All Party Parliamentary Group on Overseas Development

UK AID TO AFRICAN AGRICULTURE

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Report of the Working Party established by the All Party Parliamentary Group on Overseas Development

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Introduction

1.1 Background to the Report

Directly after the All Party Parliamentary Group on Overseas Development was formed in mid-1984, the Group decided that it would set up working parties to investigate important issues of development policy having a strong UK involvement. The first subject for inquiry virtually offered itself: it was promptly decided that a working party would be established to consider the United Kingdom's official aid in support of African agriculture. Our terms of reference are displayed alongside (see Box 1) and the inquiry began in September 1984 with a working party comprising eight members of both Houses (see Box 2) under the chairmanship of Jim Lester MP.

There is currently an unusually high level of public concern with Africa's agricultural performance. Much of this concern has rightly concentrated upon famine and relief sources. But our interests are not those already investigated by the House of Commons Foreign Affairs Select Committee which has reported on *Famine in Africa*. The Committee's report has been of great value to us **but our concerns are much more with the longer term problems of developing Africa's natural resources, and in particular, the contribution that the United Kingdom can make to such development.** The UK has a wealth of resources and expertise to offer in this field, much of which can be directed to help avoid future famines and contribute to the process of development and of economic rehabilitation which is required in many countries in Africa, including those not directly affected by drought and famine.

Moreover, there ought to be no doubt that it remains UK Government policy to provide strong support for the development of African agriculture through the aid programme. Since the 1975 White Paper it has been Government policy to use aid increasingly to stimulate agricultural production and thereby secure improvements in

Box 1: Terms of Reference for Working Party on UK Aid to African Agriculture

The Working Party has been established to investigate the contribution of UK aid to improving the performance of African agriculture. It will consider primarily the period from 1979 to 1984/85 and its detailed investigations will concentrate upon three or four countries, potentially Kenya, Sudan, Tanzania and Gambia. Evidence will be invited from officials in ODA and the Scientific Units, CDC, private companies, research institutes, voluntary agencies and others. The investigations will be completed by June 1985.

The terms of reference are:

1. To establish the real trends in the volume, proportion and components of UK bilateral aid to African agriculture and to obtain statements of future spending intentions.
2. To compare this with UK aid to agriculture elsewhere and with trends in agricultural lending by the main multilateral agencies to which Britain makes contributions.
3. To consider the factors which have influenced the volume and composition of UK aid to African agriculture, and any changes in the composition and volume of that aid.
4. To decide upon the validity of these factors in terms of the objectives of the UK aid programme and of the particular strengths of the UK's resources and their potential contribution to African agriculture.
5. To consider the need for any changes in policy towards and for African agriculture; to consider in particular the conditions under which any increase in aid could be justified; and to recommend accordingly.

the standards of life of the broad mass of the rural population. In 1981, the Minister for Overseas Development told an FAO Conference 'we are trying to increase our total aid to operational investment in food and agriculture both directly and indirectly' and in the House of Commons on 9 July 1984, the Minister for Overseas Development, Mr Raison, reaffirmed 'I remain committed to the belief that the development of agriculture in Africa is of high priority'. Most recently, in an article on 'Aid to Africa' in the *Financial Times* on 15 May 1985, Mr Raison suggested that donors 'may have to make new aid pledges' in responding to Africa's current difficulties.

Africa South of the Sahara has accounted in recent years for one third of our bilateral aid; it takes the bulk of UK development aid channelled through the European Community (notably under the provisions of the Lomé Convention), and it absorbs a large share of the aid provided through multilateral institutions such as the World Bank. In these circumstances, we would expect the UK Government to have a firm and consistent policy for channelling support effectively to agriculture in Africa, on which the bulk of the population and virtually all the national economies are highly dependent. **Yet our preliminary investigations of the UK's aid performance, from the published *Aid Statistics* (and from the Minister of Overseas Development's reply to a parliamentary question put by a member of the Working Party in June 1984) suggested a reduced emphasis upon aid to African agriculture. But, in expenditure terms, the UK aid programme is a complex business and we have tried to go beyond these early impressions to investigate in detail the record of UK aid to African agriculture.**

Box 2: Members of the Working Party

Jim Lester	(Conservative)	Chairman
Tony Baldry	(Conservative)	
Guy Barnett	(Labour)	
Mark Fisher	(Labour)	
Colin Moynihan	(Conservative)	
Patrick Nicholls	(Conservative)	
Lord Seebohm	(Independent)	
Lord Walston	(Social Democrat)	

1.2 Our Two Concerns

Although this report covers a number of issues, two main points were of particular concern to the Working Party, and we have proceeded to formulate views and recommendations on them. **The first is the frequent assertion by ministers and government representatives that the UK is doing a great deal to assist African agricultural development and that this has priority in the aid programme.** There are a number of reasons why we wished to question this assertion. Above all, we were aware of a drop in allocations and disbursements of project aid of direct benefit to agriculture and aware of a particularly sharp drop in allocations to rural development projects. Yet government statements suggested to us a possibly compensating reorientation of agricultural aid towards broader sectoral support — or 'programme aid'. We were also struck by the conclusions of the Foreign Affairs Select Committee on *Famine in Africa* which noted that 'almost the entire costs of the UK response to the crisis (have fallen) on the previously agreed ODA budget', and that, in the absence of an overall increase in aid appropriations, 'greater assistance towards the longer-term needs of the African food-producing sector will have to come from a transfer of resources within existing African allocations or from other regions' allocations'.

Our second concern relates less to the volume of aid than to the quality of the assistance provided. Public interest has rightly focused on famine and on alleviating the immediate effects of drought, but there is also concern with the longer-term issue of avoiding future famine. The key role for overseas development aid is seen, correctly, as assisting to increase African food production, and economic output generally, so helping to create stabler economies in which sustained growth can take place.

We have therefore adopted the approach that, aid ceilings notwithstanding, the UK should have resources to offer in research, training, consultancy and other areas to assist the long-term development of agricultural production and that this can be used to help vulnerable groups in the agricultural sector. We wished to review these UK resources and recommend accordingly on the use of scarce aid finance in those fields where we have specialist skills which meet the requirements of African agriculture.

1.3 Our Approach

The Working Party adopted a wide approach to gathering information for this inquiry. We held eight sessions at which informal discussions were held with people directly involved with African agricultural development and the supply of development assistance both through official and voluntary channels. Four of our witnesses came as representatives of the NGO aid sector, and others included agricultural consultants who had worked for ODA as well as other aid agencies. We also saw representatives of the Commonwealth Development Corporation and, on the minister's invitation, discussed policy questions with him, after he had supplied us with statistical data and background notes on the subject under scrutiny. One of ODA's specialist scientific units, the Tropical Development Research Institute, submitted a paper for consideration by the Working Party and we were also privileged to exchange information with visiting members of the US Committee on African Development Strategies (a joint project of the Council on Foreign Relations and the Overseas Development Council). To all these we wish to express our gratitude for their assistance.

Our findings were supplemented by visits on the part of Working Party members to several African countries, including the four — Kenya, Sudan, Tanzania and the Gambia — which form the focus of Chapter 3 of this report. In addition, there were visits to Swaziland, Zambia and Ethiopia. All of these visits were greatly facilitated by officials in and ambassadors and high commissioners of the countries concerned as well as by the provision of travel costs by outside bodies.

2

UK Aid Policy and Performance

2.1 Overall policy

The policy framework in which UK development assistance has been applied over the last five years (the period on which our inquiry focuses) has been determined by a ministerial commitment 'to give greater weight in the allocation of our aid to political, industrial and commercial considerations alongside our basic developmental objectives'. This policy guideline has not represented a reversal of the previous government's policy, which aimed to put increasing emphasis in the aid programme on the poorest countries and on poorest sections of population in developing countries, usually in the rural areas, but it has included new areas of emphasis, with the result that there has been competition for claims on resources. A superficial interpretation of the policy shift would be that rural development initiatives no longer have the priority they once had, and the African agricultural sector offers fewer industrial and commercial attractions than other areas of aid intervention. Even the important political considerations pertaining to African agriculture were probably not self-evident, in the sense of this policy statement, until the recent emergence of a food crisis in many parts of Africa.

Aid policy is of course constantly modified as governments perceive new needs and opportunities and there now appear to be much stronger intentions of support for African agriculture. A range of aid initiatives and instruments has recently been enunciated by the Minister for Overseas Development in the House of Commons:

a) Increased attention to *manpower aid* after several years of steady decline in the manpower assistance programme.
b) A switch towards fast-spending *programme aid*, linked to the supply of imports in the form of spares, input supplies and other items usually oriented towards support for agriculture and other renewable natural resources.

c) A much closer consideration of how the Government can provide support for the revitalisation of *peasant agriculture*, not merely through conventional project operations but also through research and development work which is to 'continue to have a high priority within the aid programme'.

d) A shift which has been emerging over the last 3-4 years, towards the supply of *aid linked to government policy reforms* in the receiving country. In the case of agriculture, which in African countries is almost invariably a major focus of this policy-linked package, the objective is to liberalise marketing and provide more adequate farmer incentives in production; in this way aid is supplied — sometimes in the form of projects but also as technical co-operation or programme aid — in support of prescribed and agreed policy modifications. Conversely, aid can be suspended in the event of inadequate government action to promote such reforms. Although sometimes cast as a bilateral 'policy dialogue', this form of aid usually reflects previously-determined policy adjustments agreed with other donors, notably the World Bank, or, for short-term adjustment measures, the International Monetary Fund. In this sense, the increased co-ordination between donor agencies is an essential part of this programme, although UK policy remains to supply aid inputs wherever possible from the bilateral programme where they can be more closely tied to UK suppliers.

For bilateral agricultural aid specifically, it is important to note five main components: the items of project aid and programme aid which constitute the 'financial aid' received by individual countries; technical co-operation aid received by individual countries; concessionary finance made available to the Commonwealth Development Corporation for investment; and support for research centres (part of 'institutional TC'.). A brief elaboration of these components of the bilateral aid programme in is order here.

Project aid is the staple instrument of support, usually including a dominant capital aid element. It can be supplied through ODA under the regular aid programme or from the Aid-Trade provision (in the latter case, the developmental considerations of the project are appraised in tandem with the application of commercial criteria of interest to the UK suppliers). CDC also provides mainly project aid. Project aid is designed to enlarge the existing production and infrastructure facilities of the country concerned. Often this means adding new facilities, which are appraised for their anticipated rates of

2.2 Forms of Aid

Box 3 summarises the pattern of UK aid overall.

Box 3: Gross Public Expenditure on Overseas Aid

Summary of gross aid

	1982	*1983*	*1984*	*1984*
	£m	*£m*	*£m*	*%*
Multilateral agencies				
European Community	174	189	226	17.2
World Bank Group	154	205	197	15.0
UN agencies	58	57	65	5.0
Other	26	29	43	3.3
Total multilateral aid	411	480	531	40.5
Bilateral country programmes				
Financial aid	378	372	397	30.3
Technical co-operation	120	133	138	10.5
Total country programmes	498	505	535	40.8
Other bilateral programmes				
CDC loans	51	56	108	8.2
Institutional TC	92	99	102	7.8
Total other programmes	143	155	210	16.0
Administrative costs	33	33	35	2.7
Total gross aid	1,085	1,173	1,311	100.0

Distribution of gross bilateral aid

	1982	*1983*	*1984*	*1984*
	£m	*£m*	*£m*	*%*
Total bilateral aid	674	693	780	
Unallocable by region	101	111	115	
Allocable by region	573	582	665	100.0
Africa	247	236	266	39.9
America	92	68	58	8.8
Middle East	9	9	11	1.7
South Asia	143	208	237	35.6
Far East	30	27	57	8.5
Europe	20	9	10	1.4
Oceania	32	25	27	4.1
Commonwealth	365	425	480	72.5
Non-Commonwealth	205	155	182	27.5
Poorest fifty countries	331	365	419	63.7
Least developed countries	159	151	165	25.1

return, although aid can also be used for rehabilitation of existing facilities — increasingly a need in Africa. Projects are relatively easy to control by the donor in terms of disbursement, and relatively easy to monitor, in terms of physical completion and impact on intended beneficiaries.

