



# **Measures to address Food Security in the SADC region**

**A background paper**

**SADC Secretariat**

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Tomaz Augusto Salomão  
Executive Secretary  
March 2009

## 1.0 INTRODUCTION

The SADC region is experiencing food insecurity. Using total cereal production as a proxy for food security, the region's total cereal production has stagnated since 1990. The actual levels of production in 1990 and 2006 were 22,062,000 and 23,607,000 metric tonnes, respectively. Over the same time period, the region's population increased from 152 million to 249 million, implying that per capita food consumption from domestic production declined substantially from 145kgs in 1990 to about 95kgs in 2006. This means a sixty three percent (63%) growth in population and only a seven percent (7%) growth in cereal production. As a result, the region has had to satisfy its cereal requirements through commercial food imports and food aid. In the 1992-1993 year, which was affected by drought, total imports of cereals exceeded 10 million tonnes. The lowest level of cereal imports was just over 4 million recorded in 2001-2002. Food imports compound the balance of payments problem, use up scarce foreign exchange and necessitate extra budgetary expenditure. Food aid creates dependency on donors, thereby undermining efforts to increase domestic production.

In spite of food imports and food aid, according to the Regional Indicative Strategic Development Plan (RISDP), average per capita dietary energy supplies have declined over the past 25 years in the region to an estimated 2.160 Kcal against a recommended requirement of 2.700 Kcal; and protein supplies have decreased to 49g per person per day against a requirement of 68g. This trend will make it difficult for SADC Member States to meet the RISDP goal of halving extreme hunger by the year 2015.

Food insecurity in the SADC Region is associated with a high level of poverty. Data show that seventy percent of the SADC population lives on less than \$2 per day and 40 percent lives on less than \$1 per day. This high incidence of poverty was on the agenda of the SADC International Conference on Poverty and Development, which was held in April 2008 in Mauritius. The aim of the Conference was to reflect on commitments made towards poverty eradication and adopt innovative approaches to the region's poverty eradication strategies.

At the end of the Conference, the SADC Heads of State and Government signed a SADC Declaration on Poverty Eradication and Sustainable Development which declares the following as priority areas requiring urgent attention at regional level:

- (i) Achieving food security in a situation of growing global food shortages;
- (ii) Addressing the adverse impact of climate change in the fight against poverty;
- (iii) Increasing capacity in power generation and transmission as well as secure use of renewable and alternative source of energy;
- (iv) Achieving higher economic growth through accelerated regional integration, pro-poor trade liberalisation and economic development;

- (v) Developing and sustaining human capabilities through increased access of the population to quality and appropriate education, training, welfare and social development, nutrition, health, and sporting services as well as information in all Member States; and
- (vi) Accelerating development, rehabilitation and maintenance of infrastructure for Regional Integration.

In order to address the above priorities, the Heads of State and Government resolved, among others to:

- (i) achieve food security by setting up a Task Force of Ministers of Trade, Agriculture and Finance to encourage regional collaboration and by sustainably improving the production capacity and productivity, facilitating cross border and internal food flows based on improved infrastructure and distribution networks;
- (ii) mandate the Task Force to immediately focus on the current food crises;
- (iii) promote financial sector development including micro finance and develop small and medium enterprises with emphasis on gender;
- (iv) accelerate implementation of regional integration including intra-regional trade liberalisation, cross border investment and value addition by improving the business and investment climate;
- (v) strengthen our partnership with the private sector and civil society at large to mobilise financial and technical resources to combat poverty at its root.

A SADC Task Force of Ministers of Trade, Finance and Agriculture met on 13 July 2008 in Lusaka, Zambia to discuss measures to mitigate increasing food prices, the impending food crisis and ways to improve the food security situation in the SADC region. The meeting provided a forum to discuss ways and means of responding to the food crisis the region was facing and improving the current and future food security situation in the SADC region, in line with the SADC agenda of Regional Integration and Poverty Reduction.

In preparation for this Task Force meeting, the Secretariat identified a regional expert to carry out a study on 'Measures to address increase the Food Security situation in the SADC region'. This study thus provided background issues and a proposals for consideration by the Ministerial Task Force and also facilitated discussions at the meeting of Ministers of Trade, Agriculture and Finance.

## **1.2 THE STUDY**

Food and energy prices have a significant impact on SADC's regional integration and poverty reduction agendas, through a multi-faceted transmission mechanism that includes rising domestic inflation levels for food and oil

importers, deteriorating current account and fiscal balances, rising interest rates, lower GDP growth, and ultimately loss of jobs and increase in poverty levels. A number of interventions therefore must be made at the macroeconomic level to address the impact of these crises on the vulnerable populations. The study will, among other issues, seek to determine the extent to which the recent increases in food and energy prices have impacted on regional economies, especially the regional integration and poverty reduction agendas and suggest action plans to mitigate the impacts in the short to long term.

Based on documents relevant to the current food and energy shortages and the food and energy security situation in the SADC region; the Plan of Action agreed at the May 2004 Dar-es-Salaam Extra-Ordinary Summit on Agriculture and Food Security; literature on the World Food and Energy Crises and their effect on the SADC Region; literature on bio-fuel and its effect on food availability in the world and the SADC region; the current oil price increases; constrained electricity generation capacity and the impact of these on the regional economy; literature on social security in the region and its relation to food security and poverty reduction; documents on food trade within the region, especially, those related to intra-regional as well as extra-regional trade; discussions with relevant SADC Secretariat personnel, the study

- identifies factors/challenges (policies, structural factors, institutional factors, etc) that make the SADC region vulnerable to food insecurity and continued abject poverty;
- identifies factors/challenges (policies, structural factors, institutional factors, etc) that make the SADC region vulnerable to energy insecurity;
- Proposes how the SADC (at both regional and national levels) can overcome the various challenges it faces in order to be food and energy secure;
- provides guidance on how the different sectors/ministries and other stakeholders could individually and also in collaboration with others do in order to overcome bottlenecks retarding the region to achieve sustainable food and energy security.
- Analyses the impact of the rising food and energy prices on macroeconomic variables, particularly the macroeconomic convergence indicators; and what measures can be taken to mitigate the impact.

## 2.0 PERSPECTIVES ON THE CURRENT FOOD SITUATION IN THE SADC REGION

### 2.1 Overview of the Current Food Situation in SADC

From 23.61 million tonnes in 2006, cereal production in the SADC Region increased to 24.23 million tonnes in 2007. Estimates for 2008 indicate an increase of 18 percent in cereal production over the 2007 level to 28.62 million tonnes. Compared to last year, all member states expect an increase in production, except Malawi, Zambia and Zimbabwe. Increased production of cereals will enable the region to reduce its cereal deficit from 3.72 million tonnes in the 2007/08 marketing year to 745,000 tonnes in the 2008/09 marketing year. The sharp reduction in the overall regional cereal deficit is largely due to a big increase in cereal surplus in South Africa where the surplus has grown from a deficit of 1.2 million tonnes last year to an estimated surplus of 2.29 million tonnes this year. As shown in Table 2.1, there are also overall cereal surpluses in Malawi and Zambia.

**Table 2.1: 2008/09 All Cereal Requirement, Demand and 2008 Production Estimates Compared to 2007 and 5-Year Average ('000 tonnes) as on 10<sup>th</sup> June 2008.**

	2008/09 Marketing Year			Production (Harvest Year)			5-Year Average	
	Required* ('000 tons)	Available* ('000 tons)	Deficit (-) /Surpluses	2007 ('000 tons)	2008 ('000 tons)	2008 % change over 2007	Production ('000 tons)	2008 % change
Angola	1,527	790	-737	696	737	6%	737	0%
Botswana	331	111	-220	29	37	26%	31	18%
Lesotho	365	129	-236	78	88	12%	104	-16%
Malawi	2,592	3,329	737	3,616	3,136	-13%	2,332	34%
Mauritius	209	6	-203	2	2	0%	2	0%
Mozambique	2,648	2,535	-113	2,168	2,355	9%	1,981	19%
Namibia	305	158	-147	114	125	10%	126	-1%
South Africa	13,635	15,924	2,289	9,292	14,125	52%	10,963	29%
Swaziland	178	80	-98	47	62	33%	66	-6%
Tanzania	6,363	5,942	-421	5,448	5,847	7%	4,852	21%
Zambia	1,750	1,873	123	1,537	1,452	-6%	1,395	4%
Zimbabwe	2,480	761	-1,719	1,201	654	-46%	1,282	-49%
SADC	32,383	31,638	-745	24,229	28,620	18%	23,873	20%

Source: SADC FANR Directorate.

\* Includes requirements for SGR (Strategic Grain Reserves)

\*\* 2008 production plus carryover stocks.

Among individual cereals, an overall regional surplus (of 2.45 million tonnes) for the 2008/09 marketing year is assessed only for maize. This represents a substantial increase from a surplus of 74,000 tonnes realised during 2007/08. Positive contributions to this surplus are accounted for by South Africa, Malawi,

Mozambique and Zambia. The contributions of the rest of the member states are negative. Unlike maize, overall deficits are assessed for all other cereals: wheat, rice and sorghum/millet.

Despite the general improvement in the availability of cereals in the region during the past three years, many people continue to be assessed as food insecure as indicated by the data for six member states shown in Table 2.2 below. The data in that table also show that the number of food insecure people fluctuates from year to year. This fluctuation is caused by changes in weather conditions. Over the time period shown there, the trend in the number of food insecure people has been downward, both in individual member states and in the entire sample of six states. But, considering that these numbers are for just six out of fourteen member states, the total number of food insecure people is unacceptably high.

**Table 2.2 Population Assessed as Food Insecure 2002/03 to 2007/08**

	<b>2002/03</b>	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>
<b>Lesotho</b>	650,000	270,000	948,3000	541,000	245,700	553,000
<b>Malawi</b>	3,300,000	4,000,000	1,300,000	1,320,000	833,000	0
<b>Mozambique</b>	590,000	964,000	202,000	428,200	121,500	520,000
<b>Swaziland</b>	270,000	217,000	600,400	634,400	465,900	345,000
<b>Zambia</b>	2,900,000	60,000	39,300	1,232,700	0	440,866
<b>Zimbabwe</b>	6,700,000	5,422,600	2,300,000	2,884,800	1,392,500	4,100,000
<b>Total</b>	14,410,000	7,333,600	5,390,000	7,041,100	3,058,600	5,958,866

Source: SADC, Record of the Senior Officials Meeting to Review Progress in the Implementation of the Dar-es-Salaam Extra-Ordinary Summit Declaration and Action Plan on Agriculture and Food Security.

## **2.2 Action Plans Agreed at the 2004 Dar-es-Salaam Extra-Ordinary Summit on Agriculture and Food Security**

### **2.2.1 General Observations**

The Extra-Ordinary Summit approved short-term and long-term action plans to revamp agricultural production in the SADC region. Both plans contain standard features of a plan; namely, specific objectives, constraints, and the actions to be taken at national and regional level to remove those constraints. National level means government and regional level refers to SADC. But it is not clear which institutions in government and SADC will be responsible. The short-term plan has a broad two-year time frame for implementation at both national and SADC level. For the long-term plan, a time frame was considered to be less appropriate, so none was provided.

The plans are comprehensive in the sense that they cover a wide range of problems that affect agriculture and food security. But, generally, both plans lack a gender dimension. Some of the objectives and actions appear in both plans,

which implies that there is duplication. Furthermore, none of the plans contains indicators of progress that would assist in monitoring and evaluation them.

### **2.2.2 Short-Term Plan of Action**

Assuming that the ultimate objective is to increase agricultural output, the short-term action plan concentrates on measures for enhancing production. There are ten objectives and sets of actions. If the order in which they are presented is an indication of priorities, the short-term plan appropriately mentions provision of key inputs as the most important objective. Within this broad objective, we question the order of its components, in particular the prioritizing of improved seed over fertilizers. Countries that have recently improved food security in the region, such as Zambia and Malawi, prioritized both availability and timely access to fertilizers and improved seed and not only availability and timely access to improved seed. The crucial part is the fertilizers. For farmers that prefer to plant indigenous seed varieties, improved seed is of no consequence. In the short-term plan fertilizers come second. The aim there is stated to be to increase regional production rather than availability of fertilizer, including through imports. It is phrased as increased production of fertilizers and agro-chemicals to ensure adequate supply.

After these two, the plan should have prioritised increased access to land for farmers and in particular vulnerable groups in view of the fact that, among primary factors of production, land has the largest impact on agricultural production. Instead, enhancing the production and use of farm machinery and implements comes third. This should have come last, after increasing availability and productivity of farm labour, whose supply has been seriously affected by high mortality due to AIDS.

Several proposed actions to remove the labour constraint compete with agriculture for labour. These actions are facilitating the establishment of non-farming rural income-generating activities and development of agro-businesses; and increasing investment in agro-processing, storage and packaging for value addition.

In order to improve access to the various agricultural inputs, resources are required. The short-term plan is silent on how farmers will pay for these inputs, given that many are resource-constrained.

Of the remaining objectives and sets of actions, in view of their direct effect on production, priority should have been given to enhancement of water resource management and irrigation development; enhancement of control of crop and livestock pests and diseases; research, technology development and dissemination; and disaster management. The objective to enhance crop, livestock, fishery and non-traditional agricultural production repeats the implicit objective to increase agricultural production. This objective could have been

phrased better as being to stabilize crop, livestock, fishery and non-traditional agricultural production for it to be consistent with the constraint, which is stated to be vulnerability to climatic conditions and over-dependence on subsistence agriculture.

Because they take time to implement and because they take time to bear results, the following objectives and associated actions are long-term not short-term: increasing access to land; enhancing crop, livestock, fishery and non-traditional agricultural production; water management and irrigation; research, technology development and dissemination; and human resource development in agriculture and food security.

### **2.2.3 Long-Term Plan of Action**

Improved access to key agricultural inputs is crucial for increasing production in the long-term as in the short-term. So, it should have come first in the order of priorities, instead of sustainable agricultural financing and investment. The third objective, which is enhancing food production, productivity and the overall availability is captured in the implicit objective to increase agricultural production. Therefore, as under the short-term plan, the relevant objective should have been to stabilise agricultural production. The only relevant constraint would then be susceptibility to droughts and floods. The rest would fall away. The proposed actions there duplicate the ones under improved access to key agricultural inputs.

The fourth objective is to improve access to agricultural land. This should have come after the objective to improve access to key agricultural inputs, followed by sustainable agricultural financing and investment. Beyond low budgetary allocation, declining flow of development assistance and private investment, and the bias against agriculture on the part of financial institutions, it is important to mention the problems with self-financing, microfinance and informal finance. The rest of the objectives rightly deserve a lower order of priority, except water resources development and management for promoting irrigation.

## **2.3 Social Security in the SADC Region and Its Relation to Food Security and Poverty**

### **2.3.1 Concepts of Social Security**

Social security refers to any assistance accorded to the poor and vulnerable to prevent their standard of living from falling. Means of livelihood and standards of living may come under threat for a variety of reasons. The International Labour Organisation (ILO) Convention No. 102 (1952) is somewhat narrow in its approach and covers only nine contingencies, which include: unemployment, old age, employment injury, family size, maternity, invalidity and widowhood. In both developed and developing countries natural disasters can cause a decline in

output or income. Therefore, they must be added to the list of contingencies that may necessitate social security.

All SADC member countries have developed ways of coping with threats to living standards from both expected and unexpected falls in income. Often these include some combination of informal support mechanisms, and formally, of obligations on employers. Governments intervene when these informal and formal solutions prove insufficient. Informal solutions break down when there is an economy-wide shock. Furthermore, they tend to decrease with urbanisation and the declining importance of the extended family. Formal markets for unemployment and disability insurance and old age pensions are virtually absent. This is so because they suffer from disincentives such as adverse selection (only those who are likely to need insurance buy it) and moral hazard (once insured, people are less likely to avoid risky behaviour).

### **2.3.2 Formal Social Security**

This part will begin by explaining formal security in Zimbabwe, Zambia, Tanzania, Malawi and Mozambique as examples of such phenomena in developing countries. Because of their common colonial and labour history, the social security systems of these countries are similar. The ILO has defined formal social security as the security which society provides through appropriate organisations against certain risks to which its members are exposed (ILO, 1994). Formal social security thus provides protection against those risks, like the ones that have been explained at the beginning of this section that may impair one's capacity to earn a living. These risks are usually unavoidable. Because it is very expensive for an individual to provide for these risks acting alone, formal social security schemes use principles of risk-sharing and pooling of resources.

