



Regional Seminar on the Development of Cereal Commodity Chains in West Africa

Cereal Policies in West Africa

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Fifty Years of West African Cereal Policies

The 1960s-1980s: Administrated Productivist Agriculture

1. Agriculture and cereal policies were characterized by a very proactive orientation heavily marked by the continuation of the trading economy, which took the form of:
 - a. **The nationalization of land and a pyramid system to supervise production focusing on export value chains:** Production was organized in a manner modelled on administrative structures—rural village groups and higher-level federations—and supervision by national marketing offices. Priority was given to export industries in order to fill government coffers and take advantage of the trade preferences under the 1964 Yaoundé Conventions, a continuation of colonial specialization.
 - b. **Control of agricultural trade:** This took the form, *internally*, of setting low prices for farmers, instituting trade quotas, and keeping consumers' prices down to favour urban populations. *Externally*, an “equalization fund” imported cereal and sold the quantities set by the government authorities at fixed prices. On the other side, governments taxed the main export value chains to fund state budgets and finance investments.
 - c. **A food security instrument based mainly on international food aid.**
2. This type of policy did not enable the new independent states to avoid the first serious food crisis in 1972-1973. Some of the inadequacies of these policies were: ineffective intervention by cereal offices unable to maintain a floor price for farmers and a ceiling price for consumers; the non-recognition of private merchants and the development of the informal market; countries' heightened dependency on imports; and insufficient and ineffective input subsidies due to poor fertilizer dosages and delivery delays.
3. This administered management of the market in the post-colonial years led to a dead end because it generated a growing deficit in the public sector, contributed to the worsening of the balance of payments since national production grew slower than demand, and was unable to manage and prevent food crises.

The 1980s to 2000: Structural Adjustment and Government Withdrawal

4. In order to revive their economies, West African countries solicited financial support from the IMF, which conditioned its intervention on the adoption of a stabilization and budgetary rigor policy. In terms of cereal policy, Agricultural Structural Adjustment Programmes (ASAPs) modified the post-colonial system as a whole.
5. **In regard to production structure, we saw a re-focusing of national offices' activities on their basic government functions** and their withdrawal from other activities (processing,

input provision, primary harvesting, production of agricultural equipment, development and renovation works). Government withdrawal was accompanied, notably under the impetus of the IMF's good governance conditions, by greater participation by actors in defining agricultural policies. In this way, we saw the emergence of farmers' and rural people's organizations that structured themselves on the national scale.

6. **Control over economic flows was progressively suppressed.** *On the internal market*, with the scheduled end of administered prices, consumer price control and trade flows, liberalization took the form of the introduction of a degree of autonomy in food distribution. The challenges involved, above all, the mastery of market information. Private coordination systems (inter-branch organizations, consultation arenas) emerged at this time in value chains to take over the functions of input management, negotiation and price setting. *On the external market*, the liberalization initiated in the framework of the Agricultural Structural Adjustment Programme (ASAP) was expanded in three ways: by African countries' adhesion to the WTO in 1995 and the inclusion of agriculture on the agenda for the Uruguay Round, by the beginnings of the trade liberalization schema within ECOWAS starting in 1993, and by the formation of WAEMU in 1994 following the devaluation of the CFA franc. Simultaneously with the trade liberalization process, the concept of a "regional protected area" emerged during the "Mindelo symposium" in 1986; its main idea was to raise cereal prices compared to export crops by applying customs duties on imported products.
7. **Food crisis management and prevention was seen as the only "liberalization-compatible" intervention.** The national offices with a monopoly over sales saw their principal mission reduced to managing national safety stores. During the 1984-1985 year, West Africa was struck by the second most severe famine.

2008: A Radical Change of Context that Rehabilitated Public Intervention

8. The process of liberalizing the agricultural sector launched since the early 1980s combined with growing urbanization created a situation in which populations' food consumption depended increasingly on the market.
9. The "classic" factors in famine such as production deficits (product availability) became rarer or combined more frequently with "accessibility" problems due to rising market prices for cereals. The inability of crisis monitoring and prevention systems to anticipate "price" crises such as the 2008 crisis shows that these structural changes have not yet been adequately taken into account.
10. The food crisis generated by the 2008 spike in international prices revealed the extent of public withdrawal from agriculture and from food production in particular.
11. Governments reacted to this crisis by adopting various types of measures:
12. **Emergency measures to facilitate access to food:**
 - a. lowering taxes on staple foods;

