

# AFD AND RURAL DEVELOPMENT





Guinea © AFD - Olivier Gilard

## SUPPORTING THE IMPLEMENTATION OF AGRICULTURAL POLICIES: THE CASE OF SENEGAL

AFD is financing a project in Senegal to promote competitive and sustainable agriculture (PACD). It is designed to implement the agro-sylvo-pastoral orientation law adopted by the government in 2004.

The project's first objective is to strengthen national capacities to adapt to markets. This involves providing institutional support to the authorities in charge of international trade negotiations and supporting the implementation of the strategy to develop and promote Senegal's agricultural exports. It will also ensure that results from agronomic research are better exploited. The second objective is to strengthen the capacities of actors in the rural world via the effective implementation of the national strategy for agricultural and rural training. This will involve supporting both consultation between the State and the agricultural profession and the creation or strengthening of agricultural interprofessional organizations.

## FEEDING THE WORLD WHILE PRESERVING NATURAL RESOURCES

By 2050 the world will have 9 billion inhabitants with population growth mainly occurring in developing countries and cities.

Agricultural commodity prices have been soaring since 2006 after having fallen for years. Average prices are expected to remain higher than during the past decade and to be increasingly volatile. Indeed, demand for food products is boosted by demographic and economic growth, urbanization, changes in eating habits and new needs for energy use. The engines that developed agricultural product supply, intensified technical itineraries and extended agricultural areas are today confronted with ecosystems which have reached their limits and climate change. The food balance of a number of South countries used to be based on low-cost imports but is now under threat.

## PRODUCING MORE AND BETTER TO SUPPLY LOCAL MARKETS

South countries will have to rely more on their own agriculture in order to ensure their food security and, particularly, meet urban needs. Agricultural and rural communities will have to undergo deep changes to meet this challenge. A major opportunity has been provided with the newly gained competitiveness of some local production in comparison to imports. These economic signs will not, however, be enough to induce the changes required in operating systems and sectors for the benefit of farmers. AFD will consequently support these changes with the aim of promoting new agricultural models that are more productive, more respectful of social dimensions and the environment and more economic, particularly in terms of water and energy. This will help strengthen the complementarity between cities and the countryside as well as a rural/urban process to create jobs and wealth.



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## ENHANCING AGRICULTURAL PRODUCTIVITY VIA WATER RESOURCE MANAGEMENT IN VIETNAM

The Red River basin is one of Vietnam's rice granaries. The area is densely populated with over 1,000 inhabitants per km<sup>2</sup> and is experiencing sharp economic and demographic growth. Water management and control are a major constraint.

AFD is supporting the Second Red River Basin Sector Project in cofinancing with the Asian Development Bank and the Netherlands. Technical and institutional support is being provided for the creation of a basin agency in line with the Vietnamese water law voted in 1999. The project is financing infrastructure to increase agricultural productivity (to strengthen irrigation and drainage networks, renovate pumping stations, improve water distribution) and to improve flood protection (to strengthen dikes and river banks). The main structures are managed by the State and infrastructure is implemented and managed at a decentralized level thanks to a rural development fund.



Red River, Vietnam © AFD - Olivier Gilard

The project reaches some 20 million people and covers tens of thousands of hectares. Agricultural production and the development of industrial areas are improved thanks to reduced flood risks which also help integrate climate change forecasts.

## AFD AND RURAL DEVELOPMENT TODAY

Rural development is a traditional sector for AFD operations. It has recognized field expertise thanks to its technical skills and extensive network of agencies in South countries. AFD has gradually been extending its activities to include institutional support (e.g. support for decentralization processes and sectoral policies). This development was facilitated by the reform of French cooperation following a decision by the Inter-ministerial Committee for International

Development and Co-operation (CICID). AFD's actions have also become more coherent since activities were transferred to it from the French Ministry of Foreign and European Affairs.

AFD aims to earmark 15% of its total commitments for rural development by 2011 in order to help rural economies in South countries address the issues that concern them. Sub-Saharan Africa has been confirmed as a priority and nowadays accounts for over half of commitments (53%).



Gabon © AFD - Jean-Claude Galandrin

## AFD'S STRATEGIC ORIENTATIONS

### CONCERTED PUBLIC POLICIES

Countries cannot develop their agriculture without voluntarist policies that aim to create a favorable environment and conditions: land tenure security, organization of supply and marketing, rewarding prices, access to credit, investment in infrastructure (irrigation, storage, transport)...

Africa has huge needs yet suffers from eroded political and institutional capacities and deteriorated information systems. AFD operates in both these sectors: it strengthens actors' capacities by supporting training and human resource organization for both administrations and their professional interlocutors. It also participates in the design of statistical tools that give a better understanding of existing situations and facilitate decision-making processes.

The involvement of Producers' Organizations (POs) in the design, implementation and monitoring of rural development policies is a prerequisite for their effectiveness. AFD consequently supports consultation between POs and governments at national levels (e.g. Mali's Agricultural Orientation Law) and at regional levels (e.g. Project to support ROPPA, the West Africa Network of Farmers' Organizations and Agricultural Producers).

### SUSTAINABLE AND EQUITABLE GROWTH

The productivity and profitability of farms must be sustainably improved so that they can increase their supplies to urban markets. This is also the key factor for growth in rural areas.

