

STRENGTHENING AGRICULTURE AND AID FOR TRADE DEVELOPMENT IMPACT

Opportunities for aligning policies and programmes

DISCUSSION PAPER



Global Donor Platform
for Rural Development

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DISCLAIMER

The content and views expressed in this discussion paper are those of the authors, based on literature and discussion with a range of stakeholders in the sector, and do not necessarily reflect the views, positions or policies of the Global Donor Platform for Rural Development or its members.

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LIST OF ABBREVIATIONS

A4A	Alliances for Action, International Trade Centre
AfT	Aid for Trade
ARD	Agriculture and Rural Development
CAADP	Comprehensive Africa Agricultural Development Programme
CFU	Commercial Farmers' Union of Zimbabwe
ZCFU	Zimbabwe Commercial Farmers' Union
ZFU	Zimbabwe Farmers' Union
COMESA	Common Market for Eastern & Southern Africa
CSO	Civil Society Organization
DFAT	Australia's Department for Foreign Affairs & Trade
EC	European Commission
ECDPM	European Centre for Development Policy Management
EIF	Enhanced Integrated Framework
FAO	Food and Agriculture Organization of the United Nations
FMM	FAO Multi-partner Programme Support Mechanism
GAFSP	Global Agriculture and Food Security Programme
GDPRD	Global Donor Platform for Rural Development
GVC	Global Value Chain
ICTSD	International Centre for Trade and Sustainable Development
IDH	Sustainable Trade Initiative
IFPRI	International Food Policy Research Institute
ITC	International Trade Centre, WTO/UN
LDC	Least Developed Countries
MMI	Missing Middle Initiative, GAFSP
MOAMID	Ministry of Agriculture, Mechanization and Irrigation Development, ZW
MOIC	Ministry of Information and Communication, Zimbabwe
OECD	Organization for Economic Cooperation and Development
PCSD	Policy Coherence for Sustainable Development
PO	Producer Organization
PPI	IDH Production, Protection and Inclusion approach
RAIP	COMESA Regional Agricultural Investment Plan
RIMISP	Latin American Centre for Rural Development
RTD	Rural Territorial Development
SDC	Swiss Development Agency
SDG	Sustainable Development Goal (UN Agenda 2030)
SIRDC	Scientific and Industrial Research and Development Centre
SME	Small and Medium-size Enterprises
UN	United Nations
WB	World Bank Group
WEF	World Economic Forum
WTO	World Trade Organization
ZEPARU	Zimbabwe Economic and Policy Analysis and Research Unit

EXECUTIVE SUMMARY

One of the key objectives of the Global Donor Platform for Rural Development's work stream on Inclusive Agribusiness & Trade is to increase the dialogue between the trade and agriculture departments of donor agencies so as to encourage the inclusion of trade issues into agriculture and rural development (ARD) programming and vice versa. This way the development partners seek to improve the policy coherence and complementarity of their agriculture, rural development and trade policies and programmes in order to improve sustainable development impact, as defined in the UN Agenda 2030.

This paper contributes to this ongoing debate by identifying areas and opportunities for enhanced multi-stakeholder dialogue, alignment and cooperation between the ARD and Aid for Trade (donor) communities. It aims to set the stage for practical, evidence-based exchanges about how to deal with the challenges of implementing policy coherence and complementarity between these two communities. And it looks for common ground where improving alignment may be most effective.

The paper calls for evidence-based dialogues in specific development contexts in order to be able to draw in all relevant stakeholders – including national and/or regional governing bodies, producer organizations, private sector, civil society and research, advisory and certification agencies. It also suggests particular 'chantiers' as starting points for intensifying multi-stakeholder dialogue and learning. And it identifies various ongoing initiatives as opportunities for such dialogue and learning to effectively contribute to further improving policy coherence and complementarity in practice. Finally, the paper presents some first ideas about how a cross-country, cross-agency learning journey on improving policy coherence and complementarity could take shape and a number of specific recommendations to the members of the Global Donor Platform for Rural Development (GDPRD).

01 INTRODUCTION

One of the key objectives of the Global Donor Platform for Rural Development's work stream on Inclusive Agribusiness & Trade is to increase the dialogue between the trade and agriculture departments of donor agencies so as to encourage the inclusion of trade issues into agriculture and rural development (ARD) programming and vice versa. This way the development partners seek to improve the policy coherence and complementarity of their ARD and trade policies and programmes in order to improve sustainable development impact, as defined in the UN Agenda 2030. This paper contributes to this ongoing debate of the work stream.

An earlier discussion paper *Aligning agricultural and rural development and trade policies to improve sustainable development impact*¹ suggests situating the dialogue within specific national and/or regional contexts, where policies and programmes are implemented and their impact becomes visible, and where all relevant stakeholders can be drawn into the process. This seems a logical step in the light of the key role country governments and regional bodies play in forging coherence between the various (inter) national policies that affect their country or their region's potential to achieve the SDGs.

This paper identifies areas and opportunities for enhanced multi-stakeholder dialogue, alignment and cooperation between the ARD and trade (donor) communities. It aims to set the stage for practical, evidence-based exchanges about how to deal with the challenges of implementing policy coherence and complementarity in ARD and aid-for-trade (AfT) in development practice. And it looks for common ground where improving alignment may be most effective. It hopes to contribute to a pro-active dialogue and multi-stakeholder debate, offering an overall perspective on how to further align ARD and AfT policies and programmes with agreed development objectives and targets.

The paper is based on documentary review of donor ARD and AfT policies and programmes, enriched by a limited number of interviews with specialists in these fields. It doesn't pretend an exhaustive overview or assessment of all policies and programmes. It does appreciate the diversity of approaches to improving policy coherence and complementarity between ARD and AfT adopted by development partners and takes account of recent initiatives, which seek, amongst others, improved coherence between agriculture, trade and industrial development policies, strategies and programmes.

¹ Engel, Paul (2018). *Aligning agricultural and rural development and trade policies to improve development impact*. GDRD/ECDPM, Maastricht: Discussion Paper No. 221.

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2.1. THE AGENDA 2030 FRAMEWORK

The UN Agenda 2030 casts Policy Coherence for Sustainable Development (PCSD), Trade and Multi-stakeholder partnerships as key means of implementation to be strengthened in order to increase the development partners' joint transformative impact (SDG 17). It does so, respecting "Each country's policy space and leadership to establish and implement policies for poverty eradication and sustainable development". This underscores the important role of country governments in forging coherence between the various (inter) national policies that affect their country.

Policy coherence for sustainable development (PCSD) calls for recognizing and managing interactions between SDGs, addressing the policy effects of domestic and international action as well as breaking out of institutional and policy silos so as to ensure effective joint action (see Box 1).

Within the SDGs, **trade-related targets** pledge to "promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system" (target 17.10) and to "significantly increase the exports of developing countries (...) doubling the least developed countries share of global exports by 2020" (targets 17.11-12).

In addition, development partners commit to "enhance the Global Partnership for Sustainable Development and complement these with **multi-stakeholder partnerships** that mobilize and share knowledge, expertise, technology and financial resources (...)" (target 17.16) and, "to encourage and promote effective public, public-private and civil society partnerships (...)" (target 17.17) both in order to support the achievement of the SDGs, in particular in developing countries.

Box 1: PCSD in the UN Agenda 2030

Sustainable Development goal (SDG) target 17.14 calls on all countries to enhance policy coherence for sustainable development (PCSD) as a key means of implementation. Governments and stakeholders recognise the relevance of PCSD for identifying, understanding and managing interactions among highly interconnected SDGs and for addressing the potential transboundary and intergenerational policy effects of domestic and international action. They are also increasingly recognizing the need to break out of institutional and policy silos to realise the benefits of synergistic actions and to effectively address unavoidable trade-offs across the SDGs. Most importantly, they recognise the need for coherent approaches to ensure that "no one is left behind", the underlying principle of the 2030 Agenda for Sustainable Development.

Source: OECD²

² OECD. Policy Coherence for Sustainable Development 2018, OECD, p 17.

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Consequently, the challenge of strengthening policy coherence and complementarity between the ARD and AfT communities in development cooperation may be further specified – in the words of the OECD: through effective multi-stakeholder partnerships “to break out of institutional and policy silos in order to identify, understand and manage the interactions among relevant SDGs; to realize the benefits of synergistic actions and to effectively address unavoidable trade-offs across the SDGs” (cf. Box 1).

2.2. SPECIFIC SDGS FOR GREATER ARD-AFT ALIGNMENT

As we have seen in a previous study³ (Engel, 2018), diverse objectives, stakeholders and underlying interests are one reason ARD and AfT communities drift apart in their approaches to supporting development in a coherent manner. However, as John Barrett pointed out: “Rural development needs to be framed not only in terms of supporting the rural population to achieve food and nutrition security (...) but about supporting a long-term process of fundamental structural change in the rural space.”⁴ Such an approach, he argues, implies more attention to the role of cash crops, both food and non-food, in economic growth, transformation and job creation in view of growing challenges of urbanization and youth unemployment in many countries. Consequently, aiming at a range of objectives, and not just one or a few, may well be the ‘normal’ when supporting rural and agricultural transformation.

