

AGRA Market Access Program

Making Agricultural Markets Work

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Importance of Staple Foods

- Cereals contribute 51 percent of Africa's calorie supply
- The main cereals in SSA region comprise maize, rice, wheat, beans, and sorghum, millet
- Maize is the most important individual food commodity, accounting for 15 percent of caloric intake, followed by cassava (12 percent), rice (9 percent), and sorghum/millet (8 percent).
- Maize is dominant in production and consumption. In East & S.african region, maize is associated with food security:
 - “Where there's no maize there is NO food.”
 - “Where there's no food there is NO peace” hence maize has become a political crop
- Rice and wheat are the most heavily imported crops
- Wheat consumption is growing at a faster rate than maize

State of play in the Cereal sector...

- Governments still play a major role including price setting, levies, duties and import/export ban, fixed producer price, etc
- Reduced investments in R&D and on production
- Marketing is still a challenge due to poor farm to market linkage infrastructure

State of play in the Cereal sector...

- Low market transparency due to inadequate market information systems and grades and standards
- Limited use of rules of trade due to frail legal environments that lead to weak institutions governing property rights and contract enforcement
- Sector getting organized but systems not fully operational

Poverty relevance

- Over 85% of Staple foods are grown by small scale farmers
- Poor agronomical knowledge leads to low productivity
- Due to lack of money, most farmers do not use certified seed and fertilizer leading to poor productivity hence reduced incomes
- Many farmers do not produce enough cereals to generate a marketable surplus
- Liquidity constraints mean that farmers must meet their cash needs by selling their produce at harvest-time rather than wait until later in the season for better prices
- Farmers are net cereals buyers

High food prices have triggered protectionism policy

- Percentage of disposable income spent on food;
 - USA 7.2%
 - Canada 9%
 - India 33%,
 - Africa 75%

State of play in the Cereal sector...

- Problems facing the regional food markets have been known for over 50 years; they include:
 1. High transport costs for both goods and people
 - Poor infrastructure
 - Transport costs account for the bulk of all food marketing costs in Africa, reaching as high as 54% in Ethiopia's and 37% for Malawi's grain markets (2003 study)
 2. Inadequate storage facilities
 - High post harvest losses (high cost)
 - harvest processes are underdeveloped because of lack of knowledge about proper drying practices and appropriate grading systems.
 - growth of mycotoxins (aflatoxin)

State of play in the Cereal sector...

3. Lack of market information

- traders lack information about the timing, quantity, and location marketable surpluses of grains

5. Limited value addition and lack of non-food uses of food commodities

6. Unpredictable policy environment

Export ban;-Ke, Tz, .

Trading ban; Malawi

7. Low productivity – Yield per hectare

Trade policies

- Trade policies directly affect the prices and quantities of agricultural commodities produced, exported, imported, as well as, inputs applied.
- Such policies normally have domestic, sub-regional, regional and international trade effects.

Markets: cross-border trade

- *Unstructured, but very important*
- *Volume flowing across the border can determine government actions*



