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EXPANDED AGRIBUSINESS AND TRADE PROMOTION (USAID E-ATP)

In fulfillment of the following deliverable under task 1.1.2:

A Plan for Policy Related Activities Designed to Promote Free Trade in Staple Foods in West Africa with Key Milestones

Contract/ Project No.: EDH-1-00-00005-11

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Global Cold Chain Alliance



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PLAN FOR POLICY-RELATED ACTIVITIES IN STAPLE FOODS

USAID EXPANDED AGRIBUSINESS AND TRADE PROMOTION (E-ATP) PROJECT

June 2012

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DISCLAIMER

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ACRONYMS

| | |
|---------------|--|
| ATP | Agribusiness and Trade Promotion Project |
| CILSS | <i>Comité permanent inter-Etats de lutte contre la sécheresse dans le Sahel</i> (Permanent Interstate Committee for Drought Control in the Sahel) |
| E-ATP | Expanded Agribusiness and Trade Promotion Project |
| ECOWAS | Economic Community of West African States |
| ETLS | ECOWAS Trade Liberalization Scheme |
| UEMOA | <i>Union économique et monétaire ouest africaine</i> (West African Economic and Monetary Union) |
| WAMI | West African Monetary Institute |
| WATH | West African Trade Hub |

I. INTRODUCTION

This document is submitted to fulfill the requirement under the Expanded Agribusiness and Trade Promotion (E-ATP) Project for the delivery of a plan for policy-related activities designed to promote free trade in staple foods in West Africa with key milestones.

Thanks to the head start made under the original Agribusiness and Trade Promotion (ATP) Project, the E-ATP Policy Team has quickly made progress in identifying, analyzing, and acting upon specific policy issues hampering trade in staple foods within West Africa. This plan includes some actions already completed under E-ATP in FY 2010 and FY 2011, as well as actions to be undertaken during the remainder of FY 2011 and in FY 2012.

The plan integrates actions undertaken by a range of organizations, including the Economic Community of West African States (ECOWAS) Commission, national governments, the regional value chain associations for rice, millet/sorghum, and poultry, ATP/E-ATP, and private sector operators in these value chains. The plan is closely linked with the ECOWAS Policy Watch System. The Gap Analysis and Policy Watch Presentations to ECOWAS is included in this report as an annex.

2. THE PLAN FOR POLICY-RELATED ACTIVITIES DESIGNED TO PROMOTE FREE TRADE IN STAPLE FOODS

| Activity | Responsible for Activity | FY 2010 | | | | FY 2011 | | | | FY 2012 | | | |
|---|---|---------|----|-----|----|---------|----|-----|----|---------|----|-----|----|
| | | I | II | III | IV | I | II | III | IV | I | II | III | IV |
| Identification of barriers to trade for millet/sorghum, rice, and poultry | Value chain operatives, E-ATP personnel | | | | | | | | | | | | |
| Validation of priority advocacy issues with value chain stakeholders | Regional value chain associations, E-ATP personnel | | | | | | | | | | | | |
| Coordination with the ECOWAS Commission on resolving the identified trade barriers | E-ATP personnel, ECOWAS Commission | | | | | | | | | | | | |
| Coordination with CILSS* and the UEMOA** Commission | UEMOA Commission, E-ATP personnel | | | | | | | | | | | | |
| Mission by regional value chain representatives to the ECOWAS Commission to engage in advocacy activities | Value chain stakeholders, ECOWAS Commission, E-ATP personnel | | | | | | | | | | | | |
| Contributions to the operational manual for ECOWAS National Units | ECOWAS Commission, E-ATP personnel | | | | | | | | | | | | |
| Contributions to operational guidelines issued at the regional level as part of establishment of the ECOWAS monitoring and evaluation plan | ECOWAS Commission, E-ATP personnel | | | | | | | | | | | | |
| Distribution of communications materials to the ECOWAS Commission (public sensitization plan) and to regional value chain associations (awareness training) | E-ATP personnel, ECOWAS Commission, regional value chain associations | | | | | | | | | | | | |
| Contributions to reform of the ECOWAS Trade Liberalization Scheme (ETLS) to ensure staple foods are not subject to the transit regime | ECOWAS Commission, E-ATP personnel, WATH,† WAMI†† | | | | | | | | | | | | |
| Contributions to the ECOWAS Inter-Institutional Linkages Report (Second Asante Report) | ECOWAS Commission, E-ATP personnel | | | | | | | | | | | | |
| Final assessment and recommendations for future actions beyond the life of the project | E-ATP personnel, regional value chain associations | | | | | | | | | | | | |
| Debriefing with the ECOWAS Commission | E-ATP personnel, ECOWAS Commission | | | | | | | | | | | | |

