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World Bank, Agriculture and Policy: A Case Study in Ghana and Ethiopia

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Aid, Agriculture, and Policy:
A Case Study of World Bank Policy in Ghana and Ethiopia

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Master’s Thesis
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Abstract

This thesis tests the effectiveness of the World Bank’s agricultural-aid policy by examining case studies in Ghana and Ethiopia in the period of 2000-2010. Each study examines the policy context, project/program success, overall human development results, and threats to sustainability, of agricultural aid. The primary hypothesis of the paper is that participatory processes and inclusive institutions will prove to be decisive factors. Each case is tested against this political view of aid in addition to three additional images (Destructive, Ineffective, Effective Technical), in order to ensure a comprehensive review.

The Ghana case showed a lack of participation in forming the development strategy. Projects contributed to agricultural growth and some productivity improvement but failed to enact transformational changes. Threats to sustainability in the case were conflicts between traditional and official authorities, a lack of decentralization, and a persistent north-south inequality. The Ethiopia case showed similar results with regards to participation and project determinants. The major difference was that their threat to sustainability manifested in the form of gross human rights violations due to a resettlement plan.

The technical and political images of aid tested strongly, while the destructive and ineffective did not. The primary hypothesis did not test strongly against the evidence of development progress in light of lack of participation and the similarity of these results across political systems with differing levels of inclusive institutions. Both of these factors did have a material impact on the nature of the threats to sustainability. Recommendations include increasing monitoring and evaluation to ensure technical learning, focusing on long term investments in irrigation, productivity and land reform, engaging in political issues instead of ignoring them, and upholding safeguards in the face of human rights violations.
Chapter One: Introduction

In 2009, in response to the global food crisis, world leaders agreed on an initiative to reverse the global trend of declining aid to agriculture. Since 1979, aid to agriculture has fallen from 20% of official aid (ODA) in 1979, to a low of 3.7% in 2006.\(^1\) ODA is comprised of all concessional financing provided by state agencies or multilateral institutions for the economic and social welfare of developing countries.\(^2\) The food crisis reversed a long-term trend away from the agricultural sector to health, education, and governance. The sector’s role is crucial because it provides income to many of the poor, functions as sustenance farming, and supplies local markets. Another important aspect of agricultural aid is its unique ability to reduce poverty, with estimates showing that growth from the agricultural sector is at least twice as effective in reducing poverty as other sectors, stemming from the fact that most of the world’s poor are small-scale farmers.\(^3\)

This study investigates the ability of agricultural aid to bring sustainable development to rural communities and the target nation as a whole. Development is considered sustainable if it “meets the needs of the present without compromising the ability of future generations to meet their own needs.”\(^4\) Judging success across economic, social, and environmental factors determines sustainability. Early notions of sustainability focused on fostering economic growth within the environmental constraints of resource management, pollution avoidance, and

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1 Overseas Development Institute, 2012 Measuring Aid to Agriculture and Food Security
3 World Bank, 2008 Agriculture for Development, p 7
preserving the earth’s bio systems. Social considerations such as inclusion, public health, cultural preservation, and a minimum standard of living have been included in the definition of sustainability over time, resting on the logic that without these elements a society will face upheaval and fail to reach its full potential. This thesis will focus on the social aspect of sustainability, specifically the security of rural communities in their basic needs and the inclusiveness of development. The logic is that progress as measured by quality of life cannot be considered sustainable if the gains are not secured or distributed equitably. The combination of human development and the security of those gains will be referred to in this thesis as sustainable development.

**Research Design**

The research questions that this thesis will examine are:

- Does agricultural aid accomplish its short term goals such as improving productivity, developing a value chain, and providing useful services to farmers?
- Does it lead to human development for members of the affected communities and the nation as a whole?
- Are projects or programs executed with participatory processes, and if so does it make the aid successful?
- What consideration are human rights given to project construction and execution?
- Is agricultural aid more successful when the target country has sound public financial management and low corruption?
- What is the impact of the country’s levels of democratic accountability and active civil society?
- What is the impact of agricultural aid on food security?

- What is the split between commercial and small-scale agricultural initiatives and how do the effects differ?

- What impact does land ownership have on the success of agricultural aid?

- What effect does aid have on the human rights in the local community and the country as a whole?

The thesis will answer these research questions through case studies of Ghana and Ethiopia, spanning the time period of roughly 2000-2010. These countries were chosen because they are considered agricultural based, with at least 20% of GDP coming from agriculture and both have received large amounts of agricultural aid either as separate projects or through budget support. They also have all experienced positive economic growth and no major armed internal conflicts in the time period under review.

One major difference between these nations is their forms of governance, which we will measure along levels of democracy, corruption, and human rights violations. It is possible that these differences will explain variations in aid success.

- Ghana ranks higher on the Economist’s Democracy Index at 77th, with Ethiopia at 118th.

- Ethiopia also ranks lower than Ghana on the Corruptions Perception Index at 110th with Ghana ranked 62nd.

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5 “Agricultural % Value Added GDP” Accessed on February 15th 2015
http://data.worldbank.org/indicator/NV.AGR.TOTL.ZS/countries

6 “GDP Growth (Annual %)” Accessed on March 5th 2015
http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG/countries

7 The Economist Intelligence Unit , Democracy Index 2010, Democracy in Retreat, Economist Intelligence Unit Limited 2010

8 Transparency International, 2010, Corruptions Perception Index
- Human rights violations will be analyzed across both countries with respect to those that most affect the rural poor, such as the right to food, land, and water.

**Hypothesis**

My expectation is that the success of agricultural aid at the project and program level will be determined by the level of participatory processes employed by development institutions. Participatory processes incorporate feedback and are accountable to the affected community, ensuring that the aid serves their best interests. This includes country wide participation in the formation of a development plan and specific processes to include affected communities.

Translating program and project success to sustainable development, however, will be heavily dependent on the level of inclusive institutions in the country. Inclusivity of institutions is measured by the aligning of the government with public interest, usually signified by the presence of democratic accountability, low corruption, and effective human rights policies. Based on this theory, I predict that based on their more effective democracy and lower corruption level, Ghana will experience more sustainable development related to successful projects and programs than Ethiopia.

The case studies will support the hypothesis if project success is determined by the level of beneficiary participation and if overall sustainable development is primarily influenced by the political institutions within the nation. Partial support will come from the observation of the political institutions and the level of participation as having material impact on sustainable development in the case studies. The hypothesis is based on a political image of aid and this thesis will test its efficacy against other prominent images.
Research Methodology

The thesis will focus on projects and program funded by the World Bank. It is valuable to tests the success of the Bank’s aid initiatives as a measure of development trends due to its multi-governmental membership and prominent position. The research will be carried out in four stages. The first stage will overview the policy environment surrounding the aid relationship, and the formation of the primary development strategy by the World Bank and the host country. The second stage will collect and analyze data on the effects of the projects and programs from the period of 2000-2010. The reason for starting at this level is that a project or program has to be successful at a micro level in order to contribute to improvements in the agricultural sector and human development in the country. If this is not the case, than any correlation between spending and improvements in development would be spurious. The data for this stage will be taken from the Bank’s completion reports, evaluations from the Independent Evaluation Group, agricultural sector data, and program reviews from other relevant sources. I will compare these in order to make a judgment if the projects and programs were effective.

The third stage of the research will look at the effects of aid on the agricultural related human development indicators in the country related to poverty reduction, health, and food consumption. All of these indicators should be linked at some level to the improvement of agricultural livelihoods. The final stage will test the sustainability of these gains by assessing their security and inclusiveness through a review of regional inequalities, accountability, and political constraints. The thesis begins with a review of development literature, split into the categories of views on aid and attempts to test effectiveness empirically. The next section overviews the history of the World Bank and challenges that it faces. Following this is a section
on the definitions, theories, and criteria that the thesis employs. Each case study will then be tested against four images of aid (destructive, ineffective, effective technical, and effective political). This thesis’ primary hypothesis is contained within the political image of aid.
Chapter Two: Literature Review

The literature on aid effectiveness can be split up into two categories. The first is the appropriateness of foreign aid as a tool. The second is comprised of empirical studies that have attempted to test the result of aid on target nations. A few trends arise while reviewing the literature. In the works on the efficacy of aid as a tool, debates form around the appropriate goals for aid. Disagreements stem from the perceived effect of aid on a target country’s political and economic structure and on the author’s identification of the cause of poverty. In the empirical literature, divisions arise on the proper measurement for the success of aid and the intervening factors that affect that success.

