Initial Project Information Document (PID)

Project Name: SENEGAL - Trade Facilitation Grant to CMA/WCA
Region: Africa Regional Office
Sector: Agricultural marketing and trade (75%); Agro-industry (25%)
Theme: Rural policies and institutions (P); Trade facilitation and market access (P); Regional integration (S)
Project: P082499
Borrower(s): SENEGALESE GOVT
Implementing Agency(ies): GENERAL COORDINATION OFFICE (GCO), CMAWCA
Address: Avenue Bourguiba, B.P. 15799, Dakar Senegal
Contact Person: Baba Dioum
Tel: 221 869 11 90          Fax: 221 869 11 93            Email: cmaoc@cmaoc.org
Environment Category: C (Not Required)
Date PID Prepared: November 13, 2003
Auth Appr/Negs Date: February 27, 2004
Bank Approval Date: July 15, 2004

1. Country and Sector Background

   Background

   The long term strategic issues among the 22 member countries of the Conference can be reduced to two key questions: i) how to reduce the absolute number of poor people; and ii) how to spread the process of growth in order to reduce the significant wealth gap between urban and rural populations. For most if not all of these countries, the answer to these questions starts with the achievement of much higher growth rates in the agricultural sector, where the resources owned by poor people, namely land and labor, are primarily employed. After more than a decade of policy reforms, most WCA countries are doing better than during the two decades that preceded the crisis of the 1980s. The decline in the agricultural sector has been stopped or even reversed in many countries. In order to sustain the growth rates that are needed to reduce the poverty level and gap in the long run, countries will have to find a way of using the recovery in the agricultural sector and the rest of the rural economy to stimulate growth in the overall economy. For that purpose, they will need to identify and effectively implement policies that would help: (i) sustain the recovery process in the agricultural sector; (ii) raise competitiveness and accelerate growth in the industrial sector; and (iii) strengthen the linkages between agricultural and economy-wide growth in the long run. It is indeed unrealistic to believe that incomes in WCA countries will go up fast enough outside of agriculture in the medium run to generate enough employment to support a population growth rate of 2.8 percent per year, without accelerated growth in the agricultural sector.

   On the other hand, agriculture, being a highly tradable sector, is constantly under pressure to compete in domestic as well as foreign, including regional, markets. The long term objective of poverty reduction, therefore, implies a need for sustained expansion of agricultural trade, which in turn requires greater efficiency and competitiveness of domestic sector across WCA countries. Consequently, the three main strategic issues and the related constraints that underlie the proposed project are the following: (i) the role of agriculture in spreading growth in WCA countries; (ii) the contribution of trade in stimulating agricultural growth; and (iii) the implications for global and regional trading policies.
Main Sector Issues to be Addressed by the Project

**Agriculture and the growth process.** There is ample evidence in the literature which supports the strong positive interrelationship between agricultural development and overall economic growth. A study by the World Bank of the relative growth of selected developing countries that have more than a 20 percent share of agriculture in total GDP during the decade of the 1970s has shown that in 17 of 23 countries, where the agricultural rate of growth exceeded 3 percent, overall GDP growth rates were higher than 5 percent. Moreover, 11 of the 17 countries with GDP growth rates below 3 percent displayed agricultural growth rates below 1 percent (World Bank, 1982). Similarly, results obtained by Hwa (1989), which were based on data for over 60 developing and developed countries, show that a 1 percent increase in the rate of agricultural growth raises the rate of growth of industrial output by 0.5 to 0.7 percent. In addition, he found that agricultural growth accounts for nearly one fifth of the part of GDP growth among developing countries that is not explained by differences in growth of factor inputs and exports and in the rate of inflation. Furthermore, adding the growth rate of agriculture to exogenous variables to explain differences in the rate of industrial growth among the same sample of countries raises the coefficient of determination by 30 - 100 percent. Finally, the same strong linkages between agricultural and overall growth have been shown by the work of Ahluwalia (1989) and Rangarajan (1982) on India.