None of the five countries in question here has a comprehensive social security scheme like those of developed countries. The closest to such a scheme is Zimbabwe's Pension and Other Benefits Scheme, which was introduced in 1994 and is run by the National Social Security Authority. This scheme, which provides protection against invalidity, old age and death, is financed by contributions from both employees and employers. It is designed to cover, through phases, employees in all sectors of the economy plus self-employed smallholder farmers and informal sector entrepreneurs (Kaseke, 1995). The scheme has been questioned for starting with those (private and parastatal employees) who are already covered by occupational pensions and gratuities with which it competes for resources. The other example of such a scheme is the National Pension Scheme of Zambia., which is run by the National Pension Authority of Zambia. Public servants who were employed after the establishment of this scheme contribute to it, but those who were employed before do not.

In all the countries, the practice is to protect private and public sector workers on retirement through pensions and gratuities and through provident funds for those who are not covered by the former. Workers are also protected against injury through workers' compensation schemes. Although laws require all employers to provide these social security benefits to their employees, laxity in enforcement means that many employers do not in fact protect their workers. Besides, informal sector workers and the self-employed are not covered. In Mozambique only employers with more than ten workers are obliged to establish pension schemes for their employees. In no country is there social security against unemployment. Formal social security for political leaders is provided in Tanzania and Zambia. In the other countries, only presidents are pensioned.

A common social security scheme dating back to colonial days is social welfare, which is also known as a public assistance. This is a non-contributory type of formal social security which provides financial or material assistance to destitute persons or persons of limited means, usually through a department of social welfare.

To ensure that only the most needy get it, in Zambia and Zimbabwe this assistance is means-tested and provided to persons who are at least 55 years old if male and 60 years old if female; to persons who are physically or mentally handicapped: unsupported children, orphans, women and widows; and others like the chronically ill (Kaseke, 1995; Makuka, 1995). In Malawi, there is no age limit (Kutengule, 1995). Selectivity of beneficiaries, inaccessibility of social welfare offices and scarcity of resources limit the amount of social welfare assistance, while delays in processing applications for assistance mean that the programme cannot respond quickly to urgent needs (Kaseke, 1995). Malawi also has special public assistance programmes for disabled persons, for young offenders, apart from a disaster relief and rehabilitation fund.

Mozambique provides a range of social safety nets to reduce hardship caused by the impact of structural adjustment programmes. This includes a social development fund for medicines and food supplements, a school social action fund, a wage supplement scheme, a food subsidy scheme and a school feeding programme. Zimbabwe has a social development fund. Weaknesses in targeting, management, funding and inaccessibility of social welfare offices limit the benefits from these schemes. There are also doubts about their sustainability (Dava, 1995; Kaseke, 1995). Retrenchment benefits are a more common feature in the region.

Non-governmental organisations (NGOs) supplement government work in providing social welfare services similar to the ones that have been explained above. That part of their work that is directed at relief of distress among the poor and vulnerable constitutes NGO social security. That part which is directed at promoting development or preventing deprivation does not constitute social security. In the area of social security, NGOs are constrained by limited

availability of financial and human resources, and inadequate co-ordination of their work, which results in duplication of effort (Ishengoma, 1995a; Kaseke, 1995).

Any of the usual risks can be provided for on an individual basis. For example, Zimbabwe and Malawi have contributory private medical assistance schemes. Insurance is also a form of social security as long as it is designed to protect people against the risks enumerated at the beginning of this section. So are private retirement or pension schemes.

According to the background paper "Bridging Poverty and Development through Social Protection", comprehensive state provided social protection is mainly found in middle income countries of South Africa, Mauritius, Namibia and Botswana, But the paper admits that they are also provided in lower middle income countries, such as Lesotho and Swaziland. The paper provides evidence that social protection reduces hunger and poverty; improves health and nutrition; increases trade and employment; stimulates economic activity and growth; increases school attendance and gender equality; and improves self-esteem, well-being and popularity. In conclusion, the study makes the point that the constraint to expansion in social protection is not lack of resources, but lack of political will.

From another background paper, "Regional Hunger and Vulnerability Programme", the key messages are that social assistance can be delivered using existing institutional structures such as post offices; social assistance can take many forms but cash has several advantages over food, inputs and others; and experience shows that categorical targeting works better than poverty-based or means tested targeting, among others.

### **2.3.3 Informal Social Security Systems**

Like formal social security, informal social security aims at protecting people from a decline in output or income and hence a fall in their standard of living caused by any of the contingencies that have been explained above. What forms does informal social security take? There is no disagreement over the role of the large family or the role of children and grandchildren in supporting parents and grandparents with foodstuffs, other material things, money and services, including homecare. Nor is there disagreement over the role played by other relatives, friends and neighbours not only in supporting the aged, but also the sick, the disabled, the widows, the orphans and victims of natural disasters, such as drought.

In relation to transfers in cash and in kind, a study done in Malawi (Chipeta, 1997) revealed that most of the social security is provided in significant amounts to close kinsmen, mainly from children to their parents, but also from brothers and sisters to their fellow brothers and sisters. There is less provided to distant kinsmen, thus confirming the allegation that the importance of the extended

family as social security has declined and underscoring the need for public transfer programmes to target those who do not have close relatives to rely upon.

According to the study referred to above, most of the transfers in Malawi flow from households that are relatively well off to those that are relatively poor. Hence, they tend to alleviate poverty and economic hardship among the poor, as well as to reduce income disparities between different income classes. This role of transfers is enhanced by the fact that they are anti-cyclical, meaning that they increase during a downturn in economic activity and decline during an upturn (Chipeta and Kachaka, 2005).

Data collected by the National Statistical Office show that as percentage of rural household income in the whole country, remittances accounted for 9.2 percent in 1968/69, 14.6 percent in 1980/81 (a drought year) and for 12.8 percent in 1998. The regional distribution in 1998 was 7.7 percent in the Central Region, 9.0 percent in the Southern Region and 35.4 percent in the Northern Region; 15.2 percent in rural areas and 0.1 percent in urban areas.

#### **2.3.4 Gender Bias**

Existing formal security systems in many developing countries are not sufficiently gender conscious. They do not address gender issues or meet the specific needs of women. Drawing on a case study of Tanzania as an example, family relief allowance is given to male and unmarried female employees, but it is not given to married women whose husbands are also employed. As another example, in Tanzania and other countries, the legal retirement age of women is lower than that of men. Because retirement benefits may be related to the number of years of service or age, women may get smaller old age benefits (Ishengoma, 1995b). These two examples are aspects of direct discrimination.

Two examples of indirect discrimination will also be given. As it is probably well known, free medical care which as social security should be given to the lowest paid employees, is in fact not available to low cadres. Because most women employees occupy low positions, they do not qualify for medical care, which amounts to discrimination. The other example relates to provident funds. Again, as it is well known, coverage of provident funds is restricted to low-income employees. Many women belong to this category of workers. The benefits of provident funds are paid out in the form of lump sums, which thus do not provide regular income for the long-term security of women (Ishengoma, 1995a).

#### **2.3.5 Interactions Between Different Social Security Systems**

Where society is exposed to a variety of social security systems, at any one time these systems may interact in such a way as to compete or to complement each other. Where they compete, any attempt to increase security is bound to fail because increasing one type of security is accompanied by a reduction in another type. This has been found to be the case, for example, where altruism is

the motive for making private transfers of income. In this case, where the transferor derives satisfaction from giving, the amount given is indirectly related to how much the receiver earns on his own account. Should the government or an NGO transfer money to him, the transferor will react by reducing the amount that he transfers.

In the event that social security systems are complementary, an attempt to increase security will succeed because increasing one type of security will not be accompanied by a reduction in another type. This has been found to be the case where self-interested exchange is the motive for making private transfers of income; in other words, where transfers are made in exchange for some economic benefit. In this case, the transferor is not concerned with how much the receiver gets in aggregate.

Competition in social security systems may also arise where the same individual or organisation is required to provide two similar types of social security to the same person or persons. In this case, there will be strong pressure to reduce one type of security because it is competing for the same resources with the other.

#### **2.4 Food Trade in the SADC Region**

The SADC region stretches over a large land mass with different types of soils and climate, implying that it can grow a wide variety of cereals and other crops. Parts of the region are arid or semi-arid and therefore they are not suitable for arable farming. These factors coupled with similarities in food tastes across the region mean that there is considerable scope for intra-regional trade in foodstuffs.

Because of their arid climate, Botswana and Namibia do not produce enough cereals. Hence, they depend on imports from South Africa. Lesotho too is dependent on imports from there. Other countries import from South Africa or other countries if there is a large domestic production shortfall. Trade in foodstuffs takes place through informal cross-border channels, the quantitative magnitude of which is not known; or through formal channels where it is recorded, but on which we do not have relevant data. Increasingly, wheat and rice are being imported from overseas producing countries. As a region, the SADC is a net food importer from other parts of the world.

### **3.0 WORLD FOOD CRISIS AND ITS IMPACT ON THE SADC REGION**

#### **3.1 Dimensions of the Current World Food Crisis and Its Impact on the SADC Region**

##### **3.1.1 Recent Developments**

Agricultural commodity prices started to rise soon after the beginning of the new century. But the rapid rise in these prices started later in 2006. In 2007 they rose sharply again. And in the first three months of 2008 they rose even more sharply. As measured by the FAO food price index, that index rose on average by 8 percent in 2006 compared with the previous year, and by 24 percent in 2007 compared to 2006. More recently, the average increase in the index for the first three months of 2008 compared to the same three months in 2007 was 53 percent. The continuing rise in prices is led by vegetable oils, whose prices on average increased by more than 97 percent during the same period, followed by those of grains with 87 percent, dairy products with 58 percent and rice with 46 percent. Sugar and meat product prices also rose, but not by similar orders of magnitude. The markets of some commodities, especially cereals and oilseeds, have also experienced increased volatility and uncertainty recently.

According to FAO, other distinguishing features of the current agricultural markets are that increases in prices have occurred not just in a few products, but in nearly all major food and feed commodities; and the possibility that the prices may continue to remain high after the effects of short-term shocks disappear. The factors that have contributed to these events are discussed below. The current situation differs from the past in that the price volatility has lasted longer, a feature that is as much a result of supply tightness as it is a reflection of changes in the nature of the relationships among agricultural markets of individual commodities. Compared to the previous periods of agricultural price hikes, these differences suggest that the observed long-term decline in real prices could come to a halt, marking a structural change in agricultural commodity markets.

Commodity price developments since 2006 are said to be the result of short-term imbalances in some commodity markets that spilled over to markets with which they had close linkages, as well as of some factors that may continue to influence the markets for longer periods, such as the possibility of the persistence of demand for biofuels. Many agricultural commodity markets are likely to remain tight for the next few seasons. In light of this and taking into account low stock levels, the possibility of further sharp price increases and continued volatility is highly likely.

According to projections carried out by FAO and OECD, by 2017 the real price of wheat is expected to increase by 2 percent compared to the 2005-2007 average

price; the real price of rice is expected to rise by 1 percent, that of maize by 15 percent; oilseeds by 33 percent; vegetable oils by 51 percent; and sugar by 11 percent. Invariably, the average real prices are likely to remain above those observed during 1985-2007.

### **3.1.2 Factors Behind Recent Commodity Price Increases**

On the supply side, one of the main factors has been weather-related production shortfalls. Production shortfalls of cereals in major exporting countries began in 2005 when output declined by 4 percent and continued in 2006 when the decline was 7 percent. Production in Australia and Canada fell by about one fifth in aggregate, and production was at or below trend in many countries. In 2007 there was a significant increase in cereal output, especially in maize in the US, in response to higher prices. But production of all the other major food commodity groups by major exporting countries was not affected in a similar way during the same period. The quick supply response for cereals in 2007 occurred at the expense of cutting down productive resources allocated to oilseeds in some countries, especially soya beans in the United States, resulting in an important decline in oilseed production.

Another major factor has been a gradual reduction in the level of stocks, mainly of cereal. Since 1995, global stock levels have declined, on average, by 3.4 percent per year as demand growth has outstripped supply. A number of changes in commodity markets since the Uruguay Round Agreements have instigated a reduction in stock levels in major exporting countries. These include the size of reserves held by public institutions; the high cost of storing perishable products; the development of other less costly instruments of risk management; increases in the number of countries able to export; and improvements in information and transportation technologies.

Increases in fuel prices have also raised the costs of producing agricultural commodities with, for example, the US dollar prices of some fertilizers like triple superphosphate and muriate of potash increasing by more than 160 percent in the first two months of 2008, compared to the same period in 2007, according to FAO. The increase in energy prices has been very rapid and steep, with the Reuters-CRB energy price index more than tripling since 2003. With freight rates doubling within a one-year period beginning in February 2006, the cost of transporting food to importing countries also has been affected.

On the demand side, the leading factor has been an increase in demand for sugar, maize, cassava, oilseeds and palm oil as biofuel feeds. This has led to an increase in their prices in world markets which, in turn, has led to higher food prices. We shall consider this factor separately and more fully later. There are a number of other factors on the demand side. One of them is rising incomes in developing countries (especially China and India), urbanisation and continued population growth. The rich consumers in these countries are demanding more

meat, milk and eggs, which, in turn, has pushed up the price of grains used for livestock and poultry feed. The other is commodity price speculation. High and rising food prices have attracted the attention of investors and speculators. Huge purchases of food commodity futures by large institutional investors are putting upward pressure on food prices and leading to big stockpiles of maize and wheat.

To sum it up, rapid growth in demand and low stocks are responsible for half of the food price growth in recent years. The use of food crops as feed for biofuel is responsible for 30 percent of the increase in food prices; while high fuel prices account for 15 percent of the increase in food prices.

### **3.1.3 Likely Impacts of Rising Food Prices on the SADC Region**

#### **3.1.3.1 Household-Level Impacts of High Food Prices**

With variations across countries, recently food prices have risen in the SADC Region for a variety of reasons. In the fifteen months from January 2007 to March 2008, food price indices in several countries in the region rose by between 11 and 20 percent. The smallest increases were in Malawi (11 percent), Zambia (13 percent) and Tanzania (13 percent). All three exported maize during this period, which means that they had adequate supplies of the commodity. Namibia and South Africa experiences higher price increases of 17 and 16 percent, respectively. The price increase in Namibia is related to higher costs of importing food grains. In South Africa it is related to currency depreciation, which is driving up costs of all imports, including food. Lesotho, which is more reliant on food imports, registered the largest price increase of approximately 20 percent. As with the rest of the world, the SADC region has experienced an increase in demand for food due to rising incomes associated with higher rates of economic growth, urbanization and population growth.

According to FEWSNET (2008) and RATIN (2008), between April 2007 and March 2008, average market prices of maize were up by 32 percent in Zambia, by 65 percent in Mozambique, and by over 100 percent in Malawi and Tanzania. Part of the increase in prices is explained by increases in minimum producer prices effected by governments in order to improve incentives. Part of it reflects rising demand for food from abroad. The average markets prices rose sharply in Zimbabwe on account of hyperinflationary conditions there. In South Africa, the spot price of maize was 35 percent higher at the beginning of May 2008 than it was in January 2007.

The risk to households of rising food prices depends on existing consumption patterns and household market position as net buyers or net sellers of food. Urban populations are more exposed to rising food prices because they are more likely to consume staple foods derived from tradable commodities (wheat, rice), while rural populations tend to consume more traditional staples, such as

maize, cassava, sorghum and millet. In addition, urban populations are less likely to produce a significant share of their own food or produce for sale.

Low-income households that spend a large proportion of their income on tradable staples whose prices increase substantially are likely to be the ones whose overall welfare is worst affected. Households that derive a large proportion of their income from the production and sale of those goods will, on the contrary, be positively affected if producer prices are remunerative relative to production costs some of which, such as fuels, seeds and fertilizers, have also increased substantially. The effect on households that are both producers and consumers of different commodities is ambiguous and will depend on their net position in the specific markets and the relative price changes for different commodities.

According to FAO, the welfare losses or gains due to staple food price increases are not equally distributed among female- and male-headed households. In most urban, rural and national samples, female-headed households have greater proportional welfare losses (or smaller proportional welfare gains) than male-headed households. This effect is true for the population as a whole as well as for the poorest segments of the population. In the case of urban samples, the welfare effect is because of the share of the staple food in consumption: poorer households spend a greater percentage of their income on food than richer ones. Thus, where female-headed households are poorer, as in most SADC Member States, it is expected that their welfare losses would be higher.

Initial indications of the impacts of rising food prices on poverty show that staple food price increases have led to an increase in poverty by 2 percent in Malawi and 4.4 percent in Zambia (Ivanic and Martin, 2008). It is worth noting that this has happened despite the success of both countries in boosting agricultural production, implying that other less successful countries may be even more vulnerable, especially DRC, Lesotho, Swaziland and Zimbabwe, according to FAO. The challenge is to protect the poor from food price increases and ensure that those who are vulnerable are not pushed into a state of deprivation. On the other hand, higher food prices offer a unique opportunity to re-launch agricultural investment and increase agricultural production in the SADC Region. The challenge is to use higher food prices to stimulate greater food production and so raise rural incomes in the medium to long run.

