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AGP71

REVIEW OF WORLD BANK FOOD SECURITY ECONOMIC SECTOR WORK

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This paper was prepared by a consultant to AGREP on the basis of a review of available economic and sector reports (specific references on materials used are listed in the text). The focus was on agricultural sector reports and related analyses: some treatment of food sector management being the unifying element among the various reports looked at. There was particular concern about how—or whether—various topics were treated including:

— costs and benefits of commodity price stabilization schemes;
— mechanics of how international food markets should be used to meet national food security objectives;
— possible impact of adverse exogenous shocks to proposed food sector management policies (e.g. a below trend local harvest, higher than expected food import prices, etc.); and
— possible use of local level food reserves or on-farm food stocks.
BANGLADESH AGRICULTURE SECTOR MEMORANDUM

May 21, 1982 #3832-BD (Green Cover)

The government's primary goal is to achieve foodgrain self-sufficiency. At present, diets are deteriorating. Adequate production incentives must be maintained, but the critical aspect is to maintain an adequate level of effective demand for foodgrains. Most of the population has little purchasing power, so a major job creation effort is needed, both inside and outside of the agriculture sector. Real wages are declining for agricultural labor. The non-agriculture sectors will have to solve much of the employment problem.

Bangladesh has suffered a chronic foodgrain shortage, but the overall trend is of increasing production. The poor harvest of 1982, due to low rainfall, shows the importance of instituting irrigation and water control systems. There is great potential for increased agricultural production, but this is constrained by farmers' illiteracy, weak infrastructure and support services, and the land tenure system.

The Bank's recommendations are:

1. Assure incentive producer prices and reduce producer subsidies;
2. Sell, rather than rent, equipment to farmers;
3. Mobilize the private sector;
4. Strengthen the cooperative system and other development institutions;
5. Improve agriculture sector statistics;
6. Improve agriculture project monitoring.
"During both 1980 and 1981, the foodgrain economy continued to reflect effects of the very low production of 1979/80, when foodgrain production fell by over 22 million tons from the previous year. Sound policies and good management by the Government enabled the absorption of this shortfall without unduly sharp price rises, major nutritional stress or emergency imports. The fact that the Government had the flexibility to delay wheat imports for as long as 2 years after the shortfall and then needed only 2.25 million tons to rebuild depleted stocks, demonstrates the resilience of the public foodgrain system and the maneuverability it provides in timing of imports. Public foodgrain stocks were drawn down by 5.7 million tons during 1980 due to unusually heavy issues of grain thru the public distribution and Food for Work Programs (along w/a minor amount of exports); and somewhat lower public procurement due to lower production. During 1981 stocks fell by only a small amount, (about 0.5 million tons) much less than in 1980, due to lower offtake, higher procurement and some imports. Procurement of wheat during the 1981/82 marketing season was 6.6 million tons, altho it fell short of the very ambitious target of 9.5 million tons set by the Government. Rice procurement during the 1981/82 marketing year is expected to reach 6.5 million tons, or more, considerably more than the 5.8 million tons of the previous marketing year, 1980/81.

The government's policy is to hold between five and twelve million tons of buffer stocks. This has helped to stabilize domestic
prices and availability, and allows timeliness in international trading. Consumer prices have been steady or falling, while producers' support prices have been sufficient to provide an incentive to produce. Food imports now occur only on a contingency basis, rather than as a regular practice.

NEPAL AGRICULTURAL SECTOR REVIEW
April 27, 1979  #2205-NEP   (Grey Cover)

The total foodgrain production of Nepal is insufficient to meet normal subsistence caloric requirements. Per capita foodgrain production has been declining since 1973. Nutritional levels in some areas have declined to unacceptable levels, although rice exports continue.

The Government subsidizes consumer foodgrains. Producer incentives are insufficient. The government should conduct a study on which to base future pricing policy.
(ii) EAST ASIA/PACIFIC REGION

CHINA: SOCIALIST ECONOMIC DEVELOPMENT

ANNEX C: AGRICULTURAL DEVELOPMENT

June 1, 1981 (reprinted March 10, 1982) #3391-CHA (Grey Cover)

The food security system, which is based on nationwide state procurement, food rationing in urban areas, and a well-developed crop production reporting system, "assures that at least basic requirements are met in all localities and a measure of equity is maintained in local sharing arrangements."

Net food imports are small. Surpluses are built up in good years. Storage facilities, although good, may be becoming inadequate. Flood protection and irrigation facilities limit crop damage when bad weather strikes.

