INSTITUT Montaigne

Security in West Africa

Building On Agricultural Cooperation

FEBRUARY 2024

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REPORT - February 2024

Security in West Africa

Building On Agricultural Cooperation

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Summary

The ongoing security challenges in the Sahel are posing serious risks to countries in the region and in the Northern parts of the Gulf of Guinea. **France's strategy towards the region is having to adapt, which is why Institut Montaigne decided to analyze the key public policy issues facing West Africa.** This report aims to put forward a renewed approach to security and builds on an in-depth understanding of the root causes of jihadism and the socioeconomic solutions required.

Our starting point was to highlight the political, economic and social factors contributing to the **growing presence of jihadist groups in West African populations.** The current violence mainly stems from **feelings of injustice and frustration among politically and economically marginalized populations.** These countries have untapped potential, particularly in terms of economic growth.

The economic disparities within these countries, and more broadly between Sahelian and coastal countries, is further fuelling discontent. Economic opportunities are failing to reach remote rural areas, to foster a stable and equitable system of redistribution, and to initiate a genuine endogenous economic development. The jihadist discourse, which builds on these socioeconomic disparities, **thrives on the urban-rural divide.** Its military strategy is based on opposition. Nomadic herders and rural communities dependent on subsistence farming are vulnerable to recruitment by jihadists.

These challenges are currently exacerbated by **inflationary pressures in the aftermath of the Covid pandemic and the war in Ukraine.** These exogenous shocks have had a significant impact on the fragile economies of West Africa, especially on food resources.

This detailed study focuses on the marginalization of these populations, combining primary research and interviews with over 80 French, European and West African researchers, institutions and entrepreneurs.

It aims to **identify the structural factors enabling jihadist recruitment as well as those hampering development.** The consensus reached was that modernizing the agricultural sector in these countries should be the priority, with the aim of bringing the target populations into the fold sustainably. Indeed, **increasing the agricultural sector's share in GDP is a guarantee of sustained poverty reduction and economic integration.**

Institut Montaigne set out to **identify the factors** hindering agricultural development, and calls for **a system of cooperatives and agro-industrial value chains,** local processing as well as integration in both regional and international markets. Governments and international organizations should **review development aid policy and aim for greater concentration and prioritized sectorization, with a focus on private investment in West Africa.**

It is necessary to focus efforts on local development despite the adverse geopolitical context. The primary focus should be on achieving adequate agro-industrial production to create sustainable wealth for targeted populations. Given the demographic growth and urbanization in these societies, proper structuring of agriculture is all the more essential. **Investing in these countries while leveraging specific public policy tools will pay off for French and European companies, despite known risks.** This strategy is poised to yield economic benefits in the short term and enhance security in the medium term. Adopting a public-private approach involving French companies' expertise and public aid could facilitate a collaborative model between French and West African stakeholders.

This work aims to empower French and European political leaders to develop **a more targeted and impactful economic cooperation policy,** while highlighting the advantages of sustainable investment in both the sector and the region. **French and European companies are likely to play a pivotal role in these initiatives.** Our optimistic and forward-looking approach to agricultural structuring is coupled with our proposals to West African decision-makers to fine-tune their public policies.

Pillar 1

Structure the West African agricultural sector by implementing a stable land tenure policy, investing in agricultural inputs upstream, and establishing targeted value chains.

RECOMMENDATION 1

Stabilize the legal framework for land tenure through certification and cadastral surveys, regulatory changes and international technical support.

RECOMMENDATION 2

Increase the productivity of agricultural inputs by implementing a targeted development and distribution policy. This approach should encompass research initiatives, commercial distribution channels, certification regulations and region-specific experiments.

RECOMMENDATION 3

Promote local industrial processing of agricultural raw materials in specific sectors, fostered by partnerships with French and European companies. Highlight the potential of local free trade zones, public subsidies and infrastructures to enhance the value of production.

The **integrated cooperative** model, which possesses the necessary critical mass to promote financing and seamless integration into the value chain, appears exceptionally well-suited to the requirements.

Pillar 2

Build up the required infrastructure and skills to increase the value of agricultural efforts.

RECOMMENDATION 4

Focus efforts on water and energy, and particularly on irrigation infrastructure and farm electrification using decentralized solar technologies.

RECOMMENDATION 5

Enable national and international distribution of products by developing regional transport infrastructure and logistics chains.

RECOMMENDATION 6

Strategically enhance expertise within the agricultural sector by prioritizing agronomy in French cooperation policy.

The agricultural model of the **École nationale à vocation régionale (ENVR),** which promotes scientific cooperation, training and experimentation, **seems well-positioned to help address these skills challenges.**

Pillar 3

Adapt public and private financing to the needs of the agricultural sector.

RECOMMENDATION 7

Attract sustainable private investments in the agricultural sector by promoting the emergence of national and local agricultural banks and investment companies. Foster these initiatives through public-private partnerships that provide guarantees against risk.

RECOMMENDATION 8

Incorporate part of the diaspora's financial remittances into agricultural investment through appropriate money transfer conversion solutions.

RECOMMENDATION 9

Focus official development assistance (ODA; public donors) on agricultural production, at a minimum level of 0.1% of French GNI by 2025 and 0.2% by 2030 for the relevant countries, in order to have an undiluted impact.

RECOMMENDATION 10

Assist these countries in improving tax collection through innovative administrative practices, directing funds toward long-term agricultural development, and progressively formalizing the informal sector into the legal economy.

Pillar 4
Incentivize foreign companies to invest in the agricultural sector and catalyze the economic potential of the subcontinent.

RECOMMENDATION 11

Pursue the professionalization of the business environment to secure long-term investments, aligning with the G20's Compact with Africa initiative, while ensuring application of quality and operational standards in international funders' regional project calls.

RECOMMENDATION 12

Encourage sustainable investment from companies in the West African zone through a dedicated export policy focused on agro-industrial investments, fostering private partnerships between French and African companies.

West Africa shows economic dynamism despite substantial developmental setbacks and significant socio-political challenges. The region also showcases substantial demographic and urbanization trends, which will drive demand for agricultural products. Its geographic, linguistic and cultural proximity to Europe is a strong comparative advantage. Moreover, West Africa has a young, educated, and digital-native population.

Despite historical challenges, the business environment has experienced substantial improvement, driven by comprehensive reforms and initiatives to harmonize regulations (OHADA Treaty). Moreover, forward-looking industries like solar energy are poised to accelerate economic growth. French and European companies now have abundant opportunities for sustainable and profitable investments. These initiatives, especially through local partnerships, are pivotal in advancing the region's economic progress.

Introduction

This study focuses on West Africa, which for our purpose refers to both the Sahel region and the coastal countries along the Gulf of Guinea. The starting point is the security crisis that began in Mali in the early 2000s, culminating in the 2012 escalation when jihadist groups seized control of the northern part of the country. These groups subsequently extended their area of operations to Niger and Burkina Faso – constituting what we'll refer to as the Sahel – before expanding into the northern regions of the Gulf of Guinea coastal countries, including Guinea, Côte d'Ivoire, Ghana, Togo and Benin. It is crucial to acknowledge that Mauritania and Senegal are in a precarious position and could potentially be affected by security threats in the medium term. Similarly, while Nigeria and Chad may seem somewhat removed from the security crisis, they share similar issues and interconnected challenges.

This region retains strategic significance for Europeans for a number of compelling reasons: it combines economic interests *(uranium from Niger, cotton from Burkina Faso)*, security interests *(ongoing fight against terrorism, drug trafficking and illegal immigration)* and strategic interests *(countering Russian influence, navigating competition with China)*. In the Gulf of Guinea, economic interests are especially significant *(agricultural raw materials, fossil fuels)*. Finally, the climate transition calls for the region to become a pivotal hub for green energy initiatives *(hydrogen, solar)*.

Despite political ties, the weight of West Africa in European economies is very low, due to limited trade and investment flows. West African economies are still underdeveloped, mostly exporting raw materials and low value-added products. **Due to this lack of attention, poorly calibrated economic and cooperation policies have been implemented.** These policies have inadequately addressed the needs of West African populations and partners, while challenges continue to grow.

The restructuring of France's military presence in the region was the first step towards a broader approach to engaging actors on the

African continent: increasing cooperation, decreasing interference, and adopting a supporting role. Amidst notable strategic tensions between major powers – tensions from which the African continent is seeking to derive benefits – France and its European partners cannot ignore the need to reconsider their approach in the West African region. The years 2023 and 2024 stand out as pivotal moments for these crucial reflections.

The growing number of *coups d'État* in Mali, Burkina Faso, Guinea and, more recently, Niger, point to a prolonged political and security crisis. These political upheavals, coupled with the rise of a sovereignist and populist discourse – often directed against France – should not deter European governments, as the stakes are too high for the Sahelian populations and for neighboring countries.

Thus, a shift in the French approach should not signify the end of our collective interest. The forthcoming challenges ahead are substantial and will impact all Europeans:
- The ongoing fragmentation of Mali and Burkina Faso by jihadist groups is being fueled by nationalist and military responses that have reached a stalemate.
- The growing risk of attacks, kidnappings, ransom demands or territorial takeovers will affect more and more regions in West Africa, directly impacting European companies and expatriates.
- Rising inequalities and the widening gap with European economies, coupled with strong demographic pressure, limited employment prospects, and persistent political and security instability, are likely to lead to a sustained increase in migrant flows within the sub-region *(for the most part)* and towards Europe.
- These same issues, compounded by poor political governance and endemic corruption in crisis-ridden countries, will further amplify the prevalence of trafficking in the region *(arms, livestock, minerals, medicines)* or to Europe *(drugs, human beings)*.
- Global warming will have a considerable impact, affecting not only production capacity in the region but also placing populations and infrastructures at the forefront of natural disasters *(increasing desertification on the one hand, flooding on the other)*.

In this context, agricultural, industrial and food issues are of great significance. Despite abundant potential in water resources, sunlight, and arable land, many African countries still heavily rely on food imports. This is due to the intense race between the continent's high demography and the insufficient agricultural development. **The socio-political impact has been substantial in the past, and leaders are well aware of the risks posed by food riots.** To avoid unrest, rising imports of food products are making African countries more reliant on global conditions. Events such as disrupted trade during Covid-19 or conflicts like the Russian-Ukrainian war have alerted African leaders to this dependency. As highlighted in a scientific article from 2016[1], assessing the possibilities for Africa to achieve food autonomy: *"Apart from city states such as Singapore, there are no examples of low income countries that successfully industrialized in the second half of the 20th century while importing major shares of their food supply […] Trends show that all countries [Burkina, Ghana, Mali, Niger, Nigeria, Kenya, Tanzania, Uganda] have cereal yields growing more slowly than population and demand, whereas total cropland area has increased 14% in just the past 10 years."*

Several facts should guide the understanding of this work:

A. One of the biggest factors contributing to the development of jihadism in West Africa is the political and economic marginalization of rural populations.

B. The vast majority of these people live off farming and pastoral activities.

C. Demographics and urbanization are rising sharply, driving up demand for agricultural products over the long term.

D. Negative climate trends and the resulting change in agricultural and livestock lands are accelerating the cycle of violent tensions.

[1] *Martin K. van Ittersuma et al., Can sub-Saharan Africa feed itself?, 2016.*

E. One point of GDP generated through agricultural activity compared to one point of GDP generated by another type of activity sustainably reduces poverty.

F. The share of global Official Development Assistance (ODA) in the agricultural sector has fallen from 17% in the 1980s to 3% today. The "green revolutions" have not taken place in Africa, as they have in Asia (China, India);

G. The Least Developed Countries (LDCs) receive relatively less ODA than other countries, even though they need it most.

H. Agricultural producers are trapped in vicious circles owing to the difficulty in securing financing for farming, which is inherently uncertain and risky.

I. The profitability of projects in rural areas is too low or negative for companies to invest in this sector on their own.

This report thoroughly examines underlying factors behind jihadism in the Sahel and Gulf of Guinea countries. It aims to shed light on the origins, development, and intricacies of this politico-military insurgency, emphasizing the significant factors that must be addressed for a lasting resolution to these crises. Drawing from this understanding, we advocate for **a structured and integrated agriculture regionally and globally** – one capable of reducing poverty, providing tangible economic opportunities and facilitating an agro-industrial transition. Addressing the challenges to this modernization should spur public policy actions and promote the involvement of private sector entities. Lastly, we suggest adapting financing for this policy, as it currently hinders the agricultural sector's growth. Investment and involvement of French and European private companies in West Africa is also recommended.

1 Political and economic marginalization of rural populations: the breeding ground for political and security crises in West Africa

This first section examines the factors that explain how jihadist groups have taken root in the social fabric of Sahelian countries. While this section provides an overview, the full document is available in the French version of this report, and detailed analyses of current issues in the Sahel region are provided in the "Sahel, an Expanding Crisis" series.

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The origins of the current jihadist insurgency are exogenous, yet these foreign seeds have found exceptionally fertile ground for germination in the region. The ideologists and instigators of violence – Algerian jihadist leaders who introduced al-Qaeda's ideologies, codes and practices to the Sahara – imported their political and ideological objectives. However, to understand how sparks managed to ignite the entire Sahara, and beyond, requires an understanding of the various factors which make up this reservoir of combustible material just waiting to ignite.

What are the root causes of the jihadist phenomenon in West Africa? This question requires multiple answers. The jihadist phenomenon in the Sahel is enduring, thus an understanding of these groups' support systems is vital. These sources of support can be categorized as five major groups including:

- religious and theological factors;
- internal political instability;
- intra-community tensions;
- State weakness;
- resource conflicts and the economic marginalization of rural populations.

1.1. RELIGIOUS FACTORS, INTERNAL POLITICS AND INTERCOMMUNITY TENSIONS IN LIGHT OF THE INTERNATIONAL CONTEXT

Religion emerges as the primary cohesive force, an overarching identity that attracts new recruits and firmly establishes jihadist groups in the region. Jihadist ideology presently serves as a framework for challenging the established order, driving individual commitment. This perspective, characterized by opposition to traditional elites and Western influence, utilizing the denunciation of colonialism as a tool, resonates deeply within the local context. Nonetheless, it is essential to note that religious beliefs, in the strict sense, plays a secondary role compared to pre-existing social factors in explaining a decision to take up arms.

