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# Chapter 3

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## Analytical review of national investment strategies and agricultural policies for the promotion of staple food value chains in West Africa\*

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## 1. Introduction

Agriculture is one of the fundamental sectors for the economy of West African states. It accounts for about 35 percent of the Regional Gross Domestic Product and for 15 percent of export earnings; this can reach 30 percent if we exclude Nigeria. In some countries such as Guinea Bissau, agriculture contributes over 60 percent of national wealth creation (GDP and export earnings included). Some countries' economic soundness depends on the strength of their agricultural sector. This is the case for Côte d'Ivoire, which alone contributes about 53 percent of export earnings creation from agricultural products of the Region.

The main source of employment in the West African Region is agriculture. In fact, over 65 percent of the population works in the agricultural sector. More than half of them are women and more than two-thirds are young people. They operate mainly in family farms with an average plot size of around one and a half hectares. These farms provide more than 80 percent of the food needs of the Region.

However, the West African agricultural sector remains highly vulnerable to internal and external shocks. Internal shocks comprise the effects of climatic hazards (drought, floods), poor water management, attacks from predators, inadequate or absent technical, economic and financial services for small family farms. These recurring problems are exacerbated by the inadequacy or incompleteness and failures of public policy.

External shocks are mainly due to the destabilizing effects of agricultural policies in the North, including grants and other support to agriculture and dumping practices. Other factors such as those related to international trade rules, including the fact that the Agreement on Agriculture is quite averse to small farms, should also be taken into consideration. Indeed, as pointed out by Jadot, 1998, "The Agreement on Agriculture, in its essence, is much more *"favorable to intensive farming of the developed countries"*, than to smallholders and extensive farming in developing countries. Despite including a special and differential treatment, the Agreement on Agriculture is basically an update of the "Blair House" one reached between the United States and Europe. It considers "agricultural policies within a framework of sectors strongly influenced by liberal thought. Thus, agricultural policy tools are understood in terms of their more or less negative impacts on international trade rather than in terms of the objectives they seek to achieve (food security, rural employment, land use planning)" (Solagral, 2011).<sup>2</sup>

This largely explains the current characteristics of the West African regional agricultural sector, marked by one of the lowest levels of human productivity in the world. Certain crop yields are in certain cases ten times lower than those in Northern countries. Production growth is a result of the expansion of cultivated areas rather than yield increases. Over the last 20 to 25 years, the general trend in production growth is due to an increase in area while yields are almost constant (except for a few cases, such as rice in the Office du Niger). In the case of cereals, the increase in production is due to the doubling of acreage, while yields only rose by 14 percent (FARM, 2008). For tubers, between 1980 and 2000, production volumes were multiplied by seven while area expansion multiplied by nine.

Inter-annual production variations can be considerable and happen in a context marked by weak or inadequate storage and conservation facilities. This results in essential characteristics that are the mark by West African agriculture: the strong variation and volatility of commodity prices in general and food products in particular.

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<sup>2</sup> Solagral, 2001, *Libéralisation commerciale et sécurité alimentaire*, working paper, 5 pages

Low productivity and high variation and volatility of prices have resulted in loss of market shares for products for which Africa had a clear comparative advantage. Southeast Asia emerging countries now challenge Africa. Thus, during the last thirty years, Africa has seen its "world market share of cocoa bean drop from 80 percent to 67 percent, coffee down from 26 to 15 percent and cotton go from 30 percent to 16 percent" (OECD, 2001). The same report states that the loss of revenue emerging from this market share has not been offset by the profits made in other sectors. Instead, we witnessed a contrary phenomenon "*between 1965 and 1985, the ratio of manufactured goods/total exports fell from 7.8 percent to 5.9 percent in sub-Saharan Africa, while it increased from 28.3 percent to 58.5 percent in South Asia*" (OECD, 2001). The situation has significantly deteriorated since then, as evidenced by the effects of the 2007-2008 food crisis in West Africa, the increase in the number of vulnerable people and higher imports of foodstuffs, including rice.

Similarly, West Africa which was the undisputed world leader in the production and exports of oilseeds during the 1960s and 1970s, now ranks behind Asian countries, and has also become a net importer. This situation contributes to worsening Sub-Saharan Africa's trade balance deficit.

This poor performance largely explains the very high prevalence of poverty. It affects approximately 30 percent of the population of the Region, and more than 60 percent of rural people, mostly farmers. Food insecurity affects about 17 percent of the 300 million West Africans. Approximately 40 million people are chronically affected by it, with peaks of 45 to 50 million in some years.

This poor level of performance of the agricultural sector contrasts sharply with the potential and strengths of the sector (large availability of arable land: less than 40 percent of the regional potential is farmed per year, less than 15 percent of the potential irrigable land is developed) and the rise of better organized actors both at national and regional levels.

Similarly, developing the agricultural sector has always played an important role in the well-known economic policies of the Region. In almost all countries, agriculture is considered the engine of economic and social development. However, one may wonder how far-reaching and effective the adopted policies and strategies have been. Indeed, regional agricultural policies have alternated from strategies in which the state ruled over the whole sector, to severe retrenchments where public action in the agricultural sector is small (on average 4 percent of public investment budgets are devoted to agricultural development in the Region). It is therefore no exaggeration to say that for a long time, agriculture has not benefited from real development strategies or long term supported incentive and regulation instruments. It is true that the situation varies from one culture to another and from one country to another. If staple foods do not seem to have attracted sustained attention, the same cannot be said about export crops such as cocoa, pineapple and banana in Côte d'Ivoire, rubber in Liberia, and to a certain extent, cotton in Benin, Burkina Faso and Mali.

Fortunately, the early 2000s seem to mark a turning point with the return to public policy marked by a real burst of willingness to start transforming the sector:

- a. In a sort of mea culpa, the World Bank, observing the limits of liberal policies undertaken during the 80s and 90s, has rightly suggested in its World Development Report, (2007 edition), the return to more dedicated public policies to i) improving the functioning of local and regional markets, ii) secure land tenure and access to water and iii) developing collective actions to reduce production and transaction costs for family farms.

- b. Heightening the regional integration process, leading to harmonizing sectoral policies (adoption of the Common Agricultural Policy of the Union, the Agricultural Policy of WAEMU in 2001 and ECOWAP / CAADP of ECOWAS in 2005). All these policies have strengthened numerous agricultural development strategies developed and started by intergovernmental organizations such as the Permanent Interstate Committee for Drought Control in the Sahel and the organizations responsible for the management of large river basins (Liptako Gourma, the Organization for the Development of the Senegal River, the Niger Basin Authority, the Lake Chad Basin Commission, etc.).

The agricultural policy of ECOWAS, ECOWAP / CAADP strongly emphasizes the development of family farms. Its vision states *“agricultural policy is designed to meet **the objectives of a modern and sustainable agriculture, based on the effectiveness and efficiency of family farms** and the promotion of agricultural enterprises through private sector involvement. While being productive and competitive in the intra-Community market and international markets, it must ensure food security and provide a decent income to its working population”*.

In its operational phase, the ECOWAS's agricultural policy has a regional agricultural investment plan incorporating policy instruments whose goal, in essence, is to help boost regional agricultural production, regulate the functioning of the market and provide better access to food for vulnerable populations. These instruments, accompanied by an operational structure and financing mechanisms, are supposed to address bottlenecks faced by small farmers effectively. They entail production incentives, market regulation and vulnerability management to improve vulnerable groups' access to food.

In support of this policy's implementation, national investment programs and a regional agricultural investment program have been developed and adopted by mutual agreement with all the technical and financial partners and socio-professional organizations. The Regional Investment Program has three main objectives: i) promoting strategic products for food sovereignty and security (maize, rice, cassava, livestock and livestock products), ii) promoting a favorable environment for regional agricultural development, and iii) reducing vulnerability and promoting sustainable access to food for the population at large.

WAEMU's agricultural policy, PAU, promotes a number of agricultural sectors: rice, corn, livestock and livestock products, oilseeds and cotton. PAU aims not only to develop a number of incentives such as small-scale irrigation and crop insurance, but also proposes to set up cooperation frameworks for the selected sectors.

The fundamental question is whether these policies and policy instruments are able to *“promote positive development of sectors favoring small farmers. Are these policies able to help restructuring professional agricultural organizations in order to promote synergies between their initiatives and the private sector to overcome some of the endemic constraints faced by small farmers such as supply of inputs and access to markets?”*

## 1.1 Survey questions

Several specific questions form the basis of this study:

- a. “What actions, initiatives and mechanisms are put in place by policy makers for better economic restructuring of cooperatives and CIGs specializing in food crop sectors (cereals, roots and tubers)?
- b. What initiatives have been fostered by agricultural policies that strengthen public-private partnerships to facilitate access to credit for producers and processors at the cooperative level and above?

- c. What does (or should) the state do to better regulate the sector and umbrella organizations to enable them to better fulfill their role within sectors in an integrated manner?
- d. What assistance must agricultural policy provide in order to better develop and distribute the necessary information to actors within food crop sectors?"