### **3.1.3.2 Macroeconomic Impacts of High Food and Fuel Prices in the SADC Region**

Recent increases in food and fuel prices do not seem to have seriously affected macroeconomic performance in SADC member countries. Economic growth remained strong while inflation continued to decelerate. Most of the member countries achieved improvement in fiscal performance as indicated by declining fiscal deficits; as their debt position also improved significantly. But, despite

reasonable increases in exports, the current accounts of their balance of payments deteriorated in 2007 due to rising imports.

### **Economic Growth**

High rates of economic growth were recorded in Angola, 19.8 per cent; followed by Malawi, Mozambique and Tanzania, which recorded real GDP growth rates in the region of 7 per cent (see Tables 3.1 and 3.2)). These rates of economic growth were within the regional target of real GDP growth of 7.0 per cent for 2008. The SADC average rate of economic growth in 2007 was 5.9 per cent, almost the same as the average growth rate that was attained in 2006. The rather low average regional rate of economic growth is due to generally low rates of investment and its long gestation period.

### **Inflation**

As stated above, excluding Zimbabwe, the regional average rate of inflation decreased from 9.7 percent in 2006 to 8.3 per cent in 2007 (see Tables 3.1 and Table 3.2). In 2007, single-digit rates of inflation were recorded in all countries, except Angola, Madagascar and Zimbabwe. Most of these countries had also attained the regional target rate for inflation for 2008 of less than 9 percent. However, these gains have come under considerable threat in the first half of 2008, when inflation rates have been higher than during a comparable period in 2007.

Inflation has been contained through prudent monetary policies and improvement in weather in some member countries, which has resulted in increased supplies of foodstuffs, and thus reduced pressure on food prices.

**Table 3.1 Macroeconomic Performance of the SADC Region 2006 and 2007**

	2006					2007				
	Inflation Rate	Fiscal Surplus	Debt to GDP ratio	CAB to GDP ratio	GDP	Inflation Rate	Fiscal Surplus	Debt to GDP ratio	CAB to GDP ratio	GDP
SADCC	82.8	2.6	34.9	-0.7	5.8	905.1	0.6	46.4	-1.6	5.9
SADCC (Excl. ZIM)	9.7	3.2	31.6	-0.3	6.4	8.3	1.4	39.0	-1.8	6.8

Source: SADC, "Recent Macroeconomic Developments in SADC and Prospects for the Medium-Term" a background paper for the 2008 Mauritius International Conference on Poverty and Development.

The risk to continued reduction in inflation is posed by high oil prices and recurring droughts/floods, which could necessitate substantial imports of foodstuffs from abroad.

### Fiscal Balance

Debt relief under the Highly Indebted Poor Countries (HIPC) Initiative and prudent fiscal policies contributed to the average fiscal balance surplus of 0.6 per cent of GDP in 2007. Although this is lower than the 2.6 percent recorded in 2006, most member countries have already achieved the macroeconomic convergence target for fiscal deficit of less than 5 per cent of GDP by 2008.

**Table 3.2 Macroeconomic Performance of Individual SADC Member Countries**

	Average Annual Inflation	Fiscal Balance/GDP ratio	Debt/GDP ratio	CAB/GDP ratio	GDP Growth Rate	Average Annual Inflation	Fiscal Balance/GDP Ratio	Debt/GDP ratio	CAB/GDP ratio	GDP Growth Rate
Angola	12.2	-3.4	19.2	16.4	18.6	11.8	-0.1	na	4.0	19.8
Botswana	11.6	8.1	0.0	20.9	3.9	7.1	0.6	0.0	14.5	6.2
DRC	18.2	-0.7	2.6	-7.5	5.1	9.9	2.8	105.0	-3.7	6.3
Lesotho	6.0	13.3	49.9	1.8	7.2	7.9	5.3	46.6	11.9	5.1
Madagascar	10.8	37.5	29.3	-8.8	4.9	10.3	-4.7	35.3	-19.3	6.3
Malawi	13.9	-0.7	26.3	-14.0	7.9	7.5	-1.9	22.6	17.2	7.4
Mauritius	8.9	-4.3	62.8	-9.5	5.0	8.8	3.8	63.1	5.4	5.6
Mozambique	13.3	-1.1	52.8	-9.3	6.3	8.2	1.9	45.0	-3.7	7.3
Namibia	5.1	2.1	31.4	18.3	4.6	6.7	4.8	28.3	17.5	3.8
South Africa	4.7	0.6	29.3	-6.5	5.0	6.2	0.5	27.4	-6.7	4.7
Swaziland	5.3	-2.1	17.9	8.1	2.8	8.2	2.6	15.4	3.0	2.8
Tanzania	7.3	-4.8	63.5	-12.2	6.2	7.0	3.8	40.4	-17.1	7.3
Zambia	9.1	-2.9	25.8	-1.4	5.8	8.9	-1.2	na	-2.1	5.7
Zimbabwe	1033.0	-5.5	78.3	-5.5	-1.8	12562.7	-10.0	128.0	-0.8	-6.2

Source: SADC, "Recent Macroeconomic Developments in SADC and Prospects for the Medium-Term", a background paper for the 2008 Mauritius International Conference.

### **Public Debt/GDP Ratio**

In 2007, the debt/GDP ratios of several member countries declined, except those of DRC, Madagascar, Mauritius and Zimbabwe. Debt relief under the HIPC Initiative and prudent fiscal policies accounted for this development. Most of the member states have already attained the 2008 macroeconomic convergence target for the debt/GDP ratio of less than 60 per cent.

The worrying trend was the increase in the average debt/GDP ratio from 38.3 percent in 2006 to 50.9 percent in 2007. This is largely attributed to a deterioration in the public debt ratio of the Democratic Republic of Congo (DRC).

### **Current Account Balance/GDP Ratio**

The current account balance of SADC as a whole deteriorated from a deficit of 0.7 per cent of GDP in 2006 to 1.8 per cent of GDP in 2007, mainly on account of a marked increase in imports. However, these increases in imports were not related to food or fuel. They were due to an increase in demand for intermediate goods for production, construction and infrastructure development.

The worsening in current account balance performance of the balance of payments was quite pronounced in Angola, Botswana, Madagascar, Malawi, South Africa, Swaziland and Tanzania. Their current account deficits were largely been financed by capital inflows, grants and loans.

### **Macroeconomic Convergence and Medium-Term Prospects**

Member States have made remarkable progress towards attaining macroeconomic convergence. For example, the only countries that have failed to achieve the 2008 inflation target of less than 9 percent are Angola, DRC and Zimbabwe. On fiscal balance, the only country that has not attained the target is Zimbabwe. And on debt ratios, those that have not achieved it are DRC and Zimbabwe. Madagascar, Malawi and Tanzania have failed to achieve the target for current account balance. However, all countries, except Angola, Malawi, Mozambique and Tanzania, have failed to attain the economic growth target of 7 percent.

Although recent macroeconomic developments have generally been favourable up to 2007, currently the SADC region is facing macroeconomic risks arising from continually increasing food and fuel prices, which threaten macroeconomic stability and the attainment of macroeconomic convergence targets. Food and fuel price increases will worsen the current account of the balance of payments because of higher import payments, probably necessitating external borrowing to cover deficits. In addition, they will lead to further increases in inflation rates, necessitating upward adjustments in nominal interest rates to ensure that they are positive in real terms; to higher budget deficits as governments borrow to finance higher than budgeted expenditure because of escalating costs and so higher levels of debt. Other challenges that can derail macroeconomic

performance include recurring droughts and floods; and shortages of power due to low power generating capacity.

### **3.2 Bio-fuel and Its Effect on Food Availability in the World and the SADC Region**

The biofuels market is a significant source of demand for such agricultural commodities as sugar, maize, cassava, oilseeds and palm oil. For example, in 2007 almost one-quarter of the US maize crop was converted into ethanol. According to a recent report by Mitchell (2008) of the World Bank, 65 percent of the increase in food prices is due to biofuels and factors related to their rapid increase in demand for feedstocks. An assessment by the IMF has also concluded that rising biofuel production is a significant part of the increase in commodity prices. Sugar cane, maize, cassava, oilseeds and palm oil, which in the past have predominantly been used as food and/or feed, are now being grown as raw material (feedstock) for producing biofuels. Among major food and feed commodities, the additional demand for maize (a feedstock for the production of ethanol) and rapeseed (a feedstock for the production of biodiesel) has had a significant impact on prices. Large increases in the price of crude oil have biofuels to become viable substitutes in some important countries that have the capacity to use them. As an example, ethanol from various feedstocks becomes competitive with petrol at different crude oil and commodity prices. For developing countries, the breakeven point occurs at lower crude oil prices than for developed countries. For the latter group of countries, production is viable only with subsidisation of the production of feedstocks, given the high crude oil prices.

According to FAO, the total support (consumption mandate, tax credits, import barriers, investment subsidies and general support such as public expenditure on research) for bioethanol and biodiesel in selected OECD countries totalled US\$11-12 billion in 2006. In the same year US processors and growers received support worth about US\$6.7 billion, and those in the European Union received about US\$4.7 billion. Like the subsidisation of crops grown for human consumption and as animal feed, the new subsidies lead to misallocation of resources, encouraging countries that lack comparative advantage to produce what they can import cheaply from developing countries. The issue is not just about how much of each crop may be used for biofuels instead of food and feed, but also about how much planting area is diverted from producing other crops to those used as feedstock for production of biofuels. For example, about 30 percent of maize production in the US will be used for ethanol production in 2008. The shift into maize production there is at the expense of soyabean and wheat cultivation. The multiplicity of uses of these crops and their competition for the same land has bred interlinkages among their prices, which is a characteristic feature of their markets.

High prices of hydrocarbon oils relative to prices of biofuels have created a strong incentive to expand production of biofuels in the SADC region also. Ethanol from sugar cane is produced and blended with petrol in several SADC

member countries that produce sugar. Originally the ratio of ethanol in the blend was 10 percent. However, recent advances in technology have made it possible to blend petrol and ethanol in any proportion. The other biofuel that is produced in the SADC region is biodiesel, which is made from vegetable oils. Only South Africa and Zimbabwe are producing biodiesel at present. So far, the production of biofuels in the SADC Region has not undermined the production of food because cereal food crops have not been used as the relevant feed, and because production has been on a small scale, thus avoiding competition for land with food crop production. But in the future the situation could change as biofuel production increases. For example, D1 Oils, a British bio-energy company, has developed 174,000 hectares of land in Zambia for the cultivation of vegetable oil crops for the production of bio-diesel. This represents a big demand on the land resources of the country.

According to the background paper entitled “Bio-fuel: agriculture can energize the SADC economy”, for millions of smallholder farmers who are poor because they have limited or no access to inputs and markets and face high transport costs, producing feedstock for biofuels offers a promising opportunity for alleviating poverty. Such farmers may not afford fertilizers as they are very expensive. For those who can afford to pay for the inputs, there may be no incentives to produce surpluses since markets for their products are remote.

As nitrogen fixing plants, most of the oil bearing crops enrich the soil. The cultivation of oil-seed bearing, drought resistant trees like jatropha and pungam has the potential to arrest deforestation and desertification. Another benefit of biofuel programmes is the potential use of by-products of biofuel, which can serve as animal feed, as an input in gasification plants, and as a raw material for fertilizer production. In macroeconomic terms, the expansion of the biofuel industry will boost economic growth and employment creation through an increase in production of biofuels. The region will save on the use of scarce foreign exchange and cushion itself from the risks of exchange rate fluctuations and rising hydrocarbon oil prices. It will also improve its environment through the use of clean energy.

However, before embarking on a large expansion of the bio-fuel industry, policy decisions and plans must be finalised at both regional and national levels on such issues as identification and development of high-yielding plants, the potential of the various agro-ecological zones, the potential role of agro-forestry, involvement of smallholder farmers in sugar cane and oilseed production, remunerative crop producer prices, setting up processing plants in major sugar and oilseed growing areas, etc. Care will also have to be taken to ensure that the production of crops for biofuel does not use land that is allocated to food crop production. According to the paper referred to above, financing the biofuel revolution should not be a problem as there are many fund programmes waiting for proposals.

## **4.0 FACTORS AND CHALLENGES THAT MAKE THE SADC REGION CHRONICALLY FOOD INSECURE**

### **4.1 Introduction**

Chronic food insecurity in the SADC region is the result of structural, institutional and policy problems. Structural problems have to do with underlying features of the regional economy. Institutional problems concern weaknesses in the institutions of the regional economy. While policy problems have to do with weaknesses in agricultural and other policies, including donor policies.

### **4.2 Structural Factors**

#### **4.2.1 Poverty and Vulnerability**

Seventy-six million or about 32 percent of the approximately 244 million inhabitants of SADC live below the international poverty line of one US dollar per day while 171 million or about 70 percent live below the international poverty line of two US dollars per day. These averages mask wide variations in the incidence of poverty in the region, as reflected in the following poverty profiles: DRC 80 percent in 2002, Zimbabwe 80 percent in 2007, Swaziland 69 percent in 2001, Madagascar 68.7 percent in 2005, Zambia 64 percent in 2006, Angola 62 percent in 2004, Lesotho 57 percent in 2003, Mozambique 54 percent in 2003, Malawi 52.4 percent in 2005, Tanzania 48 percent in 2000, South Africa 46 percent in 2007, Botswana 30.2 percent in 2003, Namibia 28 percent in 2004, and Mauritius 7.8 percent in 2002.

The level of poverty in SADC is quite high, reflected in the prevalence of low incomes, growing unemployment and high levels of human deprivation. In addition, the region is characterised by feminisation of poverty as women make up the majority of the poor. Female headed households suffer the most from poverty compared to their male counterparts. Also, child or orphaned households are most prone to poverty. Rural areas have the highest concentrations of the poor compared to urban areas.

Poverty is a key factor in creating food insecurity, hunger and malnutrition because poor people cannot afford agricultural inputs and they cannot participate effectively in production. Further, they lack the means for purchasing food when it is available on the market. So reducing poverty as a strategy for curtailing food insecurity must be accorded priority.

In analysing the causes of poverty, we shall make use of various dimensions of poverty, which include:

- The lack of income and assets to achieve basic necessities such as food, shelter, clothing and acceptable levels of health and education;
- The sense of voicelessness and powerlessness in the institutions of state and society;

- Vulnerability to adverse shocks (e.g. drought or flooding) and an inability to cope with them.

In order to understand the causes of poverty in all its dimensions, it is useful to think in terms of people's assets and the returns to (or productivity of) those assets, and in that context the volatility of those returns. There are several kinds of assets that people can hold:

- Human assets, such as the capacity for basic labour, skills and good health;
- Natural assets, such as land;
- Physical assets, such as access to infrastructure;
- Financial assets, such as savings and access to credit;
- Social assets, such as networks of contacts and reciprocal obligations that can be called on in time of need and political influence over policies and resources.

The returns to these assets depend on the access of poor people to markets, which is generally not favourable, and all the global, national and local influences on those markets, which also militate against alleviating poverty. But returns depend not only on the behaviour of markets but also on the performance of institutions of state and society. Underlying the issue of ownership and returns to assets are therefore not only economic but also fundamental political and social forces.

**Access to assets** depends largely on a legal structure that defines and enforces private property rights or on customary norms that define common property resources. Access may also be affected by implicit or explicit discrimination on the basis of gender, ethnicity, race or social status. Finally, access to assets is also affected by public policy and state interventions, which are shaped by the political influence of different groups or conversely, their lack of influence.

A second critical issue is the volatility of returns to those assets. Volatility is affected by market fluctuations, weather conditions, and in some societies, turbulent political conditions. Not only does volatility affect returns, it also affects the value of assets, as shocks undermine health, destroy natural and physical assets, or deplete savings. Access to work is seen by the poor as central to improving their lives.

For the SADC region to be successful in attacking poverty, it is necessary to achieve and sustain a pattern of growth that will make efficient use of labour and invest in the human capital of the poor. Sustained growth allows the poor to use their most abundant asset - labour. Human capital formation improves their immediate well-being and increases their ability to take advantage of newly

created opportunities. These efforts must be complemented by supportive social safety nets for people exposed to shocks and unable to benefit from economic growth.

