

PN-ABC-607

642.12.

SRO-1

413 8

ECONOMIC COMMUNITY OF WEST AFRICAN STATES
ECOWAS ---- USAID

SYMPOSIUM ON AGRICULTURAL INCENTIVES FOR
INCREASED FOOD PRODUCTION

ABIDJAN 9-13 APRIL, 1985

C O N C L U S I O N S A N D R E C O M M E N D A T I O N S

CRISIS OF THE FOOD AND AGRICULTURAL SECTOR

During the Symposium, participants considered the prevailing widespread food shortages within the West African sub-region. It was pointed out that food production, and agricultural growth in general, had been stagnant and in some areas had actually declined over the past decade, while average annual population growth has been more than 2.5%. Importation of food and agricultural raw materials as industrial inputs has consequently been on the increase. However, because of foreign exchange constraints, such importation has become more and more difficult to sustain resulting in a growing unsatisfied demand for agricultural goods.

MAJOR CAUSES OF THE CRISIS

The participants stressed that past inappropriate policies and insufficient attention to agriculture were more to be blamed for the poor performance of the agricultural sector, even more so than the droughts and, in the case of agricultural export commodities, depressed world market prices. It was observed that, in general, agriculture had been neglected or had received only margin attention. The little attention given had mainly been concentrated on the development of exports, to the detriment of domestic food production. The rural peasantry has been forgotten or systematically exploited instead of recognising the need to improve the living conditions of the rural population and rewarding its efforts. Moreover, governmental policies and activities in other areas were pursued without appreciating their effect on the agricultural sector - thus either indirectly affecting adversely agriculture or not giving the requisite support to the sector.

RECOMMENDATIONS OF THE PARTICIPANTS

The recognition by all ECOWAS Member States of the crisis in which the West African agricultural sector finds itself through the adoption of a Community decision to achieve, as quickly as possible, sub-regional food self-sufficiency as part of its regional agricultural development strategy was well appreciated by the participants. To achieve the objectives of the strategy and ensure the sound development of the agricultural sector, the following recommendations were made during the Symposium:-

.../...

1. Re-ordering national economic priorities:

Top priority should be accorded and maximum resources made available to the agricultural sector not only because it is the main economic activity but, almost invariably, more than 80% of the GDP derives from or is related to the agricultural sector. The inter-relationship between agriculture and the other sectors of the economy should be fully recognised so as to ensure that the need for adopting compatible policies is adequately met. This would call for an intimate knowledge of and information on the agricultural sector and its development needs. The highest levels of decision-making must give active support to agriculture if the sector's status is to be raised.

2. Focus on peasant farmers and rural development:

Attention should be focussed on the traditional peasant farmers and on the development of the rural environment in order to improve the earning capacity of the small farmers and their living conditions. There should be close contact with peasants and their direct involvement with efforts to improve agricultural performance; this could be more easily achieved by organising small farmers into groups to facilitate input supply, production, marketing and financing arrangements.

3. Increased and diversified production:

As part of the effort to increase agricultural production, the full potential of the various ecological zones should be exploited by encouraging the development of those crops and livestock species best suited to different localities. It should be the aim to promote the right mix of food, export and industrial raw material production; wherever possible, the appropriate inter-dependent production mix should be encouraged.

.../...

4. Input, supplies:

To raise the productivity of the peasant, improved agricultural inputs should be supplied in adequate quantities on a timely basis. This would call for a well-organised production and distribution of seeds, breeding stocks, fertilizers, pesticides as well as tools.

5. Technological and management requirements:

Apart from improved inputs, efforts should be made to improve upon the traditional methods of crop farming, raising animals and fishing. In this context, simple farm management techniques should be identified and introduced to the farming communities, including plant and animal health, water management, prevention of bush fires, soil erosion and land degradation.

6. Agricultural Financing:

Adequate budgetary and foreign exchange allocations should be made to meet the financial requirements of the sector. New methods of ensuring accessibility of peasant farmers to credit on preferential terms should be introduced. This should include the development of rural banking and saving schemes suited to the background and circumstances of the peasantry, and capable of mobilising local funds.

7. Pricing Policy:

For prices to act as incentives for increased production, fixation of discriminatory agricultural prices should be discontinued so as to allow market forces to establish more remunerative prices for producers. Similarly, price controls that distort the market mechanisms of neighbouring countries and create unofficial parallel transactions should be discouraged; consultations leading to harmonization of pricing policies should be encouraged by ECOWAS among its Member States.

8. Research and Development:

Considerable attention should be given to applied research research as a basis for the development of the new and more appropriate techniques and tools inputs and products required for the realisation of the objective of modernising the agricultural sector and making it more productive. National and sub-regional cooperation efforts should be encouraged to achieve this aim.

9. Prevention of Post Harvest Losses:

Methods for the prevention of food losses during and after harvesting should be developed and widely disseminated. Attention was drawn to the incidence and causes of losses at various stages - during harvest such as through inefficient harvesting techniques and tools, post-harvest - through poor handling or insect and pest control, inadequate storage methods, inefficient drying and other forms of preservation, and inappropriate transportation methods.

10. Storage and Preservation:

To increase the total supply and help regulate the flow of agricultural products to the market, attention should be paid to the methods of storage and preservation and a system developed that would ensure the provision of adequate facilities.

11. Processing:

There should be the encouragement of the establishment of the processing facilities that would transform agricultural primary commodities into food products and other agricultural derivatives. This would further increase the value of commodities and establish the link between agriculture and industry.

12. Transport:

To remove a basic bottleneck to the monetisation of the traditional agricultural sector, adequate transport infrastructural facilities would have to be created and

an efficient rural/urban transportation system established. This would facilitate the flow of input supplies to the rural area and the transportation of farm produce to the urban centres.

13. Distributive channels:

There should be assistance in the development of marketing and distributive systems, including an adequate market information mechanism on prices, supply and demand situations. This should be developed at both the national and sub-regional level, with a special effort being made to implement the free trade provisions of the ECOWAS Treaty for agricultural products.

14. Institutional arrangements:

A whole range of institutional support mechanisms would have to be established to ensure the smooth functioning of the above recommendations. This would include a well-tuned extension service accessible to every farmer, farmers organisations, farmers financing or rural banking institutions, land tenure systems that ensure access of land to potential farmers, and agricultural marketing bodies.

15. International assistance to agriculture:

There would need to be a significant increase in assistance received by the sub-region from the UN system, other international multilateral as well as bilateral sources, if the measures enumerated above are to be all implemented fully.

ECONOMIC COMMUNITY OF WEST AFRICAN STATES

SYMPOSIUM ON AGRICULTURE AND INCENTIVES FOR
AGRICULTURAL PRODUCTION

ABIDJAN, 9 - 13 APRIL 1985

DRAFT REPORT

I. INTRODUCTION

1. The Symposium on Agriculture and incentives for agricultural production which was organized by the ECOWAS Executive Secretariat in conjunction with USAID/REDSO was held in the Conference Hall of Hôtel SEBROKO Frantel in Abidjan, Republic of Ivory Coast from 9 to 13 April 1985.

2. The objective of the Symposium was to identify the essential components of a strategy which would serve as a basis for ECOWAS Member States to formulate food and agricultural policies which will stimulate production and contribute to the economic integration of the sub-region.

3. The following Member States participated in the Symposium:

BENIN
IVORY COAST
GAMBIA
GHANA
GUINEA
MALI
NIGERIA
SIERRA LEONE

.../...

4. The following international Organisations attended as observers :

- CEAO
- FAO
- ADB
- BOAD
- USAID

The list of participants is attached to this report as an appendix.

II - OPENING CEREMONY

5. The opening ceremony was presided over by Mr. OTCHOUNOU, Director of Cabinet, representing the Minister of Agriculture, Forest and Water Resources of the Republic of Ivory Coast.