This raises a first question: *Which are the SDGs most likely to be impacted by greater coherence and complementarity between ARD-AfT policies and programmes?* At first sight, these are numerous. ARD and AfT policies and programmes might affect multiple SDG targets, either directly or indirectly⁵. However by applying a value chain perspective – linking rural livelihoods, agricultural production, trade, transformation and consumption – including a range of SDGs that reflect the diverse perspectives of different stakeholders in rural sector transformation, SDGs 1, 2, 8, 9 and 12 (Box 2) may provide a coherent range of objectives and targets to set the stage for sharpening the debate on policy coherence, and for creating synergies between ARD and AfT⁶.

Box 2: SDGs of relevance for policy coherence between ARD and AfT



SDGs 1, 2, 8, 9 and 12 call upon development partners to end poverty and hunger by working towards rural sector transformation, entrepreneurship, diversification and inclusive and sustainable agro-industrialization (for a summary, see Annex 2). Through these Goals, the Agenda 2030 recognizes that urban population growth, rising urban incomes and food demand will present increasing opportunities for marketled

³ Engel, Paul (2018). Aligning agricultural and rural development and trade policies to improve development impact. GDRD/ECDPM, Maastricht: Discussion Paper No. 221.

⁴ Barrett, John (2016). Implications of Agenda 2030 for Rural Development. Global Donor Platform for Rural Development (GDRD): Geneva, January 2016 (p. 7).

⁵ Diaz, Eugenio and Hepburn, Jonathan (2016). Trade, Food Security and the Agenda 2030. ICTSD Global Economic Governance Think Piece, October 2016: <https://www.ictsd.org/themes/global-economic-governance/research/trade-food-security-and-the-2030-agenda>

⁶ This set of SDGs and targets is not solely impacted by ARD and Trade, nor do they represent the only ones impacted by ARD and Trade. However these do provide a perspective on system transformation in which ARD and Trade policies and programmes are playing a strong, if not determining role.

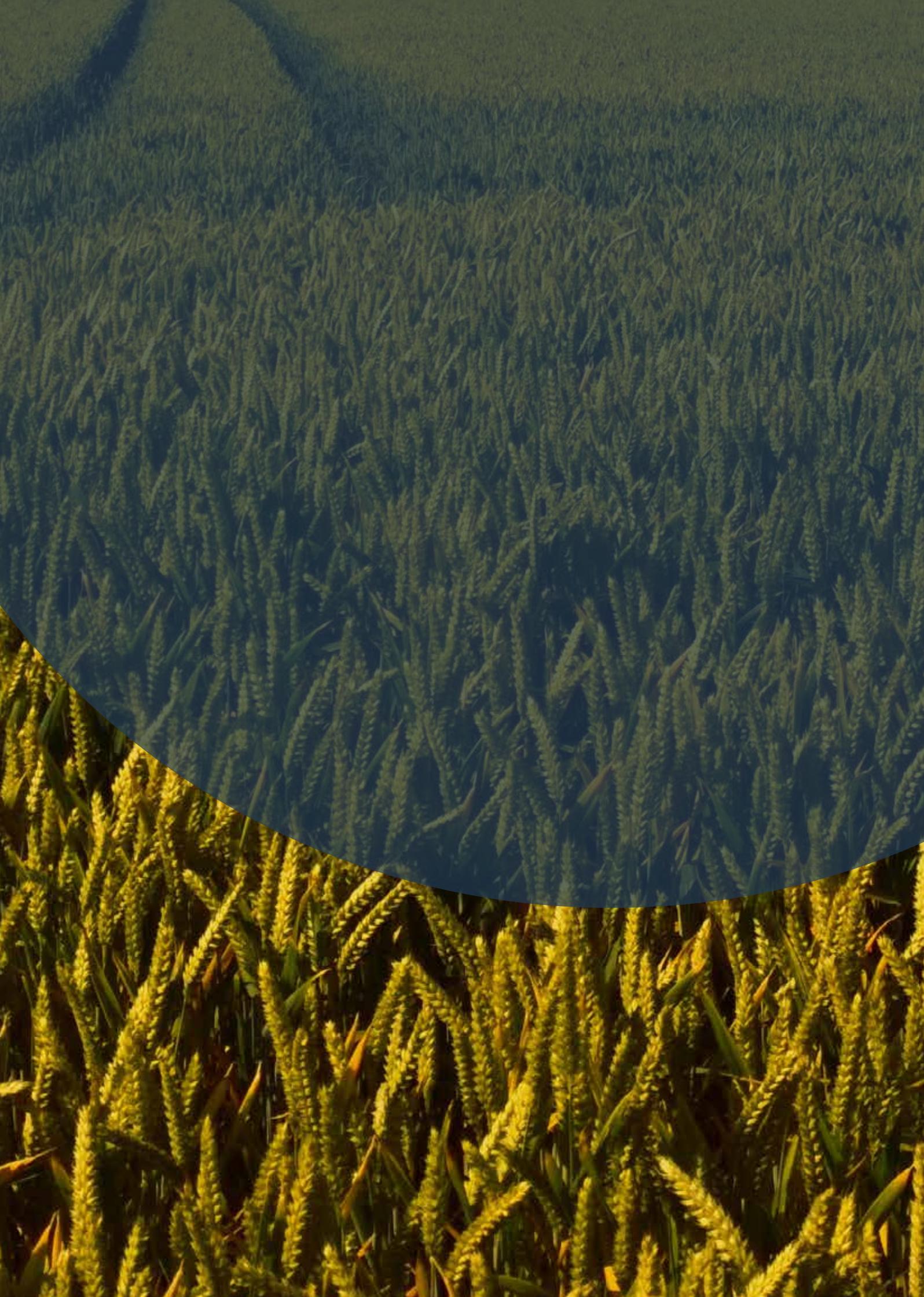
⁷ Cf. Barrett, 2016, p 7. And FAO, Aid for Trade Africa, p 1.

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agriculture⁷ and for agro-processing as one of the most feasible pathways to increased industrialization, particularly in less developed countries in Africa. It entails strengthening agricultural, food and nutrition innovation and resource use efficiency, uncoupling for environmental degradation and building community resilience, including with regard to the adverse

effects of climate change. It also addresses sustainable global consumption and production patterns and, last but not least, productive employment and decent work for all. The aforementioned SDGs provide a perspective on rural and agricultural sector transformation that both ARD and AfT communities may relate to and use to develop a common agenda.





03 LOOKING FOR COMMON GROUND

3.1. KEY ELEMENTS OF ARD DONOR POLICIES

Many donors support agricultural and rural development (ARD). They focus mainly on food security and more recently, migration. However, in their implementation ARD policies and programmes are often perceived as very diverse and lacking an agreed policy framework.⁸ This may not be surprising: ARD is as complex as it is wide ranging, addressing multiple objectives that are not always easily compatible, such as economic growth and export earnings versus poverty, employment, equality, gender fairness, food and nutrition security, environmental conservation and regional equity⁹. Besides, it is often driven by Ministries of Agriculture, affected by institutional fragmentation and very often, a lack of national leadership, particularly in countries where ARD is not a government priority.



Reviewing the various donor policies and programmes one may suggest a number of elements that seem common to most:

1. A primary focus on eradicating hunger and improving food security and nutrition by rendering agricultural and food systems more efficient and sustainable; increasing off-farm employment and social protection and ensuring the resilience of livelihoods vis-à-vis climate change and other threats and crises.
2. A strong focus on combatting rural poverty by integrating smallholder farmers, women and youth in food and agricultural value chains/systems and securing their access to markets; including through education, organization, and capacity support.
3. An emphasis on technological innovation and scaling up the use of smart technologies that help make farming systems more productive, resource-efficient and sustainable.
4. Attention to wider rural territories, landscapes and communities, their incomes and livelihoods as the human, natural and social resource base for sustainable agricultural and food production, and resilience in the face of conflict and/or climate change.
5. Working on the creation of an (institutional) environment that provides the incentives and services that enable rural entrepreneurs to transform their farming, storage, processing and marketing systems to become less wasteful, more inclusive and more sustainable.

⁸ Engel, Paul (2018). Aligning agricultural and rural development and trade policies to improve development impact. GDPRD/ECDPM, Maastricht: Discussion Paper No. 221, p. 6.

⁹ GDPRD (2011). Policy coherence for agriculture. Global Donor Platform for Rural Development.

