
Improving the perspective for regional trade and investment in West Africa: The key to food security, economic development and stability in the region

- POLICY BRIEF -

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Consortium partners



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Contact

Paul Lange/ Ton Dietz
African Studies Centre Leiden
P.O. Box 9555
2300 RB Leiden
The Netherlands
Tel: +31 71 527 3372

E-mail: p.lange@asc.leidenuniv.nl /
a.j.dietz@asc.leidenuniv.nl

INTRODUCTION

Increasing concern about instability, population pressure, migration and chronic food insecurity in West Africa and growing awareness of the potential of enhanced intraregional trade and investment to contribute to sustainable and inclusive economic development, has prompted a number of donors including The Netherlands to increase their efforts to support West African integration and cooperation.

Support for regional integration and cooperation in West Africa by The Netherlands fits well within its policy framework for Aid, Trade and Investment and aligns with key Dutch policy objectives to promote sustainable and inclusive economic development and to enhance food security. Furthermore, there is increased interest from Dutch businesses to invest in and trade with West Africa and growing recognition of the opportunities for Dutch businesses, knowledge institutes and civil society to contribute to sustainable development in West Africa.

SCOPING STUDY

In order for support to regional integration and cooperation in West Africa to be effective and calibrated to the specific needs of the region, there is a need to build a more comprehensive understanding of the diverse and complex regional dynamics and to gain insight into the opportunities and challenges to regional integration in West Africa.

Initiated by The Netherlands' Ministry of Foreign Affairs and funded by the Food & Business Knowledge Platform, the overall objective of the scoping study underlying this policy brief was to contribute a more contextualized comprehensive picture of the Dutch government's ongoing cooperation with West Africa and the perspective in terms of policy options for strengthening its effectiveness and coherence by giving more emphasis to the promotion of intraregional trade and investment.



Women doing business at the Gouro market in Abidjan (Côte d'Ivoire) Photo: IMTFI / ENSEA (via Flickr)

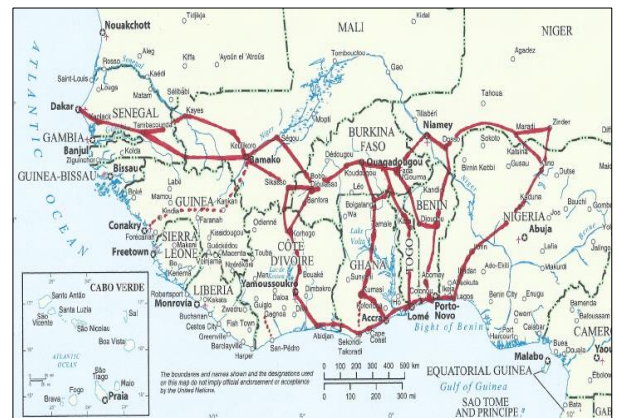
The scoping study is based on the following inventories:

1. Inventory of regional knowledge institutes as possible partners of The Netherlands in West Africa.
2. Inventory of literature about trade relations to strengthen the knowledge base underpinning the regional policy with regard to West Africa.
3. Inventory of statistics about trade relations to strengthen the knowledge base underpinning the regional policy with regard to West Africa.
4. Inventory of Dutch bilateral (policy) initiatives in West Africa in the period 2005-2015.
5. Inventory of (policy) initiatives by regional institutions in West Africa, (policy) initiatives by other development partners and donor coordination efforts in the period 2010-2015.
6. Inventory of policy options and an assessment of their possible effects.

The study has been carried out by a consortium of knowledge institutes comprised of the African Studies Centre Leiden (ASCL), LEI Wageningen UR and the European Centre for Development Policy Management (ECDPM), in close consultation with the reference group of The Netherlands' Ministry of Foreign Affairs.