More recent thinking stresses the need to broaden the agenda, so that attacking poverty requires actions beyond the economic field. Given this, it is argued that public action should go beyond investing in social services and removing anti-labour biases in government interventions in the economy. Poor countries should adopt a general framework for action in three evenly important areas:

**Promoting opportunity:** by expanding the economic opportunities available to poor people and stimulating overall growth and building up their assets and increasing the returns on those assets, through a combination of market and non-market actions;

**Facilitating empowerment:** by making state institutions more accountable and responsive to poor people, strengthening the participation of poor people in political processes and in local decision-making, and removing social barriers that result from distinctions of gender, ethnicity, race, and social status;

**Enhancing security:** by reducing poor people's vulnerability to ill health, economic shocks, policy-induced dislocations, natural disasters, and violence, as well as helping them cope with adverse shocks when they occur.

Given the important complementarities among these three values - opportunity, empowerment and security - an effective poverty reduction strategy will require action on all three fronts by the full range of agents in society, including governments, civil society, the private sector and poor people themselves. Such actions cannot be left to individual countries alone, but must harness global forces in favour of poor countries.

Actions are therefore needed to promote global financial stability, and to ensure that advances in technology and in scientific and medical research do not leave poor countries behind. In addition, the markets of the richer countries (both developed and developing) must be opened to the products of poor countries. Similarly, aid and debt relief must be increased to help the poor help themselves. Lastly, poor countries must be given a voice and influence in international fora.

#### **4.2.2 Low Agricultural Productivity**

In most Member States, average yield of the main staple maize grown by smallholders has ranged from 1.0 to 2.0 tonnes/ha. In South Africa, average yield maize grown in the commercial sector has been between 4.0 and 5.0 tonnes/ha.

In comparison, yield in developed countries has been much higher, averaging between 8.0 and 10.0 tonnes/ha. It is therefore vital to capacitate smallholder farmers through improved access to essential agricultural inputs if the SADC region is to attain high yield levels necessary for poverty reduction and achieving food security.

As measured by agricultural value added per worker expressed in 2000 US dollars, the unweighted average agricultural productivity among a sample of SADC member countries, excluding Botswana, Lesotho Mauritius and Swaziland for lack of data, and Namibia and South Africa whose agriculture is dominated by large scale commercial farmers, has been estimated as US\$179 over the 1990-92 period. It rose to US\$189 over the 2001-2003 period, a figure that was far below the world average of US\$872, the Sub-Saharan average of US\$325 and the average of US\$412 for East Asia and the Pacific. The slow growth of agricultural productivity explains why total cereal production has increased only marginally.

Low agricultural productivity in the SADC region has partly to do with the AIDS crisis, which has posed a major threat to food security, nutrition and poverty alleviation. Both large scale and small scale agricultural sub-sectors are adversely affected by the AIDS crisis because they largely use labour intensive farming systems with low levels of mechanization. AIDS undermines agriculture because of its toll on the labour force as more than a third of the Gross Domestic Product (GDP) of the most affected countries comes from agriculture. AIDS also threatens food security and nutrition due to loss of productive members of society and is severely affecting households' capacity to produce and buy food. In addition, caring for AIDS orphans and hosting and caring for the sick and provision for mourners at funerals reduce the amount of food available for each household member.

The SADC Secretariat has made urged member states to:

- Promote labour-saving technologies at all levels.
- Improve knowledge of prevention and transmission of HIV and AIDS
- Strengthen rural institutions and capacity building
- Promote gender equality
- Improved nutrition and nutrition education
- Strengthen social and economic safety nets
- Mainstream HIV/AIDS in agricultural policies.

Where it is not feasible to introduce labour-saving technologies, the productivity of available labour can be promoted through the use of traditional cooperative work arrangements from which economies of scale can be reaped.

Low agricultural productivity in the SADC region is also a result of many other factors, such an inadequate use of improved inputs, inadequate access to other

inputs, climate change, etc. These other factors are dealt with in other parts of this report.

### **4.2.3 Climate Change**

*Climate Change* has affected normal weather patterns. As a result, the region is constantly subjected to either floods or droughts even within the same year; and highly seasonal and erratic rainfall patterns, leading to variable flows in rivers, etc. It is predicted that *Climate* will continue to deteriorate in the coming half century due to the inherent momentum of ozone depletion. Over the past two decades, food production has been adversely affected by droughts in various parts of the region. Threats to food production have also resulted from adverse weather patterns, which have led to reduced planting and crop failure thus promoting food shortages and undermining access to food for large sections of the population. In human and economic terms, the cost of this has been heavy. The problem of droughts is compounded by overdependence on rain-fed agriculture, and concentration on low-value crop production. The inadequacy of water control and the lack of infrastructure constrain measures for enhancing productivity and competitiveness of the region's farmers. Thus it is important that the way forward in promoting sustainable food production lies centres in sound management of water sources/water-courses, promotion of appropriate irrigation technologies, and efficient use of limited and sparsely distributed water resources.

Sound management of water sources/water-courses requires an integrated programme for developing water storage infrastructure and efficient and effective management of the scarce water resources. This regional water infrastructure development would not only provide water security for irrigation, but would also be used for other competing demands, including power generation, environment, flood mitigation, domestic water supply and sanitation, etc.

The potential for irrigating land in the SADC region is large. But, as shown in Table 4.1 below, the percentage of cropland that is actually irrigated at about 4.5 percent is comparatively small. Given that yields from irrigated agriculture are three times higher than yields from rain fed agriculture, irrigated agriculture should be promoted in all areas where it is viable to twice the current rate in order to improve food security. According to the SADC Secretariat, expansion of irrigation will require the following:

- establishment of the potential for irrigation in each country,
- development of national master plans on irrigation development,
- the higher prioritisation of irrigation within the agricultural sector to be reflected in country budgets,
- establishment of mechanisms for up-scaling the use of irrigation methods,
- institutional capacity; and
- promotion of water harvesting technologies.

**Table 4.1 Total and Irrigated Land in the SADC Region (Km<sup>2</sup>)**

Country	Land Area	Inland Water	Crop Land	% of Crop Land Under Crops	Irrigated Area	% Cropland Irrigated
Angola	1246700	0	35032	2.81	750	2.14
Botswana	566730	15000	3463	0.61	10	0.29
DRC	2267050	77810	78893	3.48	110	0.14
Lesotho	30350	0	3250	10.71	10	0.31
Malawi	94080	24400	20001	21.26	280	1.40
Mauritius	2030	10	1060	52.22	na	na
Mozambique	780490	21100	31064	3.98	1070	3.44
Namibia	823290	1000	8151	0.99	70	0.86
South Africa	1221040	0	157514	12.90	14980	9.51
Swaziland	17200	160	1801	10.47	700	38.87
Tanzania	883590	61500	46477	5.26	1600	3.44
Zambia	743390	9220	52855	7.11	460	0.87
Zimbabwe	386850	3910	33811	8.74	1170	3.46
SADC Total	9063240	214110	473442	5.22	21210	4.48

**Source: SADC Secretariat: Enhancing Agriculture and Food Security for Poverty Reduction in the SADC Region, An Issues Paper for Extra Ordinary Summit 15 May 2004.**

#### **4.2.3 Unbalanced Economic Development**

The export trade of SADC member countries is dominated by primary commodities sold abroad in raw form with little or no value added, while imports are dominated by intermediate and capital goods. This makes the regional economy vulnerable to natural and economic shocks, which adversely affect poverty and food security. The region must therefore diversify its exports into value added products and manufactures.

At the household level, vulnerability has to do with dependence on a narrow range of crops both in production and consumption, especially cereals that require a lot of moisture to grow, take long to mature and require the use of expensive fertilisers to improve yields. It also has to do with the fact that the majority of smallholder farm households are net food buyers. Vulnerability can be reduced through adoption of drought-tolerant and early maturing crop varieties, diversifying into other crops and improving production practices for moisture retention; as well as through reducing the proportion of smallholder farm households that are net food buyers by increasing productivity and improving opportunities for their participation in off-farm activities.

With the necessary financial and technical support, there is potential for smallholder farmers to diversify into growing new or less conventional crops such as oil-rich but inedible jatropha to exploit new market opportunities of producing bio-fuel from crops. This is one promising opportunity through which rural communities can, where feasible, expand their income-base and thus reduce poverty and food insecurity.

Livestock production too has a great potential to contribute to food security and poverty reduction in the SADC region. At present, however, in many SADC countries livestock production uses traditional methods that are not very productive. This is particularly so with respect to cattle rearing where the animals are valued as symbols of wealth rather than as sources of income, and where the cattle are very vulnerable to weather conditions and diseases. Here, there is potential for diversifying into small stock, such as sheep, goats, pig and poultry, which have the advantage of giving quick returns. Broiler chicken can, for example, be raised and sold within two to three months. Smallholder farmers can also purchase weaned piglets, fatten and sell them within six months, while goats can be bred and raised within two years.

Diversification into fisheries activities offers increased livelihood opportunities for rural communities in riverine areas. Small-scale fisheries can generate significant profits, prove resilient to shocks, and make meaningful contributions to poverty alleviation and food security.

#### **4.2.4 World Food Crisis**

With the prices of many staples reaching record levels in 2007/08, food and nutrition security are among SADC's greatest challenges. During the first three months of 2008, international nominal prices of all major food commodities reached their highest levels in nearly 50 years, while prices in real terms were the highest in nearly 30 years. Global food reserves are at their lowest in 25 years. As a result, food supply is particularly vulnerable to crises or natural disasters. The United Nations has predicted that in the longer term the global population will rise to 9 billion by 2050. This will place additional pressure on global food supply. Although the food market situation differs from country to country and future evolution remains highly uncertain, best projections suggest that food prices are likely to remain high in the next few years and high prices are expected to affect most developing country markets.

In light of rising food prices and high dependence on food imports and food aid, food insecurity has emerged as a major risk for the SADC region, which impacts disproportionately on poor communities. To avert a possible catastrophe, SADC needs to invest in raising agricultural productivity, invest in pro-poor public health and actions, build institutional and human capacity, and foster economic growth and stability.

### **4.3 Institutional Factors**

#### **4.3.1 Infrastructure**

There is a dire shortage of good all-weather roads in rural areas in the SADC region. This makes it physically difficult for smallholder farmers to access markets for inputs and their output. It also increases the cost transactions and hence lowers the profitability of farming. In some cases, there is the absence of markets themselves, yet markets are the institutions where much of the development action takes place.

Urban biased development implies that rural areas are less well served by other forms of infrastructure, such as electricity, potable water, improved sanitation facilities, telecommunications, etc. All this undermines the role of agriculture in improving food security and nutrition and reducing poverty. As an IFAD study has pointed out, the incidence of poverty tends to be high in areas with poor physical market access. Therefore, there is a strong need to ensure basic minimum infrastructure to allow rural producers and traders to physically interact and to foster competitive trade. Increased market access through roads and transportation is required.

#### **4.3.2 Access to land**

Land is the most important primary factor of production for poor rural populations in most Member States; and it is the most constraining factor for attainment of sustainable food security at national and household levels, other things being equal. Hence, guaranteeing access to land and security of tenure are key conditions for enabling producers to invest in land, improve the productivity of their farms and improve their livelihood. Improving equitable distribution of land also ensures access to land for the poor, particularly poor women. Over 60% of women live in rural areas and derive their subsistence from agriculture however are inhibited by customary laws from controlling and owning land.

The 2004 Extra-Ordinary Summit held in Dar-es-Salaam directed member states to accelerate land policy reform initiatives, share best practices and ensure equitable access by women. Unfortunately, progress on the land redistribution exercise has been slow. Lack of adequate financial resources for purchasing land at market prices is the main reason for the slow progress. Where land has been acquired compulsorily, landowners have resisted, sometimes leading to court actions that have undermined progress.

Ownership of land through purchase is only one of several ways of gaining access to land. Another method, which has become popular, and which should be encouraged, is borrowing land for growing crops and returning it to the owner after use. This method serves the interests of those who do not want to take permanent possession of the land well, as it does the interests of those who do not want or do not have to stay in one place all the time.

### **4.3.3 Access to credit finance**

Farmers require the means to purchase inputs in order to increase the productivity of land and labour, and to adopt profitable income-generating activities. Apart from their savings, large scale farmers have readier access to banks than smallholder farmers who lack the required collateral. Thus, the latter are often forced to rely on other sources of finance that are neither adequate nor reliable. Their own savings are limited by their low incomes. And so are the resources of their relatives, neighbours and friends who give them grants or interest free loans.

Smallholder farmers satisfy most of their credit needs from informal financial lenders who are also constrained by limited resources. Microfinance institutions may have larger resources. But lending for farming may not be their mission. Besides, private microfinance institutions are unsuitable as lenders to smallholder agriculture. Since they rely on their own resources and not on deposits, they charge high rates of interest on the credit that they extend, unless they are subsidised by donors.

Possible solutions to the credit needs of smallholder farmers include expanding subsidised credit schemes run by NGOs or public institutions that target smallholder farming; in increasing the lending base of informal financial institutions by enabling them to access the resources of banks; and in meeting the needs of smallholder farmers through interlinked credit, as under contract farming.

A neglected aspect of interest to smallholder farmers is the provision of credit in kind, in the form of seeds, fertilizer, land, etc. Most of the credit in kind is granted by other people in the economy, some of whom use such lending as the main source of their livelihood. Some NGOs that are involved in developing smallholder agriculture also lend in kind. Ways and means of expanding this form of credit should be explored, including appealing to NGOs to increase their role in this field. One advantage that it has over lending in cash is that borrowers pay for the credit out of the produce that the credit resources have helped them to produce. In the event that nothing has been produced, there is no obligation to pay anything to the lender.

### **4.3.4 Access to Improved seeds**

Improved seed is an essential agricultural input for increasing crop productivity and improving food security. The RISDP sets a target of doubling the adoption rate of proven technologies, such as improved seed varieties, by 2015. However, availability and access to improved seed continues to be difficult for smallholder farmers in most SADC member states. Whereas the use of improved seed in South Africa is at over 80 percent of the farmers, in the rest of the SADC member

states it is at an average rate of 10 percent. Lack of financial resources for purchasing and non-availability of improved seed are given as the main reasons for this.

The private sector has shown no interest to trade in seed of non-commercial crops such as those grown by smallholders for own consumption due to lack of incentives for business in these crops. Some countries continue to have weak seed systems, and rely on imports and recycling of seed. The future for the SADC seed industry, thus, seems to lie in the promotion of small farmer-based seed multiplication programmes and strengthening of formal seed sectors, supported by plant breeders' rights, legislation and policies. In order to improve access to seed as a short term measure, several member countries have continued to implement and expand targeted input programmes for accessing seed for the vulnerable smallholder farmers through provision of free or subsidised seeds. The use of vouchers is one of the best ways through which seed inputs can be effectively distributed and administered.

#### **4.3.5 Inadequate Fertilizer Uptake**

Consumption of inorganic fertiliser is generally very low despite declining soil fertility in SADC member countries. The crucial role that fertiliser can play in improving productivity of smallholder agriculture is recognised. The main constraints to increased fertiliser uptake are the fact that smallholder farmers have limited access to inorganic fertilisers due to high costs and supply shortage. Activities that could be implemented at country level are the following:-

- Institution of targeted support to make inorganic fertilisers available.
- Establishment of distribution within easy reach in main agricultural production areas.
- Encouragement of use of organic fertilizers (manure and nitrogen fixing plants) and limiting acidic soils.
- Increasing fertiliser production within the existing but viable plants utilizing raw materials available from the region.
- Facilitating fertilizer procurement in bulk and encouragement of the private sector to repack in small convenient packages to meet the demands of the various farmers (e.g. 5 to 10 kgs).
- Enhancement of competitive and fair trade in fertilizers and other agrochemicals.

#### **4.3.6 Disaster Preparedness**

Despite its vulnerability to droughts, floods and cyclones, the SADC Region lacks a regional food security information system that would incorporate:

- A regional food facility that would allow it to respond better to emergencies, with optimal level of stocks and their location within the region, operational rules for stocking and de-stocking, and strategies for financing the facility.

- An early warning and monitoring element for food reserves and for identifying and monitoring pending emergencies.
- Vulnerability monitoring and other systems that identify populations and areas most at risk, monitor livelihoods, vulnerability and poverty mapping and recommend programmes and initiatives linked to poverty reduction.

Furthermore, SADC is without a risk insurance instrument that identifies the risk management strategy and safety-net support and strategies for financing it.

#### 4.4 Policy-Based Factors

##### 4.4.1 Investment Policies

In order to achieve the objectives of food security and economic growth, a high level of investment in the agricultural sector is required. However, financial inflows into agriculture from both public and private sources have experienced a decline over time and are now less than food aid. This trend can be explained by a lack of comparative attractiveness of agriculture within a competing international environment, an unreliable business environment and a history of unsustainable agricultural programmes. It requires that investment policies at various levels be addressed and that investment incentives for agriculture should be made more attractive.