The crucial role of agricultural growth as a stimulus to the process of overall growth has also been documented in micro-level studies. For instance, in their study of small enterprises in several African countries, Liedholm (1994), found out that differences in local agricultural growth were the single most important factor in explaining the differences in enterprise start up rates and expansion, and in employment creation in the studied zones. Similarly, the study by Delgado (1998) of growth linkages within the local economy in another sample of African countries estimated growth multipliers that are much larger than previously thought and fully comparable to estimates in the Asian literature. The estimates obtained in that study show the effect of adding one dollar to farm tradable incomes in the study zones to be an increase in total incomes of as much as 2 to 3 dollars. In other words, a sustained expansion of revenues from agricultural tradable would result in an increase in overall incomes in the local economy that is at least twice as high as the initial increase of incomes in the agricultural sector itself. Strong historical evidence exists in the development literature which also indicates similar benefits from trade, including agricultural trade, for income growth at the national level (Michaely (1977); Heller and Porter (1978); Balassa (1978); and Urata (1989).
The main issue that follows from the preceding discussion, and which the project needs to address, is the need to promote a policy environment and create a regional framework to reinforce the role of agriculture in stimulating overall economic growth and structural transformation in the rural economies of WCA countries.

**Global policies and the competitiveness of WCA exports.** Until recently, WCA countries, like many other countries in Africa (cf. Figure 1a in annex) have lost shares in international markets. The potential of the agricultural sector to contribute more significantly to future economic growth in the region will depend greatly on the ability of WCA countries to reverse these trends. For a highly tradable sector such as agriculture, achieving that objective would require strategies to effectively influence and cope with global agricultural policies and their effects on export markets. The level and structure of international protection and other measures of support to agriculture outside of the region can significantly affect the extent to which the agricultural sector lives up to its role as an engine of growth in West and Central Africa.

International agricultural protection greatly affects agricultural trade performance among WCA countries. Global protection and other types of support to agriculture have been shown to affect the level, as well as the structure and volatility of world market prices for agricultural commodities. These distortions do not only affect trade performance by WCA countries, they also affect long term production performance in the agricultural sector of these countries (Badiane, 1993). A major concern of the African countries is the huge competitive disadvantage faced by their farmers in the face of heavy domestic support measures and export subsidies provided to producers in their main export markets. These policies undermine the long-term viability of African agriculture, not only because they distort competition on global markets, but also because they contribute to the long term decline in the terms of trade of agricultural relative to manufactured products.

Despite most-favored nation (MFN) status and in some instances tariff preferences, there are many cases where actual as well as potential agricultural exports by WCA countries are subject to tariffs above 100 percent in developed country markets, primarily because of tariff peaks and tariff escalation. Examples of affected products include sugar, cereal, tobacco, fruits and vegetables, and fish products. Although estimates are not available for the group of WCA countries, the ones obtained for the group of Sub-saharan African countries offer some illustration as to the importance of improving global trading policies for the former group of countries. For instance, estimates by Hoekman, Ng, and Olarreaga (2001) and Ianchovichina et al (2001), indicates that if Quad countries (EU, US, Canada, and Japan) extended complete market access to developing countries on products currently subject to tariff peaks and quotas, Africa’s exports would increase by $2.5 billion and 14%, respectively.

The nature and impact of global agricultural policies are illustrated by the graphs in the annex. Figures 2a and 2d show, respectively, the average tariffs on agricultural exports by African countries in all major export markets, as well as the growing support to the agricultural sector in the most important among these markets. It is interesting and revealing to note that the level of support has risen despite the objective of lower support levels under the Uruguay Agreement on Agriculture in 1994. Figure 2a reveals that protection is not only a problem in OECD export markets but also in emerging economies of Asia as well as in Latin America. Figure 2b shows the level of subsidies on agricultural exports to African countries. The high
rates of subsidies, which do not capture all the effect of many disguised measures used to lower the cost of exporting to WCA and other African markets, indicate that the issue facing WCA exporters is not only one of access to foreign export markets. A major aspect is also one of unfair export competition, including the displacement of local agricultural products from domestic and regional WCA markets by subsidized exports from OECD and mid-income countries.

The growing support and subsidy levels depress world market prices and/or reduce the their rate of increase overtime. Both have serious poverty implications in the case of WCA countries. Figure 2c offers an illustration of the poverty impact of price distortions that are induced by global agricultural policies, based on the example of the cotton sector in Benin. The first bar in the graph indicates that average per capita incomes among cotton producers fall by 0.5% with every one-percent fall in world cotton prices. P1 indicates the resulting increase in the overall number of poor people falling below the poverty line. P2 denotes the accompanying increase in the poverty gap, that is the difference between the average income of poor people and the poverty line. Finally, P3 shows the extent to which poverty and inequality increase among poor households, following the same level of decline in world cotton prices. In summary, the graph indicates that falling or lower export prices increase the incidence of poverty by raising the number of poor people and making the poorer among the poorest even poorer. In conclusion, the main issue to be dealt with by the project in this area concerns the capacity of WCA countries to: (i) understand and monitor the implications of global agricultural policies for their own economies and (ii) be able to elaborate strategies to influence and cope with these policies.