Programme aid has a less easily monitored end-result. It is defined by ODA as 'support for import financing to assist countries with particularly acute balance of payments problems'. In practice, bilateral programme aid is tied to the supply of goods from UK sources. Thus the aid element arises from the sale by the receiving government of those goods. The end result in the developing country is thus not a completed physical project, which is why the UK normally supplies bilateral programme aid only to countries which have agreed economic adjustment strategies and public spending programmes with the IMF and the World Bank. Although the import components of the programme aid may be agricultural inputs (eg. fertilisers and implements) the real impact of programme aid may or may not be focused on the agricultural sector depending on national policies and their implementation.

The Government intends to expand what it terms 'fast disbursing programme aid' to Africa. Box 8 shows that it declined in the period to 1984, and overall to all developing countries it declined during the 1980s to about 12 per cent of total bilateral aid. On the other hand, multilateral agencies to which Britain contributes (such as the World Bank) have extended increasing amounts and proportions of programme aid, especially in African countries, in the 1980s.

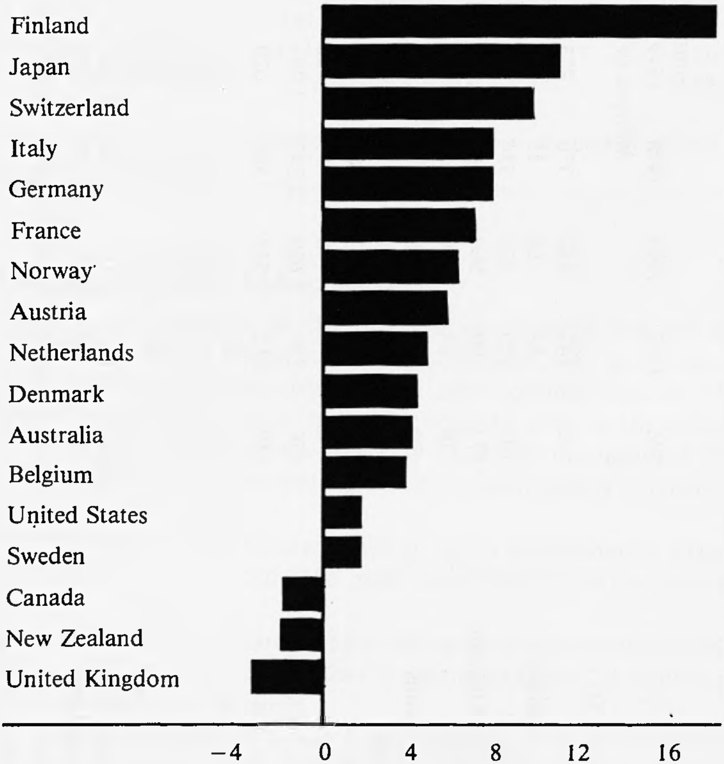
The main elements of bilateral **technical co-operation** are the supply of UK personnel overseas and the provision of education and training to students and trainees from developing countries. This category also covers the funding of research and non-project-related consultancies, among other items. All of these components are discussed in our report. But before examining trends in African agriculture aid, we look at the relative performance of the UK in aid provision overall.

2.3 Overall Aid Performance

While it remains true that the UK maintains a substantial aid programme, it has also been government policy to reduce the real value of the aid programme over the past five years. The implications for Britain's relative aid performance can be gauged in a number of ways. Overall, the real value of the UK's official development assistance has fallen by approximately 18 per cent since 1979 in sterling terms. Measured in US$ (the normal standard by which aid flows are compared), UK aid has been shrinking at the rate of nearly 4 per cent per year in real terms, and more rapidly that of all other OECD donors (see Box 4: Real Growth of Disbursements, 1977-78 to 1982-83). Traditionally the fifth largest donor (after the USA, Japan, France and Germany), Britain slipped to sixth in 1984, being overtaken by Canada (see Box 5: Official Development Assistance).

Box 4: Real Growth of Disbursements, 1977-78 to 1982-83

Average annual percentage change in real terms between period averages.



Source: OECD 1984, in World Bank, *World Development Report* 1985.

Box 5: Official Development Assistance

	Amount									
	1965	*1970*	*1975*	*1978*	*1979*	*1980*	*1981*	*1982*	*1983*	*1984*
	Millions of US dollars									
OECD										
Italy	60	147	182	376	273	683	666	811	827	1,105
New Zealand	..	14	66	55	68	72	68	65	61	59
Belgium	102	120	378	536	643	595	575	499	480	410
United Kingdom	472	500	904	1,465	2,156	1,854	2,192	1,800	1,605	1,432
Austria	10	11	79	154	131	178	220	236	158	181
Netherlands	70	196	608	1,074	1,472	1,630	1,510	1,472	1,195	1,268
Japan	244	458	1,148	2,215	2,685	3,353	3,171	3,023	3,761	4,319
France	752	971	2,093	2,705	3,449	4,162	4,177	4,034	3,815	3,790
Finland	2	7	48	55	90	111	135	144	153	178
Germany, Fed. Rep.	456	599	1,689	2,347	3,393	3,567	3,181	3,152	3,176	2,767
Australia	119	212	552	588	629	667	650	882	753	773
Denmark	13	59	205	388	461	481	403	415	395	449
Canada	96	337	880	1,060	1,056	1,075	1,189	1,197	1,429	1,535
Sweden	38	117	566	783	988	962	919	987	754	737
Norway	11	37	184	355	429	486	467	559	584	526
United States	4,023	3,153	4,161	5,663	4,684	7,138	5,782	8,202	7,992	8,698
Switzerland	12	30	104	173	213	253	237	252	320	286
Total	6,480	6,968	13,847	19,992	22,820	27,267	25,542	27,730	27,458	28,513

Source: Ibid.

The aid programme has been constrained by public spending limits but the decline in the share of total government expenditure attributable to overseas aid to about 0.86 per cent indicates that the aid programme has borne rather more than its share of the overall cuts (see Box 6).

Box 6: Net Aid Expenditure and Total Government Expenditure 1979-87 (£bn)

Financial Year	*Total expenditure*	*Aid*	*%*
1979-80	76.92	0.78	1.01
1980-81	92.67	0.89	0.96
1981-82	104.68	0.96	0.92
1982-83	113.38	0.97	0.86
1983-84 (estimate)	120.33	1.04	0.86
1984-85 (estimate)	126.35	1.10	0.87
1985-86 (estimate)	132.00	1.13	0.86
1986-87 (estimate)	136.68	1.17	0.86

Source: HM Treasury, *The Expenditure Plans 1984-85 to 1986-87* (Cmnd 9143-II).

2.4 UK Agricultural Aid to Africa

While our inquiry focuses on the bilateral programme and the aid policies which can be executed directly through UK government agencies, the link between donors and our commitments to the multilateral institutions are an important consideration in the overall policy and spending framework (see Box 7). From the imputed UK share of contributions to the multilateral aid organisations, it emerges that:

a) The UK's share of multilateral aid going to Sub-Saharan Africa has been increasing, from £106 million in 1980 to £167 million in 1983.
b) The absolute size and share going to the *agricultural sector* has also increased, from 21 per cent to 24 per cent (and from £21 million in 1980 to £38 million in 1983).
c) The share going to African agriculture through *IDA* is reckoned to be higher (33 per cent) than through the *EDF* (25 per cent). *IFAD*'s share is assumed to be 100 per cent but UK contributions here are relatively small (less than £1 million).

Box 7: UK Multilateral Aid to Africa

	£ million			
	1980	*1981*	*1982*	*1983 (provisional)*
Imputed UK share of multilateral aid to South of Sahara	106.2	126.3	151.4	167.4
of which through UNDP (no sector allocation available)	5.4	7.7	7.7	7.4
(A) Total allocable by sector	100.8	118.6	143.7	160.0
(B) Estimated for agricultural sector	21.1	24.0	32.6	38.1
(A) as a per cent of (B)	20.9	20.2	22.7	23.8
of (B) the amount through:				
IDA (33 per cent to agriculture)	6.5	10.3	14.3	18.5
EDF (25 per cent to agriculture)	14.0	12.9	16.9	16.8
IFAD (100 per cent agriculture)	—	0.2	0.5	0.9
African Development Bank (40 per cent)	0.6	0.6	1.5	1.9

The amount at (B) underestimates the amount of aid to agriculture South of the Sahara provided through multilateral agencies as it excludes the international research agencies, for which no country breakdown is available. However the percentage share is valid as it is based on that proportion of the attributed aid for which the sector is known. Food aid through the European Community is not included.

Turning to the bilateral programme, there is no such evidence that UK aid provision to Africa is shifting towards the agricultural sector.

Box 8 summarises UK bilateral aid disbursements since 1979.

It emerges from these figures that there has been little movement on UK aid to African agriculture despite the growing crisis of food production in the region. The *share* of UK bilateral aid going directly or indirectly to agriculture varied between 26 per cent and 35 per cent of UK aid to Africa allocable by sector, or between 23 per cent and 29 per cent of total UK bilateral aid to Africa. The *amounts* have decreased in real terms. Even in nominal terms, the figure of disbursement for 1984 is virtually the same as for 1980 and for 1981. Putting together the bilateral and imputed multilateral figures, it emerges that about one-quarter of UK aid to Africa through bilateral or multilateral channels is destined to support the agricultural sector: in 1983, £69 million bilaterally and £38 million multilaterally.

In a total aid programme of £1,100 million in 1983, this does not look a generous figure and it does suggest a mismatch between robust policy statements in favour of aiding the renewable natural resources sector in Africa and the relatively modest level of financial allocations made available.

Similarly, the Minister's statement in the House on manpower aid also indicates that a lot may need to be done to bring levels of past performance more clearly into line with present intentions. As Box 9 indicates, the level of manpower aid (defined here as TCOs and supplemented staff working overseas on long contracts) has declined both overall and in the natural resource sector.