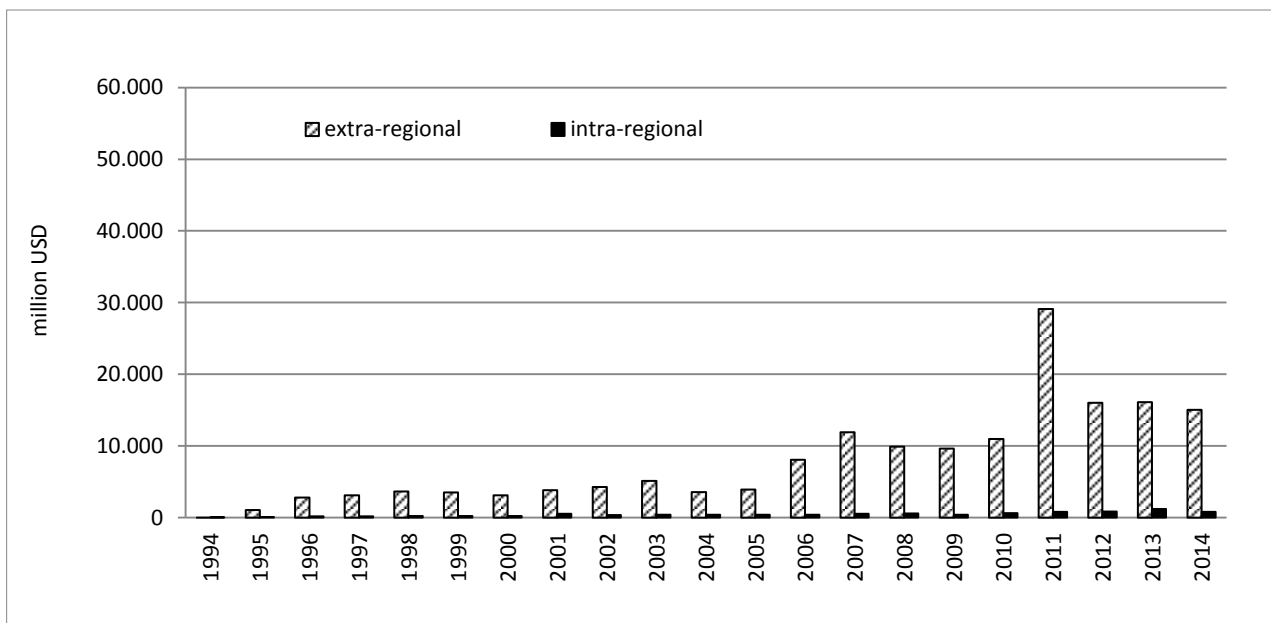
KEY SCOPING STUDY FINDINGS & CONCLUSIONS

- The inventory of regional knowledge institutes demonstrates that there is considerable potential added value of working with regional knowledge institutes, for example in terms of their expertise, networks and linkages to policy-processes.
- The literature inventory and long-term analysis on demographics and food security in West Africa underline the imperative of strengthening regional food sovereignty and regional food production, and investing in a self-evident and cheaper system of food trade across the West African borders, with extra attention for the three landlocked countries (Burkina Faso, Mali and Niger) and their major cities.



