

## Institutional Collaboration: Landmark MOU signed between FANRPAN and IFPRI

A landmark and historic Memorandum Of Understanding (MOU) of collaboration in food, agriculture and natural resource policy research and outreach in Southern Africa has been signed between the Food Agriculture and Natural Resources Policy Analysis Network of Southern Africa (FANRPAN) and the International Food Policy Research Institute (IFPRI), based in Washington DC, USA. Dr Tobias Takavarasha the CEO for FANRPAN signed on behalf of the Network, while Professor Joachim von Braun, the Director General of IFPRI signed on behalf of IFPRI. The signing ceremony took place on November 24 2002 in Nairobi, Kenya, during the two day meeting on "Future Challenges to Agricultural Economics and Economists in Eastern and Southern Africa" which was organized by the IFPRI 2020 Vision Network for the Eastern and Southern Africa regions.

IFPRI is one of the research centers for the Consultative Group for International Agricultural Research, CGIAR, which has a mandate to conduct research, outreach and capacity strengthening on food, agriculture and natural resource policy issues for developing countries.

This historic MOU is the result of several rounds of discussions held between the staff of these institutions. It will facilitate the exchange of information in food policy issues, assistance in setting research priorities and collaboration in developing proposals and undertaking joint research projects in relevant fields. Under this agreement, resource persons and training materials from IFPRI will be made available to FANRPAN on request. FANRPAN will also be assisted to establish links with other international research institutions and identifying resources for funding joint research projects, and will facilitate the hosting of joint conferences and workshops in the region dealing with food, agriculture and natural resources issues, as well as facilitating interaction between IFPRI researchers and the country policy research nodes in SADC. The signing of the MOU has come at a crucial time when FANRPAN is preparing to launch its policy research in line



Dr Takavarasha (right) signs the MOU with IFPRI Director General Prof. von Braun

with its five year strategic and business plan. Many donors present at the Nairobi meeting have welcomed this cooperation agreement, as it will strengthen the capacity of the network to undertake professional policy research. IFPRI has a long experience in international food policy research, which will be of great benefit to the SADC region. Professor von Braun is also the current president of the International Association of Agricultural Economists. This association will hold its next tri-annual conference in Durban, South Africa in August 2003.

The first joint assignment to be undertaken by FANRPAN and IFPRI is the development of a regional policy dialogue on biotechnology and biosafety issues in the region, which has been a very topical issue in the past months. The IFPRI Director General expressed great satisfaction with this MOU, which he hoped would open more avenues for IFPRI to work with policy research institutions in the region. Dr Were Onamo, a research fellow and co-ordinator for 2020 Vision Network East Africa and Rajul Pandya-Lorch Head of 2020 Vision for Food, Agriculture and the Environment Initiative in the Director General's office, were also present at the signing ceremony.

## Assessing the relationship between Agricultural Policy Harmonization, Trade Promotion and Food Security: Lessons from Seed Policy Reform.

**F**ANRPAN is currently involved in agricultural trade policy studies aimed at assessing the relationship that exists between policy harmonisation, promotion of regional and international trade and the achievement of food security and regional integration. Potential benefits from liberalisation include lowering of transaction costs due to the removal of barriers to cross-boarder movement of goods and agricultural inputs. Policy harmonization refers to the actions that policy makers take to facilitate a liberal trading environment. Major steps are being taken in the East and Southern Africa regions to liberalise and harmonise seed policies and regulatory frameworks across countries. There are some important lessons for policy researchers that can be drawn from efforts being made towards the standardization of seed regulations and procedures. One of the lessons that requires further analysis is that there are costs and benefits associated with seed policy reform. An argument frequently made against liberalisation of seed trade is the potential risk of increased disease transmission where standards are harmonised to facilitate trade. Market liberalization can at the same time reduce the costs of regulations pertaining to variety testing, registration, certification, while increasing costs associated with plant variety protection, anti-trust law enforcement and prosecution.

Other costs likely to increase in moving towards liberalisation both at the domestic and regional level are the research costs involved in assessing potential risk and economic threats of seed-borne pests and disease. Components of the seed policy regime will need to be changed to conform to the stricter and more complex standards set by international trade agreements. There are likely to be substantial negotiation and transaction costs involved in standardising regulations across countries. With liberalisation, it is argued that the private sector role in the seed system will increase but that policy reforms will not eliminate the role of the public sector. The public sector will continue to play an important role in supporting basic research, conducting applied research targeted at subsistence crops and marginal environments, and collecting and disseminating market information even in a nationally liberalised seed system. With regional harmonization, it may become attractive for the private sector to enter into the business of providing planting materials and improved varieties of less commercialised crops (such as cassava, sorghum and beans) if the market is expanded to the region thereby ensuring a threshold level of demand for its product. Thus, national and regional liberalisation may relieve governments

from subsidies required to support the seed multiplication and distribution efforts in the country in the absence of private sector firms. With the involvement of more private sector firms, the need to support public research on all crops and ecologies is also likely to be reduced, releasing the pressure on national budgets. But on the other hand, national budgets may be burdened with the need to invest in business development programmes and strengthening regulations that govern the corporate sector. Specific policy measures may need to be introduced to ensure that the benefits of improved seeds are widely shared. These include the introduction of targeted subsidies designed to reduce the costs associated with adopting improved seed and the provision of complementary inputs.

