

Fast Track initiatives to support food security: Identifying options for Dutch Embassies

In the context of the Food Security Support Initiative of the Task Team Food and Nutrition Security by the Ministry of Foreign Affairs and the Ministry of Economic Affairs, Agriculture and Innovation, six embassy support missions were conducted in the period May-June 2011 in the selected Fast Track Process Countries Ethiopia, Kenya, Ghana, Mali, Mozambique and Rwanda. The missions aimed to provide support to Embassies (EKNs) for the design and implementation of the Food and Nutrition component of the 2012-2015 Multi-Annual Strategic Plans (MASP) and the Fast Track Process. Discussions between the selected six embassies and the Task Team Food and Nutrition Security have resulted in Embassy-specific proposals and action plans for the Fast Track Process and first steps towards a sharp food security component of the MASP.

This synthesis policy brief¹ provides an overview for the six countries and a number of key findings. Details of the programmes in the six countries are provided in Annex 1.

Overview country reports

Ethiopia

Ethiopia has a substantial agriculture sector development programme that has evolved over the last 5 years. The Embassy is heavily involved and well connected with Dutch private sector players, the Ethiopian Government and other Development Partners. The Embassy has at least ten major initiatives either in progress or in late stages of development. The current portfolio of programmes aligns well with the FS Policy Note and over the past years the Dutch support programme on private sector development and agricultural growth has organically developed.

The core focus of the EKN will be on market driven food security with recognition that food security and self-reliance depend on overall national economic development coupled with vibrant local economies and off-farm employment. Considering growth as a pre-condition, the target for interventions will be on

intensive Dutch linked export agriculture and the linking of small-scale producers into local and export market opportunities. The programme will have an innovation and knowledge intensive function, working towards creating an enabling business and entrepreneurial environment and creating the conditions for market driven increases in agricultural productivity.

Ghana

Ghana offers good opportunities for agricultural development and private sector investment. Urbanisation and a developing middle class along with access to regional and European markets are all supportive elements. Moreover, Ghana can play a (potential) role as a regional commercial and trading hub. There are various examples of exporting agri-food companies and there is a significant presence of Dutch companies in Ghana, ranging from large multinationals to small SMEs. Presence in the agri-business is less developed, but several companies are active in cash crops like cocoa, staples, and cotton, agro-input supply, agro-processing and other infrastructure, and consultancy services of knowledge institutes.

There are three pillars for fast track initiatives on Food Security in Ghana. The first is 'sustainable cocoa'. The cocoa initiative qualifies as a fast track initiative for food security, which is expected to contribute towards higher productivity of food crops and more income for some 40.000 small scale farmers. Cocoa is one of the main export commodities to Netherlands based companies. The second pillar is the 'Second 'Food' Sub-sector'. Sub-sectors with most potential for food and nutrition security are small and medium scale palm oil processing and vegetable production for the urban market. The third pillar is the 'Regional (Agri)business Support Office'. The focus of the water programme will be urban water and sanitation, which will serve an important part of the population.

¹ This policy brief was prepared in December 2011 by Herman Brouwer, Annemarie Groot Kormelinck, Jan Brouwers and Jim Woodhill.



Mozambique

Although Mozambique has, in absolute terms, abundant water resources, its economy is highly vulnerable to extremes in water availability (droughts and floods) and growth is constrained by inadequate development of water resources.

The main outcome concerning water in relation to FS is to secure the access to water for food production. This outcome can be achieved through: Integrated Water Resources Management at Trans-boundary and National level (River Basin Level); Enforcing the water use rights (at local level); Development of Infrastructure (small dams to increase storage capacity, irrigation works, rainwater harvesting); Improving knowledge about surface and ground water availability (research and monitoring).

