

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(86) 198 final

Brussels, 10 April 1986

Implementation of Food Strategies and Prospects for the Future

(Communication from the Commission to the Council)

COM(86) 198 final

FOOD STRATEGIES : THEIR IMPLEMENTATION AND PROSPECTS
FOR THE FUTURE

SUMMARY AND CONCLUSIONS	i
Abbreviations	iii
1. INTRODUCTION	1
2. ANALYSIS OF EXPERIENCE IN RELATION TO LOME III PROGRAMMING	4
2.1. The case of Mali	4
2.2. The case of Zambia	13
2.3. Food strategy in other ACP countries	19
Review as programming	
3. GENERAL REVIEW AND FUTURE PROSPECTS	26
3.1. Food and agricultural development policies	26
3.2. Methodology	32
3.3. Future prospects	35

February 1986

SUMMARY AND CONCLUSIONS

Since 1982, the Community has been active in supporting the implementation of food strategies in four African countries. The time has come for an assessment of this initial experience in order to gain some useful insights for the future now that the Lomé III Convention is coming into force, enabling this approach to be extended to all the ACP countries.

An in depth analysis has been made for two of the four pilot countries which are dissimilar from several points of view : on the one hand, Mali, where the food strategy is explicitly acknowledged as a component of national policy and where the EC has become the driving force; Zambia, on the other hand, where the concept of food strategy as such is far from central to policy discussions and where the role of the EC is generally speaking more modest.

Despite these differences, it is evident that the food policy reforms that have been put into practice are very similar, both in terms of the successes (e.g. liberalisation of the cereals market) and the weaknesses (e.g. structural measures to benefit small holders). It should be noted, moreover, that in both cases the food strategy dialogue has been set within the context of a broader dialogue on socio-economic policies involving other donors or international bodies.

A preliminary review of Lomé III programming shows that, in nearly all countries food and agricultural development has been singled out as the concentration sector to which, on average, about 80 % of programmed resources will be allocated.

The rural development measures and plans for specific actions have, overall, been worked out in a food strategy context. Further work is nevertheless required regarding the formulation of food policies and methodology

- The food strategy approach should have an impact on cooperation with ACP countries in general and should be reflected in the indicative programmes from now on the categorisation of the four pilot countries will gradually lose significance.

- Efforts to improve food and agricultural policies have until now been focussed on pricing and marketing. Though more can be done in this field, a broader approach is required and more attention paid to structural agricultural policies (which should seek to place family small-holdings at the centre of the production process) and on consumer policies (with a view to creating a stable market for local produce).

- As regards methodology, there needs to be better coordination at Community level (taking account also of broader coordination initiatives of course). In the policy dialogue with beneficiary countries, there should, in addition to discussions on general issues of food and agricultural policy, be more focus on specific operational themes and in this case the dialogue should take place with a body having full policy authority in the area in question.

- In the implementation of the indicative programmes, more work is needed on the ways in which general guidelines or cooperation can be translated into sectoral and sub-sectoral policies which in turn provide a coherent framework for the various specific projects and activities to be financed under the sixth EDF.

- Finally, some consideration should be given to the ways and means by which this approach can be extended to cooperation with countries outside the ACP group.

Abbreviations

ACP	African, Caribbean and Pacific States
BNDA	Banque Nationale de Développement Agricole (Mali)
CEC	Commission of the European Communities
CESA	Commission Consultative de l'Elaboration et du Suivi de la Stratégie Alimentaire (Mali)
CGIAR	Consultative Group on International Agricultural Research
CTA	Technical Centre for Agricultural and Rural Cooperation
EC	European Community
EDF	European Development Fund
FCFA	Franc de la Communauté Financière Africaine
IBRD	International Bank for Reconstruction and Development
IMF	International Monetary Fund
IP	Indicative Programme
GRM	Government of the Republic of Mali
GRZ	Government of the Republic of Zambia
MECU	Million European Currency Units
NAMBOARD	National Agricultural Marketing Board (Zambia)
NGO	Non Governmental Organization
ON	Office du Niger (Mali)
OPAM	Office des Produits Alimentaires du Mali
PRMC	Programme de Restructuration du Marché Céréaliier (Mali)
R3S	Réseau de recherche sur la Résistance à la Sécheresse
SAL	Structural Adjustment Loan
UMOA	Union Monétaire des Etats de l'Ouest Africain
UNDP	United Nations Development Programme

1. INTRODUCTION

During the (Development) Council of 6/11/84, when the Commission document "Food Strategies - Review and Prospects" was examined, the Commission committed itself to present "a more systematic evaluation of these strategies and an attempt at a methodological analysis for the future together with a brief assessment of the situation in other developing countries to which the food strategy support could be extended".

This document contains an analysis of the accumulated experience and sets out some guidelines for the future.

As for future action, it is necessary to take account of the third ACP-EEC Convention signed on the 8/12/84 in Lomé. This new Convention integrates the main characteristics of the "food strategy" initiative within the general framework of aid implementation. This makes it possible to go beyond the experimental phase during which the EC supported food strategy implementation in four countries (Mali, Kenya, Rwanda, Zambia) and provided some ad hoc financial assistance (food aid, art. 958, etc...) for this purpose. From now on, the food strategy approach should become a guiding factor in cooperation with all ACP countries and have an impact, at the level of the various countries, on the implementation of the indicative programmes. In this way, as the implementation of Lomé III progresses, the category of "food strategy countries" will lose its significance and give way to a wider variety of groups of countries which will to one extent or another, be applying a similar approach.

In order to prepare this new plan, this paper contains an analysis of the outcomes of the experimental phase in two countries, Mali and Zambia, together with an analysis of indicative programmes already concluded in about thirty ACP countries. The experience in the two other food strategy countries, Rwanda and Kenya, though not analysed in detail, has also obviously been taken into account.

