Building effective and equitable partnerships among value chain participants is critical to the future competitiveness of West African Agriculture.

Strengthening the skill base for a 21st Century West African agrifood system will require far greater investment and regional cooperation in Agricultural research and education.

It is easier to make policy declarations (e.g. for open regional trade) than to implement them. Effective policy design requires careful attention to the incentives of those charged with implementation.

Part IV

Policies for Agrifood Systems Development in West Africa

Part IV analyses how well current polices address the challenges discussed in Parts II and III of this report. As mentioned in Chapter 1, Agricultural policy seeks to promote several goals: produce more food for a rapidly growing population; create productive jobs for the burgeoning labour force; contribute to efficient economic growth; reduce poverty; respond to consumers' increasingly sophisticated demands for food that is convenient, nutritious, and of better quality; and do all this in a way that is economically, socially, and environmentally sustainable.

Several dimensions of policy affect the chances of meeting these goals.

- ***Macro dimensions*** affect the overall incentives facing economic actors to invest and carry out productive activities in Agriculture and other sectors. These dimensions include macroeconomic policies such as:
  - Exchange rates, which affect the relative prices of tradable goods (including most agricultural products) and non-tradable goods;
  - Interest rates, which affect the relative prices of labour and capital and hence influence the choices of technology used in production and processing (which in turn affect the scope for job creation); and
  - Fiscal policies, which affect overall taxation levels and the tax burden of different sectors.

  Macro dimensions also include a myriad of other factors (administrative rules, levels of corruption, etc.) that determine the ease of doing business in a particular country or region.

- ***Sectoral dimensions*** include policies affecting trade, pricing, and rules governing a particular sector or industry. Given the breadth of the agrifood system (which involves activities ranging from agricultural input provision to farm-level production, postharvest handling and storage, processing, marketing, retailing, export and consumption), the sectoral policies that affect agrifood system performance cover much more than agriculture. They include, for example, policies for industry, trade, transport, health, education, and the financial industry as well as science and technology.

- ***Policy formulation dimensions*** deal with who has a voice at the table when policies affecting Agriculture are formulated and who has the most influence when policy options or alternatives are chosen. One characteristic of the evolution of Agricultural policy formulation over the past 30 years in West Africa has been the broadening of the number of stakeholders involved in policy formulation. This has made policy formulation both more inclusive and more complex.

- ***Policy coherence*** involves the degree to which different policies (within sectors, across sectors, and across countries and regions) reinforce each other or work at cross-purposes. Policy coherence is a key element to consider in shaping national Agricultural policies both because the determinants of agrifood system performance are so multi-sectoral and because West African states have made important trade and

cooperation commitments at the regional and international levels.

- ***Implementation dimensions*** involve the capacity and the incentives of governments and other stakeholders (donors, civil society and private sector) to translate announced policies into action (e.g. policy instruments used and projects or programmes implemented).

The two chapters and three focus sections in Part IV analyse West Africa's experience in dealing with these various dimensions of policy and highlight key Agricultural policy issues for the future.

Chapter 11 begins by providing a brief overview of the evolution of agricultural and food policies in the region from independence through the structural adjustment period of the 1980s and 1990s to the "rediscovery of agriculture" by African governments and their development partners starting around 2000. For each period, the chapter briefly discusses the main elements of the Agricultural policies followed, how effective they were in meeting their objectives, and what forces led the policies to change. Chapter 11 then turns the bulk of its attention to examining the current Agricultural policies in the region, both at the national and regional levels. The "rediscovery of agriculture", combined with ongoing regional economic integration efforts by WAEMU and ECOWAS, led to the development of regional agricultural policies and programmes for each organization, known respectively as the Politique Agricole de l'UEMOA (PAU) and the ECOWAS Agricultural Policy (ECOWAP). The ECOWAP process was merged with the African Union's Comprehensive African Agriculture Development Programme (CAADP) in 2005, and this merged programme (known as ECOWAP/CAADP) has been instrumental in reshaping Agricultural policies and investment programmes at the national and regional levels. Chapter 11 analyses these policies and investment programmes to examine how well they respond to the challenges outlined earlier in this report.

Following Chapter 11, three focus sections discuss policy issues that have become increasingly crucial in recent years: (1) the role of stakeholder groups (particularly farmer organizations) in helping shape policy design and implementation, (2) options for improving farmers' access to inputs such as fertilizers, improved seeds, pesticides, and veterinary products; and (3) policies affecting land tenure and water rights.

While the focus in Chapter 11 is primarily on Agricultural investment and development strategies for the domestic market, Chapter 12 analyses policies affecting the region's trade, both among ECOWAS member states and with the outside world. The chapter pays particular attention to ECOWAS's progress towards its goals of creating a unified West African market, adopting a common external tariff and accompanying safeguard measures to govern trade with countries outside of the region, and moving eventually to a full economic union. The chapter also analyses how these efforts have interacted with the efforts to develop a regional Economic Partnership Agreement with the European Union and with ECOWAS countries' participation in the WTO. It also discusses measures that ECOWAS countries and the region as a whole could take, beyond the proposed safeguard measures, to deal with the challenges of price volatility in regional and international markets. The chapter concludes by raising some broader questions regarding the future of Agricultural trade policy in the region.

Chapter 11

National and Regional Agricultural Policies: Evolution and Current Challenges

This chapter analyses the evolution of Agricultural development policies in West Africa over the past 50 years, both at the national and the regional levels. It first briefly examines the early post-independence strategies designed primarily to extract resources from agriculture to finance growth in other sectors of the economy. Next, the chapter analyses the reasons why, partly as a consequence of the shortcomings of these strategies, West African governments were forced to adopt structural adjustment programmes (SAPs); it also examines the impacts of those programmes on Agriculture. Beginning in the early 2000s, as countries began to emerge from the SAPs, African governments and their development partners "rediscovered" the importance of Agricultural development, and the chapter discusses how this rediscovery led to the CAADP process and support for programmes through WAEMU and ECOWAS to promote greater regional agricultural integration in West Africa. The bulk of the chapter then examines the strengths and weaknesses of the national and regional policies and investment plans that emerged from the ECOWAS-led CAADP programme in West Africa, known as ECOWAP/CAADP. The focus of this chapter is primarily on Agricultural investment and market development strategies, while Chapter 12 focuses on trade policy.

The chapter seeks to answer the following questions:

1. How has the Agricultural policy environment in West Africa changed over the past 50 years in terms of content and process and what were the key drivers of those changes?

2. How effective were these different policy approaches in achieving their stated objectives?

3. How well do recent policies, as embodied in CAADP, respond to the structural challenges facing West Africa's agrifood system described earlier in this study?

Finally, the chapter turns to the vital question of programme implementation, identifying key challenges in moving the national and regional CAADP programmes from design to reality.

11.1 Agricultural policies from independence through the mid-1980s: A state-led development approach

11.1.1 Main elements of the approach

In the period immediately after independence, the main concern of most West African governments was to achieve rapid progress in industrialization through import substitution. Agriculture was regarded as provider of cheap food, foreign exchange and labour to fuel growth in the non-agricultural sectors, and policies were designed to extract resources to contribute to non-agricultural growth. Agricultural policies in the immediate post-independence era were also conditioned by a small urban population, which made consumer subsidies fiscally manageable, and relatively abundant land that allowed growth of agricultural output by simply expanding the area under cultivation using existing technologies. In the CFA franc countries, a third factor influencing agricultural policies was the need to hold down government budget deficits to meet conditions imposed by the French treasury for guaranteeing the parity of the currency with the French franc. Since wages of

government employees were a major component of the budget, this constraint meant holding down wages, which in turn led to pressures to hold down urban food prices.

In the context of one-party states that prevailed in most countries, policies were developed by central governments, with little input from farmer groups or the private sector. There were certainly exceptions to this generalization, such as Côte d'Ivoire's policies to promote cocoa and cocoa development, which reflected President Houphouet-Boigny's political base among the middle- and large-scale producers of these crops, and agricultural policies in Liberia, where foreign-owned rubber companies had a strong influence in the "Firestone Republic." Despite the creation of ECOWAS in 1972, each country defined its policies largely independently of its neighbours.

Agricultural marketing policies in many countries were driven by a general perception that markets for agricultural inputs and outputs were volatile, unreliable, and characterized by uneven bargaining power between farmers and traders, leading to exploitation of both farmers and consumers. Governments therefore frequently tried to supplant private marketing agents with state structures, such as marketing boards, often with legal monopolies. Again, West Africa was not monolithic in its approach, as epitomized by the contrast between the approaches taken soon after independence by Côte d'Ivoire, which was much more open to foreign (primarily French) and domestic private investment, and the more state-dominated approach of Ghana under Kwame Nkrumah.

Government views about existing agricultural marketing systems often had some basis in fact, as frequently markets operated in a context of weak transport and communication infrastructure, leading to poor market integration; information asymmetries that led to missing markets (particularly for inputs and credit) and uneven bargaining power; and strong seasonal and year-to-year price fluctuations characteristic of thin markets. The government-created marketing structures often tried to address these problems by purchasing produce at fixed, pan-territorial prices, attempting to stabilize consumer prices through public storage, and providing subsidised inputs and support services. Marketing boards and agricultural development banks played important roles in providing inputs and finance and in assuming marketing risks. They principally supported cash crops but also supported some food crops, particularly in government-supported irrigation zones, such as the Senegal River valley and Mali's Office du Niger. In West Africa, however, the degree of state control over staple-crop marketing never reached the levels experienced in the Southern and Eastern African countries that had large-scale European settler farms and whom the state marketing systems were designed to protect.

11.1.2 Impacts of the approach

The impacts of these policies were reflected in:

- Declining farm-level prices, especially for cash crops but sometimes for food crops as well. These lower prices reduced incentives to produce and led to a flow of resources out of agriculture to finance non-agricultural sectors, including government services and import-substituting industrialization;
- Growth in illegal cross-border trade in the region;
- Lagging agricultural growth rates and falling per capita incomes; and
- Shortages of foreign exchange and fiscal deficits.
- Reduction in agricultural incentives and increased intersectoral transfer of resources.

The transfer of resources out of agriculture to other sectors of the economy was achieved by turning the terms of trade against agriculture. This implicit taxation of agriculture was achieved through low official producer prices for many commodities (especially export crops) relative to world prices. In part, the low prices farmers received resulted from highly overvalued exchange rates. Farm-level prices were further depressed by the inefficiency of

some of the parastatals, which, lacking a market mechanism to discipline their behaviour, frequently experienced bloated operating costs. Although West African governments and donors promoted agricultural growth during this period through state-led schemes and projects, these often faltered due the depressed farm-level prices that undercut farmers' incentives to produce.

Studies of policy-induced impacts on agricultural incentives in Côte d'Ivoire, Ghana, Nigeria, and Senegal and more focused studies of such incentives on the cotton sector in Benin, Burkina Faso, Mali and Togo reveal that implicit taxation of the agricultural exports increased sharply in most of these countries from independence in the 1960s through the early 1980s (Anderson and Masters, 2009). Two key indicators used in these studies to measure the change in agricultural incentives are the Nominal Rate of Assistance (NRA) and the Relative Rate of Assistance (RRA). The NRA measures the percentage by which government policies (including, among others, those affecting exchange rates, marketing board pricing, export taxes, input subsidies, and taxes on competing imports) changed the gross returns to farmers relative to what they would have been in the absence of those policies. An NRA of less than zero signifies net taxation of the agricultural sector, while a positive NRA indicates a net subsidy. Agricultural producers, however, are affected not only by the rate of taxation or subsidy on the products they produce but also by the rate of taxation or subsidy on non-agricultural products that they buy. The RRA measures the relative degree of protection given to agriculture versus non-agriculture in the economy and hence is a measure of the intersectoral terms of trade facing farmers (and thus the extraction of resources from agriculture to other sectors). An RRA that is greater than zero signifies that agriculture receives net protection once the NRA for agriculture has been adjusted for the taxation or subsidy facing the non-agricultural sector; a negative RRA represents net taxation once the intersectoral terms of trade are also taken into account.

Table 11.1 and Table 11.2 summarise information on the evolution of net taxation rates on agriculture for several West African countries from the 1960s through 2004. For Côte d'Ivoire, Ghana, Nigeria and Senegal (Table 11.1), the analysis covered all major agricultural products (those accounting for at least 70% of agricultural GDP), while for Benin, Burkina Faso, Mali and Togo (Table 11.2) the analysis focused solely on the cotton sector.

Several key points emerge from the tables:

Overall rates of net taxation for the agricultural sector (Table 11.1) and for the cotton sector (Table 11.2) were high through 1984 for all countries except Nigeria, as countries used a range of policies to extract resources from the agricultural sector for use elsewhere in the economy. The extreme case was Côte d'Ivoire, where in 1975-79, policies imposed implicit and explicit taxation equivalent to US$1 072 per person engaged in farming. The four countries shown in Table 11.2 all produced cotton under a similar institutional arrangement (national companies holding monopoly purchasing rights and linked to the French multinational CFDT/Dagris), so it is not surprising that the net rates of implicit taxation on cotton producers were nearly identical across these countries until 2000, when the countries began, at different speeds, to reform their cotton sectors. From the 1970s through 1984, shortly before the countries began implementing structural adjustment programmes (SAPs), the gross rates of taxation of cotton producers, as indicated by the NRAs, were on the order of 50% to 60%.

The one exception to the apparent taxation of agriculture in the pre-SAP era among the countries shown in Table 11.1 was Nigeria, where the NRAs were positive, indicating net subsidies to farmers. The overall NRA for agriculture, however, obscures very different patterns of net taxation for export crops and import substitutes such as rice, sugar, poultry, and milk. All four countries, including Nigeria, implicitly taxed their exportable agricultural products, in some cases at very heavy rates (up to 76% for Ghana during 1980-84). In contrast, the agricultural import substitutes received net subsidies. Indeed, it was the very high rates of protection of these products in Nigeria (e.g. through tariff policies and trade bans) that made Nigerian agriculture as a whole appear subsidised. The differential

Table 11.1 *Change in Agricultural incentives: net rates of assistance and relative rates of assistance to Agriculture (%)*

Côte d'Ivoire, Ghana, Nigeria and Senegal, 1961-2004.

	1961-64[a]	1965-69	1970-74	1975-79	1980-84	1985-89	1990-94	1995-99	2000-04
Côte d'Ivoire									
NRA Agricultural Sector	-25.3	-29.3	-28.1	-30.8	-32.2	-24.3	-19.5	-20	-24.5
NRA Agricultural Exportables	-47.2	-50.3	-48.7	-57.3	-57.9	-44.2	-47.9	-41.8	-46.3
NRA Import-competing products (ag)	13.7	-0.1	15.7	42.6	18.9	22.6	15.2	14.8	16.6
RRA (ag/non-ag)	-42.1	-44.6	-40.7	-48.7	-50.2	-43.1	-39.5	-32.6	-35.4
Ghana[a]									
NRA Agricultural Sector	-9.0	-19.8	-14.9	-25.6	-21.2	-6.3	-1.7	-3.0	-1.4
NRA Agricultural Exportables	-23.9	-54.5	-46.6	-74.4	-76.3	-53.3	-33.1	-19.4	-19.6
NRA Import-competing products (ag)	15.4	10.8	11.7	27.2	44.6	53.4	26.7	17.5	28.3
RRA (ag/non-ag)	-18.0	-38.4	-30.8	47.5	-39.3	-18.7	-9.2	-11.7	-8.0
Nigeria									
NRA Agricultural Sector	20.7	11.9	6.7	6.3	9.4	8.2	3.9	0.4	-5.4
NRA Agricultural Exportables	-34.3	-49.3	-57.2	-51.5	-43	-53.4	-24.3	-19.5	-18.5
NRA Import-competing products (ag)	216.4	176.8	152.4	87.8	67.2	92.8	39.7	28.9	-9.1
RRA (ag/non-ag)	52.3	29.0	20.8	22.6	45.6	27.4	28.8	26.2	-7.0
Senegal									
NRA Agricultural Sector	-9.3	-7.2	-22.4	-22.7	-20.5	4.7	5.6	-6.1	-7.5
NRA Agricultural Exportables	-18.7	-16.6	-39.5	-42.5	-39.7	-9.1	-6.7	-13.5	-19.5
NRA Import-competing products (ag)	19.9	15.0	14.1	24.4	14.1	56.3	61.1	8.5	15.3
RRA (ag/non-ag)	1.5	8.4	-3.1	2.4	24.4	11.3	7.2	3.7	-2.2

Source: Compiled from data in Anderson and Masters, 2009
[a] For Ghana, data start in 1960.

treatment of these two types of crops also helps explain why, as discussed in Chapter 10, Nigeria lost large market shares in its traditional tropical exports (palm oil and palm kernels, groundnuts, cocoa and cotton) at a time when the agricultural sector as a whole was receiving net protection. The net taxation of exports and the net subsidization of import substitutes pushed these countries away from an agricultural strategy based on comparative advantage and towards greater self-sufficiency.

For Ghana and Côte d'Ivoire, the RRAs exceeded the NRAs, indicating that the non-agricultural sector was less taxed on average than the agricultural sector. This differential treatment imposed an additional implicit tax on farmers through shifting terms of trade against agriculture. In contrast, in Nigeria and Senegal, the reverse pattern was true in most years. In those two countries, the heavy implicit protection given to agricultural import substitutes resulted in an implicit tax on the non-agricultural sector, perhaps thereby constraining the growth of non-agricultural employment.

As a result of the protection offered to import-substituting industries, the contribution of the manufacturing sector to GDP grew between the 1960s and the mid-1980s in six of the nine West African countries for which comparable data are available (Table 11.3).

Growth of smuggling. Differences in prices for tradable commodities across countries because of differences in agricultural and trade policies sometimes led to large price differentials between neighbouring countries, inducing a large informal trade of agricultural products across borders. For example, the Gambia became a major importer of rice from the world market, most of which was re-exported to Senegal (where the rice sector was protected), and part of the highly touted "Ivorian agricultural miracle" of the 1970s probably

Table 11.2 *Net rates of assistance (%) for cotton farmers*

Benin, Burkina Faso, Mali and Togo, 1970-2005

Country	1970–74	1975–79	1980–84	1985–89	1990–94	1995–99	2000–05
Benin	-44	-49	-49	-5	-24	-22	-6
Burkina Faso	-44	-48	-58	-8	-26	-28	1
Mali	-56	-55	-59	-17	-25	-33	3
Togo	-41	-46	-60	-14	-25	-24	-13
Unweighted average	-46	-49	-56	-8	-24	-26	-5

Source: Baffes, 2009

Table 11.3 *Manufacturing value added as a percent of GDP*

Annual Averages, 1961-2011

Country	1961-69	1970-85	1986-2000	2001-11
Benin		9.6	7.8	7.8
Burkina Faso	13.9	17.0	15.2	10.8
Cape Verde			9.1	
Côte d'Ivoire	10.3	11.0	18.7	18.9
The Gambia	3.0	4.4	7.2	6.0
Ghana	12.8	10.7	10.0	8.8
Guinea			4.2	6.3
Guinea-Bissau		21.2	8.0	10.4
Liberia	2.9	5.7	4.5	5.4
Mali	6.7	6.9	7.0	3.1
Niger	3.0	5.2	6.5	6.5
Nigeria				3.1
Senegal		13.9	15.5	14.9
Sierra Leone	6.0	5.9	6.0	2.8
Togo	9.1	7.3	8.8	8.6

Source: Calculated from data in World Bank Africa Development Indicators, 2013

reflected inflows of agricultural products from neighbouring countries which subsequently were counted as Ivorian production.[122] Very large informal flows of agricultural products, inputs, and manufactured products developed between Nigeria and its neighbours. While such trade did allow some exploitation of comparative advantage across countries and capturing of limited regional scale economies, in the absence of explicit policies to do so, because it was illegal, the trade involved high transaction costs and fostered corruption of customs and police officials.

122 Kamuanga, 1982, documents how the state-controlled marketing system for rice in Mali's Office du Niger depressed farm-level prices in the late 1970s and led to smuggling of paddy from Mali to Côte d'Ivoire.

Lagging agricultural growth rates and falling per capita incomes. Figure 11.1 displays annual growth rates in production for several types of commodities over four periods: the immediate post-independence era (1961-69), the period leading up to structural adjustment programmes in most countries (1970-85), the period of structural adjustment and immediate post-structural adjustment (1986-2000), and the period from 2001 through 2011, when agriculture came back on the development agenda. The figure shows growth rates for two staples in which the region is nearly self-sufficient (cereals and beef), two import-substitutes (poultry and sugar), and two export crops (cocoa and cotton). Given the

predominance of Nigeria in the production of most agricultural products in the region, Figure 11.1 shows annual growth rates both for the ECOWAS zone as a whole and for the region minus Nigeria. For cocoa, the figure displays ECOWAS with and without the production of Côte d'Ivoire, currently the world's largest cocoa producer.

For almost all major categories of products shown in Figure 11.1, production growth rates fell from the 1960s to the period immediately preceding structural adjustment, but the patterns of change varied by type of product. The declines were most precipitous for the two export crops, cocoa beans and cotton lint, with the decline in the growth rate of cotton being greatest in the area outside of Nigeria (mainly the CFA franc countries). These declines reflected in part the heavy taxation of these crops. For cereals, the growth rate for the region as a whole actually increased, due entirely to an increased growth rate for Nigeria (the growth rate outside of Nigeria fell), and growth rates of poultry production also increased for the region as a whole. The growth rate for beef declined sharply outside of Nigeria in the period 1970-85, and that of sugar for the region as a whole also declined from the very high rates of growth in the 1960s (from a small base).

The slowing growth in agricultural production, combined with a growing population, contributed to a slow-down in per capita incomes, although there was considerable variation across countries (Table 11.4). In the 1960s, 70% of the ECOWAS countries for which comparable data are available had positive growth in real per capita incomes, but this had fallen to 38% in the 1970-85 period, immediately before structural adjustment. The unweighted average of real per capita income growth across the ECOWAS countries turned negative during the 1970-1985 period.

Growing shortages of foreign exchange and fiscal deficits.[123] Overvalued exchange rates made imports artificially cheap and exports less competitive

123 For more details on the points discussed in this paragraph, see World Bank, 1981.

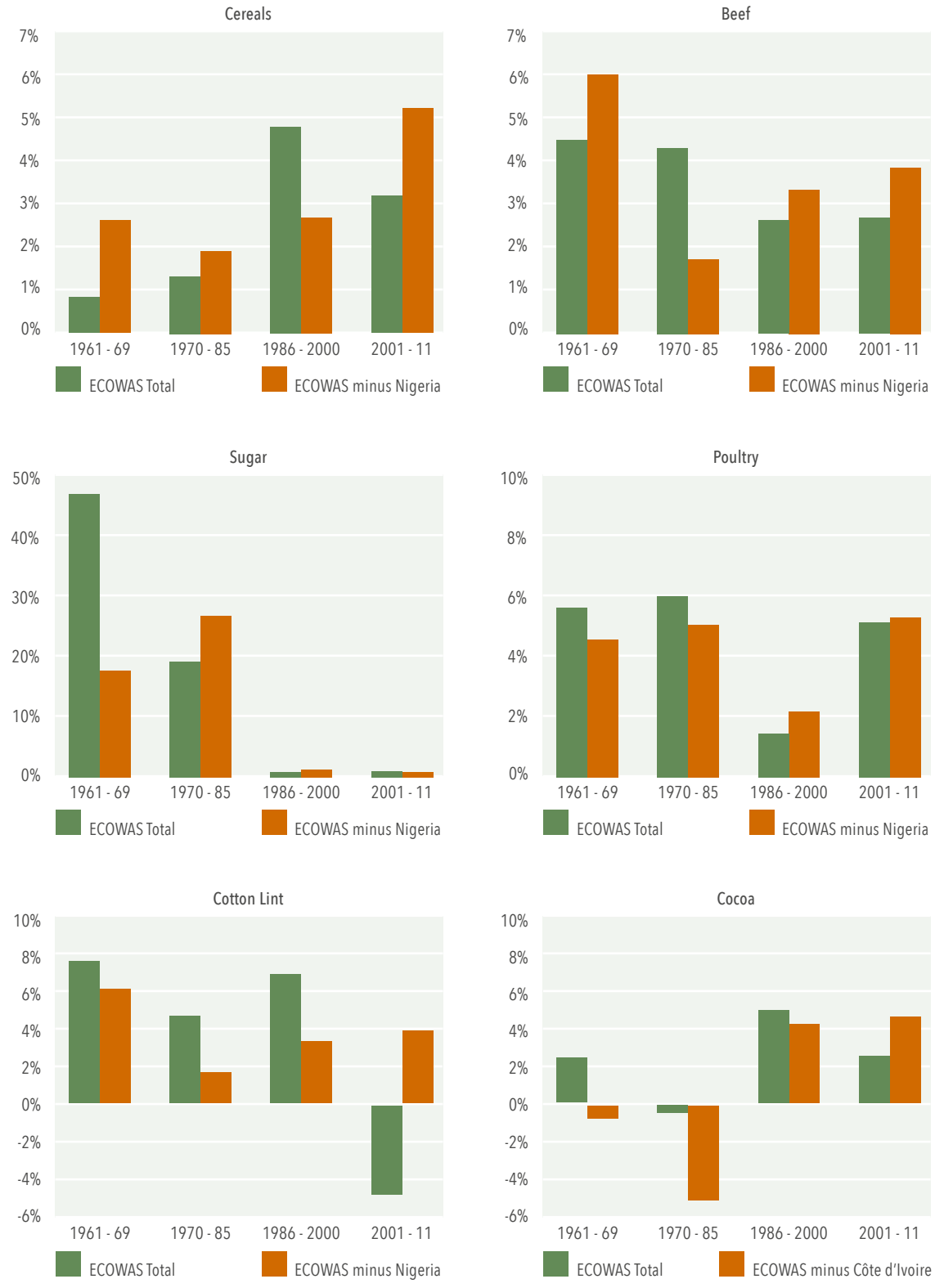
Table 11.4 *Growth rates of per capita GDP*

In 2005 PPP, constant international dollars

	1960-1969	1970-1985	1986-2000	2001-2010
Country		(%)		
Benin	1.4	0.5	0.5	0.8
Burkina Faso	1.4	1.5	1.6	1.8
Cape Verde			2.8	5.2
Côte d'Ivoire	4.0	-1.1	-1.1	-0.4
The Gambia		1.2	-0.7	2.3
Ghana	-0.8	-3.0	1.6	3.8
Guinea			0.9	0.9
Guinea-Bissau		-0.5	0.1	-0.2
Liberia	1.7	-2.4	-10.6	-1.8
Mali		0.8	1.6	1.6
Niger	0.0	-2.1	-1.5	0.6
Nigeria	-1.1	-1.5	1.0	4.4
Senegal	-1.4	-0.8	-0.3	1.7
Sierra Leone	2.9	0.1	-4.3	4.2
Togo	5.9	-0.2	-0.5	0.8
Unweighted mean	1.4	-0.6	-0.6	1.7
Unweighted mean excluding Sierra Leone and Liberia			0.5	

Source: Calculated from data in World Bank, World Development Indicators, 2011.

Figure 11.1 *Annual growth rates in production for selected commodities*



Source: Calculated from FAOSTAT data.

in international markets, draining foreign exchange reserves of many countries, particularly those outside of the CFA franc zone. The burgeoning costs of parastatals and the fact that they did not pay taxes contributed to the fiscal deficits. For example, by 1976-77, the cumulative deficit of the Malian grain marketing board totalled US$80 million, equivalent to three times its annual grain sales (Humphreys, 1986). These deficits were exacerbated by weak overall economic performance, which reduced tax revenues. Some West African countries had borrowed heavily in the 1960s and early 1970s, and then were hit hard by the economic recession, inflation, and soaring interest rates that struck the world economy in the late 1970s, making it difficult to service their debt. In the Sahelian countries, the fiscal crisis was made worse by drought in the late 1960s and early 1970s, which made it difficult for the governments to maintain consumer subsidies for food as domestic cereal prices rose sharply.

11.2 Structural adjustment and the retreat from Agriculture

11.2.1 Main elements of the approach

By the mid-1980s, stagnant economic growth and mounting macroeconomic and fiscal imbalances combined with a growing urban population made continuation of the previous state-led model of development infeasible. Between the mid-1980s and the mid-1990s, under pressure from international financial institutions such as the IMF and the World Bank, almost all West African countries adopted structural adjustment programmes (SAPs). The programmes had three major components: (1) government budget austerity aimed at restoring fiscal balance; (2) liberalization of many sectors of the economy, the privatization of some state-run enterprises, and the withdrawal of the public sector from many areas of agricultural service provision, marketing and finance; and (3) closer alignment of domestic prices with international prices, largely through currency devaluations (in 1994 for the WAEMU countries and earlier for most of the non-WAEMU countries) and reductions of tariffs and export taxes. The impact of the devaluations and the tariff and tax reductions was to increase the price of tradable goods (including most agricultural products) relative to non-tradables (including the salaries of government employees) and a reduction in protection to industry, including agroprocessing.[124]

In some ways the imposition of structural adjustment was made easier by the prevalence of one-party states and limited stakeholder input into policy decisions – a situation that changed dramatically with the spreading democratization and growth of independent farmer organizations and other civil-society organizations in the region in the 1990s.

The structural adjustment programmes stressed the primacy of macroeconomic reforms over sectoral policies as a precondition for successful economic growth. The period of the 1980s and 1990s was thus characterized by a retreat of most major donor organizations from support of agricultural development activities in sub-Saharan Africa, a situation that was mirrored in the waning support of African governments to the sector (Kimenyi et al., 2012; World Bank, 2007). In part, this retreat reflected disappointment in the lacklustre performance of agricultural development efforts undertaken during the 1970s and early 1980s, when macroeconomic policies severely reduced farmers' incentives to expand production. These incentives were further reduced by agricultural producer support and export subsidies by OECD countries that made West African agricultural products less competitive in world and local markets; erosion of tariff preferences in the context of WTO negotiations; and increased competition from emerging countries, especially those from Latin America and Southeast Asia.[125] These latter factors contributed to falling world prices for major agricultural

124 By making foreign currency more expensive in terms of domestic currency, devaluations increase the price of goods and services that can be internationally traded ("tradables") relative to those that cannot be traded internationally ("non-tradables"). Since most agricultural products are tradable, while many services produced by urban dwellers (e.g., construction, government services) are not tradable, devaluations tend to turn the terms of trade in favour of farmers relative to urbanites. In West Africa, some agricultural products, such as starchy roots and tubers, are only traded internationally to a small degree and hence are referred to as "semi-tradables"; the impact of devaluations in increasing their prices relative to non-tradables is more muted than for fully tradable goods such as rice.

125 The OECD measures direct support to farmers in its countries by the Producer Support Equivalent (PSE), which indicates the percentage increase in these farmers' revenues as a result of direct support measures compared to what they would receive if their products were valued at world prices. Over the period 1986- 1990, the weighted average PSE for all OECD countries was 34.9%. By 2008-12, it had fallen to 19.7% (OECD, 2013a).

staples, made even cheaper in the CFA franc countries by an increasingly overvalued currency (until the devaluation of 1994). During the 1980s and early 1990s, West African governments may therefore have viewed reliance on imports as a cheaper way of addressing their countries' food needs than investing in efforts to increase productivity throughout the agrifood system.

11.2.2 Impacts of the SAPs and of the retreat from agriculture

The impacts of structural adjustment programmes on the West Africa agrifood system were mixed. On the positive side, as shown in Tables 11.1 and 11.2, the price incentives facing farmers in West African countries, particularly for export crops, improved sharply in most countries. For example, taxation of cotton farmers (as measured by NRAs) in Benin, Burkina Faso, Mali and Togo fell from an average of 56% in 1980-84 to 24% by 1990-94. Taxation of export crops also fell sharply in Ghana, Nigeria and Senegal over the same period, but remained stable at almost 50% in Côte d'Ivoire. Most import-competing crops were protected during the entire period, although protection levels began to decrease in the early 1990s in Senegal and Nigeria.

Figure 11.1 illustrates the varying performance of different value chains during the SAP period. The most dramatic change was for cocoa, the region's most important export, where the growth rate of production turned sharply positive (especially in Ghana) in the 1986-2000 period, after over 10 years of decline. Cotton growth rates increased for the region as a whole, reflecting mainly improved growth in Nigeria, although there was little change in the region outside of Nigeria, reflecting in part the continued overvaluation of the CFA franc until the devaluation of 1994. The exchange-rate reforms and liberalizations also set the groundwork for the re-ignition of other export-oriented growth in some countries, such as Ghana in the 1990s, and the expansion of production of non-traditional agricultural exports such as fresh horticultural products. In contrast, the declining protection for some of the import substitutes during the SAP period is illustrated in the sharply falling growth rates for both poultry (which faced increasing competition from the frozen chicken imports discussed in Chapter 10) and raw sugar. As for staples, the growth rate for cereal production also increased in the period 1986-2000 (a period also characterized by generally favourable rainfall), as did that of beef production in the areas outside of Nigeria.