Box 8: UK Bilateral Aid Disbursements since 1979

	£ million					
	1979	*1980*	*1981*	*1982*	*1983*	*1984*
Project aid — direct benefit	28.5	30.7	28.1	22.5	25.6	29.4
— indirect benefit	6.3	17.4	22.4	18.4	27.1	21.1
Project aid total	34.7	48.1	50.5	40.9	52.7	50.6
Programme aid	4.0	4.5	3.8	4.6	2.3	1.7
Fertiliser aid	1.2	0.6	0.1	—	—	—
Non-project aid total	5.2	5.1	3.9	4.6	2.3	1.7
Training	1.6	2.5	2.2	3.5	4.1	4.2
Manpower	6.3	6.0	6.1	5.5	7.3	7.1
Consultancies	1.5	1.9	1.6	1.4	2.1	0.9
Equipment	1.0	1.4	1.3	1.1	1.2	1.1
Total technical co-operation	10.4	11.8	11.2	11.5	14.7	13.4
(A) Total aid to agriculture	50.3	65.0	65.6	57.0	69.7	65.7
Memo item: bilateral food aid	3.3	6.2	5.1	7.3	7.9	6.5
(B) Total bilateral aid allocable by sector	189.9	201.9	210.3	210.4	199.8	216.9
(A) as a per cent of (B)	26.5	32.2	31.2	27.1	34.9	30.3
Aid not allocable by sector:						
Debt cancellation	8.6	29.9	21.1	12.0	12.1	15.2
Budgetary aid	2.8	2.9	3.1	4.3	4.9	5.1
Pensions	9.7	9.3	11.6	8.1	8.0	10.3
Total aid not allocable by sector	21.1	42.1	35.8	24.4	25.0	30.6
Total aid to South of Sahara	211.0	244.0	246.1	234.8	224.8	247.5

Box 9: UK Manpower Aid to Africa

	Total	*NR Sector*
1972	7,402	740
1977	4,242	458
1982	1,782	183

The figures are surprising. The general level of demand for manpower would be expected to decline in fields such as education and public works as post-independence training programmes bore fruit, but in the natural resource fields, we would expect a lower level of decline in the demand for manpower assistance. Certainly, our evidence on the deterioration of African agricultural research work and facilities suggests this. And in any event the low proportion of manpower allocated to the NR sector appears to reflect an unsatisfactory deployment of UK manpower resources.

2.5 The Distribution of UK Aid

In 1984, the UK gave aid to fifty African countries although in many cases this represented only small amounts for training and other technical co-operation arrangements. As Box 10 (Gross Bilateral Aid 1984) shows, the main beneficiaries were the Sudan and most of the Commonwealth countries of Eastern and Southern Africa.

Within the natural resources sector, we received from ODA a detailed account of expenditures on agriculture-related projects in Africa, South of the Sahara, which we reproduce in full in Annex 1.

There are a number of points which emerge from the statistics:

a) In financial terms, the UK's agricultural aid of 'direct benefit' is dominated by spending on relatively high value crops such as rubber, sugar, coffee and tea where production, processing and marketing are closely linked. This type of production is a feature of CDC's portfolio and we discuss this below.

b) The share of 'indirect benefit' aid to agriculture has been growing sharply in recent years, largely as a result of a small number of engineering projects, particularly a major road in Tanzania. Again, we comment on this trend later in the report.

c) 'Rural development' expenditures have remained a very low proportion of total spending. In fact, the figure for allocations —

rather than expenditures — shows an even sharper decline from £3.7 million in 1979 and £10 million in 1980 to under £0.2 million in 1984. These are expenditures in the range of 'integrated rural development' projects begun in the late 1970s as part of a new drive to focus aid on the poorest people. The intention was to simultaneously assist a number of sub-sectors (eg: health, education, marketing as well as crop production) in selected regions or districts. Box 11 lists the projects normally referred to as IRDPs. We discuss later the reasons that ODA gives for the failure of these projects to live up to expectations. For the moment, we simply note their limited importance in project aid totals, although such projects have drawn rather more than other forms of agricultural aid on technical co-operation funds (mainly in research and planning services).

We noted earlier a mismatch between the Government's statements of concern for African agriculture and the relatively low expenditures to the sector. **We also see a mismatch when looking at the detailed composition of expenditures and comparing these to ODA's stated priorities in support of African agriculture.** These are, it must be said, priorities only very recently formulated, but we produce a Note, received from ODA (see Box 12: Note on ODA Natural Resources Aid Policy in Africa) at this point simply to observe the apparent past neglect — in project expenditures — of some of the areas currently pinpointed in the note on policy. Particularly evident in the project figures are the low expenditures on agricultural research, agricultural services and extension, and the supply of farm requirements. Yet these are all given high priority in the Note.

2.6 African Government Policies and UK aid

We recognise that there is limited scope for providing agricultural aid effectively where the overall policy environment is adverse, and we accept that the history of economic policy in Africa has not generally shown a preference for investing resources in the agricultural sector. More often the tendency has been to extract the maximum surplus from the rural sector to sustain government policies which favour the urban consumers. Furthermore, government intervention in the agricultural sector (in the form of state marketing monopolies and controlled producer prices) have clearly eroded production incentives. But we have observed a major change in this policy environment in a

Box 10: UK Gross Bilateral Aid to Sub-Saharan Africa, 1984 (£'000)

	Total Aid	of which oda	ODA Financial Aid			Debt cancellation	other non Project*	CDC Project Loans	ODA Technical Co-operation
			Project	ATP	Programme				
Kenya	37,562	35,290	14,785	2,021	1,204	5,079	148	2,725	11,599
Zambia	32,036	15,061	206		3,685			16,975	11,170
Tanzania	30,230	22,208	15,595			362		8,022	6,251
Sudan	27,427	27,251	13,634		4,007	446	3,737	176	5,427
Botswana	15,975	9,405	586	2,716		1,210	111	6,570	4,810
Zimbabwe	15,068	12,695	2,555	295	3,617	260	519	2,373	5,448
Malawi	12,959	12,745	3,161		224	1,889		748	6,938
St. Helena & Dep	7,471	7,471	1,713				5,070		688
Uganda	7,081	7,081			1,600	1,667	173		3,640
Ethiopia	7,004	7,004	37			121	6,432		413
Swaziland	5,626	2,750	545				111	2,876	2,094
Cameroon	5,605	5,496						5,284	321
Nigeria	5,592	5,592							5,592
Total, Sub-Saharan Africa (incl. others)	247,537	205,458	61,035	5,525	16,908	15,162	19,098	50,479	73,929

*Mainly food aid, except for St. Helena (budgetary aid)

Source: ODA: British Aid Statistics.

Box 11: IRD Projects in Africa 1979-1984

Gambia	Rural Development Project 1
Ghana	Upper Region Agricultural Development Programme
Kenya	Embu-Mweru-Isiolo Districts Programme
Lesotho	Basic Agricultural Services Programme
Sudan	Western Savanna Project
Sudan	Equatoria Region Agricultural Programme
Swaziland	Rural Development Areas Programme
Tanzania	Mtwara-Lindi Integrated Development Programme
Zambia	Integrated Rural Development Project

number of African countries over the past two to three years. Governments as diverse as those of Senegal, Ghana and Zaire have begun to adopt far-reaching programmes of reform, in which liberalisation of agricultural trade and production is a major feature. Most governments are now actively putting more of their own budget resources into the rural sector, both for export crops and for domestic food production. To some extent, this shift has been a response to changes in the external economic environment: the need to tackle their increasing debt service burdens at a time of declining terms of trade and increased interest rate charges and foreign exchange costs. But some governments have also recognised the need to end monopolistic domination of agricultural marketing and distribution where private entrepreneurs are ready to step in and perform these functions more effectively. And most governments have raised producer prices even when they have been reluctant to leave prices entirely to the market.

Even though many such reforms have been effectively imposed by the IMF (with the support of the UK) as a means of dealing with short term balance of payments and budgetary problems, most African governments are now much more fully prepared to engage in a dialogue with donors on their overall policies, and are particularly responsive to the need for agricultural reforms. **This changing environment gives us encouragement to recommend increased UK aid in support of African agriculture in the belief that the conditions which govern its effective implementation are now improving.**

Box 12: Note on ODA Natural Resources Aid Policy in Africa

1. In formulating ODA policy for future assistance to the agriculture sector in Africa, account must first of all be taken of their specific needs; these, of course, vary from country to country. Nevertheless it is possible to attempt some generalisation.
2. Support is generally required for *policy planning* for the sector, particularly in marketing and price policies. Many of the integrated development projects pursued in the mid-1970s have suffered for lack of price and marketing policies that are consistent with the sector objectives.
3. Increased *agricultural research* is a high priority. Increased support for discrete projects is required for the many existing agricultural institutions which have generally declined during the last decade. Such research needs to be reorientated towards producing improved financial returns to the smallholder. Particular attention needs to be given to research on the mixed cropping systems prevalent in many of the more marginal areas of Africa which at present receive negligible attention. *On farm adaptive research* into *crop production* and *farming systems* also needs to receive more emphasis and to give particular attention to improving the financial viability and the returns to the farm family.
4. Assistance in the provision of inputs supplies is a further area requiring additional resources. In many countries the private sector has declined in its ability to provide inputs and aid resources should be used not only to supply the inputs but to boost the effectiveness of the private sector. This would be suitable for agricultural sector loans provided that the necessary planning can be carried out incorporating and not displacing the private sector.
5. There are opportunities for further resources to be channelled into *nucleus estates* and *processing* facilities to stimulate smallholder development. Capital aid again needs to be associated with technical assistance for the planning of such development.
6. Improved *livestock marketing* together with improved animal health and nutrition is required. Increased use of animal draught power is also required in parts of this continent, though the external resources requirement is not large.
7. In many African countries there is a need to strengthen institutions and improve the services available to farmers, in particular, *extension, training and credit*. Service programmes can be developed but again this requires careful planning for which TC can be used prior to the absorption of substantial resources.

3

Evidence from Selected Countries

Individual members of the Working Party were able to visit a number of African countries to observe at first hand the work of the UK aid programme. The Working Party also received written evidence from ODA on four of the countries visited — Kenya, Sudan, Gambia and Tanzania (see Annex II).

The following section describes British agricultural aid to the four countries over the last five years or so and examines a number of general issues which arise from the evidence.

3.1 Kenya

Over the period 1979-83 there has been a decline in UK agricultural aid to Kenya, the largest recipient of such aid in Africa. Technical co-operation expenditures (running at £1.5 million in 1983) have increased more or less in line with inflation but project aid has decreased sharply from £5.2 million in 1979 to £3.6 million in 1983. The real value of total aid has also fallen over the period but agriculture has taken a disproportionate share of the reduction.

This drop can be attributed largely to a decline in new CDC commitments rather than any major review of bilateral aid to Kenya. In volume terms, CDC projects dominate UK agricultural aid in Kenya. In particular, CDC has made a major contribution to the development of a tea industry in Kenya and over the past five years it has invested further in processing factories and in the Kenya Tea Development Authority. This has meant that almost a third of UK agricultural aid to Kenya has been to the tea industry — a valuable source of foreign exchange in Kenya and a provider of income to around 144,000 growers in the wet highlands.

CDC has also been involved in supporting the coffee industry, once again mainly through developing processing facilities. New pulperies have been constructed or improved for the 140 smallholder co-operative societies involved in coffee marketing: £1.4 million of the £7.2 million allocated had been disbursed by the end of 1984.

CDC's other major agricultural investment has been in sugar; with almost 28,000 cane-growers in higher rainfall parts of western Kenya supplying a factory at Mumias. In the last six years, £4.1 million has been allocated by CDC to factory extension and road building within the area under cane.

However there is limited scope for further CDC investment in its existing areas of operation in agriculture. Kenya's tea and coffee industries are now well-established and close to their limits in terms of land development; Mumias will shortly meet most of Kenya's sugar requirements, and the world market outlook for sugar exports is very bleak. Yet the scope for CDC in Kenya remains considerable. There are currently prospects, for example, for CDC investment in oilseed development as Kenya remains a major importer of vegetable oils.

Programme aid has not been a major feature of UK agricultural aid to Kenya until the last two years. But in the financial years 1984/85 and 1985/86, £8 million is being provided in foreign exchange for what are termed 'essential agricultural imports for private farmers', primarily agricultural machinery and spare parts from UK suppliers.

