



ODE Brief: From Seed to Scale-Up

LESSONS LEARNED FROM AUSTRALIA'S RURAL
DEVELOPMENT ASSISTANCE

ODE BRIEFS

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Improving rural growth is critical for equitable development across Indonesia. The Australia Indonesia Partnership aims to contribute to rural growth and improved household incomes by increasing farmer productivity and supporting better and more equitable access to markets. Photo: Josh Estey.

KEY POINTS

- Australia's expertise in tropical and rain-fed agriculture means that rural development is a highly appropriate sector in which to invest Australian aid.
- The review identified 12 principles that characterise efficient and effective aid investment in rural development.
- Rural development activities that had the greatest impacts were those focused on adjusting underlying constraints in the rural economy to help the poor and disadvantaged.
- Successful rural development activities were guided by a strategic intent, shared by Australia and partner governments, which allowed for flexible implementation
- Australia's attention to systemic issues in rural development, such as roads and infrastructure, is achieving results.

The face of rural poverty commonly takes the form of subsistence smallholder farmers, or landless women and men, providing labour for small cash or in-kind returns. In order to survive and thrive, poor rural people face the daily challenge of finding something to trade—a surplus or labour—and a market to trade in. For women, ethnic minorities, the disabled and the uneducated, the challenge is even greater.

The Office of Development Effectiveness (ODE)'s review of Australia's rural development assistance found that Australian aid has improved the lives of large numbers of poor rural people. It has helped poor rural women and men access more value from new markets and make more effective use of scarce natural resources. Australian aid has also helped them accumulate assets so that they can afford to send children to school, pay for health care and gain access to other essential services.

These factors, combined with Australia's internationally acknowledged expertise in tropical and rain-fed agriculture, reinforce the observation of the Australian Government's aid policy (*An Effective Aid Program for Australia*) that rural development is a highly appropriate sector in which to invest Australian aid.

In the past, much of Australia's rural development assistance has been delivered through a series of relatively small projects. It is now moving

to larger, more dynamic, market-oriented programs designed to achieve substantial and sustainable poverty benefits on a larger scale. Of the activities reviewed, those that had the greatest impacts on the poor addressed the underlying constraints in the rural economy—changing the ‘rules of the game’—to help the poor and disadvantaged achieve greater surpluses and better trading opportunities to create sustainable pathways out of poverty.

ODE’s rural development review was commissioned to identify ways of maximising the benefits of Australia’s growing investment in rural development. It examined 23 recent Australian activities across six countries in the Asia-Pacific. These activities were implemented by AusAID and the Australian Centre for International Agricultural Research (ACIAR), either independently or jointly.

12 principles of effective rural development

The review identified 12 related but distinct principles that characterise efficient and effective aid investment in rural development.

1. Clearly identify strategic intent to support more focused initiatives

The review found that the activities most likely to deliver deep and long-lasting benefits to the rural poor were guided by a shared strategic intent between partner governments and Australian agencies and a clear statement of what the program should achieve. Programs designed from the beginning to influence the drivers, institutions, rules and actors constraining poor people were able to be scaled up after they established early results.

Although it takes time and resources to develop and negotiate pro-poor strategies with partner governments, the findings from this review justify the

Box 1: Increasing peanut productivity in Indonesia

Where poor smallholder farmers are better connected to markets, they can lift themselves out of poverty relatively quickly. In Indonesia, the AusAID-financed Smallholder Agriculture Development Initiative worked with a local enterprise—Garuda Foods—and peanut farmers in West Nusa Tenggara. The program introduced farmers to new seed varieties for improved peanut quality, taught new farming practices to increase productivity and introduced staggered plantings to increase farm-gate prices. Participating farmers have increased their household incomes by more than 36 per cent. By 2009 more than 7,500 farmers (more than 40% of all peanut growers in West Nusa Tenggara) had tangibly increased their cash income through implementing this model.

additional investment. Clear strategies help to strengthen focus, improve program efficiency and reduce the likelihood that activities will be spread too thinly or become fragmented.

2. Start with a considered understanding of how the poor will benefit from the intervention

A constant challenge in all rural development work is identifying exactly who the poor are, where they live and work and how they will benefit from aid. Poor men and women participate in agricultural production in quite different ways and program planners should be wary of making assumptions about the possible benefits of aid.