## 1.2 Objectives of the study

The general objective of this work is to undertake a review of national and regional investment policies and their impact on basic sectors in West Africa. Specifically, the study aims to:

- c. make an inventory of the state of development of national policies and investment strategies for agriculture, deployed by the countries of West Africa, particularly in relation to Pillar II of the CAADP process on developing competitiveness of the agricultural sectors and market access, and strengthening the capacity of professional and farmer organizations.
- d. examine the role that national policy can play to better facilitate improved restructuring of producer organizations given the specificity of the different commodity sectors. What types of training and assistance seem more likely to improve cooperatives' / CIGs' economic and technical capacity, including appropriate regulation of the different umbrella organizations throughout the value chain (regulating the ethical framework of transformers and agro-industry) and support marketing of surplus production?
- e. analyse through concrete examples of commodity sectors, the means by which policies, investments or public-private initiatives can help remove bottlenecks in one or more stages of the commodity sectors, including capitalization constraints, access to means of production and marketing of products at remunerative prices.

## 1.3 Methodological approach

This study is mainly based on a literature review of policies and strategies for agricultural development of West African countries. These policies and strategies are not only numerous and diverse in their essence, but also tend to change according to circumstances and economic policies that governments are faced with. Similarly, basic policies are rarely coherent with different emergency plans, as those adopted and implemented during the food crisis resulting from soaring commodity prices that began in 2007-2008.

However, since 2003, with the commitment of African leaders to allocate at least 10 percent of the investment budgets of their respective countries to the agricultural sector and the adoption of the ECOWAP/CAADP regional agricultural policy in 2005, agricultural development strategies are now more in line with the concerns of stakeholders in the sector. Unlike the old policies, new ones:

- a. have been developed through a participatory approach and have resulted in a pact signed between national actors (state, private sector, farmer organizations and civil society) and technical and financial partners, accompanied by reciprocal accountability commitments. They are therefore the result of a constructive dialogue between all stakeholders and take into account the priorities of each one.
- b. incorporate better coherence between national, regional and continental levels, according to principles of complementarity and subsidiarity. There is thus a strong interdependence in terms of the strategic orientation between national investment plans, regardless of their denomination, and the regional agricultural investment.
- c. are consistent with the Regional Plan, which foresees instruments for policy incentives whose

implementation involves and requires the commitment of governments, the private sector, farmer organizations, civil society and technical and financial partners.

Therefore the methodology of this study consisted in:

- a. analysing the characteristics of the West African agricultural sector, focusing on issues relating to production, as well as marketing of different products, be it locally, regionally and internationally.
- b. critically reviewing national agricultural policies and mapping key aspects of national policies for agricultural investments that have been adopted as part of the implementation of ECOWAP / CAADP in West Africa.
- c. critically analysing policy instruments that these plans incorporate and their ability to remove bottlenecks for small producers by improving productivity and the competitiveness of their products and market access.
- d. analysing the dynamics of peasant organizations (POs) around the agricultural sectors, why some have been successful and what are the causes of some unfortunate experiences.
- e. suggesting alternative strategies that enhance and promote investment in the agricultural sector. These proposals also incorporate a set of recommendations for specific public actions to better promote private sector involvement in the financing and especially to improve the synergy between the actions of peasant Organizations and other stakeholders in the agricultural sector.

#### **1.4 The study's limitations**

The simple fact that this is a literature review means that it does not necessarily allow for a correct and complete reading of the effects of policies on agricultural development or of their impact on structuring producer organizations.

Some West African countries have not yet finalized their new investment plan in the ECOWAP / CAADP process. The agricultural powerhouse of the Region, Côte d'Ivoire has yet to complete its agricultural investment plan.

Initiatives to promote commodity sectors are numerous and include a wide range of strategies. In the context of this work, it is almost impossible to list them all and to judge their relevance. This analysis seeks to rely on a number of experiences that remarkably helped structure farmer organizations both locally – rice in Mali, Burkina Faso, Niger, Senegal, onions in Senegal and to a lesser extent in Niger, potato in Guinea and cotton and the livestock sector at the regional level.

## **2. Retrospective analysis of the West African agricultural sector – constraints and development strategies**

Several prevailing agricultural products, some of which were firmly established at the international level, characterize West African agriculture. West Africa remains the leading world producer of cocoa from Côte d'Ivoire, Ghana and Nigeria and of yams and cassava from Nigeria. It provides more than 75 percent of the world production of cowpea. Rubber production in Liberia, Nigeria and Côte d'Ivoire is starting to be significant. However, the Region remains a very small player in cereal production (millet, sorghum, maize, rice) for which it does not even contribute one percent of world supply.

The development of these sectors has not shown a similar trend and the status of West African Agriculture on the world stage has declined, as has its performance. As mentioned above, some sectors, where Africa in general, and West Africa in particular, has a clear comparative advantage, are experiencing a significant decline in their production. The most important one is palm oil crop for which Asian countries, and especially Malaysia have taken the lead.

In the past, development policies regarding the overall agricultural sector and particular commodity sectors have consisted of a series of measures that put institutions at the center of strategies: mobilizing mostly external financial resources, setting up producer cooperatives or village groups, supplying inputs and/or agricultural advisory services, collecting products with fixed prices all over the area within two or three product categories and product placement in the international market by companies and other public offices.

Mechanisms and provisions that were put in place during colonial times have been carried on with parastatal or public institutions that ensure quality control for agricultural products mainly aimed at satisfying the international market. Producers were confined for a long time to an executive role and were only made responsible at a later date. This has resulted in both state and non-state actors weakly internalizing strategies, generally perceiving the various initiatives as a means to benefit from international aid, rather than as real projects addressing the concerns of the state and the people. This results in local actors having low ownership of projects that ceased to exist as soon as external funding stopped.

## 2.1 Key development issues for agriculture

West African agriculture is undoubtedly one of the weakest in the world. While progress has been made over the last thirty years, many challenges still remain, including how to:

- a. properly feed a growing and ever more urbanizing population. This is confirmed by research conducted by the Sahel and West Africa Club; in 2030, about 450 million people, of whom 60 percent will reside in an urban environment, will populate the Region.
- b. provide a decent income for agricultural workers so that they may adequately meet mankind's five basic needs: food, health, clothing, shelter and education.
- c. protect the environment in a context in which natural resources are increasingly scarce including non-renewable ones, especially land.

Agricultural policies over the last thirty years do not seem to have been able to cope effectively with the main bottlenecks faced by West African agriculture.

### A. Technical constraints

#### a) *Little use of technological innovations*

Inputs and mechanization are still scarcely used in West Africa. West African producers still rarely rely on production inputs, thus keeping production systems in an archaic state. The level of use of inputs – fertilizers, improved seeds and other technical production equipment – is the lowest in the world. Regarding fertilizers, for example, while Western Europe is the biggest consumer with an average of 236 kg/ha, followed by Asia, Sub-Saharan Africa is at the back of the pack with an average of 9 kg/ha (David-Benz et al., 2008). Fertilizer consumption and per ha in West Africa is around 10 kg, according



to FAO. Improved seed is of the same order of magnitude.

Access to these two factors is often subject to small producers joining groups that engage in producing cash crops: cotton, groundnut, or cultivating rice or onion on hydro-agricultural developed areas. Products are often purchased on credit at very high costs. Suppliers do not always honor delivery times and product quality is sometimes questionable. Moreover, the collateral guarantee system has not prevented governance problems that generally lead to small farmers finding themselves deeply in debt.

Mechanization – be it large or small – is growing very slowly in the Region. The use of tractors remains marginal, despite a significant increase in the vehicle fleet during the last twenty years. It more than doubled between 1980 and 2003 according to FAO statistics. The Region has also received significant donations from the People's Republic of China and India and acquired a large batch in the context of production stimulus plans that began in 2008, following the food crisis born out of soaring commodity prices.

Three countries have a much a larger fleet. Mali and Burkina Faso saw their number of tractors respectively go from 115 to 2000 and from 900 to 2600 in that period of time. Nigeria alone has more than half of the ECOWAS agricultural machinery. Machinery may be managed individually (as in the case of large agro-pastoral farms, especially in Nigeria) or collectively (Cooperatives for the Utilization of Agricultural Equipment). But overall, small rural producers often have to settle for basic rudimentary equipment, which limits their productivity, although progress has been made in this area with animal traction.

Given that West African soils are fragile as they are constantly subjected to high leaching and concretions related to climate variations, the use of mechanization to boost agricultural production is still very controversial. Many experts consider that mechanization helps accelerate land and biodiversity degradation. However, population pressure and increasingly fierce competition for natural resources require an intensification strategy in which mechanization may play a crucial role.

### ***b) Issues relating to financing agricultural activities***

The third category of technical issues faced by West African agriculture is related to the low level of funding. Funding of agricultural activities is one of the Achilles heels of the agricultural sector in Sub-Saharan Africa. Public investment in the sector is particularly low, with African states only allocating 4 percent of public expenditure to agriculture (FAO, 2008).<sup>3</sup> At farm level, the situation is even more appalling. According to FAO, 2007, a minimum investment of USD 240 per hectare would be required in Africa with approximately USD 170 coming from outside sources. The dismantling of agricultural development banks has deprived many farmers of appropriate instruments to finance their activities.

Small farmers mainly have recourse to micro-credit systems that are expanding in many countries. These systems significantly supplement agricultural activity development by financing the downstream sector, including artisanal processing activities and marketing of products. New value chains have been promoted with micro-credit and so have small businesses ensuring, in terms of gender, fair

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<sup>3</sup> In West Africa, only a handful of countries spend more than 10 percent of their capital budget on agriculture. But in many cases, the budgets of the Ministry of Agriculture are used to pay civil servants rather than to implement key infrastructure for the agricultural sector.