Aid as a Tool

Jeffrey Sachs, one of the most prominent proponents of aid, lays out his perspective in the 2005 book *The End of Poverty*. He views lower income countries as stuck in poverty traps related to geography, governance failures, geopolitics, lack of innovation, and poverty itself. Countries cannot escape these traps and achieve consistent growth. Calling to the moral and practical interests of rich countries, he proposes a process to diagnose problems in a country across economic, political, and geographic factors, to create a plan to address needs, to identify the funding gap for the country, and lastly for donors to fill this gap with aid. The key to his view is a belief that poverty is a technical problem caused by traps which can be diagnosed and fixed through intervention. He malgneds the era of structural adjustments in the 1980s where development institutions such as the IMF made one size fits all prescriptions to lower income countries, instead believing that the field needs to view each country differently and assess their needs across sectors such as health, education, and infrastructure. His optimistic view of aid as
a tool is explained by the belief that issues of governance are caused to a large extent by poverty and will be alleviated with rising prosperity and a more educated citizenry. This is an important point, as in his view, foreign aid does not have to tackle the difficult problem of transforming large scale institutions to achieve its goal. 9

The most extreme opposition to Sachs comes from Dambisa Moyo, a Zambian born international economist, who in her book, *Dead Aid*, focuses on the effects of aid on a countries political and economic systems. She points out that per capita income in many African nations has not risen significantly since 1970, and that approximately half of African nations are still under non-democratic rule. The book’s thesis is that aid causes or sustains political corruption, allowing governments to avoid the formation of a social contract with their people. In addition, she believes aid to have several negative economic impacts such as inflation and difficulties in export diversification. She recommends a scaling down of aid programs, combined with a refocusing on trade, private sector financing, remittances, and the continent’s relationship with the China. The key to her view is belief in the power of the free market to provide efficient solutions, and the necessity of African governments to build a social contract with their people and not with foreign aid donors. 10

William Easterly, a prominent development economist, argues in *White Man’s Burden* that the aid community is not able to assess the problems of poverty and offer solutions because political, social, and economic institutions are complex and require a natural evolution instead of

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social engineering. In contrast to Sachs, he believes that poor countries are not stuck in traps and can create development through free markets. He also differs from Sachs in his view that bad governments can be separated as an independent cause of poverty and act as an impediment for the effectiveness of aid. His prescription is to scale back the goals of aid in order to help individuals in poor countries solve smaller scale technical problems in areas such as health and education. 11

Echoing the view that development aid should be focused on more realistic goals is the book *Poor Economics*, by MIT economic professors Abhijit V. Banerjee and Esther Duflo, which proposes the use of randomized control trials as a guide for development policy. Randomized-Control trials are experiments where by similar groups are compared after one has received the intervention and the other has not. The most important aspect of these trials is that the groups chosen are similar, avoiding results being attributable to the selection process. By following the results of these trials, development policy can be guided by evidence and practical lessons as opposed to political ideology. They detail evidence driven policy results in fields such as health, education, and microfinance. Their desire to intervene at a level of service delivery as opposed to institutional transformation lies in their belief that the success of programs is determined by the details of implementation. The book ends with a proclamation that the small increases in benefits received from successive service delivery programs can create a “quiet revolution” in a society. 12

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Heavily relying on results based evidence can also discourage valuable programs with less measurable results and longer timer horizons. Andrew Natsios, former head of USAID and fellow at the Center for Global Development, takes up this argument in his 2010 paper *The Clash of the Counter-bureaucracy and Development*. He argues that there is a formidable bureaucracy setup to monitor and evaluate development work in USAID and the World Bank. Program success is judged through measuring visible results and the efficient disbursements of funds. This is not conducive to programs that support long term institutional change. An example is a development agency that hires an outside contractor to provide a service such as the distribution of medicine. This will result in the delivering of a service whose results can be measured quickly, but it will also leave the host country without the ability to deliver the service in the future. If local contractors or institutions are used for service delivery, the results will be slower but might lead to increased capacity over the long term. This lack of sustainability in service delivery was pointed out by the African Union in a 2012 policy paper.

In the book *Human Rights and Development*, Peter Uvin feels that the development community needs to drop a purely technical orientation and become involved in the struggle for human rights in target nations. He details ways in which the development community can involve itself in human rights such as conditionality, positive support, and a full scale rights-based approach. Conditionality consists of donors cutting off aid if the human rights situation in the target country falls below acceptable levels, creating an incentive for the government to value human rights. The problem with conditionality is that changing policies without local ownership

13 Andrew Natsios. The Clash of the Counter-bureaucracy and Development. Center for Global Development, July 2010
14 African Union, 2012, Roadmap on Shared Responsibility and Global Solidarity for Aids, TB, and Malaria Response in Africa
is difficult and the withdrawal of aid punishes the people as well as the government. The tactic of positive support includes treating human rights related concerns as a separate sector for aid. This has manifested itself mostly in the promotion of democracy and civil society. The final method, which the author recommends, is for the development community to integrate human rights into every aspect of their practice. He does not suggest that they should take on the naming and shaming practices of human rights NGOs, but instead to undergo human rights assessments of all projects and to engage vulnerable citizens in order to aid them in establishing claims for basic services.  

*Putting the Last First*, by development practitioner and scholar Robert Chambers, also follows this trend by focusing on the development community’s failure to accept the power aspects of poverty and engage to reverse them. He establishes five dimensions of the rural poor: poverty, physical weakness, isolation, vulnerability, and powerlessness. In order to change this, development practitioners should find ways to efficiently engage people in rural communities and address the vulnerability and powerlessness dimensions of poverty. Methods of engagement include being receptive to local knowledge, enacting joint R&D with the poor, and the decentralization of staff and resources.  

**Empirical Studies on Aid**

The basis for using GDP growth as a measure of development is that every product bought is income to the producer, making GDP a measure of income in the country. Higher levels of income can be used to purchase goods that lead to an increased standard of living. The

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16 Robert Chambers, Rural Development: Putting the Last First (London: Routledge, 1983)
logic of using aid is that it fills a financing gap in the developing country, leading to higher investment and growth, thus making the first major debate in aid the connection between aid and growth in GDP. Gustav Papanek wrote an influential paper in 1972 that dealt with the effect of foreign aid on savings and growth. He responded to existing criticism that aid reduces domestic savings by showing that savings changes were related to exogenous shock and not aid amounts. He further found that, in the 1960s, aid had a greater impact on growth then any other foreign resource inflow. 17

The paper, *Aid, The Public Sector and The Market in Less Developed Countries* by Mosley, Hudson, and Horrell, denies this relationship by finding it impossible to establish a statistically significant correlation between aid and the growth rate in developing countries, believing that the lack of aid’s effectiveness to promote growth is due to such reasons as non-productive expenditures and negative price effects to the private sector. 18 There have been replies and comments to the methodology of the Mosely, Hudson, Horrell study from Walter Newlyn and Howard White. 19 20

The next association that became a major topic was that of aid to growth, but through the intervening factor of public policy. Craig Burnside and David Dollar, World Bank economists, found that aid did have an impact on growth in countries with good economic policy. 21 The aid

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17 Gustav F Papanek . The Effect of Aid and Other Resource Transfers on Savings and Growth in Less Developed Countries The Economic Journal, Vol. 82, No. 327 (Sep., 1972), pp. 934-950
18 Paul Mosley, John Hudson and Sara Horrell .Aid, the Public Sector and the Market in Less Developed Countries The Economic Journal, Vol. 97, No. 387 (Sep., 1987), pp. 616-641
community has widely cited this paper as a justification for continuing operations. Economists William Easterly, David Roodman, and Ross Levine, responded to this paper by testing the conclusion using the same model but including more countries in an extended time series. They did not find a statistically significant correlation between aid and growth in good policy environment.\(^2\) A retort by Burnside and Dollar, suggested that the extra countries added should be examined to see their impact on the original findings, and pointed to case study evidence for the importance of policy in aid effectiveness.\(^3\) Daren Acemoglu and James Robinson also put forth a connection between aid and policy environment in their book, *Why Nations Fail*. They believe that aid’s effect on development rests squarely on the quality of the host countries political institutions, through the thesis that the rise and fall of nations can be attributed to the level of inclusive or extractive institutions. The measure of whether an institution is inclusive or extractive relies on whether its interests are aligned with the public good. They are skeptical of aid’s ability to change those government incentives and its ability to succeed in extractive environments, perhaps even sustaining extractive institutions.\(^4\)

Possibly because of the difficulty in resolving the linkage of aid to GDP growth, there has been a shift in some works to a focus on human development indicators rather then GDP. The concept behind this move is that the goal of development is to increase the standard of living, and although income does contribute to life-improving purchases, it is not the only method to

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achieve progress. Charles Kenny, from the Center for Global Development, in his book *Getting Better: Why Global Development is Succeeding*, notes that although the growth related record of aid is not strong, there has been significant progress made in health, education, and civil and political rights in places like Africa and South Asia. Aid projects that increase government expenditure on various public programs can be linked to the increase of human development indicators.\(^{25}\) Adding to this observation, David Fielding, Mark McGillivray, and Sebastian Torres have published a paper linking aid to positive results in health, fertility, and education. \(^{26}\)

The strength of the evidence linking aid and development is dependent on the definition of development. There is stronger evidence that aid is positively linked to human development outcomes and less so that it helps to increase growth in terms of GDP. The effect of policy on aid and growth seems to be dependent on the countries sampled, as the results of the Burnside and Dollar study were negated from the addition of further countries into the mix. There is an intuitive connection between good policy and aid effectiveness because countries with good political institutions would be more likely to spend aid money productively. This view does not take into effect the possible economic pitfalls of aid such as crowding out export diversification, distorting prices, and causing dependencies. In this area of study there can be more time spent on looking at the countries that changed the results if the Burnside and Dollar study. It would also be beneficial to study the micro-foundations of the connection between successful development projects and overall growth.


Major gaps in the literature are a systematic testing of the various images of aid across cases and studies that look holistically at the policy environment, projects undertaken, and overall development progress. In the Aid as a Tool section of this review, there are several images put forward of aid, viewing it alternatively as destructive, ineffective, and driven by political or technical factors. Each work accepts one image and provides cases where it appears relevant. Looking at the empirical studies section, aid effectiveness is viewed at a high level and not linked directly to projects or programs undertaken. This thesis seeks to fill both of these gaps through case studies that view the entire development environment and testing the results across multiple images.
Chapter Three: The World Bank

The World Bank is the most prominent developmental finance institution in the international system. The bank was founded as the International Bank for Reconstruction and Development (IRBD) in 1944 at the Bretton Woods conference. The conference set out the foundation for the post-war global economic system. It was noted that discriminatory trade and currency practices, along with the burden of debt from WWI, led to the onset of the second great conflict. The primary focus of Bretton Woods was to create a stable exchange rate regime through the creation of the International Monetary Fund, but it was also decided that there should be a multilateral financial institution for the facilitation of post-war reconstruction.27

The value of a multilateral bank is in its ability to share risk across financially healthy countries, allowing the bank to borrow from financial markets at low rates. The bank can then loan to developing countries at rates lower then they would be able to individually attain, decreasing the financial burden on these countries and creating more opportunities for the creation of development projects. The Bank expanded its goals from reconstruction in war-torn Europe to the promotion of development and the alleviation of poverty. This led to the creation of the International Development Association (IDA) in 1960. The IDA acts as a fund along side the IRBD and its purpose is to grant loans at near zero interest rates to the poorest countries in the world. In contrast to the IRBD, which borrows from financial markets, the IDA issues its loans from the contributions of member governments and transfers from the profits of the IRBD.28 The purpose of keeping the IDA as a separate fund is to keep the credit quality of IRBD

financing in tact, while creating capacity to lend assistance to the poorest countries. Today, the IRBD and the IDA are collectively known as the World Bank. This chapter will look at the how the Bank is structured, conducts business, and the major choices and challenges the Bank has faced since its creation.