Internal political instability serves as another catalyst for local populations turning to jihadist movements. These movements thrive in regions that are highly unstable politically *(Arab-Touareg rebellions, suppressed political opposition)*, areas susceptible to *coups d'État (Mali in 2012, 2020 and 2021; Chad in 2021; Burkina-Faso in 2022; Niger in 2023)*. These are places in which the State has a hard time fulfilling its protective and stabilizing role. The unbridled use of violence by national armies and atrocities against the population further fuels a desire of vengeance among the people.

This factor has been further amplified by the "milicianization" of these conflicts. Hindered by limited resources and historically favorable to this strategy, Sahelian authorities have endorsed the establishment of armed community militias to safeguard populations against jihadist threats. However, this phenomenon has led to a significant increase in violence against civilians. **Inter- and intra-community tensions are thus a key factor in the tendency of certain populations to turn to violence.** Jihadist groups strategically exploit pre-existing tensions to secure the alliance or allegiance of certain social groups.

1.2. THE WEAKENED STATE, AND ITS REJECTION

The weakness of the State is conspicuous in various aspects across West African countries affected by the jihadist phenomenon. The Sahel remains one of the poorest regions in the world, with four of the Sahelian countries ranking among the bottom ten in terms of the Human Development Index (HDI). As of 2020, 80% of the Sahel's population was living in extreme poverty, on less than $1.9 a day[2].

Nevertheless, the situation in Sahelian countries is mixed, marked by certain notable improvements: an annual increase in the human development index (HDI) of +1.9% between 1990 and 2019, surpassing the global average threefold, as well as sustained economic growth of +4.2% of GDP over the same period[3].

However, Sahelian States are contending with limited resources and face significant challenges in self-financing. The predominance of informal economic activities makes tax collection very difficult. This is an issue across the whole of Africa, where the average tax burden is 16.6% of GDP. The Sahelian States find themselves unable to secure financing on the international markets, resorting to regional markets where they accumulate debt at increasingly higher rates.

Structural adjustment policies have contributed to weakening West African States. Upon gaining independence, agrarian and industrial policies were introduced, yielding uneven results. For instance, Mali and Côte d'Ivoire experienced successful developments in certain agricultural sectors. However, the ensuing imbalances in public finances and trade balances prompted their support for IMF interventions through

[2] *Ousmane Diagana for Le Monde: The World Bank can only accomplish its mission of ending extreme poverty in Africa by prioritizing the Sahel region.*

[3] *AFD, In the Sahel, Real Economic and Social Development, October 2021.*

Structural Adjustment Programs (SAPs). While these programs temporarily succeeded in alleviating debt and forestalling economic collapse, they had an adverse effect on these countries' ability to provide public services to their entire populations.

A State operating with meager resources struggles to fulfill its duties beyond its core responsibilities, such as ensuring the provision of public services. Access to healthcare and education is particularly unequal. **Sahelian States with limited resources are also unable to deliver fair and citizen-recognized justice,** particularly when it comes to resolving land disputes, which account for the majority of cases brought before the courts[4]. State justice is often perceived as inefficient, corrupt, inaccessible and opaque. Jihadist groups have gained significant momentum by leveraging this sense of injustice.

1.3. CONFLICTS FOR RESOURCES AND ECONOMIC MARGINALIZATION

In the Sahel region, jihadist groups establish their influence in rural, landlocked areas, far from the more stable and prosperous capitals. A prime example would be Northern Mali, which was the first Malian region controlled by jihadist groups at the onset of the insurgency in 2012. The current occupation of the Liptako-Gourma region, a cross-border area spanning Mali, Burkina-Faso and Niger, clearly confirms this pattern. Similarly, **in the Gulf of Guinea countries where the influence of terrorist groups has been escalating, jihadists are succeeding in gaining a foothold in remote regions far from capital cities.** These regions are plagued by resource conflicts, which have been extensively analyzed[5].

[4] *According to Alain Antil, Director of IFRI's Sub-Saharan Africa Center, who was interviewed as part of the National Assembly's information report on Operation Barkhane, dated April 14, 2021, three-quarters of all disputes are land-related.*

[5] *Caroline Pierre, « Identités peules en mosaïque agropastorale au Bénin », 2015.*

The marginalization of rural populations in West African countries is significant and increasing, as economic growth and rural migration push populations towards urban centers. Urban centers are thus emerging as primary beneficiaries of this economic growth. In Benin, school enrolment rates (around 95% in Cotonou and 25% in the rural north) and fertility rates (5 on average[6], but around 3 in Cotonou[7] and 6.5 in the rural north) are diametrically opposed, reflecting highly disparate socioeconomic realities. Furthermore, **climate change is likely to have a lasting and profound impact on agro-pastoral dynamics, significantly increasing pressure on dwindling natural resources.**

These factors *(political isolation and landlocked rural areas; economic marginalization; climate change)* combined with strong population growth and an accelerating expansion of farmland *(pioneer fronts)*, further increases resource conflicts. Herders "follow the water". In Mali, depending on the season, the swampy areas and *bourgoutières* of the Niger loop, in the center of the country, are perfect places for watering and feeding livestock. In coastal countries, herders follow the rainy season by traveling routes from Nigeria to Ghana, *via* Togo and Benin. During these transhumances, tensions often arise, as the herds may sometimes damage agricultural crops or access communal watering points, the equitable management of which is often challenging to regulate.

These tensions have seen a sharp uptick under the cumulative pressure of the aforementioned factors, leading to several serious consequences. The encroachment of agricultural expansion is evidently shrinking the transhumance routes used by herders, who are finding it increasingly difficult to follow their customary paths. In response to agricultural losses caused by passing livestock, farmers have resorted to retaliatory livestock theft. This retaliatory phenomenon has in fact been

[6] *World Bank. See https://data.worldbank.org/indicator/SP.DYN.TFRT.IN?locations=BJ.*

[7] *Agnès Adjamagbo et al, « Remue-ménage et remue-méninges en Afrique ! », 2014.*

encouraged by public policies that favor farmers. This predatory behavior has compelled herders to arm themselves in response.

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The table below outlines all the factors influencing the geographical presence of jihadists and their recruitment trends.

Factors explaining the entrenchment and expansion of jihadist groups in West Africa	
Geopolitical factors	The exogenous shock of Algerian jihadists moving into Mali in the early 2000s.
	NATO intervention in Libya in 2011 and dissemination of fighters and weapons in the Sahel.
	French military intervention against jihadist groups between 2013 and 2023.
	Foreign (MINUSMA, EUTM, Takuba) and regional (G5 Sahel) military intervention.
Internal policy factors	Political marginalization of isolated communities.
	Non-resolution of the peace agreements in Mali.
	Transitional justice and DDR processes' ineffectiveness.
	Political oppositions designated as terrorists or collaborators to discredit them. Decaying discourse and shutting down spaces for contestation.
	States seized through *coups d'État* that galvanize or radicalize opposition.
	Counter-insurgency governance often results in frustrating certain targeted populations, or in the emergence of new warlords, thereby modifying previous socio-political structures.
	The issue of internally and externally displaced persons and family protection. The desire for protection is a driving force behind joining jihadist groups.

Factors explaining the entrenchment and expansion of jihadist groups in West Africa	
Resource conflicts and economic marginalization	Tensions between farmers and pastoralists over the sharing of land and resources (water).
	Gold mining boom and competition for control of these mineral resources, which particularly interest jihadists.
	A trafficking boom (cigarettes, drugs, migrants, weapons) has led to a gradual criminalization of individuals.
	Tension over States criminalizing the exploitation of rural resources (timber, wildlife). Frustration with the State fueled by the problematic management of national parks and the communities residing within them, who rely on these resources for their livelihoods.
	Policies that systematically repress and discriminate against pastoralists.
Rejection of the central Government	A demand for protection to which the State fails to respond, or the State is itself committing acts of violence. A feeling of abandonment or a desire for vengeance.
	Predatory and violent practices of national armies.
	Reinforced religious and ethnic interpretations absolving the State of its responsibilities.
	Non-functional, corrupt and biased justice systems, which are a major source of frustration and tension.
	State captured by urban elites with minimal inclusiveness (over-represented community or family group).
	Militarization of conflicts spurred by the weakness of the State and local practices. Massive human rights violations. Progressive "gangsterization" of militias.
	Counterproductive role of international NGOs which delegitimize States.
	Incomplete or non-existent decentralization and empowerment, not conducive to the inclusion of geographically or culturally remote communities.
	States weakened by the IMF's structural adjustment policies of the 1990s.
Intra-Community tensions	Tension and class struggle within the Peuhl community, as those who struggle most economically rebel against the community's elites.
	Unequal closeness of relationships between the central Government and the country's communities.
	Communitarization of violence. This phenomenon is reinforced by weapons circulation and the increase in armed incidents (cycle of reprisals).
	The uneven, fragile and undefined role of traditional notabilities in social and political regulation.

Factors explaining the entrenchment and expansion of jihadist groups in West Africa	
Evolution of West African Islam	West African Islam is not impervious to the tensions and controversies that affect Islam more broadly. Strong tension between "traditional" Sufi Islam and an expanding Salafist Islam, particularly through preaching in the region since the 1980s/1990s.
	The revolutionary aspect of jihadism resonates in places that have evolved towards Salafist practices.
	The practice of Islam, in its diverse forms, is on the rise in several countries in the sub-region (e.g., Mali, Senegal), a trend that mirrors that of Islam worldwide, as a reaction to the colonial past, Marxist experiments and the influence of preachers and financiers from the Gulf States.

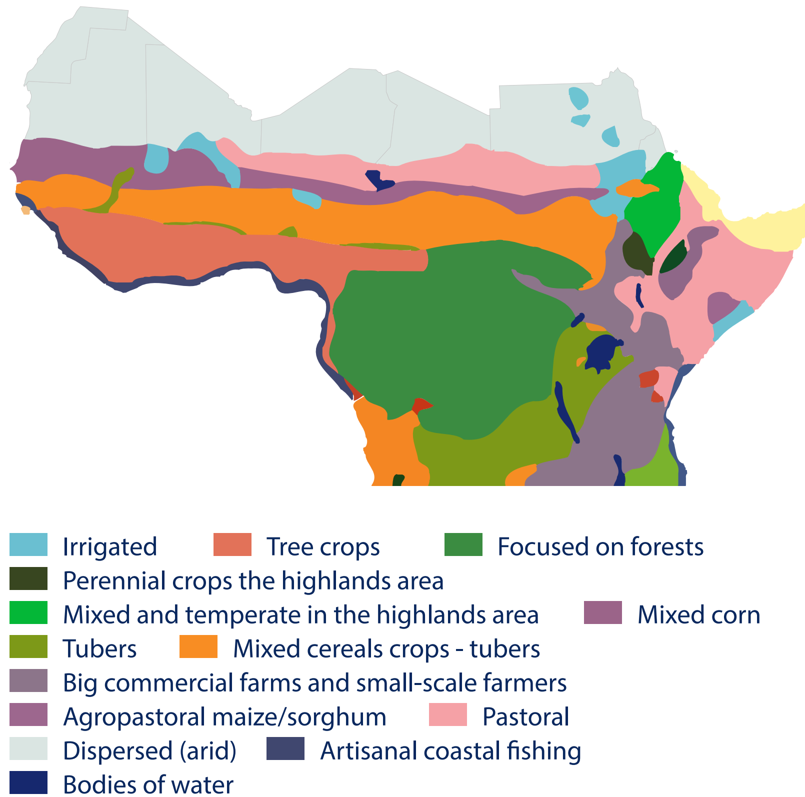
Finding resolutions for all these issues was deemed outside the scope of this study. However, through consensus among those interviewed, two factors have stood out as the most decisive: **economic marginalization and the associated resource conflicts** and the issue of poor governance, with States perceived as being predatory towards their own populations. **This study therefore proposes to respond to the first group of factors,** as the failure to address the fundamental causes of economic marginalization contributes to the proliferation of poor governance.

2 Revamping agriculture to support rural economies

General observation

While the agricultural sector plays a crucial role in the stability and prosperity of West Africa's rural regions, it is also instrumental to ensuring the economic advancement of these nations, and most importantly, in alleviating poverty. A 2011 OECD study of 25 developing countries that had rapidly reduced their poverty rates between 1980 and 2005 *(including Mali and Ghana)*, found agriculture to be the primary driver of poverty reduction, accounting for more than half of all income sources[8].

Agro-industrial overview of Africa



Source: J.Dixon, A. Gulliver with D. Gibbon: "Farming Systems and Poverty, Improving Farmers' Livelihoods in a Changing World" (2001), FAO and World Bank, Rome and Washington D.C.

[8] *OECD, Agricultural Progress and Poverty Reduction, OECD Food, Agriculture and Fisheries Working Paper No. 49, 2011.*

Beyond the fundamental aim of ensuring food security, **the aim to generate agricultural surplus and add value holds the potential to initiate investment and industrialization cycles.** These cycles can, in turn, provide opportunities for skilled employment and facilitate the integration of this region into both regional and global trade networks. Despite the industrial sector's current fragility, it remains a potent catalyst for development and employment.

