

A stylized map of West Africa is composed of various shades of blue geometric shapes, creating a low-poly effect. It is positioned in the background of the top half of the page.

BRIEFING NOTE No. 126

Outcomes of dialogue on rice sector development and trade policies in West Africa

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Last October, the European Centre for Development Policy Management (ECDPM) and the Initiative Prospective agricole et rurale (IPAR), with the support of Intervalle, organised a webinar on the role of trade policies in the development of rice value chains in West Africa, a key sector for agriculture and food policies in the region. This note summarises the discussions and presents proposals.

The views of participants from both the public and private sectors showed that some countries have made more progress than others in setting up mechanisms to regulate rice markets and in promoting competitive and inclusive value chains. This entailed measures and interventions linking stricter regulation of imports to the structuring of domestic markets and support to producers. But these initiatives face obstacles, particularly a lack of clear and robust regulatory mechanisms.

Various participants agreed that developing sustainably the rice sector requires a common and coordinated approach among the countries of the subregion. The Commission of the Economic Community of West African States (ECOWAS) could support national initiatives to regulate and promote the sector while also facilitating exchanges of experiences between countries and strengthening the links between national and regional policies. The development of regulation systems for the rice sector requires durable institutional arrangements that help to de-compartmentalise the formulation and implementation of public policies.

Rice, a spearhead sector

Rice has taken a major place in the diet of households in West African countries, representing more than a third of cereal food consumption. Although rice production has steadily increased in these countries over recent decades, consumption needs have increased more rapidly, mostly due to urban household consumption. West African countries have therefore become heavily dependent on rice imports from overseas.

In the aftermath of the 2008 food price crisis, West African governments have ambitiously increased public support for the rice sector. The measures taken by governments have mainly been aimed at rapidly increasing agricultural production, by facilitating access to inputs, developing large-scale irrigated areas and sometimes supporting agricultural prices. Primary production figures increased considerably in the years that followed.

However, with a few exceptions, these policies have not led to significant and lasting productivity gains or to the emergence of more integrated value chains. Policies have insufficiently addressed the various aspects of rice marketing. During this period, West African countries remained equally dependent on rice imports from overseas that cover between a third and almost half of consumption needs in ECOWAS, according to different sources.

In this context, on 22 October 2020, the *Initiative Prospective agricole et rurale* (IPAR) and the European Centre for Development Policy Management (ECDPM), with the support of Intervalle, organised a webinar on the role of trade policies in the development of rice value chains in West Africa.¹ After presenting a recent study on this topic², the organisers facilitated a roundtable discussion with various stakeholders to inform national and regional policy processes concerning the rice sector (see programme in annex).

During the webinar, the ECOWAS Commissioner of Agriculture, the Environment and Water Resources recalled the strategic nature of the rice sector. With the Regional Offensive for the Sustainable Revival of Rice Production in West Africa, ECOWAS aims to increase and diversify cereal production, strengthen

food security and contribute to the economic development of the region, as demand for rice is increasing rapidly due to urbanisation and changes in eating habits. The Commissioner pointed out that governments that have made a holistic analysis of the rice problem, and have involved various private sector actors, including farmers organisations and interprofessional organisations, have achieved better results. However, not all countries have the same potential for production growth and exports in the region. **There are lessons to be learned from this, which can also be used for the development of other regional agri-food chains.**

Progress in the regulation of rice markets

Some countries have made more progress than others in setting up a system to regulate rice markets. Discussions focused mainly on Ghana, Nigeria and Senegal.³ Currently, in **Ghana**, the government restricts access to rice import permits as much as possible. The government and the private sector meet monthly to discuss and institutionalise a market and import regulation system. However, Ghana's rice trade policy has been unstable over the past decade. Thus, despite the successes of the government's *Planting for Food and Jobs* programme launched in 2017, rice imports have continued to grow, as highlighted by the ECDPM and IPAR study. The private sector needs a more predictable rice trade policy, effective incentives, and strong and stable legal and regulatory provisions from one government to the next. Producers and investors also need a holistic approach to the entire sector, including synergistic public interventions.⁴

In **Nigeria**, since mid-2019, the government has tightened its control over rice imports, including closing land borders to combat the smuggling of rice of Asian origin. For several years now, the Nigerian government has been promoting private investment in rice mills and primary production by increasing the import tax on rice, restricting access to foreign exchange and banning imports through land borders. With substantial financial support from the federal state to farmers and other operators in the sector, according to Nigerian stakeholders, the current policy

has rapidly led to a significant increase in supply. Nevertheless, food prices have risen recently, largely due to droughts and floods that have affected rice-producing regions with a large deficit of hydro-agricultural developments.