Bank Structure

The World Bank is owned by its member countries, numbering 189 in the IRBD and 178 in the IDA as of 2015. Member countries exert control over the Bank through the Board of Governors, in which every country has direct representation, usually through their minister of finance. The Board of Governors delegates day to day management of the Bank to the Board of Executive Directors, but retains some functions for itself such as the power to stop Bank activity, to distribute net income, to admit new members, to interpret the articles of agreement, and to authorize an increase in capital stock. Voting power by member countries is dependent on their relative economic size, decided through the use of the IMF quota system, which takes the weighted average of GDP (50%), openness (30%), economic diversity (15%), and global reserves (5%). This gives a disproportionate voting share to countries with large economies such as the United States, which holds 16% of the overall voting share. It is important to note that this formula also decided original capital contributions to the Bank during its formation. Net income from operations over time has skewed this relationship, giving countries that were high income at formation an increasingly low-cost control of Bank operations.

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29 “Member Countries” accessed on March 17th http://www.worldbank.org/en/about/leadership/members#1
32 Stephany Griffith Jones, Governance of the World Bank, DFID, 2001, P 2
There are 25 executive directors that represent the Board of Governor’s interests and are entitled to cast votes proportional to the member countries that they represent.\textsuperscript{33} The executive directors are responsible for the general conduct of Bank operations, for electing a president of the Bank, and for the approval of the president’s proposals for all loans, projects, and policies.\textsuperscript{34} The President of the World Bank is elected for a five year renewable term and is responsible, under oversight of the executive directives, for the direct management of Bank operations though an operational staff. \textsuperscript{35}

The Bank’s staff is broken up into units based on management functions, general practices, and regional areas. Units broken by management functions include departments for finance, economics, and treasury, and legal. Those broken up by general practices include areas such as education, agriculture, governance.\textsuperscript{36} The regional groups are split first into high-level areas and eventually down to country directors. The Independent Evaluation Group (IEG) and the Inspection Panel, two groups responsible for the evaluation of project and program implementation, report directly to the board of directors, while all other groups report to the president. \textsuperscript{37}

\textsuperscript{33} IRBD Articles of Agreement Section 4 “Executive Directors” 1944
\textsuperscript{34} Executive Directors accessed on March 18th http://siteresources.worldbank.org/BODINT/Resources/278027-121552632295/IBRDArticlesOfAgreement_English.pdf
\textsuperscript{35} IRBD Articles of Agreement Section 5 Executive Directors, 1944
Bank Operations

A majority of the Bank’s loans are disbursed in the form of project financing. The Bank’s original commitment to a culture of project lending was driven by a project’s credible, technical and finite nature. A project can be defined as a venture that is characterized by a specific goal, a management team setup for the completion of that goal, and the termination of the project entity once the goal is complete. The Bank wanted to demonstrate its financial credibility and lending for specific projects allowed the Bank to show that its money was being used for measurable goals. The early focus on infrastructure projects such as transportation and energy allowed the project entities to acquire revenue as well.38

The technical and finite nature of a project also helps to maintain the separation of the Bank’s policies and domestic politics in the member country. This separation is stated in the IRBD articles of agreement as,”The Bank and its officers shall not interfere in the political affairs of any member; nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions.”39 Projects account for up to 80 % of World Bank loans, while the remaining 20 % of loans can be labeled as program loans. 40 A program differs from a project in that it supports the general objectives of the borrowing country’s government. In contrast to projects, the institution

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39 IRBD Articles of Agreement Article IV Section 10 , 1944
managing the funds was not created for this specific objective and will not cease when the objective is accomplished.

The Bank’s loan cycle begins with the country and Bank working together to formulate an overall development strategy. This has come in many forms; most recently however the Poverty Reduction Strategy Papers (PRSPs) have gained prominence as they were used in conjunction with the Highly Indebted Poor Countries (HIPC) initiative that was completed from 1999 to 2005. This initiative, which was led by the World Bank and the IMF, provided debt relief to a group of developing countries who were severely indebted.41

After formulating a high level development strategy, the country and Bank seek to identify ways in for the Bank to assist the country in achieving their development goals. When a project or program is identified, the Bank’s country team creates an internal document of four to five pages, outlining the project/program’s objective, elements, risks, alternatives, and a preliminary timetable for the approval process. The document is released to the public after an internal bank review. 42

The next stage is the project/program preparation, which is supposed to be largely country driven. In this stage, for a project, all the technical aspects are ironed out and social and environmental impact analysis are conducted. For a program, the Bank coordinates with the IMF and other organizations in order to ensure that there is a consistent policy approach.

The appraisal stage is carried out solely by the Bank management team who assess the financial aspects of the project/program. After project/program appraisal, the Bank and the borrower country enter into final negotiations. The Bank’s assessment and justification for the loan is then sent to the Executive Directors for approval. Final clearance from the borrowing government is done at this stage and can involve ratification by the country’s legislature. Finally, the loan agreement is formally signed and made public.43

The next step in the loan cycle is implementation, which is the responsibility of the borrowing country, under the Bank’s supervision. For a project, the borrowing government, with technical assistance and compliance supervision from the Bank, undertakes the procurement process for the project. For a program, the Bank would supervise the spending of the government on the agreed upon policy areas. After the project/program is completed, the staff submits a self evaluation to the executive directors which contains completion results, issues encountered, and lessons learned. The final step is for the Independent Evaluation Group to audit the project/program and release the results to the executive directors and the host country.

Choices and Challenges

The Bank’s choice of its political orientation and its end goals have been a crucial theme throughout its history. The question of political orientation is measured by looking at whether the Bank is engaging in political objectives, and secondly on what processes it employees to achieve said objectives. The Bank’s end goals are seen in its mission statements and in the focus of Bank financing.

43 The World Banks Project Cycle Explained” accessed on March 21st 2015
http://www.brettonwoodsproject.org/2004/07/art-62712/
The Bank’s political orientation can be viewed along a spectrum, with one side labeled technical and the other side political. Its technical activities mirror that of a commercial bank, namely identifying assets to invest in that will generate a rate of return higher than alternative assets. On the political side of the spectrum, the Bank could deal with issues of government policy, power distribution, and human rights violations. In the middle of the spectrum lies a grey area where the Bank could advocate for policies in a technical manner, but whose results undoubtedly have a political impact. I will refer to these points as technical, political, and technocratic respectively. The choice of goals for development financing in the Bank’s history ranged from reconstruction, state development, poverty, macroeconomic reform, and improved governance. The choice of orientation and development goals are closely interrelated, with the requirement of the goal deciding the necessity for the orientation.

In its early years, the Bank had a strong preference for a technical orientation and a project focus. Although the first loans the Bank gave were program reconstruction loans, the focus quickly shifted to project loans which were heavily geared towards infrastructure. Project lending lends itself to a technical orientation through its time limits and un-intrusive nature. Project cans be used to directly confront political issues, which we will see in the Bank’s good governance agenda but infrastructure projects are often segregated from general policy. 44 Organizationally, the early focus on infrastructure projects such as roads, bridges, and dams also skewed the expertise within the Bank towards the Central Projects department at the expense of the more policy oriented regional and country areas.

The creation of the IDA in 1960 led to a shift in the Bank’s goals. Since the loans from the IDA were taken from member funds and not general Bank capital, the client list of the IDA could include deeply impoverished countries. Due to the needs of these new clients, the Bank’s lending expanded into areas other than infrastructure such as education, water, and agriculture. Robert McNamara, the Bank’s president from 1968-1979, magnified the expansion of mission to the social sectors. He pushed for the inclusion of poverty and quality of life in the Bank’s end goals, as a complement to economic growth. Under his term he expanded lending 3.5 times, laid out a plan that focused poverty reduction on the rural farmer, and moved away from a strict project focus to expand on country programming. Although he skirted the direct political confrontation of land reforms, his focus on the individual as an end goal would have ramifications on the Bank for years to come.

The shift to rural development and a poverty focus was interrupted, however, by the global credit contraction and recession of the early 1980s, precipitating the Latin American debit crisis. A concurrent drop in commodity prices severely affected Sub-Saharan Africa, causing a major balance of payments crisis. The Bank, along with the IMF, shifted focus to macroeconomic policy intervention, in the form of Structural Adjustment Loans (SALS). These can be defined as loans that are contingent on policy changes, usually enforced through the release of the loan in stages which are dependent on incremental policy change.

Here we can see that the Bank shifted its orientation to technocratic strategies due to its desire to influence macroeconomic policy. Structural adjustment loans, especially in Africa, were unproductive, and a lesson that the Bank gathered from this process is that imposing conditions

is not as effective as a continuing policy interaction with countries. The weakness of the SALs was that they focused on macroeconomic factors without considering the institutional and social dimensions of development. The policy conditions attached to the loans consisted of fiscal austerity, currency devaluation, and export orientation. This agenda makes sense if one looks at the problem at a state level, with the struggling country required to be brought back into line with the global economic system. If one looks at it at a human level, however, these policies can create serious vulnerabilities for a nation’s poor, as each measure reduces consumption in the short term. It was thought that farmers would receive a boon from the export promotion, creating a powerful force for poverty reduction. This occurred to some extent, but the level on which rural people depended on social service spending was not taken into account. In addition, there were a number of families who were net import consumers who would be hurt by increased prices.  