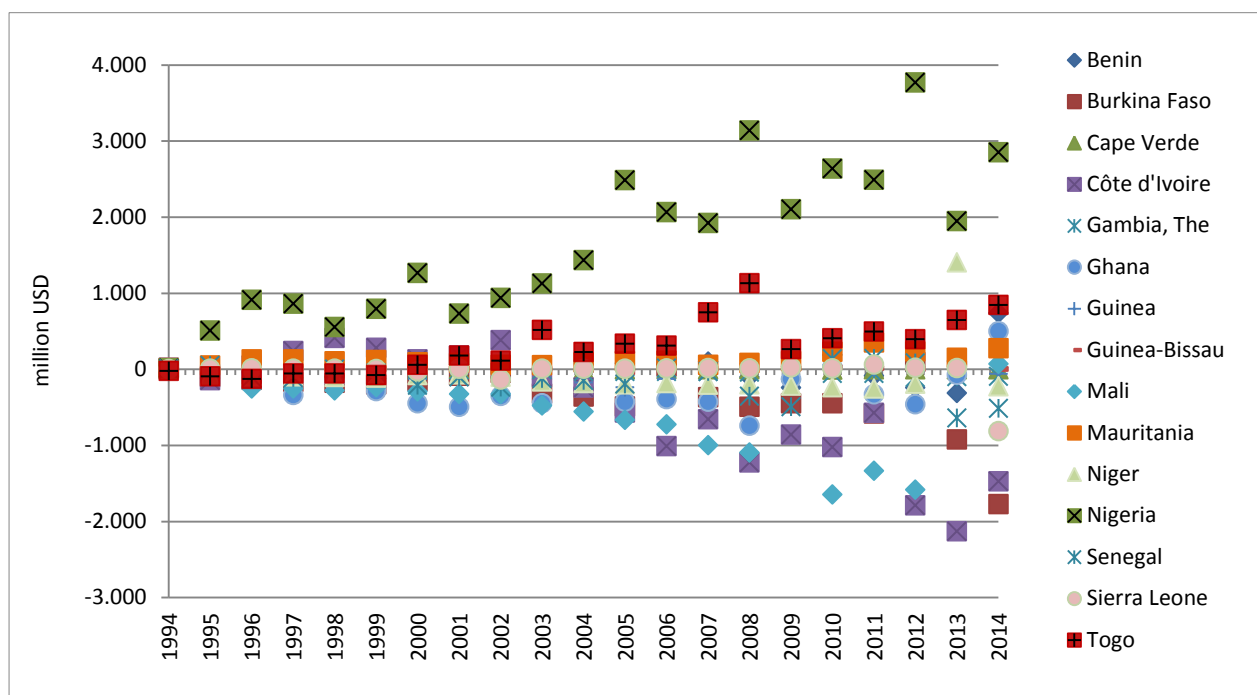
Main trade corridors in West Africa (source: Saana)

- The trade profile of the West African region shows that the share of intra-regional trade (in terms of trade value) has been much lower than extra-regional trade, with extra-regional trade increasing rapidly. Overall, almost 70% of the recorded value of intra-regional trade is attributed to trade in minerals (mainly oil trade). Manufacturing accounted for about 20% and agricultural products (edible and non-edible) made up for only about 10%, according to official statistics. A large proportion of agri-food trade within the region is believed to be informal unregistered trade. For agri-food products up to 75% could be informal trade (World Bank, 2015).



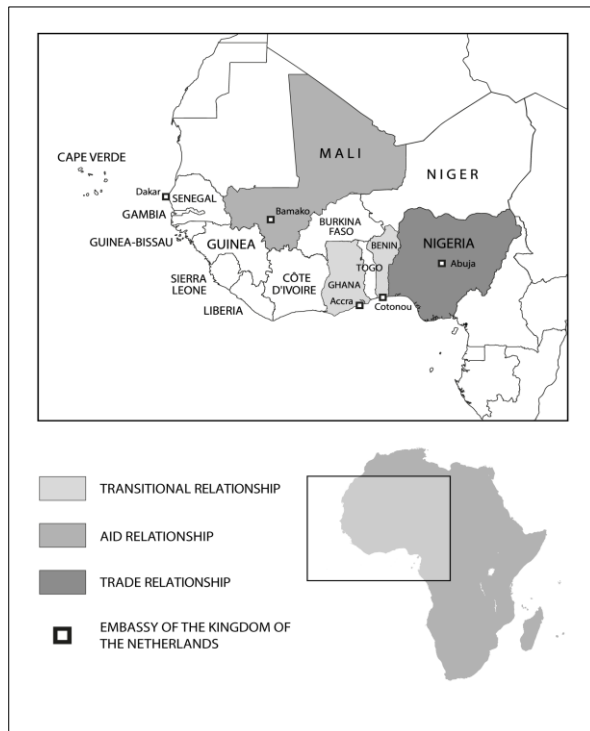
Intra- and extraregional trade of agri-food products for West African countries measured by import value, 1994-2014
 (source: based on data from COMTRADE, UNCTAD)

- Nigeria has certainly been a dominant exporter in both intra and extra-regional trade. Côte d'Ivoire and Benin with large ports follow suit, but with much lower numbers than Nigeria. Focusing on intra-regional trade, Benin, Senegal and Togo are important exporters in the region supplying products to other countries in the region. Burkina Faso, Mali (in particular agri-food products) and Sierra Leone much depend on supplies from other countries in the region, with the highest share of their imports coming from the aforementioned countries.