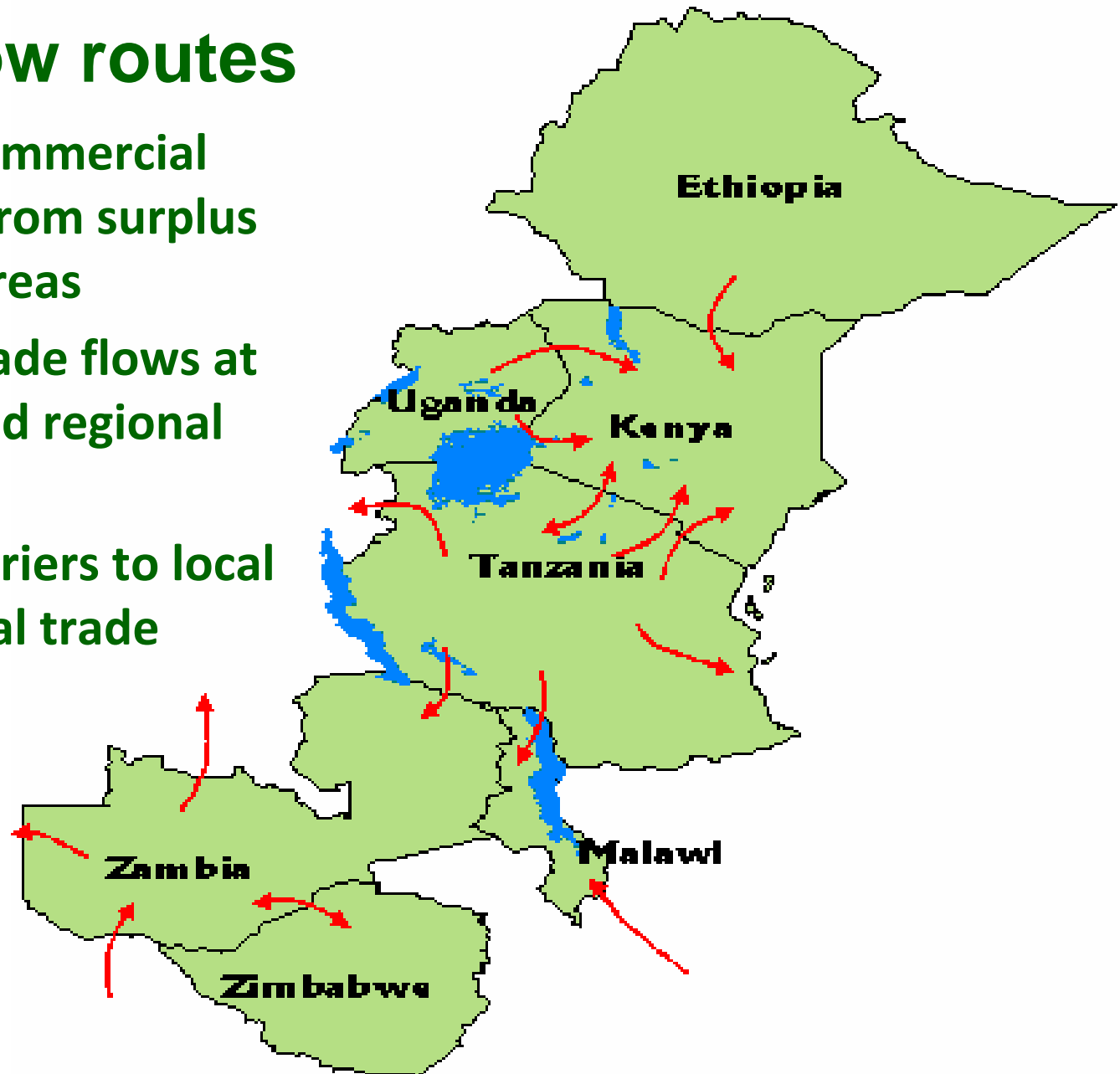


- ***Current state of the market***
 - ***No Grade and Standards***
 - ***Reduced income to farmers***
 - ***Lack of storage in market places***
 - ***Uneconomical volumes***

