ISLAMIC REPUBLIC OF MAURITANIA

Honor — Fraternity — Justice

Ministry of Economy and Finance

Directorate of Studies and Programming

RAMS PROJECT

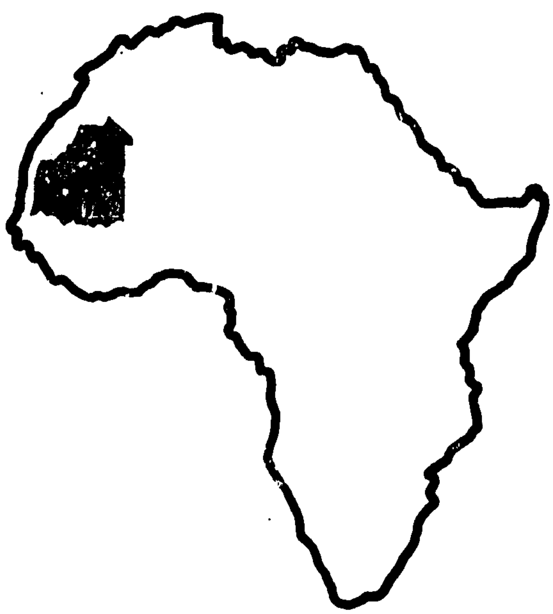
Rural Assessment and Manpower Surveys

Economic Activities of the

Rural Private Sector

1980

AE-4-1



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This report analyzes the individual and collective activities which bind the primary sector to the entire rural sector.

Its aim is to examine primary intermediary factors not discussed in other RAMS studies which link agricultural production to national consumption.

The report is limited to the economic aspect of the intermediary stage of production. It also discusses the role of parastatal organizations in the rural sector.

Finally, the report seeks to describe the operation of several private economic activities. These serve as a basis for analysis and evaluation of the potentials and constraints of the sector.

In the framework of this report, it was not possible to make a study of each of the many private businesses, which operate in the rural sector; thus, only a few representative examples are examined. These small-scale activities are primarily service-oriented rather than production oriented.

LIST OF ABBREVIATIONS AND ACRONYMS

BALM	Arab-Lybien Mauritanian Bank Banque Arab-Lybienne Mauritanienne
BCEOM	Central Research Bureau for Overseas Equipment Bureau Central d'Etude pour les Equipment d'Outre-Mer
BIMA	International Bank for Mauritania Banque Internationale pour la Mauritanie
BMDC	Mauritanian Bank for Development and Commerce Banque Mauritanienne pour le Développement et le Commerce
CAA	Food Aid Commission Commissariat à l'Aide Alimentaire
FAO	Food and Agricultural Organization for the United Nations Organisation des Nations Unies pour l'Agriculture et l'Alimentation
FED/EDF	European Development Fund Fonds Européen de Développement
MDR	Ministry of Rural Development Ministère du Développement Rural
OMA	Mauritanian Bureau of Crafts Office Mauritanien d'Artisanat
OTAPARC	Mauritanian Office of Tourism, Crafts and Parks Office Mauritanien du Tourisme, de l'Artisanat et des Parcs
PAM/WFP	World Food Program Programme Alimentaire Mondial
SSI/PME	Small-scale Industries and Medium-scale Businesses Petits et Moyennes Entreprises
PNUD/UNDP	United Nations Development Program Programmes des Nations Unies pour le Développement
SMAR	Mauritanian Insurance and Reinsurance Company Société Mauritanienne d'Assurance et de Réassurance

SMB	Mauritanian Banking Society Société Mauritanienne de Banque
SNEL	Société Nationale d'Etablissement Lacombe
SOCOMETAL	Société de Construction Métallique
SOMAREM	Société Mauritanienne de Représentation de Marque
SONADER	National Rural Development Board Société Nationale pour le Développement Rural
SONICOB	National Livestock Industrialization and Marketing Board Société Nationale pour l'Industrialisation et le Commercialisation du Bétail
SONIMEX	National Imports and Exports Company Société Nationale d'Import et d'Export
UCAA	Union of the Farmers' Cooperatives of the Adrar Union des Coopératives Agricoles de l'Adrar
UM	Monetary Unit - Ouguiya (45 UM = $1.00)

Chapter 1. INTRODUCTION

1.1 Framework of the Study

Traditionally, Mauritania's rural economy is characterized by individual and collective exploitation systems which are predominantly capitalistic. (1) The so-called "private" system operates essentially within two structures:

- the small-scale, individual concerns, ranging from family-sized to small-scaled enterprises. (2)
- the collective grouping in a cooperative type.

Concurrently, public enterprises have been established with the intent to influence production through collection, storage and distribution of agricultural products. These measures were taken in order to make the private sector of the economy better adapted to immediate development needs.

The primary sector, which represents nearly 70% of the non-government labor force, is the object of five sectoral studies by RAMS. In order to avoid duplication, this report is limited to the analysis of activities in the secondary and tertiary transformation and services sectors, and particularly those which have direct impact on the welfare of the rural population. With that purpose in mind, it will first discuss the dominant parastatal institutions. These represent a governmental framework within which private structures determine the scope of their action. Since 1966, the parastatals began to exercise direct influence on well-defined sectors. They constitute, for instance, an element of distribution (SONIMEX, established 1966), of support (SONADER, established 1975) and of regulation (OMC, established 1975) rather than institutions directly involved in production. It is in these terms that the parastatal structure is considered.

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(1) See "Evolution des Modes d'Accumulation et Transformations Sociales en Mauritanie" RAMS Study. A study of trade capitalism will be ignored here since the topic is covered in detail in the above-mentioned report.

(2) With the exception of the state farm in M'Pourie, the rural sector to date has not known any large-scale enterprises such as those found in neighboring countries.

Secondly, the study examines cooperative-type collective structures, a relatively recent phenomena in Mauritania. The structures are, therefore, insufficiently defined and known.

The government has tried to establish a pre-cooperative stage lasting a minimum of two years in the hope of better determining the viability of the group. While it is true that few cooperatives keep to the criteria usually assigned to these organisms, it is evident that certain types of cooperatives exist for each economic sector. Hence, one finds some farming, artisanal and consumer cooperatives, which are reviewed in a separate chapter.

Although the small business sector is still undeveloped in the urban and modern settings of Nouakchott, Nouadhibou and Zouerate, it is even less so in the rural setting.

While a few small-scale industry-type concerns exist in Nouakchott (manufacturing of foam rubber, pads, matches, paint, detergents, paper supplies, a nail factory and bottling and carbonated beverages), none exist at present in the rural area. (3)

The last chapter is reserved for a brief analysis of the small and medium-scale industrial operations involving activities other than agricultural production. They are restricted to activities involving:

- transport
- storage
- crafts
- trade

It must be noted that a RAMS study, parallel to this one, treats development organizations within the public sector. The report discusses the attributes and the modalities of the institutions which are involved in rural production.

1.2 Population Implicated in the Study

Although it is difficult to calculate the percentage of the active population implicated in the private sector covered in the study, it is nonetheless useful to take a look at the employment distribution of the population. (4)

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(3) Review of the Industrial Sector in Mauritania, FRIDA, 1978, Annex 4.1.

(4) A RAMS study, Employment Situation, discusses this aspect of the population in detail.

The 1976-77 census groups the national population into nomads and sedentary. The sedentary is subdivided into urban and rural population, out of a total of slightly more than 1.3 million people; employment of the two groups reveals an active population-group aged 15-65 years of 699,400, which is broken down as follows:

Nomads		227,900
Sedentary		
- Urban	171,900	
- Rural	299,600	471,500
		699,400

Within this active population, 406,500 are employed. They are distributed in the following manner among the different economic sectors:

Nomads (147,400 in 1977)	
Farming/livestock	93.4%
Craftsmen	1.2%
Other Sectors (Trade and Services)	4.5%
Sedentary (259,200 in 1976)	
Farming/livestock	55.0%
Craftsmen	4.7%
Other Sectors (Industry and Services)	40.2%

In order to determine the size of the active population in the private sector (outside of production but associated with livestock and agriculture) the following calculations are made:

Nomads actively employed	147,400	
less herders/farmers	138,900 -	8,500
Sedentary actively employed	259,200	
less herders/farmers	141,400 -	
	117,800	
less Public Administrators	21,600 -	
Private non-agricultural sector	96,200	
less employment not connected with production	48,300 -	47,900
Total private sector employment related to the intermediate production sector		56,400

There are, therefore, 56,400 sedentaries and nomads, or 14% of the active working population, in the private sector, middlemen between producer and consumer. Whereas this study devotes part of its analysis to the country's cooperatives (farming as well as service cooperatives), the latter actually involve agricultural jobs. In this respect, separate calculations are presented in Chapter 4 which attempts to determine what part of the population is affected by these groups.

