

# ACP-EU COTONOU AGREEMENT

---

**AFRICAN, CARIBBEAN AND  
PACIFIC GROUP OF STATES**

---

**COUNCIL OF  
THE EUROPEAN UNION**

---

**Brussels, 2 March 2010**

**ACP-CE 2109/10**

## **COVER NOTE**

---

from: Chairman of the Executive Board of the Technical Centre for Agricultural and Rural Cooperation (CTA)  
date of receipt: 1 March 2010  
to: Co-President of the ACP-EU Committee of Ambassadors  
Subject: Proposal for budget increase for CTA under the 10th EDF

---

Delegations will find attached the proposal for budget increase for CTA under the 10th EDF.

In all correspondence on this matter  
please quote our ref no.: Dir/10/001/dkl

Wageningen, 23 February 2010

H.E. C. Bastarreche Sagües  
Co-president of the ACP-EC Committee of Ambassadors  
Permanent representative of Spain to the European  
Union  
c/o Mr P Culley  
General Secretariat of the EU Council  
Rue de la Loi 175  
B-1048 Brussels

**Subject: Proposal for budget increase for CTA under the 10<sup>th</sup> EDF**

Dear Co-President,

I am writing to you today to confirm the discussions on CTA's budget held between the CTA Executive Board and the Co-presidents on 14 October 2009, prior to the CTA 25<sup>th</sup> Anniversary celebrations at the Palais des Colonies in Tervuren and to bring the matter formally to your attention.

We are all aware that, agriculture and rural development are key factors for feeding people, creating jobs and income, stabilising populations in rural areas, reducing dependency from imports from the world market, and helping to preserve peace in ACP regions.

The world's food stocks are shrinking globally and with a predicted world population growth to around 9.2 billion people by 2050, agriculture faces several enormous challenges: to provide food for the world while competing with increasing bio fuel production: all of which contribute to global warming and thus to climate change.

Despite the existing political declarations many national governments are not yet investing adequately in order to create the enabling environment to boost agricultural production.

This is partly because governments do not acknowledge or understand agriculture's real potential as they often look only at official agricultural production statistics: according to these, agriculture contributes only 4–6 % of GDP. However, when the whole value chain is taken into account, agriculture's share of GDP rises to 25% or more.

Once governments understand this they should be changing their investment priorities. Creating awareness and sensitizing governments and the wider public to the value of agriculture as a business opportunity are vital, and the media have a crucial role to play.

Information and communication are rarely found as a budget line in government and/or developmental project budgets. This is a clear niche and the reason why CTA's mandate as a joint ACP-EU institution is crucial for agricultural and rural development.

It is evident that in order to maintain CTA's working capacities the budget needs to be adjusted from time to time to reflect reality. Since the 9<sup>th</sup> EDF, CTA's budget allocation has not been adjusted sufficiently to compensate for mainly the exponential population growth rate and the inflation rate. It is obvious that CTA's current annual budget of 16 million Euro (representing around 9.5 million Euro operational budget) cannot satisfy all the potential demand in the 79 ACP countries.

CTA's restructuring over the past few years has improved its efficiency, outreach, image and credibility. It has become more marketing and commercially oriented and identified strategic partners in ACP countries to work with. The way is now clear for CTA to further expand and we the Executive Board feel it deserves to receive adequate budget and staffing to enable it to take full advantage of the extremely rapid ICT evolution which offers the opportunities it needs for reaching its clients.

In view of the above we kindly ask you to consider the possibility of increasing CTA's budget under the 10<sup>th</sup> EDF to €123.000.000 as requested and explained in our letter ref. ASBHRD/1601/06/01/JCB of 15 May to the benefit of agriculture and rural development in ACP countries.

Please accept, dear Co-President, the assurances of my highest consideration.

(signed)  
Dr Wilson Songa  
Chairperson, CTA Executive Board

Encl.: Proposal for budget increase for CTA under the 10<sup>th</sup> EDF – full text of the reference document used during the discussions in October.

cc: Mr P. Culley, Director, Secretary General of the EU Council  
Mr D Salford, Head of Unit, AIDCO/C4, European Commission



## Proposed budget increase for CTA under the 10<sup>th</sup> EDF

Reference paper used during discussions between the CTA Executive Board and the Co-Presidents of the ACP-EC Committee of Ambassadors at the Palais des Colonies in Tervuren, Belgium on 14 October 2009

### Introduction

Agriculture and rural development are key factors mainly for

- feeding people,
- the creation of jobs and income,
- the stabilisation of populations in rural areas,
- reducing dependency from imports from the world market (which is not always stable as the food shortages and rising food prices have demonstrated), and
- helping to preserve peace in ACP regions.