Aid program plans should be based on poverty analysis and set out a logical progression for how the program seeks to bring about change. This kind of analysis should inform the strategic intent of the program as well as its design, implementation, and monitoring and evaluation strategies (see Box 1).

3. Focus on development outcomes first, modality second and partnering organisations third

The review recommends that aid programs should decide the desired outcome of an activity first, then identify the most appropriate modalities and methods for delivery, before finally choosing suitable partners for implementation. Where choices about modality, size and

partnerships flow from the shared understanding of intent and desired outcomes, the review found that programs are also more likely to reach a greater scale.

4. Locate initiatives to maximise influence and minimise capture

The location of aid activities—in terms of physical, institutional and contractual location—can be a critical issue for rural development. Locating initiatives within government agencies, having them as freestanding facilities or co-locating with non-government partners can affect their overall performance.

While there is no simple answer in this issue, the most productive relationships are those where the provision of aid requires a reciprocal action from partners. Such business-like exchanges can lead to mutually beneficial working relationships. Without them, there can be a lack of commitment and engagement.

5. Respond to context change with flexible implementation

The review found that a flexible approach during implementation, coupled with shared strategic vision, contributed to the success of a number of programs. Flexible programs were able to respond effectively to change by supporting a range of actors to build long-lasting relationships within the production system. Australian-funded programs that were sensitive to the wider context of industry development,

were more successful. Flexible implementation of activities allowed for engagement with different partners as necessary and let the program respond to opportunities and threats as they emerged. However responses to change should always remain guided by the strategic intent.

6. Balance public and private benefits to optimise results

Aid programs should have a clear understanding of who will benefit from the activity and consider how government and non-government actors should be involved in the activity in the future. This determines what aspects of a program aid should pay for and who Australia should choose to partner with. Where an exit strategy relies on some form of increased public spending by the partner government, then the program should be designed with reference to a wider analysis of government spending in that country.

Box 2: Helping smallholders access high-value markets

Vietnam has a comparative advantage in the production of dragon fruit. Through the Collaboration in Agriculture and Rural Development (CARD) Program, AusAID supported growers and packers to adopt certified agricultural practices so that they could gain access to higher value markets, such as Europe and supermarkets in Vietnam. Smallholders adopting the certification and supplying exports earn a 10 to 15 per cent premium on domestic market prices. This activity contributed to the growth of the dragon fruit industry in Vietnam, which provided US\$70 million worth of exports in 2010—a ten-fold increase in just four years. This approach is now used as a model by other fruit and vegetable projects in Vietnam, including in the mango and pomelo industries.

Box 3: From seeds to systems

The objective of the Seeds of Life program in East Timor has been to develop seed research and testing within the Timorese Ministry of Agriculture. Over a dozen new varieties of high yielding maize, rice, cassava and peanuts have been developed as a result of Australian funding. Since 2001, these improved varieties have been distributed to 25,000 farming families, benefiting around 150,000 people. Productivity, income and poverty reduction benefits will flow from the use of these new seeds.

However, for the program to be more sustainable, the channels connecting initial seed research to the farmer—the production, multiplication and distribution of seed—need to be developed. Building on previous experience, the design of the third phase of Seeds of Life has attempted to address this by including activities to strengthen informal and market channels for seed production and distribution.

7. Engage in policy dialogue and influence public expenditure decisions

The review found positive examples of AusAID influencing the functions of the state to benefit the poor in rural areas.

Engaging partner governments in a dialogue about the impact of policy and public expenditure choices can support change that benefits poor people and boosts rural enterprise. This must be founded on robust diagnostic and analytical work, including poverty analysis, at the country level.

In addition to engaging with government to explore what success will look like, successful dialogue also covered what additional levels of rural development can be expected from increased donor support, and what government action is expected for that support. Activities that focus on improvements to the underlying policy, public expenditure and service-delivery issues in rural development are more likely to have success than conventional project-based approaches of the past.

8. Confidently influence multilateral and co-financing partners

The review found a number of factors that contribute to AusAID's relative influence over its multilateral and co-financing partners, such as the

World Bank and Asian Development Bank. AusAID is more likely to have influence when it adds value (technical insight and influence) to an activity, considers partnership options other than outsourcing management, and realistically assesses the technical and analytical capacity of its multilateral and co-financing partners.