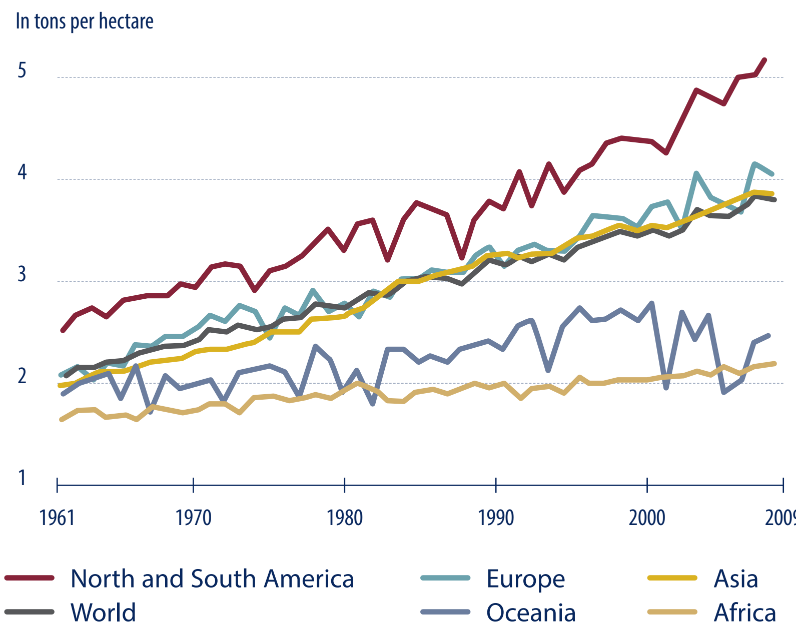
The concept of leapfrogging, meaning the potential for an economy to advance from the primary to the tertiary sector without passing through the secondary sector, may seem alluring. Yet, it is clear that only developing towards a modern, digitized service sector falls short of pulling the West African population out of poverty. The Asian economies' "catch-up" model seems more realistic and requires gradual industrialization.

The utmost priority in this transformative endeavor lies in the modernization of agriculture to meet the developmental challenges facing rural areas. Agriculture accounts for 30% of West Africa's GDP, while 55% of the region's population lives in rural areas. Agriculture is also the main source of income for 80% of the rural population, and employs 46% of the West African workforce[9]. **A tragic reality in the African continent is that these countries are currently massively importing their foodstuffs from outside the continent.** This overreliance is a consequence of low agricultural productivity and poor or insufficient financing, compelling these nations to import extensively to meet the escalating needs of their growing populations. In February 2022, the newspaper *Jeune Afrique* wrote: *"In 2020, according to data from the United Nations Conference on Trade and Development (UNCTAD), more than 80% of staple food imports absorbed by African countries came from outside the continent, i.e., around $60.5 billion, compared with just $13.2 billion purchased from other*

[9] *ECOWAS World Bank, IFDC, "Fertilizers and Soil-Health Roadmap for West Africa and the Sahel", 2023.*

countries in the region. On the American continent, this proportion is 31.54%, compared with 65% in Asia and just 26.2% in Europe[10]."

Evolution of agricultural yields worldwide
between 1961 and 2009, AFD



Source: FAO, 2009.

The modernization of agriculture is based on enhancing productivity and focusing on a reduction of losses, which are both likely to increase agricultural yields and generate surplus and income.

[10] *Loza Seleshie, « Agriculture africaine : produire plus... pour importer mieux ? », Jeune Afrique, 21/02/2022.*

According to the *Agence Française de Développement* (AFD), *"food losses, in all their forms, account for around a third of production, i.e., 150 kg per capita per year in sub-Saharan Africa, and slightly over 200 kg in North Africa*[11]*."*

The two approaches – subsistence farming and agro-industrial farming – are complementary and the aim is not to replace one with the other, but rather to combine them. Increased productivity is likely to improve the production conditions of subsistence farming, and integration into a structured international value chain offers the opportunity to capture income. Moreover, given the variance in international and national standards, adhering to global specifications can enhance overall production standards, encompassing aspects such as quality and traceability.

There is no shortage of solutions to tackle the challenges facing the agricultural sector in West Africa. However, the challenges are numerous and the relevant stakeholders are struggling to meet them all effectively. For this reason, our proposal aims to highlight all the relevant segments that warrant focused attention, transformation, and investment. This approach seeks to initiate endogenous growth processes, as we believe these are the sole avenues capable of fostering sustainable and meaningful development aligned with the needs of the population.

[11] *Gaëlle Balineau, Arthur Bauer, Martin Kessler and Nicole Madariaga, "Food Systems in Africa: Rethinking the Role of Markets", 2020.*

Is it possible to catalyze agricultural growth in a war zone?

Policies to build up agricultural and industrial production, and to develop and encourage private investment, do not operate in the same way in a war zone as they would in a stable region, even one subject to indirect security issues *(attacks, kidnappings, displaced populations)*.

This strategy is aimed primarily at the economies of Niger, the Gulf of Guinea countries and neighboring countries targeted by jihadists (i.e., Mauritania and Senegal). This policy of economic inclusion, achieved through the organization of the agricultural sector, aims to proactively anticipate and thwart the potential long-term presence of jihadist groups within these communities.

Nevertheless, valuable insights can be gleaned from the Sahel, even in war zones, using alternative methods that chart a course for the future when political and security conditions allow. The key lies in addressing similar goals with scaled-down ambitions, prioritizing local partnerships and operators. International donors and Western companies are in a position to collaborate with local entities adept at project implementation and production, all the while providing opportunities for global distribution.

Furthermore, despite insecurity compelling Sahelian populations to migrate from rural areas to urban centers, two noteworthy phenomena endure: farming on the outskirts of towns, and the possibility to continue farming in areas controlled by armed groups. Notably, armed groups primarily focus on the central government and rarely interfere with the farming endeavors of local communities – with the exception of instances of cattle rustling by the Islamic State.

2.1. STRUCTURING THE WEST AFRICAN AGRICULTURAL SECTOR

a. Improving the regulatory framework to foster favorable conditions

Land tenure challenges, the mother of all battles

Recommendation 1

Stabilize the legal framework for land tenure through certification and cadastral surveys, regulatory change and international technical support.

Challenges

The land issue is critical in the context of inter-community tensions and for the development of a modern agricultural sector. Indeed, without land certification to establish the rights of producers or companies, whether local or foreign, the investment risk is exceptionally high *(risk of expropriation, site occupation, social or political tensions, extortion by local authorities, etc.)*. Agriculture involves long-term investments (mechanization, plots of land prepared over several years), which are costly and not conducive to launching a business without legal security. **Another significant challenge related to land tenure is the inability of local justice systems to enforce their decisions on the parties involved,** be it in negotiations between individuals within rural communities *(land cession, organization of transhumance routes)*, or in the application of land titles granted to companies.

Current situation

The establishment of effective and recognized land governance is crucial for creating formal rights, ensuring the security of land titles, and managing land conflicts on agricultural and pastoral lands in a manner that is effective and acknowledged. While West African countries are familiar with this land crisis, they often lack the means to remedy it. Since 1986, Niger has been revising the rules governing land ownership, but has not yet succeeded in establishing clear property rights[12]. In Mali, the principle of publicly owned land inherited from the colonial era means that the vast majority of land (95% in 2016) is privately owned by the State. In this case, administrative documents issued by public authorities (State or communes) are not considered as titles, providing only precarious land use rights rather than full ownership.

Benin was one of the first West African countries to adopt policies to formalize customary rights (1993), after Côte d'Ivoire (1989), with the implementation of Rural Land Plans (RLP)[13], receiving a $34 million grant from the US administration under the Millennium Challenge Corporation initiative in 2006.

In 1998, Côte d'Ivoire implemented a rural land tenure law to address significant land disputes between indigenous ethnic groups and immigrants. The objective was to register rural land and issue individual private titles. However, by 2018, only a fraction (less than 200,000 hectares) of the targeted 23 million hectares had been certified, resulting in a very limited creation of land titles.

[12] *World Bank, "G5 Sahel Region: Country Climate and Development Report", June 2022.*

[13] *Howard Stein, "Institutional transformation and shifting policy paradigms: reflections on land reform in Africa, Rethinking land reform in Africa: new ideas, opportunities and challenges", African Development Bank, May 26, 2020.*

Ideas

While many efforts have already been made to reform existing law, it appears that the latter does little to resolve legal insecurity. The **ODA effort could focus more on providing simple, decentralized solutions.** For example, IGN FI, the technical operator of the *Institut national de l'information géographique et forestière* (IGN), has been operating in Côte d'Ivoire since 2019 to support the country in its project to simplify and digitally transform urban land tenure in Greater Abidjan and the town of Assinie. It has been granted €27 million in funds from the Banque Publique d'Investissement, backed by the French Treasury.

Proposal details

- Allocate the technical assistance of European partners to establish reliable land registry accessible online and develop centralized databases for property deeds.
- Establish land certification bodies, by changing the regulatory framework and providing international technical support. Encourage governments to initiate negotiations for agricultural land acquisition in advance, facilitating faster project implementation through direct negotiations with governments.

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Recommendation 2

Increase the productivity of agricultural inputs (seeds, fertilizer and plant protection products) by implementing a targeted development and distribution policy. This approach should encompass research initiatives, commercial distribution channels, certification regulations and region-specific experiments.

Start the virtuous cycle of raising seed quality

Challenges

Seeds are among the most important inputs in agricultural production and can lead to substantial productivity gains. Current research and development efforts in the seed sector are very limited. The gap between the quality of European and African seeds is considerable. Merely $5 million is spent each year on R&D in this field by the private sector in sub-Saharan Africa, accounting for only 0.5% of global investment expenditure[14]. As highlighted by a group of researchers[15], achieving productivity thresholds sufficient to meet the demands of population growth requires **access to highly productive agricultural inputs available on the market.** However, the bulk of seed supply in West Africa relies on state distribution and informal systems of sale. Furthermore, at the continental level, the **problem of seed counterfeiting remains difficult for the authorities to tackle,** with an estimated 20 to 25% of seeds planted in Africa believed to be counterfeit.

Within the West African Economic and Monetary Union (WAEMU) region, member States have adopted a common agricultural policy (APU). This policy does not have the same impact as the European Common Agricultural Policy (CAP), but it serves as a mechanism for aligning and pooling the efforts of the eight member countries. The WAEMU Commission is notably tasked with standardizing seed and pesticide regulations, which led to the adoption of two regulations in 2009.

[14] *S&P Global Commodity Insights, "Africa seed market analysis: countries, crops and companies", April 14, 2022.*

[15] *Martin K. van Ittersuma et al, Can sub-Saharan Africa feed itself?, 2016.*

Ideas

The European model in this field has enabled two virtuous cycles: the development of seed companies, funded by seed sales and the intellectual property from R&D efforts, and the funding of public research centers, which also reap the rewards of their investments. This virtuous cycle is made possible by a regulatory framework governing intellectual property and seed certification, assuring producers that their investments are worthwhile. Counterfeiting in this field is likely to drive growers away from productive, high-paying seeds, in favor of low-productivity, low-cost *(or free)* seeds. **Improving seed supply systems in the future will therefore require a greater focus on local R&D and the integration of market principles.** Striking a balance between increased productivity through improved seeds and the preservation of traditional knowledge is essential.

Proposal details

- Support the efforts of countries involved in research and development, and the training of West African researchers in seed-related fields.
- Encourage the establishment of international seed companies and the development of commercial seed distribution channels.
- Establish certification regulations to protect both seed growers and farmers from counterfeits, through technical assistance.

Boost the productivity of fertilizers and plant protection products

Challenges

Access to fertilizer and plant protection products is indeed key to improving agricultural productivity, especially in a sector that is highly dependent on imports and has experienced supply difficulties. In 2006, in the Abuja Declaration, the African Union set a target for mineral fertilizer use in sub-Saharan Africa of 50 kg/ha, well below the world average (175 kg/ha) and the Chinese average (393 kg/ha) [16]. To date, the volume of mineral fertilizer used in Sub-Saharan Africa is 20 kg/ha.

In West Africa, the fertilizer supply chain is not very agile and undermines state distribution capacities. Approximately half of the fertilizer purchased in the sub-region annually comes from government tenders to the private sector [17]. Limited storage infrastructure capacity hampers the governments' ability to mitigate price fluctuations and ensure consistent supplies year-round. Additionally, **the practice of publicly donating fertilizer results in considerable productivity losses of this input.** In several countries in the region, governments have chosen to donate fertilizer, or lend it against part of the harvest, through public and monopolistic enterprises. This is either due to administrative constraints or because of the urgent need to tackle malnutrition. This approach creates two problems: free fertilizers lack integration into producers' cost considerations, leading to suboptimal utilization, *(equal dispersion over all plots or use of a single fertilizer for different crops)*, and state-deliveries of fertilizer are often subject to delays, diminishing their effectiveness in the agricultural production cycle.

Current situation

To address this issue, ECOWAS Heads of State and Ministers adopted a comprehensive roadmap on fertilizers and soil health in West Africa and the Sahel on May 31, 2023, in Lomé. This declaration outlines an ambitious roadmap, with the leaders of ECOWAS countries committing to initiatives aimed at enhancing access to mineral and organic fertilizers for small-scale producers in the region.

[16] *Lomé Declaration on Fertilizers and Soil Health in West Africa and the Sahel, May 31, 2023.*

[17] *Jeune Afrique, « Mali, Burkina, Bénin Togo. Qui sont les champions locaux des engrais ? », April 26, 2023.*

Ideas

Public management of fertilizer is likely to be overtaken by market dynamics: international companies specializing in this field can provide timely and contractual delivery of fertilizers, and the cost of fertilizer is likely to encourage and train producers to use them optimally. Initially, a purely market-based approach or, during the initial learning phase, a public service delegation approach to specialized companies could trigger this virtuous cycle.

Once a market-based approach is adopted, the financing of these inputs needs to be taken into account. One model involves promoting input financing through conventional banking solutions *(agricultural banks and microfinancing)* – which is further discussed in the third part of the report. Another model aims to foster the development of agricultural cooperatives and subsequent supply chains to share financial burdens, including input purchases. Once the international supply chain is structured, it is even conceivable that the final distributor, whether French or European, could finance the inputs and adopt an experience transfer approach to ensure optimal use.

In addition, this initiative can be bolstered by various technological advancements: soil fertility mapping using imagery *(satellites or drones)* combined with drone spraying are innovations that can support agricultural intensification in Africa. The resulting gains in productivity are substantial, as drone spraying precisely covers areas identified through mapping. This approach not only translates to significant time savings but is also economically viable, with the cost of a drone approximately amounting to €20,000 – a feasible investment, particularly when shared within an agricultural cooperative. Well aware of the stakes, China and Togo have set up a regional training school for agri-drone pilots in Lomé in 2019 – a model worth replicating[18].

