

FOSTERING EQUITY & ACCOUNTABILITY IN THE TRADING SYSTEM

FEATS PROJECT

NATIONAL DIALOGUES 2010

CUTS GRC organized the second set of FEATS National Dialogues in project countries in October 2010. The Dialogues were held in collaboration with the local partners with the following objectives: (i) To present the final drafts of second phase country research studies on issues related agriculture, trade and development for discussion and validation; (ii) to consolidate the networks established, particularly the FEATS country National Reference Groups (NRGs); and (iii) to contribute to advocacy and broader dissemination of key messages and recommendations emerging from FEATS research.

Report

National Dialogue (ND) Meeting

On

Agriculture, Rural Livelihood, Trade in Agriculture

Under the

Fostering Equity and Accountability in the Trading System (FEATS) Project

Organised by

CUTS ARC Lusaka and CUTS GRC

4th October, 2010,

Intercontinental Hotel, Lusaka Zambia

1 Background

- 1.1 The National Dialogue meeting was held under the second phase of the FEATs project which was launched at an international conference in Geneva on 1 October 2010. The second phase of the project is focussing on issues related to agriculture, trade and development. Country researchers have been commissioned to undertake focussed and outcome-oriented research and analysis of a specific issue selected in consultation with stakeholders in each project country (Kenya, Malawi, Tanzania, Uganda and Zambia) and in view of its importance for enhancing people's livelihoods and improving the contribution of trade to development.
- 1.2 In Zambia the study focused on Agriculture Productivity, Rural Livelihood and Trade in Agriculture: The final draft is ready and the National Dialogue was organised in order to validate the research findings. The meeting was well attended with participation comprising of the representatives from the diplomatic missions, government, Farmer Organisations, Academia, Media and Civil Society Organisations (CSOs).
- 1.3 The primary objective of the ND was to discuss and validate the findings and recommendations of the study.

2 Session 1

- 2.1 The first session was chaired by Patrick Chengo, CUTS Lusaka Acting Centre Coordinator and was structured around three key areas. Welcoming remarks were given by Ambassador Love Mtesa who gave a historical background of CUTS internationalⁱ whilst highlighting CUTS interest on agriculture and trade related issues. Rashid S. Kaukab, the Deputy Director and Research Coordinator of CUTS Geneva Resource Center, gave a brief but informative message on the FEATS project aligning it to CUTS vision 2034. He talked about the first phase of the research which looked at inclusiveness in the trade policy making process in the project countries. He further mentioned that CUTS was focusing on agriculture, rural livelihood and trade in agriculture as sector had shown potential in helping Zambia diversify its economy.

3 Research Presentation by Dale Mudenda

- 3.1 He indicated that Agriculture in Zambia was the largest employer especially in the informal sector and over two thirds of the population survives on Agriculture. He acknowledged government's recognition of the agriculture sector as a potential engine for poverty reduction through trade, manufacturing, gross domestic product growth but indicated that little has been done to achieve these. He further observed that there were opportunities for small scale farmers to diversify from maize into more marketable crops such as cotton, tobacco and other high value crops and this was by a pattern of declining maize production as well as their increased participation in out grower schemes. However, despite of the huge potential that agriculture has, it remained largely untapped with public resources to the sector

having declined. Mr Mudenda indicated that the neglect of the sector has translated into the declining agricultural productivity among small scale farmers compared to other key sectors such as services and manufacturing.

4 Session II

- 4.1 The second substantive session was chaired by Rashid S. Kaukab. This session mainly evolved around having discussants to react, contribute and opionate on the presentation made by Dale Mudenda. Among the discussants were high profiled personnel such as the Egyptian Ambassador and the EU representative and also present were relevant government ministry representatives.
- 4.2 The Egyptian Ambassador to Zambia H.E. Falah A. El-Sadek, indicated that he was inspired to speak because of the well researched and presented paper by Dale Mudenda. He said that Zambia was a rich country, endowed with agriculture potential to feed its people and trade. Whilst teasing Zambia of the lack of will to maximize the full potential of the Agriculture sector, he challenged Zambia and Zambian farmers to learn from countries like Egypt which has come to be known for its agriculture produce even though much of its land being a desert. He stressed that Egypt only depended on the Nile rive for its agriculture but was managing to produce a variety of agro-products at very cheap and competitive prices. He hinted that it takes more than four times to cultivate a desert as compared to soft land and hence proposing for the need to invest in irrigation infrastructure (including the entire economic infrastructure). By increasing and improving infrastructure (coupled with administrative related issues in the transport system), the Ambassador was optimistic that such would help in reducing the high costs encountered in the entire agriculture production chain in Zambia hence making the products competitive. He further said that Zambia's agro products when imported in Egypt were more expensive due to high transportation costs as compared to those from Argentina which should not be the case. He further urged Zambians to consider investing heavily in mind set transformation a case he heavily emphasised on as "imperative and primary". In his concluding remarks, the ambassador thanked CUTS for the research document and implored the organisation to continue with such work.
- 4.3 Aloys Lorkeers, Political and Trade Adviser, EU, started by re-echoing the importance and significance that agriculture plays in any economy. He spoke about the history behind Europe's success in the agriculture sector. It all started in the 1970 when most countries were faced with environmental problems. Through consented efforts, the challenges were overcome and Europe's agriculture sector is one of the most successful sectors in the world. He therefore called for the need for embarking on joint approaches by combining efforts of government, the private sector (including small scale producers) and development partners in the quest to improve the agriculture sector in Zambia and Africa as a whole. He was also impressed with the idea (as proposed in the study) of enhancing private sector participation in the agriculture sector through improved productivity as well as utilizing the regional markets (including other market access opportunities like EBA and AGOA). He said the market in the region was very huge and urged Zambia to meaningfully participate

in intra-regional trade. In his closing remarks, he also underlined the need to invest in agriculture related infrastructure as emphasized by the Egyptian Ambassador.