Net trade position of West African countries, 1994-2014 (source: based on data from COMTRADE, UNCTAD)

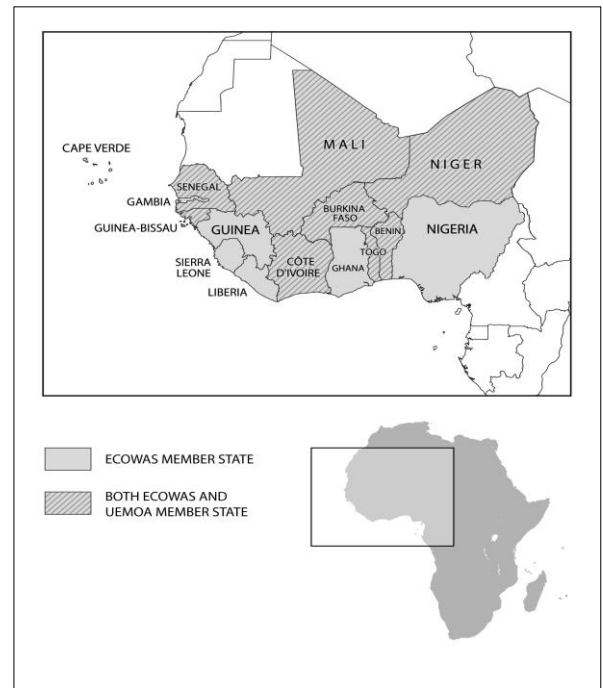
- The added value of supporting regional initiatives and/ or applying a regional approach in West Africa is generally recognized at the Dutch Embassy level, and particularly through trade promotion & facilitation and in the area of agriculture & food security. However, in practice many of the interventions in which the Embassies have been involved in recent years are country-based with little regional/ cross-border linkages and often little coordinated with other Embassies in the region.



Dutch bilateral relationships with West African countries and location of Dutch Embassies in the region

- Promising but only recently introduced instruments to give shape to a more coordinated Dutch regional approach in West Africa – i.e. the appointment of The Netherlands' Permanent Representative to the ECOWAS and the creation of the position of regional economic envoy – have yet to prove their (full) potential.
- The two key regional organizations, ECOWAS and UEMOA have developed many (policy) initiatives in a wide range of sectors and areas to further regional (economic) integration and cooperation in West Africa. However, the gap between regional agreement and implementation/ enforcement on the ground is a major concern for many of these initiatives.

- West Africa is a region of particular concern to the international development community, considering the multitude of initiatives undertaken by a wide range of development partners aimed at supporting regional (economic) integration. However, the engagement of development partners in the region is still to a large extent fragmented and donor coordination in the region is generally regarded as insufficient.



ECOWAS and UEMOA member states in West Africa

- National objectives of ECOWAS members dominate trade-related policy options. Short-term and diverging national interests of a heterogeneous group of ECOWAS member states may explain the difficulty in finding agreement on common policies in the first place as well as the lack of the implementation of what has eventually been agreed upon. The focus of policy makers should be on effective implementation and monitoring. Transposing the agreements to the local level, by making them practical and accessible for businesses and traders is paramount.
- In general, the ECOWAS member states follow the principle of harmonisation in order to align regulations, including tariffs and non-tariff measures. Given the difficulties of common agreement and the absence of unity in the region, the principle of mutual recognition may however be a promising means to foster intra-ECOWAS trade (like in the EU integration process).

- Trade-related policies should specifically tackle non-tariff measures that cause unnecessary trade costs and thereby hamper cross-border trade. The costs of trade clearly seem to be a significant obstacle not only for integration or rather participating in global trade but also for integration within the ECOWAS region. Trade facilitation measures could particularly target the aspects which cause the higher trade costs in the ECOWAS region. Complaints reported in business surveys or dispute could help identify the priority issues to be solved.



