

# Rising food prices in the Sahel: The Urgency of long-term action

Based on a survey in West Africa by Oxfam International and Save the Children



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Along with many other parts of the world the Sahel<sup>i</sup> region of West Africa has been very affected by rising food and commodity prices with serious impacts being felt by poor households.

The impact of higher prices has varied across the Sahel and within regions of individual countries. While all cereal prices have increased<sup>ii</sup> rising prices have not translated into improved incomes for small farmers. Even in good times the poorest producers do not grow enough to feed themselves and therefore have to buy food from the market, especially towards the end of the dry season and in the period leading up to harvest. Increased food costs, combined with higher costs for agricultural production, have led to reduced incomes for poor people. In the zones most at risk<sup>iii</sup> rising prices have worsened pre-existing food insecurity.

Poor families have tried to adjust to this situation by reducing their number of meals, the quality and variety of their diet, health expenses and, in some cases, withdrawing their children from school. Some pastoralist households have had to sell their animals at a rate that threatens their way of life. Rising prices have also had a serious impact on poor urban households<sup>iv</sup>, which rely entirely on food bought from markets.

Current analysis suggests that high food prices are likely to be here to stay. **In the Sahel this means that the ability to access food has become *the* key issue in terms of food security.** In the past hunger and malnutrition was caused by the lack of availability of food: increasingly food is available but the poorest cannot access it because it is too expensive. Economic liberalisation of agricultural markets, combined with export focused agricultural policies, has increased the difficulties of rural populations dependent on farming. Countries in the region, through ECOWAP<sup>v</sup> – the agricultural development policy agreed by West African Heads of State – along with peasant and pastoral organisations, support a food security approach to agriculture based on the concept of food sovereignty increasing the amount of food produced and consumed by the region. However, the present crisis, while highlighting the importance of promoting local production and strengthening regional markets, has also demonstrated that overcoming these challenges will not be easy.

This briefing note is based on a survey by Save the Children and Oxfam on the impact of rising prices on household food security in five countries in the Sahel: Burkina Faso, Mauritania, Niger, Senegal and Mali<sup>vi</sup>. It summarises the impacts of rising prices, examines the local factors that have led to this situation and proposes short, medium and long term solutions.

Coordinated action is needed from all actors (Governments, donors, civil society and the private sector) to find effective solutions to high prices. Good harvests in 2008 in the majority of Sahel countries present an opportunity to improve the resilience of vulnerable households and allow small producers to benefit from the opportunities that higher prices could potentially bring.

## **1- The impact of rising commodity prices in the Sahel**

While the worldwide financial crisis has diverted attention away from the food crisis for the poorest families in the Sahel the underlying problems have not gone away. For those with very limited means making ends meet, even without increasingly expensive food, is a constant challenge.

### **A world economic situation which exacerbates food insecurity and chronic poverty in the Sahel...**

*“We cannot afford to travel or have light at night anymore. We also find the price of soap too expensive. All our money goes on food and we can only afford to buy millet and sorghum. For the moment we have to go without spending on education or health care. If these high prices continue, or if a relative becomes ill, it will be a disaster” Abdou from Non Fayre, a village near Kaya in Burkina Faso, April 2008.*

West Africa is one of the poorest regions in the world. Some countries in this region are faced with acute and chronic food insecurity issues – even in good years many families struggle to feed themselves. The purchasing power of poor households who rely on subsistence agriculture has deteriorated in recent years. Several strategies for short-term survival have been developed. Many of these force people to take actions that in the long term make life even more difficult.

Throughout the Sahel, households have had to modify their nutrition habits. In some areas, about 33% of households declared they have reduced the quantity of food they eat, 22% admitted they have reduced the number of meals per day or even stop eating certain food products which have become unaffordable.

These developments have had a direct impact on a nutritional situation already structurally weakened by years of chronic food insecurity. It is difficult to draw conclusions on the direct impact of high food prices on malnutrition because of the lack of specific malnutrition analysis over the last months. However, recent studies have stressed the growing difficulties households in the Sahel face, and this is likely to have a highly detrimental impact, particularly on the nutritional status of children who are already at risk.