Speeches were delivered by the following:

- M.A. GORDON Mac ARTHUR, Acting Director of REDSO/WCA
- DR. D.T. SAKHO, ECOWAS Deputy Executive Secretary responsible for Economic Affairs.
- The Director of Cabinet of the Ministry of Agriculture, Forest and Water Resources of the Republic of Ivory-Coast.

6. In his speech, the acting Director of REDSO/WCA stressed the importance that the Government of the United States of America attaches to Development Aid to countries which have suffered from natural disasters. He also dwelt on the disastrous food situation prevailing in some countries, of the sub-region. This situation is characterized by an acute grain shortage due mainly to a high population growth and a low level of agricultural production.

.../...

7. This trend could however be reversed if adequate policies were adopted by ECOWAS Member States. As a sub-regional organisation, ECOWAS should identify the food and agricultural problems and make concrete proposals for the improvement and strengthening of the food situation in Member States.

The speech of the acting Director of REDSO/WCA is attached to this report as an appendix.

8. Dr. D.T. SAKHO, ECOWAS Deputy Executive Secretary responsible for economic Affairs welcomed delegates and expressed his gratitude to the Ivorian Authorities for accepting to host the Symposium in Abidjan. The Deputy Executive Secretary also expressed his gratitude to USAID for the technical and financial assistance it had contributed for the organization of this Symposium. He then highlighted the importance of agriculture in the socio-économic development of ECOWAS Member States and outlined the objectives of the regional strategy for agricultural development which was adopted by the Heads of State and Government at their session of May 1982 in Cotonou.

The text of the speech is attached to this report as an appendix.

9. The Director of Cabinet of the Ministry of Agriculture, Forest and Water Resources, representing the Minister who was unable to attend, welcomed the delegates and underscored the interest that his country has in regional cooperation. He expressed the hope that the Symposium will make concrete and realistic recommendations for the development of agriculture in the West African Sub-region.

8

III. AGENDA

10. The following agenda was adopted:

- 1) Opening ceremony
- 2) Election of Bureau
- 3) Introduction of the ECOWAS Agricultural Programme
- 4) Introduction and discussion of the document entitled "Towards a strategy for the harmonization of food and agricultural policies in the ECOWAS Region" by Dr. O.P. BLAICH.
- 5) Introduction and discussion of the document entitled "Policy for increased production and their utilization in West Africa" by Dr. Rex DALY.
- 6) Introduction and discussion of the report on the experience from agricultural policies adopted by some Member States.

7) *Other business : Visitto Teaminguie + Stephanie Wilson's presentation of the S.C. Africa Policy Analysis Project*

IV. ELECTION OF BUREAU

11. The participants decided that each working session was to be presided over by a Member State while the Executive Secretariat and USAID were to carry out the functions of rapporteurs.

V. CONSIDERATION OF ITEMS ON THE AGENDA

ITEM 1: Introduction of the ECOWAS Agricultural Programme

12. The Executive Secretariat introduced the document on the Regional Strategy for Agricultural Development which was adopted by the Authority of Heads of State and Government at its session of May 1982 in Cotonou. The essential components of the

strategy are as follows:

- food
- rural infrastructure and social welfare
- agricultural production
- animal production
- fish production
- forestry and wildlife
- inputs and agricultural credits
- preservation and storage of products, and food security
- processing, marketing and trade
- research and training.

13. In the execution of its work programme, the Executive Secretariat has carried out the following studies in accordance with the recommendations of the decision making bodies of the Community:

- feasibility study for the creation or strengthening of seven (7) centres ^{Centres} for the production of selected seed in BOUAKE (Ivory Coast), FANAYE (Senegal), KAEIDI (Mauritania), LOSSA (Niger), MOLODO (Mali), ZARIA (Nigeria) and ROKUPR (Sierra Leone).
- feasibility study for the creation and strengthening of eight (8) centres for the production of selected cattle breeding stock : NDAMA MUTURU and ZBU MAURE in FAKOILA (Guinea), MARAHOUE RANCH (Ivory Coast), KEDOUYOU (Senegal) MADINA DIASSA (Mali), KAEDI (Mauritania), POLLA CATTLERANCH (Nigeria) UPPER OGUN RANCH (Nigeria), Livestock development project (Gambia).

14. Identification studies have also been carried out in the following areas:

- protection of the environment
- food security programme and education on nutrition
- pilot-projects for integrated agriculture.

15. After commending the Executive Secretariat for the clarity of its presentation, the representatives of the States present recommended that, in view of the persistence of drought and desertification in the ECOWAS sub-region, the study on the protection of the environment should be undertaken without further delay. The Member States should be closely associated with the implementation of the regional programme for agricultural development.

ITEM 4: Introduction and discussion of the document entitled "Towards a strategy for the harmonization of food and agricultural policies in the ECOWAS region"

16. Dr. O.P. BLAICH, consultant to USAID, introduced this document which highlighted the need to improve the food situation of the ECOWAS sub-region. He reminded the meeting that the objective of achieving self-reliance in food by the year 2000 could be jeopardized if concrete measures were not taken. He pointed out that at the time ECOWAS was created in 1975 the region was 95% self-reliant in food and that in 1979 this percentage had dropped to 76% and will slump to 65% in the next 15 years if nothing is done to improve the situation.

17. The document outlined the factors which contributed to the low production growth (unfavourable climatic conditions, rapid increase of cost of production, reduction of the prices of

products inadequate investment's, increased public debts, reduction of \downarrow and increase of imports, etc...).

foreign exchange earnings

18. In view of this situation, the document stressed the need to carry out the necessary adjustments for the harmonization of the pricing policies, and made the following proposals:

19 *The following conclusions were made*

- harmonization of food prices to create more incentives.
- elimination of exchange control restrictions, tariffs and non-tariff barriers.
- development of an integrated infrastructure for transport, storage handling and processing of agricultural products in the entire community.

20 ~~19~~ Acknowledging the fact that total harmonization in the sub-region was a slow and difficult process, the USAID expert proposed the following plan of action for ECOWAS :

- I. the revitalization of agriculture
- II. development of bilateral links
- III. consolidation and integration.

21 ~~20~~. The development of those three phases of the Plan of Action is contained in the working document.

22. After congratulating the expert for the efforts put in the preparation of the document despite the very short notice, the participants, while recognizing the importance of pricing policy, felt that it was in itself inadequate to guarantee the development of agriculture in the sub-region.

- 8 -

23. They pointed out that any measure for agricultural development which did not take into account the social, economic and cultural environment of the farmer was bound to fail.

24. The main focus of the various policies to be adopted should be the development of production in the rural areas through the utilization of appropriate techniques, the improvement of living conditions and the allocation of sufficient credits to farmers.

25. The Executive Secretariat drew the attention of the meeting to one of the conclusions of the document relating to the elimination of tariffs and non tariff barriers in order to facilitate trade and reminded them of the decision of ECOWAS Heads of State and Government on the total liberalization of trade of unprocessed goods

ITEM 5. INTRODUCTION AND DISCUSSION OF THE DOCUMENT ENTITLED "POLICIES FOR AGRICULTURAL PRODUCTION APPLICABLE TO THE WEST AFRICA".

26. Dr. Rex DALY, USAID expert, introduced this document which analysed the unfavourable economic situation in the sub-region due to the following reasons :

- inefficiency of the policies adopted so far,
- inflation,
- overvalued exchange rates,
- increasing food imports.

27. The policies and strategies for economic and social development drawn up during the past ten years had given priority to the industrial sector at the expense of the rural sector. This led to the destabilization of the economies of the sub-region.

28. Concerning instruments of policy and programmes with direct impact on food production, the expert drew attention to the need to increase the supply of the main inputs at low cost to encourage their widespread use.

29. The adoption of appropriate production technology, the fixing of remunerative price, for agricultural products taking in to account the production cost and capacity are factors likely to contribute to increased food production.

30. The participants commended the USAID expert Dr. Rex DALY for the clarity of his presentation which dealt with the important aspects of the policy and strategy for economic and social development.