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When discussing policy coherence most donors prioritizing ARD seem to cast food security, rural employment and sustainable development as the primary objective that ARD needs to address; one example is Switzerland (Box 3). In doing so, ARD practitioners meet challenges such as: How do local realities of agricultural smallholders and small and medium-size entrepreneurs relate to the global reality of trade negotiations?

How much attention is paid to creating a level playing field between rural and urban-based companies? How does lack of capacity and the weakness of their organizations affect their ability to take advantage of the opportunities created by international and domestic trade?¹⁰.

Box 3: Strengthening Policy Coherence for Development in Switzerland: The case of Food Security¹¹

Switzerland strives for a world without hunger and undernutrition – a world in which smallholder farmers ensure healthy food and balanced nutrition for all, increase their income by selling their agricultural products and protect the environment (SDC, 2017). Its primary focus for development is food security. Support to trade needs to align with this strategic priority; policy coherence is specified for food security. SDC: “Trade policy has a strong bearing on the agricultural sector. From a PCD and food security perspective, three aspects are particularly important: i) the extent to which developed country markets are open to agricultural exports from developing countries, ii) the extent to which developing countries have enough policy space to tackle the specific challenges faced by their respective agro-food sectors and iii) the extent to which export restrictions are regulated at the multilateral level”. SDC may even argue for measures to protect agriculture: “providing a measure of protection to the agricultural sector can – under specific circumstances and provided other measures to address supply side constraints are taken – prove to be a useful policy tool for agricultural development and food security. Developing country governments should therefore be able to impose a reasonable measure of protection on some sectors should they wish to do so, as part of a broader effort to boost domestic agricultural production. The general aim of these efforts is to boost local demand for locally produced products – shifting rents from consumers to producers”

¹⁰ Engel, Paul (2018). Aligning agricultural and rural development and trade policies to improve development impact. GDPRD/ECDDPM, Maastricht: Discussion Paper No. 221, p.7-8

¹¹ Lein, Brecht, De Roquefeuil, Quentin, and Van Seters, Jeske (2014). Strengthening Policy Coherence for Development in Switzerland: The case of Food Security. ECDPM: DP 166, October 2014

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3.2. KEY ELEMENTS OF AFT DONOR POLICIES

Aid for Trade (AfT) was formally launched in 2005. Boosting international trade by catering to the trade-related needs of developing countries has been the primary focus. A key innovation of AfT was the introduction of a systematic monitoring system; a reporting process that raises awareness, covers new and on-going trade-related activities and generates actionable results. This created a visible platform to stimulate peer pressure amongst those involved. From the onset support was directed at the following areas: developing trade policy and regulations; trade-related infrastructure, trade-related

adjustment and building productive capacity, including trade development, and other trade-related needs (WTO/OECD 2007: 19). Between 2005 and 2007 over USD300 billion has been spent on AfT programmes and projects. Of this amount 27% went to Least Developed Countries (LDCs) (OECD/ WTO 2017).

In terms of policy coherence, AfT proponents see international trade as a critical enabler of economic growth in developing countries which will then contribute to ending poverty; a sustained effort to deepen economic integration and further lower trade costs is considered of utmost importance to developing countries.

Box 4: Aid for trade (AfT) areas supported by Official Development Assistance (ODA) according to OECD¹²:

- **Technical trade-related assistance:** for example, helping countries to develop trade strategies, negotiate trade agreements, and implement their outcomes;
- **Trade-related infrastructure:** for example, building roads, ports, and telecommunications networks that connect domestic markets to the global economy;
- **Productive capacity building (including trade development):** for example, providing support to allow industries and sectors to build on their comparative advantages and diversify their exports;
- **Trade-related adjustment assistance:** helping developing countries with the costs associated with trade liberalization such as tariff reductions, preference erosion, or declining terms of trade;
- **Other trade-related needs:** if identified as trade-related development priorities in partner countries' national development strategies.

¹² <http://www.oecd.org/trade/aft/45581702.pdf>

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The effectiveness of AfT is of course contingent to factors specific to the recipient country, such as its alignment with national development policies, the level of economic development of the country, and others.¹³ In their efforts AfT practitioners meet challenges such as: How to ensure the active participation of smallholders in transforming their industry? How to ensure a

coordinated involvement of a diverse range of (technical, financial and regulatory) support institutions? And multi-stakeholder processes for development are never the same; every local reality requires a tailor-made approach. Various other implementation challenges are signaled at the World Economic Forum (Box 5).

Box 5: World Economic Forum (WEFORUM): “Lessons we can learn for the future of aid for trade”¹⁴.

- **Infrastructure connectivity matters.** Better roads and rail, upgraded ports and airports, and investments in ICT infrastructure are all essential for boosting trade. But, there’s a growing awareness that the infrastructure deficit in developing countries is well beyond what can be met through traditional channels of development finance. (...) It also means intensifying our support to improve the investment climate in developing countries to lower the risks faced by private investors.
- **Policy, regulation and institutions matter.** We can only make the most of improved physical connectivity if we also improve the “soft infrastructure” of trade through reforms to streamline trade; promote competition; improve transparency and enhance the quality of policy design and of those implementing it. (...) In Cambodia, for instance, (...) This has led to Cambodia’s growing export competitiveness in manufacturing, especially in the garment sector, where 85% of the workforce is female.
- **Upgrading competitiveness matters.** This encompasses a range of “behind the border” policy areas like innovation and entrepreneurship; or skills and education. Although we don’t always think of these areas as “Aid-for-Trade”, investing in them is essential for boosting productivity, promoting gender equality and ensuring that businesses can take advantage of the opportunities presented by openness.
- **Rules matter.** The multilateral system underpinned by the WTO provides a critically important global public good in the form of a predictable, rules-based, environment so that cross-border commerce can thrive. A lack of stability and rules would significantly undermine efforts to protect the weakest and the most vulnerable. Such efforts must be directed at developing rules that address the constantly evolving new dimensions of trade and investment while also tackling long-standing distortions in areas like agriculture.
- **Managing the process of adjustment matters.** Trade and investment liberalization often entail adverse distributional consequences, with some in developing and developed countries feeling “left behind”. If left unaddressed, these costs can sap public support for policies of openness. (...) I believe that the international community must scale up support in this area and develop an approach to adjustment that doesn’t simply manage costs but helps build the resilience of economies and workers to participate in an open global economy. Here, skills, education, and infrastructure are all essential ingredients. Experience has taught us that open, growing economies where new jobs are created are much better equipped to deal with adjustment than those that are uncompetitive and stagnant.

¹³ Van der Velde, Loes (2017). Aid for Trade and trade costs. Wageningen University and Research Centre: MSc thesis

¹⁴ Anabel Gonzalez, Former Minister of Trade, Office of the President of Costa Rica, 10 July 2017, World Economic Forum

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3.3. KEY AREAS FOR ARD-AFT POLICY COHERENCE AND COMPLEMENTARITY

Even from the few examples mentioned above, it is easy to see that challenges in both areas are linked and/or overlap and, moreover, at least some expertise and experience to address them rest with the 'other' community.

We suggest four key areas of intervention or 'chantiers' in which both ARD and AfT policies and programmes actively support multiple stakeholders in developing countries and their increased cooperation may lead to stronger synergy and complementarity. In a way, they represent common grounds where both ARD and AfT development partners and key stakeholders may join hands to improve their impact towards achieving the Sustainable Development Goals:

(1) Productive capacity building, value chain organization and articulation:

Both ARD and AfT support the development of agricultural supply or value chains. ARD on the one hand, emphasizes improving agricultural and food production and marketing through technological innovation; scaling up the use of smart technologies that help turn farming systems more productive, resource-efficient and sustainable. Besides ARD programmes invest in farmers' organizations, small and medium scale business to allow them to acquire the competencies needed for successfully taking part in value chain operations. AfT on the other hand focuses on competitiveness in global

markets, providing support to national industries and sectors to build their comparative advantages and diversify their exports.

Both ARD and Trade choose particular commodities to support and, their criteria of choice differ greatly; even if the same commodity is promoted, it may be to serve very different objectives, e.g. improving food security versus generating foreign exchange, or providing input into an emerging national industrial sector. In general, however, AfT seems to focus more on supporting the articulation of 'long' supply chains, i.e. connecting national producers to international markets – not necessarily agricultural ones – to stimulate economic growth and contribute to increasing international trade.

ARD on the contrary seems to emphasize 'short' agricultural, animal, dairy and agro-forestry supply chains for local and national markets, aiming to create local value and jobs in rural communities, often in remote areas. And while AfT is most successful in emerging economic sectors, where existing capacities need to be complemented with trade-related ones, ARD generally focuses on vulnerable, often less accessible communities where productive and organizational capacities are extremely limited and resource constraints and/or insecurities complicate progress.

