



SOUTHERN AFRICAN DEVELOPMENT COMMUNITY



Regional Agricultural Policy

PRIORITY POLICY ISSUES AND INTERVENTIONS



Regional Agricultural Policy (RAP)

Priority Policy Issues and Interventions

July 2012

Directorate of Food, Agriculture and Natural Resources
SADC Secretariat
P. Bag 0095, Gaborone
BOTSWANA

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Cover page: Dave Snyder, Catholic Relief Services (CRS) – Malawi female farmer.

MEMBER STATES OF SOUTHERN AFRICAN DEVELOPMENT COMMUNITY (SADC)



SADC Member States: Angola, Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, United Republic of Tanzania, Zambia and Zimbabwe.

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FOREWORD

With its wide range of natural resources including fisheries and forestry; the abundance of arable land; generally a favourable climate for growing food; an adaptable labour force; a decent network of core road, rail and port infrastructure; and rich mineral deposits including crude oil, the Southern African Development Community (SADC) region has great potential to be the breadbasket of Africa and a significant global player. Furthermore, the diversity of its members both economically and in resource endowments provides SADC with mutually beneficial synergies involving the whole agricultural value chain.

The region is characterised by 61% of its 277 million people living in rural areas mainly as small-scale farmers and an annual overall population growth rate of 2.4%. Naturally therefore, the importance of agriculture to social and economic growth, poverty reduction, food security, gender equity and nutrition remains central to the region's overall developmental agenda.

The region is, however, facing growing food insecurity despite its endowments in natural resources. This is as a result of, among other critical factors, variable rainfall patterns aggravated by climate change; commodity price fluctuations; civil unrest and conflicts; the impact of the global economic downturn on people's access to cash income; and the continuing devastation inflicted by the HIV/AIDS pandemic.

In light of these and other challenges, SADC articulated a strategy on food security, environment and sustainable development under the SADC Regional Indicative Strategic Development Plan (RISDP) in 2003. This was further specified under the SADC Dar-es-Salaam Declaration on Agriculture and Food Security in 2004. Informed by these frameworks, which are also aligned with the New Partnership for Africa's Development (NEPAD) Comprehensive Africa Agricultural Development Programme (CAADP) of 2003, the SADC Council of Ministers approved in August 2007 in Lusaka, Zambia, special programmes of regional dimension. In particular, the SADC Council approved the review and harmonisation of the policy for Agriculture and Natural Resources as one of the region's top priorities, hence the SADC Regional Agricultural Policy (RAP).

I would like to take this opportunity to thank all the stakeholders particularly the FAO, for the continued support to SADC in pursuing the objective of attaining sustainable food security and economic development through the development of the RAP. I would also like to thank the FANR Director and her staff who have worked and continue to work tirelessly to implement planned activities.

Dr. Tomaz Augusto Salomão
EXECUTIVE SECRETARY
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ACKNOWLEDGEMENTS

Since its establishment in December 2001, the Food, Agriculture and Natural Resources (FANR) Directorate of the Southern African Development Community (SADC) Secretariat has positioned itself, in collaboration with various stakeholders, to serve the SADC Member States with excellence. Its core mandate, deriving from the SADC Regional Indicative Strategic Development Plan (RISDP) of 2003, remains that of developing, promoting, coordinating, facilitating and harmonising policies and programmes to increase agricultural and natural resources production and productivity in order to enhance regional food security, agricultural trade and socio-economic development.

One of the key strategic focus areas identified in the RISDP in relation to agriculture was the need to develop a legally binding instrument on food security and agricultural development. The SADC Regional Agricultural Policy (RAP) responds to this need. The RAP will therefore define common agreed objectives and measures to guide, support and promote collaborative actions at the regional level and to complement national actions that stimulate competitive production and trade of agriculture-based products whilst ensuring the sustainable utilisation of natural resources and effective protection of the environment.

I wish to acknowledge all those whose efforts have aided in the formulation of the RAP. In particular, the FAO, the French Ministry of Foreign and European Affairs, the World Bank, the United States Agency for International Development (USAID), the International Water Management Institute (IWMI), the Department for International Development (DFID) and all other SADC Cooperating Partners. Furthermore, I wish to acknowledge and thank the Southern African Confederation of Agricultural Unions (SACAU) and the SADC Sugar Producers Consultative Forum (SPCF) for their dedicated support and participation in the RAP processes as members of the RAP Working Group.

I also wish to thank the five teams that undertook the specialised policy studies and all those whose efforts have aided in the work towards the prioritisation of key policy issues and the identification of a set of initial interventions for the RAP as now contained in this document.

Finally, I wish to acknowledge the valuable contribution of Mr. Martin T. Muchero as the RAP Technical Coordinator and Mr. Philippe Dardel as Technical Advisor on Agricultural Policy, in coordinating the RAP formulation processes and in compiling, reviewing and editing this document.

Mrs. Margaret Nyirenda

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ABBREVIATIONS

AGOA	African Growth and Opportunity Act
AGRIS	Agriculture Information System
AIMS	Agriculture Information Management System
AIPAD	Africa Institute for Policy Analysis and Development
ASEAN	Association of Southeast Asian Nations
AU	African Union
B2B	Business to Business
BFAP	Bureau for Food & Agricultural Policy
CA	Conservation Agriculture
CAADP	Comprehensive African Agricultural Development Programme
CAAP	Central American Agricultural Policy
CAP	Common Agricultural Policy
CARICOM	Caribbean Community
CCAP	CARICOM's Community Agricultural Policy
CCARDESA	Centre for Coordination of Agricultural Research and Development for Southern Africa
CET	Common External Tariff
CGIAR	Consultative Group on International Agricultural Research
CIBA	Centre for Inclusive Banking in Africa
COMESA	Common Market for Eastern and Southern Africa
CSO	Civil Society Organisation
DBSA	Development Bank of Southern Africa
DFID	UK Department for International Development
EAC	Eastern Africa Community
ECOWAP	ECOWAS Agricultural Policy
ECOWAS	Economic Community of West African States
EEZ	Exclusive economic zone
EPA	Economic Partnership Agreement
ESIPP	EU-SADC Investment Promotion Programme
EU	European Union
FAFS	Framework for African Food Security under NEPAD
FANR	Food, Agriculture and Natural Resources
FAO	Food and Agriculture Organisation of the United Nations
FMD	Foot and Mouth Disease
FSCBRC	Food Safety – Capacity Building on Residue Control
FTA	Free Trade Area
GDP	Gross Domestic Product
GHG	Green House Gasses
GMO	Genetically Modified Organisms
GTZ	(former) German Technical Cooperation (now GIZ) German International Cooperation
IBS	International Business Service
ICM	Integrated Council of Ministers of SADC
ICP	International Cooperating Partners
ICRISAT	International Crops Research Institute for the Semi-Arid Tropics
IFAD	International Fund for Agricultural Development
IFPRI	International Food Policy Research Institute

ILRI	International Livestock Research Institute
IPPC	International Plant Protection Convention
ISDR	International Strategy for Disaster Reduction
IWMI	International Water Management Institute
LDC	Least Developed Country
LTC	Livestock Technical Committee
MAPP	SADC Multi Country Agricultural Productivity Program
MDG	Millennium Development Goals
MIC	Middle Income Country
MS	Member States of SADC
MSU	Michigan State University
NEPAD	New Partnership for Africa's Development
NRM	Natural resource management
NTB	Non Tariff (trade) Barrier
OECD	Organisation of Economic Co-operation and Development
OIE	World Organisation for Animal Health
PPP	Public Private Partnership
PRINT	Promotion of Regional Integration in the SADC Livestock Sector
PRSP	Poverty Reduction Strategy Papers
R&D	Research and Development
RAEIN-Africa	The Regional Agricultural and Environment Initiatives Network – Africa
RAP	Regional Agricultural Policy
REC	Regional Economic Community
ReSAKSS-SA	Regional Strategic Analysis and Knowledge Support System for Southern Africa
RISDP	Regional Indicative Strategic Development Plan
RTA	Regional Trade Agreements
RVAC	SADC Regional Vulnerability Assessment Committee
SACAU	Southern African Confederation of Agricultural Unions
SACU	Southern African Customs Union
SADC	Southern African Development Community
SADCC	Southern African Development Coordination Conference
SAFEX	South African Futures Exchange
SLRSF	SADC Land Reform Support Facility
SPGRC	SADC Plant and Genetic Resource Centre
SPS	Sanitary and Phyto-Sanitary
TAD	Trans-boundary Animal Diseases
TBT	Technical Barriers to Trade
TFCA	Trans-Frontier Conservation Areas
UN	United Nations
UNDP	United Nations Development Programme
US	United states (of America)
USA	United States of America
USAID	United States Agency for International Development
USD	United States Dollar
VAA	Vulnerability assessment and analysis
WG	(RAP) Working Group
WHO	World Health Organisation
WTO	World Trade Organisation
WDR	World Development Report

EXECUTIVE SUMMARY

1. Introduction
2. Key Messages on the Importance, Performance, Challenges and Opportunities of Agriculture in the SADC Region
3. Prioritisation of RAP Policy Issues and Interventions
4. RAP Implementation
5. The Way Forward

1. INTRODUCTION

Guided by the Southern African Development Community (SADC) Treaty of 1992, several SADC Protocols have been developed to guide, support and promote appropriate actions at regional and national levels towards the attainment of the SADC Common Agenda which promotes sustainable and equitable economic growth and socio-economic development in order to ensure poverty alleviation with the ultimate objective of its eradication, enhance the standard and quality of life of the peoples of Southern Africa and support the socially disadvantaged through regional integration. In support of this vision, agriculture directly contributes to the promotion of sustainable and equitable economic growth and socio-economic development with the objective of poverty alleviation and ultimately its eradication whilst ensuring the sustainable utilisation of natural resources and the effective protection of the environment.

Outside the protocols which deal specifically with Fisheries, Forestry and Shared Watercourses as well as non sector specific issues (e.g., on Trade and Gender & Development), interventions in agriculture continue to be guided by the SADC Regional Indicative Strategic Development Plan (RISDP) and SADC Dar-es-Salaam Declaration on Agriculture and Food Security at the regional level and the New Partnership for Africa's Development (NEPAD) Comprehensive African Agricultural Development Programme (CAADP) at the continental level. In recognition, however, of the absence of a legally binding instrument on food security and agriculture development as identified in the RISDP, the SADC Council of Ministers approved in August 2007 in Lusaka, Zambia, special programmes of regional dimension. In particular, the SADC Council approved the review and harmonisation of the policy for Agriculture and Natural Resources as one of the region's top priorities, hence the SADC Regional Agricultural Policy (RAP).

Through a consultative process involving SADC Member States and key regional stakeholders including SADC farmer representatives, the scoping and pre-feasibility of the RAP processes were completed in December 2011. A RAP policy document and supporting background documents are now being drafted for approval by the Cluster of Ministers responsible for food, agriculture and natural resources during 2012. The

policy document is a relatively short document that formalizes the key policy, i.e. the purpose, objectives, principles, priority areas for intervention, potential intervention forms and general planning, implementation and financing mechanisms of the RAP.

The main purpose of this document is to present the overall analysis undertaken towards the prioritisation of policy issues and identification of relevant interventions for the RAP. Additionally, it provides initial thoughts on the operationalisation of the RAP and finally raises issues requiring further work and clarification.

2. KEY MESSAGES ON THE IMPORTANCE, PERFORMANCE, CHALLENGES AND OPPORTUNITIES OF AGRICULTURE IN THE SADC REGION

The importance of agriculture development to poverty reduction, food security, gender equity and nutrition in the region remains central in an environment where the majority of the population, which is growing at a faster rate than agricultural production, draws its livelihood from. This situation calls for more concerted efforts to boost agricultural production through increased public and private sector investment in agriculture and related sectors.

Key among other factors to agricultural growth are land and labour productivity both of which are low or growing at very marginal rates. Labour productivity in agriculture in the SADC region is some 30 times lower than in developed countries and land productivity at between 1.5 and 1.7 mt/ha¹ (cereals only) is even below the Africa average of 2 mt/ha. Resultantly, the SADC region has become a net importer of food and livestock products. To improve agriculture's performance, it is of paramount importance to increase public and private engagement and investment in the agriculture sector particularly in areas including R&D, infrastructure development, market and trade conditions, institutional and farm support systems and access to factors of production, among other critical factors.

With its wide range of natural resources including fisheries and forestry, and the abundance of arable land, generally a favourable climate for growing food; an adaptable labour force; a decent network of core road, rail and port infrastructure; and rich mineral deposits including crude oil, SADC has a comparative advantage in agricultural development. With a population of 277 million in 2010, SADC also has a large market for its own produce. The diversity of its members provides SADC with potentially beneficial synergies involving the whole agricultural value chain. The rising global demand for processed agricultural products provides SADC with added opportunities to boost its agricultural development. Therefore, the region should aim at higher agricultural growth rates through promoting small-holder commercialization, agro-processing and the development of agricultural value-chains as a whole (particularly regional ones) and by creating a conducive environment for private sector investment.

¹ Mt/ha means metric tonnes per hectare

To therefore achieve full agricultural potential, SADC Member States need to engage and invest more in the agriculture sector within the context of regional economic integration. In particular, the region needs to increase production and productivity; increase private and public sector engagement and investment in the agricultural value-chain; improve agricultural trade and markets, minimise social and vulnerability risks faced by the region's population; improve the national and regional enabling environment for agriculture; and, importantly, take full advantage of regional diversity and therefore complementarities among Member States.

In the attainment of the above goal, the RAP, currently under formulation, will contribute by *promoting collaborative actions at the regional level and complement actions at the national level that stimulate competitive production and trade of agriculture-based products whilst ensuring the sustainable utilization of natural resources and effective protection of the environment.*

More specifically, interventions through the RAP will aim to achieve the following three specific objectives (SO) and once cross-cutting objective (CCO):

1. SO 1: Promote agricultural growth through increased competitive and sustainable production and productivity;
2. SO 2: Increase intra and extra-regional trade of agricultural products and strengthen farmers' participation in markets;
3. SO 3: Increase private and public sector engagement/investment in the agricultural value-chain; and
4. CCO: Increase contribution of agriculture to reducing social and economic vulnerability of the region's population in the context of food and nutrition security and changing economic and climatic environment.

Supporting the above three specific objectives are cross cutting interventions focusing on areas including reduction of social and economic vulnerability of the region's population in the context of food security and a changing economic environment.

3. PRIORITISATION OF RAP POLICY ISSUES AND INTERVENTIONS

Chapter 4 outlines the prioritisation process and criteria employed in distilling the initial set of policy issues and interventions the RAP will implement. Significant in the criteria is the need to ensure that policies prioritised for implementation are relevant to the goal, purpose and objectives of the RAP; have a significant developmental impact; and add value, at the regional level, to Member States' uncoordinated action.

Chapters 5 to 8 discuss and prioritise policy issues and identify relevant interventions. With respect to the first RAP specific objective on agricultural growth through

competitive and sustainable production and productivity, (Chapter 5), the following key policy issues were prioritised and relevant interventions identified:

1. Land use management
 - a. Improve land use management.
2. Water Resources Management:
 - a. Improve the management of water resources for agriculture;
3. Energy for Agriculture
 - a. Improve energy use; and
 - b. Promote sustainable bio-energy production.
4. Plant and Animal Genetic Material
 - a. Improve farmer access to inputs; and
 - b. Promote the adoption of biotechnology in crop and livestock development.
5. Soil-Fertility Enhancers and Management
 - a. Promote effective soil-fertility management systems.
6. Trans-boundary Threats including Pests and Diseases
 - a. Improve the management of trans-boundary threats including pests and diseases.
7. Forestry
 - a. Improve production, processing, conservation and sustainable management of forest resources.
8. Fisheries
 - a. Improve production, conservation and sustainable management of aquatic resources.
9. Farm Support Systems and Services
 - a. Promote agricultural research and development in crops, livestock, fisheries and forestry;
 - b. Enhance regional and national agricultural and natural resources information systems; and
 - c. Cooperate in enhancing capacity building.

The second RAP specific objective on intra and extra-regional trade of agricultural products and the strengthening of farmers' participation in markets is dealt with in Chapter 6. The key issues prioritised and relevant interventions identified are as follows:

1. Improved effectiveness of the region's input and output markets

- a. Improve farmers' access to regional input markets;
 - b. Promote regional output market efficiency; and
 - c. Enhance price risk management and stabilisation.
2. Improved regional and international trade environment for agriculture
 - a. Rationalise Non-Tariff Measures, including SPS Standards and Rules of Origin, and reduce Non-Tariff Barriers (NTBs) for agriculture goods and services;
 - b. Harmonise extra-SADC tariffs (CET), safeguard measures and lists of sensitive products in agriculture; and
 - c. Improve coordination of trade relations with third parties with regards to agriculture and food.
 3. Improved development of agriculture related market infrastructure
 - a. Improve agriculture's utilisation of existing infrastructure and promote additional agriculture-related infrastructure development.

With respect to the third RAP specific objective aimed at increasing private and public sector engagement/investment in the agricultural value-chain, the following key policy issues have been prioritised and relevant interventions identified (Chapter 7):

1. Value-Chain Promotion involving Agriculture
 - a. Promote the development of cross-border partnerships and investment by the private sector, including the rural and farming community, along agro-industry and agri-business value-chains
 - b. Stimulate national strategies to enhance the enabling agro-business, farming and agri-business environment;
2. Mobilisation of financial capital for agriculture, agro-industry and agri-business
 - a. Promote the development of regional level mechanisms and instruments that support agricultural and particularly rural financing.

In Chapter 8, the following key cross cutting issues have been prioritised and related interventions identified in support of agriculture's contribution to reducing social and economic vulnerability of the region's population in the context of food security and changing economic environment:

1. Climate Change and Variability
 - a. Improve the region's capacity to mitigate and adapt to climate change and variability
2. Mitigating Gender Related Vulnerability and Marginalisation
 - a. Promote the drafting, ratification, implementation and enforcement of national legislation that effectively mainstreams and takes into account gender issues in relevance to agriculture and food security;
 - b. Mainstream gender issues in the relevant RAP interventions; and

- c. Mainstream maternal and child malnutrition in the relevant RAP interventions.
- 3. Mitigating HIV/AIDS Related Vulnerability and Marginalisation
 - a. Develop and equip systematic and comprehensive research to inform policies and strategies on effective mitigation of HIV/AIDS impact on agriculture and food security; and
 - b. Facilitate access by Member States to guidance in order to mainstream HIV/AIDS into sector (particularly agriculture) policies, strategies and programmes
- 4. Mitigating the Vulnerability of Migrant / Mobile Rural People
 - a. Generate and promote knowledge, guidelines and common norms on vulnerability issues affecting rural migrants, particularly cross-border migrants and farm workers.
- 5. Fighting against Unemployment and Marginalisation of the Rural Youth
 - a. Generate and promote knowledge on issues and strategies affecting employment of the rural youth along the agricultural value-chain.
- 6. Address chronic and transitory vulnerability to the diversity of food security risks in a changing economic environment
 - a. Support Member States to enhance and adapt, where relevant, their respective national vulnerability reduction strategies and plans including contingency plans;
 - b. Support development, adaptation and enhancement of regional contingency and associated instruments;
 - c. Strengthen the related regional information, monitoring and analysis package / system and network of national systems; and
 - d. Promote market friendly food emergency policies.

These prioritised issues and associated interventions will form the basis of the Regional Agricultural Policy. Once formally adopted by Member States (tentatively by end 2012), the Regional Agricultural Policy will constitute the foundation for developing detailed policy measures and institutional arrangements for its implementation. These instruments will include RAP operational rules and regulations and financing mechanisms. This work is expected to be completed by 2013. This process will entail substantial consultation, analytical, communication and drafting activities.

4. RAP IMPLEMENTATION

Following a programmatic approach, each specific objective will be turned into a series of “interventions” with distinction between national and regional planning levels. Interventions at the national level will be the responsibility of each Member State and appropriate key stakeholders to plan and implement consistent with the national RAP-aligned objectives. Similarly, interventions at the regional level will be the responsibility

of the SADC Secretariat and appropriate key stakeholders to plan and implement in line with the regional level objectives.

In the latter case, implementation could in some instances require regional “Programme Management Units” or managing authorities of an appropriate nature. In other cases, following RISDP principles, the involvement of institutions outside SADC structures to implement certain “regional only” programmes could be promoted if they already operate in similar areas (e.g., CCARDESA for R&D). Each intervention will have specific implementation terms and budget.

Similarly, in the perspective of the many activities that do not fall within the agricultural sector *per se* but are critical for the performance of the sector (e.g. trade, infrastructure, private sector and investment promotion), there is need for inter-departmental coordination mechanisms and implementation by the respective departments/institutions with RAP inputs aiming at factoring better agriculture within these non sector specific programmes.

In line with the proposed form of the RAP, i.e. a formal agreement based on the principle of subsidiarity with budgetary provisions linked to Member States’ own planning and budget frameworks, it is anticipated that the RAP will develop an Agricultural Development Fund (ADF) that will be accessible to Member States. In the spirit of harmonisation, the ADF is expected to be incorporated, for operationalisation, into the SADC wide Development Fund which is currently under formulation.

5. THE WAY FORWARD

General consensus was reached at the April 2010 workshop of Senior Government Officials, Farmer Representatives and key stakeholders, that SADC should consider a two step approach to developing the RAP, (i) starting with a general statement on policy directions, then (ii) undertaking to specify implementation procedures and plans. Thus far, the ‘scoping’ of the RAP gave the broad parameters and directions for the RAP. The ‘pre-feasibility’ assessment stage involving technical studies to strengthen the rationale and justification of Member States’ recommended issues for inclusion in the RAP has resulted in the prioritisation of key issues of regional relevance with potential developmental impact and the identification of relevant interventions (as discussed in Chapters 5 – 8). These sub-processes provide the basis for the Regional Agricultural Policy directions and therefore the completion of the first step.

In moving towards the second step of specifying implementation procedures and plans, it is necessary to reflect back on work done to date. Indeed, there remain questions that require attention and issues involving the form or type of the RAP to be developed, operationalisation mechanisms, and the pathway towards the Regional CAADP Compact, whose implications need further articulation. These issues are outlined in Chapter 9.

INTRODUCTION

1. Purpose of the Document
2. Rationale for the Formulation of the RAP
3. Formulation Processes of the RAP
4. Institutional Framework for Developing the RAP
5. Report Structure

1. PURPOSE OF THE DOCUMENT

1. Fundamentally, the Southern African region has globally remained food insecure with stunted agricultural growth. The region has become less resilient to environmental factors particularly climate change and variability; and has generally become less food self sustaining in basic commodities. Part of the key causes is the fact that the agricultural sector has over the years become less attractive to investment (political, economic, financial, social, institutional, and other types of investments) and the sector's importance has been relegated behind other economic sectors.

2. Yet the contribution of agriculture to the social and economic development of Southern Africa is potentially significant. Broad-based agricultural development has a strong potential to serve as an engine of economic growth and an instrument for poverty reduction and improved food security. This is particularly critical in the face of marked demographic changes with an estimated 20% increase in the rural population of the Southern African Development Community (SADC) region by 2030.

3. To achieve full agricultural potential, SADC Member States need to engage and invest more in the agriculture sector within the context of regional economic integration. In particular, the region needs to increase production and productivity; increase private and public sector engagement and investment in the agricultural value-chain; improve agricultural trade and markets, minimise social and vulnerability risks faced by the region's population; improve the national and regional enabling environment for agriculture; and, importantly, take full advantage of regional diversity and therefore complementarities among Member States. To assist in this process, SADC is formulating a common agricultural policy, the **Regional Agricultural Policy (RAP)**.

4. Following preliminary consultations with Member States and sector stakeholders, the '**Regional Agricultural Policy document**' (hereafter to be referred to simply as the '**Policy**' or the '**RAP**') and accompanying '**RAP Technical Background Document**' have since been drafted. The **Policy** is a short document which formalizes the key policy directions, i.e. the purpose, objectives, principles, priority areas for intervention, potential intervention forms and general planning, implementation and financing mechanisms of the RAP.

5. To support this process, policy issues and interventions for the RAP have been articulated and prioritized based, in particular, on a series of studies completed in 2011. **The main purpose of this paper is therefore to present the overall analysis undertaken in this regard. Further, it also serves as the main general background document for the Policy.** Additionally, it intends to provide the basis for the operationalisation - tentatively through a series of programmes - of RAP interventions.

2. RATIONALE FOR THE FORMULATION OF THE RAP

6. The need for macroeconomic and sector policy convergence and harmonization have been fully recognized as prerequisites for accelerated shared growth and regional economic integration in the Treaty of SADC signed in 1992 under Article 5.1. (e) And Article 5.2 (a).

7. In the Declaration on Productivity of 1999, SADC Member States noted that the region continued to record low levels of economic growth; low levels of investment; high levels of unemployment and poverty; lack of competitiveness; and intra-regional and inter-regional economic disparities, all which negatively impact on the SADC region's development, integration and competitiveness.

8. In 2003, the same trends were noted in the SADC Regional Indicative Strategic Plan (RISDP). In response, the RISDP suggested a roadmap for the agriculture sector that emphasized focus on improved food availability; access to food and improved nutritional value of food while minimizing food losses, improving forecasting, prevention, mitigation and recovery from adverse effects of natural disasters; and an improved institutional framework. With particular respect to the need to improve the region's institutional framework, the RISDP further noted that **"the absence of a binding legal instrument on food security and agricultural development is a major weakness in the food security strategy"** of the SADC region.

9. The SADC Dar-es-Salaam Declaration on Agriculture and Food Security, signed by SADC Heads of State in May 2004, further noted that inappropriate national agricultural and food policies and inadequate access by farmers to key agricultural inputs and markets were still major underlying reasons for the prevalence of hunger in the region. The Heads of State called for a series of measures to address the regional food crisis. They put the emphasis on actions needed to strengthen sector cooperation between Members States through the development of coherent regional policies and programmes related to crop and livestock production, protection, storage, processing, utilization and trade.

10. At the continental level, food security and agriculture were given high priority in the 2003 African Union (AU) New Partnership for Africa's Development (NEPAD) vision, hence the NEPAD Comprehensive Africa Agriculture Development Programme (CAADP). Earlier in December 2002 in Abuja, at the initiative of FAO and with the collaboration of the NEPAD Steering Committee and the African Development Bank, a high level meeting took a number of decisions chief among which harmonization of

policies, programmes and initiatives of Regional Economic Communities (RECs) in the continent took prominence.

11. The SADC-Donor Consultative Conference held in Windhoek, Namibia in April 2006 also noted the absence of coherent policies to support agricultural development at both national and regional level as one of the major impediments to agricultural growth and food security. Consequently, the conference recommended the development of a harmonized common agricultural policy that is aligned to national policies and consistent with the SADC RISDP and the SADC Dar-es-Salaam Declaration on Agriculture and Food Security².

12. It was envisioned that a common agricultural policy for SADC would (i) create a framework for harmonizing and integrating policy objectives, strategies and programmes of the Member States; (ii) provide opportunities to capitalize on the trade benefits of improved resource allocation and greater competition; (iii) permit a wider range of projects to be implemented under the RISDP; (iv) provide improved market access to other countries; (v) promote the objectives of multilateralism, facilitate implementation of politically difficult domestic policies; and (vi) strengthen multilateral bargaining power in international fora.

13. A common agricultural policy would also facilitate the preparation of requests and serve as a catalyst to attract and channel urgently needed additional external assistance and investment for agriculture in a more prioritized and coherent manner. Depending on the degree of integration and policy convergence agreed to by Member States, other potential trade related advantages could also be attained.

3. FORMULATION PROCESSES FOR THE RAP

14. Informed by the above, in August 2007 in Lusaka, Zambia, the SADC Council of Ministers approved special programmes of regional dimension. In particular, the SADC Council approved the review and harmonisation of the policy for Agriculture and Natural Resources as one of the region's top priorities. With support from the FAO and the French Ministry of Foreign and European Affairs, the SADC Food, Agriculture and Natural Resources (FANR) Directorate embarked on preliminary processes (scoping phase of the RAP) in March 2008 in the formulation of a common agricultural policy for SADC, the SADC Regional Agricultural Policy (RAP).

15. This scoping phase was based on a series of preparatory and interim country agricultural and related policy analyses and reviews. Consolidated in the **RAP Country Summary Agricultural Policy Review Reports** (January 2011) are summaries of these country reviews. Regional analytical reviews and studies, as well as the recommendations of national and regional workshop reports were further conducted on the country reviews culminating in April 2010 in the **Synthesis of Key Agricultural**

² SADC-Donor Conference, Namibia, April 2006. Report of Group Session on Food Security

Policy Issues and Policy Directions (December 2010) as discussed and agreed to by Senior Government Officials responsible for Food, Agriculture and Natural Resources in SADC Member States, SADC Farmer Organisations and key SADC stakeholders including its International Cooperating Partners.