### **...and has affected the poorest households who need safety nets**

The poorest families spend most of their income on food (in some cases, up to 80% of income) and average household incomes for the poorest have been decreasing for a number of years. Some indicators show that families have had to adapt to the lack of affordable food by adopting coping strategies earlier in the year than would usually be the case in a normal year. In these circumstances, even slight shocks can have serious repercussions: in many areas high food prices have worsened an already grim situation.

The opening up of the economies in the region to cheap foreign import in recent years has not been accompanied by comprehensive strategies to protect the most vulnerable communities. The most fragile groups are predominantly young children, households headed by women, old people, pregnant or nursing women, or those with a disability.

Many families are forced to incur debts to buy food in the dry season to last them until the next harvest. In order to pay off these debts some households have no choice but to sell crops before they are fully ready, or sell everything at harvest time when prices are lowest rather than storing food for when prices rise later in the year. Households have to sell livestock which they need to keep and reduce the amount of land they farm in order to engage in small income generating activities which in the short term keep some money coming in but means they are unable to grow much food, even when the rains are ample as they were in 2008.

Without the funds or ability to access affordable credit, in order to buy inputs like fertilizers and high quality seeds, or invest in the vaccination of cattle or irrigation systems, poor households are unable to boost their production and take advantage of high prices.

### **Children pay the highest price**

**Children have been most affected by rising prices. The consequences of this are deep and potentially long lasting.**

Reductions in the quantity and quality of affordable food worsen an already chronic malnutrition situation in many areas of the Sahel. It creates serious risks to children's health: for children less than two it irreversibly slows physical and mental development and can even cause death. UN OCHA has found that in the Sahel of the 460,000 children who die before the age of five the main cause of death is severe malnutrition (56% in Burkina Faso, Mali, Mauritania and Niger)<sup>vii</sup>. In August 2008, the WHO (World Health Organisation)<sup>viii</sup> found that the rate of severely malnourished children is over 40% in Burkina Faso, Mali and Niger. In the same period, at least three regions in Senegal have recorded an alarming increase of malnutrition cases among children under three.

Survival strategies that reduce access to health care and education and engage children in domestic work have long-term negative impacts. In Burkina Faso, the World Food Programme has noticed an increase of child labour and the school drop out rate<sup>ix</sup>.

“With the rising transportation costs and the low productivity of our farms, our last resort is to work in gold mines. We are aware that it's a dangerous activity, above all for small children who are often sent into tunnels. There have been cases where these tunnels have collapsed” April 2008, Routmenga, near Kaya. Burkina Faso.

## **2- A difficult situation exacerbated by the regional context**

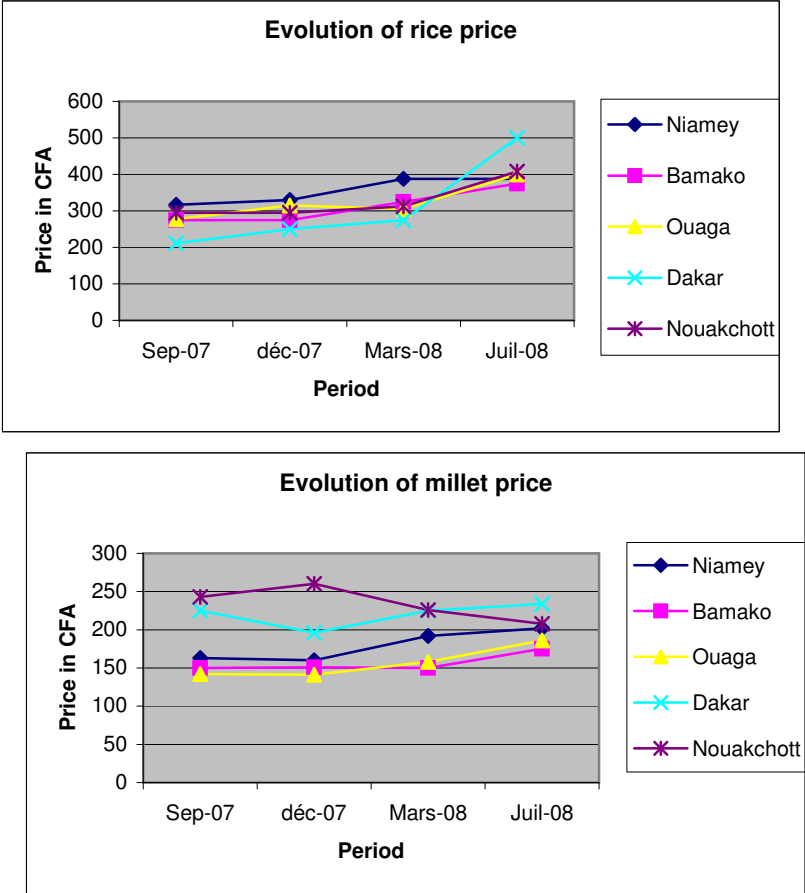
The context in the Sahel has been complicated by the varying impact of volatile world prices both at a national level and within different parts of individual countries.

