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Sector Programme Approaches: Will They Work in Agriculture?

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This article explores why sector-wide approaches, in which donor funds support a single sector plan under government leadership, have performed less well in agriculture than in the social sectors. Many problems stem from the more limited, more contested and shrinking role of the state in the agricultural sector. It is also argued that sector programmes have worked best where the key constraints on sector development are the responsibility of a single ministry, whereas agricultural development requires co-ordinated interventions across sectors. The sector approach may have a limited role in delivering better focused agricultural services, but fundamental policy questions need to be resolved first. This is more likely if support for reforms is channelled through central economic ministries and other bodies outside the agriculture ministry.

Recent years have seen increasing disillusionment with the project approaches that have dominated development assistance for most of the past four decades (DFID, 1997; Brown et al., 2001). Sector programme approaches have been developed in response. They are intended to overcome a number of quite specific problems in the relationship between government and donor partners, namely: the large numbers of donor projects; that these are usually poorly co-ordinated, and lack a common policy framework; the high costs imposed on government in managing them; and that they lead to poor sustainability and uneven service provision.

A wide range of alternative definitions[1] and names[2] have been used to describe variants of the sector approach. Its defining characteristics, for the purposes of this article, are that all significant public sector funding for the sector supports a single sector policy and expenditure programme, under government leadership, adopting common approaches across the sector, and progressing towards relying on government procedures to disburse and account for all funds. Moving towards a sector approach takes time. Even quite well established programmes are still in the midst of a process of broadening the included sources of funding; making the coverage of the sector more comprehensive; bringing ongoing projects into line with the sector policy; and developing common procedures and increased reliance on the government. The working

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1. For example, Harrold & Associates (1995) identify six criteria: sector-wide in scope, a coherent policy framework, local stakeholders in the driving seat, all donors sign on, common implementation arrangements, and minimal long-term technical assistance.
2. For example, Sector Investment Programme (SIP), Sector Wide Approach (SWAp), Sector Programme etc. (Brown et al., 2001).

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definition thus focuses on the intended direction of change rather than just on current attainments (Brown et al., 2001).

In terms of our broad definition, there are roughly 80 sector programmes or SWAps in operation, predominantly in sub-Saharan Africa (85%). Of these, 28 are in health, 28 in education, and 17 in the roads sector. Only 13 are in agriculture, all of them in Africa. There is as yet little information on the impact of sector programmes in any sector. However, from the experience so far, the consensus in the donor community, and in the available literature, is that sector programmes in agriculture have experienced more severe problems than those in other sectors, and look likely to be less successful.

Sector programmes in health and education have achieved moderate successes. Discussions between government and donors are becoming more focused and strategic, and links between policy and implementation are being strengthened. There has been some progress towards a better balance between investment and operating expenditure (e.g. Ghana in health). An increasing share of disbursement is taking place through government systems, with joint reporting to donors (e.g. Tanzania in health). And some programmes have improved service coverage and quality (e.g. Uganda in education, Ghana in health).

In contrast, in the agriculture sector there is a widely shared perception that the few sector programmes that have been established have faced particularly serious problems in both the planning and the early implementation stages. This article reviews the experience to date, and discusses some of the key differences between agriculture and the social sectors which may account for the lower adoption of the sector approach in the agricultural sector, and the problems that have been experienced in attempting to apply it.

Agricultural sector programmes – why are they different?

Seven key characteristics of the agriculture sector create problems for the implementation of sector programmes:

- agriculture is a productive sector;
- the state and the line ministry have different and smaller roles than in other sectors;
- government and donors disagree about the state's role in agriculture;
- so do donors amongst themselves;
- the line ministry must work with other parts of government;
- high-level political support for continued agricultural reform may be limited;
- sector programmes create expectations of higher funding.

Agriculture is a productive sector

Describing agriculture as a 'productive sector' is a rather loose shorthand that aims to capture a number of critical differences from the social sectors. Most of these differences are of degree rather than principle, but the more direct link between agricultural sector output and the generation of income and revenue does have a number of implications that make agriculture programmes significantly more complicated than those in the social sectors.

First, market transactions have a far greater significance in agriculture than in the social sectors where the government is providing services that would otherwise not exist, or at least not on the same scale. Every government intervention in agriculture must take account of implications for private sector markets which are significant, complex and immediate.

Second, changes in agricultural policy can have a far-reaching impact. In view of the danger of damaging the sustainability and growth of livelihoods, public action in an agricultural sector programme must face and pass a stiffer test than in the social sectors where the main issue lies in the provision of services to groups previously denied them. Existing patterns of agricultural development reflect past interventions in agricultural markets for inputs, outputs and credit, including direct interventions such as food aid or input subsidies, and the less direct consequences of exchange-rate and monetary policies. Unwinding distortions may lead to major consequences for farmers, and for the environment. For example, as government subsidies are withdrawn policy-makers must find ways to connect farmers to private sector service providers, and help them adapt livelihood systems to the absence of subsidies.