16. Following the scoping phase was the pre-feasibility assessment of various policy issues and intervention measures for the RAP. These have been articulated and prioritized through a series of specialised studies³ with the view to developing the **Policy** document. These studies are now summarised and published as '**SADC Working Papers: Review and Prioritisation of Policy Issues and Intervention Areas for Consideration under the SADC Regional Agricultural Policy**' (January 2012).

17. Once the Policy has been formally adopted by Member States (tentatively by end 2012), the Policy Document will constitute the foundation for developing detailed policy measures and institutional arrangements for the RAP. In addition, work will be undertaken to define the operational rules and regulations that will govern the RAP, its institutional make-up and financing mechanisms. This work is expected to be completed by 2013. This process will entail substantial consultation, analytical, communication and drafting activities.

4. INSTITUTIONAL FRAMEWORK FOR DEVELOPING THE RAP

18. Under the overall supervision of the Deputy Executive Secretary for Regional Integration (DES(RI)), the RAP is being formulated under the **leadership of the Food, Agriculture and Natural Resources (FANR) Directorate** of the SADC Secretariat, in collaboration with the other four technical Directorates and relevant Units, namely:

- Policy Planning and Resource Mobilization (PPRM);
- Trade, Industry, Finance and Investment (TIFI);
- Infrastructure and Services (I&S);
- Social and Human Development and Special Programmes (SHD&SP); and
- Gender Unit.

³ Under the heading: **Review and Prioritization of Policy Issues and Intervention Areas for Consideration under the SADC RAP**, 5 working papers have been prepared for SADC and FAO on the following issues:

1. **Investment Promotion Related to Food Security and Agricultural Development**: Traub, L., Mabaya, E., Kapuya, T., & Meyer, F. of Bureau Food Agricultural Policy (BFAP) at Univ. of Stellenbosch and Univ. of Pretoria;
2. **Agricultural/rural finance, credit and insurance systems**: De Klerk, M., Coetzee, G., & Machethe, C., of the Centre for Inclusive Banking in Africa (CIBA) Univ. of Pretoria;
3. **Trade, Access to Markets and Infrastructure Related to Food Security and Agricultural Development**: Kujek, R. Masiwa, M. & Sukume, C., Africa Institute for Policy Analysis and Development (AIPAD), Harare;
4. **Production, Productivity and Competitiveness**: Rukuni, M., Kambanje, C., Ncube, D. for International Business Services (IBS), Harare;
5. **Social and vulnerability factors related to food security and agriculture development**: Rooks, J., & Sithabiso, G., Wahenga Institute, Johannesburg.

19. The SADC Secretariat reports to Member States on RAP development at SADC meetings of Senior Officials and Ministers dealing with agriculture, at different technical and stakeholder committee meetings (e.g., for livestock, sugar, plant genetic resources and SPS) and, on a continuous basis, through RAP national focal points. The latter are also used as a channel to organize consultations at national level.

20. The process receives guidance from the RAP Working Group (WG) which meets every 3 months on average and brings together SADC FANR Directorate (as chair), other Directorates and Units of the Secretariat, technical expertise (e.g., FAO Policy Unit for Southern Africa, International Water Management Institute (IWMI) through its ReSAKSS Southern Africa project, and USAID Southern Africa Trade Hub), stakeholder representatives (e.g., the Southern African Confederation of Agricultural Unions (SACAU) and Sugar Producers Consultative Forum (SPCF)) and International Cooperating Partners (e.g., DFID and USAID).

5. REPORT STRUCTURE

21. Apart from the Executive Summary and the Introduction, the report is structured into nine chapters as follows:

a. **Chapter 1: Agriculture in SADC: Importance, Performance, Key Challenges and Potential.** In this chapter, the importance of agriculture to economic growth and food and nutrition security in the SADC is discussed and a number of key messages highlighted. In particular, it is noted that (i) agriculture is of significant importance to economic development, poverty reduction and food and nutrition security; (ii) its overall performance has however been sub-optimal with the region regressing to being a net food importer; (iii) but there is great potential for agricultural growth that can result from concerted and organised responses to challenges facing the sector.

b. **Chapter 2: Regional and Continental Strategic Agricultural Frameworks.** This chapter presents the general strategic context within which the RAP is being developed. In particular, this chapter briefly outlines the linkages among regional strategic frameworks (the SADC Regional Indicative Strategic Development Plan (2003), the SADC Dar-es-Salaam Declaration on Agriculture and Food Security (2004)) and the continental NEPAD Comprehensive African Agricultural Development Programme (CAADP) (2003)). It is expected that the RAP, once developed, will serve as the Regional CAADP Compact for the SADC.

c. **Chapter 3: Regional Agricultural Policy.** This chapter refines the conceptual framework of the RAP and then articulates the objectives of the RAP. It takes into consideration the results of work done during the scoping phase and those from the recently completed specialised studies and associated analyses.

d. **Chapter 4: Prioritisation and Operationalisation of the RAP.** This Chapter elaborates on the processes undertaken and the methodology adopted to prioritise key policy issues and identify policy interventions for the RAP. From earlier consultations with Member States, a long list of policy issues considered important for the RAP emerged requiring that some form of prioritisation be undertaken particularly in line with the principle of 'subsidiarity'. Following the principle of 'progressivity', additional issues can then be tackled by the RAP as implementation progresses. Considerable focus was therefore placed in developing a robust set of criteria for prioritising key issues and interventions for initial implementation under the RAP. The Chapter also briefly introduces the proposed implementation mechanism for the RAP towards its operationalisation.

e. **Chapters 5 to 8: Priority Policy Issues and Interventions.** In these four chapters, priority policy issues and identified policy interventions are discussed for each of the three specific objectives and cross-cutting issues of the RAP. Chapter 5 deals with issues and interventions in relation to Production and Productivity; Chapter 6 deals with Trade and Markets issues and interventions; and Chapter 7 deals with Investment and Finance issues and interventions; Chapter 8 covers the Cross Cutting Objective issues surrounding the contribution of agriculture towards the reduction of vulnerability in the context of food security and a changing economic environment.

f. **Chapter 9: The Way Forward.** This Chapter reflects on and raises questions requiring attention in the next steps towards specification of implementation procedures and plans. It also reflects on issues arising from work done thus far that require further analysis or consideration.

22. The rest of the document comprises key references and a list of selected definitions.

CHAPTER 1: AGRICULTURE IN SADC: IMPORTANCE, PERFORMANCE, KEY CHALLENGES AND POTENTIAL

1. Importance of Agriculture to Economic Growth and Food Security
2. Performance of Agriculture in SADC
3. Challenges and Opportunities for Agricultural Development in SADC
4. Specific Challenges and Opportunities for Livestock, Forestry and Fisheries
5. Climate Change and Variability

1. IMPORTANCE OF AGRICULTURE TO ECONOMIC GROWTH AND FOOD SECURITY IN SADC

1.1. Population Dynamics

23. **Most inhabitants in the SADC region rely, and will continue to rely, on agriculture directly or indirectly as their main source of livelihood.** Agriculture therefore remains the primary source of subsistence, employment and income for nearly 61% of the region's 277 million people (estimated as at 2010) (SADC 2012)⁴. Therefore, to effectively deal with poverty and hunger in SADC requires the optimisation of opportunities that agriculture holds for the majority of the population.

24. Although urban areas are expected to grow and account for half the population in SADC by 2030, **rural population will also have grown significantly by about 20%** during the same period. Yet non-farm employment opportunities could remain modest. **Employment in agriculture will therefore need to grow by over 21 % in the SADC region between 2010 and 2020 to absorb the increase in population**⁵. This will add pressure on production factors, natural resources and agricultural services in many rural areas. Consequently rural-urban migration, particularly as younger generations enter the labour market with significant numbers coming from rural areas (IRAM, 2010) in search of economic gainful employment, will add significant tension on the overall economies of the region.

25. The implications of increased rural and in general overall population include the fact that **agricultural production will need to be more intensive** and concentrated on high potential growing areas especially those close to or linked to urban areas if it is to meet the increased demand from the growing population. Agricultural development will therefore play an important role in containing these large expected demographic shifts and therefore balance the pressures on the economies of the region as a whole.

1.2. Significance of Gender Equity in Agriculture

26. **Gender inequality remains a major challenge, in general and, in particular, for the agriculture and food security policy.** For agriculture development and food and nutrition

⁴ According to POPSTAT, based on 2008 projections for 2011 with figures that include Madagascar, the estimated population dependent on agriculture was placed at 156 million people (55% of the region's total population of 284 million). Without South Africa, agricultural population in SADC reaches 65% of total population.

⁵ Source: POPSTAT (2008 projections), growth in *total economically active population in agriculture*.

security strategies to succeed requires a more vigorous and bolder undertaking to address the persistent gender inequalities that exist in the region. With some of its members recorded among the best performers in the world (Lesotho and South Africa) and others recorded as the worst performers in the world (Zimbabwe and Zambia), the SADC region is showing slow progress in the fight towards gender equality according to the Global Gender Gap Index framework which captures economic and political gender-based disparities and tracks their progress.

27. Gender issues in rural areas also affect the key role women play in food security, particularly child nutrition which, in turn, may also affect the health, education and labour capacity of up-coming generations. The opposite relationship, i.e. the impact of agricultural development patterns on gender, is also important considering that women make up at least half the rural work force. Therefore, a sound **agricultural policy, in close liaison with health and education, should play a significant role in promoting gender equality** than many other sector policies.

1.3. Contribution to Food Security and Nutrition and Key Vulnerability Factors

28. Despite some progress in recent years, **food security remains a critical challenge in SADC**. The current status of food insecurity in the region can be measured by the prevalence of undernourishment which is “high” to “very high” (i.e. above 25% of the population) in 8 SADC countries (DRC, Angola, Malawi, Madagascar, Mozambique, Tanzania, Zambia, and Zimbabwe). Similarly, progress towards MDG 1 goal to *halve, between 1990 and 2015, the proportion of people who suffer from hunger* has been mixed in the SADC region with 7 SADC countries not on track (Tanzania, DRC, Botswana, Lesotho, Swaziland, Zambia and Madagascar) but Malawi, Mozambique, Namibia and Angola are on track⁶.

29. In that context, and apart from its considerable economic value, **agriculture also directly contributes in several critical ways (including rural revenues, food production, trading, diversified diet, etc.) to food and nutrition security in Southern Africa** particularly as food insecurity is greater in rural areas.

30. **The key factors of current food insecurity and people’s vulnerability** in the region are variable rainfall patterns; commodity prices; civil unrest and conflicts; the impact of the global economic downturn on people’s access to cash income; the continuing devastation inflicted by the HIV/AIDS pandemic; the emerging impacts of climate change (including increased incidence of drought and floods); the incidence of livestock diseases; human-wildlife conflicts and many others. The persistence of such vulnerability, despite improved food availability and relatively lower political disturbance over the last few years, reflects the region’s continuing *chronic* vulnerability and food insecurity, particularly in rural areas.

31. Essentially, *acute* or seasonal vulnerability concerns exposure to quick onset shocks such as natural disasters, seasonal climatic variability and many health epidemics but not HIV/AIDS. On the other hand, *chronic* or intergenerational vulnerability are a result of a range of longer term underlying issues such as governance, the policy environment and slow onset environmental, ecological, climatic and health changes. Chronic vulnerability is often exacerbated by acute vulnerability, thus, harvest failure as a result of a drought, which used to

⁶ Source: FAO, 2010, covering the 2005-2007 period.

be perceived as the major cause of food insecurity, is now generally regarded as the “final straw” in driving chronically vulnerable households, living on the margin of food security, into hunger. This distinction between acute and chronic vulnerability helps in the design of policy and the selection of instruments to deal with food insecurity.

1.4. Contribution to Economic Growth and Poverty Reduction

32. Agriculture accounts for close to 8% of the SADC region’s gross domestic product (GDP), or 23% if middle income countries (MIC)⁷ (Botswana, Namibia and South Africa) are excluded (Chilonda, P. et al, 2007). The sector also contributes significantly to trade revenues. The value of agricultural exports by SADC Member States stood at about US\$8 billion during 2005–2008, or 6% of total exports by SADC⁸. This percentage reaches 9% with forestry and fisheries which account for 1.3% and 1.4% respectively⁹. In countries such as Malawi, Tanzania, Namibia, Madagascar and Zimbabwe, agricultural exports are actually the dominant trade.

33. The largest contributors to agricultural revenue in the SADC region are **maize, fruits, beef, roots, tubers, milk and poultry** (not including forestry and fisheries). While livestock production has over the years gained prominence, the dominant sub-sector remains crops which contributes on average 65% of total agricultural revenue.

1.5. Key Messages on the Importance of Agriculture

34. Key policy messages on the importance of agriculture in SADC can therefore be summarised thus (see Box 1):

Box 1: Key Messages on the Importance of Agriculture

Box 1: Key Messages on the Importance of Agriculture

1. The majority of the population in the region consists mainly of rural poor, who draw their livelihood from agriculture;
2. The region’s ability to provide increased non-farm employment opportunities remains modest at best in the face of significant population growth particularly in rural areas;
3. As a result, agricultural development remains central to poverty reduction, food security; gender equity and nutrition for the region;
4. On the positive side, agriculture significantly contributes to the region’s economic growth and trade revenues; and
5. Urban population growth offers market opportunities that the region’s agriculture must seize.

This situation calls for more concerted efforts to boost agricultural production through increased public and private sector investment in agriculture related sectors.

⁷ Low-income economies had average GNI per capita of \$1,005 or less in 2010; middle-income economies had average incomes of \$1,006 to \$12,275. In 2011, middle-income economies in SADC included Angola, Botswana, Lesotho, Mauritius, Namibia, Seychelles, South Africa, Swaziland and Zambia. The rest of the SADC countries are in the low-income economies category, i.e. DRC, Madagascar, Malawi, Mozambique, Swaziland and Zimbabwe.

⁸ Source : FAOSTAT

⁹ Source: UNCTAD (figures on forest and fisheries products are probably underestimated due to unreported trade).

2. PERFORMANCE OF AGRICULTURE IN SADC

2.1. Agricultural Production and Productivity

35. **Despite its growth, agricultural production has not kept pace with population growth in the region.** Although net agricultural production more than doubled in dollar value during the period 1960 - 2005 (reaching more than US\$20,000 million), net per capita agricultural production decreased by about 40% during the same period. In the context of a rapidly growing population, the decline in per capita agricultural production is attributable to low agricultural productivity, among other factors. Actually, only in Angola and Mozambique did per capita *food* production increase between 1990 and 2006 (Chilonda, P. & alii, 2007).

36. **Overall, agricultural growth rates have averaged only 2.6% per annum in the last decade** (far below the New Partnership for Africa's Development (NEPAD) Comprehensive African Agricultural Development Programme (CAADP) target of 6%) **against the region's 2.5% average demographic growth rate.** This indicates that the potential of this sector to contribute to economic growth and poverty reduction, as experienced elsewhere, including Asia, has not yet been realised.

37. **Agricultural productivity in Southern Africa** grew at an annual rate of only 0.4 % between 1961 and 2006, but the rate accelerated in the early 1990s (about 3.6 % for Tanzania, Mozambique, South Africa and Angola between 1987 and 2006, but virtually zero for Malawi, Zambia, Zimbabwe and Swaziland). This acceleration resulted from the recovery by some regional economies from periods of political conflict, policy changes since the mid-1980s (structural adjustment, end of the apartheid regime) and past R&D investments that helped produce higher returns under a better political and economic environment. Both land and labour components of productivity have contributed to this trend.

38. **Agricultural productivity in Southern Africa is mainly a function of labour and land productivity¹⁰.** Labour productivity in agriculture (defined as output per worker, measured, for example, as the value of net output per labour hour) reflects the level of agricultural productivity in comparison with other sectors and gives an indication of the competitiveness of the sector. Although labour productivity in agriculture in the region has increased on average by 1.7% annually (1975-2006), with most of the increase attributable to South Africa (+ 5.9%) and Swaziland (+1.6%) (IFPRI & ReSAKSS, 2011), it remains 30 times lower when compared with that of developed countries (Chilonda, P. & alii, 2007)¹¹ **indicating the lower competitiveness of agricultural production in the region.**

39. On the other hand, **land productivity** (measured as 'yield' per unit of land) **has grown a mere 1 % per annum** from the 1990s at the regional level with Angola and Zambia experiencing the greatest rates at above 3%. This has largely been due to cereal yields that have remained flat for decades at between 1.5 and 1.7 mt /ha on average since 2000, far below the Africa average of 2 mt/ha. Only Mauritius and South Africa registered yield increases of over 50% between 1999 and 2006. Such low trends compared to other developing regions such as China, India, the Near East and Latin America, where technical change has played a prominent role (Nin-Pratt and Bing, 2008), only emphasize the **considerable potential for realizing much**

¹⁰ It is also a function of capital productivity.

¹¹ Using value-addition per worker as a proxy.

higher productivity levels in the region in the future (IFPRI & ReSAKSS, 2011). In contrast, **productivity growth of cassava** averaged +2.3% per year between 2000 and 2009¹². Coupled with over 50% expansion in production area, cassava output has more than doubled in the last 20 years in the SADC region.

40. At the **farm level**, key causes of low agricultural productivity (particularly crops) in SADC, among the most critical and immediate factors, emanate from low fertilizer and improved seeds usage, underutilization of farm resources, high post harvest losses, land degradation, low irrigation capacity (about 4% of agricultural land is currently under irrigation) and reliance on rain fed agriculture, labour constraints, limited capital and accumulation, and HIV/AIDS.

41. However, **agricultural productivity is also determined by how conducive the environment is to farming**. For example, at the **level of markets and support services**, key critical factors that affect agricultural productivity include price formation and stability, poor marketing and distribution systems, unspecialized transport systems, poor access to financial markets and regional/international markets, weak research and extension capacity, and poor infrastructure (roads particularly feeder roads in rural areas, railway networks, sea and airport transport systems, etc). At the **macroeconomic level**, high interest rates, high import tariffs on inputs, limited public investment, and poor implementation of national, regional and international trade policies are key factors that affect agricultural productivity.

2.2. Agricultural Trade and Performance

42. Despite the significant contribution of **the agricultural sector to the region's trade, its overall performance in that respect has also been disappointing and illustrates again the limited competitiveness of the sector in the region**. Indeed, during the period 2005 - 2008, SADC's agricultural imports have surpassed exports by **US\$2.3 billion** resulting in a **substantial agricultural trade deficit**. Whilst some sectors of SADC's agriculture are **net exporters, (e.g., forest products** with total average exports of \$1.7 billion annually, showing the economic importance of natural resources in SADC hence the need to ensure a responsible and sustainable natural resources management (NRM) regime), **Southern Africa as a whole has become a grain-deficit region**. This is due to strong population growth, stagnant productivity rates and increased per capita income in some middle income countries. Along with lagging cereal yields, the gap between demand and production has hovered around 20% among the low-income countries of the region.

43. Between the 1970s and the mid 2000s, maize production in Eastern and Southern African has moved from surplus to deficit (from 123% to 97% self-sufficiency), while wheat and rice self-sufficiency dropped from 93% to 56% and 87% to 67 % respectively. Other commodities affected by significant trade deficit despite production / processing potential include livestock products (including feed) and edible oils (SADC, 2011; FAO, 2008).

44. **Although intra-regional agricultural trade has remained low** in the past decade, it **has performed better than other sectors** at 15% of total intra-SADC trade and 22% of total SADC agricultural trade during the period 2005-2008¹³ with **South Africa dominating agricultural trade in the region at 54% of total agricultural trade by SADC countries**. This

¹² Source : FAOSTAT

¹³ Source: UNCTAD

emphasises the role the agricultural sector plays with respect to overall economic growth in the region and its **contribution to regional economic integration**.

45. Compared to the Association of Southeast Asian Nations (ASEAN)¹⁴ at 30% of total intra-ASEAN trade (all sectors), the low levels of regional trade in general in Southern Africa (10%) shows that there is significant room for improvement. It is that potential that the SADC RAP will attempt to unlock, in the agricultural sector, through a cohesive regional policy framework.

46. The region needs to increase its current agricultural growth rate of about 4% to at least the CAADP suggested level of 6% if the sector is to contribute significantly to economic growth and poverty reduction in the region. As illustrated above, the overall goal for the region's agriculture should aim at improving farm productivity; competitiveness (along the whole agricultural value-chain); and the economic environment using in particular the potential offered by regional integration¹⁵ processes (e.g. cross-border business-to-business (B2B) partnerships), extra-SADC trade balance and the use of intra-regional trade for food security. Among other things, this calls for **increased public and private sector engagement and investment in the agriculture sector**.

47. The importance of investing in public goods based on experiences in Asia is also summarised in Box 2

Box 2: Importance of Investing in Public Goods Based on Experience in Asia

Box 2: Importance of Investing in Public Goods Based on Experience in Asia

1. Experiences in six Asian countries (China, India, Indonesia, South Korea, Taiwan and Vietnam) show that on average, investments in (i) research and development; (ii) rural roads; (iii) electricity; (iv) health; and (v) education had a significant impact on poverty reduction and agricultural growth.
2. This highlights the importance of appropriate policy reforms. Clearly therefore, sustained agricultural productivity growth and poverty reduction require increased public goods investment, increased performance in delivering these public goods as well as an enabling policy environment that encourages private investments in input, output and financial markets.

¹⁴ ASEAN was formed on 8 August 1967 and it included Indonesia, Malaysia, the Philippines, Singapore and Thailand. Its membership has since expanded to now include Brunei, Burma (Myanmar), Cambodia, Laos and Vietnam.

¹⁵ See *List of selected definitions* in the annexes.

2.3. Key Messages on Performance of Agriculture in SADC

48. Key policy messages on the performance of agriculture in SADC can be summarised as per Box 3.

Box 3: Key Messages on Performance of Agriculture in SADC

Box 3: Key Messages on Performance of Agriculture in SADC

1. Low labour productivity in agriculture in the region (30 times lower than in developed countries) is an indication of the SADC region's lower competitiveness in agriculture;
2. Land productivity has grown by a mere 1 % per annum from the 1990s at the regional level, largely due to cereal yields that have remained flat for decades at between 1.5 and 1.7 mt /ha on average since 2000, far below the Africa average of 2 mt/ha;
3. Resultantly, agricultural production in the SADC region, despite its growth, has not kept pace with population growth;
4. Despite the significant contribution of the agricultural sector to the region's trade, its overall performance in that respect has also been disappointing, therefore illustrating again the limited competitiveness of the sector;
5. Starting from a positive position, the region has become a net importer of grain and livestock products; and
6. Whilst intra-regional agricultural trade has performed better than other sectors, overall intra-regional trade remains, at 10% of total trade, much lower than that of other regions (e.g., the ASEAN with 30%). This means there is significant room for improvement.

This calls for **increased public and private engagement and investment in the agriculture sector**. To be effective, such investment needs to be directed into **priority areas** (Chilonda, P. & alii, 2007), and as experienced during the Asian Green Revolution (see Box 3) such priority areas include **R&D, infrastructure development, improved market and trade conditions, improved institutional and farm support systems and improved access to factors of productions**, among other critical factors.

3. CHALLENGES AND OPPORTUNITIES FOR AGRICULTURAL DEVELOPMENT IN SADC

3.1. Production Base

49. **The region's wide range of natural resources gives SADC comparative advantage for agricultural development and food security.** Most of its 227 million ha of arable land is suitable for the production of tropical crops for food and exports and over 60% for livestock farming which can produce a rich diversity of products. However, only 25% of SADC's arable agriculture land is under cultivation with 85% of that used for forage and the rest for crop production¹⁶. **The increase in agricultural land put to agricultural production** in the region has only increased by a mere 0.15% annually over the last 20 years.

¹⁶ Source: FAOSTAT

50. About 45% of the rural population lives in areas of high agricultural potential or suitability, and among these, 40% are in medium to high population density areas - which are likely to respond strongly to enhanced input and output market opportunities (IFPRI & ReSAKSS, 2011). Therefore **in terms of land resources, the region has the potential to increase agricultural production.**

51. Similarly, the region also has a **high potential for fish production** with an exclusive economic zone (EEZ) of over 6 million sq km, a continental shelf of 503,646 sq km, and a considerable potential for aquaculture.

52. The total forest area in SADC of 263 million ha¹⁷ represents about 29% of the total land area in the region. The region's **forests are not fully exploited** with vast areas of natural habitats with rich biodiversity (SADC, 2004).

3.2. Farming Systems and Agricultural Value-Chains in SADC

3.2.1. Primary Agriculture

53. The **region is characterized by the co-existence of contrasting farming systems. Large scale commercial farming is better integrated in the market economy than the smallholder sector which forms the vast majority of the farming population in SADC.**

54. **Large scale farming contributes to food production, agro-processing and market development, as well as the region's trade balance and global competitiveness.** Large scale farming is more responsive to certain public incentives and has greater "transaction" effectiveness, i.e., linking up with input, finance and output markets (Dorward, A. *et al.*, 2001). It places high importance on capital factors of production, high yield technologies in production and high labour productivity using mostly waged labour. Recently, the large scale farming sector has also been associated with global trends towards increased investment in agricultural production resulting from global commodity price surges.

55. **The small-scale farming sector itself is also actually diverse** in terms of current and potential participation in markets (from intense to marginal participation) and its capacity to respond to public incentives, invest and take risks such as adopting innovative technologies. Hence, in countries like Malawi, Mozambique and Zambia, over 50% of marketed maize has been accounted for by only 2-3% of smallholder farmers. Though not as strong, similar trends have been observed regarding cash crops, such as cotton and tobacco (Jayne, T. A., *et al.*, 2010). Furthermore, **limited access to resources and the level of asset endowment** (land, capital, knowledge, and agro-ecology) affects the scope of small-scale farmers in the generation of surplus production for the market and consequently their **participation in the market.**

56. In the 3 countries mentioned above, **more than half the small scale farmers have less than 1 hectare of land** for their farming operations, consequently, they can only marginally participate in competitive markets (Jayne, T. A., *et al.*, 2010). However, given a conducive environment in terms of commodity prices and access to production factors, stable markets and adapted support services, the small scale farming sector has repeatedly demonstrated its remarkable capacity to invest and participate in markets. Moreover, labour-intensive small scale

¹⁷ Madagascar not included

farming is often viewed as a *relatively* more efficient user of resources for production and generating greater global growth and poverty reduction returns on public investment.

57. The emergence of high value agricultural food chains has raised concerns in SADC countries as vertical integration tends to exclude a large share of small farmers. Transaction costs tend to favour contracts with fewer but larger farms in supply chains while small farmers face relatively higher investment constraints to contract with companies or supply high value produce, and they require more assistance from the companies per unit of output than the case with large scale farmers.

58. In a number of cases, however, **interesting synergies** have developed between the large scale and small scale farming systems through contract farming, for instance, or as large scale farming contributes to new market developments that can also benefit small scale farmers.

59. Nevertheless, there are also **critical divergences** between the two farming systems which can affect policies, such as the share of resources (e.g. budget, productive land, etc.); and orientations given to trade regulations and standards (including trade protection / openness), infrastructure development priorities and Research and Development (R&D) priorities.

60. **High and sustained rates of agricultural growth, largely driven by productivity growth, will be necessary if SADC countries are to accelerate broad based economic development and poverty reduction.** Indeed, agricultural growth, **particularly in the commercialized small-scale farming sector**, has powerful leverage effects on the rest of the economy, especially in the early stages of “economic transformation”, when agriculture accounts for large shares of national income, employment and foreign trade. However, taking shortcuts and trying to integrate SADC agriculture through the industrialized large scale agriculture sector alone will lead to further alienation of smallholders from value chains leading to supermarkets. This will accelerate premature rural-urban migration, urban poverty and all the attendant social and political risks. **SADC needs therefore to articulate the desired future state of both large scale and smallholder agriculture as SADC progresses through various economic integration stages.**

61. **One of the RAP’s key aims should therefore be to address policy issues that will result in small-holder commercialization**, i.e., a cycle in which producers, depending on asset endowment and the nature of output markets, intensify their use of productivity enhancing technology, generate greater output per unit of land and labour used, and participate more fully in the market. This will ultimately induce income growth and improved living standards for the sector. In that respect, the RAP policy needs to consider the key issues affecting farm production and productivity factors, access to markets, and access to capital.

62. At the same time, **promotion of large scale commercial farming** should strengthen its contribution to the region’s competitiveness, trade balance, export markets, agro-processing development, among others, while encouraging regulations and best practices for improved articulation with the small scale farming sector.

63. Lastly, **many of the most vulnerable farmers are unlikely to participate in markets** and may actually be affected by food insecurity and, at least in the short to medium term,

'**adjustment costs**' resulting from trade openness. These issues can be addressed through a combination of social protection and labour policies, among other options (World Bank, 2011)¹⁸.

3.2.2. Farmer Organisations

64. **Farmer organizations** have played an increasing role in representing farmers at both national and regional policy level and promoting access to support for development services and linkages with markets and agri-businesses. Effective farmer organisations have developed in certain countries of the region or for specific commodity chains in areas such as horticulture and sugar. In particular, large-scale farmers' organisations are often relatively effective.