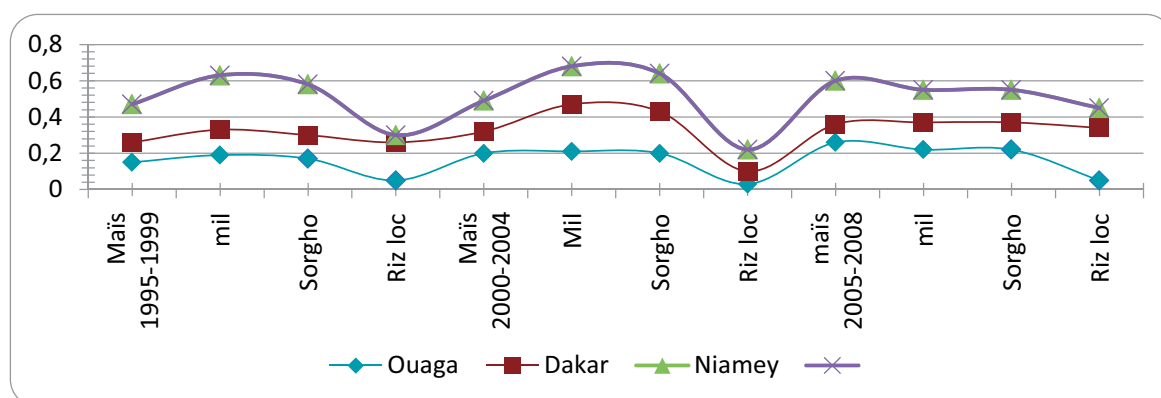
access to employment in rural areas. But microcredit cannot, by itself, transform agriculture into a real development tool. The links between micro-credit, that allows farmers to manage precariousness, and the banking system, that offers very rigid conditions to users of the sector, are missing. In order for farmers to be integrated into the market, a funding system that can manage their vulnerability to multiple shocks such as agricultural commodity price fluctuations and natural disasters (drought, flooding, etc.) is essential.

## B. The imperfection of the market for agricultural products

### a) Agricultural products' price volatility

Price volatility is a structural characteristic of West African agricultural markets. This instability has two components: intra-annual (between harvesting seasons and lean periods), and inter-annual, depending primarily on the level of production. Inter-annual and inter-seasonal harvesting price variations can, at times, vary in excess of 50 percent in some countries and for certain cereals.

**Figure 1: Variation of consumer price index for cereals in West Africa**  
Examples of markets in Niamey, Dakar and Ouagadougou



**Source:** According to SIM/CILSS data

This price instability comes about for a number of reasons. Analysts often focus on the following two:

- Poor grasp of production techniques, including irrigation and storage. Less than 15 percent of arable land is irrigated. This means that cropping systems are highly exposed to natural shocks, floods, drought and deteriorating soil fertility, and cannot ultimately control the supply. Weak mastering of conservation and storage techniques and all kinds of predator attacks can be added to this. For some products, post-harvest losses can at times exceed 30 percent.
- Low levels of transformation, adding value and standardization of agricultural and food products are also a constraint to their movement at the regional level. On-farm consumption prevails – more than 60 percent of consumers are rural producers – and explains for the most part low levels of production transformation/development. Although artisanal food processing is growing at a rapid pace (Bricas and Broutin, 2005), local products are yet to benefit from large-scale processing according to international standards. Consistent quality of processed products is rarely guaranteed. Thus the movement of summarily processed goods is often limited to meet ethnic consumer niches (local, regional or international) or to simply meet food safety nets for vulnerable populations. This is the case of gari in Benin and of the Cameroon style cassava sticks, and limits the expansion of transactions.

### **b) The incompleteness of domestic and regional markets:**

An endogenous integrated market stems from regional trade of agricultural and food products and enhances agricultural development. In West Africa, official statistics show that intra-community trade only covers about 15 percent of the total value of transactions in the Region. Several reasons may explain these limited local and regional food products transactions:

- The sectoral focus and structure of national economies, particularly strong similarities in product supply. Both local and regional production are very similar and barely altered by the seasonality of certain commodities' production<sup>4</sup>. If West Africa can boast it has varied agro-ecological zones which allow for a wide range of complementary products such as cereals, tubers, legumes and animal products, other African economic groupings such as CEMAC face a much bigger problem. Most countries in West Africa produce maize, which with millet, sorghum and live animals are the products that are most exchanged in the Region.
- Insufficient information for stakeholders, including small family producers on market opportunities. Despite the boom in new information and communication technologies and several information systems being in place, there are problems linked to information on the functioning of the market at all levels, whether local or regional. Small producers, generating most of the offer, which is subject to market transactions, are particularly affected and their inability to meet market demand (regular supply, product quality, poor knowledge of the level of demand) is in part related to their lack of access to information.

### **C. Failures of the regulatory environment**

These are characterized by several prevailing phenomena that greatly hinder the performance of both local and regional trade: the gaps in services and transport infrastructure, corruption and red tape. Territorial networks and regional connections in transport infrastructure are the most obsolete in the world despite government efforts in recent years. The lack of maintenance has contributed to many facilities rapidly deteriorating, making the cost of transporting goods very high. In addition, illegal taxes levied on goods affect the price and travel time (Dupaigre et al, 2008). According to an ECOWAS study in 2000, there were illegal toll roadblocks every 14 kilometers on the Lagos-Abidjan axis and roadblocks every 5 kilometers on the Cotonou-Lagos stretch of road (120 km).

On top of these abnormal practices, which are real trade barriers, even within countries, many administrative barriers (abusive taxation, influence peddling, red tape) and the corruption of public officials (including justice and financial authorities) increase transaction costs.

#### **Box 1. Transborder trade and transport costs in West Africa**

The Director of Transportation Trade Hub, Niels Rasmussen, has said: "It takes about USD 4 800 and between 13 and 22 days to move a container from a ship anchored in the port of Tema (Ghana) to the importer located in Ouagadougou (Burkina Faso). To move a container in the United States over the same distance, for example, from New York to Chicago will cost approximately USD650 and will take only five days. This is all the more remarkable when you consider that labor costs in the United States are 25 times higher than in West Africa".

<sup>4</sup> Off season crops increasingly counter the unchanging pattern of agricultural supply in some countries: for example, potato in Sahelian countries which mainly produce cereals.

## 2.2 Evolution of development strategies for agriculture in West Africa

The agricultural sector's development is one of the pillars of national agricultural policies in West Africa. However, the strategies underlying these policies have evolved depending on ideological orientations and government concerns. They involve different strategies as to where to focus funding, how to assist producers as well as considering targeted products and forms and methods to allocate essential inputs, such as fertilizer, seeds, small equipment and rural credit. Schematically we can distinguish two major phases of evolution.

### A. The post-independence phase

This period, which spanned the 60s, 70s and 80s, was marked by a sector development policy and was based on remains and practices inherited from the trade economy. The period also coincides with the first Yaoundé Convention within EU/ACP relations which was very favorable to developing products for European industry, particularly in France. It enabled to develop five major agricultural sectors: groundnut, oil palm, coffee, cocoa and cotton. Public offices, continuum of colonial societies, specialized in managing these products in each country.

These intervention companies organized producers into cooperatives or village groups and value chains were structured around marketing and, at times, primary processing of products. They provided inputs on credit to farmers, would collect production at administered, pan-territorial prices and gave very small profit margins for producers. Producers played a simple executive role, exacerbated by their lack of organization and keeping their structures limited to the village level. In this system, farmer organizations were never prime contractors in the implementation of projects, programs or sub-programs carried out during that period. This era helped boost production of groundnut (Nigeria and Senegal), palm oil (Benin, Ghana and Nigeria), coffee and cocoa (Côte-d'Ivoire, Ghana and Nigeria) and cotton (Benin, Mali, Burkina Faso).

In practice, while coffee and cocoa have benefited from heavy investments and promotion of large growers, other agricultural commodities were confined to very fragmented smallholder production. Coffee and cocoa in Côte-d'Ivoire, Nigeria and to some extent in Ghana, rubber in Liberia reflect this strategy aimed at promoting economies of scale in agriculture. We note that this strategy has long overshadowed developing processing that would undoubtedly have been a powerful motivating factor in strengthening these sectors.

However, cash crops such as groundnuts and cotton have benefited from a slightly different strategy, which was based on small family farms and small and medium-sized primary processing units controlled by international companies. But the absurdly low prices offered to producers, who were at times forced to work in collective fields and to function within communitarization structures to pool access to certain production inputs, have not allowed these sectors to withstand various shocks.

Food crops received less sustained attention, even if heavy investments were made to promote certain products such as rice. In fact, during this period, large irrigation systems were constructed and were primarily intended for rice production (conversion of the Office du Niger in Mali, initially set up for cotton production, adjustments of the SAED in Richard Toll in Senegal, Jigawa, Kano and Sokoto in Nigeria, Malanville Benin, Niger valley in Niger, etc.).

Other food crops were developed through varietal research and chiefly through promoting market regulation offices (storage, administered marketing prices) and this became important as of the second half of the eighties, following famine crises that shook the West African Sahelian Region. This strategy has especially helped to start involving producer organizations in marketing certain commodities, along with setting up cereal banks and other collection operations and product sales. However, the scope of these local marketing units was too small to play effectively the role and function that the government gave them, namely, to regulate the market. In certain areas, they did mitigate food shortages and lean periods.