Zambia is a case in point. Government marketing and input subsidies have sustained maize cultivation as the major source of livelihood in some of the poorest and most remote areas where the crop would not otherwise be financially viable for farmers. Their withdrawal needs to be phased to allow time for these poor populations to adapt. Redrawing the boundaries between state and private finance in education and health may have profound or even life-threatening consequences for individuals, but it does not require the fundamental restructuring of an entire regional economy and pattern of livelihood as can easily occur as a result of changes in agricultural policy.

Third, the market-based nature of agriculture implies that full cost recovery is often easier. Benefits are captured far more quickly as higher incomes by the customers of agricultural services. The need for subsidy is therefore less strong. In the social sectors, it is more difficult for the poor to finance long-term investments in education, and more difficult to assess the returns to investments in health. More of the benefits accrue to society as a whole, thus justifying subsidisation.

These differences should not be overemphasised. Veterinary services and agricultural research and extension face many of the same problems of market failure as are found in the social sectors, especially the inability of beneficiaries to judge the quality of what is offered, and problems for the poor in managing risk. We return to this in discussing the rationale for the state's role.

Fourth, 'one size' does not 'fit all'. Agriculture, especially in rainfed areas, is both complex and highly heterogeneous, requiring adapted local approaches. This can make it expensive to reach farmers. Unlike in education and health, one approach cannot be nationally replicated; hence arguments for a SWAp based on economies of scale and standardisation are weaker.

Fifth, farmers can contribute expertise to sector planning. The exchange of knowledge needs to be two-way: farmers are the experts on their own land and on their specific constraints. Therefore any interaction between farmers and extension workers should be highly participatory. These arguments apply to a lesser degree in the social sectors, where professional/client interaction is more about identifying preferences and controlling service-provider behaviour than about changing the technical content of what is offered because of specific knowledge held by the customer.

Sixth, the livelihood system must be understood. Agriculture is just one of the activities from which rural households put together a livelihood, so the constraints on the various household enterprises need to be balanced against each other: agricultural interventions that do not take account, for example, of other constraints on women's time will tend to fail. This is a constraint on interventions conceived entirely within an agricultural framework. Again, the contrast is not absolute. Education and health policies should also take account of the opportunity cost of time in setting term times and clinic opening hours; and school fees should be timed to avoid increasing financial stress during the hungry months. However, there is a difference of degree in the extent to which interventions need to be fitted into a production system with competing demands.

The smaller and different role of the state and the line ministry

Table 1 compares the public sector role in agriculture with that in the other sectors in which sector programmes have been attempted.

The first difference relates to the share of public expenditure in total sector spending. In agriculture, the bulk of activity takes place within the private sector. Although government may have some vestigial role in the direct production of sector output through state farms, most governments are withdrawing from such activities.

By contrast, government is usually the main source of finance for, and often the main producer of, sector output in education, health and roads. Donors have largely accepted a strong state role in running schools and hospitals, constructing roads and producing direct sector outputs (e.g. educated school-leavers, vaccinated children, kilometres of road). On the other hand, there is increasing recognition that the actual private sector role in these sectors has been underestimated, and that private sector financing and provision need to be developed further.

The most significant roles of the state in agriculture are not concerned with public expenditure, but with policy-making and regulation. Policies on the exchange rate, interest rates, the control of inflation, trade, market regulation, food import storage and distribution, taxes and subsidies, the regulation of transport and trading activities, personal security and safety nets in vulnerable areas, are far more important to agricultural producers than direct expenditure by the Ministry of Agriculture. Many of these policy and regulatory functions are not the responsibility of the agriculture ministry.

Issues of policy and regulation are not without importance in the other sectors, but they are less dominant, and many of them are within the responsibility of the sector ministry. Thus, the health ministry is likely to be responsible for regulating private medical practice and advising on essential drugs policy, the education ministry will regulate private schools, and the transport ministry may be responsible for regulating transport operating companies. There are important exceptions, but a sector approach defined to correspond to the responsibilities of the line ministry will come far closer to covering key sectoral interests than can be achieved within agriculture.

Where an agriculture sector strategy is defined in terms of the line ministry role, it is much closer to the social sector model, and many 'agricultural services' SWAps have followed this route. They provide agricultural services such as research and extension, and aim to improve the knowledge of farmers in much the same way that education

SWAps improve the knowledge of schoolchildren, though there is still a key difference in that the knowledge should have a quicker and more certain financial payback, making charging easier.

Experience with sector programmes suggests that they should avoid complex cross-ministry structures, and should, where possible, define themselves to correspond to the area of budget responsibility of a single ministry (Brown et al., 2001). This approach is problematic when the key issues are not concerned with public expenditure, and when the role of the sector ministry is largely confined to financing 'niche' services that the private sector will not provide for reasons of market failure, or providing them to poor groups that could not otherwise afford them. Even within the areas in which agriculture ministries do provide services, such as research and extension, they may find themselves minority players. Government is just one of many sources of research and advice available to farmers, and often not the most important.