65. The broad development of farmer organizations to assist large numbers of small-scale farmers to fully participate in agricultural development is still affected by significant weaknesses. These include a certain disconnect between local and national representation, availability and access to resources for sustainable operations, involvement in policy formulation and their own recognition in Member States.

3.2.3. Agribusiness – Agro-Industry

66. **Agribusiness and agro-industry can also be major drivers of development.** Agribusiness refers to the establishment of enterprises and supply chains for producing, developing, transforming and distributing specific inputs and products in the agricultural sector. It refers to commercialization and value-addition in the agricultural sector with a focus on pre- and post-production enterprises and building linkages among enterprises. **Agro-industry** (short for agro-processing industry) refers to the subset of manufacturing (Agribusiness) that processes raw materials and intermediate products derived from the agricultural sector. Agro-processing industry thus means transforming products originating from agriculture, forestry and fisheries.

67. The **promotion of agro-enterprise development can provide positive impacts on employment** in both rural and urban areas, **offer market access** to smallholder agriculture, create **business linkages to SMEs**, and **enhance food security** by reducing post-harvest losses and extending the shelf-life of food and fibres for the rapidly increasing urban poor. The combined effects of employment gains and food security through improved agro-industry competitiveness can be an important strategy for reducing the overall poverty within African economies.

68. The regional integration perspective is particularly relevant in that regard, as promoting partnerships linking primary agriculture (as supplier) and agro-processing capacity (as buyer) in different SADC countries would contribute to improved competitiveness and trade balance (World Bank, 2011).

¹⁸ When developing countries open up their markets, there are associated benefits and costs. The process offers an important opportunity for increasing economic growth and reducing poverty. Increasing competition on the domestic market can lower prices, increase choices for consumers and improve access to new knowledge, products and technologies. But gains from trade openness are not guaranteed nor evenly shared. Trade liberalisation should result in a more effective re-allocation of factors of production within and between firms/sectors/countries. However, "costs associated with the reallocation of labour need to be recognised and policies put in place to assist workers and communities to adjust to a more competitive environment" (OECD, ILO, WORLD BANK & WTO, 2010).

69. Furthermore, **globalization and the increasing interdependence of the world economy have created opportunities** to both expand and diversify Southern Africa's economic base. Despite the growing international demand for higher-value processed agro-industry products, Africa is yet to make significant progress locally towards adding value to its primary agricultural commodities. Indeed, African countries contribute less than 10% to the global value addition and Africa's international trade is dominated by primary commodity exports, which represent almost 60% of total export value, and fuels alone account for 40%. Among the non fuel primary commodity exports, agricultural products account for more than 25% of trade revenues.

70. Therefore, the RAP should promote the development of agricultural value-chains as a whole (particularly regional ones), including agri-business development.

3.2.4. Potential for Increased Private Sector Investment in SADC Agricultural Value-Chain

71. Increasing global demand combined with Africa's unexploited natural resources indicate a considerable potential in African agriculture. Because of projected growth in global demand for food, bio-fuel, animal feed and other agricultural commodities, **there is an anticipated drive for regional investment in agriculture**. While this represents an important opportunity, related trends regarding land acquisition and control of production by international or domestic investors/buyers sometimes come with poor terms for local farmers/communities.

72. Though some agricultural commodities (including beef and dairy in, e.g., Zimbabwe, Botswana and South Africa) have a legacy of state control, recent growth in the other products has been largely driven by the private sector (including farmers), with supermarkets often playing a very prominent role in the value-chains. This evolution has come along with the development of contract farming mechanisms, which interestingly link credit and input supply with output marketing. For some non traditional export crops, supply chains are characterized by greater vertical integration with interlinked credit, extension, input provision and output marketing.

73. Fundamentally therefore, to promote increased private investment, policies need to **generate an enabling environment for the different economic players** that are involved along the agricultural value-chain (from primary agriculture to consumers, including agri-businesses) so that they mobilize production factors and trade in order to meet their needs.

74. **Reducing costs associated with regional trade** is, however, a precondition for private investment in regional value chains and a necessary step for all SADC countries to improve their global competitiveness (World Bank, 2011).

3.3. Country Diversity – Synergies and Complementarities

75. The potential to benefit from increased agricultural production in the region is further enhanced by the **close co-existence of low- and middle-income countries in Southern Africa**. Economic growth and diversification among the middle income countries in the region can create opportunities through agricultural productivity, output growth and stronger market linkages for agricultural growth among the neighbouring low-income countries.

76. In particular, **South Africa** accounts for 38% of the region's total population and over 70% of the region's GDP (IFPRI & ReSAKSS, 2011). With deeper regional integration particularly in agriculture, South Africa has the opportunity to enhance its exports and competitiveness on world markets through the development of more advanced and integrated production networks within the region. For other SADC countries, South Africa offers the prospect of improved access to neighbouring markets as well as the potential to attract greater SADC-orientated FDI (World Bank, 2011). An example of the Oilseeds sector case is described in Box 4.

Box 4: The Oilseed Sector: A Case for Regional Value-Chain Partnership?

Box 4: The Oilseed Sector: A Case for Regional Value-Chain Partnership?

1. SADC has evolved from a relatively balanced trade balance in edible oils in 1980 to a large deficit of 1 million MT in 2005 with offshore imports accounting for nearly half of the demand in the region. Production reached 0.86 million MT in 2007, similar to what it was in 1985.
2. Production of oilseeds in the SADC region exists in several countries but is now mainly concentrated in two countries, South Africa and DRC. It involves a range of related crops but mainly sunflower and oil palm, in addition to maize, groundnut, coconut, cottonseed and soybean. Although large commercial farming contributes the most, the sector is characterized by significant small-scale farming.
3. The crushing industry in SADC is working below capacity and economic players find it more profitable to refine imported oil. Actually, in the absence of market or finance related instruments, crushing plants have been harmed by high market volatility. Moreover, most plants use outdated technology which limits oil extraction rates (a critical competitiveness factor).
4. However, the vegetable oil sector offers significant market growth prospects globally. Worldwide, production is expected to increase by +40% and trade by +50% between 2007 and 2018 (FAO & OECD, 2009). There are also **potential synergies within the region between the oilseeds sub-sector and the livestock feed industry as well as between producing areas and processing capacity.**

3.4. Key Messages on the Challenges and Opportunities for Agricultural Development in SADC

77. Key policy messages from the challenges and opportunities the region faces can be summarised as per Box 5.

Box 5: Key Policy Messages from the Challenges and Opportunities for Agricultural Development in SADC

Box 5: Key Policy Messages from the Challenges and Opportunities for Agricultural Development in SADC

1. Its wide range of natural resources including fisheries and forestry, and the abundance of arable land gives SADC comparative advantage for agricultural development.
2. Apart from market related factors, small scale farmers' participation in markets is restricted by their limited access to resources in the region. However, they have demonstrated a remarkable capacity to invest and participate in markets given a conducive environment.
3. Policies need to take into account the diversity of farming systems in the region, promoting in particular the contribution of large scale farming to, e.g., trade, competitiveness and small scale farmers' linkages with markets and support services.
4. Policies should also consider the fact that many vulnerable farmers are unlikely to participate in markets and may be affected by food insecurity and 'adjustment costs' resulting from increased trade openness and economic change.
5. The promotion of agro-enterprise development can provide positive impacts on employment in both rural and urban areas, offer market access to smallholder agriculture, create business linkages to SMEs, and enhance food security by reducing post-harvest losses and extending the shelf-life of food for the increasing urban poor. Moreover, the promotion of cross-border partnerships between suppliers and agro-processing firms within the region can increase the sector's global competitiveness.
6. African countries contribute less than 10% to the global value addition and Africa's international trade is dominated by primary commodity exports. The growing international demand for higher-value processed agro-industry products gives SADC the opportunity of increasing its export value of value added products.

The RAP should therefore aim at **promoting small-holder commercialization, agro-processing and the development of agricultural value-chains as a whole (particularly regional ones) by creating a conducive environment for private sector investment**. In that respect, the RAP needs to consider the key issues affecting farm production and productivity factors, including capital, and access to markets.

4. SPECIFIC CHALLENGES AND OPPORTUNITIES FOR LIVESTOCK, FORESTRY AND FISHERIES

4.1. Livestock

78. On average, the **livestock sector has performed better than the grain sector, but the region has also shifted from a meat surplus position** in the early 1980s (when net exports of livestock products accounted for more than 6% of total agricultural production) **to a deficit**. Indeed, while the region's total meat production has increased by 1.9% per year over the past 20 years, demand has grown more rapidly at 2.6% per year. In the low-income countries, 14% of the milk consumed and 6% of the poultry meat consumed are imported (Nin-Pratt & Diao, 2006).

79. The increase in livestock production has mainly been driven by poultry (including eggs) and pig production while production of cattle, sheep and goats has remained stagnant (Fresco &

Steinfeld, 2005). However, the growth is not due to increased productivity per animal but increased numbers of animals. Productivity trends vary from country to country, across animal species and farming systems. In Zimbabwe, e.g., the average milk yield in the smallholder sector ranges between 6-10 litres per cow per day against 3-5 times more in the commercial sector, although being a large scale producer does not automatically entail efficiency.

80. While consumption of livestock products in the region remains far below that of developed countries, the SADC region has become a **net importer of meat, milk and eggs**. The region is also a **net importer of feed** despite its grain production potential. Whilst the region has a comparative advantage in the production of livestock and the sector has one of the highest returns on regional public investment (IFPRI & ReSAKSS, 2011), it lacks competitiveness.

81. From a regional perspective, key constraints to livestock development include (SADC, 2008 and 2010):

- 1) Weak productive farm animal genetic resources (inadequate animal breeding activities and loss of indigenous genetic material that is well adapted to regional conditions);
- 2) Suboptimal production practices (feeding, grazing and rangeland management);
- 3) Trans-boundary animal diseases (TAD) - such as Contagious Bovine Pleuropneumonia (CBPP), foot-and-mouth disease (FMD) as a result of wildlife-livestock interaction, *Peste des Petits Ruminants* (PPR) and African Swine Fever (ASF) – and other trans-boundary threats such as fires and theft. The key challenge is lack of capacity in surveillance and control of animal diseases and movement across borders;
- 4) Trade of animal and animal products due to market standards, conditionalities and barriers particularly with regards to health, food safety and animal welfare issues; and
- 5) Marketing inefficiencies and lack of or poor infrastructure (roads, abattoirs, crush pens, dip tanks / spray areas, quarantine stations, watering facilities) in strategic locations.

82. These challenges would benefit from deeper regional coordination and interaction among key stakeholders in the industry and supplying sub-sectors such as grains and oilseeds.

4.2. Forestry

83. **Forests have a range of important functions** including ecological (e.g. soil protection, organic matter, habitat); social (fuel wood, medicine, food stuffs such as fruits); economic (timber, paper production, eco-tourism); and environmental (carbon sequestration). The total forest area of 263 million ha in SADC represents about 29% of the total land area in the region (Madagascar not included). The region's **forests are not fully exploited** with vast areas of natural habitats with rich biodiversity (SADC, 2004). Some countries have larger forest plantations than their natural forests, e.g., South Africa¹⁹, Madagascar, Zimbabwe and Tanzania.

84. However, there has been a regional **decline in forest resources** from 3.8 to 3.57 million km² between 1990 and 2000. This is an average reduction of 0.6% or 23 million ha lost per year. This is mainly **attributed to deforestation** in the region, resulting from forests being cleared for agriculture or for commercial purposes; increasing demand for fuel wood; urban

¹⁹ External trade of forest products by South Africa generates a net balance of close to half a billion dollars.

development; and selective logging through timber concessions and unlicensed / illegal logging. Uncontrolled wild fires that have also contributed significantly to forest loss. These actions lead to land degradation and affect livelihoods and sustainable economic development as the ability to maintain land productivity is constrained. There are also significant losses of fiscal revenues.

85. Therefore, from a regional perspective, key issues related to forestry development include (SADC, 2010 (a) and (b)):

- 1) Deforestation and forest degradation, particularly in the context of climate change;
- 2) Conservation and management of trans-boundary forest areas;
- 3) Law enforcement and governance, particularly regarding trade of forest products; and
- 4) Valuation of the forest resource, taking into consideration its different functions.

4.3. Fisheries

86. **Inland and marine fisheries** make a major contribution to the economies of main coastal and island SADC Member States. At least 200,000 people are directly employed in fisheries while over one million people are dependent on related activities (SADC, 2005). Over the past 20 years, fish production has increased by 113% (Fresco & Steinfield, 2005). Fisheries also play a significant role in enhancing food and nutrition security.

87. The region also has a **high potential for fish production** with an exclusive economic zone (EEZ) of over 6 million sq km, a continental shelf of 503,646 sq km, and a considerable potential for aquaculture.

88. Fish production in the region amounts to 2.7 million tons, of which nearly 70% comes from marine fisheries, nearly 30% from inland fisheries and less than 1% from aquaculture. However, fish production is being undermined by a range of factors, including **overfishing, environmental degradation and weak management systems**. Most of the fisheries resources in the regional waters are shared between countries making regional integration and cooperation in fisheries a regional priority. In addition, **illegal, unreported and unregulated (IUU) fishing** not only threatens the sustainability of fish stocks in the region but deprives Member States of both economic and social values derivable from those fish stocks.

89. With regards to marine fisheries, there are fundamental differences in the resources of the Western vis-a-vis the Eastern SADC regions. Due to upwelling, the primary productivity of the West Coast is high and 90% of marine catches in SADC are landed there, largely by industrial fisheries in Angola, Namibia and South Africa. Fisheries production in the South East Atlantic is mostly based on small pelagic fish. The warmer East Coast generates higher species diversity but lower abundance, resulting in the dominance of many artisanal and recreational fisheries which contribute to employment creation and food security. From a regional integration and competitiveness perspective, these differences offer potential for intra and extra regional trade.

90. Inland fisheries from rivers like the Zambezi river basin; lakes like Lake Malawi, Lake Kariba and Lake Tanganyika; streams and ponds, swamps like the Okavango Delta; are important resources that support large artisanal and small scale fishers who depend on fish for their livelihood.

91. Aquaculture (both marine and inland) is still in its infancy in the SADC region whereas it has experienced spectacular growth in the rest of the World. Its great socio-economic value remains largely unrecognized in the region and is not utilized to its full potential. However there has been significant increase in aquaculture production in the region, particularly in Madagascar, South Africa, and Tanzania. In these countries, aquaculture output has almost doubled between 1995 and 2005. In the perspective of regional integration and in similar manner to the diversity of marine fisheries, the region exhibits a wide variety of biophysical conditions that are suitable for aquaculture of both tropical and temperate species.

92. The fisheries sector, especially for the island states, generates significant export revenues for SADC Member States reaching \$2 million in 2008. South Africa and Namibia are the largest exporters. However, the region also reports a significant negative trade balance of fish products with the rest of the world. In 2008 and 2009²⁰, the negative balance was to the tune of \$8.5 million. Considering the potential in the region, reducing it should be a priority.

5. CLIMATE CHANGE AND VARIABILITY

93. The region is particularly vulnerable to the impacts of climate change and variability given that the economies and key livelihoods of the majority of the population are largely dependent on climate sensitive sectors such as rain fed agriculture and natural resources. The key issue, therefore, for SADC is how to deal with mitigation and adaptation to climate change and variability as well as fostering a unified regional response to climate change. From an economic standpoint, there is also the need for a coordinated mechanism to benefit from the carbon markets for environmental services, sequestering carbon in forests and land and preserving biodiversity.

94. Climate change and its impact on the agricultural sector is not only about variable and decreased rainfall that will impact on crop and livestock production but also temperature changes that are forecast to increase by between 1 and 3 degrees Celsius by 2080. Even such small increases in mean temperature are projected to lead to a decrease in crop productivity. It is estimated that a 2°C increase in temperature and a 10% reduction in rainfall could cause a reduction in the maize yield for South Africa by 0.5 t/ha. As such, changes in temperature regimes could affect growing locations, the length of the growing season, crop yields, planting and harvest dates.

95. Climate change and variability is expected to cause increased demand for water for irrigation in regions where existing water supply and quality is already negatively affected by other stressors. Additionally, livestock will be affected through changes in forage quality and quantity and generally in reduced productivity due to temperatures exceeding thermal comfort thresholds for livestock. It is also expected that the prevalence of animal diseases will worsen.

96. It is vital therefore that agricultural policies, strategies and programmes take into account the possible impact of climate change and variability and ensure measures are inbuilt to mitigate against its effects.

²⁰ Source : UNCTAD (excluding intra-SADC trade)

CHAPTER 2: REGIONAL AND CONTINENTAL STRATEGIC AGRICULTURAL FRAMEWORKS

1. Introduction
2. SADC Regional Indicative Strategic Development Plan (RISDP) (2003)
3. SADC Dar-es-Salaam Declaration on Agriculture and Food Security (2004)
4. NEPAD Comprehensive African Agricultural Development Programme (CAADP) (2003)
5. SADC Protocols

1. INTRODUCTION

97. Recognizing the importance of agriculture, SADC has put in place strategic frameworks to stimulate the sector. Taken together, the frameworks form a reference point for SADC RAP to support economic growth through agricultural development in the region.

2. SADC REGIONAL INDICATIVE STRATEGIC DEVELOPMENT PLAN (RISDP) (2003)

98. In order to address the many challenges facing the region, in 2003 SADC developed a 15-year strategic roadmap, the SADC Regional Indicative Strategic Development Plan (RISDP), for achieving SADC's long-term goals. The RISDP covers a range of issues and sectors, from human and social development to statistics and private sector development, and sets targets and timelines for reaching the goals. The RISDP's ultimate objective is to deepen the integration agenda of SADC with a view to accelerating poverty eradication and the attainment of other economic and non-economic development goals.

99. **The RISDP emphasizes co-operation in sustainable food security in order to achieve lasting access to safe and adequate food at all times by all people in SADC for an active and healthy life.** To this end, the agriculture sector is expected to play a key role in two priority areas, namely, *Sustainable Food Security*, and *Environment and Sustainable Development*.

100. In addition, RISDP identifies a number of cross-cutting issues such as **gender, private sector, and science and technology** as key to economic growth in the region.

101. The RISDP also promotes alignment and cooperation with other national, sub-regional, continental and global initiatives that have potential synergies with the strategic directions proposed for SADC (such as the CAADP of the AU/NEPAD and the MDGs).

102. The mid-term review of RISDP which is under way may affect these strategic priorities.

3. SADC DAR-ES-SALAAM DECLARATION ON AGRICULTURE AND FOOD SECURITY (2004)

103. SADC's actions in agricultural development and food security were further specified under the SADC Dar-es-Salaam Declaration on Agriculture and Food Security (2004) when Heads of State and Government called for the implementation of a series of short and long term measures aimed at strengthening sectoral cooperation between SADC Member States.

104. **In the short term (2004-2006)**, the Declaration called for action on the provision of key agricultural inputs; agro-industrial development and processing; control of crop and livestock pests and diseases; crop, livestock and fisheries production; and water management and irrigation. **In the medium to long-term (2004 – 2010)**, the Declaration defined a set of actions around sustainable use and management of natural resources; disaster preparedness; research, technology development and dissemination; private sector involvement in agriculture and rural development; market access; agricultural financing and investment; training and human resource development; gender equality; and enhancing human health and mitigation of HIV/AIDS and other chronic diseases.

105. These issues have all been taken into account in formulating the RAP. Resulting from the RAP process and the review of RISDP, the strategic planning framework for agriculture, set earlier under both the RISDP and the Declaration, is expected to be updated and consolidated.

4. NEPAD COMPREHENSIVE AFRICAN AGRICULTURAL DEVELOPMENT PROGRAMME (CAADP) (2003)

106. To accelerate agricultural growth in Africa, the African Union Heads of States and Governments adopted in June 2003 in Maputo, Mozambique, the CAADP as the AU/NEPAD vision and strategy for the development of African agriculture. The CAADP is an African led framework with the objective of supporting country-driven agricultural development strategies and programmes. Its goal is to help African countries reach and sustain, through agricultural-led development, a path of higher economic growth that reduces hunger, malnutrition and poverty, and enables growth in exports.

107. All SADC Member States have hence adopted the objectives set under the Maputo Declaration of (i) achieving an annual agricultural growth rate of at least 6 percent and (ii) allocating at least 10 percent of the national budget to agriculture. Both the RISDP and the SADC Dar-es-Salaam Declaration on Agriculture and Food Security share the principles and priorities of CAADP and they have thus far represented the framework for implementing CAADP in the SADC region. These strategic priorities are indeed closely aligned to the four pillars of CAADP, namely (i) sustainable land and water management; (ii) development of infrastructure and improved access to markets; (iii) increased food supply, reduced hunger, and improved response to food crises; and (iv) dissemination and adoption of improved agricultural technologies and investment in agricultural research.

108. Among its principles, the CAADP advocates (a) partnerships and alliances for agriculture both as a core component and as a cross-cutting sector; (b) dialogue, peer review and mutual accountability; and (c) exploitation of regional complementarities and cooperation.

The CAADP is primarily driven by country level stakeholders but also calls for regional and continental institutions to support the related strategic planning, sharing of experience, and partnerships. The CAADP agenda therefore is intended to improve the effectiveness of efforts at every level, local, national, sub-regional, and continental to achieve progress on agricultural growth, economic development and poverty reduction.

109. **The formulation of the SADC Regional Agricultural Policy (RAP) takes fully onboard the CAADP principles.** As such, the RAP is also intended to inform and guide agricultural development strategies for the region which the individual Member States will individually and collectively implement. **Therefore once finalized and approved, the RAP will constitute the region's Regional CAADP Compact.** However, as a result of the overlap in membership between SADC, COMESA and EAC, and as some COMESA and EAC Member states that belong to SADC have made progress with the CAADP process, any regional strategic documents developed by these organizations may require to be harmonized with the RAP and be taken into account in the final RAP document that can be adopted as the regional COMPACT.

110. Moreover, since the RAP is expected to be linked to national planning and budget processes (see next chapter), it will promote consistency with those national processes that, *inter alia*, have been promoted under CAADP (e.g., national CAADP Compact).

5. SADC PROTOCOLS

111. Several SADC protocols have a direct bearing on the RAP, particularly those on: Finance and Investment; Trade (including the Annex on SPS); Gender and Development; Forestry; Fisheries; Shared Watercourses; and the latest protocol which is still under development, the Protocol on Environment.

112. Beyond obvious consistency requirements, the link between the RAP and these protocols (and other formal commitments made by SADC including declarations and MOUs) is reciprocal implying that, where applicable, commitments made under existing protocols must be mainstreamed into the RAP (e.g., on gender and on trade) while RAP interventions need to ensure that agricultural issues are effectively taken into account under certain initiatives that derive from existing, non-agriculture specific protocols (e.g., on trade and on shared watercourses).

CHAPTER 3: REGIONAL AGRICULTURAL POLICY

1. Purpose of the RAP
2. Policy Directions for the RAP
3. Vision underpinning the RAP
4. Objectives of the RAP

1. PURPOSE OF THE RAP

113. In response to the directives expressed by the Member States (see Introduction), SADC is developing a common agricultural policy, referred to as the SADC Regional Agricultural Policy (RAP), a process that commenced in March 2008. The purpose of the RAP is to *define common agreed objectives and measures to guide, promote and support actions at regional and national levels in the agricultural sector in support of regional integration and in contribution to the attainment of the SADC Customs Union and Common Market.*

2. POLICY DIRECTIONS FOR THE RAP

2.1. Form of the RAP

114. The scoping phase of the RAP was concluded in April 2010 with a regional workshop of SADC Senior Government Officials, SADC Farmer Organisation representatives and key stakeholders including SADC's International Cooperating Partners, who recommended that the RAP should be **a formal policy arrangement in the form of a legally binding instrument with (i) governance based on the principle of subsidiary and (ii) with budgetary provisions linked to Member States' own planning and budget frameworks.** The intention, through the RAP, is to add value and operationalize, in a comprehensive and programmatic way, existing regional and continental declarations and frameworks (particularly the RISDP, the Dar-es-Salaam and the CAADP).

2.2. Value Addition²¹ of the RAP

115. The RAP will contribute to improved agriculture and food supply through the removal of production, market and investment constraints/risks, and the development of related potential. An established and effectively implemented RAP should also lead to better policy coordination, public action and budget support with regards to agriculture and food security in Southern Africa.

2.3. Guiding Principles of the RAP

116. The RAP will focus on those critical issues that will benefit from cooperation among Member States at the regional level. It will be guided in that respect by a series of principles, among other things (see also Chapter 4, section 1, on prioritization of policy issues and interventions).

²¹ See *List of selected definitions* in the annexes.

117. To guide in the process of formulating the RAP, the region adopted, through extensive consultative processes, eight (8) guiding principles for the RAP in line with those of the SADC Treaty of 1992, those from the SADC Report on the Review of Operations of SADC Institutions (2001) and lessons learnt from the Economic Community of West Africa States' (ECOWAS) common agricultural policy (ECOWAP). These overall guiding principles are:

- a. **Subsidiarity** according to which areas or issues handled at the regional level should be only those that cannot be addressed at a lower (national or local) level. Thus, all programmes and activities should be undertaken at levels where they can best be handled with consultations between relevant stakeholders. A strict application of this principle must be applied, i.e., only supporting regional initiatives where they *add value* to national level interventions²².
- b. **Proportionality** according to which action at the regional level should not exceed that which is necessary to achieve the objectives of the regional agricultural policy, and avoid imposing on Member States rules that are too stringent or efforts that are too great relative to those that would be reasonable or effective.
- c. **Progressivity** allowing for moving forward gradually so as to take into account different national circumstances and particular interests.
- d. **Regionality** which implies that the regional level only deals with issues that concern two or more Member States.
- e. **Partnership and Consultation** which ensures the permanent involvement of stakeholders in the agricultural sector in the identification of solutions to constraints, implementation, monitoring and evaluation of the regional agricultural policy.
- f. **Responsiveness to change** which acknowledges that the agricultural policy must be an organic or evolving policy, rather than a static instrument, that focuses on a set of basic fundamentals and grows iteratively in response to experience and changing circumstances.
- g. **Solidarity** through which the region guarantees a minimum level of cohesion between its members and provides common financial, human and institutional resources to reduce the disparities that exist between the members.
- h. **Market Integration** which acknowledges that all programmes and activities which directly integrate markets should be undertaken to facilitate free movement of factors of production, goods and services as well as the promotion of regional specialization based on comparative advantages.

3. VISION UNDERPINNING THE RAP

118. The RAP is intended to promote the contribution of agricultural development to the attainment of the SADC Common Agenda (as spelt out in Article 5 of the SADC Treaty

²² *I.e.*, where regional coordination adds value to Member States' uncoordinated action (or initiatives that are more effectively coordinated at continental or global levels) once considered coordination costs and efficiency loss.

(1992) (as amended) and the Report on the Review of Operations of SADC Institutions (March 2001)).

119. The SADC Common Agenda promotes **sustainable and equitable economic growth and socio-economic development** that will ensure **poverty alleviation** with the ultimate objective of its eradication, enhance the **standard and quality of life**²³ of the peoples of Southern Africa and **support the socially disadvantaged** through **regional integration**. This statement virtually sets the vision for the region.

120. *Regional integration*, based on **collective self-reliance** and the **interdependence** of Member States, **complementarity** between regional and national strategies and programmes, and the **sustainable utilization of natural resources** and **effective protection of the environment**, is the suggested tool to be employed in order to attain the SADC vision.

121. Deriving from the above, the vision underpinning the RAP therefore aims to **realize and accelerate the contribution, in a sustainable manner, of agricultural development to food and nutrition security, social and economic development for the region**.

122. This suggested vision underpinning the RAP is supported by the RISDP which set **sustainable food security** whilst ensuring the **sustainable utilization of natural resources and effective protection of the environment** as the priority intervention area for agriculture.

4. OBJECTIVES OF THE RAP

4.1. Overall Objective of the RAP

123. In contribution to the vision of SADC, the RAP's **overall objective** is **to promote collaborative actions at the regional level and to compliment national actions that stimulate competitive production and trade of agriculture-based products in order to ensure food and nutrition security for all people at all times, whilst ensuring the sustainable utilization of natural resources and effective protection of the environment**.

4.2. Specific Objectives of the RAP

4.2.1. Intensification of Production and Productivity

124. Chapter 1 highlighted that despite its growth, agricultural production has not kept pace with population growth in the region due to the fact that agricultural productivity in the region has been growing at very marginal rates. On the other hand, the region's wide range of natural resources and the sector players' capacity give it significant comparative advantage. High and sustained rates of agricultural growth, largely driven by productivity growth, will be necessary if SADC countries are to accelerate broad based economic development and poverty reduction.

125. To this end, the first specific objective of the RAP aims **to promote agricultural growth through increased competitive and sustainable production and productivity**.

²³ See *List of selected definitions* in the annexes.

126. This specific objective requires focus in areas including (i) access to **factors of production** (e.g. productive land²⁴, water and energy, capital including human capital, etc) **with a focus on productivity-enhancing inputs** (including plant and animal genetic materials, soil-fertility enhancers) and **control of pests and diseases**; (ii) the provision of effective **farm support systems and services**, including R&D, technology and knowledge generation, adoption and dissemination, institutions (including legislative and regulatory frameworks) and farmer organisation support; and (iii) the **sustainable utilisation of natural resources and the environment**.

