

## ***Regional Dialogue on Agricultural Recovery, Food Security and Trade Policies in Southern Africa, 26–27 March 2003, Gaborone, Botswana***

**Organised by: FANRPAN, with support from CTA, IFPRI and USAID**

### **Report and Summary**

**Steve Wiggins**

**Overseas Development Institute**

Attended by just over 100 participants, drawn mainly from ministries of agriculture in Southern Africa and from donors active in agricultural development<sup>1</sup>, the meeting consisted of eight papers delivered in plenary, eleven presentations to working groups, and one tabled paper. A list these appears in Table 1.

**Table 1: Papers and presentations**

<b><i>Author</i></b>	<b><i>Topic</i></b>
<b><i>Plenary presentations</i></b>	
Mellor, John (Abt Consultants)	Southern Africa food security – regionalization and the short run; Globalization and the long run
Isaacson, Bruce (FEWSNET)	Current food security situation and prospects for Southern Africa
Mano, Reneth (U. Zim.), Bruce Isaacson (FEWSNET) & Philippe Dardel (SADC Hub)	Policy determinants of food security response and recovery in the SADC region: the case of the 2002 food emergency
Amani, Haidari (ESRF, Dar es Salaam)	Agricultural trade policies and strategies for the SADC region
Babu, Suresh (IFPRI)	International perspectives on agricultural recovery and long-term food policy
Wiggins, Steve (ODI)	Lessons from the current food crisis in Southern Africa
Mkomba, Ben (SADC FANR)	SADC initiatives for addressing long-term food security
Marsland, Neil (SCF UK)	The double burden of HIV/AIDS and food security
<b><i>Presentations to working groups</i></b>	
<b><i>Group I</i></b>	
Webster, Jocelyn (AfricaBio)	Biotechnology Policy Framework
Goverah, Jones, et al. (MSU)	Agricultural Input Policies, Rural Productivity and Long-Term Food Security. Food Security Research Project Findings from Zambia and Mozambique
Rohrbach, David & Mary Mgonja (ICRISAT)	Seed Policy Debates and Options
<i>Paper apparently not</i>	<i>Agricultural diversification and value-added commodities</i>

<sup>1</sup> Less than twenty delegates came from non-governmental organisations, universities and research institutes from outside the region and from the private sector.

<i>given?</i>	
<b>Group II</b>	
Arlindo, Pedro (MADER, Moz.) & David Tschirley (MSU)	The Effects of Regional Trade of Agricultural Commodities on National Producers and Consumers. The Case of Maize Between Northern Mozambique and Malawi
Goggin, Ian (ZIMACE)	Commodity exchanges in southern africa. Zimace—its formation and role in the 'liberalised market' (a regional perspective)
Gravelet-Blondin, Rob (SAFEX)	The Use of Futures Markets as a Food Security Insurance
Mwiinga et al. (MSU)	Policies and Practices to Ensure Broad Availability of Low-Cost Food Staples. Food Security Research Projects of Zambia and Mozambique
<b>Group III</b>	
Nijhoff, Jan & David Tschirley (MSU)	Coordination for Long-Term Food Security by Government, Private Sector, and Donors: Issues and Challenges From Insights in Zambia and Mozambique
McNabb, Michelle (FEWSNET)	Meeting information requirements for food security decision-making
Engle, John (ACDI/VOCA)	Achieving Long-Term Food Security through private sector partnerships
Potter, Harry (DFID) — paper tabled	The Malawi Experience 2001-3 (From sell-off, through shortages and suffering, to shared agendas and strategy for security and surplus)
Hartmann, P. (IITA)	Food security's future in Southern Africa

Apart from presentations, about half the meeting was given to discussion in three working groups — concerned with agricultural production issues, markets and trade, and food security. These were asked to discuss the issues, to identify priority actions, and produce an outline plan for their implementation.

The remainder of this report summarises the papers and presentations, arranged under themes. Without access to the notes made by the three working groups, it is not possible to summarise the results of the discussions.

### **Agricultural and rural development for food security**

Dr Mellor noted that African agricultural production needs not just to recover, but to catch up and exceed the past, if poverty is to be defeated. Agriculture needs to lead in alleviating rural poverty. Even if the majority of the rural poor are not full-time farmers, linkages in the rural economy will ensure that the poor benefit — so long as growth is broad-based. That broad base implies that development efforts focus on (commercial) smallholders.

To drive agricultural development the following will be needed: technology — above to boost greatly the use of fertiliser; trade to take advantage of comparative advantages and export markets; and, much better physical infrastructure. The strategy should focus on small-scale, family farmers in the better areas and concentrate efforts on farm exports, and produce with elastic demand. Focus on a few priorities: keep matters simple and clear. For less accessible areas with low agricultural potential, the priorities will be to educate, encourage migration, and think of non-farm uses such as bio-diversity reserves.

