

Building a case for more support to
agriculture in Sub-Saharan Africa

Lessons from success
stories from Africa
and elsewhere

Purpose of analyzing “success stories”

- Issue: consensus re: agric critical but perception: investment ineffective
- => Contribution to positive view on African agriculture and support provided
- => General lessons beyond anecdotal cases
↔ key issues & constraints discussed earlier

Sources: selected examples from organized analysis by IFPRI (Vision 2020), ODI, MSU, WB, ILRI etc.

Tea, horticulture and dairy dev^{ts} in Kenya - 1

Tea:

- 16% production of World's black tea, 2nd exporter, SSF's share from 2% to 62% (1963-2000)
- Factors:
 - investment policies
 - institutional support (KTDA)
 - attractive world prices
 - land redistribution policy (independence to 70s)₃

Tea, horticulture and dairy dev^{ts} in Kenya - 2

Horticulture: 16% of agric exports, key source of rural income & employment, SSF = 60% of hortic exports (see also Cote d'Ivoire)

Policy and instit factors, similar to tea:

- existing airline connections (infrastructure)
- HCDA, ↑ 1967: restricted role to advisory & regul support + facilitated role of private sector in organizing the industry
- Iterative & flexible dev^t of institutional arrang^{ts} by private sector (e.g. contract farming)

Tea, horticulture and dairy dev^{ts} in Kenya - 3

Dairy, impressive dev^t: 3 million t. prod / yr, > 2x anywhere in SSA, domestic market, SSF = 80% output

Factors:

- long process: improved breeds (1900s), range gov^t financial & instit support (1930s)
- 50s-60s: SSF dairy dev^t <= growing demand + vet & extension services + cooperative dev^t
- ↗ know-how and productivity of sub-sector
- Recently: liberalization of sector

Tea, horticulture and dairy dev^{ts} in Kenya - 4

Conclusion: common characteristics on importance & nature of public support

- role of legal and policy framework (land reform, regul framework, political support)
- instit support through initially public funded authorities gradually transferred to private sector (Public-private dialogue)
- public infrastructure (transport of product)

Rice in Mali and Guinea - 1

Mali (irrigated): prod x 5 in 20 yrs; ~ self-sufficient; fm 1.9 to 2.1 t/ha (6 t at Office du Niger, previously economic nightmare); area x 130% (1990-2001) - despite challenging trade

Policy/instit Factors:

- stakeholders involvement (consultation; water user groups) and ↑ cost-effectiveness
- liberalization of marketing syst + dev^t private sect agro-processing units
- Competitive currency devaluation (temporary effect)

Rice in Mali and Guinea - 2

- Guinea: prod x 2 in 10 yrs despite not irrigated, 85% domestic prod.

Policy/instit factors:

- policy env^t for priv. sect. (e.g. credit)
- enhancement market conditions & ↑ producer price ≤ roads, market info, credit to traders
- enhanced support services (processing, technology, R&E, new varieties - NERICA)

Challenges not over

Cassava: staple food for 200 million Africans and guarantor of food sec.

↑ ↑ Production and productivity: output +30% (1994-2004), yield ~ +50% (since 70s)

Main policy/instit factors:

- Technology dev^t (agro-processing, research and propagation response to spread of pests and diseases under improved interN^{al} cooperation - IITA) - requires sustained support
- Macroecon measures (devaluation, ↓ food import subsidies, liberalizⁿ of maize)
=> ↑ comparative interest of cassava

Cotton in Mali

Competitive (challenging market conditions); 2nd export earner; mainly SSF; 15% Gov^t revenues;

prod. +9%/yr over 40 yrs; positive impact on other crops (maize)... see West & Central Africa

Main factors: interesting case of strong public support

- Vertically integrated, state-owned monopolistic cotton Co.: range of support sces (credit, extn, local dev^t); pan-territ pricing, rural infrastructures ⇔ coordinⁿ functions
- Farmer org.: marketing services > negotiations with Co.
- R^{gal} framework of research institutions.
- Currency devaluation (1994)
- ¿Persistent support (incl. political) from dev^t partner – direct business interest in developed country?