4.2.2. Increased Intra and Extra-Regional Trade

127. Discussion in Chapter 1 further highlighted the importance of agriculture to economic growth in SADC (8% of SADC GDP and about 23% if Botswana, Namibia and South Africa are excluded). The agricultural sector also contributes significantly to trade revenues (US\$8 billion or 6% of total exports by SADC countries from 2005 to 2008) and intra-SADC trade (15% of total intra-SADC trade).

128. Despite this contribution (which is primarily driven by South Africa), the overall trade performance of agriculture has been disappointing. Indeed, the region has not only remained primarily an exporter of primary agricultural products with little value addition but has actually become a net importer of basic food (crop and livestock) products. The region has not been able to effectively take full advantage of its rich diversity through synergistic engagements in both its natural resources base and its economic diversity. With a population of 277 million people, the region potentially has a formidable market of its own. Increasing small-scale farmers' participation in these markets is critical for sustainable growth and poverty reduction in SADC region.

129. Therefore, the RAP's second specific objective is **to increase intra and extra-regional trade of agricultural and natural resources products and strengthen farmers' participation in markets** by exploiting regional synergies and comparative advantages, promoting more effective markets and encouraging broader farmers' participation.

130. This specific objective requires focus in areas including (i) the promotion of **more effective input and output markets** and **regional trade partnerships** (including agro dealerships, price instability/risk management, market information and intelligence systems, networks of commodity exchanges and Public-Private sector Partnership (PPP) in agri-business investment); (ii) the **facilitation and regulation of regional and international trade** (including tariff and non-tariff barriers to trade, standards and quality issues, trade agreements); and (iii) the provision of adequate **market infrastructure** (e.g., roads, transport, storage and handling facilities, and communications) to reduce marketing costs and enable access to input and output markets by the farmers.

4.2.3. Increased Investment in the Region's Agricultural Value Chain

131. As discussed in Chapter 1, most inhabitants of the SADC region (in excess of 61% of the 277 million people), rely and will continue to rely on agriculture directly and indirectly as their main source of livelihood. Furthermore, the rural population of SADC is expected to grow significantly by about 20% by 2030 adding further pressure on production factors, natural

²⁴ It is not enough to simply provide land but 'quality land' for purposes of agricultural production.

resources and agricultural services in many rural areas. Transforming this largely agrarian society into a sustainable urban-industrial society requires high and sustained rates of agricultural growth through **increased public and private sector investment in agriculture**.

132. The **form and level of public investment in public goods** is vital in driving private sector (including farmers) investment in agriculture, particularly smallholder agriculture. Public investment in public goods should promote profitable opportunities for investors to **engage in relevant segments of agricultural commodity value chains** including agro-industries and agri-business, hence the policy focus on the **whole agricultural value chain**. As earlier noted, research suggests that, in terms of agricultural growth and poverty reduction, **return on public investment is usually higher** for public goods such as R&D, rural infrastructure, health, education and capacity development as well as incentives for private investment in resource conservation, technology adoption, innovation and modern inputs application.

133. Among the key investment factors, mobilization of financial capital for agriculture has been disappointing in the region and should be emphasised.

134. In the third instance therefore, the RAP's specific objective aims **to increase private and public sector engagement and investment in the agricultural and natural resources value-chain**.

135. Whilst the promotion of effective public policy re-engagement in domains that affect agricultural development cuts across the whole RAP, this should be coordinated under this objective. This specific objective therefore requires focus in areas including the promotion of: (i) regional agricultural value-chains, including agro-processing; and (ii) agricultural/rural finance.

4.2.4. Contribution of Agriculture to Reducing Vulnerability in the Context of Food Security and Economic Change

136. Chapter 1 also emphasized important socio-economic considerations in the context of economic transformation (e.g., migration, competition over production factors, adjustment costs of economic competition on rural labour) and the contribution of agriculture to food security and nutrition and key vulnerability factors (increasing focus on chronic vulnerability, diversification of vulnerability factors, etc) including climate change and variability.

137. Furthermore, gender inequality remains a major challenge, in general and, in particular, for the agriculture and food security policy. Gender issues in rural areas affect the key role women play in food security, particularly child nutrition which, in turn, may also affect the health, education and labour capacity of up-coming generations. The opposite relationship, i.e. the impact of agricultural development patterns on gender, is also important considering that women make up at least half the rural work force.

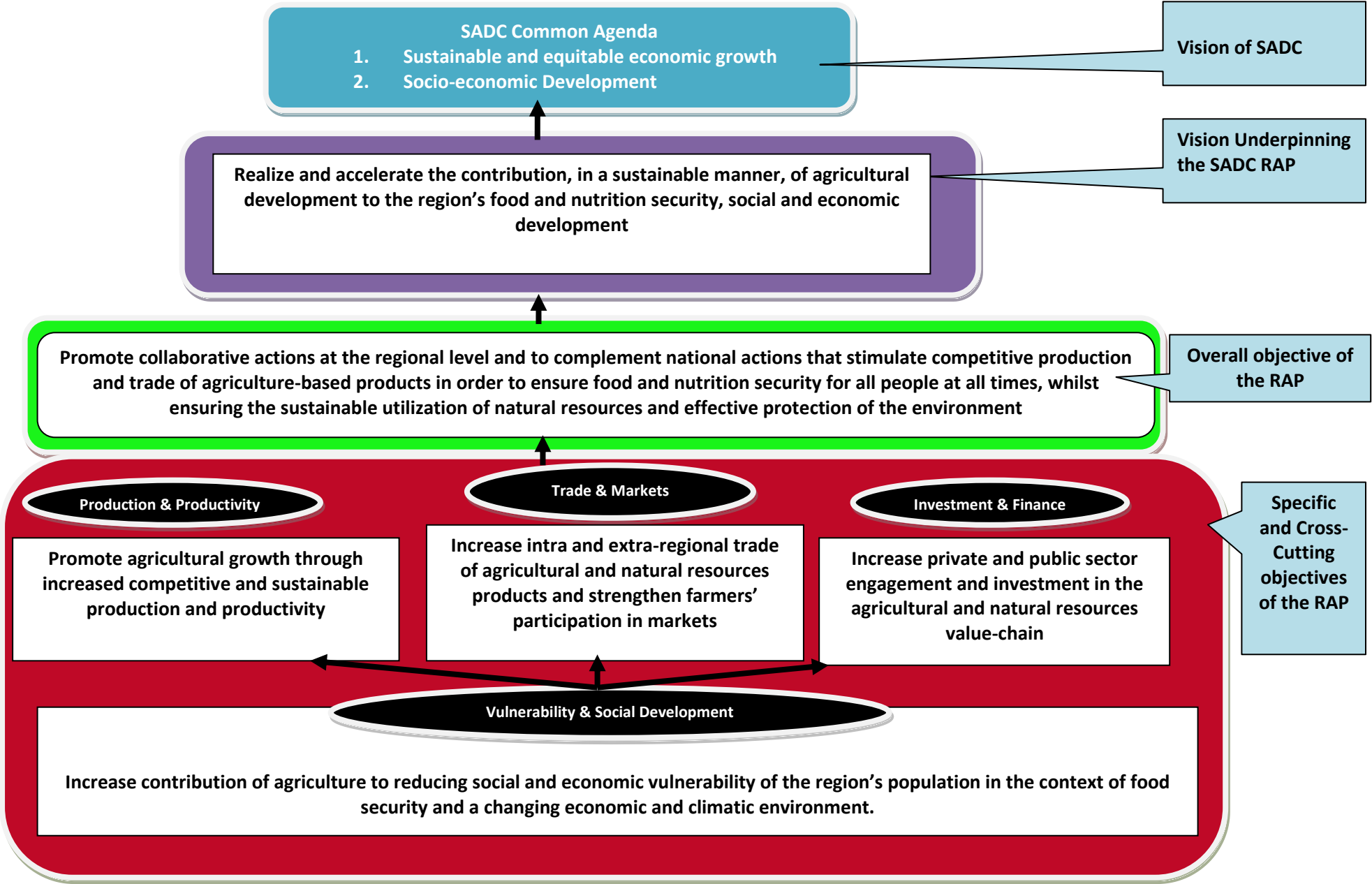
138. Similarly, despite differences between countries, the typical Southern African youth is poor, rural, and has poor access to economic activities, education, land and capital. This suggests in particular that, like for women, the youth factor be mainstreamed under specific objectives dealing *inter alia* with access to land, farm support systems and services and rural finance. Therefore, considering the importance of the *rural* youth and the fact that related issues fall mainly under Member States' own responsibility, the RAP will support the development of research and guidelines to inform strategies on the promotion of youth along the agricultural value-chain.

139. In the fourth instance, therefore, are a number of cross-cutting issues under which the RAP aims ***to increase agriculture's contribution to reducing social and economic vulnerability of the region's population in the context of food security and a changing economic and climatic environment and vice-versa.***

140. This cross-cutting objective requires focus in areas including: (i) mitigation and adaptation against environmental shocks including climate change and variability; (ii) the mainstreaming into agriculture policies of **gender equity**; (iii) the **vulnerability of specific groups** (HIV/AIDS and rural migrants) as related to agriculture; (iv) the promotion of strategies to improve **employment and participation of the rural youth in agriculture**; and (iv) **chronic and acute vulnerability** to the diversity of food security risks as it affects agriculture.

141. Figure 1 summarizes the general RAP conceptual framework.

Figure 1: RAP CONCEPTUAL FRAMEWORK



CHAPTER 4: PRIORITISATION AND OPERATIONALISATION OF THE RAP

1. Prioritisation of Policy Issues and Interventions for the RAP
2. Operationalisation Principles of the RAP

1. PRIORITISATION OF POLICY ISSUES AND INTERVENTIONS FOR THE RAP

142. Through extensive consultative processes in the SADC region during and after the scoping phase of the SADC Regional Agricultural Policy (RAP), supported by specialised analyses, a range of prioritised key policy issues and relevant interventions were identified for the RAP. This Chapter summarises the processes employed in identifying priority policy issues and the associated proposed interventions for the RAP. A three-step approach was used to prioritize policy issues.

1.1. National Agricultural Policy Reviews

143. First, all national agricultural policies were reviewed with the view to determining the key areas of common interest for SADC Member States. In each Member State, a multi-stakeholder workshop validated the agricultural policy review and listed the top five priority areas that each country desired to have considered under the RAP. The SADC **RAP Country Summary Agricultural Policy Review Reports** (January 2011) summarises the validated national agricultural policy review reports.

1.2. RAP Policy Issues and Policy Directions

144. The second step involved a Regional Workshop held in Gaborone in April 2010 where senior government officials responsible for food, agriculture and natural resources, farmer representatives and other key stakeholders including SADC's International Cooperating Partners (ICPs) considered the list of policy issues recommended by national validation workshops. The regional workshop then made specific recommendations with regards to the Policy Direction and the priority areas of focus under the RAP (see SADC **Synthesis Report of Key Agricultural Policy Issues and Policy Directions**, (December 2010)).

1.3. Prioritisation of RAP Policy Issues and Interventions

145. The range of issues identified in the Synthesis Report remained lengthy and un-prioritized. There also appeared to be limited policy understanding / development in some important issues (e.g., farmers' incentives, rural finance, non technical barriers to trade, climate change, etc.) in terms of their rationale, significance and impact and there was limited analysis, in some areas, of the relevance and forms of policy interventions particularly from a regional perspective. This gave rise to the third step, namely, 'pre-feasibility' assessment studies aimed at systematically **strengthening the rationale of identified policy issues, identifying critical policy issues that would have been missed earlier, prioritising them and identifying possible forms of intervention.**

146. The five evidence-based specialised ('pre-feasibility') studies undertaken were:

- a. ***Production, productivity and competitiveness related to food security and agricultural development*** undertaken by Rukuni, M., Kambanje, C., and Ncube, D. of International Business Services (IBS), Harare;
- b. ***Investment promotion, farmers' incentives and institutional factors related to food security and agricultural development*** undertaken by Traub, L., Kapuya, T., Mabaya, E., and Meyer, F. of Bureau for Food and Agricultural Policy (BFAP) at University of Stellenbosch and University of Pretoria;
- c. ***Agricultural and rural finance, credit and insurance systems*** undertaken by Coetzee, G., De Klerk, M. And Machethe, C. of the Centre for Inclusive Banking in Africa (CIBA) at University of Pretoria;
- d. ***Trade, access to markets and infrastructure related to food security and agricultural development*** undertaken by Sukume, C., Masiwa, M. and Kujeke, R. of Africa Institute for Policy Analysis and Development (AIPAD), Harare; and
- e. ***Social and vulnerability factors related to food security and agricultural development*** undertaken by J., and Gandure, S. of the Wahenga Institute, Johannesburg.

147. The results of these studies have now been published as '***SADC Working Papers Review and Prioritisation of Policy Issues and Intervention Areas for consideration under the SADC Regional Agricultural Policy (RAP)***' (January 2012).

148. In addition to the eight guiding principles of the RAP (see Chapter 3), the prioritisation criteria employed in this third step required that the range of policy interventions under the RAP :

- a. Be of relevance to the goal, purpose and objectives of the RAP;
- b. Have a significant development impact; and
- c. Add value, at the regional level, to Member States' uncoordinated action.

149. In practice, under the last criteria (c) above, the RAP should deal with issues which:

- **Derive from interdependencies between countries**, i.e., situations where an event/ action occurring in a Member State affects other Member States (e.g., certain trans-boundary risks, external trade regulations and shared natural resources);
- **Are not only common to several countries but generate economies of scale through regional coordination** (e.g., risk or resource pooling for basic research or regional insurance mechanisms); and
- **Are linked to the region's external relations** in areas which, similarly, require regional coordination (e.g., trade negotiations).

150. The question of how to deal with certain **issues that are common and important for several countries but that are more effectively addressed at the national level**, has been examined (e.g., certain production issues). On certain issues that appear to be purely national, the RAP could, if relevant, provide incentives to stimulate action at national level

(e.g., conditional grants). It is recognized that Member States may be able to access significantly larger financial resources than the RAP. Therefore, only in particular situations should such issues be considered as high priorities for RAP interventions. Examples of such situations are when:

- Those national actions impact directly on the effectiveness of regional ones (e.g.: national information systems as related to regional information systems).
- Commitments set high on the regional agenda that depend mainly on action at national level, are perceivably slow to materialize (e.g., gender in agriculture).

151. The prioritisation process has also examined **those many non-agriculture specific issues that are important for agriculture** (external tariffs, credit, agro-processing, infrastructure, etc). There is a need to make sure, through the RAP, that agriculture is adequately “factored into” these non-sector specific portfolios (e.g., trade regulations *related to agriculture and food*). While certain departments that are not in charge of agriculture should therefore play an active part in the RAP, one should avoid duplication. Consequently, subject to an assessment of the justification to intervene on those issues, the RAP should promote at least:

- **Analysis and advocacy** on related issues and policy requirements,
- **Dialogue and coordination mechanisms** involving both lead sector and agricultural sector services/stakeholders, particularly **for planning and budget purposes**, and
- **Monitoring of action and progress** made on those issues.

152. Key policy interventions identified through these processes are described in detail in Chapters 5 to 8 within the framework of the respective RAP specific and cross-cutting objectives as earlier developed in Chapter 3. These policy interventions are only indicative as they will be subjected to thorough ex-ante assessment.

2. OPERATIONALISATION PRINCIPLES

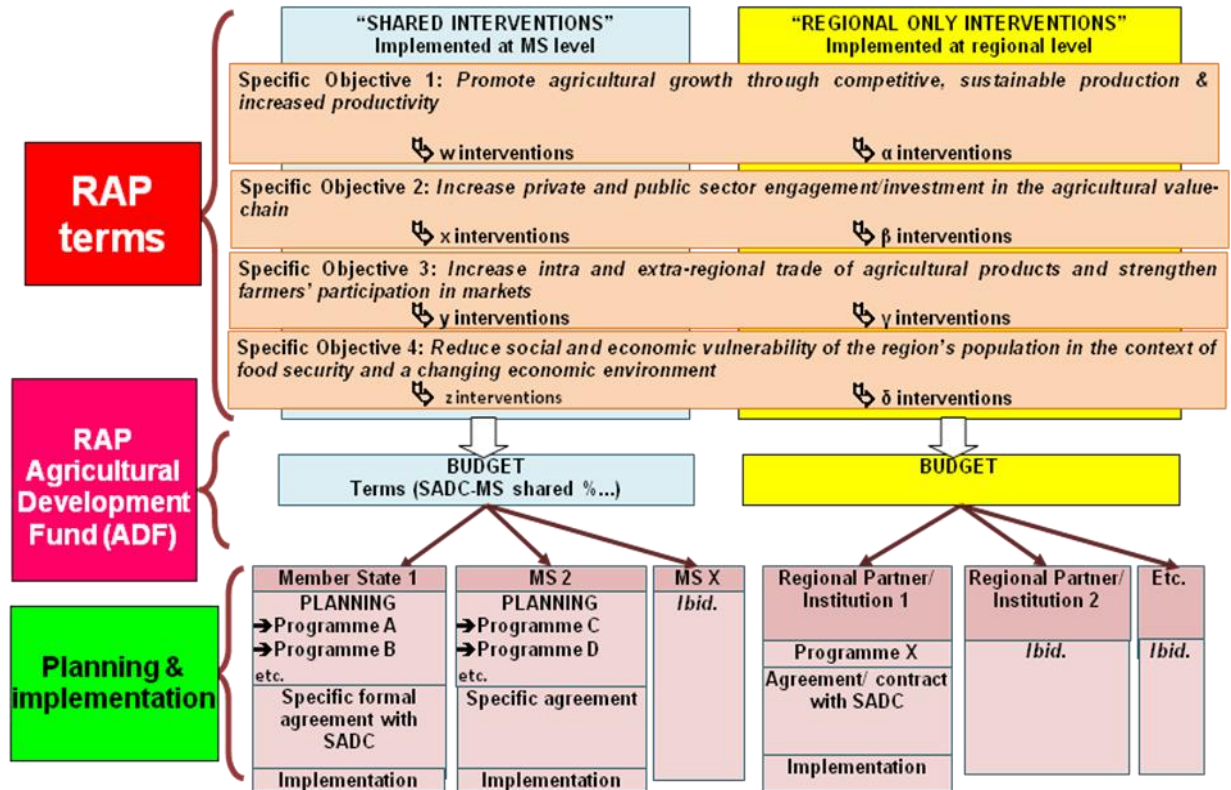
153. The RAP should be operationalised through a series of policy interventions over a given timeframe (e.g., 5 years). Based on the earlier recommendation that governance of the RAP should be based on subsidiarity, with budgetary provisions linked to Member States' own planning and budget frameworks, and *subject to feasibility assessment*, the operational structure for the RAP is tentatively described in figure 2 (overleaf).

154. Following a programmatic approach, each specific objective (“policy outcome”) will be turned into a series of “interventions”. A distinction should be drawn between the national and the regional *planning* levels (respectively “shared” and “regional only” in the figure). Each Member State would be responsible for planning and implementation of “shared” interventions, which would hence differ between countries depending on respective priorities. The “regional only” level would be used for those actions that require actual harmonization at regional level.

155. Implementation could in some cases require regional “Programme Management Units” or managing authorities of an appropriate nature. In other cases, following RISDP principles, the involvement of institutions outside SADC structures to implement certain “regional only” programmes could be promoted if they already operate in similar areas (e.g.,

CCARDESA for R&D). Each intervention will have specific implementation terms and budget. Hence different “shared” interventions may be either “compulsory” or “optional”. Following the SADC variable geometry²⁵ and solidarity principles, some interventions may not be relevant in all countries therefore the scope of some interventions will be adjusted.

Figure 2: Implementation Mechanism Being Considered for the RAP



²⁵ The SADC ‘Variable Geometry’ principle states that given the varying levels of development and patterns of relations between Member States, there should be flexibility to accommodate special circumstances and particular arrangements between some Member States while aiming at greater harmonisation at a progressively higher level of integration within the community as a whole.

CHAPTER 5: INTENSIFY COMPETITIVE AND SUSTAINABLE PRODUCTION AND PRODUCTIVITY

1. Introduction
2. Factors of Production
3. Farm Support Systems and Services

RAP SPECIFIC OBJECTIVE NO. 1: PROMOTE AGRICULTURAL GROWTH THROUGH INTENSIFICATION OF COMPETITIVE AND SUSTAINABLE PRODUCTION AND PRODUCTIVITY

1. INTRODUCTION

156. The ultimate goal of interventions leading to improved and sustainable competitive production and productivity, along with farmers' improved access to markets, is, in the short-term, to attain regional food self-sufficiency in basic strategic commodities whilst at the same time increasing incomes (hence reduce hunger and poverty) of the agricultural communities throughout agricultural value chains in the SADC region; and in the long-term, to attain individually and collectively as Member States, global significance in the production and trade of selected strategic commodities. Whilst most policies related to agricultural production are better developed and implemented at the national level, a number of issues related in particular to shared resources (such as water) and production/environmental risks (such as pests and diseases) require regional coordination.

157. Chapters 1 and 3 discussed the challenges the region is facing from the point of view of agricultural production and productivity. The key message that came out was that **agricultural growth** has been minimal due to **poor labour and land productivity**. In order therefore to improve agricultural growth and reduce poverty, it is necessary that the region incentivizes and mobilizes *public* and *private* investments in agricultural production.

158. In support of national efforts in the above, the RAP's added value at the regional level could be realised through intervention in the following prioritised areas of focus:

- a. **Factors of production for crops, livestock, forestry and fisheries including:**
 - i. **Land use management;**
 - ii. **Water resources for agriculture;**
 - iii. **Energy for agriculture; and**
 - iv. **Productivity-enhancing inputs.**
- b. **Farm support systems and services.**

159. The next section briefly discusses the above focus areas and makes recommendations on policy issues and interventions to contribute to RAP Specific Objective Number 1.

2. FACTORS OF PRODUCTION

160. This focus area deals with activities involving access to **factors of production**. Key among these include, **land; water resources for agriculture, energy for agriculture, and productivity-enhancing inputs**. **Financial capital** as a factor of production is dealt with in the Chapter 7 on investment promotion.

2.1. Land Use Management

161. Secure access to land affects production and productivity in crops, livestock, fisheries and forestry. However, the region is still characterised by great complexities in land that have persisted and endured for many decades. More recently, bio-fuels have rapidly emerged as a major issue for agricultural development, energy policy and natural resource management globally with serious impact on land factors. The acquisition of land for bio-fuels and other commodities have developed into what is now generally referred to as 'land-grabs' by both domestic and foreign direct investment but at the expense of the small-holder farmers in particular.

162. Agricultural growth and efficient natural resources management are dependent on the political, legal, and administrative capabilities of various communities to determine their own future and protect their land and land-based natural resources. Furthermore, these capabilities are dependent on clarity to which land rights and support systems for the various communities are defined. The lack of this capability translates into inability to provide secure tenure rights, abuse of common property and resources, disenfranchisement of various population groups particularly the rural people, and more so the women and youth, and the weakening of economic institutions.

163. In general, therefore, **land access and management** challenges for agricultural development in the region include:

1. Land distribution i.e. inequitable and limited access to land;
2. Land use, i.e. increasing population pressure and poor agricultural practices;
3. Land tenure, i.e. weak tenure instruments and laws which affect in particular access to credit by farmers and agri-business investment; and
4. Land administration and adjudication, i.e. weak support systems.

164. The suggested policy issue in which the RAP can add value and therefore the proposed intervention measure in relation to land as a factor of production are:

Improve land use management by:

- a. Facilitating the implementation of various frameworks on land tenure including the SADC Land Reform Support Facility, the AU Framework and Guidelines on Land Policy in Africa, and the FAO Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the context of National Food Security, with particular focus on access to land, land tenure security, management, sustainable utilisation, administration, adjudication and reform;
- b. Facilitating the domestication at the national level of regional land policy guidelines;
- c. Promoting land policy research and development taking into account gender and youth; and
- d. Promoting and advocating for investment (“land acquisition”) and agricultural finance (land as collateral).

2.2. Natural Resources (Water, Energy, Forestry and Fisheries)

165. **Degradation of the natural resource base** is a root cause of general declining productivity in SADC and one of Southern Africa's most serious and widespread environmental problems. Natural resources management and environmental developments affecting food security and agricultural development within the SADC region are well documented. Beyond their impact on economic development in general, they also significantly affect rural poverty, vulnerability and risk management. They deal mainly with the **utilization and conservation of natural resources including water, forestry and fisheries, energy for agriculture and climate change and climate variability**. Many of these policy issues are relevant to the RAP as they have a “cross-border” dimension.

166. In addition, natural resources management and environmental developments affecting food security and agricultural development also deal with **land / rangelands degradation and soil erosion** which are directly caused by **overcrowding, poor land management, overgrazing and soil erosion**. Underlying factors **also include poverty, unfair land allocation, unsustainable development and disruption of traditional management systems, poor farming practices and uncontrolled population growth**²⁶. These issues are however, discussed and elaborated on under the productivity-enhancing inputs section.

2.2.1. Water Resources for Agriculture

167. Scarcity of water resources and growing competition for water in many sectors reduces its availability for agriculture, particularly irrigation. Effective and harmonized management of water for crop production in water scarce areas thus requires efficient approaches. Moreover, while irrigation should be promoted, one should consider water

²⁶ Although growing population densities can also stimulate the adoption of farm intensification practices

management issues of the vast majority of farmers who are unlikely to access irrigation within the mid/long term.

168. The main challenges in this area include:

1. Management of shared water resources for agriculture in the region;
2. Enhancement of productivity of water through promotion of best practices, e.g., through crop water productivity (CWP); and
3. Reduction of pollution of water resources from agriculture.

169. The suggested policy issue in which the RAP can add value and therefore the proposed intervention measure in relation to water resources for agriculture as a factor of production are:

Improve management of water resources for agriculture by :

- a. Promoting efficient and effective management of shared water resources for agriculture in the region within the framework of the SADC Protocol on Shared Watercourses;
- b. Further supporting existing policies/agreements by ensuring Member States' compliance;
- c. Enhancing productivity of water for agriculture through promotion of best practices including on-farm water conservation and efficient irrigation systems;
- d. Promoting integrated water resources management through *inter alia* water harvesting, reuse and recycling and development of water resources management infrastructure; and
- e. Developing common plans and guidelines for the reduction of pollution of water resources.

2.2.2. Energy for Agriculture

170. **Energy is important throughout the agricultural commodity chain** from the need to power machinery on-farm, agro-processing as well as powering cold chain systems for perishable commodities. The ever increasing costs of imported fossil fuels as well as low levels of electricity connections in most rural areas of the region **has limited farmer participation in certain production processes.**

171. The percentage of population with access to electricity averages 30%, ranging widely from the highest for South Africa and Mauritius (70%), and low for other countries (7% for DRC and Malawi)²⁷. **Access is also typically biased towards urban consumption** vis-à-vis the rural population. There are also differences in the cost of electricity across the Member States. In terms of aggregate consumption, the bulk of electricity goes to industry (33%) with

²⁷ SADC Infrastructure Master Plan, SADC Secretariat, Gaborone, Botswana

mining takes up 29%, residential uses 19% and **agriculture and other uses** take up a mere 6%²⁸.

172. Not only does agriculture use energy, it also contributes to energy production (biofuels). Sustainable biofuel production could contribute to diversifying the region’s energy sources and seizing market opportunities that derive from global demand for biofuel. Promotion of a regional biofuel value-chain and investment framework should be considered under the specific objective on finance and investment promotion. This should include action to address concerns regarding food production and land acquisition that result from increased control of land and production by biofuel investors (as also mentioned in the earlier section on Land Development).

173. Therefore the proposed interventions in relation to energy for agriculture are:

Improve energy use by

- a. Promoting the sharing and use of best practices on affordable energy sources; and
- b. Promoting innovative renewable energy sources adapted to the agriculture sector.

Promote sustainable bio-energy production by

- a. Promoting the development of policy guidelines in bio-energy; and
- b. Research and development in the sustainable co-production of food and bio-energy.

2.3. Productivity-Enhancement Inputs

174. The region is characterised by low land productivity due to low levels of utilisation of yield-enhancing inputs. Assured access to cost effective yield-enhancing inputs for sustained application on farms is the most direct means to raise productivity. The key challenges in relation to agricultural inputs in general include:

- Limited availability, access and affordability of seeds and genetic materials;
- Lack of harmonized standards, regulations, certification and use of seeds and genetic materials;
- Lack of incentives to encourage wider-scale production and provision of agricultural inputs of non-commercial crops;
- Loss of indigenous seed genetic material that is generally more resilient to environmental and climatic shocks such as droughts.
- In addition, genetic resources such as seeds present a specific case, as differing variety registration procedures among countries increase the delays in approval of new varieties

²⁸ See also section on Infrastructure promotion under the specific objective on Trade and Markets.

in countries outside the countries of development, hence restricting trade in seed between Member States and access to productivity enhancing technologies by farmers.

