

The Political Economy of Food Price Policy in SENEGAL

Policy Brief No. 7

March 2013

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"We are hungry! That's enough!" became a rallying cry for many Senegalese at the height of the food price crisis of the 2007/2008. During this period, one of Africa's most stable democracies descended into a tense period of social discontent as the consumer price of imported Thai A.1 rice more than doubled in the capital, Dakar. Senegal's historic dependence on external markets to supply its food needs, coupled with two seasons of poor domestic cereal production, made it especially vulnerable to global food price rises. While the high level of price transmission from the international to the domestic market affected the rice sector most severely, other affected commodities included wheat and milk. Yet a variety of long-term structural factors increased Senegal's vulnerability, including the lack of an agricultural strategy for promoting greater domestic production and commercialization of local goods as well as city dwellers' longstanding preference for imported food.

Senegal's strong, civil society placed disparate pressures on a government increasingly centralized around the then president, Abdoulaye Wade. The government responded with a diverse array of policies, ranging from consumer subsidies, social protection schemes, suspension of custom duties and value-added taxes, and the launch of a high-profile agricultural initiative known as the Grand Agricultural Offensive for Food and Abundance (GOANA). Wade's desire to please different interest groups resulted in inadequate targeting and implementation of policy measures as well as a lack of long-term planning to weather the crisis. The government's multifaceted response placed a large burden on public finances but did relatively little to protect the most vulnerable.

The government responded to demands by consumer groups, trade unions, and the media.

Preparations for the 2007 elections initially overshadowed the government's response to the crisis. By mid-2007 the media was highlighting rising food prices, and the National Confederation of Senegalese Employers (CNES) sent a declaration to the Ministry of Economy and Finance demanding the removal of customs duties and value-added taxes on powdered milk. This move, along with demonstrations by consumer groups and trade unions in June 2007, prompted the ministry to suspend customs duties by 10 percent for rice, 5 percent for wheat, and 5 percent for powdered milk. At the same time, the 18 percent value-added tax on powdered milk was lifted, despite protests by domestic milk producers.

At the time of the crisis, the prices of wheat and wheat flour were already fixed by the government. As the price of imported wheat slowly increased over the summer of 2007, large-scale importers and millers demanded that the government amend its price ceiling. Despite protests from major consumer organizations, the government raised the price of bread by November. For broken rice, the government announced in July 2007 that the price would be set at 225 CFA per kilogram, down from the 250–275 CFA national average. Because the price ceilings were not enforced, however, most rice retailers eventually abandoned them.¹

¹ Senegal's currency is the Financial Community of Africa (CFA) franc, which is pegged to the euro. On average during 2007–2008, US\$1 was equivalent to 464 CFAF.

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The author prepared this brief as a member of a research network on the Political Economy of Food Price Policy coordinated by Cornell University, UNU-WIDER, and the University of Copenhagen.

The complete paper is available at: http://www.wider.unu.edu/research/current-programme/en_GB/Political-Economy-of-Food/

The policy briefs can be found at: <http://www.foodpolicy.dyson.cornell.edu>

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In late March 2008 the government faced even greater pressure. Food riots in Dakar were led by the largest consumer union, the Association of Senegalese Consumers (ASCOSEN), and supported by many key opposition parties. Not long after, the government announced that it would offer a subsidy to rice distributors so they could maintain the price at a maximum of 280 CFA a kilogram. This move, however, led to the rationing of rice supplies, because many distributors did not receive the subsidy on time, and to opposition from large-scale rice importers, many of whom were members of the powerful National Union of Traders and Industrialists of Senegal (UNACOIS). By early May 2008, 200,000 metric tons of rice were stockpiled in warehouses around Dakar, causing the retail price in the city to inch closer to 300 CFA.

The crisis also demanded a greater role for the Commission for Food Security (CSA), which holds the country's cereal stocks. The CSA responded to the crisis in May 2008 through its Assistance to the Rural World (AMR) program. It purchased more than 20,000 tons of rice to support consumers in rural areas. Although the CSA, along with the Food and Agriculture Organization of the United Nations and the World Food Programme, wanted to target only vulnerable groups, Wade's government preferred to target everyone.

GOANA, the centerpiece of the government's response to the food crisis, was launched in May 2008 following another demonstration against the rising cost of living organized by the opposition coalition known as Front Siggil Senegal. GOANA's main emphasis was promoting food self-sufficiency through the annual production of 500,000 tons of rice, 2 million tons of maize, 3 million tons of manioc, 2 million tons of other cereals, and 400 million liters of milk. GOANA received

only a lukewarm reception from domestic stakeholders and international donors, who deemed the aim of attaining food self-sufficiency unrealistic. In fact, the main umbrella union for small-scale producers, the National Council of Rural Dialogue and Cooperation (CNCR), criticized the government for failing to consult farmers in the crafting of GOANA and argued that the program's goals were not feasible.

Short-term goals were prioritized over long-term structural changes in agriculture.

Overall, the 2007/2008 food price crisis dramatically highlighted the unsustainability of Senegal's long-standing consumption and production patterns. The government's response placed a large burden on the country's finances while rural poverty rates, as well as rural and urban child malnutrition, increased slightly during the years of the crisis. GOANA briefly improved domestic rice production, but the plan appears to have been too focused on short-term production goals rather than the long-term structural changes to the agricultural sector that would be critical for ensuring long-term food security for the country.

Large-scale discontent, particularly in Dakar, erupted in no less than five major protests during the crisis. Indeed, this signifies that Senegal's vibrant democracy has contributed to a broad range of well-organized interest groups advocating for specific policy mechanisms. Yet, in an attempt to satisfy as many groups as possible, Wade's government potentially forfeited the opportunity to devise a financially sustainable, well-targeted social protection program and a long-term agricultural strategy to confront future food price crises.

THE POLITICAL ECONOMY OF FOOD PRICE POLICY

This material is based on research funded by the coordinating organizations and a grant from the Bill & Melinda Gates Foundation. The findings and conclusions contained within are those of the authors and do not necessarily reflect positions or policies of the Bill & Melinda Gates Foundation.



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