**Norms and standards and the future of WCA exports.** Non-tariff barriers (NTB) to trade, including strict sanitary and phytosanitary standards (SPS) on agricultural products, constitute emerging obstacles that will increasingly hamper the expansion of WCA agricultural exports, particularly in the more dynamic processed food areas. The high cost of compliance with NTB measures, their potential protectionist use by developed and emerging economies, and capacity problems related to participation in international standard setting and implementation, all present significant challenges that need to be met. Figures 1b-1d illustrate the broad variety of NTB measures and the extent of their use in major WCA export markets.

Emerging consumer preferences that are linked to concerns about food safety have accelerated the adoption of new industry codes and enforcement mechanisms by the private sector. These enforcement modalities are moving the burden of compliance towards primary production levels and an increasing pressure on regulatory agencies and private sector organizations in developing exporting countries to develop the infrastructure and institutional capacities to ensure compliance. A recent World Bank study reveals the existence of significant gaps in standard formulation, compliance, and enforcement capacity among African countries as compared to international norms (Wilson 2003). The study highlights the following weaknesses in the quality development and enforcement systems among African countries:

a) **Institutional aspects:** (i) countries have not replaced the quality functions of defunct commodity boards with appropriate quality control and enforcement systems to support more liberal markets; (ii) where standard development agencies exist, they lack a well functioning information management infrastructure to coordinate local standards-related activities and interest groups with international developments and counterparts; and (iii) despite weak human and technological capacities, there is a proliferation of regulatory roles and responsibilities
across national agencies.

b) **Quality awareness**: (i) due to the fact that demand for quality tends to be lower among African consumers, firms and farmers do not perceive quality issues as critical to sales; (ii) there is also a corresponding lack of consciousness about standards and technical regulations in policy making;

c) **Risk assessment and certification capacity**: (i) capacity to undertake food risk assessment is very low, making the contesting or supporting of standards very difficult; (ii) essential facilities such as testing laboratories, are not adequately staffed and scientific equipment in use is outdated.

d) **Private sector readiness**: (i) unlike multinational companies and firms receiving foreign direct investments, most firms are not well organized enough to facilitate cost-effective access to certification services; (ii) such services are often provided by foreign at costs that are very high for African small and medium enterprises.

e) **Absence of adequate information systems**: (i) there is no systematic collection and storage of records and firms do not have the resources to invest in modern information systems; (ii) government agencies often lack the necessary qualified staff, financial resources, and equipment to assist in an effective way; (iii) this makes it impossible for local certification agencies to obtain international accreditation or firms to obtain certification.

In light of the above, the main issues to be addressed in the present area would center around the technical, institutional and infrastructural capacity constraints both at the sectoral and firm-levels.

**The Contribution of Regional Trade to economic development.** Regional agricultural markets can play a key role in the development process among West and Central African countries (Badiane, 1991). However, studies of existing regional integration arrangements indicate a limited impact on their member countries (Badiane, 1988). In the case of West and Central Africa countries, one of the main reasons may be the initial focus on industry, which in turn reflects the strong anti-agriculture bias in national development strategies. Inward-looking national industrialization strategies primarily pursue specific domestic objectives that can hardly be regionalized and, therefore, offer limited scope for sustained trade expansion through mutual tariff concessions. Moreover, efforts to promote regional trade and integration within the framework of inward-looking industrialization and development strategies are likely to fail given the impact of the latter strategies on the potential of integrating countries to maintain export competitiveness and expand demand in regional markets. Because of the strong and positive relationship between trade orientation and a country’s global economic performance, anti-trade and protectionist strategies tend to slow down the rate of economic growth and hence the pace of demand expansion in national and regional markets. Lower expansion rate of demand in regional markets means a slower rate of economic integration through trade. On the other hand, strategies that are biased against trade are associated with lower levels of competitiveness of domestic sectors. A lower level of competitiveness makes it difficult for individual countries to increase exports to regional markets and gain market shares. The consequence is not only a slowing down of the pace of integration but the capture of greater shares of the regional market by foreign suppliers.