Another major UK initiative with commercial benefits to the UK is the Bura Irrigation Project co-financed with the World Bank, the Netherlands and EDF. A large part of the ODA contribution covers the engineering consultancy contract for dam and reservoir construction. The Project is intended eventually to bring 2 500 ha under cultivation and to provide livelihoods for a large number of small farm households growing a range of food and other crops,

The CDC projects, the Bura irrigation scheme and the programme aid for imported equipment together constitute a major programme of support for Kenya's smallscale commercial farming sector. Yet 20 per cent of Kenya's farmers are confined to marginal areas of low and unreliable rainfall. Here the Arid and Semi-Arid Lands (ASAL)s Programme is assisted by several donors, including ODA. Under the ASAL Programme the three districts of Embu, Meru and Isiolo (EMI) are supported by what could be termed an ODA integrated rural development project consisting of several components including health centres and minor roads, as well as crop trials and small livestock improvement. (A major road — from Thuchi to NKuku — in the three districts serves the highest potential areas. It is not included under ODA data as agriculture sector aid, although a similar project in Tanzania is included in the agricultural sector).

The EMI project, like similar projects elsewhere in Africa, has put much emphasis upon developing local planning and British TC support has been provided. But very slow progress has been reported to us on both technical development in agriculture and in the development of local planning institutions. Similar difficulties are evident in other ASAL projects. The EMI Programme is relatively small: roughly £1.5 million to 1984 and a further £0.5 million planned for 1985, including both capital and TC expenditures.

The financial contribution of the UK aid programme to agricultural research in Kenya in recent years has been modest, especially in terms of assisting the production of food staples. Throughout the 1970s, however, there was ODA support for a maize agronomy research project which investigated new maize hybrids. An evaluation in 1983 claimed that the project was a success with benefits well surpassing costs of less than £200,000. But the evaluation also recommended longer term assistance to local institutions involved in applying research findings.

3.2 Tanzania

A large proportion of UK bilateral aid to African agriculture — in the region of 40 per cent in fact — has gone to Tanzania in the last five years. This figure is a slightly misleading indication of UK interest: the large bulk of UK aid has been for a major hard-topped highway linking the main Tanzania-Zambia route to Songea close to the northern Malawi border. The road is seen as an 'agricultural' project as it opens up a potentially rich hinterland where both tobacco and maize have potential for expansion. The road costs now dwarf the entire country aid programme with expenditure in 1983 almost 80 per cent of the total disbursed under capital aid.

Leaving the Songea-Makambako road to one side, the figures on disbursements show that UK aid to agriculture in Tanzania has slowed down considerably over the past few years. Between 1979 and 1982, there were a number of small allocations particularly to research in the two southern regions of Mtwara and Lindi (see below), and in grain storage. CDC investments in the same period covered dairying, forestry and seed production. There has been a recent revival in CDC investment but the overall trend remains downwards. (The CDC Board has also recently approved a project in southern Tanzania for largescale mechanized maize production in the area opened up by the

Songea Road).

ODA attribute this slowdown in aid performance to the difficulties created by the Government of Tanzania's own economic policies and suggest that policy adjustments of the type recommended by the IMF are necessary before much more development assistance can be provided.

The main focus of ODA's agricultural programme in Tanzania has been in Mtwara-Lindi. The Rural Integrated Development Programme (RIDEP) was initiated in 1978 at an estimated cost of £8 million. Its basis was a TC team to prepare development plans for the two regions and to identify capital aid projects. It is a poor, remote region and a difficult challenge to a donor committed to assisting the poorest categories of farmers. It has proved difficult for ODA to identify any major investments in crop and livestock production and gradually the scale of research has been reduced, with a number of water supply projects the main legacy of six years of fairly intensive UK research and planning work. (At one stage in 1980 there were nine long term TCOs working on rural development in Mtwara-Lindi).

A more successful project has been in the more prosperous northern highlands where capital and TC aid has assisted the Kilimanjaro Farms Dairy Project. Over £1 million is available for machinery and improved stock.

Support for agricultural research in Tanzania has been important, although small-scale in nature. There is TC support to the Ministry of Agriculture plant protection service, particularly in controlling armyworm (the caterpillars of a migratory moth affecting much of the belt from northeast to southern Africa). This work is supported by the ODA-financed TDRI which also works with FAO in Tanzania to combat the larger grain borer which has caused a major loss of stored maize.

3.3 Gambia

Gambia is a minor recipient of UK aid and there has been only one substantial UK project in the agricultural sector over the past five years. This was the Rural Development Project instigated in 1977 following LRDC studies. The project was directed towards increased credit and agricultural inputs (particularly farm equipment and draught animals) for small farmers and it involved a strong UK involvement in improving the co-operative sector. Between 1977 and 1982 almost £2.5 million was expended under the aid programme. **The**

results were disappointing: the level of uptake of new technology was low and the mechanisms of recovering credit were weak.

The Gambia received a large volume of external aid in the period and appears to lack the administrative capacity to cope with the scale of government intervention in agriculture which this donor support led to. The current UK programme has been scaled down considerably. The RDP is in a second phase supported by several multilateral donors but ODA's involvement is confined to crop trials work and assistance in seed multiplication. In 1980 almost half of UK project aid was in the agricultural sector: now it is under 10 per cent. Bridge construction in Banjul is the major item of expenditure at £3.8 million.

3.4 Sudan

UK agricultural aid to the Sudan has risen slightly over the last five years but it has declined as a proportion of a rapidly expanding country aid programme. The main source of this expansion is the energy sector with some £90 million allocated to a single plant.

In agriculture, ODA has been involved in several sub-sectors. In the irrigated areas of the Nile valley, ODA support has been primarily for rehabilitation. In the pump schemes of the northern region ODA is assisting with spare parts and management more generally (workshops, storage, etc.). In the cotton-growing areas, programme aid has been made available as a contribution to the major donor-led rehabilitation of the Gezira and Rahad Schemes linked to producer incentives and management reforms. This aid is worth £10.5 million and is for agro-chemical imports.

Also in the irrigated sector, finance has been provided for a suction dredger for the Sennar reservoir; and also for the Gezira Light Railway where locomotives, rolling stock, workshops, etc have been made available at around £4 million.

In the highly vulnerable and inaccessible areas of the Western Sudan, the ODA began in the 1970s an ambitious programme to reverse the ecological decline of the area through planned resettlement, improved land use and research into dryland farming technologies. In the event, several major donors simultaneously launched projects in the region based on the initial land use studies financed by ODA. Inevitably there have been implementation difficulties for what is now termed the Western Savanna Development Project (the original ODA project was called the Southern Darfur

Project) and these have been exacerbated by weak donor co-ordination and by severe recurrent costs constraints on the Government of the Sudan. The ODA contribution remains primarily in the technical assistance costs of a small team stationed in Darfur.

In the similarly remote (though potentially more productive) southern Sudan, there has been a further ODA programme of support to subsistence agriculture. Between 1979 and 1984 almost £10 million was made available (in capital and TC) to support local research and planning capabilities. Once again, it has been evident that effective support for traditional sector agriculture is formidably difficult and requires long-term commitment. In the second phase of the project, now termed the Equatoria Region Agricultural Programme, ODA support is concentrated upon an agricultural research station, seed farm, and training centre. As well as food crops, coffee production and marketing is receiving priority attention.

There are other ODA projects in fisheries and forestry. The Red Sea Fisheries project is now in its third phase and equipment and technical assistance provision over almost ten years has helped mechanise coastal fishing and to increase substantially fish catches. In the forestry sector there has been less success. The Imatong Mountains Project, close to the southern borders with Uganda, has not come close to commercial viability. In its first phase an evaluation report raised questions about the lack of environmental consideration in a project to produce sawn timber; and security difficulties have now led to a withdrawal of technical personnel.

3.5 Some Trends from the Country Evidence

Examining the statistical evidence (see Annex II and Annex III) on UK agricultural aid in these four countries a number of issues arise.

First, the volume of UK aid is being reduced more sharply in the agricultural sectors than in other sectors. Second, within agricultural aid spending there has been a particularly sharp loss of interest in integrated rural development projects — the 'aid to poorest' projects instigated in the mid-1970s. Third, there appears to be a low allocation to agricultural research. Fourth, large infrastructural projects — indirect aid to agriculture — appear to be of growing importance. Fifth, CDC investments — in two countries, at least — dominate UK's support for increasing agricultural production. Sixth, forms of 'programme aid' are on the increase. Let us look at these issues more closely.

In Gambia the percentage of agricultural aid to total aid allocable by sector had declined from 24 per cent to 12 per cent between 1979 and 1983; in Sudan the decline was from 24 per cent to 14 per cent; in Kenya from 23 per cent to 21 per cent. In Tanzania there was a large increase from 21 per cent to 77 per cent although the figure of 77 per cent would be reduced to two per cent if the major trunk road was designated to another (and possibly more appropriate) sector.

Aid figures can be presented in any number of ways but it is unavoidably the case that agricultural aid has disproportionately taken the burden of reduced aid finance in these countries.

There appears to be little question that the sectors currently favoured (communications and health in the Gambia; communications and power in the Sudan and Tanzania; and communications in Kenya) reflect a priority within the UK aid programme for large construction projects which, in turn, are inevitably more closely aligned to HMG's stated intention that potential UK commercial interests are taken into account in aid allocations. This is an issue outside the scope of our inquiry, but we find it useful to consider the importance of commercial criteria in agricultural sector lending.

The first point to make is that considerations of 'commercial criteria' have had not only an impact upon the volume of funds available to agriculture. They have had also an important influence on allocations *within* the agricultural sector. In both Kenya and Sudan a substantial proportion of agricultural aid is given to important requirements for farm equipment. In Sudan and Kenya large canal irrigation schemes benefit from construction projects and in Tanzania, of course, the road project dominates. In all of these cases, UK consultants, suppliers and contractors are engaged.

Whatever criticisms we have of UK agricultural aid performance, it must be said that the Government has been conspicuously successful in ensuring that UK commercial interests are promoted in the countries concerned. And it is important to note that programme aid, or sector aid, has meant primarily the supply of foreign exchange linked to the purchase of UK equipment.

The question is whether African *agricultural* interests are similarly well-served by such UK priorities. We recognise that the failure of African agricultural performance — a major failure in the case of Tanzania and Sudan and an inadequate performance in the case of Kenya and Gambia — cannot be divorced from economic failure more generally, and export performance more particularly. Severe balance of payments difficulties have arisen in all four countries and UK aid for essential agricultural imports is clearly an appropriate use of aid funds. Similarly, we commend the efforts of the UK aid programme to improve export performance by investing in those areas where relatively high value export crops such as tea, cotton and coffee can be grown.

But the most significant feature of agricultural aid to the four countries is the continuing low allocation to subsistence farming. This means that little UK aid is directly supporting the majority of African farmers in drier regions who grow primarily food staples for domestic consumption using primitive technology (often the hand-held hoe). There is little support also to the large numbers of herders holding small numbers of livestock as a source of insurance against crop failure and often moving hundreds of miles to find water and pasture for their animals. The difficulties of assisting these 'poorest' have long been recognised by ODA agriculturalists and planners. It was in part as a response to this difficulty that a number of projects were started such as RDP in Gambia; ERAP in southern Sudan; Mtwara-Lindi in Tanzania; EMI in Kenya; and Western Savanna in the Western Sudan.

Yet in financial terms these have been small projects: More to the point, they are getting smaller. The RDP in the Gambia has been reduced to a trials and seed project; the Equatoria Region Agricultural Programme in the Sudan similarly has been much narrowed; Mtwara-Lindi has been reduced to a small number of discrete projects; EMI and Western Savanna remain, but as small experimental initiatives.

The record on research in the four countries is surprisingly modest given the UK's long experience in tropical agriculture. By its nature, agricultural research tends to mean small financial allocations and in the case of the UK, primarily through TC funds. (There has been no general programme finance to support Ministries of Agriculture research efforts, although this is a new trend among multilateral donors). There have been no capital allocations for buildings, laboratories etc. presumably on the grounds that manpower and finance rather than facilities are the main constraint in national agricultural research.