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(2) Policy, financial and institutional innovation:

Both ARD and AfT engage with government institutions, private sector and non-governmental actors to contribute to creating an *enabling environment* for the businesses they support. However, in the case of ARD these are often smallholder farmers, (young) agripreneurs, farm workers, middlemen and micro, small and medium enterprises creating value along the chain. In the case of AfT most efforts focus on international trade-related costs and bottlenecks, and the government institutions, medium and large size companies that have to deal with those. Also, while ARD may help countries to formulate more adequate policies with regard to rural development, agricultural research and innovation, education and linking farmers to internal markets, AfT focuses on supporting the government in developing international trade strategies, negotiating international trade agreements and organizing their national implementation. In addition, while ARD invests mostly in local *capacity and skills development and financing* local initiatives and organizations, AfT addresses the costs developing countries face that are associated with trade liberalization.

(3) Infrastructure development:

Here a similar gap exists between ARD and AfT support. AfT supports the building of international trade-related infrastructure, i.e. roads, ports, and telecommunications networks for global market connectivity. ARD on the contrary, focuses mostly on organization, local infrastructure, (cold) storage capacity, trans-

port and national market connectivity. Many trade corridors in Africa bear witness to the fact that these infrastructural developments were not necessarily designed to integrate local economic activities by affected communities or even to ensure that some of the benefits go to these communities. Having learned that lesson, some corridors now do include for example, 'agricultural growth poles' in their planning and implementation¹⁵.

(4) Sustainable and inclusive use of available (natural and human) resources:

The global development agenda includes the quest for transition to more sustainable ways of production, transport, energy, land and water use and greater resilience of communities in the face of climate change and insecurity. Taking into account also that many of the conflicts that create insecurity in developing countries are about the use of these resources, this fourth "site" seems extremely important in order for ARD and AfT policies and programmes to contribute to the sustainable economic and social transformations as meant in the Agenda 2030. While ARD in most of its programmes seems to incorporate greater sustainability and resilience as objectives, for AfT, including sustainability or resilience seems to be a more recent move. Some current initiatives, however, do provide interesting insights into how sustainable development impact is constructed and measured¹⁶.

¹⁵ Example: Walvisbaai Corridor, Southern Africa [pers.comm.] IDH, The Sustainable Trade Initiative, How we're making a difference: First insights into IDH's 2016-2020 contribution to public good impact.

¹⁶ <https://www.idhsustainabletrade.com/uploaded/2017/06/IDH-How-we-are-making-a-difference1-web.pdf>

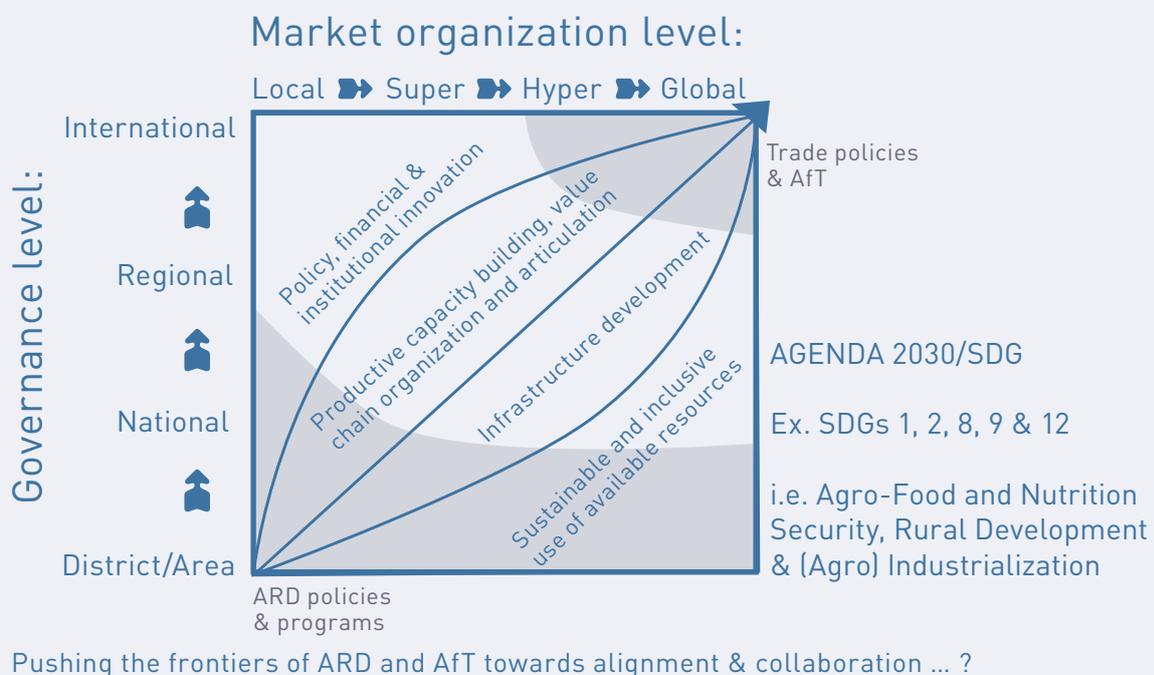
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3.4. A FRAMEWORK TO UNDERSTANDING ARD-AFT INTERACTIONS

Figure 1 below summarizes these four 'chantiers' as construction sites for sustainable development impact. On the one hand, it sets them against the *governance level* at which the development partners' support activities take place and, on the other, the *level of market organization* required for actors in an agricultural value chain to be successful. Both are development dimensions, implying growing levels of complexity and capacity on the part of

stakeholders to achieve the SDGs. Governance levels matter because of the different ways in which necessary enabling conditions for agricultural production, marketing, processing and consumption play out at each level. Here we distinguish between district/area, national, regional and international governance levels. Market organization matters because serving a global market requires value chain actors to acquire more capabilities, organization and market discipline to move from selling their produce at local markets to delivering to supermarkets, hypermarkets and global markets¹⁷.

Figure 1: Identifying gaps and overlaps between ARD and AfT policies and programmes



¹⁷ Market organization level refers to the level of organizational and individual capacities, skills and resources required to successfully operate in a particular type of value chain. It includes management and relation-building capabilities, financial, storage, logistics, innovation capabilities, quantity and quality management, etc. The higher the level of market organization the higher its requirements: To successfully move from delivering their agricultural products to local markets, to supermarkets, to hypermarkets in large metropolitan centers and eventually, to global markets, at every step of the way value chain actors need to organize better, acquire new knowledge, capabilities and skills, and ensure better safeguards for a timely delivery of the required quality and quantity of produce to the buyer.

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At first sight, one may suggest that ARD support activities mostly originate from the bottom left-hand corner upwards, while Aid for Trade support (AfT) activities take place from the upper right-hand corner downwards. Mostly, ARD policies and programmes support small-holder farmers, women and youth, their small-scale agribusinesses, rural SME's and their communities in developing their capacity and organizations to improve their resilience and the quality and quantity of what they produce, consume and bring to the market. AfT policies and programmes on the other hand, when focused on the agricultural sector, mostly support shaping the right conditions for commodities to be certified, transported, collected, packaged and exported. We have illustrated these respective areas of operations in figure 1 by means of the orange-colored dashed lines¹⁸. The challenges emanating from this gap become most visible in the (limited) organizational strength and competitiveness of key stakeholders as well as the country's governance and institutional limitations in ensuring a level playing field, adequate infrastructural, financial and institutional support and intelligence across the national territory. It adds a true 'capacity gap' to the physical and digital gaps identified by the OECD¹⁹.

However, the field of both ARD and AfT policies and programmes is too diverse to ascertain such a general description of their range of operations. Therefore, it is certainly not our intention to claim that *all* ARD efforts and *all* AfT efforts fall within the indicated ranges. In the

next chapter we will see some examples of AfT policies and programmes that go far 'below and beyond' the dotted orange lines in figure 1, while some ARD policies and programmes go far 'above and beyond'. In general, however, addressing this 'middle ground' remains a challenge, particularly because the occasions where ARD and AfT programmes collaborate closely remain rather scarce, given the different objectives and incentive structures under which they operate²⁰.

Besides helping to identify and understand the overlaps and/or gaps between ARD and AfT policies and programmes, figure 1 may also help to raise other relevant questions, for example: In how far are complementary parts of the rural transformation agenda, such as capacity building, logistics and inclusive industrialization, addressed adequately by both communities of development partners? Given that currently a large proportion of trade is informal, who are going to be the losers and winners of trade formalization? How can losers be compensated or facilitated to engage into other economic activity. With ARD focusing mostly upstream (production, local marketing) and AfT mostly 'out-stream' (international trade), how much attention is paid to midstream (agro-industry) and downstream (consumers) or should we suspect a missing middle? And, in which particular contexts would close collaboration between ARD and AfT communities be most influential, most needed to optimise development partners' impact towards the sustainable development goals?