The importance of agriculture and rural development for ACP countries does not need to be further proven as it is widely acknowledged worldwide, to name but a few:

- The World Bank's development report 2008
- The Millenium Development Goals
- The EU-Africa initiative
- The EC AAA initiative in which the EU commits itself to more investment in agriculture and in which CTA is mentioned several times as a key EC partner
- The Maputo Declaration of African Heads of State in 2003,
- The Jagdeo Initiative for the Caribbean,
- Etc.

The recent food crisis, food price crises and financial crisis have shown how fragile not only the world's economy but also its food supply systems are. It should be alarming that the world's food stocks are shrinking globally.

Predictions see the world population grow to around 9.2 billion people. Agriculture needs to provide food for the world and at the same time is increasingly challenged by opportunities to produce bio fuels. In addition, agriculture has a growing role to play in terms of mitigating green house gas effects and therefore mitigating the threat of climate change.

An additional challenge is that in many countries agriculture has a poor image. Undoubtedly it is hard work and the remuneration cannot always compete with other sectors like the tourist industry in the Caribbean. There is a demographic or rather an ageing problem as youth is not really attracted to work in agriculture and/or in agricultural research. In many countries agriculture is also threatened by cheap and often subsidised imports from other countries.

Despite the existing political declarations many national governments are not yet investing adequately in order to create the enabling environment and enabling boosting of agricultural production.

Information and communication are rarely found as a budget line in government and/or developmental project budgets. This is a real niche and the reason why CTA's mandate is crucial for agricultural and rural development.

It is therefore very difficult for many of the potential actors in the agricultural sector to see agriculture as a business opportunity. This is the reason why increasingly all actors need to INVEST MORE IN INFORMATION AND COMMUNICATION. If you want to pass the message that it is worthwhile working in agriculture you have to communicate. If you want to communicate you need the appropriate information. If you want to have both you need CTA. It is CTA's mandate and CTA IS UNIQUE as a joint ACP-EU institution.

### **Justification for a budget increase**

It is evident that in order to maintain CTA's working capacities the budget needs to be adjusted from time to time to reflect the reality characterised mainly by two factors, namely an exponential population growth rate and the inflation rate<sup>1</sup>. Both are undisputable arguments. Since the 9<sup>th</sup> EDF, CTA's budget appropriation has not been adjusted sufficiently to compensate for these factors as can be seen from the enclosed table (annex 2).

It needs to be recalled that since 2005, CTA has made considerable efforts and achieved improvements in its efficiency, its outreach and the scope of its products and services to assist the ACP countries.

The Information Impact Review (InfoIR) carried out in 2008 and pursued in 2009 has confirmed the huge demand for simple and concise information documents on agriculture and rural development.

Evaluations and Audits, but equally important CTA's 'clients', partners and target beneficiaries have all confirmed the usefulness of CTA's professional products and services.

---

<sup>1</sup> The facts are self-explanatory and do not require additional convincing examples of how population growth is a threat to developmental efforts in general and CTA's work in particular.

On the down side reality shows that CTA can not satisfy the demand in all ACP countries for all ACP clients. There are inequalities between ACP countries and between CTA's partners. There are countries that are more or less well served while there are others that are not served – white spots on the ACP map.

CTA's restructuring aims at moving increasingly towards strategic partners (users). If CTA wants to do this consistently, it has to serve many key institutions and organisations working in agriculture and rural development to name the most important ones:

- Ministries of Agriculture, Forestry, Fisheries, Natural Resource Management,
- Agricultural Extension Services,
- Information and documentation centres, tele-centres, question and answer services,
- Researchers
- Media (Radio, TV, Video production)
- Mobile phone based information services
- Civil society, NGOs (or their umbrella organisations).

All those are distinct user groups with specific information and communication needs. This means that you have to tailor both the content and the communication channel.

The extremely rapid ICT evolution offers tremendous opportunities but requires adequate staffing in order to enable CTA to make the best use of ICTs for its clients. It is evident that CTA tries to build up its capacity (niche) to capitalise on using new technologies to improve the livelihoods of poor ACP farmers.