The harbour of Lomé (Togo), a major regional gateway for trade in West Africa Photo: Transafrica Togo (via Flickr)

- Regional value chains appear to be key for promoting ECOWAS integration. This calls for adding value to unprocessed products through stronger value chains. Note that creating value chains goes beyond adding value. A way forward in ECOWAS integration could thus be building regional value chains, committed to West African product quality at prices affordable to those with increased incomes, likely being the expanding urban population in the cities of the ECOWAS countries.

(POLICY) RECOMMENDATIONS TO THE NETHERLANDS' MINISTRY OF FOREIGN AFFAIRS

1. DO NOT OVERSTRETCH AND FOCUS

A small country like The Netherlands is recommended not to overstretch its abilities to support regional integration of trade and investments in West Africa as a whole; it should focus on areas and domains where The Netherlands have a clear added value, and an acknowledged track record of past performance and proven innovative abilities, like in agro-logistics.

2. ALIGN WITH EXISTING COMMITMENTS

West Africa currently shows growing regional commitment to further regional integration. It is recommended that the Netherlands aligns to these regional commitments, taking them as a starting point and supporting their implementation.

3. STRENGTHEN SYNERGIES BETWEEN DIFFERENT POLICY ARENAS AND PUBLIC-PRIVATE PARTNERSHIPS

The Netherlands is well placed to strengthen the synergies between different policy areas/actors to effectively support regional trade and investments for inclusive and sustainable development in West Africa: trade and customs, private sector development and (agro) industrialisation, agricultural support services, infrastructure development, agro-logistics, etcetera, to which the Netherlands could (and already does) contribute, with public and private agencies, as well as public-private partnerships.

4. REGIONAL FOCUS: THE CENTRAL REGION

It is recommended that The Netherlands focus their own aid and trade support to West Africa's regionalization agenda initially on the Central Region, targeting trade in food products, with a focus on North-South and South-North linkages between Côte d'Ivoire, Ghana and Burkina Faso. The so-called Central Corridor also connects Togo with Burkina Faso, Côte d'Ivoire with (Eastern) Mali, and Ghana/Togo/Benin with Niamey in Niger. The choice of the Central Region would acknowledge the growing economic importance of Côte d'Ivoire; and would make proper use of the new Dutch Embassy there. It crosses the English-French divide and the South-North divide and reconnects The Netherlands and Burkina Faso. It can make use of an extensive network of Dutch expertise in the private sector and in knowledge agencies, and their (former) partners in the region.

5. THEMATIC FOCUS: FOOD VALUE CHAINS TO THE MAJOR CITIES

The Netherlands could give special attention to the provision of food and the major food markets in the area, and particularly of Ouagadougou and Bobo Dioulasso as the major inland cities in the Central Region. In addition, the trade in animals and livestock products (mainly North-South) to the major cities in Ghana and Côte d'Ivoire (and maybe Togo and Benin) deserves attention, as well as cross-border food linkages between Ghana and Côte d'Ivoire, including trade in fish. Also the provision of food to Niamey via the Central Corridor may get attention, as well as the provision of cities in Mali, as far as they are (partly) connected to the Central Corridor. The Netherlands could support value addition and quality enhancement of food products in the region (agro-food industrialization).

6. FOCUS ON THE MAJOR FORMAL AND INFORMAL ACTORS AND USE A POLITICAL ECONOMY PERSPECTIVE WITH HISTORICAL DEPTH

Attention for trade routes and transport and other trade barriers along those routes (including the major ports, and border posts) should include attention for formal and informal transactions and value chains. A vital area for further research consists of looking more carefully into the major actors within chosen agro-food value chains, and the political economy of those actors (also in historical perspective) as an important prerequisite for understanding opportunities and threats, risks and chances, both for local/regional entrepreneurs and for foreign (including Dutch) businesses.

7. INCLUDE A FOCUS ON WOMEN PRODUCERS AND TRADERS

The importance of informal food trade and its linkages to food security in the region calls for a focus on women producers and traders, and The Netherlands should go beyond corridor development and formal trade (with mainly men involved).