[18] *Agence Ecofin, « Togo : bientôt un centre de formation de pilotes de drones agricoles et, dans un second temps, une usine de fabrication de drone », September 2019.*

Finally, in addition to the optimal use of soil-friendly fertilizers, West Africa could also benefit from the development of innovations likely to optimize soil fertility and crop productivity. Engaging in diverse agroecological practices *(compost, water and soil conservation, agroforestry)* can enhance soil fertility and mitigate erosion. **Concurrent reforestation endeavors play a crucial role in ecological restoration, counteracting soil degradation.** Indeed, the poor health of soils across the African continent stifles potential productivity gains. Yield increases from improved crop varieties are estimated at 28% in Africa, compared with 88% in Asia.

Should West Africa adopt a single comprehensive agroecological practice for its economic development?

This challenging question has no straightforward answer. While certain donors consider ecological constraints, emphasizing the ecological transition and the importance of avoiding the errors of prioritizing unsustainable development as seen in Europe, **it is crucial and necessary to strike a balance between these criteria and these countries' developmental paths**. The level of constraint cannot be identical for developed Europe and developing West Africa, as this may risk limiting opportunities and perpetuating a cycle of underdevelopment. Emphasizing wealth creation through high productivity remains a key objective. A June 2023 memo from the French Ministry of Agriculture notes that yields from organic farming are consistently lower than those from conventional farming[19]. This observation aligns with

[18] *AGRESTE, « Des rendements en grandes cultures inférieurs en agriculture biologique à ceux en conventionnel », June 2023.*

geographer Robin Degron's article, highlighting that, for now, the productivity of agroecological practices is lower than that of intensive practices[20]. While this works in the context of the ecological transition in agriculturally over-productive Europe, it could be a significant hindrance to development in West Africa. This factor needs to be taken into account in a regional approach, as similar constraints apply to infrastructure (which consumes fossil fuels). Given the urgent need for development in West Africa, if France and Europe impose restrictive constraints, they risk being surpassed by less cautious competitors.

Proposal details

- Support West African partners in their move towards a market-based approach for the distribution of fertilizers and plant protection products.
- Finance experiments with innovative fertilizers and plant protection products at dedicated local sites, to rapidly disseminate innovations in this sector.
- Accompany French and European companies in exporting fertilizers to West Africa and support the development of local production with the help of international donors.
- Finance storage and transport infrastructures for agricultural inputs.

[20] *Pages 14 to 17 / Robin Degron, « Développement durable et environnement. Les Objectifs de l'ONU ignorent-ils la Géographie ? », 2023.*

b. Structuring regional and international supply chains

Recommendation 3

Promote local industrial processing of agricultural raw materials in specific sectors, fostered by partnerships with French and European companies. Highlight the potential of local free trade zones, public subsidies and infrastructures to enhance the value of production.

Local processing to join regional and global circuits

Challenges

While food crops account for the majority of African agricultural and pastoral production, it is important to combine the objective of food security with the search for income, by turning agro-industrial production towards exports. Some countries in the region are key producers of agricultural products that are exported worldwide. Cashew nuts, cotton and cocoa, among other commodities, have been successfully structured into value chains, thanks to producer collaborations and improved market access. **To establish effective value chains connecting to national, regional, and international markets,** there's a need to enhance production by either scaling up individual farms or establishing cooperatives. These cooperative models offer agile solutions to address the significant fragmentation of farms in West Africa.

In addition, local processing of agricultural raw materials has great advantages but requires substantial investments. Local or on-site processing, ideally near the fields, significantly reduces losses in agricultural production, ranging from 30-50% depending on the specific product.

This approach facilitates the production of higher value-added products that are easier to distribute, which is also a way of reducing the carbon footprint associated with these products.

Current situation

Agricultural exports are a major development lever for West Africa, but they mainly involve unprocessed raw materials, due to limited industrialization in the sub-region's countries. While India and Vietnam, the world's leading cashew nut producers, process 90% of their cashew nut production, Côte d'Ivoire processed just 9% of its production locally in 2018. Encouragingly, concerted efforts to advance the industry have led to an increase, with the share of processed shelled cashew nuts reaching 21.25% in 2022[21]. The industry is structured around the *Groupement des industriels de cajou ivoiriens* (GTCI), representing the interests of approximately fifteen companies and producers.

Moreover, free trade zones and dedicated industrial zones are attracting industrial investment and helping countries to turn towards exports. New agricultural processing zones are being constructed in West Africa following the example of Adétikopé in Togo and Glo-Djigbé in Benin. Natural resources *(cotton, cashew nuts, soya, cereals, fruit)* are processed locally before being exported[22]. **It should be noted that the development of free trade zones is not an infallible solution,** and that it is necessary to reconcile the objective of making the sub-region attractive with the imperative of increasing States' tax revenues in the region.

[21] *« Filière anacarde, le taux de transformation locale passe de 9% en 2018 à 21,25% en 2022 », Ivorian government press release, February 20, 2022.*

[22] *Jeune Afrique, « Afrique de l'Ouest : les zones de transformation agricoles, une bonne idée », August 19, 2022.*

Ideas

The value chain approach offers several advantages for structuring the agro-industrial sector: international value and currency capture, sharing of financial risk between several players, a form of protectionism enabling duty-free structuring, and transfer of experience. By working towards the emergence of value chains linking producer cooperatives, industrial processors and local and international distributors, it is possible to secure outlets on regional and international markets. A favorable regulatory framework and clear contracts between stakeholders in the value chain are pivotal to securing the entire process.

Likewise, many examples demonstrate the feasibility of processing agricultural raw materials in close proximity to the fields. While establishing factories in urban areas might be more convenient, leveraging technology allows for on-site processing, reducing losses. Take tomatoes for example, industrial equipment with an investment in the range of a few hundred thousand euros, can transform the entire, otherwise perishable, production into paste, sauce, and various condiments.

Proposal details

- Make European companies in the agricultural and industrial sectors aware of the opportunities offered by local free trade zones.
- Focus on targeted agricultural sectors and support their organization at both national and regional levels through dedicated official development assistance projects for agricultural development.
- Finance local processing infrastructures.
- Inform European investors and companies of local processing needs, to help structure processing and distribution chains.

The specific case of livestock farming

Challenges

Livestock is a strategic sector for many countries in the sub-region. Based on the model of food crops, livestock farming in the sub-region is a subsistence activity practiced by small-scale livestock farmers in a context where intensive livestock farming remains fragmented. Livestock production comes from the use of natural plant resources grazed by animals on uncultivated land, mainly in Burkina-Faso, Mali, Niger, northern Senegal and Mauritania. With an estimated herd of 60 million cattle and 160 million small ruminants, livestock production accounts for up to 65% of West Africa's beef supply. **On a regional scale, the Sahel has a comparative advantage in livestock production, while the coastal countries have a comparative advantage in agriculture and arboriculture.**

Current situation

West African pastoralism is undergoing a profound crisis as agricultural expansion encroaches upon traditional transhumance paths, triggering a dangerous cycle of tension and violence. The social upheaval is severe, with young herders increasingly reluctant to inherit their parents' lifestyle. Many opt to sell their livestock hastily, seeking urban employment at best or, for the more disenchanted, joining jihadist groups. Under relentless political and social pressure from all sides, transhumant herding is compelled to adapt. However, its transformations should not come at the expense of traditional herding communities, notably the Peuhl or Touareg.

While the high quality of milk and meat from transhumance-raised cattle is often put forward, it should be noted that there remains room for improvement for breeders. By way of comparison, the production of a well-managed West African dairy cow is around 500-1,000 L per year, whereas a French cow will produce around 6,700 L and an Israeli or Saudi cow will produce 12,000 L. This difference is due to technical productivity, but also fundamentally to the cost of energy.

Ideas

To protect the rights of herders and reconcile the strained social dynamics in crisis-ridden communities, three political and legal solutions are poised to appease the situation. First, a State-implemented regulatory framework that protects the rights of herders, in particular transhumance mechanisms (corridors, access to water points…). Second, the marking and traceability of livestock combined with stringent measures to curb theft. Third, the formation of networks of paralegals within these herder communities who can raise awareness regarding their rights and act as mediators with farming communities.

Nevertheless, in the face of a faltering model, breeders must adapt their practices and incorporate production strategies that can attract the younger generations: embracing intensive breeding, engaging in industrial value-added production, and integrating into national, regional, and international value chains. Supporting initiatives like field-locking, ranching, and industrial value-adding projects presents a viable alternative for these farming communities.

Proposal details

- Prioritize investment in the development of infrastructure to enhance the value of pastoral production by livestock farming communities. This should structure livestock production chains, limit the difficulties associated with large-scale regional transhumance, and help new generations of livestock farmers to make the gradual transition to agro-industrial processes.
- Plan investments in pastoral and commercial infrastructure to accommodate the reorganization of trade circuits influenced by ongoing conflicts[23].

- Develop cell phone money transfer systems dedicated to herders, to secure the sale of livestock prior to transhumance.
- Fund livestock marking and sedentarization incentives to create cooperative farms, alleviating the problem of livestock theft.

c. Promoting the development of agricultural cooperatives

A model project

The integrated cooperative model, with its critical mass for financing and seamless integration into the value chain, appears exceptionally well-suited to the requirements.

Challenges

The primary challenge for international donors, be they private or public, specialized in development or private sector support, lies in the threshold effect when financing projects. These entities struggle to fund "small tickets," posing a structural challenge for the African agricultural sector. Producers find themselves trapped in vicious circles of under-financing and heavy losses due to insufficient investment.

Current situation

Cooperatives serve as a powerful mechanism to empower farmers, enabling them to advocate for their interests with suppliers and buyers alike[24]. Donor support for the agricultural sector through the financing and structuring of cooperatives reaches the right target. By being closely connected to farmers and involving them in organizational decisions, cooperatives offer direct assistance to their members[25], and avoid the pitfalls associated with excessive centralization in state-run agricultural policies.

Ideas

Agricultural production remains highly fragmented in West Africa, where most farms are family-owned and small-scale. Yet the agricultural cooperative model, in which farmers come together to form a company governed and owned by them, can be an important lever for optimizing production. Cooperatives can generate economies of scale when purchasing inputs, and sharing production tools and associated services *(mechanization, maintenance)*. It can also facilitate access to financing for investments, thanks to loans and risk-sharing between producers. What's more, it can generate a scale effect that can fund local storage and processing infrastructures. Cooperatives are easier to integrate into regional or international value chains.

Finally, the agricultural cooperative model is likely to encourage the spread of innovations in the agricultural sector. Experimentation with a new tool or input frequently yields positive results and increases agricultural productivity. The cooperative can be the crucible for more frequent experimentation.

Proposal details

- The detailed **integrated cooperative model** is in the conclusion of the report.
- Use technical assistance tools to support the creation of chambers of agriculture, funded through dedicated resources, to organize and

[23] *Sergio Magnani, Bernard Bonnet, « Pour la sécurisation du commerce du bétail confronté à l'insécurité », Afrique Contemporaine, issue 274, 2022.*

[24] *Jeune Afrique, « Les coopératives, moyen pour les planteurs de cacao de reprendre le pouvoir », January 4, 2023.*

[25] *Pekka Hussi, Josette Murphy, Ole Lindberg, Lyle Brenneman, "The Development of Cooperatives and Other Rural Organizations, The Role of the World Bank", World Bank, 1993.*

advocate for the profession *(earmarked tax in the French model)*. By structuring the profession, these chambers are in a position to advise and assist cooperatives in their growth.

- Facilitate the dissemination of best practices resulting from experiments carried out with cooperatives in terms of digitizing, managing and securing operations carried out by members.

2.2. BUILDING INFRASTRUCTURE AND EXPERTISE TO ENHANCE AGRICULTURE INITIATIVES

Recommendation 4

Focus efforts on water and energy, and particularly on irrigation infrastructure and farm electrification using decentralized solar technologies.

a. Optimizing the development of water management systems to support agricultural efforts

Challenges

The construction of new infrastructure for water retention and irrigation can significantly improve crop productivity and extend the perimeter of productive land. The development of efficient irrigation systems and water harvesting practices is crucial for the future of the sub-region and essential for adapting the land to climate change. The construction of costly infrastructure is unavoidable, notably dams on rivers that constitute under-exploited hydraulic assets, such as the Niger, Africa's largest river.

Rural water development suffers from two major difficulties: public development projects that neglect operating costs, and low profitability that does not allow companies to get involved independently. In the first case, public infrastructure development projects in rural communities often fail to account for the additional costs incurred by the local or national community, or the costs of operation and maintenance once the project has been completed. Nor is it **profitable for a foreign company to become involved on its own.** The combination of geographical isolation, governance challenges, and the reluctance of communities accustomed to free access to water to bear the costs of water exploitation renders nearly all projects unprofitable.

Current situation

Sub-Saharan Africa is lagging behind: producers use irrigation much less than on the Asian continent. As of 2016, merely 1.4% of arable lands in West Africa were irrigated, compared to 4.5% in East Africa and 0.7% in Central Africa. During the same period, irrigated lands made up 45% in India and 56% in China[26]. The irrigation potential of West African countries is largely under-exploited.

Idea

To break free of these vicious circles, it seems that public-private partnerships are the only viable solution until a robust local offer can be structured. The public service delegation system is optimal.

Moreover, the development of solar pump technologies also tends to make decentralized, less expensive irrigation technologies accessible. Systems are being developed at costs ranging from 600 to 2,300 euros per system[27]. These are likely to significantly boost farm productivity and resolve energy shortage issues in rural areas.

[26] *Michael Lipton, "Land reform contexts: demography / employment, farms, soil-water resources / authority", African Development Bank, May 26, 2020.*

[27] *Lominda Afedraru, "Farmers take to solar irrigation for higher yields", May 2022.*

Finally, experience sharing is important for the development of irrigation. Partnerships and technical assistance missions funded in this segment are likely to have a strong impact, particularly at the level of a cooperative.

