

M A D I A

The Cooperation of the Federal Republic of Germany with
Tanzania, Kenya, Malawi, Cameroon and Senegal in the
Field of Agricultural Development - Some Highlights

by
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1. Content of German Aid

In all countries covered by the MADIA-exercise, except Senegal, Germany is among the "Top three" donors in terms of ODA (1). The share of agriculture varies between 15 percent (Kenya) and 30 percent (Senegal). Until the end of 1985, Germany has spent some 700 million of Deutschmarks for programs and projects in agriculture in the five countries (2). Out of total flows, approximately two thirds are net disbursements of Financial Cooperation including commodity aid, one third Technical Cooperation in ODA terms. The grant element of all commitments made by Germany is about 85 percent.

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- (1) There are at the time no bilateral cooperation projects in Nigeria, the 6th "MADIA-country", so that this country will not be included in the main report.
- (2) Detailed data will be given and commented in the main report. The figures mentioned here indicate an order of magnitude, and may not correspond to accumulated disbursements as quoted in the DAC memorandums due to different definitions of "agricultural cooperation".

The main characteristic of German aid is its extreme versatility in terms of project types and subsectors covered. This holds true for aid to agriculture in the MADIA-countries too. The list of about 20 projects analysed in the main report includes nation-wide grain market intervention schemes (Senegal) and "single message"-projects (coconut production in Tanzania), irrigation schemes (Senegal), Integrated Rural Development Programs (Malawi, Tanzania) and relatively small projects such as Government Advisors (Senegal). There are almost as many project types as projects.

This diversity is of course not an argument against the comparative approach of the MADIA exercise as such, but complicates the establishment of clear-cut project categories.

There are three principles which are decisive for all projects: the rural poor as the main target group of German aid in agriculture, the priority given to food crop production and food security, and a rather broad definition of project goals going far beyond the aim of simply boosting agricultural production. A fourth point could be added with regard to German aid in general: the relatively great importance of NGOs. The "pluralistic" approach of German aid may or may not contribute to its effectiveness in the short run: it leads to a rather open discussion of aid programs and problems within and between aid institutions and constituencies, thus providing the basis for continuous efforts to improve the impact of German aid.

2. Policy Choices

It is difficult to judge to what extent the content of aid is a result of policy choices made by the German administration on the basis of its own policy guidelines and priorities. Such guidelines exist in a rather broad way: the principle of helping the countries to help themselves, the rural poor and the smallholder as the main target group, and the priority given to food security in African countries. At the sector level, there is no standardized strategy of bilateral cooperation in agriculture, but there are rather flexible policy guidelines for planning and implementation of projects and programs in rural development and subsector programs such as seed production, plant protection, agricultural research etc., which reflect the practical experiences gained in the last three decades.

However, the internal policy dispute in Germany led to new challenges for aid too, adding components such as environmental or gender aspects to project identification, planning and evaluation criteria, and procedures. The links between policy formulation and the project level are established

by analytical tools developed in the area of Technical Cooperation on the basis of GTZ's "Goal-oriented Project Planning" approach. Within Financial Cooperation Programs, the traditional Cost-Benefit-Analysis has also been extended in the direction of decision-making instruments developed on the basis of the "logical framework approach".

However, the way down from ministerial floors to projects is long, and the competition among donors for feasible projects is considerable. Thus some projects proposed by receivers may have been accepted for reasons not totally consistent with the above-mentioned guidelines under the pressure to spend the volume of money agreed on in bilateral negotiations.

Development policy is not regarded as a priority battlefield of the parties in the Bundestag, so that a rather broad consensus about issues such as equity or environment will continue to be the basis of a corresponding broad project spectrum. However, the foreign exchange and budget problems of receiving countries result in a growing importance of program aid (sector programs, maintenance support, etc.) in agriculture too (machinery and equipment), creating interesting export opportunities with guaranteed exchange transfer for German firms in countries traditionally belonging to the British or French *chasse gardée*. Other cooperation instruments, where foreign trade and investment considerations such as mixed financing materialize, are not of a very great importance in the countries studied by the MADIA exercise.