The FNS support team has identified a total of seven key intermediate outcomes that seem most crucial in achieving the four key food security and nutrition themes to contribute to household food security in Mozambique. (1) Increased access to capital (for inputs, infrastructure, financial literacy, market linkages). (2) Access to quality seed. (3) Access to business development services. (4) Secure access to land. (5) Secure access to irrigation water. (6) Enhanced inclusive Food and Nutrition Security. (7) Enhanced value addition in priority chains. Together with these seven intermediate outcomes, several building blocks are proposed and possible stakeholders to be involved are listed.

Mali

The Malian government has taken important steps to promote agriculture and FS. The massive drive to attract foreign investment, especially in the Niger Inner Delta has, however, raised serious concerns about the future of small scale farmers and (semi)nomadic livestock holders. There are also concerns about water and land management in the Niger Delta. Mali's FS problem is characterized by an underdeveloped agricultural sector that has not fulfilled its potential to stimulate broad-based

economic growth; unreliable food markets with seasonal price variations that do not consistently provide sufficient quantities at affordable prices; and a significant proportion of people that do not have nutritionally sufficient diets. Concerning the production aspects the challenges can be found at the level of quantity, quality and variety, and concerning the demand side there are problems around the purchasing ability, accessibility and awareness.

Mali has dramatically increased cereal production but growth is unstable. Some production areas have been given to large foreign and domestic enterprises, depriving small scale farmers of access to prime lands. The effect on improvement of food en nutrition security is indirect and not yet verified. The development of the rural sector in Mali is seen as top priority, with added value for the Netherlands in the following areas: (1) land and water management, (2) horticulture, (3) Livestock, (4) Support to the Education Sector in favor of the rural sector in Mali, and (5) Coordination with other donors.

In Mali efficient water management is a basic condition to achieve food & nutrition security. Considering the adopted principles, three main options are proposed for water in relation with food security. Option 1: To build a framework on long term adaptation on water, spatial planning, land use and climate focusing on sustainable water management, food security and a progressive adaptation to climate change. Option 2: To build regional instruments on water management to develop knowledge, models, instruments, monitor processes and implement adaptation measures supporting integrated river basin management. Option 3: To strengthen governance capacities on institutional and managerial competences on legislation and enforcement, finances and economics, communication and participation.

Rwanda

Considering the enormous pressure on land in Rwanda, it is obvious that in order to reach food security in Rwanda, the development of a

secondary and tertiary sector is needed to create income. However, it requires a different analysis to assess the competitiveness of a range of sectors for Rwanda for these sectors. The agri-food sector is still a major sector and there is a lot to be improved on efficiencies. It is recommended to focus on access to markets and improved business environment where agri-food business is concerned. High costs for production and low levels of productivity in Rwanda argue for a regional vision in order to reach an economy of scale. The government has a strong and elaborated policy on economic development and is seriously interested in giving more space over time to the private sector to play its role. However, the very present role of the government in production and markets is quite often limiting the private sector in its investments and initiatives to explore new venues. Stimulating private agri-food business development will be done by supporting the enabling environment as well as by direct support in specific sub-sectors or chains in agri-food.

Three intermediate outcomes are envisaged to strengthen agri-food markets in Rwanda: (1) stronger regional economic integration, (2) improved business environment in agro food value chains, and (3) strengthened rural economic development at district level with a focus on selected value chains. Public-private partnerships are mentioned as important instrument to achieve results. It is expected that EKN partnerships with private sector partners in specific sectors or value chains will be an important component of the FS programme. The role of EKN will be primarily initiating, facilitating and supporting in the pre-competitive stage of economic development. This may be done directly, but probably more often indirectly by funding or contracting a support organisation EKN intends to explore if there is a niche for Netherlands added value in the reduction of malnutrition of children.

Kenya

As a re-emerging donor in the FS sector it is critical that the Embassy has a clear focus,

which will be catalysing and brokering private sector development initiatives that link the driving power of market opportunities with the inclusion of small scale producers and local enterprise development. The EKN will apply a two pronged approach: (i) Fostering strategic innovation related to changing market dynamics in the context of climate change and natural resource limits (linking to NL expertise); and (ii) Identifying and supporting specific market development opportunities that require public sector investment (brokering, co-financing, knowledge, regulatory change) to unlock binding constraints and create scalable impacts.