Proposal details

- Build more dams and more systematized irrigation infrastructures.
- Finance the efforts of countries in the region to build hydraulic infrastructure and develop river basins, following the example of the Organization for the Development of the Senegal River (OMVS), which includes 3 hydraulic dams (Manantali, Félou and Gouina). OMVS ensures regional cooperation between Mali, Mauritania, Senegal and Guinea.
- Organize training and technical assistance activities in the field of irrigation and micro-irrigation by experts, as well as retired farmers, as Israel does with several West African countries.
- Support the implementation of public service delegations for the operation of water infrastructures.
- Integrate the need to consult local populations when setting up water points, and ensure their management is based on agreements between farmers, pastoralists and local authorities.

b. Scaling up solar energy for rural development

Challenges and current situation: **The low level of electricity production is holding back economic development and production capacity, especially in rural areas.** In West Africa, a staggering 175 million out of 300 million people lack access to electricity. Yet average sunshine levels in the sub-region represent a potential of 5 to 6 kWh/m^2/day, compared with 3 kWh/m^2/day in temperate Europe[28]. For West Africa, this asset is becoming a considerable comparative advantage.

[28] *Economic Commission for Africa, United Nations, « Les infrastructures régionales en Afrique de l'Ouest : état des lieux, enjeux et impact sur la zone de libre-échange », 2017.*

The falling cost of photovoltaic technology should make up for this shortcoming. In rural areas, solar energy is an opportunity to set up decentralized power generation facilities. This is likely to change the profitability/risk equations for businesses as of now, modifying West Africa's competitiveness in the agricultural and industrial sectors and the attractiveness of its economies.

For the time being, three useful systems coexist for agro-industrial development: solar power plants *(centralized and distributed system)*, mini-grids and photovoltaic panels per individual farm *(decentralized system)*. While the former fall into the category of major energy investments, requiring national management, they are not always the best fit for remote rural areas. The latter however, thanks to the falling production costs of decentralized solar power, represent a revolutionary opportunity for implementation in West Africa. Mini-grids are likely to provide electricity to rural communities or groups of cooperatives/industries locally. There are also solar panel solutions that can supply electricity on the scale of a farm, at a fairly low and affordable cost to small-scale producers, using a leasing approach *(pay as you go)*. These projects are beginning to take off in Africa and deserve massive public investment.

Proposal details

- Accelerate farm electrification using decentralized solar technologies, as part of a massive investment from multilateral ODA.
- Focus solar technology resources while structuring cooperatives.
- Foster the growth of European companies specializing in leasing decentralized solar technologies and promote their export initiatives or establishment in West Africa.

c. Supporting the modernization of the agricultural sector by improving infrastructure

Recommendation 5

Enable national and international distribution of products by developing regional transport infrastructures and logistics chains.

Challenges

Africa's infrastructure is under-financed, which affects the development of the agricultural and industrial sectors. The weakness of transport infrastructures weighs on the ability of West African countries to maximize the supply of their domestic markets and turn to exports.

In addition, distribution infrastructures appear to be under-funded and overlooked by development policies, despite their crucial nature[29]. The construction of wholesale and local markets makes it possible to structure, standardize and facilitate product distribution.

Current situation

Funding for African infrastructure experienced only marginal growth between 2012 *($62 billion)* and 2016 *($83 billion)*, with the private sector accounting for 4%, African governments for 42%, and multilateral and bilateral donors for the remaining half[30]. Yet infrastructure is a key lever for regional integration through trade and commerce, as aligning with the projected goals of the AfCFTA.

Senegal and Côte d'Ivoire are prime examples of the infrastructure that needs to be developed. On the one hand, this means enabling production through mass electrification and general access to water, but it also means transporting goods. This means investing in road infrastructure to access remote agricultural regions, and to develop storage infrastructures (dry ports) and integration into international trade (ports, airports). Côte d'Ivoire has set up a national development plan that enables both public and private foreign investors to submit bids according to the project/need. This plan is regularly updated, with the 3rd iteration of the plan currently in force (2021-2025).

Idea

Due to the amount of financing and the longer timeframe of projects, it would seem appropriate to focus a major part of multilateral ODA, notably from the European Union, on financing African infrastructure. This should include a collaboration with regional development banks, rather than devoting it to one-off, local projects that can be funded by bilateral ODA.

It is also essential to finance distribution infrastructures (wholesale market, local market), to anticipate the implementation of truck unloading zones linked to main roads and wholesale markets, and to implement regulations for mandatory passage through these infrastructures. This regulatory logic is likely to help structure heterogeneous sectors.

Proposal details

- Develop transport infrastructure *(ports, freeways, roads)* to foster regional connectivity and international engagement, in collaboration with regional development banks.

[29] *Gaëlle Balineau, Arthur Bauer, Martin Kessler and Nicole Madariaga, "Food systems in Africa. Rethinking the Role of Markets", 2020.*

[30] *African Development Bank, African Economic Outlook, 2018.*

- Fund national distribution infrastructure and logistics chains *(local and wholesale markets; preservation chain; dry ports)*.
- Focus a major part of multilateral ODA, notably from the European Union, on financing African infrastructure, rather than on one-off local projects which should be left to bilateral ODA.
- Help partners build national development plans following the example of Côte d'Ivoire, with a focus on infrastructure capable of supporting agro-industrial production, making it easier for investors to seize these opportunities.

d. Training and skills transfer

Recommendation 6

Strategically enhance expertise within the agricultural sector by prioritizing agronomy in French cooperation policy.

The challenge of skills transfer: systematizing to enhance project quality

Challenges

"Local content" refers to multinational companies and donors integrating a proportion of activities carried out by local companies and their expertise into project construction. Measures for integrating local content are sometimes difficult for companies to implement, but they can serve as a benchmark for ensuring better appropriation of technologies, effective skills transfer and, ultimately, the development of local industries. **It is important to systematically include a training and long-term benefits management dimension in rural development projects.**

Idea

Governments should mandate a reasonable local content quota, ensuring it doesn't hamper investment. More importantly, these requirements should be integral to donor project solicitations. For instance, training and skills transfer clauses are sometimes omitted in international donor projects. Yet these endeavors are very costly for companies, and they are less inclined to provide such services if not explicitly outlined in the project specifications. As advocates for high-quality cooperation and development, international donors bear the responsibility of automatically incorporating these clauses to avoid a pursuit of the "lowest cost," the enduring repercussions of which may not be immediately visible to the country's population. The superior quality of such training could serve as a significant competitive advantage for French and European companies, in comparison to their Asian counterparts.

Proposal details

- Systematize skills transfer clauses in calls for projects from development funding agencies.
- Increase the proportion of ODA devoted to technical cooperation that generates skills transfers.

Strengthening cooperation in the field of agronomy

Challenges

Ramping up West African agricultural production requires investment in skills and human capital. Training in agricultural techniques and the acquisition of know-how linked to the use of modernized equipment is essential, in addition to the preservation of traditional knowledge. The cooperative model described above is well-suited for training and the collaborative exchange of collective knowledge.

The need for skills development is relevant at all levels of technical expertise and across all business lines – from research-oriented agronomy engineering to training producers and operators in more profitable and productive farming techniques, as well as in business management. The involvement of cooperatives and chambers of agriculture should enable us to identify specific needs and tailor training offers to best suit local cultures.

Current situation

In addition to training in production techniques, prioritizing literacy in rural areas is essential to empower farmers in utilizing the tools that will define the future West African agricultural ecosystem effectively. West Africa has some of the lowest adult literacy rates on the continent: 15% in Niger, 25% in Guinea, 35% in Mali, just over 40% in Côte d'Ivoire and almost 55% in Senegal. **Training in agricultural techniques and agronomic research is a key lever for the long-term development of African capabilities.** Agricultural engineering is not yet a popular subject for African students, only 2% of whom specialize in this field even though the sector accounts for over a third of the continent's GDP[31].

Furthermore, the need for skilled labor leads foreign companies to train nationals from the countries in which they invest, but this training is often not recognized at the national or international level. While this vocational training equips workers with valuable skills, the lack of recognition once they leave the company hinders their ability to validate and utilize their training achievements.

[31] *Simeon Ehui & Irina I. Klytchnikova, "Doing more – and better – for Africa's food system in the face of climate change", January 8, 2020.*

Proposal details

- The agricultural model of the ***École nationale à vocation régionale (ENVR),*** which promotes scientific cooperation, training and experimentation, is available in the conclusion of this report.
- Make agronomy a priority in our university cooperation policy to support the creation of university training establishments and programs in West Africa.
- Implement national and European recognition of vocational training courses delivered by international companies in West Africa, notable to promote training initiatives in the agricultural sector.
- Develop recruitment channels and scholarships to attract students to agronomy courses in Europe.

3 Ensuring funding meets the needs of agricultural producers

To achieve the proposed productivity gains and developments in West Africa's agricultural sector, it is imperative to confront the significant challenge of under – and mis-financing. Currently, the financing framework tailored to agriculture is inadequately addressed, and the financial resources mobilized are markedly insufficient, especially when compared with the substantial investments that fueled productivity surges in major global economies. Notable examples include the New Deal with the Agricultural Adjustment Act and the initial Farm Bill in the United States, the Common Agricultural Policy (CAP) in Europe, as well as the "green revolutions" in China and India during the 1970-1980s, largely funded by the World Bank.

Without massive public investment to stabilize West African producers' incomes, they remain trapped in a vicious circle that prevents them from moving away from subsistence food production. Even their modest financing needs are not addressed by donors, who are unable to take into account the "small tickets." The sector's inherent high risk is poorly understood and receives insufficient financing from the private sector, despite the emergence of various creative solutions over time.

A major change is therefore needed: a shift in the private finance sector's perceptions of both the agricultural sector specifically and West Africa more generally. Agricultural development requires ongoing public support and medium- to long-term investment, in order to achieve modest but tangible returns. The agro-industrial sector offers sustainable, guaranteed income in a cyclical approach. It also offers the prospect of more profitable activities, particularly in the industrial sector. The ecosystem approach to economic development will be initiated as the agricultural sector transitions away from subsistence food production and starts generating surplus and income.

3.1. ADAPTING PUBLIC AND PRIVATE FUNDING TO MEET THE NEEDS OF THE AGRICULTURAL SECTOR

a. Mobilizing the private finance sector

Recommendation 7

Attract sustainable private investments in the agricultural sector by promoting the emergence of national and local agricultural banks and investment companies. Foster these initiatives through public-private partnerships that provide guarantees against risk.

Recommendation 8

Incorporate part of the diaspora's financial remittances into agricultural investment through appropriate money transfer conversion solutions.

Use hybrid solutions to increase and improve financing

Challenges

The agricultural sector is largely under-financed in Africa: out of $14 billion in commercial loans in 2016, only $660 million went to agriculture, i.e., 4.8% of annual loans[32].

The poor financing of West Africa's agricultural sector stems as much from the difficulty of supporting long-term investment *(consolidation of land plots, mechanization)* due to producers' perceived risk profile, as from the lack of expertise in financing short-term campaigns *(inputs, production)*. This lack of financial expertise in the agricultural sector within West African banks is a major obstacle to agricultural development. **Funding agricultural development requires financing methods adapted to the sector's difficulties and risks,** as commercial banks shift their risk burden by increasing their intervention costs, notably through high interest rates[33].

Small-scale producers are not the only ones in need of financing: agricultural processing and distribution companies exist but are struggling to expand. For these stakeholders, the challenge is to increase their numbers by setting up new businesses or accelerating

[32] *African Development Bank, "Feed Africa: Strategy for Agricultural Transformation in Africa 2016-2025", 2016.*

[33] *FERDI, « L'entrepreneuriat agricole privé en Afrique et son financement », Conference on February 3, 2023.*

the growth of smaller companies. For these structures, the bottleneck is always poor equity capital: their assets are often family-owned or derived from modest savings. They need capital to finance working capital and make significant investments. The region's companies are structurally undercapitalized, so banks can't find buyers and don't want to support their development. Equity financing is therefore a way of putting these companies on the banking market and financing their growth. Investment tickets in this sector range from €200,000 to €1 million. This is an area in which there are virtually no lessors or investors. It is also necessary to raise capital for the pre-investment cycle, corresponding to funding amounts ranging form €50,000 to €100,000.

Current situation

African governments are showing renewed interest in banks dedicated to financing agriculture, but the momentum is still insufficient. Ensuring the profitability of agricultural banks is no easy feat since they finance risky activities with small producers who are not very creditworthy. In West Africa, there is the Banque Agricole Sénégalaise, the Banque Nationale de Développement Agricole (BNDA) in Mali, supported by the Agence Française de Développement (AFD), and the Banque Agricole du Niger (Bagri). Burkina-Faso has also created the Banque agricole du Faso (BADF) in 2019, with a capital of €22 million at its inception.

Only the Senegalese Agricultural Bank maintains robust financial support for the sector, while others tend to allocate funds to less risky areas, deviating from their primary mission.

Moreover, support from international donors for private finance players is very weak and does not encourage the structuring of the sector within the framework of development policies. Thus, the OECD notes that *"mixed financing is not living up to expectations. According to the OECD's DAC statistics on international development, of the USD 185.9 billion*

in ODA flows from DAC members in 2021, only USD 4.5 billion was allocated to development-oriented private sector instruments[34]."

Indeed, public authorities and donors' de-risking logic is an important route to stimulating private sector financing. Since 2019, the African Development Bank has been financing de-risking and climate insurance solutions in 4 pilot countries: Tanzania, Ghana, Uganda and Zimbabwe. De-risking is the simplest and most widespread mechanism for promoting financing in this sector.

In terms of financial innovation, there are several interesting ideas. Microfinance has long been used for very small businesses in rural areas. Innovations to facilitate access to microcredit exist and have progressed, which, in 2019, benefited over 15 million WAEMU residents. **While these micro-finance institutions are growing, they face two challenges that structurally limit their effectiveness:**

- If microfinance institutions manage to effectively finance small-scale producers with a solvent clientele eager for credit, they are rapidly limited by regulations that impose low ceilings on available financial resources and the immobilization of significant cash volumes. As a result, they have to find ways of refinancing at concessional rates.
- Or they struggle to provide effective financing for small producers, gradually shifting their activities towards less risky sectors to offset losses and manage risks. The social function of microfinancing is diminishing, and agricultural projects are receiving less and less funding.