Although modest, UK aid to agricultural research appears to have been very important and effective. The maize work in Kenya, the rice trials in Gambia and Tanzania, the coffee work in Southern Sudan — all these appear to be leading to the release of government-sponsored crop recommendations and the widespread adoption of new varieties.

The crop protection work, in Tanzania especially, also seems highly successful. The disappointments appear to be in developing traditional food staples (in the Western Sudan and Tanzania for example) and in introducing new farm technologies (in the Gambia for example). And the lessons appear to be that subsistence farmers, confronted by a range of capital, labour and technology constraint, require a more sustained and patient research input than more commercially-oriented farmers able and willing to risk new crops and practices.

The evidence of Kenya and Tanzania shows the importance of CDC as the flagship of UK agricultural aid. CDC has been important not only in the development of export crops such as tea and coffee but also in the development of a successful model of smallholder development with contracted growers linked to local markets and factories and also to an international system of research.

This model does not always work well. Two members of the Working Party found that in CDC's Zambian schemes for sugar and tobacco there were problems with selecting suitable tenants. Even in Swaziland, with its long-established smallholder sugar schemes, there have been difficulties between management and tenants leading to refusals to harvest. It is difficult to identify the conditions for successful scheme management but on the evidence available to the Working Party, it appears that assured returns to farmers, security of tenancy and careful selection of tenants are among the most important considerations.

The difficult question for CDC, as they admit, is how far their model of successful development can be replicated. In a country such as Kenya they are probably close to the limits of investable opportunities in crops such as sugar and tea. More to the point, the model of smallholder outgrowers linked to a processing facility (which, in turn, requires regular crop output) is difficult to organise commercially for the large numbers of subsistence farmers growing a range of food crops and marketing only occasionally and through various channels. The food crop scheme in Tanzania, we note, is based upon largescale and mechanized direct production as the smallholder alternative was simply not economic or even feasible.

Our prelimary conclusion, on the East African evidence, is that however successful CDC has been it is unrealistic to imagine that its style of commercial operation can make very many inroads into the vast problem of declining per capita food production in Africa.

We believe that the country evidence recounted here has raised a

number of important issues. But before drawing firm conclusions on the performance of UK agricultural aid, we need to see how far the trends we have seen in our four countries are consistent with aid performance for Africa as a whole. In turn, we now look at

a) trends in the composition of UK agricultural aid and in particular the emphasis upon programme aid.

b) trends in the volume of aid to agriculture in Africa within overall aid provision.

c) the detailed record on assisting poorest rural groups through IRD projects.

d) the record for Africa as a whole of UK agricultural research support.

e) trends in the performance of CDC in agriculture.

4

A Closer Look at Trends

4.1 Composition

In section 2.1 the distribution of UK agricultural aid over the period 1979-84 showed that the main category of agricultural aid remains project aid: in terms of disbursements the percentage figure was 67 per cent in 1979 and it reached 77 per cent in 1984. An investigation of project aid provides a good measure of the expenditure priorities of ODA *within* the sector and the following analysis is based on figures provided by ODA and reproduced in Annex 1. The main points which emerge support the conclusions we have drawn from the four country studies.

The most striking point concerns the shift away from directly productive projects (in crops, livestock, forestry and fisheries) and processing projects and towards infrastructure projects — particularly roads and land development and irrigation. The trend is even more evident in the figures on allocations, which in agriculture tend to work through to the disbursements two or three years later in the case of major projects.

As the aid programme has been cut back, it has been the relatively large infrastructure projects which have survived best. They offer better commercial prospects for the UK than the smaller crop and livestock projects and, it must be said, recipient governments often accord higher priority to construction projects. The aid programme as a whole in Africa shows the same trend.

Within the directly productive projects, there are several signs of relative neglect. Most noticeably, support for farmer services has fallen away badly. There is no longer any project concerned with seed supply; support for agricultural banks and co-operatives appears to have been abandoned; disbursements on agricultural storage projects have slowed to a trickle; and animal health services expenditure has been much reduced.

It is difficult for us to make very much of these reductions in already small figures: they simply represent once again the extent of the decline in UK's agricultural aid performance. But we feel on much stronger ground when looking at two other trends — the decline in agricultural research expenditures (see 4.4) and the weak aid performance in integrated rural development projects (see 4.3) which have come to represent aid to the poorest.

There is a 'missing' component in our analysis of this set of data: programme aid. The Minister for Overseas Development told Parliament in June 1985 of a changing emphasis in aid allocations to Africa towards programme aid to 'keep existing assets going and to provide spares and other items'. This new emphasis was fully discussed with us and it was explained that it was part of a wider co-ordinated donor effort to assist the process of necessary economic policy changes within Africa to provide incentives to agricultural production in particular. It represents, the Minister told us, a shift away from the traditional project approach to agricultural development.

In 1984-85 programme aid allocations for almost £39 million were agreed for seven African countries, chiefly to back up sectoral or macro-economic reform programmes agreed in collaboration with the IMF and the World Bank. According to the Minister, the bulk of this aid is intended to support the natural resource sector either directly (as in the case of imported farm requirements to Kenya and Sudan described above) or 'indirectly' — which presumably means that the economies in question are primarily agricultural. In addition, over the next five years £75 million has been set aside to support the new World Bank African Special Facility for adjustment programmes.

Disentangling 'programme aid' of this scale as a component of UK agricultural aid is not an entirely straightforward matter. Project aid expenditure, for example, may also include foreign exchange for essential imports. And, furthermore, a distinction must be drawn between the issues of programme aid as an alternative to existing forms of project aid and the issue of linking domestic policy changes to the provision of aid generally whether as programme aid or as project aid. We return to these issues in the next chapter.

4.2 Volume

The volume of aid to agriculture in the four countries declined over the period of our review, and it declined more sharply than the UK aid overall to the four countries.

This decline in the volume of aid disbursed to agriculture is reflected throughout sub-Saharan Africa, even if some allowance is made for the indirect benefit to agriculture of items such as 'programme aid', budgetary aid and debt cancellation. Indeed, simply taking project aid of direct benefit to agriculture, the real value of UK agricultural aid has been reduced by one third.

However the decline in the *share* of aid allocated to agriculture which we found in the four countries is not evident in the aid programme for sub-Saharan Africa as a whole. There are obviously ups and downs, but we have not found that agriculture has been downgraded in priority. On the other hand, it has not received any upgrading in priority and despite the growing importance of agricultural recovery to Africa's economic future, UK aid to this sector remains generally below one third of the total.

4.3 The Poorest

The expenditure figures on IRD projects need to be treated with some caution as some integrated projects can be disaggregated into components which appear elsewhere in Annex 1 and most have high TC components (and so do not appear under capital aid). But the general picture is clear enough. There have been no new allocations to 'Rural Development' since 1982; and the projects begun in the 1970s continue now mainly on a shoe-string basis. The issue for us is not really the decline of IRD: we have received much evidence to support ODA's general contention that these projects are now difficult to justify. But we have also received oral evidence suggesting that ODA has not done enough on the sorts of initiatives that must be undertaken if it is to be taken seriously in its stated objectives of helping the poor in conditions of severe environmental and climatic adversity.

Most of the IRD projects remain in some form (eg EMI in Kenya, the IRDP in Zambia) but it is evident that none of the projects has justified a major 'expansion' in UK aid expenditures. Beyond the small initial expenditures on items such as housing, water supply, the pattern seems to be of small TC teams involved in a few research trials or assisting in local planning exercises. The UK's 'Aid to the Poorest', close up, seems to be a singularly modest enterprise given the difficulties confronting African farmers and herdsmen in the drier, more marginal, areas.

The general disenchantment with donor-financed 'basic needs' projects initiated in the 1970s relates mainly to a failure of large-scale integrated rural development projects in Africa, devised for conditions in which the administrative capacity in the host country proved to be inadequate, and in which domestic revenue to support the day-to-day operations and staffing of national projects was unavailable. It is also evident that there has been insufficient understanding in the UK aid programme of the social aspects of supporting development programmes in poor regions. We were particularly struck by the difficulties encountered in designing successful projects for traditional herding populations.

In contrast, there appears to be more success with less ambitious small-scale rural development projects focusing on particular farm inputs such as the introduction or adaptation of new varieties of farm equipment resources available to the more marginal rural populations. These are areas which remain eminently suited to the official UK aid programme, as well as being the sort of initiatives supported and endorsed by representatives of the voluntary agencies in their evidence to us. **It would be unwise for the relative failure of a particular type of ambitious or poorly designed IRD project to be used as ammunition to curtail project aid in general to African farmers and herdsmen.**

4.4 Research

Our examination of UK aid-assisted agricultural research in the four countries indicated a limited but highly successful effort. But it must be said that such a country focus does not do full justice to the scale of UK agricultural research in Africa. First, it fails to take into account the work of the international research centres to which the UK contributes. In Africa, these are the International Institute for Tropical Agriculture (based in Nigeria and concentrating upon farming in areas of high rainfall), the International Laboratory for Research on Animal Diseases based in Kenya, and the International Livestock Centre for Africa based in Ethiopia. In addition there are programmes of work in Africa supported by the International Crop Research Institute for the Semi Arid Tropics and the International Maize and Wheat Improvement Centre, both of which bodies have their headquarters elsewhere. The annual contribution of the UK to these five centres above was just under £2 million in 1983-84.

Second, UK agricultural research includes work undertaken either in the UK or at International Centres by ODA's own scientific units (most notably the TDRI) and the UK universities and research establishments financed either by ODA or from the Research Councils. Within ODA's Research and Development allocations high priority is given to agriculture, livestock and forestry. Turning to research in Africa itself, it is evident that the low allocations to natural resources capital projects involving research in Africa are mirrored by the low allocations to technical co-operation involving agricultural research in areas such as irrigation, soil conservation, forestry; and even in traditionally stronger UK areas of pest control, post-harvest technology, animal diseases, and crop production these are only a handful of initiatives now involving a substantial manpower component (notably in Botswana, Malawi, Sudan, Kenya, Tanzania).

In our oral evidence, the performance of UK aid in agricultural research was generally commended, although the Oxfam representative felt that research on food staple production in drier regions had been seriously neglected. **However, we received unanimous agreement that UK agricultural research aid was insufficiently supported in terms of long-term commitment of funds and staff.** As Sir Roger Swynnerton explained, the major need in agricultural research is for continuity and patience. He felt that often a 15-20 year timescale was appropriate rather than the series of relatively short commitments (and thus staff discontinuities) that had characterised ODA projects such as the Dryland Farming Scheme in Botswana.

The picture for Africa for a whole is thus similar to the picture for our four countries: high quality work which is generally effective despite the difficulties of generating improvements in semi-arid regions under population pressure; and a modest *scope* of work despite the difficulties evidently caused for research projects by insufficiently long-term financial allocations.

4.5 Commonwealth Development Corporation

In our evidence from Kenya and Tanzania we noted both the importance of CDC in export crop development and the difficulty for the Corporation in extending its activities without changing its entire approach to agricultural development. This point is generally supported by the evidence from CDC work in Africa as a whole. The influence of CDC on the composition of UK aid by crop is significant: sugar, tea, cocoa, rubber, oil palm and tobacco are by far and away the main crops for UK aid expenditures with cereals a long way behind. The 'CDC crops' are closely bound to its methods of operations and financing: a large degree of management control, production linked to processing and marketing, and foreign exchange earnings.