Starting from this analysis proposals are being put forward for the continuation and reinforcement of this experience.

The choice of Mali and Zambia is based on certain characteristics of these countries :

Mali as well as Zambia can each be considered representative of a group of African countries.

In Mali, a Sahelian country with few non-agricultural resources and an erratic climate, the Community and the Member States play a predominant role in trade as well as development cooperation. Mali participates in the CFA monetary system and its rate of inflation is comparable with France's. Zambia has considerable non-agricultural resources and is one of the most urbanised African countries. The Zambian economy is less dependent on foreign assistance.

Moreover, Zambia's level of external debt is among the highest in Africa and debt servicing weighs heavily on the economy.

Some preliminary remarks on methodology are called for :

- a. The starting point has to be the definition and implementation of food strategy or policy : by the government concerned. The strategy has to be set in the context of all the development policies (for the rural sector in particular), the economic policies etc... and take account of trends in the social and economic situation on the country concerned.
- b. The initiatives taken by the EC to support this strategy have to be placed in the context of efforts undertaken by the government and the intervention of other donors. In general, it will be impossible to identify the exact contribution made by the various parties concerned, to the final outcomes.
- c. Community efforts, directly linked with food strategy implementation (food aid, projects of the Special Programme art. 958 e.g.) have to relate to the overall framework of cooperation between the EC and the countries concerned.

The following section of the document contains first an analysis of the experience of food strategies in Mali and Zambia, and an analysis of their Lome III indicative programmes.

There is then a review of some of the main trends emerging from the Lome III indicative programmes and some concrete examples are given as illustrations.

In a third section (Review and future prospects), an attempt is made to structure these elements of analysis and to identify some broad guidelines for food and agricultural policy and the approach to be followed in the years to come.

2. ANALYSIS OF THE EXPERIENCE IN RELATION WITH LOME III PROGRAMMING

2.1. CASE STUDY : MALI

2.1.1. Preliminary considerations

The EC has been involved in supporting the food strategy in Mali since the end of 1982. The aims of the strategy as set out in the document of the Mali Ministry of Agriculture (August 82) was to attain food self-sufficiency at the national level, to become ultimately a cereals exporter and to guarantee a balanced food diet for the whole population.

The main lines of the strategy can be summarized as follows :

- a. Relaunching the cereals market
 - (i) restructuring of the market
 - (ii) price incentives for producers
 - (iii) unsubsidized consumer prices
 - (iv) efficient marketing
- b. Strengthening of the agricultural production system
 - (i) restructuring of the Rural Development Operations (ODRs)
 - (ii) agricultural credit
 - (iii) intensification of agricultural production
- c. Strengthening of food security

Before examining the policy measures taken since the inception of the food strategy initiative, it should be noted that two external factors have had a major impact on the evolution of the economic situation in Mali.

In the first place, the three consecutive years of drought (82-84) have had a devastating effect on the population and the economies of the Sahelian countries, particularly in Mali. This natural catastrophe upset policy priorities and made it difficult - if not impossible - to attain certain objectives.

In the second place, as in other African countries, Mali suffered the combined impact of the international crisis and the consequences of bad economic management in the 70's.

The government efforts, as well as the donors' contribution, were aimed in the first place at remedying the consequences of the drought and improving the external finances and budgetary situation of the country.

In this context, it is important to mention the re-integration of Mali in the UMOA. This was achieved according to the planned timetable in June 1984 after successfully carrying out a drastic restructuring policy. The restrictive economic policy constitutes the general framework in which the food strategy is being implemented.

It is hardly surprising that progress on a number of points of the strategy has been rather limited. Nevertheless, in several crucial economic areas, specific measures have been taken, particularly for reviving food production.

2.1.2. Cereals marketing restructuring programme (PRMC)

The starting point and cornerstone of the Mali food strategy is the cereals marketing restructuring programme (PRMC) that started in the crop year 81/82. This rather ambitious programme is designed to relaunch the cereals sector by means of trade liberalisation, a policy of price incentives for producers, elimination of consumer subsidies and improvements in the management of the Food Products Marketing Board (OPAM). This programme is financed by counterpart funds generated by the sale of food aid committed on a multiannual basis by a group of donors.

After four years of operation, the results are quite encouraging and can be summarized as follows :

Trade liberalisation

Trade in rainfed crops (mais, millet, sorghum) has been liberalised thereby strengthening the role of private traders; liberalisation of rice trading follows at a slower rhythm.

During the 85-86 crop year, however, produce from the irrigated rice fields of the Office du Niger may be bought by private traders as from mid February. In principle, from the next crop year (86-87) onwards, private traders will be able to start their activities as from the beginning of the marketing period.

Trade liberalization strengthens competition and reduces commercial margins, making it possible for free market prices to be higher for the producer and lower for the consumer.

Official market regulation

Playing the role of buyer and seller of last resort, OPAM should contribute to market stabilization. Its performance, in this area, has to be evaluated in a balanced way :

a. As regards the purchase of food products :

In the 81-85 period, OPAM has been able, because of its official monopoly position, to maintain its rice purchases at a similar level, independently of the price policy adopted.

As regards maize, millet and sorghum, however OPAM purchases fell from 17,000 T. to 3,000 T. between 81 and 85. This was due to the fall in quantities offered on the market, caused not only by the drought but also because the official purchasing price, starting from a relatively low level in 81, rose even more slowly than the cost of living and remained below the price in most of the neighbouring countries.

It is true that producers have received a fairly good price per kg from the private traders but OPAM's impact on the purchase side of the market has been very limited. It is interesting however that information already available on the 85-86 crop year indicate that, in a period of good harvest, the official purchasing price (currently 55 FCFA/kg) is functioning as a floor price: at this price OPAM may be able to buy about 60,000 T. during the 85-86 crop year (end February 86).

b. As regards sales of food products :

OPAM markets not only locally bought cereals but also cereals received as food aid and in so doing controls about 75 % of the total sales (compared with less than 10 % of purchases on average). OPAM has therefore a very real impact on food supply to the towns.