31. The current economic difficulties of the ECOWAS Members States and the persistence of drought^{ht} and desertification should call for the orientation of strategies towards the effective participation of the rural population in their own development.

.../...

32. The participants also agreed that the policies to be adopted should aim at increasing agricultural production and the improvement of the living conditions of farmers.

ITEM 6 : INTRODUCTION AND DISCUSSION OF THE REPORT
ON THE EXPERIENCE OF SOME STATES IN AGRICULTURAL POLICY

33. ~~Ivory Coast~~, Ghana, Guinea and Sierra Leone made a presentation of their experiences in agricultural development ^{Ivory Coast → Mali gave out written documents.} (the documents are attached as appendices).

34. The various documents presented pointed to the fact that the economic situation was ^{similar} practically the same everywhere: low agricultural productivity and population explosion which has slowed down the development of the sub-region.

35. To redress this situation Member States have recommended the adoption of policies for agricultural development aimed at achieving self reliance ^{in part}. These policies include :

- the improvement of production techniques, preservation and processing
- research and agricultural extension services,
- creation of credit institutions,
- production incentives by fixing remunerative producer prices.

36. The participants noted that most of these policies were not implemented efficiently due to the absence of an appropriate and coherent strategy, the lack of financial resources, the maladjustment of production structures and some institutional problems.

.../...

37. The participants expressed the hope that the outcome of this symposium ^{will} enable the Member States to appreciate fully the problems they are faced with and to look for ~~the~~ appropriate solutions,

X

X

X

38. In order to make an in-depth analysis of the problems of agricultural development in the sub-region and propose concrete solutions, the participants decided to set up two working groups.

39. Group I dealt with the following issues:

- i) - strategy for increased food production;
- 2) - agricultural financing ,
- 3) - institutional measures,
- 4) - international cooperation.

40
39.

Groupe 2 examined the following points:

- 1) - ^{post} after harvest losses
- 2) - Storage
- 3) - Processing,
- 4) - Transport,
- 5) - Market development,
- 6) - Trade

40. The reports of the two groups were examined and adopted. (They are attached to this report as appendices.).

ECONOMIC COMMUNITY OF WEST AFRICAN STATES

SYMPOSIUM ON AGRICULTURE AND
INCENTIVES FOR AGRICULTURAL PRODUCTION

ABIDJAN, 9-13 APRIL 1985

VOTE OF THANKS

The participants to the symposium organized jointly by ECOWAS and USAID on Agriculture and incentives for food production in the West African sub-region, meeting in Abidjan, Republic of Ivory Coast from 9-13 April 1985, wish to express their sincere gratitude to the President, His Excellency, ~~Nanan~~ Felix HOUPHOUET-BOIGNY, the Government and the people of Ivory Coast for the warm and authentically *truly* African welcome extended to them and for all the facilities placed at their disposal for the success of their deliberations.

The Symposium ECOWAS/USAID

ECONOMIC COMMUNITY OF WEST AFRICAN STATES
COMMUNAUTE ECONOMIQUE DES ETATS DE L'AFRIQUE DE L'OUEST

ANNEXE/ANNEX I

SYMPOSIUM ON AGRICULTURE AND INCENTIVES FOR INCREASED AGRICULTURAL PRODUCTION
SYMPOSIUM SUR L'AGRICULTURE ET LES FACTEURS SUSCEPTIBLES DE STIMULER LA PRODUCTION AGRICOLE

LIST OF PARTICIPANTS
LISTE DES PARTICIPANTS -

ABIDJAN 9 - 13 APRIL/AVRIL 1985

NOM/NAME	FONCTION-ADRESSE/FUNCTION-ADDRESS
<u>BENIN</u> GANMANVO D. ANDRE	DIRECTION DES ETUDES ET DE LA PLANIFICATION AU MINISTERE DU DEVELOPPEMENT RURAL ET DE L'ACTION COOPERATIVE BP 9062 COTONOU II RPB
<u>COTE D'IVOIRE</u> KOUADIO DJAN MAURICE DOLLY TIADE LAMA DIEDERICH GEORGE	ASSISTANT DU SECRETAIRE DE LA COMMISSION PERMANENTE DE LA CEDEAO, MINISTERE DE L'ECONOMIE ET DES FINANCES, COTE D'IVOIRE SOUS DIRECTEUR DE LA PRODUCTION AGRICOLE, DIRECTION AGRICUL- TURE, MINISTERE DE L'AGRICULTURE ET DES EAUX ET FORETS RCI. INGENIEUR AGRONOME TECHNICAL ASSISTANT - MINISTRY OF RURAL DEVELOPMENT, ^{10/10/68} FOR 10/68 FRANKFURT W. Germany
<u>THE GAMBIA</u> JAMMEH OUSMAN	SENIOR PLANNER, MINISTRY OF ECONOMIC PLANNING & INDUSTRIAL DEVELOPMENT, BANJUL
<u>GHANA</u> KWAME ASAFU ADJEI AKUA PEPRAH	ASSISTANT AGRICULTURAL ECONOMIST, MINISTRY OF AGRICULTURE, ECONOMIC OFFICER - MINISTRY OF FINANCE & ECONOMIC PLANNING ACCRA
<u>GUINEE</u> BERNARD KOUDIANO SAKOBA KEITA	DIRECTEUR GENERAL DE L'AGRICULTURE, MINISTERE DE DEVELOPPE- MENT RURAL - CONAKRY DIRECTEUR, DIVISION CEDEAO

<u>MALI</u> JORY COULIBALLY SAMBALLA DIALLO	CONSEILLER TECHNIQUE AU MINISTERE DE L'AGRICULTURE CHEF DIVISION- DIRECTION NATIONALE DE L'AGRICULTURE
<u>NIGERIA</u> A. BABALOLA MOHAMED I. YAKUBU	ASSISTANT AGRICULTURE OFFICER, FEDERAL DEPT. OF AGRICULTURE & RURAL DEVELOPMENT P.M.B. 12613, LAGOS NIGERIA ADMINISTRATIVE OFFICER- FEDERAL MINISTRY OF NATIONAL PLANNING
<u>SIERFA LEONE</u> JOSEPH G. ABDULAI C.I.B. BOLA CLARKSON	ASSISTANT CHIEF AGRICULTURALIST, MINISTRY OF AGRICULTURE & NATURAL RESOURCES PRINCIPAL DEVELOPMENT PLANNING OFFICER (AGRICULTURE)
<u>OBSEFVERS/LES OBSERVATEURS</u> ADB BILL OBURA	AGRO-ECONOMIST - ADB BP V 316 ABIDJAN IVORY COAST
<u>BJAD</u> LAMIZANA KONZON	CHEF DIVISION DEVELOPPEMENT RURAL BP 1172 LOME TOGO
<u>CEAO</u> SEREME MOUSSA	CHEF DE LA DIVISION AGRICULTURE, BP 643 CEAO OUAGADOUGOU
<u>FAO</u> DAVID KELCH	ECONOMIST/TERME DI CARACALIA - ROME ITALY
<u>US EMBASSY</u> JAMES M. BENSON	AGRICULTURAL ATTACHE - AMERICAN EMBASSY ABIDJAN

.../...

USAID/REDSO

A. GORDON MACARTHUR
WILLIAM COLLINS ASARE
OSWALD P. BLAICH
REX F. DALY
STEPHANIE WILSON

ACTING DIRECTOR USAID/REDSO - AMERICAN EMBASSY ABIDJAN
PROGRAM SPECIALIST REDSO/WCA/USAID - ABIDJAN
AGRICULTURAL ECONOMIST USAID, POLICY ANALYSIS PROJECT
AGRIC. ECONOMIST CONSULTANT USAID
ECONOMIC DIRECTOR USAID, AGRICULTURAL POLICY ANALYSIS PROJECT

ECOWAS SECRETARIAT/SECRETARIAT CEDEAO

D. T. SAKHO

SECRETARE EXECUT. ADJOINT 3 - AFFAIRES ECONOMIQUES

KOFFI KOUADIO

DIRECTEUR DU DEPARTEMENT DE L'INDUSTRIE, AGRICULTURE
ET DES RESSOURCES NATURELLES

MAN M. B. JOOF

PRINCIPAL OFFICER ADMIN.