*Comité permanent inter-Etats de lutte contre la sécheresse dans le Sahel/Permanent Interstate Committee for Drought Control in the Sahel

- ** Union économique et monétaire ouest africaine/West African Economic and Monetary Union
- † West Africa Trade Hub Project
- †† West African Monetary Institute

3. WHAT SPECIFICALLY IS ATP/E-ATP DOING TO PROMOTE THE PLAN FOR POLICY-RELATED ACTIVITIES DESIGNED TO PROMOTE FREE TRADE IN STAPLE FOODS?

In areas where the ECOWAS Commission is taking the lead, ATP/E-ATP is contributing technical content and policy advice to the ECOWAS report-writing team for:

- An Inter-Institutional Linkages Report (the “Second Asante Report”), laying out what is needed in terms of institutional linkages between the ECOWAS Commission and the member states in order for ECOWAS rules in all domains to be implemented effectively
- Two new ECOWAS manuals to guide member states in their implementation of the ECOWAS rules: an operational manual for ECOWAS National Units (ATP/E-ATP deliverable: Policy Watch System); and an ECOWAS monitoring and evaluation manual (ATP deliverable: ECOWAS plan for monitoring and evaluation)

In addition, ATP/E-ATP is providing technical content specific to intra-regional free trade in each of the six ATP/E-ATP value chains for the ECOWAS Commission to provide to the National Transport and Trade Facilitation Committees.

ATP/E-ATP is taking the lead on providing:

- Communications materials to the ECOWAS Communications Department on the regional trading rules for the ATP/E-ATP value chains (E-ATP deliverable: medium-term plan for public sensitization on the regional trading rules)
- Access to the ECOWAS Commission for the regional value chain associations in order to engage in direct, face-to-face lobbying and presentation of the value chain stakeholders’ demands in an advocacy letter (ATP deliverable: advocacy events)
- Training and communications materials on the regional trading rules for the ATP/E-ATP value chain stakeholders via the regional value chain associations (E-ATP deliverable: awareness training)

The milestones for ATP/E-ATP on the plan for policy-related activities designed to promote free trade in staple foods include:

- Validation of the analysis by value chain stakeholders and ECOWAS Commission officials (June 2010)

- A sponsored mission of regional value chain representatives to the ECOWAS Commission to engage in advocacy activities (March 2011)
- Contributions to the Inter-Institutional Linkages Report
- Contributions to the operational manual for ECOWAS National Units
- Contributions to the operational guidelines issued at the regional level as part of establishment of the ECOWAS monitoring and evaluation plan
- Distribution of communications materials to the ECOWAS Commission (public sensitization plan) and to the regional value chain associations (awareness training)

The plan for policy-related activities is closely linked to other ATP/E-ATP deliverables:

- ATP deliverable: Institutionalized process for gathering and incorporating industry feedback in policy change at ECOWAS (Policy Watch System)
- E-ATP deliverable: Advocacy plans by value chain, updated annually (*Task 1.1.1: Build a policy advocacy plan and “policy watch” system*)

4. ANNEX: GAP ANALYSIS AND POLICY WATCH PRESENTATIONS TO ECOWAS



IN THE NAME OF FOOD SECURITY!

**REGIONAL RULES FOR FREE CIRCULATION
OF STAPLE FOOD CROPS IN WEST AFRICA**

‘GAP ANALYSIS’

‘POLICY WATCH’ SYSTEM

AGRIBUSINESS AND TRADE PROMOTION (ATP) PROJECT EXPANDED AGRIBUSINESS AND TRADE PROMOTION (E-ATP)

- Financed by USAID/West Africa regional program (agriculture)
ATP value chains: onions-shallots, livestock-meats, maize
E-ATP value chains: poultry, rice, millet-sorghum
- ATP/E-ATP runs through September-October 2012, covers whole ECOWAS region (focus on Benin, Burkina Faso, Cote d’Ivoire, Ghana, Mali, *Niger*, Nigeria, Senegal and Togo)
- Goal is to improve food security by increasing intra-regional trade
- Agricultural trade issues necessarily involve officials responsible for customs, trade, transport, private sector, communications, etc.