The World Bank admitted that it did not take into account social dimensions into its early structural adjustment programs and in the late 1980s began to incorporate social dimensions into its policy.  

Following structural adjustment, the Bank expanded its goals to include good governance as a sector for programs and projects. This is a movement to the political end of the spectrum as the question of governance is directly being addressed. Since its focus on macroeconomic reforms did not produce the desired results, the Bank has moved back to a quality of life and poverty focus, shown by its use of the Millennium Development Goals to construct Poverty Reduction Strategy Papers.

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46 Franz Heidhues, Gideon Obare, Lessons from Structural Adjustment programs and Their Effects on Africa, Quarterly Journal of International Agriculture 2011 Vol. 50 No 1
47 World Bank 1990 The Social Dimension of Structural Adjustment in Africa
The Bank’s new orientation to a more political realm brings new challenges, such as the need to acquire country ownership of policy changes, and the decision on whether to engage only with governments or to include less vulnerable members of the population in decisions. The governance of the World Bank has been criticized because high-income economies have extracted a lot of influence from their initial capital at formation and a rise in power to developing countries would increase their ownership of Bank decisions. In addition to governance, the Bank could to look closely at the power aspects of poverty. This is something the Bank has acknowledge by accepting the internal report, the *World Bank and Participation*, which was an initiative to increase participatory processes so the poor’s voices are heard, leading to development financing that best serves their needs.  

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48 World Bank, 1994, *The World Bank and Participation*
Chapter Four: Definitions, Structure, Criteria, and Theory

This thesis will use case studies in order to judge the effectiveness of World Bank agricultural policy in Ghana and Ethiopia. Analyzing policy is a difficult endeavor as there are various definitions and criteria which can be applied. Democracy, as an example, can be defined from a liberal perspective as an institution that gives political control to the people, or by a Marxist as a worker’s party controlling the means of production. To overcome the pitfalls of misinterpretation and ambiguity, this chapter lays out the definitions, structure, and theory of this thesis.

The first section defines the key terms of development and sustainability. The following section overviews the structure of the case studies and the criteria by which they will be judged. The final section enumerates four images that could explain the impact of aid policy on the case studies: destructive aid, ineffective aid, and effective aid, which has the sub categories of technical and political aid. The primary hypothesis of this study is the efficacy of political aid.

Definitions

The most relevant term to this study is development. The elusiveness of its meaning lies in the fact that it is a measure relative to a desired social state. Taking the basic definition of development as growth or progress towards a goal, the meaning will vary based on the nature of the objective. These objectives can vary from technical progress, military strength, economic prosperity, or social equality. In aid literature, the definition of development that the debate first focused on was economic growth as measured by GDP. This definition has gradually changed, however, to include quality of life measures such as education and health. This study will define
development as progress in quality of life. The reason for selecting this measure as opposed to GDP is that it focuses the goal of development as an improved situation on the individual level. National income can be distributed in unequal ways, and there are significant gains which can relate to non-income aspects such as technology increases, public services, and higher levels of education.

The other crucial term to define is sustainability. In simple terms, sustainability can be defined as the ability to maintain gains into the future. Practices that extract gains in the present at the cost of those in the future would be considered unsustainable. Sustainability contains environmental, social, and economic factors. Environmental sustainability includes resource management, pollution avoidance, and biodiversity.

Social sustainability depends on the level of inclusion and protection provided to citizens within a society. This measure is formed on the basis of democratic and liberal values. Democratic principles value participation due to its ability to provide the best results for the public interests. Liberal principles stress the rights of each citizen as a minimum standard against encroachment from the powerful. It is important to note that these beliefs can be contradictory, as liberal principles partly restrict the democratic power of the majority. The idea of social sustainability is workable, though, when the requirements of equality and liberty are to maintain minimum standards of living, protections, and rights. Without these in place, gains in human development could be erased in an instant.
Case Structure and Criteria

This study will seek to answer the primary research question of what factors affect the success of aid to agriculture by executing a structured case study of Ghana and Ethiopia. Each study will contain sections on the policy context, project or program success, agricultural-related human development progress, and an analysis on the effects of policies on social sustainability.

Policy Context Overview

This section will provide a brief history of the policy environment both within the country and in its interaction with the World Bank. The next portion will describe the general orientation and strategy of the agricultural policy of the government and the World Bank within the country during the period under review. The study of this interaction will focus on the formation of the Poverty Reduction Strategy Papers.

Program/Project Success

This level of review is important because specific programs or projects have to be considered successful or any correlation to overall development would be spurious. The review will consist of an enumeration of major projects and programs, a brief description of their differing strategies and orientations, and an assessment of their success. The assessment will be based on the achievement of the project or program’s goals such as increases in agricultural productivity, adoption in technologies, and establishment of market access. The data used for this will largely be completion reports from the World Bank, evaluations by the World Bank’s Independent Evaluation Group, agricultural data from the World Bank, and other relevant
sources. The results could range from consistent success, mixed success, or consistent failure.

The variations in results across projects/programs will also isolate variables that contribute to success such as the level of participatory processes employed.

**Human Development Progress**

The next level of analysis is agricultural–related human development indicators. This includes those related to poverty reduction, expenditures on health, food intake, and health issues related to food such as malnutrition, wasting, and infant mortality. These indicators, shown in the below table, were chosen because they capture improvement in agricultural livelihoods and production.

**Agricultural-Related Human Development Indicator**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Economic/Social</th>
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<tr>
<td></td>
<td>Private Health Expenditure</td>
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<td></td>
<td>Rural Poverty Gap</td>
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<tr>
<td>Health</td>
<td>Malnutrition Prevalence</td>
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<td></td>
<td>Prevalence of Wasting</td>
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<td></td>
<td>Infant Mortality</td>
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<td></td>
<td>Stunting</td>
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<tr>
<td>Food</td>
<td>Average dietary energy supply adequacy</td>
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<td></td>
<td>Depth of the food deficit</td>
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<td></td>
<td>Prevalence of food inadequacy</td>
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</tbody>
</table>

**Social Sustainability**

The final section will look at the durability of the human development progress by analyzing its sustainability. This section will utilize qualitative measures such as analyzing the status of the human rights, regional inequalities, and political conflict in the country. Information
from the program/project and policy context review will create linkages between sustainability results and policy decisions.

Theory

A theory is based on assumptions and relationships from which predictions are deduced. The relevant assumptions for this study are the nature of aid as a tool and its relationship to the mechanics of social change. A person’s view on the social system identifies which parts are variable, constant, and agents for change. The view on aid then is qualified within this social system ontology, leading the participant to form differing predictions of the effects of aid interventions. This thesis’ primary prediction is that participatory process, democratic accountability, and corruption will be decisive in determining development progress and sustainability. In order to build a comprehensive analysis, this section will posit four distinct images of aid, labeled by their defining dimension. They are destructive aid, ineffective aid, and effective aid, which can be further broken down into technical and political components. I will describe each theory and pay special attention to political aid which is utilized in this thesis’ primary hypothesis. The results of the case studies will be tested against each of these four images.

Destructive Aid

This theory’s assumption about political systems is that their key component is the social contract between a government and its people. Its view on the economic system is that the incentives of the free export-oriented market are the only effective way to growth and prosperity. Given these two assumptions, aid is an impediment to both of these institutions. Aid affixes the
government to an outward orientation and away from its people, leading to corruption and poor policies. Aid is also a distortion to the economic system, creating dependencies and rent seekers. Economic rent is any value that is not competed for through market forces, leaving the value to be captured by political maneuvering. The prediction that flows from these assumptions is that aid will be damaging to both the economic and political dimensions of a country. For this theory to be supported, the case studies would have to reveal destructive results from both the project/program level and the overall country policy, affecting both the political and economic dimensions, while partial support could be divined from damage detected in one of these areas.

**Ineffective Aid**

Ineffective aid is a variation of the destructive aid view, as similar assumptions are made regarding the nature of political and economic systems. The important difference is that it views aid as unable to enact transformational change in a country’s political and economic systems, but not necessarily as a destructive force towards them. Aid is ineffective at transforming large scale social systems because they are too complex for intervention to be effective. Large scale change is only possible through incremental steps executed by the multitude of actors that operate within the system. The predictions that flow from this theory are that aid will be ineffective in promoting large scale change, but that aid can be effective in solving small problems as long as the implementers are given the flexibility to respond to feedback in real time. This theory would be supported by the evidence of project success in

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49 Dambisa Moyo. Dead aid: Why aid isn’t working in Africa and why there is a better way 2009 (New York: Farrar Straus and Giroux, 2009)
achieving straightforward tasks, but combined with no linkage to country-level sustainable development.

**Effective Aid**

**Technical**

Technical aid shares the assumptions about complexity and the need to incorporate feedback of ineffective aid theory, but with one major difference. Aid has the ability to enact large scale change through incremental project success if proper attention is paid to the details of project implementation. This is a move away from the political and towards the technical questions of studying incentives in order to formulate the most efficient interventions. This is done through rigorous evaluations of programs in order to divine the key details that lead to successful interventions. The prediction of this theory is that large scale change is possible through the aggregation of incremental gains from carefully planned interventions. This theory will be supported if project/program success is decided by technical design, if large scale change is directly related to successful projects without any material influence from politically oriented policy, and if incremental project/program success materializes sustainable development in the face of counter forces from domestic or external political institutions.

**Political**

In contrast to technical aid, which places emphasis on project design and success, Political aid theory focuses on the power dimensions of poverty and the necessity to engage with

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those realities if progress is to be made. This theory’s view of social systems is that economic and political systems are intertwined through the influence of power dynamics. While not denying the importance of program design, the theory focuses primarily on the need to address inequalities both in the political and economic systems. There are two results from the assumptions made by political aid. The first is that human development within the nation will be largely a result of the power dynamics within the country, and the second is that the aid community should seek to engage these dynamics in order to affect change. Levels of engagement are enumerated by Peter Uvin in *Human Rights and Development* as:

- **Rhetorical** - this level consists of simply repackaging terms and framing the traditional economic and technical goals of development into rights-based language. An example is the quote of “the World Bank lending over the past 50 years for education, health care nutrition, sanitation, housing, environmental protection and agriculture have helped turn rights into a reality for millions.”