- 4.4 Dr Chilambo Yamba Yamba, Chief Livestock Products Officer, Ministry of Livestock and Fisheries, Department of Livestock and Fisheries started her interventions by appreciating that the component on livestock was well covered in the study as is not in most other cases. She said most research studies that have been done in Zambia were always biased towards crop production and not livestock and fisheries. She said the livestock sector in Zambia had potential but the problem was the mindset of the people. She said traditionally, Zambians do not regard farming, especially livestock farming, as a business. She however acknowledged the many challenges that the sector is faced with. She highlighted that one of the biggest challenges that the ministry was faced with was communication breakdown (especially during field visits) as most owners of the livestock are those stationed in urban areas. In this case, it has been a nightmare for the ministry to make expedited actions as in most cases the need to get authorization from owners of the livestock would take time. The other point she raised was the high cost of production (and value addition) of most of the products in the livestock chain. She said beef production was one of the easier processes but had reservations of milk production which requires much time (overnight) and human resource to be effective and productive. She concluded by indicating that despite some of the challenges mentioned, she was optimistic that this sector could be further explored through enhanced/improved infrastructure development and also considering the change in mind set, a lot of benefits could be drawn.
- 4.5 Mr Hargreaves Sikwibele, Chief Economist, Ministry of Agriculture and Cooperatives, started by indicating some of the policy changes that have characterized the agriculture sector. He indicated that one of the key factors to realizing the agricultural potential in Zambia was an enabling and supportive policy environment. An enabling policy framework was integral to the transformation of Zambian agriculture into the main stay of the Zambian economy. He mentioned that the Credit Act was being repealed to incorporate the warehouse component a transformation envisaged at providing an enabling environment for farmers to have storage related issues incorporated in the law. He also highlighted that the absence of the Agriculture and Marketing Policy, which is now in place, made it difficult for players in the Agriculture sector to market their commodities in a well informed and integrated manner. However, with the coming in of the policy, it was envisaged that a consolidated approach to developing markets to the required level would be achieved. And commenting on Mr. D. Mudenda's presentation, he expressed reservations on the site (Mumbwa) which was used as a case study to bring out the overall picture of Agriculture performance in Zambia. He said the study should have also focused on other areas where agriculture was the main activity of the day. On the issue of Genetic Engineering, he indicated that the issue should not have been reflected in the study as Zambia was a strong advocate against GMOs. He further challenged the researcher to provide tangible solutions on Non Tariff Trade Barriers (NTB) which are a major bottleneck to agriculture trade and productivity.

5 Plenary/discussions:

From the discussions that ensued the following came out as the key contributions, comments and questions:

- 5.1 A participant commented on the listed factors hindering agriculture enhancement/productivity in the draft study by adding that the level of imbalance between indigenous small scale farmers and the commercial farmers caused by the segregatory incentive by the government should have been highlighted.
- 5.2 The comment that followed sought the indulgence of the Ministry of Agriculture's representative to clarify on why the Zambian government through the ministry had politicized (and concentrated on) maize production at the expense of other crops which were of equal importance as maize.
- 5.3 Another comment that ensued was the need to distinguish between small scale farmers and emerging farmers in the study. It was also indicated that the study should also consider analyzing the entire agricultural policy looking at the gaps and their implications on private farmers' organisations. It was also observed that the study did not indicate how Zambia as a country was fairing with the coming in of the Comprehensive Africa Agriculture Development Programme (CAADP). The linkages that ICTs play in enhancing the marketing structure of agro-produce were also recommended as one area worth highlighting in the report.
- 5.4 The other issue that arose was the need to highlight the net import value of agriculture equipment and the envisaged output from that. The need for policy harmonization among ministries of trade, tourism and environment and land was also highly pronounced.
- 5.5 It was also highlighted that government's interference in the economy which was mainly in pursuit of social goals has had an effect on the tax policy framework including inflation and interest rates and these to a greater extent illustrated the real potential threats to sustainable agriculture production. The 37% default in loan repayment (by the farmer community) as highlighted in the study was attributed to the high bank interest rates. The using of Land as the only collateral was questioned and it was in participants' fear that most of the land might be in the bank hands owing to the default indicators in the study. It was therefore indicated that banks should consider adopting other items for collateral purposes. Further, It was also recommended that government should consider revisiting the interest rates to curtail this high default rate. The Ministry of Agriculture was also encouraged to consider adopting an inclusive approach in the formulation of policies and action plans related to agriculture through the engagement/encouragement of farmer organisations and other stakeholders.
- 5.6 Another participant called for the need to be objective when analyzing some of government programmes and interventions aimed at enhancing the agriculture sector. It was highlighted that government had put in place a number of programmes aimed at improving or uplifting the agriculture sector. It was highlighted that government is in the processes of putting in place an export strategy which is aimed at promoting

certain crops. The threshold fund under the Millennium Challenge Account part of which is aimed at enhancing agriculture productivity was one initiative that was indicated as worth applauding.

- 5.7 The need to learn and replicate the interventions that farmer organisations/private sector have implored in other countries like India and Egypt was emphasised.
- 5.8 The need to invest in having country wide breeding site to improve productivity of the livestock and fisheries sector was raised.

6 Responses:

- 6.1 Rashid S. Kaukab chair of the session called upon the presenters to make quick comments regarding the issues and concerns that had been raised. He however indicated that most of the interventions raised by participants were suggestions which should be considered and incorporated in the report by the researcher.
- 6.2 Mr Sikwibele from the ministry of Agriculture acknowledged the comments raised by the participants and indicated that it was a healthy discussion. He however acknowledged the need for inclusiveness and encouraged farmer organisation to consider visiting the ministry. Further, he refuted the claims that government had politicised maize production and hardly paid attention to other crops. It was highlighted that government had a special interest in a number of crops (especially cash crops) with cassava being highly mentioned. Mr Sikwibele informed the participants that a value chain for cassava has conducted by the ministry aimed at improving cassava production and marketing.
- 6.3 Dr Yamba Yamba acknowledged the point raised on the need to have breeding sites. She indicated that the idea was in the ministry's plan and it was in planning that such sites be developed in the 72 districts across Zambia.

7 Conclusion,

- 7.1 Patrick Chengo thanked the participants for the inputs and commitment that they exhibited in the meeting. He assured the participants that the comments and contributions raised would be incorporated in the final report which will be shared with them when finished.
- 7.2 The ND validated the study subject to appropriate incorporation of the relevant comments in the final version.