The mission concluded that for the fast track initiatives the following sectors, in priority order, should be considered: potato sector; aquaculture; small-scale horticulture; dairy; reforestation. These initiatives have been screened based on a clear business case, Justification in terms of FS and private sector development, intervention scheme, linkage with other donors and NGO's, synergy with water and potential impact.

Key summary findings

Missions were very productive and much appreciated by all participants

Overall, very positive reactions to the missions have come from embassy staff and the DGIS/EL&I representatives. The missions raised perspectives and questions that proved valuable in shaping the direction of the MASP and clarifying fast track initiatives. The interdisciplinary mission team along with interaction between DGIS/EL&I staff from the embassy and the Hague led to very constructive dialogue around a broad range of opportunities, issues and challenges.

There is a clear Dutch niche, particularly related to inclusive agri-food market development

In all fast track countries, developing a more entrepreneurial and market driven approach to agriculture, as a driver of rural and national economic development is a policy priority.

Historically agricultural development has been production focused with less attention on market development. The need to shift from production push to market pull is increasingly recognised and the Netherlands is seen as having much to offer in this regard. Key areas of potential contribution include: market analysis, value chain development; brokering new market opportunities with private sector using public private partnership investment mechanisms; knowledge and expertise on post-harvest handling and processing; and creating an enabling business environment.

Consequently, an overarching niche and focus for Dutch engagement is inclusive agri-food market development. In most countries this would be highly complementary to the large and heavily funded donor programmes on agriculture. The Dutch public sector investment focus is on partnering with private sector to develop new market opportunities that are more inclusive of poor and vulnerable groups, such that there is a direct impact of market growth on food security.

Opportunities for Dutch private sector vary between countries

Generally, where there is clear opportunity for the Dutch private sector, they are already actively involved. Where opportunities are less clear, longer term market development strategies are required. At the same time agri-food markets are developing rapidly in Africa with very pro-active engagement from, in particular, Chinese, Indian and South African interests. Business climate, language and perceptions of country situations remain significant issues in the further development of Dutch private sector interests.

In terms of making a contribution to food and nutrition security, local and regional market development is critically important. On the other hand, most Dutch private sector players predominantly focused on export markets. While important for foreign exchange, overall economic development and employment balancing export and local market development is key to supporting food security.

There are different pathways for impacting on food and nutrition security that need to be made explicit

There is widespread agreement that in the longer term food and nutrition security will only be achieved by economic development and self-reliance. Agri-food market development is seen as an important driver of such economic growth in the fast track countries. However, in the short term, the large bulk of the most food and nutrition insecure are not those who benefit from market driven development. Consequently, it is important to recognise two pathways of tackling food and nutrition security. One, the longer term indirect pathway that creates the economic foundations for self-reliance. Two, direct measures to assist those who suffer chronic food and nutrition today and who at this point in time do not have the means and assets to be self-reliant. The challenge is to use public engagement and investments to push market development in directions that will be as inclusive as possible and have the maximum possible food and nutrition security dividend. At the same time it must be recognised that large scale social safety net programmes will also be required over an extended period of economic transition. Further, good nutrition is related to a diverse range of factors including availability of nutritious food, health, clean water availability and education. Tackling these factors requires well-funded public expenditure programmes.

A general conclusion from the missions is that the focus for Dutch engagement should be more on the inclusive market development aspects than on social safety net and social programmes. The reasons for this are:

- i) There is high in country demand for support in agri-food market development that can drive local and national economic development;
- ii) This is an area where the Netherlands has expertise that is recognised and sought after;
- iii) It aligns with current NL development policy;

- iv) It is complementary to larger scale food security and agriculture programmes heavily funded by national governments and other donors;
- v) Such as strategy is catalytic and knowledge intensive and hence better aligns with the more limited scale of resources available from Dutch development cooperation relative to those being provided by World Bank, IFAD or larger donors such as USAID.