WEST AFRICA'S CUSTOMS UNION

- *First step: FREE TRADE AREA*
 - **Elimination of all tariff barriers**
 - Customs duties and taxes of equivalent effect
 - **Elimination of all non-tariff barriers**
 - Fiscal barriers
 - Physical barriers
 - Technical barriers
- *Second step: COMMON EXTERNAL TARIFF*
 - Single tariff regime on imports
 - Harmonization of internal indirect taxes
 - Adoption of a common trade policy

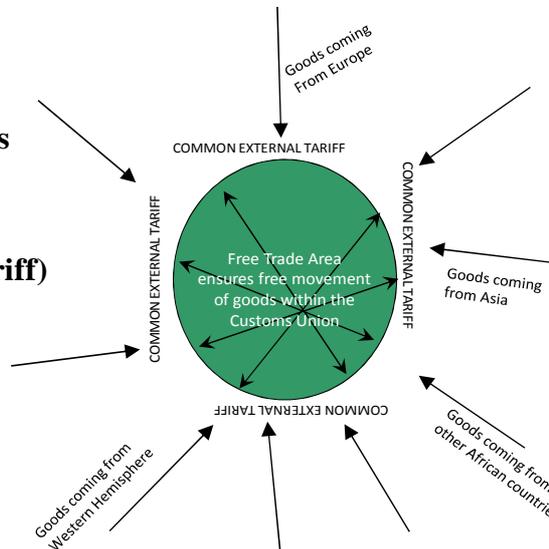
THE CHALLENGE

- Despite free trade regime since January 2000, intra-regional trade hampered by non-application of policies and imposition of non-tariff barriers
- “Gap Analysis” to determine nature and extent of difference between regional rules and the reality, and propose solutions
- “Policy Watch” system to ensure compliance with regional trade policies, and to give value chain economic operators recourse when faced with unfair barriers

THE VISION

Effective UEMOA-ECOWAS Customs Union

- a. **Community-origin goods circulate freely within West Africa**
- b. **CET (common external tariff) applies to imports from third countries**



Regional Rules for Trade

For the free movement of **agricultural and livestock products** in ECOWAS and UEMOA, the treaties and protocols require:

Elimination of tariff barriers

- Customs duties
- “Taxes of equivalent effect”

Elimination of non-tariff barriers

- Road checkpoints
- Unnecessary documentation
- Norms and standards as disguised barriers

Non respect of the Regional Rules

Many **non-tariff barriers** were observed:

- Numerous roadblocks (bribes, harassment)
- National documentation not recognized across borders
- Unnecessary documentation asked for (certificate of origin eliminated for these products according to ECOWAS A/P1/1/03)
- Restrictions on the export of cereals by border authorities
- Cote d'Ivoire asks for a certificate of origin for the bags in which the cereals arrive

Concepts and Practical Considerations for Crossing Borders

Types of barriers

Fiscal barriers to trade

Physical barriers to trade

Technical barriers to trade

What, How, Whom

For the free movement of goods

For the free movement of the truck

For the free movement of the driver and his assistants

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What, How, Whom

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For the free movement of the truck

For the free movement of the driver and his assistants

| E-ATP Value Chains | Identified Policy Barriers to Trade |
|---------------------------|--|
| Rice | <ul style="list-style-type: none">▪ Seasonal export bans▪ VAT of 18% charged when crossing borders▪ Countries refuse to allow the export of rice produced with subsidized inputs▪ Need for certificate of origin to avoid paying the full range of customs duties▪ Cote d'Ivoire asks for certificate of origin for the bags in which cereals arrive▪ Non-respect of equivalence of phytosanitary certificate▪ Refusal by Burkina Faso certification body to certify seeds because seed producer planned to export seeds |