Senegal's rice market and import regulation system is among the most advanced in the region.⁵ The government and the private sector have developed this system by building on previous experiences in regulating agri-food markets. The regulation of the rice sector initiated by the Presidential Council in 2015 was based on previously established capabilities, in particular economic operators offering collateral management and warehousing services, facilitating access to warrantage financing for rice farmers in the Senegal River valley. The public authorities have provided significant support to these private actors, to the development of infrastructure (stores in particular) and irrigated rice production, with the support of development partners, based on a political commitment and a legal framework favouring a long-term approach. This system is being improved, again with a view to granting import permits based on import needs, but now also on trader-importers' market shares of locally produced rice instead of their market shares of imported rice.

However, these various approaches to regulating the rice sector in Senegal, Nigeria, Mali and Ghana, face obstacles, not only the dispersal of supply, which often discourages commercial operators, but also the lack of clarity of the regulatory mechanisms, which undermines their perennality. The **ROPPA** representative, also in favour of strong market regulation, advocated an upward revision and strict application of the ECOWAS Common External Tariff (CET) (currently 10% for rice). The representative also advocated a strengthening of sanitary and phytosanitary regulations, coupled with incentives for traders to purchase and distribute locally produced rice and the facilitation of institutional purchases that effectively and sustainably favour locally produced rice. He also stressed the importance of strengthening interprofessional organisations and improving data on the sector for monitoring measures.

A challenge of coordination of national market regulation initiatives in ECOWAS

There seems to be a consensus on the regional dimension of the challenge. Various representatives of the private sector acknowledge that the rice problem requires a common and coordinated approach between the countries of the sub-region and regulatory mechanisms that are coherent with the commitments made by the states at the regional level under the principle of solidarity enshrined in the regional institutions.

However, ECOWAS does not yet have an effective common trade policy. It has a few tools, notably the Common External Tariff (CET) and the ECOWAS Trade Liberalisation Scheme, whose effectiveness needs to be enhanced. The customs union has not yet been established, let alone the common market. For rice alone, several member states do not apply the same additional import tariffs and taxes. Some countries impose customs duties on rice that are higher than the CET, while others have effectively stopped applying them since the food crisis of 2008 – 2009. National objectives have generally remained predominant.

The representative of the *Union Nationale des Commerçants et Industriels du Sénégal* (UNACOIS) affirmed **the importance and urgency of better organising and stabilising rice markets in the sub-region**, harmonising trade policies, regulations and standards – including competition law – and ensuring the convergence of taxation on rice and inputs (fertilisers, seeds and pesticides). The representative of the ministry in charge of agriculture in Burkina Faso also pointed out that cross-border operators can disrupt the domestic market when they trade outside any regulatory frameworks, for example, as in the case of paddy buyers from Nigeria (the Ghanaian market is sometimes similarly disrupted).

The regional food security reserve could contribute to the development of the rice sector through public procurement and other useful support. This existing mechanism demonstrates the possibility of collective

action between ECOWAS states when interests converge (outlet for producers, food security, social stability and financial support from development partners).

Private sector representatives, including a representative from a seed company, stressed the importance of free movement of people and goods and intra-regional trade facilitation for the marketing of rice produced in West Africa. Another speaker recalled that **support for trade facilitation needs to be rebalanced in favour of intra-regional trade integration relatively to extra-regional trade** which is strongly supported by investments in ports and transport corridors linking them to major cities within the sub-region.

The competitiveness of West African rice, as one business representative pointed out, also depends on the costs of water and electricity. Given that rice production areas and market networks are largely cross-border, the coordination of domestic infrastructure development plans can help to enhance the productivity and sustainability of the sector.

Suggestions for a roadmap

Leading countries in the development of regulation systems for the rice sector seem to be emerging: namely, Senegal, Ghana, Nigeria and also Burkina Faso.⁶ In these countries, further and sustained involvement of key actors in different areas of public policy would consolidate a common understanding of the situation and shared prospects. By closely involving various private sector actors in these processes, it would be possible to build confidence in more rigorous and transparent regulation systems that respond to the interests of policy-makers and all categories of stakeholders in the value chain (from farmers organisations to traders, entrepreneurial farmers and small and medium-sized rice mills).

The ECOWAS Commission, with the support of development partners, could accompany these national processes by building on its efforts – and those of other actors – who have helped to organise and involve interprofessional organisations. **At the same time, it could facilitate exchanges between**

countries that wish to do so on their respective regulation models and on the links between their national policies and those of ECOWAS, with the aim of identifying the stages of a convergence of key aspects of rice market regulation. **The upcoming review of the CET provides an opportunity to discuss rice trade policy** and to consider a reclassification of rice into a higher tariff band (the Commission is promoting a gradual move to 35%). It is also an opportunity to develop other trade protection instruments, while preserving access to the international market. Food safety regulations are another important area where countries could cooperate to reduce the risks that imports of sub-standard rice pose to markets in the region.