However, such a focus should not limit the Netherlands from engaging in activities that have a direct food and nutrition security impact on vulnerable groups where there is a clear added value.

Building on in-country partnerships and programmes is critical

Dutch embassies are moving forward on the basis of existing programmes and partnerships with national governments and other donors. At country level the Paris Agenda of donor harmonisation remains important. In all the fast track countries there are a large number of programmes and activities in the food and nutrition and agriculture areas. In country effectiveness and impact has much to do with coordinating investments and maintaining good partnerships with government and other donors. In this sense it is key that Dutch engagement is demand driven and continues the tradition of the Netherlands being seen as a reliable and consistent development partner.

There is strong demand for Dutch knowledge and expertise tailored to the local context

At a country level, the Netherlands is widely seen as having much to offer in the agri-food sector, particularly in relation to market development. Further, there is a wide network of alumni who have benefited from Dutch education and training support. There is potentially a strong demand for technical, market and change process expertise as well as for supporting education, training and capacity development in a wide range of areas related to food and nutrition security. However, to have impact and lead to self-reliant change

this expertise must be tailored to the local context and embedded in process of innovation led by local institutions. Historical mistakes of top down, Northern driven, and purely disciplinary oriented technical support are to be avoided.

Good country level analysis is required for a Dutch value added role

The emerging niche for Dutch engagement and the development of result oriented programmes requires a good understanding of the food and nutrition security situation, agricultural production and markets, business climate, and the existing range of government and donor programmes. Over recent years the Netherlands has been only partially, or not at all, active in the agri-food (food security) areas and has had more of a focus on the social rather than the productive sectors. Consequently the embassies are finding it a challenge to quickly develop the level of in-depth if analysis that would ideally underpin the MASP. While in most embassies a very good start has been made, a longer term process of building the situation analysis needed for result oriented programming will be required.

In a number of the missions considerable discussion emerged around the need for on-going analysis and learning. This recognises that the complexity of issues involved in food and nutrition security means that it is impossible to 'up-front' fully understand the situation and then design a 'perfect' intervention. Rather an interactive and learning oriented approach is required.

The emerging Dutch niche and role is innovation and knowledge intensive with significant implications for embassy capacities

The implication of the WRR report, current policy directions and the outcomes of the fast track country missions is that Dutch engagement should be innovation and knowledge intensive. This has significant implications for embassy processes, capacities and staffing. All embassies recognised that they needed additional staff capability as well as

easy and coordinated access to support and advice from Dutch knowledge institutions, private sector and appropriately skilled consultants. They also affirmed that result oriented monitoring, evaluation and learning processes need to be strengthened at the embassy level

Supporting and brokering market development and engaging with private sector players was recognised as requiring an entrepreneurial approach. Again this has implications for the skills and approach of embassy staff and embassy programme development and management processes.

Effective market and private sector development requires flexible and entrepreneurial programming within embassies.

Related to the above point there was considerable discussion during the missions about how working with the private sector and market development requires flexible and entrepreneurial programming. This relates to a number of factors.

Flexible and innovative funding mechanisms are required to support private sector development, public private partnerships, knowledge support and capacity development.

Questions emerged around the appropriateness of existing funding mechanisms such as PSI and Nuffic in enabling embassies to be responsive to new issues and take an innovative approach. There are a large set of issues related to this that require considerable discussion.