- **Conditionality** – this method employs policy criteria as conditions for the disbursement of aid revenues. The policy changes can be related to macroeconomic choices, as was done in the 1980s with SALs, or political results such as the implementation and maintenance of human rights protections. If the criterion is not met than the aid disbursements are discontinued, creating an incentive to comply.

- **Positive Support**- The next layer of engagement involves applying the principles of development intervention to the task of creating the conditions under which good political conditions will thrive. It is more of a long range tool than conditionality and it is

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53 Ibid, p 56-82
available to be used by NGOs as well as larger institutions. Examples of positive support goals are strengthening election institutions, initiating judicial reform, and training policeman on human rights standards. 54

- **Rights Based Approach (RBA)** – This deepest layer of integration consist of applying human rights principles to all development activities, resulting in an acknowledgement of the primacy of power relationships in development. This relationship manifests itself in a view of poverty as not only related to lack of goods and services but also factors of isolation, powerlessness, and vulnerability. 55 This approach does not advocate for a strict unveiling of violations approach as is taken by human rights NGOs, but instead for an integration of a human rights framework into the development field.

Underlying the rights-based approach is a belief that successful intervention requires the participation of the poor, in order to ensure that their interests are being met. This can occur through participatory processes at the project level, or through country-level processes such as the formation of the Poverty Reduction Strategy Papers. Another important aspect is the acknowledgement of human rights as a valid goal. Through accountability and a focus on rights and political structures to ensure the security of progress, socially sustainable development can be achieved. This theory will be supported if participatory processes are the deciding factor at the project/program level, if political factors are relevant to sustainable development, and if that development is depends on the level of a rights based approach taken. Partial support will result

55 Ibid, p 122-166
from discovering the primacy of political factors or if human progress is achieved without social sustainability, either because the development policies hinder or do not address the matter.
Chapter Five: Ghana, the World Bank, and Agriculture

Policy Context Overview

Ghana’s economy experienced success post-independence with industrialization policies until external shocks caused large government payment imbalances. In 1983, the country underwent IMF and World Bank sponsored structural adjustment lending, labeled the Economic Recovery Program (ERP).\(^5^6\) While the program put the country back on sound macroeconomic fundamentals in the 1980s, its negative impacts were a reduction in government spending on things such as agricultural subsidies and the fact that Ghana built up substantial debt again in the 1990s. This debt was relieved as part of the Highly Indebted Poor Countries Debt Relief Initiative (HIPC) in 1999. The Ghanaian economy is industrializing but is still agricultural based; with 22 \% of GDP due to agriculture.\(^5^7\) Major agricultural exports are cocoa, palm oil, and cereals.\(^5^8\) The country is also an emerging oil producer since its discovery of the offshore Jubilee Oil Field in 2007.\(^5^9\)

The nation’s political history since independence has seen movements between civilian and military governments, with the Fourth Republic, founded in 1992, gaining strength through multiple election cycles. Ghana’s government is considered one of the strongest in Africa across indicators such as voice and accountability, effectiveness, rule of law, control of corruption, and political stability.\(^6^0\) The country’s democratic federal system coexists with traditional authorities.

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\(^5^8\) USDA Foreign Agricultural Service, 2012, Ghana Exporter Guide, 4
\(^6^0\) International Fund for Agricultural Development, 2012, Ghana Country Program Review, 11
based on chieftaincies. This institution dominated the country in pre-colonial times and consists of a hierarchy based on clan heads, village chiefs, paramount chiefs, and tribal heads.  

The institution was weakened during and after colonialism, but it still has very important functions such as the settlement of local disputes, the administration of land, and the bartering of social capital. In 2003, the Government of Ghana began a plan to decentralize authority from the federal level to the districts in order to bridge the gap between the national government and localities. The logic behind decentralization is that if local officials interact with citizens, they can provide more effective and efficient delivery of public goods and services through increased feedback and accountability.

This study will focus on the time period from 2000-2010, in which the World Bank contributed $885 million to Ghanaian agriculture through project and program lending. The IMF sponsored Ghana Poverty Reduction Strategy Paper (PRSP), which sets out the country’s development strategy that is to be funded, guided this lending. The Bank stated its desire to move away from the imposed conditionality of structural adjustment loans. PRSPs were billed as a step towards country-owned, long-term, strategic, partnership-based development lending.

Although there was agreement that the Government of Ghana took a leadership role in developing the paper, it has been criticized for being yet another form of conditionality, and also

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64 International Food Policy Research Institute , 2013, Revisiting Agricultural Input and Farm Support Subsidies in African: The case of Ghana’s Mechanization, Fertilizer, Block Farms, and Marketing Programs, 17
65 Whitfield, Lindsay, Trustees of Development from Conditionality to Governance: Poverty Reduction Strategy Papers in Ghana The Journal of Modern African Studies Vol. 43, No. 4 (Dec., 2005)
for the lack of civil society participation. The weakness of participation was a result of inability of the parliament to be involved in financial law, the lack of orientation of NGOs in the country to advocacy work, and issues with the quality of information passed down to the stakeholders.  

The government had the ability to push for its priorities, which showed more process flexibility then previous structural adjustments. This provided a level of ownership for the government but it is still in the framework that was laid out by the IMF. The Bank acknowledges that policy lending through this strategy increases government ownership, but exposes the Bank to the country’s political and administrative constraints, leading them to the conclusion that lending needs to be accompanied by capacity building. Agricultural initiatives of the original PRSP were complemented by the Government of Ghana’s Food and Agricultural Sector Development Plan (FASDEP).

Projects/Program Success

In the early part of the decade, FASDEP focused primarily on agricultural growth through export crops. Under these priorities, the World Bank implemented the Agricultural Sub Sector Investment Project (AGSSIP), which lasted from 2000-2007. The main goals of the project were an overall increase in productivity and the diversification of export crops. Overall productivity increased 5.3 % which can be attributed at least in some part to the AGSSIP-funded efforts of the Ministry of Agricultural. Food crop productivity specifically was stagnant, though,

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66 Ibid
67 Swiss Agency for Development and Cooperation, 2003, Civil Society’s Perspective on the Ghana Poverty Reduction Strategy Process
68 World Bank Independent Evaluation Group, 2013, Ghana Country Assistance Strategy Completion Review
with all production rises in food crops stemming from increases in cultivated land.\textsuperscript{69} AGSSIP sought to diversify into export crops other than cocoa and succeeded through building the exports of pineapples. The project also increased the capacity of Farmer Based Organizations (FBOs), which are business entities where farmers organize in order to maximize their leverage in input and output markets. \textsuperscript{71} While the project did have some success in achieving its goals, it was widely criticized for its lack of poverty targeting and food security focus.\textsuperscript{72 73} The success of the attention to FBOs is also tempered by the fact that a majority of new organizations only formed to receive the assistance and not for long term operation.\textsuperscript{74}

The rising food prices of 2007-2008 led to a shift in policy from export to food crops through the issuance of FASDEP II. The new policy also adopted a value chain approach which necessitates a focus on market access as well as production factors. Supporting this new policy, the Bank shifted from project to policy lending.\textsuperscript{75} The goal of the Bank’s policy lending was to improve capacity for marketing, post-harvest management, production of staple crops, and credit to farmers. Under these initiatives, food crop production did increase significantly especially in the Northern Region, where food insecurity is more prominent. The connection between the program and the results is most likely because of increased fertilizer use due to a government subsidy program. The initiative was rolled out in 2007 as a voucher program with high administrative costs, but was redesigned to intervene in the value chain. Fertilizer increase in per

\textsuperscript{69} International Fund for Agricultural Development, 2012, Ghana Country Program Review, 9-10

\textsuperscript{70} Organization for Economic Cooperation and Development, 2008, Ghana: Agriculture is Becoming a Business

\textsuperscript{71} World Bank, 2007, Implementation Completion Report Agricultural Services Subsector Project

\textsuperscript{72} Ministry of Agriculture Ghana, 2007, FASDEP II

\textsuperscript{73} Organization for Economic Cooperation and Development, 2008, Ghana: Agriculture is Becoming a Business

International Food Policy Research Institute, 2010, A Review of Collective Action in Rural Ghana

\textsuperscript{74} Ministry of Agriculture Ghana, 2007, FASDEP II
hectare yields was disappointing, though, especially in the Northern Region, as the quality of the soil is low.\footnote{International Food Policy Research Institute, 2013, \textit{Revisiting Agricultural Input and Farm Support Subsidies in African: The case of Ghana’s Mechanization, Fertilizer, Block Farms, and Marketing Programs}, 38-56}

The data on post-harvest loss progress is not available because of the government’s incapacity to establish a baseline. A sub-program that sought to address this was the National Food Buffer Stock Company, whose goals were to purchase excess crops, store them in order to prevent post-harvest loss, create a food security reserve, and provide farmers with a minimum price. The initial progress reports are positive but a movement in food prices could increase costs and make the program financially unsustainable.\footnote{International Food Policy Research Institute, 2013, \textit{Revisiting Agricultural Input and Farm Support Subsidies in African: The case of Ghana’s Mechanization, Fertilizer, Block Farms, and Marketing Programs}, 75-94} Within all the sub-projects under FASDEP II, technical factors such as existing infrastructure and incentives played a major role in project success. For the whole decade the agricultural sector grew at 5.6\% annually but a majority of this growth was contributed to by major export crops like cocoa, although increases in horticulture exports such as pineapple and food crop production are also factors in the rise.\footnote{World Bank, 2008, \textit{Agricultural Swap Proposed Credit Report}, 54}