INDONESIA COUNTRY PROGRAM PAPER

September 17, 1981 Review Draft (Yellow Cover)

p.19 para 45

"Food Security, Industrial Policies and Social Infrastructure. Food security remains an important issue in Indonesia as the country accounts for up to one-fifth of world rice trade. However, Government programs are making significant progress in this area, there has been no recent repeat of the localized incidents of starvation that marked the
mid-1970s and Indonesia has the financial reserves, rice storage capacity, and overall administrative capacity to handle short-run crop instability. Moreover, thru a massive program of providing inputs to farmers and the rehabilitation and expansion of its irrigation system, Indonesia has achieved sustained growth in rice production, culminating in the record level of production of 20 million tons for 1981/82. While we have criticized Government in the production (maintaining that more attention to secondary crops would increase total calorie production and raise farm incomes), recent sector work has indicated that weak domestic demand is the primary constraint to a long-run increase in secondary food crop production. Assuming this initial conclusion stands, the Government's increased focus on extending support services to secondary crops (mainly research and extension) without a major shift in priorities, appears to be an appropriate strategy."

LAO PDR AGRICULTURAL SECTOR REVIEW
June 22, 1981  #3215-LA (Grey Cover)

Although all figures are unreliable, it is clear that food shortages exist and protein deficiency is fairly widespread. The groups at risk are townspeople and recently resettled people, who do not produce rice, and farmers suffering drought or floods.

The government's short-term objectives are to produce enough food to meet needs, not just market demand, and to improve health. The paper
states that food self-sufficiency is a sound and achievable goal, but will require:

-- irrigation schemes;

-- the development of desperately needed support services, such as transportation and marketing; and

-- an incentive system. Exports must increase so that basic consumer goods can be bought so that farmers will have something to buy if they make more money.

MALAYSIA — AGRICULTURE SECTOR MEMORANDUM

June 30, 1980   #3068-MA   (Yellow Cover)

Industrialize to improve position of Malays vis-a-vis Chinese and Indians. Labor market able to shift rapidly, land and capital slow.

Recommends stemming decline of smallholder agriculture by land consolidation, improved farm practices, and gradual mechanization.

THAILAND — AGRICULTURAL SECTOR MEMORANDUM

June 30, 1980   #2554a-TH   (Yellow Cover)

Self-sufficient in food, large agricultural export surplus. Rural North poorer, isolated, little infrastructure.
(iii) EUROPE, MIDDLE EAST AND NORTH AFRICA REGION (EMENA)

ARAB REPUBLIC OF EGYPT COUNTRY PROGRAM PAPER
August 21, 1981 Review Draft (Yellow Cover)

The rapidly growing dependence on imported food can be moderated but not reversed.

The Bank generally supports "shifting subsidies to the final consumption stage so that correct price signals are given to producers and policymakers are able to gain a clearer view of which groups are receiving subsidies and to what extent." At present, producer prices are too low for most major agricultural commodities.

KINGDOM OF JORDAN AGRICULTURAL SECTOR MEMORANDUM
January 12, 1981 #3285-JO (Yellow Cover)

There are extreme annual fluctuations in foodcrop yields in rain-fed areas, and the average yields are low. Because of the high risks in non-average years, farmers are very reluctant to make investments. In low rainfall areas, proposed technical improvements would be profitable on average, but would lead to losses in many years.
Food production has not matched the increase in food demand due to income and population growth, so food imports have been increasing. The food supply is generally adequate, but in some pockets of poverty nutritional deficiencies are prevalent.

Retail prices for basic foodstuffs are subsidized; for producers support prices or fixed prices are maintained. Producer prices are high for sugar beets and milk, so production has expanded, but for other basic foodstuffs pricing has led to a decrease in production. Farm inputs are subsidized, although the benefits of these subsidies benefit mostly large farmers.

The pricing and subsidy policy should be studied, and input subsidies probably reduced. Producer prices should be permitted to increase, if necessary by putting a tariff on imported foodstuffs. Such a tariff would be justified from the perspective of the government's food security and social objectives, rather than on efficiency grounds.

Food import substitution "makes sense only in the context of multiple objectives and resource constraints, with reference to international prices".
Subsidies should be reduced. Import prices can deter unchecked consumer price increases.

Aggregate demand for food has increased over the past 20 years, due to increased personal incomes, but food production has stagnated. Food imports have soared, although agricultural exports have faltered.

TUNISIA AGRICULTURAL SECTOR SURVEY
June 7, 1982  #3876-JUN  (Green Cover)

The Government's objectives include:

-- pursuit of food self-sufficiency to reduce dependence on food imports and improve the balance of payments;
-- increased rural incomes.

Announced prices should be set at world levels plus an amount equal to the average tariff level on all Tunisian imports. Tariffs should be put on food imports and agricultural exports should be subsidized, to compensate for the overvalued currency.

If freed, producer prices will rise. The government will then have to either subsidize consumer prices or allow consumer prices to rise as well.