It is evident that CTA with a current annual budget of 16 million Euro representing around 9.5 million Euro operational budget cannot satisfy all the potential demand. Consequently, and in order to better satisfy this demand in all the 79 ACP countries, CTA needs a substantial budget increase.

In the end it is a political decision whether or not to allocate more funds to boost information and communication for the benefit of developing agriculture and rural areas. CTA is prepared to absorb more funding and to further increase its products and services for the benefit of ACP countries.

### **Historical background to explain CTA's budget situation**

In May 2006, CTA submitted a proposed budget appropriation for the 10<sup>th</sup> EDF (2008-2013), based on two options, either 119 or 124 million Euro (depending on the number of permanent staff covered) (annex 1). This proposal was approved solely by the ACP Committee of Ambassadors (without specifying which option was adopted).

The Centre applied to the budget for 2001 the average rate of inflation (1.5%) and the growth rate of the target population of the ACP countries (2.6%) taking into account the growing demand of our target groups as shown in the external evaluation of the 2001-2005 Strategic Plan and CTA's Information Impact Review (InfoIR).

This proposal corresponded to the Centre's mandate as defined in annex III to the Cotonou Agreement, the Millennium Objectives and the European Union's policy which puts agriculture and rural development at the centre of the concerns of the principal parties active in the area of development.

By its action aimed at integrating CTA into the Advancing African Agriculture (AAA) initiative, the Commission obtained an increase of the Centre's budget appropriation of 1 million Euro for 2007 and 2 million for 2008, thereby increasing the appropriation to 15 million for 2007 and 16 million for 2008. While this is a positive development, it has simply increased the budget appropriation for 2008 to the planned level for the CTA's budget appropriation for the 10<sup>th</sup> EDF (2008-2013), i.e. 96 million Euro (16 million per year). However, the proposed budget increase under the 10<sup>th</sup> EDF would have improved the ratio to around 67:33.

All these arguments are set out in the introduction to the Centre's proposed 2009 budget (annex 3).

### *Additional structural budgetary difficulties*

CTA has also a structural problem that must be understood in addition to the elements explained above.

The CTA had 42 budgetary positions for permanent staff covered by the staff regulations. Since 2002, the budget covering the salaries of these members of staff has had to be reduced since no budget adjustments have been granted to compensate for adjustments to pay scales in line with cost of living increases (more than 10%) and for promotions to a higher level (6% per step) awarded to staff in accordance with article 31 of the CTA staff regulations, as well as for social security contributions and fringe benefits directly related to salaries.

IT equipment, mission expenses, the Executive Board meetings and the increase of CTA's Brussels office have increased title II by around 10 %.

Consequently, the CTA has three options: (1) to gradually reduce the number of staff to comply with its statutory obligations in the framework of the 40:60 ratio (title I + II versus title III) or (2) reduce the level of its activities or (3) not to comply with this ratio.

The 2009 budget provides for 38 permanent staff positions and we cannot fill certain positions determined in the framework of the restructuring of the Centre, such as a Head of Human Resources and a Web Designer. We are only in a position to manage the current year because not all the positions provided for have yet been filled and this generates some savings.

To cover for staff who have left in the meantime and to define the conditions of new positions, we have called on the services of temporary staff employed under a local contract covered under Title I.

Finally, the Centre has developed a policy of working with trainees and junior experts. The contribution of these trainees and junior experts considerably outweighs their cost. CTA initially charged this to title III as these trainees were carrying out activities, which could not have been done without them. The EC indicated to CTA that these costs should be charged to title I. A readjustment of the CTA budget would solve this difficulty and enable CTA to maintain this very fruitful initiative.

## Conclusion

The Centre will submit a request for an increase in its budget to the ACP sub-committee for sustainable development in the framework of the reserve existing in the intra ACP funds of the 10<sup>th</sup> EDF for financing joint organisations.

In view of the food crisis but also the potential of agriculture to resolve it, the question of a budget increase for CTA should be addressed as soon as possible, but at the latest during the mid-term review of the Cotonou Agreement.

Members of the Executive Board are asked to approve the Centre's request and bring it to the attention of CTA's authorities.

Once CTA's authorities indicate their political support in favour of a budget increase, CTA will be prepared to provide additional elements such as:

- Budget simulations to show what CTA could achieve with x amount of additional funding including figures to show how much funding is going into new orientations,
- An overview of gains in performance (e.g. partners now contributing to services)
- Effects on CTA staffing, the restructuring and the recruitment of specialists in specific areas for improving the services.