MANGANE AMADOU

PRINCIPAL OFFICER NATURAL RESOURCES DIVISION

FRANK OFEI

PRINCIPAL OFFICER (RESEARCH)

S. O. ABIMBOLA

LIBRARIAN/DOCUMENTALIST

YAYA SOW

CHARGE D'ETUDES, CHEF DE SECTION

TF'DRE A.

VERIFICATEUR INTERNE ADJOINT

GABRIEL HOUNSOU

INTERPRETER

N. DE SOUZA

INTERPRETER

ECOWAS FUND/FONDS DE LA CEDEAO

ALIEU MAR JALLOW

TRANSLATOR

Z. D'ALMEIDA

TRANSLATOR

HASSANE SAFIATOU

ASSISTANTE CHARGEE DES ETUDES

INDEX

E C O W A S ---- U S A I D

SYMPOSIUM ON AGRICULTURE AND INCENTIVES FOR
AGRICULTURAL PRODUCTION

FINAL REPORT OF GROUP 1

ABIDJAN, 9-13 APRIL, 1965

23

1. Group 1 met on 11th April 1975 in the Conference Hall "BELLA" of Hotel Sebroko.

The group comprise the following:-

BENIN, GAMBIA, GUINEA, GHANA, SIERRA LEONE, USAID, BOAD an ECOWAS.

2. The following bureau was elected:-

Chairman - Guinea

Vice Chairman - Sierra Leone

Rapporteur - ECOWAS.

TOPIC: Acceleration of Agricultural Development in the ECOWAS Sub-Region

3. The following items were adopted:-

I. Strategy for increase food production

- 1) Agricultural production (export crops and food crops)
- 2) Live stock, forestry and fish production.

II. Financing of Agriculture

- 1) Agricultural credits
- 2) inputs, agricultural equipment and subsidies
- 3) mobilization of local financial resources
- 4) pricing policy

III. Institutional Measures

- 1) extension services
- 2) organisation of farmers
- 3) training
- 4) research
- 5) land acquisition
- 6) marketing boards.

IV. International Cooperation

- 1) bilateral, multilateral and international cooperation.

CONSIDERATION OF THE ABOVE ITEMS

I. Strategy for increased food production

4. The alarming situation of food production in ECOWAS Member States which is characterized by a significant drop in agricultural production in the face of a population explosion shows the weakness of the rural sector and the failure of national strategies for agricultural development.

5. In fact, the strategies which were adopted for the past years were mainly focused on the development of export crops to meet the requirements of an external market. The budgetary allocations to the rural sector in general were insufficient for the implementation of agricultural programmes, consequently, the living condition of the rural populations was seriously affected. This situation was further aggravated by such phenomena as drought and desertification.

6. The agricultural sector plays a leading role in the economies of ECOWAS Member States. In view of the important contribution of this sector to the GDP of the Member States,

7. The participant recommend :

A-At the National Level

- the adoption of a strategy aimed at accelerating and increasing food production which would take into account the development of the following sub-sectors:

25

1) Agricultural production (export crops and food crops) and production in the area of forestry

- development of industrial crops and establishment of agro-industries;
- development and diversification of food crops ;
- integration of agricultural, livestock and forestry activities
- establishment of hydro-agricultural projects for more efficient water management
- development of bore-holes and the integration of agricultural activities around these facilities;
- exploitation of forest resources and the preparation of reforestation programmes;
- encouragement of private initiative in agricultural activities;
- massive participation of the rural population;
- increased aid to small farmers.

2) Animal and fish production

- the rearing of small ruminants, poultry and pigs ;
- fight against rinder pest;
- encouragement and development of industrial and continental fishing and aid to fishermen.

3. AT THE REGIONAL LEVEL

- Multiplication of centres for the production of selected seeds
- multiplication of centres for the production of breeders of the bovine race;
- uniformity of prices between neighbouring countries
- development of intra community markets
- creation of development promotion institutions for the adoption of appropriate and accessible technologies.

1.1 FINANCING OF AGRICULTURE IN THE SUB-REGION

The participants noted that the development of agricultural potential in the sub-region requires mobilization of considerable financial resources. Financial resources which have hitherto been allocated to agricultural development programmes in national budgets have always been inadequate.

1.2 Credit for the financing of agricultural sector were only granted for major development operations to the detriment of the majority of farmers.

1) Agricultural Credits

1.3 In view of the fact that income per household in rural areas constituted a very important element which could serve as basis for determining appropriate agricultural credits, the symposium recommended:-

- the encouragement of credit and improved accessibility to small farmers. This can be obtained through:
 - the establishment and expansion of finance institution in rural areas
 - fixing of interest rates based on repayment capacity
 - detail study of traditional credit systems.

2) Inputs and subsidies

8. In order to popularize the utilization of inputs and ensure their regular supply, the symposium recommended:-

- the initiation of small farmers in the use of inputs
- the creation of storage facilities for fertilizers
- the increase of input quantities to be made available to small farmers
- the encouragement of fertilizer and pesticide production in member states
- the provision of subsidies for a given period and their gradual withdrawal

3) Mobilization of local funds

9. This symposium recommended that ECOWAS should carry out a study for the mobilization of rural savings in order to encourage investment in the agricultural sector.

4) Pricing Policy

10. The participant stressed the need to establish remunerative prices and to take into account production cost.

III. INSTITUTIONAL MEASURES

1) Extension services

1.4 The symposium recommended that extension services should be adapted to needs of the farmers and to their production system. It should involve the effective participation of farmers. There is also need to improve and increase the facilities available to extension services.

2) Organisation of farmers

1.5 Considering the traditional forms of mutual assistance the participants recommended :

- the establishment of viable structures for the effective mobilisation of small farmers.

3) Training:

1.6 The participants recommended that emphasis be placed on the training of instructors, training of intermediary staff and training on-the-spot.

- 1.7 Training institutions in the sub-region should be developed through inter-state cooperation.
- 1.8 Literacy campaign for the rural masses and the introduction of agriculture in primary and secondary school programmes were considered as important factors in upgrading the level of training.

4. Research:

- 1.9 The symposium recommended the coordination of research activities for its adaption to the conditions and realities of the sub-region.

5. Acquisition of Land:

20. The symposium recommended the adoption of a legislation on land tenure to increase the accessibility of land to those who are capable of exploiting it.

6. Marketing Boards

21. The participants under-scored the need for the establishment of marketing structures to meet the requirements of the population.

IV. INTERNATIONAL COOPERATION

22. The participants having noted the limited flow of information between Member-States as well as the difficulties in securing financing recommended:-
- the encouragement of exchange of information between Member-States and at the international level.
 - the strengthening of cooperation between institutions.
23. The symposium felt that the assistance of international organization to member-states should be reinforced taking into account the needs of the countries concerned. In this connection, it was recommended that technical assistance should be on long term basis and should also take into account the realities of the countries concerned.

ECONOMIC COMMUNITY OF WEST AFRICAN STATES

SYMPOSIUM ON AGRICULTURE AND INCENTIVES
FOR AGRICULTURAL PRODUCTION

ABIDJAN, 9 - 13 APRIL, 1985

FINAL REPORT OF GROUP 2

1. Group 2 met on 11th April, 1985 in the SIRIKI Conference Room of Hotel SEBROKO. The Group was made up of participants from Ghana, Guinea, Mali, Nigeria, Sierra Leone, USAID, CEAO and ECOWAS Staff Members.

2. The following Bureau was elected.

Chairman -- Ghana
Rapporteurs - ECOWAS and USAID.