3. Performance and Impact

To judge the performance of an aid program means to measure its effects against criteria which reflect both the objectives and targets, the donor and recipient countries pursue, and the assessments of evaluators about how the input - projects and activities - may contribute to goal achievement. In principle, to judge aid performance presupposes to understand agricultural development and to separate the effects of the project from other "numerous and immensely variable factors" (Lele). Deficiencies in knowledge about complex socio-economic systems make it difficult not only to design complex programs, but also to judge their performance.

In the main report, some remarks about performance and impact will be based on two sources of information: evaluation studies of projects in the MADIA-countries and a cross-sectional analysis of agricultural projects in terms of sustainability after handover, carried out in 1983 by Bernd Schubert et al.

It is difficult to summarize the main messages of both sources: the picture is, no wonder, heterogeneous. The author of this paper agrees, against the background of the evaluation studies and his own experience, with some of the findings of the Schubert study:

- (1) The analysis of the project evaluation reports leads to the conclusion that failures or even negative consequences in terms of effectiveness and significance are "not as great as may have been feared", i.e. there are some good and few poor projects.
- (2) The statement often brought forward by experts that "when we leave, everything will fall apart" is not confirmed as a general rule. Sustainability of projects with high efficiency and significance is much better than expected, too.
- (3) Relatively small projects with sectorally limited activities and clear innovation messages have "more lasting effects than did larger and more complex projects".

The main report will provide empirical evidence to these statements with regard to the MADIA-countries. However, a general conclusion can be drawn: German aid in agriculture does not need a fundamental change in terms of development philosophy or cooperation guidelines, but a continuous improvement of both planning tools and implementation instruments. The following check-list of problems observed may help to show some ways towards this goal.

4. Major Problems

The following list of issues, which will be discussed in more detail in the main report, is a result of some twenty interviews held with German administrators and scholars, and again a summary of an analysis of project evaluation reports in the African countries covered by the MADIA-exercise. However, most of the problems are complex and controversial; thus the way

they are presented in this summary reflects the personal view of the author of this paper, exclusively. This holds true in particular with respect to statements made by almost every person interviewed concerning difficult "framework conditions" for bilateral projects. This reference was made in two different forms: that too little attention was paid by the donor's agencies or consultants to the given socio-economic environment of projects during identification and early planning stages, or, the other way round, that the macro- and sectoral policies or non-policies of the recipient countries provided too many constraints for a project to be really successful. The first point is true but too general to derive operational lessons, and the second one will be dealt with separately under point 5.

4.1 The first item is a very old problem: the lack of minimum requirements in term of intra- and intersectoral consistency. The main report will provide some evidence for this deficiency with regard to particular projects. The general point is that it may be true that countries should consider agricultural development as a priority area for public attention and investment, but that this does not mean that from a donor's perspective, to do something for and in agriculture is always a good thing irrespective of sectoral interdependencies, market or input constraints and higher marginal returns to capital in neighbouring sectors and subsectors (e.g. agro-industry).

4.2 German projects are often located in marginal regions, where it is easy to identify problems, but extremely difficult to find a clear message or an innovation package promising short- or medium-term production and income effects. This tendency reflects

- policy formulation at home (the rural poor as the main target group);
- the planning approach of the German Agency for Technical cooperation, which is much more problem- than resource-oriented;
- a relatively weak bargaining power in the international competition among donors for "good" projects.

The preference given to marginal areas is, of course, legitimate, if the subsidy component - including inputs in administration - will be covered for a relatively long time by German contributions or by national budget allocations after the end of foreign aid.

4.3 Projects and programs are often overloaded with very ambitious goals. This is in a way a result of a phenomenon mentioned above: the tendency to establish policy consensus among constituencies with dissenting views by adding up their priorities in the aid program. Each new line of thinking in Bonn, every new concern about, e.g., women or environment adds a new set of goals to new and old projects, and is often used to nail question-marks at projects which have shown good performance in terms of production and income-creation, or, the

other way round, to justify projects with poor results in such terms with the allusion to intangibles such as social effects or institution-building. This overburdening leads in some cases to a blowing-up-effect of projects, binding increasing counterpart resources (trained manpower, budget) and inducing high follow-up costs.