Table 11.4 shows that the period 1986-2000 was also characterized by better performance in terms of overall economic growth as measured by GDP per capita, with the notable exceptions of Liberia and Sierra Leone, where civil wars wracked their economies. Whereas only 38% of the ECOWAS countries for which data are available had positive growth in per capita GDP over the period 1970-85, this figure had grown to 60% for the period 1986-2000. Furthermore, when Sierra Leone and Liberia are excluded, the unweighted average of growth rates in GDP per capita for the zone as a whole turned positive during this period.

The emphasis of structural adjustment programmes on growth based on comparative advantage also gave rise to a shift starting in the mid-1980s, particularly in the Francophone countries under the impetus of CILSS, from an emphasis on food self-sufficiency in official agricultural policy pronouncements towards more emphasis the notion of trade-based food security. This involved greater recognition of the role that regional trade could play as part of national food security strategies as well as a greater emphasis on the notion of income-based access to food as a critical component of food security rather than a single-minded focus on food production.

Despite some notable successes, however, the overall impact of the SAPs on Agriculture was often less than initially hoped (Johnson, et al., 2008). In the initial phases of these reforms, insufficient effort was made to address the structural problems that had partially motivated the creation of the parastatals in the first place. In addition, the budget austerity and currency devaluations that frequently accompanied the initial phases of the SAPs led to higher interest rates, increased transport and input costs (which have high import

components) and reduced investments in public goods such as agricultural research and extension, all of which dampened the supply response to higher output prices. The removal of administered pan-territorial pricing resulted in more variable prices, increased uncertainty for farmers and differentiated spatial outcomes for those farmers who previously had access to the official marketing systems.[126] The dismantling of parastatals such as marketing boards and public agricultural development banks sharply reduced the availability of inputs and credit, including medium-term credit for agricultural equipment. Due to poorly developed infrastructure, high transaction costs, risks and uncertainty (including uncertainty among private-sector actors about whether the economic reforms would be maintained), private actors were slow in taking over the provision of inputs, finance and other support services (Shepherd and Farolfi, 1999).

Trade liberalization and privatization led in some cases to the emergence of oligopolistic market structures. In many of the smaller countries, the limited size of the domestic markets in combination with scale economies in the cereal import business led to the domination of the import trade for key staples such as rice by a few firms that had substantial power to influence consumer prices. As discussed in Chapter 10, reduction of trade barriers for previously highly protected import substitutes also resulted in large influxes of low-priced imports of certain competing products, such as frozen chickens and milk powder, which undercut markets for local producers.

UNIDO (Yumkella, et al., 2011) argues that structural adjustment led to deindustrialization in many African countries, as protection fell for many import-substituting industries. While some manufacturing and food processing plants in West Africa undoubtedly did close during the SAP period, the overall picture, as indicated by World Bank data (Table 11.3), is ambiguous. For the 12 countries for which comparable data are available, the share of manufacturing in GDP fell in 5 countries over the period 1986-2000 but remained stable or increased in the remaining 7. A big missing part of the picture, however, is Nigeria, for which the World Bank reports no data. As discussed in Chapters 8, there is evidence that modern retailing shrank in Nigeria following structural adjustment, and this likely also extended to some food processing.

Because the reforms turned the terms of trade against previously protected industries and the urban population – including civil servants – which produces mainly non-tradables, there was often resistance to the new polices. This was exacerbated by the high social costs caused by the retrenchment of employees and the downsizing of public services and subsidies. Consequently, implementation of the reforms was uneven across countries and value chains and characterized by setbacks and policy inconsistencies, which further contributed to mixed results from structural adjustment.

In hindsight, while macro-economic and sectoral reforms were clearly needed, the adjustment programmes focusing almost exclusively on macro-economic reforms and a radical downsizing of the public sector led to high socio-economic costs, as discussed below. While SAPs established the basis for long term agricultural growth through improved producer incentives, they coincided with donors' and governments' retreat from agriculture. Hence, investments in building and reforming the critical institutions and infrastructures needed for the non-state sectors to take over many of the functions previously carried out by the government were grossly inadequate. Unfortunately, it took more than a decade after structural adjustment until the need for investments in agricultural and related institutions and stakeholders re-entered the policy agenda.

126 See the discussion in Chapter 10 of the experience of Nigeria's cocoa value chain following the abolition of the Cocoa Marketing Board. In many countries, however, financial constraints limited the coverage of official marketing systems, particularly for food products, and farmers and consumers who remained outside these systems had to rely on illegal parallel markets that were characterized by volatile prices and uneven product availability. For them, the removal of the state-dominated marketing system likely led to better market access and more stable prices.

11.3 The initial policy response to structural adjustment

11.3.1 Social protection, poverty alleviation and environmentalism

Concerns about the costs borne by the individuals and industries forced to adjust under the SAPs spurred several responses in West Africa and in the North. Many expressed the view that the poor were bearing an unfair burden of adjustment due to the loss of social services, higher food prices resulting from currency devaluations, and an increased focus on export-oriented production to help service external debt. These concerns led to calls for debt forgiveness, increased emphasis on social protection measures, ensuring "basic needs", and focusing development efforts on the poorest of the poor. This emphasis on "adjustment with a human face" also promoted the role of NGOs and civil-society organizations as an alternative to what many saw as dysfunctional government services.

By 1996, the concerns about debt-relief gave rise to the Highly Indebted Poor Countries (HIPC) initiative of the IMF and the World Bank, under which poor countries could qualify for debt relief under certain conditions, including the preparation of a Poverty Reduction Strategy Paper (PRSP). The PRSPs outlined how debt-relief savings would be used to reduce poverty, and the first generation of these papers had a heavy emphasis on strengthening social services. These same concerns also inspired the formulation of the Millennium Development Goals in 2000, which also had a strong poverty-alleviation focus.

The poverty alleviation focus was coupled with worries over the environmental costs of adjustment – e.g. deforestation resulting from expanded logging of tropical forests in order to generate foreign exchange. A growing environmental movement in the North pushed for an increased attention to the environmental costs of agricultural development efforts, which in turn focused more of these efforts on environmentally fragile areas. Regarding rural economic development, emphasis was increasingly placed on the rural non-farm economy, but frequently without sufficient attention to strengthening the economic base in rural areas via broad-based agricultural growth to fully exploit linkages with the non-farm economy.

These shifts in policy emphasis in the 1990s and early 2000s also reflected in part the emergence of more open policy processes in many West African countries, as one-party regimes gave way to more pluralistic political systems and the blossoming of independent civil-society and farmer organizations. A more diverse set of actors was now demanding a seat at the table during debates about development policy, which in turn resulted in policies having to try to address a more diverse set of objectives than in the past.

11.3.2 The rediscovery of Agriculture

By the early 2000s, the rhetoric regarding agricultural development in sub-Saharan Africa began to change, as advocates in both Africa and the North argued that robust agricultural growth was necessary to drive poverty alleviation and finance the expanded social investments called for in the Millennium Development Goals (see, for example, Partnership to Cut Hunger and Poverty in Africa, 2002). Such growth required explicit sectoral policies and investments focused on agriculture and agroprocessing as complements to the macro-level reforms. Nor could everything be done by NGOs – there was increased advocacy of rebuilding and expanding capacity of government agencies to design and implement policies as part of a broader programme to promote public-private partnerships in Agriculture.

In the late 1990s, when this "rediscovery of agriculture" began, West African countries varied widely with respect to the emphasis they gave to the agricultural sector in terms of budget allocation and policy attention. Policies frequently were reactive – focusing on crash programmes that set very ambitious production goals in response to episodic food crises – and changed frequently. Nigeria typified this approach, with frequent changes in both food and trade policies as exemplified by the periodic imposition of trade bans to protect domestic producers and processors, followed by their subsequent removal.

These policies were typically placed in the context of the World-Bank-supported Poverty Reduction Strategy Papers (PRSPs), which set overall economic development strategies. The agricultural policies were frequently guided by national agricultural or rural development strategy plans (such as the Food and Agriculture Sector Development Policy – FASDEP – in Ghana) and, in some countries, national food-security strategies. In some of the Francophone countries, national assemblies passed laws (typically called "agricultural orientation laws") that outlined a broad vision and strategy for the development of the agricultural sector. Among their main purposes was to give legal recognition to farming as a profession, with farms to be registered so that they could more easily undertake formal-sector activities, such as applying for bank loans and entering into contracts. The laws also provided broader legal recognition to farmers' organizations and interprofessional organizations that bring together actors from throughout a given value chain. In some cases, the laws proclaimed that these organizations would play a key role in agricultural development programme design and implementation. These laws, as well as economic development plans such as Nigeria's Seven Point Agenda, often addressed the need for fundamental structural changes in the rural economy, such as land reform. Some countries also developed agricultural investment plans, such as Sierra Leone's National Sustainable Agriculture Development Programme (NSADP), but these were often very broad, without clear prioritization, let alone funding, and lacking a clear policy implementation arrangement.[127]

These basic documents were complemented by numerous sector or subsector development plans (for irrigation, key cash crops, rural infrastructure, etc.), each with its own priorities. Some of these programmes, such as Ghana's FASDEP were fairly comprehensive and, with minor changes, became the core of the country's subsequent CAADP investment plan (discussed below). In many countries, however, agricultural strategies and priorities had been developed in piecemeal fashion over time, often in response to funding opportunities dictated by the preferences of external donors and the desire to respond to multiple interest groups. For example, in 2009, the Malian Ministry of Agriculture commissioned a review of all rural development strategies in the country, as part of its effort to move to a more coherent sector-wide approach. The study found that Mali had 22 separate officially validated strategies for various aspects of rural development, which in turn established a total 117 different priorities for rural development (Centre d'Etudes pour le Développement au Sahel, 2009). A country with 117 different priorities has in reality no priorities at all, but likely faces large problems of duplication of effort. The numerous official policies in the ECOWAS member states were complemented with ad hoc measures to deal with food crises, such as the reduction or elimination of import taxes on cereals during periods of high prices, the short-lived Presidential Initiatives on Agriculture in Nigeria and Ghana in the early 2000s, and Burkina Faso's and Mali's restrictions on grain exports during such periods in 2005 and 2008 in contravention of the ECOWAS treaty.[128]

11.3.3 New models of partnership and strengthened regionalism

Another reaction to structural adjustment was the move to stronger collective action by African governments to mediate their interactions with the world economy, international financial institutions and other development partners. At the continental level, this was manifested in the conversion of the Organization of African Unity into the more tightly structured African Union (AU) in 2001 and the AU's subsequent development of the New Partnership for Africa's Development (NEPAD). As its title implies, NEPAD sought to redefine collaboration between African governments, donor agencies and international financial institutions into one characterized by a more equal partnership organized around mutually agreed-upon goals.

127 A single component of the NSADP, focused on smallholder commercialization, later was refined and became the core of Sierra Leone's CAADP national agricultural development plan.

128 Article 26 of the ECOWAS treaty allows member states to restrict their trade with the Community for a maximum period of one year as a safeguard measure, but only if there is prior notification. The application of these measures is subject to review by the ECOWAS Council of Ministers. None of the countries in the Community that restricted exports during the 2008 crisis gave the required notification to the ECOWAS Commission.

In West Africa, this interest in stronger collective action led to attempts by regional organizations, such as the West African Economic and Monetary Union (WAEMU) and ECOWAS, to develop regional trade policy instruments such as a common external tariff and regional free trade zones to regulate trade within West Africa as well as with the rest of the world. In the area of agriculture, specialized agencies such as CILSS and CORAF/WECARD promoted more fluid regional trade, expanded regional collaboration on agricultural research and the development of common procedures for seed and pesticide registration. In the broader area of Agricultural policy, WAEMU took the lead in developing a regional policy for its eight member states, starting in 2001, many of whose features presaged those later incorporated in the ECOWAS agricultural policy, known as ECOWAP. We first turn to a brief analysis of the WAEMU regional policy before discussing ECOWAP as part of the broader NEPAD/CAADP effort in West Africa.

The Agricultural policy of the West African Economic and Monetary Union (PAU)

WAEMU comprises the eight West African countries sharing the CFA franc (Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo), all of which are also members of ECOWAS. The agricultural policy of WAEMU, known as PAU (la Politique Agricole de l'UEMOA), was launched in December, 2001. It thus predates ECOWAP by four years and served as a model for many of the foci subsequently included in that programme.[129]

Major elements of the PAU. The PAU's overall aims are to contribute to satisfying the food needs of the population, the economic and social development of the member states and the reduction of rural poverty. The programme is built around three axes (UEMOA, 2009):

- ***Improving the competitiveness of key agricultural value chains*** (rice, maize, meat, poultry and cotton) through preparing regional development plans for each value chain, identifying key actions for national and regional investments, creating a regional investment fund to help finance such investments, promoting regional stakeholder consultations in these value chains, improving agricultural and market information, developing programmes to help member states deal with the threat of avian influenza, and undertaking specific actions to expand rice production in Senegal and Mali. In 2008, for example, WAEMU entered into an agreement with Mali to invest in the improvement of 11 000 ha in the Office du Niger irrigated rice area, with the intent of opening the area to farmers from any of the member states, as part of the effort to increase rice production within the Union.

- ***Deepening the common market of the Union within the agricultural sector and improving the management of shared resources*** through harmonization of standards for production, marketing, food safety, agricultural taxation and monitoring procedures; management of cross-border livestock transhumance; and the management of inland fisheries resources and shared water resources.

- ***Integrating agriculture in the WAEMU zone into the regional and international markets.*** The main emphasis under this axis has been on fostering consultation among member states as they prepare for international trade negotiations regarding agriculture and creating an information and decision-support system for the negotiations. Such consultation is especially needed for WTO negotiations because WAEMU itself is not authorised by the WTO to negotiate on behalf of its member states. Therefore, if an issue arises that is important for the Union as a whole, all the member states have to agree in advance to take the same position in the WTO negotiations.

How effective has the PAU been in meeting its stated goals? WAEMU was created in 1994, after the CFA franc devaluation, but is built upon a monetary union (previously known as UMOA) that has existed among most of the member states

129 Another element of WAEMU policies (but not part of PAU) that has been adopted by ECOWAS, with important implications for ECOWAP, is the common external tariff (CET). As explained in Chapter 12, ECOWAS adopted the WAEMU CET in 2005, but then expanded it to include a fifth, higher tariff band (of 35%, compared to the top WAEMU rate of 20%) to cover particularly sensitive products, which are almost exclusively agricultural.

since their independence in the 1960s. Hence, the history of collaboration among the member states of WAEMU is much longer than that of ECOWAS, which was created in 1975, and the PAU has been operational much longer than ECOWAP. Currently, the PAU is implemented in parallel with ECOWAP, with strong efforts at coordination between the two programmes. At the same time, the PAU has served as inspiration for some of the approaches and programmes adopted by ECOWAP, notably the focus on priority value chains, the use of guiding principles such as subsidiarity and solidarity to determine which activities are included in a regional as opposed to a national programme, and the need to promote common standards for agricultural inputs and products as a precondition for creating a regional common market.

Despite the long history of cooperation among the WAEMU member states and their common currency, which facilitates trade within the Union, the implementation of the PAU has taken much longer than originally planned. The PAU has been implemented thus far through two programmes, beginning in 2002, that were originally designed to cover 3 years each, but which in reality have extended over 11 years (UEMOA, 2011). The PAU has faced some notable constraints in its effort to create an effective regional common market for agricultural products.

- First, it has been very dependent on the funding of external development partners, particularly the European Union and France (UEMOA Commision, 2012). This has limited the autonomy of the Union in designing the programme and, according to WAEMU, affected the speed of implementation.[130]

- Second, while the PAU has focused heavily on developing regional processes for the harmonization of product and input standards, implementation of these standards at the national level has been slow. National agencies frequently lack the budget and facilities to monitor compliance, and the private sector sometimes complains that the proposed standards do not correspond to criteria that are valued in the local and regional markets. Furthermore, the maintenance of disparate national standards creates opportunities for rent seeking. If each country has its own standards, markets in most countries remain small by international standards and tend to be dominated by local oligopolists, who lobby against moving towards regional standards that would increase competition.

- Third, despite the creation of regional frameworks for stakeholder consultation on PAU implementation, ROPPA argues that many decisions regarding which programmes to implement were made without effective consultation with farmer organizations (ROPPA, 2012b).

- Fourth, there is some tension between the objectives of the PAU, in terms of promoting Agricultural growth in the region, and the adoption of the WAEMU common external tariff (CET), which has a maximum ad valorem rate of 20%. The adoption of the CET reduced tariff rates in several of the member countries led some producer groups to complain about decreased protection (Johnson, et al., 2008).

- Fifth, to date, the PAU has no formal monitoring and evaluation system, which limits the ability to measure the impacts of the programme and make adjustment as necessary.

These are all challenges that ECOWAP will likely face, in some degree, in its implementation as well.

11.4 The emergence of ECOWAP/CAADP

11.4.1 Characteristics of the ECOWAP/CAADP approach

NEPAD's Comprehensive African Agriculture Development Programme (CAADP) was launched in 2003 and was part of a larger "rediscovery of agriculture" by African governments and their development partners. CAADP attempts to address the piece-meal way that agricultural develop-

130 As the CFA franc has a fixed parity with the Euro, guaranteed by the French treasury, the autonomy of WAEMU is by its very nature more limited than that of ECOWAS.

ment frequently has been promoted in Africa via a plethora of separate projects and initiatives. The development of NEPAD and the Maputo Declaration of 2003, in which African Heads of State and Government set a target of allocating a minimum of 10% of national budgets to agricultural development, marked major steps to raise the priority given to agriculture by African governments. International donors also pledged increased attention to African agriculture, and by 2006 ODA levels to agriculture in Africa, which had fallen by over 50% in real terms between 1985 and 2005, had begun to increase (World Bank, 2007). The entry of the Bill and Melinda Gates foundation as a major donor focused on African agricultural development in 2007 and the world food crisis of 2008 accelerated the attention given to agriculture, putting it on the forefront of many countries' development agendas, and most of the new efforts pledged to work within the framework of CAADP.

The overall aim of CAADP is "to help African countries reach a higher path of economic growth through agriculture-led development" and in so doing "to eliminate hunger and reduce poverty through agriculture" (CAADP, 2013). Thus, the Programme sees broad-agricultural growth as central to both overall economic growth and poverty alleviation. The Programme is built around four pillars (ibid.):

1. Extending the area under sustainable land management and reliable water control systems.

2. Increasing market access through improved rural infrastructure and other trade-related interventions.

3. Increasing food supply and reducing hunger across the region by raising smallholder productivity and improving responses to food emergencies.

4. Improving agricultural research and extension systems in order to disseminate appropriate new technologies and boosting the support available to help farmers to adopt such new options.

Compared with previous efforts to increase agricultural production in Africa, CAADP is distinguished by the following characteristics:

- ***Advocacy of a country-led, sector-wide approach to agricultural development.*** This sector-wide approach involves stakeholders in each country (national and local governments, the private sector including farmer organizations, civil society and development partners) agreeing on a comprehensive sector-wide programme to which all stakeholders subsequently align their actions. This is in contrast to the previous project-led approach, where development priorities were often set in accordance with donor objectives and frequently there was little coordination across projects. CAADP thus represents an attempt to put in practice the principles laid out in the Paris Declaration on Aid Effectiveness (OECD, 2013b).

- ***Calls for national agricultural development strategies to be designed in a way that explicitly recognises regional complementarities and trade.*** Regional Economic Communities (ECOWAS in West Africa) not only support the development of the national programmes but also undertake similar participatory processes to design regional programmes that complement the national programmes by taking account of regional spillovers and economies of scale in investments and policies. Furthermore, national programmes are designed using common design principles in order to facilitate regional collaboration.

- ***A pledge by African governments to devote at least 10% of budgetary resources*** and increased policy attention to agricultural development in order to achieve annual agricultural sector growth rates of 6%, which were deemed necessary to achieve the Millennium Development Goal of reducing poverty rates by half by 2015.

In 2002, ECOWAS initiated the design of a common agricultural policy, known as ECOWAP (ECOWAS Agricultural Policy) for its 15 member states. With the launching of CAADP in 2003, ECOWAS decided to merge CAADP into

the ECOWAP process. The design of ECOWAP was developed through a consultative process with member states and stakeholder groups. The programme that was adopted by the ECOWAS Heads of State in January 2005 envisages a high level of internal market integration with external protection levels for individual products to be defined on a case-by-case basis, depending on the importance, potential for expanded production, and specific challenges facing the value chains (ECOWAS Commission, 2009a).

ECOWAP/CAADP aspires to become a common framework for agricultural policy and programmes in the region. Its implementation hinges upon policy reforms and investment plans. The policy reforms involve harmonization in areas such as internal and external trade, taxation, investment codes, regulatory frameworks, and industrial and monetary policies. The investment plans are implemented at two levels: (1) at the national level through the formulation and implementation of National Agricultural Investment Programmes (NAIPs) in each of the 15 member countries; and (2) at the regional level through the Regional Agricultural Investment Plan (RAIP) and the creation of new regional institutions and policies to implement and complement the plan.

11.4. Design of CAADP national programmes

Although CAADP was officially launched on a continental basis in 2003 and in West Africa merged with the development of ECOWAP in 2005, work on national-level CAADP plans only started in earnest in 2008. The process involved four steps: stock-taking, the holding of a stakeholder roundtable, the development of a national investment plan, and the holding of a "business meeting" of all stakeholders to validate the investment plan.

Developing the National Agricultural Investment Programmes (NAIPs)

The stock-taking was carried out by government-appointed national CAADP teams which included analysts from government and, in some countries, participants from the private sector and civil society. The country teams each prepared two reports: (1) A diagnostic study that inventoried and analysed current and past agricultural development strategies and experiences in their respective countries;[131] and (2) a computable general equilibrium modelling exercise to look at the impact of different agricultural investments on agricultural and overall economic growth rates and on poverty alleviation. The aim of the modelling was to identify the types and levels of agricultural investments (and subsequent agricultural growth rates) that would be necessary to achieve a sustained 6% annual GDP growth rate.

These reports served to identify a priority set of objectives and actions that were discussed with farmer organizations, other private-sector actors, government, development partners, and civil society in each country. The discussions culminated in a stakeholder roundtable meeting and the signing of a country-level CAADP Compact that spelled out the goals, strategies, and implementation principles that would guide the country's sector-wide approach to agricultural development. A key part of the stakeholder consultation was interaction with major donors, who were typically organised in a donor working group. At the regional level, ECOWAS launched a similar process to design its regional investment plan, policy instruments, and new implementing institutions, drawing on inputs from regional and international organizations such as CILSS and CORAF and from external consultants.

Fourteen of the fifteen ECOWAS countries signed their Compacts between July 2009 and July 2010, with the final agreement (Guinea-Bissau) being signed in January 2011. The regional Compact was signed in November, 2009.

Following the signing of the Compact, the country teams each developed a national agricultural investment plan (NAIP) that aimed to translate the objectives contained in the Compact into concrete programmes to be implemented over a period of five to ten years. These NAIPs

131 The diagnostic studies often drew on processes already under way in the individual countries, such as an agricultural sector review in Mali and the development of the Medium-Term Agricultural Investment Plan in Ghana.

thus represented the implementation plans for short- and medium-term priority elements of each country's broader agricultural development policy document (e.g. the agricultural orientation law). The draft NAIPs were reviewed by a joint ECOWAS/African Union team and then again vetted by stakeholders at national "business meetings." By the end of 2011, eleven of the fifteen ECOWAS countries had fully reviewed and validated investment plans (Taondyandé et al., 2013). West Africa has been far ahead of the other regions of Africa in the CAADP process and is the only region where all the countries have signed compacts and almost all have completed investment plans.

The CAADP national plans generally involved a fair amount of repackaging of existing projects and programmes, notably the special initiatives that national governments had launched in response to the 2008 food price crisis. To the extent that national priorities had been reflected in previous agricultural planning efforts, it is logical that previous projects and programmes would reappear in the new plans. However, some of the repackaged elements represent the crash-programme approach of the past. As is inherent in any multi-stakeholder process, there was strong pressure to include many different activities and priorities.

The ECOWAS Commission for Agriculture in collaboration with IFPRI very much drove and coordinated the whole procedure thanks to their holding of workshops with all the national teams, providing technical assistance on the modelling and facilitating reviews of draft plans. This led many on the national teams initially to see the process as top-down, more owned by ECOWAS than by the country teams themselves.[132] Nonetheless, although some international consultants were used to help prepare the programmes, the ECOWAP and the national CAADP process mobilized West African technical expertise to much a higher level than many previous agricultural planning efforts (for example, the national agricultural mid-term investment plans, which were prepared by FAO for all the African countries), and this use of local expertise eventually led to a greater sense of national ownership.

132 For more details on the CAADP process, see Kimenyi, et al., 2012 and van Seters et al., 2012.

The NAIPs and the food price crises

The objective of ECOWAP/CAADP is to address the fundamental structural and policy problems that impede Agricultural productivity growth and competitiveness in the region (ECOWAS Commission, 2009b). The timing of its design, however, coincided with the rapid increase in world food prices. The timing had both positive and negative effects on the proposed programmes that emerged. On the positive side, the surge in world food prices and the belief by many analysts that the world had entered a new era of higher and more volatile food prices gave increased political impetus to boosting Agricultural production in the region. The global food crisis also helped mobilize donor funds to support the CAADP process.

On the negative side, the crisis led to a shift in emphasis at the time of programme design from long-term structural issues to more immediate actions aimed at lowering consumer prices and boosting Agricultural production. Most governments undertook crash programmes to expand production rapidly, such as Senegal's Grande Offensive Agricole pour la Nourriture et l'Abondance (GOANA) and Mali's Initiative Riz. These initiatives were designed quickly and generally outside of the on-going CAADP process, so that, in practice, the national CAADP programmes that emerged had to be built around these initiatives which were absorbing significant amounts of the countries' rural development budgets. This inclusion, plus pressure to achieve very high rates of agricultural growth in the short run in order to meet the MDG 1 by 2015, put greater emphasis in some of the NAIPs on short-term measures such as untargeted input subsidies to boost agricultural growth quickly than on longer-term investment in the building blocks of agricultural productivity such as improved infrastructure, technology development and diffusion, institutional reform, and strengthened human capital.

The 2008 food crisis and subsequent price spikes in 2010 and 2012 also elicited strong responses from the international community, with pledges of

increased support for African Agricultural development from the G8 and G20, the creation of the Global Agriculture and Food Security Programme (GAFSP) trust fund, and the launching of numerous bilateral and multilateral initiatives such as Grow Africa, the New Alliance for Food Security and Nutrition, and the African Agribusiness and Agro-industries Development Initiative (3ADI). All these programmes purport to align with the objectives of CAADP, and they bring important resources to help support the implementation of the NAIPs and the regional investment plan, which all depend heavily on external funding to cover the their investments (see discussion below). Yet all these external initiatives have their own deadlines and constituencies, and the need to meet these funding deadlines drove the timing of completion of the NAIPs and in some countries limited the involvement of non-state actors in the development of the plans (ROPPA, 2012b). The combination of these factors led some participants to believe that the ownership of the CAADP agenda was shifting away from West Africans and towards bilateral and multilateral organizations.[133]

Content of CAADP national programmes

Table 11.5 shows the shares of NAIP budget allocations across different activities for 12 countries for which detailed information was available to the authors of this report.[134] Because the different NAIPs do not use a standard classification system for budget line items, the placement of a planned expenditure in a particular category was sometimes arbitrary. For example, expenditures to promote sustainable soil management take place largely on individual farms and thus could also be classified under the farm-level production category, which includes mainly direct support to farmers in the form of subsidies on variable inputs, farm equipment and loans. Despite this difficulty in classifying some of the line items, Table 11.5 highlights some broad similarities as well as some striking differences across the different NAIPs.[135]

- ***Agrifood-system orientation.*** The countries vary in the degree to which their NAIPs focus on the farm-level versus the entire food system. At one extreme, Senegal devoted over 59% of its budget to farm-level production investments, with an additional 11% going to sustainable resource management, mainly at the farm level, while less than 6% was devoted to marketing and processing. On the other hand, Nigeria, Ghana and The Gambia have between 15% and 40% of their budgets devoted to off-farm parts of the agrifood system. In addition, Benin, Burkina Faso and Mali planned many of their investments on a value-chain basis that bridges both farm- and off-farm value-chain activities.

- ***Environmental concerns.*** Many of the NAIPs show a strong concern about sustainable natural resource management, as one might expect given the increasing environmental stresses facing West African agriculture. In addition to the investments in sustainable soil management shown in the table, there were also investments in sustainable water management (included under the infrastructure heading) and, for some countries, other sustainable resource management investments included in the "other" category, including management of resources shared across countries, such as transhumance routes and grazing areas.

- ***Capacity strengthening*** is a cross-cutting element in CAADP, and all the NAIPs have explicit capacity-strengthening activities or such activities embedded in the actions targeted at the farm and market levels (as is true for Nigeria and Ghana). The bulk of these capacity-strengthening activities are directed towards farmer organizations and professional and interprofessional organizations within the various value chains. Most countries also include some funds for strengthening the capacity of the inistry of Agriculture structures that are involved in CAADP implementation,

133 See the quote from the letter of the President of ROPPA to the President of the African Union Commission in the focus section below on stakeholder involvement in ECOWAP/CAADP.

134 The versions of the NAIPs for Burkina Faso and Côte d'Ivoire included in Table 11.5 were not yet validated at the time of this analysis.

135 The NAIP for Nigeria summarized in Table 11.5 represents a plan developed in 2010. As discussed in Appendix 11.1, in 2011 the new Goodluck Jonathan administration developed an Agricultural Transformation Agenda for Nigeria, which the country now considers its new CAADP investment plan. The Transformation Agenda has many similar elements to the NAIP shown in Table 11.5, but also some important differences. Unfortunately, the Agricultural Transformation Agenda document (Nigeria Federal Ministry of Agriculture and Rural Development, 2011) does not provide a detailed breakdown of its budget, so the older NAIP budget is included in Table 11.5. See Appendix 11.1 for details.

monitoring and evaluation; for example, over half of Niger's funding under this rubric is to improve the general governance capacity of local units of government in rural areas. Very few of the NAIPs allocate capacity-strengthening resources to the agricultural higher education that will be needed to produce the next generation of agricultural scientists and policy makers, and only some of the NAIPs plan investments in vocational education to strengthen skills related to the agrifood system.

- ***Research and extension.*** The share of the NAIPs' budgets dedicated to research and extension vary widely, from a low of less than 1 percent in Senegal to nearly 23% in Benin. In the majority of the countries, the bulk of the resources are budgeted for improved extension rather than research.

- ***Crisis prevention and management and social safety nets.*** Seven of the twelve NAIPs have programmes aimed at improving the countries' capacity to prevent and manage food crises, improve nutrition, and provide social safety nets. The two countries with the largest shares of their NAIP budgets going to social safety nets are Sierra Leone and Liberia, while The Gambia's largest share is dedicated mainly to the development of a disaster crisis management system. The inclusion of crisis prevention and management investments and social safety nets in many of the NAIPs seems to reflect a recognition that the CAADP agendas need to deal with disaster risks and their consequences, as part of an agricultural growth strategy.

- ***Other expenses*** planned in the NAIPs vary by country, sometimes involving investments in improving the policy environment and sometimes dealing with investments more specific to a particular country. For example, over half of the "other" budgeted expenses in the Ivorian draft NAIP deals with investments in the forestry and fishing industries, while Niger has a substantial investment in environmental management and management of water and grazing resources it shares with neighbouring countries. A quarter of Nigeria's total NAIP budget is dedicated to cadastral survey as part of a long-term programme to improve land records and improve tenure security in the country. Some of Liberia's "other" line item is dedicated to a similar effort.

Funding gap

A striking feature of all the NAIPs is how dependent they are on additional funds that need to be raised beyond the amounts that West African governments already have in hand or project will be provided by the private sector, including farmers. The NAIPs all express the hope that bilateral and multilateral funding agencies will fill the gap, which ranges from a low of 31% of the total NAIP budget for Niger to 90% for The Gambia. Some of the lower figures are misleading, however, in terms of countries' dependence on outsiders for financing the NAIPs. For example, of the 69.8% of the NAIP budget that the Niger government reports it already has on hand, 90% comes from donor funds. Thus, if fully implemented, the NAIPs would be overwhelmingly dependent on donor funds, raising a question of who really owns the programmes.

While Table 11.5 gives a broad overview of the NAIPs, more detail can be seen by looking more closely at four of them, which illustrate some of the points raised above. Appendix 11.1 examines the NAIPs of Senegal, Mali, Ghana and Nigeria, countries which are diverse in terms of their size, income levels, Francophone/Anglophone heritage, and vision for their agrifood systems; all these differences are reflected in the structure of their NAIPs. For example, Senegal's Loi d'Orientation Agro-Sylvo-Pastorale (LOASP) has a very strong import-substitution orientation and stresses a version of food sovereignty that approaches national food self-sufficiency;[136] the NAIP thus calls for the country to move quickly from being one of the largest rice importers in the region to a net rice exporter. In contrast, Mali's Loi d'Orientation Agricole (LOA), Ghana's FASDEP and Nigeria's basic policy documents emphasize both import substitution and export commodities, and their

136 In a publication aimed at explaining the LOASP to stakeholders, the ministry of agriculture and Water Resources defines food sovereignty as "a situation in which the country depends to the least degree possible on the exterior for its food" (Ministère de l'Agriculture et de l'Hydraulique (Sénégal), 2005).