Aid to agriculture in developing countries is said to have started declining in the mid 80's followed by a decline to Africa in the 90's. Total aid to agriculture in developing countries declined from 20% in 1980/84 to 8% in 1996-2000. Similarly, aid to agriculture in Sub-Saharan Africa (SSA) declined from 20% to 8% over the same time periods. Multilateral aid declined most rapidly from 27% to 7% while bilateral aid declined from 15% to 8% of total aid. Details are shown in Table 4.2.

Table 4.2 Aid to Agriculture in SSA by Donor and Share in Total

International Cooperating Partner	1980-1984 % Donor Total	1996-2000 % Donor Total	2001 US\$ million
AfDF	22	14	171
EC (EDF)	28	3	62
IDA	23	5	183
IFAD	69	70	95
Total Multilateral	27	7	511
Bilateral	15	8	542
Overall Total	20	8	1,053

Source: SADC Secretariat, "Enhancing Agriculture and Food Security for Poverty Reduction in the SADC Region", a Key Issues Paper for Extraordinary Summit May 2004.

As shown in Table 4.3, most of the SADC member states have lagged behind in implementing the AU directive to allocate 10% of national budgets to agriculture. Only Malawi has lived up to its commitment, with the share of the budget going to agriculture standing at 14 percent in the 2008/2009 budget. This increase in the budgetary allocation to agriculture has enabled the government to increase the fertiliser subsidy programme, which has been the main factor in improving food security in the country. Namibia is close to reaching the 10 percent target. However, the overall picture is worrying as the average share of agriculture in national budgets has actually declined since 2003/2004. Member states that have not done so are urged to step up allocations to the agricultural sector.

Other areas to which public spending on agriculture could be allocated include the following:

- Rural infrastructure development
- Other technologies that enhance productivity, such as water management and irrigation
- Improving access to assets (land, water and human capital)
- Improving access to services, (agricultural research, extension, credit)
- Sustainable natural resource management
- Providing safety nets for vulnerable populations

Table 4.3 : Budget Allocations to Agricultural Sector in the SADC Region 2003/04 to 2006/07

Country	Summit Declaration % of total budget	2003/04 (%)	2004/05 (%)	2005/06 (%)	2006/07 (%)
Angola	10	2.24	6.47	5.29	3.55
Botswana	10	2.8	2.7	3.2	3.3
DRC	10	ns	ns	ns	ns
Lesotho	10	4.8	5.0	4.0	3.5
Madagascar	10	ns	ns	ns	4.2
Malawi	10	6.6	12.71	11	13.2
Mauritius	10	3.96	2.91	2.56	ns
Mozambique	10	6.2	4.4	3.4	3.9
Namibia	10	7.3	6.9	8.2	8.0
South Africa	10	ns	ns	ns	ns
Swaziland	10	4.97	6	4.7	3.71
Tanzania	10	5.7	4.71	5.78	5.78
Zambia	10	7.0	4.0	5.0	ns
Zimbabwe	10	11.9	ns	ns	ns
SADC Average	10	5.77	5.34	5.31	5.46

ns stands for not submitted

SADC average is for countries for which information has been available.

Source: SADC Secretariat, Strengthening The Role of Agriculture in Poverty Alleviation A Background Document for the Mauritius International Conference.

#### **4.4.2 Other Macroeconomic Policies**

All member states have some kind of macroeconomic policy framework on the basis of which they conduct financial and fiscal policies for promoting economic stability and development. Certain kinds of financial policies, such as exchange rate policy, impact on all sectors, agriculture included, and do not discriminate between large scale and small scale activities. Incentive policies that are based on the payment of indirect taxes can be neutral if they apply to all sectors. But, often, they discriminate against small scale activity as they apply to types of investment which are not applicable to them. The same applies to incentive policies that are based on liability for direct taxes; e.g., depreciation and investment allowances. These do not apply to micro and small scale activities, which are the majority in agriculture. All this underscores the need to take into account micro and small scale activities, often informal, in the design of fiscal policies.

Monetary policies are also discriminatory. For example, a reduction in the Bank Rate, which is followed by a reduction in deposit and lending rates, induces increased lending by commercial banks and non-bank financial institutions only, and not by informal and microfinance institutions, which are the ones that lend most to smallholder farmers. The same applies to monetary policy that is intended to increase the liquidity of lending institutions. These policies can impact on informal and microfinance institutions only if they are linked to banks through credit and interest rates.

#### **4.4.3 Food Security and Trade in Agricultural Products**

By lowering trade barriers, trade liberalisation helps countries to achieve food security by facilitating imports of the food that they cannot produce themselves or by facilitating export of agricultural products and so earning the resources that they can use in case there is a need to import food. Within SADC, trade in food products is governed by the SADC Trade Protocol. In implementing this protocol, one contentious issue has been the need to protect public health and the spread of transboundary plant and animal diseases. This protection is provided for through Sanitary and Phytosanitary measures. But, as long as member states have not harmonized these measures, they will continue to hamper trade in agricultural products. The other contentious issues have to do with other non-tariff barriers, which must be addressed as they do imply that access to regional markets is limited; and the rules and disciplines governing trade in agricultural products, which have the same effect on intra-regional trade in agricultural products.

Concerning market access, SADC member states have undertaken unilateral liberalisation and deregulation of their agricultural sectors and attained a higher level of liberalization than that which is required by the Agreement on Agriculture

under the World Trade Organisation. But there are non-tariff barriers than continue to stifle trade in agricultural products.

According to the background paper “Informal Cross Border Trade and Poverty Reduction in the SADC Region”, since the SADC Trade Protocol was designed for formal trade, informal cross-border traders are not benefiting from its trade liberalization measures. Instead, they face stringent visa requirements and other barriers, such as high customs duties, licensing requirements, transport problems, lack of market space for selling their wares, and unsatisfactory road networks in the SADC Member States. Other challenges include limited access to finance, lack of recognition, and poor accommodation on their travels. In order to reduce these problems, it is recommended that SADC adopts a regional policy framework specific to the needs of informal cross border traders which addresses simplification of customs documents, elimination of border delays, provision of market space in towns, etc.

#### **4.4.4 OECD subsidies and SADC agriculture**

Several prominent members of the Organisation for Economic Cooperation and Development (OECD), such as the EU, US and Japan, frustrate the development of agriculture in SADC and other less developed countries by protecting their agricultural markets through various tariff and non-tariff measures (such as product standards and rules of origin), and by heavily supporting their agricultural producers and exporters through various subsidies. Through these means, their producers and exporters out-compete African producers and exporters at home and in third country markets. The bulk of these measures target the production of milk, meat, grains and sugar.

OECD export subsidies are among the most distorting trade policy instruments as their adverse effects are entirely passed on to third country markets. They are used to facilitate the disposal of surplus production from EU farmers onto the world market by compensating exporters when their production costs are higher than the current world market price.

The most distorting market access barrier for SADC countries are food and safety standards imposed by OECD countries – predominantly by the EU. Health standards such as sanitary and phytosanitary standards (SPS) aiming at the protection of human, animal and plant life or health - are critical barriers. These new and increasingly burdensome food safety standards may be the result of effective agribusiness's lobby work aimed at keeping out imports. An example is the EU traceability ('from farm to fork') regulation.

Through heavy domestic support to EU producers, the EU has made SADC agricultural prices uncompetitive, rendering the production of cotton and sugar unattractive. Thus, they have undermined the development opportunities of large numbers of smallholder farmers in the SADC region. SADC needs better access

to OECD markets for labour-intensive manufactured goods, primary agricultural goods (e.g. sugar and cotton), and processed agricultural products. But protection of domestic agricultural markets in OECD countries together with export subsidies, has reduced prices for many SADC farmers and rendered their products uncompetitive.

#### **4.4.5 Food Import and Food Aid Policies**

Food imports and food aid have both positive and negative impacts on the economies of SADC member countries. They make up for shortfalls in domestic production. Thus, they boost supply, can moderate price changes and help to improve food security. However, depending on when they become available and how they are distributed, they can depress domestic food prices and so serve as a disincentive to domestic production. For these reasons, a study conducted by the Economic Commission for Africa (ECA) concluded that proper timing of commercial imports is key to reduction/elimination of the negative impacts of imports at national level. As for food aid imports, both proper timing and targeting of vulnerable groups are critical in ensuring that food aid does not depress producer prices in local markets and cause other negative effects.

### **5.0 CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Key Issues and Challenges**

The world is facing an unprecedented problem of sharply rising food prices. On the supply side, the problem has been caused by a steep reduction in stocks of cereals, drought-induced shortfalls in production of cereals, and increases in the cost of producing them due to rising fuel prices. On the demand side, the leading factors have been an increase in demand for food crops for use as feed for biofuels, which has led to reduction in the supply of food crops; and an increase in demand for cereals for human consumption caused by rising incomes, urbanization and population growth. The SADC Region has not been spared the brunt of this problem of rising world food prices. But, at the same time, and perhaps because of rising production of cereals in the region, it has not been as seriously affected as other parts of the world. Nevertheless, because of continuing threats to its food security caused by rising fuel prices and anticipated further increases in world food prices, it is essential for the region to adopt measures that will help it to improve food supplies. Before explaining the recommended measures, we shall first put them in their context by highlighting the key issues and challenges affecting agriculture, finance and trade.

### 5.1.1 Agriculture

With respect to agriculture, the main issues and challenges are the continuing food gap, low global food reserves, rising food prices, rising agricultural input prices and the expansion of biofuel production. Data indicate that food production in the SADC Region has hardly kept pace with the growth of population over the long term. Between 1990 and 2006, for example, whereas population increased from 152 million to 249 million, food production increased by a smaller factor from 22,062,000 tonnes to 23,607,000 tonnes. This implies that food consumption from domestic production has declined. Although imports of food and food aid have increased to cover shortfalls, these have not been enough to arrest a decline in average per capita dietary energy supplies and in protein supplies. The challenge is to make domestic production keep pace with the growth of demand for food, in part caused by population growth.

Global stocks of cereals have declined to their lowest levels since the early 1980s. Apart from exerting upward pressure on food prices, low global food reserves imply that, in the event of a major, widespread decline in regional food production, the SADC Region would neither be able to readily source food imports nor find cheap food to buy. In light of this development, apart from increasing domestic production, the challenge is to increase national food reserves and to establish the proposed regional food reserve.

Several studies have shown that prices of most cereal crops are expected to rise and remain well above their pre-2006 levels through to 2017. This will pose two challenges for SADC member states. One of them is to protect the poor and to ensure that those that are living on the margin do not become destitutes. The other is to take advantage of higher prices to stimulate greater food production and hence raise rural incomes in the long run. In pursuit of these objectives, the challenge may be to find the right mixture of policies.

The impact of rising fuel prices will be to increase the cost of producing and acquiring food because of increases in prices of fertilizers (prices of which have doubled), higher costs of transporting agricultural inputs and output, and higher costs of using motorized machinery on farms. The challenge is to minimize the impact of these input cost increases on farmers, especially smallholder farmers.

The production of biofuels in the SADC Region has so far not risked food security because it has avoided using cereals as feed and because the biofuel industry is comparatively small. In future this could change with the growth of the industry. Whether use will be made of cereals or oil seeds and sugar byproducts as is the case now, there will be increased competition for available land and labour between food crop production and cultivation of crops for use as feed for the biofuel industry. The challenge for the SADC Region will be to minimise competition for resources between food crop production and biofuel production.

### 5.1.2 Finance

Concerning finance, the issues and challenges are the decline in the level of investment in agriculture, macroeconomic impact of increases in food and fuel prices, bias in macroeconomic policies in favour of large scale enterprises, and inadequacy of seasonal credit to smallholder farmers. Due to lack of comparative advantage of agriculture, an unreliable business environment and unsustainable agricultural programmes in the past, financial inflows into agriculture from public and private sources have declined over time. The challenge is to address investment policies and to make investment incentives for agriculture more attractive. Multilateral and bilateral aid to agriculture has also declined. The challenge here is to persuade donors to increase aid to agriculture. In terms of increasing budgetary allocations to agriculture to 10 percent of total budgets, member states fall into three categories: the one country that has already achieved it (Malawi); those that have experienced a decline in the percentage allocation to agriculture (the majority), and those that have increased the share of agriculture in the budget but have not achieved the set target (the minority). Again, the challenge is to persuade member states to fulfil their commitments.

Until the end of 2007, the SADC Region had made significant progress towards attaining macroeconomic stability and convergence. Since then, however, it has been facing macroeconomic risks arising from continually increasing food and fuel prices, which threaten macroeconomic stability and the attainment of macroeconomic convergence targets. Food and fuel price increases are likely to worsen the current account of the balance of payments because of higher import payments. In addition, they are likely to lead to further increases in inflation rates; to higher budget deficits as governments borrow to finance higher than budgeted expenditure because of escalating costs and so to higher levels of debt. The challenge is to safeguard the macroeconomic gains of the recent past through prudent fiscal and monetary policies in the face of higher food and fuel prices.

While all member states have macroeconomic policy frameworks on the basis of which they conduct fiscal and monetary policies, fiscal incentives largely target and benefit large-scale enterprises. Monetary policies that are designed to reduce the interest cost of borrowing or increase the liquidity of commercial banks also mainly benefit large-scale enterprises that borrow from them and the commercial banks that lend money, and not micro and small-scale enterprises, including those engaged in agriculture, or informal and microfinance lenders, who are not affected by those policies. The challenge is to extend the impact of fiscal and monetary policies to micro and small-scale enterprises, and of monetary policies to informal financial and microfinance institutions.

Inadequate seasonal credit to smallholder farmers is, among other things, explained in terms of low saving capacity of the smallholder farmers themselves, unsuitability of smallholder agriculture for commercial bank loans,

and insufficient lending capacity of informal lenders and microfinance institutions. The challenge is to induce all three financial sectors to increase affordable credit to smallholder farmers so as to boost food production; and to encourage NGOs to do the same.

### **5.1.3 Food Trade**

Intra-SADC trade in food is constrained by lack of harmonization of SPS measures, other non-tariff barriers, and rules and disciplines governing trade in agricultural products. The challenges are to expedite the harmonization of SPS measures and the rules and disciplines governing trade in agricultural products, as well as to reduce non-tariff barriers.

Since the SADC Trade Protocol was designed for formal trade, informal cross-border traders are not benefiting from implementation of trade liberalisation measures. These traders face all sorts of trade barriers, including stringent visa requirements, high customs duties, licensing requirements, transport problems, and lack of space for selling their wares. The challenges are to adopt a regional policy framework specific to the needs of informal cross-border traders, simplify customs documents, eliminate border delays, provide them with market spaces in towns, and to build capacity and awareness among stakeholders, among other things.

By protecting domestic agricultural markets through food safety standards, such as SPS measures and the traceability regulation, and by subsidising exports, the OECD has depressed prices for many SADC farmers, thereby rendering their products uncompetitive. SADC needs better access not only for primary agricultural commodities (e.g., sugar and cotton), but also for processed agricultural products and labour-intensive manufactured goods. The challenge is to convince the OECD countries to stop protecting their markets and supporting their farmers or conclude the Doha Round negotiations that would address these barriers. SADC also needs to explore the opportunities that are available in South-South Cooperation and view alternative markets that are arising from increased demand from emerging economies such as India, China and Latin America.

## **5.2 Immediate and Short Term Measures (2008-2010)**

In order to address the adverse factors and challenges that make the SADC region food insecure, it is necessary for the SADC Secretariat and member states to implement a number of measures aimed at increasing the supply of food and mitigating the impacts of the current world food and fuel price increases. The proposed measures have been divided into immediate/short-term measures and medium/long term measures. All the measures are important. The immediate and short-term ones are of a higher order of urgency,

given the food security situation in which the region finds itself and external threats to it. We describe them below in order of priority.

### **5.2.1 Availability and Access to Key Inputs**

The main constraint to increased production of foodstuffs in the region is the limited access of smallholder farmers, who dominate food production, to key agricultural inputs. For this reason, member states should take immediate action to increase access to the following inputs:

#### **A. Fertilizers**

Availability and high price adversely affect the purchase and use of inorganic fertilizers in the SADC region, especially in remote less accessible areas. As a result, the average level of consumption of inorganic fertilizers has hardly changed over the past decade in the SADC region. The RISDP, preparation of which was completed in 2002, reported average consumption as 44.6 kgs. per hectare. The latest estimate puts the figure at 44.9 kgs. per hectare. This is still below the SADC target of 65 kgs. per hectare by 2015 and far below the world average of 98 kgs. per hectare.

Most of the fertilizer is sourced from overseas. With the recent sharp rise in fuel prices, the market price of fertilizer has similarly gone up rapidly and it may go up higher, further reducing demand. There is only limited production of fertilizer in South Africa and Zambia. In Zimbabwe production has virtually ceased. So there is little that can be done to substitute imports with domestic production in the short run. The use of organic fertilizers, which improves soil properties, is more limited.