¹⁸ The dashed lines serve as an illustration only; showing a 'gap' that both ARD and AfT practitioners are working hard to bridge.

¹⁹ OECD (2017) Aid for Trade at a Glance. https://read.oecd-ilibrary.org/development/aid-for-trade-at-a-glance-2017_aid_glance-2017-en#page23

²⁰ Engel, Paul (2018). Aligning agricultural and rural development and trade policies to improve development impact. GDPRD/ECDFPM, Maastricht: Discussion Paper No. 221

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Numerous approaches have been piloted and put into practice over the past few years that hold a potential for improving ARD-Trade policy coherence and complementarity for sustainable development; that is, *if* ARD and Trade communities decide to jointly engage and, to align, coordinate and/or collaborate in their planning and implementation more strongly.

Within the confines of this brief study, we cannot enumerate all of these. What we can do is to highlight a number of inspiring examples of more comprehensive approaches that link up, particularly, ARD and AfT for impact, and set the scene for further exchange and learning within the Inclusive Agribusiness & Trade work stream of the GDPRD. The examples below do illustrate how improving policy coherence and complementarity between ARD and AfT can be done within existing policy and programmatic spaces. Therefore, they can be a starting point for multi-stakeholder dialogue, learning, collaboration and improvement; a dialogue in which all stakeholders could start bringing forward their own approach and the challenges they face in implementing it.

In fact, in general we are only starting to become aware of the challenges that these more comprehensive approaches face and have to deal with to be successful. Some initiatives have already documented such challenges, so that we could include those in the text below. Where no challenges were included, it does not mean they do not exist; it just means we have not found a systematic documentation of them yet.

4.1. PRACTICAL STEPS TO IMPROVE MULTI-STAKEHOLDER ALIGNMENT AND ADDRESS TRADE-OFFS

Where and with whom to engage?

A first step towards improving coherence and complementarity is to place joint action into a specific context and to determine who the key stakeholders are. For integrating ARD and AfT this means choosing a context²¹ where the impact of improved policy coherence and complementarity is greatest, and which is well defined in terms of development focus, relevant governance and market organization levels.

Selecting such a context for ARD and AfT support activities allows development partners *to identify and mobilise all relevant* regional, national and/or local *stakeholders*, respecting their space and leadership to establish and implement policies and priorities. It also allows identifying a joint response that takes into account the political economy realities of the country or region and makes full use of the complementary strengths and synergies between stakeholders for creating transformative impact.

Locating a multi-stakeholder initiative at the national level, for example, allows engaging other relevant ministries, besides trade and agriculture, as well as national businesses, knowledge centres and civil society organizations. On the other hand, if a particular bottleneck concerns cross-border or regional trade, it may make more sense to focus the initiative at

²¹ See also recommendations by FAO, included in Engel (2018).



the regional level. Indeed, international trade barriers by definition involve more than one country, and hence cannot be addressed only through action at the national level. Focusing on practical issues in a specific context is particularly relevant for engaging with the private sector, as private entrepreneurs will take part in an initiative if they expect it to create new business opportunities or, to tackle concrete bottlenecks or constraints their business faces.

What development impact do we seek?

To specify one's development objectives and/or targets has since long been identified as an important first step for improving Policy Coherence for Sustainable Development²². Hence, optimising the collective impact of different ARD and AfT policies and support programmes *requires negotiating, focusing and, holding each other accountable for progress towards a clearly defined set of development objectives*. Such a debate can take place *within and across* each of the aforementioned 'chantiers' (figure 1).

Starting from the development objectives of the key stakeholders involved, it may ask which SDGs and targets ARD and AfT development partners may contribute to most effectively within the particular context chosen. Such an exercise would nudge ARD and AfT departments into talking to each other. It would invite them, at least partly, to develop a joint focus, clarifying diverse objectives, stakeholders and underlying interests, as well as help develop a shared understanding of what opportunities for development exist in this particular part of the globalized world. This would remove one of the main obstacles to alignment and cooperation²³.

Don't expect such a debate to be easy. There are likely to be both opportunities and trade-offs in pursuing different policy objectives; such as external trade versus local food security; industrialisation versus sustainability; mechanisation versus job creation; etc. Working together, the multi-stakeholder dialogue brings these tricky issues directly to the surface and allows both ARD and AfT communities to identify 'best possible' solutions for strengthening development impact.

²² Since the turn of the century, research by OECD and others has highlighted the fact that effectively improving 'policy coherence for development' requires clearly specifying the development objectives towards which improved coherence and complementarity are supposed to contribute.

²³ See for example: Engel, 2018, paragraph 2.2 and 2.5.

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To start the debate, we have suggested a first approximation of the clusters of SDGs and targets where the impact of improved ARD and AfT policy coherence and complementarity may be strongest (see paragraph 2.2, this paper). It is not meant to be defining or exhaustive, just a point of departure to enable a discussion and negotiation on how to more sharply define a common focus and to align ARD and AfT policies and programmes more closely with agreed development objectives.

Joint analysis and dialogue along and across 'chantiers'

We have argued that it is along the four 'chantiers', where closing the gap between ARD and AfT may contribute most to transformative impact. Joint analysis and dialogue along and across the 'chantiers' may help assess existing distances and/or contributions between ARD and AfT programmes and identify trade-offs, possible synergies and other opportunities for improvement. Analysis along one 'chantier' may be particularly useful to identify gaps, organization and capacity constraints that inhibit successful articulation of agricultural value chains, policy, financial and institutional innovation, infrastructure development or sustainable and inclusive use of available resources. Analysis across the four 'chantiers' will help to identify trade-offs, possible synergies and opportunities for a more comprehensive approach to development. It may help to define the impact expected in terms of geographical, stakeholder and programmatic coverage and, assess whether closer alignment, coordination or perhaps, collaboration between ARD and AfT is necessary to optimise joint impact.

Programming beyond borders/silos

Extend the programming approach beyond the usual value chain actors. Both more integrated and more comprehensive approaches are needed. More integrated, to include besides the usual chain actors, related financial, and service providers, as well as the local communities that might be affected. Besides, a more comprehensive approach extends programming beyond value chain activities – production, storage, processing, logistics, marketing and sales - to include work in other 'chantiers' as well i.e. the institutional and policy environment, infrastructure and sustainable and inclusive use of resources.

Divide tasks between ARD and AfT

Not all challenges need to be addressed by one programme. Developing a joint plan of action for rural and agricultural sector transformation includes defining complementary programmes of action to be taken up by each of the development partners in a (loosely) coordinated way. For example, capacity building for market organization may need to start from the bottom-up in order to achieve greater competitiveness in the medium term. At the same time, market regulations, road infrastructure and border-crossings may need to be rationalised from the top down. Links need to exist between the two, but they don't need to be part of the same programme necessarily.

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4.2. NATIONAL LEVEL INITIATIVES LINKING ARD AND AFT FOR IMPACT

It is fair to say that national food, nutrition and agricultural systems are dominated by *urban-rural links*. Urban areas present a growing demand for rural products and services, a demand rural areas may respond to. However, the latter is only possible if adequate investments are made in levelling the playing field between rural and urban-based SMEs, establishing an enabling institutional and services environment, building resilient infrastructure, and fostering organizational and capacity development to achieve a rural transformation towards sustainable and inclusive development. The following examples show that this can be done in practice, by developing a more comprehensive multi-stakeholder-led approach to value chain development.

Supporting inclusive market systems - Alliances for Action (A4A)

The International Trade Centre (ITC)²⁴ a 100% Aid for Trade institution has developed the Alliances for Action (A4A) approach as an inclusive market system-based partnership approach that enhances value chain competitiveness of MSMEs, smallholder farmers, support institutions and other related value chain stakeholders. Its aim is to ensure inclusive and better participation in trade through Public Private Partnerships (PPPs) whilst supporting impact at scale for the achievement of the SDGs. The Alliances for Action Approach brings together stakeholders from across the value chain, including lead firms and support institutions, to form market-led partnerships that enhance value chain integration, technical support, policy alignment and local institutional capacity building. This participatory and multi-stakeholder approach results in an improved enabling environment and in commercially led partnerships between VC operators for improved competitiveness of both small and medium-sized enterprises (SMEs) and smallholders involved in the selected value chains.

Box 6: A4A – Alliances for Action: Jamaica

In Jamaica, the Alliances for Action has partnered with SAFIN (Smallholder and Agri-SME Finance and Investment Network) and key local institutions on investment and access to finance. An investment prospectus was conducted outlining a cost-benefit analysis of investment in the industry and a proposed business model to take it forward. This has convinced the Development Bank of Jamaica (DBJ) to get on board with the project and actively collaborate to create a sustainable finance mechanism for smallholder farmers in Jamaica. New investments have been mobilised totalling over 22 Million USD in the space of a year. A comprehensive network of institutions including governments, different types of finance providers and financial intermediaries, development banks, and farmers' organisations form this alliance.