This is revealed in two ways :

- the supply of cereals to outlying regions such as Gao and Tombouctou : despite a high scale of activity in those regions, neglected by and large by private traders because of transport difficulties and high costs, OPAM has not been able to satisfy fully the demand and the needs of the affected population in those zones during the drought,

- OPAM sales prices remained below the market price until 1985. As it has no marketing channels of its own, OPAM sells to preferential groups such as public utilities, the public administration, local cooperatives etc...

This type of marketing means that the benefit of the low OPAM prices goes to certain groups that are not exactly among the most disadvantaged. Nevertheless important progress has been made with the Government's recent decision (November 85) to fix the price of maize - millet and sorghum at 95 FCFA/kg and the price of rice at 165 FCFA/kg. These prices are in fact at the level of the market price and will allow OPAM to enter in competition with private trade and to play a role as seller of last resort.

It is important to assess the cereals policy in the general context of Mali economy and the relations between Mali and the aid donors.

It was in effect as a result of the pressure exerted by the IMF through its negotiations with Mali on the renewal of its standby credit that GRM adopted the prices proposed by the PRMC donors in november 85.

The difficult economic and budgetary situation and the social and political tensions go a long way to explain the hesitations of the government about honouring its commitments on price policy :

Civil servants that had already to suffer salary freezes were the first to feel the price increase for sales of OPAM cereals.

In exchange for its important but difficult decision to increase OPAM prices, the government asked PRMC donors to assume a larger part of deficit of the cereals sector.

OPAM Management

The efforts made to improve OPAM's efficiency have been rather successful between the year 81/82 and 84/85 the deficit diminished by almost 40 %. Moreover, the Board's administration has been improved (for example by transferring part of the transport activities from OPAM to the private sector) and a start has been made with rationalizing staff.

Despite this, much has still to be done. The better financial situation of the Board is for instance not simply due to better management; other factors have a direct impact on the deficit such as the relative significance of food aid and local purchases in the Board's sales, the share of various regions in the sales/distributions of the Board etc....

Moreover other external elements such as the rescheduling of OPAM debts have contributed directly to its improved financial situation.

2.1.3. Other elements in the Mali food strategy

The PRMC is a central element in the Mali food strategy and is largely responsible for its success. The results achieved by the PRMC, however, also depend on what happens in other areas of policy. Here, despite some progress, the process of change has been rather slow.

This is true, in the first instance, for the restructuring of the Rural Development Operations.

Up till now, attention has been concentrated in particular on the "Office du Niger" (ON) the most important, but also the least efficient paddy producer. Progress has been made in ON-management and in its relations with agricultural producers.

The GRM has also drawn up policy guidelines designed to restore normal financial operating conditions for the ON.

The government's decision stipulates that the main function of the ON will be to provide advisory services for producers, implying a progressive reduction of its existing direct interventions and a gradual transfer of certain responsibilities to the producers themselves.

In this context it is important to mention the creation of the National Agricultural Development Bank (BNDA) in charge of the improvement of this rural credit system, which is a main element of agricultural development.

2.1.4. Food strategy and planning

The Consultative Committee for the Definition and Follow-up of the food strategy (CESA) was created in 1982 as a body to develop ideas on the food strategy as well as coordinate and stimulate its implementation. Seven interministerial working groups were set up to consider in the CESA framework ecological zoning, statistics, research, processing, marketing logistics and consumption.

CESA plays a role in the preparation of the 87-92 Plan.

Indeed, food strategy and desertification control have been chosen as the main themes for the next Plan. In this way, the strategy goes beyond the field of food and nutrition and will serve as a basic principle for the selection of programmes, projects and actions to be carried out in various social and economic sectors.

The CESA working parties should provide an essential input to all the work involved in implementing the food strategy, although until now, CESA's impact has been rather insignificant.

With the exception of CESA's role as a consultation body for the preparation of the document submitted to the Second multi-donor meeting in December 85, few concrete results have been achieved. This is mainly due to the lack of means at CESA's disposal and to its inappropriate place in the GRM structure.

Indeed, CESA can hardly be expected to fulfill its objectives. The leadership role for the whole of the planning exercise is entrusted to the Ministry of Planning which coordinates the work done in the various regions and the various technical Ministries. CESA would be the ideal body to ensure that food strategy preoccupations were taken fully into account in the plan, but to fulfil that role there has to be a better system of coordination between CESA's activities and those of the Ministry of Planning.

2.1.5. Community support for the Mali strategy

As explained above the PRMC is the central element of the food strategy and has achieved most results.

The EC supported PRMC directly by supplying food aid which in turn generated counterpart funds. It should be emphasized that this support was integrated in a multiannual multidonor programme which is the first of its kind.

The amount of programmable funds allocated to Mali by the 5th EDF has been increased from 85 to 96 MECU. This increase will be used in the restructuring plan of the "Office du Niger" to support crop intensification in the irrigated areas, and thus help to raise farming income and improve food security.

In the Special Programme to Combat World Hunger, Mali received a total of 8.3 MECU (5 MECU on the 83 budget and 3.3 MECU on the 84 budget) which will be used for :

- supporting the cooperation movement (through village associations);
- technical assistance (financing studies) and facilities for CESA ;
- an agricultural credit programme (BNDA);
- the supply of agricultural inputs ;
- environmental protection and conservation of agricultural resources (improved stoves, reconstitution of tree cover, savings in wood fuel).

Even before the EC decided to support explicitly the Mali food strategy, cooperation between Mali and the EC had given priority to rural development, and basic economic infrastructure.

30 % of 4th EDF (Lomé I) and 62 % of 5th EDF (Lomé II) have thus been allocated to rural and agricultural development.