Some major lessons emerge from the development strategy of this period that stem from carrying out ineffective and inefficient policies.

Sector development strategies failed to improve crop productivity significantly crop productivity, which remains among the lowest in the world.

- a. They failed to improve the position of West African products on the international market. Worse, this has resulted in deteriorating terms of trade that have not only contributed to the impoverishment of farmers, but also to the increasing marginalization of the Region in the international arena. The Region contributes only about 0.2 percent of global trade transactions.
- b. They never succeeded in transforming or promoting farmer organizations so as to make them fully fledged partners or interlocutors of other agricultural stakeholders. They have rather confined them to the simple role of basic foils and underlings.
- c. Finally, they have failed to have agriculture fulfill its primary function, which is to guarantee the food security of the population. West Africa has become a net importer of food products including grains and offal, foodstuff for which the Region has significant untapped potential.
- d. However, these strategies have shown how much political will is needed to promote agricultural development in general, and sectors in particular. Sectors that have benefitted from various incentives have reaped substantial gains in productivity.

## **B. Change in the 90s and 2000**

Structural reforms during the 90s, following the implementation of structural adjustment programs, particularly hurt West African agriculture. Instead of having reforms to promote this sector that mobilizes nearly two-thirds of the assets of the Region and provides more than one third of the wealth, they removed the meager subsidies governments allocated to agriculture through services that aimed at loosening bottlenecks.

Among other characteristics, reforms have resulted in transferring a number of functions previously performed by the state to the private sector and to farmer organizations: supply and distribution of inputs, farm advisory and extension services, management of primary collection and marketing of agricultural products, etc. The sovereign functions devolved to the state (orientation, regulation and control) are inadequately provided given the significant lack of financial and human resources.

The withdrawal of the state has been accompanied by the liberalization of trade policies: (i) internal liberalization on the one hand, abolishing public marketing monopolies, recognizing private operators, scrapping administered and pan-territorial prices, and (ii) external liberalization on the other hand, with reducing, or even eliminating, customs protection for many products in certain regional economic groupings such as the WAEMU.

The results for this period of deep reforms of agricultural and trade policies are somewhat modest and mixed. The transfer of skills to the private sector and POs was restricted for sectors mostly supervised by the state, usually for export (coffee, cocoa, cotton). Given the economic challenges facing these sectors (sources of foreign exchange), the state has kept some functions to mark its presence:

- a. Shared management with the private sector and POs of fertilizers and improved seeds supply and distribution system. Intermediary and consultation structures, including inter-branch organizations, have been established to promote dialogue between the different actors. These structures have been allowed to implement effectively financing mechanisms that enable managing of critical sector functions: maintaining asphalt and dirt roads, agricultural extension, research, etc. The management of the cotton sector in Benin, Mali and Burkina Faso largely applies this approach.
- b. Market regulation, marked by managing collecting production and sales on international markets, with fixed prices for transferring inputs to producers and for commodities collected. Prices indexed to international prices weighted by production costs and other expenses were subject to negotiation between the various players in the inter-branch organization.

Hence, public policy gave priority to the logic of projects and to many different initiatives, driven mostly by donors, international organizations and non-governmental organizations. As there were no clear incentivized policy instruments implemented in regard to production or marketing of food crops, these were neglected, thus increasing the Region's dependency on external food supplies (food aid and imports). From 2004 to 2006 (before the price increases on international markets), cereal imports accounted for USD 2.8 billion annually in ECOWAS, or 39 percent of food imports. Over the past ten years, this has increased by 230 percent.

However, this quasi-resignation of the state from the agricultural sphere has not only favored the private sector's initiatives, but even more so those of farmer organizations. POs are not confined to the role of "partners" in the many state and donor initiatives, they have also invested in a variety of activities that have made them true promoters of development. They mainly motivated their members to invent new ways to produce and market with usually very little external support.

These initiatives focus on collective actions to remove bottlenecks in the agricultural sector: i) securing production through actions aimed at ensuring better access of producers to production factors, ii) attempt to regulate local markets through collection, storage and grouped sales to mitigate the effects of price change and volatility, all of which are very damaging to stable incomes for producers.

In the case of the first point above, in several countries, organizations have tried to promote autonomous supply and distribution mechanisms of agricultural inputs, such as fertilizer. Benin's federation of producer organizations created a cooperative to supply and manage agricultural inputs. This initiative should have ensured agricultural producers timely access to quality inputs at unbeatable prices. Unfortunately, the initiative has been limited to providing inputs for cotton at the expense of other sectors, which involve more actors, but with a market that has fewer guarantees. This initiative was compromised because the state was heavily involved and economic operators often lacked transparency.

Regarding market regulation initiatives, they do not have a national, let alone regional, scope but are limited to a specific area, at the level of groups and cooperatives. These farmer-based organizations have taken advantage of market liberalization to couple initiatives that promote better food security with those that maximize producers' incomes. The collection, storage and sale transactions have increased, especially in Sahelian countries. Cereal banks and village granaries have transformed into

marketing cooperatives and other expanding systems such as warrantage. These initiatives do not have enough magnitude to influence the agricultural products market, particularly cereals.

Without supplementing or substituting policy instruments, these initiatives are experiences that current policies should build on to ensure the improved productivity and competitiveness of the agricultural sector.

In short, this period has not significantly changed the overall status of the agricultural sector, a sector that receives the lowest percentage of public investment. Instead, it marks a significant decline in funding efforts, characterized by weaker public resources, little intervention of the private sector, except in some downstream processing units and an insignificant input of foreign direct investment.

### 3. Recent innovations in agricultural policies

Since 2010, West Africa has initiated defining major sectoral policies. At national level, countries such as Senegal and Mali have gone beyond major strategies to pass agro-forestry-pastoral laws. At regional level, two agricultural policies prevail: the Agricultural Policy in the West African Economic and Monetary Union, the PAU, and the Agricultural Policy of the Economic Community of West African States, ECOWAP. The latter one not only includes all of its members, but also takes into account the PAU's direction, objectives and areas of intervention.

In 2005, West Africa defined and adopted its agricultural policy, the Comprehensive African Agricultural Development Program (ECOWAP/CAADP) to implement the agricultural component of the New Partnership for Africa's Development (NEPAD).

The operationalization of this policy began in 2006 with the development of the first action plan, followed by the formulation of national and regional investment programs. Regional investment programs were designed around six components that combine ECOWAP's three spheres<sup>5</sup> and CAADP's four pillars<sup>6</sup>. According to the ECOWAS web-site, the six components are:

- **The improvement of water management** (irrigation, invasive aquatic plants, and capacity building for organizations in the cross-border basins);
- **Improved management of other shared natural resources** (transhumance, sustainable management of forest resources, and fish resources);
- **Sustainable farms** (integrated management of soil fertility, strengthened support services to producers, and dissemination of improved technologies);

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<sup>5</sup> ECOWAP's three major themes focus on: i) increasing the productivity and competitiveness of agriculture, mainly family farms, ii) implementing an intra-Community trade regime based on a free trade zone, iii) adapting the external trade regime based on the specific conditions of the agricultural sector.

<sup>6</sup> CAADP's four pillars deal with: i) extending the area under sustainable land management and reliable water control systems, ii) increase market access through improved rural infrastructure and other trade-related interventions, iii) increasing food supply and reducing hunger across the Region by raising smallholder productivity and improving response to food emergencies, and iv) improving agricultural research and systems in order to disseminate appropriate new technologies.

- **Developing agricultural value chains and promoting markets** (development of the different food value chains including peri-urban, export crops, short-cycle breeding, agro-forestry products, non-industrial fishing and aquaculture; development of product processing; and promotion of national, regional and international trade;
- **Preventing and managing food crises and other natural catastrophes** (early warning systems, crises management systems, support for the rehabilitation of zones after crises, and development of compensation mechanisms/insurance against catastrophes);
- **Institutional strengthening** (integration of a standard approach, support for the agricultural and rural policy and strategy formulation capacities, sustainable financing of agriculture, communication, steering and coordination capacity building, monitoring and evaluation capacity building).

### 3.1 Scope and limits of national investment plans

Several West African countries have completed their national agricultural investment plan as part of ECOWAP/CAADP's implementation. These plans, that stem from national investment programs, are meant to reflect each country's agricultural development priorities. They are designed to boost agricultural production by an annual growth rate of at least 6 percenta, a percentage that is considered sufficient to reduce poverty by half by 2015.

Investment programs have the advantage of covering all aspects of the agricultural sector in the broad sense of the term. Although national investment programs incorporate the six ECOWAP/CAADP intervention components, they deal with agriculture, livestock, fisheries, forestry and sometimes the environment. Cross-cutting issues that are critical to agricultural development such as i) rural infrastructure, market infrastructure, funding, stakeholders' capacity building, coordinating the activities of the different institutions, research, etc., are often at the forefront of the proposed priority actions.

The participatory approach that characterized the program formulation process has resulted in this broad coverage. All actors involved in agricultural development – POs, the private sector, technical and financial partners – participated to varying extents in the development of national programs.