In addition to interventions in the value chain, the Bank’s lending supports agriculture through land administration, irrigation, and community-based rural development. A separate land administration project was executed by the Bank from 2003-2011. The major goal of the project was to improve land security, the efficiency of administration, and to develop a community level dispute mechanism. The original project completion report rated it as a moderate success based on technical capacity indicators, but a later review by the Bank’s Independent Evaluation Group disagreed with this on the grounds that the Bank failed to take into consideration the opposing
interests of the chiefs and local administration. Chiefs administer and take rents from customary lands, which make up 80% of land in Ghana. The strengthening of local officials in administration of these lands conflicted with the interests of the chiefs. 79

The Bank's Community Based Rural Development Project, a pilot program in community participatory development, also experienced issues of conflict with local officials and chiefs, which led to lack of maintenance on some projects. 80 Despite political issues, the community-based development project completed a large number of projects such as access to water, health, and road improvements. Outcomes were rated as satisfactory by the Bank. 81

The issue of irrigation is a crucial factor to the lack of land productivity in Ghana as agriculture is rain based and heavily dependent on seasonality and overall levels. Primarily due to lack of irrigation, national rice production is not enough to keep up with demand, leading to food insecurity. Despite its crucial nature, only 2% of total land in Ghana is irrigated, and only a small portion of that is through public programs. The obstacle to further irrigation is high development costs for projects, which is higher in Ghana than in comparable developing countries due to a variety of technical reasons. 82

79 World Bank, 2013, Land Administration Project Performance Assessment Report
81 World Bank, 2011, Implementation Completion Report Community Based Rural Development Project
82 International Food Policy Research Institute, 2011, Irrigation Development in Ghana: Past Experiences, Emerging Opportunities, and Future Directions
Human Development Progress

The dimensions that this thesis will use to measure overall progress in human development related to agriculture are the rural poverty gap, out of pocket spending on health care, nutrition indicators, food availability, and infant mortality.

- The rural poverty gap closed by 15% between 2006 and 2012, but this is lagging behind the overall reduction in poverty gap of 30%, indicating that urban poverty is decreasing at a much higher rate than rural.83

- Private spending on health care remained fairly static from 2000-2005, with a five% jump in 2006, and then leveling off for the decade. This could indicate that incomes are not increasing but it could also be due to a rise in spending on food.

- Malnutrition decreased, but the decline has been moderate compared to the overall decrease in poverty.84 Material progress was made to reduce cases of stunting. Wasting, on the other hand, increased between 2003 and 2008, especially in the Central, Northern and Upper West regions.85 A possible explanation for this divergence is that wasting is a measure of height to body ratio that implies serious under-nourishment. This statistic could be sensitive to vulnerable regions where as other statistics could include more cases and thus more progress from a mix of regions.

- Food indicators have improved, with the food deficit falling 67%, dietary energy rising 19%, and the prevalence of food inadequacy falling 65%. 86

84 International Food Policy Research Institute, Aid Effectiveness in Ghana: How is the L’Aquila Food Security Initiative Doing?, 29
85 Ibid, 30
Infant mortality has decreased 16% from 69 deaths per 1000 in 2000 to 55 deaths per 1000 in 2010, with an additional 5% decrease from 2010-2013.\textsuperscript{87} While this is material progress, Ghana will not meet its Millennium Development Goal of reducing infant mortality by three quarters from 1990-2015.\textsuperscript{88} Infant mortality is the highest in the Upper West Region.\textsuperscript{89}

Overall, Ghana shows impressive human development progress in the areas of food, nutrition, and poverty reduction, but the most glaring issue is the regional inequality that exists between southern and northern regions of Ghana. The amount of poor actually increased in northern Ghana from 1990-2006 by 900,000.\textsuperscript{90} Social development is also split along a north-south divide as shown in the statistics on wasting and infant mortality.\textsuperscript{91} The origins of this discrepancy are partly related to the agro-climate, as the north receives less rainfall and thus does not have a comparative advantage for cocoa, but historical factors are also important in explaining the divide. In pre-colonial times, the north was dominated by the Ashanti kingdom, including eventual raiding parties by the great power for the slave trade. During British Colonial rule, the north was seen as a labor reserve for cocoa and timber industries in the south and post-independence governments have not been able to change this historical inequality.\textsuperscript{92} Structural adjustments from the IMF and the World Bank also disproportionally hurt the North, as the adjustments were oriented towards export which the

\begin{thebibliography}{9}
\bibitem{87} “Indicators Data World Bank” accessed on April 5, 2015, http://data.worldbank.org/indicator
\bibitem{88} Bright, Addo, \textit{Achieving the Millennium Development Goals in Ghana: Progress Made So Far}, Kwame Nkrumah University of Science and Technology, 5
\bibitem{90} Ibid, VI
\bibitem{92} World Bank, 2006, \textit{Bridging the North South Divide}, 2-3
\end{thebibliography}
region was not involved in and subsidies were cut for rice cultivation that could have created a base for a comparative advantage in the north.  

Social Sustainability

The three major challenges Ghana has to its overall development progress are the conflicts between official and traditional authorities, the lack of fiscal decentralization to the district level, and the persistent North-South divide. Conflicts between traditional authorities can be seen in the Community Based Rural Project as well as the Land Administration Project. It is crucial that these are resolved, especially with respect to land administration, as insecure land tenure has been cited a reason for lack of implementation of soil improvement techniques.  

Decentralization has been an ongoing process but there are some fundamental flaws with its design. The central government is allowed to assign 30% of the district assembly’s representatives, ostensibly the reasoning being to bolster technical expertise, but a majority of the assigned representatives are politically oriented. Disbursement of funding is also an issue, with 5% of tax revenue being allocated to districts across the board with no allocation based on needs. The money is often delayed and comes with conditionality.  

The issue of decentralization cuts to the core of the north-south division. Even though the government has targeted the north with specific programs, projects are heavily biased

93 Ibid, 35
94 Economic Commission for Africa, 2009, Land Tenure Systems and their Impacts on Food Security and Sustainable Development in Africa
95 Swiss Agency for Development and Cooperation, 2003, Civil Society’s Perspective on the Ghana Poverty Reduction Strategy Process, 7
towards the south, concentrated heavily in the greater Accra region. The historical enmity between the two regions has caused hesitancy for the north to become fully involved in national politics, which is compounded by regional elites in the region who prefer a system of state paternalism to greater political involvement. Despite this gap, the Government has made efforts to get the north more involved in politics, but the structural divide still remains. The bank has shown an inability to engage with these deep structural issues.

96World Bank, 2006, *Bridging the North South Divide*, 19-31
Chapter Six: Ethiopia, the World Bank, and Agriculture

Policy Context Overview

Ethiopia’s economy is predominately based in agriculture, contributing 40% to overall GDP. The sector is largely made up of small-scale farmers and employs 85% of the population.97 The primary agricultural exports are coffee, khat, and oilseeds.98 The country can be split into the ecological zones of high-rainfall (43%), moisture-deficient (47%), and pastoralist (10%).99 The agriculture in Ethiopia is dependent on two rainy seasons which are referred to as the belg, the shorter of the two, and the main season, known as the meher. The dependence on these rains has been of critical importance as Ethiopia has experienced 5 major droughts since the 1980, in addition to several local ones.100 The droughts have led to widespread food insecurity, most notably during the 1984 famine, which resulted in 1 million deaths.101 Ethiopia has undertaken a process of market liberalization since the fall of the communist Derg regime in 1991, but there are still large aspects of the economy such as fertilizer and seed distribution that are run by party-affiliated organizations.102

97 World Bank IEG, 2007, PPAR Seed Systems Development Project and National Fertilizer Sector Project, 1
99 International Water Management Institute, 2010, Irrigation Potential in Ethiopia: Constraints and Opportunities for Enhancing the System 18
100 World Bank IEG, 2011, PPAR Emergency Draught Recovery Program
102 World Bank IEG, 2007, PPAR Seed Systems Development Project and National Fertilizer Sector Project, 1
The rule of Ethiopia’s long-running Solomonic dynasty was ended in 1974 by the Soviet-supported Derg regime. The Derg ruled Ethiopia through the military as a single-party communist state, nationalized all land and most industries, and organized farmers into collectives. Its reign ended in 1991 after a long civil war with several ethnic militias, led by the Tigray Peoples Liberation Front (TPLF). The new ruling party was the Ethiopian Peoples Revolutionary Democratic Front (EPRDF), dominated by the Tigray contingent. After a transitional government was established in the wake of the civil war, a new constitution was put into place in 1994, and the EPRDF transitioned from a revolutionary guard to a political party in the newly formed federal democratic republic. They have been the dominant political party in Ethiopia, with continuous rule since the overthrow of the Derg. The federal republic was setup with regional districts demarcated along strictly ethnic lines and though a political decentralization process began in 1994, the EPRDF maintains a majority of political power centrally. Ethnic sympathies of the Tigray-dominated government to their fellow countryman in the northeast-coastal region led to the creation of Eritrea as a new nation, splitting from Ethiopia. This sympathy waned, however, as border disputes and access to the port created a conflict between Ethiopia and Eritrea from 1998-2000, claiming 100,000 lives. Thus it is in this economic and political context of a predominately rain-fed and small-scale agricultural economy with a strong central government recovering from a conflict, that the World Bank and Ethiopia began their development relationship in the new millennium.