Table 11.5 *Percentage allocation of NAIP budgets by activity**

Country	Farm-level production (crop + livestock + aquaculture)	Output and input marketing and processing	Sustainable soil management	Infrastructure	Capacity strengthening	Research and extension	Crisis prevention and management; safety nets	Other	Funding gap (%)
Benin	29.7[a]			42.2		22.9		5.2	71.9
Burkina Faso	36.3[b]		6.8	31.0	5.3	10.3	3.9	10.3	56.7
Côte d'Ivoire	26.5	3.3		17.5	4.3	18.8		29.6	89.1
The Gambia		40.5	4.3	24.1	5.4	4.1	15.5	21.6	90.0
Ghana	21.1	14.7	1.8	48.1		3.4	1.8	10.9	66.3
Liberia	28.3	2.0	8.4	27.1	6.8	5.7	12.1	21.7	81.5
Mali	38.0[b]			45.0	12.0	3.9	2.0	0.0	65.0
Niger	23.5		1.3	31.9	11.7	1.3		30.3	31.2
Nigeria	31.5	22.6	2.7	14.9		1.8		26.5	61.0
Senegal	59.4	5.7	11.1[c]	19.9	1.1	0.6		2.2	48.0
Sierra Leone	7.0			39.0	16.0	2.0	35.0	36.0	N/A
Togo	36.3		3.6	33.7	6.7	9.3	2.3	10.4	84.1

Source: Authors' calculations based on NAIP documents.
[a] Includes 11.8% specific to farm-level production and 18.3% for mechanization of both farming and processing
[b] Combined investment in farm-level and rest of value chain
[c] Includes management of soil and other natural resources
* The versions of the NAIPs for Burkina Faso and Côte d'Ivoire included in Table 11.5 were not yet validated at the time of this analysis.

NAIPs have a balance between export-product production and import substitution. While all four countries' policy documents emphasize that a key goal of agricultural development is to reduce poverty and increase food security, both Nigeria's and Mali's document also emphasize farming as a business and make specific mention (missing in Senegal's LOASP) of the role of large-scale commercial agricultural enterprises, including those involving foreign investors. The Malian, Nigerian and Ghanaian policies also emphasize more the importance of post-harvest parts of the value chains than does the Senegalese LOASP. The Ghanaian NAIP also stresses, more than the other plans, the need for intersectoral and inter-ministerial coordination of investments to boost Agricultural growth.

11.4.3 ECOWAP regional plan[137]

The regional programme developed by ECOWAS aims to complement the NAIPs by incorporating regional dimensions, managing inter-dependent relationships between countries and organising their cooperation on common issues in cases where the regional level allows capturing significant economies of scale. The programme combines an investment plan with policy and regulatory reforms regarding trade, standards, and market interventions. The first generation of subprogrammes is designed to cover the period of 2011 through 2014, after which they will be followed by a second generation of programmes.

ECOWAP's vision is that of "a modern and sustainable agriculture based on effective and efficient family farms and the promotion of agricultural enterprises through the involvement of the private sector. Once productivity and competitiveness on the intra-community and international markets are achieved, the policy should be able to guarantee food security and secure decent incomes for agricultural workers" (ECOWAS Commission, 2009c). The three major themes of ECOWAP are the following:

1. Increasing the productivity and competitiveness of West African agriculture.

137 This section synthesizes material presented in ECOWAS Commission, 2009a; ECOWAS Commission, 2010b; ECOWAS Commission, 2010a, and République du Sénégal, ECOWAS and NPCA. 2010.

2. Implementing a free-trade area within West Africa, thereby creating a truly regional market for Agricultural goods and services within the 15-member-state zone, in line with the principles established in the ECOWAS treaty.

3. Adopting a common trade regime with countries outside the region. Taken together, themes 2 and 3 imply the creation of a West African customs union (see Chapter 12).

ECOWAP also establishes implementation guidelines that define the scope and limitations of regional versus national and local actions based on the principle of subsidiarity and calls for the use of participatory approaches and the adherence to principles of consultation and shared responsibility during its implementation.

ECOWAS's original intent was to develop the regional component of the ECOWAP/CAADP programme after the NAIPs were completed in order to identify more clearly the areas where regional action was needed to complement national actions and to capture regional economies of scale. In practice, delays in the development of the NAIPs, combined with funding deadlines from the development partners, led to the development of the regional agricultural investment plan (RAIP) simultaneously with the NAIPs.

The regional ECOWAP/CAADP programme is to be implemented under the guidance of ECOWAS's Department of Agriculture, the Environment and Water Resources, referred to by its French acronym, DAERE. The programme involves three components:

1. Three "mobilising and federating programmes" focused on investments to (a) promote strategic products/value chains for food sovereignty, (b) help create an overall environment conducive to regional agricultural development and (c) reduce vulnerability to food insecurity and promote sustainable access to food.

2. A complementary set of policy measures to spur adoption of the programmes; and

3. The institutional implementation framework, including creation of the ECOWAS Development Fund (ECOWADF) to finance the programme, a new Regional Agency for Food and Agriculture, a Consultative Committee of stakeholders, an interdepartmental Committee on Food and Agriculture within the ECOWAS commission, and a monitoring and evaluation system.

Unlike the NAIPs, the RAIP does not establish specific agricultural production targets since the RAIP is intended to complement the NAIPs, which focus on production at the national level. The regional programme is heavily dependent on outside funding; of the US$900 million budget for five years, ECOWAS has pledged to contribute at least US$150 million (17%), with the remaining 83% to come from outside sources.

The three mobilizing programmes

Promotion of strategic products for food sovereignty. This mobilizing programme aims at enhancing on-farm productivity and reducing food imports for certain key food products deemed "strategic" to the region.[138] It focuses on products that (1) demonstrate a significant production potential within the zone, (2) correspond to the changing dietary habits of ECOWAS consumers and (3) are subject to large imports from outside the region that can be substituted by taking advantage of the complementarities of the production basins within the zone and promoting regional trade. Based on these criteria and on a concern to keep the number of commodities limited so as not to overload ECOWAS's managerial capacity, the programme focuses on six value chains for the initial five-year programme: rice, cassava, maize, livestock, meat and related products, and fish.

The regional actions envisioned under this programme include measures to enhance access to inputs and small-scale equipment and develop input markets critical to the production of these crops, enhance animal health, upgrade livestock markets and strengthen management of shared pasture and transhumance routes across countries.

138 ECOWAP documents never explicitly define what is meant by "food sovereignty", but in practice this term implies some degree for regional production over imports. The policy debate among member states revolves over the degree of protection (e.g. under the CET) this preference implies.

Among the inputs, improving access to fertilizer stands out both in terms of budget allocation and number of activities envisaged.

Promotion of an environment conducive to regional agricultural development. The main objective of this programme is to enhance the overall policy environment so that it is more conducive to the development of agricultural and agrifood commodity chains. It seeks to do this through four programme components: (1) improving the business environment of agrifood value chains through promoting regional trade in food products; (2) adapting to climate change through strengthened regional research networks to develop more drought-resilient varieties and through improved capacity to manage shared water resources; (3) operationalization of an information and decision support system (ECOAGRIS) on food and agriculture in the region, including improved capacity to monitor production systems, the food and nutrition situation, environmental and macroeconomic conditions, and agricultural policies across the region; and (4) strengthening institutional and human capacity through regional support to national capacity-building efforts, strengthening the coherence of regional policies, and improving the management of ECOWAP.

The reduction of food vulnerability and the promotion of sustainable access to food. This programme aims to develop and test improved approaches for social safety nets in urban as well as rural areas, improve the current regional crisis-prevention and management systems – for example by extending the system currently in use in the Sahelian countries to the entire ECOWAS zone and adapting it to deal more adequately with system-wide crises like the 2008 world food crisis – and promote regional food security instruments such as a regional food security reserve. The approach in many of these components is experimental, based on pilot testing of different approaches (e.g. to social safety nets) in different countries, drawing on previous national experiences, and creating platforms to share and learn from these experiences. The inclusion of this mobilizing programme in the RAIP implicitly recognises that an agricultural growth agenda, to be politically palatable, needs to address not only how to improve production incentives for Agriculture but also how to improve the access of vulnerable populations to food. It also recognises that food insecurity in West Africa is not just a rural problem but is becoming increasingly an urban problem as well.

The implementation of the plans is to be facilitated through a number of policy instruments, such as regional co-financing of certain national actions in exchange for harmonization of those actions across countries, and the creation of new institutions within ECOWAS to implement the programme, such as a Regional Technical Agency for Food and Agriculture. Boxes 11.1 and 11.2 discuss these policy instruments and new institutions.

11.5 Impacts of the "rediscovery of Agriculture" especially ECOWAP/CAADP

The ECOWAP/CAADP process aims to give greater priority to Agricultural growth as a central pillar of the region's economic growth strategy; develop a more coherent, sector-wide and inclusive process of strategy development and implementation; increase the proportion of national budgets devoted to agricultural development; and improve incentives to farmers – all with the intent of spurring Agricultural growth. While the NAIPs and the RAIP are only beginning to be implemented and it is thus too early to provide much assessment of their long-term impact on long-term Agricultural growth, this section provides some preliminary assessment of the programme's success in addressing these various objectives in the context of broader trends in the "rediscovery of Agriculture" era since 2000.

11.5.1 Raising the visibility, coherence and inclusiveness of agricultural policy

The ECOWAP/CAADP process has been successful in giving Agricultural development greater visibility on the political agenda of many West African countries and moved them toward more sector-wide and regionally consistent Agricultural policy and programme development. For example, the diagnostic reviews carried out as part of the

Box 11.1 New ECOWAS institutions for the implementation of ECOWAP

ECOWAS created the following institutions in 2012-13 for the implementation of the regional programme:

- ***The Advisory Committee on Food and Agriculture***, which involves a wide range of stakeholders, including representatives of producer organizations and external donors, to advise the ECOWAS Department of Agriculture, the Environment and Water Resources on the programme and review progress.

- ***The Inter-departmental Committee on Food and Agriculture***, which will include representatives from ECOWAS Departments outside of Agriculture (for example, External Trade, Industry, and Infrastructure) that supervise regional programmes that are critical to the development of Agriculture, including agroprocessing.

- ***The ECOWAS Agricultural Development Fund (ECOWADF)***, which is housed at the ECOWAS Bank for Investment and Development (EBID) in Lomé. The fund is to receive and manage the funds from ECOWAS and its development partners that finance the regional programme.

- ***The Regional Technical Agency for Agriculture and Food***, based in Lomé close to the Fund and which will act as the management entity for implementation of the programme. Given that the Agency is an entirely new entity, with limited personnel, it will focus primarily on contracting with regional technical cooperation organizations, private enterprises, and networks of private-sector actors for programme implementation rather than implementing programmes itself.

- ***The creation of a framework for monitoring and evaluation***, to be coordinated through ECOWAS's Monitoring-Evaluation Unit, with links to ReSAKSS, the new ECOWAS Agricultural Information System (ECOAGRIS), and national CAADP monitoring and evaluation units.

Box 11.2 ECOWAP policy instruments

To facilitate implementation of the investment programme, ECOWAP proposes five categories of policy instruments:

- ***Co-financing*** of actions taken at the national level to promote agricultural intensification, in exchange for some harmonization of approaches. An example is a proposal under discussion to co-finance fertilizer subsidies if these are redesigned to be more targeted to small farmers (e.g. based on a voucher system), if these are linked to an agro-dealer system that would be strengthened so that it could provide technical advice to farmers and if rates of subsidization are harmonized across countries.

- ***Community-wide measures that focus on fiscal and tariff policies.*** Fiscal measures involve measures such as VAT exemption for agricultural inputs and possible subsidies or tax exemptions on investments in processing industries and fertilizer plants. Tariff policies involve setting the CET at 0% for key Agricultural and veterinary inputs.

- ***Value-chain coordination measures.*** Examples include creating a joint public-private committee to run the regional programme for co-financing the measures for agricultural intensification, pushing for harmonization of investment codes to foster greater private-sector investment in irrigation, and supporting the creation of regional associations of interprofessional committees that would address ways of improving coordination within individual value chains.

- ***Regulatory instruments for agricultural markets within the Community***, including implementation of the CET and safeguard measures (discussed in Chapter 12) and storage instruments. The latter include such measures as creating incentives for greater private storage through creation of regionally certified warehouses, from which traders would be allowed to move product to any member state; promotion of private warehousing systems and tradable warehouse receipts (warrantage); encouragement of banks to lower interest rates for inventory credit; and harmonization of national standards for private storage. The storage initiative would also involve promotion of the mutualization of at least some portion of national security stocks to serve as a regional food security reserve, linked to safety-net programmes operated by the member states. The food security reserve initiative would also involve greater contracting with private-sector warehouse operators for the management of public stocks and the improvement of statistics on inventory levels throughout the zone (see the discussion of price volatility in Chapter 12).

- ***Improved information systems*** on food security to help inform the design and management of the programme focused on reducing food insecurity in both urban and rural areas.

CAADP stock-taking exercise helped to identify many policy incoherencies and duplications of effort. The ECOWAP regional programme and the PAU also represent important efforts to deal with issues that can be most effectively addressed at the regional rather than national level. In the process, they helped to mobilize and coordinate many donors' support around a common set of objectives as laid out in the NAIPs and RAIP.

ECOWAP also constitutes an important step towards harmonising the objectives of various intergovernmental organizations in the region, which have been characterized by a proliferation and duplication of policies and programmes. For example, in the mid-2000s, there were 45 different organizations, with overlapping mandates, working on regional economic integration in West Africa, leading to what Broadman et al. describe as a "spaghetti bowl of regional organizations" (Broadman, et al., 2007).

In many cases ECOWAP/CAADP processes involved a broader group of stakeholders than had previously participated in the formulation of agricultural policies and programmes. The degree of stakeholder engagement varied considerably by country, with farmer groups probably having had greater voice in the design of the regional programmes than many of the national programmes (van Seters, et al., 2012; see also focus section B). In addition, by frequently bringing together the national CAADP teams for joint workshops during the process of developing the NAIPs, the ECOWAS Commission helped to create a community of practice across the countries that shared experiences and learned from each other. This probably not only improved individual NAIP design but also has laid a foundation for on-going learning from each other as the national and regional programmes are implemented.

11.5.2 Impacts on the level of public expenditures on Agriculture

As part of the Maputo Declaration of 2003, African governments pledged to move towards allocating a minimum of 10% of government budgets to

agricultural development. These investments were to be part of an effort to achieve a sustained 6% annual growth rate in the agricultural sector on average across the continent in order to meet MDG poverty reduction goals. The individual growth rates needed per country vary depending on its extent and depth of poverty.

Data on the levels of public expenditures on Agriculture in recent years are available from ReSAKSS and from public expenditure reviews carried out for Ghana, Mali and Burkina Faso in 2013. The latter also provide information, discussed in the next section, on the quality of those expenditures. In assessing the level of spending on Agriculture, one first needs to define what qualifies as Agricultural spending. The CAADP reporting of budget expenditures on Agriculture uses the UN's Classification of the Functions of Government (COFOG), which covers expenditures through Ministries of Agriculture, Fisheries, Livestock, and Forestry, but not expenditure that contribute to broader rural development like rural education, health, and roads if those are financed through other ministries (Komorowska et al., 2012). Thus, the CAADP 10% target may not be an entirely reliable indicator of national governments' commitment to Agricultural development. In contrast, the FAO's Monitoring African Food and Agricultural Policies (MAFAP) project reports both on expenditures that are consistent with the COFOG method (which MAFAP terms "agriculture-specific" expenditures) and additional spending on rural education, rural health and rural infrastructure including roads, energy and potable water, which it terms "agriculture-supportive" expenditures. The combination of agriculture-specific and agriculture-supportive expenditures is sometimes referred to in the literature as COFOG+ expenditures. Under this broader definition, for example, Burkina Faso devoted 14% of its budgetary expenditures to rural development in 2010, in contrast to just under 10% to Agriculture as defined by COFOG (MAFAP, 2013). Although in theory CAADP has officially adopted the COFOG approach, in practice many ECOWAS countries include some agriculture-supportive expenditures in their CADAP reporting, and in 2013 the head of NEPAD publicly endorsed moving CAADP to using the COFOG+ approach in evaluating countries' performance relative to the Maputo target.

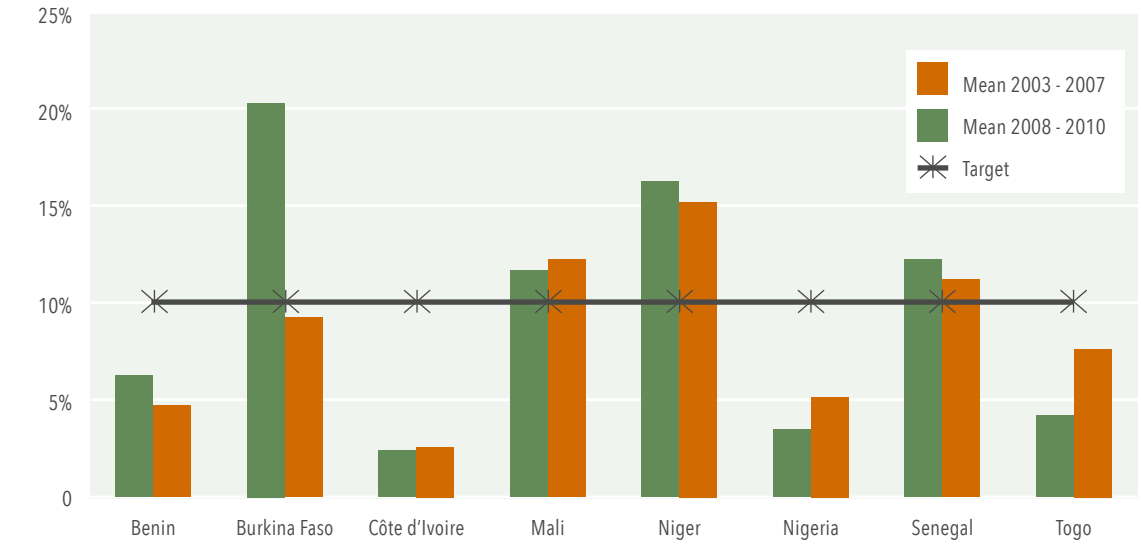
Using the COFOG definitions, by 2010, three of the eight ECOWAS countries for which complete data are available (Mali, Niger, and Senegal) allocated at least 10% of their government budgets to agriculture over the period 2008-10; Burkina Faso fell just under the 10% target after having met it in the period 2003-07 (Figure 11.2). Yet for Burkina Faso, Niger and Senegal (three of the four highest performers with respect to the Maputo target shown in Figure 11.2), the share of the budget going to agriculture actually fell between the two periods. Looking at a longer period from 2003 to 2009 for a larger set of countries (Appendix Table 11.4, p.309), one also notes an increasing share of the budget going to Agriculture for the powerhouses of Nigeria and Ghana, but an declining share in Côte d'Ivoire. Indeed, a 2013 public expenditure study for Ghana (World Bank, 2013a) reports that Ghana met the 10% guideline in 2010 and 2011, although this figure seems to include at least some COFOG+ expenditures.

Thus, the increased rhetorical attention to Agriculture in the post 2000 era, including the CAADP period, has translated into increased relative budget allocations to agriculture in some key countries. The pattern, however, has been very inconsistent, with only a few ECOWAS countries meeting the 10% Maputo target and several decreasing their budget shares to agriculture over the period 2003-09 (Benin et al., 2010; Appendix table A11.4, p.309).

11.5.3 The quality of public expenditures

At least equally important to the budget share that ECOWAS countries devote to Agriculture is the quality of those expenditures – i.e., the allocation of the agriculture budget and actual expenditures among different activities. FAO's global review of evidence regarding returns to different types of public investments in agriculture shows that investments with public-good characteristics such

Figure 11.2 *Share of government budget allocated to Agriculture (%)*



Source: Taondyandé, et al., 2013

as agricultural research and development and rural infrastructure have much higher impacts on agricultural growth and poverty reduction than do investments in private goods such as subsidies for inputs and productive assets (FAO, 2012a).

The analysis of NAIP planned expenditures (Table 11.5, p.284) indicates considerable variation across countries with respect to broad categories of planned expenditures, but with a strong emphasis in most countries on various types of infrastructure, particularly for water control. Some countries, however, appear to be tilting actual expenditures, particularly in the high-price environment since 2008, towards on-farm subsidies, perhaps to try to offset trade policies that have been tilted towards consumers to try to ensure their access to cheaper staples (MAFAP, 2013). For example, the MAFAP public expenditure studies for Mali and Burkina Faso indicate that while both countries have been close to or exceeded the 10% CAADP budget target throughout the 2000s, in 2009 (the last year for which comparable data are available), the countries only allocated between 4% (Mali) and 5% (Burkina Faso) of their agricultural expenditures to agricultural research and under 2% to extension. Payments to producers (largely subsidies on capital and variable inputs) absorbed the largest share of any item in the budget (33% in Mali and 27% in Burkina Faso) (Yameogo et al., 2012; Komorowska, et al., 2012). In Ghana, fertilizer subsidies constituted 16.8% of the total budget of the Ministry of Food and Agriculture (MOFA) in 2010, equivalent to over three-quarters of MOFA's investment budget for that year (World Bank, 2013a). While farm-level capital investments (as in Burkina Faso and Mali) certainly contribute to growth, one can pose the question of whether the relative allocation of resources to farm-level subsidies versus research and extension is likely to lead to the long-term sustained agricultural growth rates and structural transformation of the agrifood system called for in the NAIPs.

Planned expenditures in Senegal, as outlined in the budget of the NAIP, illustrate the same point, with less than 6% of its budget its allocated to strengthening marketing and processing compared to nearly 60% to boost farm-level production, largely through input subsidies (see Appendix Table A11.1, p.303). The NAIPs are generally silent about any strategy to phase out such subsidies over time to allow a shift to support more of the post-harvest elements of the food system that will need to evolve rapidly to meet the

changing food demand in the region. The RAIP advocates a movement to more targeted, voucher-based approaches to input subsidies, yet even such programmes often have faced problems in other parts of the world (see Focus Section C, p.315).

Almost all of the NAIPs and the RAIP identify the problems of access to financing as a serious constraint to farmers, traders, and input providers. While some of the plans propose expenditures on loan guarantees and other measures to reduce the risk of such lending, several of the plans (e.g. those of Côte d'Ivoire and Sierra Leone) put primary emphasis on interest-rate subsidies. Global and regional experience has shown limited effectiveness of interest-rate subsidies in terms of targeting, sustainability and efficiency. Subsidised credit tends to be captured mainly by better-off farmers (and non-farmers) and repayment rates are usually low. Politically motivated lending decisions and frequent debt forgiveness programmes have created a culture of non-repayment in rural areas that increases the reluctance of financial institutions to lend to agriculture. Subsidised credit may also undermine rural savings mobilization and encourage the substitution of capital for labour in farming and processing (Adams et al., 1984; FAO and GTZ, 1998; Nagarajan and Meyer, 2005).

Loan guarantees also have a chequered history, mainly due to poor design and implementation (Meyer, 2011). Nevertheless the RAIP proposes some improvements to such tools relative to how they have been used previously in the region (e.g. limiting the amount of loan guarantees to reduce incentives for default). Overcoming the finance challenge in agricultural value chains requires a co-ordinated and coherent approach with broader policies and programmes of financial sector development and the respective key stakeholders.

11.5.4 Impacts on farmer incentives

Table 11.1 shows that in the early period of the "rediscovery of Agriculture" (2000-2004), the price incentives facing farmers in Ghana, Nigeria, and Senegal overall remained close to the trade-neutral position to which they had moved in 1995-99, but farmers remained strongly taxed, especially for export crops, in Côte d'Ivoire. In the other three countries, export crops also were taxed, and import-competing agricultural products received net subsidies in all the countries except Nigeria, where they shifted from being subsidized in the previous period to being modestly taxed in 2000-04. For the four cotton-producing countries shown on Table 11.2, the changes were much more dramatic, with net taxation rates, as indicated by the NRAs, coming down dramatically (and in two cases becoming slight subsidies) during the 2000-05 period.

Data for 2005 through 2010 on farmers' price incentives are available from the FAO's MAFAP project for four West African countries – Nigeria, Ghana, Burkina Faso and Mali. At the time this AGWA report was being written, MAFAP had completed calculations of agricultural incentives using nominal rates of protection (NRPs), which measure the degree of implicit taxation or subsidy based on differences between domestic output prices and a reference price (typically the world price). The NRPs do not, however, take into account taxes and subsidies on inputs, as do the nominal rate of assistance measures (NRAs) cited in Tables 11.1 and 11.2.[139] The "observed NRPs at the farm level", presented in Table 11.6, also do not take into account effects of any overvaluation of exchange rates, which for the CFA franc countries may have been as high as 20% during the period under review (MAFAP, 2013). Thus, the figures in Table 11.6 are not strictly comparable to the NRA figures in Tables 11.1 and 11.2, but they do illustrate trends in policy-induced implicit and explicit taxation of producers, based on output prices, of selected commodities in the four countries.

Table 11.6 reveals an overall pattern of net taxation of farmers, based on policy-induced distortions of output prices, for most of the commodities in most of the countries. Furthermore, there is no broad trend across all countries towards lower taxation over time, as had been the case from the mid-1980s to the early 2000s. In Burkina Faso, for example, the net taxation fell for six commodities

139 MAFAP intends to calculate NRAs in these countries at a later stage in its analysis.

between 2005 and 2010, rose for three and was unchanged for one; while in Mali it increased for six and declined for only two. Similarly diverse patterns were seen for Ghana and Nigeria. Looking across commodities, cotton was highly protected in both Mali and Burkina Faso during this period, continuing the shift noted in the earlier tables from heavy taxation towards subsidization. In these two countries, state-dominated cotton companies pushed domestic prices above the equivalent world prices as world prices fell in the mid-2000s. In Burkina Faso, rice was also protected, as was palm oil (an import substitute). In contrast, most exports (gum Arabic, cattle and onions) in Burkina Faso were heavily taxed by existing policies. In Mali, all the cereal crops were implicitly taxed, a result, according to MAFAP, of export bans the country imposed at various times during this period to

Table 11.6 *Observed nominal rates of protection at the farm level, 2005–10*

Country	Commodity	2005	2006	2007	2008	2009	2010	Average 2005-10
Burkina Faso	Arabic gum	-35.7	-33.7	-29.2	-23.5	-25.7	-23.5	-28.5
	Cattle	-41.0	-49.0	-37.1	-31.2	-28.2	-30.1	-36.1
	Cotton (Seed cotton)	0.6	6.5	41.1	45.8	61.3	65.5	36.8
	Groundnuts (with shell)	19.5	13.2	-16.1	-47.5	33.4	-5.3	-0.5
	Maize all	-16.4	-34.6	-15.8	-15.8	-13.9	-23.0	-19.9
	Onions (incl. shallots)	-78.9	-41.0	-8.1	-47.3	-47.4	-65.2	-48.0
	Palm oil	19.1	20.6	32.1	57.0	22.5	34.9	31.0
	Rice (paddy)	30.6	14.9	38.3	34.0	15.5	29.0	27.1
	Sesame	31.6	25.9	-15.8	-32.1	-15.1	-9.1	-2.4
	Sorghum	0.1	39.6	36.2	3.0	-16.5	16.0	13.0
Ghana	Cassava (fresh)	-56.0	-38.9	-54.8	-46.3	-9.0	-39.9	-40.8
	Cocoa beans	-0.1	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1
	Groundnuts (with shell)	-21.1	-12.4	-53.4	-50.3	-12.8	1.5	-24.8
	Maize	-10.5	-30.6	-54.6	-22.9	10.5	-57.0	-27.5
	Palm oil	-15.3	-10.2	-22.6	-15.5	-20.8	-18.3	-17.1
	Rice (paddy)	49.7	82.9	85.1	81.1	3.3	-10.2	48.6
	Sorghum	-21.0	-43.4	-32.7	-7.6	-3.4	-31.9	-23.3
	Yam	-53.1	-62.1	-56.4	-52.7	-48.7	-29.6	-50.4
Mali	Cattle	10.2	0.1	-21.9	-12.6	-19.1	-20.3	-10.6
	Cotton (Seed cotton)	68.5	23.3	63.8	54.1	212.9	31.7	75.7
	Cow milk	0.8	-6.6	-13.8	-23.0	11.5	-11.2	-7.1
	Groundnuts (with shell)	31.3	6.1	-0.5	-20.9	-17.2	-32.0	-5.5
	Maize all	-8.1	35.1	-24.9	8.3	-20.3	-27.8	-6.3
	Millet	23.9	-34.7	-53.8	-31.0	-61.6	-11.1	-28.1
	Rice (paddy)	3.0	-4.5	-3.8	-17.1	-12.3	-32.4	-11.2
	Sorghum	-37.9	-41.7	-2.2	-26.5	-57.8	-13.0	-29.9
Nigeria	Cassava (fresh)		-0.4	-0.2	1.0	0.7	1.8	0.6
	Cocoa beans	-28.3	-14.6	-15.8	-27.1	-63.5		-29.8
	Maize all			-6.8	-9.3	-8.9	-22.0	-11.7
	Palm oil	-68.7	-64.6	-60.9	-24.2	-31.9	-40.6	-48.5
	Rice (paddy)		30.1	-44.9	-74.4	-75.1	-68.1	-46.5
	Sorghum	-49.3	-58.8	-47.3	-45.2	-65.1	-66.1	-55.3

Source: MAFAP data base.

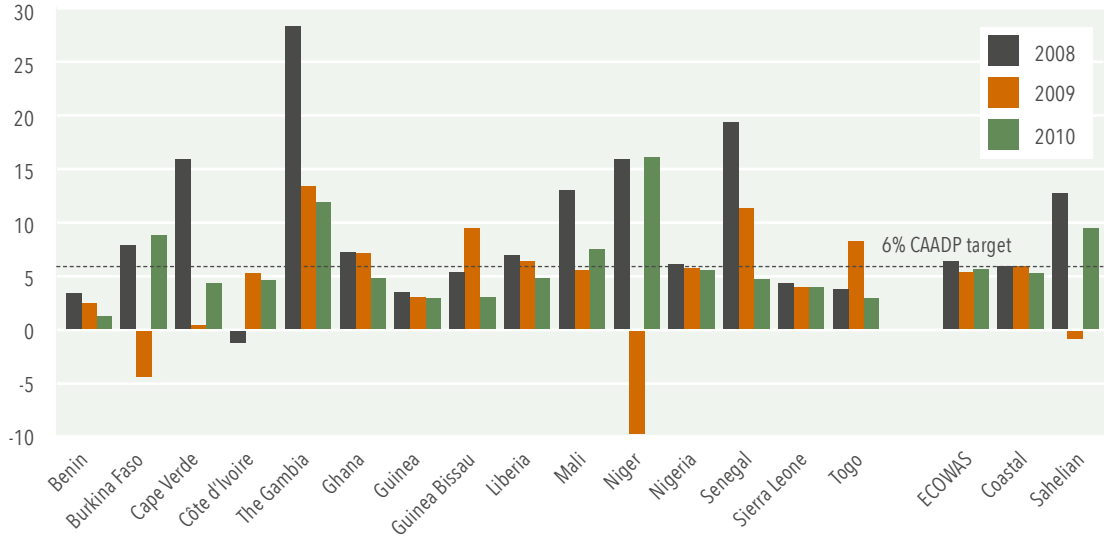
hold down domestic consumer prices. In Ghana, rice (an import substitute) was strongly subsidised, while cocoa (the largest export among the products listed) faced a trade-neutral policy. In Nigeria, among the commodities listed, only cassava faced trade-neutral policies. It appears that net taxation of palm oil declined over the period in Nigeria but that of cocoa, another important export, increased. Paddy rice faced increasing levels of taxation over the period, perhaps reflecting Nigeria's policy, discussed in Chapter 10, of fostering imports of rough and brown rice to allow domestic rice mills run closer to capacity.

If data were available to take into account the rise over the period of input subsidies (i.e. to allow for the calculation of NRAs rather than NRPs), the levels of taxation as shown in Table 11.6 would likely be less. Yet it is not evident from the data available that farmer incentives have strongly improved during the 2005-10 period. Nor is it clear that, in contrast to the earlier period, there is a uniform pattern of protecting import substitutes and taxing exports. The net taxation of producers of the commodities shown in Table 11.6 likely reflects in part the political need for governments to hold down food prices for the growing number of the urban poor, particularly during the post-2008 period when the prices of both food and other basic necessities such as energy rose rapidly on international markets. As noted earlier, it appears that governments may have tried to compensate farmers for this use of trade policy to favour consumers by instituting the programmes of input subsidies.

