



Food Price Response in Africa

Tijan Sallah, AFTAR

Outline of Presentation

- **CAADP/PROCESS**
- STATUS
- IMPLEMENTATION CHALLENGES
- AGRICULTURE SCALE-UP

Strong African Ownership

- The Africa Region is coordinating its response to the challenge of rising food prices through the African Union/NEPAD framework called Comprehensive African Agriculture Development Program (CAADP).
- CAADP is:
 - Africa-led initiative (AU/NEPAD)
 - Targets 6% average annual agricultural growth rate
 - Advocates a 10% public allocation to agriculture (similar to Asia in the 1980s)
 - Identifies four areas of needed support or pillars (1. Land and Water; 2. Infrastructure and Markets; 3. Food Security and Vulnerability; and 4. Technological Generation and Dissemination)

Pretoria Food Security Workshop: Accelerating Investments

- On May 20-23, AU NEPAD convened workshop in Pretoria, South Africa, of 15 African countries affected by rising food prices together with development partners.
 - Event supported by World Bank, USAID, and Gates Foundation
- The workshop focused on coordinating the response to the food crisis around Pillar 3 of CAADP: Food Security and Vulnerability
 - includes food policy issues, food availability/supply response, food accessibility/safety nets, risk management aspects and early warning.
- Countries prepared initial proposals, combining diagnostic of the problem and the remedial response. Specific expertise came from the pillar institutions of NEPAD/CAADP, such as the University of Kwazulu-Natal; and from the World Bank, FAO, and CGIAR centers in Africa (Nigeria's IITA).

The Follow up from Pretoria

- TICAD IV (Tokyo International Conference on African Development) held from May 28-30, 2008.
- TICAD– launched to promote high level policy dialogue between African leaders and development partners.
- Japan launched TICAD to refocus world attention to African development—stressing “ownership” and “partnership”.
- Also– a key feature of TICAD is Afro-Asian cooperation.

Tunis Summit on Food Crisis

- June 26-27, the Tunis-based African Development Bank convened a meeting of MDBs and other development partners to follow up on progress in addressing food crisis.
- Summit was to share information of various partner responses and agree on division of labor on way forward.
- Agreed that window for short term measures waning; and medium to long term more actionable.
- For short term response (unilateral easier and speedier, but failure risks greater).
- Paris Declaration Principles on Aid Effectiveness relevant in joint approach– to ensure response is coordinated, comprehensive and done in a sustainable manner and has optimal outcomes.
- Agreed AfDB to consolidate response measures by the MDBs into a consolidated matrix and share with rest. FAO doing similar mapping exercise on external financing.
- Agreed to share ESWs and staffs for follow up work, and empower country led processes.
- Agreed to complete short term action plans by end-July 2008 and, during crisis period, (i.e., up to December 2009) to consider using the systems of sister institutions to expedite program or project design and implementation activities.
- Agreed too many summits and conferences on food crisis– there is need for more intelligent action.

Outline of Presentation

- CAADP/PROCESS

- **STATUS**

- IMPLEMENTATION CHALLENGES

- AGRICULTURE SCALE-UP

Needs Identified in Pretoria

Financing needs	US\$000		Of which (US\$000)		Cereals crops	
	Short term	Medium term	Seeds	Fertilizer	Planting season	Harvesting
Burkina Faso	120,000	-	-	-	June-July	October-September
Cameroon	430,000	1,040,000	86,000	180,000	April-June	August-December
Ethiopia	390,000	-	2,000	337,000	March-June	August-December
Kenya	40,000	10,000	3,000	6,000	March-June	August-December
Malawi	170,000	-	-	145,000	March-June	August-December
Mali	60,000	-	18,000	33,000	June-July	October-November
Mauritania	10,000	180,000	-	-	June-July	October-November
Mozambique	-	-	-	-	October-December	April-June
Niger	-	160,000	-	20,000	June-July	October-November
Rwanda	20,000	210,000	1,000	8,000	March-June	August-December
Senegal	30,000	30,000	-	-	(1) March-April (2) August-September	(1) July-September (2) November-December
Sierra Leone	-	-	-	15,000	(1) March-April (2) August-December	(1) July-September (2) November-December
Swaziland	-	-	-	-	October-December	April-June
Uganda	20,000	10,000	2,000	5,000	March-June	August-December
Zambia	-	-	-	-	October-December	April-June
Total	1,290,000	1,640,000	112,000	749,000		
Grand Total Short and Medium term						

Source: CAADP reports, and FAO agricultural season.