Ideas

Funds should first be focused on taking on the risk of small-scale producers to help them make sustainable investments. Drawing inspiration from Senegal's PAVIE program *(Projet d'appui et de valorisation des*

[34] *The OECD's Development Assistance Committee (DAC) is a unique international forum whose 32 members are among the world's leading aid providers.*

initiatives entrepreneuriales), **the implementation of public lines of credit within private financial institutions has proven to be effective.** In fact, by dedicating a line of credit at a highly concessional rate (€100 million at 5% for PAVIE), private Senegalese banks were able to finance farms, with technical assistance from program members who co-studied loan applications and business models. This program had a considerable virtue: it helped these banks develop a clientele and increase their confidence in this clientele, to the point where after a few years they were able to offer low-interest loans without government assistance.

Similarly, microcredit, the second proven solution, needs to be encouraged, as it is struggling to scale up. It seems crucial to consider modifying national and regional regulations, especially within development banks, to facilitate refinancing at more consistent concessional rates.

Echoing the recommendations made in the second part of this report, cooperatives and value chains facilitate private-sector financing. In the first case, critical mass makes financing more simple, and group pressure among cooperative producers significantly improves repayment rates. In the second case, solidarity between members of the value chain, reinforced and contractually defined by value chain agreements, is likely to level out risk and lower rates. The involvement of a French or European player in the sector provides opportunities for more accessible financing that can be shared within the sector.

When it comes to financing SMEs in the sector, the most promising solution is equity financing. To meet this need, the establishment of private dedicated investment companies in partnership *(local-international)* is an effective way forward. Backed by start-up capital and financial expertise, these companies can raise funds to meet the growth needs of their client companies, assuming the risk with them, and without imposing monthly financial charges *(unlike a bank)*. Repayment to these companies occurs through a profitable equity investment, which can be

divested at a later stage. However, this virtuous model is still underdeveloped. **Equity investment is an under-used tool in this sector,** and it would be best to facilitate this type of financing through public action levers *(guarantees, tax exemptions in the early stages of structuring)*.

Lastly, remittances from African diasporas to their home countries are likely to be a major source of funding, which should be channeled into the agricultural sector. To date, $95 billion in remittances have been sent to Africa by diasporas *(around 160 million people)*, including $49 billion to sub-Saharan Africa. These remittances represent between 2% and 3% of African GDP, support around 200 million people, and are 3 times greater than ODA to the continent, and greater than foreign investment ($88 billion). These funds are often earmarked for short-term needs but could be allocated to small-scale investment. In fact, barely 20% of remittances are used for investment purposes, the rest being used primarily for family consumption. Crowdfunding or investment solutions, *via* online platforms or savings solutions, could help to achieve this.

Proposal details

- Encourage the emergence of national and local agricultural banks capable of offering loans and insurance solutions, by sharing best banking practices and setting up financial partnerships with European agricultural banks. The involvement of the latter could be encouraged by public incentives (tax exemptions in the structuring phase).
- Cooperate to help implement a regulation that imposes a percentage of local banking activity dedicated to the agricultural sector.
- Provide West African private banks with guaranteed lines from public backers to finance small-scale producers at concessional rates, thus creating a reference customer base capable, in time, of prospering on its own.
- Support the development of private equity investment companies capable of financing pre-investment and investment cycles for agribusiness operators and food processors, by encouraging initial

capitalization through public support or by informing European investment companies of the needs of the West African sector.

- Encourage public and private equity investment in West African SMEs in the agricultural sector through public action levers *(guarantees, tax exemptions in the early stages of structuring)*.
- Integrate public and private financing to support investments and reduce commercial bank risks, by means of de-risking instruments supported by one or more funds dedicated to financing agricultural and livestock businesses, with a specific focus on SMEs. This activity could be included in the CSR balance sheet of new private funds.
- Modify the prudential regulations of the WAEMU zone to increase the proportion of banking liabilities in the zone associated with loans to the agricultural sector, particularly for micro-finance institutions.
- Invest in warrantage[35], *via* ODA, notably by financing the need for warehouses and storage infrastructure.

Agricultural insurance

Challenges

In addition to financing, agricultural risk coverage is a key factor in supporting farmers, especially when considering the impact of climate change and the ensuing increasing risks for harvests. However, the adoption of insurance remains limited, and farmers approach it with caution, primarily due to the challenge of perceiving its direct benefits.

In the West African context, index insurance can be more agile than traditional insurance, which requires a claim to be established by an expert *(a long and complex process in a fragile institutional and infrastructural environment)*. Index insurance is based on the monitoring of a variable, an index, such as rainfall and temperature, to estimate the yield loss incurred by a crop or livestock. An insurance offer for cereal producers is made

[35] *Elia Sanchez Garrido, Isabel Suarez Sanchez, OXFAM, "Smallholder 'Warrantage' in Burkina Faso", October 2015.*

in the event of rainfall deficits, in some cases it can be combined with a microcredit, but this has garnered a still relatively modest adoption rate that should be scaled up[36].

Ideas

To overcome this limitation, raising public awareness and creating training initiatives would be useful. These could be accompanied by changes in local legislation, with a combination of obligations *(compulsory micro-insurance for small producers, or compulsory insurance as part of a cooperative)* and public subsidies for insurance taken out with banks and insurance companies specializing in the agricultural sector. The cost and risk would then be shared between public authorities, insurance companies and producers.

What's more, technological solutions are also in a position to help meet part of the challenge: online banks and insurance companies, *via* telephone follow-up of producers, are likely to provide this type of underwriting and explain it directly to customers. The initial reluctance and need to visit a branch would thus be overcome. The use of a remote solution would enhance the efficiency and transparency of the services offered. Farmers could easily file claims, track the progress of their claims, and receive prompt feedback. This approach is particularly beneficial for index insurance, allowing farmers to monitor the same indicators as the insurance company.

Proposal details

- Get involved with awareness-raising and training programs run by West African public bodies for agricultural producers and cooperatives, *via* technical assistance providers or research centers.

[36] *Grain de sel, « Agriculteurs et accès au financement, quel rôle pour l'État », 2016.*

- Encourage the development of local legislation with a combination of obligations *(compulsory micro-insurance for small producers or compulsory insurance within the framework of a cooperative)* and public subsidies.
- Democratize low-cost agricultural insurance solutions using funds held by public backers willing to take on risk.
- Promote the deployment of decentralized online insurance solutions, providing producers with direct, dedicated and transparent services.

b. Using ODA to foster productive agro-industrial development

Recommendation 9

Focus official development assistance (ODA; public donors) on agricultural production.

Official development assistance: a growing but unfocused public policy

General observation and current situation: **France's official development assistance policy is structured according to the strategy outlined in the programming law of August 4, 2021 "relative au développement solidaire et à la lutte contre les inégalités mondiales" (concerning sustainable development and the fight against global inequalities).** This legislative framework translates into law the guidelines established by the Interministerial Committee for International Cooperation and Development (CICID). **The renewed emphasis on Africa is manifest.** This turnaround comes after a 15-year decline in Africa's share of French ODA, highlighted by the 2018 report by lawmakers Hervé Berville[37]. While still the leading beneficiary continent of French ODA, sub-Saharan Africa's share fell from 45% in 2010 to 29% in 2016.

This problem reflects the excessive number of objectives assigned to this policy. The latest OECD report on global ODA is unequivocal on the issue of fragmentation[38]: *"The fragmentation and proliferation of low-value projects increase complexity and management challenges for developing countries. Declining support to country systems is undermining the potential for co-ordination and alignment […] bilateral and multilateral development assistance programs and projects are increasingly fragmented and of low added value, generating significant costs for recipient countries and other partners.* ***In 1960, DAC members, on average, provided aid to 15 recipient countries and territories. In 2021, the average was 97.****"*

While ODA is on the rise, **this positive trend conceals accounting intricacies** and a variety of budgetary cooperation strategies, particularly climate policies, which distort the accurate assessment of expenditure solely dedicated to economic development. In other words, the inclusion of refugee management costs or French participation in major climate policies tends to mask the low percentage of ODA allocated to agro-industrial development in Least Developed Countries (LDCs).

It should be noted that this fragmentation is also encouraged by a tendency among donors to disburse funds too quickly, leading to money being spent each year on projects of little relevance. For accounting and accountability reasons, the pressure to disburse donor funds at all costs has a perverse effect.

Given this general observation and the criticisms levelled at ODA by West African partners, a fairly radical change of approach seems necessary. Moreover, considering the challenges encountered in the last 60 years of development aid policies, a stance of humility is warranted,

[37] *Hervé Berville, Rapport sur la modernisation de la politique partenariale de développement et de solidarité internationale, August 2018.*

[38] *OECD, "Development Co-operation Report 2023: Debating the Aid System", Summary, 2023.*

as these strategies have faced difficulties in fulfilling the expectations of the most impoverished nations. **To have a substantial impact, the best course of action would seem to be a focused approach, both geographically and sectorally.**

Targeted and sector-based ODA: refocusing ODA on agro-industrial production

Challenges

ODA has progressively shifted away from agricultural production. In a 2010 article, a clinical analysis is made of this trend, which has still not been reversed in 2023, as explained hereafter. *"Methodological preventions should not obscure the strong trend of serious disengagement of ODA from the agricultural sector […] The share of agriculture in ODA has fallen sharply […] from 17% in 1980 to 3.8% in 2006. Multilateral funding for agriculture has been much more sharply reduced than bilateral funding, falling from $3.4 billion in 1980 to $0.5 billion in the mid-2000s*[39]*."*

As early as 2010, CIRAD (French agricultural research and cooperation organization) researcher Vincent Ribier explained **the structural reasons:** *"Many donors, particularly multilateral ones, have prioritized social spending on health and education; debt relief programs have also diverted available resources away from productive sectors such as agriculture. Adding to this strong trend were the inherent difficulties of the agricultural sector: […] agriculture is a complex sector with a high failure rate for projects. These factors have prompted development agency managers to turn away from the agricultural sector, in favor of others with a higher success rate […] This trend […] has been reinforced by the low demand for agricultural support from recipient countries. Many of these countries have dropped the agricultural sector from their own agendas."*

[39] *Vincent Ribier, « L'APD entre promesses non tenues et nouveaux partenariats », 2010.*

Current situation

A limited sectorization policy focused on agro-industrial development would enable focused investment over several years. Development will only take place endogenously, and development aid policy will only make a tiny contribution to it. The AFD notes that *"[North-South ODA transfers] are only a secondary or indirect instrument: the main action is played out at the level of national trajectories."* Keeping this humbling fact in mind, focus on certain regions and sectors *(agriculture, water, infrastructure)*, over periods of 3 to 5 years, could yield tangible results.

The OECD compiles figures from the 32 members of the Development Assistance Committee (DAC). In 2021, from a total $147.7 billion in ODA, only $5.5 billion was devoted to "agriculture, fisheries and forestry" (3.7% of the total). This amount is lower than administrative expenditure (*refugee management, administrative costs;* 15.3%) and humanitarian aid (16.8%), and significantly less than social infrastructure *(health, education, governance;* 40.7%).

Does massive investment in social infrastructure and human capital lead to economic development?

This report obviously does not claim to provide a definitive answer to this intricate question. However, it does underscore a notable distinction between support for human development and support for productive development. Whether discussing food sovereignty, consumer goods production, or employment opportunities, fostering the growth of the productive and economic framework is imperative. Generating wealth for the population is a fundamental prerequisite for enhancing a country's human and social capital. Industrial and scientific revolutions have preceded or closely accompanied improvements in living conditions for populations in developed countries. Hence, it is crucial not to overlook this dimension, as neglecting it might risk reversing causality: while a healthier, well-educated population is an essential goal, it alone may not be adequate to initiate endogenous cycles of economic growth. This is illustrated by the currently seized-up job markets in West Africa.

The European dimension

Challenges

European development and international cooperation policy is ambitious and has a substantial budget, however, it exhibits limited responsiveness when it comes to collecting, designing and implementing projects. This point was strongly emphasized by those interviewed.

Current situation

In 2021, a restructuring occurred with the creation of the NDICI-Global Europe instrument *(Neighborhood, Development Cooperation and International Cooperation Instrument)*. This financial instrument dedicated to external action is endowed with €79.5 billion under the 2021-2027 multiannual financial framework. It merges some ten European instruments and streamlines the European ODA landscape. Sub-Saharan Africa is a clear priority for NDICI, and should account for €29.2 billion of funding over the period. The adoption of a "Team Europe" programming format to coordinate donors in collaborative projects represents a significant step forward.

The European Investment Bank (EIB) is active in Africa, investing in the health and climate change sectors. It is the investment bank of the Member States of the European Union, and they are its shareholders and hold its capital. By 2021, the European Investment Bank (EIB) had contributed funds totaling €4 billion to projects in Africa, constituting half of its global financing outside of Europe[40]. **The European Bank for Reconstruction and Development (EBRD) recently saw its mandate extended to Africa:** on May 18, 2023, the EBRD Board of Governors approved the expansion of its activities to sub-Saharan Africa and Iraq. The EBRD has a wider shareholder base than the EIB: its capital is held by 65 countries, as well as the European Union and the EIB. In the current context, Ukraine remains a top priority for the EBRD. Nevertheless, the EBRD has developed considerable expertise in financing projects to support growth in countries transitioning to a market economy.

The other major donors do not necessarily emphasize the development of agricultural production in their approach.

Challenges

The big donors focus on the development of infrastructure and trade integration in the region – which are laudable and useful objectives for the development of agricultural production in West African countries. However, they do not necessarily make the structuring of this sector and its value chains a priority. Similarly to France and Europe, a shift in strategy is imperative to generate a cumulative impact that serves as an accelerator. Scaling up solutions for structuring the agricultural sector requires a commitment from all major international donors.

