental conditions. An enabling environment for the use of outside technology can be achieved by taking into account the availability, affordability, accessibility, and usability of newly introduced innovations.

Lesson 8:

Institutional strengthening and management information systems are necessary, but not sufficient, elements in integrating environmental sustainability in rural development projects.

Given the amount and complexity of environmental information, rural development often requires institutional strengthening and the development of management information systems in partner organizations in order to build their capacity to gather, share, and analyze environmental information. This information will assist the partners in understanding the environment and can help to better plan the environmental aspects of rural development. While environmental sustainability is a key objective in rural development, poverty reduction is usually the overarching goal. Thus, protection of the environment must be balanced with economic growth, community development, and the expansion of agricultural production.