11.5.5 Impacts on production and per capita incomes

The ultimate objective of increased government expenditures and improved policies are to increase production and incomes, thereby contributing to improved food security and poverty reduction. Figure 11.1 (p.271) indicates that over the period 2000-11, when agriculture came back on the development agenda of most West African countries, growth rates (in physical terms) of several key commodities have been positive but under 6% per year. In more recent years, however, the value of agricultural production in the region has increased, due to both greater physical output and higher prices. For example, 7 of the 15 ECOWAS countries achieved the 6% growth rate in 2009; however only four were able to maintain that rate in 2010 (Taondyandé, et al., 2013). Yet to achieve the CAADP poverty reduction goals, the agricultural growth rate needs to exceed 6% every year, while a characteristic of most West African countries is strong year-to-year fluctuations in the growth

Figure 11.3 *Agricultural growth rates in 2008-10 in the ECOWAS countries (%)*



Source: Taondyandé, et al., 2013.

rate, linked in part to variable weather conditions (Figure 11.3).

Per capita income growth in the region has also improved markedly since 2000. Table 11.4 shows that the annual growth rate of GDP per capita in the period 2000-10 improved relative to the 1986-2000 period in 13 of the 15 ECOWAS countries, was unchanged in two and fell only in one (Guinea-Bissau). Particularly strong performance was registered in Nigeria, Ghana, Cape Verde and Sierra Leone, while the poorest performers were Liberia and Côte d'Ivoire, countries undergoing civil wars. Like agricultural growth, per capita growth has also increased sharply in recent years (Table 11.7). Yet only in Ghana is income growing fast enough to meet the MDG 1 goal by 2015 (ibid).

While performance with respect to agricultural output and average per capita GDP has clearly improved in recent years, the average growth rate targets for CAADP mark a very strong break with the historical pattern. The 6% sustained agricultural growth target is particularly ambitious. For example, the NAIPs of Senegal, Mali, and Nigeria (see Appendix to Chapter 11, p.303) call for the countries to achieve, almost instantaneously, rates of growth in selected commodities or value chains that the countries have never before attained, and then to sustain those rates over time in a region where year-to-year production variability is the norm. While some of these rates may be technically feasible, the past record gives little confidence that the institutional and incentive structures in place in these countries will lead to their achievement.

The setting of production targets in most cases appears to have involved working backwards from externally imposed constraints of meeting the MDG 1 poverty reduction goal. Analysts used computable general equilibrium (CGE) modelling first to calculate the overall economic growth rate needed to meet MDG 1 by 2015 or in some cases, when that seemed impossible, by 2020. Once that required economic growth rate was established, the analysts then calculated the agricultural growth rate needed to achieve the overall economic growth target. The CGE models were then used to determine the growth rates needed in the target value chains to achieve the desired overall agricultural growth rate. This "working backwards" approach is in contrast to starting with the current state of the existing value chains, then estimating, based on an inventory of available technologies and possible institutional innovations, what would be a feasible future growth rate and finally calculating the implications of that growth rate for growth of the agricultural sector and the whole economy as well as achievement of MDG 1.[140] As discussed below, setting these very ambitious production targets had major implications for the structure of public spending on agriculture. While setting ambitious targets can be part of a strategy to mobilize increased efforts to boost production, there is a danger that setting overly ambitious targets can create unrealistic expectations among African governments, donors, and the general public. The expectations, if unmet, can in turn lead to disillusionment with an agriculture-led development agenda, engendering yet another set of policy reversals.

Table 11.7 *Average annual growth rates of GDP/capita, 2008–11*

Country	Average growth rate (%)
Benin	0.5
Burkina Faso	2.1
Cape Verde	4.1
Côte d'Ivoire	-1.0
The Gambia	0.8
Ghana	6.2
Guinea	0.4
Guinea-Bissau	2.6
Liberia	6.5
Mali	1.4
Niger	0.9
Nigeria	4.4
Senegal	0.4
Sierra Leone	2.6
Togo	1.5

Source: World Bank, Africa Development Indicators, 2013

140 As noted in Appendix 11.1, the production increases called for in Ghana's NAIP are more modest than those in the NAIPs of Senegal, Mali and Nigeria. This may have resulted from Ghana already being on track to meet the MDG 1 goal by 2015 and thus not needing to set unrealistic goals in its NAIP to try to achieve that target.

11.6 Do the CAADP policies and investments address the key demand and structural challenges facing West African Agriculture?

This section analyses the degree to which the CAADP programme addresses the key challenges posed by the changing nature of consumer demand and the structural changes needed to elicit a stronger supply response to that changing demand.

11.6.1 Responding to shifting consumer demand

On the demand side, are the policies and programmes consistent with:

- The changing mix of commodities demanded in the region?
- The demand from consumers (both in the region and the export market) for higher quality and safer products?
- The demand from processors and exporters for reliable volumes at consistent quality?
- The need to address the growing number of low-income consumers whose food security is endangered by food price volatility?

Commodity mix. The commodity focus of the initial ECOWAP Mobilizing Programmes of the Regional Programme (rice, maize, cassava, and livestock, meat and related products, and fish) reflects well both the broad priorities of many of the national programmes and the changes in consumption and trade patterns discussed in Parts I and II of this report. One might argue that the regional programme ignores other commodities, such as fruits and vegetables, where demand is likely to rise rapidly and where regional trade opportunities exist, but keeping the focus on a small number of staples during the first phase of the programme makes sense from an implementation standpoint. The orientation at the regional level is clearly towards import substitution, consistent with regional concerns about reducing import dependence, but the focus solely on import-substituting products raises the question of whether the implicit taxation of export crops to subsidize import-substituting agricultural products seen in the past will continue or even accelerate. Some of the national investment programmes, however, such as those of Nigeria and Ghana, give some emphasis to export crops in cases where the countries have an apparent comparative advantage and where export demand remains strong.

Quality and food safety. While the commodity focus responds well to shifting consumer demand patterns, it is less clear that the programmes put sufficient emphasis on the shifting quality demands emerging in the subregion – particularly for higher levels of food safety and product quality. Ensuring food safety, for example, will be a growing challenge as urban consumers increasingly count on others to grow and prepare their foods and as they shift to eating more perishable products like vegetables and dairy products as their incomes increase. The focus-group interviews discussed in Chapter 7 revealed that urban consumers in Ghana and Nigeria are increasingly concerned about food safety and the lack of reliable labelling and other information about the healthfulness of the food they consume. Food safety and quality are important from a public health and from an agricultural market development perspective. However, although most of the NAIPs make passing reference to food safety, actions to address it receive few resources from the agriculture budgets. A few NAIPs, such as that of Ghana, set up mechanisms for interministerial coordination to address such issues, but many do not spell out how they will link with health departments to address food safety. Similarly, most NAIPs allocate only a small share of their investments to strengthening the ability of small- and medium-scale agroprocessors to meet public and private standards, e.g. through improved packaging, quality assurance and market development or discuss how the NAIPs will coordinate with other programmes that aim to do so.

Ensuring product quality and quantity – the role of wholesaling. An important element in improving consistent quality, both for consumers and processors, will be strengthening the agrifood wholesaling system, as aggregation of raw product and its

segregation into lots of homogeneous quality is a key role of wholesalers. Wholesale modernization has played a key role in transforming the food systems in Asia over the past ten years (Reardon, et al., 2012). In West Africa, rapid urbanization and rising incomes are putting tremendous pressures on food systems to deliver reliably the quantities and qualities of foods demanded by the growing cities. Agroprocessors, modern retailers, and food service firms increasingly are demanding consistent and reliable supplies of foods for their operations. While the overall CAADP programme has an element ("Pillar 2") devoted to market development, in practice, the regional CAADP plan and many of the national plans put most of their market development emphasis on farmer-first handler relationships and the role of cooperatives in marketing farmers' products. At the regional level, however, the proposed programme to develop regionally certified warehouses could contribute to strengthening the wholesaling function and quality control for selected staples. Greater attention to public-private partnerships to foster increased public and private investment in wholesaling infrastructure and in innovative business practices (e.g. as called for in Ghana's METASIP) are needed in many NAIPs to help to address what is likely to be increasingly congested urban food marketing systems in the coming ten years.

Safety nets. Several of the NAIPs and the RAIP include components to address food crisis prevention and management and/or the development of improved social safety nets. Their inclusion in the plans represent recognition that in an environment in which consumers spend 38% to 61% of their income on food, an Agricultural growth strategy cannot be designed independently of the need to develop sustainable safety nets. If such safety nets are not in place, governments will face strong presure from consumers during periods of hig prices to take actions that are inimical to agricultural growth (imposing export bans and price controls, subsidising imports, etc.). The RAIP, in particular, has a component aimed at learning from the many different approaches to national safety nets and crisis management that have been used or are planned in the region as well as in other parts of the world in order to develop more widely applicable approaches in West Africa.

11.6.2 Structural challenges of supply

Previous chapters have highlighted the need for policies to (1) capture regional economies of scale in order to drive down input costs to farmers and agroprocessors and develop more efficient research and outreach systems; (2) support collective action by actors throughout the value chains to foster more cost-effective raw-product assembly and improve vertical coordination; (3) pay adequate attention to off-farm constraints in the agrifood system as well as farm-level constraints; and (4) strike a balance between addressing short-run constraints to expanding production and resolving longer-term structural constraints. A key element in addressing the longer-term structural constraints is developing clearly articulated links with policies and programmes in other sectors that affect Agricultural development but that fall outside the mandates of agricultural ministries (e.g., those captured in the COFOG+ expenditures). This section briefly assesses how well the ECOWAP/CAADP processes address these needs.

Capturing regional economies. The regional programmes and some of the national programmes do identify some of the key issues needed to develop more reliable regional markets and better coordinated systems to supply agroprocessors and retailers. These include programmes aimed at promoting harmonization or mutual recognition of national grades and standards across countries for key products and inputs and harmonized product registration processes. The RAIP's use of co-financing to improve the incentives for member states to coordinate their national actions in certain areas (e.g. input supply-chain development and fertilizer subsidies) is an attempt to develop a more effective way of bringing about harmonization than the previous reliance on appeals to regional solidarity. As discussed below, the main constraint here is not programme design, but implementation of regional initiatives at the national level.

Supporting collective action. The PAU and the ECOWAP/CAADP programmes all provide support for the strengthening of both producer groups and interprofessional organizations. The producer organizations have the potential to improve aggre-

gation and quality control at the initial marketing levels, while interprofessional organizations offer the opportunity to improve vertical coordination through providing a platform for stakeholders throughout a value chain to come together to diagnose system-wide problems and develop technical and institutional solutions (Adekunle et al., 2012; Shepherd, et al., 2009; Staatz and Ricks, 2010). To date, Senegal has had the most extensive experience in the region with interprofessional organizations, and that experience has been mixed (Duteurtre and Dieye, 2008). Whether they succeed in improving vertical coordination depends on a host of characteristics, including how government relates to them, the vision and quality of their leadership and the incentives they face to improve overall system coordination versus defending the short-term syndicalist interests of their members.

Balancing specific investments versus broad objectives. In designing their agricultural investment strategies, West African governments face the challenge of striking a balance between broad-based investments in public goods (transport infrastructure, research and extension, market infrastructure, information systems, etc.) and trying to target specific value chains that are deemed strategic to the country or region. The analysis of the NAIPs (Table 11.5) shows that different countries have come to different decisions regarding this balance. A similar question of balance arises at the policy level between broad-based reforms to improve the business climate, enhance land-tenure security, improve access to and quality of financial services, etc., versus specific trade or fiscal policies aimed at specific industries or value chains. While many of the broad objectives lie outside the realm of RAIPS and the NAIPs, some (such as investment in improved agricultural extensions systems, vocational training in cross-cutting areas such as agricultural machinery repair, and improved market information systems) cut across value chains. MAFAP has noted in studies across Africa a tendency in recent years to redirect public investment away from such cross-cutting activities towards direct support to farmers in specific value chains (MAFAP, 2013). While focusing on select value chains is likely to produce faster and more visible results in those specific value chains, too much focus may raise equity issues and lead to underinvestment in the basic building blocks needed to address cross-cutting constraints that may unlock local and private initiatives in other (non-targeted) value chains.

Intersectoral coordination. The RAIP and some of the NAIPs recognise that agricultural development transcends the domain of ministries of agriculture and thus requires coordination on policies and investments across sectors. For example, the ECOWAS regional programme creates a structure within the ECOWAS Commission (the Inter-departmental Committee on Food and Agriculture) to address intersectoral issues. The programme also creates a platform, through the Advisory Committee on Food and Agriculture, for a broad range of stakeholder input into programme implementation and evaluation. Similarly, some of the national programmes (e.g. in Senegal and Ghana) create similar structures in the office of the Prime Minister or in specialized coordination units (such as agribusiness development units) within individual ministries. A recent mid-term review of Ghana's METASIP suggests that making such interministerial coordination units work smoothly is often a challenge (KPMG and University of Ghana-Legon, 2013). As discussed more in Chapter 13, such coordination will be critical to the future development of West African agrifood systems.

11.7 Missing or underemphasized policies and missing links with other policies

Several policy areas important to Agricultural development receive insufficient attention in the NAIPs and the RAIP. In some cases, other government initiatives (as spelled out in the Poverty Reduction Strategy Documents) may be addressing these issues, but the agricultural policy documents do not spell out clearly the articulation between the Agricultural Investment Plans (which are short- to medium-term in orientation) and some of these medium-to-longer term efforts. Among the most important of these underemphasized or missing policy areas are the following:

- ***Human capital development, both at the vocational and the scientific level.*** Modernization of West Africa's Agriculture will require very large investments in human capital at all levels – from rural literacy to vocational training in modern agricultural equipment operation and maintenance to high-level scientific capacity in national and regional research centres. While capacity building is highlighted as a cross-cutting issue in CAADP and most NAIPs have specific components on capacity building, they are mainly aimed at strengthening the skills of farmers, their organizations and interprofessional organizations. While such actions are undoubtedly important, the national programmes give relatively little attention to the need to expand systems to educate the large number of agricultural and food industry technicians that will be needed in the coming years. At the university level, African faculties of agriculture focus primarily on farm-level productivity issues, with relatively little attention to food science, nutrition, and packaging. Nor do the national CAADP plans give much attention to the need to replace the large number of senior agricultural scientists and policy makers who are nearing retirement. African governments' and donors' "retreat from agriculture" from the late 1980s to the early 2000s resulted in a missing generation of well-trained scientists and policy makers, so when those currently close to retirement leave their services, there are few highly experienced colleagues waiting in wings to fill their shoes. The RAIP does address this issue with respect to developing the scientific capacity to deal with climate change (calling for the graduate training of 300 agricultural scientists and policy analysts over five years to strengthen a coordinated regional programme of research on adapting to climate change) and also acknowledges the heavy needs of ECOWAS, DAERE and the new ECOWAP implementing agencies for capacity strengthening.

- ***Land tenure and water rights.*** Although almost all the NAIPs acknowledge the critical importance of secure land tenure and water rights to agricultural development (see Focus Section D), few have programmed activities to address these issues. In some cases (e.g. in the Nigerian NAIP), resources are allocated for cadastral surveys. Broader national policy statements, such as the agricultural orientation laws in the francophone countries, generally have sections addressing the need for land tenure reforms. Moving forward on such reforms is critical to the success of the NAIPs. Without secure tenure, the incentives of private individuals to make the investments in land improvements called for in the NAIPs will be severely reduced. Areas where NAIP investments improve water control may also face contentious debates over who has access to the improved resources. Furthermore, lack of clear land records deny local governments a source of potential funding (through land taxes) that could help finance many of the infrastructure improvements and support services needed to spur Agricultural growth.

- ***Links with industrialization policies.*** ECOWAS has a West African Common Industrial Policy (WACIP) that explicitly discusses challenges facing agroprocessing in the region and makes proposals to address issues of developing quality standards and improving energy infrastructure, which are critical to the agro-industry in the region (ECOWAS, 2010). While WACIP states that it has been designed to be coherent with ECOWAP, the ECOWAP regional investment plan makes no reference to WACIP, and the proposed ECOWAP/CAADP actions to promote agroprocessing do not appear to be linked in any way to WACIP (Lambert, 2012). This is an area for greater intersectoral coordination – e.g. at the regional level through the Inter-departmental Committee on Food and Agriculture. Similarly, the NAIPs generally make no reference to national industrial policies or other relevant policy frameworks such as private sector development and investment promotion.

- ***Reliable electrification.*** Many of the NAIPs emphasize infrastructure investment, but this is primarily focused on irrigation and rural roads. Reliable and reasonably priced electrical

power, however, is critical to the development of agroprocessing, competitive local production of agricultural equipment and repair services, and the success of local production of consumer goods that could create knock-on employment opportunities in response to higher agricultural incomes. Currently, unreliable and costly electricity is a major constraint to these activities in West Africa. For example, WACIP states that at current electrical rates, only Nigeria and Ghana would have a chance of being competitive in textile manufacture in the region (ECOWAS, 2010). While other national and regional initiatives are working to improve the reliability of the electrical grid in the region, agricultural policy documents need to stress the importance of pushing such efforts aggressively if Agriculture in the region is to prosper.

11.8 Policy implementation

While there are some policy gaps and incoherencies in the PAU and ECOWAP/CAADP programmes at both the national and regional levels, perhaps the biggest threat to their success are potential implementation problems. The challenges to successful implementation are of several types:

- ***Stakeholder participation and buy-in.*** Successful implementation of the new plans and policies will depend strongly on the degree to which stakeholders (e.g., farmers' organizations, other private-sector actors, and development partners) believe that their major concerns have been taken into account. As mentioned earlier, the degree of farmer organization involvement in developing the CAADP plans varied considerably by country. ROPPA (2012b) argues that producer organizations were, in general, more influential at the regional level than at the national level. This may reflect that national policy makers, acutely aware of the potential unrest caused by high food prices, implicitly gave greater weight to consumer concerns than was done at the regional level. In some countries, the participation of the private sector in plan elaboration was very limited. Regarding donors, they generally were active participants in most of the processes, but their buy-in to a truly sector-wide process remains an open question. In practice it appears that donors are picking those aspects of each plan they can support, consistent with the priorities of their own assistance programmes and frequently with their own reporting requirements, even though the aim of CAADP is to move towards a common reporting and monitoring and evaluation system.

- ***Buy-in by non-signatories to the Compacts.*** The signatories to the CAADP compacts are not the only actors in the rural development of these countries. Other donors that were not signatories (e.g. China, Brazil, and India), foreign firms and sovereign wealth funds are all becoming increasingly important actors, interacting with national governments and enlarging the governments' choices and policy spaces. It is not clear the extent to which actions taken in concert with these new actors will be consistent with the CAADP plans.

- ***Human and institutional capital limitations.*** The programmes proposed in the NAIPs and the RAIP are very ambitious relative to the managerial capacities of the agencies charged with implementing them. In some cases, such as Senegal, the new activities essentially double the agricultural budget. The problem is at least equally acute at the level of the regional programme, where the human resources are very limited at the ECOWAS Department of Agriculture, Environment and Water Resources (DAERE), charged with managing the programme, as they are at the ECOWAS Monitoring Unit, charged with supervising the monitoring and evaluation efforts (African Union et al., 2010b). In addition, several new institutions, including the Fund and the Regional Technical Agency, need to be staffed. While the RAIP stresses the need for capacity building within ECOWAS, especially DAERE, these needs must not be underestimated. Given the limited capacity, by necessity the regional programme will be largely implemented through contracting with outside agencies and individuals, but the in-house capacity of ECOWAS and

the new agencies to manage all these contracts will need to be built. Furthermore, the operational links and incentive structures between the DAERE and the various organizations through which the RAIP will be implemented need to be spelled out. The limits on the human resources, both at the regional and the national levels, make it imperative to resist the inevitable pressures to expand the programmes quickly in the coming years to cover more value chains and problem areas.

- *Policy constancy.* Successful cases of agricultural development, such as in Brazil and Thailand, show that agricultural transformation processes require long time horizons, often decades, and need to be backed by consistent policies and a conducive institutional environment (World Bank, 2009a). Moreover, these policies have generally focused on the basic public-good building blocks of agricultural development – infrastructure, human capital, technology generation and diffusion, and the rule of law. However, as noted above, past agricultural development efforts in West Africa have often been characterized by short-term planning with over-ambitious targets, often focused on subsidies to try to overcome the under-investment in the basic building blocks. Some of the current CAADP investment plans have similar elements and this short-term orientation has been reinforced by the need to appeal to voters in the next election and by donor disbursement deadlines and reporting procedures. The ambitious production targets of such crash programmes are seldom achieved, inevitably leading to disappointment and policy reversals. These reversals, in turn, undermine the confidence of the private sector that government policy pronouncements can be trusted, so the private sector is understandably reluctant to make the long-term investments needed to increase food system productivity. Government, in turn, often views such reluctance as proof of the incapacity or unwillingness of the private sector to respond, prompting another set of policy changes and generating a vicious cycle of policy instability (see Focus Section C). Providing a minimum of policy constancy, focused on the key building blocks, is a first step in converting these public-private deadlocks into public-private partnerships.

- *Aligning the incentives of different actors to foster coordinated efforts.* Successfully implementing both the NAIPs and the regional components of ECOWAP will require aligning incentives of participants at many different levels so that they have an interest in contributing to the success of the programmes. Examples of the different levels of actors with possibly diverse interests and incentives for policy implementation include: (i) different member states; (ii) national, state and local governments within a member state; (iii) government, private actors and producer organizations; and (iv) government institutions and their employees charged with implementing the programmes. There are many examples of the current misalignment of those incentives, as evidenced by the persistence of widespread harassment and non-tariff barriers faced by those engaged in regional agricultural trade despite nearly 30 years of effort by regional organizations like CILSS and WAEMU to make regional trade more fluid. Another potential misalignment of incentives is between Nigeria and the rest of the Community regarding the regional approach. As discussed in Appendix 11.1, Nigeria's new NAIP, the Agricultural Transformation Agenda, makes no explicit mention of CAADP or regional integration, raising the question of how committed Nigeria is to a regional approach to Agricultural development. The use of regional co-funding of national activities (such as targeted input subsidies) only if they conform to regional standards is a welcome move to go beyond moral suasion to try to ensure alignment of interests between individual member states and the Community. Similar co-funding between various levels of government (national, state, and local) at the country level also should be explored.

- *Financing and ownership.* Although CAADP is touted as an African-led, African-owned initiative, the proposed CAADP investment plans for West Africa all have very large funding

gaps that the countries and ECOWAS are asking external donors to cover. This raises a question of whether the proposed programmes have a realistic chance of being implemented at the scale they have been planned. Even if they are funded, if anywhere from 60% to 90% of a programme is paid for non-Africans, it is reasonable to ask who really owns the programme. ROPPA has complained that the CAADP agenda has been increasingly captured by outsiders (see Focus Section B, p.315, on stakeholder involvement in CAADP), but this may be an inevitable consequence of proposing overly ambitious programmes that are highly dependent on external funding.

- ***Improving governance and the general business climate.*** All the NAIPs and the RAIP acknowledge that good governance and reducing transaction costs are critical to success of the programmes. It will be important that this assertion be more than lip service. Even though several ECOWAS states have made important reforms to improve their business environments, all countries in the zone except Ghana and Cape Verde still rank among the bottom third of all countries in the world in terms of the ease of doing business (World Bank, 2012b). As long as this situation persists, it is hard to see how West African Agriculture can become competitive globally for anything other than a few tropical products where the region has a strong locational advantage.

11.9 Summary of key findings

After a long period of neglect of Agriculture during the 1980s and 1990s, policies in the region have become much more supportive of Agricultural growth since 2000. The efforts of PAU and ECOWAP/CAADP to move countries and the subregion away from project-driven approaches toward a more sector-wide approach to Agricultural development offers the hope for a more coherent, less duplicative and more locally driven process. In most countries and at the regional level, the degree of stakeholder involvement, especially of farmer groups, in the policy debate and policy design has been greater in recent years than in many previous planning exercises. This has led to a more open, democratic debate about development objectives and strategies than when previous development strategies were put together largely within government ministries.

The approach of linking national strategies in a coherent way to regional strategies, initially developed through WAEMU's PAU and then extended under ECOWAP/CAADP, was done in a thoughtful manner, with clear guidelines about which activities were most appropriately national or regional. In addition, the national and regional investment plans that emerged generally focus on commodities (such as rice, cassava and animal products) where demand is growing rapidly. Under CAADP, the development of National Agricultural Investment Plans (NAIPs) for all ECOWAS member states, using a similar set of methods and supported through common workshops for national design teams, created a process of mutual learning and peer review among the national teams, which probably improved national programme designs and, if the network is maintained, mutual learning as programme implementation takes place. The regional programmes also are seeking to create incentives for states to avoid policies like trade restrictions as a means of dealing with national price volatility, as such actions only reinforce volatility at the regional level.

In spite of the progress, there remain some important policy inconsistencies and gaps. The NAIPs that emerged from the CAADP process generally put substantial emphasis on infrastructure development (especially for water control), but vary considerably with respect to their balance between direct expenditures to support on-farm production (e.g. through input subsidies) and investments elsewhere in the agrifood system. Many set very ambitious production goals that are both questionable from a technical standpoint and highly reliant on external funding, which may undermine local ownership of the programmes. Although these plans mention the need to develop the entire value chain, investments in marketing (particularly the development of improved food

wholesaling systems) and processing, food safety, research, and human capital development, all of which will be increasingly critical for a successful structural transformation of the food system, receive relatively little emphasis in some of the plans. There is also relatively little explicit articulation, at both the national and regional levels, between agricultural investment programmes and industrial investment programmes, which generally include a focus on agroprocessing, nor with programmes aimed at improving rural electrification. While most national investment programmes also recognize the critical importance of providing more secure land tenure and water rights in stimulating sustained and equitable Agricultural growth, in most cases the links between the investment programmes and efforts to strengthen land and water rights are not well spelled out.

In the end, Agricultural policies are effective only if they can be implemented, and West Africa faces important challenges in strengthening the capacities and incentives of individuals and institutions charged with policy implementation. Policy consistency over time is also crucial, as frequent policy changes can lead to a vicious cycle wherein private actors become reluctant to invest because of fear that policy changes will negate the profitability of their investments. This reluctance, in turn, often leads to a new round of policy changes as the government perceives the reluctance as signifying the incapacity of the private sector to play a constructive role. Considerations of policy consistency and implementation both argue for keeping policy agendas and investment programmes straightforward and tightly focused, especially initially when human and institutional resources are relatively limited.

Appendix to Chapter 11

Analysis of selected National Agricultural Investment Plans (NAIPs) and of government budget allocations to agricultural development

Analysis of the NAIPs of Senegal, Mali, Nigeria and Ghana

Senegal

Senegal's NAIP (République du Sénégal, 2010) covers the period 2011-15. The plan foresees that it will launch Senegal on a trajectory for the coming ten years that will result in unprecedented agricultural growth in the country, consistent with Senegal's broader policy document, the *Loi d'Orientation Agro-Sylvo-Pastorale* (LOASP). Among its very ambitious targets, the programme aims to:

- *Increase the agricultural sector's share of GDP from 16% in 2010 to 21.5% in 2020,* thereby making the economy more agricultural over the coming decade – a reversal of the trend countries typically follow as their economies grow.
- *Raise the annual growth rate of agricultural GDP from 5% in 2010 to 7.4% in 2015*
- *Boost the country's rate of cereal self-sufficiency from 53% in 2010 to 186% in 2020* (i.e., Senegal would become a large net cereal exporter). This is to be achieved through a near doubling of yields for millet, sorghum and maize, a more-than-doubling of rice yields (from 3.2 mt/ha to 6.7 mt/ha), and a tripling of rice production over the period.
- *Reduce the country's poverty rate from 38% in 2010 to 18% in 2020* by increasing incomes from agriculture and lowering consumer prices for food.

The programme covers eight strategic objectives, but in order to achieve the large increases in farm-level production, over 59% of the budget goes to the component aimed at increasing production and improving productivity at the farm level. This compares with 5% allocated to improving market access, 1% to strengthening the capacity of various stakeholders such as farmer groups and interprofessional organizations and 0.6% each for improving processing and financing agricultural research (Appendix Table A11.1). Of the 59% of the budget devoted to the agricultural production and productivity component, nearly half (49%) goes to input subsidies and 69% to recurrent costs

Appendix Table A11.1 *Cost components of Senegal's 2011-15 CAADP investment plan*

	Component	Cost (million CFAF)	Cost (million US $[a])	% of total cost
1	Reduction of climatic risks through water control	267 935.9	535.9	19.9
2	Preservation and sustainable management of other natural resources	148 899.0	297.8	11.1
3	Increased production and improvement of productivity	799 446.1	1598.9	59.4
4	Development of agricultural processing	8 210.0	16.4	0.6
5	Improving access to agricultural product markets	68 087.2	136.2	5.1
6	Strengthening research to generate and transfer new technologies	7 501.1	15.0	0.6
7	Strengthening the capacity of stakeholders	14 672.3	29.3	1.1
8	Good coordination and secure sectoral management	31 326.4	62.7	2.3
Total		1 346 078.0	2 692.2	100.0

Source: République du Sénégal, 2010
[a] Exchange rate: 500 CFAF = 1 US$

rather than investments. The bulk of the investments are targeted at irrigation and water management.

The programme's budget thus focuses very heavily on increasing farm-level production in the short run through boosting input subsidies rather than on the longer-term issues of structural transformation of the food system, as evidenced by the relatively small amount of resources allocated to improving marketing, processing, and the actions needed to ensure consistent product quality and quantity to processors and retailers through improved grades and standards and strengthened wholesaling. The programme allocates no resources explicitly to address the sensitive issue of land tenure (see the Focus Section D, p.321), although it acknowledges that failure to deal with this issue poses a serious threat to programme success.

The programme document itself raises the question of whether the heavy reliance on subsidies is sustainable (p. 10):

> *In fact, the efficiency of the subsidy is the subject of many debates, which deal, notably, with whether much of the subsidy is captured by intermediaries and with the sustainability of the system for public finances.*

The proposed programme is costly, US$2.7 billion over five years, for which national and donor funds in hand in 2010 could cover approximately half the cost. Thus, the programme faced a funding gap of approximately US$1.3 billion. In terms of subsectors, the programme allocated 69% of its resources to crops, 11% to livestock, 11% to environmental programmes, 5% to fisheries, 3% to rural infrastructure and 1% to processing. In recognition that successful Agricultural development involves much more than just actions by the Ministry of Agriculture, the programme establishes a steering committee headed by the Prime Minister's office and involving representatives from the Ministries of Agriculture, Economy and Finance; ECOWAS Affairs; Infrastructure; Local Government; Research; and agricultural processing and trade, as well as representatives of farmer organizations, the private sector, civil society, and development partners. The programme document recognizes that the government's capacity to manage such a programme will be challenged given current human and institutional resources, but of the 2% of the budget allocated to programme management, there is no explicit line item to expand the number of trained analysts and programme managers.

Mali

In 2010, Mali developed a Priority National Investment Plan for its Agricultural sector (PNIP-SA) (République du Mali Cellule Nationale CEDEAO, 2010). The PNIP-SA represents only a portion of the country's proposed investment plan for Agricultural development over the period 2011-15. This portion was presented to ECOWAS and development partners while the country continued to develop its full ten year Agricultural Sector Investment Plan (PNISA).[141] The PNIP-SA is partial in the sense that even for the period 2011-15 it does not cover the major irrigated rice development efforts in the Office du Niger carried out under the country's Initiative Riz and which the government intended to continue regardless of the views of ECOWAS and development partners. In this sense, the PNIP-SA is a transitional document as the country gradually moves to a sector-wide planning approach, which is to be embodied by the PNISA and guided by the broader policy objectives laid out in Mali's Loi d'Orientation Agricole (LOA).

The PNIP-SA focuses on strengthening the development of value chains for maize, millet and sorghum, rice outside of Office du Niger zone, livestock/meat, and fisheries. The document stresses the need to increase productivity in all stages of the value chain, not just at the farm level, and notes that the plan's concern for gender equity justified focusing on certain marketing activities where women predominate. The PNIP-SA also has a component focused on cross-cutting food security activities, including nutrition education, a contribution to the national agricultural develop-

141 As of 2013, the PNISA had not been completed. Until September of that year, when elected government was restored to the country, discussions proceeded slowly due to Mali's severe political and security crisis of 2012-13.

ment fund that is primarily aimed at improving farmers' access to credit, and expansion of the national food security stock.

Like the Senegal investment plan, the Malian PNIP-SA projected very ambitious production increases, including a doubling of maize yields over five years (from 2 mt/ha to 4 mt/ha), a doubling of sorghum yields (from 1 mt/ha to 2 mt/ha), and a 30% increase in millet yields. In rice, however, all the projected increases were through bringing new areas into production in small irrigated village perimeters and lowland irrigated swamplands (bas fonds and mares). Projected growth in animal production was at least equally ambitious, with an anticipated increase in the rate of growth of the meat supply from 3.5% per year in 2010 to 9% by 2015 and a 348% increase in inland fisheries/aquaculture production over the five year period. While the plan did call for a continuation of fertilizer subsidies, the budget of the PNIP-SA has a heavier emphasis on structural elements such as investment (particularly land improvement) and on capacity building relative to recurrent expenses than does the Senegalese programme (Appendix Table A11.2). The rice component also called for a cadastral survey in the areas covered by that component and the sponsoring of discussion among stakeholders to address land-tenure issues, with the aim of trying to strengthen the security of tenure. The other components did not have explicit activities dealing with land tenure, noting that a new law on land tenure was being drafted at the same time, consistent with the land tenure reforms called for in the LOA.

