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# **INTEGRATION OF AGRICULTURAL EXTENSION AND ADVISORY SERVICES INTO CROSS BORDER TRADE: STRATEGIC POLICY DIRECTION AND PERSPECTIVE FOR AFRICA**

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# EXECUTIVE SUMMARY

## Target Audience

Policymakers, planners, donors, investors, and other stakeholders in the public and private sectors.

## Key Messages

Africa is on a rapid path toward economic transformation. The quality and speed of this transformation depend on effective intra-Africa trade policy and implementation.

Currently, intra-African trade is low, at only 14.4% of total exports. This means Africa is missing out on \$21.9 billion in export potential, which could be used to create jobs and improve living standards. Food imports cost Africa \$55 billion a year, which is expected to double by 2030. The African population will double by 2050, increasing demand for food and non-food commodities.

The African Continental Free Trade Area (AfCFTA) is the largest free trade area globally since the establishment

of the World Trade Organization (WTO). It brings together 1.3 billion people in a \$3.4 trillion economic bloc.

Agricultural Extension and Advisory Services (AEAS) focus on transferring agricultural technology, innovations, and management practices (TIMPs) to boost productivity.

The AEAS systems could provide an all-inclusive multi-stakeholder platform (MSPs) for the policy dialogue and integration of Cross Border Trade (CBT) across Africa, but mainstreaming AEAS requires strong and robust advocacy strategies.

Mainstreaming and integrating AEAS delivery into CBT will increase trade flow, expand markets, alleviate poverty, and enhance food security in Africa.

This policy brief highlights salient economic implications for designing relevant trade strategies and policies for Africa.



# 1. INTRODUCTION

## 1.1 Background and Context

Regional integration has been promoted in Africa since the post-independence to ensure that states agree to cooperate and work closely together to achieve stability and wealth. In the 2000s, commitments, including Malabo Declaration on accelerated agricultural growth and transformation for shared prosperity and improved livelihoods by 2025, were made [1-2]. The AfCFTA agreement signed by 54 out of 55 African Union (AU) Member states in 2018 established the largest free-trade area in the world [3]. This agreement creates one African market to (i) facilitate intra-African trade, (ii) increase investment in cross-border trade, (iii) enhance the socioeconomic

integration of Africa, and (iv) increase the competitiveness of the AU Member States within the continent and in the global market [3].

**The Malabo declaration and AfCFTA agreement present opportunities to increase intra-Africa trade and accelerate economic growth in agriculture; the producers, processors, and traders, including youths and women, will benefit from the expanded market access [1-3]. As a result, the Malabo and AfCFTA could significantly increase income and food security, create jobs for youths and women, and contribute to gender equality (Figure 1).**



**Figure 1:** Women and youths engaged in cross-border trade (CBT) at One-Stop Border Post at Busia (Kenya/Uganda)

(Photo credit: Baz Ratner, Reuters: 14/11/2020).

Despite these economic opportunities, the performance of Malabo and AfCFTA frameworks in achieving regional integration has been slow, primarily due to the inter-state disparities in the levels of development, inconsistent and conflicting trade regulations and standards, infrastructure and connectivity problems at the border points, and within states that add to increase the cost of doing business across Africa (Figure 2).



**Figure 2:** One-stop border infrastructure and customs turn-style checkpoint facilities in Zambia, Africa.

In response, enhancing 'cross border trade' comes with new business opportunities to boost trade and inter-continental integration of states. Cross-border trade (CBT) refers to the trade carried out across national boundaries or between people or business entities of different countries [5]. The CBT also refers to any formal and informal flow of goods and services across international land borders within reach of kilometers

specified by state laws. Cross-border trade is broadly divided into formal and informal (Figure 3).



**Figure 3:** A line of trucks waiting to cross the Busia one-stop Uganda Kenya Border.

## 1.2 Classification and profile of commodities traded

All African countries trade in food and non-food commodities, and the types of merchandise traded across the borders are categorized as (i) non-processed goods, (ii) manufactured products/goods, and (iii) re-exports goods. The Western and Eastern African regions prosper more in trading livestock-livestock goods, while the Central and Southern African regions have prosperity in trading non-food commodities, mainly minerals and handicrafts (Table 1). Manufactured and re-exported goods dominate import substitution and usually comprise low inferior industrial goods, counterfeits, and contraband originating from Asia (mainly China).

**Table 1:** Classification of commodities traded across border

Regions	Non-Processed Goods	Manufactured Goods	Re-exports	Processed goods
<b>Eastern Africa</b>	Food stuff and non-food stuff, livestock	Low-quality of both manufactured and processed goods	Inferior goods from Asia, contrabands, counterfeits, and substandard goods	<i>Agro-processed goods (e.g., dairy products)</i> <i>Agrochemicals (e.g., herbicides, fertilizers, and pesticides)</i>
<b>West Africa</b>	Foodstuff and non-foods- tuff, livestock			
<b>Central Africa</b>	Minerals, jewelry, forest products, food, non-food stuff			
<b>Southern Africa</b>	Handicrafts, foodstuff, non-foodstuff			