1.3 The Sector Under Study - Intermediary Consumption

The intermediary sector of national production is essentially broken down into four sub-sectors:

- transport
- storage
- processing
- marketing

These four activities come into play in the increase of prices between production and consumption.

Nationwide it has been estimated that approximately 85% of a unit of production is reserved for auto-consumption; the rest is set aside to be sold.

According to RAMS consumption surveys, purchased foodstuffs originating from domestic production, but which exclude a large portion of dairy production since it is merely sold, are broken down as follows:

Product	% of Consumption
Cereals	17
Rice	17
Fruits and Vegetables (Dates included)	14
Meat	45
Fish	4
Others	3
	100

Source: RAMS Revenue/Consumption/Nutrition Survey, 1981.

These same products sold by the producer at the prices indicated in column 1 of Table 1.1 are resold at market prices by middlemen (see column 2). Column 3 shows the difference between the production price and the consumer price, that is, the margin attributed to processing and distribution factors in the rural areas. The weighted average of each column reveals that the margin of intermediary returns amounts to 58% of the consumer price.

Table 1.1 Margin of Intermediary Return for Local Production/kg.

Product	I Production Cost (UM 1980)	II Consumer Price (UM 1980)	III Margin of Intermediary Revenue
Cereals	14.0	22.0	8.1
Rice	10.0	20.0	10.0
Fruits	35.0	60.0	25.0
Meat	30.0	77.0	47.0
Fish	20.0	113.0	93.0
Other	20.0	60.0	40.0
Weighted Average	23.9 UM	56.5 UM	32.6 UM = 58% of the consumer price

Source: Op. Cit.

The weighted average margin of 32.6 UM is distributed among the subsectoral activities, to which a fifth category ("other") must be added, representing the losses accrued during the intermediary phase.

Each food product increases in price according to processing costs. Rice, for example, requires a particularly high processing cost (an estimated 7 UM/kg, or 41% of the market price) while fruits and vegetables are processed for much less. As a result, a weighted average of intermediary costs was calculated for each category of foodstuff, enabling a determination of a proportion of value added distributed among the subsectors.

For national production, close to 90% of intermediary revenues (market price less production price) is shared between processing and marketing. Storage and transport value added represent 8% of margin (see Diagram 1.1).

Table 1.2 Description of Non-Agricultural Output by Sector

Industry	Average	Percentage of the 32.6 UM margin
Transport	2.38	7
Storage	0.31	1
Processing	1.25	34
Wholesale and retail	18.17	55
Other	1.00	3
	33.11	100

Source: RAMS Survey

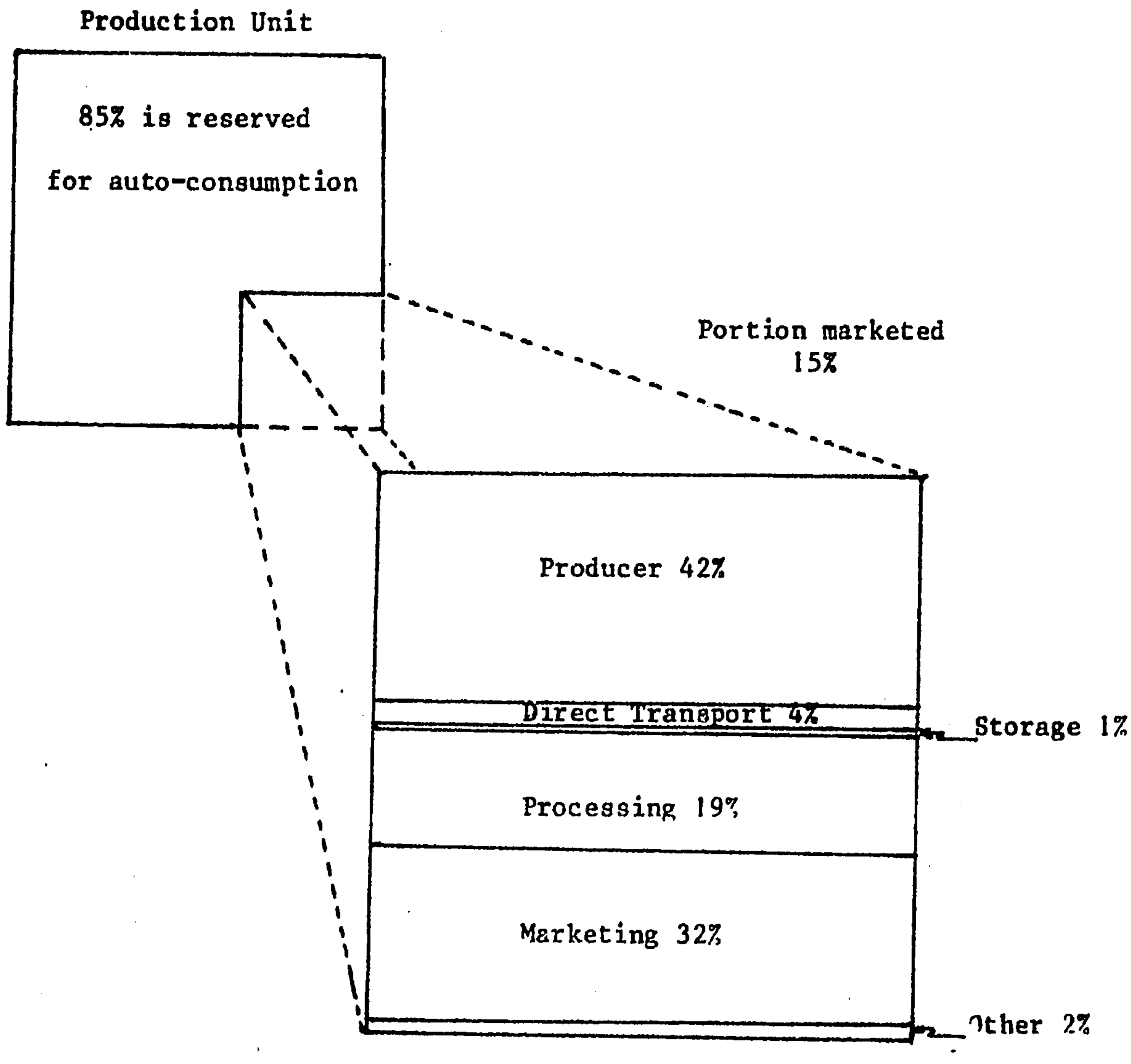
1.4 Services and Organizations Contacted

Research was undertaken in two stages: the first consisted of contacting the various organisms in Nouakchott covered in the study:

- The Chamber of Commerce
- The Office Mauritanien de l'Artisanat (Mauretanian Bureau of Crafts)
- The Direction des Affaires Sociales (Welfare Office)
- The Service de l'Artisanat (Crafts Bureau)
- The Division de la Coopération au Ministère du Développement Rural (MDR) (Cooperative Division of the Rural Development Ministry - RDM)
- Taxi Parcs
- Companies Selling Transport Vehicles: SOMAREM, SNEL, SOCOMETAL
- The Service de Transport Routier - Road Transport Bureau
- "Self-Help"
- The Fédération des Transporteurs Agricoles et de l'Elevage (Federation of Agricultural and Livestock Transporters)
- The Direction des Contributions Diverses (Tax Office)
- The Service Recouvrement du District de Nouakchott (Nouakchott District Collection Agency)
- The Various Banks in Nouakchott: BCM, BAAM, SMB, BIMA, BALM, BMDC
- SMAR (National Insurance Group)
- EDF

Diagram 1.1

Breakdown of Intermediary Costs
in Relation to a Unit of Production



- UNDP
- SONADER
- CAA
- OMC
- SONIMEX

The second phase entailed field work which consisted of observations and the use of questionnaires adapted to each type of economic activity but regrouping their common elements. It was thus possible to obtain information about:

- the different types of cooperatives;
- the merchants, craftsmen and transporters;
- the small, artisanal businesses in manufacturing, butchery, bread-making, blacksmithing, restaurants, laundry service, stonecutting and garage service.