175. Access to cost effective productivity-enhancing inputs therefore, has an important bearing on farmer productivity. Key among these productivity-enhancing inputs to be considered under the RAP are (i) **plant and animal genetic material**; (ii) **soil-fertility enhancers (fertilizers)** and good agricultural practices (including use of **agro-chemicals**); and (iii) the **management of trans-boundary threats including pests and diseases**. The critical factor in relation to these inputs is the ability by most farmers to access improved and adequate levels of supply or control due to the **cost and availability of those inputs** in addition to **limited credit, financial and institutional support**. The next sub-sections will outline the challenges faced in relation to each of these productivity-enhancing inputs and propose intervention measures to identified policy issues.

2.3.1. Plant and Animal Genetic Material

176. The issue of inputs is particularly considered under trade and markets (Chapter 6) in consideration of farmers' access to inputs and output markets. Suffice to say that key among the challenges that the RAP should address in relation to plant genetic materials include:

1. Limited availability, access and affordability of seeds and genetic materials of improved characteristics;
2. Lack of harmonised standards, regulations, certification and use of seeds and genetic materials;
3. Lack of incentives to encourage wider-scale production and provision of agricultural inputs of non-commercial crops; and
4. Loss of indigenous seed and genetic materials that are generally more resilient to environmental and climatic shocks such as droughts.

177. Similarly, and as discussed in Chapter 1, the SADC region remains a net importer of meat, milk and eggs. It is also a net importer of feed, despite its grain production potential. Yet livestock is one among the agricultural sub-sectors with high rates of return on regional public investment. However, from a regional perspective, constraints to livestock development in relation to productivity-enhancement inputs include:

1. Weak productive farm animal genetic resources (inadequate animal breeding activities and loss of indigenous genetic material that is well adapted to regional conditions); and
2. Suboptimal production practices (feeding, grazing and rangeland management).

178. Biotechnology can contribute to solving agricultural productivity and environmental degradation challenges. Globally the area planted to genetically modified (GM) crops has increased. However few SADC countries have adopted GMO crops and products. South Africa has a clear policy on GMO products that regulates the use of GMO material. Most SADC countries are against GMO and these countries have no capacity yet to regulate movement of GMO. They are concerned that GMO crops could threaten biodiversity and become evasive weeds. The diversity of policies in SADC could affect the movement of GMO products in the region, particularly in the perspective of the rapid growth of South African supermarket chains.

179. Therefore the proposed interventions in relation to plant and animal genetic materials are:

Improve farmer access to inputs (see also Chapter 6) by:

- a. Facilitating private /public sector initiatives that promote economies of scale in production and distribution particularly of improved seeds, but also other plant and animal genetic materials;
- b. Promoting forage research and the establishment of viable forage seed industry;
- c. Promoting regional value-chain partnerships in feed production; and
- d. Climate proofing genetic material by developing crop and animal breeds that are adaptable both in terms of germination, growth and maturity to climate change and variability.

Promote the adoption of biotechnology in crop and livestock development by:

- a. Facilitating agreement on a harmonised approach to the safe use of modern biotechnology and clarifying how to deal with GMOs; and
- b. Promoting regional collaboration in biotechnology and biosafety research, establishment of a Clearing House for them, all supported by comprehensive programmes on public awareness and participation in biotechnology and biosafety decision-making.

2.3.2. Soil-Fertility Enhancers and Management

180. **Soil fertility decline** is general in the SADC region and is largely caused by a range of factors **from soil mining of nutrients from continuous cropping without replenishment to lower use of external inputs such as organic fertilizers**. Most SADC countries apply only 8 kgs/ha of nutrients on average compared to the recommended 50 kgs/ha (2009 AU Summit in Abuja). This results in negative nutrient balances in the soils of many countries in the region.

181. The **obvious but not so easy solution** to this problem is to **raise the levels of nutrient application** through increased application of organic and in-organic fertilisers. Alternative solutions include the practice of conservation measures such as Conservation Agriculture (CA), which, coupled with good agro-forestry practices, could greatly reduce not only soil-fertility enhancing costs but also environmental costs associated with possible promotion of **sustainable and profitable intensification of production in smallholder farming systems**. CA employs minimum soil disturbance, permanent soil organic cover and diversified crop rotation. Furthermore, in the context of carbon storage and technologies that minimise energy intensities, CA seems to be appropriate.

182. With respect to fertilisers, however, the main challenge is **access to and affordability of fertilisers due to various factors including lack of limited credit and financing for agriculture and the high costs of fertilisers**.

183. **High costs of fertiliser** result from a combination of factors including limited supplies and distribution centres, high distribution costs and high cost of shipping imported fertilizers. High fertiliser prices result from high transport and handling costs, fragmented markets and lack of competition in input dealer markets. Furthermore, the potential of cost savings from joint importation of inputs is limited by the fact that most fertilizers are formulated differently for different crops for different soil types. Bulking up of such diverse requirements is a challenge.

184. Shipping costs are linked to limited harbour logistical capacity and, in several countries, small market scale (10 SADC countries consume less than 10,000 nutrient tones, i.e., a critical level for importing cost-effectively). Sourcing fertilizers within the region could reduce distribution costs but production is limited to South Africa and Zimbabwe mainly, while several other countries use only blending units. On the positive side, nitrogen and phosphate sources which exist in 9 SADC countries offer prospects for increased production within the region.

185. Therefore the proposed interventions in relation to soil fertility are:

Promote effective soil-fertility management systems by:

- a. Promoting implementation of integrated soil fertility management programmes;
- b. Promoting private and public sector initiatives that promote economies of scale in the production (including importation) and distribution of fertilisers and complementary soil-fertility enhancing inputs; and
- c. Facilitating the harmonisation and standardization of guidelines on the proper use (and disposal) of fertilizer and other agrochemicals.

2.3.3. Trans-boundary Threats including Pests and Diseases

186. The SADC crops subsector is threatened by prevalence of migratory pests such as quelea birds, locusts and armyworm. According to SADC FANR, above 20% of crops are lost to pests and diseases in the SADC region every year. The control of migratory pests (e.g., red locusts) is of particular regional relevance.

187. With respect to livestock, trans-boundary animal diseases (TAD) - such as Contagious Bovine Pleuropneumonia (CBPP), foot-and-mouth disease (FMD) as a result of wildlife-livestock interaction, *Peste des Petits Ruminants* (PPR) and African Swine Fever (ASF) and other trans-boundary threats such as fires and theft, are serious threats to livestock production and productivity. The key challenge with particular respect to livestock is **lack of capacity in surveillance and control of animal diseases and movement across borders**.

188. Therefore the proposed interventions in relation to pests and diseases are to:

Improve the management of trans-boundary threats including pests and diseases by:

- a. Harmonising Sanitary and Phytosanitary regulations in Member States in line with the Sanitary and Phytosanitary (SPS) Annex of the SADC Protocol on Trade;
- b. Harmonising national veterinary service systems to international standards;
- c. Harmonising national and regional early warning and response systems for Trans-boundary Animal Diseases (TADs) and zoonoses;
- d. Strengthening surveillance and control of major crop pests and diseases in the region; and
- e. Building Member States' national capacities to manage transboundary pests and diseases of crops and comply with International Plant Protection Convention (IPPC) standards.

2.4. Forestry

189. As discussed in Chapter 1 in relation to forests, there are many factors that lead to land degradation and that affect livelihoods and sustainable economic development as the ability to maintain land productivity is constrained. From a regional perspective, key issues related to forestry development, therefore, include:

- Deforestation and forest degradation, particularly in the context of climate change (reducing emissions);
- Conservation and management of trans-boundary forest areas (including fire management, such as fire use protocols and early warning systems);
- Law enforcement and governance, particularly with regards to trade (illegal logging and smuggling, certification and traceability);
- Valuation of the forest resource, taking into consideration its different functions, and particularly towards policy makers; and
- Promotion of cross-border partnerships between Southern African businesses (also addressed under the specific objective on Investment and finance promotion).

190. Action should be guided by the Protocol on Forestry (2002), which sets a comprehensive agenda for the sector at both national and regional levels. Several areas require, in whole or in part, regional coordination (e.g. common methodologies/guidelines for sustainable forest management, forest assessments, community based forest management and participation of women in forest management; transboundary forests; capacity building and public awareness; and reporting and information exchange). Some should actually be addressed under non forestry specific interventions (e.g. forest genetic resources; industry, trade and investment; cooperation in R&D; and regional database on forestry). However, an overall forestry specific, coordinated approach should be implemented. Moreover, implementation of some commitments made under the protocol falls under Member States' exclusive competence. Depending on Member States' respective needs, support from the RAP should promote and accelerate related domestication, planning and monitoring activities, including for the development of national investment plans.

191. Therefore the proposed interventions in relation to forestry are:

Improve production, processing, conservation and sustainable management of forest resources by :

- a. Facilitating the implementation of the SADC Protocol on Forestry to achieve its stated objectives;
- b. Promoting the conservation of forests as well as preservation of forest-related knowledge;
- c. Promoting the development and implementation of enhanced surveillance and control systems for forests and forestry products;
- d. Promoting research and development in relevant areas of forestry; and
- e. Facilitating the development of cross-border forestry value-chains.

2.5. Fisheries

192. As discussed in Chapter 1, key issues related to fisheries development from a regional perspective include the fact that:

- Inland and marine fisheries are a major contributor to the region's economy; and
- Underdeveloped potential of the sector, e.g. with regards to aquaculture and cross-border trade and investment, contrasts with overfishing, the degradation of aquatic environments, IUU fishing, weak management systems, and the region's negative trade balance in the subsector.

193. Promoting responsible and sustainable use of the living aquatic resources and aquatic ecosystems has been formalized as a priority objective of SADC under the Protocol on Fisheries (2001). While a number of initiatives have been taken in that context, further action is needed to realise the commitments made under the protocol. Many of these commitments fall under Member States' own responsibility (e.g. promotion of high sea fishing, aquaculture, as well as artisanal, subsistence and small-scale commercial fisheries; law enforcement). Therefore, there is a need for the RAP to encourage implementation of national commitments, including by promoting the development of national investments plans within the context of NEPAD driven Partnership for African Fisheries (PAF). However, several commitments require, in whole or in part, regional coordination (e.g. shared resource management, including harmonisation of relevant legislation; IUU fishing; protection of the aquatic environment; human resource development; trade and investment; science and technology; and information exchange). Under the RAP, and like for forestry, some should actually be supported through non fisheries specific interventions (e.g. trade and investment, information systems and data bases, and R&D) but under the guidance of a fisheries specific, coordinated approach.

194. Therefore the proposed interventions in relation to fisheries are:

Improve production, conservation and sustainable management of aquatic resources by

:

- a. Facilitating the implementation of the SADC Protocol on Fisheries to achieve its stated objectives;
- b. Facilitating the development of aquaculture to optimise its economic contribution as a distinct enterprise;
- c. Promoting the increased production and sustainable harvesting of fisheries products including aquaculture;
- d. Promoting development and implementation of enhanced surveillance and control systems in the fisheries sub-sector; and
- e. Promoting research and development in relevant areas of fisheries including the spread of diseases of relevance to cultured aquatic species and in identifying new sources of raw materials for fish feed.

3. FARM SUPPORT SYSTEMS AND SERVICES

195. Improvements in technology not only lead to gains in productivity, but to addressing emerging challenges (e.g., climate change) across all sectors. R&D and industrial capacities are needed for the manufacture of ‘embodied’ technology such as machinery, seeds, fertilizers, chemicals, materials. The **key challenge with R&D is the uptake of that technology** by the intended beneficiaries. Not only should there be increased investment in agricultural R&D, **but it should be made more effective.**

196. ‘Disembodied’ technology on the other hand refers to knowledge, techniques and management practices that increase productivity and are classically transmitted through farmers’ own learning/sharing processes and through advisory services. There is a need for the **promotion of more effective information dissemination and training mechanisms and promotion of production practices.** Related action should build on the recently/current institutional developments, e.g. the formation of the Centre for Coordination of Agricultural Research & Development in Southern Africa (CCARDESA), the promotion of regional networks/centres of excellence on priority issues/commodities and the promotion of end-users’ formal involvement in those institutions (e.g. through farmer or value-chain organisations).

197. The third essential element in farm support systems is the provision of appropriate and timely agricultural information through an integrated market information system. Aspects of early warning systems including localised interpretation of information such as weather patterns and forecasts would greatly support the majority of the small-holder farmers who are by and large rain-fed dependent, hence the need to adapt their cropping patterns. Similarly with livestock, there is need for communication and information dissemination in areas such as disease outbreaks.

198. Therefore the proposed interventions in relation to farm support services are:

Promote Agricultural Research and Development in crops, livestock, fisheries and forestry by:

- a. Providing the policy guidance for the region's agricultural research and development;
- b. Promoting innovation demand-driven research and development;
- c. Promoting private, public and international partnerships in R&D; and
- d. Harmonizing policy framework on protection of intellectual and property rights including indigenous knowledge systems.

Enhance regional and national agricultural and natural resources information systems by:

- a. Developing a regional database on agriculture and natural resources and strengthening statistical data collection, analysis and dissemination at both the regional and national levels;
- b. Developing and supporting the implementation of common standards for databases across all subsectors that feed into the integrated regional database;
- c. Strengthening and integrating agricultural and natural resources market information systems;
- d. Developing appropriate traceability systems for livestock and crop products to facilitate trade; and
- e. Promoting the sharing of information and best practices, including development or improvement of fora.

Cooperate in enhancing capacity building by:

- a. Promoting human resource training to support agriculture, including critical skills development for all categories of players in the agricultural value-chain;
- b. Promoting the development or strengthening of organisations of farmers and other value-chain actors, including their operation at all-SADC apex level for mutual support, joint policy advocacy and promotion of smallholder scale economies; and
- c. Sharing best practice on sustainable credit systems to facilitate technological upgrading on agricultural value chains.

199. Table 1 overleaf summarises the policy issues and interventions for the RAP in relation to specific objective number 1 that aims at intensifying production and productivity in the agriculture sector of SADC region.

Table 1: POLICY ISSUES AND INTERVENTIONS RELATED TO RAP SPECIFIC OBJECTIVE NO. 1 – PRODUCTION & PRODUCTIVITY

RAP SPECIFIC OBJECTIVE NO. 1: *To promote agricultural growth through increased, competitive and sustainable production and productivity.*

Intervention Area (Policy Outcome)	Expected Interventions
<p>1. Improve land use management</p>	<ul style="list-style-type: none"> a. Facilitating the implementation of various frameworks on land tenure including the SADC Land Reform Support Facility, the AU Framework and Guidelines on Land Policy in Africa, and the FAO Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the context of National Food Security, with particular focus on access to land, land tenure security, management, sustainable utilisation, administration, adjudication and reform; b. Facilitating the domestication at the national level of regional land policy guidelines; c. Promoting land policy research and development taking into account gender and youth; and d. Promoting and advocating for investment (“land acquisition”) and agricultural finance (land as collateral)..
<p>2. Improve management of water resources for agriculture</p>	<ul style="list-style-type: none"> a. Promoting efficient and effective management of shared water resources for agriculture in the region within the framework of the SADC Protocol on Shared Watercourses; b. Further supporting existing policies/agreements by ensuring Member States’ compliance; c. Enhancing productivity of water for agriculture through promotion of best practices including on-farm water conservation and efficient irrigation systems; d. Promoting integrated water resources management through <i>inter alia</i> water harvesting, reuse and recycling and development of water resources management infrastructure; and e. Developing common plans and guidelines for the reduction of pollution of water resources.

TABLE 1 (Cont): POLICY ISSUES AND INTERVENTIONS RELATED TO RAP SPECIFIC OBJECTIVE NO. 1 – PRODUCTION & PRODUCTIVITY

Intervention Area (Policy Outcome)	Expected Interventions
3. Improve energy use	a. Promoting the sharing and use of best practices on affordable energy sources; and b. Promoting innovative renewable energy sources adapted to the agriculture sector.
4. Promote sustainable bio-energy production	a. Promoting the development of policy guidelines in bio-energy; and b. Research and development in the sustainable co-production of food and bio-energy.
5. Improve farmer access to inputs	a. Facilitating private /public sector initiatives that promote economies of scale in production and distribution particularly of improved seeds, but also other plant and animal genetic materials; b. Promoting forage research and the establishment of viable forage seed industry; c. Promoting regional value-chain partnerships in feed production; and d. Climate proofing genetic material by developing crop and animal breeds that are adaptable both in terms of germination, growth and maturity to climate change and variability.
6. Promote the adoption of biotechnology in crop and livestock development	a. Facilitating agreement on a harmonised approach to the safe use of modern biotechnology and clarifying how to deal with GMOs; and b. Promoting regional collaboration in biotechnology and biosafety research, establishment of a Clearing House for them, all supported by comprehensive programmes on public awareness and participation in biotechnology and biosafety decision-making.
7. Promote effective soil-fertility management systems	a. Promoting implementation of integrated soil fertility management programmes; b. Promoting private and public sector initiatives that promote economies of scale in the production (including importation) and distribution of fertilisers and complementary soil-fertility enhancing inputs; and c. Facilitating the harmonisation and standardization of guidelines on the proper use (and disposal) of fertilizer and other agrochemicals.

TABLE 1 (Cont): POLICY ISSUES AND INTERVENTIONS RELATED TO RAP SPECIFIC OBJECTIVE NO. 1 – PRODUCTION & PRODUCTIVITY

Intervention Area (Policy Outcome)	Expected Interventions
<p>8. Improve the management of trans-boundary threats including pests and diseases</p>	<ul style="list-style-type: none"> a. Harmonising Sanitary and Phytosanitary regulations in Member States in line with the Sanitary and Phytosanitary (SPS) Annex of the SADC Protocol on Trade; b. Harmonising national veterinary service systems to international standards; c. Harmonising national and regional early warning and response systems for Trans-boundary Animal Diseases (TADs) and zoonoses; d. Strengthening surveillance and control of major crop pests and diseases in the region; and e. Building Member States' national capacities to manage transboundary pests and diseases of crops and comply with International Plant Protection Convention (IPPC) standards.
<p>9. Improve production, processing conservation and sustainable management of forestry resources</p>	<ul style="list-style-type: none"> a. Facilitating the implementation of the SADC Protocol on Forestry to achieve its stated objectives; b. Promoting the conservation of forests as well as preservation of forest-related knowledge; c. Promoting the development and implementation of enhanced surveillance and control systems for forests and forestry products; d. Promoting research and development in relevant areas of forestry; and e. Facilitating the development of cross-border forestry value-chains.
<p>10. Improve production, conservation and sustainable management of aquatic resources</p>	<ul style="list-style-type: none"> a. Facilitating the implementation of the SADC Protocol on Fisheries to achieve its stated objectives; b. Facilitating the development of aquaculture to optimise its economic contribution as a distinct enterprise; c. Promoting the increased production and sustainable harvesting of fisheries products including aquaculture; d. Promoting development and implementation of enhanced surveillance and control systems in the fisheries sub-sector; and e. Promoting research and development in relevant areas of fisheries including the spread of diseases of relevance to cultured aquatic species and in identifying new sources of raw materials for fish feed.

TABLE 1 (Cont): POLICY ISSUES AND INTERVENTIONS RELATED TO RAP SPECIFIC OBJECTIVE NO. 1 – PRODUCTION & PRODUCTIVITY

Intervention Area (Policy Outcome)	Expected Interventions
<p>11. Promote agricultural research and development in crops, livestock, fisheries and forestry</p>	<ul style="list-style-type: none"> a. Providing the policy guidance for the region’s agricultural research and development; b. Promoting innovation demand-driven research and development; c. Promoting private, public and international partnerships in R&D; and d. Harmonizing policy framework on protection of intellectual and property rights including indigenous knowledge systems.
<p>12. Enhance regional and national agricultural and natural resources information systems</p>	<ul style="list-style-type: none"> a. Developing a regional database on agriculture and natural resources and strengthening statistical data collection, analysis and dissemination at both the regional and national levels; b. Developing and supporting the implementation of common standards for databases across all subsectors that feed into the integrated regional database; c. Strengthening and integrating agricultural and natural resources market information systems; d. Developing appropriate traceability systems for livestock and crop products to facilitate trade; and e. Promoting the sharing of information and best practices, including development or improvement of fora.
<p>13. Cooperate in enhancing capacity building</p>	<ul style="list-style-type: none"> a. Promoting human resource training to support agriculture, including critical skills development for all categories of players in the agricultural value-chain; b. Promoting the development or strengthening of organisations of farmers and other value-chain actors, including their operation at all-SADC apex level for mutual support, joint policy advocacy and promotion of smallholder scale economies; and c. Sharing best practice on sustainable credit systems to facilitate technological upgrading on agricultural value chains.

CHAPTER 6: INCREASE TRADE AND STRENGTHEN FARMERS' PARTICIPATION IN MARKETS

1. Introduction
2. Improve the Effectiveness of the Region's Input and Output Markets
3. Improve Regional and International Trade Regulatory Environment for Agriculture
4. Improve the Development of Agriculture Related Infrastructure

RAP SPECIFIC OBJECTIVE NO. 2: INCREASE INTRA AND EXTRA-REGIONAL TRADE OF AGRICULTURAL AND NATURAL RESOURCES PRODUCTS AND STRENGTHEN FARMERS' PARTICIPATION IN MARKETS.

1. INTRODUCTION

200. Observations in earlier chapters made it clear that RAP interventions should aim first of all at **balancing the regional agricultural trade deficit (for agro-processed products and for strategic commodities), improving SADC's disappointing share in global agricultural markets and increasing intra-SADC trade flows** (particularly through rural-urban, Less Developed Countries (LDC) – Medium Income Countries (MIC) and agricultural supply-processing linkages). Therefore, in addition to interventions described earlier regarding farm and firm productivity objectives, SADC's competitiveness in agriculture will depend on significant improvement in domestic and regional trade effectiveness. Earlier observations also indicated that RAP interventions need to **address factors restricting participation by a large proportion of small-scale farmers in regional markets**²⁹.

201. Key factors affecting the nature and effectiveness of agricultural markets in Southern Africa include **the level of competition within markets** (with prevalence of local monopolies and oligopolies) **and high marketing costs** (particularly transport costs). In domestic markets, **competition in the supply of inputs and marketing of products** directly affects input prices paid by and output prices paid to farmers, hence the level of involvement and investment farmers eventually put into agriculture. The level of competition in a market depends on the number of input and output marketers, which in turn depends on **how conducive the business environment** is to encourage their participation.

202. Furthermore, marketing costs are dependent on the **level of segmentation of markets; the state of infrastructure** such as transport, power, telecommunication, storage and handling facilities; the **availability of financial capital** in the form of credit, equity, etc.; the level of **public interventions** in the form of rules and regulations of doing business, market information, trade incentives and disincentives, including taxes, subsidies, export bans etc.; the strength (or

²⁹ While taking in consideration those for whom this will remain limited (see section on vulnerability issues).

lack) of market institutions and norms; the level of **market risk; and transactions costs**³⁰ (e.g., as related to doing business with other SADC countries). These costs have a direct bearing on market access and therefore the competitiveness by farmers in the domestic, regional and international agricultural markets.

203. Small-scale farmers' participation in markets is further affected by **price risk and instability** and the **low private sector participation in local markets** due to the complexity of dealing with small scale farmers.

204. In support of national efforts, the RAP's priority interventions at the regional level should therefore focus on :

- a. **Improving the efficiency of regional input/output markets and stimulating broad farmers' participation in domestic, regional and international markets;**
- b. **Improving the regional and international trade regulatory environment; and**
- c. **Improving the development of agriculture related infrastructure.**

2. IMPROVE THE EFFECTIVENESS OF THE REGION'S INPUT AND OUTPUT MARKETS

205. Strengthening farmers' participation in input and output markets has the scope to generate surplus production for the market. Their participation is, to start with, determined by farm level factors including access to resources and level of asset endowment (land, capital, knowledge, agro-ecology, etc). In addition, **prices paid for inputs and received for produce** have an important bearing on whether or not farmers participate in markets. Therefore, the returns to adoption of improved technologies by farmers are fundamentally **influenced by the nature and effectiveness of input and output markets**. The ability to generate profits provides incentives for adopting improved technologies.

206. **Commodity price volatility and instability** tend to discourage farmers from producing and that affects both production and trade. Commodity price variations are caused by a **combination of demand factors** (such as inelastic demand for food vs. production variability, increases in the price of oil and greater global demand for bio-fuel for instance), **supply-side related factors** (such as increasing agricultural input prices, underinvestment in agriculture, climate change risks, reduced world stocks and restrictive marketing and trade regulations, e.g. unpredictable public interventions in response to limited food shortages or price surge) and **macro-economic factors** such as exchange rates³¹. Whilst the origin of this instability can be imported from outside the region (e.g., during the 2008 global price surge), it can also be domestic (e.g., if markets are poorly integrated and storage limited, a local surplus may result in prices collapsing). This therefore calls for different response mechanisms.

³⁰ The cost of participating in a market generally includes transaction costs, i.e., costs which are specifically linked to the actual "transaction" process. They consist of many factors above and beyond the actual purchase, sale, storage or transport price of the transacted goods or services, such as the cost of time spent in relation to the transaction, the cost of travel, information, bargaining, policing and enforcement, etc. The concept is often used in a broader sense of "marketing costs" that include, e.g., transport and storage costs.

³¹ As recently illustrated by the impact of US dollar depreciation on international maize prices and Rand-Meticais rate levels on consumer food prices in Mozambique.

207. Identified for the RAP are three interventions aimed at **improving the effectiveness of the region's input and output markets** (see also Chapter 5). The first one deals with **farmers' access to regional input markets**, thus:

Improve farmers' access to regional input markets by:

- a. Promoting competition in local input markets, e.g. by establishing regulations that promote competition among input suppliers, promote input market intelligence and rationalize public intervention in input markets, and by investing in agro-dealerships, their networking and co-operative buying;
- b. Promoting farm credit markets, targeted input subsidies and other incentives (e.g., tariffs/tax exemptions, micro-insurance...) that are economically effective, market friendly and truly targeted towards the vulnerable farmers, while minimizing the impact of potential trade distortions with neighbouring countries.
- c. Promoting regional value-chains, Business-to-Business (B2B) and public-private (PPP) partnerships to increase production and distribution of agricultural inputs in SADC through economies of scale (including, e.g., feed production);
- d. Facilitating cost effective flows and joint importation of agricultural inputs (i.e. superior genetic resources by pursuing harmonisation of seed regulations across countries; and fertilizers and agrochemicals); and
- e. Reducing tariffs and Non Tariff Barriers (NTB) for relevant inputs.

208. Most activities in relation to **promoting competition in local markets** fall under Member States' direct responsibility. Therefore, and tentatively, RAP interventions would mainly offer, based on general terms jointly agreed upon at the regional level, support to Member States on an optional basis so as **to develop/review and implement related national regulations and programmes to enhance competition in local markets**. Such support could take different forms such as providing access to expertise and capacity building, conditional grants, etc. RAP activities would also promote the development / **strengthening of regional networks of agro-dealers** to contribute to the promotion of a vibrant input private sector and regional business partnerships.

209. Potential financial support from the RAP to **input subsidy programmes** would be optional, capped and conditional (e.g., to encourage local competition and budget sustainability). Furthermore, to promote optimal farm intensification, related regional programmes would be linked to national initiatives that also promote broad, sustainable and contextualized soil fertility management at farm level (e.g., organic matter management and agro-ecology/forestry) through activities such as R&D, extension messages, soil fertility analysis and mapping, etc.

210. **Harmonization of seed regulations** will entail, among other things and with the involvement of the SADC Seed Centre, offering financial and technical support to national governments upon demand and based on needs, in order to implement them.

211. To promote effective planning and implementation, several input promotion activities will be undertaken as components of other RAP interventions (e.g., external tariff regulations and NTB, rural/agricultural finance and regional value-chain and agri-business promotion).

212. **Promoting regional “input value-chains”** should be undertaken in collaboration with, tentatively, development banks and institutions such as Alliance for a Green Revolution in Africa (AGRA), COMESA and International Fertilizer Development Center (IFDC). Subject to a feasibility assessment, activities would in particular facilitate increased supply of bulky inputs at affordable prices through either local production (promoting joint investments in local input production) or joint importation (to lower import cost through scale economies). Additionally, while some strategic inputs will be dealt with specifically (inorganic fertilizers, seeds, animal feed and green technologies), these activities will **encourage all partnership opportunities dealing with inputs in general (e.g., provision of mechanisation and post-harvest equipment, if relevant)**.

213. Finally, the eventual impact of activities dealing with **fertilizers** will partly depend on major transport infrastructure developments (improved port services to reduce input importation costs, and from ports in one country to more than one Member State). These activities go beyond the scope of the RAP. Hence, the RAP will essentially confine its role to **advocacy, planning capacity support and monitoring related developments** as they affect input markets (see section on infrastructure development below).