3. The Group had for its consideration the following items:

- I - Post-Harvest Losses
- II - Storage
- III - Processing
- IV - Transport
- V - Market development
- VI - Trade

I - FARM -LEVEL POST HARVEST LOSSES

4. Poor farming practices contribute importantly to post-harvest losses and major reductions in farm income,

.../...

farm incentives, and the region's food supply. Some of the factors contributing to these losses include ;

- harvesting at the wrong time : too early or too late for optimum handling, storeability and yield.
- improper drying of products held for home consumption or storage;
- inadequate insect and pest control in the field and after harvest;
- economic and physical losses due to inadequate information about market opportunities for products.

5. After some discussion, the Symposium recommended that:

- i) - a study and analysis of the extent of post harvest losses due to certain farming practices should be undertaken, ^{as a basis} for a intensive campaign to make governments aware of the magnitude of this problem;
- ii) - countries should be encouraged to compile information on post harvest losses.

II - STORAGE

6. Food losses through inadequate storage facilities and poor storage management practices lead to high losses, high marketing costs and reduce food supplies. Storage is also an important element in implementing food security programmes and programmes for stabilizing farm prices within countries and within the region.

7. The problems of storage are related to:

- i) - farm level storage where through the use of improved materials the traditional methods of

.../...

storage can contribute substantially to the regional food supply.

- ii) - public and private storage in cities and major country trading centres where improved management maintenance and capacity are critical to avoid losses and assure preservation of quality.

8. Following the discussion of the issues involved, the participants recommended that :

- i) - a programme should be undertaken to draw Member countries attention to the problems of storage and the importance of storage as an incentive to production.

- ii) - regional standards should be developed for the adoption of Member States on private storage facilities at the level of farms, distribution centres and at terminals.

III - PROCESSING

9. The development of efficient processing industry in the ECOWAS region is of critical importance for:

- reducing post harvest losses;
- making many food available to consumers all year round
- reducing the cost of marketing, and
- creating employment in rural and urban areas.

10. Processing of agricultural goods will increase farmers' incomes and incentives to produce, increase the welfare of consumers, and offer a potential for developing a sub-regional market for processed goods as well as for export to third countries.

.../...

27

11. After a further consideration of the subject, the following recommendation was made by participants:

As part of this Agro-industrial development programme, ECOWAS should give high priority to the development of food processing, with due regard to the adequacy of raw material, consideration should be given to coordinating, complementing and rationalising such development, in addition, special attention should be given to means of processing and preserving tropical fruits and to explore their potentials in international markets.

IV - TRANSPORT

12. It was noted that transport constitutes an important linking factor with respect to both production and post harvest activities.

The poor state of the transport sector of the sub-region constitutes a major bottleneck which impedes the production process. That is why it is being recommended that the transportation system and infrastructure within the rural areas should be vastly improved.

V - MARKET DEVELOPMENT

13. The development of regional and international markets is an integral part of regional harmonisation and achieving self reliance in making food available for the people. It is believed that many farm products of the region are of superior quality and are preferred by consumers but these properties are not widely known and so the products do not compete effectively against imported products.

14. The broadening and development of markets will in turn increase the return to farmers and encourage them to increase production.

../...

15. At the end of the discussion held on this topic, the Symposium recommended that consideration should be given to a study of the feasibility of undertaking a regional programme for developing regional and international markets for agricultural products of member states due attention being paid to quality packaging and the promotion of special products. Included will be a system of international market information that would be integrated with similar programmes at the farm level, the country level and the sub-regional level, as found appropriate.

VI - TRADE POLICY

a) Intra-Community trade.

16. It was noted that the low level of intra-Community trade was, among others, due to the low level of production and lack of complementarity between the products traded in. It was also observed that the share of unrecorded trade accounted for a considerable portion of intra-Community trade. The Symposium acknowledged the important role that trade could play in the agricultural development of the sub-region.

17. The Committee also took note of the importance of the ECOWAS decision concerning the free movement of unprocessed product between Member States.

18. It was recommended that ECOWAS should:

i) undertake studies on agricultural prices and the markets for agricultural products by identifying countries and regions with agricultural surpluses and their market outlets.

.../...

ii) study the best ways and means of channeling unrecorded trade products towards official trade circuits.

iii) request the Member States to implement without further delay the decision on the liberalization of unprocessed products.

b) Trade between Member States and Third Countries

19. It was recommended that ECOWAS should develop cooperation between Member States in order to form a common front vis a vis third countries for the negotiation of the prices of essential commodities.

ECW/IANC/AGRI(SY)/1/2

ECOWAS ——— USAID

HARMONIZING FOOD AND AGRICULTURAL
POLICIES IN WEST AFRICA

PREPARED BY OSWALD P. BLAICH

SYMPOSIUM ON AGRICULTURAL INCENTIVES FOR
INCREASED FOOD PRODUCTION

ABIDJAN, 9 - 13 APRIL, 1985

Harmonizing Food and Agricultural

Policies in West Africa 1]

I would like to take this opportunity to touch on some of the economic issues related to the task of harmonizing food and agricultural policies in the ECOWAS region. I would like to raise some questions for discussion at this symposium and suggest some approaches that might be considered, analysed, and tested later by the ECOWAS organization and by member countries.

I hope that this week we will have an opportunity to lay out the issues which your governments will have to consider as they weigh the advantages and disadvantages of the hard choices and the compromises that have to be made. We, as analysts of policies cannot here determine what policies are "right" or "wrong" or which ones are "good" or "bad" for a country. We can however, explore options and discuss consequences in the hope that this will stimulate further analysis to support decisions in the stark realism of your own social, economic and political environments at home.

The Theme

The hypothesis that I would like to explore today is that: Regional harmonization of policies affecting food and agriculture can lead to

1] Address by Oswald P. Blaich of Robert R. Nathan Associates, Washington, D.C., at a symposium held in Abidjan, Ivory Coast, April 9-13, 1985. The symposium was sponsored by the Secretariat of ECOWAS and USAID/REDSO/WCA and support by the AID/S&T Agricultural Policy Analysis Project under contract to Abt. Associates Inc., Washington D.C.

increased productivity in crop and livestock production by each country exploiting its own comparative advantage; and through trade, to increase the total product of the region beyond what it would otherwise be.

The notion of comparative advantage suggests a look at policies and policy instruments that affect resource use, production technology, costs and supply response. These will determine which countries are likely to respond to incentives to produce which products and in what quantities. The notion of trade suggests a look at import and export potentials, trade policies, foreign exchange controls and the infrastructure that allows commodities to flow from countries that can produce a surplus to those that have a deficit. Without trade, a country's comparative advantage cannot be exercised fully.

Exploring this hypothesis raises some important economic questions for the ECOWAS region:

- How big is the task to be achieved?
- What is an appropriate level for price harmonization?
- How much can harmonization contribute to the food deficit?
- What are the necessary conditions to make harmonization work?
- What can ECOWAS do to help member countries on the road to prosperity?

The Goal of Self-Sufficiency

At a meeting of the ECOWAS Council of Ministers in Cotonou in 1982 it was resolved that the region should be self-sufficient in food production by the year 2000. That is only 15 years from today. While a good deal of urgency was expressed at that meeting, the degree of urgency vis a vis

DB

the many other ECOWAS objectives was not made clear. Also left open was the question of the degree of self-sufficiency that might be appropriate for each member country to satisfy its own food security objectives. Most of the actions of the Council of Ministers have demonstrated a resolve to obtain a growing degree of economic, social and political interdependence in the region. This suggests that individual countries are not expected to seek self-sufficiency as a national goal in products for which they do not have a comparative advantage. It does not of course deny the goal of self-reliance.

I do not wish to belabor the urgency of the food situation for this region. But I would like to remind ourselves that the goal of self-sufficiency has rapidly been losing ground. Ten years ago, when ECOWAS was born, the region was 95 per cent self-sufficient in major food grains; today it is only about 76 per cent self-sufficient and in 15 years it will be only 65 per cent self-sufficient unless something is changed.

