



Enabling Environment for Business and Implementation of Key Business Friendly Policy Reforms

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**Agricultural
Transformation
Initiative**

Setting the Scene

Government plays key role in creating an enabling environment and implementation of policy reforms

- Efficient regulation
 - Levelling playing field
 - Quality standards
 - Avoid creating obstacles in doing business
- Providing public goods
- Enforcing rules of the game

Outcomes of good governance

- Promoting growth and opportunities for existing enterprises
- Limiting barriers to entry of new businesses

Current environment

Policy and regulatory movements

- Seed – promote reliability of seed certification – eliminate fake seed
- Fertilizer – increase access to high quality fertilizers
- Livestock – accelerating growth in livestock production and productivity
- Crops Bill – regulate development, production and marketing of crops (in progress)
- National Agricultural Policy (NAP) – sustainable food and nutrition security and agricultural commercialization (nearly finalized)

Better than stagnation – *some momentum*

Barriers and key challenges

- ☀️ **Policy inconsistencies - not in line with the market realities**
 - Minimum farm gate prices
 - Across the board control – abrupt export bans instead of export controls
 - Government falling into the trap of trying to keep everyone happy
- ☀️ **Use of agricultural sector as social security mechanism**
 - Objective inconsistency: growth vs safety net
 - Policies (e.g. AIP) crowding out other key functions related to economic growth
- ☀️ **Government and private sector coordination**
 - Greater emphasis on control other than promotion and incentivizing
 - Minimal trust between government and private sector
- ☀️ **Balancing the needs and benefits of informal sector and the needs and benefits of formal business**

Salient policy issues



Structured markets

- Recent rise in dialogue around models of structured markets
- Need a shared definition



Agricultural commercialization

- Megafarms business models
- Inclusive agribusiness models – space for small and medium scale farmers



Lack of clarity of medium- and long-term strategic direction of key programs affecting agri-business

- AIP reforms
- Admarc restructuring
- Extremely long times in developing some policy instruments



Identification and consensus on impediments to private sector engagement in the business of agriculture

Where to go from here?

- ☀️ **Linking policy makers with stakeholders to understand the salient policy issues**
- ☀️ **Promote honest and sustained public-private dialogue**
 - Information sharing platforms
 - Trust building opportunities
- ☀️ **Enable and promote evidence-driven policy decisions**
 - Funding analysis: evidence-driven policy design and research-based policy evaluation
 - Building the capacity of policy makers – putting evidence in the hands of policy makers
- ☀️ **Invest in physical infrastructure to reduce the cost of doing business**
 - Feeder roads, electricity, railways



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