Other concerns associated with market liberalisation include the risk of having few foreign based seed companies gaining control over the supply of seed for nationally strategic crops, the possibility of unscrupulous traders selling low quality and disease-prone seeds and biosafety policy issues for GMO seeds coupled with the need for regional and international harmonization of biosafety protocols and plant variety protection laws (as stipulated in WTO Agreements of Trade). These issues are increasingly becoming an integral part of the seed and grain trade liberalisation debate and policy research and analysis. From the point of view of an individual firm in the seed sector, a policy change designed to promote regionalized seed trade may positively or negatively affect the firms market size, depending on its market share and level of competition it will take to face other firms in the region after the change occurs in the seed policy environment. A policy change towards liberalisation is likely to lower the time and monetary costs involved in complying with numerous seed regulations. It will also reduce the cost of producing, importing and exporting seeds, thereby lowering seed costs for the farmer and improving food security. The only costs likely to increase if plant variety protection laws are enforced as part of the seed policy liberalisation are the costs of protecting the varieties. These costs are, however, necessary for firms to stay in business and are likely to be based on the internal cost-benefit analysis, which ensures that private gains from protecting a seed variety are more than the costs of protection.

At the farm level, farmers are expected to gain and lose from policy change towards liberalised domestic and regional seed markets. The private gains are expected to occur from increased yields and lower costs of seed inputs as

seed markets become more competitive and the pool of varieties available to them in the market expands. The increased yields hypothesised at the farm level are expected as a result of better adaptation, tolerance to environment stress, higher harvest index, reduced risks from pest and disease pressure, and improved grain quality of new varieties compared with the varieties available to farmers before policy reforms. However it is also hypothesised that with the influx of seeds from other countries facilitated by a liberalised environment, there will be increased risks of crop losses to farmers due to the involvement of harmful pests and diseases along with seeds. Yet another concern raised is the losses to farmers due to inappropriate varieties and seed quality as a result of "relaxed" regulations. A necessary qualification in this discussion is that the risks of seed-borne pests and diseases depend on the implementation of phytosanitary rules and how effective they are in detecting the real threat. These risks can be high even in a restrictive policy regime if seed trade occurs illegally across borders without any phytosanitary inspection, and if the phytosanitary inspection rules are not relevant to the real threat of pests and disease.

A full assessment of the qualitative measures of the costs and benefits of seed policy reform will require measuring changes in the number of private seed companies operating in more than one country in a region, share of private and public sector seed sales in a region, volume of seed trade occurring within a region, and private sector investment in

seed research in the region. These indicators would need to be measured for each country involved in the region. That way, lessons from seed policy reform can then be applied to assess regional benefits and costs of moving towards a regionally harmonised policy regime.

The purpose of this article therefore is to present concepts and arguments that would need to be considered in assessing the potential benefits and relationships that exist between the implementation of policy changes that lead to regional harmonisation on the one hand, and their impact on facilitating trade and food security on the other hand. More empirical research needs to be undertaken to test the hypothetical costs and benefits highlighted in this article and apply them to the on-going debate on trade policy harmonization in the Africa region.

This article is based on a paper prepared by Mrs Mywish Maredia, Associate Professor, Department of Agricultural Economics Michigan State University on "Assessment of the Potential Costs and Benefits of Seed Policy Liberalisation and Harmonization: Concepts, Evidence and Methods" for presentation at the workshop on Impacts of Seed Trade Liberalization on Access to and Exchange of Agro-Biodiversity ICRAF, Bulawayo, Matopos Research Station, Zimbabwe 3-6 December 2002.

## NEW POLICY NODES SET UP IN LESOTHO, SWAZILAND AND MAURITIUS

The FANRPAN Chief Executive Officer visited Ministries of Agriculture in Lesotho, Swaziland and Mauritius (in November) and met with respective Principal Secretaries, Senior Officials and Stakeholders to brief them on the network and facilitate the establishment of policy nodes in those countries. FANRPAN now has eleven policy nodes who include (Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe); hopefully Angola, Democratic Republic of Congo and Seychelles will be part of the network in 2003.

The meeting in Lesotho was attended by Senior Officials from tourism and environment, livestock services, conservation and forestry, planning and agricultural research, under the chairmanship of Mr M.T. Khalema, the deputy principal secretary of the Ministry. Mr Khalema will be the interim node coordinator while steps are being taken to host a stakeholder consultative meeting and appoint a permanent host institution, node coordinator and management committee.