REPORT OF THE FEATS NATIONAL DIALOGUE ON THE LINKAGE BETWEEN AGRICULTURAL PRODUCTIVITY AND RURAL LIVELIHOOD ON ONE HAND AND TRADE IN AGRICULTURE AND TRADE FACILITATION ON THE OTHER HAND HELD AT PACIFIC HOTEL, LILONGWE ON 6TH OCTOBER 2010

1.0 Introduction

1.1 A national dialogue on the linkage between agricultural productivity and rural livelihood on one hand and trade in agriculture and trade facilitation on the other hand was held at Pacific Hotel in Lilongwe on 6th October 2010. The national dialogue was part of the activities envisaged under the phase two of the Fostering Equity and Accountability in Trading Systems (FEATS) Project. The objective of the national dialogue was to present the results of a study that was conducted to assess the linkage between agricultural productivity and rural livelihood on one hand and trade in agriculture and trade facilitation on the other hand for discussion and validation. The meeting was attended by participants from civil society organisations, farmers' organisations, government ministries and the media. A list of the participants to the meeting is attached as Annex I. The programme for the meeting is attached as Annex II.

2.0 Opening Remarks

2.1 The Executive Director for the Malawi Economic Justice Network, Mr. Andrew Kumbatira welcomed the participants to the meeting. He extended a special welcome to representatives of Government Ministries and Departments as well as Mr. Rashid S. Kaukab from CUTS Geneva Resource Centre and Ambassador Love Mtesa, chairperson of the CUTS Zambia.

2.2 Mr Kumbatira informed the meeting that the purpose of the national dialogue was to consider a report of a study that had been commissioned to Dr. Lawrence Mapemba of Bunda College to assess the linkage between agricultural productivity, rural livelihood on one hand and agricultural trade and trade facilitation on the other. He stated that the thrust of study was to identify factors that if addressed could lead to improvement in agricultural production and enhance the realisation of the country's vision of transforming Malawi from a predominantly importing and consuming to a predominantly producing and exporting economy.

2.3 He observed that farmers were not getting the full benefits of their labour due to high transportation cost and other transaction costs which make Malawi products less attractive to consumers both on the domestic and international markets. He said the low returns to farmers served as a disincentive to agricultural production. He, therefore, underlined the need for the

country to institute measures and strategies to reduce the high transaction costs. Mr. Kumbatira invited the participants to consider the report of the study and offer their inputs.

3.0 Briefing on the CUTS International

3.1 Ambassador Mtesa briefed the meeting on the background to CUTS International. He stated that CUTS was formed in 1983 in a city called Jaipur in India in response to widespread exploitation of consumers by traders. He gave an example of the exploitation consumers were being subjected to as selling underweight flour or matches with less than the recommended number of sticks. The objective of CUTS was, therefore, to safeguard consumer interests. The meeting noted that since 2000 CUTS International has expanded with establishment of offices in Nairobi, Kenya; Lusaka, Zambia; Hanoi, Vietnam and in Geneva, Switzerland.

3.2 It was reported that the Geneva office was established in 2008 to provide technical support to Ambassadors particularly from developing and least developed countries in the World Trade Organisation (WTO) negotiations. The participants noted that CUTS was also working on promoting South-South cooperation in trade and development through undertaking analytical studies and preparation of technical papers on various issues including competition.

4.0 Presentation on the FEATS Project

4.1 Mr. Rashid S. Kaukab briefed the meeting on the Fostering of Equity and Accountability in Trading System (FEATS) Project. The meeting noted that FEATS was a three year Project funded by the William and Flora Hewlett Foundation whose objective was to understand and come up with recommendations on how trade could contribute to development. The meeting also noted that the project was being implemented in two phases. The first phase focused on understanding trade policy making processes in various countries.

4.2 The meeting was informed that the second phase of the project was launched in October 2009 and focused on assessing the link between agricultural productivity and rural livelihood and agricultural trade and trade facilitation. It was reported that after the study was adopted by stakeholders, there would be a launch of the report in Geneva to which some stakeholders in Malawi would be invited to attend.

5.0 Presentation of the results of the study on the link between agricultural productivity and rural livelihood and agricultural trade and trade facilitation

5.1 Dr Lawrence Mapemba presented the results of the study on the link between agricultural productivity and rural livelihood and agricultural trade and trade facilitation. The meeting

noted that the study was conducted through review of existing literature and key informant interviews. In his presentation Dr Mapemba stated that there had been an increase in productivity of major agricultural tradable crops in the past decade although in some years, yield was affected by unfavourable rainfall. It was noted that the increased productivity had been due to government's effort through the introduction of different interventions that aimed at increasing land productivity by smallholder farmers such as farm input subsidy program, promotion of organic manure, intensive extension methods and promotion of high yielding varieties.

5.2 It was noted that the study also found that agriculture production in Malawi was constrained by a number of constraints including increased costs of agricultural inputs, lack of access to credit and to some extent negligence by smallholder farmers. With regard to trade, the meeting noted that Malawi's agricultural exports were constrained by among other things its landlockedness. Dr Mapemba observed that the situation is worsened by the country's narrow export base which made transportation very expensive.

5.3 It was reported that improved agricultural productivity that Malawi had attained in the last few years had improved its agricultural trade performance. For most crops exports had increased consistent with the increased productivity. It was observed that despite the increase in exports for most cash crops there had been no improvement in incomes of smallholder farmers due to poor market systems and lack of value addition in the value chain.

5.4 Based on the findings of the study, Dr. Mapemba made a number of recommendations including finding alternatives to tobacco, enhancement of value addition and strengthening the link between agricultural research and farmers as well as intensification of irrigation farming.

6.0 Stakeholders' feedback

6.1 In response to the presentation the participants offered their feedback. First to offer their comments were officials from the Ministry of Agriculture and Food Security; Ministry of Industry and Trade and the National Association of Smallholder Farmers of Malawi (NASFAM). This was followed by a plenary discussion. In general the participants found the issues raised in the report as very pertinent. They concurred with the study's findings that investment in the agriculture was very crucial if the country was to increase agriculture production. They also endorsed the report's observation that trade alone cannot address poverty. Specifically the participants raised the following issues:

- The report should be specific in terms of the taxes that are considered a constraint to agricultural production;