Appendix 1: Overview of approved Fast Track Initiatives identified by FSSI Missions¹

Name	Description	Investment of DGIS
Kenya		
Seed potato sector	The fast track initiative aims to support development of the potato sector in Kenya. There is a significant domestic market for potato as one of the main staple crops for fresh and processed products: crisp and frying potatoes are largely imported. However, the current ban on importing seed potatoes leaves little opportunity for Dutch private sector involvement. A joint working group of Kenyan and Dutch civil servants is currently negotiating options to lift this situation. The potato sector offers opportunities for increased incomes for small-scale producers and SME.	Fast Track 2011: € 560.000,- Committed for 2011-2015: € 1.900.000,-
Horticulture smallholder development	The proposed fast track initiative aims to further support and develop private sector led horticultural development on basis of irrigation technologies so that a consistent high quality of produce can be guaranteed.	Fast Track 2011: €810.576,- Committed for 2011-2015: € 1.900.000,-
Uganda		
DSIP Trust Fund	The Development Strategy and Investment Plan 2010/11-2014/15 (DSIP) is the Government of Uganda strategy for agriculture and food security. This plan has the ambition to transform the agricultural sector in which 75% of the Ugandan population is involved for their livelihoods. A core group of donors (World Bank, EU, Denmark and USAID) support implementation of DSIP and are welcoming the Netherlands in this support group.	Fast Track 2011: € 500.000,-
Support Fund Food Security 2011	The Support Fund Food Security 2011 provides EKN Kampala with means to invest in expertise on food security to support implementation of the MASP.	Fast Track 2011: € 50.000,-
Ethiopia		
Integrated Seed Sector Development II	The project will build on the successes of the past three years (especially in the field of regulatory reform, local seed business and private sector support)	Fast Track 2011: € 2.100.000,- Committed for 2011-2015: € 11.000.000,-
Small-scale Vegetables	A small-scale horticulture project to support small-scale production of vegetables for (mainly) the domestic market. The SMARTVEG project envisages to: improve the input supply; cut costs for production by at least 20%; and increase the sustainability of the system in the Central Rift Valley area (more efficient water and pesticide use).	Fast Track 2011: €250.000,- Committed for 2011-2015: € 5.000.000,-

¹ This selection is limited to the officially approved initiatives under Fast Track funding from DGIS/DDE in 2011. Many other identified initiatives have found their way into the Multi-Annual Strategic Plans.

Market Linked Innovation for Dairy Development	In 2011 the PPP Dairy or Market Linked Innovation Dairy Development (MIDD) programme will have its inception phase. It aims for improvements in the dairy sector at different elements of the value chain.	Fast Track 2011: €800.000,- Committed for 2011-2015: € 10.000.000,-
CASCAPE	CASCAPE stands for Capacity Building for Scaling up of Evidence-based Best Practices and is linked to 20 AGP woredas. The project aims at better understanding agricultural best-fit practices and works with an integrated approach (biophysical and socio-economic).	Fast Track 2011: €1.000.000,- Committed for 2011-2015: € 10.000.000,-
Integrated Nutrition	Recent study confirmed a special window for the Netherlands for including nutrition expertise in on-going programmes (AGP and NICHE Agribusiness) and have a separate activity on promotion of soybean production, processing and marketing.	Fast Track 2011: €250.000,- Committed for 2011-2015: € 3.000.000,-
Business Support Centre	In 2011 we plan to undertake a feasibility study to enquire possible gaps in service provision from the Embassy to Dutch entrepreneurs. This topic was high on agenda of these entrepreneurs in Ethiopia	Fast Track 2011: €250.000,- Committed for 2011-2015: € 5.000.000,-
<i>Mozambique</i>		
MAP Beira Agricultural Growth Corridor Partnership	The Beira Agricultural Growth Corridor (BAGC) Beira Agricultural Growth Corridor (BAGC) is a partnership between governments, private investors, donor agencies and regional organisations which aims to boost agricultural productivity in Mozambique and the wider region. The Netherlands contribute to the Catalytic Fund and the Secretariat of BAGC.	Fast Track 2011: € 8.501.400,-
<i>Rwanda</i>		
Land tenure regularisation	Support Government of Rwanda's Land Tenure Regularisation Programme; this programme comprises the implementation phase of the National Land Centre's programme that has benefited from Kadaster International support. A basket fund has been established in which DfID, EC and SIDA are already contributing. This activity can be supplemented by activities in the Justice sector related to settlements of land conflicts	Fast Track 2011: € 5.310.000,-