The places visited provided ample information on the different regions and on the structure of activities operating in Mauritania. The following regions were visited: (cf. Map 1.1)

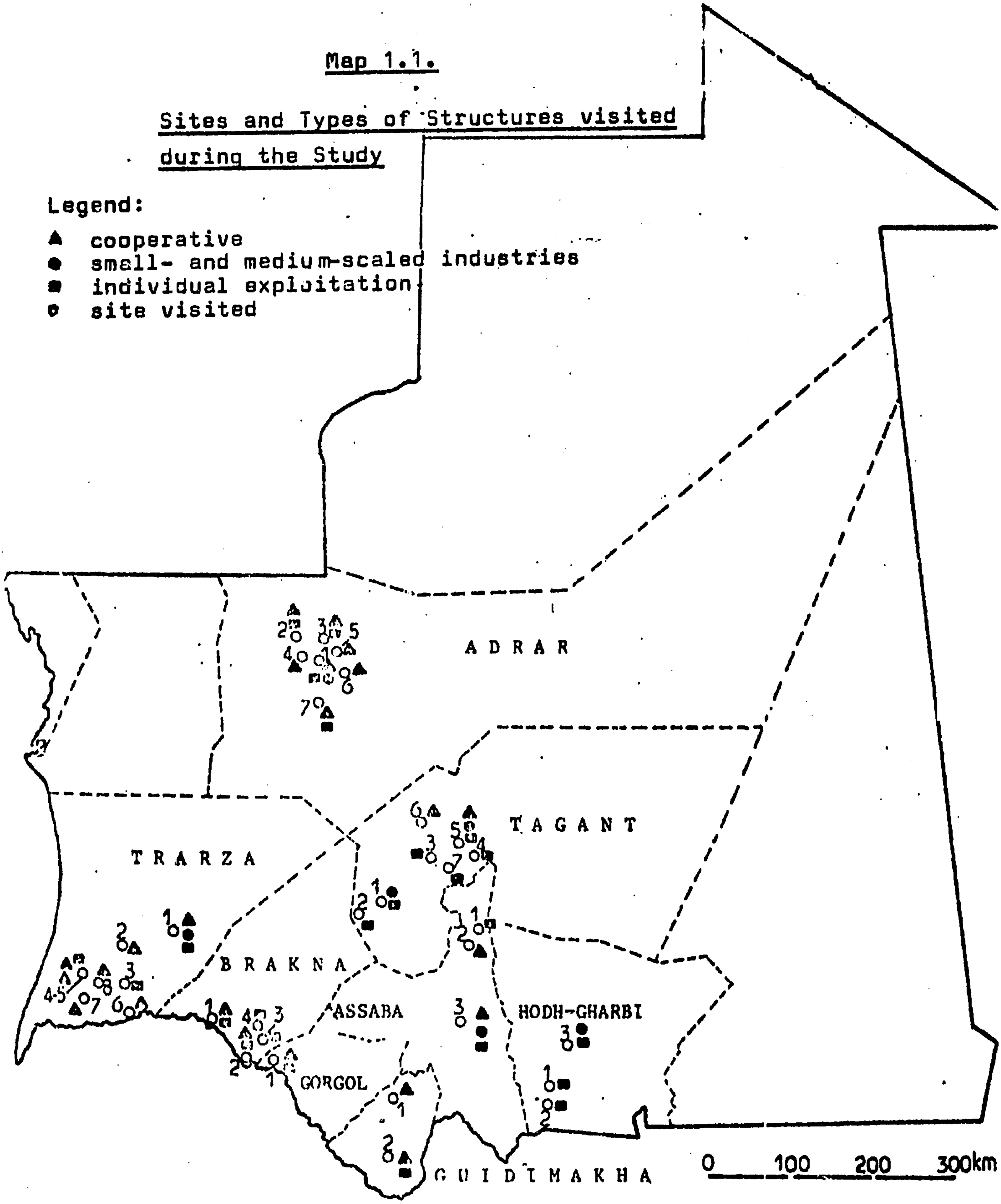
- the Trarza
- the Adrar
- the Brakna
- the Tagant
- the Assaba
- the Hodh El Gharbi
- the Gorgol

Map 1.1.

Sites and Types of Structures visited during the Study

Legend:

- ▲ cooperative
- ● small- and medium-scaled industries
- ■ individual exploitation
- ○ site visited



ADRAR	TRARZA	TAGANT	ASSABA	BRAKNA	GORG
ATAR	1 BOUTILIMIT	1 MOUDJERIA	1 LEGLEIB	1 BOGHE	1 KAEDI
TEYARETTE	2 OUAITOU	2 CAMP NOM.	2 BOUMDEID	2 M'BAGNE	GUIDIMA
TEROINE	3 R'KIZ	3 NIMLANE	3 KIFFA	3 HAIMEDATT	
AMDEYR	4 LEMTEYINE I	4 CAMP NOM.	HODH GHARBI	4 HIJAJE	1 HASSI
TAWAZ	5 LEMTEYINE II	5 TIDJIKJA			CHOGA
TINERY	6 TEKANE	6 RACHID	1 AIN FARBA		2 SELIB
AOUJEFT	7 MEDERDRA	7 EL KHOUDIA	2 CAMP NOM.		
	8 TAGUILALET		3 TINTANE		

Chapter 2. SUMMARY AND CONCLUSIONS

Mauritania has in the past 20 years explored three approaches to effect a better distribution and more efficient productivity of it's human and physical potentials. The government (GIRM) has tried, on the one hand, to rely on traditional structures of the private sector by following an essentially liberal investment policy, recently modifying the investment code in order to encourage the development of small-scale industries (SSI). It also created a SSI promotional unit within the Ministry of Industry and established a managerial training project in collaboration with the International Labor Organization (ILO).

On the other hand, starting in 1966, the government tried, with the creation of its first parastatal organization, to assert a more active role in meeting overall development objectives. Since that date, the GIRM has created four additional institutions destined to intervene in the rural sector.

Finally, the government tried through special legislation to encourage the creation of cooperatives and other collective types of enterprises. SONADER, a recently created parastatal, tried to link the two tendencies by limiting their involvement in the rural sector through the intermediary of cooperatives.

The debate on selecting the most appropriate means of production, whether they be statal, collective or private persists in the rural sector. Among nomads, however, the position is clear: neither collective nor government intervention interests them; moreover, these institutions are ill-adapted to the socio-economic organization of the nomad.

People along the Senegal River, in the Guidimakha, as well as in the Tagant and in the Adrar, favor a movement supported by cooperatives. However, in other regions, a more complacant "wait and see" attitude prevails, leaving the responsibility of helping the rural sector, and providing an institutional network for planned development, to the government.

2.1 Parastatal Organizations

1) The objectives of each parastatal (SONIMEX, OMC, SONICOB, SONADER, ONPP) have not been fully attained. Still, some positive results may be noted:

- in the stabilization of prices against cyclical speculation;
- in the distribution of staples to the indigenous populations and to those living in distant and enclaved areas.

In contrast, when the semi-public sector becomes involved in productive operations, the effects are less positive. Companies which are too rigid are at a greater disadvantage than those in the private sector, which, being more flexible, adapt themselves easily to changing circumstances. Proposals to reorganize them or to redefine their goals are too often neglected.

2) It is yet too early to evaluate the impact of some parastatals on rural development. Still, one sees a tendency to concentrate on a rice monoculture, greatly handicapped by another's large-scale importing of broken rice at lower than production costs. Likewise, supervision and training of the peasants practising a new technology is still recognized as seriously inadequate.

3) The dependence of the parastatals on outside financing perpetuates the cycle which impoverishes the farmer to the benefit of the consumer. On the one hand, the farmer is "deresponsibilized" of the planning of his activity while, on the other hand, he hopes by way of the parastatals to improve his standard of living. In the long term, the negative effect eminates from the fact that parastatals promise more than they can deliver.

2.2 Cooperatives

4) Dynamic forces in the rural sector are commonly found in the cooperative-type collectivities (pre-cooperatives and cooperatives are studied together). In contrast, however, there is a lack of dynamic leadership, the encampment-type group represents the least innovative form.

5) Existing cooperatives constitute a dynamic element for production capable of playing a major role in rural development. A pyramidal reorganization of the movement is proposed which in the long term would allow the establishment of a national federation of cooperatives, grouping all the regional unions under one umbrella. This federation would assume the role of a national office for the cooperative movement, guided and supported by the Cooperative Division and the Training Centre in Boghé. (See Diagram 4.1 and Section 4.3.1). Such training would give more responsibility to the producers and encourage the adaptation of production to felt needs.

6) <u>The consumer cooperatives</u>, although still small in number, help attain economic and social benefits <u>when profits are reinvested locally</u>. Consumer coo eratives observed <u>have evolved into agro-pastoral cooperatives</u>, utilizing the surplus from the village's cooperatives as launching capital. This corresponds well to <u>self-centered economic development, proceeding from consumption to productio</u>. This development is the opposite of that observed in market economies, but it still conforms with the traditional link between private trading and farming/herding in the Sahelian environment. This spontaneous orientation should serve as a lesson for future actions.

