

# ROSA Focus

## This Month's Highlight Improving access to agricultural inputs in response to the rise in food prices

Faced with soaring food prices, many national and international initiatives have been launched. Most governments and donors have undertaken two different types of measures: i) actions aiming to reduce the negative effects, focusing particularly on vulnerable groups and ii) more structural medium and long term measures, concentrating particularly on stimulating the agricultural sector. The food price crisis has highlighted the need to support agricultural development and to put **questions of agriculture and food security** back at the heart of the political agenda.

Among the measures that are often recommended, **supplying agricultural inputs**, such as seeds and fertilisers, or subsidising them, are considered to be a priority. The European Commission, as part of the Food Facility (cf. Box 1) encourages measures for increasing agricultural production, particularly by providing support for improving access to inputs.

This article asks about the **effectiveness of these interventions, their advantages and limits**. To what extent do they contribute to stimulating agricultural production and improving food security in the short and long term? Are they appropriate for supporting the process of recovering from the crisis, and in what conditions? What are the limits and opportunities of this approach? The aim is to add to the debate and enrich the discussion, based on experience acquired over the last fifteen years, and also to improve the effectiveness of these interventions and guarantee their sustainability.

### Box 1: Food Facility – A rapid response from the EU to soaring food prices in developing countries

Addressing the period in between emergency relief and medium and long term development cooperation, the food facility mainly aims to:

- encourage food producers to increase supplies;
- deal directly with the effects of price volatility on local populations;
- increase food production capacity and improve the way agriculture is managed in the longer term.

Food facility can support the following types of actions:

- a) measures for improving **access to agricultural inputs and services**, including fertilisers and seeds;
- b) safety net measures aiming to maintain or improve production capacity and satisfy the basic food needs of the most vulnerable people;
- c) and other small-scale measures aiming at increasing production depending on the needs of the country: microcredit, investment, equipment, infrastructures and storage; and also training and support for farmers' groups, etc.

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## Relief and rehabilitation: Feedback from previous experiences

Stimulating agricultural production by distributing inputs has become one of the most common post-crisis operations, particularly in Africa. However, recent evaluations have shown mixed results of these actions<sup>1</sup>.

One of the main limitations mentioned is the **absence of prior diagnosis**. The study by the British Overseas Development Institute (ODI) in the Great Lakes region shows that operations are usually based on a limited number of actions mainly aiming to distribute food and agricultural inputs. These two types of operation were set up in all the projects analysed (cf. Table 1) even if the needs were very varied. Furthermore, no evaluation was carried out to identify which inputs were needed. Food needs assessments were used as a basis for the free distribution of inputs.

There seem to be three conditions to ensure that free distributions are appropriate: i) the target population do not have available seeds and/or tools, ii) the locally available inputs are not suitable for farming conditions and iii) this lack leads to decreased production. These criteria are not systematically investigated before actions are set up

One evaluation carried out in East, Central and Southern Africa (Burundi, Ethiopia, Kenya, Malawi, Mozambique, Uganda and Zimbabwe) showed that in many contexts (e.g. drought, civil conflict or both at once), farmers managed to obtain most of their seeds from local distributors. Moreover, several surveys among traders confirmed that they had large stocks of seeds, even during periods of humanitarian aid. Local markets were shown to be solid, and to continue to function throughout armed conflict, droughts or floods. So there is a danger in repeatedly distributing free seed. It can weaken local markets and harm the development of supply systems.

This study also showed that in six of the eight case studies analysed, **problems were more chronic and systemic** (for example drop in productivity, water-related problems and civil wars) than crisis related. Also, in many interventions, farmers' problems are not always about availability or quality, but rather to **lack of access to inputs**<sup>2</sup>. As a result, crisis and post-crisis interventions must consider the structural dimensions of stimulating agricultural production, such as land, loan policies and developing local markets, to ensure that they are relevant to the specific context and improve their effectiveness.

