



REGIONAL DEVELOPMENT BRIEFING N°5

Rural Development Briefing in East Africa: A series of meetings on ACP-EU development issues

Improving investment and stimulating agricultural growth to achieve food security in East Africa: Linking small-farmers to local and regional markets in staple foods *In the context of Actesa stakeholders meeting*

Entebbe, Uganda, 12-13 November 2010

Context

New challenges ranging from climate change to energy security, global land acquisition trends, water scarcity, constraints in availability and access to high quality seed, the decrease of remittances, biofuels demand, etc. are increasingly affecting agricultural production, threatening the small-scale farmers' livelihoods and putting at risk the nutrition levels of the rural poor in ACP countries. African agriculture faces numerous challenges such as low demand, unfavourable external markets, limited access to technology innovations, poor rural infrastructure which increases transaction costs and reduces competitiveness of products; institutional weaknesses for service provision to the agricultural value chain and weak policy and regulatory mechanisms. Farmers often do not have the necessary technology or know-how to produce to their fullest capacity; markets remain disconnected and inaccessible; the great potential of regional cooperation is largely inhibited by a number of factors including barriers to trade, border inefficiencies, and a lack of governmental organization and developed infrastructure.

Africa's regional market for food staples has a total value of US \$150 billion, with demand expected to double by 2020¹. In this sense, Africa has the power to meet continent-wide demand for foodstuffs, which would ensure food security, increase income, and spur economic growth and development². Ensuring food security will require investments across the entire agricultural value chain: property rights, seeds, irrigation, fertilizer, finance, basic technologies, storage, and getting the product to market.

Regional Policy environment and competitiveness

Regional economic integration among African states and the development of viable infrastructure on the continent are two important areas widely recognized as essential to the development of African agriculture.

Pillar II of the CAADP agenda highlights the importance of improving rural infrastructure and trade-related capacities for market access and Pillar III stresses food and nutrition security. The types of policies and investments that will make agricultural markets more efficient, reduce marketing costs and further integrate markets need to be fully examined.

Infrastructure: need to improve transportation infrastructure and streamline administrative border procedures and promote competition in the transport industries.

Wider availability of price data at regional level and better data on cross-border trade in food grains is needed. Reducing trade barriers would facilitate more accurate trade flow data collection. Building regional cross-border alliances and strengthening innovative market institutions will increase competitiveness.

Improve market information, particularly with the use of information and communication technology. Mobile phones can improve market efficiency, and economic theory favors subsidizing the provision of public goods such as market information.

Improve state intervention: in staple food markets predictable and modest and reduce barriers to cross-border grain imports.

New opportunities for small farmers in local and regional staple food markets

Regional trade has the potential not only to promote economic growth, but also to help stabilize and secure food supplies by allowing food to move efficiently from surplus to deficit areas, while allowing for a greater variety of available foods at lower market prices. Weak linkages between producers and regional markets prevent supply from satisfying demand, which limits economic opportunities and constrains productivity. Despite the importance of broad based economic growth, there is a drastic need for better markets, improved infrastructure and supply

¹ "AGRA's Market Access Program." <http://www.agra-alliance.org/section/work/markets1> (accessed April 15, 2010).

² "AGRA's Market Access Program." <http://www.agra-alliance.org/section/work/markets1> (accessed April 15, 2010).

chains. Due to low market transparency and inadequate market information systems, costs of trade currently are estimated to account for as much as 15 percent of the price of the traded good³. Some farmers that are able to sell surplus harvest only receive 10-20% of the price of their products because of excessive transaction costs and post-harvest losses⁴. Africa's regional market for food staples has a total value of US \$150 billion, with demand expected to double by 2020⁵. In this sense, Africa has the power to meet continent-wide demand for foodstuffs, which would ensure food security, increase income, and spur economic growth and development.

Amongst the most commonly consumed crops in Sub-Saharan Africa, cereals make up 51% of Africa's calorie intake, and maize, Africa's most important food commodity, comprises 15% of this total⁶. Cereals make up 51% of Africa's calorie intake, and maize, Africa's most important food commodity, comprises 15% of this total⁷. Roughly 85% of all staple foods are grown by small scale farmers⁸. Grains and pulses, roots and tubers, oilseeds, horticultural products are essential staples in Africa. There are widely grown and popular food staples. They are produced on small scale, consumed locally and sold on local markets. Linking smallholder farmers to growing national and regional markets for staple foods (commodity exchanges, warehouse receipt programmes) will create growth in staple food markets and lead to long-term decreased humanitarian aid needs in COMESA region. Ensuring food security and regional trade will require investments across the entire agricultural value chain: property rights, seeds, irrigation, fertilizer, finance, technologies, storage, and markets.

Information and Communication Technology (ICT)

Increased investment in Information and Communication Technology (ICT) coverage would also be highly beneficial to the agriculture sector in Africa. The private sector has already invested more than \$60 billion in ICT in Africa, and 65% of Africans now have access to wireless services. A total of 400 million mobile phones are in use in Africa today, and the number of users is growing faster in Africa than anywhere else in the world. In a suitable regulatory environment, a public subsidy of \$0.6 billion per annum for ten years by the private sector would reach 95% of the population, while an additional subsidy of \$0.2 billion per year would be needed to reach remaining 5% of the population⁹. The GSM network, the Global System for Mobile Communication, has the power to deliver vital information to farmers, including price data, weather forecasts, and extension services.