*Source: Compiled from OECD, COMESA, and EAC reports.*

Based on the classification of commodities (Table 1), the non-processed commodity clusters generally include agricultural commodities, namely (i) foodstuffs (e.g., oil crops, beans, maize, and rice) and (ii) non-food stuff (e.g., hides and skins, paintings and handicrafts). The processed goods include industrial products such as clothing, dairy products, sugar, edible oils, packaged beverages, soft drinks, and other juices (Table 2). The manufactured and re-exported goods comprise low-quality processed goods, including electronic appliances (e.g., smartphones, TVs, refrigerators, plumbing materials), clothing, and shoes, mainly from China and other Asian countries. Contraband and counterfeit goods are more difficult to discern but are estimated to include fuels, cosmetics, pharmaceutical drugs, and electronics from Asia and Europe (Table 2).

**Table 2:** Profile of commodities traded across border

Classification	Products	Category
Non-Processed	Fruits, dried and fresh fish and other marine products, wild vegetables, roots/tubers, spices, poultry products, livestock, grains, pulses, and unprocessed coffee beans.	Foodstuffs
Manufactured/ Semi-Processed	Hides and skins, paintings and handicrafts, woven clothing, iron implements, and mortars.	Non-Foodstuffs
	Sugar, edible oils, new and used clothing, dairy products, packaged beverages, soft drinks and juices, salt, agrochemicals, cosmetics and toiletry products, confectionery and wheat products, plastic products, beer	Industrial Products
	Hardwood, precious metals, jewelry, charcoal, gum Arabic, insects and insect products, rare poultry and game	Minerals and Forest Products

Classification	Products	Category
Re-Exports	Manufactured foodstuff, tobacco, petroleum products, electronic appliances, shoes, apparel, tools, spare parts, and simple machines	Re-Exports
Other processed goods	Fuels, precious metals, dairy products, banned goods.	Sub-standard and counterfeits

Source: Compilation from secondary resources from reports by regional trade bodies (thus, OECD, COMESA, EAC)

### 1.3 Challenges of cross-border trade (CBT) in Africa

Africa is endowed with 60% of the world’s uncultivated arable lands, with the potential to produce enough food to feed its growing population and natural resources to power its industries for sustainable development [6].

However, productivity of agriculture sector still lags way below its potential, and this leads to growing gaps between demand and supply of the main agricultural commodities at national, regional, and continental levels. Over the past decades, Africa’s food import bill has more than tripled,

reaching US\$35 billion a year. Much of this imported food could be produced locally, creating much-needed jobs and incomes for the nation’s youth and smallholder farmers [7].

With a better regional food market integration, the food could be imported from other African countries, creating employment among neighbors. Below are the institutional bottlenecks, including capacity gaps and policy challenges for the CBT that are blamed for the proliferation of illegal cross-border trade, which is a key driver and gaps for high importation bills and under-performance of the agriculture and agribusiness trade (Figure 4).



Figure 4: List of drivers, capacity gaps, and policy challenges for CBT in Africa

## 1.4 Rationale and objectives

The 3<sup>rd</sup> biennial review of commitment 5 of the Malabo declaration revealed that the overall continental score was 2.4 against 5 (the target level), implying that Africa is off-track in achieving the target for boosting intra-Africa trade [8]. Yet, the high population growth in Africa, which is projected to hit 1.6 billion by 2030 and 2.5 billion by 2050 [9], increases demand for food and non-food commodities by 60% [9-10].

Population growth coupled with increasing middle-income segments, rapid urbanization, and expanding food markets present opportunities to increase food productivity and inter-continental trade [3]. Correspondingly, there is also a need to develop regional commodity markets to promote CBT to ensure availability of nutritious food at affordable prices. This will further spur production and create jobs for the bulging unemployed women and youth in the region along the key commodity value chains.

Effective regional CBT, however, depends on consistent production and distribution of the high-quality agricultural commodities and nutritious food in surplus quantities, as well as reliable supply and use of agricultural inputs that are environmentally friendly.

Therefore, the agricultural extension and advisory services (AEAS) play a central function in facilitating the CBT and fostering the socioeconomic development of Africa. The AEAS is a vital element of the array of market and non-market entities and agents that provide critical flows of information that can improve farmers' and other rural peoples' welfare.

Beyond the orthodox functions of providing knowledge to improve agricultural productivity, the AEAS provides a variety of trade functions, including linking smallholder farmers to high-value ends and export markets, promoting environmentally sustainable food production techniques, and coping with the effects of health challenges that affect agriculture.

However, the AEAS is among the least traded services in Africa [11]. Yet, Africa depends on agriculture as the backbone of its economies. The deficient and inconsistent legal framework to regulate business impedes streaming AEAS delivery in CBT in intra-Africa trade. In response, this policy brief provides salient approaches and strategic recommendations for policy advocacy on how best to improve CBT and the exchange of AEAS delivery between countries in Africa.



## 2. METHODOLOGY

This Policy brief is based on the deliberations of the multi-stakeholder platform (MSP) dialogue jointly organized by the Africa Agricultural Advisory Services (AFAAS) and the Nigerian Forum for Agricultural Advisory Services (NIFAAS) from 28 November to December 2022 in Abuja, Nigeria.