²⁴ https://www.wto.org/english/tratop_e/devel_e/Aft_e/aid4trade_e.htm

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The Alliances for Action focuses on bridging the knowledge, sustainability, investment and inclusiveness 'gaps' faced by value chain operators -at local, national and international level in a participatory manner while ensuring collective action. The process results in inclusive and sustainable adapted locally owned solutions and partnerships for value chain operators from farmers to end buyers. A key requirement to this success is investment and contribution by all participating actors.

Alliances for Action (A4A) approach, integrates Global Value Chains (GVCs) concepts into its partnership model through a five-pillar approach that can be adapted across institutional contexts and sectors. Throughout the process, it emphasizes the role of international

development agencies as trusted advisors and network facilitators only to focus on providing the required technical expertise, facilitating capacity building, and targeting catalytic investment to address systemic challenges (Box 6 and 7).

ITC has been implementing the A4A methodology in various inclusive and sustainable agribusiness development projects in Africa and the Caribbean. Key challenges include: to actively involve small coconut farmers in a participatory process aiming for industry transformation; to achieve direct and coordinated involvement of a diverse range of technical support institutions, overcoming pre-existing conflicts of interest and, the fine-tuning of participatory processes to local realities and ecosystems.

Box 7: A4A – Alliances for Action: Zimbabwe

In the context of the EU-funded "Trade and Private Sector Development Programme (TPSDP)" in Zimbabwe, ITC has facilitated the development of the "Zimbabwe Horticulture and Associated Crops Sector Roadmap" aiming at understanding the key issues affecting the sector and at providing an evidence-based mechanism for its revival. One of its primary goals is to make trade more inclusive in Zimbabwe, transferring from commodity dependence to value addition through the development of the horticultural sector. The Roadmap, developed with a participatory and multi-stakeholder approach, has been crafted with the active participation of the entire horticulture value chain and validated by more than 200 stakeholders in the sector. It provides concrete recommendations and suggests practical actions for the implementation of the Horticulture Policy for Zimbabwe.

The formation of a Horticulture & Associated Crops value chain committee – representing a national alliance between actors from each stage of the value chain is critical to the development and implementation of the Roadmap. The committee is composed of Zimbabwean Ministries (MOAMID, MOIC), Local and International Research Institutions (SIRDC, ZEPARU), Zimbabwean Private Sector (Schweppes and others), and Farmer Unions – CFU, ZCFU, ZFU.

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Landscape/territorial approaches

Landscape/territorial approaches provide an even more comprehensive basis by including social, economic and ecological development objectives into their policy and programming. They link ARD and AfT efforts directly to the sustainable and inclusive use of available natural, human and social resources (our fourth 'chantier'). Some examples:

Rural Territorial Development, Latin American Centre for Rural Development (RIMISP)

"We define RTD as a process of simultaneous productive transformation and institutional change with the aim of reducing poverty and inequality in rural territories (...). From this definition, it follows that RTD rests on two closely related pillars: productive transformation and institutional change, the content of which warrants further explanation. Productive transformation is required in order to articulate the area's economy with dynamic markets in a competitive and sustainable way. This implies changes in patterns of employment and production within a particular rural territory. Institutional development has the objective of promoting the concerted action of local agents, both amongst themselves and with relevant external agents. Further it aims to change the formal and informal rules that perpetuate the exclusion of the poor from the processes and benefits of productive transformation."²⁵

Sustainable Trade Initiative, Netherlands:

"The IDH (Sustainable Trade Initiative) landscape program uses an innovative, integrated approach to sustainable natural management. It also works towards preventing deforestation, improving smallholder and community livelihoods, and ensuring supply security for businesses. We focus on landscapes in tropical regions of Asia, Africa and South America that produce globally traded agricultural commodities such as cocoa, coffee, tea, beef, soy, timber and palm oil. Through a three-pronged approach – production, protection and inclusion (PPI approach) – our work supports four key stakeholder groups: companies sourcing sustainably; governments aiming to enable sustainable growth; smallholder farmers who need to diversify their income, secure land rights, and strengthen their position in supply chains; and finally, impact investors and the mainstream finance sector who need bankable projects that deliver impact on SDGs."²⁶



²⁵ Schejtman, Alexander & Berdegué, Julio (2008). Towards a territorial approach for rural development. Rimisp, Santiago de Chile/IPPG, IDPM, School of Environment and Development, University of Manchester: Discussion Paper Series 17. <https://assets.publishing.service.gov.uk/media/57a08baf40f0b64974000ce4/IPPGDP17.pdf>

²⁶ <https://www.idhsustainabletrade.com/uploaded/2018/01/Landscape-Overview-small-updated-07112017.compressed.pdf>

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4.3. REGIONAL LEVEL INITIATIVES LINKING ARD AND AFT FOR IMPACT

Also, at the regional level initiatives are emerging that could well provide an opportunity for ARD and AfT communities to coordinate or work more closely together. At this level we find a strong focus on cross-border trade from areas where a marketable surplus is produced to areas where the demand is high and much attention to creation of an enabling policy, institutional and regulatory environment for rural transformation. A very interesting space for improving policy coherence and complementarity, addressing the challenges that emerge at implementation, and fostering policy alignment, knowledge and information sharing and articulation with more local, national initiatives to boost rural transformation. A few examples:

FAO Aid for Trade Africa - Food systems development for structural transformation in Africa.

Rationale: "The Programme will provide a common framework and approach at the continental level to mainstream trade, agribusiness, standards and inclusive value chain development into the implementation of the Comprehensive Africa Agriculture Development Programme's (CAADP) national and regional investment plans. The programme will also provide improved services to African institutions and small and medium-sized enterprises to facilitate access to markets, and evidence-based policymaking. It will aim to improve the alignment of planning processes across agriculture, trade, investment and industrial development and promote joint prioritization by countries of value chains of regional relevance – drawing on the potential of these value chains to increase regional trade, improve food security and nutrition and create employment opportunities"²⁷



²⁷ FAO (2018). Aid for Trade Africa – Food systems development for structural transformation in Africa. Rome: FAO two-pager.

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Partners Africa: Africa Union Commission; Regional Economic Communities; Trade Policy Training Centre in Africa; Africa Agribusiness Incubators Network; African Rural and Agricultural Credit association. Global partners: Enhanced Integrated Framework for LDCs; European Centre for Development Policy Management; Standard and Trade Development Facility; UN Institute for Training and Research; and UN Conference on Trade and Development.

COMESA Regional Agricultural Investment Plan

With support from FAO, the Common Market for Eastern and Southern Africa (COMESA), has developed a Regional Agricultural Investment Plan (RAIP) for the period 2018-2022. The COMESA RAIP was developed to facilitate regional implementation of the Comprehensive Africa Agriculture Development Programme (CAADP), Africa's overarching policy framework for agricultural transformation. While the COMESA RAIP is a regional policy framework for ARD, trade issues have been integrated into the Plan. One of the RAIP's four constituent programmes is dedicated to reducing barriers to agricultural trade and improving farmers' linkages to markets. This programme sets out five trade-related intervention areas in which development partners (and other actors) can support efforts to promote agricultural trade within Eastern and Southern Africa, and hence provides a reference framework for efforts to support and promote increased coherence between ARD and trade objectives at the regional level.

One of the priority trade-related interventions identified in the COMESA RAIP is the establishment of regional public-private value chain platforms for key agro-food commodities in the region. These platforms are intended to facilitate partnerships to address specific investment- and policy-related bottlenecks hampering the development of these value chains, including bottlenecks in areas that would typically be addressed by policymakers and development partners working in ARD (e.g. inputs, productivity), others that would typically be addressed by trade policymakers and AfT initiatives (e.g. trade infrastructure and trade barriers), as well as those bottlenecks falling somewhere in between (e.g. aggregation, market information). These platforms therefore represent ideal fora for addressing agriculture-trade policy coherence at a very concrete level, that of a particular value chain, or even of a particular bottleneck affecting that value chain.

FMM Project on Trade related capacity development for food security and nutrition in Eastern and Southern Africa

The FAO, in collaboration with the Enhanced Integrated Framework (EIF) and European Centre for Development Policy Management (ECDPM), implemented a project on *Trade related capacity development for food security and nutrition in Eastern and Southern Africa*. The aim of the project was to promote greater coherence between agriculture and trade-related policies and programmes in Mozambique, Rwanda, Tanzania and Zambia, and at the

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regional level in Eastern and Southern Africa, by facilitating improved coordination between agriculture and trade policymakers and other relevant stakeholders.