The difficulty for CDC has been to identify suitable agricultural, or 'renewable natural resource' (RNR), investments: it does not appear to be the case that the availability of finance from ODA is the main cause for the decline of CDC investment in African agriculture.

As Box 13 indicates, the decline in new commitments has been very steep.

Box 13: CDC Commitments 1979-84

	Total £m	*Africa £m*	*RNR £m*	*RNR in Africa £m*
1979	82.7	64.9	48.4	40.0
1980	80.8	32.8	22.0	9.7
1981	94.7	27.3	43.3	1.8
1982	102.9	40.2	53.4	8.6
1983	100.3	37.9	52.0	19.8
1984	101.8	40.3	58.0	17.8

Africa remains the main region of CDC investment overall: by the end of 1984 total outstanding commitment to new and existing projects was £838 million, of which £408 million was to Africa, with Asia — at £224 million — gaining ground rapidly in the portfolio due to SE Asia's continuing high potential in estate and outgrower forms of agricultural production. In Africa itself, CDC's agricultural projects are primarily in the relatively high rainfall countries: Cameroon, Ghana, Ivory Coast, Liberia, Nigeria, Kenya, Tanzania, Uganda, Malawi, Zambia, Zimbabwe and Swaziland. The arid and semi-arid regions are barely represented and two of CDC's most difficult — and least successful projects — have been in northern Nigeria and southern Ethiopia.

Despite this evidence of a somewhat conservative bias in CDC's agricultural investment policy, it is not the case that the Corporation is transfixed by its own successful record in a small number of high-value export crops. It is now attempting to operate in the production of food crops for domestic consumption. As the record of the last five years shows, CDC has not found many new opportunities for investing in its customary export crops and it is now attempting to diversify into food crops such as maize and oilseeds.

In evidence to us there were accounts of new projects in Zambia and Zimbabwe which incorporate maize and wheat into other crop and livestock activities. And we have already noted schemes in Tanzania for maize and Kenya for oilseeds. The form of production remains much the same however; either direct production or direct production plus supervised production among licensed outgrowers or scheme tenants.

5

New Directions

5.1 The Composition of Agricultural Aid

The shift to Programme Aid

In section 2.6 we examined the constraints imposed upon Africa's farmers by the policies of their governments and because we believe that such constraints are a serious obstacle to agricultural development, we accept the desirability of donors linking much of their aid to the encouragement and support of policy reforms.

Policy leverage is today's reality in most developing countries in Africa and is increasingly accepted by governments as such, not as a malevolent strategem to erode their hard-won sovereignty. While policy conditions can be attached to project aid, the scope of this instrument is limited. More wide-ranging reforms are achieved through programme aid, most effectively in concert with other donors. We are informed of an imminent increase in UK bilateral programme aid as a major plank in the Government's strategy on aid to Africa, yet the disbursement figures show a decline in programme aid, to the rather low level of only £1.4 million in 1984 in Africa. We recognise, however, that the UK's multilateral contributions are being increasingly directed towards programme aid, especially through the World Bank and more recently through the European Development Fund under the Lomé III Convention.

On its own, UK bilateral aid is not large enough to be accompanied by extensive policy conditions; and, in any event, it is designed as much to secure a share of major markets for UK suppliers as to exercise leverage over sectoral policies. However, in future this could change as programme aid to Africa increases and the UK has a stronger voice on a range of policy issues such as market deregulation and measures to ensure a higher and sustained income to agricultural producers. We feel this voice should be heard more.

Multilateral institutions will continue to concentrate their programme aid leverage on the agricultural export sector, and we believe that Britain's historic influence in establishing the cash crop sector in so many Commonwealth countries in Africa should argue in favour of the UK having a stronger position on multilateral reform packages than at present. The terms and conditions of programme aid need to be comprehensively agreed between the receiving government and the major donors, particularly to avoid overlapping and conflicting conditionality, but Britain's role in the process has no need to be understated given the substantial linkages we maintain with the agricultural production sector.

This is the point at which we must also mention a wider issue of Africa's agricultural development. To aid recovery, a world trading environment in which African producers can secure a stable price for their export commodities is highly desirable. In many cases, such as coffee and sugar, the world price is now so low as to offer no hope of effective export earnings renumeration unless prices could stabilise at much higher levels. For example, although African sugar producers receive EEC guaranteed prices for a part of their crop the net effect of EEC agricultural policy serves to severely depress export earnings. The UK as a consuming nation has a duty to address such questions when supplying aid for export crop expansion or diversification.

The need for several forms of aid

While we generally endorse the new emphasis upon programme aid, the declining share of UK project aid of direct benefit to the agricultural sector is disturbing. It has not been fully compensated by the upturn in aid of 'indirect benefit' nor yet by the promised expansion of non-project general support for the sector.

We recognise that the raw figures do not tell the complete story. A major road project (which may give substantial benefits to agricultural marketing and distribution) absorbs a much larger tranche of aid funding than a directly focused small-scale agricultural project. Many rural development projects are necessarily small and slow spending but represent far more than the book value of the Government's financial contribution. The same goes for low-cost NGO projects in the rural sector. We were particularly impressed by the sensitive implementation of village agriculture and irrigation projects in the Gambia as reported to us by Working Party members. This project was implemented through British NGOs in conditions where official aid could not have been applied. They represent a financially modest but nonetheless impressive contribution to agricultural development.

UK technical co-operation is also a most valuable element in the aid programme and one which has declined much too rapidly in recent years. We have no grounds to believe that the present decline stems from a reluctance of African countries to accept expatriate advisers and officials, and we believe that an expansion of manpower aid could easily be achieved (especially with respect to the willingness of competent trained personnel in tropical agriculture to take up appointments) once increased levels of funding are made available.

The effect of commercial criteria

The Minister's new guidelines summarised in section 2.1 signify a welcome recognition that an excessive focus in the aid programme on industrial and commercial criteria of interest to the UK is not really appropriate for the purpose of providing effective aid support for African agricultural development. Nonetheless, it is the case that recent policy has been successful in steering agricultural sector orders to UK suppliers.

As a major plank of aid policy, however, we believe that commercial considerations tend to divert funding opportunities away from the agricultural sector, and also away from Africa as a whole. Similarly, the expansion of the Aid-Trade Provision as an element within the ODA budget has not operated to the advantage of Africa, let alone its agriculture. Projects for which other countries' firms compete, and for which ATP in the form of matching funds can be granted, are mostly to be found elsewhere. While we would like to see a jointly-agreed disbandment of mixed credit operations (and commend the steps taken within the OECD to secure this), we consider that while the system continues, the UK funds for this purpose should be provided from the budget of the Department of Trade and Industry and not from the existing ODA budget.

The quality of UK aid

In the course of this inquiry, several members of the Working Party have visited countries receiving UK agricultural aid and held discussions with the governments on the receiving end. We have been impressed by the general quality of the aid supplied, and no less impressed by the need for UK support in this crucial sector. We are convinced that ODA money is being generally well-spent. This judgement holds for the longer-term development projects and programmes in the natural resources sector as much as for the perhaps more spectacular relief operations. **Although we are concerned about the current level of UK agricultural aid, we found that existing aid is of fine quality and that it represents a firm base on which a future expansion can be built.**

5.2 Reversing the Downward Trend

The substantial reductions in the UK official aid programme overall since 1979, which we noted in section 2.3, have been made solely for reasons of domestic public expenditure policy. The policy has not been influenced to any perceivable degree by an appreciation of the increased needs of developing countries, least of all in Africa.

Although the decline in the UK's aid to Africa is less stark if one considers the substantial African focus of the EEC's aid programme and the renewed World Bank attention to Africa, it remains true that the bilateral programme to Africa has stagnated. The amount disbursed in 1984 (£247.5 million) was not significantly higher even in nominal terms than that in 1980 or 1981. During this period a majority of African states have experienced an unprecedented economic crisis.

The 1985-86 Estimates for the gross aid programme show a further decline in real terms of 1.4 per cent, to £1,205 million (with a planned net aid programme of £1,130 million). Larger cuts were, however, resisted in Parliament last November, and now we make the case for reversing the decline. Our case is based on the following points:

a) **The bilateral aid programme has, contrary to stated government policy, borne the main brunt of the spending cuts in the aid programme overall.**
b) **Loans and credits from the private sector have not proved an adequate substitute for public spending reductions.**
c) **Development aid, especially in sectors like renewable natural resources in Africa, is under threat of erosion from the rise in spending on relief aid without additional resources.**
d) **The rise in voluntary aid contributions has been so striking that the Government would be ignoring reality if it were to assume that further cuts in official aid spending had general public support.**

The squeeze on the bilateral aid programme

In 1979/80, bilateral aid represented 71 per cent of the total aid programme. By 1983/84 it had fallen to 54 per cent, with a forecast figure of 58 per cent in 1984/85. What has happened over this period is that our outstanding and renewed commitments to the multilateral institutions, notably the World Bank's IDA, the EEC's European Development Fund and the EEC Food Aid programme, have increased from 29 per cent of the total to about 42 per cent.

As a result of declining real aid levels, the bilateral programme has been squeezed over a period when the Government intended to increase its importance. The only plausible way of restoring the bilateral aid programme to its accustomed levels and to allow it the scope and flexibility to respond to challenges, such as those evident in African agriculture, is to increase the size of the total aid programme in real terms.

The failure of private flows

Expectations that a withdrawal of public development assistance would be compensated by an increase in capital flows from the private sector have proved groundless. Credit from the UK private sector to developing countries collapsed in 1984. The ODA's 1984 Report shows that net private sector export credits fell by half (from £871 million to £415 million) while UK commercial bank lending in net terms fell from £900 million in 1983 to only £100 million in 1984. Given the severity of the debt crisis, especially in Africa and Latin America, it cannot be expected that private lending will automatically fill the gap in public resource flows; nor would any substitution effects be expected to occur in the more deprived economic sectors or in the poorer developing countries.

Disaster relief and development aid

We are concerned that the Government's response to the African famine should not be paid for by an erosion of allocations for development aid. This is likely to occur in an emergency situation of the present magnitude if cash limits on the overall aid programme are not relaxed. So far, the minister has assured us, the £95 million spent this year on relief in Africa has not been 'borrowed' from any other part of the aid budget, but has been financed from ODA's own provision for contingencies and from 'slippage' in planned disbursements for development expenditures. In a situation where regular bilateral country aid programmes are still being reduced it is however impossible to ascertain whether development aid allocations — to prevent future famines and to support longer-term recovery — are being sacrificed to fund relief efforts within the same overall cash limits.

We believe that the ODA should maintain a specific long term development aid programme which is inviolate. It should be equipped with a small provision for emergencies, and when a larger response is needed, this should be funded on the basis of additionality from one Government's contingency reserve and not from departmental funds. We doubt whether the sort of 'slippage' which has apparently resolved the issue in 1984/85 should or could be resorted to again, and moreover call on the Government to restore to the development aid programme at least the amount diverted to emergency measures last year.

Lessons from the public's response

Private donations to the voluntary agencies nearly doubled their overall contribution to £105 million in 1984, and the agencies confidently expect to exceed this figure in 1985 following the extraordinary public response to their Ethiopian and Sudan campaigns and to the unprecedented support given to Live Aid.

So far, the Government has not moved to match this response in any way. No new money has been committed to relief or development aid, save the Ministry of Defence half-share contribution towards the costs of the Hercules airlift since last February and its full cost contribution in the first three months of the operation.