Even more than in other sectors, a sector programme in agriculture therefore needs to ensure that the substantial contributions of the private sector and NGOs are enabled to flourish, and are complemented by government activities where they cannot operate. In practice, however, agriculture sector programmes have found this perhaps the most difficult aspect of design and implementation. This is the case even where the macroeconomic environment is facilitating private sector growth, because the location of programme co-ordination in government has given out mixed messages to all participants, and has not ensured that the government focuses on services the private sector will not provide.

Zambia is again a prime example. The Ministry of Agriculture tried to use the sector programme to preserve its own role. The emphasis on capacity building in the ministry, the programme's funding arrangements, and the attention given to financial management within the ministry, meant that it was seen primarily as a public sector investment programme, although this had not been the intention at the outset (Gould et al., 1998). The ministry was inadvertently encouraged to continue to try to implement sub-programmes and activities that it could not appropriately manage or lead, but should have left to the private sector. In addition, the regulatory framework remained unsupportive of the changed roles of government and the private sector. Programme achievements have been limited, and the ministry has not taken up its expected function of policy-maker, regulator and selective service provider.

Donors may find more in common, with regard to views on agricultural policy, with the Ministry of Finance than with the corresponding line ministry. As was the case in Uganda, this can present valuable opportunities for alliances that positively influence the Ministry of Agriculture.[3]

The difference between the social and agricultural sectors on this point is therefore one of degree, influenced by the extent to which the state's role is contested. As knowledge of the limited reach of the state even in the social sectors becomes more widely known, the issues which have been so controversial in agriculture will need to be faced there too. The problems faced in the agricultural sector in trying to co-ordinate from within government a sector in which the government is clearly a minority player,

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3. This example is not intended to imply that finance ministries have any monopoly of wisdom on the government role in agriculture. Indeed, in other cases they may have taken eagerness to cut budgets too far.

Table 1: Comparison of the public sector role in different SWAp sectors

	Agriculture	Education	Health	Roads
Overall role	Govt policy has a major impact (e.g. macro and structural policies and performance on exchange rates, interest rates, inflation, trade policy and market regulation) but pure public expenditure role (e.g. research, extension) is smaller in scale relative to size of sector	Dominant govt role in setting curriculum, training teachers, and usually running schools. But although education may take a large share of public expenditure, the largest share of costs is usually met by households, *de facto* if not *de jure*.	Increasingly mixed systems are evolving. Govt has lead role in public health interventions but is unable to finance comprehensive primary health care (PHC). Heavy private spending often outstrips govt, with official and unofficial user fees, mix of modern and traditional service providers.	Govt role often split between national and local govt, with increasing use of private for-profit solutions (Build / Operate / Own / Transfer schemes). Full benefit from road investment depends on also deregulating transport and trade. It may have bigger impact on agriculture than Ministry of Ag. spending.
Direct role in production of sector output	Most govts are withdrawing from direct roles in production, input supply and marketing. Govts are developing their role in improving market efficiency and completeness via transport investments, market information, promoting (but not necessarily supplying) access to credit, for example.	Some public good characteristics lead to underprovision if left to private sector: inability to assess benefits and external benefits, incomplete credit markets for a large and long-term investment, uninsurable risks. Strong case for govt role in financing at least primary provision (where market failures are greatest).	Multiple market failures, due to inability to assess benefits, credit problems and external benefits of public health interventions. There is a strong case for some public subsidy, but comprehensive free services are not affordable anywhere, so some element of rationing or cost recovery is essential.	Private toll roads are feasible, but full cost recovery related to use leads to under-investment because not all benefits can be reflected in charges, and causes under-utilisation and loss of benefits from completed uncongested roads. Fuel taxes with some hypothecation of revenues are a pragmatic response to the problem of financing investment and maintenance.
Support to private sector producers	In commercial parts of the sector, technology can be generated and disseminated in the private sector. But research and extension has strong public	Joint planning including financial support to mission/NGO sector is becoming more important, with traditions of cost sharing within	Extensive provision by for-profit and not-for-profit private sector is gradually being included in govt planning, with a few innovative govt financing	