7) <u>The comparison between an individually-owned and a cooperative-run farm is not measured according to the quantity of output per unit</u>. In fact, it has been observed that under the same conditions (including surface area) the production level between the two does not differ significantly. <u>Cooperative farming, however, ensures an employment better adapted to the realities of rural life</u>, permitting a field to be farmed continuously while the members divide their time between the cooperative and other economic activities. Through the rationalization of labor, the groups succeed in increasing the area being farmed and participating in short-term, non-profitable activities.

2.3 <u>Small-scale Family Business and Small-scale Industries</u> (5)

8) <u>The private sector</u> of small and medium businesses at the rural level <u>gives evidence of significant vitality</u>. These enterprises are <u>characterized by a remarkable ability to adapt the demands imposed by accelerated sedentarization</u>. <u>They are working because they are capable of offering the products and services demanded by the affected population</u>. The small-scale businesses follow and help to create circuits of monetarized exchanges.

9) In the same way that there is a flow from a subsistance and barter system toward a monetarized sector when the possibility exists for employment and trade, there is likewise a return towards a subsistance economy when job opportunities fade or when trade transactions decrease for natural or human reasons. <u>Development efforts should, thus, deal with the creation of jobs and the acceleration of commercial transactions in the private</u>

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(5) See definition in Section 5.1

monetarized sector. The linkage of such programs requires a balance to be established between the effectiveness of the private sector and the stabilization of credit and prices by the government, and by encouraging investment in the two sectors.

10) Transport is by far the activity which requires the greatest investment, but this does not always translate into large profits. The business is risky and is most affected by governmental decisions and rising emergy costs. In a country where the surplus production zones (cereal, livestock, etc.) are often far removed from the places of consumption, the function of transport will play an increasingly important role in the activities of the three categories of economic operation studied: private, cooperative and parastatals.

11) The small processing and service-lending businesses (butchery, restaurants, bread-making, milling, artisanal crafts, etc.) offer profitable trade for the owner. The cases studied earn monthly incomes of between 30,000 UM to 60,000 UM, putting the small entrepreneur in a privileged position. Their potential for creating jobs are not to be ignored. The existing small-scale business labor force remains relatively unskilled and above all unstable. Frequent turnover has been observed for the majority of the employees of small businesses.

12) The processing sector is closely linked to the quantity of agricultural raw materials produced. However, in light of an important level of auto-consumption, of a low commercialization rate (see Section 5.5.1), and of an absence of industrial cash crops, the processing sector of the rural economy is by necessity small.

13) The merchant/shopkeeper of the rural world is rarely innovative. In certain towns (more than 500 inhabitants) low income earners invest a few thousand ouguiyas to launch a small business, thus becoming the entrepreneur of the rural monetarized economy.

14) The growing and accelerated urbanization of Mauritania contributes to the development of the service and distribution sector which represents the last phase of a market economy. The random services of the tertiary sector (transport, distribution) has raised its contribution to more than 25% of GDP in 1979 compared to 6% in 1959. This development is at the outset a detriment to the producer and in the end a disadvantage to the consumer. The main social-economic role played by this sector

calls for a set of structural measures of inducement and controls. Table 2.1 describes how these structures participate in the economic sectors. It should be noted that the public sector is most involved in the tertiary sector.

15) It must be stressed that the cooperatives and small-scale enterprises described in this report are those which are operating and which have thus succeeded to some extent in solving the problems of financing, employment, supply and distribution. However, their role remains marginal compared to a generally deficit national economy dominated by a self-subsistence in the productive regions and by the distribution of stable products which are imported commercially or received as gifts. The speculative and uncontrolled vigor of the tertiary sector is proof of an economy that consumes that which it does not produce. However, it still manifests a dynamic force and a capacity to undertake the revitalization of the economic chain of producer-consumer in the best liberal tradition of Mauritania.

Table 2.1 <u>Activity Support by Economic Sector</u>

Sector of Activity	Sector	Type of Private Activity	Collective Groupings	Parastatal Organizations	Ministerial Support
Primary	Agriculture	small private plots	yes	SONADER	yes
		truck farming	yes	none	none
		dam recessional	none	none	yes
		oases	none	none	none
	Livestock	herding	none	none	?
		poultry	none	none	none
	Fishing	Imraguen	yes	none	yes
Secondary	Milling	small mills	none	SONADER (rice)	–
	Tanning	in Kaédi but non-operating	none	none	–
	Artisan craft	jewellers, blacksmiths, crafts	yes	none	yes
Tertiary	Transport	private truckers and bush taxi	none	SONIMEX CAA/OMC	yes
	Trade				
	- supply	shops/merchants	yes	SONIMEX	–
	- marketing	farm production	scattered	SONADER	–
		livestock	none	SONICOS	–
	- services	bakeries, butcheries, restaurants, garages	none	none	–

- Sector covered by RAMS agricultural reports

- Sector covered by present report

- Sector covered by RAMS reports on <u>The Public Sector</u>: <u>Organization and Operation of Rural Development Activities</u>

Chapter 3. PARASTATAL INSTITUTIONS

The inclusion of the semi-public sector in this study is warranted by the frequent intervention by these organizations in the various private enterprises examined. The State took the initiative of creating these agencies and tried to grant them the necessary means with which to guide the private sector towards goals which the sector alone appeared incapable of achieving. They are studied here in terms of the objective assigned to them, the financial means put at their disposal and the results obtained.

Since 1966, four public establishments having impact on the rural sector have been created in order to achieve one or several of the following goals:

- Increase of agricultural production,
- Action on/or control of prices,
- Stabilization of supply and demand,
- Creation of jobs,
- Reduction of the balance of payments deficit,
- Absorption of the rural exodus.

It is in the light of these goals that SONIMEX, SONICOB, OMC and SONADER are examined. (6)

3.1 SONIMEX

SONIMEX (National Importing and Exporting Company) was founded in 1966. It is a mixed company which started with 51% of public funds; today, the State's part is 62%. It has a monopoly on the import and wholesale distribution of four consumer products (tea, sugar, rice, Guinea cloth) and is to include domestic rice production in its marketing network. It also handles the exportation of gum arabic.

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(6) The ONPP (the National Office for the Promotion of Fisheries), created at the beginning of 1981 is not yet operational and does not figure into this study. It was created with the intention of guiding and encouraging the fishing sector and the artisanal area in particular.

3.1.1 Objectives

SONIMEX marks the first attempt by the State to intercede in the trading activity of the tertiary sector. With it, the State seeks to put a check on the speculation of certain products and to cut down on regional disparities in prices and supplies. It focuses on two principal objectives:

- to act on the consumer ~~prices~~ by guaranteeing ~~that~~ staples are provided at moderate prices, and
- to improve the balance between supply and demand.

Its monopoly on staple products allows it to control the quantities placed on the market and to impose wholesale prices for the products. The market remains free although price control fixes a maximum profit margin for products in greatest demand. Among the four products sold most frequently in the rural world, three are primary items imported by SONIMEX.

3.1.2 Means

SONIMEX's head office is in Nouakchott. It has a fleet of vehicles and a network of agencies in the rural areas (see Section 5) and affiliated retailers ("Correspondents") in Nouakchott; the latter are shops which are assured preference in the distribution of scarce supplies. They are, however, obligated to sell stocks from SONIMEX at fixed prices.

SONIMEX is commissioned to buy nationally produced marketable rice, while its collection, milling and storage are assigned to SONADER and OMC.

SONIMEX has preferential financial resources. It is guaranteed an annual loan from the Central Bank and is the only public enterprise which may receive credit from other Mauritanian banks.

The following figures show the progression of the company's financial commitments (short- and long-term) since 1973 as compared to other parastatal institutions.

(in millions of UM)

	1973	1974	1975	1976	1977	1978	1979	1980
SONIMEX	605.09	313.9	256.2	73.2	310.8	29.2	189.2	336.6
OMC				-	-	-	-	-
SONICOB				-	-	-	-	-
SONADER					-	-	-	-

Source: Banks: BIMA, SMB, BMDC

The foregoing financial resources explain in part the reason for its economic survival.

SONIMEX sells its products through a system of perequation. In this way, rice is sold at cost price, while sugar and tea are sold at significant profits.

Rice sold at 16 UM a kilo in Nouakchott carries a uniform transport charge of 3 UM per kilo in the regions throughout the territory. In comparison, the average cost of production for rice in the river region is 24 UM per kilo (plus 3 UM for transport to Nouakchott). Sugar, imported for 35.91 UM/kg (CIF plus customs charges, 1980) is resold at 50 UM/kg, thus making a profit of 14,090 UM/ton. The wholesale price (paid by the agencies + representation) is fixed by the government. In contrast, the consumer price is fixed by the regional authorities.

Purchases made by SONIMEX since 1975 are recapitulated in Table 3.1 showing a strong rise in rice imports in 6 years (multiplied sixfold) and a drastic drop in the purchase of gum arabic.

