



Executive Brief Cross-border Trade and Food Security in the Western Basin

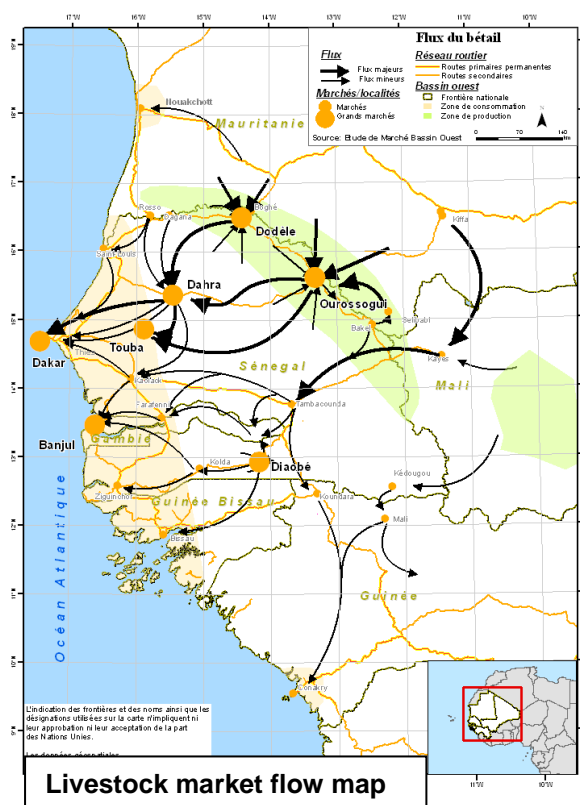
Background, scope and methods

- ✓ The western basin – defined for the purposes of this study as including Gambia, Guinea, Guinea-Bissau, Senegal, the Kayes region of Mali and Mauritania– is highly dependent on international rice imports. The global food price increases in 2008 highlighted the strong influence of cross-border dynamics in food access for the western basin's consumers.
- ✓ The study aims to provide decision makers with baseline information on cross-border trade and food security, including market flow maps and an analysis of trader capacities and incentives. The study was sponsored by USAID and jointly carried out by CILSS, FAO, FEWS NET, WFP and national market information systems.

How was the study conducted? The study, carried out in November and December 2009, relied on secondary data provided by national market information systems and food security information systems. (SAP/FAO/FEWS NET/PAM). Primary data was collected on 45 markets of the western basin. Some 403 traders were interviewed. Key informant interviews took place in Banjul, Bissau, Conakry, Dakar, Kayes and Nouakchott.

What are the main cross-border flows?

- ✓ Cross-border trade flows in the basin bring supplies from the interior to **coastal urban areas** and the Senegal River valley. Livestock and palm oil, specifically, are traded across long distances. Flows of cashew nuts – a booming crop in southern Senegambia and Guinea-Bissau – are determined by the competitiveness of ports from where exports to India take place. The groundnut basin, including Gambia, sends cereals to food deficit areas of the basin's northern reaches.
- ✓ Trade flows **are essential to the food security of rural livelihood groups**. In Sahelian areas of Senegal, income cattle sales are the main household income source. In Gambia, groundnuts – which are often sold in Senegal – account for 60 percent of rural incomes. Small hold farming accounts for 80 percent of cashew nut and palm oil production.
- ✓ Trade flows converge on **North West Senegal**, a densely populated urbanized area whose population had a relatively high purchasing power.
- ✓ **Imported rice** largely remain within national borders, with the exception of Senegalese and Gambian re-exports flows. .



How efficient are markets?