	good characteristics and may be under-provided by the private sector, especially technologies for poor farmers. There may be a case for separate financing and provision.	community schools in some countries.	schemes being tried. There is some cost sharing with communities.	
Legal and regulatory roles	A major and complex task in promoting sustainable agricultural development is to define and enforce rights and responsibilities, e.g. over land, water resources, forests.	Govt inspects and licenses schools, and may approve curricula, run examinations.	Legislation for govt regulation of private practice often exists but is not adequately enforced. Effective regulation is essential for future partnership with private sector.	
Equity	Transfer of land or other assets, technology, credit, better infrastructure and market information may be feasible routes to raising incomes of rural poor.	Primary Education (PE) is seen as a merit good disproportionately benefiting the poor. Govt role in financing universal PE, reducing barriers to enrolment of the poor in general, girls in particular.	Public curative services in many poor countries achieve low coverage, even for PHC, but concentrating on universal access to narrowly defined health interventions has proved politically impossible.	Depends on income distribution within the region to which access is opened, but roads to areas where poor populations live have positive impact on poverty reduction.
Environ-mental protection	There is a major responsibility to ensure that public and private decisions take full account of environmental consequences, by monitoring trends, forecasting consequences, creating appropriate (dis)incentives, and enforcing appropriate laws and regulations.	Limited role through education messages.	Limited role confined to protection of environment from drug production by products and waste disposal.	Appraisals need to take account of environmental consequences of new road investments.

will have to be addressed by other sectors in the future. There may then be valuable lessons to be drawn from the experience in agriculture.

Government and donors disagree on the state's role in agriculture

Most economists would argue that the rationale for a government role in agriculture rests either on some form of market failure which can be corrected by public sector action, or on distributional objectives, which are more readily pursued by direct intervention than by transferring assets or income. The market failure argument rests on the assumption not only that there is a market imperfection, but that government action can succeed in producing a net improvement. This may not be the case if lack of capacity and 'government failure' are widespread.

Market failures take a number of forms (e.g. externalities, asymmetric information, incomplete insurance markets, and public good characteristics making charging difficult and/or undesirable). Their common characteristic is that the market left to itself will produce an economically inefficient solution. For the social sectors, many services depend for their existence on government finance justified by market imperfections, whereas in the agricultural sector market-based relationships are far more important. This is not to deny the prevalence and seriousness of market failures in agriculture. In many agricultural sectors, environmental market failures have potentially devastating consequences as forest, soil and water resources are depleted. Interventions to correct these problems are complex, and usually need to work with the market to provide incentives for environmentally sound behaviour.

Government action can also be justified by distributional objectives. It is expensive and difficult to target direct transfers of income or assets to the poor; therefore, in order to overcome the high costs of targeting and the risk of leakage, 'in-kind' programmes may be preferred. For example, agricultural programmes may focus on crops grown and/or consumed by the poor, or areas where the poor predominate. In Malawi, for example, an attempt was made to ensure that a substantial proportion of DFID-supported input subsidies reached small farmers by providing seeds and fertiliser packaged in small quantities and marketed in more remote areas. Similarly, in health and education, subsidies may focus on overcoming barriers to primary education that are most likely to exclude poor children, or may target free health care to diseases of the poor.

The problem with this technocratic rationale for the government role is that it is confronted with a legacy of past policies and programmes, which makes it difficult to identify the extent of market failure. There is also plenty of scope for disagreement on the extent to which private sector service providers will be willing to take over roles previously played by government. Previous government market intervention can damage private sector confidence and capacity, so that it is hard to distinguish genuine market failure from policy-induced reluctance to enter a business where the government has a track record of interference.

Different constituencies also disagree on fundamental objectives. The government needs to balance producer interests in remunerative prices and liberalised markets, against consumer interests in cheap food, and finance ministry concerns about the potential loss of tax revenues following agricultural liberalisation.

In Ghana, the government saw its role in agriculture as supporting rapid economic growth, and therefore concentrated efforts on the areas and crops of greatest potential, whereas some donors stressed the importance of poverty-reducing interventions. Differences of opinion have continued to characterise the sector programme, and have adversely affected implementation (Ticehurst, 2000). The point is not to support either argument, but simply to underline the importance and difficulty of reaching a consensus on what government's role should be.

By and large, ministries of agriculture do not support a reduction in their functions, preferring to retain budgets and authority, even where they or the central government make verbal commitments to liberalisation. In the absence of a general consensus on the way forward, there have been a number of adverse results.

First, government ownership of the sector programme has been very limited. In Ghana the government expressed broad and bland agreement on the changing role of the state but decided nothing more specific on how to implement it, or what the alternative role of the state should be. Struggles by the Kenyan and Zambian ministries of agriculture have resulted in long-drawn-out institutional reform processes without a clear goal (Dietvorst, 1999).

Second, programmes have got bogged down at the policy development phase, leaving issues unresolved or insufficiently addressed to enable the process to move forward. The Zambia programme entailed approximately 488 policy planning workshops held under the Agricultural Sector Task Force during 1992-5 (Gould et al., 1998). Yet at the mid-term review in 1998, the report stated that agreement on the sector policy framework and the principles guiding government's actions affecting the agricultural sector was still outstanding (Institute of Economic and Social Research, 1998). The Malawi agricultural SIP never managed to progress beyond policy elaboration, prompting the conclusion that there can be too much participation (Bialluch et al., 1999). Similarly, it took at least four years of preparation before implementation of the Mozambique agricultural sector programme (PROAGRI) commenced.