It can therefore be said that the policy dialogue relating to the food strategy served, to maintain and further strengthen the priority attached to the rural sector. Indeed, the Lomé III Indicative Programme allocates 90 % of the available means to the support of the food strategy and desertification control.

In this context, the Government has amongst other things committed itself to :

- continue its policy to improve incentives for farmers and liberalize the cereals market ;
- continue the restructuring of the Rural Development Operations ;
- modify the land tenure situation in order to make optimum use of water resources ;

- draw up a health and nutritional policy for drought victims;
- improve health and education services in rural areas.

The EC actions in support of these policies will in particular :

- continue support for the PRMC (use of food aid counterpart funds);
- provide support for village associations, in particular with a view to intensifying agriculture and improving environmental conservation;
- give assistance for rural migrations from arid zones to regions with more agricultural potential.

2.2. CASE STUDY ZAMBIA

2.2.1. Preliminary observations

During the sixties and seventies, Zambian agriculture was neglected in comparison with the mining sector. Mining exports generated the foreign exchange needed to finance imports, to build up public administration and develop urban infrastructure. The role of agriculture was to supply cheap food for the urban population. The combination of inadequate price incentives, population growth and availability of foreign exchange led to a rapid growth of food imports.

Around the end of the seventies, when the profitability of mining declined rapidly (lower prices of copper, higher prices for energy and transport, decrease in production) a reorientation of economic policies became necessary. In this context a better use of Zambia's vast agricultural potential was needed. The Zambian government was well aware of this necessity. Right from the beginning, the policy dialogue with the Commission and the Member States focused on how to organize such a reorientation towards agriculture.

However, the agricultural and food policy dialogue was gradually enlarged to more general economic restructuring problems.

2.2.2. From food strategy dialogue to economic restructuring dialogue

In 1980, President Kaunda launched "Operation Food Production," making Zambia one of the first African countries to define an integrated approach to rural development in order to increase food security and to encourage agricultural exports. In this approach an important role was foreseen for large state farms (+ 20,000 ha) using advanced technology. In addition to the future state farms, cooperatives as well as large and small scale private farmers had a role to play. Several concrete measures to benefit private farmers were in fact announced.

Operation Food Production formed a basis for the GRZ-EC dialogue on the food strategy. This dialogue was particularly intense during 1982 within the "GRZ-EC Joint Committee". The Community's initiative benefited from a detailed study on the food strategy, prepared with support of the Netherlands. The work of the Joint Committee led, in October 1982, to the GRZ's adoption of a "Special Programme of Action against Hunger". This programme constituted an important step towards a well-balanced food policy. No explicit reference was made to state farms. Emphasis was put on the production of maize and drought-resistant staples (sorghum, millet and cassava) by small scale producers. The private commercial sector was to concentrate on import substitution (particularly wheat and maize) and on export crops.

Particular attention was given to livestock development, especially in connection with animal traction.

In the course of 1983, in parallel with the EC efforts, the World Bank and GRZ started discussions on economic adjustment policies. Food policy options were presented in the document "Restructuring in the Midst of Crisis" (chapter 4) prepared for the Consultative Group meeting held in May 1984. This document reflected largely the recommendations of the Joint Committee particularly with respect to supporting small holder development.

During 1985, two further meetings of the Consultative Group took place. GRZ's position was presented in "An Action Programme for Economic Restructuring".

The latter document was essentially a further elaboration of the 1984 document (Restructuring in the midst of crisis) and it announced a large number of food policy measures to be taken.

In order to implement the Consultative Group's conclusions a "Joint Monitoring Committee" was formed in 1984 to replace the Joint Committee. In addition to the Joint Committee members, the new Committee also included the World Bank and several non-EC donors. It did not function very effectively, largely because of problems related to the terms of reference and due to the absence of an adequate secretariat.

Also in 1984 GRZ established within its Ministry of Agriculture an Investment Plan Task Force with a view to formulating an agricultural action programme. The task force had to prepare a five year investment plan to become part of the next development plan (delayed by one year: 87-91). Several donors, including the Community and its Member States, have provided support for this task force, particularly by financing a large number of studies covering subjects such as storage, credit, livestock, traditional crops, etc. ...

Parallel to the dialogue with the EC and in the framework of the Consultative Group, GRZ also engaged in a dialogue with the IMF. In line with IMF proposals Zambia devalued its currency several times and in October 1985 a weekly foreign exchange auction was installed.

Examining recent changes in Zambian policies and the different dialogue initiatives between GRZ and the donors leads to two observations:

- a. Even though chronologically the first, the GRZ-EC dialogue became less important for GRZ than its dialogue with the World Bank and the IMF which rapidly resulted in sizeable loans. The dialogue with the EC lost momentum because it did not prove possible to give a quick operational follow up to the 1982 Special Programme of Action. This was, at least in part, due to lack of administrative capacity on the Zambian side.
- b. There is nevertheless a striking coherence in the conclusions that came out of the different committees and groups. In spite of the diversity of the participants the resulting documents and statements led (with some difference in emphasis) to the same orientations for Zambian food policies:
 - increase the productivity of small scale producers (subsistence and emergent farmers) especially through reasonable price incentives;
 - less priority for state farms;
 - encourage competition between parastatals and private firms in the marketing of agricultural produce and inputs.

2.2.3. Changes in Zambian food policies (since 1980)

Since 1980, GRZ has implemented a large number of policy reforms consistent with the recommendations that came out of the food strategy dialogue. It is difficult, however, to assess the extent to which these reforms were carried out as a result of the GRZ-EC dialogue since this became absorbed in a broader policy dialogue with other donors.