In part because it did not include the large-scale irrigation projects undertaken by the government, the budget for the PNIP-SA was only about a quarter of that of Senegal's PNIA (US$717 million over five years compared to US$2 692 billion). Like Senegal's programme, however, Mali's programme is heavily dependent on outside funding. The plan projects that only 20% of the budget would be covered by the Malian government; beneficiaries (farmers and other value chain participants) would cover 15%, and the remaining 65% funding gap would have to be covered by development partners. This heavy dependence on external funding raises questions about who would actually "own" the programme.

The implementation strategy for the PNIP-SA calls for a decentralized approach, with strong involvement of local government and producer and interprofessional associations, consistent with Mali's overall decentralization policy and approach to agricultural policy laid out in the LOA. Nonetheless, the PNIP-SA document noted that threats to the success of the programme were the possibility that stakeholders would not take ownership of it, seeing it instead as yet another central government initiative; and that bureaucratic red tape would slow implementation. In reality, much larger macro-political factors intervened in 2012 to block implementation of the programme, including the March 2012 coup d'état and the loss of the northern two-thirds of the country to jihadist rebels. With the restoration of elected government in September 2013, it is likely that the PNIP-SA implementation process will again begin to move forward.

Appendix Table A11.2 *Distribution of costs of Mali's CAADP PNIP-SA, 2011–15*

Components	Cost (million CFAF)	Cost (million USD) [a]	% of total
Capacity strengthening	42 840	85.7	12%
Investments	198 204	396.4	55%
Production & Competitiveness	99 164	198.3	28%
Research & Training	11 139	22.3	3%
Food Security	7 500	15.0	2%
Total	358 846	717.7	100%

Source: République du Mali Cellule Nationale CEDEAO, 2010
[a] Exchange rate: 500 CFAF = 1 US$.

Nigeria

Nigeria's agricultural policies have historically been erratic, inconsistent, and characterized by uncertainty about their future evolution, which has discouraged investment and depressed production incentives. From the 1990s to 2005, however, the policies have moved towards less taxation of export agriculture and some reduction in the rates of assistance to import-substituting parts of the sector (as shown in Table 11.1, p.268). Since 2005, agricultural growth has accelerated, averaging over 7% over the period 2006-08 and becoming the main source of overall growth in the Nigerian economy (Walkenhorst, 2009; Federal Government of Nigeria, 2010).

In 2010 Nigeria developed its NAIP, which was designed to be consistent with and build upon the government's rolling three year strategic planning and budgeting for the sector (the Mid-Term Sector Strategy, or MTSS, and the Mid-Term Budget Framework, or MTBF). It was also seen as consistent with the government's prior five-point plan for agriculture and the Federal Government's seven-point agenda for economic revitalization. The latter targets sectors deemed critical to helping Nigeria become one of the 20 largest economies in the world by 2020, focusing on power and energy, food security and agriculture, wealth creation and employment, mass transportation, land reform, security, and qualitative and functional education.

The NAIP took a value-chain approach to developing Agriculture, with investments targeted not only to farm-level production, but also to marketing, improved grades and standards for inputs, and better labelling and packaging for processed products. The plan endorsed family farming, but also foresaw a role for large-scale commercial farming as part of the country's growth strategy. Like the Mali and Senegal NAIPs, the Nigerian investment plan projects very rapid increases in production, including a doubling of crop productivity between 2011 and 2015, a more than doubling of milk yields per cow (from 2 000 kg/year to 5 000 kg/year) and a more than quadrupling of fish production. This would be achieved through the adoption of improved varieties of seed and brood stock by 50% of all farmers by 2015 and 75% by 2020, a 30% increase in fertilizer use across the country, and a 50% increase in the use of animal traction and small farm machinery. As a consequence, the plan projects that the number of food-insecure households would be reduced by 50% in five years and that the value of food imports would fall by 50% by 2015 and 90% by 2020. Also like the Mali and Senegal plans, the Nigerian NAIP would require a large inflow of additional funds, as the funding gap for the five year plan was estimated at US$1.6 billion.

In September 2011, just one year after the completion of its NAIP, the Federal Ministry of Agriculture and Rural Development of the newly elected government published its Agricultural Transformation Agenda as a component of President Goodluck Jonathan's broader transformation agenda for the Nigerian economy (Federal Government of Nigeria, 2011; Nigeria Federal Ministry of Agriculture and Rural Development, 2011). The President's economic transformation agenda focuses on four thematic areas: governance, human capital development, infrastructure and the real sector[142]. Both agriculture and manufacturing (including agroprocessing) are included in the real sector, but of course their development will also depend strongly on progress in addressing the other three thematic areas as well.

The Agricultural Transformation Agenda lays out a vision and principles to guide Agricultural development policy in Nigeria as well as lessons learned from other (particularly Asian) countries' successful Agricultural development experiences. The agenda focuses on value chains for rice, cassava, sorghum, cocoa, cotton, maize, dairy, beef, leather, poultry, oil palm and fisheries, along with revitalization of agricultural extension to boost productivity growth at the farm level. Some of the approaches (e.g. the emphasis on public-private partnerships and the removal of direct government involvement in fertilizer distribution) are similar to those outlined in the previously developed NAIP. There are also new initiatives, however, such as the creation of marketing

142 The real sector refers to those parts of the economy that produce physical outputs as opposed to services.

corporations. These are to be owned by private-sector actors but with some government support to help carry out some of the coordination functions of the now defunct marketing boards.

Like the earlier NAIP, the Agricultural Transformation Agenda sets very ambitious production goals, such as increasing the average yield of cassava from 10 mt/ha to 25 mt/ha in five years. The relationship between the transformation agenda and the national CAADP process is not clear from the document, but by 2013 Nigeria had presented the Agenda as driving the CAADP process in the country. The Agricultural Transformation Agenda is consistent with the CAADP move to a sector-wide approach, declaring that "There shall be end to the era of treating agriculture as a development project." It is also consistent with the CAADP view of seeing agriculture as a major driver of broad economic growth. Yet not once in the 89-page Agricultural Transformation Agenda document or in the 208-page overall economic Transformation Agenda is CAADP or ECOWAP ever mentioned, and ECOWAS itself receives only slight mention, mainly in relation to the Common External Tariff.

The relatively small emphasis in the Agricultural Transformation Agenda on regional issues suggests that for the time being Nigeria's strategy is to focus on internal reform of its agricultural sector, with little attention to how that agenda fits into the broader ECOWAP approach. Indeed, given the size of the Nigerian economy in the region, it may be that ECOWAP will be forced to adjust to accommodate Nigeria's Agricultural Transformation Agenda rather than vice versa.

Ghana

Ghana's NAIP was built around a process the country had already launched in 2008 to plan the implementation of Ghana's revised Food and Agriculture Sector Development Policy (FASDEP II). The policy is driven by a vision of Ghanaian agriculture as "a modernised agriculture culminating in a structurally transformed economy and evident in food security, employment opportunities and reduced poverty" (Government of Ghana, 2010). The mechanism for the implementation of the first five years (2011-15) of FASDEP II is the Medium Term Agriculture Sector Investment Plan (METASIP), which Ghana incorporated into the CAADP process and which became the country's NAIP.

The METASIP is built around six programmes (Annex Table A11.3), which correspond to the six objectives of FASDEP II:

- Food security and emergency preparedness
- Increased growth in incomes
- Increased competitiveness and enhanced integration into domestic and international markets
- Sustainable management of land and environment
- Science and technology applied in food and agriculture development
- Improved institutional coordination

The NAIP, consistent with the vision statement for Ghanaian agriculture, is driven by a strong view of the role of agriculture growth can play in propelling structural transformation of the economy. Hence, the programme puts a large emphasis on technological change to drive productivity growth throughout the agrifood system (as evidenced in METASIP's planned investments in science and technology), the importance of strengthening agro-processing and value-added activities, and the view that not all the poor currently in agriculture will be able to farm their way out of poverty. To address the latter problem, the food security and emergency preparedness component contains a sub-component that aims at diversifying income sources of the rural poor, including expansion of non-farm rural activities.

Ghana's NAIP also puts stronger emphasis than those of Mali, Senegal and Nigeria, on intersectoral and interministerial coordination, recognizing that such coordination (e.g., between invest-

Appendix Table A11.3 *Budget of Ghana's NAIP (METASIP), 2011–15*

	Programme/Component	Total (million US$)	% of total
Programme 1: Food security and emergency preparedness			
1.1	Productivity improvement	94.3	8.9%
1.2	Improved nutrition	7.7	0.7%
1.3	Diversification of livelihood options for the poor	15.2	1.4%
1.4	Food storage and distribution	1.0	0.1%
1.5	Early warning systems and emergency preparedness	6.0	0.6%
1.6	Irrigation and water management	198.3	18.7%
1.7	Mechanization services	69.3	6.5%
Total Programme 1		391.8	36.9%
Programme 2: Increased growth in incomes			
2.1	Promotion of crop, livestock and fishery production for cash	128.2	12.1%
2.2	Development of new products	7.1	0.7%
2.3	Pilot value chain development	140.2	13.2%
2.4	Intensification of FBOs and out-grower concepts	3.0	0.3%
2.5	Development of rural infrastructure	311.9	29.4%
2.6	Urban and peri-urban agriculture	1.0	0.1%
Total Programme 2		591.4	55.7%
Programme 3: Increased competiveness and enhanced integration			
3.1	Marketing of Ghanaian produce domestically and internationally	16.3	1.5%
Total Programme 3		16.3	1.5%
Programme 4: Sustainable management of land and environment			
4.1	Awareness creation and use of SLM technologies by men and women farmers	19.3	1.8%
Total Programme 4		19.3	1.8%
Programme 5: Science and technology for food and agricultural development			
5.1	Uptake of technology along the value chain and application of biotechnology in agriculture	1.5	0.1%
5.2	Agricultural research funding and management of agricultural research information	34.6	3.3%
Total Programme 5		36.1	3.4%
Programme 6: Institutional Coordination			
6.1	Institutional strengthening for intra-ministerial coordination	2.5	0.2%
6.2	Inter-ministerial coordination	0.8	0.1%
6.3	Partnership with private sector and civil society organizations	2.1	0.2%
6.4	Coordination with development partners	1.2	0.1%
Total Programme 6		6.6	0.6%
Total METASIP		1061.5	100.0%

Source: Government of Ghana, 2010.
Figures converted from GHC to US$ by the authors using an average exchange rate for 2010 of GHC = 0.6927 US$

ments in agricultural production and those in road construction) has been insufficient in the past. The Ministry of Food and Agriculture will take the lead for METASIP implementation, in coordination with other ministries, departments, and agencies and with various stakeholder groups. The Policy Coordinating and Monitoring Unit of the Office of the President and the National Development Planning Commission will play key oversight roles. The METASIP also provides funds for coordination with stakeholder groups and with donors.

In terms of production increases (Sub-programme 1.1 and Programme 2), the METASIP focuses on both staples and selected export products, including tree crops and horticultural products. Actions to boost animal production are focused on fisheries, aquaculture and livestock that have quick reproductive cycles, such as poultry and small ruminants, in order to boost production quickly and to help ensure that low-income producers are not excluded from the programmes. The projected production increases over the five-year period are more modest than those of the NAIPs of Senegal, Mali, and Nigeria – generally on the order of 20% to 30% – driven primarily by productivity increases, including increased use of biotechnology in agriculture. There is also a strong value-chain orientation to many of the production programmes, focused on improving quality and value addition and reducing post-harvest losses.

While the plan calls for Ghana's universities to be involved in the research component under programme 5 (via competitive grants), there is no planned funding for agricultural higher education and only minimal funding for vocational training in the skills needed in the expanding agrifood industries. Perhaps these needs will be handled through coordination with other ministries and the private sector, through the mechanisms described earlier, but this is not apparent from the plan.

The promotion of many of the agroprocessing activities under METASIP are envisioned as being carried out through public-private partnerships (PPPs). The government foresees initially financing some of the infrastructure needed and then recovering the funds (which total about nine percent of the total METASIP budget) from user fees from

Appendix Table A11.4 *Shares of total public expenditures allocated to agriculture, 1990–2009 (%)*

Country	Annual average share (1990–1995)	Annual average % change (1990–1995)	Annual average share (1995-2003)	Annual average % change (1995-2003)	Share (2003)	Annual average (2003-2009)	Annual average % change (2003-2009)
Benin			7.0	–7.2	5.4	6.0	–0.6
Burkina Faso	28.1	1.0	27.4	–4.7	25.6	19.2	–12.3
Cape Verde							
Côte d'Ivoire	3.7	7.6	3.1	–4.9	2.6	2.4	–7.3
Ghana	8.5	1.8	8.6	–5.8	7.2	8.7	5.2
Guinea					21.4	13.7	–8.6
Guinea-Bissau					1.8	1.4	–9.5
Liberia						5.1	
Mali			16.0	–13.9	10.0	11.8	2.7
Niger					17.5	15.5	–6.0
Nigeria	2.6	11.4	3.3	–4.8	2.8	3.6	17.7
Senegal	5.4	–0.9	6.4	2.9	8.5	12.1	17.1
Sierra Leone					2.8	2.8	–4.4
The Gambia						5.0	
Togo	4.3	3.5	3.8	–6.2	2.5	4.7	29.7

Source: Benin, et al., 2010

the private sector. Thus, the financial viability of the programme will depend on how effectively these PPPs are designed and implemented.

As with other NAIPs, the METASIP requires a large increase in current government funding to food and agriculture. The total 5-year cost, which the plan admits does not include the salaries of government employees charged with its implementation, is slightly over US$1 billion, of which two-thirds represents an unfunded gap that would most likely have to come from outside funders. Thus, while Ghana's METASIP appears to be well designed to address many of the challenges facing the country's Agricultural sector, how well it actually addresses these challenges, like the rest of the NAIPs, will depend critically on its implementation, including its funding strategy.

Focus Section B

Stakeholder Involvement in Policy Development and Implementation

The experience of ROPPA and national producer organizations[143]

The Network of Peasant Organizations and Producers in West Africa (ROPPA) is the largest federation of farmer organizations in West Africa, formed in 2000 with membership of over 100 organizations from 12 of the countries within ECOWAS.[144] The network is open to all countries within ECOWAS. ROPPA and its member organizations were quick to recognise that they had vital interests at stake as national and regional Agricultural policies began to be reconfigured under PAU and ECOWAP in the early 2000s and later with negotiation of the Economic Partnership Agreements with the European Union. The experience of these organizations in influencing national and regional agricultural policies provides insights into the role and limits of different interest groups in helping shape policies in the region.

ROPPA sees itself as a defender of family farming in West Africa, with a special emphasis on smaller family operations, which constitute the large majority of farmers in the region. It believes that with expanded support, its constituent producer organizations can play a vital role in providing technical and financial support services to these family farms.

ROPPA's vision

The doctrine of ROPPA is inextricably linked to the international debates that arose in the second half of the 1990s following the introduction of agriculture into the WTO negotiations. This doctrine:

- defends the importance of family farming;
- opposes the liberalization of agricultural trade because of the multifunctionality of agriculture ("Agriculture is not a commodity"); and
- advocates the sovereignty of States and Regional Economic Communities in the area of agricultural and food policies.

ROPPA argues that family farming in West Africa is under threat due to:

- S*tructural under-investment in family farms,* on the part of both West African governments and their technical and financial partners. ROPPA argues that many African government decision-makers equate modern agriculture with large-scale mechanised operations and have little faith in the capacity of small- and medium-sized family farms to feed the region.
- ***Imports of low-cost agricultural products*** encouraged by trade and agricultural policies which, in ROPPA's view, have undermined the development of local food sectors.
- ***Strong competition for agricultural land,*** fed by the demand for biofuels and manifested in the large transfers of land to both domestic and foreign entities not previously engaged in farming in the region. ROPPA argues that West African family farmers have for years faced unfair competition from cheap agricultural imports and are now facing an even more severe battle to hold on to their own land.

143 This focus section draws heavily on ROPPA, 2012b.
144 Benin, Burkina Faso, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Mali, Niger, Senegal, Sierra Leone and Togo

- ***Climate change***, which further endangers the agricultural sector due to the degradation of natural resources, undermining productivity.

- ***The inconsistency between European and West African agricultural policies***, particularly as they affect the Economic Partnership Agreements (EPAs) being negotiated with the European Union, which call for duty-free trade for a range of goods and services between the EU and West Africa. ROPPA argues that such agreements risk flooding West Africa with subsidised European agricultural products, thereby undermining local production and weakening food security in the region. [145]

Given these concerns, ROPPA and its constituent organizations have strongly argued that agricultural policies in the region need to be based on five key principles:

1. The recognition of the ***family farm***, both as a legal entity and as the foundation for agricultural development strategies, as opposed to a strategy targeting what ROPPA terms "capitalist agriculture".

2. The recognition of the concept of ***food sovereignty*** as a key food policy goal. ROPPA defines food sovereignty as the "the right of every country or group of countries to define its agricultural policy in the interest of its populations and to develop and protect its production and markets so that they can satisfy the needs for a safe, sufficient, and culturally acceptable food supply and also serve as the basis for just remuneration for the labour of family farms." From a policy perspective, the notion of food sovereignty implies a strong preference for local over imported products and at least some degree of autonomy for policy makers to establish food policies independently of the strictures of international agreements such as the WTO.

3. ***Giving priority to the regional*** West African market (including creation of a common agricultural market within West Africa) and border protection of the regional market against extra-regional imports.

4. Providing for a ***secure system of land tenure*** and ***sustainable production systems***.

5. Ensuring adequate ***financing for family farms***.

145 ROPPA's argument is that even in the absence of explicit export subsidies in the EU, a variety of other support payments to EU farmers drive down those farmers' average cost of production, allowing them to sell at essentially subsidised prices.

ROPPA's experience with regional and national policy initiatives

ROPPA and its constituent organizations have been very active since the launching of the regional policy initiatives (PAU and ECOWAP) through consultations at both the national and regional levels. For example, ROPPA is a member of the steering committee for ECOWAP. National Producer Organizations (POs) were involved to varying degrees in the design of and debate about the national CAADP programmes. The degree of involvement generally went beyond the traditional discussion between government officials and producer organizations about proposed policies and programmes to a broader democratic debate about policy objectives and ways to achieve them. ROPPA and its affiliated POs were particularly successful in getting the notion of food sovereignty included as an explicit objective of both PAU and ECOWAP, as well as in national legislation setting out the broad vision and objectives of agricultural development policy in a number of countries, such as the *Loi d'Orientation Agricole* in Mali and the *Loi d'Orientation Agro-Sylvo-Pastorale* in Senegal. These laws, as well as the regional programmes, also explicitly recognize the importance of family farming, although they also left open the possibility of including other forms of agricultural enterprises as part of the structure of farming.

At the regional level, ROPPA was also successful in pushing for a fifth, higher tariff band (eventually set at 35%) of the ECOWAS Common External Tariff, aimed primarily at protecting "sensitive" agricultural products. It also succeeded in lobbying for inclusion of a specific objective in ECOWAP aimed at providing West African agriculture with financing mechanisms adapted

to the diversity of farms and value chains and the multiplicity of types of investments needed. The organization was also instrumental in successfully arguing for the inclusion of representatives from POs in three of the key structures established for the implementation of ECOWAP: the Regional Consultative Committee on Food and Agriculture; the Regional Fund for Food and Agriculture, and the proposed instruments for monitoring and evaluation. ROPPA attributes it considerable successes in influencing the regional policies not only to its own organizational skills, preparation, and grass-roots mobilization, but also its strong links with producer organizations and NGOs in Europe and the Americas that helped build support among ECOWAS's and WAEMU's development partners for the positions advocated by ROPPA.

ROPPA's experience, however, has been that it was more successful in influencing the design of regional agricultural policies (PAU and ECOWAP) than more general trade policies (such as the WAEMU CET and the EPA negotiations with the EU) that involve more than just the agricultural sector. These latter policies affect a broader array of interests and hence create a greater competition for influence within the policy process. ROPPA also believes that producer organizations were more influential in shaping agricultural policies at the regional level than at the national level (e.g. national CAADP plans). ROPPA attributes this lower success at the national level to the reluctance of many politicians and bureaucrats to see independent power bases emerge that could, by themselves or through alliances with other civil-society organizations, serve as a counterweight in domestic politics to those currently in power. A second complementary hypothesis is that political leaders at the national level confront more immediately the potential urban unrest caused by high food prices and hence are less receptive than their regional counterparts to ROPPA's calls for higher levels of agricultural protection.

ROPPA has also found that even if it is deeply implicated in the design of regional policies, implementation often poses problems. Examples include:

- For the PAU: (i) the decision of WAEMU to launch the programme without organizing the promised meeting of the PAU implementation committee in which POs were to be represented, (ii) the establishment of the regional fund for agriculture as well as the administrative procedures for its management without notification or consultation with the POs or ROPPA and (iii) the use of the fund in 2008 (with the agreement of the member states) to deal with the crisis brought about by soaring food prices and to aid displaced persons rather than for its original purposes of supporting specific programmes to benefit West African farmers.

- The slow implementation of many of the provisions of ECOWAP, which ROPPA believes would be beneficial to its members.

- Most recently, the perception that the agenda and the timing of the ECOWAP/CAADP and PAU processes have been hijacked by interests in the G8 and G20 who have been pushing for an approach to agricultural development in Africa that promotes public-private partnerships with large international agribusiness firms. This approach, epitomised by the "Grow Africa" initiative launched at the World Economic Forum in Davos in May 2012 and the complementary New Alliance for Food Security and Nutrition promoted by the United States, calls for greater international private-sector investment in African agriculture and sets ambitious targets for increasing such investment. In ROPPA's view, these initiatives promote a vision of capitalist agriculture at variance with ROPPA's vision of family farming. Furthermore, in the present context of ambiguous and insecure rules regarding land tenure and water rights in many West African countries, ROPPA feels that these initiatives open the door to the possibility of widespread "land grabs" by private entrepreneurs and multinational firms at the expense of small family farms. Equally important, ROPPA sees these new initiatives as shifting the ownership of the agricultural development agenda for West Africa back towards the high-income

countries, thus undermining ROPPA's efforts and that of its allies to build West-African-led programmes. In writing to the President of the African Union Commission on May 12, 2012, the President of ROPPA summarised ROPPA's concerns as follows[146]:

"We would like to simply remind everyone that food security and sovereignty will be the basis of our general development, as all African governments continue to stress. This is a strategic issue. That is why we must build our food policy on our own resources, as is the case for all regions of the world. The G8 and the G20 should not constitute the place where such decisions are made."

146 For the full text of the letter, see ROPPA, 2012b.

Focus Section C

Improving Access to Fertilizers, Improved Seeds, Pesticides and Veterinary Inputs in Policy Development and Implementation

Improving farmers' access to inputs such as chemical fertilizer, improved seeds, pesticides, and veterinary products is critical to boosting agricultural productivity in West Africa while reversing the trends of soil mining and resource degradation. Productivity growth, which reduces unit costs of production, is in turn essential if access to food is to be improved for the large proportion of consumers that spends a high share of its income on food (see Chapter 6). Access to these inputs, however, is hindered by structural problems in agricultural input markets in West Africa.

Structural problems in input markets and their consequences in West Africa

These inputs share several characteristics that make it unlikely that competitive markets will spontaneously develop to supply high-quality fertilizers, improved seeds and veterinary inputs to agricultural producers reliably in the absence of supporting public actions:

- The demand for these inputs depends on the expected price of the output, which is often uncertain, volatile, and may be low due to poor marketing infrastructure and the effects of government policies.

- The quality of these inputs is not apparent from simple visual inspection. It reveals itself only after use, and even then it is often difficult to judge their efficacy due to the effects of many other intervening factors (e.g. water availability, pests) that affect the inputs' performance. This uncertainty regarding quality creates incentives for unscrupulous vendors to adulterate products, e.g. by adding sand to fertilizer. In the absence of effective quality assurance mechanisms, such as enforced grades and standards and reliable guarantees by vendors, such behaviour may lead to a situation where bad quality inputs drive out good quality products due to the lower prices of the poor quality products and the weak ability of farmers to distinguish ex-ante between the two.

- These products require a complement of technical information to ensure their best use. This involves, for example, instructions on the best timing and application rates for fertilizers and pesticides and the choice of the appropriate nutrient mix of fertilizer for a given farmer's crop and soils. Failure to provide such technical advice can greatly reduce the efficiency of use of these inputs, and for pesticides and veterinary products pose important health risks for producers, their families, their animals and consumers. The low level of literacy in rural areas of many ECOWAS countries drives up the cost of providing such technical advice, as it has to rely more on oral communication than on written materials.

- The economic return to use of these inputs, particularly fertilizer and seed, is risky in rainfed conditions where rainfall is unpredictable. In the absence of risk management tools such as weather index-based insurance, risk-averse farmers will tend to under-use these inputs and may defer purchasing them until they are sure that the rains are firmly established for the season. This delay in their purchasing shifts all the risk of holding inventory to the input dealers, creating an incentive for them to reduce their stocks, which

can lead to shortages if production conditions turn out to be good.[147]

- Expenditures required for these inputs can be substantial relative to farmers' net incomes, and the return is typically obtained only after a period of months when the crop is harvested or the animal sold. Thus, even if the inputs are profitable to use, in the absence of a well-functioning credit market cash-flow constraints frequently prevent farmers from purchasing them. In the past, single-channel marketing systems for cash crops such as cotton provided access to the inputs, as they could be provided at planting by the monopsonistic crop marketing agency and the credit recovered at harvest by deducting the amount owed from the final payment for the crop. As a result of market reform programmes, many of these single-channel systems have been liberalized, making such credit-recovery arrangements less feasible and thus lessening farmers' access to these inputs. The development of well-functioning input markets therefore needs to go hand-in-hand with the strengthening of improved rural financial systems.

- Fertilizer is subject to large economies of scale in both manufacturing and procurement. For example, the minimum efficient volume for a urea plant is approximately 500 000 mt/year, and import procurement by sea in volumes less than 25 000 mt of product (approximately 10 000 mt of nutrients) can drive up costs by around 30% (Morris et al., 2007a; Gregory and Bumb, 2006). Yet only Nigeria has a level of urea consumption that would come close to capturing the scale economies in manufacture, and four of the ten ECOWAS countries for which FAOSTAT data are available have consumption levels under the minimum efficient import volume.[148] Given the scale economies and capital intensity of fertilizer manufacturing, there are significant barriers to entry in both manufacturing and the import trade. These, in the presence of small national market sizes, frequently lead to oligopoly or monopoly at the manufacturing and import levels, further driving up prices.

- Fertilizer is bulky, which adds a significant transport-cost component to the price farmers pay for fertilizer, particularly when road conditions are poor. In West Africa, these transport costs are further driven up by high port charges (almost all fertilizer used in the region is imported) and the lack of competition in setting trucking fees in many of the countries (Bumb et al., 2011). These high transport costs also result in lower farm-level output prices, further discouraging the use of fertilizer and other improved inputs.

- An overriding structural constraint is the fragmentation of the region into many small national markets, each with its own regulations and product specifications. For example, although cotton production conditions are similar across Benin, Burkina Faso, Côte d'Ivoire, Mali and Togo, the national cotton companies in each of these countries specifies its own distinct formula for NPK fertilizer. Reducing this artificial product differentiation would allow larger scale acquisition of the fertilizer for the countries, leading to potential savings of up to US$40/mt, equivalent to about 8% of the farm-price of fertilizer in Mali (Bumb, et al., 2011). Similarly, varying standards across countries for entering into the agro-dealer business discourages the development of efficient regional chains of agro-dealers.

- Lengthy regulatory procedures for certification (especially important for improved seeds, pesticides, and veterinary inputs) add further to costs, particularly when each country has its own standards. The diversity of national product standards discourages private-sector investment in provision of these inputs, as suppliers who enter the market have to try to amortize the costs of going through each national certification process over a very small market volume and may face legal restrictions on exporting product to neighbour-

147 One implication of this phenomenon is that risk management tools such as weather-based insurance need to be targeted towards input dealers as well as farmers.

148 It is likely that several of the five countries for which data are not available (Benin, Cape Verde, Guinea-Bissau, Liberia and Sierra Leone) also fall below the minimum efficient import level.

ing countries. This disincentive further limits competition, creating conditions of oligopoly or monopoly that can further drive up input prices to farmers.

- A particularly thorny problem regards genetically modified organisms (GMOs), which are permitted in a few countries (e.g. Burkina has approved BT cotton) but not in others. The varying national rules regarding GMOs will prevent a formal regional market in such seeds from emerging in the near future, but there is likely to develop an informal cross-border trade, which will make any consistent regulation of such seeds more difficult.

The impact of these structural problems in West African input markets has been very low levels of use of improved inputs. As detailed in Chapter 3, average fertilizer use in the ECOWAS zone is among the lowest in the world at less than 7 kg/ha of arable land, and substantially below levels found in East and Southern Africa (38 kg/ha). The private sector has been very slow to fill the void created by the withdrawal of the state from input provision, for many of the structural reasons outlined above.

Policy response: input subsidies

Since the 1990s, West African states and their development partners, including NGOs, have undertaken a number of actions to try to strengthen farmers' access to these to improved inputs. In June, 2006, African Union Ministers of Agriculture, meeting in Abuja for the African Fertilizer Summit, issued the Abuja Declaration on Fertilizer for an African Green Revolution (African Union, 2006). The Declaration set an extremely ambitious target of increasing fertilizer use in sub-Saharan Africa from an average of 8 kg/ha to 50 kg/ha by 2015. Among its provisions, the Declaration called on all African Union member states to:

- Take actions to help reduce the cost of fertilizer, such as harmonization of regulations to allow duty- and tax-free movement of fertilizer across all borders in Africa.
- Immediately develop voucher-based fertilizer subsidy programmes, especially focused on poor farmers.
- Facilitate the development of domestic fertilizer production capacity.
- Accelerate investment in market infrastructure, transport, and capacity-building programmes for farmer organizations to improve output marketing, which would increase the incentives to use fertilizer.

The Declaration also called upon the African Development Bank (AfDB) to develop an African Fertilizer Financing Development Mechanism to meet the financing requirements of the actions called for by the summit. The AfDB established the fund in 2007. In addition to the activities listed above, it is also aimed at funding technical support for helping member states improve their fertilizer policies, improving procurement and distribution facilities, and providing credit guarantees for fertilizer importers and distributors.[149]

In the ECOWAS region, ECOWAS, WAEMU, member states and their development partners have taken several actions in recent years to improve farmers' access to inputs, ranging from input subsidies to attempts to strengthen private-sector input production and marketing systems.[150] Frequently, however, interventions (particularly subsidy programmes prior to the implementation of voucher schemes) have occurred in an unpredictable and uncoordinated manner, creating uncertainty and often financial losses for private input dealers who invested in inventories of inputs only to see their market undercut by the subsidised distribution programmes. This has in turn led to reluctance by the private sector to invest further in input distribution. The reluctance was frequently interpreted by policy makers as evidence that the

149 See http://www.afdb.org/en/topics-and-sectors/initiatives-partnerships/african-fertilizer-financingmechanism/abuja-declaration/

150 Examples include the Marketing Inputs Regionally (MIR) and MIR Plus projects jointly implemented by the International Fertilizer Development Center (IFDC) and ECOWAS that aim to build networks of private agro-input dealers (http://www.ifdc.org/Projects/Current/MIR_Plus) and the USAID-supported West Africa Seed Alliance (http://idea.usaid.gov/sites/default/files/West_Africa_Seed_Alliance.pdf), which strives to support the development of a commercial seed industry.

private sector was incapable of supplying these inputs efficiently, thus justifying further public intervention. In this way, a negative dynamic was created in which the burden of input provision, often at subsidized rates, was shifted increasingly to the public sector, imposing a growing fiscal burden on the state.

Wanzala-Mlobela, et al. (2011) and Druilhe and Barreiro-Hurlé (2012) provide detailed analyses of the experiences with fertilizer subsidy programmes across Africa, including five countries in West Africa (Burkina Faso, Ghana, Mali, Nigeria and Senegal). Although Nigeria had reintroduced a nation-wide fertilizer subsidy programme in 1999, the majority of West African countries launched their programmes in 2008 in response to the spike in world food prices, often in conjunction with subsidies on seeds as well. Overall, the outcomes have been mixed. Key weaknesses in the programmes included:

Lack of targeting. In contrast to programmes in several East and Southern African countries, the subsidy programmes in West Africa were generally untargeted (open to all farmers growing a particular crop) and often involved the state rather than the private sector in input procurement. In Nigeria, in discussing the government's decision in 2011 to move away from its untargeted, government-run fertilizer subsidy programme and move to a voucher-based programme in collaboration with private agro-dealers, the Federal Minister of Agriculture stated that the previous programme had become rife with corruption and that only 11% of the subsidized fertilizer reached what he called "genuine farmers", with the remainder ending up in the hands of what he termed "political farmers" (Sharpedgenews.com, 2011).