- The report should also specify the kind of skilled labour that was found lacking in agriculture sector;
- The reference to irrigation should be amplified as it is one of the strategies that Government has identified to increase agricultural production;
- The report should also include livestock and fisheries. However, Dr. Mapemba explained that livestock and fisheries were not discussed in detail because their exports were very minute.
- The report should also look at crops sold on the domestic market as they are very important to rural livelihood. The consultant informed the meeting that the TORs limited the coverage of the study to export products. He, however, agreed that the domestic market was very important to improving rural livelihoods.
- Most of the issues raised in the report are covered by the Agriculture Sector Wide Approach strategy (ASWAp). It was noted that ASWAp was built on four key pillars, namely food security, commercialization of agriculture, land use and management and cross cutting issues.
- Exploitation was a major problem which prevented farmers from enjoying the full benefits of their labour. The participants, therefore, called for collaboration in addressing this problem.
- The report should elaborate further the link between agricultural trade and livelihood;
- The report should elaborate the impact of beyond-the-border measures such as standards, SPS which are among the major export deterrents particularly for Malawi.
- The statement about trade balance on page 31 of the report does not reflect the trend of trade between 2005 and 2006 as portrayed in the graph on page 32. The statement needs to be aligned to the picture portrayed by the graph. Furthermore the report gives an impression that negative trade imbalance is bad for a country. This is not necessary the case.
- Figures for import trade with Mozambique need to be cross-checked as some products are re-exported from Mozambique to Malawi.
- The issue of SADC tariff phase-down needs to be put in proper context. The Ministry of Finance and Ministry of Industry and Trade work in partnership when it comes to implementation of tariff reduction commitments.
- The figures for distance to Nacala and Beira need to be cross-checked.
- The assessment of the impact of agriculture to rural livelihood need to be based on specific sectors (crops).
- Although the country has experienced increased productivity the majority of smallholder farmers have not benefited because of exploitation by produce buyers.
- The study need to include soy as one of the tradable crops.
- The recommendation for a devaluation of the local currency needs further reflection as there is no guarantee that it is going to lead to increase in exports. It was observed

that there was a danger that a devaluation of the Kwacha may escalate the price of imports and therefore triggering an inflation spiral.

7.0 Conclusion

7.1 The meeting endorsed the report subject to appropriate reflection of relevant comments highlighted above.

ANNEX 1

LIST OF PARTICIPANTS

No	Name	Org & address	Phone/ fax	Email
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ANNEX II

MALAWI FEATS Project National Dialogue

Presentation of Second Phase Country Research Study on Agriculture and Trade Related Issues for Discussion and Validation

PACIFIC HOTELS AND CONFERENCE, LILONGWE

Programme

0830 Arrival and Registration

0900 – 1030 Session I – Introduction and Presentation of the Main Study Findings

Chair: MILWARD TOBIAS

Welcome and Introduction: ANDREW KUMBATIRA, MEJN EXECUTIVE DIRECTOR

Presentation of CUTS: Ambassador Love Mtesa

Presentation on FEATS Activities: Mr. Rashid Kaukab

Presentation of Study: FEATS Country Researcher: Lawrence Mapemba (Ph.D.)

1030 – 1100 Tea/Coffee

1100 – 1300 Session II – Comments and Discussion

Chair: MILWARD TOBIAS

Comments on the Study Main Findings and Recommendations

- Representative of the Ministry of Agriculture and Food Security
- Representative of the Ministry of Industry and Trade
- Representative of NASFAM

Floor Deliberations

Concluding Remarks: CUTS GRC Resource Person/MEJN Executive Director

1300 – 1400 Lunch and Departure

BRIEF SUMMARY REPORT

Fostering Equity and Accountability in the Trading
System(FEATS) Project National Dialogue Kenya

Nairobi, 15th October 2010

1.0: Background

CUTS Africa Resource Centre, Nairobi (**CUTS ARC, Nairobi**) in collaboration with CUTS Geneva Resource Centre (**CUTS, GRC**) has been implementing a 3 year Project entitled “**Fostering Equity and Accountability in Trading Systems (FEATS)**” in Kenya, Malawi, Tanzania, Uganda and Zambia since 2008. The FEATS broadly aims at raising awareness for better coherence between development and trade policies thus contributing to economic development and poverty reduction in project countries. Under the FEATS project, a National Dialogue for Kenya was organized on 15th October, 2010 in Nairobi. The meeting was attended by representatives of various national stakeholders from the government, NGOs and private sector organisations. The main objective of the workshop was to present the key study findings and recommendations on “**Regional Trade and Rural Livelihoods: Implications on Kenya’s Food Security**”, a study which was undertaken in the second phase of the FEATS project.

2.0: Opening Session and Introductory Remarks.

Mr. Clement Onyango, Director CUTS Africa Resource Centre, gave an opening remark in the national dialogue meeting. In his remarks, he emphasised the significance of the study to addressing the challenges related to food security in Kenya. **Mr. Atul Kaushik, Director of CUTS Geneva Resource Centre**, gave a brief background of FEATS projects, the past and current activities. He presented an overview of the project output in the first phase of the FEATS project, by delineating the variation in the inclusivity in the trade policy making process among the respective five project countries.

To evaluate the impact of the first phase of the project, the participants were engaged in a monitoring and evaluation session, where they were requested to fill in an assessment questionnaire on developing an inclusive Trade policy Making Index. The main objective of the exercise was to assess the development trend in the inclusiveness in regard to the trade policy making process in Kenya as a follow up to the previous assessment. **Mr. Atul Kaushik** also gave a brief introduction on the scope and the significance of the study on **Regional Trade and Rural Livelihoods: Implications on Kenya’s Food Security**”, which was undertaken in the second phase of the FEATS project.

The next level of the dialogue discussion involved an in-depth presentation and discussions on the study findings undertaken by **Ms. Gloria Otieno**, who was the lead researcher for the study. The report highlighted the key domestic and external policy related factors /constraints contributing to food insecurity in the county and by extension in the region. Eventhough, the study highlighted some of the key issues and policy changes and implications for the Kenyas food security in the region, several issues were raised in line with the study findings. The following highlights informs a brief summary of the issues raised during the National dialogue discussions that formed the integral section of the discussions:

- The participants suggested the need for the study to point out the actual existing NTBs that might be affecting the flow of maize within the region. The participants also pointed out that the historical perspective of the institutions related to grain sub sector were over emphasized rather than indicating the existing institutional policy gaps or conflicts that might be having a bearing on the level of food security in the country.
- It was suggested that the study needed to have emphasized on the need to restructure the regulatory and the institutional framework for NCPB, given that the NCPB, as institution has conflicting roles in its mandate. This is based on the premise that the NCPB performs both the commercial and regulatory function, which limits the scope of regulatory independence and effectiveness.
- There was need for the study to have analysed the implications of the current constitutional regime on the performance of food security. The participants also recommended that there is need for the study to specifically indicate some of the current regional policies that would have implications on the future food security and rural livelihood in Kenya; given that Kenya is a major play in the regional integration process.
- It was also suggested that the study has limited scope on how to handle food aid to ensure food self sufficiency and sustainability in the country yet food aid affects the level of food security a country like Kenya ,which to an extent relies on food aid to supplement it domestic food basket.
- Most of the participants pointed out that the data and the literature used in the study is outdated and there is need to revise the report with the current data and literature, which was affirmed to be available. For instance, there is need

to verify the data/information on the world food programme, indicated in the report.