In light of the above considerations, member states are urged to:

- Timely procure and distribute fertilizers for food production to smallholder farmers, using state or other machinery that is considered appropriate.
- Increase the level of subsidy in targeted subsidized fertilizer programmes, if they already exist, or institute such programmes, if they do not exist.
- Facilitate fertilizer procurement in bulk and encourage distributors to repack it in small convenient packages to meet the demands of various farmers.
- Increase fertilizer production within the existing but viable plants utilizing raw materials available in the region.
- Establish distribution points within easy reach in agricultural production areas.
- Encourage the use of organic fertilizers (manure and nitrogen fixing plants) and liming of acidic soils.

## **B. Improved Seed Varieties**

Availability and access to seed continues to be difficult for smallholder farmers in most SADC member states. In South Africa over 80 percent of farmers use improved seed. But in most of the other member states, an average of 10 percent of the farmers use such seed. As with inorganic fertilizers, lack of financial resources and availability of seed are responsible for the limited use of improved seed.

For the 2004/05, 2005/06 and 2006/07 planting seasons, the region as a whole had an adequate supply of maize seed, although there were shortages in some member states. For 2007/08, a regional maize seed deficit of 35,901 tonnes was projected. Only South Africa, Tanzania and Zambia had surpluses of maize seed. In contrast, the region continued to face persistent annual deficits of seeds for groundnuts, beans, sorghum, millet, rice, soyabeans, cowpeas and cassava cuttings.

Member states are urged to:

- Timely procure and distribute improved seeds to smallholder farmers, using state or other machinery that is considered appropriate.
- Increase the level of subsidy in targeted seed subsidisation programmes, if they already exist, or institute such programmes, if they do not exist.
- Ensure timely seed supply and availability through:
  - a) Promotion of seed multiplication
  - b) Contract farming
  - c) On farm seed production of Open Pollinated Varieties (OPVs) by farmers
  - d) Tissue culture
  - e) Irrigation

Along with the SADC Secretariat, member states should:

- Expedite the harmonization of seed policies and legislation to facilitate increased seed trade.
- Produce foundation seed from breeder seed material.

## **C. Access to Credit**

Often smallholder farmers lack the means for buying improved inputs, equipment and for hiring labour because of their low incomes. For a variety of reasons, including lack of collateral, commercial banks do not lend much money to them. Lending to smallholder agriculture by microfinance institutions can be limited by their resource base or their mandate which may favour non-farm activities. In some countries, smallholder farmers get most of their credit

from informal financial institutions. But the amount of money that they can lend is also limited by their small resource base.

In order to increase the amount of credit going to smallholder farmers, member states are urged to:

- Encourage banks and microfinance institutions to prioritise agriculture and expand credit to smallholder farmers.
- Encourage NGOs that are involved in the development of smallholder agriculture to expand their lending operations to these farmers also.
- Encourage the extension of credit in the form of agricultural inputs by NGOs, microfinance and informal lenders as it obviates the need to find cash for repayment, which is effected in kind out of produce.
- Encourage commercial and other banks to lend to informal financial institutions for the purpose of on-lending to smallholder farmers.

#### **D. Availability and Productivity of Labour**

Member countries are suffering from reduced agricultural labour supply due to HIV/AIDS and because of rural-urban migration caused by lack of physical and social infrastructure in rural areas. The other factor is that, as major producers and managers of their families, women are constrained by heavy workloads and other obligations that discriminate against them.

In order to alleviate labour shortages, it is recommended that member states should:

- Encourage formation and use of cooperative work arrangements to increase productivity of available labour.
- Intensify use of draught power and promote mechanization to ease the labour shortage.
- Promote other labour-saving and gender sensitive technologies.
- Further enhance the capacity of national extension services through recruitment, retraining and retention in collaboration with the private sector.
- Mainstream measures to combat HIV/AIDS in agricultural and natural resources policies and programmes

#### **E. Promoting the Use of Appropriate Farm Machinery and Implements**

Machinery and implements help to improve the productivity of labour and land, and to save on the use of labour when it is scarce. However, the use of machinery and implements in smallholder agriculture is inappropriate because the sizes of the farms are too small. So there is reliance on the hand hoe as the other tillage tools and draught power are both expensive and often unavailable. The recurrence of animal diseases has reduced availability of oxen power. It is recommended that member countries should:

- Support the establishment of tractor and draught power hiring services.

- Provide targeted support for rehabilitation and maintenance of farm machinery and implements.
- Implement restocking programmes and provide targeted support for veterinary services and medicines for draught animals.
- Sensitize and provide as appropriate, training to farmers on the use of draught power and implements.
- Remove all tariffs on farm machinery, implements and spare parts where there is no local production.

### **5.2.2 Targeted Safety Nets**

People in the SADC region are vulnerable to several exigencies. Those that concern food insecurity are droughts, floods and cyclones. Apart from natural exigencies, poverty also makes people vulnerable to food insecurity. The magnitude of this problem can be gauged from the fact that forty percent of the entire SADC population lives on less than US\$1 per day. This implies that many people in the region cannot afford food or agricultural inputs, which they find expensive. In order to alleviate hardship and suffering, it is recommended that member states should:

- Provide food assistance to the most vulnerable.
- Institute or expand cash transfer programmes and encourage NGOs and other stakeholders to do the same.
- Expand food for work and cash for work public works programmes.

### **5.2.3 Crop and Livestock Pests and Diseases**

Among other things, crop and livestock production is constrained by outbreaks of diseases and migratory pests. Outbreaks of armyworm, quelea birds, red locusts, larger grain borer, cassava mosaic virus and tsetse fly are said to be endemic in the region. Trans-boundary animal diseases adversely affect livestock production, thereby undermining food security. Due to crop pests and diseases and poor storage facilities, annual pre and post harvest losses are estimated to be between 20 and 40 percent, especially on cereals.

It is recommended that member states should:

- Strengthen and coordinate surveillance and sharing of information on trans-boundary pests and diseases as part of their national early warning system through an increase in resource allocation to agriculture.
- Revitalise national control measures for migratory pests and diseases and develop a regional programme on the control and eradication of trans-boundary pests and diseases.
- Enhance the use of biological plant and animal protection agents, especially insects and pathogens, to control pests and diseases.

- Intensify vaccinations, surveillance and awareness campaigns against TADs. A regional approach to vaccine production should be pursued through the pooling of resources and creation of centres of excellence.
- Develop comprehensive national Tsetse and Trypanosomosis eradication strategies and programmes to achieve PATTEC objectives.

Governments, NGOs and ICPs should provide targeted support to smallholder farmers for veterinary services. The region should harmonise TADs control policies and strategies such as information sharing, disease control and preventive methodologies.

#### **5.2.4 Increasing Market Access to Ensure Safe, Nutritious and Affordable Food**

Markets for agricultural inputs and output in the SADC region suffer from inaccessibility and unreliability. Often commodity prices are below production cost due to distortions in domestic and international markets. Smallholder farmers can hardly meet the requirements for exports since commodities are specialized and require knowledge to handle. In addition, they fail to meet the required SPS measures because their products are affected by diseases and are perishable. Institutionally, the input and produce dealers that replaced marketing boards are not very effective.

##### **a) Market access and development**

- Member states should facilitate access by agricultural producers to national, regional and international markets.
- SADC should ensure fair trade and access to other regional and global markets.
- SADC should call upon developed countries to eliminate trade distorting agricultural subsidies.

##### **b) Price stabilisation**

- Member states should consider establishing price stabilization mechanisms with reasonable commodity price risk management in accordance with WTO as an incentive for farmers.
- Member states should consider the establishment of sustainable Strategic Grain Reserves to protect both smallholder producers and consumers, as buyers of last resort.

##### **c) Sanitary and Phytosanitary Measures**

- Member states should expedite development of capacity to implement SPS measures to the required international standards and/or equivalence in order to facilitate trade and market access.

ii) SADC Secretariat should coordinate the harmonization of SPS standards within the region to the international standards.

#### **d) Market institutions**

i) Member states should encourage and facilitate the establishment of farmers, producers and traders associations for marketing of agricultural produce and inputs.

ii) Member states should support voluntary farmer organizations, which would create opportunities for them to get into the value chain.

iii) Member states should strengthen their national agricultural market information system and support the establishment of a comprehensive Regional Agricultural Market Information System to promote intra-SADC and international trade.

#### **e) Market infrastructure services**

i) Governments should provide basic institutional and physical infrastructure to link producers and markets.

ii) Member states should increase budgetary resources and investment in the development and maintenance of physical infrastructure in particular roads especially rural access roads, railways, grain handling and storage facilities and markets.

### **5.2.5 Private Sector Involvement in Agriculture and Rural Development**

The private sector involvement in the provision of goods and services is a critical driving force in improving agriculture and food security. The current role of the private sector is not effective, particularly in rural areas, due to lack of infrastructure, financial and technical capacity, and poor institutional structures.

Member States should provide enabling regulatory frameworks, policies and support mechanisms aimed at strengthening capacities of private sector involvement in agriculture and rural development.

### **5.2.6 Mitigating the Impact of HIV and AIDS on Agricultural Labour and Food Security**

HIV and AIDS is posing a serious threat to agriculture and food security due to negative effects on labour force involved in agricultural production. It affects the most active and productive segment of the rural society. In addition it continues to deplete financial resources used to buy inputs among the victims and their families. Member states ensure:

i) Improved availability of nutritious food and nutrition education;

ii) Improvement in the dissemination of information on the prevention and transmission of HIV and AIDS.

### **5.3 Medium and Long Term Measures (2008-2015)**

In addition to short-term measures, the following medium and long-term strategies are aimed at revamping agricultural production and food security in the region in line with the Regional Indicative Strategic Development Plan (RISDP).

#### **5.3.1 Increasing Access to Land**

In many countries, smallholder farmers have inadequate farm land. This is especially so in countries like Namibia and South Africa where, for historical reasons, land is distributed along racial lines; and in countries where, geographically, the overall size of the land is limited.

Several countries have initiated land reform programmes. However, due to financial constraints, progress is slow. Compulsory land acquisition is not popular. Gender discriminatory laws concerning land ownership are being repealed in a number of countries. A SADC Land Reform Facility has been established to assist member states with their land reform programmes.

It is recommended that member states should:

- Accelerate land redistribution programmes based on various options such as willing-seller-willing-buyer principle.
- Promote gender equality in access to land and accelerate ongoing land policy reform activities.
- Endeavour to clear landmines from agricultural land with the support of International Cooperating Partners.
- Share experiences and best practices on land utilization, land tenure systems, land administration and adjudication.

#### **5.3.2 Sustainable Agricultural Financing and Investment**

Budgetary provisions for agriculture from public, private sector and International Cooperating Partners (ICPs) have overtime substantially declined. At farm level, access to credit remains a problem especially for vulnerable groups such as women, child-headed households and orphans.

- i) Member States should progressively increase budgetary allocations for Agriculture to at least 10% of their national total budgets within a period of five years as recommended in the African Union Maputo Declaration on Agriculture and Food Security of July 2003.
- ii) Member States should mobilise finances for agro-processing and development of rural infrastructure.

iii) Member States should up-scale the establishment and use of rural financial intermediaries such as savings and credit schemes, rural mobile banks, among others.

iv) The region should consider setting up an Agricultural Development Bank/Facility that should be financed through private equity, Member States Development Finance Institutions (DFIs) and International Finance Institutions.

### 5.3.3. Enhancing Stability in Crop, Livestock, Fishery and Non-Traditional Agricultural Production

Agricultural production is largely dependent on natural conditions. Hence, it is vulnerable to climatic and other conditions. Vulnerability is compounded by inflexibility of subsistence farming among smallholder farmers, dependence on one or a few crops that take long to mature and that need a lot of moisture, and the growing of crops that are not suitable ecologically. In order to foster stability in production, it is recommended that member states should:

- Promote agro-ecological specialization and diversification of agricultural production.
- Encourage production of drought tolerant crops such as sorghums, millets, cassava and root crops.
- Encourage production of short cycle stocks such as pigs, goats, sheep and poultry.
- Promote aquaculture and marine farming.
- Improve fish stock management and fish product quality in accordance with the Fisheries Protocol.
- Enhance propagation, production and commercialization of non-traditional agricultural produce such as mushrooms.

### 5.3.4 Water Management and Irrigation

There is unsatisfactory water demand management and inadequate water retention infrastructure and exploitation of irrigation potential. Threats to food production are mainly a result of highly seasonal and erratic rainfall patterns. Global warming has exacerbated this problem, whereby regular and stable rainfall patterns no longer exist. The region is therefore constantly subjected to either floods or droughts. The region exhibits over dependence on rain-fed agriculture. Many irrigation systems in the region are inefficient, resulting in water losses, averaging 40-60%, which is unsustainable. Focus should therefore be on water harvesting for agricultural purposes.

a) Member States should aggressively embark on water management and development programmes, which should facilitate agricultural development. These should include, among others, flood control, water harvesting and strategic water storage facilities.

b) Member States should accelerate and up-scale adoption and use of simple and cost effective irrigation technologies such as treadle and motorised pumps, canalisation and water saving technologies.

c) Interested Member States and the SADC Secretariat should expedite resource mobilisation for the regional programme identified by the AfDB on “irrigation development and water management”.

d) Member States should allocate a substantial share of the agricultural budget for water management and irrigation. Governments should develop and implement policies aimed at attracting investments from the private sector.

e) The region should fast track negotiations on transboundary water resources management and development with priority for agricultural irrigation support.

f) The region should fast track ongoing initiatives aimed at promoting interbasin water transfers and ensure full riparian consensus in accordance with the provisions of the SADC Revised Protocol on Shared Watercourses.

g) SADC should identify centres of excellence on water management and irrigation for the region with links to national institutions for technical backstopping and capacity building.

### **5.3.5 Sustainable Utilization of Natural Resources**

The current use of natural resources is unsustainable. For instance, it is currently estimated that the forest resources are lost at a rate of 1.62 million hectares per year resulting in desertification. Wildlife resources and fisheries are unsustainably utilised and over-exploited, and soils and water resources are poorly managed resulting in soil degradation. The value of annual nutrient losses through erosion in Africa is estimated at between US\$1 and 3 billion. The key challenges in the fishery industry are to improve policies for sustainable management of the region’s marine resources and inland fisheries, up-scaling of aquaculture and quality improvements in fish handling, processing and distribution. In forestry and wildlife, there is need to develop policies, legislation and institutional structures that recognize forests and wildlife as viable land-use options and allow community based management of natural resources.

i) Member States should effectively manage catchment areas, forests, and wetlands;

ii) Member States should enhance the management of marine resources and inland fish stocks.

iii) Member States should develop policies and land-use plans that conserve and optimise the utilisation of soil, forest, wildlife and water resources.

- iv) Member States should develop national action plans which aim at combating desertification, controlling wild fires, mitigating drought and floods through land conservation, afforestation and water harvesting.
- v) Member States should establish policy and legal reforms for equitable utilization as well as monitoring and curtailing illegal harvesting and export of natural resources.
- vi) Member States should increase investments in processing and packaging of natural resources in order to add value to products.
- vii) Member States should develop community based projects on management of natural resources in order to promote sustainable utilisation.
- viii) Member States should develop regional information systems to monitor deforestation and surveillance on wildlife and fish resources. In this regard, there is need to strengthen and harmonize natural resources management policies and programmes.

### **5.3.6 Improving Access to Safe and Nutritious Food**

Increased income and agricultural trade facilitation, as outlined in the SADC Protocol on Trade, improves access to food.

- i) Member States should strengthen the laws and regulations governing trade in agriculture through the implementation of the SADC Trade Protocol.
- ii) Member States should promote commercially viable market access for strategic agricultural commodities originating from the region including those at the higher end of the processing chain.
- iii) Member States should facilitate access to food at household level through promotion of non-farming agricultural income generating activities and implementation of safety-nets.
- iv) Member States should promote appropriate food processing, storage and transport technologies that reduce pre and post-harvest losses and ensure food quality.

### **5.3.7 Research, Technology Development and Dissemination**

In most Member States national agricultural research, extension and training institutes are poorly funded. Research extension linkages are weak resulting in low dissemination and poor adoption of technologies. Cooperation and promotion of partnerships in agricultural research optimise the use of scarce resources, facilitate the exchange of information and avoid duplication.

#### **a) Technology dissemination**

- i) Member States, NGOs and private sector should promote networks in the dissemination and adoption of appropriate technologies at grass-root level such

as adoption of short maturing varieties of cereals and improved crop and animal husbandry.

ii) Research-extension-farmer linkages should be strengthened in order to facilitate the transfer of technologies.