In Swaziland the meeting was held with the Principal Secretary Mr N. Nkambule and senior policy economist Ms Tshabalala, who will act as the interim node coordinator. A stakeholder meeting to identify a permanent node coordinator will be held. The Principal Secretary underscored the immediate need for his Ministry to be assisted by FANRPAN to undertake a maize marketing study involving stakeholders and come up with a long term policy strategy that provides a stable market for the maize industry.

The meeting in Mauritius was hosted by the Principal Secretary, Mrs Hanoomanjee together with a meeting facilitated by Mr R. Bahadoor, Principal Agricultural Planning Officer from the Ministry of Agriculture Food Technology and Natural Resources, and the node coordinator Mr B. Rajkumar, Senior Lecturer at the Faculty of Agriculture, University of Mauritius which is the host institution. The stakeholder meeting was attended by representatives from the Sugar Industry, Agricultural Research and Extension Unit, Chamber of Agriculture,

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## New Policy Nodes set up in Lesotho, Swaziland And Mauritius

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Agricultural Marketing Board, Farmers Service Corporation, National Federation of Young Farmers Club, Irrigation Authority, in addition to Ministry and University officials. Among the issues discussed at the stakeholder meeting was reaching an agreement that the University of Mauritius continues to provide node coordinator as host, and Ministry Chairs the management committee for the node. Mauritius offered to share with the rest of the region their experience

in achieving food security from import management, self sufficiency in horticulture and poultry, development of biotechnology policies and regulations, training in trade negotiations focussing on their experience with the Sugar Industry, Irrigation Technology and hosting of high level policy meetings.

It was agreed that measures would be taken to draft a Memorandum of Understanding to assist nodes in their operations.

## NOTICE BOARD

### November 23, 2002 - A bilateral meeting of heads of FANRPAN and ECAPAPA

was held in Nairobi, Kenya. FANRPAN and ECAPAPA had attended a conference on *Future Challenges to Agricultural Economics and Economists in Eastern and Southern Africa* which was organized by the International Food Policy Research Institute (IFPRI). The meeting focused on future collaboration among the policy networks.

### Post of Programme Officer (Policy Research and Communication)

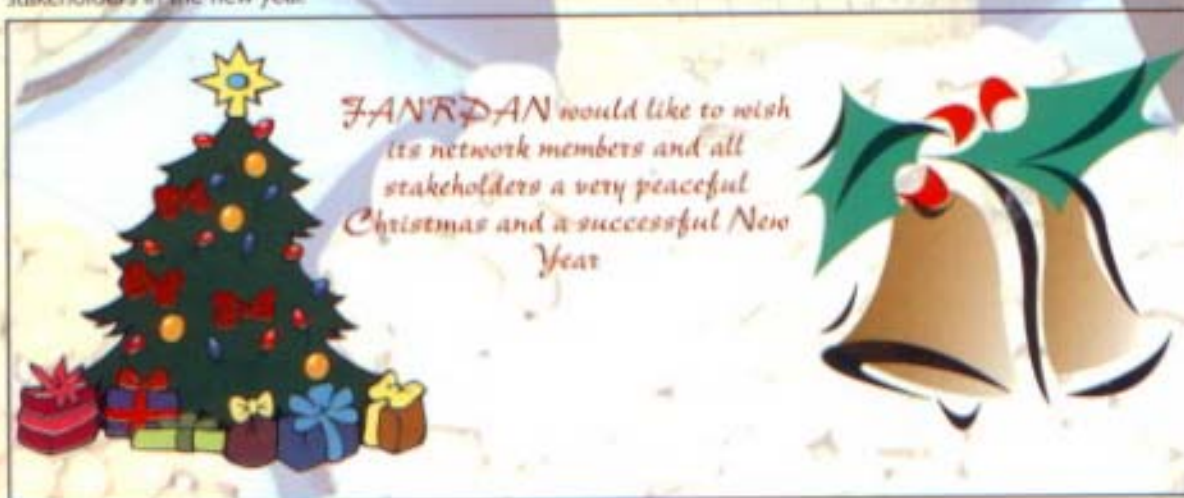
The closing date for submission of applications for the above post which was advertised in the October 2002 issue is January 31, 2003.

### Regional Stakeholder Conference on Agricultural Trade Policy in the SADC Region

The stakeholder conference to be sponsored by CTA will take place on March 25-27, 2003 at the Grand Palm Hotel in Gaborone, Botswana. For further details and registration please contact us on [policy@fanrpan.org](mailto:policy@fanrpan.org).

### Publication of the Short Term Food and Farm Input Supply Study

The publication of the policy brief and synthesis paper on this study is being finalised and will be distributed to all stakeholders in the new year.



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