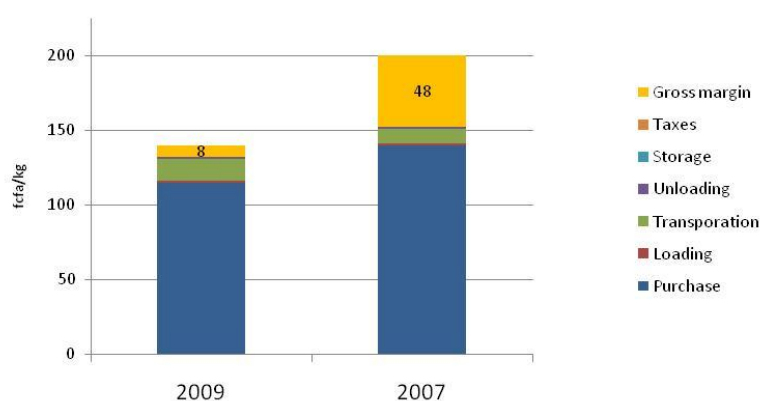
- ✓ The imported rice market is **highly concentrated**. Five or six firms hold more than 90 percent combined market share in Gambia, Guinea-Bissau, Mali and Mauritania. The cashew sector is characterized by a limited number of purchasers. This high concentration is a risk to consumers and producers of these commodities. The strong influence of commercial networks in these markets contributes to rigidity in market structure
- ✓ Consumers' **widespread access to credit** from retailers allows households to widen and strengthen their food access to cope with food crises. Such credit is free for 84 percent of retailers.
- ✓ The markets of **Dakar, Touba (Senegal) and Basse Santa Su (Gambia)** function as leading markets for imported rice. Kaolack market is the leading market for millet. Price increases are transmitted from these

markets to others in the basin. While Dakar is thus connected to 70 percent of the basin's market, Conakry's market, as well as markets located in the basin's periphery, seem less connected to the system.

How have markets adjusted to crises?

- ✓ The increase in **fuel prices and the global crisis** have reduced traded volumes and have shrunk wholesalers' profit margins. Unfavourable exchange rate changes have limited the competitiveness of Gambian and Mauritanian exports to the CFA monetary zone.
- ✓ By diverting food trade to the North, the **crisis in Guinea** has undermined incomes and food access for cash crop producers in the forest.
- ✓ The **improvements in food availability**, especially in local rice, are indicative of new opportunities arising in the changing regional and international context.

Figure 12: Margins for wholesale millet traders in Touba market (Senegal).

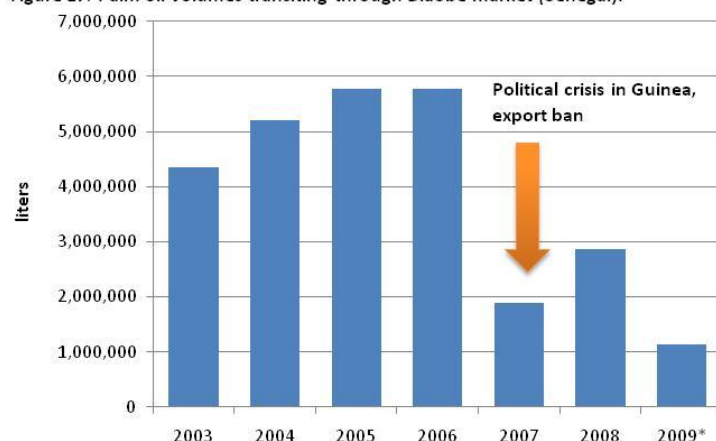


Source: trader questionnaire

What are the consequences for food security?

- ✓ The performance of food markets in the western basin supports food availability, but does not necessarily prevent shocks in food and cash crop prices. Cash crop-dependent areas are vulnerable to temporary deteriorations of food security when markets are disrupted. In Forest Guinea, the increase of the prevalence of food insecurity in 2009 is linked to the collapse in the cash crop trade.
- ✓ The **response capacity** of markets is stronger in central areas, allowing for cash-based transfers. These responses are less appropriate in markets located in the periphery of the basin, given the significant constraints linked to poor infrastructure and weak coarse grain supply.

Figure 17: Palm oil volumes transiting through Diabé market (Sénégal).



Source: Water and Forestry Department

*2009 : January through October

Recommendations

- ✓ Focus on the key 'leading' markets identified in the study (Dakar, Touba, Basse Santa Su, Kaolack) for follow-up monitoring activities;
- ✓ Set up a cross-border trade bulletin, based on existing data;
- ✓ Build capacity of the weaker markets' information systems (Guinea, Guinea-Bissau, Mauritania);
- ✓ Improve price monitoring for livestock and cash crops (cashew, groundnuts, palm oil);
- ✓ Build capacity of the livestock market information systems in Mali, Mauritania and Senegal;
- ✓ Evaluate wholesalers' capacity to respond to institutional procurement;
- ✓ Carry out a similar exercise in Liberia and Sierra Leone to provide an overview of the entire basin;
- ✓ Investigate the link between credit and household food security in a future in-depth study.

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