| E-ATP Value Chains | Identified Policy Barriers to Trade |
|---------------------------|--|
| Poultry | <ul style="list-style-type: none"> ▪ Import ban in several countries on live animals, meat and eggs due to avian influenza ▪ Nigeria bans the import of poultry meat outright ▪ Need for certificate of origin to avoid paying the full range of customs duties ▪ Non-respect of equivalence of veterinary certificate |

| E-ATP Value Chains | Identified Policy Barriers to Trade |
|---------------------------|---|
| Millet-Sorghum | <ul style="list-style-type: none"> ▪ Seasonal export bans ▪ VAT of 18% charged when crossing borders ▪ Senegal special surcharge on millet imports ▪ Need for certificate of origin to avoid paying the full range of customs duties ▪ Cote d' Ivoire asks for certificate of origin for the bags in which cereals arrive ▪ Non-respect of equivalence of phytosanitary certificate |

| ATP Value Chains | Identified Policy Barriers to Trade |
|------------------|--|
| Maize | <ul style="list-style-type: none"> ▪ Seasonal export bans ▪ Countries refuse to allow the export of maize produced with subsidized inputs ▪ Need for certificate of origin to avoid paying the full range of customs duties ▪ Cote d’Ivoire asks for certificate of origin for the bags in which cereals arrive ▪ VAT of 18% charged when crossing borders ▪ Non-respect of equivalence of phytosanitary certificate |

| ATP Value Chains | Identified Policy Barriers to Trade |
|------------------|--|
| Livestock-Meats | <ul style="list-style-type: none"> ▪ Regional governor’s export authorization requirement in Mali ▪ Assessment of VAT by importing countries ▪ Basket of fees for transit operations ▪ Burkina Faso’s FODEL export tax ▪ Non-respect of equivalence of veterinary certificate across borders ▪ Difficulties in exporting to Cote d’Ivoire ▪ “Parking tax” imposed by local authorities in Bitou, Burkina Faso |

| ATP Value Chains | Identified Policy Barriers to Trade |
|------------------|---|
| Onions-Shallots | <ul style="list-style-type: none"> ▪ Seasonal import ban imposed by Senegal ▪ 10% surcharge on imports imposed by Senegal ▪ “Parking tax” imposed by local authorities in Bitou, Burkina Faso ▪ Statistical export tax in Niger ▪ Need for certificate of origin to avoid paying the full range of customs duties ▪ Non-respect of equivalence of phytosanitary certificate |

Policy Barriers that are not Product-Specific

- Corruption on the roadways (PDG)
- Extra charge by Customs officials for “overtime”
- Burkina Faso’s “computerization tax” (1%)
- Ghana’s “processing fee” (0.25%)
- Non-respect of ISRT Logbook
- Excessive bureaucracy, extortion and delays during border formalities

Harmonized Documents

For the free movement of **agricultural and livestock products**:

- **Single Administrative Document (SAD)** (ECOWAS C/REG.4/8/99)
(or) Provisional Export Declaration
- **Phytosanitary or veterinary (SPS) certificate**: national certificate valid in every other country

For goods in transit:

- **ISRT Logbook (Inter-state transit)**: ECOWAS Convention A/P2/5/85)

Harmonized Documents

For the free movement of the **driver** and his **assistants**:

- **Driver's license**
- **Identity card** (passport not necessary)
- **Driver's vaccination card**
- **Social security card**

Harmonized Documents

For the free movement of the **truck**:

- License plates
- Inspection booklet (vehicle norms)
- ECOWAS Brown Card (insurance)
- Laisser-passer (known as « passavant » in Mali) = temporary import permit for the vehicle (ECOWAS Convention A/P1/7/85)
- International transport permit
- Bill of lading
- Transporter's invoice
- Security equipment (first-aid kit, triangle, extinguisher)
- Respecting maximum vehicle weight per axle (overloading)
(ECOWAS Resolution C/Res 1/12/88)