Table 3.1 Change in quantity of foods imported/sold and bought by SONIMEX, 1975-1980

Product/ Year	1975	1976	1977	1978	1979	1980
Rice (tons)	9,443	24,446	50,075	54,648	53,201	57,633
Tea (tons)	2,000	504	2,596	2,617	2,719	3,952
Sugar (tons)	14,000	22,282	37,460	27,402	49,007	19,706
Cloths (meters)	4,608,578	8,187,226	10,989,396	2,825,250	7,960,965	3,338,000
Gum arabic (tons)	1,635	441	295	122	485	131

Source: SONIMEX

3.1.3 Results

SONIMEX's influence on prices and the regulation of supplies for staple products has been relatively effective. According to Table 3.2 SONIMEX's wholesale prices have remained relatively stable in the past few years. In contrast, the policy it is pursuing in importing rice at a lower cost than that for local products, benefits the consumer, but discourages local production.

Production costs vary by region and crop year, but the system of perequation tends to penalize the farmers. SONIMEX could, in collaboration with SONADER and OMC, fix a consumer price which would take into consideration the production cost without putting the producers at a disadvantage.

In another vein it has been demonstrated that SONIMEX has had difficulties in controlling that fraction of products which are considered "losses" but which ends up in the free and speculative market. This part is estimated to be about 10% of imported merchandise.

Table 3.2 SONIMEX - Products and Wholesale Prices, 1974-1979
(UM/kg)

Product/ Year	1974	1975	1976	1977	1978	1979
Sugar						
- loaf	29	58.5	54	figures	58	54
- lump	40	58	54	unavailable	48	48
Rice						
- long grain	25	30	28	"	28	28
- broken	15	21	16	"	10	16
Tea (average)	-	320	320	"	324	324
Guinea cloth (UM/meter)	-	32.6	32.2	"	40.0	40.0
Percale (UM/meter)	-	32.75	32.75	"	32.75	32.75

Source: Report on the Tagant, Annex 8

3.2 SONICOB

The origins of SONICOB (National Livestock Industrialization and Marketing Board) go back to the 1969 construction of the slaughter house and refrigeration plant in Kaédi, under the control of COVIMA, a state-owned company. In 1975, the company was dissolved and reformed into the present structure which is owned by the State (94%) and placed under the aegis of the Ministry of Commerce. Like SONIMEX, it was created to intervene in the tertiary sector.

3.2.1 Objectives

The objectives focus on bringing the purchasing, processing and marketing of livestock under national control, with a view to supplying both the export market and the urban and mining regions of Mauritania.

3.2.2 Means

SONICOB, located in Kaédi (the only public enterprise installed in the rural sector) disposes of a slaughterhouse and refrigeration center with a capacity of 3,000 tons of meat per year, representing the slaughter of 8,000 cattle and 25,000 small ruminants.

The plant can process:

- for slaughter: 8 cattle and 27 sheep per hour;
- for the first stage of refrigeration: one chamber with a receiving and chilling capacity of 7,500 kg of meat per day;
- for preservation: 2 cold storage rooms permitting 14-15 tons of meat to be stored;
- a cold storage room with a holding capacity of 1,500 kg of meat.

In addition, this complex includes:

- a tripery and gut-dressing works;
- a sanitary slaughterhouse with a cold storage room;
- a freezing chamber;
- an ice-maker with a capacity of 1,5 ton per day
- waiting stalls for animals to be slaughtered;
- an incinerator for meat-wastes;
- a truck fleet

Capital reserved (1980) for this activity totals (in million UM):

Capital	107,0
Permanent staff and staff in country 37 + 88 = 125	,8
Livestock on the hoof	39,0
Slaughterhouse Assets	20,0
Rolling stock	4,3
Frozen Account - BALM	36,9
Total	208,0

Source: Direction du Plan.

As shown above, the capital reserved produced the following slaughtering activity in a year:

800 cattle/8 animals/hour	=	100 hours of labor
525 goats/25 animals/hour	=	21 hours of labor
or a yearly total of		121 hours of labor (or 15 work days per year)

3.2.3 Results

The plant is a complete, modern establishment adapted to dispatching meat in carcass form. Still, at its inception only its slaughtering capacity was taken into account, while the absorptive capacity of the market was neglected.

The pre-processing sectors furnishing the animals (purchases or production) and the post-processing sectors marketing the meat are not integrated into the processing unit, which is isolated in the production, processing, and marketing chain.

Originally, the plan for slaughtering was oriented mainly towards exporting:

National Outlets	Weight in Meat/Year
Local market of Kaédi	100 to 200 tons
Nouakchott	70 to 210 tons
Nouadhibou and Zouerate	100 to 260 tons
Akjoujt	60 to 80 tons
Subtotal	330 to 750 tons

Subtotal	330 to 750 tons
<u>Exports</u>	
Canary Islands	900 to 2,000 tons
Senegal	100 to 300 tons
Grand Total	1,330 to 3,050 tons

Source: Direction du Plan.

According to the feasibility study, the break even point for the slaughterhouse is 1,200 tons per year. This projection with 92% intended for the export trade does not take into account the difficult accessibility of Kaédi, which can only be reached by air for such a highly perishable product as meat.

Since its activation, the real outlets offered for meat from Kaédi ended up in the Zouerate market. In 1977, the following was shipped:

- 800 cattle x 130 kg of carcasses	104.0 tons
- 523 sheep + goats x 14 kg of carcasses	7.3 tons
Total	121.3 tons

For two years it also exported:

3,000 head of sheep to Senegal (in 1977)
700 head of sheep to Senegal (in 1978)

and sent to Nouakchott during hardship periods:

2,500 head in 1976/77
2,000 head in 1978

Slaughtering, as a service to the local butchers in Kaédi, now totals 5-8 animals per week, or approximately 36 tons per year. The 150-200 tons of meat slaughtered per year represent 5-7% of the slaughtering capacity of this enterprise. The activity reserved for local butchers is carried out as a loaned service at the rate of 3 UM per kilogram of slaughtered meat, for 6 animals a day on the average, or a yearly income of:

6 x 250 days x 130 kg x 3 UM = 585,000 UM

With a view to limiting present losses and in the framework of a renewed animal husbandry policy, it appears desirable to transfer funds, slaughterhouse and vehicles to a Mauritanian livestock and farming company. The integration of agriculture and intensive livestock breeding would become possible under the sponsorship of this company. This new, integrated activity based on supplies and services between herders and the integrating company, would have control of the entire production chain which goes from producing to marketing, without isolating the slaughtering link. Moreover, an important part of its activity would concentrate on small ruminants, for which there is a large demand in the local and export markets and for which prices indicat a high rate of return.

3.3 OMC/CAA

The OMC (the Mauritanian Cereal Office) was established in 1975 as an integral part of the Ministry of Rural Development. Its creation is in line with the government's interest to intervene in the tertiary sector with a view to control the distribution and commercialization of cereal production.

3.3.1 Objectives

In 1975, the Government's objective was:

- to establish a regional equilibrium for cereals at the consumer level;
- in periods of shortage, to give provisions to the regions hit by famine.

More precisely, the statuary goals of the OMC were:

- to determine cereal shortages per region each year;
- to evaluate the marketable cereal surplus in the regions with high levels of production;
- to procure surplus cereal at guaranteed and profit-yielding prices, fixed each year so as to induce the farmers to produce more;
- to ensure the storage and preservation of the cereals;
- to supply the market with sufficient quantities of grain and to maintain a reasonable price for the consumer, regularly adjusted in order to combat illegal price hikes and cyclical speculation;
- to build up and manage a reserve stock and to invest without delay wherever there would be a shortage;
- to manage the cereal stocks coming as gifts from the international community.

The program envisaged has proven difficult to apply fully.

3.3.2 Means

The Office has been unable to attain its goals for two reasons:

a) It has no assured financial resources. From the time it began operating the banks have been unable to grant it loans because of the risks it entails. Nonetheless, the State participated in its launching with an aid of 4 million UM (later increased by 35 million UM with aid from the emergency plan). In 1977, the Office received a loan of 30 million UM from the State Treasury. Present operating resources for the Office come mainly from services rendered to the Commissariat à l'Aide Alimentaire (CAA-the Food Aid Commission), an emergency humanitarian organization for drought relief in charge of managing donor assistance. Still, the Office receives food aid reserved for its safety stocks.

b) The low level of cereal production has put a brake on the pursuit of the goal to purchase quantities of marketable grain and supply the regions suffering from shortages.

While a policy for importing cereals and selling them at market prices was planned by OMC (with an accompanying inducement to increase cereal production in the rural areas), it became apparent that, lacking financial means and buffer or safety stocks, it has actually become a supplier of services linking it to the CAA. Its funds originate from CAA service contracts which to date include:

- annually from 1977 to 1979 a contract for 54 million UM;
- in 1980 a contract for 22 million UM.