A large volume of research at the International Food Policy Research Institute and the
World Bank in the late 80s has demonstrated the impact of biased trade regimes on the competitiveness of the agricultural sector in several African and other developing countries (Garcia, 1981; Cavallo and Mundlak, 1982; Oyejide, 1986; Tshibaka, 1986; and Bautista, 1987). Due to the economic policy reforms undertaken over the last decade, the macroeconomic and trading policy environment has improved in most of the WCA countries. However, regional trade is not affected by macroeconomic policies alone. The bias against trade is also reflected in sectoral policies that discourage cross-border trade. It is also known that national infrastructure development strategies hardly give priority to the development of inter-country trade as compared to trade with overseas markets. Moreover, disharmony or incompatibility between agricultural sector policies have often generated disincentives for greater transborder trade. Finally, and more importantly, the large body of research that has been carried out by the CILSS/Club du Sahel and IFPRI during the 80s and 90s reveals that transborder trade has been subjected to substantial regulatory and administrative obstacles which, in fine, raise the cost of moving goods across regional markets. Table 1 in the annex presents estimates of the cost associated with such obstacles. The figures are quite high when compared to the average unit costs of transporting one ton of merchandise per kilometer, which around the same period were estimated at less than 100 CFA Francs. In summary, the main issue to be addressed here deals with the need to align national sectoral and economy-wide policies with the objective of greater integration of regional markets.

**Government Strategies**

*The role of agriculture in the poverty reduction strategies.* Prior to the recent efforts to develop country poverty reduction strategies, the strategic role of agriculture as an engine of growth was rarely acknowledged among WCA countries. Most member countries of the Conference have a poverty reduction strategy paper (PRSP) or at least completed an interim poverty reduction strategy paper (I-PRSP). The role of agriculture is clearly recognized in all of these country strategies. While it is still a challenge to see a reflection of this option in the actual implementation of strategies, the fact that there is consensus around this role creates a basis for more agriculture-friendly policies in the future.

*Trade pessimism, Preferences, and Special & Differentiated Treatment.* Until recently, countries in the region have lost shares in international markets for many key commodities. Consequently, the strategies followed by WCA member countries to deal with policies and developments in international agricultural markets have historically been characterized by a strong degree of trade pessimism. This pessimism partly explains the consistent drive for preferences and special and differentiated treatment within the framework of international and bilateral trade agreements. Despite the longstanding and justified complaint about unfavorable international market conditions, the loss of market share has also been linked to a loss of competitiveness resulting from domestic sectoral and economy-wide policies. International market conditions have frequently been used as an excuse in order to delay necessary domestic policy reforms. They have also taken away the attention of policy makers off the critical structural and institutional bottlenecks that raise the cost of supplying exports to international markets. The decade-long reform process has brought about significant changes but has not eliminated the fundamental lack of trust in international markets and the strong skepticism with respect to the potential to improve export performance. A better understanding of the environment and operation of global agricultural markets as well as a closer monitoring of domestic policies and their impact on export competitiveness would enable regional policy makers to design and implement policies for greater export
performance. In terms of meeting the growing challenge of quality standards, the absence of effective strategies is rather the norm among WCA countries.

**Institutional versus market-based approach to regional integration.** Post-independence development strategies in West and Central were primarily inward-looking and biased in favor of industry. The role of agriculture and of agricultural trade in particular in the growth process was largely ignored. The earlier efforts towards regional integration were consequently being pursued in the context of national development strategies that were essentially geared towards import-substituting industrialization and biased against international trade as well as against the agricultural sector. WCA countries had therefore opted for an approach which focused on trying to coordinate national import-substituting strategies rather than promoting market integration through increased cross-border trade. By the late seventies, regional trading policies became more restrictive with respect to transborder trade instead of facilitating it (Badiane, 1988).

The seven member countries of the West African Economic and Monetary Union (WAEMU) have recently adopted a common external tariff policy which should encourage inter-country trade in the future. These arrangements, however, exclude the majority of WCA countries for now. More importantly, the bulk of the constraints limiting transborder trade are related to administrative and regulatory barriers that are not affected by the arrangements (cf. Table 1 in the annex). These barriers are in most cases illegal and contrary to prevailing policies in the case of WAEMU countries, but there are no mechanisms in place to monitor and police them. They do not only discourage and distort trade flows, they also raise the cost of moving goods across regional markets quite considerably. Agriculture, being the main trading sector in regional markets, suffers most from these barriers.