Objectives of the Briefing

CTA, the EC-DG Development and EuropeAid, the ACP Secretariat and ACP Group, Concord in collaboration with the East African Farmers Federation (EAAF), COMESA and the Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA)¹⁰ organise a regional briefing on Linking small-farmers to local and regional markets in staple foods. The objectives are: (i) raising awareness on existing and emerging key challenges; (ii) promoting exchange of information and expertise; (iii) feeding in the debate various perspectives. The target group is more than 130 policy makers from COMESA region, representatives of public and private organisations, regional bodies, civil society groups, researchers and development practitioners, international organisations.

³ Hebebrand, Charlotte. "International Food & Agricultural Trade Policy Council (IPC)." Woodrow Wilson International Center for Scholars. 2 March 2010.

⁴ "AGRA's Market Access Program." <http://www.agra-alliance.org/section/work/markets1> (accessed April 15, 2010).

⁵ "AGRA's Market Access Program." <http://www.agra-alliance.org/section/work/markets1> (accessed April 15, 2010).

⁶ Mbaabu, Anne. "Making Agricultural Markets Work." Woodrow Wilson International Center for Scholars. 2 March 2010.

⁷ Mbaabu, Anne. "Making Agricultural Markets Work." Woodrow Wilson International Center for Scholars. 2 March 2010.

⁸ Mbaabu, Anne. "Making Agricultural Markets Work." Woodrow Wilson International Center for Scholars. 2 March 2010.

⁹ Africa program policy brief From "Basket Case" to "Bread Basket", August 2010- www.wilsoncenter.org/africa

¹⁰ The Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA) was launched on September 24 2008 by the Common Market for Eastern and Southern Africa (COMESA)'s Ministers of agriculture. On June 9, 2009, ACTESA was established by the Heads of State of COMESA (the COMESA Authority) as a Specialized Agency to integrate small farmers into national, regional and international markets.

Key areas of focus assigned to ACTESA include the development of regional agricultural policies; promotion of investments in agriculture; promotion of trade in agro commodity products and development of production and marketing structures; development of the agricultural, livestock, pastoral and fisheries sectors and consultation with the private sector and civil society organisations on agricultural development matters especially agro commodities trade. The main goal of ACTESA is to increase farmer productivity and incomes in the Eastern and Southern Africa region through trade in strategic agricultural commodities. <http://www.actesacomesa.org/>



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Entebbe, Uganda, 12-13 November 2010

Programme

Friday 12th November

9h00-9h30 Introductory remarks: Mrs. Emiliana Tembo, COMESA Director of Gender, Isolina Boto, Head CTA Brussels Office, Philip Kiriro, President of the East African Farmers Federation, Cris Muyunda, CEO, ACTESA

9h30-13h00 Panel 1 - Improved policy environment for better regional competitiveness

This session will look at regional integration as an important strategy for widening markets and creating economies of scale within the COMESA region. The establishment of harmonized policies and systems has the potential to increase trade flows and to promote regional food security across the region and amongst regions. The new ACTESA initiative is aimed at supporting food security in the region.

Panelists:

- Regional integration: issues and challenges for the agriculture in the region
Emiliana Tembo, Director of Gender, COMESA
- Constraints and opportunities in local and regional markets
Philip Kiriro, President, Eastern African Farmers Federation (EAFF)
- Policy environment and regional new initiatives: the case of ACTESA
Cris Muyunda, CEO, ACTESA
- Market Influences and Problems/Barriers in Agricultural Marketing
Ian Goggin, Structured Trade Specialist, USAID Competitiveness and Trade Expansion Programme (COMPETE)

13h00-14h00 Lunch

14h00-17h00 Panel 2 – Value added strategies and the role of ICT's

There is a need to foster intra regional trade and value added markets in grains, promoting purchases from smallholders and increase the integration of producers in regional markets as to meet food security. The increasing availability and affordability of new information technologies offers a potential for farmers access to local and regional markets.

Panelists:

- Fostering the adoption of Regional Market Information tools and mobile technologies by smallholder farmers in regional trade and agroprocessing
Fostina Mani, Vice Chair & Kenya Director, Eastern Africa Grain Council
- The benefits of warehouse receipt system for farmers
Alex Rwego, Manager, Uganda Commodity Exchange
- The role of market information systems in staple food
Robert M. Kintu, Principal Consultant, FIT, Uganda
- The SPS measures at regional level: learning from ACP-EU experiences on food safety
Jacky Le-Gosles, European Commission, DG Health Consumers
- Contributing to Linking small –farmers to local and regional markets in vegetable marketing and trade
Ronia Tanyongana, AVRDC, The world vegetable center.

Saturday 13th November

Panel 3 – The way forward: ways to strengthen food security through regional exchanges

This session will share experiences amongst the various stakeholders on the support needed in terms of improved and expanded market facilities in staple foods; increased integration of producers in regional commercial markets; expanded employment opportunities in rural areas and upgraded skills in value-addition.

- *Nelson Juma Sumba, Cereal Growers Association (CGA), Kenya*
- *Tayebwa Bernard, Manager, Agribusiness Unit, Uganda Cooperative Alliance Ltd (UCA)*
- *Willigis O. Mbogoro, Executive Secretary, Tanzania Federation of Cooperatives Ltd*
- *Rose Ndung'u, Regional Manager, GrainPro Kenya*
- *Joseph Nkandu, Executive director, NUCAFE*
- *Grace Mijiga Mhango, Director, Women in Agribusiness in Sub-Saharan Africa (WASAA)*

After presentations from the private sector, we will have an exchange of experiences in plenary.

13h00-14h00 Lunch

Conclusions

Press conference