### **A complex rise with long-lasting effects...**

Since 2005, global food prices have risen by 83%. The Sahel has followed the same trend since 2007. In many countries, the rise has gone far beyond the world's average. The rapid rise in commodity prices has also been characterised by unusually volatile prices<sup>x</sup>. In Senegal, prices of several products have risen by between 100%-200%, as shown in Table 1. However, landlocked countries like Burkina Faso and Mali, which are less reliant on imported goods, have been less affected by rising international prices. Despite making significant efforts

towards food self-sufficiency, landlocked Niger has been very affected due to its dependence on neighbouring Nigerian markets.

**Table 1: Evolution of rice and millet prices per kilo in 5 capitals (Measured in CFA Francs)**



**Source:** R. Blein according to SIM and Fewsnet data

The prospect of good harvests for 2008 in West Africa has already led to some price reductions at a national level, and drops in international commodity price falls, make further reductions in prices likely in the months to come. According to early estimates, the harvest for this campaign will reach 56 million tons of cereals in West Africa, among of which 18.5 millions will be from CILSS (the Inter-States Permanent Committee for the Campaign against Drought in the Sahel) countries<sup>xi</sup>.

Although prices are lower than those recorded in 2005, except for imported cereals such as rice, they remain higher than last year and even if prices drop further in the months to come analysts agree that they are likely to remain above the average over the last five years and ten years<sup>xii</sup>. In the context of an uncertain international environment, the volatility of prices, which affects both consumers and producers, remains a major issue challenging the region’s agricultural policies as well as existing tools to manage food crises in the region.

### **...in line with a favourable environment**

Even though the increase in food prices has been a global phenomenon it's worth noting that regional factors have also caused this particular global problem to rapidly develop into a local one: the lack of available grain reserves, increasingly irregular rainfall and the high level of speculation being major culprits.

### **Traditional responses to food insecurity are no longer sufficient**

In the absence of comprehensive social policies traditional measures to tackle food insecurity, generally relating to production shortages in a geographical area are insufficient. Responses such as food aid, subsidized food, support to village stocks or ad hoc "cash for work" programmes can only ever target a small proportion of the total population and on their own are unable to address the scope of this situation.

### **A regional intervention unable to keep pace with inadequate national solutions**

As the crisis spread across the region, Governments reacted individually rather than collectively. Instead of strategically targeting specific commodities, measures were taken (suspending duties and VAT on some imported commodities) that didn't have the desired results. For various reasons, tradesmen didn't reflect this tax relief by lowering selling prices. Export bans by Burkina Faso and Mali didn't prevent goods crossing borders. Instead they promoted tax evasion and increased prices. These individual initiatives seriously undermined the regional integration process in West Africa.

### **Inadequate Trade policies**

This situation is also the result of the food and agricultural policies of the sub-region. Structural adjustment plans undermined policies to boost food production and in the years since structural adjustment, there has been a lack of consistent public policies to boost food production or kickstart the agricultural revolution so desperately needed in the region.

Moreover, "dumping" of subsidised goods in international markets and the lack of fair trade rules have increased the vulnerability of West African economies. As a result of unfair policies cities, which constitute by far the biggest markets, have become increasingly dependent on imported products.