The IFPRI review of food security issues was comprehensive, covering increasing agricultural production, making food markets work with limited and strategic public support,

the advantages of agricultural trade, ways of providing relief, complementary investments in rural development and human capital, and building capacity. In contrast to Dr Mellor's recommendation, the paper did not single out a few key priorities, but implied that success in achieving food security means taking action on a wide range of activities.

### **The current food crisis in Southern Africa**

Mano, Isaacson and Wiggins outlined the causes of the current crisis, noting the distinction between the short-term, immediate causes of drought and policy failures, and the longer run problems of failure to alleviate poverty.

The maize and cereals harvests of crop years 2000/01 and 2001/02 were not that low: the trigger to crisis arose from cereals stocks in 2002 having been run down to very low levels indeed.

Marsland reported very recent work to quantify the impact of HIV/AIDS on households confronted with food crisis, using data from assessments carried out in Malawi, Zambia, and Zimbabwe and reported in August and December 2002. This clearly shows that households with persons suffering from HIV/AIDS saw their farms produce 50% less than those of comparable households, and saw household incomes down by 35–65%. Moreover, households that were already poor suffered more than those that were comparatively better off. Households with HIV/AIDS eat less, and lower quality, food. It seems that households with HIV/AIDS are heading down into hardship and destitution, along the lines of de Waal's 'New Variant Famine' hypothesis.

### **Public response to the crisis**

Government and official donor response to the crisis was delayed. Early warning systems in place functioned, warning of the low levels of cereals production and stocks. But countries lacked contingency plans to respond. In some cases, policy decisions taken just before the crisis made matters worse, most notably in the cases of the selling off of almost all the strategic grain reserve of Malawi in 2001, and the fast-track resettlement of the former large-scale commercial farms in Zimbabwe. (Mano)

By and large government decisions to intervene in the marketing, international trade and prices of food staples were usually ineffective and indeed often worsened the crisis (Mano, Nijhoff & Tschirley).

Progress had been made in the years leading up to the food crisis in creating early warning systems, reported McNabb. But they concentrated heavily on forecasting cereal harvests and the consequent availability of cereals. They had yet to include fully non-cereal staple foods, to take into account shocks other than climatic hazards, to set food availability in the context of the livelihoods of the vulnerable, or to model changes in markets, trade and prices. The systems were designed for the use of governments and donors, with little attention to the needs of other users, especially those in the private sector.

### **Markets, prices and international trade**

Studies, most of them carried out with the assistance of MSU (Arlindo & Tschirley, Mwiinga et al., Nijhoff & Tschirley, Goverah et al.), stressed the benefits of liberalised food marketing chains.

For example, in Zambia the government had undertaken to import white maize in 2002, but delivered this to sixteen large-scale industrial millers. While maize grain prices fell after the imports, the price of milled meal fell only slightly. Hammer mills, operating at village level, produce a meal with higher nutritional value and at lower cost, but small-scale traders and millers were excluded from the imports.

In marked contrast, Mozambique in the 1990s had allowed private imports of white maize from South Africa in the 1990s into the south of the country, with the consequence that prices in Maputo were often lower than those in Beira, much closer to the food-surplus producing north of the country. The government had also sold off 40% or so of food aid, in the form of yellow maize, in the 1990s, thus allowing supplies to reach small-scale trader and processors. In the drought year of 1992, while white maize prices rose two to three times, those of yellow maize, both grain and milled, remained at normal levels.

Similarly, studies of the export of maize from northern Mozambique to Malawi showed that this improved the returns to Mozambican producers, lowered prices to Malawian consumers, while having little impact on maize prices in the centre and south of Mozambique. Selling maize did not harm the producers either in years of poor harvests, since farmers were used to switching to cassava and sweet potato to meet their own food needs.

Reports (Gravelet-Blondin & Goggin) on the operations of the agricultural commodity exchanges of South Africa and Zimbabwe — the latter suspended since 2001— recommended these as ways to reduce transactions costs and lower uncertainty over future price levels. Commodity exchanges would thus allow farmers to invest with more confidence and to specialise their production in accordance with their advantages.

The provisions of SADC protocols were intended to make regional trade simpler. During the 1990s some trade liberalisation within the region had taken place. Nevertheless, there were still significant barriers to trade, including some governments that controlled or banned trade in food on the grounds of national interest. Administrative procedures and lack of harmony in standards were other non-tariff barriers faced. Some of these arise from the proliferation of bilateral and other trade agreements which governments have agreed. (Amani)

Liberalisation or not, a major trade barrier faced is the very high cost of (land) transport within the region. This will persist until more investment in physical infrastructure takes place.

The 1990s did see more intra-regional trade in food, but much of this was South African exports of processed foods. Part of this is taking place as South African retail chains open branches in neighbouring countries, using supplies of South African food to stock much of their shelves.