2. Objectives

The development objective of the proposed Agricultural Trade Facilitation Project (ATFP) is to reduce institutional and policy constraints affecting agricultural trade by the 22 member countries of the Conference of Ministers of Agriculture of West and Central Africa (CMAWCA The Conference regroups all 22 countries in West and Central Africa). In order to achieve this objective, the project would carry out a series of activities, at the regional as well as at the national level, to strengthen the capacities of the Conference’s member countries to (i) negotiate and implement international agricultural trade agreements and (ii) facilitate agricultural transborder trade flows. The project would be implemented over a period of five years and coordinated by the Conference’s General Coordination Office, with headquarters in Dakar, Senegal.

3. Rationale for Bank’s Involvement

The added value of Bank involvement is that it brings the focus (agriculture), the right geographic coverage (an entire region), and continuity in support (over 5 years) that few bilateral or multilateral donors would be willing or able to leverage. The Bank is also seen by member countries as an not being a party in global trade negotiation and hence more inclined to focus exclusively on the interest of the region. Finally, involvement of the Bank in this project constitutes a natural extension of and complement to its efforts in several of the Conference’s member countries to promote agricultural exports. These ongoing projects gives the Bank the background and critical mass to launch and support an operation as this one.
4. Description
The project would comprise three components:

(i) Capacity Building in International Agricultural Trade Negotiations and Implementation

(ii) Facilitation of Regional Agricultural Trade

(iii) Project Support and Coordination

A. Capacity building in international agricultural trade negotiation and implementation

A greater integration of WCA countries into the world economy requires that they improve the performance and competitiveness of their export sectors, particularly agriculture. This in turn requires a more friendly global trading environment that offers greater opportunities to engage in beneficial trade with the rest of the world. Given the increasingly restrictive trading environment faced by WCA countries and the increasing role played by bilateral and multilateral negotiations in shaping that environment, future growth strategies by these countries should attach greater importance to the creation of capacities to participate in and implement the outcome of such negotiations. The objective of the project under this component is, therefore, threefold: (a) to create domestic constituencies and facilitate partnerships to ensure better representation of the agricultural sector in the process of elaborating negotiating positions; (b) to facilitate the generation and systematic use, collectively at the regional level as well as separately at the individual country-level, of the necessary knowledge to understand the plethora of policy regimes, agreements, and preferences affecting international trade in agricultural commodities by West and Central African countries; and (c) to develop regional and national capacities to (i) effectively participate in international trade negotiations, (ii) successfully implement agreements resulting from these negotiations, and (iii) economically exploit the benefits from such agreements.

More specifically, the project would build among WCA countries the required institutional and technical capacities to:

- Analyze and monitor the structure of global agricultural protection and other domestic support measures in major current and potential export markets for West and Central African countries;
- Assess and document the vulnerability of WCA countries with respect to changes in the global agricultural trading environment;
- Mobilize public-private partnerships to: (i) participate more effectively in international trade negotiations and (ii) successfully implement agreements from these negotiations;
- Provide competitive quality certification services to boost and sustain agricultural exports from these countries.

The above objective would be achieved through the following two sets of activities:

A.1: Building international trade advocacy skills: Under this sub-component, the project would finance the following activities: (i) short-term training in international trade policies and negotiation processes in order to equip the regional and national teams, and selected negotiators from member countries, with necessary skills to effectively formulate and represent country positions; (ii) provision of technical assistance through consultant services and
financing of preparatory meetings and technical workshops as well as of travel costs to support
the participation of regional and national teams in bilateral and multinational trade negotiations;
and (iii) support to and enhancement of the coordination and consultation process among
stakeholders within member countries and at regional level between countries through
consultant services, technical studies, and technical workshops.

A.2: Establishment of public-private trade implementation partnerships: The activities to
be carried out under this sub-component would include: (i) Support to strengthen the legal and
institutional framework and harmonize quality laws, standards, regulations, and policies
through consultant services, technical studies, training, and workshops; (ii) Support for the
establishment of integrated quality information management and reporting systems through
consultant services, acquisition of equipment, and training; (iii) Assistance to strengthen
certification agencies, facilitate accreditation, and raise enforcement capacities in targeted
member countries through consultant services, training, and matching grants to accreditation
services providers and certification agencies.