- It was recommended that there is need for the government to increase the capacity of the AFC to improve agricultural lending to the small scale farmers to boost the level of local production. It was also suggested that there is need to underscore the role of political economy in affecting the level of food security in Kenya. In line with the government, it was also suggested that there is need for the study to specify the role of ASCU in addressing food security related challenges in Kenya. There is also need to analyse some of the government programmes related to food security like economic stimuli programme on the rural livelihood in Kenya. It was also recommended that the analysis of the study should be linked to the current agricultural development strategy.

- In terms of analysis, it was further recommended that there is need for such analysis to capture the changes in the level of food security over the years and such analysis should capture a wider scope i.e. should include other crops like maize and cassava. Furthermore, the study should also acknowledge special dimensions of food security like demographic and geographic indications.

Annex 1: List of Participants.

FEATS FINAL LIST OF PARTICIPANT

Serial No.	Name of Participant	Organisation
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TANZANIA FEATS PROJECT NATIONAL DIALOGUE – 19th October, 2010

PRESENTATION OF THE SECOND PHASE COUNTRY RESEARCH STUDY ON “TRADE IN AGRICULTURE IN THE EAC: IMPLICATIONS ON FOOD SECURITY AND RURAL LIVELIHOOD”

ESRF in collaboration with CUTS International - Geneva Resource Centre (GRC), held a half day national dialogue on implementing the second phase of Fostering Equality and Accountability in the Trading Systems (FEATS). A presentation of the research findings on *Trade in Agriculture in the EAC: Implications on Food Security and Rural Livelihood in Tanzania* was made, and discussion and comments made. This dialogue was held at ESRF Conference Hall on the 19th October 2010 from 8:30am to 2:00pm.

FIRST SESSION

Dr. Oswald Mashindano opened the dialogue and invited all present to introduce themselves. Among present were representatives from various stakeholder organisations such Ministry of Agriculture, Food Security and Cooperatives; Ministry of Industry, Trade and Marketing; The East African Development Bank (EADB); Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA); Research on Poverty Alleviation (REPOA); TANGO; Policy Forum; Tanzania Trade Development Authority (TANTRADE); OXFAM GB; KEPA; National Bureau of Statistics (NBS), CTI; Ministry of East Africa Corporation; President’s Office-Planning Commission, and the United Nations Development Programme (UNDP).

Dr. Lunogelo was invited to give his welcoming remarks. He made an introduction of ESRF and the study at hand & the implications of trade especially stressing on regional trade for instance cross border trade between the East African countries as well as in within the countries rather than focusing only on the international trade.

1ST PRESENTATION:

Mr. Atul Kaushik made a clear summary of the activities of CUTS and FEATS activities as well as a brief introduction to the history of CUTS-GRC. This brief summary included from the time CUTS was started to their mandate and its evolving changes as well as the linkages in their activities in Tanzania.

2ND PRESENTATION:

Ms. Monica A. Hangi made a presentation on “*Trade in Agriculture in the EAC: Implications on Food Security and Rural Livelihoods in Tanzania*”.

Dr. Mashindano added to Monica’s presentation by discussing the key points in short and by further emphasizing on the importance of the contents in relation to the situation we have within the region.

Dr. Flora Musonda, Trade Director – EAC Secretariat, took over by introducing the mandate of the EAC Secretariat and its operations relating to trade. She touched on the Customs Union Protocol to the harmonization of food safety standards (SPS) Protocol. However she pointed out one problem as has been observed by the secretariat which occurs mainly at border points. Some of the customs operations are not as per the agreed protocols and this limits cross-border trade within the EAC region. She pointed out that, at times traders are asked to pay duties while this is not supposed to be so given the EAC Customs Union agreement.

SPECIFIC COMMENTS:

Representative from Tanzania’s Ministry of Agriculture, Food Security and Cooperatives:

- She pointed out that one of the many problems that hinder the growth of the agricultural sector in our country is the Market access problem by farmers. An example was sited of ‘Mara’ region – North of Tanzania, where farmers are discouraged to sell their produces in the regional market but rather made to sell in local markets in the name of preserving food security conditions;
- She as well pointed out the importance of the Irrigation systems which seem to lack in Tanzania; and
- The need for local processing factories was discussed.

Representative from Tanzania’s Ministry of Industry, Trade and Marketing:

- The ministry carried out a research on the Cross border markets; where the country’s markets were found to lack good market structures in supporting trade compared to the rest of the EAC member states ;
- In order to facilitate cross border trade within the region, the ministry has been active in advocating for the establishment of a One-Border Post (OBP); and
- Food Security was as well discovered to be one of the major national problems.

Representative from Tanzania Chambers of Commerce, Industry and Agriculture (TCCIA):

- As a representative from the Private Sector, TCCIA has realized the need for money for Tanzania's farmers. But as an additional to this, there as well is a problem in linking the needs of the small scale farmers (peasants) and the country's politicians. The two groups have got two different view points and the farmers end up suffering most since the politicians have got the power in making sound decisions.

GENERAL COMMENTS FROM ESRF:

Dr. Lunogelo:

- One of the reasons that our exports are also lower, as compared to our counterparts, is because of the existing export bans.
- There is as well an issue of Informal Trade within the region, of which most of the trade conducted under that channel is not recorded anywhere. This, at times, can lead to a false ranking the levels of trade conducted by the involved countries.
- Hence, as a think tank, ESRF commit to undertake a research that will connect the exports of food crops to famine in locality.

Dr. Mashindano

- Peasants need protection, they are not protected because politicians have a wrong view on liberalisation in my view. Tanzania is in one of the top 25 countries that produce vegetables in the world. However, if you look at the top 25 exporters of vegetables, Tanzania is not in one of them and Kenya is which is not in the producers. Now we need just a little effort to bring this problem to an end. The problem is we do not have committed leaders.