The picture is not much different from country to country only that some are worse off than others. In those areas where cassava, plantains, yams, and similar food crops constitute a large part of the diet, the situation tends to be slightly better. It is fairly general that in most countries the production of these food crops tends to keep pace with needs of the rural people and more or less with the diminishing demands of people in the cities where imported subsidized wheat and rice have substituted for much the cassava, plantain and yams that were once eaten by them.

Most authorities agree that without a deliberate and concerted effort to stimulate production, the problem will get worse. With the consumption of grains continuing to increase at a rate of about 3 per cent per year and production not likely to increase more than 2 per cent the deficit for the region will reach 10 to 15 million tons by the year 2000--about one-third of total needs and more than twice what it is today. (Table 1) This prescribes the enormity of the task--either to produce the needed grains within the Community as the Council of Ministers have resolved or to provide the means by which the needs can be purchased from third countries. This is not to deny the possible contribution by progress in stemming the growth of population.

Table 1 Total Cereal Production, Imports and Availabilities, 1975-84

ITEM	: (years)			: Change
	: 1975	: 1982	: 1984	: 1975 to 1984
	--- '000 metric tons			%
Production	15,076	17,745	17,467	+ 16
Imports	806	4,856	5,347	+563
Total Available	15,876	22,601	22,814	+ 43
	-- - kgs. per person --			
Per Capita Available	121	150	160	+ 39kg.
	-- - percent --			
Self-sufficiency	95	79	76	- 19pts.

Source: USDA - ERS

*Excludes rice

40

Factors Contributing to Slow Growth in Production

Before discussing some steps that might be considered to deal with the problem of food production, it is helpful to understand what has contributed to the slow growth in recent years. There was a time when many countries in the region maintained a respectable rate of agricultural growth, and one or two do today. Not surprisingly, some of that growth came through an expansion of area that roughly paralleled the growth of the rural population and some came through increases in yields. During the 1970's, however, the growth of the rural population slowed down and a chain reaction of economically devastating events occurred to force policies that were inconsiderate to agriculture. This slowed the rate of growth in land under cultivation as well as progress in farm resource productivity.

By 1980 only about 4 million hectares of new land had been added to the 1970 base of 54 million hectares. This comes to less than 3/4 of one per cent per year for the decade (Table 2). Add to this a virtual stoppage in yield improvement and we have total farm output growing at barely more than one per cent per year. Almost all crops were affected but the traditional export crops were affected even more than the grains and food crops. There was of course, some variation among countries; Liberia and Ivory Coast maintained respectable growth rates of 2.7 and 3.8 per cent per year respectively; while Mauritania and Burkina Faso at the other extreme lost ground with rates of -1.3 and -2.1 per cent in that order.

41

Table 2. Land used for crop production and average rates of growth of total agricultural output 1970 - 1980.

Country	Land used for crops			Change 1970-1980	Average rate of growth of Agricul- ture
	1970:	1980:			
	1000's of hectares				%
Benin	1,600	1,800	+12		2.3
Cape Verde	--	--	--		--
Ghana	2,600	2,800	+8		-0.1
Guinea	1,600	1,600	0		.2
Guinea-Bissan	300	300	0		1.4
Mali	1,700	2,100	+24		1.4
Niger	2,700	3,300	+22		1.7
Sierre Leone	1,500	1,800	+12		1.7
Togo	1,400	1,400	0		-0.4
Burkina Faso	2,200	2,600	+8		-2.1
Gambia	--	--	--		0.1
Ivory Coast	2,800	3,900	+39		3.8
Liberia	400	400	0		2.7
Mauritania	300	200	-33		-1.3
Senegal	4,800	5,200	+8		1.1
Nigeria	29,900	30,430	+2		1.7
TOTAL	53,800	57,800	+7		1.2

Source: IBRD - Accelerated Development in Sub-Saharan Africa; 3rd printing, 1983

The root cause of much of the poor performance of agriculture in recent years, besides periodic bad weather, was due to rapidly rising farm costs and declining farm prices that began in 1974. The story was much the same in most countries but there were some important differences as other speakers will point out.

42

It is interesting to note that throughout this period, most countries continued to support their traditional farm programs of research, extension, disease and pest control and so on. At the same time, foreign assistance to agriculture also continued at a high level. But clearly, this was not enough to stem the tide of the rapidly deteriorating terms of trade for farmers in relation to the cities where they had to compete for labor and capital or in relation to international markets where they had to compete with products produced in other countries and with rising cost of inputs. Real prices of farm products and returns to farming fell through much of the period so that farm workers drifted to the cities where opportunities for young people appeared brighter. As, confidence in agriculture diminished new investments were not undertaken, previous investments were allowed to deteriorate, farming methods were not improved, new technology was not adopted, and land and water improvements were not made.

The plight of agriculture in the ECOWAS region was not unique. It happened throughout much of the developing world where dreams for rapid economic growth and industrial progress were shattered one by one by a rise in the cost of petroleum, food, and production inputs for agriculture and non-agriculture alike. In an attempt to sustain economic growth and provide for essential imports, many governments borrowed heavily from abroad. Neither they nor their bankers realized the permanence of the structural changes that had occurred in world commodity and financial markets. The international debt of most countries mounted, and in some cases the debt service exceeded the value of their foreign trade. As foreign exchange for debt service,

imported food, and essential inputs for agriculture and industry became more scarce, imports were restricted and foreign exchange was allocated by criteria usually unrelated to the market. In general, basic food grains continued to be imported at an increasing rate while luxury goods were restricted and imports of essential inputs for agriculture and industry were rationed making it difficult to get petroleum, fertilizers, machinery, spare parts, and items that keep industry and agriculture productive and growing.

On the domestic front other things were happening. Inflation accelerated as a result of rising import costs and liberal monetary policies. This was especially so in countries where the governments had the power to control their money supply. Ghana, Nigeria, Sierra Leone and Mauritania were examples. The inflation and resulting exchange rate problems were less in countries whose currencies were tied to the French franc or in the case of Liberia which uses U.S. dollars. Since most of former countries were slow to devalue their currencies it became more and more overvalued.

By the early 1980's the situation got worse. Interest rates were being pegged at such low levels that credit had to be allocated by the government rather than by the market because there was not enough to go around. With high inflation and negative interest rates, savings diminished the supply of investment funds. But despite the low interest rates, restrictions on imported inputs that were essential to industry and agriculture and uncertainty of returns caused foreign and domestic investors to lose interest. As business activity slowed down unemployment increased and real wages declined while the cost of food rose inspite of price controls.

44'

To cope with these problems, governments became more and more involved in affairs that once were largely the purview of the private sector. The parastatals flourished. Today in this region there is not one major farm commodity or major farm input that does not bear the influence of some state marketing agency or other. Additionally there were sharp increases in regulation and price control and increases in the administrative allocations of goods, services and resources. All of this of course increased the cost of government which, with a declining tax base resulting from unemployment, loss of business activity, and black marketing created large budgetary deficits that were financed through borrowing and in some areas liberal monetary policies. All of this fueled more inflation, discouraged savings and investment further, and put increased pressure on governments to do something. Governments responded by becoming more involved.

In food and agricultural two things happened: (a) governments fixed prices in an attempt to hold down the price of food to urban consumers; and (b) they began to tax agriculture directly and indirectly through parastatals to pay the cost and to offset the diminishing tax base. Gradually the terms of trade for farmers declined and especially so for export products that were the most obvious to tax. Added to this dilemma for farmers, was the overvalued exchange rate that gave a competitive edge to imports and made competition in export markets more difficult. Again governments stepped in. But, despite cheaper imports, the lack of foreign exchange forced imports to be rationed. And on the export side governments tried to control most of the trade so as to capture as

45

much of the foreign exchange earnings as possible to pay for government imports and the rising cost of servicing the governments' foreign debt. From this process, the CFA currency countries and Liberia were not immune.