B. Facilitation of Regional Agricultural Trade

The goal of improving regional agricultural trade among WCA countries is as important
as the objective of improving access to international export markets. Moreover, promoting
greater efficiency and raising the level of inter-country trade flows would allow member
countries to specialized and thereby become more competitive in both regional and foreign
export markets. Under normal conditions, WCA countries should enjoy a certain degree of
comparative advantage on regional markets resulting from the cost of transporting imports into
the region. However, prevailing disharmonies in national policies and regulatory and
administrative barriers to inter-country commodity movement raise the cost of operating in
regional markets and discourage transborder trade flows and thus undermine this advantage.
The consequences are narrower and more instable domestic markets, higher unit cost of
production and trade, lower competitiveness, displacement of domestic products in regional
markets, and ultimately slower growth in the region’s agricultural sector.

The objective of the project under this component is therefore to assist WCA member
countries in: (i) designing and implementing a system of agricultural sector and trade policy
surveillance to effectively monitor and remove barriers to transborder commodity movement;
and (ii) developing capacities to collect and disseminate information on regional trade flows as
well as study trends in regional commodity markets.

The specific objectives are to make available to WCA countries the necessary capacities to:

- Study and document the trends, structure, and direction of transborder trade in agricultural
  commodities, including processed products;
- Analyze and document the structure, mode of operation, and other characteristics of the
  trading sector across regional agricultural markets;
- Assess the level, structure, and determinants of the costs of moving goods across regional
  markets;
- Analyze and monitor the anti-trade bias in domestic macroeconomic and sectoral policies,
  including trade regimes;
- Regularly assess the impact of domestic macroeconomic and sector policies on agricultural

export performance both in foreign and regional markets;

- Evaluate and monitor the extent to which regional integration arrangements, in particular the related policies, rules, and guidelines regulating regional trade in agricultural commodities, are reflected in national policies;
- Quantify and monitor the impact of administrative and regulatory barriers on transborder trade flows;
- Study the effect of regional integration and trade in general on national economies, in terms of production growth, income expansion, employment generation, and market stability;

The following two sets of activities would allow the project to achieve the above objectives:

**B.1: Regional Policy Monitoring System**: Two categories of activities would be carried out under this sub-component. They include: (i) assistance for the design and adoption by CMA member countries of a Policy Report Card System through the financing of consultant services, training, and consultation workshops; and (ii) support for the publication and distribution of an Agricultural Policy Monitor (APM) through the financing of consultant services, equipment, office supplies, printing and other operating costs.

**B.2: Regional trade information system**: The following activities would be carried out under the current sub-component: (i) assistance for the design and implementation of a system to collect and disseminate information on regional trade flows through the financing of consultant services, equipment, training, technical workshops and seminars, and market surveys; (ii) building of capacities to analyze commodity trends on major regional markets through the financing of consultant services, equipment, training, and technical workshops and seminars; and (iii) publication and distribution of a Regional Commodity Outlook Report (COR), and a Regional Agricultural Trade Yearbook (ATY), through the financing of consultant services, equipment, office supplies, printing and other operating costs.

**C. Project support and coordination**

The proposed project would be implemented through CMAWCA’s General Coordination Office (GCO) located in Dakar, Senegal, and the Agricultural Trade Facilitation and Observatories (ATFOs) to be established in five (5) selected target member countries. The Coordination unit would be in charge of overall project management and coordination of country-level activities. Under the present component, support would be provided to: (i) strengthen the capacities of the General Coordination Office to effectively manage and coordinate project activities through the financing of consultant services, including audit, equipment, vehicles, office supplies, and other operating costs; (ii) establish Agricultural Trade Facilitation Observatories (ATFOs) in selected member countries through the financing of consultant services, office rental, equipment, office supplies, other operating costs, training, technical meetings and workshops; and (iii) carry out and update the project baseline surveys for the purpose of monitoring and evaluation of project activities through financing of consultant services and technical workshops. Under the category consultant services, the project would finance the recruitment of qualified staff for the 5 Agricultural Trade Facilitation and Observatories and the Coordination Unit. The staff to be recruited for the Coordination unit would include qualified personnel in the following areas: (i) external trade; (ii) information technologies; (iii) communication; (iv) financial management and control; and (v) monitoring
For the purpose of sustainability and greater policy outreach at the highest policy making level, the Conference’s Coordinator General would be in charge of overall project coordination. The project would cover up to 25% of his time. He would be seconded by a senior staff and expert in international trade in charge of day-to-day supervision of project implementation, 50% of whose time would be covered by the project.

