Investment In Agricultural Water Management and Policy Issues for SADC

The need for investment in agricultural water management - including irrigation, water harvesting and soil moisture conservation - for poverty reduction and food security in the SADC region has probably never been more apparent than it is today. For example, recent analysis by FAO indicates that, in Sub-Saharan Africa as a whole, 75% of the agricultural growth required by 2030 will have to come from agricultural intensification rather than arable land expansion. It is now generally accepted that agricultural intensification can only be achieved through investment in agricultural water management.

However, the indications are that investment in the subsector has slowed down over the past 20 years and continues to decline. There are thought to be several reasons for this, but the common denominator appears to be that the donors’ (and perhaps some of the governments’) perception of the subsector is one of disappointing performance in terms of viability, sustainability and hence impact. The basis for this perception is attributed to high costs (investment costs for publicly funded irrigation developments in the region are said to be more than 10 times higher than average South Asian costs), implementation problems and poor operation and maintenance of public systems (leading to declining crop yields). To make matters worse, because of poor access to markets, smallholder farmers are obliged to take much lower farm gate prices than their developed country counterparts (or, often, those received by large-scale commercial farmers within the region). At the same time food crop prices, in particular, are declining in real terms.

Furthermore, water sector policy reformists in the region consistently claim that the use of water for agriculture is inefficient compared with competing urban, industrial, mining and even environmental uses; consequently, water development for agricultural use is now under threat in some parts of the region.

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despite its obvious importance for poverty reduction and food security.

The result of under-investment is that, according to data published by FAO in 1997, less than 11% of SADC’s irrigation potential has been developed to date. Nevertheless, there are some significant exceptions to the under-investment rule: in Mauritius, South Africa and Swaziland more than 80% of the potential has already been developed – mainly by the private sector. And it has to be assumed that this development has taken place at costs that could be profitably supported by the returns, since most of the investment would have been financed commercially. Moreover, the development must have been regarded as sustainable, or it would not have been expanded to its present scale.

Notwithstanding the distortions that may have encouraged such development – such as preferential EU sugar quota prices, subsidised water and electricity, skewed development of marketing infrastructure and the like – it may be worth trying to draw lessons from this apparent success, since these could have important implications for the future development of agricultural water management policies and strategies. At least, now that recent policy reforms in several SADC countries have emphasised the need for intensification and commercialisation (or improved profitability) of the smallholder agricultural sector, it may be useful to compare the institutional conditions that have facilitated private investment in the large-scale commercial irrigation schemes of some SADC countries with those that may have constrained the smallholder agricultural water management subsector in others.

The differences between smallholder and large-scale commercial agricultural water development are many and complex, but, characteristically, SADC’s smallholders:

- do not possess tradable land rights and therefore rely on the public sector for development finance since they find it impossible to obtain this from conventional/commercial sources;
- often go without seasonal finance;
- often do not possess secure water rights;
- rely on the public sector to design, implement and provide technical support services for agricultural water use projects;
- are not adequately empowered to deal with the market and therefore are unable to influence the terms (physical access as well as prices) upon which they participate in it; and
- are similarly not empowered to negotiate the terms of supply for water or to deal with the phenomenon of competition for water from other, usually more powerful, sectors (a major disadvantage in the context of increasing calls by governments and donors for agricultural water development to be considered only within the context of river basin and/or catchment plans).

On the other hand, large-scale commercial agricultural water users in the region generally:

- possess tradable land rights which they can use as collateral for infrastructure development as well as seasonal finance;
- possess secure water rights and supplies, often at subsidised prices;
- rely mainly on the private sector to design, implement and provide technical support services;
- enjoy considerable power to deal with the market (e.g. through commodity associations) and to ensure adequate infrastructure development (although this power may have been eroded in recent decades); and
- are similarly empowered, even with reform of the water sector, to negotiate the terms for agricultural water supply, despite increasing competition from other sectors.

To summarise, smallholders generally do not enjoy the same access to land and water as large-scale agricultural water users, which affects their access to credit; they apparently do not have the same access to private sector service providers; and, while reforms in some countries are going some way to achieving this, they are not yet empowered to deal with markets (including the water market).

Clearly, innovative approaches will be necessary if the decline in investment in agricultural water development is to be reversed. The question is whether current policy and institutional reforms really are adequately inducing the necessary innovation? For example, whilst agricultural water users’ associations (WUAs) are widely referred to in various policy documents, they are not yet generally established in legal frameworks and so they do not exist in

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MOU for Institutional Collaboration signed between ICRISAT and FAO/FAW

We are once again pleased to report another milestone for FAO/FAW's networking and institutional collaboration following the recent signing of the Memorandum of Understanding between FAO/FAW and the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) on 10 December 2002. Dr. William D. Dar, Director General for ICRISAT based at the headquarters office in India signed on behalf of ICRISAT while Dr. Tobias Takavavasha, Chief Executive Officer for FAO/FAW signed on behalf of FAO/FAW.