SECOND SESSION:

After a short break, more comments from the floor were allowed by the session's chair, *Dr. Flora Musonda*:

Speaker from EADB:

- What do we mean when we say trade is important to farmers, is it the peasant farmers? ;
- Tanzania needs to open up and trade with its neighboring countries as well as with other parts of the World ; and
- Farmers need to be encouraged to trade, rather than being given bans.

Atul Kaushik:

- The Government of Tanzania has a commitment of directing 10 percent of its total budget to the Agricultural sector. But in essence, its only 3-4 percent which is being allocated for the sector. It's high time that it gets known where the remaining 7 percent goes to;
- The main market that seems to be existing in the region seems to be informal; if this market is already working, who is gaining and who is losing? Maybe the government should start thinking about having this market operating freely and still manage to get revenue from taxes in supporting the budget;
- The biggest loser in all this has been found to be the peasant who has no control on the price and predictability of the buyer. Where in this informal market, the peasant will be approached by middlemen who will buy at a cheaper price and further transact expensively. This explains the low rural livelihoods, and in the end low productivity;

Policy Forum:

- ESRF needs to share the research output with Policy Forum so as they can together assist in the dissemination processes.

Other comments included:

- There is a need to create a balance between production and the need for consumption side as well as trade on surplus;
- Peasants should be considered as rational and hence given the power to make decisions on their own produces especially the price levels;
- On recommendations, there should be a clear distinction in words such as lack, inadequate, and insufficient;
- There is need to recommend to the government that the markets should be fully opened up;
- The CSOs are not doing justice to the peasants and the rest of the EAC since these organs have got lots of knowledge thus it should take active parts in advocacy and knowledge sharing;
- Tanzania's Agricultural Marketing Policy (2009) and its implementation strategy has not been featured in the presentation;
- It is time for researchers and CSO's to have an arranged dialogue with the politicians;
- It was pointed out that, Tanzania had an opportunity to join in vegetable processing with Unilever to export to UK. However it was found to be too costly due to costs such as for electricity and others. Thus, there still is a need for development of partners in carrying out such opportunities;
- Instead of pushing trade to the borders, we should find the modality or creating a path within Tanzania to link or balance between food sufficient areas and food deficient areas;

- There is a huge need for Information and knowledge sharing with the nation's local farmers (Peasants) on export procedures;
- I have not heard about the 'Kilimo Kwanza' which is the agricultural mandate at the moment; this is what the government understands. Thus the report's discussion should have been linked to Kilimo Kwanza;
- The government has failed to address food security thus on the recommendations, it should show the government on alternative measures to alleviate food security;
- Horticultural agriculture, and its products, should also be included in the study as it now plays a big role in regional trade; and
- We need to put a clear recommendation on how to build capacity for peasants and traders so as they can manage to directly access the market; does Tanzania's export strategy look at how we can do this? In the world market, our crops are losing identity due to the fact that outside traders come in buy from farmers and sell abroad as their countries' exports.

All the participants took part in filling up the prepared questionnaires aiming at updating the Policy Making Matrix which was introduced in the 1st phase of the FEATS Project.

Later on, *Ms Monica Hangi* thanked all the participants and the chairperson closed the National Dialogue with recommendation to the present stakeholders to being part of the final product of the project.

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Report for disseminating a study on

“Linkages between Agricultural Productivity and Rural Livelihoods on one hand and Trade in Agriculture and Trade Facilitation on the other: Recommendations for Poverty Reduction and Development for a Land locked country like Uganda”

Date: 21st October 2010

Venue: Grand Imperial Hotel

Introduction

SEATINI- Uganda in partnership with Consumer Unity and Trust Society- GRC Resource centre organized a national dialogue to disseminate findings of a study commissioned by CUTS-GRC on “Linkages between Agricultural Productivity and Rural Livelihoods on one hand and Trade in Agriculture and Trade Facilitation on the other: Recommendations for Poverty Reduction and Development for a Land locked country like Uganda”

Participants in the dialogue included members of the Civil Society, media, and academia, government ministries (Ministry of Trade Tourism and Industry and Ministry of East African Community Affairs among others.

Below are the proceedings of the workshop.

Welcome Remarks- Amb. Nathan Irumba (Executive Director SEATINI)

He welcomed all participants and thanked CUTS-International for the continued support extended towards SEATINI (Uganda) and other stakeholders. He shared on the collaborations between SEATINI and CUTS-International and explained to participants that the two organizations have been working together for over two years now specifically on two projects; Fostering Equity and Accountability in the Trading System (FEATS) and on Building an Inclusive East African Community (BIEAC). He shared that the two projects are both aiming to have an Inclusive and Fair Trading system.

He thanked the participants for supporting the project and always honoring the invitations extended to them especially to participate in the consultative meetings.

He concluded by once again welcoming everyone to the meeting and wished participants fruitful deliberations.

Presentation from Mr. Atul Kaushik. (CUTS-GRC)

He started by thanking SEATINI for organizing the dialogue and shared that CUTS-International and SEATINI have had close working relations on the two projects of BIEAC and FEATS. He shared that on the BIEAC project the focus has been Economic Partnership Agreements (EPAs) and on Regional Integration while the FEATS project broadly aims at addressing the core issue of raising awareness for better coherence between development and trade policies thus contributing to economic development and poverty reduction in project countries.

The project is being implemented in five countries within Africa including; Uganda, Kenya, Malawi, Tanzania and Zambia. He shared that in the first phase which ended in October 2009, one of the key activities carried out was a research on Inclusiveness of Trade Policy Making in the different countries. He noted that the research came up with a format to measure inclusiveness which is the Inclusive Trade Policy Making (ITPM) Index that has been widely appreciated as a tool for measuring Inclusiveness in the Trade Policy Making system

and is right now being revised in collaboration with Centre for Socio-Eco-Nomic Development (CSEND).

He shared the more details on the outcomes of this project can be found on <http://www.cuts-grc.org/FEATS-Projects.htm>.

Regarding the purpose of the meeting, Atul mentioned that the meeting held that day was aimed at sharing the findings of a research study that was undertaken as one of the activities in the FEATS project in the current phase. The research is entitled ***“linkages between agricultural productivity and rural livelihoods on one hand and trade in agriculture and trade facilitation on the other: Recommendations for poverty reduction and development for a landlocked country like Uganda”***. He hoped that contribution from the participants would enrich the report.