Developing the different agricultural sectors is given much prominence in these programs. Structuring the different sectors is emphasized in addition to planning activities to improve agricultural productivity and competitiveness. This means that the program will mainly consider:

- a. Developing provision of local services for producers that are adapted to their needs (supply of inputs: fertilizer and improved seeds, access to adequate financing, including seasonal loans, advisory services and other logistics requirements, etc.),
- b. Strengthening the structure and role of POs and farmer organizations through the professionalization of farmers,
- c. Establishing multi-actor consultative frameworks around strategic sectors, following the model of either inter-branch organizations, or the one of "sector panels",
- d. Creating new value chains (transformation, norms and standardization and implementation of traceability tools) to take better advantage of regional and international market opportunities.
- e. Promoting public-private partnerships by establishing multi-stakeholder contracts: POs, financial institutions, processors, credit distributors and other service providers in rural areas.



However, many analysts doubt that NAIPs, despite the general and specific advances they propose, have the ability to transform West African agriculture profoundly, both in terms of their design and the way they address agricultural development issues. For some, including development technical and financial partners, the program objectives are too ambitious, given present human, institutional, and financial capacities in the countries of the Region.

However, given the assets of these countries, the relevance of assumptions may be questioned: what agricultural development options will a country have to implement to achieve a growth rate of at least 6 percent for the sector to consider halving poverty by 2015?

In this context, the characteristics of these programs were drafted with the primary concern to determine the level of investment necessary to achieve the growth target of at least 6 percent, rather than the types of actions countries could actually implement.

Beyond this fundamental limit, these national investment programs also suffer from weak action proposals to promote the different agricultural sectors. These proposals provoked a number of criticisms.

- a. The first is related to the low prioritization of sectors to be promoted. Very few countries were able to prioritize the sectors that are considered as strategic in view of the previously established criteria: economic, social, financial, food security, etc. Thus, all products of each country's agrarian system are found in the national lists of sectors to be promoted. In the case of Benin, for example, thirteen commodity chains were chosen, with a focus on investing in three of them: rice and corn through the Emergency Food Security Program and cotton, which benefits from a more or less monitored existing framework. Some countries, such as Côte d'Ivoire, have made an effort to distinguish specific actions for export sectors compared to those meant to satisfy local food needs. Others, such as Ghana, are considering promoting two new sectors by region and by year over the five years covered by the program.
- b. The second one refers to the fact that these countries, which are in the same geographical economic integration area, have very weakly coordinated their choices and complementarity based on the comparative advantages of each country or production area. Rice and maize, for example, benefit from special programs in all countries of the Region: these most often project production levels well above national needs. The risk of reaching saturation on the regional market in the medium term is not excluded. Market integration options for certain sectors such as cotton, promoted by prestigious institutions like as the West African Development Bank West are not included in national investment strategies.
- c. The third regards the fact that the strategies that plan to encourage strong policies to promote agricultural sectors are weak. Strategies are not very readable in terms of incentives to be implemented so that production is boosted and placing products on the local, regional and international markets is facilitated.
- d. Incentive instruments to produce different products are inspired by methods and traditional approaches stemming from the green revolution: subsidized inputs (fertilizer, improved seed) funding basic land use improvement and small agricultural equipment. This approach has proven almost ineffective, as shown by the 2008 emergency experience. Input importers and distributors shared margins resulting from 50 percent inputs grants that states had granted to small producers. Not only was the measure limited to a small number of producers, but these did not reap its full benefit. This poor governance was accompanied by many other problems, including delays in product distribution, poor quality of inputs, etc.
- e. Worse, no program has estimated the cost linked to potentially extending input subsidies to all producers and for all chosen sectors. In regard to aspects related to financing, programs include establishing mechanisms and credit allocation tailored to the needs of producers, without specifying the level and operation modalities of the various facilities dedicated to these functions. The problem

is even greater as there is no clear definition of which categories of farms may benefit from the new instruments.

- f. As for aspects relating to how markets should operate, national investment proposals are mainly limited to measures facilitating trade: communication and road infrastructure and promoting outreach activities in rural areas. While trade regulation is under the jurisdiction of the regional bodies ECOWAS and UEMOA, states should still indicate in their program the types and levels of protection they desire for their domestic market to secure existing or planned investments.

**Table 1. Summary of intervention components in National Agricultural Investment Programs**

Country	Major investment components	Priority sectors	Incentive instruments / strategies	Estimated cost
<b>Togo</b>	<ol style="list-style-type: none"> <li>1. Sustainable natural resource management</li> <li>2. Rural infrastructures</li> <li>3. Development of food sectors</li> <li>4. Development of cash crop sectors</li> </ol>	Cereals, roots and tubers, legumes, cotton, coffee cocoa and animal products	<ul style="list-style-type: none"> <li>• Improved seed production and distribution</li> <li>• Mechanization</li> <li>• Promoting Small and Medium-sized Enterprises</li> <li>• Support to veterinary food and products supply</li> </ul>	570 billion XOF over 5 years
<b>Benin</b>	<ol style="list-style-type: none"> <li>1. Development of agriculture</li> <li>2. Livestock Development</li> <li>3. Development of fisheries and aquaculture</li> <li>4. Sector management and administration</li> </ol>	Maize, rice, cassava, yams, cotton, pine-apples, cashew nuts, oil palm, horticulture, meat, eggs, fish and shrimp	<ul style="list-style-type: none"> <li>• Seeds, quality fertilizer, appropriate funding available</li> <li>• Appropriate mechanization</li> <li>• Access to knowledge and professionalism</li> <li>• Land securing and management, market access</li> </ul>	436 billion XOF over five years
<b>Nigeria</b>	<ol style="list-style-type: none"> <li>1. Developing agricultural policy and regulatory system</li> <li>2. Agricultural commodity market</li> <li>3. Raising agricultural income with sustainable environment</li> <li>4. Maximizing agricultural revenue in key enterprises</li> <li>5. Water, aquaculture and environment resources management</li> </ol>	Rice, cotton, horticulture, cassava, cocoa, wheat, palm oil, livestock, maize and sorghum	<ul style="list-style-type: none"> <li>• Rehabilitate and complete existing irrigation projects</li> <li>• Facilitate acquisition of farmlands and title holding for agricultural production</li> <li>• Ensure a high level of production, adoption and utilization of appropriate technology</li> <li>• Create a new generation of farmers</li> </ul>	13 billion naira over three years
<b>Ghana</b>	<ol style="list-style-type: none"> <li>1. Food security and emergency preparedness</li> <li>2. Improve growth in incomes and reduced income variability</li> <li>3. Increase competitiveness and enhanced integration into domestic and international markets</li> <li>4. Sustainable land and water management</li> <li>5. Science and technology applied in food and agriculture development</li> <li>6. Enhanced institutional coordination</li> </ol>	Cocoa, oil palm, cotton, cassava, sorghum, rice, maize, millet, yam, cocoyam	<ul style="list-style-type: none"> <li>• Ensure a high level of production, adoption and utilization of appropriate technology</li> <li>• Create a new generation of farmers</li> <li>• Development of pilot value chains for two selected commodities in each ecological zone</li> </ul>	416,1 million USD over five years
<b>Mali</b>	<ol style="list-style-type: none"> <li>1. Horticulture sector development</li> <li>2. Irrigated agriculture development</li> <li>3. Livestock sector development</li> <li>4. Fisheries and aquaculture development</li> <li>5. Decentralized management of natural resources and wildlife preservation</li> <li>6. Support and assistance measures</li> </ol>	Rice, maize, wheat, sorghum, millet, fonio, Cotton, mango, potato and onion		1 614,7 billion XOF over 5 years

**Table 1. Summary of intervention components in National Agricultural Investment Programs (Cont.)**

Country	Major investment components	Priority sectors	Incentive instruments /strategies	Estimated cost
<b>Niger</b>	<ol style="list-style-type: none"> <li>Promote access for rural populations to economic opportunities that create sustainable rural economic growth conditions</li> <li>Prevent hazards, improve food security and sustainably manage natural resources to secure living conditions of the population</li> <li>Strengthen public institutions and rural organizations' capacity to improve the management of the rural sector</li> </ol>	Livestock, millet, sorghum, cowpea, rice, onions, purple nut grass	<ul style="list-style-type: none"> <li>Structuring of agricultural sector</li> <li>Securing incomes</li> <li>Agricultural inputs and products supply</li> </ul>	1 944,4 billion XOF over 9 years
<b>Côte d'Ivoire</b>	<ol style="list-style-type: none"> <li>Improve access and use of agricultural and veterinary inputs</li> <li>Promote mechanization for farms and small processing units of agricultural products</li> <li>Strengthen extension services, research and development and training</li> <li>Strengthen production potential of cash crops</li> <li>Revitalize food crops, livestock and fisheries production</li> <li>Develop processing and conservation of crop, livestock and fisheries products</li> </ol>	Coffee, cocoa, rice, maize, cotton, banana, pineapple, cassava, and rubber	<ul style="list-style-type: none"> <li>Professionalization of actors</li> <li>Good quality input supply</li> <li>Structuring sectors and value chains</li> </ul>	897 billion XOF over 5 years
<b>Liberia</b>	<ol style="list-style-type: none"> <li>Land and water development</li> <li>Food and nutrition security</li> <li>Competitive value chains and market linkages</li> <li>Institutional development</li> </ol>	Rice, rubber	<ul style="list-style-type: none"> <li>Ensure a high level of production adoption and utilization of appropriate technology</li> <li>Create a new generation of farmers</li> </ul>	227,5 million USD over 5 years
<b>Sierra Leone</b>	<ol style="list-style-type: none"> <li>Smallholder production, intensification, diversification, value addition and marketing</li> <li>Small-scale irrigation development</li> <li>Market access</li> <li>Rural financial services</li> <li>Productive and social safety nets for livelihoods enhancement</li> <li>Agricultural sector</li> </ol>	Rice, maize, cassava	<ul style="list-style-type: none"> <li>Ensure a high level of production adoption and utilization of appropriate technology</li> <li>Create a new generation of farmers</li> </ul>	403 million USD over 5 years
<b>Senegal</b>	<ol style="list-style-type: none"> <li>Agriculture development</li> <li>Livestock development</li> <li>Fisheries development</li> <li>Environmental protection</li> <li>Cross-cutting programs</li> <li>Coordination and M &amp; E</li> </ol>	Millet sorghum, maize, rice, horticulture, fruits, cotton, groundnuts, wheat, potato, onion	<ul style="list-style-type: none"> <li>Capacity building for the different actors</li> <li>Structuring of the actors,</li> <li>Quality input supply</li> <li>Agricultural insurance</li> </ul>	1632 billion XOF
<b>ECOWAS Region</b>	<ol style="list-style-type: none"> <li>Promote strategic products for food sovereignty and security</li> <li>Promote global enabling environment for agricultural development</li> <li>Reduce vulnerability and promote sustainable access to food for the population at large</li> </ol>	Rice, maize, cassava, livestock, meat and meat products	<ul style="list-style-type: none"> <li>Co-subsidizing of inputs and farm equipment</li> <li>Disseminate small-scale irrigation technologies</li> <li>Market regulation policies</li> </ul>	900 million USD over 5 years, of which 150 from Commission's own funds