[40] *Interview with Ambroise Fayolle, Ambroise Fayolle – BEI « Nous allons beaucoup augmenter nos financements verts en Afrique » (latribune.fr).*

Current situation

The World Bank's actions contribute to the implementation of a pro-trade policy, particularly in the agricultural sector, but it does not necessarily make the development of this sector a priority. In its own words, *"Between April 2020 and up to its last completed fiscal year ending June 30, 2022, the World Bank committed an unprecedented total of $28.5 billion for 234 projects covering key priority sectors. […] Over the past ten years, the World Bank Group has more than quadrupled its resources in the Sahel and mobilized more than $8.5 billion between 2020 and 2023, making it the leading contributor to development in the region. […] Priority areas of engagement in West and Central Africa cover regional infrastructure networks, economic diversification, trade and transport facilitation, finance, human capital development, resilience, and fragility."*

By contrast, China is incorporating the African continent into its overarching foreign policy, particularly in leading the nations of the "Global South" against Western influence. While actively participating in the development of trade infrastructures to enhance regional commerce, China exhibits no specific dedication to the agricultural sector. This lack of interest is unsurprising, given its status as a significant exporter of food and agricultural products to Africa. A few figures illustrate this commitment: *"In 2003, the total stock (accumulated year after year) of Chinese investment on the continent was 4.9 billion dollars. It was 130.4 billion in 2010 […] and 473.5 billion in 2020. 70% of this investment is concentrated in 12 countries, notably South Africa and the DRC. […] 70% of these investments are now made by private companies[41]."*

The United States take a different approach. U.S. policymakers have always maintained relations with all the countries on the African continent. Although, for a long time this region remained secondary in U.S. foreign policy, viewed solely through the prism of competition with major adversaries such as the Soviet Union or China. Since August 2022, the Biden administration has been attempting to reverse this trend with the drafting of a dedicated strategy for sub-Saharan Africa[42]. This effort was notably embodied in a summit of African presidents in Washington in December 2022, and in numerous trips by American leaders. **In the field of development, bilateral aid is significant but contextual,** as American funds tend to supplement major international donors and support global initiatives. One of the main objectives is economic development and trade integration.

[41] *Olivier Marbot, « Chine-Afrique : l'irrésistible ascension des investisseurs privés chinois », Jeune Afrique, 02/27/2022.*

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Conclusion

Overall, French and multilateral ODA figures are respectable, demonstrating a commitment but rarely exceeding 3-5% of commitments in all areas. We feel this is not commensurate with the stakes involved and bear no comparison with the amounts that have enabled the sustainable development of agricultural production systems in developed countries.

Proposal details

- Rank and prioritize ODA objectives, to ensure that a significant portion of aid genuinely serves the agricultural sector in LDCs and is not diluted by third-party sustainable development objectives.
- In order to have a real impact, guarantee a minimum ODA threshold for priority countries, thus avoiding the dispersal of funding to less needy countries.
- Move away from geographical disparities in ODA, by no longer supporting developing countries with sustained, endogenous economic

[42] *White House, "US Strategy toward Sub-Saharan Africa", August 2022.*

growth, in particular large emerging countries such as India, or regions that are significantly more developed than Africa, such as Latin America.
- Separate budgets dedicated to ODA from those dedicated to climate or refugee management, for greater clarity.
- Set up a public fund to absorb budget surplus, in order to curb the automatic disbursement reflex and build up a useful reserve for structuring projects *(support for multilateral ODA or infrastructure)*.
- Shorten the chain of requirements gathering and project design, involving only local NGOs and project companies.
- Gradually reduce so-called stability actions in favor of a focus on agro-industrial development.
- Clarify the mandates of the EIB and the EBRD in Africa by focusing the EIB's action on infrastructure financing, in concert with the EU, and the EBRD's action on private sector development, as it has done in North Africa. In the agricultural sector, the EBRD would have key expertise to contribute when it comes to supporting the expansion of local and international businesses.

Moving towards a common agricultural policy for the West African region

Challenges

Income support and market measures implemented by Europe's Common Agricultural Policy (CAP) have helped boost the productivity and profitability of agricultural production. The same type of budgetary measures seem necessary to ensure the incomes of West African producers while they upgrade their skills and make the transition from subsistence farming to productive agriculture.

Current situation

The WAEMU zone already has a Union Agricultural Policy (UAP) designed for cooperation, the establishment of shared regulations and the harmonization of laws between countries in the zone.

However, it lacks the financial clout to support agricultural production. In 2022, WAEMU launched the Regional Agricultural Information System (SIAR), streamlining the exchange of agricultural information between WAEMU countries, and consolidating production indicators by country and regional agricultural sectors[43]. **ECOWAS includes WAEMU countries as well as 7 additional countries including Nigeria and Ghana, and adopted an "ECOWAP" agricultural policy in 2005.** Its objectives are similar to those of WAEMU, but ECOWAP is limited in terms of its impact and influence.

Idea

Consider this a theoretical exercise. What might be the ballpark figure for an income guarantee for West African farmers? A theoretical estimate could offer insights into the budgetary implications of implementing such a measure. While not a precise calculation and open to debate due to its consideration of broad figures and a theoretical ratio, it does provide a reasonable estimate, emphasizing the need for a thorough future study to assess the viability of this policy on a WAEMU scale, taking into account the granular and diverse situations of agricultural producers.

The European Common Agricultural Policy has cost €55 billion for 2021. It involved some 9.2 million farmers in 27 European countries. In France, €9 billion of this budget was paid out to 472,000 farms, including around 760,000 farmers. This amounts to an average of €19,000 per year per farm, or €11,840 per year per farmer. If we consider an average net salary for French farmers to be around €1,500 per month (i.e., €18,000 net per year and approximately €30,000 gross), the CAP provides an average 40% subsidy to cover the salary of a French farmer. This serves as our theoretical subsidy ratio. In the WAEMU zone, there are 28 million people working in the food sector, 80% of whom are farmers, totaling 22.4 million individuals. Assuming a reasonable target salary of €150 on average

[43] *SIAR website: Home (uemoa.int).*

per farmer – which is higher than the average salary – and applying the same theoretical ratio, this would require €1,200 per farmer per year, amounting to €26.8 billion *(between 10% and 20% of total ODA from DAC countries, depending on the year)*. Naturally, this figure can be adjusted, with a less substantial but steadier income guarantee. This theoretical exercise demonstrates that such a scale is far from unattainable, and can be reached through budgetary and technical cooperation between the major international donors and the countries of the region.

For instance, these guaranteed incomes could initially be introduced through the integrated cooperatives framework we are advocating for, gradually aiding the sector in its structural development.

Proposal details

- Study the viability of a minimum income guarantee for small-scale agricultural producers, allocating a portion of multilateral ODA to this initiative, and deploying it on a regional scale to strengthen the agricultural policy for the region.
- Use technical assistance projects to support the emergence of a truly harmonized regional agricultural policy at ECOWAS level, based on the WAEMU agricultural policy. Encourage the development of the WAEMU's FRDA – which could eventually become an effective financial tool for supporting producers in the WAEMU – in conjunction with the BOAD *(West African Development Bank)*, which is more focused on funding infrastructure.

c. Supporting governments in mobilizing domestic resources

Recommendation 10

Assist these countries in improving tax collection through innovative administrative practices, directing funds toward long-term agricultural development, and progressively formalizing the informal sector into the legal economy.

Challenges

The low mobilization of internal resources is a macroeconomic challenge that hinders the development of the region's governments. In 2019, the compulsory levy rate in the WAEMU zone was close to 14% of GDP, whereas the zone has set itself a community target of 20% of GDP.

Corruption is one of the mainstays of poor governance in West Africa. Fighting corruption must become a priority, particularly when it comes to taxation and tax collection. It is indeed understandable that tax collection rates are so low, given that populations do not feel they are benefiting from infrastructure and services commensurate with their contribution.

Ideas

While improving governance practices obviously falls within the purview of West Africa's political leadership, who must demonstrate courage and exemplary behavior, **cooperation mechanisms are likely to have virtuous effects.** These include: identifying and promoting the good practices observed in certain West African countries; identifying and supporting exemplary political players who can show tangible results in improving governance; decoupling public development aid and refraining from demanding reciprocal arrangements related to democratic governance, but consistently supplementing development projects with technical assistance programs in this domain…

Tunisia and Senegal are pioneers, having set up programs to include the informal sector as part of the Covid aid package. The aim was to gradually register informal entrepreneurs so as to provide them with financial assistance as well as to establish a rapport with them. This process involved clarifying that tax obligations would be introduced after several years and would be based on profits.

Finally, among these inclusion mechanisms, **online tax payment emerges an effective tool** that should be systematized, as it guarantees greater traceability and limits corrupt practices.

Proposal details

- Design online tax payment solutions to increase the base of levies due and identified while avoiding corruption.
- In order to gradually include the informal sector in the legal economy, use the leverage of income guarantees and state aid for agricultural producers and businesses in the agricultural sectors.

3.2. ATTRACTING FOREIGN INVESTMENT TO BOOST THE SUBCONTINENT'S AGRICULTURAL ECONOMY

One of the aims of this report is to encourage the West African agro-industrial fabric to produce and export finished products with higher added value. To achieve this, French and European companies can play a key role in helping their West African partners. This process

requires more than a few years involvement, it needs a long-term commitment.

a. Despite preconceived stereotypes, the region is dynamic and brimming with opportunities

General observation: Although West Africa is marred by major inequalities in development and wealth, **the sub-region has demonstrated considerable resilience during the health crisis and is experiencing above average growth for sub-Saharan Africa.** The zone's richest countries, Senegal and Côte d'Ivoire, are real engines for growth. Côte d'Ivoire alone accounts for over 40% of the UEMOA zone's gross domestic product (GDP), and Senegal for over 17%.

Estimated wealth indicators in the WAEMU zone in 2022

	GDP growth	GDP per capita (current US dollars)	GDP per capita growth
Benin	5.7%	1,296 USD	2.8%
Burkina-Faso	3.6%	859 USD	0.7%
Côte d'Ivoire	6%	2,468 USD	3.3%
Guinea-Bissau	3.8%	898 USD	1.5%
Mali	2.5%	842 USD	-0.5%
Niger	7.1%	583 USD	3.2%
Senegal	4.7%	1,553 USD	1.9%
Togo	5.4%	921 USD	2.9%
WAEMU	5.1%	1,322 USD	2.2%

Source: IMF.

Contrary to preconceived stereotypical notions, the Greater Sahel region is dynamic and has been growing at a higher rate than the Gulf of Guinea and all other African sub-regions since 2019[44, 45]. Life expectancy has also risen sharply, from an average of 49 years in 1990 to 61 years in 2018, an increase of 12 years compared with 10 years for Africa as a whole. Per capita income has also risen by +67% compared to 1990, reaching $885 in 2020. **West Africa is therefore the most dynamic geographical area on the African continent in terms of economic growth.** This is due to the structure of its economies, some of which are more diversified than in other parts of Africa.

While foreign direct investment (FDI) in Africa reached a record high in 2021 ($83 million), West Africa is particularly well positioned compared to the rest of the continent. It saw a 48% increase in FDI between 2020 and 2021 thanks to the economic recovery, rising from $9 million to $14 million, although these amounts are low by global standards. **The great economic powers of China, India and the United States are relatively less involved in West Africa.** France and its European partners have an important comparative advantage in investing and cooperating with West African countries.

With the CFA franc and its upcoming replacement (ECO), West Africa's monetary stability is a significant advantage for West African economies in attracting international investment. Current inflation is significantly lower than in neighboring countries, notably Ghana and Nigeria, which are heavily affected by currency volatility.

Contrary to preconceived ideas about West Africa, the region offers a wealth of opportunities that go far beyond its rich soil. The region is a major attractor of French and European FDI at an immature stage

[44] *The Greater Sahel, as defined by AFD, comprises the following countries: Chad, Niger, Burkina Faso, Mali, Senegal, Guinea Bissau, Gambia, Cape Verde and Mauritania.*

[45] *AFD, « Les grandes tendances macroéconomiques de l'Afrique et de ses régions, L'économie africaine 2022 », 2023.*

of development in the agricultural and industrial sectors, where major productivity gains are expected in the future. The global economic recovery has been supported by donors (historic allocation of special drawing rights by the IMF; Paris Summit for a new global financial pact, in June 2022).

While the region's demographic evolution presents challenges, it is an important and sustained driver of growth over the coming decades, particularly in the food and agricultural sectors. This factor alone is likely to explain the current and future profitability of this sector in a regional market that is rapidly becoming the largest in the world. Demographic change will also drive demand for manufactured goods and services. In 2019, the UN reported that *"the population of West Africa (ECOWAS and Mauritania), which today represents almost 37% of the sub-continent's population, is expected to grow even faster, from 391 million in 2019 to 796 million in 2050 (+104%) and 1.5 billion in 2100 (+284%)[46]."*

It is noteworthy that the ongoing geopolitical tensions, exemplified notably by the U.S.-China confrontation and the global Covid-19 pandemic, have underscored the vulnerabilities inherent in dispersed and globally interconnected value chains. These observations call for a review of international industrial and commercial structures, with a European determination to encourage the reshoring of value chains. In this context, West Africa has an absolute advantage to play, being at a fairly close geographical, time and cultural distance from Europe. The countries of West Africa offer opportunities to relocate all or part of certain industrial production, particularly for processed products derived from agricultural raw materials.

West Africa also benefits from a skilled, young and digital-native workforce. The average salary in the WAEMU zone is around $100, and the level of education is high, which is a source of frustration for young

[46] *MINEFI, « Perspectives démographiques en Afrique de l'Ouest », August 2019.*

graduates struggling to find work. This talent pool is largely under-exploited by national economies.

Furthermore, the ecological transition represents a key opportunity for West African economies, likely to catalyze their industrialization and overall development. This global shift is set to be propelled by two critical assets: the abundance of rare earths and the availability of affordable, decentralized renewable energy.