A. Capacity building in international trade negotiation and implementation
   A1. Building international trade advocacy skills
   A2. Public-private trade implementation partnerships

B. Regional agricultural trade facilitation
   B1. Regional policy monitoring system
   B2. Regional agricultural trade information system

C.1 Central Project Coordination Unit
C.2 Country coordination

5. Financing
   Source (Total (US$m))
   BORROWER/RECIPIENT ($1.00)
   IDA GRANT FOR POOREST COUNTRY ($10.00)
   Total Project Cost: $11.00

6. Implementation
   4.1 Project Coordination

   The Office of the Coordinator General of the Conference of Ministers in Dakar would be in charge of the implementation of the project. In order to ensure effective outreach at the highest level, the Coordinator General of the Conference would serve as project coordinator. He will be assisted by a senior member of his staff who would supervise day-to-day activities. Agricultural Trade Facilitation Observatories (AFTOs) would be created in a selected number of member countries. The AFTOs would include one (1) technical expert and would be based at the Chambers of Commerce and Industry in the selected countries. They would be responsible for the coordination of the implementation of country-level activities. The Office (General Coordination Office - GCO) would be responsible for overall management and coordination of project activities, including the facilitation of support to the Agricultural Trade Facilitation Observatories. In particular, it would be responsible for: (i) the coordination of the implementation of the different project components, including country-level activities which are to be coordinated locally by the respective AFTOs; (ii) the consolidation of annual work programs and budgets; (iii) the establishment of a decentralized monitoring and evaluation system; and (iv) financial and administrative management.

   A team would be established at the GCO in Dakar, consisting of an international trade specialist (ITS), an Economist/Agricultural Economist (EAE); a Monitoring and Evaluation Specialist (MES); a Chief Financial Officer (CFO); an Outreach and Publications Specialist
(OPS); an Information and Communications Technology Specialist (ICTS), plus the necessary support staff, including an Accountant. Where the adequate capacities exist, the project would use current staff of the General Coordination Office. This would be the case of the ITS, ICTS, and the Accountant, who will be working on the project for up to 50% of their time. The Coordinator General would allocate up to 40% of his time to the coordination of the project. Additional staff would be recruited in accordance with Bank guidelines for the recruitment of consultants.

Coordination / collaboration at regional level would be an important aspect of the project. The main issue here would be how to ensure close collaboration between CMA and its sister organizations, in particular the West African Economic and Monetary Union (WAEMU or UEMOA) and the Economic Community of West African States (ECOWAS) during the implementation of the project. For this purpose, CMA would use the framework agreements linking it to the other main regional organizations to establish coordination during implementation. In particular, it would focus on the technical aspects of trade negotiation/implementation and regional trade facilitation and then use the frameworks to effect policy implementation through ECOWAS and/or UEMOA, as appropriate.

4.2 Accounting, Financial Reporting, and Auditing Arrangements

The GCO would be responsible for the financial management of the project, including the preparation and production of the annual financial statements, in accordance with internationally accepted accounting principles, as well as making arrangements for their certification by a competent and experienced audit firm under terms and conditions acceptable to IDA. The GCO would also monitor all disbursements under the project and ensure that they are made in conformity with IDA requirements. The ATFOs would submit to IDA through the GCO annual and quarterly reports on the progress of implementation of their respective programs. The financial management system would allow for the proper recording of all project-related transactions as well as timely monitoring of expenditures per category and component, and of project implementation progress. It would be designed to meet the reporting requirements of PMR-based disbursement. GCO staff would include a CFO and an Accountant. Before appraisal, the project financial management system would be reviewed in compliance with the IDA-established financial management system assessment guidelines to ensure agreement with Bank laid down procedures. The assessment would also cover the adequacy of the arrangements to manage the flow of funds between the GCO and ATFOs.

