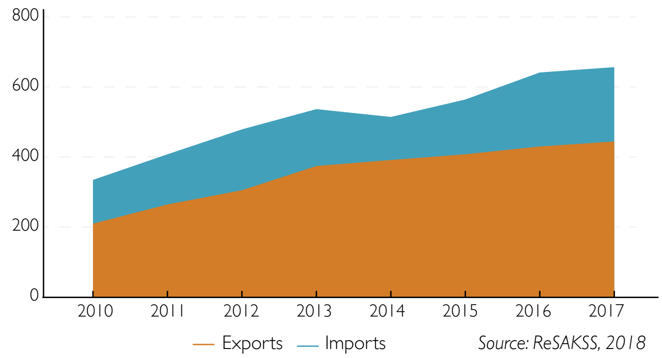
FEED THE FUTURE ENABLING ENVIRONMENT FOR FOOD SECURITY PROJECT

Intra-African Agriculture Trade Improvement Scorecard: Senegal

In June 2014, African Union member states committed to a set of goals in the Malabo Declaration that included tripling intra-African agricultural trade by 2025. As reported in the African Union's 2018 Inaugural Biennial Review Report, Senegal saw an extraordinary increase in intra-Africa trade but is making slow progress toward establishing intra-African trade policies to meet the Malabo Declaration targets.

AGRICULTURE FORMAL TRADE FAST FACTS

Senegal Intra-African Agriculture Trade, USD, Millions



Source: ReSAKSS, 2018

Key Ag Commodities (2016)

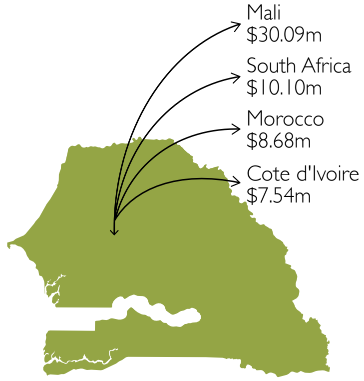
Intra-African Imports:

- Coffee, $1.43m
- Apples, $4.97m
- Bananas, $7.56m

Key Intra-African Exports:

- Groundnuts, $2.23m
- Wheat, $4.79m
- Rice, $45.73m

Key Trading Partners (Net Trade)



This scorecard compiles publicly available data related to four key trade determinants from the Regional Strategic Analysis and Knowledge Support System's (ReSAKSS) Africa Agriculture Trade Monitor 2018 report, including (1) production capacity, (2) the cost of trade, (3) institutional efficiency, and (4) trade policies. The bases of comparison for these indicators are Feed the Future or sub-Saharan African (SSA) countries, as indicated. The coloring of the indicators below designates the country's performance in this area relative to its peers. A green score indicates higher-than-average performance; a yellow score indicates average performance, with room for improvement; and a red score indicates below average performance, with a serious need for improvement. For more on indicators, see here.

PRODUCTION CAPACITY

- 🔴 Fertilizer use
- 🔴 Improved seed varieties
- 🔴 Machinery standards
- 🟢 Mobile phone penetration
- 🟡 Digital payments
- 🟡 Rural electrification

PRODUCTION CAPACITY (factors that affect the level of supplies) is determined by resource endowments and other technological and institutional factors that enhance productivity. Senegal's harvests are hindered by a low rate of fertilizer use (Senegal is the 14th highest user in the SSA), and with only 35 approvals for improved seed varieties, it compares poorly with Kenya with 124 approved. Senegal imposes little to no quality and safety machinery standards on tractors, as reported in the World Bank's Enabling the Business of Agriculture (EBA) tractor testing and standards indicator. High rates of mobile phone penetration (0.98 mobile lines per person) present an opportunity to expand the 40 percent of adults who send or receive digital payments — an amount above the SSA average of 34 percent. Only 38.3 percent of the rural population has access to electricity to power lights, pumps, and equipment.

COST OF TRADE

- 🟡 Road connectivity
- 🟡 Quality of roads
- 🔴 Perceptions about infrastructure
- 🟢 Truck licensing
- 🟡 Cross-border transport licensing
- 🟢 Domestic transport costs

COST OF TRADE. Good roads and an efficient trucking system make it easier and cheaper to import and export food. Senegal's infrastructure is average among SSA countries, according to the World Economic Forum's (WEF) Road Connectivity Index (which gives Senegal a 55.0 score out of 100) and the WEF's quality of roads indicator (which gives it a rating of 48.5 of 100). Interestingly, in terms of perceptions about infrastructure, Senegal scores a low 2.25 (out of 5) on the World Bank's Logistics Performance Index, the SSA mean being 2.49. Ease of truck licensing gets high marks per EBA truck licensing indicators (6.8 out of 11). EBA cross-border transport licensing indicators give Senegal a score average among SSA countries, i.e., 5 (out of 9). The World Bank's Doing Business Trading Across Borders (2018) domestic transport costs are calculated at $122 for exports and $147 for imports, the lowest costs among SSA Feed the Future countries.

INSTITUTIONAL EFFICIENCY

- Competitive business environment
- Agricultural finance
- Secured lending
- Private international legal instruments
- Export border regulations
- Export document compliance
- Import border regulations
- Import document compliance
- WTO Trade Facilitation Agreement

INSTITUTIONAL EFFICIENCY refers to the ease of doing business in relation to agricultural trade. Senegal has a relatively competitive domestic market, scoring a medium score of 54.4 (of 100) in the WEF product market indicator. Senegal ranks 16th among 21 SSA countries examined by the EBA finance indicator, with low marks given regarding access to microfinance institutions and financial cooperatives. On secured lending, Senegal receives 6 out of 12 points given for secured lending, as derived from the World Bank's Strength of Legal Rights Index. Senegal has ratified three of seven important private international legal instruments, indicating a need for harmonization with international commercial norms.

The Senegalese trade regime is slightly better than the average SSA country. Doing Business Trading Across Borders indicators calculate that exporters spend 61 hours to comply with export regulations at the border (SSA median of 78 hours) and spend only 26 hours to complete documentation (SSA median of 69 hours). Importers spend 53 hours to comply with import regulations at the border (SSA median of 97 hours) and 72 hours to complete documentation (SSA median of 76.5 hours). Senegal's customs and border agencies make it a leader among SSA Feed the Future countries in undertaking commitments under the World Trade Organization's (WTO) Trade Facilitation Agreement, fully notifying commitments to 11 of 16 articles important for agricultural trade.

TRADE POLICIES

- Average weighted agricultural tariff
- Import and export bans recently enacted
- Trade facilitation performance
- Export licensing

TRADE POLICIES include measures aimed at protecting trade. Senegal's average weighted agricultural tariff is at 15.8 percent, which is the 15th highest among 35 SSA countries. Senegal has had an import ban on poultry imports since 1995 and other import bans on some rice varieties since 2017. The OECD Trade Facilitation Index, which measures the performance of border procedures and policies, shows Senegal making slight improvements in fees, documents, and automation, keeping it on track to meeting the goals set forth in the African Union's 2018 Inaugural Biennial Review Report. Senegal received a score of 1.17 in this area (well above the SSA average of 0.70). The EBA export licensing metric gives the country 4 (out of 5) points for imposing strict controls over a main export, cereal to Mali.

THE AFRICAN UNION'S 2018 BIENNIAL REVIEW REPORT

- Tripling intra-African trade
- Establishing intra-African trade policies and institutions

BIENNIAL REVIEW REPORT 2018. The African Union's 2018 Inaugural Biennial Review Report measured member countries' progress toward achieving the Malabo Declaration's goals. To be considered on track for tripling intra-African trade, countries should have reached the minimum of 20 percent in growth rate increase. Senegal is one of few countries to meet this threshold. To be cvonsidered on track for establishing intra-African trade policies and institutions, countries are rated by the OECD Trade Facilitation Index. To be considered on track, countries need to reach a cumulative score of 10 points when adding together points given for each of the 10 sub-indicators comprising trade facilitation performance. Senegal has met this threshold.

Developed in 2018.

The Feed the Future Enabling Environment for Food Security project is a global mechanism designed to assist Feed the Future focused and aligned Missions as they address legal, institutional, and market constraints affecting food security. For more information, contact Lourdes Martinez Romero (COR) at lmartinezromero@usaid.gov or Nate Kline (COP) at nkline@fintrac.com.