### 3.2 Scope and limitations of Regional Investment Plan

The Regional Agricultural Investment Program is in sharp contrast with programs and national investment plans, given its contents. It aims to provide answers to the main obstacles to agricultural growth and food security by simultaneously addressing production issues, trade issues, the overall environment of the agricultural sector and also food access issues.

It differs from other earlier major programs in the Region, by the fact that it:

- “brings national and regional priorities together in a common vision: NAIPs have priority programs that incorporate regional dimensions that exceed national institutions’ prerogatives and the regional investment plan takes these on.
- federates and articulates the investment approach and the policy instruments approach (regulations, incentives, etc.).
- federates common approaches developed in the various sub-programs of the RAIP around key issues”.

**The Regional Agricultural Investment Program is structured around three objectives:**

- a. **Promotion of strategic products for food sovereignty.** The plan gives priority to three food sectors considered strategic in terms of security concerns and food sovereignty in West Africa: firstly, rice, maize and cassava, secondly, livestock, meat products, and thirdly fish products.
- b. **Promoting an overall environment conducive to regional agricultural development.** This specific objective aims to build a commercial, physical, informational and institutional environment that will lead to a massive transformation of production systems and agricultural sectors in West Africa.
- c. **Reducing vulnerability and promoting sustainable access to food for the population at large.** This objective’s target is to help “ensure the food needs of vulnerable populations and reduce the structural vulnerability of populations in both rural and urban settings”.

#### A. Agricultural policy initiatives: intensification instruments

The agricultural policy is reinforced by defining three types of instruments aimed at creating incentive conditions that are essential to agricultural development. Two of these instruments deal specifically with promoting agricultural sectors: i) production intensification instruments, and ii) instruments for regulating agricultural markets.

They aim to ensure sustainable input and small innovative equipment availability at incentive prices for producers, which implies, among other things, easy access to credit. To do this, the plan envisages, among other incentives, implementing a mechanism for co-financing subsidized inputs and small agricultural equipment, through a tripartite partnership between: 1) countries, 2) ECOWAS’ Agricultural Development Fund, via financial institutions selected in each country and 3) farmer organizations.

This is an optional action, left at the discretion of governments, with the possibility of wide modulation by each state, within the design and implementation conditions defined at ECOWAS level.

- Opportunities for national modulation focus on:

- Choosing the subsidy rate by the country within the limits of an ECOWAS ceiling. Each state deciding to retain this measure would be free to set the subsidy rate they wish, within the ceiling set by the ECOWAS Community.
- Choice of targeting. Each country would also be free to focus this measure on a given category of producers, for example according to farm size, agro-ecological zones or particular crops.
- ECOWAS conditions are:
  - A voucher system. In line with the fertilizer strategy adopted by ECOWAS in 2006, the grant program should necessarily pass through a system of coupons that would be distributed to farmers.
  - A maximum subsidy rate. The eligible subsidy rate should be capped (e.g. 50 percent), to limit the cost of the measure, and avoid uneconomic use of fertilizers and competition distortion between Member States on agricultural markets. The level of subsidy could be modified in case of a high variation in international prices.
  - Management through a bank. The voucher system will be necessarily managed by a bank (from which the distributor would be reimbursed for coupons received from farmers).
  - Authorized distributors. Only authorized dealers will be entitled to participate in the program and be reimbursed for coupons they receive.
  - A maximum quantity of coupons per farmer. Quantities of coupons distributed should be capped by farm (for example, 100 kg), so as to ensure the programme does not benefit large farmers more than small ones. This limit may vary depending on the country, given the variability in the size of farms.

This instrument seems interesting and important, because it enables coordinating agricultural policy instruments between regional and national levels. It also allows targeting the sectors and farm types based on countries' priorities. Its cost is estimated at USD 100 million over the five years of the regional investment program. The following issues regarding feasibility need to be considered:

- a. Not taking into account this dynamic in national investment programs. As national programs were defined at the same time as the regional one, they could not include this proposal in the priorities, activities and actions to be enacted in the country over the next five years.
- b. Local actors' weak capacity, including producer organizations, in the management of such a device. Managing such experiences requires organization, mobilization and governance levels that neither governments nor POs have yet fully internalized. Managing similar experiments that are underway in southern Africa, particularly in Malawi, and which, moreover, do not involve the regional level, have turned out to be very difficult. They require a fairly complex organizational capacity of peasant networks at grassroots, national and regional level.

## **B. Agricultural policy initiative: market regulation**

ECOWAS is proposing three types of regulatory instruments for the regional agricultural product market: i) instruments at the borders, ii) storage instruments (public and private) and iii) those relating to standardization and inter-branch organizations.

**Instruments at the border.** These are considered the most appropriate to regulate inter-annual and inter-seasonal price fluctuations and to limit forwarding international market imperfections onto national or regional markets. Local product prices may also be indirectly regulated by border instruments when they are tradable goods, that is to say, they can replace imports and are priced according to the volume of imports (e.g. local rice/imported rice).

To do this, ECOWAS is planning to establish a single common tariff policy throughout its territory. The drafting process of this policy is well underway. In February 2009, Member States agreed to the introduction of a fifth tariff band at 35 percent, bringing the maximum protection for the countries of the Region to 35 percent. The challenge is mainly to identify what products are to be classified in the fifth tariff band and what products will change category within the first four tariff bands of the Common External Tariff.

Establishing other trade defence measures is also planned, including protective measures that can cope with imperfections and fluctuations of the international market. In 2006, ECOWAS experts proposed a safeguard tax on imports (STI). However, it must be noted that these measures are somewhat offset by those suggested by producer organizations that recommend the use of variable levies, by far the most effective type of agricultural protection. Better still, farmer organizations require prior determination of common consolidated tariffs for the entire Region in order not to freeze products in fixed band custom duties. All this must be accompanied by registering ECOWAS's Customs Union as a legal personality of the WTO to negotiate on behalf of its 15 Member States.

**Storage instruments.** These are an important means to regulate and stabilize prices in domestic markets. They are best suited to local non-perishable products such as millet / sorghum, roots and tubers, generally considered as non-tradable. Stocks can also regulate intra-annual price variations. This strategy aims to revitalize and strengthen the various initiatives undertaken by the regional network of food security stocks (RESOGEST), producer organizations (bundling, warrantage, management cooperatives, mini foodstuff exchanges, etc.) and private operators. These can be physical or virtual, including financial, stocks.

Regarding **other instruments**, the following actions are planned:

- a. Initiate a standardization process that involves defining product specifications (size, impurity content, form, rate of broken rice for example), but also standardizing measurement systems used in periodic traditional markets. This can help to reduce price fluctuations and improve the use of tools such as storage. Standardization encourages developing commercial storage and getting credit institutions involved because it provides a transparent basis for assessing a product stock's value.
- b. Boosting inter-branch organization schemes. These are one of the oldest market regulation instruments, experienced in West Africa. All the sectors that were the jewels of West African agriculture were managed by inter-branch organizations: cocoa, coffee, cotton. These vary from one country to another, with inter-branch organizations that act as agencies, such as the Agricultural Markets Regulatory Agency of Senegal, cocoa "Boards" in Ghana and Nigeria, and consultation and coordination marketing boards in Burkina Faso for shea butter and milk.
- c. In recent years, local food products, such as rice, with major economic and food challenges, have gradually been more managed by inter-branch organizations. These aim at removing bottlenecks that hinder the agricultural sector's development by promoting collective actions: access to inputs and factors of production, marketing infrastructure (roads and storage facilities), primary collection, price level, etc.
- d. Public policy choices involved in promoting agriculture overall as well as specific sectors cover all dimensions. But it is clear that they tended to be more efficient for export sectors such as cocoa and cotton for which West Africa occupies a prominent place at the global level. Most public incentives have focused on these sectors as they brought foreign exchange to governments.