9. Undertake multiple functions and engage multiple players

Aid activities in the agriculture sector should acknowledge the range of factors, actors and rules that govern markets, so that they can target the constraints that hold poor people back. The review found that activities were more successful when they also strengthened the wider agricultural production system and encouraged more trade (see Box 2).

Although more complex and difficult in fragile states, a move away from direct delivery of assistance to the rural poor is valuable and reduces the risk of aid dependency and market distortion. Aid agencies should engage with traders, retailers or buyers, who can provide a more functional, exchange-based relationship with rural poor people.

10. Research is one possible part of change for rural development

A number of activities reviewed used research activities to effectively deliver development results. But even excellent research will not translate

Box 4: A sustainable, systemic approach to roads

Road investment has traditionally been a major part of AusAID support to rural development, with AusAID playing a direct role in contracting the design and construction of road assets. While this approach brought short-term benefits, it has limited longer-term impact. For example, following initial construction, road maintenance is usually inadequate and so road conditions deteriorate quickly. In many situations, road conditions have not improved until a further follow-up project by AusAID was undertaken, thus serving to entrench dependency on external support.

In contrast, recent AusAID programs in the road sector, such as the Transport Sector Support Program in Papua New Guinea, have taken a more systemic approach. The program is concerned with building local capacities—in both public and private sectors—to maintain and manage the existing road system rather than constructing new roads. AusAID's explicit aim is to allow governments to shed external support for transport infrastructure.

into development results if the context is unsupportive or there is an unmet need for other programs. This has implications for both ACIAR and AusAID. To be effective, research work supported by ACIAR needs to engage with other players and functions in the rural economy (see Box 3). At the same time, AusAID rural development activities sometime require research innovations to foster lasting change and improvement in the lives of poor people. The work of the two agencies is complementary and there are opportunities for more genuine collaboration. In particular, the recently-developed AusAID country strategies for Australian Official Development Assistance (aid delivered across all Australian Government

departments) provide an opportunity for common analysis, collaboration and coherent decision-making between Australian agencies.

11. Understand that land systems are central to rural development but complex to reform

When established land systems are challenged by growth, change or hardship and land becomes a contested resource, the result is often conflict and social dislocation. Supporting positive reform in these contexts through rural development activities is therefore a challenging task. The review demonstrates the need for a sound understanding of local land use systems, as well as the need to address the system as a whole in any activity, accepting the complexities and lengthy timeframes involved.

12. Take new directions from learning and change

The review found that change is already occurring in the Australian rural development assistance program as a result of experience and lessons learned about what delivers results. The program is moving from smaller project-based approaches to dynamic programs of targeted activities that are designed to strengthen the operating environment around poor people. In certain sectors, such as staple foods, this task will be more difficult than for others, such as roads (see Box 4). But these are differences in degree, not kind. No matter how weak and complex the operating environment, a strong delivery strategy, which is based on a clear vision of the results at the end of a program, can gear a program to achieve greater, longer-lasting change.

Recommendations

The review makes six recommendations aimed at increasing the capacity of Australia and its development partners to deliver substantial, sustainable and scalable results in rural development:

1. Track the impact of Australia's growing rural development program through a consistent set of performance measures;
2. Take a systemic approach to designing activities, with the aim of stimulating transformational change in rural development;
3. Design rural development activities around explicit end-of-activity outcomes, informed by a poverty analysis and supported by a clearly-defined results chain;
4. Deliver Australian aid to rural development through a smaller number of larger initiatives designed to be taken to scale;
5. Give more emphasis to sustainability throughout the life of rural development activities;
6. Strengthen rural development expertise by developing career paths, professional development opportunities and performance accountability measures for rural development specialists in AusAID and ACIAR workforces.

Full report

The full report *From Seeds to Scale-Up: Lessons learned from Australia's rural development assistance* is available at www.ode.ausaid.gov.au

A management response to the review is included in the report.

OFFICE OF DEVELOPMENT EFFECTIVENESS

The Office of Development Effectiveness (ODE) monitors the performance of the Australian aid program, evaluates its impact and contributes to international evidence and debate about aid and development effectiveness.

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