Third, agricultural sector officials have been seen to be willing to form alliances with donor sector staff who focus primarily on government's role in the sector. An example is the Ministry of Agriculture in Zambia, where the World Bank and UNDP 'actively facilitated the de facto empowerment of the civil service in the planning process'(Gould et al., 1998).

Even sectors where SWAps have been more successful still experience problems because of low consensus within government, and weak ownership of ideas.

- Where donors have tried to push their views on to government, ownership of the sector strategy and programme has remained limited, either preventing or seriously limiting progress. The Tanzania education sector programme, for example, was developed under the leadership of expatriate consultants, and did not enjoy the necessary backing to implement difficult but necessary budget decisions (Ratcliffe Macrae Associates 1999).
- The sector programmes which appear to be most firmly established have been based on a limited number of strategic ideas to which all the significant partners signed up. Examples include Universal Primary Education in Uganda, and the shift of resources and authority to district-based integrated health services in Ghana.

- Commitment by technocrats, and even the line Minister, may not be sufficient if implementation requires the support and co-operation of other departments. Where donors and technocrats force the pace on decisions to which there is insufficient commitment, there are numerous examples of subsequent implementation becoming stalled: e.g. establishing the Ghana Health Service, and adding Bangladesh family planning staff to the civil service.

Donors do not fully agree amongst themselves on the role of government

The problems in obtaining consensus with government are underpinned by differences within the donor community on the role of the state. Reaching donor agreement in agriculture is more difficult because the number of active donors is often larger than in other sectors, bearing in mind the prominent role of private foundations in agricultural research.

Even when it is agreed that there is a case for spending resources on sectors which support agriculture, such as rural transport infrastructure, donors do not always accept the desirability of the state's spending increased resources on the ministry responsible for agriculture. Those wishing to cut back on expenditure on the sector through government may be able to form partnerships with the ministry of finance or planning to this end. But those that see a continued role for government in service delivery will have more in common with ministries of agriculture. Moreover, where those ministries wish to retain budgets and responsibilities, they may find affinities with staff in donor agencies who have a parochial self-preservation interest in retaining projects which are government-focused.

In the social sectors there is strong consensus that more government funding is necessary, and sufficient agreement on the role of the state to create an alliance among donors. Donor unity has been an essential ingredient in developing sector programmes, and where it does not exist (e.g. Mozambique in health) there have been major difficulties in helping the government move forward towards a SWAp. The lesson here for agriculture programmes is that, without donor unity on the fundamentals of the sector policy, the government has an impossible task in identifying an acceptable strategy.

Where donors do not agree on how the sector strategy should proceed, governments have great difficulty in managing donor co-ordination. Donors form opposing 'camps' and are unwilling to concede responsibility for leadership to each other (e.g. Mozambique in health). The donor with the most money and/or the greatest flexibility is likely to be the one that exercises the most influence with government. Alternatively, governments may try to meet all donor demands, leading to a high investment in time and effort (e.g. Uganda in health).

The line ministry must work with other parts of government

The need to work with other parts of government has arguably been underemphasised in all SWAps, both agricultural and others. It is, however, particularly important in agriculture, given the major influence that other ministries have on that sector. In addition to the policy concerns described earlier, there are a number of other areas of influence on key issues in agriculture.

First, improving staff performance is a cross-sectoral task. Delivering geographically dispersed services depends on being able to offer an appropriate package of incentives to staff, linked to effective performance management which recognises and rewards good performance and has effective sanctions against poor performance. This means either ensuring linkage with effective civil service reforms (usually the responsibility of another ministry), or setting up arrangements outside the civil service. The past history of parastatal organisations in the agricultural sector may indicate that there is more experience, good and bad, within the sector than in other SWAp sectors. There are a number of examples, in agriculture and in other sectors, of the failure of efforts to improve incentives because approvals could not be obtained from elsewhere in government. For example, efforts to enable veterinary staff in Zambia to earn income from selling inputs remain unapproved by Parliament. There is no unambiguous 'good practice' to point to, though something may be learned from exchanging experiences on how mixed public-private roles of staff have been managed in the health sector.

Second, engaging with the medium-term financial framework is essential. The most important government-wide structure with which all line ministries and sector strategies must engage is the medium-term budget framework, because it grounds the programme in reality by establishing government expenditures available for the sector. Where the framework is most effective, the ministry of finance programmes government and donor resources jointly, allocating the total resources available in line with national priorities. In Uganda, for example, donors are provided with an opportunity to influence those priorities, in return for respecting the framework which is agreed. This only works if the ministry of finance is strong enough, and/or donors are disciplined enough, to prevent line ministries approaching donors directly in order to obtain additional commitments outside the framework.

When sectors are being asked to redefine their role, as is typically the case in agriculture, it is especially important that they should be given a firm budget constraint. Ministries will not face up to difficult choices if they have a hope that an additional source of funds may appear to delay the evil day. They will not make cuts in existing programmes if they fear that the resources released will simply be reabsorbed by the ministry of finance. This does not mean that agricultural ministries should have a guarantee that all savings can be retained. What is needed is a process of confidence building whereby these ministries are persuaded that they will do better in budget discussions by embracing the need to refocus on national priorities, than by ignoring the need for reform and basing their budget bids on 'more of the same'.

