

UN-ECA: *ad hoc* Expert Group Meeting on Agricultural and Rural Transformation

NOTES ON INSTITUTIONAL DEVELOPMENT

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The state of play on institutions

Across the board, in far too many African countries:

- We have destroyed the capacity of public institutions (governmental, parastatal) for carrying out all agricultural and food security development
- For lack of enabling conditions and essential public investments, the private sector has not succeeded in even partly moving in to deliver any of the services not longer well offered by governments or even what should be by the private sector
- We lack in Africa a clear direction in which institutions should direct the developmental efforts – therefore energies are dispersed over innumerable possibilities
- We experiment with every latest fad and fashion: Africa is the testing round for every fantasy of the donor and NGO community as to the latest [paradigm of how to do business; how to get rural people involved; how to have gender balance etc
- We are investing too little in human and institutional capacities.

As a region, we appear to be lost.

- 1. REGARDING AFRICA'S AGRICULTURE AND FOOD SECURITY, DIAGNOSIS HAS BEEN DONE, EVEN OVERDONE**
- 2. PRESCRIPTIONS ABOUND - OFTEN TOO MANY**
- 3. WHAT REMAINS IS TO ACT: FOR THIS, INSTITUTIONS ARE CRUCIAL**
- 4. FORTUNATELY THE ORGANISERS HAVE OFFERED THE BROADEST DEFINITION OF "INSTITUTIONS" – FROM POLICIES TO ORGANISATIONAL CONSTRUCTS TO DELIVER SPECIFIC SERVICES**
- 5. I WILL RESIST DETAIL. MY PRESENTATION WILL GO TO INSTITUTIONS AFTER FIRST OUTLINING WHAT APPEAR TO BE ESSENTIAL SUCCESS**

FACTORS FOR AFRICA'S AGRICULTURE AND FOOD SECURITY DEVELOPMENT:

- a) MARKETS AND DEMAND: AFRICA ALREADY HAS THIS – US\$25 BILLION CAN BUY A LOT OF AGRIC DEVELOPMENT IF DIVERTED INWARDS AND WELL INVESTED
- b) VISION: AFRICA CHANGES ITS MIND EACH TIME EVERY OTHER DONOR PROPOSES A NEW PARADIGM OF FASHIONABLE STYLE OF DEVELOPMENT – IT NEEDS TO FIRST KNOW EXACTLY WHAT IT WANTS AND GO FOR IT
- c) FOCUS: LOOK AT HOW:
- **Argentina** has done with soya, beef; wheat
 - **Australia: wheat, sheep**
 - **Ivory Coast** with cocoa
 - **The US** in maize and soya
 - **Brazil** in beef, coffee, soya, sugar
 - **Malaysia** and **Indonesia** with palm oil, timber products
 - **Thailand** with flowers, rice, cassava
 - **Vietnam** with coffee, rice
- d) AMBITION:
- Why is Africa no longer in the top 3 for any commodity? (cocoa excepted)?
 - How can Africa accept erosion of global trade share from 8% (1960s) to 3% (today)?
 - Why is Ghana, so close to Europe, satisfied with half billion flower exports when Thailand (so much further) exports billions worth?
 - Orchestration of all players: ministries of agriculture alone will not do it
 - Massive investment (and own money – others will not feed Africa)
 - Timidity: awaiting perfection and full international policy and sensitivity compliance is costing Africa dearly

6. SO WHAT INSTITUTIONS CAN DELIVER ON THE ABOVE?

a) VISION:

- strong public sector, organised agro-sector, including small farmers; stable politics
- governments dependent largely on own budgets to avoid conditionality distorting choices

a) AMBITION:

- a self-confident political stance – deference to all and sundry is costing africa dearly.
- training and recruitment for excellence (therefore must pay well) is critical for self-confidence.

b) FOCUS:

- Look at where successes have occurred in the world and you will see the influence of government decision but also incentives (including direct and indirect subsidies) to encourage correct choice of selected commodities.
- Laissez faire will not do. Only africa believes in fully liberalised choices and markets in agriculture

c) CAPACITY TO ORCHESTRATE:

- If one part of government builds roads to nowhere, another builds powerlines into the wilderness while rich farmlands are denied both, should agricultural failure be a surprise?
- Some kind of centralised clearing-house for harmonising public investment in support of priorities is crucial. This is not socialism, just common sense.

7. IF ALL THE ABOVE GUIDES INSTITUTIONAL ARRANGEMENTS, SUCCESS WILL FOLLOW. THE ONLY EXTERNAL FACTORS NOT MANAGEABLE THEN ARE:

a) RAPID POPULATION GROWTH

b) LACK OF PEACE AND SECURITY

WITH REGARD TO THE DETAILS LISTED BY THE ORGANISERS

1. POLICIES AND FRAMEWORKS:

- a) Do not get carried away – Africa has enough policies and frameworks to sink itself: what to choose and stick to?
- b) Critical are policies that offer possibility of success to small, medium and large agro-enterprises: the small alone will not do it
- c) Policies need to allow both public and private sectors to play their roles – neither alone will do

2. LAND TENURE:

- a) Stability is the key but there are no universal models and unadjusted imports may cause societal instability

3. RESEARCH AND EXTENSION:

- b) How can the poor pay for technological advice and research when they earn so little?
- c) Why do rich countries still provide free research and extension services when Africa is expected to charge its poor farmers?
- d) Why are universities not involved enough while public research institutions have been emptied under externally-directed structural adjustment?

4. RURAL FINANCE:

- a) All sizes of agribusiness need access to credit – do not glorify the smallholder exclusively
- b) Credit is needed for the full value chain and institutions must deal with all of it
- c) If a city dweller feels entitled to several years to repay a loan, why expect farmers to repay during the same season (before the money has multiplied)?
- d) Why is African agriculture expected to face full market interest rates when OECD agriculture is subsidised?
- e) Will Grameen size loans really produce millionaires or merely warmed-over poor people? (ambition)