Presentation of the Study Findings.

The study findings were presented by Mr. Mwambustya Ndebesa the researcher, who started by mentioning that the study attempts to show linkages between welfare, Trade, Food security and Growth among others.

The broad objectives of the study as stated by him were;

- To collect information on and analyse the recent trends in agricultural productivity, agriculture trade, livelihoods, and trade facilitation measures;
- To examine the complex relationships involved using a holistic framework;
- To generate new insights and knowledge that has practical implications; and
- To contribute to finding solutions including through coherent policy framework that will assist Uganda in meeting the objectives of NDP and NTP 2007.

SUMMARY OF KEY FINDINGS

- There is a mismatch between economic growth, indicators and livelihood indicators.
- There is an imbalance in the structures of the economy and labour force employment.
- The proportion of persons engaging in the agricultural sector has increased from 65.5 percent in 2002/2003 to 73.9 percent in 2005/2006.
- On the other hand the share of agriculture to the total GDP has been increasing.
- Majority of the population is employed in the agricultural sector whose share to GDP is declining.
- The economy of Uganda has been growing but inequality gap has equally been increasing.
- The economy of Uganda has generally been registering growth since the 1990s
- The share of Agriculture to total GDP has been declining since 2001
- Since 2001 agriculture sector growth rate has been declining
- Agricultural productivity has been on the decline for much of the last decade
- Agricultural exports have been increasing for the last one decade

- The population growth rate has also been high at an average of 3.2 percent per annum.
- Women who feed the families are the least found in formal employment
- Food insecurity in rural areas is positively correlated with falling rural earnings
- Productivity of main agricultural crops has been declining for the last one decade.
- In general terms export earnings have been increasing and poverty reduction has been visible in rural areas producing cash crops.
- Merchandise imports have been rising. Between 2001 and 2008 imports rose nearly 400 percent. This has resulted into a widening trade deficit.
- The prices for the basic consumer products for the rural poor have been increasing.
- The population growth rate has also been high at an average of 3.2 percent per annum.

Recommendations

- Need for more facilitative Government interventions to increase agricultural productivity
- Need to control population growth to match economic growth
- Need to invest in rural areas where the majority of the population is employed
- Need to incorporate issues of reducing income inequality in development planning
- The government needs to integrate income and non-income factors in development planning e.g. food security, nutrition and employment.
- Efforts should be made by government and CSOs to sensitize farmers and other Agricultural stakeholders about issues of national, regional and global trade policies.
- Government needs to formulate and effectively implement a National Policy and funding scheme for small and Medium Enterprises in Uganda especially those involved in agro-processing and export.
- Government needs to establish a support mechanism or provide incentives to investors involved in increased agricultural productivity enterprises or ventures.
- The policy making and planning bodies such as NPA should integrate economic and non-economic factors in their development programmes.
- There is need to have synergy between the ministries of Agriculture and Trade on one hand and the welfare and human development ministries such as labour.
- Agricultural inputs are imported and are expensive. Therefore government should subsidize farmers to enable them acquire these inputs at low cost.
- Government should encourage the development of trade and marketing institutional infrastructure to minimize or cut off many middlemen from the value chain.
- There is need for government to put in place a mechanism and policy for target subsidies to increase Agricultural productivity.
- Productivity decreases in tandem with international commodity prices. The government should therefore come up with a systematic targeted price stabilization fund for strategic crops or livestock sector.

- Researchers and Research Institutes should find out more on the impact of external trade liberalization on agricultural productivity.
- Research studies should establish how and to what extent farmers earn far less than other players in the value chain.
- Researchers should establish why there is dismal fertilizer use in Uganda and try to demonstrate how fertilizer use makes a difference in productivity.
- There is need for further research on Agricultural, land, water and labour productivity in Uganda.
- The study recommends that government should balance commercial imperatives of agricultural policy with welfare imperatives such as employment, improved livelihoods, food security and nutrition and gender equality.
- Government should pursue Trade and Transit Agreements at regional as well as International levels to ease movement of goods for a landlocked country.
- Government should invest in increasing Route Capacity especially the northern corridor as well as pursuing the decongestion of Mombasa port at a diplomatic and EAC levels.
- The researchers in Uganda should unravel the paradox of why official statistics show that rural poverty is declining at the same time as the share of Agriculture to GDP is declining and yet this is where the majority of the rural population is employed.
- Development partners such as donor countries and multilateral institutions should shift from Aid targeting price incentives to Aid targeting land and labor productivity.
- Donors should assist the government of Uganda to set up an Agricultural Bank to offer soft loans to finance Agricultural productivity improvement.
- Development partners should allow more preferential treatment for a developing country like Uganda.
- The Global development analysis should shift from the existing market orientation towards a mixture of market and livelihood orientation
- CSOs should increase their capacity building endeavours in order to sensitize their constituents into the need to link productivity to livelihood indicators.
- Farmers associations should aim at cutting out middlemen by building marketing institutions to enable them sale directly to the urban markets.
- Farmers associations should link up with research institutions towards improving on Agricultural productivity. They should also sensitize the farmers in the use of improved productivity technologies and use of fertilizers.
- With respect to trade facilitation, the private sector should actively participate in trade facilitation infrastructure development under Public-Private Sector Partnership
- Again on trade facilitation, together with Government, the private sector should invest in infrastructural interconnections.
- It is important that synergies are built among the various relevant institutions to ensure effectiveness of their services and optimization of agriculture support services and resources.

Plenary Discussions.

In the plenary discussions two key discussants made presentations and these were supplemented by discussions and contributions from the floor. The discussants were; a representative from the Ministry of Agriculture Animal Industry and Fisheries (MAAIF) and from Volunteer Efforts for Development Concerns (VEDCO)- a farmers organizations.

Presentation from MAAIF- Connie Acayo

She started by emphasizing the importance of linkages which can be structured either vertically or horizontally. She also shared that linkages can either be regulated or unregulated.

On the importance of linkages some of the issues raised were;

- They Define Institutional relationships
- Facilitate transfer and sharing of information and knowledge
- Enhance transparency and accountability and promote
- Equitable distribution and efficient utilization of (often scarce) resources.

She further shared on some of the policies that guide the Trade and Agriculture sector.