Third, wider government reforms may ultimately have a positive impact on sector programmes, but they create crucial sensitivities in the short term. Many agriculture ministries have tried to implement sector programmes when the environment they were trying to influence was not only outside their control to a significant extent, but also fluid and uncertain.

In Ghana, for example, major reforms being undertaken at the same time as the agricultural SIP was being developed included downsizing of the public sector, an ongoing review of its structures and functions, the development of a medium-term expenditure framework, and the introduction of performance plans for ministries, departments and agencies (Ticehurst, 2000). Zambia suffered from similar changes. The

Ministry of Agriculture was the subject of major administrative reforms to the extent that the sectoral programme was 'launched in a situation of non-existent job security and minimal trust among staff …. dissipating whatever remained of the original enthusiasm over the ZASIP idea' (Gould et al., 1998: 58).

Each of these reforms is potentially helpful to the development of a sustainable sector programme, even though downsizing often has a negative impact on morale and repercussions for commitment to the sector programme. Close co-ordination of the various processes within the ministry can help it define a role for itself and in bidding for the financial and staff resources necessary to carry it out. Negative perceptions of the broader context of public sector reform may be an indication of a deeper-seated problem – that the ministry has remained unwilling to confront the necessary choices, and unable to forge a workable consensus within government or between government and donors.

Fourth, decentralisation may hold the key to dealing with such a heterogeneous sector. Agriculture is very location-specific, and it may be more sensible to think in terms of area-based planning than of national sector strategies to cover everything from cut flower exporters to nomadic pastoralists. It may be more important to co-ordinate with what other sectors are doing locally, than to co-ordinate across the agriculture ministry.

This is not a new idea, of course, and the history of integrated rural development projects is not encouraging. However, the move towards decentralisation to district level does provide a model for how sustainable livelihoods approaches might be enabled to work within a framework which permits co-ordination of investments in transport, water, market infrastructure and services, and agricultural research and extension. It may be that the most appropriate form of SWAp for supporting agricultural development and sustainable rural livelihoods involves supporting the development of local government, with the Ministry of Local Government as the partner through which districts receive support.

Most SWAps have been implemented through the line ministry structure, and the most relevant lessons may come not from the SWAps but from pilot efforts at decentralised district planning using participatory approaches, as in Uganda. On the other hand, an important challenge for any decentralised strategy is how to manage and account for the funds, and this is one area where there are lessons to be learnt from SWAps.

In Ghana in health, substantial sums of government and donor money have been disbursed and accounted for through over 300 budget management centres spread throughout the country. This has been built on long-term support to financial management and audit, but the key lesson is that it is possible to set up a sufficiently reliable and highly decentralised system for disbursing and accounting for funds using government systems, without requiring an expensive network of imprest accounts controlled by technical co-operation officers.

This is not an isolated example. The District Development Programme approach in Uganda, now being expanded to most districts under the Local Government Development Project, employed similar techniques to encourage districts to improve their financial management capacity as a condition for receiving funds. A similar approach is likely to be employed in the Programme for Modernisation of Agriculture in Uganda.

High-level political support for continued agricultural reform may be limited

Major reforms have taken place in the agriculture sector. In many countries government has substantially withdrawn from a significant role in production, marketing, input supply, price control and quantitative trade restrictions, and has increasingly relied on private sector approaches even in the agricultural services areas of research and extension. The withdrawal from many of these areas has been messy and incomplete, and ministries of agriculture tend to have vestigial limbs which have lost their functions but not their staff. Many of the remaining government functions of greatest importance to the sector are typically located outside the ministry. Government generally has a low incentive to give high priority to further reform of the agriculture ministry for a number of reasons.

First of all, it is potentially very contentious. For example, the Zambian Government would like to withdraw from fertiliser supply, but recognises that, without an implicit subsidy, production of the maize staple crop would become unprofitable in the more remote areas. This would have severe consequences for livelihoods in at least the short term, and hence for politics. The challenge therefore is managing this political pressure in ways that are consistent with policy reforms, and with avoiding increases in poverty (Institute of Economic and Social Research, 1998). Secondly, the costs may outweigh the benefits. Continued reform may mean sacking staff and closing down facilities, yet the agriculture ministry is typically no longer one of the major spenders, and the benefits may not seem worth the grief. And finally, it is messy and difficult. Education and health services are relatively homogeneous; agricultural services are not. There are different agro-ecological zones, different problems and different crops, and there is no agreement on the solutions.