**Table 1: Actions set up in the projects analysed in Burundi, Uganda and DRC**

Food security interventions	Rural Buj.	Gulu	Kasese	Masisi	Kirundo	Bunia	Goma
Food aid distribution	+	+	+	(+)	+	+	+
Feeding centres	+	+	+	+	+	+	+
Distribution of seeds and tools	+	+	+	+	+	+	+
Food for work programmes	-	+	-	+	-	+	+
Cash for work programmes	-	-	-	(+)	-	(+)	(+)
Nutrition education actions	+	-	-	+	+	+	+
Agricultural development projects	-	(+)	-	(+)	(+)	-	-
Livestock development projects	-	-	-	(+)	(+)	-	(+)
Road rehabilitation	-	+	-	+	-	+	+
Microcredit	-	-	-	-	-	-	(+)

(+): The operation was carried out (by one or several agencies) but on a smaller scale.

<sup>1</sup> This part is based on the main conclusions of two evaluations by ODI in 2004 (*Missing the point. An analysis of food security interventions in Great Lakes*) and in 2005 by the NGOs CRS and CARE with the contribution of USAID, the Norwegian government and the CIAT (*Moving from emergency seed aid to seed security: Linking relief and development*).

<sup>2</sup> In order to broaden the range of possible responses and have a better understanding of problems of access, NGOs such as CRS, CARE, World Vision International and Save the Children UK increasingly use agricultural input vouchers and fairs.

## Subsidies for agricultural inputs

Subsidies for agricultural inputs were progressively phased out in the policies set up in the 80s. In several countries, a decrease in the use of inputs was noted after the liberalisation of certain agricultural sectors. Access was facilitated only for export crops, particularly related to supply chains and crop/seasonal credits.

**In response to the rise in food prices**, different incentives were used to boost food production, one of which was subsidies for inputs. In West Africa, these measures met with several difficulties, such as the delay taken to set up operations in some areas, and the arrival on the market of unknown or poor quality products. In addition, using inputs, even when they are heavily subsidised, depends to a very great extent on farmers having some available cash. Thus the more comprehensive problem of funding agricultural seasons is posed<sup>3</sup>. This highlights the need to reinforce the supply of inputs to local markets and support the development of food crops.

In **Malawi**, a subsidy programme (*AISP – Agricultural Input Subsidy Programme*) was launched during the 2005/06 season (cf. Box 2). This consisted of vouchers for buying agricultural inputs at a subsidised price. The exceptional maize harvests over the last few years are attributed to favourable weather conditions and the success of this programme. An evaluation in 2008 highlighted several key points including targeting, private sector involvement and implementation costs. For targeting, the current question is whether to extend the programme to all rural households. This change would involve a reduction of the amount allocated to each household but would avoid the problems of identifying the recipients and choosing selection criteria<sup>4</sup>. Moreover, the programme costs increased considerably in 2008/09 due to the rise in the price of inputs. The total was MK 30 billion (25 million euros). This large increase has restarted the debate in short term programme costs and the investments needed to develop the agricultural sector in the longer term.

<sup>3</sup> Issala and LARES, *Hausse des prix des produits alimentaires en Afrique de l'Ouest. (Rise of food prices in West Africa). Revue et analyse des mesures engagées à court et moyen terme (Review and analysis of short and medium term measures)*, FARM, December 2008.

<sup>4</sup> There are always choices to be made between objectives related to stimulating agriculture and targeting the poorest households. The poorest households do not always have the necessary labour or capital to ensure increased productivity.

### Box 2: Supplying subsidised inputs in Malawi

The main objective of the input subsidy programme was to increase agricultural production and improve food security. Smallholders had difficulties maintaining their production and productivity levels, because of the decrease in soil fertility and problems of access to inputs. The programme targeted maize only during the first season. It was later extended to other food and export crops (pulses, cotton, tea, coffee). To start with, it targeted 1.4 million smallholders for an approximate total of 10 billion Kwacha (55 million euros). In 2007/08 and 2008/09, there were 1.7 million beneficiaries (about half of them were rural households).