OMC also has a technical capacity to manage the Commission's assets. In brief, it carries out the following functions:

- reception of cereal products coming from international assistance;
- storage and preservation of these products at the Office's three centers (Nouakchott, Nouadhibou and Rosso);
- the dispatch of vehicles which once belonged to the Emergency Plan and since transferred to the CAA.

The foreign aid system goes through OMC. It shares the task of collecting data on annual grain production in the interior of the country. In collaboration with the Food Aid Commission, the

Office makes a final report on the cereal shortage and addresses a request to donor countries and to international humanitarian organizations (World Food Program, Food and Agricultural Organization, USAID, etc.).

In this way, an agency which was given statuary authority to organize the production and marketing of cereals is reduced to being the king-pin of an emergency agency (CAA) set up to face the drought and its consequences.

3.3.3 Results

The present policy of OMC is to maintain a reasonable cereal farm-gate price by regularly adjusting rates paid to local farmers. To carry out this task, a joint commission meets annually and establishes a "bracket" of the "official" buying prices for the producers. For the 1979/80 crop year, the bracket for millet and sorghum was set at between 7 and 11 UM/kg.

Between the ceiling and bottom prices, OMC fixes a social and stabilizing price for the purchase of cereals because of the instability of local prices which vary seasonally and by locality.

In this way, OMC attempts to favor the producer by purchasing his surplus at what is judged to be a profitable price and protecting him against speculation. However, since 1976-77, OMC has been able to conduct only two cereal-purchasing operations:

- in 1976-77, 1,500 tons of millet was bought at an average price of 7.64 UM/kg.
- in 1978-79, 1,800 tons of millet was bought at an average price of 8.20 UM/kg.

The fact that it has been unable to purchase more grain since 1976 should not lead to the conclusion that the OMC is ineffective. The drop in cereal production in recent years is part of the reason for the low purchase figures. However, when the OMC is unable to purchase more grain, the traditional private sector network comes into operation, offering producers high prices for their cereals.

The OMC was recently transferred from the Rural Development Ministry to the Food Aid Commission. To get out from under the umbrella of CAA, which tends to restrict its functions, OMC seeks to diversify its activities in the areas of production, purchase storage and distribution.

3.4 SONADER

3.4.1 Objectives

With the creation of SONADER, the government entered the primary sector of the economy in order to stimulate agricultural production. This action has the double objective of improving the income level of the farmer and of seeking long-term food self-sufficiency through rice cultivation. In effect, the SONADER is charged with the study, the execution and the control of projects related to hydro-agriculture. Although the idea of a National Production Company goes back to 1972, SONADER was only established in 1975, and it was not until 1978 that its management and supervisory limits were defined. (7)

The Company can appeal for foreign aid and local funds since it is invested simultaneously with public (10%) and foreign (90%) funds for its operation. Between 1976 and the end of 1978, SONADER received over 11.4 billion UM from abroad, whereas over 76 million was pledged by the government. The volume of committed capital shows a rapid growth in recent years:

Year	Number of Projects	Personnel	Capital (10^6 UM)
1976 (8 months)	3	33	9.1
1977	9	68	103.9
1978	9	157	292.3
1979	21	250	734.5
Total			1,139.8

Source: SONADER

Due to its predominance in the riverine region, it is important to describe at least in summary form the method by which SONADER assists in the creation of small irrigated village plots (PPV) in the four sections under its control (Rosso, Boghé, Kaédi and Selibabi).

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(7) For a more complete review of projects and activities of SONADER, see RAMS Report Irrigated Agriculture, 1980.

3.4.2 Preparatory Stage of SONADER Action

Subsequent to a sociological visit, SONADER intercedes:

(a) at the request of a village via a copperative, and
(b) under the condition that the village disposes of fondé land suitable for cultivation.

When these two criteria are met, SONADER considers the conditions satisfactory to provide assistance. (8)

SONADER has other technical and social criteria:

Technical:

- SONADER must agree to the location of the plot.
- The land must not be too sandy or irregular so that labor and levelling can be carried out manually.

Social:

- The perimeter must be free of any land ownership problem. On this score, SONADER exercises no control over such a problem; Mauritania does not have a land code. While villagers are responsible for carrying out the actual cultivation, SONADER is there only to provide assistance. Most often, SONADER interacts through the head of the village cooperative. The company presents him with a season's contract giving details about the services which SONADER will render and the sum which the cooperative commits itself to paying during the season.

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(8) In fact, it has been demonstrated several times that these may be necessary but not adequate reasons for intervention. Hence, it was seen that in Sinthiou (where 8 ha were farmed, out of 41 developed for the 1980/81 crop year, RAMS report op.cit.) the villagers placed a request to develop an irrigated plot principally because the neighboring village had one. In another case, one village was meeting its repayments regularly to SONADER with money sent in from abroad rather than from production.

3.4.3 Phase of Implementation

The clearing and cultivation phase in the perimeters usually entail intra-village conflicts, While this phase is most critical, the cooperatives receive little support or advice from SONADER. To take an example of an average 20 ha perimeter which is in the development phase, it takes the labor of approximately 80 men (heads of families) plus women and children to clear the land. As a result of their labor input, each feels involved and consequently demands a plot. However, dividing up an area of 20 ha among 80 plots (0.25 ha/farmer) renders the exploitation totally unprofitable. In fact, the average land allotment is closer to 0.20 ha per farmer. At that rate a farmer is not capable of growing sufficiently for auto-consumption plus a surplus to cover repayments to SONADER. The profitability of a plot does not depend on its size alone, but also on its location. For instance, for it to be profitable, a plot must be twice as large in the Kaédi sector than in the Rosso sector. (9)

Up until now, SONADER has not taken any action to advise about the minimum dimensions of plots; meanwhile, villagers have attempted to enlarge their perimeters, but these efforts have been hampered by the limitation of tools furnished by SONADER which are intended for smaller areas.

3.4.4 Supervisory Phase

The cooperatives of 73 small perimeters are linked to SONADER through its Credit and Marketing Bureau (BCC-Bureau du Crédit et de la Commercialisation); this service consists of three persons, too small a staff to handle accounting and supply problems, as well as supervision and extension. For these reasons, the BCC can record the inputs (gas, seed, fertilizer) furnished to the cooperative by SONADER, but it can not control either their utilization, or the expenditures not otherwise anticipated by the Company.

Nonetheless, during and at the end of the campaign, the Bureau presents the cooperative with bills for supplies and services rendered. The farmer has the option of paying either in cash or in kind. As expected, he rarely has the cash to make

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(9) Figures calculated for a two crop rice campaign, SONADER.

payments. If he chooses to pay in kind, the farmer receives 10 UM per kilo of paddy rice (1979). However, even if a farmer wants to sell his product at 10 UM to SONADER, the latter is not equipped to purchase all that is available. For that reason, the farmer is forced to sell part of his product in the free market at a lower price, which in 1980 was 6-7 UM/kg.

3.4.5 Results

The situation created by SONADER's abandonment of all or part of the paddy rice produced under its guidance reinforces the private merchant's position with respect to the producer. The producer keeps 80% of his yield for his proper consumption, and the remaining 20% is sold in order to secure the necessary funds to pay charges due to SONADER.

Assuming a production level of 4 tons per hectare, 800 kgs of paddy rice sold at 7 UM come to 5,600 UM, which is not enough to pay back the 8,000 UM in charges demanded by SONADER. This is not an isolated case. It concerns the majority of the rice crops of small and large plots directed by SONADER and leads to a disengagement of farmers vis-a-vis SONADER. Thus, the progress in production either hoped or planned is not being registered. Rather than lead to food self-sufficiency, speculation in the private sector is being reinforced.

3.4.6 Impact of the Parastatal Institutions

One must question why basic products, which are imported at 80% of the total tonnage necessary for Mauritania (60,000 tons of broken rice, 60,000 tons of grain, plus flour) do not help to encourage national food crop production and private commerce.

What do we observe?

Four parastatal organizations and one state commission have been authorized to import and distribute the staple products. These products are sold at prices (17 UM/kg broken rice) markedly below the production costs in Mauritania (24 UM/kg rice). The means provided by the public enterprises are essentially for transport and distribution networks. Each of these enterprises has its own fleet of trucks (SONIMEX, OMC, CAA, SONICOB) and its own maintenance garage. Furthermore, each organism utilizes its privileged channel of distribution (private trade, prefects, direct assignments in the villages). This lack of coordination culminates in a failure to meet the objectives of food self-sufficiency and strengthening local production through private trade.