TURKEY AGRICULTURAL SECTOR SURVEY
June 23, 1978  1684-TU  (Grey Cover)

The large annual increases in support prices to farmers are questionable - they have helped the wealthy more than the poor, who use few
cash inputs and produce for subsistence. The cash costs of modern inputs have risen more slowly than inflation. In determining support prices, the factors considered include world prices and domestic supply and demand, but the ultimate basis is cost-plus. Prices should not be cost-plus, but rather should reflect surpluses and shortages in the economy.

YEMEN ARAB REPUBLIC AGRICULTURAL SECTOR:
PERFORMANCE, STRATEGY, AND OPTIONS

November 17, 1981

"Given the existing and likely state of Yemen and world supply and demand for grain, there does not appear to be a need for a Yemeni food security scheme (storage for (say) two months' grain requirements) apart from any need based on the supposition that international conflicts might prevent future grain imports."
 BENIN AGRICULTURAL SECTOR MEMORANDUM

March 23, 1978 #1992-BEN

Food self-sufficiency is an explicit goal of the government, but foodcrop production is stagnating. The potential for export of maize to Nigeria is under-exploited. Pricing policies need to be reviewed.

UNITED REPUBLIC OF CAMEROON ECONOMIC MEMORANDUM

April 30, 1980 #2877-CM (Grey cover)

The memorandum includes a section on nutrition as part of a preliminary basic needs review. There appears to be overall sufficient calorie availability, according to studies and inferred from the fact that only small quantities of food staples are imported. However, there are regional shortages, especially in urban centers and plantation areas, and the diet is of poor quality. Children especially suffer from widespread mal- and under-nutrition.

EQUATORIAL GUINEA COUNTRY ECONOMIC MEMORANDUM

June 24, 1982 #4011-EG

From independence in 1968 until the coup of 1980, all agricultural production decreased sharply. After 1980, the forced labor on the cocoa plantations has been freed, and many of the people have returned to food production. The memorandum does not mention food supply, pricing or nutrition.
THE GAMBIA COUNTRY ECONOMIC MEMORANDUM

December 23, 1980  #3094-GM (Grey cover)

Basic needs issues such as nutrition are not discussed here because they were covered in the recent report "Basic Needs in The Gambia," #2656-GM.

The memorandum argues in favor of the development of large-scale irrigation as the only way to cope with frequent droughts and limited fertile land. There is a brief mention that the government has improved on-farm storage.

GHANA: AGRICULTURAL SECTOR REVIEW

April 12, 1978  #1769-GH

The government subsidizes rice production, although rice is usually consumed by higher income groups. The paper recommends that these subsidies be removed.

Foodcrop production in general is disappointing, although emphasized by the government. To increase production, producer prices should be raised while, at the same time, input subsidies should be removed.

The paper objects to the government's current emphasis on large-scale mechanization because it is the wrong way to solve the country's food problems and because it keeps smallholders from receiving needed services and inputs.

In general, the paper recommends:

1. A speedy removal of input subsidies and duty exemptions;
2. A drastic decrease of agricultural machinery imports, and more
liberal imports of essential spare parts, and training programs for operators and mechanics;
3. That some rice and maize imports be allowed, and
4. An evaluation of the experience of block farms.

REVOLUTIONARY PEOPLE'S REPUBLIC OF GUINEA COUNTRY ECONOMIC MEMORANDUM
July 20, 1981 #3150-GUI (Grey cover)

Guinea is heavily and increasingly dependent on food imports, despite the government's emphasis on rural development to ensure food self-sufficiency. Education and manpower policies increase effective demand for food in the urban sector, while agricultural policies have led to a decrease in production. Since Independence, the agriculture sector has largely returned to subsistence farming.

Overall growth will be critically dependent on the ability of smallholders to increase production and marketable surpluses. The memorandum says that pricing of agricultural products should be related to pricing of foreign exchange (and thus exports and imports) and pricing of goods and services produced by the modern sector and to wage and interest rate levels, as part of income redistribution to benefit rural smallholders.

MALI AGRICULTURE SECTOR MEMORANDUM
October 31, 1979 #2567-MLI

Pricing policy provides very low producer prices for crops. Price policy needs to take into account the lack of alternative sources of government revenue other than export crop taxes and the need for a cash
crop/food crop balance.

The Bank is active in crop production, livestock and forestry projects. The memorandum recommends that the Bank not aim its projects in Mali at the poor, because most of the poor live in resource-poor areas and should move. "...focussing development efforts on poor areas will further destabilize agricultural production, as the resource-poor areas are characterized by low and uncertain rainfall and correspondingly erratic yields."

NIGER AGRICULTURAL SECTOR MEMORANDUM

February 27, 1981 #3198-NIR

Niger is likely to move into a structural deficit in food staples before the year 2000. There is limited scope for rainfed agriculture productivity improvement. This deficit is acceptable if food can be imported in sufficient quantity. However, a recurrent of cyclical famine as a result of drought is not acceptable.

