

**ASSURING FOOD AND NUTRITION SECURITY IN AFRICA BY 2020:
Prioritizing Action, Strengthening Actors, and Facilitating Partnerships**
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SUMMARY NOTE

Plenary Panel: **Improving Implementation: What Can Lessons from Successes and Failures Teach Us?**

Panelist: *Peter Hazell*, Director, Development Strategy and Governance Division,
International Food Policy Research Institute (IFPRI)

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Given the many seasoned Africa hands at this conference, it seems presumptuous for an outside researcher to be telling you how to do your jobs better. My only claim to credibility is that I can draw on two sources of new evidence. The first is a recently completed IFPRI project on Successes in African Agriculture. The main findings from this study are summarized in a set of briefs provided to the participants of this conference. They are also available at:
<http://www.ifpri.org/events/conferences/2003/120103/papers/papers.htm>

The second is some comparative work on agricultural development in Asia and Africa that IFPRI and Imperial College, London, are just completing. This project is described at: <http://www.wye.ic.ac.uk/AgEcon/adu/research/projects/ppag/ppagaes.pdf>

Lessons from Past Successes

Too often agricultural development experts have sought success through “magic bullets,” meaning single-dimensional interventions that are expected to single handedly transform African agriculture. Some of the magic bullets recently tried in Africa include macroeconomic policy reform, technology fixes (such as improved crop varieties, soil management, treadle pumps, and organic agriculture), microfinance, market information systems, and market chain integration. Some of these interventions are important and have the potential to make a real difference. But our analysis of past successes shows that successes are more complex and multidimensioned phenomena. Magic bullets work when they are part of a critical mass of several essential and interlocked ingredients that are required for agricultural growth.

In thinking about the requirements for success, it is useful to think in terms of market chains. These extend from “plow to fork” as my IFPRI colleague Ashok Gulati likes to put it.

Market chains begin with the production process. For this, farmers need access to land and labor, appropriate technology, key inputs (seed, fertilizer, etc.), credit, knowledge, and market incentives. When all these things come together and click in the right ways then on-farm productivity can increase.

The next step in the chain is postharvest handling and storage, leading to marketing activities. Marketing must include working arrangements for collection of farm products, wholesaling, agroprocessing, retailing, and exporting. Key requirements here are infrastructure and transport systems, market information, trader credit, quality and safety standards, contract enforcement, arrangements for handling price risks, and a stable and conducive policy environment. When all these things come together and click in the right ways, then farmers have incentive to produce and processors and traders have incentive and means to provide key marketing and processing services.

Successes arise when all the parts in a market chain function. Any major gap or bottleneck in the chain can cause failure, regardless of how magical some parts of the chain may be.

Market chains are failing many small farmers in Africa today. Some market chains have worked well in the past, especially market chains for traditional export crops like cotton, coffee, and cocoa. But these market chains are increasingly challenged by their privatization, by persistent downward trends in world prices, and by consumers’ increasing demands for higher quality products.

Ironically, the best market chains in Africa are for agricultural imports and these can undermine African farmers. Some of these chains successfully bring canned fruit juices from farms in Thailand and other Asian countries to tourist hotels in Africa, crowding out inferior local products. Food aid and world grain markets are also very efficient at bringing subsidized grains from farms in Europe and the Prairies and Great Plains of North America to crowd out locally produced food staples in Africa.

Recent years have seen some remarkable growth in market chains for nontraditional exports from Africa, especially for horticultural products, fish, and some processed foods. These chains have been developed and driven largely by the private sector and have made some important contributions to agricultural growth in Africa. But they are still relatively unimportant and anyway are biased towards larger, capital-intensive commercial farms that can meet high standards. Despite some successes, they are not reaching small farms anywhere near the scale needed to make a dent in Africa's poverty statistics.

Market chains for domestic and intraregional trade in food staples are still struggling and are a serious constraint on small farm development in Africa. They also make it difficult for African farmers to compete with subsidized food staple imports from the rich countries. The value of Africa's food staple consumption (foodgrains and livestock products) accounts for some two-thirds of total agricultural production, and it is projected to double by 2015. Market liberalization programs have proved disappointing, and many small farms have less access to credit, key inputs or marketing services than before the reforms, and they are also now fully exposed to the vagaries of world market prices. Unlike some market chains for higher value products, the private sector is not likely to play a large role for many food staples at this stage of Africa's agricultural development. Fixing these market chains needs to be one of the highest priorities for African policymakers.

Lessons from Asia

In thinking about market chains for food staples, it is useful to look at the experience in Asia during the green revolution era. Different agents have key roles to play in market chains, and it is now fashionable among development experts to think that the private sector and producer organizations can perform most market chain functions. In this new paradigm, the government's role should be limited to creating an enabling environment, such as setting and regulating grades and standards, ensuring food safety, and registering and enforcing contracts. But I am impressed by the key role that the public sector played in food staple market chains during the early years of the green revolution in Asia.

There the public sector went far beyond a facilitating role and provided most key services itself, including R&D, extension, improved seeds, fertilizer, credit, storage, and marketing. Moreover, government intervened to stabilize prices for producers and consumers alike, and provided subsidies for many key inputs to encourage their uptake.

IFPRI's new work on India shows these interventions played a key role in launching the green revolution. They also helped ensure that small farmers were able to participate, and this contributed greatly to the levels of poverty reduction achieved. Our calculations show that most of these policies and interventions had favorable benefit/cost ratios in the early years, but these ratios worsened over time once the interventions had served their primary purposes. Unfortunately, once institutionalized, it has proved very difficult to remove these interventions, and as input use increased, the costs to the governments soared. Today, for example, India spends about \$10 billion per year on unproductive subsidies.

The international development community is now so obsessed with post green revolution problems that it is asking Africa to launch its own agricultural revolution without these kinds of public interventions. Africa is being asked to rely almost exclusively on the private sector and producer organizations. Is the international development community asking for the impossible? Is it drawing the right lessons from Asia?

There is hardly any credible evidence to suggest that the private sector can take the lead in market chains for staple foods during the early stages of agricultural development. As farmers struggle with low productivity and high subsistence needs, low input use, low incomes, poor infrastructure, high risks and the like, the amount of profit to be made in market chains for food staples remains low and unattractive for much private investment. There is also a growing body of studies showing that important institutional and market failures are to be expected at that level of development. It is a singular fact that no Asian country developed its food staple agriculture from a subsistence to market orientation without heavy public intervention in the market chains. But then nor have any other developing countries, or indeed most OECD countries (and almost none in the past half century)! Africa has suffered from the imposition of many inappropriate development paradigms in the past, and we may now be seeing the emergence of another.

I am not advocating a return to costly and inefficient parastatals or to hefty and poorly targeted subsidies. Nor am I arguing against a strong role for the private sector where this can work, e.g. in many high value market chains. But what we need is a much better understanding of those aspects of public intervention that really worked in Asia and why. Then we can draw the right lessons for developing new institutional innovations to bring those essential ingredients to Africa.

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