#### **b) Research**

i) The development of crop varieties and animal breeds that are tolerant and perform better in the prevailing physical environment should be enhanced. Emphasis should be placed on increased yields through improved genetic materials, production systems and management techniques;

ii) Member States are encouraged to develop and adopt appropriate technologies that will support emerging commercial farmers and resource-poor smallholders.

iii) Member States should strengthen capacities of public and private agricultural research institutions and universities.

iv) Member States should strengthen research partnerships among the national agricultural research systems, the Consultative Group on International Agricultural Research (CGIAR) and the Forum for Agricultural Research in Africa (FARA).

#### **5.3.8 Strengthening Disaster Preparedness**

The recurrent food crises in Southern Africa are largely an outcome of growing poverty and vulnerability, compounded by increasing weather changes (drought and floods). In response to the Maputo Declaration on Food Reserve Systems, NEPAD conducted a continental review under the Comprehensive Africa Agricultural Development Programme (CAADP) Emergency Preparedness and Response Programme.

i) Member States should strengthen their Early Warning Systems and vulnerability monitoring capabilities, taking into account indigenous knowledge.

ii) Subject to the outcome of the study on a Regional Food Reserve Facility, SADC should establish a Regional Food Reserve Facility. As part of this process, Member States should strengthen the existing national food reserve facilities.

iii) SADC should establish a Regional Integrated Agricultural Information System.

#### **5.3.9 Human Resource Development in Agriculture and Food Security**

Agricultural development depends on the existence of qualified professionals in different disciplines and currently, most Members States have limited capacity. Members States are urged to enhance the capacity of professionals and farmers in the region with emphasis on farmers' exchange programmes and scholarships for different specialisations, and promote entrepreneurship development.

### **5.3.10 Mitigating Impacts of HIV and AIDS and Other Chronic Diseases on Agriculture and Food Security**

The SADC region is facing an unprecedented HIV and AIDS crisis that has placed the region in a state of severe vulnerability. The Agricultural sector in the SADC region is particularly affected by the HIV and AIDS crisis because it largely employs labour intensive farming systems with low levels of mechanization and inputs. Other chronic diseases such as Malaria and sleeping sickness also have devastating impacts on labour for agricultural production. Member States are urged to review their mitigation programmes and implement the SADC HIV and AIDS Strategic Framework and Plan of Action 2003-2007 to ensure food security in the region.

## 6.0 Proposed Plan of Action

### 6.1 MATRIX 1: IMMEDIATE AND SHORT-TERM PLAN OF ACTION

Objective	Activities to Increase Food Production	Outputs/Indicators	Responsible Institutions	Time Frame
1. Provision of Key Inputs				
a) Availability and timely access to fertilizers	<p>Timely procure and distribute fertilizers to smallholder farmers, using state or other machinery considered appropriate</p> <p>Increase the level of subsidy in targeted subsidized fertilizer programmes, if they already exist, or institute such programmes, if they do not exist.</p> <p>Facilitate fertilizer procurement in bulk and encourage distributors to repack it in small convenient packages to meet the demands of various farmers.</p> <p>Increase fertilizer production within the existing but viable plants utilizing raw materials available in the region.</p> <p>Establish distribution points within easy reach in agricultural production areas.</p> <p>Encourage the use of organic fertilizers (manure and nitrogen fixing plants) and liming of acidic soils.</p>	<p>Amount of fertilizers procured and distributed.</p> <p>Percentage increase in the fertilizer subsidy.</p> <p>Amount of fertilizer procured in bulk and repacked in small packages.</p> <p>Amount of fertilizer produced in the region.</p> <p>Number of distribution points established.</p> <p>Quantity of organic fertilizer and lime used.</p>	<p>Member states, NGOs, CBOs, Private Sector.</p> <p>Member states.</p> <p>Member states.</p> <p>Private sector.</p> <p>Member states and private sector.</p> <p>Member states.</p>	2008-2010 for all actions.
b) Availability and timely access to improved seed	<p>Timely procure and distribute improved seeds to smallholder farmers.</p> <p>Increase the level of subsidy in targeted seed subsidisation programmes, if they already exist, or institute such programmes, if</p>	<p>Amount of improved seeds procured and distributed</p> <p>Percentage increase in the level of subsidy.</p> <p>Amount of seeds available.</p>	<p>Member states, NGOs, CBOs, private sector.</p> <p>Member states.</p>	2008-2010 for all actions.

Objective	Activities to Increase Food Production	Outputs/Indicators	Responsible Institutions	Time Frame
	<p>they do not exist.</p> <p>Ensure seed supply and availability through:</p> <ul style="list-style-type: none"> <li>• Promotion of seed multiplication</li> <li>• Contract farming</li> <li>• On farm seed production of Open Pollinated Varieties (OPVs) by farmers</li> <li>• Tissue culture</li> <li>• Irrigation</li> </ul> <p>Expedite the harmonization of seed policies and legislation to facilitate increased seed trade.</p> <p>Produce foundation seed from breeder seed material.</p>	<p>Harmonised seed policies and legislation.</p> <p>Amount of foundation seed produced from breeder material.</p>	<p>Member states, NGOs, private sector.</p> <p>SADC Secretariat.</p> <p>SADC Secretariat.</p>	
<p><b>c) Increase access to credit</b></p>	<p>Encourage banks and microfinance institutions to prioritise agriculture and expand credit to smallholder farmers, especially women.</p> <p>Encourage NGOs that are involved in the development of smallholder agriculture to expand their lending operations to these farmers also.</p> <p>Encourage the extension of credit in the form of agricultural inputs by NGOs, microfinance and informal lenders to smallholder farmers, especially women.</p> <p>Encourage commercial and other banks to lend to informal financial institutions for the purpose of on-lending to smallholder farmers.</p>	<p>Amount of credit extended for all actions.</p>	<p>Member states, central banks, NGOs, CBOs</p> <p>Member states, central banks.</p> <p>Member states, central banks.</p> <p>Member states, central banks</p>	<p>2008-2010 for all actions.</p>

Objective	Activities to Increase Food Production	Outputs/Indicators	Responsible Institutions	Time Frame
<b>d) Availability and productivity of labour</b>	<p>Encourage formation and use of cooperative work arrangements to increase productivity of available labour.</p> <p>Intensify use of draught power and promote mechanization to ease the labour shortage.</p> <p>Promote other labour-saving and gender sensitive technologies.</p> <p>Further enhance and gender mainstream the capacity of national extension services through recruitment, retraining and retention in collaboration with the private sector.</p> <p>Mainstream measures to combat HIV/AIDS in agricultural and natural resources policies and programmes</p>	<p>Number of cooperative work arrangements formed and in use.</p> <p>Amount of draught power in use and level of mechanisation.</p> <p>Number of labour saving and gender sensitive technologies promoted.</p> <p>Number of male and female extension workers recruited, retrained and retained.</p> <p>Number of mainstreamed measures to combat HIV/AIDS.</p>	<p>Member states.</p> <p>Member states, farmers, private sector.</p> <p>Member states, private sector.</p> <p>Member states.</p> <p>Member states.</p>	2008-2010 for all actions.
<b>e) Promoting the use of appropriate farm machinery and implements</b>	<p>Support the establishment of tractor and draught power hiring services.</p> <p>Provide targeted support for rehabilitation and maintenance of farm machinery and implements.</p> <p>Implement restocking programmes and provide targeted support for veterinary services and medicines for draught animals.</p> <p>Sensitize and provide as appropriate, training to farmers on the use of draught power and implements.</p>	<p>Number of draught power hiring organisations.</p> <p>Number of farm machinery and implements rehabilitated and maintained.</p> <p>Number of draught animals restocked and serviced</p> <p>Number of farmers trained to use draught power and implements.</p> <p>Number of tariffs removed.</p>	<p>Member states.</p> <p>Member states.</p> <p>Member states.</p> <p>Member states.</p>	2008-2010 for all actions.

Objective	Activities to Increase Food Production	Outputs/Indicators	Responsible Institutions	Time Frame
	Remove all tariffs on farm machinery, implements and spare parts where there is no local production.			
<b>2. Targeted Safety Nets</b>	<p>Provide food assistance to the most vulnerable.</p> <p>Institute or expand cash transfer programmes and encourage NGOs and other stakeholders to do the same.</p> <p>Expand food for work and cash for work public works programmes.</p> <p>Gender-mainstream all the above actions.</p>	<p>Amount of food distributed.</p> <p>Amount of cash transferred.</p> <p>Amount of food and money paid for public and other works.</p>	<p>Member states, NGOs, Donors, Private sector. As above.</p> <p>As above.</p>	2008-2010 for all actions.
<b>3. Crop and Livestock pests and diseases</b>	<p>Strengthen and coordinate surveillance and sharing of information on trans-boundary pests and diseases.</p> <p>Revitalise national control measures for migratory pests and diseases and develop a regional programme on the control and eradication of trans-boundary pests and diseases.</p> <p>Enhance the use of biological plant and animal protection agents.</p> <p>Intensify vaccinations, surveillance and awareness campaigns against TADs.</p> <p>Develop comprehensive national Tsetse and Trypanosomosis eradication strategies and programmes.</p>	<p>Strengthened and coordinated surveillance and information sharing in place.</p> <p>Revitalisation of national control measures in place.</p> <p>Enhanced use of biological and animal protection agents.</p> <p>Number of vaccinations and awareness campaigns against TADs.</p>	Member states for all actions.	2008-2010 for all actions.

Objective	Activities to Increase Food Production	Outputs/Indicators	Responsible Institutions	Time Frame
<b>4. Increase market access to ensure safe, nutritious and affordable food</b>				
a) Market access and development	<p>Member states should facilitate access by agricultural producers to national, regional and international markets.</p> <p>SADC should ensure fair trade and access to other regional and global markets.</p> <p>SADC should call upon developed countries to eliminate trade distorting agricultural subsidies.</p>	<p>Measures for facilitating access to national, regional and international markets.</p> <p>Measures for ensuring fair trade and access to other regional and global markets.</p> <p>Elimination of trade distorting agricultural subsidies.</p>	<p>Member states.</p> <p>SADC Secretariat.</p> <p>Member states, SADC Secretariat.</p>	2008-2010 for all actions a) to f)
b) Price stabilisation	<p>Member states should consider establishing price stabilization mechanisms with reasonable commodity price risk management in accordance with WTO as an incentive for farmers.</p> <p>Member states should consider the establishment of sustainable Strategic Grain Reserves to protect both smallholder producers and consumers, as buyers of last resort.</p>	<p>Price stabilisation mechanisms with reasonable commodity price risk management.</p> <p>Strategic grain reserves.</p>	Member states for both actions.	
c) Sanitary and phytosanitary measures	<p>Member states should expedite development of capacity to implement SPS measures to the required international standards and/or equivalence in order to facilitate trade and market access.</p> <p>SADC Secretariat should</p>	<p>Capacity to implement SPS measures.</p> <p>SPS standards harmonised.</p>	<p>Member states, SADC Secretariat.</p> <p>SADC Secretariat.</p>	

Objective	Activities to Increase Food Production	Outputs/Indicators	Responsible Institutions	Time Frame
	coordinate the harmonization of SPS standards within the region to the international standards.			
d) Market institutions	<p>Member states should encourage and facilitate the establishment of farmers, producers and traders associations for marketing of agricultural produce and inputs.</p> <p>Member states should support voluntary farmer organizations, which would create opportunities for them to get into the value chain.</p> <p>Member states should strengthen their national agricultural market information system and support the establishment of a comprehensive Regional Agricultural Market Information System to promote intra-SADC and international trade.</p>	<p>Number of associations established.</p> <p>Support for voluntary associations.</p> <p>National agricultural market information system strengthened. Regional agricultural market information system established.</p>	Member states for all three actions.	
e) Market infrastructure services	<p>Governments should provide basic institutional and physical infrastructure to link producers and markets.</p> <p>Member states should increase budgetary resources and investment in the development and maintenance of physical infrastructure in particular roads especially rural access roads, railways, grain handling and storage facilities and markets.</p>	<p>Institutional and physical infrastructure in place.</p> <p>Amount of budgetary resources allocated to development and maintenance of transport infrastructure.</p>	<p>Member states.</p> <p>Member states.</p>	
5.Private sector involvement in agriculture and rural development	Provide an enabling regulatory framework, policies and support mechanisms aimed at strengthening capacities of private sector	Regulatory framework, policies and support mechanisms in place.	Member states.	2008-2010 for all actions.

Objective	Activities to Increase Food Production	Outputs/Indicators	Responsible Institutions	Time Frame
	<p>involvement in agriculture and rural development.</p> <p>Promote and establish relevant public private partnerships and dialogues in agriculture</p>	Public private partnerships and dialogues in place.	Member states, private sector.	
<b>6. Mitigating the impact of HIV/AIDS on agricultural labour and food security</b>	<p>Improved availability of nutritious food and nutrition education.</p> <p>Improvement in the dissemination of information on the prevention and transmission of HIV and AIDS.</p>	<p>Availability of nutritious food and nutrition education.</p> <p>Quality of information on prevention and transmission of HIV/AIDS.</p>	<p>Member states.</p> <p>Member states.</p>	2008-2010 for both actions.
<b>7. Review, monitoring and evaluation</b>	<p>Mid-term review</p> <p>Progress report on implementation of immediate and short-term measures for ICM and Summit consideration</p>	<p>Report.</p> <p>Report.</p>	<p>SADC Secretariat.</p> <p>SADC Secretariat</p>	<p>May 2009</p> <p>August 2010</p>

## 6.2 MATRIX 2: MEDIUM AND LONG TERM ACTION PLAN

Objective	Activities to enhance Agriculture Growth	Outputs/indicators	Responsible Institutions	Time Frame
1. Increasing Access to Land	<p>Accelerate land redistribution programmes based on various options such as willing-seller-willing-buyer principle.</p> <p>Promote gender equality in access to land and accelerate ongoing land policy reform activities.</p> <p>Endeavour to clear landmines from agricultural land with the support of International Cooperating Partners.</p> <p>Share experiences and best practices on land utilization, land tenure systems, land administration and adjudication.</p>	<p>Amount of land redistributed and number of beneficiaries.</p> <p>Percentage of male and female beneficiaries.</p> <p>Number of landmines cleared.</p> <p>Number of shared experiences.</p>	<p>Member states, private sector.</p> <p>Member states.</p> <p>Member states, ICPs.</p> <p>Member states.</p>	Open-ended.
2. Sustainable agricultural financing and investment	<p>Member States should progressively increase budgetary allocations for Agriculture to at least 10% of their total national budgets within a period of five years as recommended in the African Union Maputo Declaration on Agriculture and Food Security of July 2003.</p> <p>Member States should mobilise finances for agro-processing and development of rural infrastructure.</p> <p>Member States should up-scale the establishment and use of rural financial intermediaries such as savings and credit schemes, rural mobile banks, among others.</p> <p>The region should consider setting up an Agricultural Development Bank/Facility that should be financed through private equity, Member States Development Finance Institutions (DFIs) and International Finance Institutions.</p>	<p>Budgetary allocation to agriculture as percentage of the total budget.</p> <p>Amount of finances mobilised.</p> <p>Number of rural financial intermediaries established.</p> <p>Agricultural Development Bank/Facility in place.</p>	<p>Member states.</p> <p>Member states.</p> <p>Member states.</p> <p>Member states, SADC Secretariat.</p>	Open-ended.
3. Enhancing stability in crop, livestock, fishery and non-	Promote agro-ecological specialization and diversification of agricultural production.	Specialisation and diversification based on agro-ecological zones.	Member states for all actions.	Open-ended.