To prevent famine, the memorandum recommends that minimal emergency foodstocks be maintained. Large multipurpose stocks are not recommended because they are expensive. The Bank could help to build up internal marketing and distribution to enable quick reaction to food crises.

NIGERIA AGRICULTURAL SECTOR REVIEW

February 16, 1979 #2181-UNI

Until the 1970s, Nigeria was self-sufficient in food. Now, however, agricultural imports are growing rapidly, and the trend is toward
a massive food deficit. Agricultural exports are unlikely to compensate for the food deficit, which will thus adversely affect the balance of payments, fuel inflation, and decrease GDP.

The government wishes to achieve self-sufficiency in food and to increase crop exports. To achieve these goals, the government should not continue to subsidize large-scale mechanized cultivation because the private sector is more efficient. Inputs should be provided by the private sector, which has an incentive to sell. It is unlikely that large government farms will be able to reduce the food deficit. The government should instead support large private farmers by improving marketing, roads, and storage facilities.

Pricing policies should be revised in order to better exploit comparative advantage and to increase the availability of inputs. Input subsidies should be continued, but revised so as to encourage farming systems that enhance rather than harm land fertility. Credit should be made available to smallholders. The government's emphasis should be on exploiting the productivity reserve of the traditional smallholder sector.

ECONOMIC TRENDS AND PROSPECTS OF SENEGAL
December 1979 #1720a-SE (Grey cover)

Volume II: The Agricultural Sector

Senegal is heavily dependent on food imports and should increase domestic millet production. Grain prices, which are fixed by the government, often for political reasons, are excessively rigid and should be de-controlled. This would encourage private profitable grain storage.
enterprises. Uniform national pricing should be abolished because: 1) it
distorts in favor of the regions which benefit from a better climate be-
cause they are also further from Dakar, and 2) it removes inducements for
local storage and delivery systems.

Consumer pricing policies have encouraged rice and wheat consump-
tion over millet. The paper recommends that these policies be changed to
encourage consumption of millet. Prices need not necessarily be world pri-
ces — millet could be valued in terms of rice and wheat.

The paper recommends a strong emphasis on irrigation because: 1)
irrigation reduces risks during non-average rainfall years; 2) develop-
ment of irrigation introduces much-needed skills; 3) there will be a strong ef-
flect on income distribution in the future; 4) the regions that need irri-
gation have little scope for rainfed expansion; 5) irrigation is needed
to avoid falling further behind in per capita food production, and exports
will not be able to support a large increase in food imports.

SIERRA LEONE: PROSPECTS FOR GROWTH AND EQUITY
April 29, 1981 #3375-SL (Green cover)

Two-thirds of the population live in absolute poverty, despite
abundant natural resources. A quarter of all children under five are under-
nourished and chronic malnutrition is widespread. Income distribution is
severely skewed, despite a very equitable communal land tenure system, due
to an excessive dependence on diamond exports. Most farming is for subsis-
tence.

The government wants to achieve self-sufficiency in rice. The
paper advises against excess promotion of rice, because treecrop production
has higher returns. However, rice production should also be promoted, as
Sierra Leone has comparative advantage vis-a-vis neighboring countries in
rice. Rice prices should be "consistent" with the world price, which is
likely to rise.

The emphasis should be on growth in agriculture and on equity in
diamond mining. Farm output will likely increase, given price incentives,
credit, marketing and basic infrastructure.

TOTO AGRICULTURAL SECTOR MEMORANDUM
February 1977 (Draft)

Food production has stagnated since the mid-1960s, and is mostly
for subsistence. External shocks, such as weather, led to major price
fluctuations. In response, in the mid-1970s, the government set up a para-
sta tal to provide storage facilities to operate buffer stocks. No analysis
or recommendation of this is given. The paper bemoans the lack of reliable
statistical information.

UPPER VOLTA AGRICULTURAL SECTOR PAPER
June 1978 #2095-UV

Foodgrain production has stagnated since the late 1960s. Local
food deficits are common, and a national food deficit is always a danger.
There is not much chance for expansion of production because of limited
soil fertility. Poor and erratic rainfall makes intensive cultivation dif-
ficult, and smallholders have no cash to buy inputs. If farming methods do
not change, food deficits will become a permanent feature.
After the big Sahelian drought, the government set up:
- a food stocks agency;
- a monopoly on grain purchase within the rural development ministry, which has been ineffective;
- an official price for coarse grains, which is not usually set properly;
- two agencies to channel emergency foodgrain imports, which have been ineffective.

The memorandum recommends that the government establish security grain reserves to alleviate occasional rural food deficits and dampen urban price fluctuation, and promote village storage and marketing cooperatives.