*Source: Future Agricultures Consortium (February 2009) and Grain de Sel - Inter-réseaux Magazine*

### The need for a comprehensive strategy of stimulating agriculture

The rise in prices has put agricultural policy and food security back at the centre of the concerns of governments and the international community. It is important to seize this opportunity to promote a new stimulation of agriculture and set up appropriate short and long term responses. Supplying or subsidising inputs can help boost agriculture. However, lessons learned from recent experiences warn against doing this systematically, with no prior diagnosis and without taking account of the structural dimensions. Particular attention must be paid to the problem of access to inputs and the development of local supply markets. It is necessary to ensure that these measures are part of a wider approach that go beyond emergency relief.

#### For more information:

Simon Levine and Claire Chastre, *Missing the point. An analysis of food security interventions in Great Lakes*, ODI, 2004.

Sperling et al., *Moving from emergency seed aid to seed security: Linking relief with development*, CIAT/CRS/Care/USAID/Danish Ministry of Foreign Affairs, 2005.

Issala and LARES, *Hausse des prix des produits alimentaires en Afrique de l'Ouest. (Rise of food prices in West Africa). Revue et analyse des mesures engagées à court et moyen terme (Review and analysis of short and medium term measures)*, FARM, December 2008.

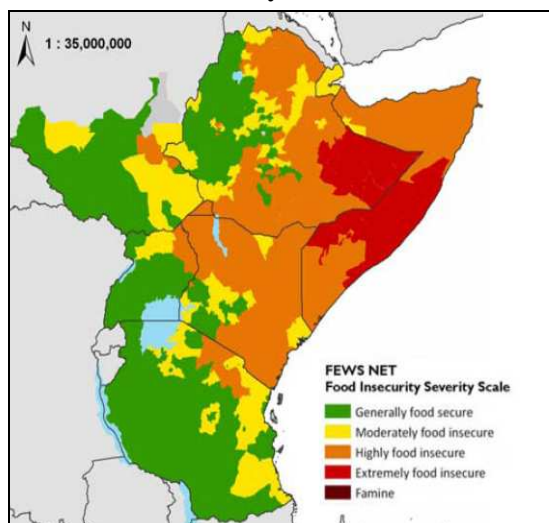
# Current food security situation

## Regional overview Eastern Africa

### *Food security affected by prolonged drought, particularly in pastoral areas*

Late and below average rains were recorded in Eastern Africa during the beginning of the main rainy season (March-June). This affects the food security situation in much of the **eastern parts of the region, dominated by marginal pastoral areas** (see Figure No. 1)<sup>5</sup>. The limited water access and availability have led to worsening livestock conditions and an increase in the mortality rate, particularly affecting poor households with smaller herds. The combination of above-average cereal prices and unfavourable livestock conditions will have a negative impact on food security as a result of the deterioration in the terms of trade of pastoralists<sup>6</sup>. Livestock prices are expected to fall, significantly reducing pastoral incomes.

**Figure No. 1: Current food security conditions July 2009**



Source: Fews Net

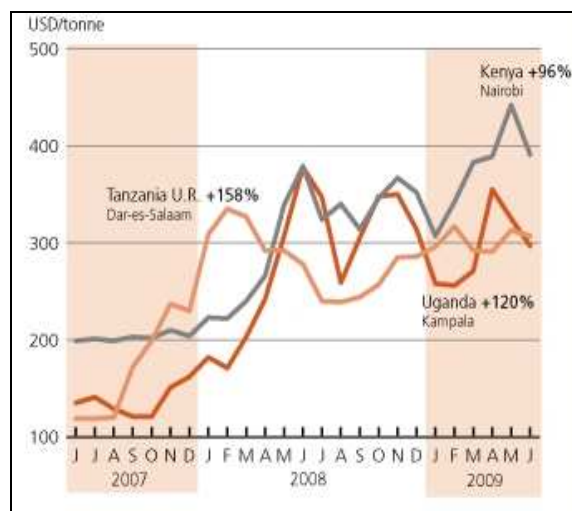
Furthermore, unusual livestock migrations in search of pasture and water have been reported from Kenya into Somalia and part of southern Ethiopia. This is likely to increase the potential for resource-based conflicts and also contribute significantly to land degradation in these areas<sup>7</sup>.