214. The second intervention proposed to address the key policy issues aimed at **improving the regional and international trade environment for agriculture** is to:

Promote regional output market efficiency by:

- a. Promoting agricultural trade partnerships between regional businesses to strengthen their participation in intra- and extra- SADC markets;
- b. Promoting national commodity exchanges and cross-boundary linkages of the commodity exchanges by facilitating harmonization of systems and norms (where appropriate) and exchanges between commodity exchanges;
- c. Promoting and harmonizing relevant market institutions and norms that restrict regional trade in areas such as commodity grades and standards, traceability, storage, quality specifications, insurance systems, warehouse receipts systems (WRS) and environmental norms for trade;
- d. Developing trade systems for livestock and livestock products;
- e. Improving and integrating *agricultural market* information and intelligence systems; and
- f. Facilitating the participation of informal traders, SMEs and marginalised groups (e.g. women), e.g., by simplifying export/import regulations for these specialised groups of traders.

215. **Activities dealing with agricultural trade partnership promotion** will include relatively common **trade promotion packages focusing on cross-border partnerships between regional businesses/farmers in agriculture/agribusiness**. Hence, they will link up with *Agribusiness Value-Chain Promotion* activities (see Chapter 7) under a single programme. Proposed interventions will rely as much as possible on existing investment and trade promotion institutions (particularly national ones) and, if relevant, offer to strengthen their capacity to deal with the characteristics of the agricultural and agri-business sector. However, it will also require a highly professional, business oriented unit operating at the regional level.

216. **Interventions on commodity exchanges and market institutions and norms** will form a component of this broader RAP programme. While support to national initiatives would be proposed, significant activities will need to be coordinated and driven at regional level (e.g., analysis, standards harmonization and cross-border exchanges). Considering the nature of commodity exchanges, insurance systems and warehouse receipt systems (WRS), active involvement of the private sector will be required. Significant analytical and capacity building work is also anticipated in direct collaboration (if not under their leadership) with Directorates, Departments and agencies responsible for trade/private sector promotion.

217. The RAP will in particular promote analysis and innovation regarding **small-scale farmers' interaction with commodity exchanges, WRS, insurance systems, etc.** in order to promote possible improvements, sharing of best practices or alternative systems, if appropriate.

218. With reference to **grades, standards and norms**, resources would also be allocated to accelerate and incentivize dissemination and implementation at the national level (see also section on NTB below). Considering the importance of **global standard setting systems**, related activities will also be linked to those undertaken to *improve coordination of trade relations with third parties* (see later section).

219. **Specific attention should be given to the growing importance of environmental norms for trade** as international markets are becoming more sensitive to environmental and socioeconomic impacts of tradable products. Related actions should also deal with carbon trade issues which are of significant relevance to agriculture (carbon trade analysis, awareness and capacity building).

220. **Dealing with trade systems for livestock** would form an important component of a broader livestock programme under the RAP and the overall supervision of the SADC Livestock Technical Committee (LTC). Activities would be linked to those undertaken under *Agribusiness Value-Chain Promotion* as well as rationalisation of *Non-Tariff trade measures*. Similar approaches will be considered for **trade systems for fisheries and forestry products**.

221. **Agricultural market information and intelligence systems** should be dealt with within the context of more general (non agriculture specific) market information systems. However, it will also require specific action/focus. Some activities will need to be undertaken and coordinated specifically at the regional level. These would include, e.g., development / strengthening of the regional platform, harmonization of related standards and software, information processing and analysis for regional purposes, monitoring, and communications. However, since the effectiveness of regional information systems depends on national ones, this intervention may require that some national components be considered as “compulsory”.

222. In that context, while capacity building support (information, training, expertise, etc.) would be offered to national information systems, additional resources could be considered on a co-funding basis to accelerate implementation of related developments. It will also feed into the Agriculture Information Management System (AIMS).

223. Importantly, related activities will be part of, or feed into, a **regional agricultural market intelligence initiative** which will support regional trade and investment promotion activities (e.g., promoting SADC as an agri-business investment destination, supporting SADC

businesses' market prospection to seize opportunities deriving from developments regarding trade agreements with non-SADC countries, etc.).

224. These different interventions will be further supported by activities undertaken to facilitate investments into **market-related infrastructural development**, particularly transport, storage and communication (see further discussions below).

225. The third intervention proposed to address the key policy issues aimed at **improving the regional and international trade environment for agriculture** is to:

Enhance price risk management and stabilization by :

- a. Promoting investment in local and regional storage facilities and encouraging regional use and acceptance of warehouse receipts (WR);
- b. Promoting contract farming and value-chain governance;
- c. Improving price information systems; and
- d. Promoting market friendly food shortage / emergency policies.

226. These four activities will be undertaken under interventions described in various sections of this report (i.e., improved domestic output market efficiency; improved regional and international regulatory trade environment for agriculture; development of agriculture related infrastructure; and vulnerability). However, to secure effective and coherent public action on this complex outcome (i.e., price risk management and stabilization), **a specific strategy that articulates these different tools will be developed and monitored to guide these activities.**

227. Furthermore, **dealing with price information systems** (as part of market information systems) will require specific **focus early on in the process** as the reliability and timeliness of related information may be critical for other RAP interventions (e.g., if triggered by certain price levels).

228. Finally, **activities dealing with food shortage/emergency policies** will deal in particular with procurement of food aid and inputs, the development of post-emergency input schemes, the targeting of aid, the development and implementation of the proposed regional food reserve facility, trade restrictions at times of limited food shortage (e.g., **export bans as discussed below**) and mitigation of the impact of imported price instability.

3. IMPROVE THE REGIONAL AND INTERNATIONAL TRADE ENVIRONMENT FOR AGRICULTURE

229. Regional trade integration and the promotion of Southern Africa's trade with the rest of the World are central to SADC's agenda as outlined in the Treaty of SADC and SADC Protocol on Trade. Considering the need for multi-country coordination on trade policies, the importance of agricultural trade in SADC and the complex (social and economic) implications of related policies, make it a priority issue for the RAP.

230. To that effect, the RAP should support national efforts to **create a conducive environment** for agriculture and food related **regional trade** by **rationalizing trade measures**

and reducing trade impediments. The RAP should also assist governments in supporting farmers and traders to access and compete in **international markets** by coordinating / harmonizing trade relations with third parties on relevant issues. Finally, the RAP should assist them in assessing and addressing related **adjustment costs** that may affect specific areas or categories of the population (see in particular the section on vulnerability issues). Since many trade policy/promotion processes are not specific to agriculture, the RAP should support and monitor such processes so that agriculture is better dealt with.

231. In landlocked countries, in particular, high marketing costs may be due to **bad infrastructure and long distances** but there is evidence that other problems, e.g., **institutional factors** (such as rent-seeking behaviours, organisation for trucking services and transit procedures), substantially increase the cost of effecting trade. Other important constraints include **poor access to capital to finance exports and imports; poor access to current and accurate information on markets; restrictions to intra-regional trade in agricultural services; the growing importance of environmental norms for trade; and restrictions to women's participation in markets.**

232. Identified for the RAP are three interventions aimed at **improving the regional and international regulatory trade environment for agriculture**, namely, non-tariff barriers to trade, extra-SADC tariffs, and third party trade negotiations.

3.1. Non-Tariff Barriers to Trade

233. **Indeed, NTB reportedly affect one third of agricultural trade in SADC**, with sometimes limited technical or economic justification. **Over 90% of the 51 products affected by NTB in SADC are agriculture related** (Gillson, I., 2010). Among these, non technical NTB such as import/export bans, levies, taxes, rules of origin (RoO) and customs related procedures have the most significant impact, particularly in sectors that involve many small scale farmers. They are also a major issue in the trade of processed agricultural products (e.g., RoO on wheat flour).

234. **Reducing NTB should therefore be a top priority** under the RAP as compared to, for instance, further reducing tariff barriers which are already relatively low, more transparent and possibly less harmful, and generate fiscal resources. The RAP will adopt a flexible approach whereby Member States determine priorities and timeframe depending on economic capacity. It will in particular promote commonly agreed disciplines regarding import/export bans on food products. Indeed these are characterized by unpredictability and lack of transparency, hence acting as a significant disincentive for producers, agri-businesses and traders. The RAP will also support efforts to make the NTB reporting mechanism better known (increased awareness in the private sector), more transparent and effective.

235. Regarding **Rules of Origin (RoO) in SADC**, high compliance costs with administering certificates of origin act as a disincentive for SADC firms to trade regionally despite tariff preferences offered by the PTA. **Rationalizing and simplification of RoO** should be based on past experiences of implementing RoO, an assessment of where, along value-chains, simplified RoO would promote regional trade and the RoO being used by COMESA.

236. **However, certain technical measures related to trade are actually necessary** (e.g., SPS). Some are a key tool in the control of human, animal and plant diseases as well as ensuring food safety. However, if inconsistency within SADC is an unnecessary obstacle to trade

both within and outside the region, some **rationalization and harmonization is needed** while **their adoption by economic players may need to be facilitated and monitored**.

237. Furthermore, related activities should aim at **reducing restrictions to intra-regional trade in agricultural services**: in particular, they should promote free movement of service providers (trainers, extension workers, farm labourers, agri-business service suppliers) to enhance the competitiveness of the producers and firms, and mutual recognition of academic, professional and vocational training qualifications.

238. Interventions on non-tariff regulations would combine significant coordination activities at the regional level such as analysis, coordination, harmonization, monitoring, communication and dispute settlement, as well as support to Member States in planning and implementing their respective contribution to this measure. Related activities would form a component of the initiatives driven by SADC TIFI Directorate and Ministries of trade on trade measures globally. Considering the technical and economic complexity of some of these issues with regards to agriculture, contributions by other Directorates / Ministries and specialized institutions are anticipated. This will require a specific coordination mechanism for the RAP.

239. The first intervention proposed to **improving the regional and international trade environment for agriculture** is to:

Rationalize Non-Tariff measures, including SPS standards and Rules of Origin (RoO), and reduce non-tariff barriers (NTBs) for agriculture goods and services. Guided by WTO rules and the SADC Trade Protocol, RAP intervention measures or strategies would aim at:

- a. Adopting a flexible approach on NTBs whereby Member States determine priorities and implementation timeframe depending on respective economic capacities;
- b. Adopting common disciplines on export bans and similar trade disincentives;
- c. Committing Member States to make the NTB reporting mechanism more transparent, more efficient, and better known (e.g. through increased awareness in the private sector);
- d. Harmonizing the relevant Non-Tariff measures, particularly those dealing with food security (e.g. technical standards for grains);
- e. Harmonising and /or benchmarking national and regional standards to international standards while recognizing, in some cases/sectors, the limited ability of some countries or players to achieve them;
- f. Promoting mutual recognition of Member States' SPS certificates;
- g. Rationalizing and simplifying Rules of Origin (RoO) issues; and
- h. In countries where this is lacking, supporting the development of national plans and related resource mobilisation, to address financial and technical needs associated with the implementation of the above measures by both the public and the private sector.

3.2. Extra-SADC Tariff Barriers to Trade

240. Indeed, harmonization of external tariff regulations (such as import and export duties), lists of sensitive products and other safeguard mechanisms are important instruments to consider for agriculture and food security in the context of regional integration and trade relations with third parties. Whilst intra-SADC tariffs are relatively low as a result of the creation of a Free Trade Area, the RAP will promote further targeted reduction, particularly for production factors (e.g., water equipment, renewable energy and green technology).

241. However, tariff cuts have created fiscal problems for certain SADC countries where trade tariffs constitute a significant portion of government revenue. While in the long run, increased economic production and trade in SADC should compensate for the loss of fiscal revenues, Member States need to raise alternative funds. In particular, agreeing on and harmonizing extra-SADC tariffs in the perspective of a Common External Tariff could provide tangible revenue options. As this has important bearings for agriculture and food security, the RAP will support related developments through evidence based consultation processes. In particular, it will take into account other existing or proposed economic agreements that are likely to affect the outcome, in particular SACU, EAC, COMESA, the Tripartite Agreement and the EU-SADC Economic Partnership Agreement (EPA).

242. Considering **adjustment costs of trade integration and openness for competitiveness and labour in agriculture**, the RAP will also promote policy research and capacity building in order for Member States and partner organizations to **assess such consequences and design appropriate strategies** (see also section on social protection).

243. To achieve the above, the RAP will undertake policy analysis, dialogue and consultation, **involving agriculture and non agriculture stakeholders**, including farmers' representation in the region (e.g., SACAU), under the leadership of SADC TIFI Directorate with strong contributions from SADC FANR Directorate.

244. Therefore, the second intervention proposed to **improving the regional and international trade environment for agriculture** is to:

Harmonize extra-SADC tariffs (CET), safeguard measures and lists of sensitive products in agriculture by:

- a. Agreeing on an equitable tariff distribution formula to provide tangible revenue options for the Member States;
- b. Addressing different fiscal and socio-economic needs of different categories of population and economic players in the region;
- c. Reducing tariffs on selected production factors (e.g., green technologies);
- d. Taking into consideration existing/evolving regional systems (e.g., Southern African Customs Union (SACU), SADC-EAC-COMESA Tripartite Agreement);
- e. Addressing institutional capacity to implement a harmonized system; and
- f. Informing strategies to address adjustment costs of trade integration and openness on rural labour, e.g. through policy research and capacity building support.

3.3. Third Party Trade Negotiations

245. Indeed, SADC Member States are involved in international trade negotiations, agreements and regulatory systems (e.g., technical standard setting processes) that have a high impact on agriculture and can affect regional integration. Such processes are implemented at different levels: global (e.g., WTO), regional (e.g., EAC-COMESA-SADC Tripartite Agreement) and bilateral (e.g., with other regions/countries outside Africa). The RAP will promote technical preparedness, consistency and solidarity among Member States during trade negotiations and follow-up implementation in order to support regional integration and strengthen SADC Member States' negotiating power. In doing so, evidence-based advocacy initiatives will aim at making SADC agriculture better taken into account in trade agreements and related regulatory frameworks.

246. Therefore, the RAP will support negotiation processes between Member States and promote harmonized views by supporting policy research and analysis on related issues; strengthening advocacy, negotiation and technical skills of sector departments and partner institutions; organising effective consultation mechanisms between Member States and with the private sector and the civil society; and specifying the institutional process of negotiating collectively.

247. The third intervention proposed to *improving the regional and international trade environment for agriculture* is to:

Improve coordination of trade relations with third parties with regards to agriculture and food by:

- a. Promoting Member States' technical preparedness, unity and consistency during trade negotiations and follow-up implementation, in order in particular to strengthen their collective negotiating power;
- b. Facilitating negotiation processes between Member States and promoting harmonized views by, e.g. making consultation mechanisms between them more effective and systematic, and specifying the institutional process of negotiating collectively;
- c. Promoting effective consultation of non-state actors during the trade negotiations;
- d. Promoting solid policy analysis and evidence-based advocacy to support these processes on a sustained basis; and
- e. Strengthening advocacy, negotiation and technical skills / institutions of sector departments and partner institutions.

4. IMPROVE AGRICULTURE RELATED INFRASTRUCTURE DEVELOPMENT

248. Market related infrastructure is critical for agriculture and directly affects rural incomes. Hence, **transport costs constitute the greatest portion of marketing costs experienced in the region**. These are affected by not only the state of transport and logistical infrastructure (roads, ports, border facilities and railways) but also by transport means and

organisation (resulting, e.g., in high cost of trucking services), road blocks, inadequate transit procedures etc.

249. Similarly, **grain storage capacity in SADC has not changed much in the last two decades** as there has been limited additional capital expenditure in storage infrastructure. This is partly due to disincentives (that result from questionable public interventions in the market) for the private sector to store grain (Jayne, T. S. *et al.*, 2010). Yet, storage can significantly improve productivity, considering the importance of post-harvest losses in the region³², and influence price formation and volatility.

250. In contrast, **telecommunications have experienced significant developments in rural areas**, hence improving marketing practices. One needs to ensure that rural areas are adequately serviced and agriculture players seize related opportunities (e.g., for rural finance).

251. Other important infrastructure needs for agriculture and agro-processing deal with **rural power, land and water**. Rural areas are usually more poorly supplied. These needs are not related to markets as such but they are affected by **similar issues (e.g., financial, planning and maintenance weaknesses, and private sector investment promotion** (Foster V. & Briceño-Garmendia, C., 2010; Foster, V., 2008; and Fishbein, R., 2001)). Therefore, since transport, storage and communication infrastructure is critical for agricultural trade, most related interventions will be grouped under the same trade related objective.

252. Furthermore, while some infrastructure developments are specifically relevant to agriculture (e.g., feeder/rural roads, storage, farm land and water, SPS and commodity exchange facilities, produce consolidation and marketing logistics etc.), most of them fall outside the scope of agriculture programmes. Major infrastructural development needs that are critical for agriculture and require regional coordination (e.g., railways, harbour logistics, trade corridors, etc.) are actually being progressively addressed under separate frameworks (OECD, 2011). Beyond those regional initiatives, there is also a need to make sure infrastructure developments do promote actual movement of goods from rural areas to urban markets. However, related investment needs fall mostly under Member States' responsibility. Therefore, the RAP should mainly focus on 2 specific issues.

253. Firstly, the critical importance of infrastructure development for agriculture may **require that agriculture be better factored into infrastructure planning** (including financing, maintenance and regulatory developments). For instance, a definition of what constitutes an adequate regional transport system for agriculture in SADC is missing, as is a clear policy that links agriculture and transport (Kobo, K., 2009). Therefore, the RAP could add value by **promoting improved planning in that regard** (e.g., through policy/economic research, advocacy and capacity building support). However, this should not lead to either withdrawing much needed resources from existing initiatives or increase pressure on national debt. Instead, alternative investment mechanisms should be promoted, as should economic technical choices, the enhanced use of existing financial resources and the removal of disincentives. More importantly, maintenance of existing infrastructure (e.g., secondary roads) should be prioritized. In general, Public-Private Partnerships and joint ventures could be promoted to develop trade facilitation infrastructure (e.g., for storage facilities). To be effective, however, RAP interventions will need to

³² About 25% for cereals at household level, according to Mosha, A.C., (2004?), *State of Post-Harvest Losses in the Southern African Sub-region*, SADC, quoted by Kujeke, R. Masiwa, M. & Sukume, C., 2011

take into account a broader range of issues beyond simply promoting related investments (e.g., logistical organisation, governance systems, etc).

254. **Secondly, the RAP should focus on agriculture specific infrastructure.** However, the identification of priority and additional needs with specific relation to agriculture has not been systematically documented. Therefore, the RAP should assess the development needs for those infrastructure areas that have a regional/multi-country scope (e.g., shared water resources for agriculture, and regional market and commodity exchange facilities). For infrastructure that requires significant financing (e.g., loans), such assessment should be directly linked to national planning and budget processes.

255. Therefore, the RAP will focus its interventions in relation to ***improving the development of agriculture related infrastructure*** with the aim to:

Improve agriculture's utilisation of existing infrastructure and promote additional agriculture-related infrastructure development by:

- a. Ensuring agriculture is adequately taken into account under infrastructure development efforts (particularly for transport, storage and market logistics), at both regional and national levels, by offering support to Member States and relevant institutions in undertaking policy research, strategic planning (e.g. access to expertise, training and sharing of best practices), advocacy and resource mobilisation; and
- b. Assessing the needs for more effective utilisation of existing infrastructure and promoting new infrastructure development in agriculture specific areas that have a regional/multi-country scope (e.g. inter-country transport corridors, SPS facilities, regional commodity exchange networks and shared water resources for agriculture such as cross-border irrigation schemes).

256. Lastly, as captured under the section on Investment Promotion, SADC needs to make sure sector players seize the opportunities that can be drawn from current regional infrastructure efforts, e.g. through agricultural investment close to regional transport and/or development corridors.

257. Table 2 overleaf summarises the policy issues and interventions for the RAP in relation to specific objective number 2 that aims at increase intra and extra-regional trade of agricultural and agro-processed products and strengthen farmers' participation in markets.

Table 2: POLICY ISSUES AND INTERVENTIONS RELATED TO RAP SPECIFIC OBJECTIVE NO. 2 – TRADE AND MARKETS

RAP SPECIFIC OBJECTIVE NO. 2: *To increase intra and extra- regional trade of agricultural and natural resources products and strengthen farmers' participation in markets*

Intervention Area (Policy Outcome)	Expected Interventions
<p>1. Improve farmers' access to regional input markets</p>	<ul style="list-style-type: none"> a. Promoting competition in input markets; b. Promoting farm credit markets, targeted input subsidies and other incentives; c. Promoting regional value-chains, Business-to-Business (B2B) and public-private partnerships (PPP) to increase production and distribution of agricultural inputs; d. Facilitating cost effective flows and joint importation of agricultural inputs; and e. Reducing tariffs and Non Tariff Barriers (NTB) for relevant inputs.
<p>2. Promote regional output market efficiency</p>	<ul style="list-style-type: none"> a. Promoting agricultural trade partnerships between regional businesses; b. Promoting national commodity exchanges and cross-boundary linkages of the commodity exchanges; c. Promoting and harmonizing relevant market norms that restrict regional trade in areas such as commodity grades and standards, traceability, storage, quality specifications, insurance systems, warehouse receipts systems (WRS) and environmental norms for trade; d. Developing trade systems for livestock and livestock products; e. Improving and integrating agricultural market information and intelligence systems; and f. Facilitating the participation of informal traders, SMEs and marginalised groups (e.g. women and youth).
<p>3. Enhance price risk management and stabilisation</p>	<ul style="list-style-type: none"> a. Promoting investment in local and regional storage facilities and encouraging regional use and acceptance of warehouse receipts systems(WRS); b. Promoting contract farming and value-chain governance; c. Improving price information systems; and d. Promoting market friendly food shortage / emergency policies.

TABLE 2 (Cont): POLICY ISSUES AND INTERVENTIONS RELATED TO RAP SPECIFIC OBJECTIVE NO. 2 – TRADE AND MARKETS

RAP SPECIFIC OBJECTIVE NO. 2: *To increase intra and extra- regional trade of agricultural and natural resources products and strengthen farmers' participation in markets*

Intervention Area (Policy Outcome)	Expected Interventions
<p>4. Rationalise Non-Tariff Measures, including SPS Standards and Rules of Origin, and reduce Non-Tariff Barriers (NTBs) for agriculture goods and services</p>	<ul style="list-style-type: none"> a. Adopting a flexible approach on NTBs whereby Members States determine priorities and implementation timeframe depending on respective economic capacities; b. Adopting common disciplines on export bans and similar trade disincentives; c. Committing Member States to make the NTB reporting mechanism more transparent, more efficient, and better known (e.g. through increased awareness in the private sector); d. Harmonizing the relevant Non-Tariff measures, particularly those dealing with food security (e.g. technical standards for grains); e. Harmonising and /or benchmarking national and regional standards to international standards while recognizing, in some cases/sectors, the limited ability of some countries or players to achieve them; f. Promoting mutual recognition of Member States' SPS certificates; g. Rationalizing and simplifying Rules of Origin (RoO) issues; and h. In countries where this is lacking, supporting the development of national plans and related resource mobilisation, to address financial and technical needs associated with the implementation of the above measures by both the public and the private sector.
<p>5. Harmonise external-SADC tariffs (CET), safeguard measures and lists of sensitive products in agriculture</p>	<ul style="list-style-type: none"> a. Agreeing on an equitable tariff distribution formula to provide tangible revenue options for the Member States; b. Addressing different fiscal and socio-economic needs of different categories of population and economic players in the region, e.g. through evidence based consultation processes; c. Reducing tariffs on selected production factors (e.g. green technologies); d. Taking into consideration existing/evolving regional systems (e.g. Southern African Customs Union (SACU), SADC-EAC-COMESA Tripartite Agreement); e. Addressing institutional capacity to implement a harmonized system; and f. Informing strategies to address adjustment costs of trade integration and openness on rural labour, e.g. through policy research and capacity building support.

TABLE 2 (Cont): POLICY ISSUES AND INTERVENTIONS RELATED TO RAP SPECIFIC OBJECTIVE NO. 2 – TRADE AND MARKETS

RAP SPECIFIC OBJECTIVE NO. 2: *To increase intra and extra- regional trade of agricultural and natural resources products and strengthen farmers' participation in markets*

Intervention Area (Policy Outcome)	Expected Interventions
<p>6. Improve coordination of trade relations with third parties with regards to agriculture and food.</p>	<ul style="list-style-type: none"> a. Promoting Member States' technical preparedness, unity and consistency during trade negotiations and follow-up implementation, in order in particular to strengthen their collective negotiating power; b. Facilitating negotiation processes between Member States and promoting harmonized views by, e.g. making consultation mechanisms between them more effective and systematic, and specifying the institutional process of negotiating collectively; c. Promoting effective consultation of non-state actors during the trade negotiations; d. Promoting solid policy analysis and evidence-based advocacy to support these processes on a sustained basis; and e. Strengthening advocacy, negotiation and technical skills / institutions of sector departments and partner institutions.
<p>7. Improve agriculture's utilisation of existing infrastructure and promote additional agriculture-related infrastructure development</p>	<ul style="list-style-type: none"> a. Ensuring agriculture is adequately taken into account under infrastructure development efforts (particularly for transport, storage and market logistics), at both regional and national levels, by offering support to Member States and relevant institutions in undertaking policy research, strategic planning (e.g. access to expertise, training and sharing of best practices), advocacy and resource mobilisation; and b. Assessing the needs for more effective utilisation of existing infrastructure and promoting new infrastructure development in agriculture specific areas that have a regional/multi-country scope (e.g. inter-country transport corridors, SPS facilities, regional commodity exchange networks and shared water resources for agriculture such as cross-border irrigation schemes).

CHAPTER 7: INVESTMENT PROMOTION

1. Introduction
2. Agribusiness Value-Chain Promotion
3. Mobilisation of Financial Capital for Agriculture, Agri-Business and Agro-Processing

RAP SPECIFIC OBJECTIVE NO. 3: INCREASE PRIVATE AND PUBLIC SECTOR ENGAGEMENT AND INVESTMENT IN THE AGRICULTURAL AND NATURAL RESOURCES VALUE-CHAIN.

1. INTRODUCTION

258. As discussed in Chapters 1 and 3, most inhabitants of the SADC region rely and will continue to rely on agriculture as their main source of livelihood. Transforming this largely agrarian society into a sustainable urban-industrial society requires high and sustained rates of agricultural growth through **increased public and private sector investment in agriculture**.

259. For the purpose of this document, the term '**investment**' refers, firstly, to **the continuous decision-taking processes by all farmers and agri-businesses** to produce and trade in order for them to meet their consumption, income and development needs. The process is affected by how factors of production and trade are available, accessible and mobilized. Secondly, by extension, '**investment**' **also refers to public re-engagement in agriculture** as advocated by SADC and globally.

260. To stimulate private sector investment into agriculture as well as input, output and financial markets in the SADC Region, **an enabling policy environment needs to be created**. This domain focuses mainly at how the public sector can generate *incentives* for system-wide investment in agriculture.

261. In particular, **public investment re-engagement** in sustained agricultural productivity growth and poverty reduction requires **increased investment in public goods**. Indeed, public sector policies and programs play an important role in shaping market conditions and the prospect for successful private investment. To that end, good governance ensures a stable development path, while public intervention should focus on attracting responsible investment that appropriately covers social/cultural values, labour rights and environmental protection within the Region.

262. In particular, while SADC should focus on regional public goods (e.g., to promote cross-boundary synergies/partnerships), the provision of public goods must start at national level. Moreover, in order to drive private sector investment in support of smallholder agriculture, public sector investment in public goods should provide new profitable opportunities to **engage small-scale farmers into commodity value chains**. However, the **diversity of the small-scale farming sector** itself may require **differentiated policy responses**. Similarly,

considering the **co-existence of small, middle and large scale farmers**, public investment policies should **promote / address synergies** among these farming systems. Such investment must be cost effective and economically sustainable. Lastly, Areas that require specific attention from public policies include **agro-processing** development and mobilisation of financial capital.

263. Despite growing international demand for agro-industry as well as natural resources products, most Southern African countries are yet to make significant progress towards adding value to agricultural commodities and natural resources products. Agro and natural resources enterprise development can provide positive impacts on rural and urban employment, offer market access to smallholder agriculture and natural resources processing, create business linkages with small to medium enterprises (SME), enhance food security, and contribute to much needed industrialisation in SADC. Furthermore, promoting trade partnerships that link supplies from agriculture and natural resources with agro-processing firms in different SADC countries can also improve overall competitiveness, trade balance and exploitation of underutilized natural resources and agro-processing capacity in the region.

264. **In that context, mobilisation of financial capital is key to agricultural, agri-business and agro-industry development.** Without adequate access to, and greater usage of borrowed capital, the returns that agriculture offers to both farmer and any other investor remains very low if not negative making it less attractive to produce more for the market and to improve food security. **Women**, despite having a particularly favourable record as borrowers, savers and users of credit, suffer gender-related disabilities in accessing financial (particularly rural) services and/or they have a reluctance to use such services.