- b. *consumer subsidies* on certain products, notably fuel, rice and bread;
- c. *market interventions for food products* through restocking operations (mobilization of intervention stores) and selling at low or reduced prices;
- d. *operations targeting vulnerable populations*, through classic social safety nets: food and/or cash for work, distribution of food aid, etc.;
- e. *bans on exporting cereals* to neighbouring countries;
- f. *price setting and control*, with or without negotiation between the government and economic operators on trading margins; and
- g. finally, *measures taken by regional and international institutions with the aim of supporting governments' initiatives*. This included: (i) financial allocations; (ii) credit lines or grants to finance the import of food products and the acquisition of inputs; and (iii) technical support for the formulation of relief programmes.

13. Short-term measures to revive production:

- a. support operations to *establish off-season crops; and*
- b. *strengthening winter harvest preparation support systems in early 2008.*

14. Medium-term measures to revive agricultural production: The aim was to increase domestic supply rapidly, taking advantage of a backdrop of high prices that made it possible to boost production on the sub-regional level. Most of these revival programmes focused on cereals, notably rice, for which most countries set quantitative objectives. The actions planned in the framework of national programmes focused on:

- a. *the renovation of hydro-agricultural infrastructures;*
- b. *supplying and subsidizing fertilizers;*
- c. *the provision of seeds;*
- d. *the provision of agricultural equipment;*
- e. *setting up credit lines to obtain inputs; and*
- f. *redeploying agricultural advice.*

15. To attain the set objectives, nearly all governments did not hesitate to break away from the liberal recipes and requirements of the structural adjustment policies of the 1980s and 1990s.

16. Outside these production programmes, little was invested in the field of product marketing. However, countries felt they had to increase their emergency stocks and turn them into market intervention stocks to influence (raise or lower) prices in function of changes in the market. Considerable disagreements remain between governments and donors on stocking policies.

Diverse Impacts Difficult to Measure over the Long-Term

17. Responding to pressure from the streets, the measures on imported products destined to lower food prices have been very costly for government budgets (elimination of taxes and subsidies) but their impact on lowering consumer food prices has not been very clear. These measures, which were not targeted according to consumers' purchasing power, favoured the consumption of imported products over local products.
18. In regard to national policies, the options chosen often broke with national agricultural framework laws in two major areas. First, no revival plans make explicit reference to guidelines. They were the subject of little discussion with FOs. Second, revival plans display countries' ambitions to become rice exporting powerhouses and seem to favour large-scale farming companies instead of smallholder farming although the later is promoted in framework laws.
19. National measures do not mention the regional guidelines adopted in the CAP (WAEMU) and ECOWAP (ECOWAS). Each country defined its plan of action in reference to national stakes, without concern for the regional level, including in regard to trade policy, a regional prerogative.
20. Agricultural production revival measures took the form of an expansion of cultivated land, and the announced harvests mark a large recovery in production. However, two factors mitigate their impact: (i) the length of time it took to set up "subsidized input operations"; and (ii) the poor quality of the inputs provided (fertilizer and "certified" seeds). The exceptional weather in 2008-2009 helped boost production. The results were considerably poorer during the following crop year. The medium- and long-term results will depend on the continuity of the investments made.
21. In regard to the "agricultural revival" component, measures were designed with haste, expeditiously addressing important structural dimensions that would have required in-depth consultations: land tenure issues, credit policy, etc. This form of intervention takes actors and structures into little account.
22. The same is true of the measures aiming to facilitate "access to food." The response to the crisis was dominated by increasing the cereal supply. This is a return to a traditional vision of food crises as being generated by supply availability problems. The crisis did not really allow for progress to be made on how to respond to crises caused by price hikes and, more generally, to accessibility crises linked to populations' poverty and vulnerability.

What Cereal Policy Prospects?

What lessons can be drawn from how the 2008 crisis was managed?

23. Management of the 2008 crisis inspires three remarks:
- a. agricultural and food stakes are now at the heart of policy makers' agendas;
 - b. the agricultural sector cannot do without a proactive agricultural policy; and
 - c. governments have taken into little account the changes in the institutional landscape and have favoured forms of direct intervention mirroring those employed in the 1960s and 1970s, rather than negotiating and designing interventions combining public responsibilities and socio-professional responsibilities.
24. On this point, the regional agricultural policies—notably ECOWAP, which adopts a very proactive vision—elaborated in conjunction with farmers' organizations gain greater credibility. However, some measures that governments took unilaterally during the crisis (banning exports on the intra-regional market, unilaterally lowering customs duties) show that progress still needs to be made in order to have true, operational regional policy instruments.