- e. By contrast, constraints to promote traditional sectors are still numerous. Producers in the food sectors not only face difficulties to access inputs and adequate financing but also local, regional and international markets. The many failures in the institutional environment and regulatory sectors account for the fact that these sectors have remained in a state of under-production that has been detrimental to improving living conditions for producers in general and especially for small farmers.

## 4. Strategic priorities for promoting agricultural sectors in WA

Most political and agricultural development strategies implemented over the last twenty-five years have been largely modeled on emergency management. Those of the 1980's and 90's were largely influenced by structural adjustment programs and have brought about a quasi-complete disengagement from states. They failed to deploy a number of strategies and measures to best exploit the agricultural sector's potential for growth and jobs that abound. This eventually led to two management systems coexisting with contradictory strategic directions: administrative management, even "tutelage" of certain sectors (input supply, administered and pan-territorial prices for products, product collection, e.g. cotton in West Africa) and an almost total liberalization of market-oriented food sectors.

Strengthening the duality between cash and market-oriented food sectors has increased major malfunctions within the agricultural sector, including its low capacity to respond to incentives and to local and regional consumer demand. More particularly, this prevented promotion of large-scale development of small businesses that generate added value and jobs in both rural and urban areas. Yet these enterprises bring support that is essential to build partnerships between the emerging private sector and farmer organizations. The latter's level of structuring sometimes suffers from policy ambiguities that affect them and the fact that they strongly depend on external financial and technical assistance.

It is now urgent to return to more appropriate public policy that can accompany the current changes and help improve productivity and the overall competitiveness of the agricultural, livestock and fisheries sectors. It is time to create the conditions so that family farms can develop, as they also offer less demeaning and alienating jobs for youth. This thrust should enable implementing incentives and help to remove the main bottlenecks.

### 4.1 The funding problem

West Africa spends an average of USD 8 billion on food imports, representing about 18 percent of the total value of all combined goods imports. But States only spend about 5 percent of their budget for investment in agricultural development. Despite the commitment, taken by heads of state in 2003 in Maputo, to allocate at least 10 percent of their capital budget to agriculture, the goal is far from being achieved.

Clearly, if the Region is able to disburse some USD 8 billion annually to acquire foodstuffs (CEA, 2008), it should be able to mobilize at least 4 to 5 billion dollars to build sustainable production bases, guaranteeing its food security and a smooth functioning of the internal market. The cost of the Regional Investment Program is estimated at USD 900 million over five years. This reflects a lack of political will that continued food (rice, wheat, sugar and milk) price increases on the international market should help to remove.



However, the way resources are allocated is perhaps more problematic than mobilizing them. So far, the largest investments have focused not only on large farms, but also on export sectors. It is urgent to expand funding availability through the private sector and mechanisms that contribute to mitigate the many risks that characterize the agricultural sector in general, and in particular traditional sectors, including products that are rarely or not traded on the international market.

This strategy involves the implementation of funding facilities dedicated to:

- a. a guarantee fund to cover part of the risks associated with production (access to inputs), processing and marketing of products,
- b. interest rate subsidies for agricultural and food operation
- c. direct subsidies to improve access to equipment and inputs.

ECOWAS's Fund for Agricultural Development will be housed at the EBID in Lomé and envisions a set of funding mechanisms that need to be refined and especially relayed at country level and to the actors involved in developing the agricultural sector. Farmer organizations will be responsible for an important part of its implementation, including:

- Better characterization and categorization of farms in each country. Defining the optimal size (surface by farmer depending on the area and production) will help achieve the key objectives of the Regional Agricultural Policy: ensure security and food sovereignty, reduce imbalances between territories and ensure farmers "decent incomes". Characterizing family farms will wisely permit to differentiate essential public support.
- Better structuring of peasant organizations that are currently shared between sector POs, largely dedicated to economic issues, general POs that focus on advocacy, activist Union POs, and the so called development POs. The status of all these organizations and their position in intermediation with other actors, including public authorities and institutions, need to be clearly defined.
- Management capacity building of POs in areas where they have had mixed results in recent years, i.e. economic activities. Indeed, managing grant and improvement mechanisms requires a level of governance that must be promoted at all levels including POs.

## 4.2 Guaranteeing access to productive resources: land, water

Beyond institutional and jurisdictional aspects, guaranteeing access to resources for agricultural development, land and water, raises the thorny issue of managing the demographic transition on the continent. The debate on land in terms of family farms' viability and efficiency needs to address: returns on investment, the ability to respond to the evolution of demand, and their survival, given how arable land resources are currently managed, including their fragmentation when divided for inheritance. The emerging need to consolidate land, following concerns to promote biofuel production and the renewed interest in mechanization to increase productivity, raises a fundamental question: To which areas will agricultural labor be transferred? (Blein et al, 2008).

Successfully managing the continent's demographic transition will impact on the success of current land reforms, or more precisely strategies for securing land tenure, that are being implemented in many countries to attract productive investments in agriculture. As D. Bloom and Willam (1998) pointed out, according to the demographic window principle, "every demographic transition, accompanied by an increased rate of activity, generates a surplus of economic growth. The Asian economic miracle and the strong growth in Southeast Asia countries are associated with such a strategy". West Africa will

definitely also face this situation, and extensive farm practices, which prevail today, are not sustainable in the long term.

There is still significant work to be done to exploit fully Africa' enormous potential of surface and groundwater resources. This mainly consists in developing water infrastructure, water retention and control of small-scale irrigation systems accessible to family farms. Good results around certain perimeters (Office du Niger in Mali with rice production, Kano and in Gigawa in Nigeria with tomato, potato and onion production) support establishing such incentives. Water management will secure the different sectors be they for export or for local and regional markets.

This should be done by generalizing experiences of partnership between governments, civil society and other water users, regulated by a water charter and will not only bring about a rational use of water, but also the development of a water management system suitable for all water uses.

In many Sahelian countries, small water management experiences help develop off-season crops and promote short marketing chains for produce. Tomato production in southern Burkina Faso and northern Ghana has been possible thanks to dams that facilitate irrigation. Similarly, rational management of lowlands has given a boost to women's rice production in many countries.

### 4.3 Developing collective action

Developing collective action can be a powerful promotion factor for the agricultural sector in West Africa. Indeed, collective actions can help by pooling resources to substantially reduce production and transaction costs and facilitate the connection of producers to local, regional and international markets. This consists in promoting a series of actions in commercial agricultural sectors, which provide outreach services that mitigate the effects of multiple constraints linked to developing the agricultural sector: input supply, extension services, water management and storage and market infrastructure.

Collective actions also put in place mechanisms and systems to facilitate farmers' access to credit and their market integration. They should also aim at promoting new value chains through diversification of activities and product processing: development of agro-food units and craft industries in rural areas.

Developing collective actions is also a powerful structuring factor for peasant organizations and sectors on the one hand, and establishing a partnership between the various stakeholders involved in the agricultural sector, on the other. It can be considered as a lever for organizing producers and an instrument of their efficiency.

However, developing collective action is only possible if producers benefit from a favorable regulatory environment: a healthy and transparent institutional framework, efficient public administration and a minimum of sustained attention to domestic production by government. In fact, the new emerging sectors in West Africa owe their partial success to existing specific incentive conditions, including:

- A partnership involving at least four categories of actors: i) farmer organizations as drivers of production development and at the center of the arrangement, ii) credit institutions and other institutions that provide local services, iii) the state that ensures appropriate regulatory institutional environment for the development of economic and social activities, iv) institutional actors who guarantee purchasing a part of small farmers' production at remunerative prices to stabilize their income.

Development of the maize, millet and sorghum sector in the Moun area in Burkina Faso is the result of this type of partnership between the UGC-PA and certain institutions. The UGC-PA brings together around 10 000 producers and ensures they benefit from agricultural inputs and other farming equipment thanks to funding from credit institutions. It collects the products that it sells to public institutions (SONAGES), charities (WFP) and others. Between 8000 and 10 000 tonnes of grain per year are marketed this way every year. The fact that official institutions guarantee this market is undoubtedly a key to the success of this collective action managed by the UGC-PA.

Structuring certain sectors requires collective action, including specific protection policies. This is the case of the onion sector in Senegal and the potato one in Guinea, which fully owe their expansion to the implementation of safeguard or, more precisely, trade protection measures such as import quotas from the international market. Limiting the volume of imports of these products at certain times of the year has increased domestic production, and has also helped structure organized producers around these sectors.

Developing collective action based on a good producer organization and the implementation of appropriate incentive policies allows producers to exploit the opportunities offered by domestic and regional markets for which the most optimistic estimates predict the volume to be approximately USD150 billion in 2030. This is essential to improve producers' incomes.

#### **4.4 The trade policy reform, regional markets and international trade regime**

##### **A. Promoting the regional market**

The regional market currently has 300 million consumers with nearly 500 million planned for 2050. This represents a huge opportunity to develop all of the agricultural sector's products, and especially for food supply chains. Currently less than 15 percent of the market demand is met by regional production. Setting up a trade policy that enables promoting community preference is essential to reverse this trend. Indeed, developing commodity chains is only possible if the regional market has an adequate level of protection that secures:

- a. profitability and rapid return on productive investments for different stakeholders, including foreign direct investments or those of local private operators.
- b. a safe, permanent and secure output, protected from the sometimes unfair competition of foreign imports.