It is important to stress the profound effects that the exchange rate adjustments, particularly the auctioning of foreign exchange (since October 1985), have on food and agriculture. In principle, the agricultural sector should benefit from these changes. Even though imported inputs (such as fertilizers) have become more expensive, the prices of agricultural produce should also increase because they are influenced by world market prices. Emergent farmers should benefit more than commercial farmers who depend more on imported inputs. The effects of the exchange rate adjustments should be felt over the coming years.

Since 1980, producer prices for most crops (particularly food) have been regularly increased beyond the general level of inflation, thus increasing the real income of farmers. Traditional drought resistant staples (such as millet and cassava) have increased in significance, having been included in the official marketing system. Prices for such traditional crops were increased more rapidly than prices for other crops. Consumer prices for all food commodities except maize have gradually been decontrolled in order to allow cost recovery of the marketing organizations. This has led to substantial price increases for sensitive commodities such as bread, sugar and cooking oil.

Marketing of crops (except maize) and inputs (except fertilizer) has been liberalized so that the private sector can compete with parastatals. Starting with the 1985/86 season producer crop prices (except maize) are floor prices guaranteed by the parastatals. Responsibility for intra-provincial marketing (including maize and fertilizer) has been transferred from the National Agricultural Marketing Board (NAMBOARD) to the Provincial Cooperatives. NAMBOARD's staff has been reduced from 6,000 to 2,000 and its operating deficit diminished considerably.

Despite this impressive list of policy measures, many further changes are still required to strengthen the agricultural sector and guarantee food security. The current crop season (1985/86) is going to be particularly difficult because of the rapid fall of the national currency following the introduction of auctioning. GRZ has taken measures to protect both the purchasing power of consumers, by holding down the price of maize which is the dominant staple food, and that of farmers by holding down the price of fertilizers. As a result, subsidies for these two products will be a major burden on the government budget this year. This situation will also slow down the process of liberalization because the controlled (and subsidized) maize price prevents private traders from entering the maize trade because they do not have access to subsidies.

2.2.4. Community support for the Zambian strategy

Since its start in 1975 Community cooperation with Zambia has put a strong emphasis on agriculture. Lomé I allocated 47 % of programmable resources to the agricultural sector. Under Lomé II this percentage was further increased to around 52 %. Furthermore, in order to support the Zambian food strategy the Lomé II indicative programme was increased from 53 MECU to 58 MECU and the additional amount was earmarked for agriculture. The Lomé II programme was adjusted and certain actions were added, particularly in the following areas: traditional crop development (sorghum, cassava), extension of animal traction (derivation) and food storage.

In addition to Lomé II adjustments, Zambia has benefited from the Community's Special Action Programme to Combat Hunger in the World (art. 958). The 1983 allocation of 4 MECU was used to finance essential imports of farm implements and veterinary chemicals. The 1984 allocation was used in the struggle against tse tse infestation. Finally, Zambia received substantial amounts of Community food aid. On average, Zambia obtained 18,000 tonnes of cereals (essentially maize) per year since 1981, together with dairy products (skimmed milk powder and butter oil) for reconstitution and sale in the poorer urban districts.

The use of the counterpart funds generated by food aid has not yet found a satisfactory solution. However, at this moment counterpart funds cover part of the local costs of some rural EDF projects (e.g. agricultural credit in the maize extension project). It is foreseen that this approach will be extended to other projects.

The orientations for Lomé III as presented in the Indicative Programme for Zambia, signed in December 1985 are in line with the food strategy approach. 90 % of programmable funds will be concentrated on rural and agricultural development. With respect to policy measures the government has agreed:

- to continue its policy of agricultural price incentives and to move towards prices that reflect regional comparative advantages;
- to improve the institutional framework for rural credit;
- to reorganize agricultural research and extension.

Community support will be concentrated particularly on:

- improvements of agricultural support services (research, extension, training, credit);
- import programmes linked to the concentration area;
- actions in the following fields: health, nutrition, water supply, child spacing and environmental conservation.

2.3. FOOD STRATEGIES IN OTHER ACP STATES

REVIEW OF LOME III PROGRAMMING

After the initial phase during which the food strategy approach was implemented in four countries, this approach should now become a guiding factor in a more general way for the EC's cooperation with other developing countries, particularly in Africa.

The third Lomé Convention confirms a generalisation of the approach, both in terms of principle and practical implementation.

- As regards the objectives: strengthening food security is mentioned (together with desertification control) as one of the priority objectives of the Convention. For example on agricultural cooperation, article 12 states:
"Operations in this field shall be designed and executed to support the agricultural and food policies or strategies adopted by the ACP States".
- As regards the programming process: the sectoral concentration of cooperation and the strengthening of policy dialogue with the governments of beneficiary countries create the preconditions for a food strategy approach. Furthermore, the programming process is tightly structured in order to ensure better coordination with the Member States and with other donors both at national level and at headquarters' level.
- As regards the modes of action: the increased flexibility of financial and technical assistance will enable support to be given for sectoral development programmes or for policy reforms. Furthermore, conditions have been created for a

better integration of different cooperation instruments (e.g. financial and technical assistance and food aid).

2.3.1. Overview of the Indicative Programmes (IPs)

At this moment about 35 Indicative Programmes have been signed, of which 25 concern African countries. It is interesting to examine to what extent the priority objectives of the Convention have been respected and how the new programming principles have been applied. A critical analysis of these programmes using a number of indicators leads to the following conclusions:

Concentration

On the whole about 80 % of programmable assistance is reserved for the concentration area, which in virtually all countries, is defined as the food and agricultural sector in the broad sense, including action to conserve natural resources and improve living conditions of the rural population.

Food policies

In connection with the agri-rural concentration area, most of the IPs specify the necessary policy measures to be taken to create a favourable "environment" for specific actions. These measures can, in many cases, be considered as an outline for a food strategy and the starting point for a dialogue with the governments. The policy measures mentioned most frequently are:

- food market liberalisation and strengthening of the role of private traders in marketing;
- price policy reform;

- reorganization and restructuring of government institutions or parastatals dealing with rural development: extension services, credit organizations, input supply services, etc.;
- land tenure adjustments to create a more favourable environment for private rural investment (land improvement).

