Transformations in West African Agriculture and the Role of Family Farms

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EXECUTIVE SUMMARY

This report, commissioned by the Sahel and West Africa Club (SWAC) Secretariat, examines changes in West African agricultural systems, the major challenges being faced by millions of smallholders in the region, and pathways for the future, given international pressures and domestic constraints. Based on consultations and analysis of key issues, this scoping study was undertaken to lay the ground work for the development of a longer programme on the transformation of West African agriculture. This aims, among others, to strengthen debate on West African agriculture, the role of family farms and trade policy at national, regional and global levels. The proposed programme aims to identify and document how agricultural patterns and livelihoods are evolving in different parts of the region, to identify winners and losers, to outline the impact of OECD trade and agricultural policy on farming livelihoods, and to highlight the opportunities for producer organisations to influence policy design and negotiations – all in partnership with diverse organisations and interests in West Africa.

Agriculture is a central sector of West African economies, contributing a third of GDP, occupying 50-80% of the population, and providing a major share of export earning and government revenue. Looking towards the future:

- There is a growing demand within the region for more diverse grains, fruit, vegetables, meat and dairy produce, which may be met by a mix of domestic production, sub-regional sources and imports from other major producers.[1]
- Land will be increasingly scarce and valuable, especially in peri-urban areas and high-potential zones. A pragmatic approach is needed to provide greater security for smallholder farmers, to encourage investment and productivity growth.
- Smallholder farmers must organise to lobby their governments to ensure their priorities are taken into account in new strategy and policies, not only in the agricultural sector but also in related fields, such as land tenure and trade negotiations.
- The future for these family farms depends on agricultural trade negotiations under the WTO Doha round, to cut over-production and dumping by richer countries, as well as easier access to developed country markets.
- Reliance by West African farmers on traditional export crops does not provide a secure route out of poverty, given global over-production, declining terms of trade, and tariff escalation on processed produce.
- The sincerity of OECD countries' commitment to meeting the MDGs will be seriously tested by whether they are ready to cut farm subsidies, and help smallholders in poor countries "grow their way out of poverty".

Differences in past agricultural performance are largely explained by the effects of policy, market incentives, and climatic factors. Rural people continue to diversify their activities to cope with change, including rising levels of migration within and out of the region and it is estimated that 70-80% of rural people fall below the poverty line in almost all West African countries. Lack of data makes it difficult to assess changes in poverty levels over the last 20-30 years. Some longitudinal case studies suggest

[1] For example: the European Union, United-States, Latin America, and South East Asia.

many rural communities have become better-off. However, economic collapse and conflict have brought a rapid descent into poverty for some populations, such as in Côte d'Ivoire.

There have been major long-term changes in the structure and character of West African agriculture. These include the power exerted by rapid urbanisation throughout the urban hinterland, with towns and cities providing markets, a source of income and economic opportunity; the changing structure of farm households, and growing individualism; diversification of incomes and activities, especially migration earnings; new crops and niche products; rising scarcity and value of land, especially in peri-urban areas; and the greater role of private sector operators in input supply, marketing and contract farming systems. At the same time, the emergence of producer organisations offers the possibility of getting farmers' voices heard at high levels of government.

Weak performance of the farming sector in West Africa is usually attributed to supply factors (e.g. rainfall and land availability). But farmers here, like those throughout the world, are also concerned by returns from investment. Low prices, limited market access, uncertain transport, high transaction costs, and very limited access to inputs, set tight constraints on performance. The persistence of family farms is testimony to their adaptability, despite harsh challenges. Family farms adapt to changing market conditions by switching between crops and exploring new niches while coping with severe constraints. Continued growth in output of many crops despite stagnating or declining prices demonstrates their capacity to compete. However, this has its limits, leading to squeezing of margins, inability to renew equipment, difficulties in maintaining soil fertility and soil conservation investments, and the discouraging of youth from remaining in this sector.

"Family farming" or "*agricultures familiales*" provides the overwhelming share of agricultural production in West Africa. Its fundamental characteristics concern the link between economic, social and cultural dimensions, and multiple objectives, achieved through balancing individual and collective goals, risk reduction by diversifying activities and sources of income, and a degree of independence from market relations. Nevertheless, there is diversity within the sector, with 2-3 person households at one end, and substantial domestic groups of 80-100 people at the other extreme. West African agriculture is to a very large extent based on family farms, which produce almost all food grains, oil seeds, cotton, cocoa, coffee and other crops. Exceptions concern rubber, palm oil, and sugar for which commercial plantations provide a major share.

A clearer definition is needed of "family farming" to acknowledge their diversity, the nature of support they require for continued growth, and their ability to seize new opportunities. A threefold classification is proposed, but it should be remembered that these groupings are not watertight. There may also be movement by households between categories over time.