The lack of targeting meant that subsidised fertilizer sometimes displaced commercial sales. For example, an IFPRI study estimated that every tonne of subsidised fertilizer provided in Nigeria in the period 2003-2010 displaced between 0.19 and 0.35 tons of commercial fertilizer sales (Takeshima et al., 2012). This displacement had two effects. First, it discouraged the private sector from investing in the fertilizer distribution system. Second, it meant that less of the subsidised fertilizer went to small farmers who had been using very little of it previously and for whom the incremental increase in production would likely be higher than for larger farmers who were already using substantial amounts of the input. The lack of targeting thus had negative effects on both efficiency and equity. ROPPA has also expressed concern that the benefits from the untargeted input subsidies launched in many West African countries since 2008 have been predominantly captured by large farmers (ROPPA, 2012b).

Government involvement in procurement. Other major problems involved complex and non-transparent government tendering procedures, lack of financial sustainability, and frequent rent-seeking. Government tender systems for fertilizer imports were sometimes fraught with limited competition and corruption, leading to higher prices. Moreover, delays in payments to importers and distributers have led to late delivery of fertilizer to farmers, undermining its effectiveness (Wanzala-Mlobela, et al., 2011). In countries where private companies negotiate import prices directly with exporters, prices have generally been lower, especially if companies can negotiate volume discounts and if the fertilizer importing/wholesaling industry is competitive. Kenya stands out as a country that has successfully liberalized and expended fertilizer markets, resulting in a sharp reduction of fertilizer costs (World Bank, 2013b).

Lack of attention to fertilizer quality. The near-exclusive emphasis of these programmes on reducing the price of fertilizer to farmers has sometimes led to a lack of attention to fertilizer quality, with farmers complaining about the quality of the subsidised input.

Based on their review of fertilizer subsidy programmes across Africa, Wanzala-Mlobela et al. have developed a set of best practices that can help mitigate these problems (Box C.1). These best practices stress the need to move away from the type of untargeted subsidies that have been common in some of the ECOWAS member states towards more targeted voucher systems. In general, subsidies need to be "smart", i.e. targeted,

capped, and time-bound, in order to create rather than distort markets. Even with voucher systems, however, careful design and implementation are crucial to their success. A number of challenges have been encountered including late distribution of fertilizer, redemption of vouchers by distribution agents, counterfeiting vouchers, fertilizer vouchers redeemed by beneficiaries for cash, and price inflation (if demand exceeds fertilizer supply).

The best practices listed in Box C.1 refer to national input subsidy programmes. On a regional basis, it is also important that there be some harmonization of subsidy rates across countries in order to avoid flows of more heavily subsidised inputs from one country to neighbouring countries where subsidy rates are lower.

Policy response: building a regional market for agricultural inputs

While subsidies help address the short-run problem of high input costs, they do not address the underlying structural reasons for high input costs

Box C.1 Recommendations for improving the effectiveness of fertilizer subsidy programmes in Africa

1. Governments should withdraw from involvement in the importation and distribution of fertilizers and integrate the private sector into the subsidy programme so that there is a single importation and distribution system for fertilizer, rather than two separate and competing channels.

2. Replace the current tender system with performance-based multi-year contracts with private-sector firms in order to ensure timely importation and distribution.

3. Eliminate restrictions on participation in subsidy programmes by the private sector in order to spur competition and hold down costs of delivering the product to farmers.

4. Subsidy programmes should include a targeting mechanism (input vouchers) in order to minimise displacement of commercial sales and target limited public resources to farmers that have not used fertilizer so far.

5. Introduce measures to address the bottleneck created by slow government repayment of the subsidised portion of the fertilizer price.

6. Introduce an element of sustainability into the programmes by gradually phasing out the subsidy to current beneficiaries, encouraging savings schemes, removing barriers to access to loans, and supporting input dealers through training, accreditation and improved access to finance.

7. Incorporate complementary investments into the subsidy programme to ensure access to other yield enhancing inputs and advisory services to maximise the efficiency and profitability of fertilizer use.

8. Address the structural issues that drive up the cost of fertilizer and that drive down the profitability of its use (e.g., funding research to develop more fertilizer-responsive cultivars).

Source: Adapted from Wanzala-Mlobela et al., 2011.

in West Africa, including the fragmentation of the region into many small national markets.

Regional organizations such as CILSS, WAEMU and ECOWAS have all recognized the potential benefits of building an effective regional market in inputs and have taken actions to promote it. For example, since the 1990s CILSS has developed a system for common regional standards for pesticide registration in its member states. ECOWAS extended this system to all its member states in 2008. Similarly, the ECOWAS Commission for Agriculture, building on earlier work by WAEMU, issued rules in 2008 governing the registration, certification and marketing of seeds and plant materials within the Community. Following approval of these rules by the ECOWAS Council of Ministers and publication in the official ECOWAS journal in mid-2008, member states were supposed to modify their national legislation to be consistent with the Community-wide rules. By 2012, however, several member states had not done so, and even in those that did, the national agencies in charge of enforcing the rules lacked the resources to do so (CORAF/WECARD, 2012). Thus, the problem is not so much one of design of harmonized regulation at the regional level to create a regional market in inputs as it is one of implementation at the national level. Any effective effort to create a regional market in inputs will thus need to be accompanied by funding and a structure of incentives at the national and local levels to bring it to reality.[151]

Access to improved inputs will be critical to continuing West Africa's agricultural transformation. In fact, meeting the huge production increases contemplated by national CAADP plans and the MDGs (see Chapter 11) will be impossible without greater access to these inputs. Large structural problems, however, constrict the market for these inputs. The initial national government policy response of subsidies requires improvement and additional policy action from national governments is required to create the well-functioning regional markets that can increase access to these inputs.

151 Maintaining national markets that are not integrated creates rents caused by price differences across borders in excess of transport costs, so those in a position to appropriate those rents (e.g. agents controlling the border crossings) have an incentive to resist implementation of moves to create a more integrated market.

Focus Section D

Policies Regarding Land Tenure and Water Rights

The increase in world food prices since 2008, the growing demand for biofuels, and the increased interest among African governments in attracting additional private investment into agriculture have led to widespread interest in acquisition of land and water rights in the region by private nationals and foreign entities. Concerns about the resulting land acquisitions, dubbed "land grabs" by their critics, have become highly politicized and have spotlighted the critical importance of policies governing land tenure and water rights in West Africa. Insecurity of tenure, however, is a broader issue than just the current concerns about large-scale land acquisitions, as it creates fundamental impediments to development of Agriculture in the region. Indeed, ECOWAP identifies insecure land tenure as a factor contributing to low investment and productivity in West African agriculture and as a potential cause of violent conflict (e.g. between herders and agriculturalists). Since land and water are highly complementary inputs, particularly in irrigated systems, it is difficult to deal with them independently. There are also important gender dimensions to land and water tenure issues, as in many customary tenure systems in the region women's rights to own, use, inherit land or to hold onto it once investments have been made on it that increase its value in production (e.g. irrigation improvements) are often weaker than those of men.

Apart from helping to avoid or reduce conflicts among resource users, more secure and exchangeable rights to water and land create incentives for public and private investment in land improvements and make these investments more profitable. Secure land tenure can allow land to be used as collateral for loans, improving farmers' access to capital, while a reliable land registry allows national and/or local governments to use land taxes as a source for efficient financing of critical public services. Tradable rights to water and land also facilitate the access to these resources by those most able to use them efficiently and allows those who cannot fully exploit the land (e.g. because of lack of sufficient household labour or knowledge) to receive income for their land to enable them to engage in non-agricultural income-earning activities (Deininger and Jin, 2006; Mathieu et al., 2003). A large body of research from many parts of West Africa has documented the emergence of land rentals and sales within local tenure systems – practices that were previously considered to be incompatible with customary tenure (Delville et al., 2001). Research has also shown that local land tenure systems effectively enforcing land rights can provide adequate tenure security and strengthen incentives to invest in improving land productivity (Sjaastad and Bromley, 1997). In high-value land areas, monetised land transactions are mushrooming. This includes the monetization of customary forms of land transfers and the emergence of new types of land transactions such as sales. These changes in customary tenure systems seem to confirm the basic tenets of the so-called "evolutionary theory of land rights", whereby demographic growth and agricultural intensification tend to push towards greater individualization and commercialization of land rights (Cotula, 2007; Boserup, 1993).[153]

One of the key challenges in land tenure in West Africa is providing a system to meet the

152 Maintaining national markets that are not integrated creates rents caused by price differences across borders in excess of transport costs, so those in a position to appropriate those rents (e.g. agents controlling the border crossings) have an incentive to resist implementation of moves to create a more integrated market.

153 It should be noted, however, that empirical evidence from many parts ofAfrica shows that the picture is often more complex than the linear processdescribed by this theory. For instance, intra-family individualization processes mayco-exist with the continuation or reinterpretation of the collective dimensions ofcustomary land tenure, in order to reaffirm the primacy of the land rights of localsvis-à-vis groups outside the extended family (Cotula, 2007).

needs of pastoralist groups, which rely on common property resources and mobility. Pastoral livelihood systems have developed to cope with and adapt to climatic uncertainty in drylands. Such systems depend on flexibility in land use and management, with the need to negotiate the use of land on a seasonal basis with other users. Potential conflicts may arise, particularly where farmers encroach onto the arid rangelands or into northern wetlands (such as the Interior Niger Delta in Mali) that are vital to Sahelian pastoralism (Cotula, 2006). The past decades have seen a promising shift by several West African governments to recognise and protect pastoralists' rights of access to natural resources. 'Pastoral laws' have been passed in Guinea (1995), Mauritania (2000), Mali (2001) and Burkina Faso (2002), and Niger (Cotula et al., 2004). Management of shared resources across borders, including land and transhumance corridors, is a major focus of ECOWAP, with activities plan to establish transhumance corridors and grazing pastures in cross-border areas. ECOWAS has also adopted a programme for the sustainable management of pastoral resources and the management of transhumance in West Africa. Its action plan recommends monitoring pastoral resources and assessing their environmental and socio-economic impacts at the regional level.

The importance of clear and transparently enforced rules regarding land and water rights will become increasingly important in the coming years, as population pressure, high prices of agricultural products, and climate-induced population movements lead to increasing demand for agricultural land and potential conflicts between resident populations, new migrants, pastoralists and outside investors. In West Africa, this is a regional as well as a national issue, as these pressures will likely lead to substantial population movements across borders. Under Article 27 of the ECOWAS treaty, citizens of any member state are free to undertake industrial or commercial enterprises in any other member state, but lack of clarity about land tenure rules will likely discourage intra-community investment in agroprocessing enterprises that require access to some land as a complement to the processing plant.

West African land tenure systems are characterized by legal pluralism – the co-existence of systems of rules based on different principles – based on the overlay of rules based on European principles of ownership derived from the colonial experience with systems of customary tenure and in some cases rules based on Sharia. An example is Senegal, where customary systems held that land belongs to the community, lineage or family, but never to an individual. In some communities, Islamic inheritance rules were grafted onto these systems to govern how use rights were transferred across generations. Colonial administration introduced private property and land registration, but by independence only 3% of the land in Senegal had been officially registered. In 1964, the current land tenure law, the *Loi sur le Domaine National (LDN)*, vested ownership of all unregistered land to the nation, to be administered by the state. Subsequently, as part of Senegal's process of decentralization, administration of the LDN was delegated to rural councils, under the supervision of the state. The local councils have the right to attribute land to local residents and adjudicate land disputes among them, based in part on local custom. In principle, they are not to allocate land to those outside the local community (Faye et al., 2011).

It is important that a clear set of procedures and mechanisms exist by which land-related conflicts may be solved in order to avoid long and protracted disputes, which can lead to disinvestments in agriculture and may eventually develop into violence. Registration and titling have been promoted as a means by which to increase security of tenure for land users and thereby promote increased investment in agriculture (Winter and Quan, 1999). Yet such registration procedures often involve complicated administrative processes that are difficult for many rural people to meet, thereby increasing the likelihood that current occupants can be dispossessed by better informed and educated (often urban) people who understand how to work the system to get legal title to the land. Based on failure of early attempts to replace customary systems with modern systems of land tenure and acknowledging the dynamics of local tenure systems, it is now more widely recognized that land policies and laws must build

on local concepts and practice. This entails, among other things, legally recognizing local land rights.

Legal pluralism in land rights in itself is not necessarily a problem. More than the co-existence of different tenure systems, it is the lack of transparency in the administration of the rules, the splintering of the system of authority and the unregulated plurality of arbitration bodies that are the source of opportunistic behaviours, "forum shopping", and weak capacity to resolve conflicts.[154] For example, in Senegal, investors have obtained land through a combination of requests for land to local councils, direct negotiations with individual villages, appealing to central government (which subsequently put pressure on local councils) and rental from those holding title to land. Sixty-one percent of the large land acquisitions identified in 2010 by Faye et al. went to Senegalese nationals (mainly members of the political and religious elite), with the remaining acquisitions by foreign entities often also involving a Senegalese partner. These acquisitions were actively encouraged by central government through its programmes to expand agricultural production such as the Grande Offensive Agricole pour la Nourriture et l'Abondance (GOANA) and the biofuels programme (Faye, et al., 2011).

A number of countries in West Africa have undertaken reforms in their land laws, aimed at strengthening customary claims to land and simplifying procedures for land registration. Yet, as in so many areas, the gap between stated policy and implementation remains large, as the examples cited above for Senegal illustrates. Furthermore, even if land tenure rules are clarified and land transfers are legally permitted, problems will remain if the general atmosphere of overall contract enforcement remains weak. For example, if it becomes legal for farmer to transfer his land to an outside investor in exchange for certain considerations, such as promises of future employment, but those commitments subsequently are not met and the farmer has no way to enforce the agreement, the clarification of land tenure rules will have simply facilitated his or her loss of land.

A potential role for ECOWAS is to push for clarification of land rights by developing regional standards for the transferable rights of land rights, based in part on the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (FAO, 2012c). Similar guidelines for securing water use rights are needed, which unfortunately the Voluntary Guidelines do not address.

154 Forum shopping is the practice of approaching more than one system to resolve a land dispute.

Chapter 12

Trade Policy

Regional economic integration is the core objective of ECOWAS, as set forth in the founding ECOWAS Treaty of 1975. Achieving this integration involves removing barriers to trade among member states and developing a common set of policies and instruments to manage trade among member states and between the Community and the rest of the world. ECOWAP aims for such integration in Agriculture, with the explicit aim of reducing the region's dependence on food imports and fostering food sovereignty. Although substantial progress has been made in improving regional integration since 1975, effective implementation of agricultural trade policies remains a major challenge. This chapter reviews the experience of West Africa, starting with WAEMU and then extending to ECOWAS, in developing and implementing regional trade policies and dealing with trade-related price volatility. In so doing, the chapter analyses the role of trade policy in helping the agrifood system respond to the challenges it faces as a result of the on-going structural transformation of West African economies described in Chapter 2.

In addressing these issues, the chapter first describes ECOWAS's goal of building a West-Africa-wide customs union, which involves two elements: creation of a free-trade area within the region and developing a common external tariff (CET) for trade with countries outside of the Community. It then examines in more detail ECOWAS's agricultural trade integration agenda as well as how that agenda is shaped by ECOWAS's relationships with the World Trade Organization (WTO) and the European Union. Next, the chapter describes progress to date in implementing the various elements of the agenda and analyses remaining constraints to its full implementation. It also examines the degree of coherence between, on the one hand, the regional trade policy and other regional policies such as ECOWAP, and on the other hand, between regional and national trade policies.

One of the key issues that any trade agenda needs to address is how to deal with the price volatility that characterises many regional and international markets. The chapter addresses the measures, beyond the safeguards designed to accompany the implementation of the CET, that ECOWAS could undertake to help reduce and manage the impacts of such volatility. The discussion also examines other measures that currently are not part of the formal ECOWAS trade agenda, but which need to be dealt with if regional integration is to be fully effective. Finally, the chapter closes with some overall conclusions and a series of broader inquiries regarding the future of Agricultural trade policy in West Africa.[155]

12.1 The policy goal: building a unified West African market

The ECOWAS Treaty and ECOWAP both reflect a broad consensus among policy makers about the importance of strengthening regional integration and trade in order to take advantage of the complementarities arising from the diverse agro-ecological conditions and consumption patterns in West Africa. Stronger regional integration also allows countries to overcome the disadvantages of small and fragmented markets in order to exploit comparative advantages and economies of scale. It facilitates the management of shared natural resources, such as rivers, aquifers and pastures, building on the historically important patterns of transhumance and trade. It also is critical to

155 See Maur and Shepherd (forthcoming) for a more detailed discussion of trade integration policies of ECOWAS.

management of cross-border livestock and human diseases and promotion of technology spillovers among countries. Finally, regional integration via organizations like WAEMU and ECOWAS confers to member states, the majority of which are amongst the poorest in the world, more bargaining power in international trade negotiations.

The aim of establishing a customs union was included in the ECOWAS founding treaty. Creating a customs union includes two components: abolishing customs duties and non-tariff barriers to trade among the countries of ECOWAS, thereby creating a free-trade area; and establishing a common external tariff (CET) for trade with countries outside of ECOWAS. Following the example of West African Economic and Monetary Union (WAEMU), ECOWAS plans that its customs union will evolve into a full economic and monetary union (FAO, 2008).

Because regional trade policy affects the price of imported and locally produced goods in the region, designing trade policy involves balancing diverse interests of different groups within West Africa. Among the key balancing acts that trade policies need to address are the following:

- ECOWAS member states have different interests depending on their net trade positions, comparative advantages in producing various goods and the relative importance of specific food staples in the diets of their populations. The countries also differ with respect to how important industrialized agroprocessing is in their economies and hence the countries' interest in ensuring access to key inputs, some of which are imported. Such interests have strongly influenced, for example, the trade policies of Nigeria.

- Policy makers in each country face the "food price dilemma" of food prices representing both an incentive to increase local production and a major determinant of the real income of the poor. Trade policy, through its impact on domestic food policy, thus involves balancing the interests of poor and vulnerable population groups (net food buyers) with those of net food sellers.

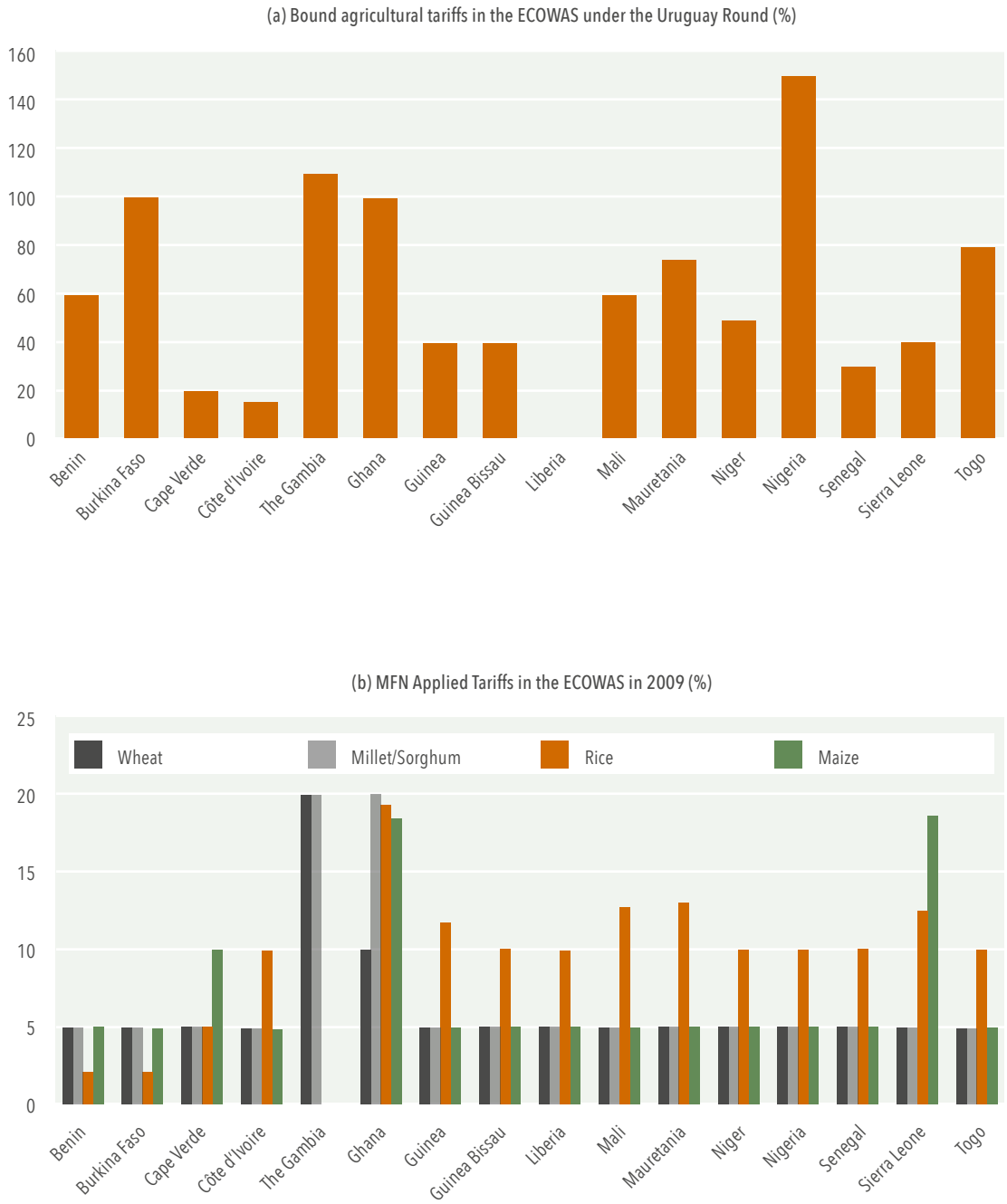
- Within a value chain, the products of each stage of the value chain are inputs and hence costs for the next stage. Decisions to protect one stage to boost domestic production increase costs for the next stage. For example, a decision to provide infant-industry protection for a domestic fertilizer industry may help that industry to grow domestically, but at the cost of denying farmers low-cost imported fertilizer, thereby slowing farm-level productivity growth. Similar arguments can be made for agro-industries that process both domestic and imported raw materials, such as sugar.

In part because of the need to balance these divergent interests, the implementation of the ECOWAS trade agenda has progressed more slowly than originally anticipated. Developing consensus on trade involves reconciling different historical positions and policies of the member states with respect to their degree of openness to international trade. The degree of openness is illustrated in the wide range of bound tariffs for cereals that the various West African states agreed to when they joined the WTO (Figure 12.1 (a)).[156] At one extreme there are countries with very low bound tariffs, such as Côte d'Ivoire (15%), Senegal (25%), Guinea, Guinea Bissau and Sierra Leone (at 40% each). At the other end of the spectrum are countries with high bound tariffs for cereals, such as Togo (80%), Ghana and Burkina Faso (100% each), The Gambia (110%) and Nigeria (150%, which extend to all commodities). These levels of bound tariffs do not correspond to the actual MFN tariffs applied by the countries of the region, the majority of which are in the 5-10% range and reach as high as 20% for a few countries and commodities (Figure 12.1(b)). However, this diversity in the initial bound tariff commitments is indicative of differences among the West African countries regarding their openness to trade and their perceptions about the capacity of their respective agricultural sectors to meet

156 All ECOWAS countries with the exception of Liberia and Cape Verde were members of the WTO from its inception in 1995. Cape Verde joined in 2008 and Liberia has been in the process of accession since December 2007. A bound tariff is the maximum tariff that a WTO member committed not to exceed on its imports from any other WTO member.Countries negotiate their bound tariff rates with other WTO members as part of the process of accession to the organization. In practice, WTO members typically apply lower tariff rates but retain the right to raise their applied rates up to their bound rates. Both bound and applied tariff rates should comply with the general WTO principle of "most-favoured-nation" (MFN), i.e. no discrimination among trading partners.

the food needs of their people. These differences were more explicitly expressed during the process of agreeing on the ECOWAS Common External Tariff (CET), discussed below.

Figure 12.1 *Bound and applied tariffs for cereals in West Africa*



Source: Konandreas, 2012a

12.2 The trade integration agenda: progress and remaining challenges

12.2.1 The ECOWAS Agricultural integration agenda[157]

Although economic integration is a central objective of ECOWAS, the Community does not have an officially endorsed trade policy document, analogous to ECOWAP for agriculture, that presents the vision, objective and tools for trade development of the region. Rather, ECOWAS's overall trade policies derive from several regulatory texts and plans that govern different aspects of trade within the Community and how the Community seeks to manage its trade with the rest of the world. The most important of these documents are the ECOWAS Trade Liberalization Scheme (ETLS), the Protocols of Free Movement of Persons and Goods, the rules governing value added tax (VAT) harmonization within the Community, the adoption of a Common External Tariff (CET) and safeguard measures for trade with the rest of the world, efforts to harmonise safety and quality standards for goods (Sanitary and Phytosanitary Standards – SPS; and Technical Barriers to Trade – TBT), and plans to create a common monetary zone for all of ECOWAS. Moreover, the relations between ECOWAS and the rest of the world are also governed by agreements its member states have with other nations via multilateral and bilateral accords. The most important of these are the WTO accords and relations with the European Union (EU) via the now-expired EU/ACP accords and their successor, the Economic Partnership Agreements (EPAs). For agriculture, these general trade protocols are supplemented with specific elements of the ECOWAP Regional Agricultural Investment Programme.

The ECOWAS Trade Liberalization Scheme. The ETLS establishes the framework for creating a free trade zone among ECOWAS member states. Adopted in 1979, it initially allowed free trade only for agricultural products and traditional handicrafts that originated in the ECOWAS countries, but between 1990 and 2000 it was broadened to include all industrial products of ECOWAS Community origin. Thus, under ETLS, all goods that originate within the ECOWAS Community are supposed to move duty-free within the region.

Protocols of Free Movement of Persons and Goods. Between 1979 and 1990, ECOWAS adopted a series of protocols that (1) allow citizens of any member state to enter the territory of any other member state for up to 90 days without a visa, (2) establish conditions under which citizens of a member state may establish residence and seek employment in any other member state, and (3) provide conditions under which any citizen of a member state can establish a business (and bring in goods and equipment for that business) in any other member state.[158] The protocols aim at providing mobility of labour and capital within the Community and provide protection for those undertaking such movements – for example, prohibiting any mass expulsions of workers from a member state, as happened to Ghanaians working in Nigeria in the early 1970s.

VAT harmonization. As part of the process of economic integration, the ECOWAS member states have agreed to harmonise their value-added tax (VAT) rates applicable to the same goods across countries. This is to avoid creating incentives to move goods from low-VAT to high-VAT countries within the free-trade zone area, thus generating trade unrelated to comparative advantage and problems of tax avoidance and tax enforcement.

SPS and TBT harmonization. In order to create a free trade zone, food safety and product quality standards need to be harmonized or at least mutually recognized across member states in order for goods to flow easily within the region. A major challenge facing West African countries is how to strike the balance between complying with international standards emanating from WTO agreements on the Application of Sanitary and Phytosanitary Measures (SPS) and Technical Barriers to Trade (TBT) needed to access international export markets and developing standards that

157 This section draws heavily on Alpha, 2012.

158 For details, see http://www.comm.ecowas.int/sec/index.php?id=publicat-1&lang=en

correspond to product characteristics valued in local and regional markets. To date, efforts in West Africa have focused mainly on harmonization aimed at meeting global standards for export markets. As part of its regional integration effort, WAEMU pioneered efforts to strengthen and harmonize SPS and TBT compliance through the West Africa Quality Programme (WAQP), initiated in 2001 and implemented by UNIDO with funding from the EU. In 2007, the programme was expanded to cover all ECOWAS countries plus Mauritania. Its objective is to "create an environment that facilitates compliance with international trade rules and technical regulations, in particular, compliance with WTO agreements on TBT and SPS, through the establishment and/or the strengthening of national and regional quality infrastructure that provides effective services in standardization, conformity assessment and accreditation that meet international standards".[159]

Adoption of the CET. In January 2006, the ECOWAS Heads of State approved the extension to all ECOWAS Member States of the WAEMU Common External Tariff (CET), with a few temporary exceptions. This CET had been in use by the WAEMU member countries since 2000. One of the motivations for adopting the CET for all of ECOWAS is that having a CET in place is a prerequisite to signing a Community-wide Economic Partnership Agreement with the EU (see below). The WAEMU CET classified all imports into one of four tariff bands, with tariffs rates ranging from 0% for the first band to 20% for the fourth band. The adoption of the WAEMU CET resulted in tariff rate reductions on many items in the non-WAEMU members of ECOWAS (for example, see the discussion of the Ghanaian poultry value chain in Chapter 10). This, in turn, led to arguments that the WAEMU CET did not provide sufficient protection to certain products. Several countries, including Nigeria, and stakeholder groups, such as ROPPA, called for the creation of a higher fifth tariff band, with Nigeria arguing that it be set at 50%. In June 2009, the ECOWAS Heads of State authorized the creation of the fifth band and set the rate at 35%. Negotiations to finalize the list of products to be included in the fifth band continued until late 2013. Pending the scheduled implementation of the restructured CET with the fifth band in 2015, the general WAEMU structure of the CET, with its four bands, remains in practice throughout ECOWAS, but individual countries sometimes impose rates on specific items that are different from those specified in the WAEMU CET. For example, Ghana taxed rice imports at the rate of 20%, while the CET rate is 10%.

Safeguard measures. At the time of the adoption of the CET, ECOWAS Heads of State also endorsed the creation of two safeguard measures. The first, the Degressive Protection Tax (DPT), aims at providing additional industry-specific protection (at a decreasing rate over time) to countries as they adapted to lower tariff rates under the CET. The second, the Safeguard Tax on Imports (STI), aims at dealing with import surges. Two additional measures were later added to the list of proposed safeguards. The ECOWAS Compensatory Levy (ECL) aims at counteracting the competitive advantages that imports gain due to agricultural subsidies in the exporting countries. The Inverse Safeguard Tax (ISF) is a proposal that would operate in the opposite direction as the STI in cases of soaring international prices or precipitous, undesirable drops of imports of critical goods. It would provide a uniform mechanism by which import duties would drop in such cases to help stabilize trade volumes (ECOWAS, 2012). These safeguard measures and their current implementation status are discussed in section 12.2.3 below.

Plans for a monetary union. The 15 ECOWAS countries have 8 different currencies, and this diversity of currencies constrains regional trade. Within ECOWAS, the eight WAEMU countries (Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo) share a common currency, the CFA franc, which has a fixed parity to the Euro, guaranteed by the French Treasury. Each of the remaining seven countries has its own currency. One of these (the Cape Verde escudo) is also pegged to the Euro and hence has a fixed exchange rate with the CFA franc. The value of the remaining six currencies relative to the Euro and the US dollar are determined through

159 *(http://qualitywestafrica.org/prototype/about-waqp/)*

auctions and administrative measures. Because of the limited convertibility of some of these currencies, trade between these countries and other countries within the region and outside of the region has been constrained, as importers and exporters have to obtain a convertible currency and pay currency conversion fees and insurance to cover exchange-rate risks. In order to address these problems and ease payments among West African countries, the six countries with currencies not linked to the Euro (The Gambia, Ghana, Guinea, Liberia, Nigeria, and Sierra Leone) created the West Africa Monetary Zone (WAMZ) in 2000. WAMZ set a target of creating a common currency, the Eco, among its member states by 2015. The aim is then to merge the WAMZ and WAEMU by 2020 and achieve a unified currency for the entire ECOWAS zone (Alpha, 2012). A unified West African currency, however, would likely not be linked directly to the Euro, and such delinking for the WAEMU countries would require substantial macroeconomic adjustments on their part.

Relationships with the World Trade Organization (WTO). Although all member states of ECOWAS except Liberia are members of the WTO, each joined and negotiated its terms of accession individually. ECOWAS as an organization is not a member, having only ad hoc observer status at meetings of the Trade and Development Committee and the SPS Committee. In order to become a member of the WTO and have authority to negotiate on behalf of its member states (as does the European Commission on behalf of the EU member states), ECOWAS would need to become a full customs union. To qualify as a customs union under WTO rules, ECOWAS would need to adopt the "Free Practice Principle" which involves import duties being collected on goods only at their first point of entry into the Union, after which point they circulate as if they had originated in the Union. Currently ECOWAS operates under the "transit regime", according to which imported goods are granted temporary suspension of duties, taxes, and commercial policies until they reach the border of the destination country, at which point they clear customs. Moving to the Free Practice Principle would require ECOWAS countries to develop a system whereby customs services at the ports of entry would collect and then transfer customs revenue to the importing country. Negotiations among member states on development of such a mechanism appear stalled (Alpha, 2012). Adoption of the Free Practice Principle would also likely reduce employment in the customs services of inland countries and would concentrate bribes at the ports of entry. The coastal countries might also be slow in remitting to the inland countries customs revenues that were levied on their behalf. All of these factors probably explain some of the resistance of member countries to the movement to the Free Practice Principle.