Could not one imagine an unbroken link between SONADER organizing production, leading up to its collection at a guaranteed price, an OMC buying it to process or stock domestic production and a SONIMEX maintaining control of all domestic cereals in the regions?

SONIMEX could take charge of commercializing products on the same grounds as products already imported (rice, sugar, tea), in order to sell them at official standard prices through private trade channels (see Diagram 3.1).

Such a system would allow:

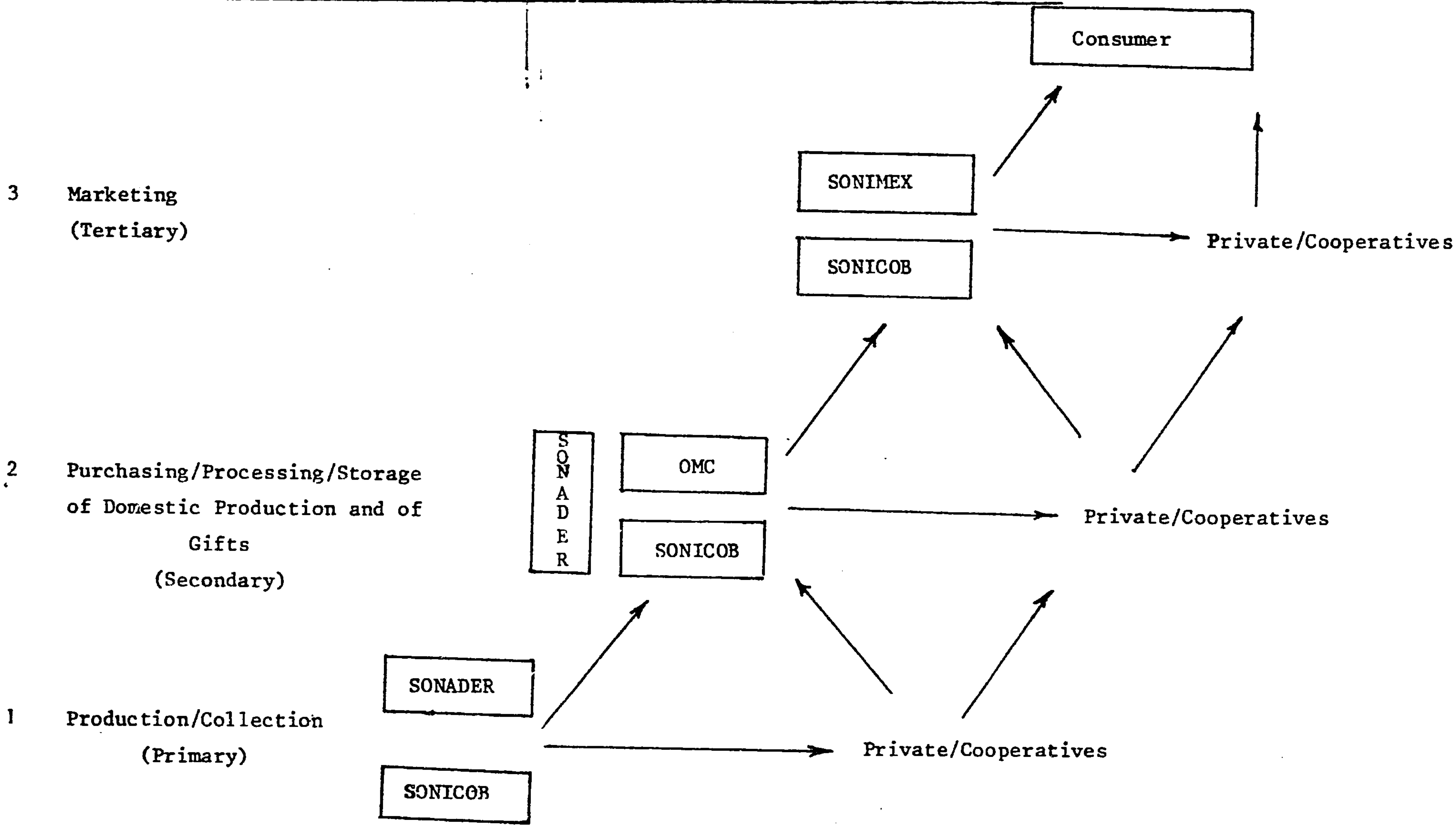
- the equalization of consumer prices for imported and local foodstuffs
- the build-up of resources, particularly from foreign grant aid which would lessen pressure on domestic prices). These resources could serve as the foundation for a national agricultural development fund as used in the mechanism under the U.S.P.L. 480 model.

Setting up such a system of minimum guarantees from existing parastatals would not preclude operations of private and cooperative channels. Actually, it is more suitable to have a structured cooperative system built on the local scale for production, on the regional scale for processing and storage and on the national scale for marketing, capable of functioning alongside the private and semi-private sectors.

The type of vertical organization proposed for vegetable food crops could be extended to animal production, ranging from meats to fish and including dairy products, through an organization such as a renovated SONICOB.

Diagram 3.1

Proposals for the Complementarity of the Parastatals and the Private/Cooperative Channels Throughout the Three Economic Sectors



Chapter 4. STRUCTURES OF COOPERATIVE GROUPINGS.

Collectivities involved in rural development occupy approximately 12% of the employed sedentary population, a factor not to be ignored in considering national and regional planning.

4.1 Potential

A study of the present collective structure reveals the following characteristics:

4.1.1 Development of a Cooperative

Cooperatives have a double origin: the tradition of group work (TOUIZA in Hassaniya), especially in crafts and agriculture; and the political volition expressed since independence, albeit weak encouragement for this type of organization. To this must be added the reversal of a traditional system of distribution, which has become more marked since the recent drought, allowing a few merchants to monopolize part of the distribution network. This phenomenon has incited some communities to band together into collective structures to form consumer cooperatives.

The legal foundations of cooperatives were set in 1967 by Bill No. 67171 (7/18/67) and successive decrees. These provide for the creation first of a pre-cooperative group which becomes "open" during an obligatory preliminary stage before it constitutes a legal cooperative. The by-laws also provide for the possibility of establishing joint companies with the State, technical assistance companies and even a national cooperative credit union for financial aid. Economic advantages consisting chiefly of fiscal exoneration, accrue to cooperatives.

Cooperative Division in the Ministry of Rural Development, attached to the Agricultural Administrative Office, is charged with overseeing the development of cooperatives. A system of subsidies exists whereby cooperatives and pre-cooperatives received random contributions from the Ministry of Rural Development, SONADER, the Chamber of Commerce and foreign assistance programs.

4.1.2 Existence of Collective Structures

The cooperative movement has seen a rapid expansion. The Rural Development Ministry has registered 417 pre-cooperative groups and certified 21 cooperatives as of March 1980, (10) grouping together some 18 members and possessing a total working capital of over 41 million UM. The additional 68 irrigated farming cooperatives with nearly 7,000 members under the direction of SONADER bring the total to 485 cooperative and pre-cooperative groups. Their activities are distributid as follows:

- farming	451	cooperatives
- crafts	19	cooperatives
- consumer-related	11	cooperatives
- fishing	4	cooperatives
Total	485	cooperatives (11)

The distribution of the groups by region and the proportion of the member population in relation to the employed sedentary population are shown in Table 4.1 and Map 4.1. The Trarza region is at the top with a total of 178 cooperatives, or 38% of the groups. It is highly probable, however, that the geographic proximity of the groups to Nouakchott facilitates their registration.

Field visits have revealed the existence of still other functioning cooperatives which are not registered. For example, in the Tagant, no consumer cooperatives appear on the sheet, while several cooperatives of this type were visited; in the Guidimakha, a large number of villages have a collective group, while only 6 pre-cooperatives are officially registered.

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(10) While 87 groups are registed in Nouakchott, the capital district is not included in this count. For purposes of this study, cooperatives and pre-cooperatives will be considered as a single category. A number of these may be bogus or have ceased to function.

(11) River fishing-cooperatives, due to a shortage of fish in the past few years, have had to transform themselves into cooperatives which sell fish purchased in Nouakchott and resold in the river regions where they once fished.