In certain cases it is stipulated that sectoral programmes or strategies will be worked out - e.g. on desertification control or maintenance of rural roads. On the whole, the explicit references to policy measures which the governments are committed to undertake constitute an important advance on previous indicative programmes and create the conditions for more efficient cooperation.

Types of action foreseen

In addition to the policy measures the IPs also contain indications on the types of actions that could be financed by the sixth EDF. Actions in the following specific areas were mentioned frequently:

- increase of agricultural and food production (particularly by smallholders) through irrigation, but also by intensifying rainfed agriculture and through improvements in livestock and fisheries;
- strengthening of agricultural support services (including credit facilities);
- support for the development of grass roots rural and farmers organizations;
- desertification control;
- improvements in living conditions in rural areas (training, health, water supply).

It should be noted that relatively little attention was paid to consumer and nutritional aspects. Equally, actions to strengthen the role of women as agricultural producers were generally not mentioned.

Integration of different cooperation instruments

Apart from the Sahel countries and a few others such as Tanzania, Burundi and Madagascar, relatively little attention was paid to the integration of food aid (directly or indirectly through use of counterpart funds) in the development process and to its combination with financial and technical cooperation.

Coordination

An important element of the food strategy approach is to improve coordination among different donors and government agencies dealing with agriculture and food.

The Lomé III programming process leading to the Indicative Programmes implies close concertation between the Commission and the Member States' development cooperation agencies, which should take place both within the beneficiary country and also at the centre (Programming Committees). In many cases this coordination is extended to include international organizations and other donors (such as the Nordic countries).

2.3.2. Some specific cases

Rwanda

The Indicative Programme for Rwanda, signed in December 1985, is fully in line with the Community's support for Rwandan food policy. It is foreseen that 80 % of programmable assistance under Lomé III will be used for the food strategy and rural development. The government has committed itself to give absolute priority to the main food strategy themes such as intensification of agriculture, strengthening of food marketing channels, prevention of soil degradation, encouragement for small and medium scale rural enterprises (to provide an alternative source of employment and revenue for rural populations), and raising awareness about demographic issues. In fact these themes will figure in the new five year plan which is in preparation (1987-91). Some of the broad types of action that are foreseen include: improving access to rural areas, extension, rural credit, food storage and support for nutritional centres.

Though there was a break in contact, coordination within the "Groupe Euro-Rwandais" (government, CEC Delegation, Belgium, France and the Federal Republic of Germany) again functions normally.

Satisfactory progress is being made in carrying out the Special Programme under art. 958, both as regards the section on marketing support and the section dealing with agricultural inputs and intensification. In the course of 1986 a study will be made to obtain, for the first time, a clear idea of food marketing problems in Rwanda. This study, together with the one dealing with soil potential will help in the setting up of concrete projects/programmes focusing on better use of Rwanda's agricultural resources.

Kenya

Though the Indicative Programme for Kenya has not yet been finalized, a number of guidelines have been worked out during the continuing dialogue with the government. These guidelines are a logical extension of the actions taken by the EC in support of the food strategy in the past. The government has already taken a large number of measures to improve food security and its overall economic strategy puts heavy emphasis on food and agriculture. The efficiency of Kenya's food supply arrangements was demonstrated by the way the 1983-84 food shortage was handled. Nevertheless, the reform of the National Cereals Produce Board (NCPB) remains a complex and politically difficult issue. It should be noted that the government recently requested EC assistance for NCPB restructuring.

As regards coordination of food strategy implementation which since the end of 1984 has taken place through the "Agricultural Sub Committee", there is considerable scope for improvement particularly on operational aspects. Furthermore, some general themes related to the food strategy are not dealt with adequately in the coordination framework.

Senegal

Strengthening food security in combination with desertification control constitutes the concentration area in Senegal's Indicative Programme, with 85 % of programmable resources earmarked for it. The IP also provides for a geographical concentration of actions in the Senegal river area, focusing particularly on irrigation. The IP also explicitly mentions the need to use the funds available from the "Joint Food Aid Fund" for a support programme for traditional cereals.

Tanzania

The Indicative Programme has been signed in July 1985. In line with government priorities 90 % of programmable resources under Lomé III will be used to support agriculture and livestock.

During the past few years, the government has already taken a number of important measures concerning food and agriculture. In particular, producer prices for the main food products were increased in real terms and maize subsidies for consumers were abolished. Budgetary transfers to parastatals were diminished and a number of these bodies were restructured. Also some import liberalization has been introduced since 1984.

In the IP the government agreed to continue and consolidate its efforts in the area of food and to put particular emphasis on marketing, producer prices and the supply of basic consumer goods to rural areas. Tanzania will also continue to allocate close to 30 % of its budgetary resources to rural development; this is one of the highest levels in Africa.

Integration of food aid counterpart funds within the concentration area is explicitly foreseen in the IP.

However, despite the considerable efforts already undertaken, the distortion between official controlled prices and parallel market prices remains an important constraint on the agricultural sector. This distortion results mainly from over-valuation of the currency. It is particularly hard to find an adequate strategy to diminish this distortion.

3. CONCLUSIONS AND FUTURE PROSPECTS

In launching its initiative to assist the ACP countries with the implementation of food strategies, the EC made an important innovation in its development policy. It did not simply take on board the food strategy concept as set out by the World Food Council in 1979. It placed this concept in a new framework of cooperation for development : the integrated approach to the solution of food problems, implementation by improved coordination and a commitment to dialogue with beneficiary countries.