The development of regulation systems for the rice sector, at national, regional or cross-border trade basin level, must be based on sustainable institutional arrangements covering essential policy areas (agriculture, trade, finance and others). Adequate resources must be allocated to processes based on accurate analyses and methodical monitoring and evaluation of the measures promoted. The regular meetings of ECOWAS ministers in charge of agriculture and ministers in charge of trade, as well as the frameworks provided by the African Union's Comprehensive Africa Agriculture Development Programme (in particular the investment plans and the biennial reviews) should be used to support these processes.

Emerging information and communication technologies should be better exploited not only to improve coordination in rice value chains, but also to inform debates and decisions on public measures and interventions with accurate and up-to-date data. In particular, information needs concern rapidly changing consumer preferences and climate services and production forecasts using remote sensing – this is important given the climate change-related risks to agri-food systems in the region. Better information systems on trade flows and stocks would support market regulation. Blockchains could facilitate the traceability of trade. These technologies could be useful not only for collecting and analysing information for monitoring and evaluation, but also for risk management.

Annex: webinar programme, Thursday 22 October 2020 (GMT)

13:15 – 13:30	Connection of participants
13:30 – 13:40	<p>Introduction to the webinar</p> <p><i>General moderator: Ibrahima Hathie, Research Director, IPAR</i></p> <p><i>Opening remarks</i>—Sékou Sangaré, Commissioner of Agriculture, the Environment and Water Resources of the ECOWAS Commission</p>
13:40 – 14:00	Presentation of the study on rice trading systems —Fabien Tondel, Policy Officer, ECDPM
14:00 – 15:15	<p>Debates with the panellists</p> <p><i>Theme 1: Regulation of imports and linkages with domestic sector development strategies</i></p> <p><i>Moderator: Michael Nasamu, Coalition for African Rice Development (CARD)</i></p> <ul style="list-style-type: none"> • Emmanuel Asante Krobea, Senior advisor to the Minister of Food and Agriculture, Ghana • Henry Otoo-Mensah, General Manager, Agricultural Manufacturing Group (AMG), Ghana—replaced by Njack Kane, CEO, Intervalle • Mohammed Auwalu, Vice President for the North West, Rice Farmers Association of Nigeria (RIFAN) • Fatima Aliyu, Deputy Director of Cereals and Rice Value Chain Coordinator, Federal Ministry of Agriculture and Rural Development, Nigeria • Amadou Abdoul Sy, Directeur, Autorité de Régulation des Marchés, Sénégal <p><i>Theme 2: Thinking regionally: trade policy and regulatory coordination and trade facilitation in the ECOWAS market</i></p> <p><i>Moderator: Ibrahima Sall, Coalition for African Rice Development (CARD)</i></p> <ul style="list-style-type: none"> • Gaoussou Sanou, Focal point for the Presidential Initiative for the rice sector, Ministère de l'Agriculture et des Aménagements Hydro-agricoles, Burkina Faso • Abdoulaye Sawadogo, Chief Executive Officer of Neema Agricole du Faso (Nafaso) • Ousmane Sy Ndiaye, Executive Director, Union Nationale des Commerçants et Industriels du Sénégal (Unacois) • Cheikh Tidiane Dièye, Centre Africain pour le Commerce, l'Intégration et le Développement (Enda CACID) • Aurélien Lakoussan, Coordinator, Cadre Régional de Concertation des Organisations des Producteurs de Riz de l'Afrique de l'Ouest
15:15 – 15:45	Q&A Session with the participants
15:45 – 16:00	Conclusion and closing of the webinar —IPAR and ECDPM

Endnotes

- ¹ This webinar was part of a project supported by the Fund for Agricultural Policy Advice and Innovation (GV FABI) of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). The organisers would like to thank the two CARD experts and the head of Intervalle for their assistance in the preparation and moderation of the stakeholder discussion.
- ² Tondel, F., C. D'Alessandro, I. Hathie and C. Blancher. 2020. Rice trade and value chain development in West Africa: An approach for more coherent policies. Discussion Paper No. 283. ECDPM and IPAR.
- ³ Tanzania was mentioned as another example of rice import regulation outside West Africa.
- ⁴ For example, investing in processing and logistics capacity where paddy is produced.
- ⁵ Mali's rice market regulation system has been effective for more than a decade but remains imperfect.
- ⁶ Guinea, Sierra Leone, Togo and Mauritania could also be included in this group.

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