Having analysed existing institutional structures and mechanisms governing agriculture and trade policymaking processes in the four countries, the project found that national agricultural policies and strategies “do not sufficiently

address market and trade-related constraints to agricultural transformation”, and that while “various mechanisms have been established to promote policy coordination... their effectiveness has been mixed”. Based on these and other findings, the project’s Synthesis Report makes a number of recommendations for those wishing to support increased coherence of national agriculture and trade policies in these (and potentially other) countries (Box 8).

Box 8: Recommendations with regard to increasing coherence between national agriculture and trade policies in Eastern and Southern Africa²⁸

- Encourage a more consistent approach to mainstreaming trade and marketing issues into agriculture policy planning and implementation processes and structures;
- Support more effective cross-sectorial coordination, with stronger links to annual planning and budgeting processes and an explicit role in programme implementation;
- Encourage efforts to promote more consistent and inclusive consultation by national agriculture and trade policymakers with local government officials, the private sector and other non-state actors to inform national policy planning and implementation;
- Support efforts to facilitate cross-country learning and knowledge exchange on relevant issues in agricultural trade; and
- Ensure that all forms of support are based on a good understanding of public and private challenges in agriculture and trade in recipient countries as well as a good understanding of the political economy of agriculture and trade policymaking in the countries.

²⁸ FAO, EIF, ECDPM. Synthesis Report Trade related capacity development for food security and nutrition in Eastern and Southern Africa.

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4.4. LINKING ARD AND AFT FOR IMPACT AT THE GLOBAL LEVEL

Also, at the global level, initiatives have been developed to integrate ARD and AfT more and develop more comprehensive approaches; providing an opportunity for effective dialogue and joint action for improving ARD-AfT policy coherence and complementarity. One such example is an initiative of the Global Agriculture and Food Security Programme (GAFSP)²⁹.

Strengthening Agro-Food and Nutrition Systems' approaches

Various donors have focused their policies and programmes on food security in order to create stronger synergies and complementarities between ARD and AfT. Some adopt an agro-food and nutrition approach, taking either human nutrition and hence, public wellbeing and health, as a starting point, and link this back to rural employment, productivity and welfare, food processing, trade and consumption, connecting the dots between numerous targets as defined in the SDG Agenda. Others focus on national economic output, poor people's income and food, nutrition and water security, prioritizing the strengthening of small-scale farmers and fishers' participation in markets, tackling the constraints of agri-food business, improving productivity along food and agricultural value chains, more efficient and sustainable use of natural resources and promoting effective policy, governance and reform.³⁰ Most donors also indicate that they will apply their country's own specific, public, private and /or non-governmental expertise in mentioned areas.

Promoting policy and governance reform is high on the agenda of many of these donors, having learned of the many policy, institutional and financial constraints that may work against a successful transformation of food and nutrition systems into more effective and efficient ones. Feed The Future, for example, concluded that all countries covered by its Institutional Architecture assessment "faced issues around insufficient numbers of staff, poor staff retention, inadequate training in basic project management, and lack of resources"³¹. Food systems need to be transformed globally, as Gunhild Stordalen and Shanggen Fan argue: "Food can fix many problems, but to do so food systems must be reshaped for nutrition, health, inclusion and environmental sustainability."³² And they add a number of specific recommendations, echoing some of the many governance challenges faced by food and nutrition system approaches (Box 9).

From the brief indications above it becomes clear that the food and nutrition system approaches are more integrated and more comprehensive by design. They connect various 'chantiers' and work along the entire value chain, including public private and non-governmental actors and, in some cases (urban) consumers and their organizations in their multi-stakeholder processes.

²⁹ <https://www.gafspfund.org/content/about-gafsp>

³⁰ Australian Government, Department of Foreign Affairs and Trade (2015). Strategy for Australia's aid investments in agriculture, fisheries and water.

³¹ US Government, Feed the Future: Policy Priorities - Reporting on Policy Change Webinar, October 30, 2018, Presentation Background (Notes) https://www.agrilinks.org/sites/default/files/policy_meL_webinar_october_2018_final_pdf.pdf

³² Stordalen, G. and Fan, S. The Global Food System under Radical Change (2018). In: International Food Policy Institute (2018). 2018 Food Policy Report. Washington DC: IFPRI, p19. <https://doi.org/10.2499/9780896292970>

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Box 9: Key recommendations – The Global Food System under Radical Change³³

- Encourage an open, efficient, and fair trading system, especially for agricultural goods, through reform of trade, domestic support, and investment policies to promote nutrition, health, inclusiveness, and environmental sustainability.
- Support rural development to break the vicious cycle of conflict, food insecurity, and migration and to improve the livelihoods and food security of refugees.
- Invest more in research and innovation for food systems to increase sustainability of production and processing, make healthy foods available, and improve employment opportunities.
- Promote evidence-based policy making to support government investments that are coherent across the food system, recognize trade-offs, and harness agriculture's contribution to environmental sustainability.
- Promote cooperation and mutual learning among stakeholders and across sectors to accelerate progress toward ending hunger and malnutrition.
- Promote leadership and commitment for the SDGs at global, regional, and local levels to ensure follow-through on international commitments.
- Leverage new opportunities in emerging technologies and knowledge-sharing to maximize the benefits of sustainable food systems for all.

Source: IFPRI, 2018 Food Policy Report³⁴

These food and nutrition system approaches however also face challenges. Some of the limitations with regard to improving policy coherence and complementarity for development seem to stem from their origin in either the ARD or the AfT community.

ARD is subsumed into AfT, as one of its pillars, or vice versa. In both cases, observations point

at some of the strengths of the subsumed policy to be lost in implementation. A thorough analysis of this phenomenon – if confirmed – would have to start with an assessment of the actual coverage/gaps in the current set ups. Questions asked may include for example: Are specific activities dedicated to improving the policy, financial and institutional environments? They may include not only the directly trade-related

²⁹ <https://www.gafspfund.org/content/about-gafsp>

³⁰ Australian Government, Department of Foreign Affairs and Trade (2015). Strategy for Australia's aid investments in agriculture, fisheries and water.

³¹ US Government, Feed the Future: Policy Priorities - Reporting on Policy Change Webinar, October 30, 2018, Presentation Background (Notes) https://www.agrilinks.org/sites/default/files/policy_me_l_webinar_october_2018_final_pdf.pdf

³² Stordalen, G. and Fan, S. The Global Food System under Radical Change (2018). In: International Food Policy Institute (2018). 2018 Food Policy Report. Washington DC: IFPRI, p19. <https://doi.org/10.2499/9780896292970>

³³ Idem.

³⁴ Idem.

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ones, but also those related to, for example, decent work, producers' rights and risk management, research and innovation, market organization, youth employment and gender equality. And is the transformation towards sustainable and inclusive use of available resources adequately integrated into programme efforts?

Another caveat of most food systems approaches is their choice of stakeholders involved in policy and multi-stakeholder programming for results. If they stem from ARD, they might work with national Ministries of Agriculture, Rural Development and, Science and Innovation. Stemming from AfT their natural partners are the Trade, Economic and Finance Ministries. Rural and agricultural transformation for food and nutrition security would require linking up all relevant ministries, including those of Industry (affecting agribusiness), Health (affecting consumers), and Water/Electricity (affecting scarce resources). In addition, this would imply

involving a wide range of relevant stakeholders from the private sector as well as civil society in the country and abroad, where relevant.

Missing Middle Initiative (MMI), GAFSP

In developing countries, producer organizations (POs), agriculture-based civil society organizations (ag CSOs), and smallholder farmers' organizations are important aggregation points for smallholder farmers that can increase the impact of development aid and better integrate smallholder farmers into more formal value chains.

In an effort to reach smallholder farmers more directly, GAFSP launched a new initiative – known as the Missing Middle Initiative (MMI) – that is focused on stimulating investments along the full spectrum of the agriculture value chain through POs and other similar entities. Through this initiative, GAFSP will promote improved access to finance (grants, concessional or commercial finance) and complementary

²⁹ <https://www.gafspfund.org/content/about-gafsp>

³⁰ Australian Government, Department of Foreign Affairs and Trade [2015]. Strategy for Australia's aid investments in agriculture, fisheries and water.

³¹ US Government, Feed the Future: Policy Priorities - Reporting on Policy Change Webinar, October 30, 2018, Presentation Background (Notes) https://www.agrilinks.org/sites/default/files/policy_meL_webinar_october_2018_final_pdf.pdf

³² Stordalen, G. and Fan, S. The Global Food System under Radical Change [2018]. In: International Food Policy Institute [2018]. 2018 Food Policy Report. Washington DC: IFPRI, p19. <https://doi.org/10.2499/9780896292970>

05 RECOMMENDATIONS FOR EVIDENCE-BASED DIALOGUE AND LEARNING FROM PRACTICE

In this paper we have identified a number of areas or 'chantiers', where the dialogue between ARD and AfT communities may be intensified and broadened to achieve greater alignment, coherence and complementarity (Ch. 3). We have also suggested a few examples of programmes where such an enhanced dialogue may be situated to achieve best results (Ch. 4). We do not pretend these to be the only 'chantiers' or opportunities where a practical, evidence-based dialogue can be successful. Yet we do think they are a good starting-point for intensifying the work stream's dialogue and learning journey into finding ways to deal with the challenges of implementing policy coherence and complementarity for sustainable development impact.

