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## Getting the 'sand' out of Africa's food system

**African agriculture receives considerable attention from the international donor community yet few of these initiatives pay attention to the price farmers receive for their product. If we want to increase productivity in the agricultural sector then it is time to look beyond farming to other constraints hindering the industry's development.**

The sustainability of agriculture in sub-Saharan Africa continues to raise concerns. Evidence from a number of countries in the region depicts an ominous secular decline in per capita food production over the period during which most countries gained their independence in the early 1960s. While there are many explanations for this trend, one plausible reason is found in the nature and quality of the economic infrastructure in much of the continent. There are two kinds of infrastructure of importance for development — the “hardware” and the “software.” The hardware consists of roads, rail networks, bridges, and communications. The software consists in the institutional architecture of an economy. The two infrastructures work together to determine the efficacy with which the economy can accomplish its necessary signalling. If roads, rail, bridges, and telecommunications are in serious disrepair, even the most effective institutional arrangements will be unable to create the conditions of high productivity and the prospects for growth. On the other hand, if the physical assets are ideal, and yet the legal and customary arrangements enable or encourage theft, bribery, and other forms of predatory behaviour, economic performance and livelihoods will suffer.

Studies of institutional problems in marketing and transport have increased our understanding of this important component of a nation's economy. This literature makes a distinction between corruption that facilitates transactions (“grease”) and corruption that impedes transactions (“sand”).

### Sand in the wheels

One study suggests that uncertainty related to inland transport times is more deleterious to exports than are the delays driven by the process of obtaining proper documents in ports. In fact, a one-day extension of “inland transit time” seems to be associated with a 13 percent reduction in exports. Unlike port delays, in which case trucking firms are dealing with a small

delays, in which case trucking firms are dealing with a small and reasonably stable set of inspectors, the situation along several thousand kilometres of roads entails constant interference from an unpredictable group of officials representing customs bureaus, police, army security guards, and truckers' unions. Here, unlike payments to expedite processing, a truck on a long-haul trip is out of the control of the exporter or the importer. This corruption introduces unwanted "sand" into the African food system.

Recent research for USAID's West Africa Trade Hub on bribes and delays along the transport corridors of West Africa reveals exactly what is at stake. Corruption strips out income that could go to farmers, thereby reducing farm-gate prices. This serves to reduce net returns to specific crops and discourages production. These suppressed prices then distort cropping choices away from crops intended for urban markets or for export. Additionally, delays at numerous check-points means that vegetables spend more time in transit under hot conditions and so spoilage is increased. Finally, the food crops that do manage to arrive at urban markets are more expensive than they would be without corruption. This happens because transport firms must charge more in order to cover the additional costs of bribes and delays along the way. Over the long run, each of these forms of "[sand in the gears of commerce](#)" poses a serious threat to the sustainability of agricultural systems in Africa. I draw on recent research concerning the implications of bribes and transit delays for onions, shea, and cashew.

One data set covered only legal trucks (1/3 of the total trucks on the corridor). Legal trucks are those with all of their licenses and certifications in good order. The non-legal trucks are "wildcat" operators who lack proper papers, are always overweight, and whose trucks reveal serious mechanical and safety defects. The study showed that for the 1/3 of the trucks that are properly registered and certified, trucks hauling shea from Bamako, Mali (1,500 km to Accra, Ghana), and cashew from central Ghana to Accra (435 km), were exposed to corruption costs equal to 15-20% of total transport costs. A second study covered both legal and illegal trucks hauling onions from Madaoua, Niger to Accra, Ghana (1,994 km). Here, corruption costs are almost 30% of total transport costs.

The research suggests that a 10% reduction in total transport costs — actual costs plus corruption costs along each corridor — could yield price increases to farmers of 12-13% for onions, 2% for cashews, and 12% for shea. The low price premium for eliminating corruption in the cashew transport system in Ghana reflects the shorter distances involved (less scope for delays and bribes at fewer check-points), plus a slightly less aggressive level of bribes in Ghana.

### Stripping economic value

It is clear that corruption and other problems in the transport sector strip economic value out of the agricultural sector—for the export terminal at Tema, Ghana for shea and cashew, and the urban onion market in Accra. As above, with economic returns to agriculture suppressed in this manner, the net profitability of these commodities is undermined. When net

profitability of these commodities is undermined. When net returns are suppressed, investment is postponed or forsaken entirely, yields fall, net returns suffer yet another blow, and farmers are caught in a cycle of falling productivity, reduced critical mass of tradable production, and perhaps even higher costs to arrange shipments. Shea trees become vulnerable to clearance for cotton or other crops. Cashew gives way to other enterprises. Onion cultivation ceases and the land reverts back to desert.

African agriculture receives considerable attention from the international donor community. Prominent in that attention is concern for increasing yields, adopting GMO crops, using more fertiliser, and rehabilitating defunct irrigation systems. Sometimes, extension programs deliver necessary assistance. Notice that none of these initiatives pays attention to the price farmers receive for their product. If someone told an African farmer that tomorrow he might be able to receive a price increase of, perhaps 10-15% for his production, he would be quite pleased. When he was also told that he would not have to do anything in order to receive this generous bonus, his interest would be seriously enhanced. Then, if someone would tell the millions of customers of the crowded urban food markets of Accra, Lomé, Cotonou, Abidjan, Ouagadougou, Bamako, and Ndjamena that tomorrow there would be more produce on offer, and at a lower price, they would be pleasantly surprised.

The money is there to accomplish these goals—it merely needs to be re-directed away from the current system which haunts and terrorises the transport corridors of West Africa. It is time to get the “sand” out of the gears of the West African food system.