The ongoing creation of ECOWAS's customs union provides a unique opportunity to implement this trade policy that is more in tune with the concerns of agricultural development in a regional "secure" environment.

The current debate on rice for which the Region has the necessary agricultural potential to produce the amount required by the regional market, is indicative of the need for such a policy. West Africa's growing dependence on global markets for its rice supply is the result of a vicious circle.

"Lest street protests, which could lead to question existing regimes' legitimacy, governments refuse to establish a level of market protection that would strongly encourage productive investment in rice production and allow hoping to eventually reduce reliance on the international market."

This strategy is even more difficult to understand given that world prices for this cereal show a constant upward trend over the last three years. Similarly, the downward trend in production in China, which will result in this country becoming a net importer, should stimulate a more proactive policy to promote rice production in the Region.

## **B. Reforming the international trade regime**

If we can concede to some analysts that the poor performance of the West African agricultural sector is due to “States’ political and institutional deficiencies” we cannot ignore that it is largely the result of the international market’s imperfections and failures. Shocks resulting from the international market’s rules and operation are detrimental to the development of agriculture in general and to Africa’s sectors in particular.

The trade regime is very unfavorable to African smallholder farmers who, due to a lack of support, face competitors from developed countries on unequal grounds in their own market. Current negotiations both at the WTO and the Economic Partnership Agreement between the EU and ACP countries can represent a huge opportunity to redefine the contours of the international market and loosen the noose around African markets and ensure them a better space to maneuver.

However, these negotiations should lead to true liberalization of world trade: abolish all forms of support, tariff and non-tariff barriers, dumping. This would provide a real opportunity for farmers in West and Central Africa. This debate is even more crucial as the liberalization scheme – including the one currently proposed by the EU in different regions of Africa through its offer to access the market under the EPA – raises a few problems: issues linked to standards are not sufficiently taken into account.

However, ECOWAS should accelerate building the regional market, including implementing a customs union and precautionary trade measures that are adaptable to a changing international market. The agricultural policy’s road map gives clear indications in this area.

## **4.5 A sectoral approach to agricultural investments: case studies<sup>7</sup>**

### **A. The case of Benin**

In Benin, the GIPD Project (*Projet de Gestion Intégrée de la Production et des Déprédateurs*) focused on public policies implemented in support of the development of food value chains. Since independence, Benin has relied on cotton for its economic growth whose production level had fallen because of low prices. At one time cotton exports represented 40 percent of the nation’s export proceeds.

But since the collapse of cotton market, the country was forced to diversify its agricultural sector so as to reduce the nation’s dependence on cotton. In pursuance of that objective, Benin adopted its Strategy for the Re-launching of the Agricultural Sector, which focused on four agricultural commodities, namely groundnut, pineapple, rice and poultry.

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<sup>7</sup> This section is taken from the proceedings of the joint regional FAO-IFAD workshop held in Accra, Ghana, July 4-5, 2012 under the theme: “Rebuilding the Potential of West African Agricultural Production: Lessons from Country Studies, Policy Initiatives, and Private-Public Partnerships to Promote Smallholder-Inclusive and Competitive Food Value Chains.”

The rice value chain was given high priority because of the importance of rice in the nation's strategy to achieve food security and also because it had the most successful outcome. Local production of rice was below the consumption needs, while a boost to rice production could even open export opportunities to neighbouring Niger and Nigeria. The goal of the Strategic Plan for agricultural development was therefore to promote rice production and to minimise post-harvest losses by strengthening markets. The specific objective of the Agricultural Sector of the Strategic Plan was, among others, to increase the production of paddy rice from 72,960 tonnes in 2007 to 385,000 tonnes in 2015. Among the expected results of the program are improved farmer access to fertilizers and phytosanitary products, transformation and improved storage of rice and opening-up of rice production areas for easy access to markets.

The program will be anchored under the National Agricultural Investment Plan and existing legal and institutional structures providing the overarching necessary environment.

## **B. The case of Nigeria**

Nigeria's agriculture was anchored on three pillars, namely the National Agricultural and Food Security Strategy, the Nigeria Vision 2020 Economic Transformation Blueprint and CAADP's National Agricultural Investment Plan.

Among the agricultural sector objectives and priorities is to achieve market-driven value chain development in Nigeria and farm-gate commercial storage as well as reduce post-harvest losses of agricultural production by an average of 50 percent and to expand the nation's foreign exchange earnings through agricultural exports and reduce the present level of food import by 50 percent in 2015.

Most importantly, Nigeria had initiated a system to facilitate the linkages between agro-input dealers and credit institutions. There are also efforts to integrate produce marketing with input marketing, including the establishment of a more effective food marketing information service to increase market transparency and enhance operational efficiency (Commodity Exchange for futures market). The goal is to transform Nigeria's agriculture into a commercial oriented sector with emphasis on food processing, promotion of locally produced food and new employment.

The constraints to value chain development include inadequate physical and financial infrastructure, low returns on investments, poor investment climate, and the need for appropriate policies that would drive growth, combat climate change and promote risk management. Concerning risk and risk management, the Central Bank of Nigeria had established a new mechanism aimed at mitigating agricultural financial risk, encouraging private bank lending and providing financial support to farmers. Nigeria has also targeted a set of zones and commodities (cassava, sorghum etc.) for agricultural investment.

## **C. The case of Ghana**

Ghana developed the Medium Term Agriculture Sector Investment Plan (METASIP) in fulfillment of Ghana's participation in ECOWAS agriculture related initiatives, namely ECOWAP for West Africa and the NEPAD / CAADP as well as to implement its Food and Agriculture Sector Development Policy (FASDEP II). METASIP had six programs whose objectives were generally to improve the supply chain of staple foods such as cassava, maize and rice as well as the commercialisation of farming for increased income generation, especially by tapping into the market potential of the traditional cash crops such as mangoes, citrus, palm oil and rubber.

An important characteristic of the Plan was its sector-wide approach involving all the agencies and actors in the consultations for the design and participation of the supervision and implementation of its activities. The Plan established a Steering Committee with membership of all the principal stakeholders including relevant government agencies and Ministries POs. One of the priority areas of the Steering Committee was therefore to enhance the development of POs so as to make them viable economic units to strengthen their bargaining power and enable them to link up with regional groups.

The Steering Committee operates as a multi-stakeholder platform where members can raise, discuss and resolve issues and bring feedback back to the constituents. The SC is also supported by SAKSS, whose membership is comprised of representatives from policy and knowledge institutions as well as Civil Society Organizations (CSOs) and the private sector. SAKSS is also linked with West Africa's regional platform ReSAKSS. A secretariat and policy dialogue fora also supported the Steering Committee. The Steering Committee was working towards the formulation of a communications strategy to enhance prioritizing METASIP and integrating it into plans and budgets of state and non-state actors.

Like many other recent programs, METASIP has also adopted a value chain approach with a view to bring on board all operators and their activities in agricultural value chains to enhance efficiency, competitiveness and inclusiveness in order to promote transforming smallholder farmers toward a commercial orientation to modernise and improve their business's profitability. This required formulating strategies and approaches to integrate smallholder farmers in the value chain and to develop POs. They included encouraging the evolution of POs at the grassroots level and intensifying out-grower schemes. The Government of Ghana has also developed a policy to provide a framework for Public-Private Partnerships (PPPs) and, with the support of donors, the Ghana Commercial Agricultural Project. Its objectives are to improve the investment climate for agri-business and developing inclusive PPPs and enhance smallholder linkages in selected value chains. One key challenge to the implementation of METASIP includes the mobilisation of funds to enable civil society organizations to participate actively and play their expected role in the METASIP process.

## 5. Conclusion

Investment policies, specifically directed to promoting the agricultural sector in West Africa remain very selective or even discriminatory. While agriculture, livestock and fisheries export sectors receive full attention, food sectors, which are essential for people's food security and regional market integration continue to be marginalized.

Most incentive policies have focused on cash crops, thus perpetuating the trading economy that promoted sectors oriented towards the international market. Despite recent developments resulting from reforms at both national and regional levels, agricultural sectors are still poorly prepared to take advantage of the huge opportunities offered by domestic and regional markets.

There seems to be a considerable gap between implemented strategies and policy instruments and the heavy trends in West African agriculture and the changing international context. They tend to reproduce the formulae that helped boost Asian agriculture, but seem less appropriate in today's context.

In West Africa, distancing to initiate strategic thinking for agriculture seems to be sorely lacking and also the political will to implement specific policies to develop the different sectors. The complexity of West African agriculture, its relations with other activity sectors, the nature and level of organization of its actors, its very high exposure to internal and external shocks require implementing strategies investment that can:

- a. Minimize the risks associated with agricultural activities, i) facilitate access to inputs and productive resources, ii) develop collective actions through better structuring of sectors and organizing of the actors.
- b. Better target sectors that ensure food security and sovereignty, decent income for farmers, and balanced land use planning. This targeting should allow implementing essential public incentives for agricultural development.
- b. Develop mutually beneficial partnerships between all actors involved in rural development in general, and in agricultural development in particular.
- d. Promote a regulatory environment conducive to agricultural development, i) promoting the regional market, ii) incentive investment policy (tax exemption).
- e. Promote the regional market by making it a key factor for the development of agriculture and small family farm production.
- f. Reform the international trade regime, which remains very unfavorable to smallholder farms

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