The food security situation in the October-December period will be driven by the prospect of an **El Niño event**. Although it is too early to determine its intensity and duration, in the most likely scenario there will be improved rangeland conditions in the pastoral areas. In the cropping areas, it could result in unseasonal rains that could disrupt the main harvest seasons in Ethiopia, southern Sudan, and Kenya, and could also increase post-harvest losses. An El Niño event would normally be associated with widespread flooding, damage to infrastructure, and an upsurge of water borne diseases. Therefore preparedness and surveillance should be strengthened in these areas<sup>8</sup>.

### *Prices remain at above-average levels*

National cereal prices have stabilized and are following normal seasonal trends. However, they remain well above the pre-crisis levels of June 2007, with prices of the region's main staple crops more than double. Graph No. 1 shows the substantial increase in maize prices in selected Eastern African markets.

**Graph No. 1: Maize prices in selected Eastern African markets<sup>9</sup>**



Source: Regional Agricultural Trade Intelligence Network

In **Tanzania** (Dar es Salam), maize prices have remained relatively stable in 2009; however, prices in June were 10% higher than last year. A surplus maize crop in Malawi is expected to lead to

<sup>5</sup> This includes central and north-east Somalia, south-east lowlands and coastal regions of Kenya, inland areas of Djibouti and south-eastern and northern regions in Ethiopia.

<sup>6</sup> FAO, Crop prospects and food situation, July 2009.

<sup>7</sup> Fews Net, East Africa regional food security outlook – July to December 2009, July 2009.

<sup>8</sup> Fews Net, July 2009.

<sup>9</sup> Percentages indicate change from 24 months earlier.



improved market availability and lower prices in southern Tanzania. In **Uganda** (Kampala), the price of maize increased sharply in April 2009, as a consequence of large scale purchases for schools, relief aid and institutional requirements. Prices have since decreased to levels below those recorded last year.

In **Kenya**, the **persistent high prices of maize in 2008/09** can be explained by the decline in the national maize production in 2008. On average over the last five years, imports have accounted for 18% of the total maize consumption. In 2008/09, this grew to more than 45%<sup>10</sup>. This large volume of imported maize through Mombassa port has led to congestion and consequently an increase in costs for importers.

**Food insecurity in Kenya will continue to be a concern in coming months**

Insufficient rainfall during the initial stage of the main cropping season has brought about precarious food security conditions. It has caused substantial decline in both crop and livestock production, in particular in the south-eastern marginal agricultural areas as well as in several pastoral areas. According to preliminary forecast from the Ministry of Agriculture, maize production is expected to be 15% below the average of the past five years.

The cumulative impact of four successive poor seasons coupled with high food prices and post-election violence have increased household insecurity. Current maize prices are over 150% higher than 5-year averages in most lowland markets (see graph below), which put pressure on household purchasing capacities.

**Graph No. 2: Nominal retail prices of maize in Kitui (KES/kg)**

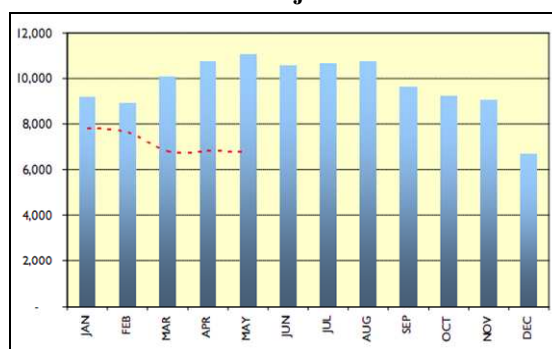


Source: Fews Net<sup>8</sup>

<sup>10</sup> Kenya has imported more than 1 million tonnes of white and yellow maize between November 2008 and mid-June 2009 in efforts to maintain domestic cereal supplies.

Livestock prices, in particular for cattle, are on a downward trend in most pastoral districts (see Graph No. 3). Maize prices have increased in most pastoral districts. Subsequently, terms of trade for pastoralists are on a continuing downward trend, which could decline precariously since the next rains are not expected until October 2009<sup>11</sup>.