It is ironic that the policies that were intended to hold down food prices were unable to do so in most cases. The food price controls, exchange controls and restriction on the volume of imports led to shortages and a high degree of black marketing. The net effect was that food prices were not held down effectively, since much of food was marketed outside of the officially controlled system. An important fact was however that the poor suffered most and farmers did not benefit from it. Those who risked dealing outside of the regular market channels made the profits.

In sum, the whole process of the 1970's and 1980's was a situation where problems beget more problems. It was a situation that created a downward spiral that was difficult to turn around. The general decline in agriculture led to further declines in overall economic activity because agriculture and related business were so important in the total. When agriculture accounts for up to 60 to 70 per cent of total economic activity, it is clear that if agriculture does badly so does the entire economy since it loses:

- markets for industrial products;
- supplies for processing, storage and distribution;
- exports for foreign exchange;
- sources of capital; and,
- food for the population.

46

Harmonization in Perspective

The process that led to the current situation in agriculture is important not only from the point of view of what has to be done to extricate countries from the current situation, but also how much adjustment is necessary to achieve harmonization and when should it start. Although similar chains of events occurred in each of the 16 member countries has each ended up in 1985 with a different set of social, economic and political issues. And, while agriculture is important in all of them, it is more important in some than in others. Thus each country will have a different starting point for harmonization.

In economic terms, the countries of ECOWAS today are probably farther apart than they were 10 years ago when the Community was formed. Through this period several important growth rates and economic trend diverged. Individual country's average GOP growth rate for example varied from -0.1 per cent per year for the lowest case to 7.5 per cent per year for the best. Similarly, growth of their labor forces ranged from 1.2 to 5.0 per cent per year; inflation ranged from 11.0 to 32.0 per cent per year; and agricultural output from -1.5 to 4.2 per cent per year. At the same time agricultural prices and foreign exchange policies also moved apart. By 1980, FAO reports that agricultural product prices in some ECOWAS countries were only about 25 per cent of the comparable levels of world prices while others were reported to be more than 100 per cent above. At the same time, official foreign exchange rates in some countries were below their parallel market rates by some 400 to 500 per cent as reported in Picks

World Currency Report. Some of course were reported to be at par. In the last year or two, countries have made some progress in rationalizing their prices and foreign exchange rates but much more remains to be done.

While agricultural price harmonization involves a highly integrated and coordinated set of adjustments by member countries not all of the adjustments are of equal urgency. Somewhere on the road to harmonization, countries will have to:

- (1) Agree on the level at which commodity prices should be harmonized to provide adequate incentives to agricultural production;
- (2) Ease their foreign exchange and other trade restrictions once surpluses for trade begin to appear;
- (3) Develop an integrated infrastructure for transporting, storing, handling and processing farm products throughout the Community as intra-regional trade becomes a reality;

At the present time there is very little formal trade among the ECOWAS countries in cereals or food crops. Available trade data suggests that the total may be somewhat less than 2 or 3 per cent of all agricultural trade. The small amount which does take place occurs primarily in coffee, cocoa, rice, ground nuts, ground nut oil and some livestock. But these are the traditional export crops which many of the member countries produce in surplus and only a few of them import.

48

From among the several export products currently traded the most immediate prospects for increased intra-community trade appear to be in groundnuts, palm oil, livestock, and occasionally other products. The trade channels for these products are already established, and there is some demand for them. Also since the technology for their production is well established, these traditional export products offer the best opportunity for quick production response whether it be for intra-community markets or to regain world markets.

Until there is some sign of expansion in the production of food commodities to the point of periodic country surpluses, there appears to be no urgency to press for removal of the barriers to trade. However, since the removal of these constraints is usually politically sensitive it may take considerable time. For this reason it would be appropriate for countries to start soon to deal with these issues particularly as they undertake other policy adjustments for economic recovery. We know of course that a protocol for the removal of tariffs on raw products has already been accepted. What appears not to have been accepted is the removal far more stringent barriers to trade--the licences, the quotas, and the administrative and allocative mechanisms that still remain.

The Level of Price Harmonization

The selection of an appropriate level of prices for harmonization will depend on 2 major factors that need to be reconciled:

- (a) The amount of incentive farmers need to stimulate them to increase production of some or all major food products to

49

meet Community goals; and,

- (b) The degree of tolerance of consumers, and other vested interests to higher food prices.

The second question is both economic and political and will have to be worked out by each country in accordance with its own situation. The groups generally hurt most by high food prices are the poor who spend perhaps 80 per cent or more of their incomes (or labors) on food. They have few alternatives but to buy less food or cheaper food when prices go up. For them some specifically targeted food programs may have to be considered to tide them over until wage and employment opportunities allow them to participate more broadly in economic activity.

The responsiveness of agriculture to price incentives is not easy to judge. There is only spotty information available for the ECCWAS and other comparable regions. The current study being sponsored by FAO for ECOWAS is intended to provide some clues to the question of comparative advantage and potential supply response. Most economists, of course, have great faith in the power of prices but few know in advance how much production will be generated since it varies by region, by country, by area, and from farm to farm.

In the short-run, agriculture price responsiveness usually depends on the extent to which farmers can shift additional resources to the production of the price-favored commodity. These resource shifts may occur in land, water, labor or capital in the form of equipment, structures and modern inputs such as pesticides, fertilizers,

antibiotics and medicines. In a market economy, these resources must be drawn away from current uses or disuse by the expectation of greater returns.

Commonly small subsistence farmers using traditional production techniques have fewer opportunities for achieving resource shifts than the larger, more commercially oriented ones. Thus, small farms tend to be less responsive to price incentives unless they have access to additional land and additional labor. In country situations like Mauritania, for example neither resource is available in large quantities in the short run. Land with adequate rainfall or water is in short supply and seasonal labor shortages are not likely to be resolved by people returning to rural areas from Nouakchott or abroad. Most of any short-run response there would be from the small amount of irrigated land that exist in a questionable state of repair.

In the longer run these same conditions of input mobility and substitution may continue to provide some additional response if the incentives are sustained. And generally, some additional longrun supply response can be obtained if farmers are confident that additional investments in farm improvements, land, irrigation, technology and better management will be profitable.

Recent estimates by FAO and some other institutions suggest that the shortrun responsiveness of crop production in developing countries may vary from 0, as in the case of Mauritania, to as much as 3 per cent in other cases for a 10 per cent increase in the general level of farm prices. The response for individual crops, when only that price

is increased could, of course, be many times more; but then usually such production increases occur because the production of some other crop is reduced. In the longer run the FAO estimates that a response of 1 to 6 per cent may be possible for a sustained increase of 10 per cent in the general level of prices. Again for individual crops the response may be much greater and certainly it will vary from country to country and from area to area.

The nature and degree of supply responses to relative price changes is clearly an important policy consideration and even more so as long as prices continue to be established largely through government intervention. Governments need to consider carefully the crops or livestock products they want to encourage and the possible adverse consequences to the output of other products.

Obtaining agreement on the levels at which major commodity prices should be harmonized in the Community will not be easy and countries will have different notions about the commodity mix that should be encouraged. Also, being at different starting points, the amount of adjustment needed by each will vary. For example, if the Community agrees to harmonize prices at levels compatible with international markets it would mean that most countries will have to adjust their prices upward and a few downward (Table 3). The latest estimates available were made by FAO using 1980 data for 6 of the ECOWAS countries and 10 of their traded commodities. At that time Nigerian prices for maize, rice, ground nuts and ground nut oil were reported to be from 30 to 140 per cent above their international equivalent. All other countries in the sample reported prices that ranged from 20 to 75 per cent below that level.