104 Ibid, 202-220
106 Ibid, 9
Ethiopia formed a Poverty Reduction Strategy Paper (PRSP) in conjunction with the IMF and the World Bank, in order to set forth policy agendas for development assistance. The major pillars of the strategy were agricultural-led development, civil and judiciary reforms, deepening decentralization, and capacity building.\textsuperscript{107} The agricultural-related strategy of the paper mirrored the government’s Agricultural Development Led Industrialization strategy (ADLI), which it mapped out as early as 1994. This strategy entails a strong focus on agriculture through extension programs that offer credit, seed, fertilizer, and training, combined with export promotion of high value crops, and increased irrigation.\textsuperscript{108}

The formation of the PRSP included mass participation at the federal and regional levels, but civil society stakeholders felt that their input was not taken into consideration for the final document. The process was viewed as being used by the government to advertise their development policy to a wider audience, and while some saw it as a first step to increased dialogue, it was not transformative.\textsuperscript{109}

The government’s tight control can be seen in its 2009 legislation banning foreign funding in excess of 10\% for any civil society organization involved in advocacy.\textsuperscript{110} The World Bank’s first major program based activity in Ethiopia was the issuance of an Economic Stabilization Credit of $750 million in 2000. This measure was light on policy due to the urgent stabilization need of the country after the 2 year war with Eritrea. This was followed by policy related credits that were aligned with the PRSP and included bank-initiated pushes for

\textsuperscript{107} International Monetary Fund, 2002, Ethiopia Interim Poverty Reduction Strategy Paper
\textsuperscript{108} International Fund for Agricultural Development, 2010, Ethiopia Country Program Evaluation
\textsuperscript{109} World Bank Operations Evaluation Department, 2004, Review of the PRSP Process: Ethiopia Case Study, xiii
privatization of the fertilizer and seed market. In 2005, there was post-election violence involving the government that erupted after the EPRDF issued a recount in reaction to the opposition claiming victory. In reaction to this, the World Bank canceled policy lending operations but eventually re-engaged through a general budget support program to provide for basic services.\footnote{\textit{World Bank}, 2008, PPAR PRSC Credits Ethiopia} Although there were several projects issued during the decade for fertilizer and food security issues, the World Bank’s Independent Evaluation Group (IEG) felt that the bank moved to quickly into general budget support. They stated that the program lacked clear expenditure tracking and would have benefited from more bank-initiated projects on the ground to monitor progress and receive feedback from beneficiaries.\footnote{Ibid}

### Projects/Program Success

The development activities from 2000-2010 in Ethiopia can be split into four categories: agricultural extension and input support, food security, irrigation, and land reform. The goal of extension and input support is to increase land and labor productivity through a package of seeds, fertilizer, credit, and techniques. The agricultural sector has grown since 2003, with maize production improving at 6\% per year and export growth across agricultural commodities of 9\% a year. The increased spending has improved access to hybrid maize seed and fertilizer, in addition to establishing 8,500 farmer training centers and training 63,000 extension officers.\footnote{International Water Management Institute, 2010, \textit{Irrigation Potential in Ethiopia: Constraints and Opportunities for Enhancing the System}}

A closer examination reveals that a majority of those gains have resulted from increased cultivation instead of productivity increases. While there has been a material increase in the yield

\begin{footnotes}
\footnote{World Bank, 2008, PPAR PRSC Credits Ethiopia}
\footnote{Ibid}
\footnote{International Water Management Institute, 2010, \textit{Irrigation Potential in Ethiopia: Constraints and Opportunities for Enhancing the System}}
\end{footnotes}
of cereal production due to a rise in fertilizer and other inputs, Ethiopia remains at a low productivity level compared to other countries.\textsuperscript{114} Major issues that restrict productivity are the dependence on rains, land degradation, increased populations, the small size of most farms, and delays in inputs. Land degradation is particularly damaging, as the level of nutrients in the soil decreases over time and becomes less productive, measuring at a loss of 2 to 3 \% of GDP each year.\textsuperscript{115} Delays in inputs are attributed by the World Bank to the lack of competitive market places and several reform efforts have been initiated on that front, especially with regards to fertilizer. These efforts suffered a major setback, however, when in 2008 in response to a food security crisis, a large amount of fertilizer needed to be imported and there was a logjam at Djibouti port. All of the smaller competitors sold off their contracts to the state-owned fertilizer organization, reversing almost a decades worth of reform efforts.\textsuperscript{116}

The relief response to the food security crisis has been a significant success. The program is comprised of traditional food aid supplanted with community-based labor programs that transfer income and help households maintain their productive assets during times of crisis. The program reached 7.6 million beneficiaries and households that received assistance under the productive safety net program experienced an increase in household assets relative to those that did not.\textsuperscript{117}

Widespread productivity gains are needed, however, in order to permanently remove people from food insecurity. For this reason, Ethiopia has invested a considerable amount in irrigation, most of which is concentrated on medium and large scale operations as opposed to

\textsuperscript{114} International Food Policy Research Institute, 2011, \textit{Crop Production in Ethiopia: Regional Patterns and Trends}
\textsuperscript{115} International Fund for Agricultural Development, 2010, \textit{Ethiopia Country Program Evaluation, 7}
\textsuperscript{116} World Bank, 2007, \textit{PPAR Fertilizer Subsidy Project Ethiopia}
\textsuperscript{117} World Bank, 2011, \textit{Implementation Completion Report Food Security Project Ethiopia}
small holder. The performance of these schemes has been ranked low or difficult to assess, and although Ethiopia has abundant water resources, only 4% of total arable land is irrigated. The main constraint for further irrigation is high development costs, but there is also an issue of aligning programs to beneficiaries. Small-scale programs directly benefit the poor but are higher cost per unit of land and larger scale programs do not directly benefit small scale holders but can do so indirectly through contract farming schemes and labor opportunities on larger farms.\footnote{International Water Management Institute, 2010, \textit{Irrigation Potential in Ethiopia: Constraints and Opportunities for Enhancing the System}, 16-20}

Land tenure affects productivity by incentivizing land improvements and providing collateral for loans. During the communist Derg regime, the country nationalized all lands and this policy was continued by the EPRDF government, who has only granted rights to the use of land. Issuance of land certificates to protect farmer’s land rights have had a material effect in productivity, but these results are dependent on how the judicial system treats these certificates moving forward.\footnote{International Food Policy Research Institute, 2013, \textit{Efficiency and Productivity Differential Effects of Land Certification Program in Ethiopia}} In 2005, the government issued a decree giving it the power to change communal lands to private through public sale, which has been utilized in the government’s increasing preference since 2008 for large scale commercial farming.\footnote{International Food Policy Research Institute, 2008, \textit{Land Tenure in Ethiopia: Continuity and Change, Shifting Rulers, and the Quest for State Control}} In the western region of Gambella, where the land productivity is relatively high, there have been reports of resettlements of villages to clear large tracts of land for commercial agricultural, with attending human rights
violations such as lack of basic services and infringement of civil rights.\textsuperscript{121} \textsuperscript{122} This is a violation of the World Bank's safeguards according to their resettlement policy. \textsuperscript{123}

Human Development Progress

The dimensions that this thesis will use to measure overall progress in human development related to agriculture are the rural poverty gap, out of pocket spending on health care, nutrition indicators, food availability, and infant mortality.

- The rural poverty gap decreased 33\% between 1999 and 2011, comparable to the drop in the urban poverty gap. All progress came between 2000 and 2004, and stagnated in the second half of the decade, possibly due to the impact of rising food prices in 2006-2008.\textsuperscript{124}

- Out of pocket spending on health care has remained stagnant. This agrees to a 2008 study, which found a weak correlation between public expenditure on agriculture and household expenditures overall. The report also found a bias against rural areas, suggesting that there is a connection related to markets and industry proximity. \textsuperscript{125} \textsuperscript{126}

\textsuperscript{121} Human Rights Watch, 2012, “Waiting Here for Death” Villagisation in the Gambela Region of Ethiopia
\textsuperscript{122} International Food Policy Research Institute, 2008, Bank for the Birr, Public Expenditures and Rural Welfare in Ethiopia, 21
\textsuperscript{125} International Food Policy Research Institute, 2008, Bank for the Birr, Public Expenditures and Rural Welfare in Ethiopia,
- Malnutrition has decreased by approximately 30% from 2000 to 2012. Instances of growth stunting reduced by 1.4% each year between 2001 and 2012.\textsuperscript{127, 128} Cases of wasting have remained static, possibly due their concentration in vulnerable rain deficient areas while malnutrition cases might be spread across the whole population. These increases overall are attributable to increased food security, but similar to expenditures, there is a gap between rural and urban populations.\textsuperscript{129, 130} 

- Food indicators such as dietary adequacy, food deficit, and food inadequacy have all improved drastically, which can most likely be attributed to overall economic growth, the improvement of safety nets such as labor programs, and food aid.

- Infant mortality has decreased significantly from 90 per 1000 births in 2000 to a rate of 46 per 1000 births in 2012. This progress has allowed Ethiopia to reach their Millennium Development Goal regarding infant mortality.\textsuperscript{131}

There is significant human development progress for Ethiopia in the last ten years, but it is important to note that gains in food and nutrition have to be taken in context with the fact that the amount of Ethiopians dependent on food aid has risen from 4.6 million in 2008 to 6.2 million in 2009. This shows that the agricultural economy is not at the point where it can maintain these results without outside relief assistance, but it still represents a large degree of progress from the

\begin{itemize}
  \item \textsuperscript{127} Ethiopian Development Research Institute, 2014, \textit{An Analysis of Trends and Determinants of Childhood Under-nutrition 2000-2011}, 1
  \item \textsuperscript{128} “Health Indicators” World Bank, Accessed on April 20\textsuperscript{th} 2015, http://data.worldbank.org/topic/health
  \item \textsuperscript{129} Ethiopian Development Research Institute, 2014, \textit{An Analysis of Trends and Determinants of Childhood Under-nutrition 2000-2011}, 1
  \item \textsuperscript{130} Ibid
\end{itemize}
time of the famine in the early 1980s. The reduction in the rural poverty gap and infant mortality are encouraging as they are more likely to be linked to the growth of the agricultural sector, the economy as a whole, and an increase in government capacity to deliver services.