(iv) LATIN AMERICA AND THE CARIBBEAN REGION

BRAZIL COUNTRY ECONOMIC MEMORANDUM
May 29, 1981 #3275a-BR (Grey cover)

Agricultural credit is heavily subsidized by the government, and reaches only about 1/3 of Brazilian farmers. "The drastic reduction and eventual elimination of agricultural credit subsidies is the single most important recommendation of this report [REVIEW OF AGRICULTURAL POLICIES IN BRAZIL, September 11, 1981, #3305-BR, Grey cover].
Sugar, the major export crop, has undergone extreme price fluctuations in recent years.

At present, some food is imported. The paper recommends import substitution in foodgrains because of the Dominican Republic's comparative advantage. The problems are: 1) it is easy but in the long run not good to import foodgrains under concessional US programs, and 2) the exchange rate is overvalued.

Land reform is a serious concern, as the population increase has no room for expansion. Soil, water and forestry conservation programs are needed, in part "to improve the income and nutritional levels of the poor."

ECUADOR—AGRICULTURAL SECTOR SITUATION AND PROSPECTS IN ECUADOR

July 20, 1981 #3562-EC (Green cover)

The productivity of domestic food production is low and declining, although Ecuador could be self-sufficient in food. Pricing is based against agricultural producers. Smallholders do not have good market information. Ecuador is increasingly dependent on food imports, but the lack of a system of reserve stocks means that food shortages occur if imports are delayed. The government intervenes in marketing "to attain an adequate flow of products at prices reasonable both to producers and consumers," but is not very successful. Government marketing lacks trained staff and storage facilities, and has insufficient buffer stocks to maintain the market.
GUATEMALA AGRICULTURAL SECTOR MEMORANDUM

January 1978 Draft

Export agriculture has been growing rapidly and has absorbed almost all agricultural investment over the past decade. Domestic foodcrop production has been sluggish, and a declining area is devoted to basic grains.

The only government marketing and pricing intervention is in basic grains. A parastatal was created to ensure stable and adequate producer prices and an adequate, reasonably priced consumer supply. However, the parastatal has too little working capital to buy sufficient grains to influence markets, and is now only trying to moderate price fluctuations.

Land tenure and land use are major problems. Agrarian reform has taken only in a very limited way on public lands.

HAITI AGRICULTURAL SECTOR MEMORANDUM

6/15/81 Draft MB/VC

Food imports are increasing for two reasons: 1) urbanization in Haïti leads to an increase in demand for some foodstuffs not locally produced, and 2) imports are less expensive, given domestic transportation and marketing deficiencies and the availability of food aid.

The memorandum recommends the establishment of an Agricultural Research Institute, because of the urgent need to increase crop yields. Responsibility for project design and implementation should be moved from the central government ministry to autonomous agencies under the general supervision of the ministry, because the inefficiency of the central government is a constraint.
HONDURAS - A REVIEW OF SELECTED KEY PROBLEMS OF THE AGRICULTURAL SECTOR
October 28, 1981 #3606a-HO (Green cover)

As food and feed prices and imports increase, the government is showing more interest in improving the living standards of the rural poor. Also, the nutritional status of low-income people and food supply security are "becoming more prominent matters for discussion by policy-makers."

The prices of many agricultural products, including foods, are fixed for consumers and sometimes for producers as well. Minimum prices for basic grains are set according to studies of the costs of production, and are usually well below the market price.

Marketing for export is fairly good, but domestic marketing is severely constrained. A large number of small producers who have little access to market information must sell to often fraudulent intermediaries.

The paper's recommendations include: "avoid measures which will make it more difficult for the underprivileged rural family to improve and expand swine, poultry and sheep enterprises—which can be important sources of food and emergency income."

JAMAICA AGRICULTURAL SECTOR DEVELOPMENT ISSUES AND PROSPECTS
Staff working paper-draft September 1981

Jamaica suffers serious land tenure problems. Nutritional levels are fairly good, but the local food market could easily absorb more production, which would also substitute for imported food. At present, food imports are needed, but are sometimes curtailed by currency shortages.

There is no wholesale market, only retail, so farmers are reluctant to produce large quantities of foodcrops. Cereals are imported
in large amounts, as they are less profitable to produce than other crops.

MEXICO-RECENT DEVELOPMENTS IN FOOD AND AGRICULTURAL POLICY
March 12, 1982 Draft

Pricing incentives have helped make Mexico self-sufficient in food, but have apparently caused problems in resource allocation and farm income distribution. High grain prices benefit those who produce for sale, not subsistence. There is still widespread undernutrition and malnutrition, and agricultural incomes are low. The present government policy includes: increasing emphasis on rainfed agriculture; concentration on basic grains; improved production and productivity of agriculture and increased incomes for agricultural labor.

The paper recommends increased investment, possibly via borrowed foreign funds, in farm product storage and marketing facilities.