### **Neglected agriculture**

Although the Agricultural Policy in the ECOWAP articulates the collective will of countries in West Africa to meet basic food needs, and sets out ways to achieve this aim, the on-going delay in its application has meant that the conditions for a dynamic smallholder and agro-industrial sector have not been created. The absence of implementation of coherent policies has reinforced the dependence of the Sahel region on imported food.

Several countries have adopted emergency plans to scale-up investment in the agricultural sector with an emphasis on food sovereignty and the right to food. However, in countries like Senegal and Mali, plans seem to focus more on agro-business, rather than strengthening local food processing, family farming and pastoral systems.

How Governments choose to invest in agriculture has a major impact. It's important that new initiatives don't undermine regional policies developed in collaboration with civil society in ECOWAP or national laws of agricultural planning (LOA – Lois d'Orientation Agricoles) in Mali or Senegal.

### **Dependence on imported goods**

Ultimately, dependence on imported goods is the key factor in determining the impact of fluctuations of world prices on national and regional markets.

In the ECOWAP area, 48% of imported goods are made of three groups in which the region is competitive: cereals, dairy produce and meat. The cost of these imported goods has doubled between 1994 and 2004. The present dependence on imported goods is difficult to overcome in the short term but in the longer term as Governments face up to the challenge of higher prices the potential to meet more of the region's own food needs presents an opportunity for pro-poor development<sup>xii</sup>.

Import dependence is particularly striking in Mauritania and Senegal. The former depends on imported goods and food aid for 75-80% of its food needs. As for the latter, it's one of the largest importers of rice in the world. Mali and Burkina Faso,<sup>xiii</sup> despite being far less reliant on imports, have still seen the price of locally produced dry cereals increase and costs for agricultural inputs and transportation rise.

### **3. URGENT INTERVENTION NEEDS TO PRESERVE LONG-TERM RESULTS**

“The impact of the rise in prices of imported rice has led more people to buy local rice. Now, we have to build up our own market and, after the harvest, I will invest in irrigation techniques in order to grow more rice next year”.

**Maguette Fall, rice farmer, Northern Senegal**

Only urgent action to address the structural and long-term causes of the current crisis will change the region food and agricultural system to allow small producers like Maguette Fall to benefit from high prices. Assistance to help the most vulnerable in the short terms is of course also vital but too often immediate disaster is averted without more difficult long-term problems being addressed.

For decades, low prices have undermined the interests and development of rural producers and agricultural workers in the Sahel for the short-term benefit of urban consumers. However, the unexpected and unprecedented rise in prices has shown the limitations of current agricultural policies: urban consumers have been particularly hurt by rising prices, while small producers have been unable to benefit.

### **Food crisis management and the reduction of risk factors**

Response systems like the National Measures for Food Crisis Prevention and Management (DNP-GCA) in Niger have already been set up in several countries in the region. The responsibility falls on Governments, development partners and inter-Governmental organisations to minimise the lag between the emergence of these crises and responses. As recommended by the proposed revised food aid charter by the CILSS and Club de Sahel

interventions should bring solutions to short-term needs, protect the subsistence means of populations and tackle the structural causes of food insecurity.

### **Revived warning systems coupled with a better use of food aid**

Warning systems should reflect new realities: affordability and therefore access to food is a bigger problem than availability. New policies and monitoring systems should take into account the purchasing power of the poorest and most vulnerable households, as well as food production and climatic conditions.

Emergency interventions should integrate ensure that populations' nutritional needs are met, while helping households to carry out income-generating activities during the dry season. Interventions should also ensure that households do not have to resort to adjustment strategies which harm their future prospects (selling assets, incurring high interest debts).

Achieving these goals will require modernization of the tools used to assess and respond to food insecurity in the region. In this regard, the revision of the food aid charter is an opportunity to recognise how analysis of situations need to change and highlight ways forward including the introduction of comprehensive tools to address structural instability such as safety nets.

In terms of developing national or regional food reserves clear criteria for when and how these reserves are used need to be defined: not only in the face of crises but also to help regulate markets. Used effectively they could help producers cope with fluctuating prices; for example by buying immediately after harvest and following bumper harvests, when prices are low, and reselling them at an affordable price to vulnerable households during the dry period when prices are high. This requires coherent support measures from partners but also sustainable funding sources from States.