The policy dialogue was attended by 1,500 stakeholders, including policymakers, donors, and representatives of African regional economic communities (RECS), national agricultural research, development organizations, and key extension professionals.

Using the questionnaires coupled with the key informant interviews, primary

data on climate-smart agriculture and agricultural advisory services opportunities for Africa was collected from the participants in the policy dialogue and analyzed using SPSS 29. A desk review by thematic area and content of related published literature on trade and level of climate-smart agriculture and message delivery and extensions services in East African Community (EAC), Common Market for Eastern and Southern Africa (COMESA), and the new Economic Community of West African States (ECOWAS) was carried out. A set of recommendations for policymakers and practitioners was made.



### 3. POLICY RECOMMENDATIONS

Our assessment of the AEAS delivery in Africa confirms the importance of strengthening capacities (thus, financial, (infrastructural, technical, and operational) of the public entities, private institutions, and state and non-state actors to co-create solutions that address the in-region and inter-continental trade challenges.

If properly harnessed, the AEAS presents lucrative trade and business avenues to advance CBT through supporting ongoing efforts towards boosting agricultural productivity, food security, poverty alleviation, and agribusiness.

This policy brief presents salient policy recommendations and institutional reforms to create a favorable regulatory, institutional, and business environment that enhances the role of AEAS in CBT and agribusiness for the economic transformation of Africa. In view of this, the following policy recommendations and institutions are made:

#### 1. For in-country and in-regional governments

To boost the economic conditions, improve the lives of their people, and enhance export market resilience, should:

- Diversify from primary products to manufacturing and services, including agricultural extension and

advisory services(AEAS).

- Create incentive mechanisms for food producers and processors with a focus on the i) inputs and business development services subsidies, ii) functional input-output markets, and iii) in-country/in-region market linkages.
- Facilitate investment in the Africa-wide infrastructure, transportation networks, and one-stop border points with integrated custom services, harmonized product registers, certification, and regulations.
- Commit to repairing and maintaining deficient road infrastructure. Explore rail, air, and water transport systems options to enhance CBT exchange of goods and services, and keep the quality of fresh produce.
- Integrate AEAS into national and regional trade policies and economic policy dialogues to deepen the understanding of cross-border dynamics and related trade advocacy.
- Improve AEAS networks' data collection and analysis to support the cross-border agribusiness and national economies.
- To mainstream AEAS and accelerate its contributions to expand inter-continental agribusiness, trade, and market opportunities, in-country and in-region trade policies and

agreements need to be updated.

- Establish inclusive public-private multi-stakeholder platforms (MSPs) to increase sustainable agricultural production, last-mile access to the agro-inputs, and use of AEAS and CBT data and market information to inform strategic actions.
- Carry out strong and robust advocacy strategies and knowledge-sharing platforms, including ICT-based databases towards the agricultural extension advisory services (AEAS) and cross-border trade (CBT) mainstreaming

## **2. For private sector players**

- Strengthen capacities (infrastructural, technical, and operational) of the non-state actors and institutions by increasing their investment in the AEAS projects and programs that accelerate CBT and agribusiness.
- Strengthen multi-stakeholder platforms (MSP) to increase last-mile access to AEAS delivery and CBT market information by stakeholders and actors at all nodes of the agri-food systems value chain. Create databases that store this information and make it accessible to all stakeholders.
- Policies should promote partnerships, networking, and collaboration among key actors in the food system.

- Policies should promote the utilization of the digital platforms for extension services and e-trade.

## **3. For International and Non-Governmental Organizations (NGOs)**

- Prioritize AEAS in national and regional development plans and aid for trade assistance
- Support to African countries to develop the AEAS and CBT data collection and analytical capacities
- Strengthen input-output market and market linkages between the farmers or producers, processors, traders, and multinational enterprises.
- Support public institutions and government agencies to engage the private sector and regional bodies so that they work together to eliminate existing and new trade barriers and reduce the cost of doing business between countries.
- Advocate for reduction of intraregional trade barriers, including the high tariffs, quotas and bills, to the barest minimum; and promote cross-border trade of goods and services through e-trade systems.

## 4. CONCLUSION

Africa's socioeconomic transformation will largely depend on access to knowledge and technology, among the other attributes, and trade is a useful transmission mechanism. However, cross-border trade (CBT) businesses in Africa exclude the agricultural extension and advisory services (AEAS). This is due to policy limitations and country-specific requirements for such services.

Improving last-mile access to agricultural information and knowledge through AEAS is important, as the continent depends on agriculture. Harmonization of AEAS and CBT requirements by countries is crucial and long overdue. There is a need to

promote joint investment at national borders, harmonize trade policies and practices, and reduce the cost of doing business across Africa.

Governments in intra-Africa trade blocs and regions should cooperate in granting legal or economic legitimacy to AEAS networks and service delivery in cross-border trade and exchanges. Regional bodies should play a central role in coordinating and providing the enabling policy environment and legal framework to regulate AEAS delivery and cross-border dynamics. Both the private sector and donor communities should engage governments and regional bodies to support the processes.



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