The success of Live Aid and the established voluntary development agencies in fundraising is evidence that there is now strong public support for measures to relieve suffering in developing countries. The drive to donate voluntarily, out of taxed income, must be taken — in our view — as confirmation of widespread public support for more money being made available through official aid channels. It would be appropriate for the Government to match the tremendous voluntary response with a release of equivalent new money for ODA, particularly for long-term development aid to assist African agriculture. It is to the use of such aid that we now turn. First we consider aid projects in support of the poorest farmers and herders and subsequently we look at the potential for increasing aid funds to CDC and to agricultural research as these are both areas in which we feel the UK has a major contribution to make.

5.3 Assisting the Poorest

We are struck by the disappointing performance of so many of the ODA-assisted Integrated Rural Development projects instigated to address the problems of poorer regions. And we have noted the low financial allocations to what may be termed 'subsistence' farming in Africa and to the drier regions of the continent which have become so starkly vulnerable to pressures of climate, population growth and environmental degradation. But we are also aware of the extraordinary difficulties in developing appropriate technologies for agriculture and stock-keeping which offer improved livelihoods for the people living in such marginal areas.

What should we make of this relative failure of ODA support for the rural poor in Africa through IRD projects? When this generation of projects started we believe that a much more ambitious and sustained effort was envisaged. In all projects, there have been disappointments in implementation. The idea of integrated planning has been shown to be over-ambitious with serious manpower and financial constraints. These were, after all, all pre-recession projects before local recurrent cost financing was perceived as such a serious constraint. Yet — and importantly — it was always recognised that achieving production increases would be difficult and that in many areas technical improvements were in a race against increasingly vulnerable physical environments due to population pressure and dangers of prolonged deficits in rainfall.

Over the past five years, we might have expected a gradual build-up of technical expertise and a gradual expansion of production investments. Instead, we have a slow retreat from poorer marginal areas and a reluctance to consider similar 'integrated' projects. Indeed, there has not been any new IRD project since the late 1970s and no obvious attempt to find alternative ways of assisting poorer regions now so dramatically exposed by several seasons of shortfalls in rainfall.

In our view, the less ambitious small-scale rural development projects focusing (on particular farm improvements appropriate to the limited resouces available to the more marginal rural populations) remain eminently suited to the official UK aid programme, as well as being the sort of initiatives supported and endorsed by representatives of the voluntary agencies in their evidence to us. It would be unwise for the relative failure of a particular type of ambitious or over-designed IRD project to be used as ammunition to curtail project aid in general to poorer African farming.

Programme aid, and policy conditionality generally, will do much to assist the relatively high potential areas of Africa and hopefully bring more of the poorer farmers into commercial agriculture. But a donor such as ODA should take up the challenge of supporting agriculture in the less promising regions as it is here that the human crisis of development is most evident. Such support cannot guarantee success: necessarily, research and development in drought-prone regions suffer from setbacks and is often likely to be long term in nature.

We recognise that a renewed emphasis upon aid to marginal areas is not simply a question of increasing financial allocations. Nonetheless, more money is needed not only to increase the number, scope and duration of ODA initiatives but also to ensure that within ODA itself and its Scientific Units there is sufficient manpower to ensure proper investigation of possibilities for increased UK aid to subsistence agriculture.

5.4 Natural Resources Research

Closely linked to the issue of expanding aid to the rural poor is the issue of expanding Government support to UK-based agricultural research. We have found that UK natural resource research performance remains substantial and varied despite the financial limitations imposed on the aid programme. **Nonetheless, we are most concerned about the impact of reduced financial support to UK research institutes such as the TDRI and the Land Resources Development Centre especially at a time when the pressures of climate and population in Africa are putting such a high premium on the need for thorough and imaginative investigation into maintaining and raising production in increasingly fragile environments.** In the Gambia, for example, the Working Party's chairman saw evidence of damaging changes in the vegetation cover and deterioration in farming conditions due to falling water tables.

In particular, we are concerned about the level of research allocations to areas such as the effects of climatic change, soil and moisture conservation, forestry and range management. These areas are becoming every bit as important as plant breeding, pest and disease control and storage where the UK has already established such a strong reputation.

As far as agricultural research projects within Africa are concerned, we have been impressed by evidence suggesting that much longer-term commitment of UK personnel and funds is required for successful research work. Such has been the deterioration of Africa's research capabilities that we are also convinced that ODA needs to review its current reluctance to support the local operating costs of research station work and national research programmes.

5.5 Commonwealth Development Corporation

In some respects, CDC is at a crossroads in its investment policy in natural resources in Africa. The Corporation has been extraordinarily successful in its development of export crops and its pioneering of smallholder schemes linked to processing and marketing facilities. The scope for the expansion of such schemes is limited in several respects including market limits on crops such as sugar, tea and coffee and limits on the management capacity to operate schemes which demand a high level of technical and commercial supervision. But in any event, **it is our belief that, however successful CDC has been, it is unrealistic to imagine that under its style of operation it can make very many inroads into the vast problem of declining per capita food production in Africa.**

We do not believe there should be any fundamental change in CDC investment policy in African natural resource development, but there are two areas where we feel CDC could usefully look at its performance and priorities with a view to expanding its role in African agriculture. The first concerns the scope for further investment in food production, possibly in harness with non-food export crops, in those countries where pricing policies are conducive to such investment. Much of the difficulty for African farmers in responding to price incentives for cereals and other food staples appears to be assured supplies of farm inputs and reliable marketing. CDC has particularly valuable experience in such farmer services although a greater emphasis upon smallholder food production support would clearly entail a relaxation of its emphasis upon management control and increase the risk of its investments.

The second area of possible increase in investment would be in support for seed production, multiplication and distribution. This is a critically weak area in many African countries and there is currently very little prospect of a major expansion of local private activity in seed supply, even if policies of governments were to encourage this.

The CDC already operates successfully, in Malawi for example, in the seed industry and we feel that this experience should be emphasised as widely as possible elsewhere, particularly if ODA's own country aid programmes are expanded in support of crop research and development.

5.6 The Need for a Statement on Policy

When we began this inquiry we found ourselves starting in relative ignorance of either the details of UK agricultural aid to Africa or the policy framework which has guided the allocation of such aid. Much attention was focused on official relief operations but there was relatively little documentation prepared on the development programmes on which we wished to focus our work. The information we received from ODA has been of great help to us and we are pleased to include so much of it in our report. We are also now much clearer on the policy aspects of UK aid.

Nonetheless, it has taken us many months of inquiry and a long period of search and scrutiny of the documentation to get to our current level of knowledge and even now there are areas where the direction of aid policy may not be entirely clear. This alone argues the need for a full and comprehensible statement of government policy towards aid to African agriculture; but there are two other reasons why such a statement would now be timely.

First, our report has made it clear that we are encouraged by recent pronouncements of the Minister, suggesting a more positive direction in the aid programme in Africa. But, put simply, there appear to be substantial areas of inconsistency between what the Government says it is doing and what it actually does. It has to be noted rightaway that much of what the Government says it is doing reflects *current* concerns, and these are a reflection of the need for new initiatives and priorities. But it would be useful if a statement of policy indicated reasons for changes of emphasis and illustrated these with lessons of past experience. Such a statement should also indicate where ODA sees particular strengths in the UK for assisting African agriculture.

Second, a statement on policy would do much to enhance public understanding of the requirements for developing African agriculture. It would also help to inform an eager public about what the Government intends to do. There is now considerable public interest in long-term support for development in Africa which could assist in preventing the sorts of distress that we have become only too accustomed to seeing on television. **In such a climate of concern, we feel that ODA would greatly enhance its reputation as a development agency if it could set out clearly its views on that range of complex issues such as 'food crops versus cash crops' and 'famine relief versus development aid' which currently befuddle so much of public and parliamentary debate.** We hope our report will make a contribution to such debates which in our view can only benefit from a clear statement of policy from the Government.

6

Conclusion

During our inquiry and in the course of the African country visits we have formed the impression that the UK aid programme in support of agricultural development in Africa has many strengths. Its obvious successes outweigh the weaknesses and disappointments which have been documented. There is an urgent need for more official aid in the sector, and the improving policy environment in so many African countries is an assurance that the aid can be applied effectively.

The impact of the UK's bilateral aid has, however, been progressively reduced by the recent spending cuts. Aid projects of direct benefit to farmers have been run down and virtually no major new initiatives have been taken in this field in recent years, partly as a result of the general squeeze on the bilateral aid programme but also due to the demands from other areas of aid expenditure. **We believe there is a strong case not merely to restore the cuts in aid to African agriculture, but also to expand the aid programme overall. This expansion should form part of a much longer-term commitment to assist natural resource development in Africa.** Such a programme would need to maintain its variety to deal with the specific and time-bound needs of particular economies (especially at present for rehabilitation measures) but we recommend that much more emphasis be placed in future on funding the areas where the UK has a proven comparative advantage, such as tropical agricultural research. Finally, we recommend that more ODA resources be directed to support the African peasant farming community, particularly in the food production sector. This is an area about which there is now a strong public concern, also manifested through the NGO programmes, and to which the Government through its official aid programme should now make a substantial long-term contribution.

Annex I:
Expenditure on Agriculturally related projects in Africa, South of Sahara

	£'000					
Sector	*1979*	*1980*	*1981*	*1982*	*1983*	*1984*
Projects of direct benefit to agriculture						
Crop production	18	86	79	5	—	313
Livestock	87	779	276	250	250	218
Fertilisers	—	—	—	—	501	—
Farm equipment	332	78	4	8	—	—
Seeds	1,496	87	12	5	—	—
Cereals	—	—	—	—	—	—
Sugar	1,677	4,752	1,830	1,123	2,962	1,121
Coffee/cocoa/tea	2,330	3,859	2,881	1,749	985	1,096
Oil products	2,869	987	1,997	429	1,988	606
Tobacco	510	230	—	—	—	—
Rubber	90	3,800	4,015	2,931	4,150	4,179
Agric services	298	356	234	228	215	42
Hunting & trapping	—	20	6	—	—	—
Agric development	2,538	2,084	1,925	2,056	2,535	4,924
Agric research	244	289	170	188	104	200
Livestock research	—	—	—	—	251	152
Agro-industries	—	—	—	268	—	—
Agro-related education	289	51	15	56	264	87
Agricultural extension	6	70	502	346	277	22
Livestock services	1,876	787	343	548	347	442
Agriculture and livestock	14,660	18,318	14,289	10,191	14,829	13,402
Forestry development	1,214	2,147	2,536	2,798	1,966	1,323
Fishing/boats/vessels	100	—	—	—	—	—
Fishing equipment	—	116	168	−6	9	—
Fishery development	295	243	92	26	18	49
Fishery services	321	235	22	26	—	—
Fishery research	8	11	5	—	—	—
Fishing	724	606	288	46	27	49
Agricultural water resources	1,609	1,634	2,554	1,059	2,044	851
Land development/reclamation	750	350	300	228	245	228
Land settlement/compensation	1,303	929	2,130	4,777	2,981	1,972
Land survey	229	17	115	—	207	281
Land Dev and irrigation	3,891	2,930	5,099	6,063	5,477	3,333