PANAMA AGRICULTURAL SECTOR MEMORANDUM
January 5, 1979 Draft

Most agricultural producers are subsistence farmers who do not have formal title to their land, so credit is unobtainable. Both crop and livestock production are inefficient. Production increases are due to expansion, but land onto which to expand is running out.

The constraints on agricultural development include: 1) the lack of adaptive agricultural research; 2) the lack of technical training; 3) limited farmer education.

The memorandum states that livestock statistics are unreliable, but then gives specific numbers to show that the livestock sector did not
PERU - AN ECONOMIC REVIEW OF THE AGRICULTURAL SECTOR

June 30, 1981 #3550-PE (Green cover)

Peru has a serious food supply problem. Food production is stagnant, while the population is rapidly increasing. Consumer food prices are heavily subsidized. Agricultural credit, available through the Banco Agrario del Peru, reaches too few farmers and is too heavily concentrated in rice and cotton. Commercial banks should become more involved in agriculture, perhaps via production credit associations.

The food supply shortage stems from several factors, including a drastic land reform, several years of drought, the flight of trained personnel, and the inefficiency of the marketing system, despite a heavy government role.

SURINAME AGRICULTURAL SECTOR REVIEW

June 14, 1982 #3886a-SUR (Green cover)

Only in mechanized rice does Suriname have a comparative advantage. Statistics are not reliable.

It is unclear whether the pricing policy is intended to help the producers or the consumers. The effect has been to benefit the consumers, although the controlled commodities could be imported more cheaply.
Most East African governments have made an explicit commitment to achieving food self-sufficiency, but few are close to that goal. The sector papers generally support the aim of food self-sufficiency or at least do not criticize it, but rarely give any justification. In a few cases, such as Mauritius (3899-MAS), import-substitution in food is recommended for balance-of-payments reasons. An informal sector memorandum for Zimbabwe (February 1981) states that landlocked African countries should be self-sufficient in food almost regardless of cost. In the Sudan, however, where the government diversified into irrigated wheat, sorghum, and rice out of cotton, the paper recommends a reversal of policy because the Sudan has no comparative advantage in irrigated cereals. There is no analysis of the effect such a reversal would have on food supply.

There is surprisingly little analysis of the impact of non-average conditions and weather cycles on food supply. Only the Somalia sector paper gives detailed recommendations for coping with the droughts that occur every eight to ten years. This sector review recommends:

- the development of a capacity to forecast food shortages;
- regional monitoring of rainfall and food supply;
- upgrading of storage facilities;
- a build-up of emergency food reserves in key areas; and
- encouraging local communities to maintain and manage their own reserves.

The Kenya paper also mentions the value of maintaining emergency food
reserve stocks. This was not discussed in detail, nor is any mention made of whether the Bank should become involved.

The sector papers recommend that the government role in pricing and food marketing be reduced to a minimum. East African countries generally lack the qualified manpower and up-to-date statistics needed to intervene effectively. In many cases, such as Kenya, consumer and producer prices are set separately and in response to short-term stimuli, rather than as part of an overall sector strategy. Producer prices are rarely set in a systematic way that encourages food production.

Despite all this, there is little discussion of how prices ought to be set. The Botswana report states that pricing distortions have encouraged livestock production over foodcrops, which contributes to dependency on food imports, and recommends that these pricing distortions be corrected. The Zimbabwe informal sector memorandum says that food prices should be set on a border-parity, rather than a cost-plus, basis, because many neighboring states are food-deficit countries to whom Zimbabwe can export.

In all of the sector papers, little attention is explicitly paid to the demand side of food security. At most, the papers mention nutritional problems due to inadequate food intake or unbalanced diets or both. The Zaire sector memorandum (May 1981) recommends that further sector analysis include a review of consumption and marketing patterns for food for major urban centers, including an assessment of nutritional issues related to food supply problems. There is no analysis of private markets in the region, nor is there discussion of the efficiency of international trading arrangements.
BOTSWANA AGRICULTURE SECTOR REPORT

September 30, 1980

Pricing distortions encourage livestock production over food-crops, which contributes to dependency on food imports. Botswana suffers gross income inequality resulting from the price distortions, as 41% of rural households own no cattle. The report recommends that the pricing distortions be corrected and that smallholders be assisted to become more productive. To encourage food productivity, it may be necessary to restrict cheap food imports.