Social Sustainability

The biggest challenge for development in Ethiopia and its relationship with the World Bank is the ruling style of the EPRDF as a strong centralized party and the lack of oversight that comes with the Bank’s general budget support. The government shows a true desire to support agricultural development through its plans and budget allocations, but its primary focus on safety nets and extension above land reform or irrigation investment could also be part of a political program. The EPRDF’s top down ruling style and opposition to mass participation, as seen in their regulations of civil society in 2009 and their conduct in the 2005 election, means that they have to acquire support from the small scale farmers across varying ethnic regions through a development plan. This is not an issue in itself as it aligns the interest of the people with the government, but when development assistance becomes part of a political program, it increases the danger of it being ineffective and unresponsive to feedback. This can be seen in the engagement of agricultural extension workers in tasks such as tax collection and advocating government policies not related to agriculture, which could be a clue that they are there as much to get out the vote as to provide extension services.

134 Ibid, 13
135 Ibid, 16
The government’s strategy shifted in 2008, leading to the appropriation of more land for commercial farming. This happened acutely in the western region of Gambella, a region which enjoys some of the most fertile land in the country, but some of the highest poverty rates. The government’s plan was to move 45,000 households in the region through voluntary resettlement to new villages where they could receive better services. The reality, however, as uncovered by an investigation by Human Rights Watch, was that the villagers were coerced into moving, subject to abuse during the move, and arrived at villages that did not have the promised services. The land that was left behind appears to have been cleared for use in commercial agriculture. This is a violation of basic human rights and of the World Bank’s safeguard policies. The Bank’s response was to state that its funds did not support the resettlement programs, a fact which contradicts IEG concerns about tracking and spending of funds under general budget support. Later, the Bank’s independent inspection panel did find that the Bank violated its own policies in its failure to safeguard against the human rights abuses during the resettlement. The panel’s findings were made public in a leaked report and since then, no concrete policy shift has taken place.

136 International Food Policy Research Institute, 2008, Bank for the Birr, Public Expenditures and Rural Welfare in Ethiopia
137 Inclusive Development International, 2013, Human Rights and the World Bank’s Safeguard Review: Lessons From Ethiopia, Forced Villagization and the Protection of Basic Services Project, 4
Chapter Seven: Results, Conclusions, and Recommendations

This section will present a summary of the results from each case study, a comparison across countries, an interpretation of the findings against the previously enumerated theories of aid, and a list of policy recommendations.

Ghana

- The government led the formation of Ghana’s PRSP, with significant influence from the World Bank and the IMF. There was not widespread participation, however, due to the lack of capacity for advocacy of domestic NGOs, the limits of the parliament’s involvement in financial issues, and the lack of quality information passed down from the government.

- The World Bank sought to increase the capacity of business based farmer organizations. They were successful in creating new entities through incentives but most did not last past the first year and were formed for the sole purpose of receiving services.

- During the period under review, Ghana experienced growth in their overall economy, in the agricultural sector, in overall productivity, and were able to diversify their exports. This progress was stifled however with the food crisis of 2006-2008, which led to a shift in the development strategy from export oriented to one based on food security and poverty reduction. There was some success in achieving productivity increases in food crops due to technically geared input programs. No significant progress was made on irrigation or land reform.

- The country also experience significant improvements in poverty, health, and nutrition indicators but the northern regions of Ghana are lagging behind significantly.
• Political difficulties constrained development results as seen in the conflicts between traditional and official authorities, the slowness of decentralization, and the persistence of the north-south divide.

Ethiopia Results

• The government heavily influenced Ethiopia’s PRSP process, exhibited by its similarity to the agricultural development policy that has been in effect since 1994. Civil society stakeholders felt that their views were not incorporated into the final document. Early on in the decade, the World Bank dispersed funds without policy conditions, gradually adding in initiatives to liberalize input markets, before moving to general budget support for basic services after the 2005 election violence. The World Bank’s efforts to liberalize the fertilizer and seed markets were not successful.

• The agricultural sector has experienced growth, especially with regards to export commodities, but most of these gains have come from increased cultivation as opposed to productivity yields. There was no significant progress on irrigation, and some progress on land reform through the issuance of certificates, but the government still owns a majority of the nation’s land.

• Ethiopia experienced vast improvements in poverty, nutrition, and health indicators but the results have to be qualified by the fact that dependence on food aid has increased. The food security programs have been a success in delivering relief through food aid and community projects, but the structural food insecurity has not been addressed significantly.
Starting in 2008, the government began appropriating public lands for commercial use. In the Gambella region, this included a resettlement scheme that violated basic civil, political, economic, social, and cultural human rights. This was a violation of the World Bank’s safeguard policies as admitted by the Bank’s own inspection panel. No policy change has been undertaken.

**Ghana vs. Ethiopia**

Both Ghana and Ethiopia experienced significant agricultural growth and human development progress. This was achieved despite lack of widespread participation in the formation of the PRSP, as both governments had interest in promoting agricultural development. In the case of Ghana, the government wanted to leverage export crops in order to push the country into middle-income status. For Ethiopia, the lack of widespread democratic legitimacy for the ruling EPRDFP requires consent through development based on agriculture. These orientations led to impressive development progress; however, they also were responsible in part for the shortfalls in the face of technical constraints. In both countries, this meant the lack of broad-based productivity increases, irrigation development, and land reform. These transformational efforts do not align as easily with political motivations, as they require long term budget allocations that span election cycles and the decentralization of power. For Ghana, this problem is most specifically seen in the north-south divide and the lack of poverty focus before the food security crisis, and in Ethiopia, in the human rights violations of villagization.

The World Bank had a stronger policy hand in Ghana as the country was relatively food secure and on its way to becoming a middle income country, while Ethiopia’s need for emergency assistance to maintain human security allowed the government to assert itself against
the Bank. In both countries, the Bank attempted to push structural market reforms with little success. With regards to independent projects, the Bank had piloted a successful community development project in both countries. These programs were measured by outcomes that were developed through participatory processes, as opposed to the AGSSIP project and the market reform initiatives, which focused on development inputs. The bank has taken a larger role in fostering a policy dialogue regarding the north-south divide in Ghana, but it has been conspicuously silent with regards to the safeguard violations in Ethiopia.

Theory in Practice

- The destructive aid theory is not supported by the evidence as the budget support and projects for both countries contributed to agricultural growth and human development progress. Ethiopia also showed independence from the World Bank and the IMF and both countries rationally calculated policies to fit their domestic concerns and not an external influence. The strongest possible evidence for this theory is the agreement for an outward orientation by both the Bank and the Government of Ghana, which led to a lack of poverty and food security focus. This can also be seen, however, as in the interest of large portions of the country as well due to the dependence on exports of the cocoa producing areas of the country.

- The ineffective aid theory is not supported by the evidence that the budget support and specific projects contributed to agricultural growth and improved human development. It could be viewed as accurate though in aid’s inability to transform the countries from rain-fed small scale agriculture or alter the political landscape considerably, but that would
require the assumption that an effort was made by the government or the World Bank to engage in either of these activities.

- The technical aid theory is supported by project and program level evidence such as the fertilizer subsidy program in Ghana and the food security project in Ethiopia that technical factors do matter and can lead to large-scale change. The biggest issue with this as a general orientation is that the development results cascaded against political barriers and efforts to transcend these barriers through technical efforts, such as a long history of projects in northern Ghana, did not succeed. The ability to test this theory is weakened by the lack of strong monitoring and evaluation of projects. Without this in place it is difficult to test if incremental technical gains through knowledge can alter the development landscape.

- The political aid theory is supported by the visible effects of political barriers. In Ghana, this is seen in the north-south divide and the concentration of government projects in the south, the lack of decentralization progress, and the conflicts between traditional authorities and government officials. In Ethiopia, the political constraints are seen in the political and possibly ineffective nature of agricultural extension in the country, and in human rights violations related to resettlement.

- The evidence that does not support the image of political aid is the significant progress achieved without wide-spread participation in the formation of development strategies, and the lack of explanatory power in overall progress of the varying states of the political systems in Ghana and Ethiopia. Participatory aspects were important in projects that employed them but their absence did not hinder the success of large scale input related programs from achieving some success. The proposition that the differing levels of
democratic accountability and corruption on a national level would prove important did not show precipitously in the overall development results. Each country has areas where political interests did not align with development goals. Threats to sustainability emerged in these gaps. The strongest piece of evidence that the overall state of each country’s political system was relevant is Ethiopia’s lack of consideration for human rights and the interests of the poor during the resettlement process. No such extreme case was found in Ghana.

**Conclusion and Recommendations**

The evidence from these two case studies shows that it is possible to gain significant agriculturally related development results through donor aid and without large scale civil participation if the government has a material interest in poverty reduction and agricultural development. The shortfall of this top-down method however is the lack of long term structural transformation, persistence of regional inequalities, and the lack of minority rights protections.

**Recommendations are as follows:**

- Technical Aid should be employed by the World Bank and its host countries through programs whose goals are formed with a combination of top-down priorities and participatory feedback, and evaluated rigorously to find the best methods of implementation. This will lead to an evidence based policy formation that can create common ground across political divides. Project areas that should be pursued are the building of soil productivity to reduce degradation and long term programs for irrigation and land reform.
The World Bank should not ignore political interests or try to subdue them with conditionality, but instead acknowledge that they exist and create a policy dialogue that identifies areas of concern and opportunities for common ground. This political analysis should be integral to overall program design and in projects which are politically sensitive such as land reform.

The World Bank needs to maintain an on-the-ground project presence in countries where minority protections are not strong. In addition, the Bank should immediately address the breach of its safeguard policy by restructuring general budget support in Ethiopia to include more rigorous monitoring.

Ghana should align its development plan to focus on reducing inequalities between the north and the south. This can be accomplished through political outreach and increased expenditures.

Ethiopia needs to reduce its chronic food insecurity and susceptibility to droughts. This can be accomplished through long term investments in irrigation, a focus on soil degradation, and the promotion of ancillary industries to augment agriculture and create a diversity of employment. These long-term investments can form a strong basis for eventually widening political participation into a true multiparty system.