### **Better social protection systems**

In addition to these solutions, a comprehensive social protection system addressing chronic and temporary hunger is essential. Systems need to be flexible depending on the needs of those affected. All efforts should reinforce the resilience of households to deal with shocks. Interventions could include the distribution of food, cash or agricultural inputs, support to infrastructures, or actions to protect livestock and other goods.

Experience in other regions of Africa has shown that the distribution of small amounts of cash targeting specific groups (helping children for example) can be very effective. Unlike food aid these interventions have beneficial effects on local agricultural and the economy. They also allow recipients freedom of choice in terms of how best to use resources. A greater degree of investment and flexibility is needed in this kind of approach to bridge the gap between humanitarian projects and development projects in the Sahel <sup>xiv</sup>.

### **Implementation and coordination of regional agreements**

Political solutions to food insecurity need to be coordinated at regional level in order not to make things worse or undermine economic integration efforts, as occurred with the recent prohibition of exports of food products within the region.



In June 2008 ECOWAS (Economic Countries of West African Countries) Heads of States, launched “the regional offensive for food production and fight against hunger”. ECOWAS Governments should ensure that the ECOWAP and the “regional offensive” are coherent and translated into clear actions both at national and regional level in order to make food accessible to the poorest and guarantee a fair price for producers. In addition, these actions should respect the principles of the new CILSS/Club de Sahel food aid charter (a code of good conduct for food crisis prevention and management).

### **Need for coherent trade policies**

World trade rules should offer the region greater room for manoeuvre to protect small producers and guarantee food security. However, rather than waiting for this to happen Governments should take action. The implementation of a West African Common External Tariff and protection mechanisms for farmers and agro-industries remains a priority. Achieving this would demonstrate the region’s political will to support agriculture.

### **Reinforcement of agriculture and livestock investment**

In 2005, the CEDEAO signed ECOWAP to promote a regional agricultural development policy. Three years later ECOWAP has been neither implemented nor adequately funded.

Alongside the need for promised funding, notably from the European Union, to materialise Governments also need to make greater efforts to live up to their promises on agriculture. In 2003, the African Union leaders signed the “Maputo Declaration” promising to spend 10% of national budgets on Agriculture<sup>xiv</sup>. Unfortunately, only three countries in West Africa have met this requirement in 2005: Mali, Niger and Burkina Faso.

### **Provision for new funds and co-ordination of world agreements**

In July 2008, the United Nations High Level Task Force produced a Comprehensive Framework for Action (CFA) which gave indications on the actions to counter the food crisis. The CFA recommends a series of short and longer term actions which need to be acted upon in an integrated and coherent manner.

Greater efforts are needed from Governments and financial partners to co-ordinate their initiatives. Progress at international level remains desperately slow. In total, 12.3 billion US dollars of the 25 billion US dollars required was promised during the FAO Food Summit in June. Up to now, far too little new funding has been seen on the ground.

Finally, the world economic crisis risks diverting attention away from the underlying problems of food security in West Africa. It is vital the promises made in terms of assistance are not forgotten. Failing to solve problems now will only store up worse food security problems in the future.

### **Involving civil society in policy development and implementation**

For policies to have a long-lasting effect, all actors need to be involved (States, regional co-operation and integration institutions, pastoral and peasant organisations, civil society organisations, the private sector and the international community). The present revision of the

Food Aid Charter is an opportunity to achieve broad civil society participation in order to improve food security management and evaluation.

“The fact that women represent the majority of small farmers but do not achieve their full potential in the agricultural sector contributes to food insecurity and the slowing of growth”<sup>xv</sup>, according to the World Bank. The participation of women associations at all decision levels is essential in ensuring that food security policies and strategies are more efficient and reflect the concerns of women.

#### 4. RECOMMENDATIONS

National and regional interventions in the Sahel have so far consisted of a series of initiatives which have proved unequal to the task of solving chronic and acute food insecurity. **A complex situation requires a global, co-ordinated, short and long-term solution from all actors at national and regional level.**

##### 5 key actions

- 1- Find short and long terms solutions to food and nutritional insecurity of populations affected by rising commodity prices, through more flexible and long-lasting funding mechanisms.
- 2- Improve information systems to respond to crises caused by lack of purchasing power rather than lack of production.
- 3- Implement social protection strategies and safety nets that reinforce households' resilience to market inflation in the future.
- 4- Implement policies that allow local farmers and pastoralists to benefit from high prices.
- 5- Speed up the implementation of the ECOWAP – West Africa's agricultural development policy – as well as the regional "Offensive for food production and the fight against hunger".