8. FOCUS ON A SELECTIVE GROUP OF AGRO-FOOD PRODUCTS: HORTICULTURE, LIVESTOCK/ DAIRY AND RICE. AND DO SO IN CONSULTATION WITH ECOWAS, THE AfDB, AND OTHER PARTNERS

If The Netherlands indeed decides to focus on cross-border food trade and investments to stimulate regional trade and regional value-chain development in the years to come, it would be wise to further concentrate the major areas of intervention (in consultation with the ECOWAS Commission and Member States, and the African Development Bank,

and with other selected development partners) to a selection of agricultural products. Given the growing importance for the urban consumers, we recommend that The Netherlands will focus on horticulture and livestock/dairy as niches where West African countries have competitive advantages, and also that The Netherlands explores ways to further assist rice production and cross-border rice trade in the region. To further add to these niches' competitiveness The Netherlands could stimulate local sourcing by private agro-industries and facilitate different forms of agro-support.

9. BUT DO NOT FORGET TO LOOK AT FOOD SECURITY CONSEQUENCES AND BE A CATALYST OF IMPROVING STRATEGY DEVELOPMENT AND BETTER DATA COLLECTION

A focus on the big metropolitan areas should however go together with supporting 'vigilance systems' for food security in the more marginal areas and secondary and tertiary cities, by continuing to involve and support CILSS and the Sahel and West Africa Club.

In the field of agriculture/food security there are a few areas in particular where The Netherlands could act as a broker to bring relevant actors together. For example, The Netherlands could stimulate the FAO, the African Development Bank, the ECOWAS Commission, and CILSS/Club du Sahel, to join hands in developing a more integrated and more dependable dataset on food production, trade, and investment.

10. YES, TRADEMARK EAST AFRICA CAN BE A SOURCE OF INSPIRATION, BUT: WEST AFRICA IS DIFFERENT!

It is recommended that The Netherlands formulates as its ambition to be a catalyst of (donor) coordination efforts and multi-donor initiatives comparable to TradeMark East Africa. However, with regard to using TradeMark East Africa as an inspiration, one should not disregard the significant differences in conditions and circumstances between the two regions. Two of these aspects deserve notable attention and offer an opportunity to The Netherlands to play a particular role. One relates to the language barriers in West Africa. The Netherlands could help to bridge the language gap by stimulating the spread of bilingualism (English and French/Portuguese) in policy documents, and among local universities and other knowledge institutes. Second is the lower infrastructural development in the region. And of course a major differ-

ence is that TMEA only covers five countries so far, while the ECOWAS region covers fifteen countries, for us one of the reasons to suggest an initial focus on the Central Region only.

11. GIVE THE REGIONAL ORGANISATIONAL MANDATE TO THE NETHERLANDS EMBASSY IN ABIDJAN

It is recommended that the new Embassy of The Netherlands in Côte d'Ivoire gets the mandate to develop a sub-regional policy of sustainable diplomacy, and to include Burkina Faso in the Embassy's activities related to trade, investment and aid. Of course this should be done in close collaboration with The Netherlands Embassy in Accra, and also with The Netherlands Embassy in Abuja, with regard to connections with the overall ECOWAS approach (given that the ECOWAS Commission is headquartered in Abuja). It is also recommended that there will be regular meetings and exchanges about regional trade, aid and investment between the relevant Dutch Embassies in the region. Promising but only recently introduced instruments to give shape to a more coordinated regional approach in West Africa by The Netherlands – i.e. the appointment of The Netherlands' Permanent Representative to the ECOWAS and the creation of the position of regional economic envoy – should be seized as an opportunity to (co-) drive this process.

12. TAKE THE AFRICAN DEVELOPMENT BANK AS THE CENTRAL KNOWLEDGE PARTNER AND LINK UP WITH ITS 'HIGH FIVES FOR AFRICA STRATEGY'.

We recommend to take the African Development Bank as a central knowledge partner for Dutch support for regional integration processes in West Africa, and to give them a role in engaging other knowledge partners in the region, and connect those to collaborating knowledge partners in the Netherlands.