In direct reaction to the study report some of the issues highlighted by her were;

- While the intended policy has noble agriculture transformation goals, it remains unclear as to whether improving livelihoods is significant and a major priority of government agricultural policy and how it will be tackled. Overzealously pursuing commercial objectives sometimes occasions disregard for the poor with respect to livelihood considerations and indicators.
- The Draft Agricultural Policy is based on up-lifting both commercial and subsistence farmers and it is therefore important for the study to recognise and appreciate this.
- Through MAAIF the private sector is undertaking the concept of value addition especially on the Fisheries subsector, cotton, Bee-keeping, floriculture among others.

On Employment in the sector, she noted the following;

- Large scale agricultural enterprises (e.g. plantations and estates) in Uganda have diversified from sugar and tea to include flowers and coffee and these enterprises are hence providing significant direct and indirect employment in rural areas.

However there are issues of concern to the employees related to wages, hours of work, leave, conditions of life (e.g. medical benefits, education facilities, housing), occupational safety and health

- The labour laws are still inadequate to bring about dialogue on social and labour issues in agriculture.

Comments on Recommendations.

- MAAIF agrees that there is need to strengthen the synergy with MTTI and MoGLSD as well as other related sectors as mentioned above in order to achieve our goals.
- On subsidies to farmers – I believe this encourages the attitude of laziness and always expecting free handouts – Farmers need to be self sustaining.
- Systematic targeted price stability – This is mainly caused by fluctuation of the dollar at international level making it rather difficult to control at national level.
- MAAIF agrees to the recommendation regarding the Research Institutes: -
 - Research studies have established that increased exports have not necessarily translated into more earnings to the farmers. Therefore there is need for the researchers to find out why this contradiction and then recommend appropriate measures to overcome this contradiction so that farmers earn more.
 - There is little research on different forms of Agricultural related productivity in Uganda. These include, labour, land, water resources, livestock and capital productivity. There is need for further research into this area.
 - The researchers in Uganda should unravel the paradox of why official statistics show that rural poverty is declining at the same time as the share of Agriculture to GDP is declining where the majority of the rural population is employed.

In conclusion the presenter noted that Agriculture cannot be looked at in isolation if we are to strengthen and increase agricultural production and productivity as well as increase the linkages between agricultural productivity, rural livelihoods and trade.

Therefore the success of the agricultural sector is dependent on the complimentary roles played by other sectors including; Energy, transport, communication and IT, agricultural finance, agricultural education, trade and natural resource use and management.

Presentation from VEDCO

This was made by Agnes Kirabo an advocacy manager and some of the key issues she raised include;

- The need to emphasise the issue of infrastructure beyond roads to also look at energy, value addition, food storage etcetra.
- Agriculture financing needs to be critically explored to understand how farmers can be effectively supported to gain from such efforts.
- The issue of farmers failing to use fertilizers has been exacerbated by their failure to pre determine how much they will earn from their efforts. This means they fear to invest in buying expensive inputs like fertilizers when they are not sure of whether their returns will cover the costs incurred.
- There is need to emphasise subsidizing of production and not subsidizing of farmers as it is never understood in the right perspective by a number of stakeholders who assume that in subsidizing farmers' government is giving free money to farmers.
- There is need to explore all ways of increasing and providing opportunities for the population to engage in productive agriculture.

- The MAAIF needs to emphasise more service delivery rather than having to spend more on administrative costs so as to increase effectiveness of funds allocated to the sector.
- She further emphasized the need for facilitation issues in extension services to be addressed. Many extension workers are failing to work due to poor facilitation.

In her perspective, lot of research doesn't have a budget for dissemination sometimes this makes the research irrelevant as it never gets to the right users.

- There is need for government to recognize their role besides private sector.
- The study doesn't analyse the poultry subsector which is very crucial to small scale farmers especially the women farmers.
- The MAAIF is putting a lot of emphasis on having projects which are not permanent but short term.

Comments from the general plenary.

In the ensuing plenary discussion, the following concerns, questions and observations were raised:

- As we look at trade facilitation it is also important to look at the issues of trade deficit. One suggestion is that the government should consider export taxes so as to encourage value addition.
- Trade facilitation should also have a regional perspective as we are now driving towards a full integration.
- There is need to put more emphasis on the increasing of productivity through subsidies taking an example of countries like Malawi where there is subsidization of inputs.
- The study also needs to recommend further areas of research as this doesn't come out in the study.
- Railway contribution to the transport sector is 4% and not as stated in the study. It is also worth noting that other studies done in countries like Rwanda show that drivers spend on average US\$1800 on weigh bridges. There is therefore the need to emphasise the importance of developing the railway transport facility.
- According to the National Agriculture sector, many people are now leaving the agriculture sector which is contradictory to the study.
- It should also be recommended that if the Agriculture sector is to increase productivity, there is need to look at developing specific subsectors like fisheries where fish farming should be emphasized.
- There is need to recommend for more research on Intellectual Property in Agriculture as key in either developing or undermining the sector.
- In the study it is not clear what indicators were used in determining the gender differences in terms of employment among others. Statistics on population are also not clear on whether there is consideration in terms of citizenship when determining the population size.
- The issue of trade deficit can be controlled by subsidizing the producers.

- It should be recommended that farmers are given some kind of basic education especially for those who cannot read to enable them make the right decisions on which inputs especially fertilizers, herbicides, pesticides etc to use and whether to use them. Farmers should also be given skills to increase their productivity other than just edging them out of the sector.
- There is need to analyse the effects of the EAC regional integration on the national domestic policies.
- In the study, suggestions of marketing institutions emerged however a case study isn't provided on this.
- It is not very clear in the study the kind of farmer that is being referred to or used as a case study. There is need to make this clear. In most cases the farmers that most CSOs are working with have a low adoption capacity for new technology.
- It is unrealistic for the farmers to say that the farmers should cut off the middle man when these middle men are going ahead to make efforts to organize the farmers in groups.
- At this time there is need to have political parties involved in some of these researches as some of these decisions are made politically.

Closing Remarks- Atul Kaushik CUTS-GRC

In his closing remarks Atul thanked all participants for the contributions towards the paper.

On the study he recommended that the recommendations in the report should be classified according to certain parameters and addressed to a specific stakeholder's .i.e. government, CSOs, etcetra. This research can only be used as advocacy documents when the target implementers are identified.

He thanked SEATINI for organizing the national dialogue and for the continued support and partnership and urged participants to further submit proposals and recommendations through email.

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