**West Africa Governments should, with the support of financial partners and United Nations agencies:**

- Play a key role in creating and reinforcing platforms bringing together key actors to develop and co-ordinate strategies to address food insecurity.
- Improve and reinforce information systems to better reflect the reality of poor households affected by food insecurity, in both rural and urban areas.
- Invest in social protection programmes to enable citizens to meet their basic needs.
- Meet the Maputo Declaration to spend 10% of national budgets on agriculture
- Develop national plans for agriculture with a focus on small farmers, particularly women.
- Reinforce regional integration by ensuring that food is accessible and available in the region through commercial channels and public intervention.
- Ratify and adopt the new CILSS – Club de Sahel food aid charter as a code of good conduct in terms of food crisis prevention and management.

**Bilateral partners, international institutions and the United Nations agencies operating in West Africa should:**

- Support a global social protection approach allowing States to protect and assist consumers and producers efficiently.
- Increase long-term, predictable aid for agricultural in West Africa, particularly for small farmers and pastoralists, additional to existing aid commitments.
- Co-ordinate and integrate donor actions with national and regional initiatives such as national policies for food, nutrition and agriculture, and ECOWAP, but also respect the principles recorded in the new Food Aid Charter.

<sup>i</sup> - For the purposes of this paper when we mention the Sahel we refer to the West African Sahel where the research for this paper was undertaken: Burkina Faso, Mali, Niger, Senegal and Mauritania.

<sup>ii</sup> - Despite Governments' attempts to stop the rise in prices via the suspension of import tax.

<sup>iii</sup> The region benefiting from rainfall of less than 700 mm per year, which is the majority of the Sahel, except the southernmost regions.

<sup>iv</sup> - Impact of world rising commodity prices. Case study on corn and cow beans in Burkina Faso, Oxfam International by Layanna Consult, August 2008, 71p.

<sup>v</sup> Based on the NEPAD goals – The New Partnership for African Development - and the CAAPD – Global Programme for Agricultural Development in Africa.

<sup>v</sup> – The study carried out by Oxfam and Save the Children used information system data at national level (SIM, SAP, etc), at regional level (CILSS) and at international level (FEWSNET, FAU, SMIAR, UNICEF, etc.) It's also based on a survey on vulnerability undertaken in villages in Burkina Faso, Niger and Senegal.

<sup>vi</sup> - OCHA CAP

<sup>vii</sup> <http://www.who.int/mediacentre/news/releases/2008/pr28/en/index.html>

<sup>viii</sup> <http://blogcritics.org/archives/2008/09/15/1108313.php> (September 15th, 2008)

<sup>ix</sup> - FEWS NET, Potential Food Security on rising commodity prices in the Sahel: 2008-2009, May 2008.

<sup>x</sup> CILSS and al. Joint decision on food situation and crop prospects in West Africa; Regional Meeting in Praia (6-10 October 2008).

<sup>xi</sup> - Double-edged prices: Lessons to be learnt from the crisis on commodity prices, Oxfam briefing paper, 121, Oct 08, 15p.

<sup>xii</sup> - Working note on the reform of CEDEAO Common Foreign Rate, Roppa, January 16<sup>th</sup>, 2008, 17 pages.

<sup>xiii</sup> - They import less than 10% of their cereal needs.

<sup>xiv</sup> - [web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:21931834~piPK:34424~theSitePK:4607,00.html](http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:21931834~piPK:34424~theSitePK:4607,00.html).

<sup>xv</sup> [http://www.africaunion.org/root/ua/Conferences/2008/Avril/REA/01avr/Pamphlet\\_rev6.pdf](http://www.africaunion.org/root/ua/Conferences/2008/Avril/REA/01avr/Pamphlet_rev6.pdf).

<sup>xvi</sup> 2008 report on development in the world. Agriculture in the service of development. World Bank

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