Objective	Activities to enhance Agriculture Growth	Outputs/indicators	Responsible Institutions	Time Frame
traditional crop production	<p>Encourage production of drought tolerant crops such as sorghums, millets, cassava and root crops.</p> <p>Encourage production of short cycle stocks such as pigs, goats, sheep and poultry.</p> <p>Promote aquaculture and marine farming.</p> <p>Improve fish stock management and fish product quality in accordance with the Fisheries Protocol.</p> <p>Enhance propagation, production and commercialization of non-traditional agricultural produce such as mushrooms.</p> <p>Strengthen regional network and capacity for drought and flood forecasting and prepare contingency plans for sustainable food production.</p>	<p>Volume of drought-resistant crops produced.</p> <p>Changes in the numbers of pigs, goats, sheep and poultry kept.</p> <p>Quantity of fish produced through aquaculture and marine farming.</p> <p>Improvement in fish stock management and in fish product quality.</p> <p>Quantity of non-traditional crops produced.</p> <p>Strengthened regional network and capacity for drought and flood forecasting.</p> <p>Contingency plans for sustainable food production in place.</p>		

4. Water management and irrigation	<p>Member States should aggressively embark on water management and development programmes, which should facilitate agricultural development. These should include, among others, flood control, water harvesting and strategic water storage facilities.</p> <p>Member States should accelerate and up-scale adoption and use of simple and cost effective irrigation technologies such as treadle and motorised pumps, canalisation and water saving technologies.</p> <p>Interested Member States and the SADC Secretariat should expedite resource mobilisation for the regional</p>	<p>Flood recession and run-of-river systems established.</p> <p>Cost effective irrigation technologies.</p> <p>Resources for the irrigation and water management programme.</p>	<p>Member states.</p> <p>Member states.</p> <p>Member states, SADC Secretariat.</p>	Open-ended.
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	<p>programme identified by the AfDB on “irrigation development and water management”.</p> <p>Member States should allocate a substantial share of the agricultural budget for water management and irrigation. Governments should develop and implement policies aimed at attracting investments from the private sector.</p> <p>The region should fast track negotiations on transboundary water resources management and development with priority for agricultural irrigation support.</p> <p>The region should fast track ongoing initiatives aimed at promoting interbasin water transfers and ensure full riparian consensus in accordance with the provisions of the SADC Revised Protocol on Shared Watercourses.</p> <p>SADC should identify centres of excellence on water management and irrigation for the region with links to national institutions for technical backstopping and capacity building.</p>	<p>Share of water management and irrigation in the agricultural budget. Policies for attracting private sector investment.</p> <p>Negotiations on transboundary water resources management and development fast tracked.</p> <p>Ongoing initiatives aimed at promoting interbasin water transfers fast tracked.</p> <p>Centres of excellence identified.</p>	<p>Member states.</p> <p>Member states.</p> <p>Member states.</p> <p>Member states.</p>	
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<p>5. Sustainable utilization of natural resources</p>	<p>Member States should effectively manage catchment areas, forests, and wetlands; Member States should enhance the management of marine resources and inland fish stocks.</p> <p>Member States should develop policies and land-use plans that conserve and optimise the utilisation of soil, forest, wildlife and water resources.</p> <p>Member States should develop national action plans which aim at combating desertification, controlling wild fires, mitigating drought and</p>	<p>Land and marine resources effectively managed.</p> <p>Natural resource policies and plans that conserve and optimise their utilisation.</p> <p>National action plans for preventing degradation of natural resources.</p>	<p>Member states for all actions.</p>	<p>Open-ended.</p>
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	<p>floods through land conservation, afforestation and water harvesting.</p> <p>Member States should establish policy and legal reforms for equitable utilization as well as monitoring and curtailing illegal harvesting and export of natural resources.</p> <p>Member States should increase investments in processing and packaging of natural resources in order to add value to products.</p> <p>Member States should develop community based projects on management of natural resources in order to promote sustainable utilisation.</p> <p>Member States should develop regional information systems to monitor deforestation and surveillance on wildlife and fish resources. In this regard, there is need to strengthen and harmonize natural resources management policies and programmes.</p>	<p>Policy and legal reforms for controlling the use of natural resources.</p> <p>Investment in processing industries.</p> <p>Community based projects.</p> <p>Regional information systems.</p>		
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<p>6. Improving access to safe and nutritious food</p>	<p>Member States should strengthen the laws and regulations governing trade in agriculture through the implementation of the SADC Trade Protocol.</p> <p>Member States should promote commercially viable market access for strategic agricultural commodities originating from the region including those at the higher end of the processing chain.</p> <p>Member States should facilitate access to food at household level through promotion of non-farming agricultural income generating activities and implementation of safety-nets.</p> <p>Member States should promote appropriate food processing, storage and transport technologies that reduce pre and post-harvest losses and ensure food quality.</p>	<p>Implementation of the SADC Protocol.</p> <p>Market access.</p> <p>Facilitation of access to food.</p> <p>Food processing, storage and transport technologies.</p>	<p>Member states for all actions.</p>
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<b>7. Research, technology development and dissemination</b>				
a) Technology dissemination	<p>Member States, NGOs and private sector should promote networks in the dissemination and adoption of appropriate technologies at grass-root level such as adoption of short maturing varieties of cereals and improved crop and animal husbandry.</p> <p>Research-extension-farmer linkages should be strengthened in order to facilitate the transfer of technologies.</p>	<p>Networks for the dissemination and adoption of appropriate technologies.</p> <p>Strengthened research-extension-farmer linkages.</p>	Member states for all actions.	Open-ended.
b) Reseach	<p>The development of crop varieties and animal breeds that are tolerant and perform better in the prevailing physical environment should be enhanced. Emphasis should be placed on increased yields through improved genetic materials, production systems and management techniques.</p> <p>Member States are encouraged to develop and adopt appropriate technologies that will support emerging commercial farmers and resource-poor smallholder farmers.</p> <p>Member States should strengthen capacities of public and private agricultural research institutions and universities.</p> <p>Member States should strengthen research partnerships among the</p>	<p>New tolerant and productive crop varieties and animal breeds.</p> <p>Technologies that support emerging commercial farmers and poor smallholder farmers.</p> <p>Enhanced capacity of public and private agricultural research organisations.</p>		

	national agricultural research systems, the Consultative Group on International Agricultural Research (CGIAR) and the Forum for Agricultural Research in Africa (FARA).	Strengthened research partnerships among national agricultural research systems.		
8. Strengthening Disaster Preparedness	<p>Member States should strengthen their Early Warning Systems and vulnerability monitoring capabilities, taking into account indigenous knowledge.</p> <p>Subject to the outcome of the study on a Regional Food Reserve Facility, SADC should establish a Regional Food Reserve Facility. As part of this process, Member States should strengthen the existing national food reserve facilities.</p> <p>SADC should establish a Regional Integrated Agricultural Information System.</p>	<p>Strengthened early warning systems.</p> <p>Regional Food Reserve Facility. Strengthened national food reserve facilities.</p> <p>Regional Integrated Agricultural Information System in place.</p>	<p>Member states.</p> <p>SADC Secretariat, Member states.</p> <p>SADC Secretariat.</p>	Open-ended.
9. Promoting Agro-processing, agro-industry enterprises				
<p>a) establishment of small enterprises such as agro-processing</p> <p>- Investment in non-farm self-employment via small enterprises</p> <p>b) Value-addition of outputs through small enterprises</p> <p>- small-scale technologies for food processing and packaging</p>	<p>Promote establishment of small enterprises such as labour-intensive agro-processing of agricultural products grown in the locality to accelerate non-farm employment creation</p> <p>- promote value-addition of raw products from rural agriculture through process improvements in preservation, grading and packaging</p>	<p>- small enterprises set up in rural areas</p> <p>- small-scale technologies for processing adopted</p>	<p>Member States</p> <p>Member States</p>	Open-ended for all actions.

<p>c) Promoting rural development through agro-industry growth</p>	<p>of agricultural products.</p> <ul style="list-style-type: none"> <li>- rural agro-industry such as milling, allows rural income diversification out of agriculture</li> <li>- Rural development investment funds</li> </ul>	<ul style="list-style-type: none"> <li>- rural agro-industry established</li> <li>- rural development investment fund established</li> </ul>	<p>Member States</p> <p>Secretariat mobilizes funds</p>	<p>2008-2010</p> <p>2008-2010</p>
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## 7.0 Progress on the Implementation of Decisions of the Ministerial Task Force on Food Security

### 7.1 Introduction

The Ministerial Task Force on Food Security met for the first time on 13<sup>th</sup> July 2008, in Lusaka, Zambia. The Task Force decided on a number of short and long term action plans for implementation by Member States and the Secretariat, with the ultimate goal of reducing the negative impacts, especially on the poor, of the existing soaring food prices and improve long-term food security and reduce poverty in the region. The decisions of the Ministerial Task Force on Food Security were later on endorsed by the Council of Ministers and Summit in August 2008 in South Africa.

### 7.2 Immediate and Short-term Measures

Table Annex.. 1 indicates immediate/short-term actions that some Member States have taken in order to reduce the negative impacts of the soaring food prices. The table also includes expected effects of the actions and general conditions necessary for their successful applications.

**Table: Annex...1: Progress in Implementation of Immediate/Short-Term Measures\***

Measure	Expected Effects	Conditions for recommendations	Member State currently implementing the measure
1. Suspension /reduction of VAT and other taxes on food	- lower prices of food; - negative effects on state budget	- more effective if there is competition on the domestic market; - effect on prices must be monitored; - recommended, provided budget is rearranged to avoid excessive deficit.	Lesotho, Madagascar, Mozambique, South Africa, Zimbabwe
2. Reduction of tariffs and customs fees on imports	- lower the price of the imported food; - stimulates imports; - negative effects on state budget revenue.	- recommended, provided budget is rearranged to avoid excessive deficit; - effect on prices must be monitored.	Madagascar
3. Restrict or	- reduces prices;		Malawi,

banned exports	<ul style="list-style-type: none"> <li>- medium to long term implications to producers;</li> <li>- risk of smuggling and corrupt practices.</li> </ul>		Tanzania, Zambia
4. Release stock (public or imported) at subsidised price.	<ul style="list-style-type: none"> <li>- reduces prices;</li> <li>- negative effects on state budget</li> </ul>		Malawi, Zambia
5. Price control on key staple food products through regulations	<ul style="list-style-type: none"> <li>- all consumers benefit from stable and moderate prices;</li> <li>- likely to impact negatively on producer prices leading to less production in future;</li> <li>- risk of black market</li> </ul>		Malawi, Zimbabwe
6. Cash transfers or food vouchers	<ul style="list-style-type: none"> <li>- beneficiaries have additional resources to purchase food;</li> <li>- can contribute to maintain diet quality;</li> <li>- could have inflationally effects;</li> <li>- vouchers could become parallel currency;</li> <li>- subject to leakages, embezzlement, corrupt practices and security risks;</li> <li>- cost to budget.</li> </ul>	<ul style="list-style-type: none"> <li>- where markets function;</li> <li>- where food is available;</li> <li>- targeting effective through cash/vouchers for work;</li> <li>- plain unconditional distribution when situations are extreme.</li> </ul>	Lesotho, Mozambique, South Africa, Malawi
7. Food distribution in kind	<ul style="list-style-type: none"> <li>- beneficiaries have direct and free access to a</li> </ul>	<ul style="list-style-type: none"> <li>- where markets do not function;</li> <li>- where food is not</li> </ul>	Madagascar, Mozambique, Malawi

	<p>certain quality (ration) of food;</p> <ul style="list-style-type: none"> <li>- if the food is purchased locally, it can stimulate production;</li> <li>- in case of short supply, local purchases will have inflationary effect;</li> <li>- if food is brought in it could reduce local prices.</li> </ul>	<p>available;</p> <ul style="list-style-type: none"> <li>- targeting effective through food for work, school feeding or plain food distribution when situations are extreme.</li> </ul>	
8. Immediate production support	<ul style="list-style-type: none"> <li>- rapid production of short cycle crops including vegetables in peri-urban areas and on irrigated land;</li> <li>- supply of certain food items will be improved on some markets;</li> <li>- prices of certain food items could be reduced on some markets;</li> <li>- if targeting is effective, this can contribute to improved welfare of poor small farmers</li> </ul>	<ul style="list-style-type: none"> <li>- where input markets are working reasonably well and inputs are available, the voucher system is recommended;</li> <li>- where input markets are not working, seek to make contracts with existing private dealers for distributing input packs or make arrangements with NGOs, projects and government services;</li> <li>- inputs must be available.</li> </ul>	Madagascar, Seychelles
9. Input vouchers (seed, fertilisers and tools) for vulnerable farmers	<ul style="list-style-type: none"> <li>- poor and vulnerable farmers can get inputs;</li> <li>- it is cheaper to distribute vouchers than to distribute food;</li> </ul>	<ul style="list-style-type: none"> <li>- requires a reliable and well functioning network of input dealers;</li> <li>- need for an appropriate system to verify input quality, particularly seeds.</li> </ul>	Malawi, Mozambique, Zambia

	- can improve the welfare of the poor.		
10. Pilot fertiliser and seed input credit schemes for small-scale farmers	- benefits to small farmers are potential large; - availability of certain food items will be improved in households of the pilot areas and in close by markets; - with good targeting, this can contribute to improved welfare of small farmers.	- benefits well shared among stakeholders; - initial Revolving Fund must maintain 100 percent of its initial purchasing power for the scheme to be sustainable; - this integrated approach requires a safe and well enforced regulatory framework for contracts.	Botswana, DRC, Lesotho
11. Input trade fairs	- vulnerable farmers are able to chose the inputs (seed, fertiliser and tools) that they want; - can strengthen the local seed system.	- requires good organisation capacity; - offers the opportunity for seed quality control; - ITFs should be organised just prior to planting season.	Lesotho, Mozambique, Swaziland.
12. Low cost mechanical conservation agriculture	- improve soil structure and reduce the hard work of digging/ploughing the fields; - fertiliser efficiency increased.	- works best where competition for residues with livestock is not a serious problem; - needs to be used for some time for full benefit to be felt.	Lesotho, South Africa, Swaziland, Zambia, Zimbabwe.

\* Table restructured and revised based on original FAO Table on immediate Policy and Programmatic Actions (FAO's Initiative on Soaring Food Prices, May 2008)

### 7.3 Medium to Long-Term Measures

Reports from Member States indicate that implementation has started on some of medium to long-term measures as agreed by the Ministerial Task Force. However, proper assessment of the level of implementation cannot be assessed within this short period. Among the measures Member States are taking include the following:

- (a) increasing financial allocations to agriculture in line with 10% allocation agreed by the May 2004 Extra-Ordinary Summit on Agriculture and Food Security;
- (b) addressing investment policies and providing appropriate incentives that will make investment in agriculture more attractive,;
- (c) Increasing agricultural areas under irrigation;
- (d) facilitating increased credit to smallholder farmers;
- (e) improving food trade (especially intra-regional trade in food) by, among others,;
  - i) harmonising Sanitary and Phytosanitary Standards;
  - ii) refraining from imposing temporary export bans on major crops within the region;
  - iii) negotiating with OECD countries to facilitate market access;
  - iv) exploring South-South Co-operation and developing alternative markets;
  - v) strengthening the SADC participation in standard setting bodies.
- (f) improving access to inputs, such as by providing targeted subsidies to smallholder farmers and introducing social security systems targeted at the vulnerable groups;
- (g) facilitating bulk procurement of fertilisers and other inputs and wide distribution in affordable packages;
- (h) encouraging banks, microfinance institutions and NGOs to prioritise agriculture and extend credit to smallholder farmers through opening special windows, and other facilities in particular targeting women and vulnerable groups;
- (i) strengthening National Early Warning Units (NEWU) by increasing human and financial resource allocation to these units so that the region is forewarned in case of future food insecurity problems;
- (j) completing in-country consultations and reviews of the Memorandum of Understanding (MoU) for the establishment of the Food Reserve Facility;
- (k) encouraging banks, microfinance institutions and NGOs to prioritise agriculture and extend credit to smallholder farmers through opening special windows, and other facilities in particular targeting women and vulnerable groups;

- (l) developing national agricultural strategies that would take advantage of the current food prices and benefit from the rising prices; and
- (j) exploring and taking advantage of the opportunities offered by the promotion of biofuels, but also taking into account the threats that biofuel production could cause to food security.

#### Secretariat Level

At the Secretariat level, a number of directives from the Ministerial Task Force on Food Security are being implemented and these include:

- (a) Facilitating national discussions on the establishment of the Regional Food Reserve Facility: The Secretariat has facilitated discussions in all Member States except Seychelles. It is expected that Member States will submit their positions on the establishment of the Regional Food Reserve Facility by the end of January, 2009;
- (b) Facilitating Agricultural Potential study: the Secretariat is facilitating, in collaboration with FAO, a study aimed at enhancing agricultural productivity of the region by identifying areas of greatest productive potential for various critical agricultural farming systems. It is hoped that this will help in directing investments and resources into these areas. The study will also assess the resilience of the agricultural sector to climate change;
- (c) Facilitating Disaster Preparedness of the Region: The Secretariat continues to produce Early Warning information bulletins/updates, Agromet Updates, Rainfall and weather Outlook all aimed providing Member States and other stakeholder with information they can use to plan for and, in some cases, prevent current and future food insecurity and other disasters such as floods and droughts in the region and individual Member States;
- (c) Facilitating vulnerability assessments in Member States: The Secretariat has carried out a number of activities aimed at strengthening national and regional vulnerability analysis in order to inform policy formulation, development programmes and emergency interventions that lead to a reduction in vulnerability within the SADC region. Major activities have included facilitating resources mobilisation for assessments done by National Vulnerability Assessment Committees (NVACs); facilitating and encouraging formation of NVACs and facilitating capacity building in NVACS through workshops, training programmes and backstopping missions for on-the-job training.

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