

Group 2: Private Sector

Why is agriculture not a priority sector for the private sector and what should be done to address this issue?

	WHY?	HOW?				WHO?
		Immediate		Medium and long term		
		Policies	Programmes	Policies	Programmes	
Farmers						
<i>Lower profitability</i>						
	High input/equipment costs	Remove taxes and tariffs				Ministry of Finance
			Rural feeder roads improvement			Local and central government, communities
					Transport infrastructure improvement	Ministry of Public works
		No restrictions for imports and distribution				Ministry of trade and commerce
			Bulk imports			Traders and farmers' organisations
	Insufficient markets					
				Regional market integration and common external tariff		Governments and Regional organisations
			Undertaking			Chamber of

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		Policies	Programmes	Policies	Programmes	
			promotion programmes			commerce, Ministry of trade and commerce
	Lack of market information					
			Explore new export markets			Chamber of commerce, Ministry of trade and commerce
			Trade Points			Government and regional organisations
			Market information system (radio/phone-based/internet)			Chamber of commerce, Ministry of trade and commerce/agriculture
	Inadequate infrastructure - roads - railways - irrigation - electricity - market places - storage facilities - communication links			Allocate more resources to infrastructure development and maintenance	Provision of cash for non-local inputs for infrastructure maintenance and construction	Local and central government, communities organisations
	Security of land	Rules for land				Government in

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	tenure and land/water rights	leasing, purchasing				consultation with stakeholders
					Issuance of land titles	Government and local communities
		Regulation on water rights				Ministry of Water in consultation with stakeholders
	Technology availability and dissemination		Intensify extension activities (farmers' schools, information centres)			Ministry of agriculture, local authorities, NGOs, private sector, farmers' organisations
			Intensify research activities			Research institutes, farmers' organisations, private sector
	Credit					
	- short term credit	Legal framework for contracts and its enforcement				Government
	- long term credit				Establish credit lines for agriculture and rural development	Central Bank, Ministry of Finance
					Expand network of finance institutions in rural areas	Commercial/private banks
	Taxes	Provide tax				Min of Finance

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		holiday to new investors				
	Timely availability of inputs	Promotion and Capacity building support to input traders				Government, NGOs and private sector
		No restrictions for imports and distribution (<i>bis</i>)				Ministry of trade and commerce
		Study re: feasibility of establishing fertilizer plants in Comesa and other RECs				COMESA, FAO
	Lack of quality seeds and planting materials	Expand seed multiplication and certification	Open up to private sector and implement existing strategies			Min of Agriculture, input suppliers, international research institutions, regional seed networks
	High risk - weather - diseases - pests - price fluctuation		Promotion of resistant crops and appropriate technologies (extension)			Ministry of agriculture, local authorities, NGOs, private sector, farmers' organisations

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					Establishment of future markets	Ministry of trade and commerce
			Explore feasibility of price bands/indicative floor price		Establishment of national food reserve	Ministry of trade and commerce, Ministry of agriculture
				Import/export licensing?		Ministry of trade and commerce,
					Strengthen plant protection and animal health services	Ministry of agriculture, Regional organisations
	Lack of insurance cover		Feasibility study for insurance schemes		Introduce insurance schemes	Ministry of agriculture
	Lack of awareness of opportunities				Investment promotion centre(s)	Chamber of commerce, Ministry of agriculture, Ministry of trade and commerce
	Low status of agriculture		Intensify agriculture in education system at all levels			Ministry of Education/Agriculture
			Awards for best farmers			Ministry of agriculture, Farmers' organisations
Traders						

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<i>Non-tariff barriers</i>						
	Lack of information on required standards		Establishment of Trade Points			Government and regional organisations
	Difficulty to find products that meet standards		Extension and training			Chamber of commerce, Ministry of agriculture
	Sanitary and phytosanitary certification			Harmonisation of standards		Government, regional and international organisations
					Regional labs	Government and regional organisations
	Excessive border control				Trade facilitation programmes	Government and regional organisations
	Licensing	One-stop centre				Government, Ministry of trade and commerce
	Existence of cartels					
	Illegal road blocks	Remove illegal fees collection				Home ministry? Local government
	Instability of volume marketed		Contract farming			
	Contracting	Legal framework for contracts and				Government, Ministry of trade

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		its enforcement				and commerce
	Legal and regulatory framework and enforcement	Strengthen judiciary and law enforcing agencies				Government, Ministry of Justice and Office of the Head of state and government/Home ministry...
	Frequent changes/instability of policies and regulations	Enhance importance of national assembly in policy making				Government
	Lack of working capital					
	Lack of collateral		Warehouse receipts			Ministry of commerce and trade, Ministry of finance
	High transport costs			Allocate more resources to infrastructure development and maintenance	Provision of cash for non-local inputs for infrastructure maintenance and construction	Local and central government, communities organisations
Processors						
	Reliability of supply of raw materials		Supply contract			Processors/traders/producers
	Lack of working capital				Line of credit for agro-processing	Central bank and Ministry of Finance

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	Tariff escalation			Negotiation of trade agreements		Ministry of trade and commerce
	Stiff competition for processed products					
	Reciprocal market access under trade agreements		Strengthen capacity in negotiations	Careful negotiation of trade agreements		Ministry of trade and commerce
	High cost of technology				Joint ventures	Private sector and foreign partners
					Technology development schemes	Government, Chamber of commerce/industry/ agriculture
	Lack of skilled personnel				Capacity building programme	Government, Chamber of commerce/industry/ agriculture
	Unreliable and expensive electricity and water supply				Invest in infrastructure	Government, incl. in partnership with private sector
	Lack of information on required standards		Establish Trade Points			Government and regional organisations
	Difficulty to find products that meet standards		Extension and training			Chamber of commerce, Ministry of agriculture
	High taxes	Tax holidays				

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	Specific to foreign investors:					
	Profit repatriation	No limit				
	Lack of trust	No policy U-turns	Information by Board of investment			Government
	Political stability	Peer review				AU/NEPAD and regional organisations

Consultation with private sector

- Regular meetings at highest level between government and private sector representatives to discuss on policies and constraints
- Request for proposals at the time of budget from various private sector associations
- Private sector representatives on boards of parastatal bodies
- Private sector representation form part of government teams for negotiations, trade fairs and other international fora