



# The Role of NGO's in Linking Farmers to Markets

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# The Story of Timbuktu

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- Golden age: 1350-1650
- University of 25000
- Philosophy, Math, economics, astronomy, culture
- Emperor Mansa Musa's Pilgrimage in 12<sup>th</sup> century



## Realities of Agriculture

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1. Agriculture a victim of its own success
2. Agriculture lost its political lobby
3. Industrial farming reaching viability threshold
4. Reversal in capital flows into farming
5. Still a generational industry (tacit knowledge)
6. Tolerant of failing institutions



## Notable facts and quotes

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- In 2008, China announced a \$5 billion plan to develop agricultural assets in Africa. That's just a start. Given that it has 20% of the world's population but only 7% of its arable land and 7% of its freshwater resources, China has no choice but to look beyond its borders. And the global recession has hardly slowed its appetite for crops. In the first four months of 2009, China imported a record 13.9 million tons of soybeans.



# The African land grab

(Fortune Magazine 2009)

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- The Gulf States of Qatar, Abu Dhabi, and Saudi Arabia have already begun making deals to acquire or lease large tracts of farmland in Africa and Asia at bargain prices. That in turn has led to spate of headlines recently about a "land grab" by rich countries.
- When South Korea's Daewoo Logistics announced a \$6 billion deal last November to lease roughly half the arable land in Madagascar it caused so much anger that it helped spur a coup d'etat.

## Growth in demand for, and production of, agricultural products, 1991-2050

<b>Region</b>	<b>1991-2001</b>	<b>1999/01-2030</b>	<b>2030-2050</b>
<b>Growth in demand (% per annum)</b>			
World	2.2	1.5	0.9
Developing countries	3.8	2.0	1.1
Developing countries excl China	2.8	2.2	1.3
Industrial countries	1.1	0.7	0.4
Transition countries	-2.9	0.5	0.1
<b>Growth in production (% per annum)</b>			
World	2.3	1.5	0.9
Developing countries	3.8	1.9	1.1
Developing countries excl China	2.8	2.2	1.4
Industrial countries	1.4	0.6	0.2
Transition countries	-3.1	0.5	0.2

## Potential arable land and arable land in use in developing countries, 1997/1999 and 2030

Region	Total land suitable (million ha)	Arable land in use (million ha)		Land in use as % of potential		Balance (million ha)	
		1997/99	2030	1997/99	2030	1997/99	2030
<b>Developing countries</b>	<b>2 782</b>	<b>956</b>	<b>1 076</b>	<b>34</b>	<b>39</b>	<b>1 826</b>	<b>1 706</b>
Sub-Saharan Africa	1 031	228	288	22	28	803	743
Near East/North Africa	99	86	93	87	94	13	6
East Asia	366	232	237	63	65	134	129
South Asia	220	207	216	94	98	13	4
Latin America	1 066	203	244	19	23	863	822

## Potential irrigated land and irrigated land in use in developing countries, 1997/1999 and 2030

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Region	Total land suitable for irrigation (million ha)	Irrigated land in use (million ha)		Irrigated land in use as % of potential		Balance <sup>1)</sup> (million ha)	
		1997/99	2030	1997/99	2030	1997/99	2030
<b>Developing countries</b>	<b>403</b>	<b>202</b>	<b>242</b>	<b>50</b>	<b>60</b>	<b>201</b>	<b>161</b>
Sub-Saharan Africa	37	5	7	14	19	32	30
Near East/North Africa	44	26	33	62	75	18	11
East Asia	112	71	85	64	76	41	27
South Asia	142	81	95	57	67	61	47
Latin America	68	18	22	27	32	50	46

# Sources of output growth

	Arable land expansion		Increased yield		Cropping intensity increases	
	1961-1999	1999-2030	1961-1999	1999-2030	1961-1999	1999-2030
<b>Developing countries</b>	<b>23</b>	<b>21</b>	<b>71</b>	<b>67</b>	<b>6</b>	<b>12</b>
Sub-Saharan Africa	35	27	34	61	31	12
Near East/North Africa	14	13	72	68	14	19
East Asia	26	5	79	81	-5	14
South Asia	6	6	80	81	14	13
Latin America	46	33	55	46	-1	21



# Necessity of the Developing sector

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1. Historical Resilience
2. Rural Welfare
3. Poverty safety-net, not trap
4. Incubator for next generation
5. Efficiency gains
6. The Asian example (e.g. China)
7. Moeletsi Mbeki: The Architects of Poverty



## How do we approach the sector?

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- Failure of: projects, imperfect institutions, paternalism, state
- Missing embedded systems
- Challenge to make markets work
- The capacity challenge
- The 'implicit subsidy'



## The role of NGO's

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- Strong civil society
- Weak states
- Donor driven
- Advocacy
- Voluntarism
- Strong individuals



## Role in linking farmers to markets

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- Advocacy
- Advisory
- Watchdog
- Facilitation (3<sup>rd</sup> party)
- Project management (BoT)
- Subsidy conduit
- Tech transfer
- Lower transaction costs



# Linkage models

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1. Farmer to farmer
2. Farmer to processor
3. Farmer to customer
4. Contract design & monitoring
5. Subsidising bulky investments
6. Removing info asymmetries
7. Checking on opportunistic behaviour (*ex ant* & *ex post*)
8. Managing moral hazard and adverse selection
9. Quality enhancement
10. Value addition
11. Support services (tech, finance, training, etc.)



# NGO challenges

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- Exit
- Donor dependence
- Entrepreneurship
- Benefit sharing
- Crop selection
- Diversity of needs
- Complimentary to govt
- Sustainability
- Collective action problems
- Dealing with failure
- The nature of PPP's



## Pete Ondeng (Africa's Moment)

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God said,: 'Go and build a better world"

And I said, "How?"

The world is such a big place,

And so complicated now,

And I'm so young and helpless,

There's so little I can do".

And God in all his wisdom said,

"Just build a better you".



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*Enjoy your deliberations...*