Actors at the National Level

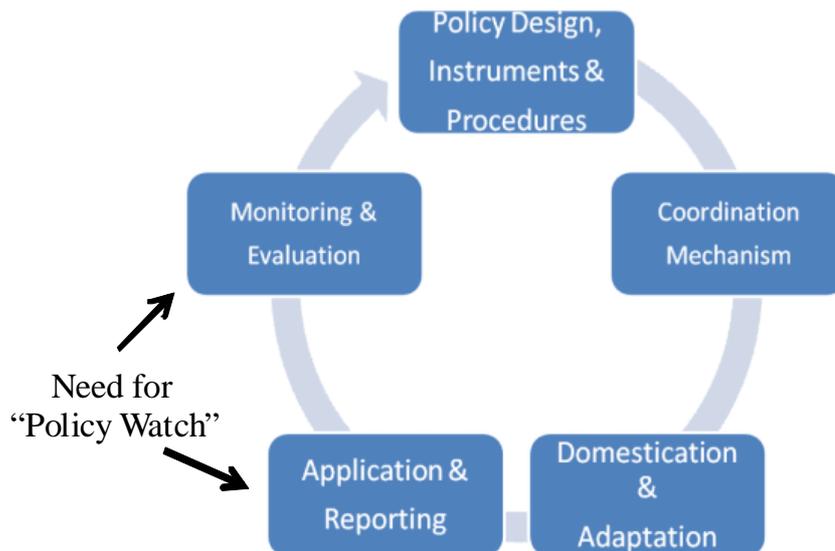
- Approvals committee
- Facilitation committee
- Trade Ministry
- Chamber of commerce
- Economic operator
- Value chain associations

‘POLICY WATCH’ SYSTEM TO IMPROVE FOOD SECURITY

OBJECTIVES

- Promote policy compliance and reduce barriers to trade in value chains critical to food security
- Strengthen the link between individual economic operators and the regional integration bodies (ECOWAS, UEMOA, CILSS)
- Improve the advocacy capability of the value chain associations
- Operate a rigorous monitoring mechanism, incorporating a visible policy abuse redress system and sanctions mechanism
- “Make agriculture the lever for closer regional integration” (slogan for ECOWAP, the regional agricultural policy)