BURUNDI DRAFT AGRICULTURAL SECTOR MEMORANDUM

September 12, 1979

The memo recommends that increasing productivity in the smallholder food crop sector be the priority. Burundi has three crops seasons and fairly dependable rains, so there is little danger of famine. At present, Burundi is nearly self-sufficient in food, but population pressure combined with decreasing soil fertility could lead to problems in the future, as there is little land onto which the growing population can expand. The present modest level of food imports should be replaced by local production, especially of rice and wheat. The general nutritional balance among adults is good, but quantities should be increased.
CENTRAL AFRICAN REPUBLIC AGRICULTURAL SECTOR MEMORANDUM

March 7, 1979  #2424-CAE

The Government’s current emphasis is on increasing export crop production, with which the sector paper agrees up to a point. The Government’s plans also call for increased food production, but no mention is made of marketing and distribution problems. Thus rural sector auto-consumption may increase, but the urban sector would not benefit. Poor public sector management is a serious impediment to agricultural sector development. The memorandum recommends:

1) The development of food marketing and an effective rural market;

2) The development of cost recovery systems;

3) The Bank should not become involved with export crop promotion because it is inconsistent with longer-term development and because many international donors are already involved;

4) The Bank should support food marketing and integrated rural development projects.

ETHIOPIA AGRICULTURAL SECTOR MEMORANDUM

February 14, 1980  #2847-ET

The overriding issue in Ethiopian agriculture is how to produce more food and reverse the decline that has made Ethiopia a food importer since the mid-1970s. The combination of high population growth and declining soil fertility points out the importance of soil and water conservation programs. There is no adequate pricing and marketing system. If food production does increase, marketing and transportation infrastructure will have to be developed. Food shortages exist in part
consumer goods to buy.

Ethiopia lacks trained staff to carry out agricultural projects. Projects should generate a surplus so that costs can be recovered, but at present there is no cost recovery mechanism. The Bank has supported parastatals and programs used by the government to stimulate inefficient collectivization. A reorientation of agricultural policy in favor of smallholders is now needed. Future Bank work should include:

1) a study of the role of state farms;
2) assessment of priorities in conservation and settlement;
3) funding of an agricultural manpower survey;
4) a review of cost recovery mechanisms;
5) a livestock development strategy paper.

KENYA COUNTRY ECONOMIC MEMORANDUM AND ANNEX ON AGRICULTURAL ISSUES

June 12, 1981 #3456KE

Agricultural growth has been slow since the mid-1970s, and food production has grown even more slowly than the sector average. Because population growth is very high, per capita food production has declined sharply. This has led to unprecedented shortages of maize, the food staple, in urban areas and to massive food imports. Maize and other food-crops are doing badly partly because of bad weather and partly because government pricing and marketing controls have introduced disincentives to production. Pricing reflects ad hoc responses to short-run conditions, rather than a long-term sector approach.

Emergency food imports have been subsidized for consumers by the government. This may become a chronic drain on the budget unless
agricultural sector growth is accelerated. However, it is politically difficult to relax food price controls. Rigid government controls prevent the informal rural maize market from balancing supply and demand.

The government plans, and the memorandum recommends, a reduction of the government's role in the agriculture sector, despite the balance of payments pressures and the food supply problem, in order to increase efficiency. It is easier and more efficient to subsidize consumer food prices directly than to make grants to inefficient parastatals and to keep producer prices low.

The paper suggests that "government intervention could include—marketing legislation, provision of market services, investment in market infrastructure, food security reserves and planning and limited price support intervention."

MAURITIUS AGRICULTURAL SECTOR MEMORANDUM
April 9, 1982  #3899-MAS

Mauritius imports 80% of its food, and these imports account for 1/4 of the total import bill. Consumption of rice and wheat is subsidized, although it is difficult to grow these commodities locally. The memorandum recommends that the subsidies be removed to encourage consumption and production of foods that can be grown locally. This would improve the balance of payments situation.

The Bank's involvement in Mauritius has been slight, so little previous sector work has been done. Mauritian agriculture is dominated by sugar. Eighty percent of the food is imported, and these imports constitute 1/4 of the total import bill. The government subsidizes rice
and wheat consumption, although it is difficult to grow these locally. The government's goal is to achieve self-sufficiency in certain food products, to reduce the import bill and improve the nutritional condition of the population. The memorandum supports food import substitution for balance-of-payments reasons. The Bank has recommended greatly increased emphasis on productive agriculture components.

RWANDA AGRICULTURAL SECTOR REVIEW
June 30, 1977  #1377-RW

RWANDA COUNTRY POLICY PAPER
April 21, 1981

The majority of the population lives in absolute poverty. Nutritional standards are declining and now meet only 75% of requirements for adults. The possibility of famine is always present, and many areas already suffer periodic food shortages. If agricultural productivity does not increase, international charity will not be able to prevent widespread famine (1977). As of 1981, foodcrop yields were not increasing. Some increase in the area cultivated has led to increased production, but the available arable land is limited and population growth is rapid. The future emphases of Bank group work should include population, in which little work has been done, and basic education. Agriculture, including production, extension services, transport and distribution, should remain the priority. Agriculture productivity plans include nutritional considerations.
SOMALIA AGRICULTURE SECTOR REVIEW

June 29, 1981 #2881a-S0

Somalia's population is 60% nomadic, extremely poor, and vulnerable to the droughts that occur every eight to ten years.