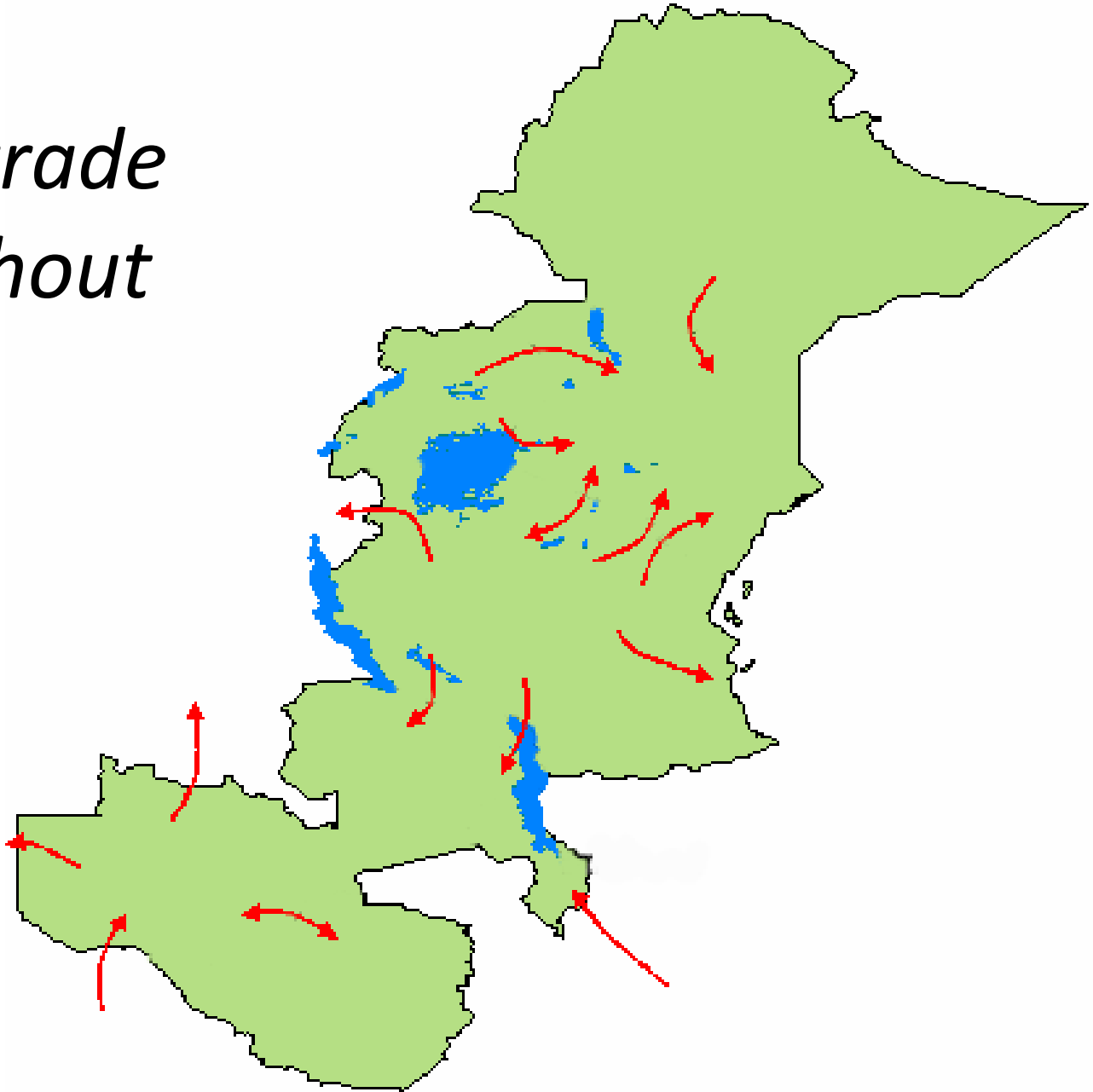


Trade flow routes

- Improve commercial food flow from surplus to deficit areas
- Improve trade flows at national and regional level
- Reduce barriers to local and regional trade