Finally, on a more short-term basis, the rise of "anti-French sentiment" in several countries in the zone may have dissuaded French companies from considering expansion in the sub-region. Our interviews with companies there showed that the upsurge in "anti-French sentiment" had little impact on French companies. On the other hand, the idea that "France is not welcome" is affecting the investment decisions of companies that are not yet active in Africa. French and European companies alike need to get over this nagging idea.

b. Professionalizing the business environment

Recommendation 11

Pursue the professionalization of the business environment to secure long-term investments, aligning with the G20's Compact with Africa initiative, while ensuring application of quality and operational standards in international funders' regional project calls.

Challenges

The attractiveness of West African countries varies greatly, but they all face the same problem when it comes to attracting investment. The security threat discourages investment. Beyond the security issue, the quality of the business environment is a major barrier to the development of foreign investment and local companies. **The financial risk incurred by companies investing in Africa is a direct consequence of normative and security instability.** This risk varies widely across the sub-region. Mechanisms to support companies in exporting (export credit) and the efforts of public operators *(BPI France and Business France for France)* to make companies aware of the specific features of each country play a key role in helping them to assess their risk, but above all to raise awareness of business opportunities in the sub-region.

Current situation

Legal uncertainty becomes particularly acute in an unstable business environment, often intertwining with challenges related to fiscal harassment, property and financial regulations *(repatriation of capital and currency outflows)*. In the field of business law, the work of OHADA *(Organization for the Harmonization of Business Law in Africa)* is noteworthy and welcomed by all stakeholders. It promotes harmonization of the legal systems of West and Central African countries. **In recent years, West African countries have made significant progress in improving their business climate.**

Benin, Burkina-Faso, Côte d'Ivoire, Ghana, Guinea Conakry, Senegal and Togo are also members of the G20 "Compact with Africa" initiative, which promotes improvements in the business climate in volunteering African countries. Operating as a "club" of the most committed countries, the Compact with Africa promotes the dissemination of best practices and the adoption of best international standards. While challenges endure in certain countries, there has been a significant improvement, with an end to the land expropriations of the past decades and the establishment of regulatory frameworks enabling the repatriation of investment profits.

Despite these efforts, a significant disparity persists between the normative framework and its practical implementation. The substantial discretion granted to individual countries, coupled with rampant corruption within local judicial systems and administrative hurdles, has compelled international investors to insist on contractual clauses that prioritize dispute resolution in reputable foreign jurisdictions *(such as Paris or London)* or through offshore arbitration mechanisms. **In West Africa, while conditions may differ from country to country, the adjudication and enforcement of judgments by local courts frequently pose significant challenges for foreign companies, who are unable to obtain compensation in the event of damage.** This hurdle is a critical impediment to a conducive business environment.

Ideas

Calls for projects from major international funders should be systematically conditional on compliance with these criteria and on the evolution of legal standards among partners. Adherence to compliance rules or ESG criteria mandated for foreign companies proves challenging, primarily due to the risks associated with corrupt practices and the lack of transparency that prevents due-diligence activities. These challenges lead to additional expenses, rendering European projects less competitive against proposals from other countries *(China, Russia, Turkey, the Gulf States)*. To address this issue, the solution is not to condone corrupt practices but to establish a systematic approach wherein major international donors/funders condition project calls on strict compliance with these criteria and the advancement of legal standards among project partners. Without this systematization, projects will always go to the lowest bidder, which will have a negative impact on the business climate. Furthermore, while waiting for legal and compliance standards to align in the WAEMU zone – which inevitably occurs with a few years' lag – it might be conceivable, under strict conditions, to temporarily reduce ESG requirements for European companies in the context of projects in West Africa. This temporary adjustment aims to prevent a substantial comparative disadvantage vis-à-vis their global counterparts.

Proposal details

- Support the implementation of the Compact with Africa project signed by the G20 in 2017, by identifying funding, ensuring donor coordination and the provision of funds by the World Bank.
- Based on the virtuous OHADA framework, ensure that it is applied in practice in each country through specific financial incentives.
- Systematize the implementation of quality criteria in regional calls for projects by international funding agencies, to avoid a low-bid approach, while adapting compliance standards (ESG) to the maturity of each country in order to create virtuous precedents.

c. Strengthening public/private and private/private partnerships

Recommendation 12

Encourage sustainable investment from companies in the West African zone through a dedicated export policy focused on agro-industrial investments, fostering private partnerships between European and African companies.

Bringing the public and private sectors together

Challenges

The interviews conducted for this report revealed a notable disparity in the approaches taken by public and private players in these sectors of economic development. For the vast majority of public projects, the public player in charge designs the project independently, entrusts its execution to a service provider, and often overlooks subsequent financial considerations *(such as taxation implications and the project's subsequent cost burden within the partner's local/national budget; failure to factor in the project's ongoing operating and maintenance costs)*. Conversely, private companies take these issues into account in their business models but have little incentive to meet the needs of isolated regions on their own, as such projects are risky and rarely profitable. These distinct and isolated approaches are rather counterproductive, and only a partnership between the two is likely to trigger virtuous cycles reaching remote rural areas.

This partnership approach needs to be extended to the French/European and West African private sectors, as there are many opportunities to design projects and create value together. Mutual indifference or ignorance often explains the low number of projects. What's more, these partnerships are likely to generate cost and risk sharing while opening up interesting respective outlets.

Current situation

BPI France supports French companies in their development in Africa and has 4 offices (Abidjan, Dakar, Nairobi and Casablanca), 2 of which are in West Africa. In addition to supporting companies through credit insurance *(assuming guarantees)*, BPI's priority is to facilitate and finance business flows and partnerships between French and African companies. **For financing, BPI collaborates closely with Proparco, a subsidiary of the AFD group, and with the Averroès Africa fund, enabling it to invest in 150 African companies.** However, little has been done in the agricultural sector and in isolated rural areas.

Ideas

Development projects spearheaded by technical agencies or donors often fall short in adequately involving European or local companies, as well as local NGOs, during their design phase. The technical proficiency of the former, tasked with executing the project, coupled with a nuanced understanding of needs by the latter, are both substantial advantages in formulating the most impactful and efficient projects.

In this context, it is also worthwhile for a European company to build partnerships with local businesses to help them structure and develop, in line with the equity investment companies mentioned above. However, such partnerships must be understood in the long-term, to allow time for structuring and to limit the effects of disempowerment of local public and private decision-makers *(Dutch disease)*, as well as the weakening and destabilizing negative effects of short-term FDI *(particularly true in the extractive sectors)*[47].

Proposal details

- Encourage the creation of private partnerships between European and African companies, by mobilizing State players in the service of a shared ambition.
- In the Sahel, because of the higher risks involved, systematize the establishment of partnerships between French companies and local businesses. Encourage financial intermediation and equity investments by European companies in Sahelian companies, rather than direct investments.

[47] *Bruno Emmanuel Ongo Nkoa, Jacques Simon Song, "Can we explain fragilities in Africa through foreign direct investment?", 2021.*

- Consolidate calls for public development projects through upstream discussions with local partner companies and NGOs, to guarantee the operationality of specifications and conditions for implementation.
- Strengthen links between European and African companies, to encourage the deployment of risk-sharing investment projects.
- Establish a plan for public-sector export support agencies to visit European regions to raise awareness of the various export financing tools available to SMEs in the agro-industrial sector.

Conclusion

Where to begin?

These recommendations form an ambitious program of support, structuring, and cooperation, which will require consistent investment over one or two decades to have a lasting and widespread impact. Nonetheless, certain measures could yield quicker results and foster tangible outcomes.

The crisis in the Sahel and northern coastal countries calls for responses across all the factors mentioned at the beginning of this report. The political issue is paramount, and solutions involving dialogue and the inclusion of isolated populations must be implemented as quickly as possible. Political mediation initiatives, led by friendly nations, could facilitate dialogue and establish a framework for negotiations with hostile political entities within these countries. This approach would initially involve secessionist or strongly oppositional political groups, followed by engagement with jihadist factions, in order to protect civilians and reduce violence.

These initiatives must be led alongside very short-term development solutions, via local and international humanitarian organizations such as the World Bank and AFD. These organizations are working to maintain and multiply water points in conflict zones, organize negotiations and inter-community truces on transhumance routes or during harvests, and deliver inputs via local humanitarian channels. Niger, for example, has been quite effective in this type of action, thanks to the government's High Authority for Peace Consolidation.

In the context of uniting strong and pragmatic political initiatives with a global structuring of agricultural development, two projects stand out. One focusing on skills enhancement with agricultural ENVRs, and another focusing on the structuring of integrated cooperatives. These projects are easy to implement and highly promising, both in terms of their impact and their replicability on the West African scale.

AGRICULTURAL ENVRS

West African players in the agricultural sector need to upgrade their skills across a very broad spectrum of activities. The creation of institutes dedicated to knowledge exchange and professionalization could fulfill this ambition, using the ENVR model (National School with a Regional Aim or *École Nationale à Vocation Régionale*). Created in France in 1997, ENVRs are managerial training schools based in Africa and dedicated to increasing the expertise of the defense and security forces in partner countries[48]. This model could be an interesting basis for a similar project adapted to the agricultural sector.

With the active participation of established research players (CIRAD or IRD which are french research centers/networks), as well as collaboration with French/European and local agro-industrial companies, these ENVRs could not only provide training but also be hubs for experimentation and innovation *(farming practices, inputs)*. Crucially, these ENVRs are likely to be key partners in the creation of the integrated cooperatives we are calling for. They play a pivotal role in gradually building a network of knowledge, experiences, and public and private entities to interconnect the agricultural production systems of our West African partners.

This type of facility could undertake structural missions within the cooperation framework in agronomy, such as land fertility mapping for specific regions, or training in new technologies such as spraying or seeding drones.

THE INTEGRATED COOPERATIVE

The concept of the **integrated cooperative** is straightforward: a single location for **production, processing, distribution** and **experimentation** that enables **investment costs and innovations to be** consolidated

[48] *Ministry for Europe and Foreign Affairs: https://www.diplomatie.gouv.fr/IMG/pdf/2022.08.05.brochure_presentation_envr_maquette-finale_cle88f1c9.pdf.*

and **shared,** while generating critical mass sufficient to mobilize backers **and private financing systems.**

An integrated cooperative would bring together **plots for experimentation** *(seeds, fertilizer, phytosanitary products)*, **innovative irrigation systems, shared mechanization tools** *(including spraying and seeding drones)*, **storage and preservation warehouses,** and a **processing/preserving plant.** It would be **powered by photovoltaic panels,** paid for by lessors or be leased.

As part of an international supply chain, it would be able to sign contracts with a single distributor and with European agri-food companies responsible for collecting production and transporting it directly to regional and international markets. Part of the production would be dedicated to regional and international export, and part to the domestic market. This cooperative would be shared by small West African producers *(between 100 and 500)*, industrialists *(partnerships between local and foreign companies)* and distributors *(local and international companies)*.

As a single entity, it should be large enough to:
- share investment costs between producers;
- facilitate access to credit and microcredit, as the strength of the group limits the risk of default and non-payment;
- better manage risk sharing and the use of agricultural insurance;
- be able to have contracts with service providers in a professional manner (seed companies; input producers; mechanization services);
- be visible to private and international backers.

Public funds can be channeled into these cooperatives to encourage producers to adopt this model and facilitate the gradual development of isolated rural areas while sending a powerful message. Intra-sector financing is also made easier by these cooperatives, which become single entities for negotiating and working with local and international distributors and processors.

These cooperatives would be ideal partners for agricultural research and training centers, first and foremost the ENVRs. They could provide priority training for producers, agricultural engineers and cooperative managers, while offering easier access to researchers. Finally, **these cooperatives could be used to promote certification schemes,** notably geographical or quality labels, to enhance the value of their production and facilitate their integration into supply chains.

Initial investment estimates, derived from European Union study reports and ongoing projects in the region, currently being carried out in the various segments[49, 50], make it possible to suggest a **starting investment of approximately €100,000** for consolidating essential infrastructures (warehouses for storage and preservation, mechanization of treatments, soil fertility mapping, solar installations, preservation and processing chains, digitalization, etc.) for an integrated cooperative of around 500 producers. Connecting this cooperative to a local market in a medium-sized town can further encourage integration into local and international distribution circuits (connections between local markets and wholesale markets and/or ports), potentially requiring an additional investment of around €250,000[51].

[49] *Service d'Information et d'Accompagnement sur le Marché, EU, Campagne d'anacarde fictive, 2015 (https://www.nitidae.org/files/63edf22a/campagne_fictive_v2.pdf).*

[50] *Various links listing the projects mentioned and their fixed costs:*
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[51] *Agence Ecofin, « Côte d'Ivoire : le gouvernement lance la construction de 40 marchés de proximité pour un coût de près de 10 millions $ », December 2022.*

The financing of such projects, albeit modest on a global scale, has the potential to serve as a vessel for renewed ambition in agricultural development and regional security.

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In the context of France's renewed approach to the African continent and the ongoing deterioration of the security situation in the Sahel and northern Gulf of Guinea countries, Institut Montaigne has made a priority of addressing key public policy issues in West Africa. This report aims to contribute to an evolving security approach, based on a comprehensive understanding of the root causes of jihadism and the socioeconomic solutions required.

Despite experiencing economic growth, the region is grappling with a cycle of violence fueled by a sense of injustice and frustration among isolated and marginalized populations, both politically and economically. This growth fails to reach rural areas, thus hindering social stabilization, equitable redistribution, and genuine endogenous economic development. Jihadist rhetoric capitalizes on these urban-rural disparities, thus reinforcing a military strategy based on this divide.

This detailed study examines the structural factors impeding development and driving jihadist recruitment. Modernizing the agricultural sector in these countries was identified as the top priority, notably as a means of reaching marginalized populations. Institut Montaigne therefore set out to determine the barriers hindering agricultural development and to promote cooperative and agro-industrial value chains, local processing, and their integration into regional and international markets. A reassessment of development aid policy, focused on greater concentration, can be coupled with mechanisms to promote private investment in West Africa.

This work aims to empower French and European political leaders with a more targeted and impactful economic cooperation policy, while demonstrating the advantages of sustainable investment in this sector and region. French and European companies can play a key role in these initiatives. Our perspective on agricultural structuring and our recommendations for West African leaders to calibrate their public policies are optimistic and forward-looking.

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