### **Agricultural production**

If the region is to produce more food, production will need to be intensified, and greater use of fertiliser and improved seeds will be key features. The supply of inputs is likely to benefit from private trade within markets, with government acting to regulate and facilitate markets, rather than to act as a supplier (Goverah et al.). Seed, it was argued by Rohrbach & Mgonja, should be released regionally to maximise the benefits of new varieties. But a privatised input supply system faced two major challenges, in developing infrastructure to reduce delivery charges, and in finding ways to finance purchases, since so few smallholders had access to credit in privatised financial systems.

An exemplary case of the potential for local private business to benefit small farmers was described (Engle): Malawi's National Association of Small Farmers (NASFAM). On behalf of its 100,000 plus members and 34 groups, NASFAM contracts for supplies of fertiliser and other inputs, coordinates with credit sources, and negotiates the processing and sale of high value cash crops grown by members: rice, cotton, and chillies, the latter two being exports.

The emphasis on maize in food production in some parts of Southern Africa was questioned in several papers, most notably that by Hartmann: the crop was being grown in areas where the risks of harvest loss to low rains were high. There were calls for more efforts to diversify production away from maize to more drought-tolerant crops, including sorghum, millet, cassava, and cow pea.

Imports of genetically-modified maize as food aid had aroused controversy and uncertainty in the region, with some governments requiring that GM maize be milled before distribution to prevent the seed being planted, while had Zambia flatly refused to allow it to be distributed in any form. Several papers were critical of such moves during a food crisis. Webster's paper looked at bio-safety in the region and how to create systems that would safeguard countries against bio-hazards.

### **Commentary**

Three general points are worth raising: the focus on food production, rather than access; the advocacy of free markets and the dangers of public intervention; and the impacts of HIV/AIDS.

Much of the meeting was concerned with producing food. In contrast, there was much less said about access to food. At least two contributors stressed the large fraction of rural households — perhaps 40 to 60% — that typically are net buyers of food, even in years of good harvests and even if most of these have some land and plant some crops. Most participants, however, saw this as a challenge to increase farm output, rather than as implying the need to make sure that such households could buy food at moderate prices.<sup>2</sup>

No-one would object to trying to increase the output of farms that fail to generate enough food or income to give food security to the household. But how feasible is this? And how costly in policy actions? Most agricultural development strategies in Southern Africa over the past thirty years or more have succeeded only in significantly raising the output of farms with above-average resources. John Mellor was emphatic in recommending that policy and programmes, even if they are focused on smallholders, should concentrate in first instance on precisely such favoured areas and households. The fate of less well-endowed farming households, he added, lies in the non-farm economy, stimulated by consumption linkages from incomes spent by the commercial farmers, and in getting work on their farms. One might add to that the importance, then, of the prices of staple foods. That leads on to the next point.

Many papers and discussions, above all those presented by academics and international donors, stressed repeatedly the benefits of the free market in farm produce and in inputs. They were correspondingly worried about governments intervening in markets or international trade. Private sector agents, they argued, were likely to be more effective and efficient in producing and marketing food. The papers presented included several examples of governments creating difficulties when they attempted to control the market.

The general point may be correct. Certainly the historical record of government intervention in the agricultural and food economy, above all between the mid 1970s and the mid 1980s, shows high public costs, inefficiencies in the operations of state agencies, and some policy distortions away from efficient production patterns. But there was little said about the record of food production under the more liberal regimes that have been adopted by most governments from the mid 1980s onwards. In growth rates of farm output, the record is equally disappointing, if not worse.

Moreover, there was little comment on the large price swings that arise in food markets under liberal regimes. In years of poor harvest, cereals prices typically double, treble, or quadruple. We know, from South Asian famine history, that price rises of this magnitude

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<sup>2</sup> The SARPN meeting of 18 March 2003, with contributions largely from NGOs, saw much stress of social differentiation in rural areas, coping with poverty and access to food; with correspondingly much less said about food production.

literally kill. In Africa, the effect is muted, since people have ways of ‘coping’ thanks to their assets such as livestock, social networks, access to common property resources, and, not least often being prepared to put up with great hardship — buffers that applied much less in South Asian famines. But such price rises are alarming. In the few cases mentioned where such price spikes had been avoided, it was thanks to food aid and other examples of public intervention in markets.

Similarly, there was little mention of the pervasive failures in markets for inputs and credit. In some cases this challenge was mentioned, but the implications were not explored. Indeed, the experience of Malawi and the starter packs distribution was cited as a success. But what is this, if not public intervention in markets?

Although Marsland’s paper dealt explicitly with the impact of HIV/AIDS, the topic that was hardly at all taken up in discussions. De Waal’s (untested) hypothesis of ‘New Variant Famine’ and its implications received only an occasional mention. And yet if de Waal is correct, then substantial adjustments to agricultural and rural strategy are indicated.