Table 3 Estimated protection coefficients ¹⁾ of major commodity prices for 6 selected ECOWAS countries; c.a. 1980

Commodity	Togo	Ivory C.	Nigeria	Mali	Senegal	Burkina Faso
Cocoa	.30	.39	-	-	-	-
Coffee	.26	.43	-	-	-	-
Cotton	.57	.76	-	.48	.52	.75
Maize	-	-	1.39	-	-	-
Rice	-	-	2.39	-	-	-
Ground Nuts	-	.73	1.32	.48	.46	-
Ground Nut	-	-	1.98	-	-	-
Oil	-	-	-	-	-	-
Palm Oil	-	.81	-	-	-	-
Copra	-	.76	-	-	-	.75

Source: H.P. Binswanger and P. Scantizzo "Patterns of Agricultural Protection" mimeo Nov. 1983

¹⁾Nominal protection coefficients corrected for marketing and transportation costs and adjusted to include estimated exchange rate bias.

The level at which the Community will choose to harmonize its agricultural prices need not be the international level. While that would have certain administrative advantages, it may not be welcome by farmers in countries where prices are already above international levels or it may not be enough to stimulate production to reach the announced Community goal. The European Economic Community, for example, found it impossible to compromise, without compensation, its Common Agricultural Policy at prices much below the highest level that prevailed at the time the Community was formed. To cope with this issue the exceedingly complex structure of the variable levy was developed to protect those high prices against third country competition. In addition, another very complex and controversial mechanism called the "Green Rate of Exchange" was developed to compensate and adjust for differences in foreign exchange rates.

Despite this, the EEC has had a measure of "success" in stimulating agricultural production and in achieving economic integration.

Other attempts at regional integration have not been so ambitious. The Caribbean Community and the Latin American Integration Association moved ahead more slowly than the EEC by simply establishing selective trade preferences and supply agreements among member countries. Currently, trade in those regions does not flow freely, but when it does, it does so at zero or preferred tariffs. Something akin to this approach might serve as an initial stage for ECOWAS to move toward harmonization.

There is no doubt that the achievement of full harmonization in the ECOWAS region will be a difficult and slow process for all of the reasons mentioned. Until a substantial intra-Community trade develops there seems to be little urgency to promote region-wide harmonization of prices, foreign exchange controls, on the removal of trade barriers for farm products. Nonetheless there is already a substantial amount of bilateral trade among neighboring countries some of which is not fully legal. By removing barriers and harmonizing prices among groups of 2 or 3 neighboring countries such trade could be legitimized and each country would gain by exercising its comparative advantage. And if further surpluses are stimulated additional trade could take place.

There is probably even less urgency for the harmonization of farm input prices on a region-wide basis than there is for commodity prices. It is not likely that inputs other than phosphatic fertilizers, are likely to become important items for intra-Community

trade in the near future. However, as long as inputs are subsidized at different levels in neighboring countries illegal trade is encouraged with the resulting drain on the Treasury of the country that subsidizes the input most, either through price or through an over-valued exchange rate.

Countries need to consider carefully the purpose for which input subsidies are applied. If it is to encourage the use and adoption of a heretofore unknown technology it can help by compensating farmers for the perceived risk of the investment. However, many countries provide subsidized inputs for the ostensible purpose of off-setting low product prices. This is largely a fallacy. Unless the inputs are a substantial part of the total cost of production (including such items as the cost of family labor and capital) the subsidy is too small a part of the total production cost to make much difference to net returns.

I do not wish by these remarks to minimize the supreme importance of effective policies for stimulating the efficient use of inputs and resources. That is at the heart of any potential for increasing the food production in this region. Without the technology to improve yields or to expand area, where that is possible, the goal of regional self-sufficiency in food production cannot be achieved. But it is also necessary that the farmer receive adequate compensation for his labor and resource investment.

55

Summary

It is clear that the road to harmonization and economic integration provides an enormous challenge for the ECOWAS Secretariat but even a greater challenge for each and every member of the Community. To accomplish this will require a carefully charted but flexible course of action, supported by convincing analyses, and constant monitoring to seek out opportunities for progress toward food and agricultural development. The ECOWAS Secretariat needs to be the catalyst that stimulates and encourages individual countries to move step by step along the charted path.

To provide the necessary guidance the Secretariat should consider in the next year to develop and obtain agreement on a long-range, time-phased plan of action for implementation that would gradually move the countries of the region toward economic cooperation and ultimate integration. Such a plan needs to be flexible to meet changing situations and needs to allow for the pursuit of opportunities for cooperation and economic integration when they occur. But a plan of action needs to go beyond the mere statement of goals and platitudes, it needs to provide the information and rationale for adjustments to recommend to member countries. And when countries policies and actions depart seriously from the major regional goals and strategies the Secretariat, should be prepared to discuss with the leadership of the country the means to get back on course. At this symposium we can do little more than to outline the basic elements of such a plan. We can however provide the framework on which a plan of action can be built.

Without the knowledge and benefit of the discussions that will ensure this week, I would like to propose for consideration the following elements of an incremental plan of action for ECOWAS. Undoubtedly these will be modified as this symposium unfolds. The plan consists of three, perhaps overlapping, phases:

- I. The revitalization of agriculture;
- II. The development of bilateral ties;
- III. Consolidation and integration.

PHASE I: Revitalizing agriculture and food production would include:

- (1) Developing and obtaining approval of a set price targets for major export and import crops and livestock products that are consistent with the regions' need and capacity to produce.
- (2) Holding discussions with the leadership of individual countries to encourage them to adjust their food and agriculture policies to make them effective in meeting national and regional goals. These discussions will be extremely sensitive and will require substantial preparation and supporting analysis.
- (3) Developing a region-wide monitoring system that will be sensitive and timely to detect even temporary localized commodity surplus situations and opportunities for trade in food products.
- (4) When opportunities for even limited trade appear feasible the ECOWAS Secretariat could be the catalyst for obtaining a bilateral arrangement that will allow trade to take place. In some cases it may be necessary to include one of the major donors in the arrangement.

PHASE II: Developing and strengthening bilateral and other regional ties would include:

- (1) Where opportunities for trade and economic interdependence seem to be developing among neighboring countries the ECOWAS

Secretariat should provide the leadership to assure harmonious progress for strengthening ties among them by:

- . minimizing tariff and non-tariff barriers to trade in products, labor and capital;
- . facilitating the transfer of funds across common borders;
- . coordinating the development of harbors, market roads and transportation systems;
- . developing reciprocal joint ventures for processing, storage and distribution of farm products and farm inputs;
- . sharing research results and technology, and cooperating on disease and pest control.

(2) On a multilateral or regional basis the ECOWAS Secretariat should provide the leadership for broader development of:

- . cooperation and exchange of research findings among groups of countries with common interests including the strengthening of country and donor support for regional research.
- . joint export market development strategies to assure quality control, dependable supplies, and fair pricing for major export commodities.
- . joint purchasing for imported commodities supported by market information and strategies for hedging against risks of supply shortages and excessive prices.
- . continuing support of a region-wide harbor road and transportation system.
- . coordinated system for marketing, processing, and storing farm products where the infrastructure permits.

PHASE III: Consolidating and integrating sub-regional arrangements by:

- (1) Reassessing the objectives for price harmonization in light of progress in production, trade, and the development of price policies under bilateral agreements;
- (2) Moving toward the ultimate goal of harmonization by effectively eliminating all barriers or developing mechanisms by which the goal of harmonization can be accommodated.

These are not easy challenges for the ECOWAS Secretariat. It will require great sensitivity in dealing with the issues in an informed

and objective way. More importantly, however, ECOWAS needs to be consistent and persistent in its pursuits.

But the challenge for the leaders of individual member countries is even greater. They are the ones that will have to implement the changes. They are the ones that must bear the responsibility for the consequences of their decisions. As each and every delegate leaves this symposium he or she should take with them a resolve to re-examine their agricultural policies objectively and in the light of their own situation to determine:

- (a) The extent to which their country goals and objectives are consistent with the goal of bilateral and ultimately regional harmonization;
- (b) The effectiveness with which policies are being implemented to achieve what they purport to do and to examine;
- (c) Alternative policies and implementation strategies for consideration by the leadership to improve effectiveness in achieving national as well as regional goals.