The government's objectives are:
- self-sufficiency in sorghum, maize and oil seeds;
- increased import substitution of rice, cotton, sugar and wheat;
- more export production of livestock, fish, and bananas, and development of other export crops;
- protection against the effects of drought by decreasing the proportion of the population that is nomadic and by developing a food security system.

The Bank's recommendations with regard to food security include:
- the development of a capacity to forecast food shortages;
- regional monitoring of rainfall and food supply;
- upgrading storage facilities;
- a build-up of emergency food reserves in key areas;
- encouraging local communities to maintain and manage their own reserves.

The Bank also recommends that Somalia:
- expand rainfed and irrigated food production as fast as possible, given the infrastructure constraints;
- rehabilitate existing irrigation schemes before constructing new ones;
- expand fishing activities to earn foreign exchange and provide domestic food.
SWAZILAND AGRICULTURAL SECTOR MEMORANDUM

December 10, 1980 (AND AGRICULTURAL SECTOR REVIEW, Sept. 1980)

The Government has set food self-sufficiency as an objective. The sector papers do not discuss the validity of that goal, but do make the following recommendations:

- revitalise the agricultural research program, especially with regard to the food self-sufficiency objective;
- address the issue of land rights.

Food self-sufficiency in maize must be a long-term objective, and will depend on research incorporating maize, irrigation, credit, and clarified land issues.

SUDAN AGRICULTURAL SECTOR SURVEY

May 18, 1979 #1836a-SU

The Sudan has a dualistic agricultural sector. The modern sector, which produces groundnuts, wheat, sugar, cotton, and sorghum, has benefitted from heavy investment. Domestic food needs are met and exports are increasing. However, the increase in production is due to area expansion, and yields are declining. The traditional sector has received little Government assistance, but nevertheless exports livestock, groundnuts, sesame and gum arabic.

Recommendations:

- The Government diversified into irrigated wheat, sorghum, and rice out of cotton. As the Sudan has no comparative advantage in irrigated cereals, the paper recommends that this policy be reversed.
- Irrigation tenancies and government state farms should be subdivided to ease peak-period labor shortages and improve income distribution.
- Institutional changes and investments should be made to benefit smallholders.

TANZANIA AGRICULTURAL SECTOR STRATEGY REPORT
May 1982

Food and export crops earn or save more foreign exchange than they cost. Smallholders require much less foreign exchange than do estates. The report recommends a focus on smallholders for reasons of both economic efficiency and income distribution.

Transportation is clearly inadequate in the agricultural sector. An insufficient percentage of the budget is devoted to transport. The report recommends that the government promote the growth of the private trucking industry, which is at present highly regulated. Uniform national pricing exacerbates the problem by inducing farmers in remote areas to produce more food, which must then be transported to food deficit urban centers.

ZAIRE AGRICULTURE AND RURAL DEVELOPMENT SECTOR MEMORANDUM
May 26, 1981

There are serious nutritional problems in Zaire, due to both inadequate food intake and unbalanced diets. The country is vulnerable to droughts and is increasingly dependent on imported maize and flour. The staple food is manioc, very little of which is marketed. Coffee, an
The Bank has supported several food, livestock and export crop projects. The report now recommends that institutions be strengthened, and that policy changes be made in: agricultural pricing and marketing; allocation of foreign exchange; transportation management, and control of and support for private investments in agriculture. Long-term improvements require further sector analysis, which should include a review of consumption and marketing patterns for food for major urban centers (including an assessment of nutritional issues related to food supply problems.)

ZIMBABWE INFORMAL AGRICULTURE AND RURAL DEVELOPMENT SECTOR MEMORANDUM
February 1981

Zimbabwe is self-sufficient in food, and usually exports a significant surplus. However, Zimbabwe has a dualistic agricultural economy, and most of the food comes from the commercial sector. The Tribal Trust Lands (TTLs) are not self-sufficient in food. Landlocked African countries should pursue food self-sufficiency almost regardless of cost.

**Pricing.** The current price subsidies on beef and wheat benefit the higher-income groups who consume these foods. These subsidies should be changed. Producer beef and wheat prices are below export prices. It is not clear whether this is a temporary or permanent distortion. The prices should be set on a border-parity, rather than a cost-plus, basis, because many neighboring states are food-deficit countries.

The memorandum recommends that the Bank increase its involvement with the Tribal Trust Lands, and also continue to support the productive
commercial agriculture sector.

Further sector work is recommended to study:

- the likely effect of alternative land tenure policies in the TTL areas;
- the employment impact of alternative strategies;
- pricing and subsidy policies that are appropriate for pursuing growth with equity;
- the attitude of rural people towards migration from TTLs to settlement and urban areas;
- the role of commercial farms;
- the organization of institutions within the agriculture sector with a view to proposal a rationalization of responsibilities;
- manpower.