As discussed below, the fact that the West African countries carried out their negotiations individually with the WTO rather than as a bloc complicated subsequent intra-ECOWAS negotiations regarding the CET. WTO rules also dictated revision of the rules governing the West African countries' preferential access to EU markets under the ACP/EU accords, leading to the process of negotiating Economic Partnership Agreements (EPAs).

Trade agreements with the EU and the Negotiation of EPAs. Trade relations between ECOWAS member states and the EU are governed by several agreements: the EU's Everything but Arms (EBA) agreement, its General System of Preferences (GSP) and enhanced GSP (GSP+), and the Economic Partnership Agreements (EPAs). All of these are successors to previous agreements that granted these countries nonreciprocal preferential access to EU markets under earlier African, Caribbean and Pacific (ACP)/EU agreements, which have been phased out because they were not WTO compliant.[160] The ECOWAS Commission has received the mandate from its member states to negotiate jointly with the WAEMU Commission for a Community-wide EPA, but until a final

160 The ACP/EU accords under the Lomé Convention of 1976 granted ACP countries preferential non-reciprocal access to EU markets for a wide range of products. These accords trace their genealogy back to preferential trade agreements granted at independence that allowed the newly independent countries preferential access to the market of the former colonial power. With the formation of the EU, the preferential access was broadened to the entire EU market. But because these preferences were not open to all developing countries but only to former colonies, they were judged to be noncompliant with WTO rules and hence had to be phased out. They are being replaced by EPAs, which introduce reciprocity in the trade relations between ACP regions such as ECOWAS and the EU. The initial target date for completion of the EPAs was 2007, but agreement "in principle" on the terms of a West-Africa-wide EPA was only reached in March, 2014.

agreement is signed and ratified with the EU (see Section 12.2.4) the ECOWAS member states' trade relations with the EU are managed on a country-by-country basis.

12.2.2 Implementation progress: the free trade area

ELTS and free movement. In reality, ECOWAS is far from a free trade area. Traders frequently face a wide array of tariff, tax and non-tariff barriers to trade, and, as any West African who has travelled by public transport across borders in the region can attest, the Protocol on the Free Movement of Persons is frequently violated. It is useful to distinguish, however, among (1) official government actions that are inconsistent with regional commitments to create a free trade area, (2) rent-seeking by individuals acting outside of official government policy, and (3) structural factors that hinder regional integration.[161]

Government actions that impede the realization of a free trade area include the imposition of periodic export bans on cereals by certain member states (e.g. Mali, Burkina Faso and Nigeria) during periods of high domestic prices and the levying of taxes on products of ECOWAS origin as if they originated outside the community. The latter is related to numerous disputes between ECOWAS countries (and between WAEMU countries) regarding rules of origin, especially as they apply to processed products. For example, Côte d'Ivoire has filed a complaint with the WAEMU Commission against Senegal's decision to tax imports of refined palm oil from Côte d'Ivoire. Similarly, Malian cattle exporters frequently complain of Senegal imposing a VAT on live cattle imported from Mali, which under WAEMU and ECOWAS rules should enter VAT-free. Nigeria's frequent and unpredictable changes in its trade policies are also examples of national decisions inconsistent with ECOWAS provisions; tariff schedules and a list of import prohibitions, including from other ECOWAS countries, are periodically revised via legislation, and the Federal Ministry of Finance issues regulations and directives affecting regional and international trade. The Nigerian government offers several justifications for the import prohibition list, including the need to protect domestic industry, food safety and consumer health concerns, security issues, and limiting dumping practices. All the decisions, however, are made unilaterally, without either consultation with or prior notification to the ECOWAS Commission.

Rent seeking by individuals, such as police, customs, and gendarmerie officials who regulate transport of goods and persons within the region, as well as imports and exports, remains widespread, increasing the costs of trade and discouraging movement of goods and people within ECOWAS. Bribes are also sometimes required to obtain the certificates of origin required for goods to be traded duty-free within ECOWAS. The most common form of rent seeking is the extortion of bribes along the numerous roadblocks within the region. Figure 12.2 shows the extent of such barriers as of mid-2010, including the average time lost along each trade corridor and the average bribe paid per 100 km. Particularly noteworthy are: (1) the high number of barriers along the coastal corridor linking Abidjan and Lagos and in northern Côte d'Ivoire (which reflected the division of the country at that time), (2) the high level of bribes extorted along certain corridors in Burkina Faso, Ghana, Mali, and Senegal, and (3) the very low level of such barriers in Togo, which is the regional leader in reducing such hindrances to trade.

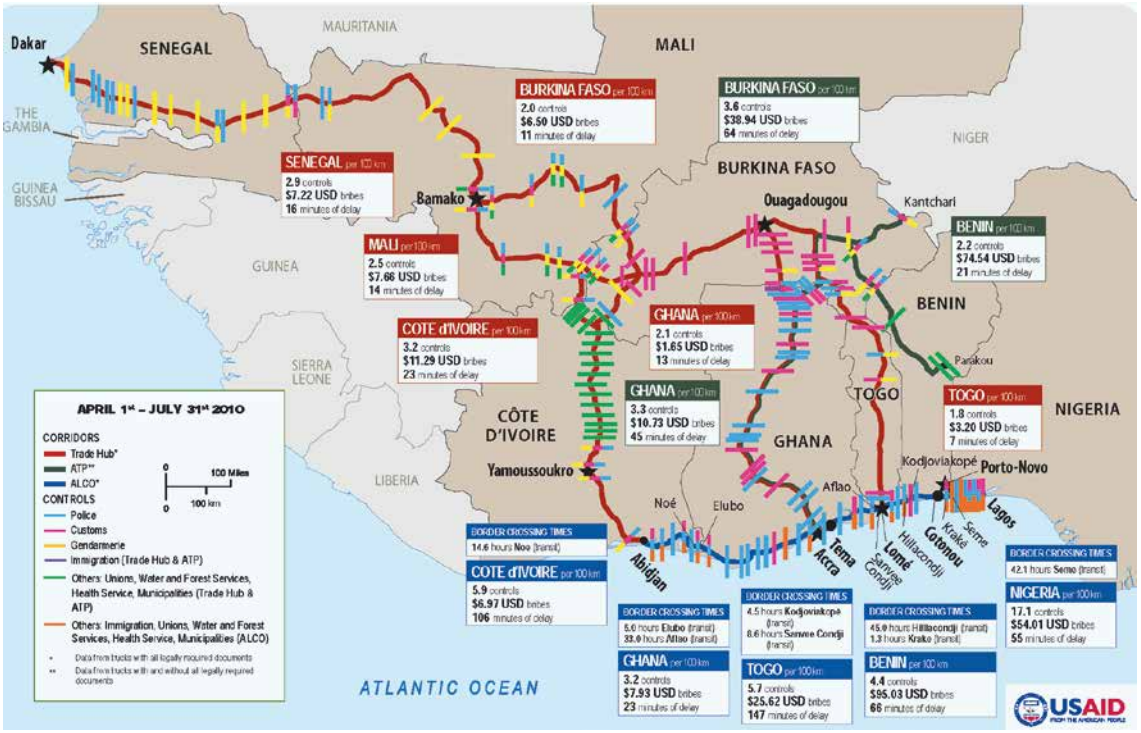
More recent reports show declines over time in the magnitude of these barriers, although the rate of decline appears to have levelled off in 2012 (Figure 12.3).[162] Mali appears consistently to be a leader in the number of road barriers per 100 km.[163] The decline over time in barriers across most countries may be due to increased efforts by organizations such as the West Africa Trade Hub to publicize the issue and provide traders and

161 Rent-seeking actions (e.g. police officers extorting bribes from truckers) are sometimes referred to in West Africa as "abnormal practices." Unfortunately, such practices are frequently the norm, and their widespread persistence suggests at least partial official approval.

162 Figure 12.2 shows the trends in the number of road stops per 100 km. The trends in average bribe paid per 100 km and time lost at such control points per 100 km show similar downward trends (USAID and UEMOA, 2012). Unfortunately, similar updated data are not available for changes along the Abidjan-Lagos corridor.

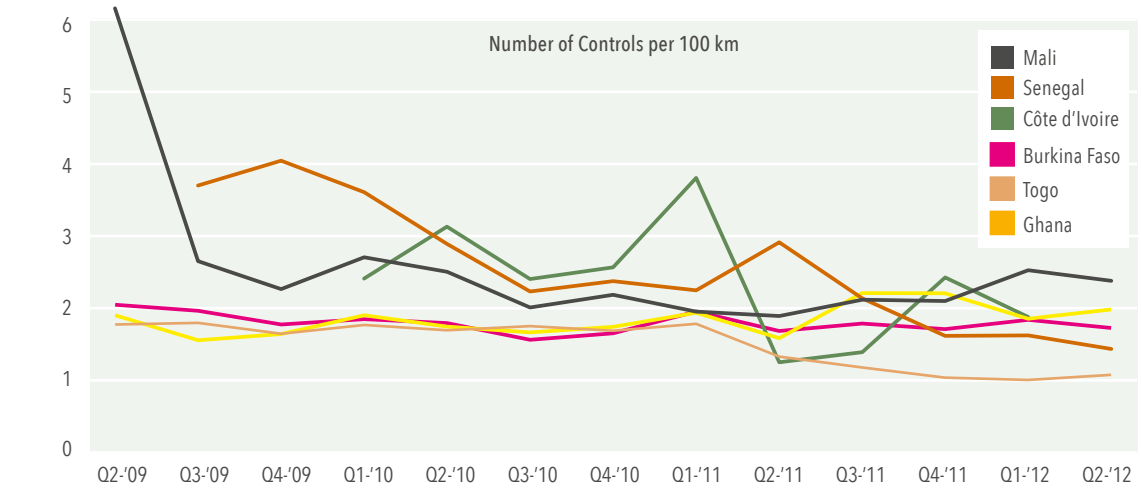
163 The high level of road barriers in Mali predates the country's security crisis that began in 2012. The number of barriers also does not appear to have increased following the March 2012 coup d'état, indicating that Mali faces a chronic rather than a transitory problem of such barriers to trade.

Figure 12.2 *Road Barriers to Trade in West Africa, April-June, 2010*



Source: USAID and ALCO, 2010.

Figure 12.3 *Change in number of Road Controls per 100 km by country, 2009–2012*



Source: USAID and UEMOA, 2012

truckers information about their legal rights and obligations under regional trade accords.[164] Togo's success reducing the number of such barriers indicates that governments can do something about this problem. The persistence of such barriers in several countries suggests that some governments are reluctant to address the problem aggressively, perhaps because such illegal payments represent an off-budget subsidy to the security forces. The

164 The decline in barriers in Senegal starting in mid-2011 also followed a border conference between Senegal and Mali, co-presided by the countries' two Prime Ministers, that focused on reducing such barriers to trade.

problem also undoubtedly persists because many customs agents and traders are not fully aware of ECOWAS and WAEMU rules regarding regional trade and traders are either unaware of complaint mechanisms available to them (e.g. via chambers of commerce) or find them ineffective (Alpha, 2012).

Structural factors. There are two key policy-related structural factors that have been particularly important in hindering regional integration: the structure of the market for trucking services and the lack of harmonization of SPS and TBT compliance measures.

The structure of the market for trucking services in West Africa results in high transport prices that hinder regional integration. While road infrastructure in certain parts of West Africa remains weak, particularly in rural areas, a 2009 World Bank analysis found that while prices per km charged by truckers in Africa are the highest in the world, the costs those truckers incurred for obtaining and operating their vehicles were not higher than those in other developing countries, such as China. Rather, the major determinants of the high prices charged were policies that resulted in a lack of competition in the trucking industry. This lack of competition was worst in Central and West Africa (Teravaninthorn and Raballand, 2009).

Among the major causes of high truck freight rates in West Africa are the following (ibid.):

- Bilateral treaties among countries that set quotas for allocation of shipments between countries and restrict shipment in third-country trucks. Typical examples are the treaties that Burkina Faso has negotiated with the major countries through which it imports most of its goods (Ghana, Côte d'Ivoire, Senegal, Togo, and Benin). These treaties allocate two-thirds of the tonnage of imports that are trucked to Burkina Faso to Burkinabé-registered truckers and one-third to truckers registered in the port country. Such quota systems obviously limit competition (excluding, for example, truckers from third countries, even if they are ECOWAS members) and create little incentive to update trucking fleets.
- Arrangements at the national level whereby allocation of freight among individual trucking firms is done via freight bureaus, usually on a first-come, first-served basis (queuing system). This system requires the trucker to be a member of a trucking association affiliated with the freight bureau. Designed in part to protect the access of small trucking firms to business, the system increases costs by creating an extra intermediary in the system (the freight bureau), thereby preventing direct contracting between truckers and those seeking to transport goods. In practice, the freight bureau sets the trucking rates, restricting price competition. The system also creates incentives for truckers to bribe bureau officials to get priority access to freight.
- In the absence of strict enforcement of axle load limits and the prevalence of small fines for violations, truckers face strong incentives to overload their trucks, which while privately profitable is socially costly, leading to premature breakdown of roads.

Differences in food safety (SPS) and product quality (TBT) standards have historically hindered integration in the region. The West Africa Quality Programme, initially implemented in WAEMU and subsequently extended to all of ECOWAS, has focused on strengthening national and regional capacities to set and enforce both health and quality standards. At the WAEMU level, over 42 regional standards (covering both agricultural and industrial products) have been adopted by the Council of Regional Organizations for Standardization, Certification and Quality Promotion for promulgation back to the national level. The WAEMU experience showed that interest of the National Standards Bodies were much more strongly oriented to developing improved standards for export markets, particularly for the EU, than for locally and regionally traded products such as gari (Alpha, 2012). Furthermore, despite significant progress by WAEMU to harmonize quality and health standards, the WTO reports that sanitary and phytosanitary (SPS) certifications are not recognized across countries in WAEMU, thus requiring re-inspection of goods crossing borders (World Trade Organization, 2012). The lack of uniform quality

standards for many agricultural products acceptable by traders throughout the region means that trade is based not so much on objective product description as on personal relationships among traders and on informal inspection of individual product lots, both of which narrow the scope for trade and competition.

One particularly thorny issue on which the region has reached no consensus is standards on genetically modified organisms (GMOs). National policies vary widely on whether GMOs are or will be allowed, but given the porous nature of borders in West Africa, it is clear that once GMOs become widely produced in one country, they will soon be present in its neighbours. Given that Nigeria and Burkina Faso have endorsed the notion of incorporating GMOs as part of their national agricultural development strategies, trade in GMO products in the region is not far off (see Focus Section C., p. 315)

VAT harmonization. In theory, developing a free-trade area requires harmonization of all forms of indirect taxation, including VATs as well as border tariffs, so that trade within the region is driven by comparative advantage and not simply differences between countries in taxation rates on goods. VAT harmonization is well advanced in the WAEMU countries, but has much farther to go in the non-WAEMU members of ECOWAS. In 1996, ECOWAS Heads of State and Government approved the ECOWAS Value Added Tax Protocol, but it was not until June 2012 – 16 years later – that The Gambia, one of two remaining member states at that time that still did not have a VAT, approved the protocol and moved to implement the tax effective at the beginning of 2013. Guinea Bissau (a WAEMU member), the other country without a VAT, was in the process of aligning its general sales tax to the structure of the VAT in the other countries (The Voice, 2012; World Trade Organization, 2012).

12.2.3 Implementation progress: the common external tariff and safeguard measures

The CET. Negotiations among ECOWAS member states about what items should be included in the fifth band of the CET, which was designated to cover "specific goods for economic development", lasted four years, from 2009 until September 2013, when the ECOWAS Council of Ministers adopted the final regulatory texts governing the tariff.[165] The revision of the CET to include a fifth band has been led by a joint ECOWAS-WAEMU technical committee. The committee established five criteria for a good to be included in the fifth band: (1) the good has a high potential for local production; (2) it is particularly vulnerable to international competition; (3) it is important for the economic diversification of West Africa; (4) its production would promote regional economic integration; and (5) a higher level of protection would be particularly helpful in promoting the private sector (ECOWAS and UEMOA, 2012b). The economic rationale for these criteria raises some questions, and the rationale depends in part on whether they are considered individually or simultaneously. For example, criteria (1) and (2) together constitute an infant-industry argument for protection. Taken alone, criterion (2) could be used to justify protection of any internationally uncompetitive industry.

There were particularly strong debates about the tariff rates for rice, sugar, and palm oil, reflecting differing views among member states and among other stakeholders regarding how to balance farmer, agroprocessor and consumer interests. Part of the political compromise was the proviso that only products previously in the fourth band could be considered for the fifth band. This proviso prevented rice, which had been in the third band of the WAEMU CET, from entering the fifth band as Ghana and Nigeria had originally sought. In December 2012, the joint ECOWAS-WAEMU technical committee recommended that raw sugar continue to fall into the third band (at 10%) and refined sugar remain in the fourth band (at 20%), but in a nod to sugar-producing countries, it also recommended that ECOWAS include sugar as one of its priority value chains in ECOWAP and that a special monitoring committee be established to evaluate the impact of the CET on the sugar industry.

165 The ECOWAS Heads of State and Government officially authorized the CET on 25 October 2013, with a scheduled implementation date of 1 January 2015 (ECOWAS, 2013a).

Table 12.1 *ECOWAS CET Tariff Bands*

Tariff Band	Definition of Goods	Level of tariff	Number of tariff lines	% of total tariff lines
1	Essential social goods	0%	85	1.4%
2	Goods of primary necessity, raw materials and specific inputs	5%	2 146	36.4%
3	Intermediate goods	10%	1 373	23.3%
4	Final consumption goods	20%	2 165	36.7%
5	Specific goods for economic development	35%	130	2.2%
Total			**5 899**	**100.0%**

Source: ECOWAS and UEMOA, 2012a

For palm oil, the committee recommended placing it along with other vegetable oils produced heavily in the region (coconut, cotton-seed, and groundnut oils) in the fifth band, while other imported vegetable oils remained in the fourth band (ECOWAS and UEMOA, 2012a).

Major features of the CET that emerged from the near-final recommendations of the joint ECOWAS-WAEMU committee in December 2012 are summarised in Tables 12.1 through 12.3. As detailed in Table 12.1, the fifth band (35% tariff) covers only a little over 2% of the total tariff lines included in the CET, with 60% of tariff lines covered in the third (10% tariff) and fourth bands (20% tariff), and 36% in the second band (5% tariff). Like most tariff schedules, the CET generally gives higher protection to semi-processed and processed products than raw materials, with the exception of a few sensitive products like meats. For example, the CET rates for unrefined vegetable oils, rice paddy, raw sugar, and milk powder are lower than those for processed products derived from them, thereby offering protection to West African agroprocessors of those imported inputs.

In creating the revised CET, ECOWAS was constrained by a condition of international trade agreements (Article XXIV of the GATT) that stipulates that the creation of a free trade zone such as ECOWAS cannot result in an increase in overall tariff protection of the zone relative to the rest of the world. Thus, even though there was strong lobbying from stakeholders to increase the number of products included in higher tariff bands during the process of negotiation, the number of proposed items in the fifth band gradually fell as did the general level of protection. In the final structure of the CET that was adopted in 2013 the trade-weighted average of all tariffs for the region as a whole is practically unchanged from the situation that prevailed prior to the adoption of this CET. For some individual countries, such as Liberia and Benin, however, the CET will result in major changes in trade-weighted levels of protection (Table 12.2). In 9 of the 15 ECOWAS countries (including Nigeria), the trade-weighted level of protection is projected to fall under the CET, while in the remaining 6 (including Ghana) it would rise.[166]

The fifth band is heavily concentrated on animal products (mainly meats), a few fresh and processed horticultural products in which ECOWAS judges West Africa to have strong development potential, processed cocoa products, key vegetable oils and products derived from them (mainly soaps), and fabrics (Table 12.3). The strong protection given to meat products, including poultry, does not extend to dairy products. While consumer-ready yoghurts fall within the fifth band, milk powder imported in bulk is taxed at 5%, suggesting that ECOWAS sees limited growth potential for milk production in the region but seeks to protect its dairy processing industry, which is based mainly on imported milk powder.

166 Note that the "pre-CET level" in Table 12.2 refers to currently applied tariffs (similar to the WAEMU CET), not the bound tariffs of the individual countries. As noted below, for some of the countries, the proposed ECOWAS CET with the fifth band exceeds their WTO bound tariff rates, which poses a potential problem for the implementation of the ECOWAS CET.

Table 12.2 *Projected trade protection changes with the adoption of the ECOWAS CET*

	Trade-weighted Protection Rate		
Country	Pre-CET (%)	Post-CET (%)	Change
Benin	15.7	18.05	2.35
Burkina Faso	11.55	10.62	-0.93
Cape Verde	13.75	13.9	0.15
Cote d'Ivoire	7.3	7.44	0.14
The Gambia	14.91	14.59	-0.32
Ghana	9.89	10.96	1.07
Guinea	12.59	10.63	-1.95
Guinea-Bissau	13.94	13.81	-0.13
Liberia	4.8	12.97	8.17
Mali	11.11	10.64	-0.47
Niger	13.01	11.25	-1.76
Nigeria	11.2	10.21	-0.99
Senegal	9.38	9.12	-0.26
Sierra Leone	12.66	10.57	-2.09
Togo	14.27	15.91	1.64
ECOWAS	**11.74**	**12.05**	**0.31**

Source: ECOWAS, 2013b

Table 12.3 *Structure of the fifth band of the ECOWAS CET*

Products	No. of Tariff lines in 5th band	% of total tariff lines in 5th band
Animal Products		53.1%
Fresh meats and meat products	50	38.5%
Processed meat products	12	9.2%
Yogurts	4	3.1%
Eggs for human consumption	3	2.3%
Vegetable Products		6.9%
Potatoes, onions, and shallots	3	2.3%
Processed potatoes	2	1.5%
Processed tomatoes and tomato products	4	3.1%
Cocoa powders and chocolate products	9	6.9%
Oils and Soaps		13.1%
Refined palm, cottonseed, coconut and groundnut oils	6	4.6%
Soaps and cleaning products	11	8.5%
Fabrics	17	13.1%
Other[a]	9	6.9%
Total	**130**	**100.0%**

Source: ECOWAS CET schedule
[a] Bottled waters, non-chocolate confections, and bakery products

Milled and parboiled rice remained in the third band, taxed at 10%, even though processed rice is not an intermediate good like other products in this band. Its placement in the third band represents a compromise between countries like Senegal and Sierra Leone, on the one hand, that are heavily dependent on rice imports and hence favoured a low tariff rate, and countries such as Ghana and Nigeria that sought a high rate in order to protect domestic production. Other unprocessed grains, such as maize, fall into the first band (5% tariff). Rice paddy, which might be considered an intermediate input into the milling industry and hence logically falling into the third band at 10%, actually stayed in the second band at 5%, perhaps as a concession to countries such as Nigeria that sought to substitute rough rice and brown rice imports for milled rice imports in order to capture the value added from milling domestically.

Shifting from its current tariff regime to the CET will affect a country's overall level of tariff protection, and hence its volume of trade, the amount of government tariff revenue, and consumer and producer welfare (due to changes in prices). The magnitude of these changes will depend on the difference in the tariff rates between the CET and each country's currently applied tariffs, the country's composition of imports, and how sensitive imports are to changes in tariff rates (as measured by the import elasticity of demand). Analysis by ECOWAS and WAEMU experts (ECOWAS, 2013b) estimated that adoption of the CET will not drastically affect government revenues are expected to in the region. Estimated tariff revenues fall slightly in Nigeria and Guinea Bissau, and increase very modestly in the other countries. Consumers benefit in countries where the trade-weighted rates of protection fall and lose where they rise, but the overall change in consumer surplus is small, given the overall small change in region-wide tariff rates.

Safeguard measures to accompany the CET.[167] The ECOWAS CET aims to establish a baseline level of protection for the Community. Given the volatility of market conditions, particularly for agricultural products, ECOWAS also proposed a complementary set of safeguard measures aimed at dealing with: (1) transitional problems that particular industries in individual countries might face as a result of adopting the CET, (2) import surges, and (3) the aim of ECOWAP to provide differentiated protection to various value chains.[168] The four measures include:

- ***The Degressive Protection Tax (DPT).*** The objective of the DPT is to offer countries that face a reduction in the level of protection for specific industries or sectors additional time to adjust their economies to the new tariff regime. The DPT provides additional protection to those industries or sectors (at a decreasing rate over time) during which time they can restructure and improve their competitiveness. Each member state is requested to develop its list of products for which it requests DPT protection; the requests will be reviewed by the ECOWAS CET management committee and recommendations made to the appropriate decision-making body of ECOWAS. The DPT is to be set as the smaller of either: (1) the difference between the former tariff rate for the good and the rate under the CET or (2) 50% ad valorem. The DPT will be progressively reduced over a period of 10 years. This DPT will likely provide higher protection than the WAEMU DPT, whose maximum rate was 20% ad valorem and which was phased out over 6 years.

- ***The Safeguard Tax on Imports (STI).*** This is a temporary surtax aimed at protecting local production from large declines in world market prices and import surges. Although authorised by ECOWAS, it is to be applied on an individual country basis. The tax would be triggered on selected items (the list of which would be published annually by ECOWAS) if either (1) the CIF price of the import fell by more than 10% relative to the previous three-year average price or (2) imports exceed 20% more than the previous three-year average. Once triggered, the

167 This section draws heavily on Konandreas, 2012a; Alpha, 2012; and ECOWAS and UEMOA, 2012b; and ECOWAS, 2012.

168 Three of these measures are similar to safeguards adopted in conjunction with the WAEMU CET, and they also mirror safeguards being discussed under the Doha round of the WTO negotiations.

surtax would equal either 100% of the decrease in the unit price or 50% of the rate of growth of imports, whichever is greater. The tax would apply to all imports of the product from outside the Community, no matter the source, for no more than one year unless the triggering conditions were again met in the subsequent year. The STI is thus seen as a short-term measure to deal with temporary import surges. It is similar in design to the Special Safeguard (SSG) of the WTO Agriculture Agreement (Article 5), but the ECOWAS STI appears, as written, to apply to all products, not just agricultural products. Another difference is that the right to use the WTO SSG was linked to the 'tariffication' process and had to be designated as such in members' schedule of commitments. Thus, as currently designed, it appears that the ECOWAS STI is not WTO-compliant (ECOWAS and UEMOA, 2012b).[169]

- ***The Inverse Safeguard Tax (ISF).*** While the STI would raise tariff levels when world prices drop precipitously or import volumes surge, the ISF is designed to address the opposite problem – a disruptive drop in imports of key goods if world prices increase rapidly or import volumes fall sharply – by spelling out the conditions under which import tariffs can be cut (and by how much) to maintain imports of key goods at a desirable level. The ISF is intended to avoid ad hoc and uncoordinated cuts in import tariffs across different member states during periods of high prices, as occurred in 2007-08. No such safeguard mechanism exists in WAEMU. Its legality at the WTO is not in question as in effect its objective is to reduce protection and boost trade and not the opposite. The ISF was just proposed in 2012, and at this stage no specific triggers have be specified (ECOWAS, 2012).

- ***The ECOWAS Compensatory Levy (ECL)*** is similar to the WTO countervailing duty and is meant to offset "unfair" competition. The ECL will be imposed on proof that subsidies of third countries are causing injuries or threats of injuries to ECOWAS producers involved in agriculture, livestock and fishing or forestry processing industries. The triggering mechanism is to be the Producer Support Estimates (PSE) published annually by the OECD.[170] An OECD-wide average PSE greater than 10% would trigger the ECL, which would vary between 10% and 30% depending on the magnitude of the PSE, and apply to all imports from non-ECOWAS countries (ECOWAS and UEMOA, 2012b). This proposed 10% trigger is very low, as average OECD-wide PSE's are currently in the range of 20%, meaning that in practice the ECL would be triggered from the start for almost all non-ECOWAS agricultural products.

The exact modalities of these safeguards, especially the trigger mechanisms, were still under discussion in late 2013. During the negotiations, different stakeholders have raised concerns about how effective such safeguards will be in protecting West African producers given the volatility in world market prices of basic foodstuffs and the perceived low level of the CET. For example, ROPPA proposed an adjustment period of more than 10 years for the DPT. For the STI, it argued to extend the application duration from the initially proposed six months to one year, reduce trigger thresholds from the originally proposed 50% to 10% for volume and from 20% to 15% for price, take account of currency appreciation in the price safeguard, and for the trigger thresholds to be set at a regional rather than country level. Finally, for the ECL, it recommended that ECOWAS conduct its own studies to identify levels of subsidies granted by exporters with a view to determining the level of the ECL (Konandreas, 2012a). As can be seen from the current status of the proposals, ROPPA, although not achieving all of its objectives, was successful in making these measures more protective of West African agriculture (see Focus Section B for further discussion of ROPPA and agricultural policy, p.311).

169 If restricted to agricultural products, the ECOWAS STI could be compatible with the Special Safeguard Mechanism (SSM) proposed for agriculture under the Doha Round of the WTO. However, this would depend on the specific trigger mechanisms adopted and its product coverage in relation to those of the SSM. Since the SSM has not yet been settled and adopted, however, the ECOWAS STI is not currently WTO-compliant.

170 The PSE measures the annual monetary value of gross transfers from consumers and taxpayers to support agricultural producers, measured at farm gate level, arising from policy measures. It is expressed as a measure of the percentage of total farm income. A PSE of 10% denotes that 10% of total farm income comes from such transfers (http://stats.oecd.org/glossary/detail.asp?ID=2150).

12.2.4 The EPAs[171]

Between 2003 and 2014, the ECOWAS Commission and the WAEMU Commission jointly negotiated with the EU for a regional EPA for West Africa (ECOWAS countries plus Mauritania). A final agreement was reached in October, 2014. The EU remains the largest trading partner of West Africa. In contrast to the previous ACP/EU agreements that allowed West African countries non-reciprocal duty-free access to the EU market, the draft EPA involves West African countries gradually opening their markets over a period of 20 years to duty-free imports of a range of European products and services in exchange for continued duty-free access to the EU. The negotiations were originally scheduled to be completed by December 2007, but this process evolved slowly for several reasons.

First, nations that the UN classifies as "least developed countries" (LDCs) already have non-reciprocal duty-free access to the EU market for almost all their goods under the EU's Everything But Arms (EBA) trade preference programme. All ECOWAS member states except Nigeria, Ghana, Côte d'Ivoire and Cape Verde are LDCs, and hence there was little urgent political pressure from stakeholder groups in the LDCs to conclude the regional EPA.

Second, in order to conclude an EPA, ECOWAS needed to have in place a CET and an agreement with the EU regarding a list of "sensitive products" that would not be subject to duty-free trade with the EU but rather be subject to the CET. Because the ECOWAS Commission was in the process of negotiating with its member states the modified structure of the CET, including the fifth band throughout much of 2013, it was not in a position until late 2013 to make a definitive offer to the EU regarding its CET.

Most fundamentally, the major sticking point was the degree to which West Africa would open its market to duty-free imports of EU goods in exchange for the EU's offer of 100% duty-free access of West African goods to the EU market. In practice, this debate involved reaching agreement on the products that ECOWAS would classify as sensitive goods, subject to the CET. In contrast to the political process used to identify products to include in the fifth band of the CET, ECOWAS used a combination of statistical analysis and wide consultation with stakeholders to come up with a list of proposed sensitive products based on a consolidation of lists developed by the member states (for details, see Alpha, 2012). The initial list implied that 65% of EU goods would enter West Africa duty free.[172] In contrast, the EU argued that an opening of no less than 80% would be required to produce a total trade-weighted level of market liberalisation of 90%, consistent with the notions of a free-trade area incorporated in the Article XXIV of the GATT, which is the international legal foundation for the free-trade areas such as the EPAs.[173]

In subsequent negotiations, the West African countries gradually expanded the degree of market opening they were willing to accept. In early 2014, the EU accepted the ECOWAS offer of a 75% opening over a period of 20 years in exchange for immediate duty-free access of 100% of West African goods and services to EU market as long as they met EU quality standards. The EU pledged to provide 6.5 billion Euros between 2015 and 2019, as part of the EPA Development Programme (EPPAED), to help West African enterprises increase their capacity to meet these standards.[174] In a concession to the EU, the West African countries agreed to extend Most Favoured Nation (MFN) status to the EU, which ECOWAS had previously resisted, as it felt that doing

171 This section draws heavily on Alpha, 2012; Bovier, 2014; ECOWAS, 2014a; ECOWAS, 2014b; and Financial Afrik, 2014

172 The percentages in this sentence refer to the number of tariff lines (individual goods), not the trade-weighted volume of imports from the EU.

