

Regional Food Trade: AGRA's Policy Work in Advancing Regional Food Trade

Introduction

AGRA's Regional Food Trade and Resilience (RFTR)¹ programme Theory of Change is that improvements in market facilitation and value chain coordination and greater predictability and efficiency of government interventions in regional food markets will lead to increased investors' confidence across the value chain. Under policy predictability workstream, the programme focuses on evidence generation and utilisation efforts, strengthening governments and private sector capacities for market stabilization and intervening in the policy arena through evidence-based advocacy, coalition building and other forms of influencing to enable market friendly policy reforms to take root.

Gaps that AGRA's regional food trade policy work seeks to address

In 2020 AGRA has implemented a political economy analysis of at least 13 countries² in the area of agriculture and food trade. The study assumed a four-stage process as summarized below:



1. This initiative is supported by Foreign, Commonwealth and Development of Office (FCDO) of the united Kingdom and other PIATA partners - Bill & Melinda Gates Foundation, Rockefeller Foundation, US AID, BMZ

2. Mali, Malawi, Zambia, Mozambique, Kenya, Uganda, Tanzania, Ethiopia, Rwanda, Ghana, Nigeria, Burkina Faso and Togo

Some of the identified key policy and regulatory challenges impeding flow of food in the region are summarized in Table 1 below:

Table 1: Summary of key policy and regulatory issues affecting regional food trade in selected African countries

Food trade policy issue	Burkina Faso	Côte d'Ivoire	Ethiopia	Ghana	Kenya	Malawi	Mali	Mozambique	Nigeria	Rwanda	Tanzania	Uganda	Zambia
1. State intervention in markets such as price controls	●	●	●		●	●			●	●	●		●
2. Ad hoc export and import bans	●	●	●		●	●			●		●		●
3. Limited market information		●		●	●	●		●	●		●	●	●
4. Opaque strategic grain reserve operations					●								●
5. Arbitrary taxation on imports or exports		●			●		●		●		●		●
6. High prevalence of informal trade	●	●		●	●	●	●	●	●	●	●	●	●
7. Limited enforcement of SPS, quality standards (e.g. aflatoxin)	●			●	●	●		●	●	●	●	●	
8. Lack of transparency in issuance of export permits											●		●
9. Limited structured markets - no functional commodity exchange	●		●	●	●	●	●	●	●	●	●	●	●
10. High levels of corruption and or insecurity	●	●		●	●		●		●		●		
11. Uneven implementation of regional integration regime			●				●		●		●		
12. High cost of formalisation of business or trade		●						●	●		●		
13. Coordination gaps at multiple levels				●				●	●		●		●
14. Infrastructure (physical gaps)	●	●		●		●		●	●	●		●	
15. Limited access to financing	●	●		●	●		●	●	●	●	●	●	●

Source: (AGRA, 2019)

The RFTR initiative applies a political economy lens to determine the most effective influencing path and application of tools including technical assistance (TA) grants, coalition building, stakeholder engagement, and evidence gathering to bring about needed reforms at both national and regional levels. As a trusted partner by stakeholders, AGRA's value add to this process is through: having access to government high-level officials, engagement with RECs and other continental organisations, coordination of donor investments and interventions, supporting government agenda in comprehensive fashion through systems approach (i.e. address policy, capacity and market systems challenges), and catalyzing and leveraging donor and private sector investments.

AGRA's interventions to improve policy predictability and transparency in food markets

AGRA's interventions in the policy space has been informed by political economy assessments (PEAs) and market competitiveness studies and are aimed at supporting a more predictable environment for regional food trade to occur through grants and/or technical assistance and advocacy support in the following key strategic areas:

- 1) Support for the development of food balance sheet** for predictable food trade and food security decision making. At the regional level, and in response to the COVID-19 pandemic, AGRA through the RFTR Programme is implementing Regional Food Balance Sheet (RFBS) initiatives in eastern and southern Africa (ESA), and in West Africa/Sahel region. At national level, five countries (Burundi, Kenya, Malawi, Zambia and Mozambique) will be supported to operationalize national food balance sheets. These initiatives will generate important data for decision-making.
- 2) Support for strategic food reserves (SFR)** to enhance efficiencies in food market stabilization. The support is aimed at ensuring that new SFR policies are not designed or implemented in ways that could have negative ripple effects on private sector investment and participation of small farmers in markets. At a regional level, AGRA will provide support to ECOWAS Regional SFR, while at national level, the Programme will provide technical assistance support to Kenya, Nigeria, and Mozambique in streamlining their SFRs. These efforts are aimed at ensuring functional supply chains.
- 3) Strengthening Market Information Initiatives** that will support governments to formulate, adjust and implement food security policies, support in decision making with regards to distribution of staple food and nutrient dense commodities in the region, private sector in planning their investments and the government and relief agencies in planning for emergency responses. Under this, a number of initiatives on: food balance sheet development at national and regional level, production of monthly Political Economy Analysis (PEA) monitors, and publication of monthly Food Security Monitor providing an overview assessment of the prices of main food staples and the food security outlook in AGRA focus countries in East, West and Southern Africa as well as Sahel region.
- 4) Support improved standards implementation for safe and efficient food trade.** The projects in this area include support towards: ECOWAS food (rice) fortification standards, East Africa private sector self-regulation for food safety, and COMESA development of Mutual Recognition Framework and subsequent Mutual Recognition Agreements for six high-trading commodities in the COMESA region.
- 5) Support for trade policy implementation in eastern and southern Africa** on enhancement of transparency, policy predictability, and reduction in government initiatives in food markets and trade in Malawi and Tanzania (simplified trade regime) and Zambia.
- 6) Through the Regional Food Trade Coalition**, the programme will continue its efforts to influence policy reforms and advocacy through public private dialogues. The platform also aims to coordinate investments and studies and improve messaging coherence by key partners with the aim of promoting alignment of priorities and avoiding duplication or cross-purposing of investments.