In contrast, in the social sectors, high-level political support for reform is often present. This is because government and donors have a clearer focus on programme objectives, as poverty reduction initiatives led by central government and funded by donors are strongly concerned with the delivery of more and better social care. This necessitates reform but also attracts increased resources. In addition, reform is politically attractive. It is relatively easy to gather political support round one or two ‘feel good’ messages such as universal primary education, in contrast to the more complex issues of agricultural reform. Uganda is a good example, where the President’s commitment to UPE was supported by a clear electoral mandate. Political and poverty objectives coincided, thus protecting and increasing budget allocations to the sector.

For sector programme development across the board, support from senior politicians is essential. This is so for a number of reasons. First, it provides an indication of ownership. Key indicators of government ownership can be seen as a willingness to face up to difficult decisions, an insistence on going through the necessary processes to secure real commitment, and arguing back when donor positions conflict with government views. All these necessitate high-level political commitment. Secondly, political commitment can protect the programme. Where ownership is confined to a few senior individuals, even minor political shifts render the programme vulnerable to obstruction (e.g. Zambia in health). It is therefore helpful to have the sectoral strategy endorsed by Cabinet and the legislature. Thirdly, politicians desiring re-election may have a stronger motivation for broader consultation and encouragement of participation than officials used to a top-down managerial approach.

Sector programmes create expectations of higher funding

A major incentive for line ministries to adopt a SWAp is the expectation that it will result in increased aid flows, with an increased share under their direct management, an attractive proposition for an agriculture ministry facing a diminishing role. In Ghana, for example, the Minister of Agriculture clearly saw the agriculture SIP as an opportunity to ease the shrinking budget for the sector. The Kenyan Ministry of Agriculture may pin similar hopes on the sector programme. The preoccupation of sector programmes with moving to budget support can exacerbate this, especially where substantive and workable agreement has not been reached on the content of the sector strategy.

The lure of money, especially when channelled through government systems, can set up expectations within a ministry that reinforce its central role in implementing a sector programme. For instance, Gould et al. (1998: 60) argue that one reason for Zambia's ASIP being seen by donors and members of the commercial farming community as a public investment programme was because of 'the substantive fact that the lion's share of the service delivery functions earmarked for ZASIP support imply direct budget support to MAFF'. This is a problem particular to agriculture sector programmes, given that most other sector programmes can expect higher levels of funding, from both government and donors.

The introduction of budget support, whilst it may be attractive for the above reasons, may also threaten the autonomy of line ministries. Where a ministry is politically weak in comparison with others, projects can boost its power and resources, whereas a sector programme, with budget support via the finance ministry, can create alliances that threaten its autonomy and power. For example, in Uganda the Ministry of Finance took the leadership role in preparing the cross-sectoral Programme for the Modernisation of Agriculture, while the low budget share of the Ministry of Agriculture has yet to be reversed.

Three key lessons emerge from the experience in other sectors on how to manage a SWAp in an agricultural sector with declining budget share. First, it is important to be clear about the limits of the SWAp from the outset; that is, where the resource flows will be increased at the margin, and also where government will withdraw. Second, a key issue is to achieve a resource shift towards high-priority areas, while placing a ring-fence around those areas which should decline. Various techniques can be helpful: a formal procedure for agreeing new projects or spending proposals among the partners and on the criteria to be used; a formal agreement on the shares of the budget going to high-priority areas; a tight cap, possibly declining, on low-priority areas; floating parts of the empire as subvented organisations required to manage within a fixed, declining budget; and privatisation (not a SWAp specific lesson, but an important one). Third, earmarking within the sector may make more sense in such a heterogeneous sector. The Uganda Poverty Action Fund, an arrangement for identifying, and protecting within the budget, key poverty-reducing programmes, is a possibly helpful precedent.

What role for SWAps in agriculture?

Although many of the problems that sector programmes address are undeniably present in the agricultural sector, there are crucial differences that may make the approach less suitable in agriculture than in the social sectors. In this article we have identified the following fundamental characteristics of agriculture as a sector:

- The most important government roles in supporting agriculture do not concern public expenditure at all. Although services provided by the agriculture ministry have an important role in the longer term, the most immediate government influences are policies on exchange rates, interest rates, prices, trade, taxation, land reform, the structure and regulation of markets for agricultural inputs and outputs, and the enforcement of peaceful conditions and the rule of law.
- The most important public expenditures for supporting agriculture may not be in the agricultural sector. Investments in, for example, roads may be more important in terms of both budget and impact
- Conversely, much of what the ministry of agriculture is doing may be better done by the private sector, and an effective agricultural strategy may actually involve cutting the budget, staffing and responsibilities of the ministry which is expected to take the lead role in implementing it.
- Unlike health, education or roads, there is no single technology that can be applied across the sector with only minor adaptation. Education may need to cope with different languages; some health problems differ between regions; and road construction faces problems of different terrains and materials availability. However, the sector programme is in each case basically concerned to make available a broadly similar and readily-defined package of outputs to as many people as possible. The agriculture sector is far more diverse in what it produces and the circumstances in which activities are performed, and neither the problems nor the solutions can be defined for the whole sector.
- Government is a minor player in the agriculture sector, which may employ 80% of the population, and the relationships with farmers and commercial firms supplying services are even more fundamental than those with private providers in other sectors.

