

Workshop on “Partnerships between government and the private sector to overcome food shortages”

Issues arising from discussions



Developing an understanding of different points of view

- private sector, economists, donors, etc. make recommendations that they regard as technically sound, often with a limited appreciation of the political difficulties in implementing such recommendations;
- on the other hand, politicians often implement policy with little or no reference to those who work daily in food marketing, or who carry out food security analysis;



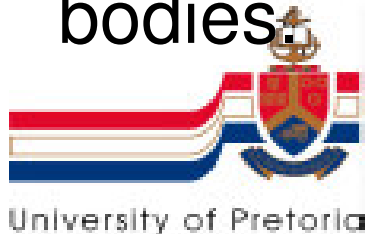
Developing an understanding of different points of view (2)

- governments are clearly unwilling to trust private sector to take care of food security: do new approaches such as Options need to be demonstrated to give governments more confidence about the market being able to work?
- private sector needs to convince governments of its capacity to supply markets at times of shortage, by storage investment, stock holding, etc.;
- a shared understanding of different points of view is essential. How can it be achieved?



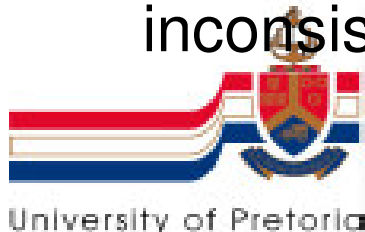
Developing confidence through improved communication

- openness and information sharing is crucial through structured and continuous dialogue;
- need for national-level forum (Grains Council?) with which governments would consult on a regular basis not just at time of policy formation;
- need for regional forum to address trade, SPS, and other issues;
- there must be agreement by government(s) to always consult stakeholders through such bodies.



No consistent signals from government!

- The private sector will only act when it is confident that the profitability of its operations will not be jeopardised by ad hoc government interventions;
 - Need for clear statement of policy, consistently applied;
 - How to achieve this?
 - Need for distinction to be made between the relief role and the poverty alleviation role;
 - Lack of clarity about the role of food aid and inconsistent food aid arrangements.



Need for a regional approach

- countries are not islands: food security needs to be looked at from a regional perspective not a series of national perspectives;
- long-distance food shipments can be minimised if imports and exports are freely permitted, so permitting most cost-efficient use of limited transport;
- how will countries adjust to the SADC Trade Protocol in 2012 when they still continue to impose trade barriers? Will the Protocol be implemented?
- what can be done now to foster a regional approach to food security?



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But the private sector must also get its act together

- The private sector does not speak with one voice;
- Is there scope for a regional meeting of grain traders and millers to discuss common issues and, perhaps, develop a regional organization?



Surpluses also present problems

- In the long run surpluses can be just as damaging for food security as droughts, if low prices encourage farmers to stop planting;
- governments therefore need to avoid interventions such as export bans that could have negative price effects;



Improved coordination

- droughts tend to hit most of the region at the same time. A coordinated response embracing policy and logistics issues is required. Early decisions about commercial and relief supplies are essential to avoid logistics problems. This requires clear and consistent policy, not last-minute decisions;
- there is a need to minimise competition between private and public sectors for transport resources;



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New approaches

- The private sector already trades futures on SAFEX. Trading of options may offer possibilities and may be welcome to politicians reluctant to leave food security to the private sector;
- The use of warehouse receipts is potentially important for traders and large farmers but use by small farmers may not be commercially feasible;
- Weather insurance, as WFP is presently experimenting with in Ethiopia, should be closely monitored;



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Information requirements

- *What market price information does the private sector require?* SAFEX price; web-based trading such as tradeAfrica.biz, cross-border prices;
- *What other information is required?* Crop estimates; stockholding by government and planned releases; policy and market/trade regulation changes; latest SPS regulations...

Trade issues

- Governments must honour existing agreements;
- SADC and COMESA should work towards harmonization with eventual aim of removing all trade restrictions;
- Urgent attention needs to be paid to upgrading customs services, improving border procedures, removing internal police blocks, etc.



Recognising the role of the informal sector

- The importance of cross-border trade has been demonstrated and this needs to be recognised by a willingness of governments to permit it even at times of scarcity;
- When there are shortages the informal sector (millers and traders) loses out because imports are directed to commercial millers. Ways of addressing this problem need to be developed both for aid and commercial supplies;



Infrastructure

- Infrastructure, particularly railways, requires urgent attention. It is ridiculous that RSA has had to supply Zimbabwe by sea. Road improvements and new roads could greatly facilitate trade;
- private sector capacity to invest in storage is constrained by lack of finance and, sometimes, foreign currency shortages. What needs to be done for banks to lend for private sector infrastructure development?



and not forgetting production

- part of the problem faced in the sub-region is its maize monoculture. Efforts should be stepped up to encourage diversification by developing new markets (e.g. for cassava meal);
- food crops are predominantly rainfed. Increased efforts need to be paid to developing irrigation and other technological improvements should be promoted.



How to ensure workshop's recommendations are followed up

- not the first time such recommendations have been made, but seem to have little impact;
- how can policymakers be approached in a regional context?
 - high-level regional meeting (e.g. at time of SADC Conference)?
 - national policy missions (organized by who?) to discuss these issues with politicians and others;
- does the expected year of surplus present a golden opportunity for policy reform?
- policy reform requires ongoing dialogue. Just one meeting is not enough.