The Agricultural Policies of WAEMU (CAP) and ECOWAS (ECOWAP)

25. *WAEMU's Agricultural Policy (CAP)*, adopted by the Heads of State in December 2001, pursued three main objectives:
- a. ensure food security;
 - b. sustainably increase productivity and production in the agricultural sector; and
 - c. improve living conditions for farmers by developing the rural economy.
26. WAEMU's agricultural policy has, however, encountered certain difficulties attaining its objectives. The trade and tariff policy is poorly suited to the objectives set by the CAP, notably when it comes to food security. The establishment of the common external tariff (CET), the main instrument in WAEMU's trade policy, resulted in a dismantling of tariff barriers for most countries in the sub-region; this dismantling is seen as prejudicial when it comes to both stimulating local production and lowering food dependency.
27. In 2005, ECOWAS adopted a regional agricultural policy—the ECOWAP—that was designed as a tool to integrate the various policies and strategic frameworks existing in the region (CAP/WAEMU, CILSS's Food Security Strategic Framework). It explicitly advocates the objective of food sovereignty for the region.

28. The price crisis, a reminder of how urgent it is that this policy be effectively implemented, made it possible to speed up the process leading to the adoption of the Regional Investment Plan in June 2010, which constitutes the 2011-2015 agricultural development programme. It targets three objectives:
- a. the promotion of strategic products for food security and sovereignty;
 - b. the promotion of an overall environment conducive to agricultural development in the region; and
 - c. the reduction of food vulnerability and the promotion of sustainable access to food.
29. Designed simultaneously with the redefinition of the ECOWAS CET and notably the establishment of a fifth tariff band at 35% and the definition of safeguard mechanisms to regulate prices at borders, ECOWAP sought to implement effective protection instruments for the regional market and instruments in favour of the most vulnerable that included the “accessibility” dimension of poverty.

The Positions and Initiatives of FOs and Civil Society

An Aggressive Position on ECOWAS's CET

30. Farmers' organizations (ROPPA) believe that the trade policy, with the CET as its principal instrument, must be seen as a tool to defend trade and stimulate production and regional trade.
31. FOs have taken a position in favour of:
- a. a CET that is an instrument to protect local value chains with the creation of a fifth ad valorem customs duty (the WAEMU CET contains only four) at 50% and the introduction of a special safeguard mechanism to respond to price fluctuations; and
 - b. the adoption of the “progressivity” principle for cereals: re-categorizing all products within tariff bands instead of only the products in the fourth band.
32. The idea of a fifth tariff band was ultimately accepted, but at the rate of 35%. The debate on re-categorizing products in the five bands, and notably on the new classification criteria to adopt, has still not been resolved. FOs propose using the criteria that were used to elaborate the regional list of sensitive products in the framework of the EPA negotiations.

The Position on EPAs

33. ROPPA and the national platforms of farmers' organizations in the various countries have invested heavily in the EPA negotiations between the EU and ECOWAS. They defended a development agreement that excluded most agricultural products from the liberalization of trade between the two regions.
34. The ECOWAS and WAEMU commissions presented a first "liberalization schema" in 2008, proposing a list of excluded products and different speeds for the dismantling of the agricultural and industrial sectors according to product sensitivity.
35. Four groups of products were identified using a methodology supported and fuelled by FOs; this methodology uses four criteria for product sensitivity in regard to liberalization: food security, rural development, guaranteed livelihoods, and regional integration potential. Following this work, national lists of "sensitive" products were elaborated and then consolidated into a regional list.
36. Currently, two factors are slowing the negotiation process:
 - a. the ECOWAS CET has not been finalized: the CET process and EPAs are connected inasmuch as the CET—once established—will be the baseline from which partial tariff dismantling will be determined for imports from the European Union; and
 - b. the presence of a disagreement on the degree of openness demanded by WTO agreements. The first market access offer proposed to the EU contained the exclusion of 40% of trade. The EU wants a rate of 20%. Today, the ECOWAS/WAEMU Commissions' proposals near an exclusion of 30%. Civil society organizations claim that the WTO's rules are not explicit in regard to the degree of tariff liberalization required.