Case study of AGRA's interventions to improve policy predictability and transparency in grain markets in Kenya

The Kenya Government requested AGRA to support in reforming Strategic Food Reserve (SFR) and the National Cereal and Produce Board (NCPB). The Strategic Food Reserve Trust Fund (SFRTF) was established in 2015 through the Legal Gazette Notice No. 15 of 2015, to: stabilize the food supply and prices in the country; procure, store and sell food commodities; maintain adequate strategic food reserves in physical stock or cash equivalent; and, mobilize resources to support strategic food reserve functions. The functioning of SFRTF was hampered by a number of challenges including: lack of functional instruments for monitoring trade flows (including up-to-date food balance sheets), and how these affect the available food quantities, early warning of impending crisis, as well as mechanisms and triggers for market stabilization. The practice where maize is bought at above market prices and sold at lower than market prices undermines the basic functioning of the market and strategic food reserve system. The preferential relationship given to NCPB in the agency arrangements with SFRTF, coupled with blanket government subsidies out-crowds private sector participation in the food storage system, and overall, undermines the growth of a predictable agricultural market.

AGRA has been instrumental in the restructuring of / reforms to SFR and the NCPB through TA support. The Cabinet approved the proposals made to reform both the SFR and NCPB. Subsequently, the Cabinet Secretary responsible for Finance, issued a legal notice to dissolve the board through the Public Finance Management (Strategic Food Reserve Trust Fund) (Revocation) Regulations, 2020, (Legal Notice No 61 of 14th April 2020. Key lesson from the reform process is that the successful implementation of the reforms requires, from the onset, the involvement of key stakeholders that are likely to be impacted or have a role to play in the proposed reforms as well as raising awareness about the reforms for ownership and buy-in. As expected, any reform path can be hurdled by vested interests among key stakeholders in both public and private sectors, and this was no exception. Following this revocation, a section of stakeholders sought legal redress against the decision. While the issues in dispute (amongst them the lack of transition mechanisms to secure SFTRF's assets and resources) do not wholly affect the implementation of the reforms, it is likely to delay the establishment and operationalization of the National Food Reserve Agency at NCPB.

Other lessons learnt from this process include:

- a) Government willingness to use evidence in the reform process is critical for the success of the process as was the case in Kenya;
- b) Support to governments is not always via direct funding; as AGRA we have identified and effectively applied other channels i.e. technical assistance, policy engagement through champions, Public-Private Dialogue (PPDs);
- c) Partnership with other development partners, in this case International Fund for Agricultural Development (IFAD), Food and Agriculture Organization (FAO) and the World Bank, enhances credibility of the process and increases probability for success. It is therefore important always identify allies in the reform agenda wishing to address similar challenges. WB There is always someone in form of partners also looking at addressing similar challenges, important to identify them and coordinate efforts, AGRA is doing this deliberately through PIATA framework, Regional Food Trade Coalition, and through country level engagement by our managers to coordinate efforts;
- d) Private sector associations are key in any policy influencing efforts, governments also listen more to these actors as they impact the economy directly;
- e) Strike while its hot - there is always a window where reforms are more favorable than other times, key is to determine and take advantage of such windows i.e. economic downturns or upturn, elections, food production surplus/deficit, change of officials or ministers, signals of appetite from government through pronouncements on the reform, etc.

Forward Looking – where more resources should be directed

AGRA undertook a rapid analysis in nineteen countries³ aimed at assessing the impacts of the COVID-19 pandemic and subsequent government interventions in selected food and agricultural value chains. What we learn from the analysis is that COVID-19 has accentuated regional food trade vulnerabilities, highlighting the weaknesses of the system. COVID-19 impacts have been wide ranging and have exacerbated existing vulnerabilities within the global and African Food System. Given the disruptions to food systems in sub-Saharan Africa, and the increasing reliance on food imports (and their cost in foreign exchange), Covid-19 has forced countries to focus greater attention on national food security and strengthening of local food value chains. The results point to the need to continue supporting African Governments with the appropriate data infrastructure to strengthen decision making and policy predictability; and increasing smallholder farmers' access to stable, profitable and expanding regional agricultural markets, which potentially offer greater resilience in the face of supply-chain shocks. Appropriate combination and complement of actions are needed to enable stability, food security, and mutual prosperity.

Your say

AGRA recognizes that addressing policy and regulatory constraints to intra-regional trade will not succeed without the participation of other stakeholders as a partnership. AGRA therefore welcomes contributions from other agencies and partners as well as feedback on our policy work in the region.

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