REGIONAL POLICY PROCESS

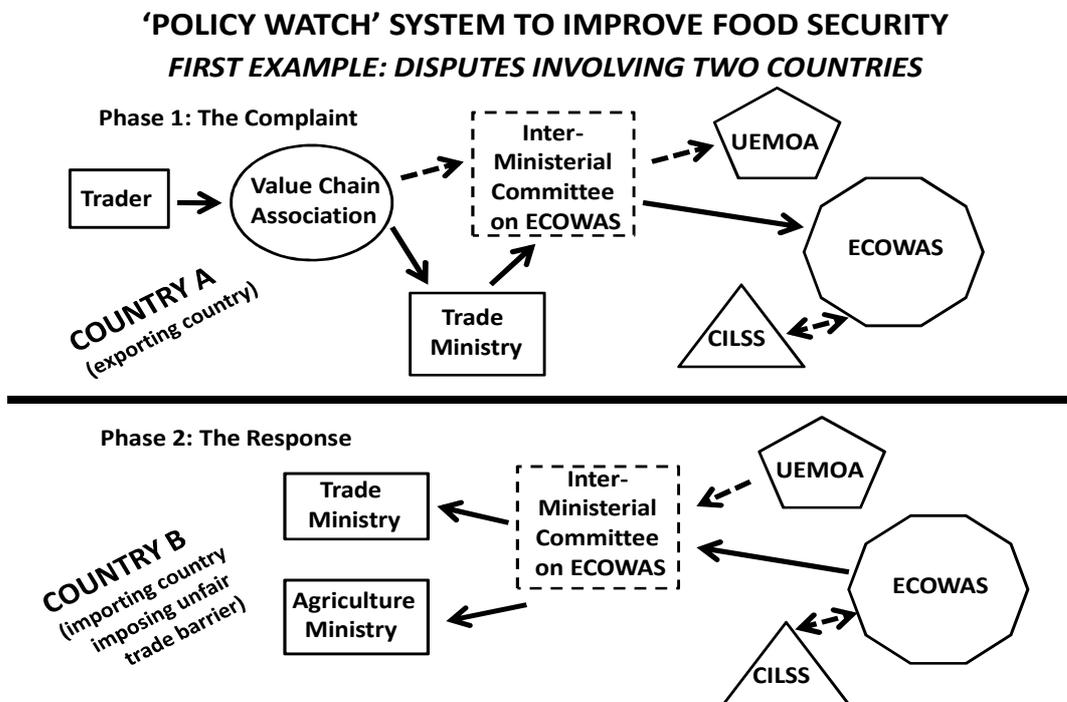


Dispute Resolution

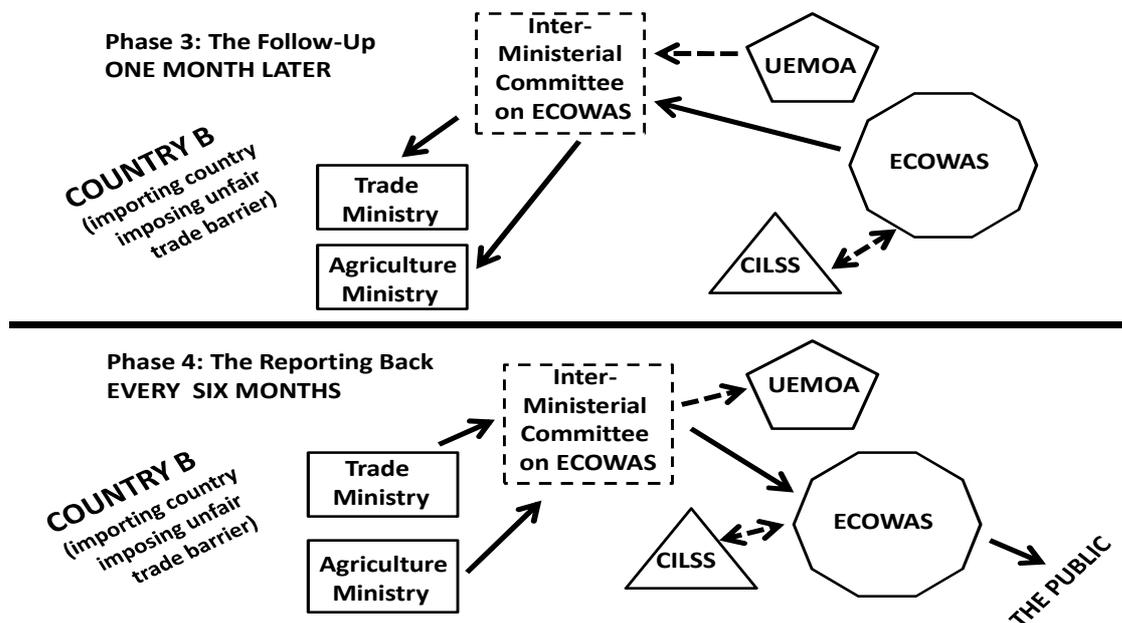
If there is a problem in the implementation of the regional rules, what can be done?

A dispute resolution system functions within UEMOA.

Within ECOWAS, a system is in the process of becoming operational



'POLICY WATCH' SYSTEM TO IMPROVE FOOD SECURITY



'POLICY WATCH' SYSTEM TO IMPROVE FOOD SECURITY

SECOND EXAMPLE: ABNORMALITY INVOLVING JUST ONE COUNTRY

Phase 1: Seeking Recourse Within the Country

- 1) Under the HOTLINE INSTANT REDRESS MECHANISM, a trader or transporter encountering a problem at the border calls a complaints-receiver appointed by the value chain association
- 2) That person then calls a responsible official at the Customs Service or Trade Ministry to get the cargo released
- 3) The complaints-receiver can go to the media or to an NGO if the problem persists or government officials are unresponsive

KEYS TO THE “POLICY WATCH” SYSTEM

- Use Existing Structures
- Strengthen the National Committees on ECOWAS Matters and Regional Integration
- Give Value Chain Stakeholders a Voice
- Hot Line—Instant Redress
- Insist on Follow-through and Public Reporting

‘POLICY WATCH’ SYSTEM TO IMPROVE FOOD SECURITY

WHAT’S NEEDED/NEXT STEPS

- Sensitization campaign to inform economic operators and the public about regional trading rules
- Designate officials within regional bodies as focal point for receiving complaints and acting upon them, with back-up staff members designated to ensure continuous responsiveness
- Place as the top item in ECOWAS departmental workplans and employee evaluation mechanisms
- Design monitoring mechanism and reporting plan for formal adoption by ECOWAS member states