265. In support of national efforts, the RAP interventions should therefore focus on the following priority areas:

- a. **Agri-business value chain promotion, including agro-processing; and**
- b. **Agricultural/rural financing.**

2. AGRI-BUSINESS VALUE-CHAIN PROMOTION

266. Indeed, **agro-industries** face numerous constraints in investment. Examples include risk related to access to credit, labour regulations, water and power supply, market infrastructure, institutions and intelligence support, fiscal and trade regulations, intellectual property rights, R&D, the complexity of operations with numerous small scale farmers and the state of infrastructure (roads, transport, storage, farm production, etc.). Whilst some of these constraints are similar to those that concern primary agriculture, others are distinct, hence the need for different policy responses.

267. On the other end of the scale is agri-business which also faces similar constraints to agro-business but particularly in the inability of small scale farmers to meet required quantity and quality supplies demanded by agri-business. Whilst agri-business has the potential of assisting farming enterprises through forward contracts and such similar arrangements, the cost of financing and adherence by the farming community particularly small scale farming enterprises to legal supply agreements add further challenges thereby negatively affecting the cost of doing business.

268. In the above context, regional intervention is more critical for macro-level issues such as the macro-economic and doing business environment.

269. The suggested policy issue in which the RAP can add value to and therefore the proposed intervention measures in relation to **agribusiness and agro-industry value-chains promotion** are:

Promote the development of cross-border partnerships and investment by the private sector, including the rural and farming community, along agro-industry and agri-business value-chains, by:

- a. Facilitating the development of cross-border agriculture and natural resources value-chains³³ through the promotion of Business-to-Business partnerships, strategic coordination of value-chain stakeholders, PPP³⁴ and regional agri-business policy dialogue;
- b. Improving access to finance and providing investment incentives for cross-border investors and the upgrading of agro-processing units that belong to regional value-chain partnerships³⁵;
- c. Promoting the development of natural resources and agri-business activities and investment, in relation to cross-border transport corridor initiatives in the SADC region (e.g., through assessments of related developments, advocacy and, if relevant, incentives); and
- d. Promoting SADC as an agriculture investment destination;

Stimulate national strategies to enhance the enabling agro-business, farming and agri-business environment by :

- a. Facilitating the development or review of national strategies and instruments for accelerated natural resources and agro-processing and agri-business development;
- b. Promoting the development of common guidelines on subsidies and levels of investment in agriculture related sectors;
- c. Promoting strategic public sector investment in prime movers of agricultural development and Member States' continued commitment to agreed priorities; and
- d. Establishing a mechanism that enhances the provision of financial support for regional and country level public investments within the agricultural sector.

270. These activities under the RAP will link up with the SADC Industrial Upgrading and Modernization Programme (IUMP) and the proposed SADC Industrialization Policy, coordinated by SADC TIFI Directorate. Indeed, IUMP has identified 9 strategic sectors including agro-processing, forestry, fisheries, leather and textiles. Furthermore, agri-business investment promotion activities (e.g., "SADC as an agriculture investment destination") could eventually form a component of the proposed (non agriculture specific) SADC investment promotion agency. Lastly and subject to assessment, tentative partners could include development banks,

³³ E.g., for strategic commodities and in sub-sectors that show prospects regarding cross-border partnership.

³⁴ E.g., by developing policy frameworks, guidelines and principles that inform the crafting of such regional PPP.

³⁵ See also the SADC Industrial Upgrading and Modernization Programme (IUMP) and next section on financial capital.

regional private sector organizations, existing investment promotion programmes (e.g., the Southern Africa Trade Competitiveness Hub and the Centre for the Development of Enterprise (CDE)) and UN agencies (UNIDO).

3. MOBILISATION OF FINANCIAL CAPITAL FOR AGRICULTURE, AGRI-BUSINESS AND AGRO-PROCESSING

271. One of the key fundamental causes for lack of access to financial services especially loans by small scale farmers is **price volatility and poor terms of trade in both the input and output markets** making it difficult to predict with reasonable accuracy farmers' incomes which are the basis for considering financing factors such as repayment capabilities. In addition, the **high risks from climate/disease and poor infrastructure** impair farmers' repayment abilities causing uncertainty with the lenders. **Poor collateral and contract enforcement** compromise lenders' security unless highly compensated for which makes financing more expensive for the farmer. The **unpredictable public sector support** environment also negatively affects both security and the repayment ability by farmers.

272. The current status of financial services varies from country to country, but common challenges deal with both access to, and availability of finance and these include:

- Poor access for most small farms/enterprises and households to credit and insurance;
- Reluctance, especially by formal sector institutions, to lend to small farmers because security, repayment and contract enforcement are reckoned to be poor, while few substitutes are yet employed to freehold land-based collateral;
- Few formal banking sector rural branch networks;
- Prudential structures seldom geared to cope with agricultural risks;
- Few agriculture financing-specific regulatory systems;
- Market growth is retarded by information asymmetry and information is seen as being too costly to acquire;
- Wide use of savings and transmission facilities seldom leads to lending or insurance;
- Micro-credit is easier to access but expensive and poorly adapted for agricultural needs;
- The crowding out of private sector and NGO financial services by directed/subsidized agricultural credit/insurance reduces the range of financial services potentially available;
- A dearth of foreign exchange facilities easily accessible by small cross-border traders; and
- Poor performance by public sector intermediaries and little progress made despite Governments' commitment in principle to improving access to rural finance.

273. Worsening the situation is the lack of substitutes to freehold land-based collateral. Also, information flow between potential lenders and borrowers restricts market growth, as information appears too costly to acquire (e.g. for lending institutions on rural customers). However, the rapid **spread of mobile phones** across the region, the development of **new information technology systems/hubs** for processing multiple microfinance institutions' transactions and for identifying clients quickly and relatively inexpensively as well as **advances made in agricultural value chain finance** offer substantial new opportunities for expanding the outreach and lowering the cost of agricultural/rural financial services.

274. **Addressing key constraints that affect access to, and availability of, finance by farmers, particularly women, in Southern Africa**, should primarily be undertaken by the private sector and national governments. To support these efforts, the RAP should promote the enhancement of related policies, programmes, products and services by national governments and key finance value-chain stakeholders.

275. Therefore the proposed interventions in relation to **mobilising financial capital for agriculture and agro-processing** are to:

Promote the development of regional level mechanisms and instruments that support agricultural and particularly rural financing by:

- a. Promoting the development of guarantee / insurance mechanisms to support national loan facilities towards reducing overall agricultural / rural financing costs;
- b. Facilitating the review / development of an enabling and regulatory environment for rural financing; and
- c. Promoting research to better articulate agricultural and rural financing policies and service provision through improved data collection systems.

276. Some of these activities should be developed by working closely with organizations whose goals are to improve agricultural/rural finance services in the region, such as the African Rural and Agricultural Credit Association (AFRACA) and by liaising with relevant institutions abroad, e.g., the FAO and IFAD.

277. Activities that fall under national players' responsibility would be more effective if they form part of an actual national strategy/plan on the issue. Therefore the RAP should provide support, where needed, to the development/review of such plans.

278. Table 3 overleaf summarises the policy issues and interventions for the RAP in relation to specific objective number 3 that aims to increase private and public sector engagement and investment in the agricultural and natural resources value chain.

Table 3: POLICY ISSUES AND INTERVENTIONS RELATED TO RAP SPECIFIC OBJECTIVE NO. 3 – INVESTMENT AND FINANCE

RAP SPECIFIC OBJECTIVE NO. 3: *To increase private and public sector engagement and investment in the agricultural and natural resources value-chain.*

Intervention Area (Policy Outcome)	Expected Interventions
<p>1. Promote the development of <i>cross-border</i> partnerships and investment by the private sector, including the rural and farming community, along agro-industry and agri-business value-chains</p>	<p>a. Facilitating the development of cross-border agriculture and natural resources value-chains³⁶ through the promotion of Business-to-Business partnerships, strategic coordination of value-chain stakeholders, PPP and regional agri-business policy dialogue;</p> <p>b. Improving access to finance and providing investment incentives for cross-border investors and the upgrading of agro-processing units that belong to regional value-chain partnerships³⁷;</p> <p>c. Promoting the development of natural resources and agri-business activities and investment, in relation to cross-border transport corridor initiatives in the SADC region (e.g., through assessments of related developments, advocacy and, if relevant, incentives); and</p> <p>d. Promoting SADC as an agriculture investment destination;</p>
<p>2. Stimulate <i>national</i> strategies to enhance the enabling agro-processing, farming and agri-business environment</p>	<p>a. Facilitating the development or review of national strategies and instruments for accelerated natural resources and agro-processing and agri-business development;</p> <p>b. Promoting the development of common guidelines on subsidies and levels of investment in agriculture related sectors;</p> <p>c. Promoting strategic public sector investment in prime movers of agricultural development and Member States' continued commitment to agreed priorities; and</p> <p>d. Establishing a mechanism that enhances the provision of financial support for regional and country level public investments within the agricultural sector.</p>

³⁶ E.g., for strategic commodities and in sub-sectors that show prospects regarding cross-border partnership.

³⁷ See also the SADC Industrial Upgrading and Modernization Programme (IUMP) and next section on financial capital.

Table 3 (cont): POLICY ISSUES AND INTERVENTIONS RELATED TO RAP SPECIFIC OBJECTIVE NO. 3 – INVESTMENT AND FINANCE

RAP SPECIFIC OBJECTIVE NO. 3: *To increase private and public sector engagement and investment in the agricultural and natural resources value-chain.*

Intervention Area (Policy Outcome)	Expected Interventions
<p>3. Promote the development of regional level mechanisms and instruments that support agricultural and particularly rural financing.</p>	<ul style="list-style-type: none"> a. Promoting the development of guarantee / insurance mechanisms to support national loan facilities towards reducing overall agricultural / rural financing costs; b. Facilitating the review / development of an enabling and regulatory environment for rural financing; and c. Promoting research to better articulate agricultural and rural financing policies and service provision through improved data collection systems.

CHAPTER 8: REDUCTION OF VULNERABILITY

1. Introduction
2. Climate Change and Variability
3. Reduce the Marginalisation of Vulnerable Groups
4. Address Chronic and Temporary Vulnerability to the Diversity of Food Security Risks in a Changing Economic Environment

RAP CROSS CUTTING OBJECTIVE: INCREASE CONTRIBUTION OF AGRICULTURE TO REDUCING SOCIAL AND ECONOMIC VULNERABILITY OF THE REGION'S POPULATION IN THE CONTEXT OF FOOD AND NUTRITION SECURITY AND A CHANGING ECONOMIC AND CLIMATIC ENVIRONMENT.

1. INTRODUCTION

279. Poverty and hunger are both central to SADC's Common Agenda. With the vast majority of SADC's population dependent on agriculture for their livelihoods, optimizing the potential opportunities that agriculture offers has a greater impact on poverty and hunger and therefore the attainment of SADC's Common Agenda. Agriculture therefore remains central to the region's economic development and the RAP is intended to provide an instrument for driving this change.

280. While **food security strategies** encompass a broad range of important issues (e.g., macro-economic frameworks, trade, mother and child under-nutrition, social protection, etc) which fall beyond the scope of an agricultural policy, agriculture remains central in generating sustainable revenues for the rural poor, producing and trading food and contributing to overall sustainable agricultural and economic growth. The focus for the RAP in relation to food and nutrition security specifically, should therefore be on the **direct and significant contribution of an agricultural policy to food and nutrition security** and the implications of existing food security interventions on **making agricultural development policies effective**.

281. **Economic transformation and agricultural development induce socio-economic changes** that can have critical implications on the livelihoods of the population particularly the younger and the most vulnerable small scale farmers. Similarly, **economic liberalization and trade integration policies induce complex changes in the economy**. As a core policy focus of the RAP is to promote small scale farmers' participation in the market economy, its strategy should also **consider those among them whose capacity to do so is structurally limited** in the context of economic transformation and liberalisation, and trade integration.

282. **Depending on how they are designed, agricultural interventions can support or affect critical efforts made in other sectors** such as health. Similarly, allowing widespread rural poverty and vulnerability increases the potential impact of any incident or crisis and, in turn, the cost and effectiveness of emergency response policies (e.g., costly reliance on

food reserves, food imports and food aid (Kidane, W. *et al.*, 2006)). Considering the scale of some of these social and poverty problems, agricultural and emergency response policies may, if poorly designed, divert significant resources from more effective interventions or unnecessarily affect markets and long term development. A sound policy should therefore **promote interventions in economic areas with significant social implications** so as to take into account related social issues and risk factors. Secondly, a sound policy should also promote the development of **separate initiatives on key social and vulnerability issues** (e.g., gender) that deserve specific action.

283. In relation to **promoting interventions in economic areas with significant social implications**, the RAP is expected to deal with critical forms of vulnerability such as small-scale farmers' **limited access to key production factors** (land, water and finance); farmers' exposure to **crop and livestock pests and diseases**; and farmers' and consumers' exposure to **market related risks** (price instability). These are described in earlier sections.

284. The above situation is aggravated by climate change and variability. The SADC region is particularly vulnerable to the impacts of climate change and variability given that the economies and key livelihoods are largely dependent on climate sensitive sectors such as rain fed agriculture and natural resources. **The current concern for climate change and variability** is therefore linked to the unprecedented pace and the extent to which expected changes in climate affect human and environmental systems.

285. Key focus areas therefore to reducing vulnerability in the region include discussion on:

- a. **Climate Change and Variability**
- b. **Important marginalized groups as related to:**
 - i. **Gender equity,**
 - ii. **HIV/AIDS and**
 - iii. **Rural people's movements, and**
 - iv. **Rural youth**
- c. **Chronic and temporary vulnerability to the diversity of food security risks in a changing economic environment.**

2. CLIMATE CHANGE AND VARIABILITY

286. **A trend of increasing temperature has been confirmed** in different parts of the SADC region and this is likely to affect precipitation patterns and the length of the growing season with serious consequences on agricultural production and productivity of crops, livestock, fisheries and forests. However, climate change and its impact on the agricultural sector is not only about variable and decreased rainfall that will impact on crop and livestock production but also temperature changes that are forecast to increase by between 1 and 3 degrees Celsius by 2080. Even such small increases in mean temperature are projected to lead to a decrease in crop productivity. It is estimated that a 2°C increase in temperature and a 10% reduction in rainfall could cause a reduction in the maize yield for South Africa by 0.5 t/ha. As such, changes in temperature regimes could affect growing locations, the length of the growing season, crop yields, planting and harvest dates.

287. Furthermore, climate change and variability is expected to cause increased demand for water for irrigation in regions where existing water supply and quality is already negatively affected by other stressors. Additionally, livestock will be affected through changes in forage quality and quantity and generally in reduced productivity due to temperatures exceeding thermal comfort thresholds for livestock. It is also expected that the prevalence of animal diseases will worsen.

288. Therefore, SADC's priority on climate change and variability deals with "adaptation" to the consequences of climate change (see, e.g. SADC Common Strategy on Climate Change for COP17 (2011)). In addition, current "mitigation" efforts aimed at reducing or limiting Green House Gas (GHG) emissions in the region - such as Nationally Appropriate Mitigation Actions (NAMA) - deal *inter alia* with agriculture, including forestry. While action should indeed be driven at national level, regionally coordinated action can contribute to R&D promotion (including on evaluation methods and carbon sequestration approaches), capacity building, advocacy, resource mobilisation and preparedness towards international negotiations.

289. Therefore the proposed intervention focus for the RAP in relation to **climate change and variability** is to:

Improve the regions' capacity to mitigate and adapt to climate variability and change by

- a. Strengthening regional research in developing appropriate adaptation strategies for climate variability and change;
- b. Developing capacity for carbon stock inventory and analysis with a view to enabling the agriculture sector to benefit from carbon trading;
- c. Enhancing data and information (on climate change and variability) generation and dissemination for the provision of early warning information to farmers;
- d. Promoting the adoption and incorporation of sound environmental impact mitigation measures in national and regional policies and programmes; and
- e. Ensuring the effective engagement and participation of the agriculture sector in the international dialogue on climate change.

3. REDUCE THE MARGINALISATION OF VULNERABLE GROUPS

3.1. Mitigating Gender Related Vulnerability and Marginalisation

290. **Gender equity and empowerment is an established regional priority** at three levels, first as a human rights issue; second, as an economic / developmental issue; and third, as a social issue. Gender equality is not only of significant importance to agriculture as women make up at least half the rural work force but also for the reason that rural societies tend to be more conservative and traditional in their cultural practices. For these reasons, agricultural policy may have a more significant role to play in promoting gender equality than other sector policies.

291. At SADC level, Article 18 of the **Protocol on Gender and Development relates to agriculture development and food security with commitments and deadlines**. Despite the growing trend towards policies of gender mainstreaming into policies and programmes of

action at both the regional and national levels, **actual implementation has been difficult for several reasons.** First, many problems are deep rooted in culture and influenced by patriarchal control in families. Second, gender mainstreaming has become a process of merely adding women to existing policy paradigms and frameworks without revisiting those paradigms and frameworks. Third, few project managers or implementers are able to articulate action under the heading of gender mainstreaming. Fourth, focus on institutionalization (e.g., procedures, policies, structures etc.) rather than on outcomes (i.e., impact) and related underlying factors has resulted in weak implementation.

292. Drawn from the protocol, **an overall goal identified for the RAP** in relation to gender issues should therefore be *to identify and disseminate technical knowledge of improved approaches to closing the gender gap on access to land, financial services, water management, agricultural production and market access to smallholder farmers particularly women farmers.* This will provide both increased local food supplies as well as linkages to the agribusiness chain for processing, transporting and supply in the region. The inclusion of gender as a policy issue in the RAP is justified on added value terms only if the policy issue can be translated, at national level, into specific and meaningful interventions and measures.

293. Maternal and child malnutrition, which is critical to food security in the region (a “silent crisis”), is also very gender relevant. Indeed, under-nutrition severely affects mothers’ health and mortality. In turn, mothers’ condition affects children’s nutritional status. 35 per cent of mortality among children below 5 in the SADC region is attributed to under-nutrition (UNICEF, 2008). Wasting among children below 5 ranges from 5 to 15 percent in 9 SADC countries, and stunting from 27 to over 50 percent in 13 (UNICEF, 2011)³⁸. Moreover, malnutrition affects the region’s long term development efforts, particularly education effectiveness, labour productivity, and health systems (World Bank, 2006). In Southern Africa, the link with HIV/AIDS issues and over-nutrition development (obesity in particular) only add to these challenges. As food and rural incomes influence malnutrition, agriculture can contribute to the fight against it.

294. The malnutrition issue has been identified by SADC under different policy and strategic frameworks, e.g. OVCY strategy (SADC, 2011c). The agenda of interventions with demonstrated impact on maternal and child under-nutrition (particularly wasting) has been articulated at global level (The Lancet, 2008). Considering its multi-sector complexity, action should involve different sectors/departments including those dealing with health, food security, gender, water and sanitation, and social protection. Considering the fact that fighting malnutrition is mainly a national responsibility, key policy issues from a regional and agricultural perspective, include the following aspects:

- Food security statistics and monitoring systems are relatively weak on malnutrition, hence contributing to inadequate information *inter alia* of policy makers;
- Despite the recognized influence of agriculture on nutrition, the related agenda for action remains relatively unspecified (World Bank, 2007);
- The nutrition agenda is poorly recognized by non-specialists working in the food security and agriculture sector, including policy makers; and
- Institutional leadership and coordination to drive the malnutrition agenda may at times be unclear (e.g. what role for institutions in charge of food security such as RVAC?).

³⁸ Uses WHO data (2003-2008) and includes Madagascar. Over 20%, 30% and 40%, stunting prevalence is ranked as medium, high or very high respectively, and similarly for wasting prevalence over 5%, 10% and 15% respectively.

295. Therefore, RAP interventions on **gender issues** aim to:

Promote the drafting, ratification, implementation and enforcement of national legislation that effectively mainstreams and takes into account gender issues in relevance to agriculture and food security. This can be achieved by:

- a. Offering support to Member States' respective plans to develop related institutional and legal frameworks at national level that address gender issues in agriculture (tentatively, through guidelines, financial incentives, training, etc);
- b. Supporting capacity building targeted at policy and legal related stakeholders and associated information and knowledge management systems (in areas involving, e.g., sex disaggregated data and information, R&D focus, Country Vulnerability Assessment, etc.), using methodologies developed by SADC (Gender Unit and the FANR Regional Vulnerability Assessment Committee); and
- c. Monitoring of joint commitments and achievements made by Member States and the region towards gender mainstreaming (linked to other M&E systems/components).

Mainstream gender issues in the relevant RAP interventions, by:

- a. Assessing implications for women and men of any planned action under the RAP, in all areas and at all levels; and
- b. Developing specific gender related initiatives under the different specific objectives of the RAP, focusing on access to finance; access to land and support services; R&D; and statistics and information systems.

Mainstream maternal and child malnutrition in the relevant RAP interventions, by:

- a. Promoting integration of nutrition in food security statistics and monitoring systems (RVAA and AIMS), and decision making support tools; and
- b. Promoting Policy research, dialogue and advocacy on nutrition in agriculture at regional level (combined with similar actions on HIV/AIDS and agriculture).

296. Accordingly, under the RAP, the bulk of related activities will focus on Member States' responsibility in planning and implementation while at SADC Secretariat level, a strong working relationship should be developed, in particular, between FANR Directorate and the Gender Unit, along a common "project" in support of agriculture.

3.2. Mitigating HIV/AIDS Related Vulnerability and Marginalisation

297. **SADC has revised and strengthened its multi-sector HIV and AIDS Strategic Framework and Plan of Action 2010-2015.** One of the key intervention areas identified that is directly relevant to agriculture is **capacity building and mainstreaming of HIV/AIDS into all policies and plans.** However, while SADC has made some strides in recognizing and establishing a policy framework and institutional mechanisms for tackling HIV/AIDS, progress in the agriculture sector has been minimal. Understandably, focus has largely remained biased

towards the health sector and leaning more on the workplace and little towards external mainstreaming. Understandably too, much of the responses to the impacts of HIV/AIDS in agriculture have occurred at the Member States levels (and should continue to be so, following the principle of subsidiarity). Yet, most of the affected countries in the region do not have a policy/strategy on HIV/AIDS with respect to agriculture.

298. Additionally, while the impact of HIV and AIDS is evident in the agriculture sector, **the role of the sector in mitigating the impacts has not been clearly defined**. In particular, it is difficult to provide general conclusions on the impact on HIV and AIDS by agriculture from available research and existing micro-level agriculture interventions. **Labour saving technologies** (e.g., drip irrigation, conservation agriculture, cassava and sweet potato) **are being promoted** as a mitigation strategy to address household labour supply. Although such technologies may be appropriate for certain types of households and regions, there are concerns that **current results have been over-generalised**. Moreover, promotion of new technology should primarily target those “non vulnerable” farmers who are better equipped to deal with associated costs and risks. Similarly, **effective alternatives could include social protection options**, such as cash transfers, but more solid evidence would be needed.

299. Therefore, to inform policies and strategies, **further research is needed** in this area. Such research should be participatory, adopt an overall socio-economic perspective (instead of focus on, e.g., single technical options) and address first a number of current methodological concerns.

300. The overall objective for the RAP in relation to HIV/AIDS is to **mainstream HIV/AIDS within the RAP and in agriculture policies of the Member States**. Within the current multi-sectoral response framework driven by the HIV/AIDS Unit at SADC, **the suggested specific policy issues and intervention measures for RAP** on HIV/AIDS issues aim to:

Develop and equip systematic and comprehensive research to inform policies and strategies on effective mitigation of HIV/AIDS impact on agriculture and food security, by:

- a. Promoting a regional R&D programme on (socio-economic) strategies to mitigate the impact of HIV/AIDS on agriculture and food security. The RAP will aim primarily at pooling/channelling resources and facilitate experience sharing so as to generate knowledge and consensus at national and regional level with regards to strategic issues that are common to several Member States. While there are also important needs for adaptive R&D and innovation promotion at local level on those issues, this should be considered primarily as falling under the responsibility of Member States.

Facilitate access by Member States to guidance in order to mainstream HIV/AIDS into sector (particularly agriculture) policies, strategies and programmes, by:

- a. Developing and sharing guidelines to mainstream HIV/AIDS; and
- b. Facilitating access to finance and expertise, by Member States, depending on own needs and plans, in order to mainstream HIV/AIDS in agriculture at national level. This could be further supported by education and awareness initiatives.

3.3. Mitigating the Vulnerability of Migrant/Mobile Rural People

301. Issues of migrant / mobile rural people fall mainly under Member States' own responsibility. However, they also relate to the RAP for the reason that they are directly linked to processes promoted by the RAP, e.g. agricultural development (which would result in rural-urban migration), regional integration (which calls for freer cross-border movements of factors of production including labour), and rural poverty reduction (which calls for the reduction of related vulnerabilities including HIV/AIDS). In addition, these issues also relate to the RAP as they are by nature controversial and receive insufficient attention from research and public policy response tends to be inadequate.

302. While vulnerability issues related to mobility and gender or HIV/AIDS specifically should be addressed directly through initiatives dealing with gender and HIV/AIDS respectively, the **suggested policy issue therefore for the RAP** in relation to mitigating the vulnerability of migrant or mobile rural people is to:

Generate and promote knowledge, guidelines and common standards on vulnerability issues affecting rural migrants, particularly cross-border migrants and farm workers.

This can be achieved by;

- a. Supporting Member States' and regional Central Statistical Office (CSO) networks' efforts to meet this objective through research, dialogue, education and awareness promotion.

3.4. Fighting against Unemployment and Marginalisation of the Rural Youth

303. Rural youth form a high potential and their numbers grow significantly. As the population employed in agriculture in the region will continue to increase significantly in Southern Africa during the next decades (by over 21% between 2010 and 2020), so will yearly cohorts of young actives. However, and despite differences between countries, the typical Southern African youth is poor, rural, and has poor access to economic activities, education, land and capital (and even more so female youth).

304. There are also concerns about agriculture's poor image among the youth. Youth are too often advised not to engage into agriculture, despite potential opportunities but instead aim for 'white colour' employment. However, the key policy challenge is to make sure the vast majority of rural youth - who don't have much of a choice apart from farming - do have appropriate skills and access to production factors and support services to entice them to stay on the land. This suggests in particular that, like for women, the youth factor be mainstreamed under specific objectives dealing *inter alia* with access to land, farm support systems and

services (e.g. research and statistics focus, innovation promotion, and participation in farmers organisations), and rural finance³⁹.

305. The regional priority on youth promotion has been articulated under the SADC strategy on Comprehensive Care and Support for Orphans, Vulnerable Children and Youth (OVCY) (2008). Focusing initially on children, orphans and HIV/AIDS, the strategic has progressively captured issues of youth education, capacity building and labour.

306. Therefore, as rural youth issues fall mainly under Member States' own responsibility, the RAP will

Generate and promote knowledge on issues and strategies affecting employment of the rural youth along the agricultural value-chain by:

- a. Informing Member States' related strategies and regional CSO networks' efforts through research, data, dialogue and awareness promotion.

4. ADDRESS CHRONIC AND TRANSITORY VULNERABILITY TO THE DIVERSITY OF FOOD SECURITY RISKS IN A CHANGING ECONOMIC ENVIRONMENT

307. Addressing vulnerability to food security threats and rural poverty related issues is high on SADC's regional integration agenda. In the context of agricultural policies, specific focus should therefore be put on **safeguarding and strengthening the resilience of smallholder producers' livelihoods**. As indicated earlier, there is some justification for some form of regional coordination in that area. However, **related strategies and plans**, including contingency planning and related monitoring and response instruments, **fall primarily under the responsibility of each Member State**. Yet, while all countries share similar concerns regarding the vulnerability of the agricultural sector and livelihoods to a wide range of acute⁴⁰ and longer term threats, **governments have been reluctant to commit budget resources to ensure sustainable information and response systems**. Hence, related **capacity to respond to shocks remains generally weak in Southern Africa**.

308. The main factors for government reluctance to commit budget resources to ensure sustainable information and response systems include the cost and effectiveness of related policy instruments in comparison with the probability of such major risk occurring; the reliance on the international food aid system to support responses to disasters; and the policy complexity that derives from risk diversity and "anticipating the unanticipated".

309. The **weaknesses resulting** from government reluctance to invest in response systems are further compounded with the **need for related policies and systems to take into**

³⁹ On the subject, see, e.g.: *Young People, Farming & Food Conference*, International conference on the future of the agrifood sector in Africa, Accra, Ghana, March 2012; and FANRPAN Regional Policy Dialogue: *Advocating for active engagement of the youth in agriculture* – Mbabane, Swaziland, September 2011.

⁴⁰ Acute or seasonal vulnerability concerns exposure to both quick and slow onset shocks, these include natural hazards, seasonal climatic variability and many health epidemics (although not HIV and AIDS)

consideration additional challenges such as the evolving **understanding of vulnerability** to food insecurity (e.g. regarding malnutrition, market volatility and climate change, as indicated earlier) and its expression into development policies, monitoring systems, etc.; the limited recognition of **farmers' and businesses' role in risk management**; poorly organised **information systems to support decision making** and policy development; the relative **liberalisation of grain markets**; and the emergence of **innovative instruments (social/cash transfers, insurance mechanisms, taking options on commodity exchanges, etc.)** which the farmers, governments and other stakeholders could take advantage of.