Table 4.1 Geographical Distribution of Cooperatives and Memberships Compared to the Active Employed Population, 1981 (*)

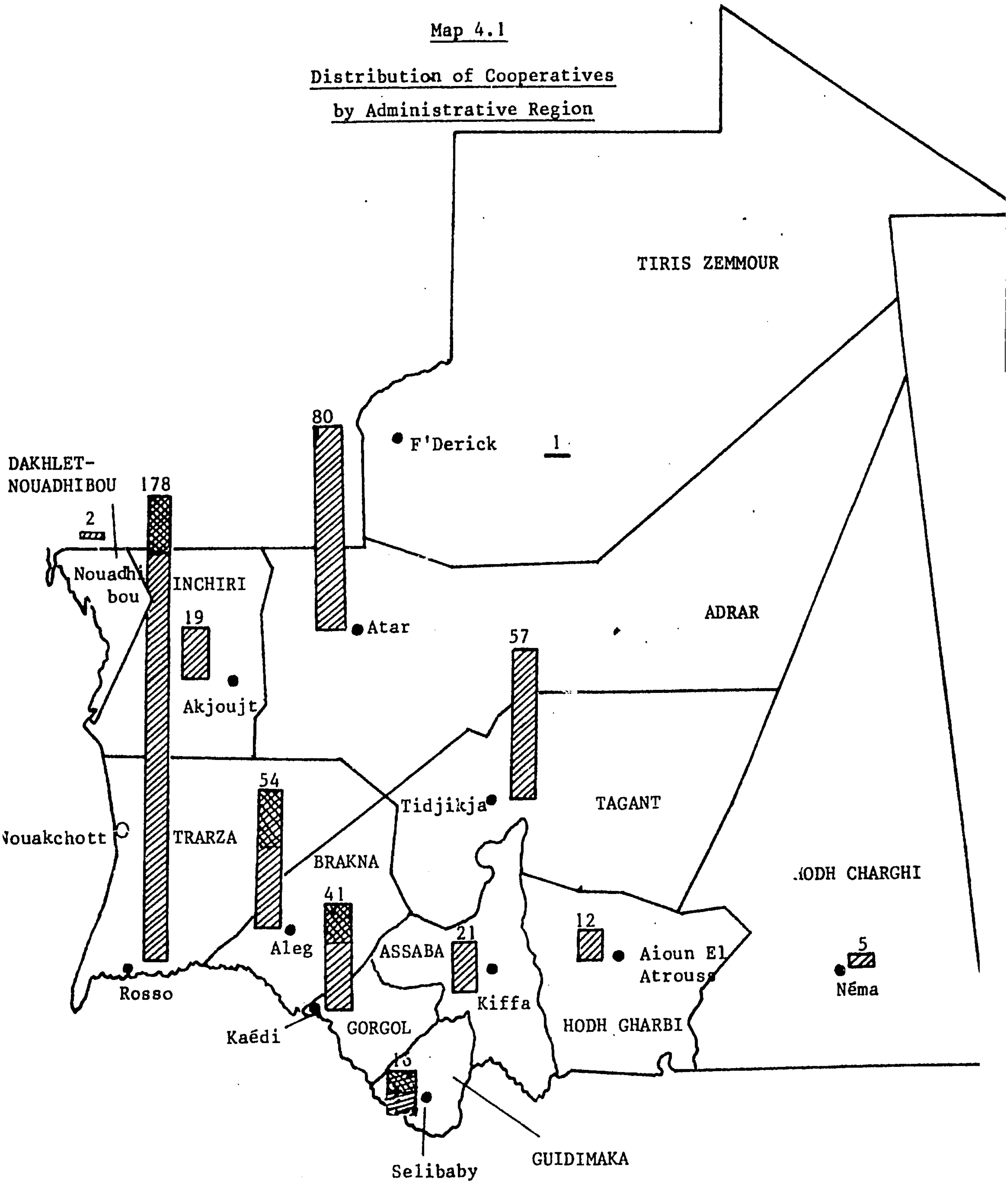
Region	Total Number of Cooperative Groups	Membership	Active Employed Sedentary Population	% of Employed Population Belonging to a Cooperative
Hodh Charghi	5	98	23,115	0,4
Hodh Gharbi	12	245	17,905	1,4
Assaba	20	291	27,010	1,1
Gorgol	41	3,383	33,093	10,2
Brakna	54	4,440	25,086	17.7
Trarza	178	9,804	26,130	37.6
Adrar	80	1,609	10,091	15.9
Dakhlet-Nouadhibou	2	1,171	8,611	13.6
Tagant	57	1,979	9,233	21.4
Guidimakha	16	2,045	27,388	7.5
Tiris Zemmour	1	19	5,865	0.3
Inchiri	19	381	2,530	15.0
Total	485	25,465	216,057	Average: 11.8

Sources: Division de la Coopération and SONADER

* Not including Nouakchott.

Map 4.1

Distribution of Cooperatives
by Administrative Region



SONADER Cooperatives

Cooperatives registered with the Ministry of Rural Development

4.1.3 Results

4.1.3.1 Farming cooperatives are the most numerous and are found most frequently in the irrigated agriculture sector (perimeter and truck farming). Irrigation activities tend to favor the formation of collective organizations since the purchase of expensive equipment (motor-pumps, pipes, lubricants, gas) through a group is easier to accomplish rather than through individual action. Collective organizations also facilitate the task of applying for assistance from institutions, of reimbursing for supplies purchased (and to ensure steady supplies), and of covering operating costs (see Case study under 4.4.1.1 below).

A farming cooperative also permits a more efficient framework for job stabilization, even though field observations indicate that over 55% resort to seasonal salaried laborers. Still, cooperatives rotate labor while members have time to pursue other economic activities, thus maximizing land utilization. There is no model organization. Each has its own cooperative form, identifiable by two opposing tendencies:

- centralization
- decentralization, with all of the intermediary forms in which each group maintains the power to make decisions.

The "collegial" spirit is, however, the rule for decision-making.

In the centralized system, there is an office, a president, and a generaly assembly which make all decisions (see Annexes I and II).

In the decentralized system, there are subdivisions of groups and sub-groups for day-to-day management. In the Adrar region, each member remains master of his plot of land, while the cooperative acts only as middleman for requesting assistance and subsidies.

There is a movement under foot to create cooperative unions. In the Adrar the Farming Cooperatives' Union: UCAA (Union des Coopératives Agricoles de l'Adrar), founded in 1965, has attempted to organize a scheme to provide farming supplies to its members. It enjoys a tax exemption from customs duties for its supplies and has tried to organize the collection and sale of members' production. It has become the channel through which the cooperatives in the Adrar have to pass to establish contacts with the central or regional administration. This monopoly has been recognized by all officials concerned. Nonetheless, most of the cooperatives of the region have contested the powers accorded to UCAA, indicating that it no longer fulfils the representative role of a Union of cooperatives. Plans have been concluded for setting up a cooperative union in the Tagant region. Stated objectives are to assist the establishment of new cooperatives and to help procure refrigerated transport to assure delivery of fresh produce to existing markets.

Cooperatives in the rural areas have beneficial social effects and contribute to environmental protection efforts impacting on reforestation, grazing lands and water system. Some of them have fostered nutritional improvement by their introduction of fresh vegetables in the diet. In the Trarza, a cooperative of Moorish women has, after two seasons of vegetable production, been responsible for a clear decline, even disappearance, of illnesses due to exposure, migraine headaches, fevers and bronchitis in their children.

4.1.3.2 There are only a few crafts cooperatives, even though there is a strong tradition of collective work in this sector. It is assumed that craftsmen's groups exist but are not registered.

Crafts activities do not require a great deal of initial capital. Tools are owned individually by the members and, compared to farming cooperatives, a low stock of raw materials is sufficient for the operation of a cooperative. Operating costs are also relatively low. They cover chiefly the purchase of coal (often bought wholesale by the cooperative and resold to the members), rental of the workshop and transportation costs. Labor is, therefore, the principal factor of production and it is provided on a full-time basis.

The craft cooperative permits a more flexible organization of work than when accomplished individually and permits women to be employed part-time. It is instrumental in the training of apprentices, encouraging them to work with different craftsmen. While it is difficult to estimate production originating from craft cooperatives, it is important to take into account the numerous services provided in the form of repair and maintenance associated with the craft. (For a labor budget of a craftsman consult Table 5.6.1; the income earned by a cooperative craftsman varies from 30,000 to 120,000 UM per year.) Precious metal work is the most profitable (see Table 4.6). Regrouping into the form of a cooperative facilitates procurement of raw materials and the marketing of production. In fact, the efforts of cooperatives seem to center on this second aspect; some have chosen a member as a salaried marketing agent responsible for bringing goods to markets, most frequently Nouakchott. The cooperative structure also permits a collective system of quality control to be introduced. Thus, a committee may exist in the cooperative which evaluates the quality and price of each item produced by the members. The cooperative can also assist in the introduction of modern techniques of production. The cooperative of Mederdra, for example, has added a carpenter's shop equipped with electrical tools to make doors, windows and wardrobes, which respresents 20% of its income.

4.1.3.3 Consumer cooperatives are the smallest in number, 11 being registered. They are the most recent to be established and are the most dynamic of the three discussed above. An explanation for this can be found in the fact that their creation has answered the need to escape from merchants' speculation in time of shortages and the need to be accessible to receive drought assistance to reach them. