



## **POLICY OPTIONS FOR IMPROVING THE EFFECTIVENESS OF QUALITY CONTROL MECHANISMS FOR AGRICULTURAL INPUTS AND OUTPUTS TO ENHANCE CROSS-BORDER TRADE IN AFRICA**

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# Key messages

- Intra-African trade is currently low at 14.4% of total African exports. The continent's current untapped export potential amounts to \$21.9 billion, equivalent to 43% of intra-African exports.
- Strengthening the control mechanisms of agricultural input supply systems and regulatory measures will ensure the availability, affordability, and accessibility of quality agricultural inputs such as seeds, fertilizer, pesticides, animal breeds, and animal feed to smallholder farmers to enable them to increase output to promote intracontinental trade.
- Establishing and strengthening commodity value chains, and linking them to processing, marketing and trade organizations will serve as demand-pull factors to stimulate further production, create employment for the youth and promote cross-border trade.
- Within the framework of the African Continental Free Trade Area (AfCFTA), it is vital to reduce intraregional trade barriers including tariff, quotas, and bills to the barest minimum to promote cross-border trade.
- Building capacity in partial and general equilibrium modeling to generate statistics and forecast for major agricultural commodity production levels, input prices and utilization, stocks, intra-regional trade and their integration, impact of climate change, as well as integration into global trade, will help to inform current and future agricultural sector investments, trade and regional integration policies in Africa.

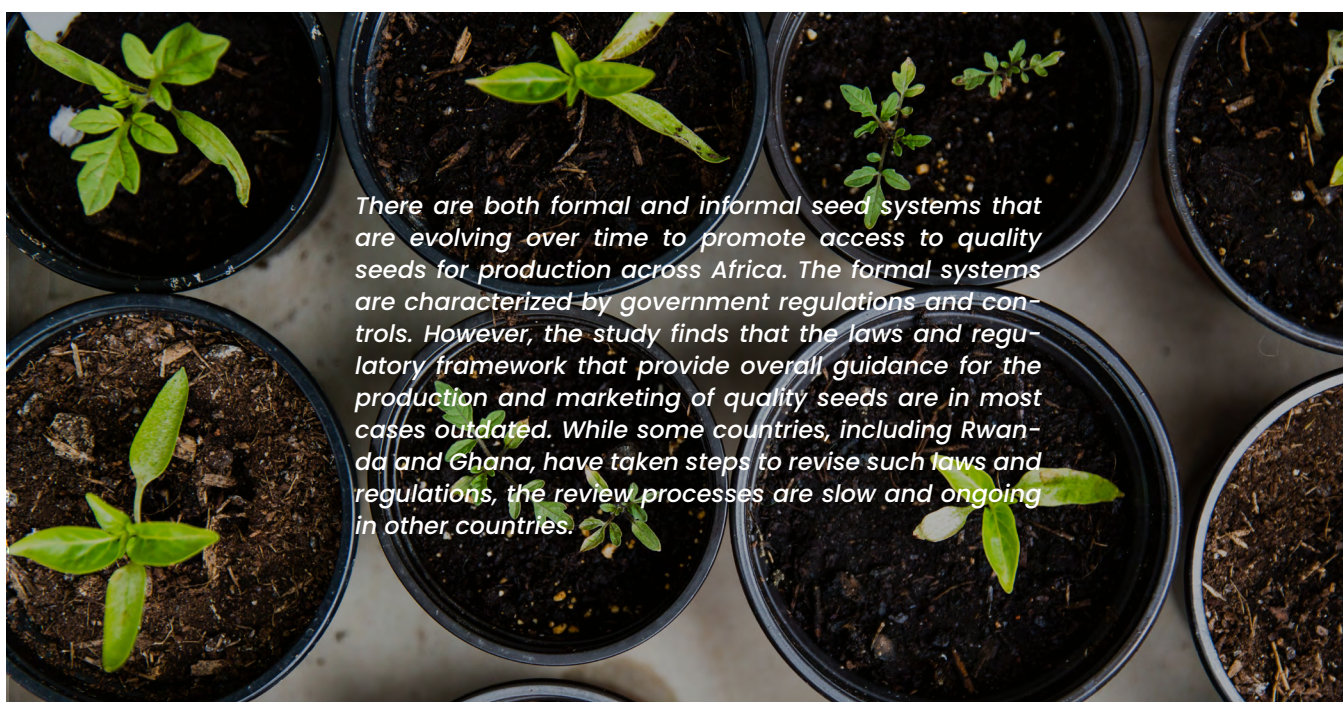
## Context

The African continent is endowed with 60 percent of the world's uncultivated arable lands with potential to produce enough food to feed its growing population, and resources to power its industries for sustainable development. However, the agricultural sector's productivity levels of many commodities lag their potential. This has led to growing gaps between demand and supply of agricultural commodities at national, regional, and continental levels. The resultant effects include the growing food import bills in Sub-Saharan Africa which stood at \$43 billion in 2019. Nevertheless, the growing population of Africa, expanding middle income segments, rapid urbanization and expanding urban food markets, among other factors, present a business opportunity to increase productivity of agricultural commodities, and develop regional commodity markets to promote cross-border trade to ensure the availability of nutritious food at affordable prices. This will further spur production and create jobs for the bulging unemployed youth in the region along the various commodity value chains. Effective regional cross-border trade, however, depends on consistent production and distribution of quality agricultural commodities and nutritious food in surplus quantities, as well as reliable supply and use of agricultural inputs that are environmentally friendly.

## Approach

The study employed an exploratory mixed method approach involving literature review, interviews of key stakeholders and triangulation of findings to assess the effectiveness of existing national and regional quality control mechanisms for agricultural inputs and outputs. Among the key principles of quality control measures for trade are the functions of traceability and identification of origin of produce or inputs. As such, an effective quality control measure to promote cross-border trade should be able to perform these functions without difficulty. Consequently, this assessment attempted to explore the inter linkages of quality control measures at country, regional and continental levels by employing a systems approach as the analytical framework for the assessment. The assessment of the inputs subsector focused on quality control mechanisms to provide access to key agricultural inputs such as seeds, fertilizer, pesticides (herbicides, insecticides, fungicides and others), animal breeds (with a focus on cattle breeds and day-old chicks) and animal feed for cattle, poultry, and aquaculture production. The analysis of the output subsector was, however, general with a focus on non-cash crops and the challenges that existing quality control systems pose to boosting cross-border trade.

## Key findings



*There are both formal and informal seed systems that are evolving over time to promote access to quality seeds for production across Africa. The formal systems are characterized by government regulations and controls. However, the study finds that the laws and regulatory framework that provide overall guidance for the production and marketing of quality seeds are in most cases outdated. While some countries, including Rwanda and Ghana, have taken steps to revise such laws and regulations, the review processes are slow and ongoing in other countries.*

**Continue on Page 4**

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Breeding activities tend to focus on crops of commercial importance such as maize, rice, soybean, cowpea, sorghum, and groundnut to the detriment of other crops that might be of local food and nutritional importance. Research and development and investments in the seed sector tend to be donor dependent, which usually comes to a halt after project completion, thus negatively affecting the sustainability of such initiatives. Although Africa has enough natural resources to produce enough fertilizer for domestic use and for export, fertilizer is generally imported into the continent for agricultural production. Nitrogen imports account for a higher proportion of the combined N, P and K total imports, followed by phosphate and potash. Fertilizer use in sub-Saharan Africa is low compared to other regions. Access to affordable fertilizer remains a major challenge to producers, particularly women farmers. Government periodic interventions to subsidize and or provide fertilizer to farmers free of charge tend to affect the smooth operation of the fertilizer market and distort the efficient operation of the system.

Although Africa has experienced an increased importation and use of pesticides (such as herbicides, insecticides, fungicides, and others as a result of the availability of low-cost synthetic pesticides, the increasing cost of farm labour, and the invasion of pests and diseases), the growth in pesticide usage has not occurred in tandem with regulatory capacity at national and regional levels. This has resulted in varying quality of pesticides on the market. Various regulatory measures and models, ranging from national, harmonized testing protocols to regional models, are being implemented to regulate the sector. While these models are effective to a greater extent, the inconsistencies in terms of the type of pesticides approved and the price differences result in illegal cross-border trade and smuggling at the national borders. Furthermore, supply inefficiencies affect prices of pesticides, making them more expensive for farmers to purchase.

Livestock play an important role in the economies of

Africa, however, production potential remains below expectations, as such excess demand gaps are filled by imports. In 2020 alone, Africa's import bill stood at \$934 million dollars of cattle and cattle products; \$152 million dollars of chicken and chicken products; \$28.3 million dollars of goats and goat products; \$1 million dollar of pigs and pig products; and \$140.3 million dollars of sheep and sheep products.

Animal production in Africa involves the use of exotic breeds and their crosses which tends to be more productive than local genotypes. While local breeds have a better adaptation to the environment and are a unique source of genetic improvement, most of them have low productivity, which results in gaps in demand that are filled by imports. Lack of documentation of performance and pedigree by herdsman make it difficult for conventional evolution of the systems. This is further heightened by the indiscriminate crossbreeding across Africa with no clear goal and limited documentation, resulting in a highly varied population of breed compositions with limited or no information. Many genetic improvement programmes have been implemented across Africa with the aim to increase meat and milk production as well as control for diseases including trypanotolerance and inbreeding. While the various programmes have contributed greatly to improving cattle production, availability of improved cattle breeds continues to be a challenge especially for new farmers who would like to go into that venture. About 90% of all the breeding programmes are donor funded, which usually come to an end after project completion with limited sustainability measures in place to ensure continuity. The success of such programmes is also affected by limited participation of herdsman in setting breeding objectives as most breeding programmes are based on conventional market orientation which is limited or non-existence in Africa.

The poultry sector in Africa is highly impacted by trade liberalization resulting in the importation of frozen chicken to many countries in sub-Saharan Africa to meet demands. Small holder poultry production is a common practice in Africa and an important part of subsistence farming, providing important sources of food, nutrition, income and for cultural purposes. Many interventions and protection mechanisms put in place by governments have resulted in the growth of the poultry sector over the past decades. The poultry subsector in Africa is constrained by high production costs, making them less competitive compared to other regions. The key challenges include limited access to and high costs of production inputs such as day-old chicks, feed, vaccines and veterinary services;

and limited access to and high costs of finance. Poultry farmers also lack modern and high-speed processing facilities. Processing is limited to commercial producers who have access and are linked to supermarkets and cold stores, which are increasingly becoming a key source of supply to consumers in urban centers. Livestock markets in Africa generally face the global concerns of product safety, making them less competitive in global markets. While the situation is improving over the years, more effort is required in terms of regulatory measures to control the quality of inputs and products.

Animal production systems in Africa largely remain dependent on the use of natural resources and free open range systems that are not environmentally sustainable. The dependence on the pastoral system of raising livestock, such as cattle, sheep, and goats, is increasingly becoming a challenge due to climate change and its adverse impact on the environment. The menace of cattle pastoralists across Africa is evidence that such systems are not sustainable and pose both environmental and human threats. The increasing demand for fish as a source of protein and the booming of aquaculture businesses have compelled

many international companies and suppliers who were initially involved in the supply of poultry feeds to diversify into the production of other animal feeds. Among the key challenges are (i) limited support for research and development to develop animal feed using locally available ingredients and the mix of feed composites for the various growing stages of livestock, poultry and aquaculture production; (ii) irregular supply of raw materials and quality concerns; and (iii) limited or no protection for local feed producers.

A lot of cross-border trade activities occur within Africa, most of which are not recorded and are informal in nature. Cross-border trade in Africa is dominated by informal trade with women playing an important role in the trade. Many countries have introduced regulations and measures to help smooth cross-border trade and integrate informal trade into the formal system. These measures are meant to reduce the cost of informal import and export procedures and ease official trade rules to meet the needs of small-scale traders. While these are important developments, documentary requirements at the country's borders remain a challenge to ensure compliance by small-scale traders.

## ***Policy recommendations***

*On the basis of the research findings, a number of measures are needed to help stimulate production and supply of agricultural inputs and output to promote cross-border trade. They include:*

Strengthening agricultural input supply systems and regulatory measures to make agricultural inputs such as seed, fertilizer, animal breeds and animal feed more accessible and affordable to smallholder farmers to enable them to increase production. This entails review and amendment of outdated seed, fertilizer and other inputs supporting policies and regulations at national levels in line with regional and global trends and needs. There is the need to create incentive mechanisms and support systems that enable producers to access support for their production activities as well as access to readily available markets – this could be in the form of a collaborative contractual arrangements between producers, input suppliers and output off-takers (including traders, agro-processors, supermarkets, etc.). Efforts to promote private sector participation in inputs supply and marketing of produce are crucial in this process. Furthermore, there is the need to harmonize regional input regulations and trade policies to help reduce smuggling and illegal trade.

There is an urgent need to diversify plant breeding activities to include other crops of nutritional importance. More people should be trained across the continent in plant breeding, veterinary science, and agricultural inspection and extension services. Indigenous foods that are nutritious and adapt well to the environment and climate conditions of Africa should be promoted. The number of people employed as Agricultural Extension Officers should be increased to reduce extension officer-farmer ratio across Africa to help enhance information flow, education and communication. Also, developing joint breeding and varietal research and development activities will help promote efficient allocation of resources and cross-border trade.

To ensure sustainable livestock production and cross-border trade, continuous support for research and develop-

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ment in livestock breeding, and production of animal feeds are required. This will include training more personnel in animal science, breeding and animal welfare; promoting inclusivity and participatory approach in animal breeding activities; and developing livestock markets, including dairy markets. There is the need to create both private and communal grazing areas, and transboundary livestock movement routes to manage livestock production and mobility in an environmentally sustainable and safe manner.

To facilitate the movement of agricultural inputs and products within a country and across national borders, continuous investment in infrastructure, including transportation networks, laboratories, and storage facilities is highly recommended. In addition, measures to reduce distributional costs such as transportation, handling, storage and transaction costs at ports and national borders are needed to help reduce costs of inputs as well as agricultural produce.

There is the need to establish and strengthen commodity value chains and linkages with processing, marketing and trade organizations to serve as demand-pull factors to further stimulate production, create employment for the youth and promote cross-border trade. This will involve promoting the development of innovation platforms along commodity value chains to serve as a conduit for information, communication, linkages, exchange and support systems for value chain actors; use of digitization; providing support for labeling and standardized measurements; and promoting private public-partnership in agricultural trade including supporting the effective functioning of agricultural commodity exchanges and cooperatives to provide ready market opportunity for producers.

Within the framework of the African Continental Free Trade Area, it is important to reduce intraregional trade barriers, including tariff, quotas, and bills to the barest minimum to promote cross-border trade. There is the need to promote joint investment at national borders, and to implement common customs union across regional economic communities.

There is the need to build capacity at the national level to collect data, generate agricultural trade statistics and analytics to support trade policy development in Africa. Training in partial and general equilibrium modeling to generate and forecast major agricultural commodity production levels, input prices, stocks, intra-regional trade, and their integration as well as their integration into world trade, will help to inform current and future agricultural sector investments, trade and regional integration policies.





**Forum For Agricultural Research In Africa**

Headquarters No. 9 Flower Avenue, New  
Achimota Mile 7

PMB CT 173, Accra, Ghana

Tel +233 (0) 302 772823 / 779421

Fax +233 (0) 302 773676

Email [info@faraafrica.org](mailto:info@faraafrica.org)

[www.faraafrica.org](http://www.faraafrica.org)



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