4.3 Monitoring, Evaluation, and Reporting

Overall M&E activities would be the responsibility of GCO, under the leadership of the MES. As part of the output monitoring and impact evaluation activities, a baseline survey covering all key project performance indicators (KPI) would be carried out before the end of the first project year. GCO would implement a systematic and detailed monitoring and reporting system focusing on both the outputs and outcomes of the project. The system should allow for an effective evaluation of: (a) the effectiveness of the project’s delivery mechanisms and procedures; and (b) the impact of project activities on the basis of the stated objectives, the baseline data base, and the input, output, and impact indicators that are identified in the Project Design Summary (Annex 1). The key tasks under the monitoring arrangements would include, besides the regular monitoring of project activities, (i) the updating in year Three and before the Midterm Review (MTR), as well as in year Five, of the baseline survey; and (ii) the
collection of additional information as necessary to document the progress status of project activities. The progress towards project outcomes would be evaluated during execution and at project completion. A project mid-term review would be carried out by Government to determine, based on the results of M&E as described above, the extent to which the project is performing vis-à-vis its development objectives.

7. Sustainability

The project is dealing with issues that are at the center of the Conference’s mandate. They are therefore certain to remain a priority for the foreseeable future. Moreover, the fact that the main implementing agency, GCO, reports directly to the ministers of member countries, it should be possible to mobilize longer term support by national governments. This should also be facilitated in particular, if the project reaches its objective of creating real constituencies in member countries for greater input by the agricultural sectors in the preparation and conduction of global trade negotiations. Finally, the full involvement of the private sector and the provision of services to agribusiness enterprises through the AFTOs would create a source of resources for the continued funding of some of the project activities. For instance, the project would explore the scope for organizing the private sector to take over on a self-financing basis as many as possible of the services that it provides through the AFTOs. It is also to be expected that the main publications would at some point be sold to at least cover their cost.

8. Lessons learned from past operations in the country/sector

There are multilateral as well as bilateral efforts to build the capacity of developing countries, including some in WCA to participate in international trade negotiations. The impact from these efforts has been rather limited, an outcome that is unlikely to change for the following reasons: (i) the resources involved are thinly spread; (ii) activities are carried out in a geographically dispersed group of countries with little if any cross-country coordination; (iii) they are rather punctual and short term in nature and hence guarantee no continuity; (iv) moreover, activities focus on individual countries, an approach which takes away the opportunity to exploit the scope for collective action; (v) finally, these activities often lack the follow up support that would allow beneficiary countries to build upon the initial assistance. The proposed project would have the necessary focus, country coverage, and continuity to ensure real impact.

Although CMAWCA is not the only regional institution through which the proposed project could be implemented nor this project the first or only effort to provide this type of support, the Conference has the level of flexibility, responsiveness, and agriculture-focus that makes it a far better candidate to implement the current project. Its decision mechanism allows it to take decision fairly rapidly. Its focus allows it to attach all the necessary attention to the project. Finally, being a network of agricultural ministers, from which it derives its mandate, the Conference’s leadership in this effort allows for direct and immediate impact on the decision making process at the national level and in a coordinated manner across the entire region. As stressed earlier, the Conference also covers a much larger group of countries than any other of the regional organizations and hence allows greater scope for selectivity.
9. Environment Aspects (including any public consultation)

Issues: This project will not finance any productive investments. It will neither finance agricultural production activities (either on-farm or off-farm), nor will it finance the procurement, marketing or use of any agricultural inputs and/or outputs. The project will also not finance civil works (old, new or rehabilitation) of any kind whatsoever. It will finance activities that can be categorized mainly as consultant services, office equipment, project operating costs, training, technical meetings and workshops, travel costs, study tours and publication of technical documents. As a result, the project is not expected to have any negative/adverse environmental impacts in any of the member countries.

However, the successful implementation of the project is very likely to bring about positive environmental impacts, through the increased opportunities for information sharing and gathering between member countries at the national and regional levels and between farmers in their respective countries and between member countries, that the project is promoting. For example, the strengthening of country legal frameworks for quality control and enforcement and the facilitation of access to certification services would raise awareness to and encourage compliance with improved environmental and health standards.

10. List of factual technical documents:

In Williamson, J. G. and V. R. Panchamuki


11. Contact Point:

    Task Manager
    Ousmane Badiane
    The World Bank
    1818 H Street, NW
    Washington D.C. 20433
    Telephone: 202 4584 730
    Fax: 202 473 8229

12. For information on other project related documents contact:
    The InfoShop
    The World Bank
    1818 H Street, NW
    Washington, D.C. 20433
    Telephone: (202) 458-5454
    Fax: (202) 522-1500
    Web: http://www.worldbank.org/infoshop

Note: This is information on an evolving project. Certain components may not be necessarily included in the final project.