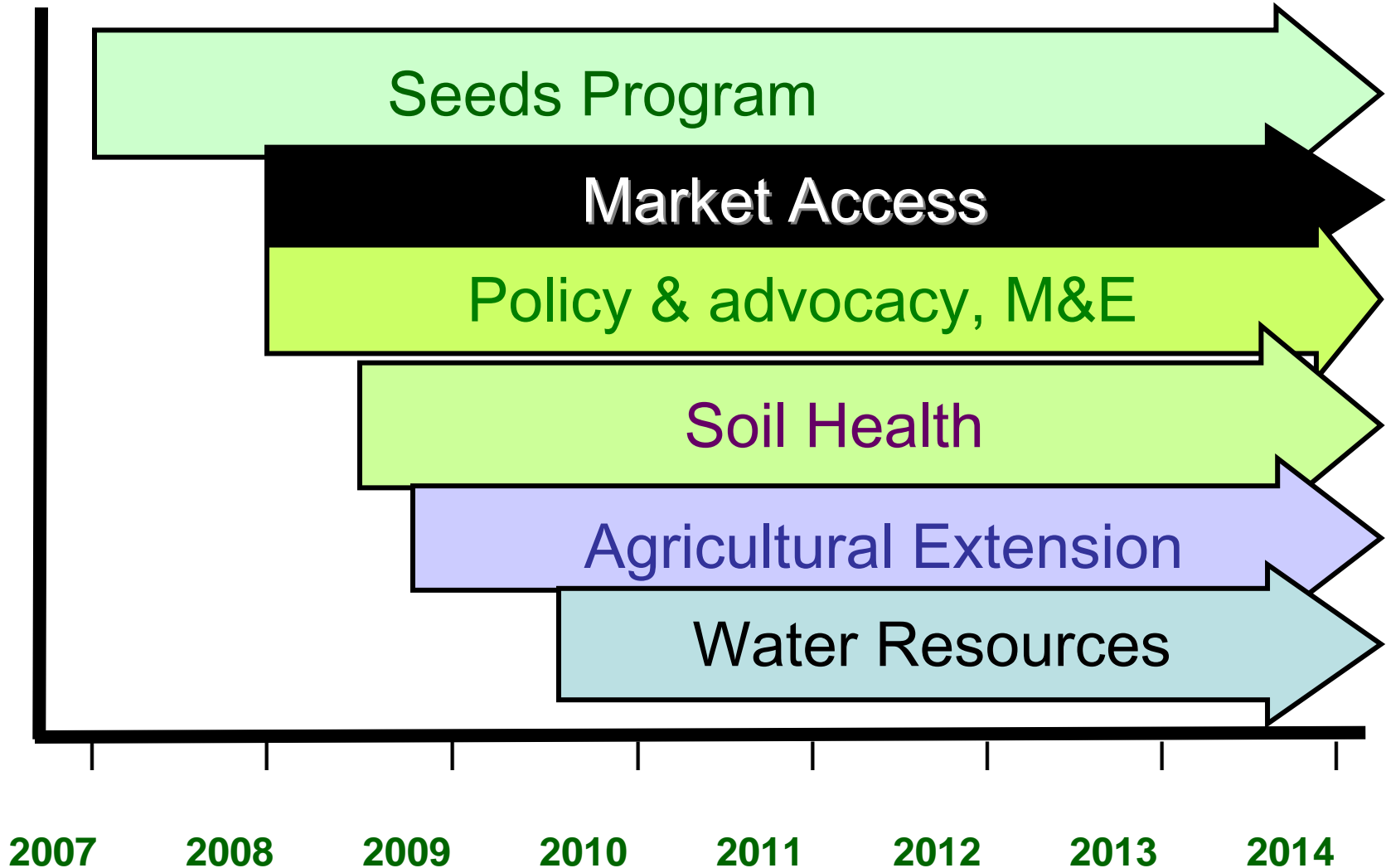
*Food & trade
flow without
borders*





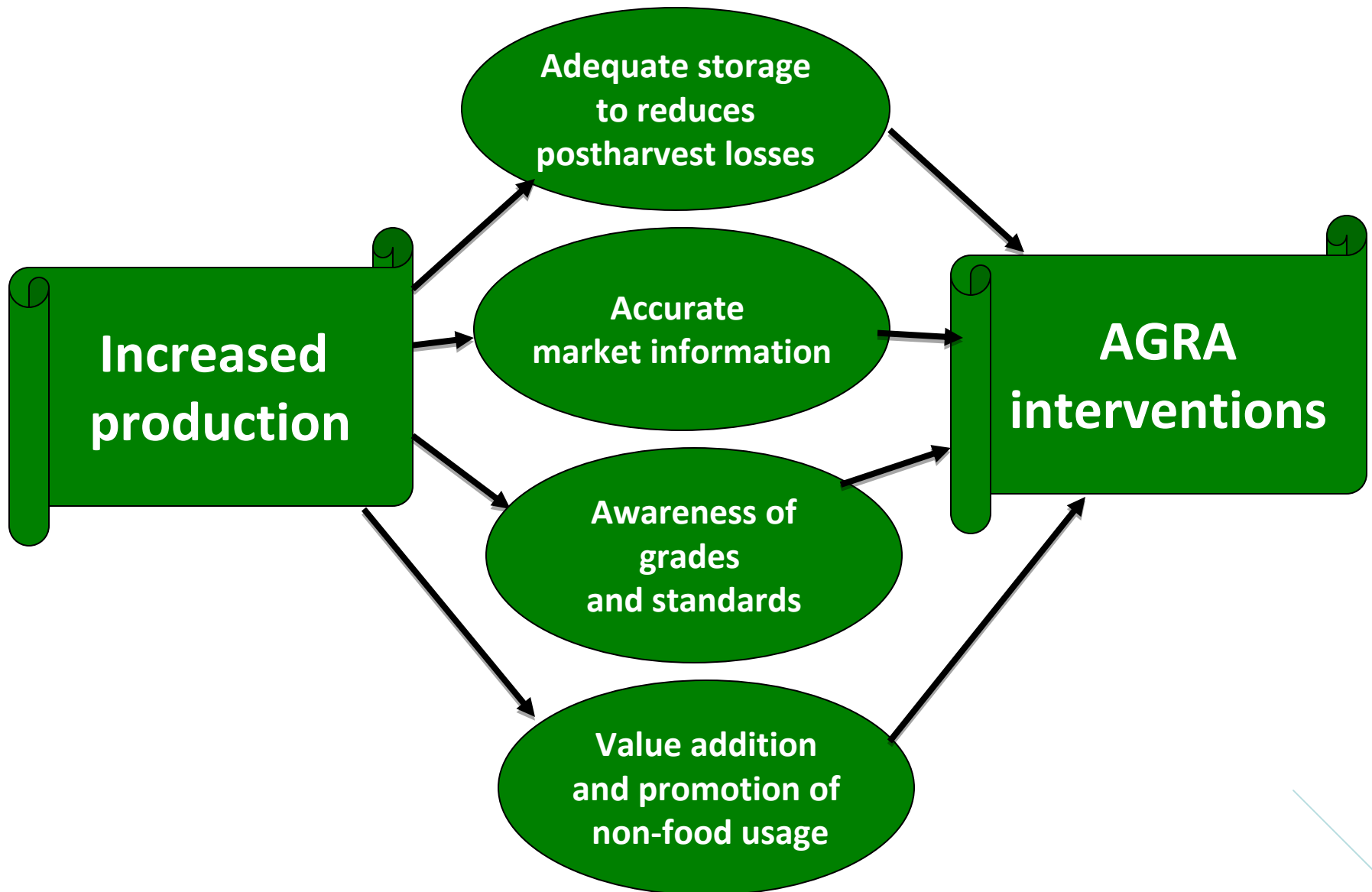
AGRA interventions along the value chain

Investments for the Green Revolution



- Program for Africa Seed System;
 - Training of breeders, seed production,
 - Agro-dealer program – access to inputs
- Soil Health Program
 - Soil analysis, access to Ferts, organic manure
 - Smart Subsidies
- Policy and Partnership
 - Trade policy development and access to credit
 - First loss guarantee
- Market Access Program
- Agricultural Extension and Water (in the pipeline)

Market access for farmers



Investments aimed at:

- **Reducing transaction costs**
 - Improve on-farm storage technologies
 - Improve rural market places
 - Improve market information systems
- **Increasing value addition in food usage**
 - quality grading standards;
 - promote low-cost small and medium scale processing facilities;
 - Encourage and promote convenience and easy to prepare foods;
 - low-cost on-farm testing equipments.
- **Increasing demand through alternative uses**
 - expand livestock feed industries
 - Expand industrial usages
- **Promoting an enabling environment**

AGRA MARKETS APPROACH

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Direct Procurement



Enabling smallholder farmers to leverage structured demand

Market Development



Creating an enabling environment for agricultural commercialization to take place

Storage & Services



Addressing a key systemic barrier

Each archetype addresses one or more Market Access strategic objectives:

Reduce transaction cost/ Increase value addition in food usage/ Increase demand via alternative uses/ Promote an enabling environment

Goals

- **Ultimate goal is to improve commercial food flow from surplus to deficit areas**
- **Improve trade flows at national and regional level, resulting in market price stabilization, better incomes for the farmers and increased food security**



Thank You