- 4.4 German know-how in tropical agriculture originates and accumulates almost exclusively in the development expert community itself. There is almost no (more) direct transfer from agriculture at home to agriculture abroad. The considerable efforts of German aid institutions to improve the professional training of German experts working abroad is not fully in the position to balance the deficiency of specific know-how, particularly if an aid agency or a consulting firm gets a project tender and has to look for qualified staff afterwards.

The learning process within the German aid system is not yet adequately organized, both vertically and horizontally (monitoring, evaluation, feed-back, error-embracing approach, learning by doing, etc.). Furthermore, there is still too little problem-oriented exchange of experiences with other donors and the international research community.

- 4.5 Finally, the German approach to cooperation implies a strong public institution-building component. However, state bureaucracies and parastatals in African countries are, for several reasons, not always the most dynamic part in terms of improving agricultural development. In many cases, the German contribution is mainly to get this machinery moving, and only a small part of the funds is allocated to activities which create direct benefits in terms of income formation. This leads to an interesting contradiction: German aid aims, in principle, at improving the economic and social living conditions of individual farmers as small-scale entrepreneurs, but on the way to that goal most of the funds are lost in building up or repairing a large state bureaucracy, which has little to offer to farmers in terms of innovation messages.

Thus the institution-building approach implies problems which are sometimes difficult to solve. If German experts are in a purely advisory function in an African administration, they risk to be isolated from decision-making, whereas "line"-functions of expatriates are not consistent with the philosophy of strengthening the receiving countries own administration capability. German experts often complain about lack of motivation of their counterparts: no wonder if African civil servants have to have three jobs at the same time to feed their families. Thus "integration" risks failure and frustration, topping up local salaries, leads to "development islands".

5. Policy Dialogue, Framework Conditions and all that

This point will be dealt with in a separate chapter of the main report.

The general conclusion is that Germany should continue to harmonize the bilateral "Policy dialogue" with other donors and to use its weight as a member of the World Bank, the IMF, and the EC in order to shape the multilateral policy dialogue according to its particular views and experiences. The author of this paper suggests that the bilateral dialogue should concentrate on the policy environment of the particular projects to be implemented. Three reasons for this rather cautious position will be given:

- (1) The weight actually given to sectoral and macro-policies is a component of a perception which the author of this paper considers as misleading: that African countries are in a "crisis" which they have first to be driven or "dialogued" out of, i.e. before aid programs could be started again. "Framework conditions" are sometimes better and sometimes worse: development bears always difficulties for development projects. Crisis, in a way, is the normal case in development, where both receivers and donors are challenged here and now.
- (2) The hint to "framework conditions" is in fashion, but it seems as if the pendulum swings a little too far away from the micro- and project level. Furthermore, there are some ex-post-justification components in this argument: the resort to "framework conditions" hides mistakes made at the micro- and project level by both donors and receivers.
- (3) It can be shown in many cases that the so-called "framework conditions" are by no means exclusively home-made. They are often not only the heritage of the colonial past, but also the effect of policies pursued by donors themselves, e.g. the absurd chasing after projects to be financed, or the use of grain surpluses for excessive food-aid.

6. Some Elements of Change

Firstly, what has been said under point 3 should be underlined again: Germany will not and should not aim at changing its "development philosophy," but continue to improve the efficiency of aid according to the common objectives of the German Government and the recipient country concerned.

The author of this paper suggests, from his personal point of view, that the following issues should be considered as priority areas for further discussion:

- (1) It is clear that there is never enough time for project preparation. However, more care should be given to project identification and ex-ante evaluation in order to avoid failures due to overoptimistic assumptions with regard to costs and benefits or the neglect of constraints such as markets, labour, inputs, etc. Quality is more important than the achievement of disbursement targets.

- (2) With particular respect to the Sahel countries, more emphasis should be laid on "innovation production", i.e. the development of innovation packages with a critical minimum effect in terms of improving agricultural production rather than on institution-building. It is less difficult to disseminate a tested innovation package than to build up the institutional infrastructure and to search for its message afterwards.
- (3) German aid should make a better use of its own experiences gained at home and abroad by improving its internal feed-back procedures and by giving priority to such areas of agricultural development where it has comparative advantages in terms of specific know-how.