Cotton in other countries: variety of instit options but issue of coordinⁿ

Factors of success from village-based perspective

- Previous cases: commodity-based;
- Analysis of series of local studies (Wiggins, 2000)
- Main findings:
 - Better performance than what statistics suggest
 - Key driver of change & performance = market access - though not sufficient condition (e.g. poor agro-ecology)
 - Successful crops often NOT traditional export crops: onion, pumpkin, with market opportunities across borders (Reg trade)
 - Technology important but not main driver of change

Preliminary conclusion

- Other documented cases: Cocoa in CI, Maize in Zwe etc.
- Illustrate capacity of SSA agric to respond to key challenges: e.g.,
 - response to market demand (cassava and growing urban pop);
 - creation of new institutional arrangements (PO, contract farming in response to liberalization);
 - new technol incl. plant genetics;
 - soil fertility and productivity enhancement (Conserv. farming, enhanced fallow systems)
- ... and remind of need for sustained support₁₂

Cases from elsewhere: The Marshall Plan

See previous presentation

Main features/factors of success:

- Financial transfers from US to reconstruct Europe
- Policy advice (not compulsory) from OEEC
- Flexible planning process and private-public sector consultation mechanisms
- Restricted state interventions in private sector related areas
- Motivation/belief of senior policy stakeholders

Cases from elsewhere: features of the “Asian Miracle”

Key role of gov^{ts} in:

- Defining objectives, strategies and plans,
- providing infrastructures,
- handling directly selected econ. activities but accompanying private sector investment & activities, not replacing them;
- Ensuring macro-econ. and political stability
- land reforms (where needed)
- addressing market failures and stabilizing agric prices (stockpiles for guaranteed floor price for producer and protecting consumers fm sharp increases; export-import licensing to regulate supply; import bans & direct subsidies)

Cases from elsewhere: features of the “Asian Miracle”

- ↑ human capital: general education & extension services
=> ↑ labour productivity
- price incentives => growth in rural areas

Other noticeable factors:

high savings rates;

existence of infrastructure and equipment earlier;

highly populated countries;

massive foreign aid

¿ Contextual differences between Asia yesterday and Africa today ?

1. Physical conditions and factor proportions?
 - Water control more difficult?
 - Popⁿ densities => higher unit costs? Delayed intensifⁿ?
 - Diversity of agro-ecol conditions
 - Consumers preference for crops not suited or not tradit of Green Revolution
 - Semi-arid areas choose low yield – low risk crops
 - Reversing soil deterioration, challenging

¿ Contextual differences? - 2

2. Globalization?

- \searrow world food prices + \nearrow integrated markets \Rightarrow less protection for import-subst strategies
- \nearrow Weakness of SSF in transactions (input, output, credit) with liberalized markets and intensification + \nearrow constraints fm supply chain mgt + biotech dev^t agenda
- Africa's comparative adv. crops under InterNal competition

3. Institutions & Policies?

- Successful Green Revolutions often not under liberalized markets
- Current fertiliers markets not supporting growth in SSF cereal prod. (market coordination constraints?)

CONCLUSION

Main findings from African success stories

- Need to link indiv. stories with previous analytical framework (constraints & opportunities)
- Adapt to context, various options
- picture of SSA agriculture demonstrate that agriculture can develop effectively
- need for stable and conducive macroecon. enviro^t (e.g., exchange rate policy favourable to competitiveness)
- need for favourable policy and regulatory framework (e.g. land reform and legal framework for contracts)

(...)

- public support essential re: specialized institutions that provide variety of services (advisory support to farmers; research and extn; farmer training; and that channel significant public resource to sector
- technology, essential ingredient for agric dev^t
- promotion of agro processing and market information => making markets responsive.
- public infrastructure is indispensable
- creation and support to smallholder farmer organisations and establishment of consultative mechanisms is necessary.

CONCLUSION

Lessons from non-African experiences

- additional financial resources are important, but policies, institutions, political will and general mobilization matter at least as much.
- stabilization of prices ! => encourages private invest^t
- agriculture can be engine of growth and basis for solid and diversified economic growth, by exploiting linkages between agriculture and the rest of the economy

CONCLUSION

Lessons from non-African experiences

(...)

- encourage domestic savings
- dev^t of human resources, science and technology: essential for the longer term,
- invest^t in agric research has proven quite profitable, incl. in SSA
- public organisations can be efficient provided good governance and management practices are adopted

The End
on lessons from selected success stories

→ *Where do go from here ?*