Given these differences, the problems encountered in agricultural SWAps are not surprising. Ministries of agriculture are not responsible for most of the things that matter most to agricultural development, but they are responsible for most of the redundant expenditure, and are likely to resist cuts. Much of the difficulty experienced by agriculture SWAps can be summed up in the saying ‘turkeys do not vote for Christmas’. Moreover, the necessary reforms to the ministry’s functions, staffing and budget are made more difficult to achieve if donors are discussing big new commitments to a SWAp. The necessary reform process needs to be agreed before the SWAp. The donor role in achieving the changes needed may have to be a limited one, depending on the view the donors take of the likely effectiveness of either technical assistance or conditional adjustment support in encouraging change.

A rational sequencing might be as follows. As a first step, the government should be encouraged to develop an overall strategy or vision for sustainable development, which would, *inter alia,* need to explore the roles which government will play within the agricultural sector. The debate around such a vision would ensure that discussion is taken outside the parochial interests of the agriculture ministry and of commercial agricultural lobbying groups. The vision might fulfil the International Development Target of a national strategy on sustainable development, but it need not be called that. It might also be used to meet the requirements of a poverty reduction strategy paper, or indeed provide the process for a Comprehensive Development Framework.

The next step would be to introduce an overall policy-reform process to put in place the necessary macro and structural framework for agricultural development. Much of this would involve policy reforms undertaken by the central economic ministries, or by other bodies outside the agriculture ministry. To the extent that donor technical advice or resources are thought to be helpful in promoting reforms, consideration is needed of how best to channel that support. Rather than a reluctant ministry of agriculture which is not in the driving seat, it may make sense to channel support for these policy reforms via the ministry of finance, while recognising that it may lack understanding of the problems of agriculture. This was the basic model used in support of agricultural sector adjustment in the 1980s, a period which did see very substantial reforms of agricultural policy across Africa, with some evidence of success, particularly in improving the incentives available to export agriculture.

The third step would be to use the government budget process as the basis for tackling fundamental issues concerning the future scale of government involvement in the sector. This is especially the case where there are moves towards a medium-term budget framework covering government and donor flows. The agriculture ministry needs to be convinced that there is a hard budget constraint before choices will be made and redundant functions willingly closed. If linked to a strategic planning process, the medium-term budget can become the instrument whereby ministry ambitions are scaled to the agreed priorities and roles, and to the available resources.

Finally, within the context of an agreed resource envelope for the sector, the ministry of agriculture may then wish to discuss with partners how to improve co-ordination of government and donor resources in support of its activities in the sector. This narrow focus seems advisable in view of the accumulating evidence that SWAps work best where they are defined in terms of the budget responsibilities of a single ministry, and have not worked well where they have had to co-ordinate across several ministries.

The SWAp should not be asked to do too many jobs. A focus on ministry of agriculture services does not mean there is no need for close consultation with other departments and private sector representatives, but the forum for doing this need not be the SWAp itself. There are good arguments for avoiding making a difficult process even more unmanageable.

Conclusions

In recent years, governments and donors have generally reduced the share of resources spent on the agricultural sector, as the role of agriculture sector ministries themselves has shrunk. The key implication of this analysis is to advise caution in applying the

SWAp approach as a way of re-entering agriculture. It can be a useful approach to overcoming some of the problems of donor co-ordination. However, fundamental questions concerning the role of government in general, and the ministries of agriculture in particular, need to be resolved first, and in a forum beyond the ministry. In helping to resolve those questions, donors may find it more productive to work with central economic ministries than with an agriculture ministry which has few incentives to pursue reform.

This is not an argument for moving back into projects while the policy and institutional environment remains weak. We know that agricultural projects have performed particularly badly in such environments. However, where the policy environment is improving sufficiently to hold out a reasonable prospect for success, the arguments against project approaches may be weaker in agriculture than in many other sectors. This follows from the heterogeneous nature of the sector, which may mean that any sector programme will continue to be a collection of locally specific solutions.

The argument should not be taken too far. Any project needs to face the challenging test that benefits cover all of the costs, including the cost of donor administration and technical assistance. This criterion is difficult to meet unless much more reliance is placed on national staff and national systems in order to achieve the coverage of services needed to get costs down to feasible levels. It is possible to adopt some features of the SWAp approach, relating in particular to building national capacity and using national systems, even if the case for the expensive machinery of a national SWAp is not made.

In conclusion, the SWAp approach is not a panacea for planning and managing sector policy, but a tool invented to solve some specific problems of aid dependency, mainly by better co-ordinating expenditure programmes. A SWAp may be a way of improving performance in the agriculture sector, but only when it is based on good diagnosis of the nature of the problems in the sector and the aid relationship, and supports approaches which are locally appropriate.

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