Below we present some first ideas about how such a learning journey could take shape and some of the challenges this implies for the Donor Platform's Inclusive Agribusiness & Trade work stream participants.

Evidence-based dialogues-in-context

The ARD-AfT dialogue on the implementation of coherence and complementarity is ongoing. Development partners are implementing measures to enhance alignment and synergies between their policies and programmes. As a consequence, they increasingly choose more comprehensive and integrated approaches to both ARD and AfT. Some go as far as to integrate ARD fully in AfT, others integrate aid for trade into ARD programmes. Yet others see them as separate but interlinked and apply measures to optimize their combined impact.

We suggest the main aim of the Donor Platform's Inclusive Agribusiness & Trade work stream should be on learning from ongoing initiatives to improve coherence and complementarity in practice:

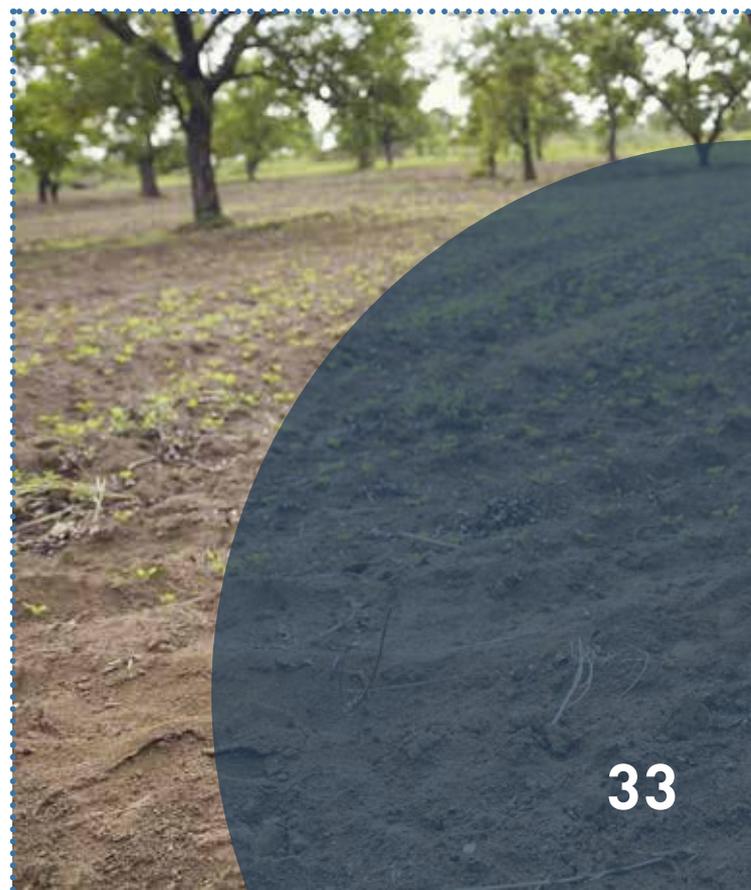
- to invite members implementing these more comprehensive and/or more integrated approaches to ARD and/or AfT to share their experience;
- to discuss the challenges they face;
- to investigate what seems to work for development impact and what doesn't, and to ensure the lessons they learned are documented and shared widely.

A requirement for such an exchange to be successful would be that it is situated within a clearly defined development context, where not just development partners but also other relevant stakeholders can be engaged; and where opportunities, constraints, trade-offs and win-wins and *evidence of their impact on development* may be identified, documented and discussed in practical terms. This is possible if the ARD-AfT dialogues focus on particular programmes and initiatives as the ones mentioned in Ch. 4.

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Specific recommendations to Donor Platform members

1. Develop a *joint ARD-AfT agenda and plan of action* that help channel ARD and AfT support towards impact on relevant SDGs and targets of the Agenda 2030.
2. *Engage in cross-country and cross-agency learning to exchange lessons learned on improving policy coherence and complementarity* between development partners and stakeholders in countries that have taken steps to set such an agenda.
3. *Continue to develop more comprehensive, integrated approaches* that allow for setting common objectives and a task division between the ARD, AfT and Trade communities, ensuring coherent contributions based on complementary strengths.
4. *Where necessary, advocate and facilitate Aid for Trade developing more effective, integrated approaches* towards supporting rural and agricultural transformation.
5. Include *ARD-AfT dialogues, coherence and complementarity analysis* as well as coordinated action at the center of your AfT and ARD approaches and initiatives and facilitate the participation of all relevant national, regional and/or global actors.
6. Ensure *active multi-stakeholder assessment of a possible gap in coherence and complementarity, or the 'missing middle'*, in the implementation of ARD and AfT support programmes, as well as planning possible solutions, in all development programmes aimed at rural and agricultural (economic) transformation.
7. Develop a *checklist or score card for assessing the coherence and complementarity* of ARD and Trade contributions of programmes aiming at rural transformation towards selected SDGs and targets, at relevant governance levels.
8. Establish ARD as *the nursery for sustainable and inclusive rural transformation*, sustainable agricultural intensification and industrialization, competitiveness and (future) international trade.



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ANNEX 2. SDGS 1, 2, 8, 9 AND 12 – A CALL FOR RURAL TRANSFORMATION

The below range of SDGs represents a comprehensive call for agricultural, social and economic transformation, diversification and inclusive and sustainable agro-industrialisation. As they reflect diverse interests among stakeholders of rural transformation, these may be used as points of departure for developing a joint, multi-stakeholder focus between ARD and AfT in specific contexts.

SDG 1 *End poverty in all its forms everywhere*, besides by 2030 eradicating extreme poverty for all people everywhere, targets for example, the implementation of national social protection systems for the poor and the vulnerable (1.3) and to ensure by 2030 that all men and women, particularly the poor and vulnerable, have equal rights to economic resources, as well as access to basic services, ownership, and control over land and other forms of property, inheritance, natural resources, appropriate new technology, and financial services including microfinance (1.4); and to build the resilience of the poor and those in vulnerable situations, and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters (1.5).

SDG 2 *End Hunger, achieve food security and improved nutrition, and promote sustainable agriculture* for example targets by 2030, to “double agricultural productivity and incomes of small-scale food producers (...) through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment” (2.3); “ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change (...) and that progressively improve land and soil quality” (2.4) and “maintain the genetic diversity of seeds, cultivated plants and farmed and domesticated animals and their related wild species (...) and promote (...) fair and equitable sharing of benefits (...) genetic resources and associated traditional knowledge, as internationally agreed” (2.5).

Secondly, **SDG 8** *Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all* – pledges to “achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including a focus on high-value added and labor-intensive sectors” (8.2); to “promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services” (8.3); and to “improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation (...)”. Also, it pledges to “achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities³⁵ (...)”

.....

³⁵ Women are overrepresented in the rural population and oftentimes in agriculture, and the structural constraints to their full and effective participation differ from those men face; it implies attention should be paid here to SDG 5, at the very least targets 5.5 and 5.a, as Barrett (2016) suggests.

(8.5) and to “protect labor rights and promote safe and secure working environments for all workers, including migrant workers (...)” (8.10). And in addition, includes targets for strengthening domestic financial institutions, the diversification of the rural economy and to increase Aid for Trade, particularly least developed countries – through the Enhanced Integrated Framework for Trade-related Assistance to Least Developed Countries (8.10; 8.a).

Thirdly, **SDG 9** *Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation* – finally, aims at developing “quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all” (9.1) and promoting “inclusive and sustainable industrialization and by 2030, significantly raise the industry’s share of employment and gross domestic product, in lines with national circumstances, and double its share in least developed countries” (9.2). Besides, SDG 9 includes targets with regard to increase access of small-scale-industrial and other enterprises to services, retrofitting existing industries to make them sustainable, enhancing scientific research and technological capabilities in industrial sectors, supporting domestic technology development and increasing access to information and communication technology (9.3-5, 9.b/c).

Fourthly, **SDG 12** *Ensure sustainable consumption and production patterns* – calls for implementing “the 10-year Framework of Programmes of Sustainable Consumption and Production Patterns, all countries taking action, with developed countries taking the lead (...)” (12.1) and aims by 2030, to “achieve the sustainable management and efficient use of natural resources” (12.2). Besides it calls for halving “per capita global food waste and losses along production and supply chains (...)” (12.3/5), environmentally sound management of chemicals and all wastes (...) (12.4) and to “encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle” (12.6) and to create “awareness of sustainable development and lifestyles” (12.8)



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