1/ Except Burundi, Uganda, Rwanda and the Democratic Republic of Congo which have two main seasons and Tanzania whose main season follows the southern Africa planting calendar. For Sudan, the planting period for the staple coarse grain crop is June-July and the harvesting period is October-December.

Where are we now: Bank's Africa Response?

- GFRP proposals– 13 countries approved (excluding Liberia); ranging from U\$5 million to US\$10 per country.
 - Countries approved: Guinea, Niger, G. Bissau, Rwanda, CAR, Sierra Leone, Burundi, Southern Sudan, Mauritania, Somalia, Mozambique, Benin, Madagascar
- Different instruments used: additional financing (e.g., S.L. national Social Action Program); stand alone operations (e.g., Niger);
- Task Teams deepening proposals into streamlined fully fledged project documents for RVP approval to be completed largely over the Summer.
- Focus to use country systems and existing implementation arrangements as much as possible to reduce transaction costs of setting new arrangements.

Africa: Food Price Responses Supported by the Bank

Country	Source	Amount	Safety Net	Agriculture	Macro
Burkina Faso	IDA	10	X	X	
Benin	GFRP	9	X	X	X
Burundi	IDA/GFRP	25	X	X	
CAR	GFRP	7	X	X	
Ghana	IDA	10			X
Guinea	GFRP	10	X	X	X
Guinea Bissau	IDA/GFRP	10	X	X	X
Liberia	GFRP	10	X	X	
Madagascar	IDA/GFRP	20			X
Malawi	IDA	30		X	
Mali	IDA	20		X	
Mauritania	GFRP	9	X	X	X
Mozambique	GFRP	10			X
Niger	IDA	30	X	X	
Rwanda	GFRP	10		X	
Sierra Leone	GFRP	7	X		
Somalia	GFRP	7	X	X	
Southern Sudan	GFRP	5	X	X	
Togo	IDA/GFRP	10	X		
TOTAL		249			
TOTAL GFRP		106			

Outline of Presentation

- CAADP/PROCESS

- STATUS

- **IMPLEMENTATION CHALLENGES**

- AGRICULTURE SCALE-UP

Needs from Pretoria: Issues

- Safety Nets
- Macro/Budget support
 - e.g., Ethiopia; big hole in budget; risk of food and fuel inflation turning into generalized economy-wide inflation
- Inputs--- bulk of the needs articulated by countries was for inputs
 - fertilizer and seeds.

Needs from Pretoria: Issues

● Fertilizer – Challenges on Supply Side

- Little fertilizer manufactured in SSA (0.7 million tons against a world production of 155 million tons of nutrients).
- Most SSA countries net importers– and of small quantities to influence price.
- Transport costs also high (32% of retail price in. e.g., landlocked Mali compared with 11% of retail price for Thailand).
- Scope for scale efficiencies from bulk procurement or do variation order on existing procurements in short term. In medium to longer term; need to scale up fertilizer production in Africa, build agro-dealer networks; improve infrastructure; i.e., port facilities and transport.

● Demand Issues

- Purchasing Power Enhancement (e.g., matching grants)
- Micropackaging to make fertilizer affordable.
- Smart Subsidies (Vouchers, coupons; e.g., Malawi vouchers scheme, Considerations: Target well; involve private sector to avoid displacing commercial sales; avoid subsidy crowding out Ministry of Agriculture budget; have a transparent timetable for exit).

Needs from Pretoria: Issues

● Seed Supply

- Commercial (monopoly challenge) versus community based supply; e.g., Burkina—FAO role.
- SPS challenges (Need for regional approach).
- Regulatory challenges (seed quality; “truth in labelling”, etc.);
- Seed Fairs to bring commercial sellers and buyers

● Seed Demand

- Purchasing Power Enhancement (vouchers)
- Avoid free of charge distribution.

Outline of Presentation

- CAADP/PROCESS
- STATUS
- IMPLEMENTATION CHALLENGES
- **AGRICULTURE SCALE-UP**

Country Roundtable Process

- NEPAD/CAADP is working with individual African countries to help them align their agricultural programs with its framework and to ensure they are on track to achieve their growth targets. This is being done through **country roundtable processes**– which is a joint effort with countries and development partners.
- Process underway in Zambia, Malawi, Uganda, Ghana, Benin, Niger, Togo, Burkina, Kenya, Mali and Senegal.
- Shared monitoring approach.

Scaling up

- Africa Region's Business Plan is aligned with CAADP.
- The Food Price Response is an urgent response to the agriculture unit's scaling up agenda.
- The Region envisages to scale up agricultural lending from current US\$450m to US\$850m by FY10.