310. Furthermore, the effectiveness of regional level action (e.g., consolidation of risk monitoring and regional responses) depends on commitment to implement national level interventions in the first place. A regional intervention to deal with vulnerability risk management and reduction can only add value to national initiatives and should not be undertaken in isolation. Therefore, strengthening national systems should be the primary priority and there is justification for the RAP to **offer support to Member States or facilitate their access to harmonized support to:**

- a. Further **improve/adapt national strategies and plans** related to both chronic and transitory vulnerability factors and threats;
- b. **Further improve, adapt and harmonize national risk monitoring systems**, within the context of a **regional contingency plan** and associated information and analysis systems.

311. The suggested specific policy issues for RAP intervention in relation to **vulnerability to the diversity of food security risks** are therefore to:

Support Member States to enhance and adapt, where relevant, their respective national vulnerability reduction strategies and plans, including contingency plans, by

- a. Taking into consideration evolving knowledge, challenges and harmonization requirements at the regional level.

Support development, adaptation and enhancement of the regional contingency and associated instruments by

- a. Complementing national initiatives and focusing on cross-border threats that require a coordinated regional response.
- b. Enhancing the adaptive capacities of all the relevant sub-sectors of the agriculture sector

Strengthen the related regional information, monitoring and analysis package/system and network of national systems by:

- a. Supporting and coordinating decision making and strategic development processes at regional and national levels.

312. The above policy issues can be addressed through an initiative that would:

- a. **Offer capacity building support to Member States, based on their respective plans, to review/strengthen vulnerability reduction strategies, plans and associated response instruments, including disaster related contingency plans,** where relevant (through, e.g. guidelines, financial incentives and training); and
- b. **Strengthen and coordinate the overall regional strategy, plans and associated instruments,** including information, monitoring and analysis systems, the regional contingency plan (building on national contingency plans) and intervention instruments.

313. Promotion or development of potential intervention instruments within the framework of a regional response/contingency plan (such as insurance mechanisms, food/social transfer programmes, trade related safeguard mechanisms, regional financial reserve, etc.) will be subject to feasibility assessment. Activities dealing with information and monitoring systems will be linked to those described earlier on market information and intelligence systems.

314. Those activities that are related to major food security shocks/disasters will be developed and implemented within the framework of the SADC Disaster Risk Reduction policy and related strategy and action plan.

315. Finally, as discussed under trade and markets, the RAP will:

Promote market friendly food emergency policies by:

- a. Promoting locally or regionally sourced food aid so as to stimulate local/regional markets, contribute to regulating prices in source countries and increasing farmers' participation in markets;
- b. Promoting post-emergency input schemes that source suppliers within the region and are designed to use local agro-dealers, improve the competitiveness of local input markets and avoid crowding out of private sector;
- c. Adopting jointly agreed discipline to avoid or minimise unnecessary, often abrupt and therefore unduly disruptive and counter-productive trade restrictions when food shortages occur;
- d. Improving targeting of aid to lessen negative impacts on market development; and
- e. Designing the proposed regional food reserve facility so as to promote regional markets.

316. Table 4 overleaf summarises the policy issues and interventions for the RAP in relation to the cross-cutting issues aimed at reducing vulnerability of the region's population in the context of food and nutrition security and a changing economic and climate environment.

Table 4: POLICY ISSUES AND INTERVENTIONS RELATED TO CROSS CUTTING OBJECTIVE - REDUCING VULNERABILITY

RAP CROSS CUTTING OBJECTIVE: *To increase agriculture's contribution to reducing social and economic vulnerability of the region's population in the context of food and nutrition security and a changing economic and climatic environment*

Intervention Area (Policy Outcome)	Expected Interventions
<p>1. Improve the region's capacity to mitigate and adopt to climate change and variability</p>	<ul style="list-style-type: none"> a. Strengthening regional research in developing appropriate adaptation strategies for climate variability and change; b. Developing capacity for carbon stock inventory and analysis with a view to enabling the agriculture sector to benefit from carbon trading; c. Enhancing data and information (on climate change and variability) generation and dissemination for the provision of early warning information to farmers; d. Promoting the adoption and incorporation of sound environmental impact mitigation measures in national and regional policies and programmes; and e. Ensuring the effective engagement and participation of the agriculture sector in the international dialogue on climate change.
<p>2. Promote the drafting, ratification, implementation and enforcement of national legislation</p>	<ul style="list-style-type: none"> a. Offering support to Member States' respective plans to develop related institutional and legal frameworks at national level that address gender issues in agriculture (tentatively, through guidelines, financial incentives, training, etc); b. Supporting capacity building targeted at policy and legal related stakeholders and associated information and knowledge management systems (in areas involving, e.g., sex disaggregated data and information, R&D focus, Country Vulnerability Assessment, etc.), using methodologies developed by SADC (Gender Unit and the FANR Regional Vulnerability Assessment Committee); and c. Monitoring of joint commitments and achievements made by Member States and the region towards gender mainstreaming (linked to other M&E systems/ components).

Table 4(cont): POLICY ISSUES AND INTERVENTIONS RELATED TO CROSS CUTTING OBJECTIVE - REDUCING VULNERABILITY

RAP CROSS CUTTING OBJECTIVE: *To increase agriculture's contribution to reducing social and economic vulnerability of the region's population in the context of food and nutrition security and a changing economic and climatic environment*

Intervention Area (Policy Outcome)	Expected Interventions
<p>3. Mainstream gender issues in the relevant RAP interventions</p>	<ul style="list-style-type: none"> a. Assessing implications for women and men of any planned action under the RAP, in all areas and at all levels; and b. Developing specific gender related initiatives under the different specific objectives of the RAP, focusing on access to finance; access to land and support services; R&D; and statistics and information systems.
<p>4. Mainstream maternal and child malnutrition in the relevant RAP interventions</p>	<ul style="list-style-type: none"> a. Promoting integration of nutrition in food security statistics and monitoring systems (RVAA and AIMS), and decision making support tools; and b. Promoting policy research, dialogue and advocacy on nutrition in agriculture at regional level (combined with similar actions on HIV/AIDS and agriculture).
<p>5. Develop and equip systematic and comprehensive research to inform policies and strategies on effective mitigation of HIV/AIDS impact on agriculture</p>	<ul style="list-style-type: none"> a. Promoting a regional R&D programme on (socio-economic) strategies to mitigate the impact of HIV/AIDS on agriculture and food security. The RAP will aim primarily at pooling/channelling resources and facilitate experience sharing so as to generate knowledge and consensus at national and regional level with regards to strategic issues that are common to several Member States. While there are also important needs for adaptive R&D and innovation promotion at local level on those issues, this should be considered primarily as falling under the responsibility of Member States.

Table 4(cont): POLICY ISSUES AND INTERVENTIONS RELATED TO CROSS CUTTING OBJECTIVE - REDUCING VULNERABILITY

RAP CROSS CUTTING OBJECTIVE: *To increase agriculture's contribution to reducing social and economic vulnerability of the region's population in the context of food and nutrition security and a changing economic and climatic environment*

Intervention Area (Policy Outcome)	Expected Interventions
<p>6. Facilitate access by Member States to guidance in order to mainstream HIV/AIDS into sector policies, strategies and programmes</p>	<p>a. Developing and sharing guidelines to mainstream HIV/AIDS; and b. Facilitating access to finance and expertise, by Member States, depending on own needs and plans, in order to mainstream HIV/AIDS in agriculture at national level. This could be further supported by education and awareness initiatives.</p>
<p>7. Generate and promote knowledge, guidelines and common norms on vulnerability issues affecting rural migrants, particularly cross-border migrants and farm workers</p>	<p>a. Supporting Member States' and regional Central Statistical Office (CSO) networks' efforts to meet this objective through research, dialogue, education and awareness promotion.</p>
<p>8. Generate and promote knowledge on issues and strategies affecting employment of the rural youth along the agricultural value-chain</p>	<p>a. Informing Member States' related strategies and regional CSO networks' efforts through research, data, dialogue and awareness promotion.</p>
<p>9. Support Member States to enhance and adopt, where relevant, their respective national vulnerability reduction strategies and plans including contingency plans</p>	<p>a. Taking into consideration evolving knowledge, challenges and harmonization requirements at the regional level.</p>

Table 4(cont): POLICY ISSUES AND INTERVENTIONS RELATED TO CROSS CUTTING OBJECTIVE - REDUCING VULNERABILITY

RAP CROSS CUTTING OBJECTIVE: *To increase agriculture's contribution to reducing social and economic vulnerability of the region's population in the context of food and nutrition security and a changing economic and climatic environment*

Intervention Area (Policy Outcome)	Expected Interventions
10. Support development, adaptation and enhancement of regional contingency and associated instruments	<ul style="list-style-type: none"> a. Complementing national initiatives and focusing on cross-border threats that require a coordinated regional response. b. Enhancing the adaptive capacities of all the relevant sub-sectors of the agriculture sector •
11. Strengthen the related regional information, monitoring and analysis package / system and network of national systems	<ul style="list-style-type: none"> b. Supporting and coordinating decision making and strategic development processes at regional and national levels. •
12. Promote market friendly food emergency policies	<ul style="list-style-type: none"> •

CHAPTER 9: THE WAY FORWARD

1. Introduction
2. The Form of the RAP and its Implications
3. The Operationalisation Mechanism for the RAP and its Implications
4. Towards the Regional CAADP Compact

1. INTRODUCTION

317. General consensus was reached at the April 2010 workshop of Senior Government Officials, Farmer Representatives and key stakeholders, that SADC should consider a two step approach to developing the RAP, (i) starting with a general statement on policy directions, then (ii) undertaking to specify implementation procedures and plans⁴¹. Thus far, the ‘scoping’ of the RAP gave the broad parameters and directions for the RAP. The ‘pre-feasibility’ assessment stage involving technical studies to strengthen the rationale and justification of Member States’ recommended issues for inclusion in the RAP has resulted in the prioritisation of key issues of regional relevance with potential developmental impact and the identification of relevant interventions (as discussed in Chapters 5 – 8). These sub-processes provide the basis for crafting the Regional Agricultural Policy, thereby marking the end of the first of two envisaged steps towards the formulation of the RAP.

318. This chapter reflects on, and raises questions requiring attention in the next steps towards the specification of implementation procedures and plans for the RAP. Furthermore, it reflects on issues arising from the first step that require further analyses or consideration. Whilst this is not an exhaustive list of significant issues that require further reflection on, the following are critical categories:

1. **The form of the RAP and its implications;**
2. **The operationalisation mechanism for the RAP and its implications; and**
3. **Towards the Regional CAADP Compact.**

2. FORM OF THE RAP AND ITS IMPLICATIONS

319. One of the fundamental decisions reached at the April 2010 workshop gave directions on the form or type of the RAP to be developed. More specifically, direction was given that the RAP should be a **formal policy arrangement in the form of a legally binding instrument with (i) governance based on the principle of subsidiary and (ii) with budgetary provisions linked to Member States' own planning and budget frameworks.**⁴²

⁴¹ SADC Regional Agricultural Policy Synthesis Report of Key Agricultural Policy Issues and Policy Directions, (December 2010), page 57.

⁴² SADC Regional Agricultural Policy Synthesis Report of Key Agricultural Policy Issues and Policy Directions, (December 2010), pages 54 - 55.

320. The first significant implication of this decision involves the **legal status of the RAP in relation to the SADC Treaty of 1992** as the Treaty does not provide for the creation of a regional or common policy. The treaty provides for the development of Protocols, MOUs and Declarations. **What legal status would the RAP therefore assume for its governance structure and remain consistent with the SADC Treaty?**

321. The second issue deals with the need for the RAP to be **'legally binding'**. Whilst part of the answer lies in the suggested 'budgetary provisions linked to Member States' own planning and budget frameworks', it remains uncertain how the RAP will be **'legal'** (the issue raised in the previous paragraph) and meaningfully **'binding'** on its Member States.

322. The RAP as so far developed cuts across at least three SADC technical Directorates, namely, FANR, TIFI and I&S and other Secretariat Units including Gender in terms of policy issues prioritised for implementation. This is also reflected in the objectives of the RAP. Furthermore, the success of the RAP also depends on actions taken outside the agriculture sector. The third issue that requires further work on then becomes the **level of management of the RAP** at both the national and regional levels?

323. Fourth, there is also need to clarify the **relationship between the RAP and national agricultural policies of Member States** in terms of the functionality of RAP *vis-à-vis* the legislative status of national agricultural and related policies. Will it be necessary that the RAP be legislated at the Member States level? How will the RAP be linked / domesticated into the national legislative processes of Member States and how will legislated national agricultural policies be linked into the RAP?

324. Fifth, experiences from other regions indicate that such common policies as the proposed RAP were developed within the context of at least a **customs union** and some are closely linked to broader economic policies and regulations. To what extent will the RAP be incorporated into, or be impacted by SADC initiatives towards a Customs Union and to what extent will the RAP be accommodated in matters involving **Common External Tariffs (CET)**? In other regions, CET on agricultural products is used as one of the main **financing mechanisms** for the common policy.

325. Lastly, linked to the above is the proposed development of the **RAP Agricultural Development Fund (ADF)**. SADC is currently developing an overall Development Fund which will provide three windows, one for trade, the second for gender and the third for infrastructure and services. Incorporating the proposed RAP ADF into the overall **SADC Development Fund** as a fourth window should adequately provide for RAP. How feasible is this is an area requiring further work?

3. THE OPERATIONALISATION MECHANISM FOR THE RAP AND ITS IMPLICATIONS

326. Chapter 4 introduced concepts regarding the proposed RAP operationalisation. This framework, as expected, involves a whole range of stakeholders beyond SADC Secretariat and Ministries of Agriculture in SADC Member States. It will involve other organs of governments in the planning and implementation processes, regional and international cooperating partners, the private sector, civil society, farmer organisations, etc. It is essential therefore that RAP **policy actors** be clearly identified and that their **responsibilities and levels of management / interaction** be clearly delineated and articulated.

327. Similarly and as raised in Chapter 4, RAP implementation could in some cases require **regional “Programme Management Units” or managing authorities** of an appropriate nature. In other cases, following RISDP principles, the involvement of **institutions outside SADC structures** to implement certain “regional only” programmes could be promoted if they already operate in similar areas (e.g., CCARDESA for R&D). Each intervention will have specific implementation terms and budget. Hence each requires to be clearly identified and its roles and responsibilities also spelt out.

328. The above will have an influence in the institutional make-up of the RAP. What becomes critical is the need to provide adequate **solid institutional capacity** at all levels that are involved in the planning and implementation of the RAP. In addition, there is also need for solid and **reliable information systems** to guide the RAP as such. These and other critical factors will need to be developed for the RAP. **Effective communication and consultative processes** will be essential to make all this work.

4. TOWARDS THE REGIONAL CAADP COMPACT

329. In Chapter 2, it was noted that the formulation of the SADC Regional Agricultural Policy (RAP) takes fully onboard the CAADP principles and therefore once finalized and approved, the RAP will constitute the Regional CAADP Compact for the SADC region. One of the key issues that has implications on this desired objective is the **overlap in membership between SADC, COMESA and EAC**. Associated with this overlap is the fact that some COMESA and EAC Member States that belong to SADC have made progress with the CAADP process while some SADC only members have not made similar progress. First, there is need therefore to ensure that those Member States lagging behind are brought up to speed. Second there is need to agree on how to deal with overlapping membership in relation to the RAP.

330. Thus far, the development of the RAP has been running parallel to CAADP activities, yet they are one in the same. There is need to link the two to harmonise activities at all levels and therefore reduce duplication of planning and encourage consistency of respective funding mechanisms.

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LIST OF SELECTED DEFINITIONS

The following is a list of selected definitions for the purpose of articulating a common understanding of what these words or phrases mean in relation to this report.

1. **SADC Common Agenda:** The SADC Common Agenda is spelt out in Article 5 of the SADC Treaty (1992) as amended, as well as in the Report on The Review of Operations of SADC Institutions (March 2001). These objectives are to:
 - a. Promote the sustainable and equitable economic growth and socio-economic development that will ensure poverty alleviation with the ultimate objective of its eradication;
 - b. Promote common political values, systems and other shared values which are transmitted through institutions which are democratic, legitimate and effective;
 - c. Consolidate and maintain democracy, peace and security;
 - d. Promote self-sustaining development on the basis of collective self-reliance and the interdependence of Member States;
 - e. Achieve complementarity between national and regional strategies and programmes;
 - f. Promote and maximize productive employment and utilisation of resources of the region;
 - g. Achieve sustainable utilization of natural resources and effective protection of the environment; and
 - h. Strengthen and consolidate the long-standing historical, social and cultural affinities and links among the peoples of the region.

2. **Regional Indicative Strategic Development Plan (RISDP) (2003):** Wherever reference is made to the RISDP in this report, such reference is in relation to Food, Agriculture and Natural Resources (FANR) aspects of the RISDP as the SADC RISDP has broader coverage beyond agriculture. The mandate of the FANR Directorate is derived from the Regional Indicative Strategic Development Plan (RISDP) and can be summarized through the following intervention areas:
 - a. Ensure food availability;
 - b. Ensure food access;
 - c. Improved safety and nutritional value of food;
 - d. Ensure disaster preparedness for food security;
 - e. Strengthen institutional framework and Capacity Building; and
 - f. Ensure equitable and sustainable use of the environment and natural resources.

3. **Agricultural Sector:** At the meeting of SADC Ministers of Agriculture held in Lusaka, Zambia, in June 2007, Ministers adopted the internationally accepted Classification of Functions of Government (COFOG) definition of 'agriculture sector' (as revised by the United Nations in 1989) and urged Member States to start using this definition in their report on the 10% contribution to the Agricultural Sector. Resources allocated to Wildlife would be excluded. The 'agriculture sector' therefore incorporates crops, livestock, forestry and fisheries. Therefore the term 'agriculture' in this report, unless otherwise specifically specified, refers to crops, livestock, forestry and fisheries.

4. **Agricultural Policy:** Agricultural policies consist of a set of public interventions that focus on domestic agriculture and imports and exports of agricultural products. They set specific targets in different sector areas such as the organization of domestic markets for agricultural products, food security, agricultural employment and the geographical distribution of activities. In other words, an agricultural policy results in defining a specific outcome and the implementation of a combination of instruments to achieve this result⁴³. Agricultural policies are designed within the context of broader macro-economic policies and in coherence with other sector policies or strategies.

Agricultural policies can be justified⁴⁴ because of the significance, in many countries/regions, of the sector in terms of employment and external trade revenues, the need to regulate the pressure on natural resources (land and water), the economic cost of demographic flows out of rural areas and the persistence of relatively weak institutions in rural areas. Their main role is to improve the functioning of factor and product markets in rural areas, while ensuring access by, and participation of, poor households in markets. In particular, policy measures should deal with the 3 elementary conditions that farmers need: incentives to produce, security of their resource base (land, water) and access to inputs and products markets.

Therefore, the main agricultural policy domains include: (1) policies that influence relative prices; (2) human and natural resource management policies (including education and training of the rural population); (3) policies that promote access to input and product markets, including technology and finance. Historically, related instruments have included:

- Public expenditure: human resources, investments and transfers to different categories of socio-economic populations/players;
- Controls (prices, trade exchanges, access to land and water, production levels...);
- Direct management of production and marketing; and
- Other forms of coordination.

However, policies have increasingly used indirect and multi-sector instruments.

5. **Regional Agricultural Policy (RAP):** The SADC Regional Agricultural Policy (RAP), in support of regional integration and in contribution to the attainment of the SADC Customs Union and Common Market, is a regional instrument for stimulating sustainable agricultural development and food security in the SADC region. It defines common agreed objectives and measures to guide, promote and support actions at regional and national levels in the agricultural sector.
6. **Participatory Consultative Processes:** The participatory design of the Regional Agricultural Policy is an approach that attempts to actively involve all stakeholders at all appropriate levels in the design process to help ensure that the product designed meets their needs and is usable. By developing their sense of ownership over the policy, its impact should be greater since many of these economic players are expected to take action in response to the measures implemented.

⁴³ Lebret, M.-C., and Alpha, A., *Agriculture and the WTO in Africa: Understand to Act*, GRET, Paris, 2008

⁴⁴ Norton, R., *Agricultural Development Policies : Concepts and Experiences*, FAO, Rome, 2005

7. Trade, Economic and Regional Integration:

a. **Trade Integration** is the process of increasing a country's participation in regional and world markets through trade.

b. **Economic Integration** refers to trade unification between different states by the partial or full abolishing of customs tariffs on trade taking place within the borders of each state. This is meant in turn to lead to lower prices for distributors and consumers (as no customs duties are paid within the integrated area) and the goal is to increase trade. As economic integration deepens through free movement of labour and capital, the formation of a common market, harmonisation / unification of sector policies (e.g., agriculture) as well as monetary, fiscal and social policies, its effects are expected to benefit consumers, stimulate competition, put downward pressure on prices, stimulate innovation and generate overall growth.

c. **Regional Integration** is a process in which states enter into a regional agreement in order to enhance regional cooperation through regional institutions and rules. Its objectives could range from economic to political objectives. Past efforts at regional integration have often focused on removing barriers to free trade in the region, increasing the free movement of people, labour, goods, and capital across national borders, reducing the possibility of regional armed conflict, and adopting cohesive regional stances on policy issues, such as agriculture, environment, climate change and migration. In general therefore, regional integration can be described as a dynamic process that entails a country's willingness to share or unify into a larger whole and the degree to which it shares and what it shares determines the level of integration. Whilst regional integration involves some compromise on the part of Member States, it should generally enhance the general quality of life for the citizens of those states.

The true degree of integration depends on the extent of removal of all barriers to trade in goods and services and eventually movement of factors of production. It is however not enough in this process to think only about trade policy. All institutions and rules which can affect trade must be taken into account if 'deep integration' is to be achieved

8. **Free Trade Area and Customs Union:** A Free Trade Area (FTA) is a grouping of countries within which tariffs and non-tariff trade barriers between the members are generally abolished but with no common trade policy toward non-members. The aim of an FTA is to so reduce barriers to easy exchange so that trade can grow as a result of specialisation, division of labour, trade diversion and most importantly via comparative advantage. An FTA can be considered as the second stage of 'economic integration', a form that works for countries whose economic structures are complementary. Where member states have competitive economic structures, a Customs Union is a preferred form of economic integration. Unlike a Customs Union, members of an FTA do not have a Common External Tariff (CET) meaning that they have different quotas and customs. To avoid evasion (through re-exportation), the countries use the system of certification of origin most commonly called 'Rules of Origin' where there is a requirement for minimum content of local material inputs and local transformation adding value to the goods.

9. **Transaction Costs:** Transaction costs are costs which affect transactions between individuals or groups: for instance, contract preparation and execution costs, brokerage services, negotiation costs, insurance fees regarding the product/services, market commissions, etc. They tend to increase when information between parties is incomplete,

e.g., before the deal is made, as the buyer needs information on the seller's reliability and the real specification of the goods. The establishment of common norms is supposed to reduce these costs. Transaction costs should not be confused with other marketing or trade costs such as those related to storing and transporting goods.

- 10. Comparative Advantage:** The theory of comparative advantage argues that in an unrestricted marketplace (in equilibrium), each source of production will tend to specialise in that activity where it has comparative (rather than absolute) advantage. The theory argues that the net result will be an increase in income and ultimately wealth and well-being for everyone. However, the theory refers only to aggregate wealth and says nothing about the distribution of wealth. Moreover, experience suggests that comparative advantages are not necessarily given but can be generated (e.g., through knowledge generation, improved institutions) and that they can change over time.
- 11. Value-addition:** throughout the document and related study reports, this word is used with different meanings:
- From a classic policy analysis perspective, it refers to the benefits obtained from (additional) public action on an issue as compared to *status quo* or a situation with no (additional) public action (justification of public action).
 - In the case of regional integration, it compares the net benefits drawn from regionally coordinated action, once considered associated coordination costs and efficiency loss, to regionally uncoordinated action of Member States (justification of regional action).
 - It is used in some cases, as a prioritization criteria, to promote those new public actions that are built on past experience/interventions and existing systems.
 - Lastly, it often used in Southern Africa under its macro-economic definition to refer specifically to raising the value of agricultural products through downstream agro-processing within a country or a region (although farm production is also a "value-addition" process). In that sense, it is close to the term "beneficiation" which, drawn from the mining sector, has metaphorically come to be used within a context of economic development and corporate social responsibility to describe the proportion of the value derived from asset exploitation which stays 'in country' and benefits local communities.

The concept of **additionality** is close to the first three cases (i.e., the extent to which a new action adds to the existing actions, instead of replacing any of them, and results in a greater aggregate).

- 12. Standard of Living:** Often, the concern around **economic growth** focuses on the desire to improve a country's or region's **standard of living** (people's welfare) measured by Gross Domestic Product (GDP) expressed on a per capita basis. It is generally accepted that GDP per capita is primarily driven by the *concept of productivity* requiring improvements in **productivity** (i.e. producing more goods and services with the same inputs of labour, capital, energy, and materials) and the accumulation of capital (**income welfare**). SADC's ambition to attain a higher standard of living for the region's population therefore requires that contributing strategies should focus, in the first instance, on the concept of productivity and secondly, on the concept of 'income welfare'.

- 13. Quality of Life:** It is SADC's ambition to attain not only a higher standard of living for its population but a higher **quality of life**. Quality of life, in socio-economic development terms, is a measurement of not only GDP per capita (standard of living) but added factors such as life expectancy, literacy, levels of employment, etc are also taken into account. Although harder to measure, changes in less-tangible factors are also considered as part of the quality of life measure and these can include personal dignity, freedom of association, personal health and safety, freedom from fear of physical harm, and the extent of participation in civil society.
- 14. Socio-economic development:** whilst the debate on issues of **socio-economic development** is wide, suffice to say that 'socio-economic development', in general, refers not only to the ability to produce an adequate and growing supply of goods and services productively and efficiently (concept of productivity that underpins the attainment of a higher standard of living), and to the accumulation of capital (income welfare) but also the ability to **distribute an acceptable** basket of fruits of production (**concept of trade and markets**) in a **relatively equitable manner (social and vulnerability factors)**. The term **quality of life** is therefore generally used to evaluate the **well-being of individuals and societies**.
- 15. Sustainable Food Security:** Early definitions of 'food security' focused almost exclusively on the ability of a region or nation to **assure an adequate food supply** (productivity concept) for its current and projected population and the ability to accumulate capital (concept of income welfare). However, food holds much more significance to humans than just its nutritional value. It also has important symbolic, cultural, social, economic and political roles. As such, the term **food security** has expanded to explicitly include more and more of these roles thereby embrace, in addition to productivity, the concept of socio-economic development which addresses issues of distribution (concept of trade and markets) and equity (human and social development). Focussing on food security therefore requires that strategies employed deal with the three components, namely, **productivity, trade and markets, and human and social development**. Therefore aiming to attain regional food security, from an agricultural perspective, contributes directly to the two components of the SADC Common Agenda vision, i.e. *sustainable economic growth and socio-economic development*.
- 16. Competitiveness in a Global Economy:** Highlighted in the RISDP's goal in the area of **human and social development** is the promotion of SADC's equitable economic growth, deeper integration and *competitiveness in the global economy*. Whilst there are varying definitions of competitiveness, suffice to say that competitiveness can generally be defined as **the ability to face competition and to be successful when facing competition**. This means that competitiveness is the ability to sell products that meet demand requirements (price, quality, quantity) whilst at the same time, ensuring profits over time that enable the producer / firm to thrive.

Competition is a multi-dimensional concept that can be analyzed at various inter-related levels from international, continental, regional, country, industry or firm / producer levels. Competition can therefore be within domestic markets (in which case firms / producers, or sectors, in the same country are compared with each other) or regional / international (in which case, comparisons are made between countries / regions).

At the firm / producer level, the drivers of competitiveness can be analyzed into two key decision areas, technical decisions and marketing decisions. Under technical decisions, competitiveness at this level is driven by (i) the **use of factors of production**; (ii) the

application of technology and management skills; and (iii) **technical efficiencies**. All these drivers can be measured as the **cost of production**.

On the other hand, marketing decisions are driven by (i) **taking advantage of existing opportunities**; (ii) **developing new opportunities** through various means including value addition (value chain concept); and (iii) **marketing success**. These drivers can collectively be measured by the level of the **firm / producer's revenue or overall income**. The two, technical and marketing decisions, are inter-related and affect one another.

Other critical factors that drive competitiveness (at all levels) include (i) **institutional factors** such as policy, regulatory frameworks, infrastructure, support services, etc; (ii) **knowledge and technology** including education and training, Research and Development, information, etc; (iii) **environmental factors** including climate change and variability.

Clearly therefore the attainment of sustainable and equitable food security is affected by how competitively all levels involving and related to the agriculture sector can produce and trade agriculture-based products. It is essential therefore that **competitiveness** be considered firmly and actively within the whole rather than part of the RAP Framework.



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