Farmers must be offered original and innovative technical and organizational solutions, particularly for subsistence farming. Experience from AFD's operations to support export crops (e.g. cotton in West Africa) and rice production (e.g. Mali, Southeast Asia) can be put to the best possible use. An objective will be to structure sectors in order to formalize contractual agreements, particularly between farmers and agribusinesses, and traders, or to provide access to services (e.g. advisory services, credit...).

Moreover, AFD will be investing in programs to widely disseminate experiments that have had proven positive impacts (e.g. agroecology in Madagascar, Tunisia and Cameroon, management consultancy for farms in Benin).

AFD will also be participating in investments for irrigation and for necessary support measures, particularly for the social management of water. The sustainability and profitability of these investments will be ensured thanks to AFD's extensive experience (West Africa, Mediterranean, Southeast Asia).



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### DEVELOPING RURAL TERRITORIES

60% of populations in developing countries are concentrated in rural territories. The figure rises to 80% in Africa's LDCs with poverty levels and access to social services often below national averages. Populations must take greater ownership of their own development in order to ensure sustainable growth and reduce inequalities in rural areas. They must be more involved in decentralization processes and local development.

AFD's strategy is based on financing local investment via decentralized ownership, particularly in municipalities. The current portfolio (Senegal, Mali, Burkina Faso, Mauritania, Cameroon, Ghana, Benin, Guinea, Chad) is underpinned by twenty years of experience in rural project management, natural resource management, local development and decentralization.

Operations are based on institutional and financial mechanisms that are in line with political will and national decentralization processes (public revenue channels, investment funds, national project units). The local development project for Western Burkina Faso is an example of this practice: investment funds were set up in each Department in order to implement infrastructure and carry out actions in favor of natural resource management and land tenure security.



Vietnam © AFD - Emmanuel Baudran

## CAPITALIZATION AND PROSPECTS

AFD has a considerable intellectual production activity (evaluation work, study programs, publications, seminar organization, support for the development of thematic reflection networks...). In terms of rural development it focuses on two main topics:

- capitalizing on and exploiting field expertise and knowledge;
- evaluating AFD operations on the basis of their effectiveness and impacts in order to better orient future actions (e.g. study on the economic benefits of watersheds in the Dominican Republic; impact analysis of donors' support for farmers' organizations in Guinea).

In line with the same objective of better focusing its operations and defining which experiments and innovations to promote and disseminate, AFD has built partnerships with agricultural research centers (INRA, the French National Institute for Agricultural Research, and CIRAD, the French Agricultural Research Centre for International Development). The aim is to:

- initiate and support comparative and prospective analyses of agriculture in the world (Agrimonde 2050 study, Rural Struc program on the consequences of liberalization on agriculture and rural development);
- promote an evergreen revolution (e.g. agroecology).



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## COMBATING POVERTY BY BUILDING THE CAPACITIES OF MAURITANIA'S MUNICIPALITIES

The Vaincre program (to promote initiatives for equitable regional growth) is designed to help reduce poverty and inequalities in the Guidimakha and Assaba regions which are among Mauritania's poorest. The Vaincre approach is innovative: it aims to make the 44 municipalities accountable and strengthen their capacities via the implementation of a decentralized financing mechanism and local technical assistance for knowledge transfers on how to plan and lead local development.



Benin © AFD - André Pouillies-Duplax

## BURKINA FASO: SUPPORTING PRODUCERS' ORGANIZATIONS

AFD is implementing an ambitious project to strengthen Burkina Faso's cotton sector from an institutional, technical, economic and environmental point of view. The project is mainly based on the Burkina Faso National Union of Cotton Producers (UNPCB) which has been entrusted with delegated project ownership. The UNPCB was set up in 1998 and has since played a major role in sector management. Thanks to this project it benefits from considerable human and financial resources and can consequently:

- develop actions to increase producers' revenues (e.g. literacy, soil fertility management, diversification);
- enhance the structuring of producers' organizations (e.g. management advice to grassroots groups, training for managers);
- improve the economic, social and financial environment of the whole sector.



Mauritania © AFD - Alain Felix

AFD is consequently financing an investment fund that uses a Treasury Department trust fund account. Each municipality has drawing rights calculated on the basis of poverty criteria. The funds then pass through local public expenditure channels. Projects of local collective interest are financed (drinking water, education, health, productive activities). They are defined using a participative approach and are validated by the municipal councils. Two private Mauritanian offices provide support for the municipalities' ownership and for administrative and financial tasks.



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Agence Française de Développement is a public establishment with a mission of general interest: to finance development. As a specialized financial institution, AFD supports projects with economic or social impacts in both public and private sectors: infrastructure and financial systems, urban and rural development, education and health.

AFD today operates in over sixty developing countries and in all France's Overseas Local Authorities via a wide range of financial instruments from grants to market condition loans. It also contributes, in collaboration with its supervisory authorities, to public policy design and France's influence in the development world.

AFD commits, in all its activities, to promote the Millennium Development Goals, at the crossroads of imperatives such as economic growth, poverty reduction and sustainable development which are priorities for France's official development assistance. AFD commitments in 2008 totalled 4 billion euros.

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