The African Development Bank has recently announced its 'High Fives for Africa' strategy. 'Integrate Africa' is in the middle, but that goal is linked to 'Feed Africa', and 'Industrialise Africa' (linked to 'Light up and Power Africa') and to the ultimate goal 'Improve the Quality of Life for the People of Africa'.

By linking its regional integration support to these major goals, The Netherlands integrates its approach with the actor that will probably make a difference in the years to come, both as a major investor, and as an important knowledge broker.



The Africa Development Bank's 'High Fives for Africa'
(source: African Development Bank)

13. BUT DO INVOLVE THE KNOWLEDGE CENTRES AND THE PRIVATE SECTOR FROM THE START

It is recommended that The Netherlands' Ministry of Foreign Affairs and the relevant Embassies in the region not only involve local policymakers and knowledge centres (and supporting institutions in The Netherlands), but also representatives of the private sector in the region (the Borderless Alliance can be a good example to follow; and a support agency like the Netherlands African Business Council, linking Dutch and local entrepreneurs, could play a role as well;) It is also recommended to connect to Dutch agencies with a long presence in the area, and with relevant expertise and networks, like SNV and AgriProFocus. A particular area of attention in this regard concerns the opportunities (and challenges) related to regional value-chains development and in particular to agro-industrial value addition, that needs to be further explored.

14. AND BE BOLD; TRY TO CONNECT TO EMERGING PARTNERS

In order to have a better understanding of the broader playing field, it is good to be more aware of the role of 'non-traditional' development partners such as emerging economies like China, Brazil, Turkey, and India. These kinds of players become increasingly important in West Africa but manifest themselves in other ways than the more traditional development partners. This has not yet been part of the scoping study. Therefore an interesting and important area for further research is to look into their specific role and impact in order to identify possible areas for cooperation and alignment.

15. BUT ALSO: DON'T BE NAÏVE

The literature and policy documents concerning regional integration in West Africa generally strong-

ly assume that increased intra-regional trade will indeed result in regional economic development, better food security, increased resilience, and also better stability (also in a political and military sense).

However, a more political economy approach questions some of the naïve assumptions that all is well with growing regional trade and integration if that could (and should) be stimulated. Lower cross-border transaction costs and lower transport costs, as well as a likely more powerful position of larger food traders, and the formal food industry, will mean that the people (and agencies) that currently profit from high transaction costs, expensive transport, and that currently organize the bulk of informal food trade (mainly women), might lose their positions and part of their income. And within the food production and trade sectors the rewards of better integration at a much higher level of scale, might be very unequally divided between owners and workers, smallholders and large agricultural producers, etc.

If ignored, these political economy aspects might result in more inequality, more instability, more food insecurity for relatively powerless people and areas, and threats to economic development in the region, instead of overall benefits. An additional impact of more integration should also not be ignored. More trade in seeds, livestock and food products over a larger region increases the risks of livestock and plant epidemics (and related human disease epidemics, plus human disease risks related to greater mobility), so the epidemiological, plant-health and veterinary services – which are first and foremost provided by public institutions – need special care, at the level of the Central Region or West Africa as a whole.

References

Saana Consulting (2015), *Accelerating Trade in West Africa (ATWA). Inception report.*

UNCTAD Commodity Trade (COMTRADE) database:
<http://comtrade.un.org/>

World Bank (2015), *Connecting Food Staples and Input Markets in West Africa - a Regional Trade Agenda for ECOWAS Countries*, World Bank, Washington.

Scoping study outputs

For the full version of the scoping report, please see:
http://www.ascleiden.nl/sites/default/files/scoping_report_final_0.pdf

For the annotated bibliography based on an inventory of literature on regional integration in West Africa, please see:
http://www.ascleiden.nl/sites/default/files/annotated_bibliography_final_july_2016.pdf

For the report of the conference organized in support of the scoping study, please see:
http://www.ascleiden.nl/sites/default/files/scoping_conference_final_report_0.pdf

For the ECDPM Discussion Paper No.195 on trade and barriers to trade in West Africa, please see:
www.ecdpm.org/dp195

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