3.1. Food agricultural development policies

Marketing and pricing

The period at the end of the 1970s and beginning of the 1980s was characterised generally by a greater awareness, on the part of African countries and aid donors alike of the errors made in the area of rural development, particularly as regards food production.

Efforts at restructuring were made first of all in the area of marketing and pricing policies where distortions were most flagrant. Measures have been taken in a large number of African countries to liberalize food marketing and improve prices for agricultural producers. In this way a more favourable economic environment for both food production and marketing was created. In examining some of the experiences over recent years, it is possible to identify certain crucial issues :

- a. In most countries, market liberalisation has increased the role of private traders in food marketing. There is nevertheless the risk that certain privileged groups may come together in order to secure a trading monopoly on the cereals market.

In order to reduce this tendency without diminishing the efficiency of private sector trading it is necessary :

- to ensure a reasonable degree of competition in the market, in particular by encouraging producers to organise themselves, in trading cooperatives for instance, and to carry out certain marketing activities
 - to assist in structuring and developing private sector trading (training, credit facilities etc...)
 - to give parastatals the task of regulating the market i.e. playing the role of buyer/seller of last resort in order to ensure floor prices for producers and ceiling prices for consumers .
- b. Private initiative and public intervention should complement each other not only in market management but also in "food security" arrangements, which involves ensuring supplies of basic foodstuffs to all regions and all population classes.
Decentralised storage facilities closer to producers should be encouraged as a way of reducing the infrastructure burden.
- c. The most difficult problem is probably that of pricing which involves reconciling objectives which are at least partly contradictory, i.e. ensuring that prices provide incentives for the producer and are within reach of the consumer, together with abolishing subsidies in the cereals sector. The current economic crisis, characterised by budget deficits and freezes on the purchasing power of urban populations, has made it extremely difficult to achieve the aim of providing incentive prices to producers without having recourse to subsidies. Certain savings can be made through more effective marketing arrangements but it is clear that the only way to tackle the root of the problem is to increase yields so as to allow producers to increase their purchasing power without causing a rapid increase in consumer prices. Moreover, expenditure made by the agricultural population (on agricultural inputs, consumer goods etc..) should in turn provide the basis for increased income of non-agricultural groups (growth in agriculture leading to growth in other sectors).

Strengthening production

This last observation implies intervention in the production sector : income transfers from urban centres to the rural sector by means of price adjustments are insufficient; further incentives have to be given to producers to invest in and intensify their land-use. This means in particular strengthening the role of family small holdings and groups of producers.

Reforms in the support structures for rural communities are an essential complement to pricing and marketing measures. They should seek :

- to promote private initiative by liberalising the supply of inputs and services ;
- to encourage producers and their organisations to play a more important role, by giving them responsibility for more activities, and obliging them to obtain inputs and services at market prices ;
- to improve the efficiency of support structures and extension services ;
- to promote the integration of agriculture and livestock (for traction).

These reforms should be accompanied by action in the area of agricultural structures designed to increase efficiency in production. Several countries have embarked on measures in this area such as :

- a. land reform and measures to achieve a better balance between different types of land holding with special attention to small and medium sized farms
- b. irrigation projects designed in particular to upgrade small irrigated areas.

In the same context, but going beyond the specific problem of agricultural structures, it should be noted that longer term measures to protect natural resources are necessary in order to safeguard agricultural potential.

In this whole field, the problem of access to credit facilities (seasonal credit as well as credit for investment purposes) deserves particular attention. It is not so much a question of providing additional financial resources for rural communities but more a method of providing a financial back-up to rural trading and mobilising the resources available in rural communities (savings) for productive investment. Efficient and non-discriminatory financial facilities in rural areas are essential to the development of family small-holdings. Measures to this end have been taken in several countries both as regards public or para-statal bodies (Development banks for example) and within local communities (savings associations etc.), working where appropriate through NGOs active in this fields. This is undoubtedly an area which should in future become the subject of much more serious consideration.

Further efforts are required in the area of applied agricultural research in order to develop effective and durable technologies. Relatively little attention has been given to this aspect in the context of food strategies, yet there are a number of recent initiatives to build up national research capacity, to promote research at regional level (CGIAR for example), to set up "networks" (R3S) or promote information exchange (e.g. CTA). Apart from action in the field of research as such, one should take note of those countries (Senegal for example) which are seeking to strengthen the links between research, seed development, the extension services and the farming community, highlighting the role the latter can play in seed production and in refining technical "packages".

Consumption and nutrition

Though consumption is the sole purpose of production, this aspect has been relatively neglected in work on food strategies and in the indicative programmes that have been examined. This should in future be given higher priority :

- a. a consumer policy designed to (re) establish demand for local products in urban areas is a necessary and natural extension of measures in the area of marketing and production. By creating a stable market for local food stuffs an incentive effect on supply can be achieved and at the same time food deficits can be reduced,
- b. nutritional programmes for vulnerable or disadvantaged groups did not receive much attention, probably as a result of the economic difficulties facing most countries. Deciding on priorities is not easy - should food distribution and the task of feeding the whole population come before to stimulate production ?
One solution - though not applicable in all situations can be found in those measures which have both a nutritional effect and a positive impact on production, such as food for work schemes.
- c. Nutritional programmes should be undertaken in conjunction with health and demographic schemes, for instance in measures in favour of mothers and children and child spacing.

General policy

It is clear that the impact of general development policies and socio-economic policy on the implementation of food strategies was gravely underestimated at first. Both in Mali and in Zambia, and generally elsewhere, it has been the general economic constraints (The national budget, balance of payments, wage policy etc..) which have defined the margin of manoeuvre for food policy. This will have to be taken into account in future more specifically in relation to the particular circumstances of each country. Mali provides an interesting example in this respect since the development plan was worked out around a central objective which was the food strategy and desertification control.