**Graph No. 3: Declining trend in cattle prices in Kajiado**



Source: Arid Lands Resource Management Project (ARLMP) Early Warning System

According to Fews Net, the most likely scenario points to food insecurity worsening through November in the south-eastern and coastal marginal agricultural lowlands. The exceptionally high food prices are likely to persist, since the main harvest in the grain basket begins in October. Livestock conditions have already started to deteriorate, narrowing the options for improving purchasing capacities to mitigate impacts of the crop failure through the sale of livestock and livestock products. Implementation of cross-sectoral food and non-food interventions will be needed to mitigate the impacts of the persistent food insecurity in most affected regions.

**This article is largely based on the regional food security updates, prepared by Fews Net and the FAO report.**

**For more information:**

Fews Net, East Africa regional food security outlook - July to December 2009, July 2009.

Fews Net, Kenya food security outlook - July to December 2009, July 2009.

FAO, Crops prospects and food situation, July 2009.

<sup>11</sup> Kenya Food security update, June 2009.

<sup>12</sup> Monthly prices are supplied by Fews Net enumerators, local government agencies, market information systems, UN agencies, NGOs and other network and private sector partners.

## International news

### Feedback from the roundtable organised by DG ECHO on the EC's humanitarian food assistance policy

On 16<sup>th</sup> June 2009, the DG ECHO organised a day of consultation on EC's humanitarian food assistance policy. The objective was to present and discuss the draft document. About a hundred people were present, representing a wide range of organisations (relief and development NGOs, bilateral cooperation agencies, international organisations, researchers, and other EC departments involved).

The day was organised around the presentation of the DG ECHO policy document in two parts: concepts, objectives and principles; and programming and implementation. A series of presentations gave insights into the whole issue of food insecurity, and also specific case studies on combating food insecurity (ODI, Tufts University, Oxfam, Tearfund, Unicef, Save, WFP, FAO).

Participant feedback was globally positive. They appreciated the fact that the livelihood approach and nutrition issues were taken into account, and that tools were extended beyond simple food aid. The principle of intervening only when a comparative advantage existed was also welcomed. One of the main points of debate was the difficulty of ensuring that relief was complementary to development, in an LRRD approach. There was also discussion on working with governments. Participants were also reminded that the legal framework for ECHO interventions was not the Paris Declaration on Aid Effectiveness.

After this day of consultation, the next steps for DG ECHO are to revise the document on food aid policy and to develop an action plan.

*For more information:*

ROSA's website: [Feedback from the meeting on the EC's humanitarian food assistance policy](#)

### South-South forum on social protection responses to the three waves of crisis

The World Bank organised a forum to share knowledge and to stimulate South-South learning on responses to address the triple wave of global economic crises i.e. finance, food and fuel. The forum took place from 15 to 18 June in Cairo, Egypt.

The South-South Forum brought together 260 participants from more than 60 countries drawn from national governments, donor community, civil society, academia, and the private sector. The EC was represented by Philippe Bertrand from AIDCO E6.

The main objective was to exchange experiences and identify best practices with respect to social protection responses (cash transfers, safety net, labour market, etc.) throughout middle income, low income and fragile contexts. The forum featured a series of sessions to share best practices, expertise, and emerging response in dealing with the three waves of crisis. The plenary sessions presented country examples that focused on the institutional challenges of establishing and scaling up responses in crisis, including implications for reforms, the role of different actors and priority vis-à-vis other national interests. The parallel learning sessions focused on practical aspects highlighting key challenges, innovations and adaptations in social protection response across different contexts. The forum included almost 50 presentations in plenary and parallel sessions.

To know more about the South-South forum: [www.worldbank.org/wbi/socialprotection](http://www.worldbank.org/wbi/socialprotection)

*This bulletin was written by the GRET team in charge of animating ROSA (Operational Food Security Network). It is an initiative of AIDCO E6 (Thematic support for food security, rural development and environment) in collaboration with AIDCO G4 (Training and knowledge management). The viewpoints expressed do not in any case represent the official European Commission viewpoint.*