	£'000					
Sector	*1979*	*1980*	*1981*	*1982*	*1983*	*1984*
Rural development	1,447	1,741	2,649	2,459	1,892	774
Meat preserving	—	—	—	—	—	—
Fruit/vegetable preserving	33	18	—	—	—	—
Sugar refineries	1,773	3,636	972	183	1,302	2,475
Animal feeds	—	18	93	4	—	13
Tea/coffee/cocoa	1,078	105	—	—	—	—
Wood & wood products	—	—	1,421	—	—	—
Sawmills	388	56	9	38	—	—
Tobacco	500	—	—	—	—	—
Textile fibres	54	—	—	—	—	—
Paper and Paper Products	—	—	—	—	—	7,900
Agricultural processing	3,826	3,834	2,496	225	1,302	10,388
Agricultural co-operatives	—	27	—	—	—	—
Agricultural storage	1,475	848	718	766	5	123
Cold storage	—	—	—	—	77	47
Fishery cold storage	1,247	93	19	—	—	—
Agricultural storage	2,721	941	737	766	82	
Agricultural develop't banks	—	113	—	—	—	—
Sub-total	28,484	30,655	28,092	22,548	25,575	29,439
Projects of indirect benefit to agriculture						
Rural road infrastructure	4,493	15,548	20,513	16,938	26,252	20,464
Rural electrification	—	50	38	—	246	—
Rural water supply	1,189	1,609	1,518	1,258	557	652
Rural housing	423	78	44	115	—	—
Rural clinics/dispensaries	145	122	297	39	40	—
Sub-total	6,250	17,407	22,410	18,350	17,095	21,116
Grand total	34,734	48,062	50,503	40,899	52,671	50,555
Share of all project aid (%)	41.2	57.4	N/A	48.9	40.1	44.4

Annex II:
Expenditure on Agriculturally related projects in Kenya, Tanzania, Gambia and Sudan

Kenya

Project	*Expenditure: Agriculturally related projects (£'000)* 1979	1980	1981	1982	1983
Cattle dips	—	—	—	—	—
Grain borer control equipment	—	—	—	—	—
Kenya smallholder coffee	—	—	277	163	536
Kenya tea development auth.	—	3,039	2,215	1,586	—
Smallholder tea	1,650	—	—	—	—
Tea factories	539	—	—	—	—
Agricultural nurseries	—	—	—	—	—
Private development	—	—	—	-	911
Agricultural Dev. Corporation	—	—	—	—	—
Agric. documentation centre	29	7	—	—	—
Goat & sheep project	—	—	—	—	168
Honey collection	—	—	—	—	—
Livestock marketing project	—	78	49	—	—
Agriculture and livestock	2,218	3,124	2,541	1,749	1,615
Forestry conservation	—	—	—	—	100
Bura irrigation	692	522	659	810	669
Soil & water conservation	—	—	—	—	—
1977 Land purchase	677	929	—	—	—
Land Dev. and irrigation	1,369	1,451	659	810	559
Rural dev. comm. centre	54	104	40	—	—
Mumias sugar factory	573	1,936	972	183	1,302
Tea processing factories	539	105	—	—	—
Cotton mills	54	—	—	—	—
Agricultural processing	1,166	2,041	972	183	1,302
Rural access roads	247	352	377	206	42
Grain storage	173	55	106	102	—
	5,227	7,127	4,695	3,050	3,618
Share of all project aid (%)	33.9	41.2	30.1	21.4	27.0

Tanzania

Project	*1979*	*1980*	*1981*	*1982*	*1983*
	Expenditure: Agriculturally related projects (£000)				
Mtwara rice production	20	—	—	—	—
Mtwara Nangaramo rice	—2	45	—	5	—
Lindi Nalikwa-RVO rice	—	41	—	—	—
Mtwara hatchery unit	2	30	10	—	—
Kilimanjaro farms diary project	—	105	40	19	12
Poultry development	—	37	14	14	—
Ngongo dairy development	—	—	—	18	6
Machines for Kilimanjaro farms	307	—	—	—	—
Lindi mechanisation	25	78	4	8	—
Nafco Tanzania Seed Co Ltd	565	4	—	—	—
Seed multiplication centre	—	63	—	3	—
Mtwara Cassava improvement	—	—	—	—	—
National agric farming	—	—	13	4	—
Lindi oilseeds	—	23	7	5	—
Mtwara oilseeds	16	2	—	—	—
Mtwara vet centre	—	70	3	—	—
Agriculture and livestock	933	497	92	76	18
Re-financing of forestry prog.	—	—	984	—	—
Arusha land purchase	319	—	—	67	—
Tabora rural development	284	459	284	475	227
Lindi poultry feed mill	—	18	93	4	—
Moshi box board factory	—	—	1,421	—	—
Agricultural processing	18	1,514	4	—	—
Songea/Makambako road	—	14,280	13,689	12,473	20,368
Songea grain store	267	—	32	—	—
Makambako grain store	303	—	20	—	—
Lindi village grain stores	—	15	—	—	—
Strategic grain reserve II	—	—	19	19	—
Strategic grain reserve I	—	551	317	661	5
Mtwara village go downs	—	6	—	—	—
Mtwara village grain store	—	—	—	—	—
Lindi village grain store	—	—	77	—	—
Agricultural storage	570	572	466	641	5
Dodoma: village water supplies	—	92	29	16	—
Mwena water supplies	—	304	87	—	—
Lindi rural water supplies	—	79	17	10	—
Mtwara rural water supplies	—	192	2	—	—

Project	Expenditure: Agriculturally related projects (£000)				
	1979	1980	1981	1982	1983
Finn water	—	502	800	124	—
Lindi rural water supply II	—	—	—	185	—
Naliendele water supply	—	—	—	96	—
Village water supply	—	—	—	10	31
Rural water supplies	—	1,169	935	442	32
Rural health centres	—	—	240	—	40
Rural health service rehab.	—	—	—	11	—
Rural health	—	—	240	11	40
	2,106	16,996	17,219	15,173	20,690
Share of all project aid (%)	19.9	88.3	89.9	80.5	88.9

Gambia

Project	Expenditure: Agriculturally related projects (£000)				
	1979	1980	1981	1982	1983
Ag. research & seed study	—	—	—	—	25
Rural development	—	130	—	—	62
Minor self-help village projs.	—	46	—	—	—
Rural development projects	—	176	—	—	62
Abuko abattoir	—	—	—	—	—
Rural piped water supply	236	70	44	—	—
	236	246	44	—	87
Share of all project aid (%)	26.1	47.5	7.5	0.0	9.9

Sudan

Project	Expenditure: Agriculturally related projects (£000)				
	1979	1980	1981	1982	1983
South region agric project	—	151	581	1,263	1,394
Imatong mountains forestry	547	340	371	388	669
Red Sea fisheries	155	168	67	15	15
Sennar dredger	272	102	98	8	85
Rural Dev Finance Co Ltd	—	—	—	152	—
Grain storage	60	24	129	6	—
Grain stores for agric bank	4	8	—	—	—
Agricultural storage	63	33	129	6	—
	1,038	794	1,246	1,832	2,163
Share of all project aid (%)	27.09	10.8	5.2	5.8	11.9

Annex III:
Summary of Aid to Agriculture in Gambia, Kenya, Sudan and Tanzania

	£ million				
	1979	*1980*	*1981*	*1982*	*1983*
Gambia					
Project aid	0.2	0.2	0.0	—	0.1
Programme aid	—	—	—	—	—
Fertiliser aid	0.1	0.0	—	—	—
Technical co-operation	0.2	0.5	0.2	0.2	0.2
(A) Total aid to agriculture	0.6	0.5	0.2	0.2	0.2
(B) Total aid allocable by sector	2.4	2.0	2.0	2.1	2.0
(A) as a % of (B)	24.0	24.8	12.7	7.3	12.1
Kenya					
Project aid	5.2	7.1	4.7	3.1	3.6
Programme aid	0.1	0.0	0.1	0.2	0.1
Fertiliser aid	—	—	—	—	—
Technical co-operation	0.9	1.0	1.1	1.1	1.6
(A) Total aid to agriculture	6.2	8.1	5.9	4.3	5.3
(B) Total aid allocable by sector	26.7	25.4	31.0	31.0	25.5
(A) as a % of (B)	23.2	31.9	19.1	13.9	20.9
Sudan					
Project aid	1.0	0.8	1.2	1.8	2.2
Programme aid	0.5	1.0	0.3	0.3	0.7
Fertiliser aid	0.2	0.2	0.1	—	—
Technical co-operation	1.3	1.8	1.2	1.5	1.6
(A) Total aid to agriculture	3.0	3.7	2.8	3.6	4.4
(B) Total aid allocable by sector	12.7	21.7	31.5	38.3	31.3
(A) as a % of (B)	23.8	16.9	8.9	9.5	14.2
Tanzania					
Project aid	2.1	17.0	17.2	15.2	20.7
Programme aid	0.7	0.5	0.3	—	—
Fertiliser aid	0.3	—	—	—	—
Technical co-operation	1.2	1.8	1.8	1.6	1.4
(A) Total aid to agriculture	4.4	19.3	19.3	16.8	22.1
(B) Total aid allocable by sector	21.3	30.5	27.6	25.9	28.8
(A) as a % of (B)	20.5	63.2	69.9	64.9	76.8

Annex IV:
Persons consulted by the Working Party

Rt. Hon Timothy Raison, MP	Minister for Overseas Development
Ian Buist	Under Secretary, ODA
Paul Tuley	Natural Resource Adviser, ODA
Sir Roger Swynnerton	President, Tropical Agriculture Association, formerly Chief Natural Resources Adviser, CDC
Sir Michael Wood	African Medical and Research Foundation
John Leech	Commonwealth Development Corporation
Keith Armstrong	Commonwealth Development Corporation
Nigel Twose	Oxfam; author of *Cultivating Hunger*
Peter Stutley	Ex-ODA Natural Resources Adviser; agricultural consultant
Dr J.H. Stevens	Chief Executive, International Agriculture, Knight, Frank and Rutley
Ian Wallace	Tear Fund, Agricultural Consultant
Derrick Knight	Christian Aid
John Sewell	President of Overseas Development Council, Washington
Robert Berg*	ODC, Washington
Jennifer Seymour Whitaker*	US Council on Foreign Relations
Harris Mule	Secretary to the Treasury, Kenya
Taye Gurmu	Deputy Commissioner, Government of Ethiopia
Dr Kurt Janssen	UN Assistant Secretary-General for Emergency Operations
The Governor of the Central Bank of Sudan	
Sir Dawda Jawara	President of the Gambia
Hon. Saihou Sabally	Minister of Agriculture, Gambia
Hon. Abdoulie N'Jie	Minister of MEPID, Gambia
Hon. Sheriff Sisay	Minister of Finance, Gambia
Dr John Howell	Agricultural Administration Unit, ODI (specialist adviser to the Working Party)
Adrian Hewitt	ODI (research adviser, All-Party Group)

*Co-directors of the US Committee on African Development Strategies.

Annex V:
Glossary of Acronyms

ASAL	Arid and Semi-Arid Lands Programme (Kenya)
CDC	Commonwealth Development Corporation
EMI	Embu, Meru and Isiolo (Kenya)
ERAP	Equatoria Region Agricultural Programme (Sudan)
IDA	International Development Association
IMF	International Monetary Fund
IRD	Integrated Rural Development
IRDP	Integrated Rural Development Programme
LRDC	Land Resources Development Centre
NGO	Non-Government Organisation
NR	Natural Resources
ODA	Overseas Development Administration
OECD	Organisation for Economic Co-operation and Development
RDP	Rural Development Project (Gambia)
RIDEP	Rural Integrated Development Programme (Tanzania)
RNR	Renewable Natural Resources
TC	Technical Co-operation
TCO	Technical Co-operation Officer
TDRI	Tropical Development and Research Institute

'During our inquiry and in the course of the African country visits we have formed the impression that the UK aid programme in support of agricultural development in Africa has many strengths. Its obvious successes outweigh the weaknesses and disappointments which have been documented. There is an urgent need for more official aid in the sector, and the improving policy environment in so many African countries is an assurance that the aid can be applied effectively.'

Working Party of the All Party Parliamentary Group on Overseas Development

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