- *Type 1*: farmers oriented towards the market, organised around a major cash crop, such as cotton, cocoa, coffee, fruit and vegetables. Often highly specialised, they are exposed to significant risks from fluctuations on global market prices.
- *Type 2*: farms in which cereal and cash crops are largely balanced in terms of relative importance. Such farms often pursue considerable diversification to protect themselves from climatic and market risks.
- *Type 3*: farms oriented towards grain production for household needs, some part of the harvest sold to raise cash. They constitute the poorer households with limited access to inputs and markets, little equipment and few livestock. In many places, these households are finding it particularly difficult to make ends meet and are undergoing a process of decapitalisation leading eventually to their disappearance.

Many West African governments note the need for agricultural "modernisation" associated with large-scale commercial farms, relying on hired labour, modern technology, and mechanisation. A contrast is often drawn with the small-scale family farm, its reliance on backward technology, subsistence orientation, and low productivity. Governments are interested in promoting large-scale irrigation and agribusiness to enable agriculture to respond to new markets and standards, and raise levels of productivity. This represents a caricature of both large and small-scale farms. Large-scale commercial farms in West Africa have been high cost producers, very vulnerable to changes in markets, and access to cheap credit, and are the first to collapse into bankruptcy when conditions change. By contrast, small-scale producers have been responsible for the vast majority of food and cash crop production, responding to improved incentives when prices are right. A clearer assessment is needed of the strengths and weaknesses of the small farm sector, how to support its development and responsiveness to changing market conditions. Attention needs to be paid to ensuring better balance in the preferences granted to large and small-scale farmers (access to land, cheap credit, etc.) so that the latter gain a fairer share of available opportunities.

The adverse impacts of trade and agricultural policy in OECD countries on the developing world are gaining recognition, with evidence showing the damaging effects of farm subsidies paid to rich country farmers. Adverse impacts stem from:

- Downward pressure on world market prices caused by over-production from rich country farmers who are protected from falling prices and have no incentive to cutback output when demand is falling.
- Unfair competition in third country markets, given the export subsidies provided to sell-off surplus stock.
- Adverse impacts on local farmers from surplus farm produce being sold at below cost price, making it increasingly difficult for local farmers to earn a living, and discouraging investment in agricultural intensification.

The scale of OECD member state subsidies to their own farmers at some $350b per year has mobilised opposition to such continued largesse, given the comparison with budget allocations to overseas aid or debt relief.

There are many arenas for discussion of trade and agricultural policy.[2] The Poverty Reduction Strategy (PRS) process is one avenue for ensuring coherence between strategic policy objectives in trade, agriculture and poverty reduction. Equally there is ongoing work on fair or ethical trade, and associated certification systems. Civil society groups in OECD nations have launched several networks to influence negotiations by campaigns for better access to rich country markets including tariff reductions for processed commodities, and cutbacks in non-tariff barriers; abolition of production related subsidies under the Common Agricultural Policy (CAP) and US Farm Bill; abolition of agricultural export subsidies and rights for Least Developed Countries (LDCs) to protect their own farmers, especially against dumping; and strengthened capacity for negotiation at national and global levels.

There is a growing body of producer organisations, federations, and some NGOs within the West African region with an interest in trade organisations. Such groups require support to enable them to fulfil their promise, maintaining strong links to the people they represent, and enhancing their ability to voice the interests of their members in national and global fora. ROPPA is a central actor in this network of regional organisations.

To work in this field, the SWAC needs to consider its comparative advantage and where best it can add value to the number and diversity of existing initiatives. Priority arenas, topics, and partnerships must be chosen to ensure an effective focus. Key to this process will be close working relations with existing initiatives, strengthening relations with partners in West Africa, iterative debate on priority themes, and responsiveness to new openings in the debate. WTO negotiations are the highest level at which trade and agriculture are addressed, with all other processes referring to the need for WTO compliance. A large proportion of West African states fall into the category of Least Developed Countries (LDCs) and face more favourable negotiating conditions under the WTO and Cotonou Agreement, given the non-reciprocal nature of their obligations. West African countries and regional bodies need to consider their room for manoeuvre, given their status as LDCs as regards protection of domestic food production and trade-related benefits.

[2] Such as the current WTO negotiations, CAP reform, the Everything But Arms initiative (EBA), the US's Africa Growth and Opportunity Act (AGOA) and Millennium challenge, the New Programme for Africa's Development (NEPAD) and the International Initiative on African Agriculture.

The SWAC Secretariat might best add value to these processes in the following areas:

- Consultation and providing a platform for discussion amongst stakeholders in West Africa on priorities for agricultural development, trade negotiations and the trade-offs involved with different options.
- Identifying key themes with West African partners for action research to highlight the implications of current trends and policy measures, distributional implications, and choices to be made.
- Working with government and civil society groups in OECD member states to push for greater policy coherence, and understanding of the global risks associated with short-term considerations of electoral politics at home.
- Feeding materials and ideas into high-level global debate, to inform stakeholders of the interlinkages between trade and farm policy in countries north and south, and to build bridges between different constituencies, based on the influence, access and reputation of the SWAC.

This work has been undertaken under the direction of Karim Hussein (Principal Administrator, Secretariat of the Sahel and West Africa Club – SWAC) as part of a series of analytical papers and prospective studies on the Transformation of West African Agriculture