173 Article XXIV states that free trade areas must, with few exceptions, eliminate "duties and other restrictive regulations of commerce… on substantially all the trade between the constituent territories in products originating in such territories." It does not, however, explicitly define the term "substantially all", so the disagreement between the EU and ECOWAS over the openness of West Africa to duty-free EU imports in part involves a disagreement over the interpretation of this term.

174 Besides its specific measures aimed at helping countries adjust to the EPA (e.g. tax reforms and compensation of fiscal losses), the EPADP (PAPED in French) programme is basically an aid for trade program. Its five strategic foci are: (1) diversification and growth of production capacities; (2) developing intra-regional trade and facilitating access to international markets; (3) improving and strengthening trade-related infrastructures; (4) implementing necessary adjustments and integrating other trade-related needs; and (5) EPA implementation and monitoring-assessment. The PAPED emphasizes three main value chains: food supply; cotton and textiles/clothing; and tourism. It also covers fields such as sanitary and phytosanitary measures, standards, trade facilitation, competitive production, and EU-West Africa value chains (Agritrade, 2010, 2011).

so would reduce the region's capacity to diversify its trading partners.[175]

ECOWAS and the EU signed the final version of the EPA in October, 2014. How this agreement will affect West African Agriculture will depend, among other things, on: (i) how well West African products will be able to meet EU quality standards; (ii) whether EU Agricultural products that benefit from production subsidies will be allowed duty-free access to the West African market; and (iii) the cost structure of West African agroprocessors compared to their EU counterparts.

In addition, concerns among the West African countries about the impact of adopting the EPA revolve around two issues: how the tax exoneration for EU goods will affect government revenues (as most West African governments rely substantially on tariff revenues) and whether key sectors and industries in West Africa will be able to compete with European imports. Estimates of these impacts vary substantially (Box 12.1).

While the EU-ECOWAS negotiations dragged on for a West-Africa-wide EPA between 2003 and 2014, the non-reciprocal duty-free access to EU markets granted to these countries individually under the EU/ACP Cotonou agreement came to an end in December 2007. As mentioned earlier, this posed a problem only for the four non-LDC ECOWAS countries – Cape Verde, Côte d'Ivoire, Ghana and Nigeria – as the LDCs continued to have non-reciprocal access under the Everything But Arms programme. Ghana and Côte d'Ivoire therefore negotiated interim EPAs individually with the EU, which actually started to open their markets more broadly to EU imports than under the ECOWAS proposal to the EU. Both of the interim EPAs include clauses stating that the agreements will become void if and when a West-Africa-wide EPA comes into effect. Nigeria resisted the pressure to open its market more widely to EU imports, and hence its unrestricted duty-free access to the EU market lapsed at the end of 2007. The country still had duty-free access for many of its products into the EU market under the EU's GSP, but it now faced tariffs on some of its processed products, such as semi-finished cocoa products, which are now taxed at rates of between 2.8% and 6.1% depending on the product (Traoré, 2009). Cape Verde benefitted from a three-year transition period of continued duty-free access due to its characteristics as a small and vulnerable island economy. In December 2011, Cape Verde was granted enhanced GSP access to the EU market under its GSP+ programme, which provides duty-free access to 66% of all tariff lines in the EU.[176]

175 MFN status for the EU obliges ECOWAS to extend to the EU the same trade preferences that ECOWAS extends to any other trading partner.

12.2.5 Potential implementation constraints

Implementing the ECOWAS trade agenda for Agriculture faces a number of potential hurdles.

The CET and WTO. As mentioned earlier, the member states of ECOWAS vary widely in the level of the bound tariffs they negotiated during their processes of accession to the WTO. Adopting the CET, eight member states that negotiated relatively low bound tariffs (Burkina Faso, Cape Verde, Côte d'Ivoire, Guinea, Mali, Niger and Senegal) are in violation of the WTO accords, as the CET (particularly the fifth band) exceeds their bound tariffs by a significant amount. In contrast, countries such as Ghana and Nigeria, which negotiated high bound tariffs, face no problem. Because ECOWAS is not a member of the WTO, it cannot carry out a blanket negotiation of the bound tariff rates with the WTO on behalf of its members. Each member state in potential violation of its WTO agreement will need to do so individually, although the ECOWAS and WAEMU commissions have recognised that they need to create a platform to provide support to their members in preparing and renegotiating their agreements (ECOWAS and UEMOA, 2012a).[177]

Implementation of safeguard measures. The proposed ECOWAS safeguard measures with seemingly automatic triggering mechanisms, in some cases (as with the ECL) based on indicators calculated by

176 The GSP+ status is granted to developing countries that implement core human rights, labour rights, and sustainable development conventions. As of February 2012, 16 countries qualified for this status. (http://www.mkma.org/Notice%20Board/2012/NewGSPHighlights.pdf)

177 Such renegotiation has precedent. In 2008 Gabon had to renegotiate its bound tariff for industrial products when the common external tariff of the Central African Economic and Monetary Union went into effect (Diouf, 2012).

Box 12.1 Studies of the impact of an EU-ECOWAS EPA on West African agriculture and agro-industry

Many EPA impact studies have been carried out since the beginning of the EU-ECOWAS EPA negotiations. Most of them focus on fiscal impact, while few analyse potential economic impacts, especially on the agricultural sector. Most of the studies agree that it is very likely that imports into West Africa from the EU would increase and that some African producers would be harmed as a result of the removal of tariffs on EU imports (Busse and Grossman, 2004; PwC, 2005). Recommendations about sensitive products to be excluded from the trade liberalization are also often similar: livestock, meat, wheat flour, milk products, onions, potatoes and rice are some of the most frequently mentioned products (Faivre-Dupaigre et al., 2004; Blein et al., 2004; PwC, 2005).

One study funded by the EU (PwC, 2005) focuses specifically on West African agro-industry. Completed in 2004/05 before ECOWAS submitted its proposed list of sensitive products, the study shows that lower tariffs on potatoes, onions, poultry, prepared tomatoes, and used clothing could cause serious injury to domestic production and the well-being of producers, depress local industry and discourage the development of processing capacity. The study thus recommended putting these products on the list of sensitive products and considering taking other protection measures (e.g., increasing the CET or imposing quantitative restrictions) for prepared tomatoes and poultry.

A recent study using a Computable General Equilibrium (CGE) model (CRES, 2011) found that no more than 65% of trade liberalization (the initial ECOWAS market access offer) should be applied to ensure overall positive impacts for the region. Even if the region as a whole would benefit, there were strong distributional issues: the study estimated that Côte d'Ivoire, Ghana, Benin and Niger would gain from the EPA whereas as Nigeria and Senegal would lose. However, the issue of EPA impacts is controversial. Prior to the completion of the ECOWAS market access offer, other studies using the same kind of CGE model (Fontagné et al., 2008) were very optimistic about impacts of 80% openness of the ECOWAS market to EU imports. The final impact strongly depends on the importance of tariffs in government revenue, on potential compensatory effects, and fiscal reforms.

Various safeguards measures are envisaged in the negotiation for a regional EPA and are included in the interim EPAs that Ghana and Côte d'Ivoire have negotiated with the EU (Alpha et al., 2011). Among them is a "food security clause". It stipulates that if the agreement leads to problems of availability or access to food and then causes or risks to cause serious difficulties, Ghana and Côte d'Ivoire could take appropriate (but unspecified) measures.

Source: Alpha, 2012

international organizations, could reduce the scope for arbitrary national-level decisions to invoke the safeguards in an ad hoc fashion. This transparency could provide the private sector clearer expectations about when government actions to intervene in trade will take place. Yet implementing the safeguard mechanisms will be demanding in terms of import prices and volumes that need to be monitored and institutional decision-making that needs to be rapid if the safeguards are to be effective. Experience with the WAEMU safeguards showed that they were often slow to respond (ECOWAS Commission, 2012a). Furthermore, while the CET is to be applied regionally, the safeguard measures are to be triggered by conditions facing individual countries (e.g. fluctuations in their exchange rates), which could create different levels of protection among member states and thereby induce smuggling.

Implementing the Free Practice Principle. As mentioned earlier, creating a full customs union will require a system whereby customs duties are collected only at the first point of entry into the union. Achieving this goal will require addressing the thorny issues of creating a structure to share customs revenues among the countries and aligning the incentives of the members of the national customs staffs to go along with such a departure from current practice.

12.3 Improving policy coherence

12.3.1 Coherence between ECOWAS trade policy and ECOWAP

The objectives of ECOWAP and the ECOWAS trade agenda are broadly coherent, and the process of realigning the CET with the creation of the fifth band has made them more so. The WAEMU CET classified goods into four broad tariff bands, while ECOWAP called for differential protection of specific value chains based on their specific needs. The creation of the fifth band and the Degressive Protection Tax were both moves in the direction of more differential protection. The tariff escalation in the CET is also consistent with ECOWAP's goal of promoting greater processing of agricultural products within the region.

The fact that the ECOWAP Mobilizing Programmes were developed before the CET negotiations were completed offered greater scope to ensure policy coherence. Nonetheless, while some of the priority value chains identified in Mobilizing Programme no. 2 (mainly meat products) were included in the fifth band, many of the others (such as rice, cassava, and maize) were not. In part, this exclusion might reflect the limited involvement of the ECOWAS Department of Agriculture, the Environment and Water Resources in the CET negotiations due to staff constraints, but it more likely reflected concerns about the humanitarian and political dangers of rising staple food prices in many of these countries. The definition of the CET may also have future implications for the designation of priority products for ECOWAP – as indicated by the recommendation of the joint ECOWAS-WAEMU CET committee that sugar (debate about which was very contentious during the fifth band discussions) be included as a priority commodity for ECOWAP.

12.3.2 Coherence between regional and national trade policies

A larger challenge is to promote coherence between national and regional trade orientations within ECOWAS given the diverse economies and policy orientations that the member states have historically followed. A brief overview of these orientations for a few countries in the region illustrates some of the challenges.[178]

Nigeria. Nigeria is the giant economy of the region with an agro-industrial sector more developed than most of the other countries of the region. Given the size of Nigeria's market, how well the country aligns its trade policies with those of ECOWAS will play a decisive role in determining the success of the regional trade policies. Prior to the mid-1980s Nigeria's trade policy was highly protectionist. Agricultural products, in particular grains and oils, were subject to high customs duties, between 50% and 100%, and Nigeria imposed quantitative import restrictions on hundreds of agricultural products and banned exports of nearly all foodstuffs. Frequent changes in trade policies by Nigeria posed major challenges for those seeking to trade with the country.

Nigeria's trade regime has dramatically changed over the last three decades. The government amended its trade regime to lower tariffs for a wide range of goods and to replace a number of import bans by tariffs. Nigeria began to liberalize its trade regime when it implemented its structural adjustment programme in 1986, and the present trade policy seeks to achieve more systematic application of the official tariffs. Today, the move to regional integration is gradually modifying Nigeria's trade policy regarding Agricultural products. The number of prohibited imports has substantially declined.

178 For more details, see Alpha, 2012.

Nonetheless, Nigeria still maintains a list of Agricultural products for which imports and/or exports are banned. The WAEMU Commission has complained about how the import ban disrupts regional trade, and Nigerian trade negotiators have said that the problem will be addressed once the ECOWAS CET is implemented (ECOWAS and UEMOA, 2012a). Nonetheless, a total ban on maize imports is included as a "favourable support policy" in Nigeria's 2011 Agricultural Transformation Agenda (Nigeria Federal Ministry of Agriculture and Rural Development, 2011). In addition, as the country with the most industrial-scale agroprocessing in West Africa, Nigeria has lobbied for low tariff rates on imports of raw agricultural products such as rice paddy and raw sugar, which Nigerian processing plants need to increase their low levels of capacity utilization. Such low levels of protection of extra-African imports create increased competition with other countries in the region that could produce such goods.

Ghana. Ghana has had a fairly liberal trade orientation policy since the early 1990s. However, the issue of the role and level of tariff protection in maintaining or raising the level of food self-sufficiency is a frequent debate in Ghana. The debate is especially intense regarding products such as rice, poultry, sugar and tomato paste, where the country has significant investments in production and processing but faces strong international competition. For example, Ghana imposes an import tariff of 20% on rice, as opposed to the 10% rate included in both the WAEMU and ECOWAS CET. Nonetheless, in comparison to many of the countries in ECOWAS that put a strong emphasis on import-substitution of food crops in the name of food sovereignty, Ghana has a fairly balanced policy regarding promotion of food crops and export crops. As a major agroprocessor, it has also pushed for tariff escalation to promote more in-country processing, particularly of cocoa products. For domestic food products, Ghana, consistent with ECOWAP, has pushed selective protection of strategic products and safeguards against import surges.

Mali. Mali began liberalizing its trade regime in 1986, with reforms including the removal of trade quotas and the lowering of import tariffs, while at the same time liberalising domestic trade in cereals and simplifying export procedures for livestock. Regional integration is critical to Mali as a land-locked nation requiring secure and dependable access to ports and to quality port services in neighbouring countries. Mali has comparative advantages in cotton, livestock and meat products, animal and vegetable oils, and hides and leather products. Due to the irrigation potential of the Niger River, other commodities such as cereals (particularly rice), sugar, and an array of fruit and vegetables are promising, particularly for export to the West Africa regional market. The country's ambition, as stated in its NAIP, is to become an agricultural powerhouse in West Africa, exporting staples and livestock products throughout the region. Yet as a poor country bordered by some richer neighbours, Mali feels the food price dilemma acutely. Many policy makers appear to fear that unfettered regional trade will result in Mali's richer neighbours outbidding Mali's low-income population for key commodities, leading to food shortages and soaring domestic food crises. Since 2005, the country has therefore imposed periodic export bans on cereals during periods of high regional and world prices, in contravention of the ECOWAS Trade Liberalization Scheme. Given the inclusion of most meat products in the fifth band of the ECOWAS CET, which will serve to raise their prices in the region, a similar food price dilemma with respect to livestock exports from Mali may also arise. Part of the motivation for including a Mobilizing Programme in ECOWAP aimed at developing alternative approaches to social safety nets was to address this type of food price dilemma in poorer countries like Mali and Burkina Faso (which faces some of the same pressures as Mali) in order to create alternatives to such trade bans that work against regional integration.

Senegal. The French colonial trade policy for Senegal focused on promoting groundnut exports to France while helping meet staple food needs through imports of inexpensive broken rice from French Indochina. Some of that heritage still remains, as the country is still highly dependent on imports of broken rice from Asia, although groundnut exports have fallen in importance. As discussed in Chapter 11, Senegal's Loi

d'Orientation Agro-Sylvo-Pastorale establishes food sovereignty as key goal along with promotion of export crops. The Grand Agricultural Offensive for Food and Abundance (GOANA), launched in 2008, had a strong import-substitution orientation and set extremely ambitious goals for increasing national self-sufficiency in a wide range of products, including rice, horticultural products, and livestock. As the state pulled back from direct involvement in marketing of agricultural products during the 1990s and early 2000s, it promoted the creation of interprofessional organizations to help regulate markets, including the imposition of import bans during certain periods of the year (e.g. for onions) to protect domestic production (Duteurtre and Dieye, 2008). In addition, Senegal, as one of the more industrialized countries in ECOWAS, has sought to protect local agroprocessing by imposing higher levels of protection on certain products (e.g. wheat flour, tomato concentrate, condensed milk, fruit juices, sugar and cigarettes) than called for in the WAEMU CET. It has also protected its poultry sector by banning all imports based on SPS considerations.[179]

Despite its increasing orientation toward protection of its agricultural sector, given the continued heavy reliance of the country on rice imports, Senegal was opposed to moving rice into the fifth band of the ECOWAS CET and argued in favour of the ISF that allows suspension of import duties during periods of high international prices.

This brief overview of a few countries' trade orientations illustrates that although all national agricultural trade policy documents in ECOWAS recognise the critical role of regional trade and call for an effective implementation of free trade within the region, trade practices and national interests differ based on the structures of the different national economies, the political power of national stakeholder groups and the history of trade and agricultural policies. While ECOWAP calls for food sovereignty at a regional level, many of the national policies seem to frame the goal at a national level and therefore sometimes erect barriers to regional trade. This was seen clearly during the 2008 food crisis when several countries in the region imposed export restrictions. Thus, the ECOWAS trade policies will likely be implemented by the member states when it fits their individual interests. The challenge for regional policy makers will be to try to increase the correspondence between the regional and national interests, including developing compensatory measures for those countries adversely affected by regional decisions.

179 The ban, putatively in place to protect Senegal from avian influenza, extends even to imports from countries that have never had an avian influenza outbreak.

12.4 Dealing with price volatility

A key part of trade policy is developing tools to deal with price volatility – the unexpected, large upward or downward movements of prices (see Focus Section A, p.118). Inherently, broadening the scope for trade helps reduce the volatility experienced at the local level, as supply fluctuations at the local level can be offset by imports and exports. The safeguard measures discussed above are designed to help deal with price volatility emanating from international markets. Similar measures have also been proposed under the Doha round of the WTO. The measures aimed at creating the ECOWAS free-trade zone, such as harmonization of quality standards and related processes, and the prohibition of trade bans within the zone, all aim at reducing price volatility by broadening the scope of the market, which allows supply-demand imbalances in one area to be counterbalanced through regional trade flows.

In addition to these measures, the ECOWAS RAIP proposes several elements aimed at mitigating price volatility in the region and dealing with its consequences. These include the following (ECOWAS Commission, 2012a; ECOWAS Commission et al., 2012):

Promotion of expansion of private storage. The team that designed ECOWAP's Mobilizing Programme that focuses on market regulation rejected the idea of creating a regional buffer stock to reduce price volatility, judging that the volumes of product needed for such a reserve to influence prices was beyond the financial and managerial capacity of the programme. Rather, the focus is on promoting regional storage and promoting trade

credit and warehouse receipt systems to reduce the pressure on farmers to sell immediately after harvest, which accentuates seasonal price variation. Specific proposals include facilitating funding for storage facilities; support for storage, marketing credit and collective marketing by farmer organizations; and promotion of warrantage (warehouse receipt systems) through contracting with private sector warehouse operators in cross-border production areas in order to provide expanded storage services for traders interested in engaging in regional trade.

Actions aimed at making regional trade more fluid.

These include:

- Working with the ECOWAS Inter-Departmental Committee for Agriculture and Food to put pressure on national governments to promote free trade of agricultural products within the region by, inter alia, reducing illegal barriers to trade.

- The strengthening of agricultural market information systems by reinforcing national systems and linking them with the proposed ECOWAS information system ECOAGRIS. This action needs to include an effective trade surveillance system at the regional level in order to provide not only market information but also give an early warning of impending problems that could require special actions such as the triggering of safeguard mechanisms.

- The promotion of interprofessional organizations for sub-regional value chains that would help ensure orderly regional trade flows by promoting uniformity of quality standards, pressuring governments to suppress illegal activities hindering trade flows, and addressing value-chain wide barriers to improved market performance.

By making regional trade more reliable, such measures would also open up opportunities for investors to exploit regional economies of scale in agricultural production, storage, processing and distribution, as well as risk-management possibilities, thereby creating incentives for increased investment. This would not only increase aggregate regional food output but also result in a broadened and diversified food commodity basket, which is also an effective defence against price volatility.[180]

Promoting the establishment of a regional commodity exchange for food products in partnership with WAEMU. The idea behind this proposal is that the creation of a regional agricultural exchange, similar to SAFEX in South Africa, would create a transparent venue for price formation. The exchange price could then serve as an important piece of information that actors throughout West Africa could use in negotiating prices for their local transactions. The hope is that eventually the exchange could trade not only on a cash basis but also offer futures contracts, giving agroprocessors and eventually producer organizations an additional tool to manage price risk. The development of such an exchange is by its nature a medium- to long-term initiative. For prices on the exchange to be useful for actors throughout the region in setting their own prices, transport costs between the location of the exchange and other points in the region need to be fairly stable and predictable, which implies that trade flows need to be fluid (e.g. no unexpected roadblocks). A condition for a futures market to function well is that there also be well-functioning cash markets for the commodity in question, so moving forward with the free-trade-area agenda of ECOWAS appears to be a precondition for the regional exchange to succeed.

Creating a regional food security reserve aimed at providing targeted food aid to vulnerable segments of the population under direct distribution schemes or, occasionally, augmenting domestic food supplies during periods of domestic food shortages due to production shortfalls or import difficulties. The primary aim of such a reserve is not to try to reduce price volatility through buffer-stock operations but rather help mitigate the consequences of such volatility on particularly vulnerable populations. The constitution of such regional reserves typically

180 When food consumption patterns become more diversified, markets become more interlinked and stable than in cases where one commodity dominates food consumption patterns (Jayne, et al., 2009).

entails the earmarking of a certain percentage of each member country's[181] national reserve into the regional food reserve (see Focus Section A).

The ECOWAP plan calls for holding one third of the reserve as a physical stock and two-thirds as a financial reserve, mutualization of at least 5% of the national food reserve stocks through the RESOGEST[182] network of agencies managing national food reserves in several Sahelian and West African countries, as well as support to member states to establish or strengthen policies on national food security stocks. The system would also incorporate a G20 initiative for testing a pilot programme of small targeted humanitarian food reserves in the region. The food security reserve would help provide supplies to targeted safety net programmes in the region (ECOWAS Commission, et al., 2011).

Efficient and accountable distribution and management systems are an essential prerequisite for well-functioning food reserve systems. In this regard, it will be paramount to capitalize on lessons learned from existing national and regional food reserve systems in Africa and Asia. Sound principles from such well-functioning reserves include: limited size; clearly defined objectives; strong national or regional ownership; and a streamlined, accountable governance structure, including outside parties. Badly managed, reserve stocks can be highly disruptive of the market and crowd out private stockholding, leading to little or no net gain in inventories in the marketing system.

Strengthening social safety net systems. One of the three Mobilizing Programmes of the RAIP focuses on helping ECOWAS member states develop social safety nets that help mitigate the adverse effects of price volatility and other exogenous shocks on vulnerable populations. The programme also aims at helping ECOWAS develop, based on experience from around the world, standards for the design of such programmes (ECOWAS Commission, 2012b). If such efforts are successful, not only would they help protect the most vulnerable populations from the effects of extreme price volatility, they would also give member states another tool to help address, at least partially, the food price dilemma. Given the large number of net food buyers in most countries, however, it is probably not financially feasible to protect all of the politically vocal urban consumer groups from higher prices. Thus, while the safety nets may partially reduce political pressures on food-exporting countries in the region to impose export bans during periods of high food prices, they will not eliminate such pressures. Nonetheless, it is clear that the social safety net agenda cannot be divorced from the regional trade agenda.

Raising the profile of ECOWAS at the WTO negotiations. Because ECOWAS is not a member of the WTO, it cannot directly participate (other than as an observer) in WTO negotiations. ECOWAS could, however, consult more systematically with its member states to work out a common position on key issues of interest to the entire Community, which the countries would then use to defend their common interests in the negotiations. The ECOWAP Mobilizing Programme on market regulation proposes such an approach, with focus on issues particularly important to the region such as the designation of Special Products that would be exempted from tariff-reduction commitments and the design of the Special Safeguard Mechanism proposed under the Doha round negotiations on the Agreement on Agriculture. The broad criteria for designating the Special Products are food security, livelihood security and rural development. For a customs union with a CET, this list of Special Products would need to be uniform, and presumably ECOWAS would want a close correspondence between this list and the set of products that the ECOWAP Mobilizing Programmes have identified as "strategic products for food sovereignty and food security." Similarly, ECOWAS has an interest in ensuring that its safeguard mechanisms are compatible with the SSM to be adopted under the WTO.

It would be very much in ECOWAS's favour to become a full member of the WTO, which would require, as mentioned earlier, implementing the Free Practice Principle and receiving the mandate

181 The following countries are included: Benin, Burkina Faso, Cape Verde, Chad, the Gambia, Guinea-Bissau, Mali, Mauritania, Niger and Senegal.

182 *Réseau des Structures Publiques en charge de la Gestion des Stocks nationaux de sécurité alimentaire au Sahel et en Afrique de l'Ouest*

from its member states. Once a full member, ECOWAS could negotiate on behalf of all of its member states. Being a full member would be particularly helpful in renegotiation of bound tariff rates for the entire Community in the context of the CET. In so doing, ECOWAS will need to ensure some degree of flexibility in border protection by ensuring a certain margin between its negotiated bound rates and the CET rates to cushion against possible extended periods of depressed international prices.

12.5 Additional areas to address

Two additional issues need more attention in order to promote greater regional Agricultural integration, although both are thorny politically. The first is liberalization of the market for trucking services in the region, including allowing truckers from any ECOWAS member state to compete for freight throughout the region. Such action would introduce greater competition in the system and incentives for upgrading trucking fleets. This is particularly important in West Africa where most areas have no access to alternative transport systems, such as barges or railroad.

The second issue is the need for West African Monetary Zone (WAMZ) to make significant progress towards becoming a monetary union or at least linking currency variations among its members within a certain band. Movement to create an ECOWAS-wide monetary zone requires that the WAMZ, comprised of the non-WAEMU states, first harmonize their exchange-rate policies and move to create a common currency. WAMZ, however, has made little practical progress in implanting its plans to create a common currency by 2015 because its member states have not passed enabling legislation required to implement WAMZ decisions or to meet the convergence criteria established as a prerequisite for the monetary union. Consequently, the credibility of WAMZ is being drawn into question. In addition, a major constraint for WAMZ countries is the lack of a functioning official cross-border payments system and no direct link to the WAEMU payments system. Both traditional and parallel systems continue to operate; for small payments in cross-border trade and between individuals, cash is still extensively used. Traders often have to resort to carrying huge sums of cash in US dollars or Euros, at great risk, in order to effect payment for goods and services in countries where they do business (Alpha, 2012). It is hard to see how a common market in West Africa can be effective without at least some degree of coordination of exchange rates in the region. Part of the effectiveness of WAEMU to date has been due to its common currency, although by having that currency tied to the Euro, it has had to face the danger of periodic currency overvaluation. WAEMU, because of the common colonial heritage of most of its members, had the unusual experience of first being a monetary union before it became a free trade area. It appears much more difficult politically to go the other way – from free trade area to monetary union.

On the international front, there are a number of other issues that would need to be addressed in different fora where ECOWAS has an interest in coordinating among its member states to promote a common position. Among these are the following (for details, see Konandreas, 2012b):

- ***Strengthening WTO disciplines on export prohibitions and restrictions.*** Export prohibitions and restrictions at the global level render world markets thinner and less reliable (as evidenced by the 2008 food crisis). Unlike the specific WTO rules and binding commitments applicable to importing countries, disciplines on exports are weak and have proven generally ineffective. A measure that deserves immediate attention is to restrain the use of export prohibitions and restrictions on food purchases by the WFP for non-commercial humanitarian purposes (FAO, 2009).

- ***Combatting price troughs*** through pushing for continued reduction in distorting domestic support of agriculture in industrialized countries (as was called for in the Doha Round of the WTO negotiations), eliminating export subsidies and disciplining related instruments (such as export credits).

- ***Rationalizing food assistance instruments***. Despite recent reforms, international food aid still remains highly variable and an uncertain resource, with commodity prices, stock levels and shipping costs playing a key role in determining its availability. Given that in years of very low international prices food aid might function as a hidden export subsidy and that it becomes much less available during periods of high prices, it would make good sense to earmark the use of this resource to emergency operations and for nutritional support to vulnerable populations.

- ***Implementing the Marrakesh Decision[183] to provide more effective international financing facilities*** that could help developing countries ensure their ability to import food during periods of high world prices. Some ideas for developing a more effective instrument to assist countries facing difficulties in financing basic foodstuffs were elaborated by FAO and UNCTAD, leading to a proposal for the creation of a Food Import Financing Facility, or FIFF (FAO, 2003). The FIFF was supposed to be a market-based instrument to provide credit guarantees to importing agents/traders of LDCs and net food-importing developing countries to meet the cost of excess food import bills. The rationale for this proposal remains valid, and this is an issue that ECOWAS countries could support.

- ***Rationalizing biofuel policy*** by abandoning inflexible mandates on biofuel use, which have contributed to global price volatility by making international demand for foodstocks such as maize increasingly inelastic.

12.6 Conclusions and remaining questions about the future of regional trade policies

West Africa, through the efforts of WAEMU and ECOWAS, has made considerable progress over the past 30 years towards developing a more integrated regional market for Agricultural products and a more common trade interface with the rest of the world. Yet progress has been slower than planned, and a full West African customs union is still not a reality. ECOWAS members signed the agreement to create a CET in 1996, with plans for it to be fully implemented by 2004. It is now scheduled to go into force in 2015. The slow implementation reflects the reality that the member states and stakeholders within them have divergent interests, so reaching a consensus on issues like the structure of the CET is difficult, and implementation of agreements such as those aimed at creating a free-trade zone are frequently resisted. This implies that design of the trade policy needs to pay particular attention to the structure of incentives and disincentives facing member states and various stakeholders to implement common approaches.

Two broad questions arise with respect to the ECOWAS/ECOWAP trade policies. First, what are the limits of the strategy of differentiated protection of West African Agriculture embodied in this set of trade policies? Second, how implementable are these policies?

Regarding the limits of the approach, one can pose a number of specific questions:

- ***In an environment of high international prices for many agricultural products, how much protection does West African agriculture need?*** What should be the balance between general protection offered by the CET and safeguard measures to protect against occasional import surges?

- ***What weight should concerns about dumping play in shaping the CET?*** One implicit justification for the fifth band was a concern about dumping by OECD countries, which could sell at low prices due to subsidies they provide to their producers. Yet for some commodities, such as poultry, international markets are increasingly dominated by exports from emerging economies, such as Brazil, whose ability to undersell West African producers derives not from subsidies but from their efficient,

183 Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least- Developed and Net Food-Importing Developing Countries <http://www.wto.org/english/docs_e/legal_e/35- dag_e.htm>

large-scale production systems and their ability to segment their sales between high-income markets in the North and lower-income markets in Africa. In addition, would the inclusion of the ECOWAS Compensatory Levy as a safeguard measure address the dumping issue effectively and how does that relates to the "dumping justification" for the CET fifth band?

- ***How sustainable politically will a policy of agricultural protection be in the future?*** Already, tensions over this issue were evident in the differing positions of ECOWAS member states about which products to include in the fifth band. In a situation in which a large part of the population spends a high proportion of its income on food, an agricultural development strategy based on raising agricultural prices (rather than lowering unit costs of production throughout the food system) is likely to be difficult to maintain politically. The fifth band provides particular protection to meat products for which demand is likely to grow very rapidly in the future (see Part II). While the fifth band is designed to help ensure that West African producers capture a large portion of that growing demand, if West African supply does not respond strongly to the increased prices, frustrated consumers will likely voice their displeasure over restricted supplies and higher prices.

- ***How can West African production compete with imports for agroprocessors business?*** As the analysis in Part III showed, one of the major factors driving agroprocessors in the region to turn to foreign suppliers is not necessarily their lower prices but rather their ability to ensure consistent supplies of reliable quality. A common external tariff does nothing to address this problem. Thus, tariff protection needs to be seen as a targeted measure while West African value chains reduce their costs and improve their quality control and reliability.

A central question, then, regarding the efficacy of the trade policy is whether the CET's protection will induce adoption, throughout the targeted value chains, of cost-reducing technologies and institutional innovations. Or will protection reduce incentives to innovate, leading to increased production but at increasing unit costs? A strong supply response requires access to improved technologies and measures to reduce the costs of transport and trade. Thus to be effective in promoting efficient Agricultural growth, tariff policy needs to be combined with policies to stimulate improved technology development and adoption in the region and improved institutional arrangements to reduce the costs of regional trade.

Regarding policy implementation, three key questions emerge:

- ***Is it feasible to define evidence-based protection levels for a highly diverse region?*** In other words, does one protection scheme fit all the countries? Inevitably, there will be political trade-offs based on differing country interests. This was seen in the debate over tariff levels for sugar in the CET. Nigeria, a country with a huge market for refined sugar and which has large sugar refineries that often operate under capacity, lobbied for lower rates for raw sugar than for refined sugar, arguing that the former was simply an input into agroprocessing. Other low-income inland countries that produce sugar for a much smaller market, such as Mali, argued that since raw sugar and refined sugar are substitutes, allowing raw sugar to enter at low rates would undermine the previously protected market for its refined product.

- ***Given these sorts of diverse interests, what can be done to create incentives among countries to implement common policies?*** The approach of ECOWAP of making co-financing of NAIP activities contingent upon countries respecting their commitments regarding free trade within the region is one important step forward, as are the planned efforts to work through regional interprofessional and trade organizations to educate their members and border officials about their rights and obligations under the regional trade agreements and to empower private-sector actors to fight back against illegal barriers to trade.

- ***What are options to deal with some of the political-economy factors that continue to hinder regional integration?*** These include things such as the low wages paid to public officials that may induce them to supplement their incomes by extracting rents from traders and the diversity of purchasing power among countries that may induce low-income countries to block exports in times of shortage to protect their own consumers. In order to capture the gains from regional integration, a challenge will be to design mechanisms to tap some of those gains to compensate countries and individuals who stand to lose from such integration.