Another aspect which has been relatively neglected is the regional dimension of development policy and food production in general. This was

discussed at a recent colloquium which took place in Dakar under the aegis of the World Food Council and the French government. In addition to general recommendations on the need to stimulate cooperation at regional level, the colloquium came to a number of rather pragmatic conclusions reaffirming the priority to be attached to defining and implementing adequate policies at national level which should at the outset take account of the regional dimension of food security and the need develop to international commercial relationships building on the significant volume of traditional albeit illicit trade taking place between neighbouring countries in Africa.

In general, the availability of reliable statistical data has an influence both on policy formulation and on the monitoring of policy implementation. Support for the collection and processing of data needs to be strengthened (taking account of current advances in computer hardware and software) and efforts should be made to integrate ad hoc interventions in a more global approach to statistical data (on agriculture) in beneficiary countries.

3.2. Methodology

The main characteristics of the new "food strategy" approach to cooperation for development have been :

- a. strengthening of coordination between donors;
- b. a better integration of the different technical and financial instruments of cooperation;
- c. a commitment to dialogue and concertation of efforts with the authorities of the beneficiary country in order to ensure consistency between cooperation and national development policy.

Certain observations on these three facets can be made in the light of experience.

Much progress has undoubtedly been made in recent years as regards coordination between donors and with governments of developing countries. Despite this, much remains to be done, in particular :

- a. coordination between Member States and the Commission needs to be stepped up both at local level and at the centre. There have been some achievements but there is still scope for more effective coordination. A new impetus is urgently required given that coordination should be an essential component of Community initiatives;
- b. efforts at coordination should thereafter be extended to include other donors, especially those having a major presence in the country in question, in order to obtain the full effect of Community initiatives.

Advances have also certainly been made towards the more integrated use of development instruments in the area of food strategy. There have been efforts to establish closer links between food aid, the management of food aid counterpart funds, the resources of the special programme to combat hunger in the world and Stabex on the one hand and the funds available in the context of the indicative programme on the other, in order to implement food strategy objectives. The new Lomé Convention opens up further opportunities in this respect.

At the practical level, some adaptation in procedures for allocating food aid are necessary, given its more contractual nature implying multi-annual programming and advance planning on the use of the counterpart funds generated.

The flexible use of food aid can be illustrated by the contribution the Community has made this year to regulating the market for food products, exploiting the whole range of food aid instruments (including substitution under article 929 and triangular operations) in order to help countries with food surpluses avoid a sharp fall in prices.

To achieve effective dialogue between donors and beneficiary governments is by no means straightforward. A learning process is necessary in order to find the right angle of approach and the right degree of specificity in the matters to be dealt with. It is vital, above all, to remove any fears on the part of beneficiary countries about the implications of this type of dialogue as regards external interference in domestic concerns. Experience shows that dialogue can be most effective if

- a. the subject matter is clearly defined and directly related to potential action by donors ;
- b. the dialogue is in the direct interest of the authorities of the beneficiary country (supplementary resources, greater flexibility etc..);
- c. the public bodies with which the dialogue takes place are clearly defined and have full authority in the field in question.

In focusing on specific policies it is nevertheless important not to lose sight of the more general discussions and consultations which take place under the aegis of other bodies such as UNDP Round Tables, IBRD consultative groups or specific negotiations with the IMF (standby) or the IBRD (SAL).

Coherence between these various types of dialogue is essential in so far as policies adopted in one arena will determine or at least influence the chances of success in other areas.

Information exchange as regards these various discussions is therefore vital and the central role played by agencies such as the IMF or the IBRD should be acknowledged.

As regards the Community dialogue with the "food strategy countries", it should be said that, after the first period which was very constructive enabling the broad lines of the strategy to be defined, it often became difficult to set out the various policy options in technical terms and to translate them into plans for practical action.

3.3. Future prospects

The time has come now after four years to move beyond the initial experimental phase of Community support for implementing food strategies in the four countries.

Conclusions need to be drawn from this experience and brought to the benefit of the other countries which are committed in the context of their Lome III Indicative Programme to drawing up and carrying out some form of food strategy with Community support.

Experience has shown the need to respect the specific circumstances of each country and to be aware that progress can be made in very different ways (even avoiding any explicit reference to the food strategy concept). As regards the content of cooperation programmes, as a critical review of the indicative programmes shows, there is still much work to be done in formulating more precisely the sectoral or sub-sectoral policies that can help achieve the broadly defined objectives. In the absence of a policy link between objectives and specific actions, there is a very real danger of failing to exploit all the new possibilities under Lome III. Special efforts are required in each case to work out the policy framework for a set of measures consistent with and contributing directly to the objective in question. There also needs to be some monitoring of governmental commitments in the concentration sector. This is in fact a new task in addition to that linked to project identification.

The Community's role in the group of donors and in respect of the beneficiary government also needs to be worked out more already in the light of each particular situation. Although each case is different and there can thus be no single formula, the Community obviously has a specific contribution to make. This will be influenced by the dynamics of Community coordination, and the relative importance of its financial contribution to the country in question but it should above all distinguish itself by the quality of the proposals it puts forward based on its broad experience in the field of food and agricultural development.

Until now there has been no attempt to implement food strategies outside the framework of the Lomé Convention.

Over and above efforts to generalise the food strategy approach to all ACP countries, consideration should be given to adapting this approach to the relations, e.g. in the framework of cooperation agreements between the EC and Mediterranean countries as well as with countries in Asia and Latin America.

For the food strategy concept to be applied in such situations, a flexible approach is needed which can be adapted to the needs of the country in question and to the particular position of the Community in the country.

In this sense, the possibilities are being explored, in the Mediterranean region e.g., to support partners adopting a reasonable programme for the reduction of their food dependency. In the same way, programmes in support of the strengthening of food security (in Latin America e.g.) and self sufficiency in certain food stuffs (certain Asian countries e.g.) are being implemented or studied.