ICRISAT is one of the research centres of CGIAR (Consultative Group on International Agricultural Research) which has a mandate to conduct research for developing countries. This MOU will facilitate partnerships in policy research in the region. ICRISAT's mission is to help developing countries apply science to increase crop productivity and food security, reduce poverty, and protect the environment. It focuses on the farming systems of semi-arid tropical areas where low rainfall is the major environmental constraint to agriculture. Special emphasis is placed on five crops that are particularly important in the diets of the poor: sorghum, millet, groundnut, chickpea, and pigeon pea. ICRISAT's strategy includes forming research partnerships with government, nongovernmental and private sector organisations in developing countries, and to link these partners to research institutions worldwide. FAO/FAW has already held consultative meetings with staff at ICRISAT-Matopos, Zimbabwe Research Station to discuss collaboration in policy studies on seed and fertilizer policy harmonization, HIV/AIDS livelihood studies and their impact on food security, contract farming and strategic food reserves among other subjects.

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practice. Whilst farmer organizations, such as marketing cooperatives, are generally well established in law, legal frameworks are often still couched in terms that actually discourage smallholders from participation and commercialisation. Policies and legislation on tradable land rights are not yet in the forefront of debate. Until these matters are tackled, the days of profitable, sustainable agricultural water development for smallholders seem a long way off.

Are governments and donors doing enough to put policy into practice? A recent analysis of one donor's portfolio of assistance to agricultural water use development in East, Central and Southern Africa revealed that, on average, whilst 25% of project costs were allocated to capacity building in the public sector, only about 1% was allocated to capacity building for and empowerment of smallholder farmers. Governments and donors now need to proactively support innovation and policy reforms to enable farmers, and particularly agricultural water users, break out of subsistence level farming into diversification, intensification and profitability.

This article is based on a paper prepared by Mr. Tony Peacock, an Irrigation Specialist with the SADC Food Security and Rural Development Hub based in Harare. Tony has wide experience in water management and irrigation issues in the SADC region dating back to his participation in an AusAID study for a Regional Irrigation Development Strategy in 1993 and he has played an active role in irrigation development activities in Tanzania, Malawi, Zambia, Zimbabwe and Swaziland through work with FAO/FAW Investment Centre, IFAD and Danida.

In light of the current drought and food insecurity situation affecting the SADC region, and the renewed focus being given towards water management and irrigation, Dialogue has seen it fit to publish this lead article on agricultural water management. FAO/FAW in its research agenda is also giving priority to the analysis of irrigation and water resource management policies both at national and regional levels.
Notice Board

1. In collaboration with CTA, FANRPAN will be holding a regional conference with the theme of Agricultural Recovery and Trade Policy Dialogue in Southern Africa in Gaborone, Botswana 25-27 March 2003. The objectives of the meeting are
   - to bring together all the regional stakeholders who are dealing with food security and humanitarian assistance,
   - to discuss and reach consensus on a document on agricultural recovery being prepared following the short term food and farm input supply study undertaken by FANRPAN last year,
   - to discuss the regional agricultural trade policy study document and prepare a policy brief with recommendations on concrete actions to be taken by member states through FANRPAN Ministers to implement and agree on recovery strategies and trade promotion measures.

Further details can be obtained on our website www.fanrpán.org or by emailing policy@fanrpán.org.

2. From 15-17 January 2003, the Second US and Sub-Saharan African Trade and Economic Cooperation Forum was held in Mauritius. The event focused on the African Growth and Opportunity Act (AGOA). It had three objectives: to assess progress achieved in the implementation of the Act; to examine the problems encountered in the process; and to discuss ways and means of expanding trade and investment relations between US and Sub-Saharan Africa countries.

3. The Economic Commission for Africa’s Sustainable Development Division (UNECA/SDD), in collaboration with the USAID/Michigan State University Food Security III Cooperative Agreement (FS III), organized a food security research coordination meeting at UNECA headquarters in Addis Ababa on January 20-21, 2003 to discuss ways in which the food security research agendas of FS III and five major African policy research organizations/networks (UNECA/SDD, ASARECA/ECAPAPA, SADC/FANRPAN, CILSS/INSAH and SADAO) can be coordinated over the coming years in order to reinforce each other and avoid duplication of effort.

The meeting was attended by the Heads of these regional policy networks, MSU project directors and staff members of UNECA/SDD, under the leadership of Dr Josue Dione, the Division Director.

4. Regional Conference to discuss consolidated information, seed production and dissemination strategy for improved open-pollinated maize varieties for the SADC region organized by the International Maize and Wheat Improvement Centre (CIMMYT) and SADC Seed Security Network (SSSN) Johannesburg, South Africa 3 - 4 March 2003

5. A Sub-regional workshop on science and technology strategies for improved agricultural productivity and food security in Southern Africa organized by the International Academy Council, (IAC) will be held on 7-9 February 2003 Pretoria, South Africa. The IAC has been requested by the Secretary General of the United Nations to prepare a report on science and technology strategies for improving agricultural productivity and food security in Africa. The main objectives of this workshop are to help identify constraints to and opportunities for increasing agricultural productivity and the role of science and technology in alleviating the constraints, then formulate relevant recommendations for the report.

6. International Association of Agricultural Economists, IAEE tri-annual Conference to be held in Durban, South Africa 16 - 22 August 2003. The Conference seeks to bring together agricultural economists from across the world to present papers on current global issues affecting agriculture. Contact FANRPAN for further details about the Conference.

7. Forum for Food Security in Southern Africa (1 December 2002 to 31 August 2003) is a project funded by the UK Department for International Development and implemented by a consortium of institutions in the UK and Southern Africa to support strategic thinking on food security issues by facilitating a forum of specialists and key policy stakeholders, producing policy papers and conducting workshops in support of initiatives to improve food security in the region. The policy papers will summarise current understanding on country and regional issues highlighting policy options and trade-offs.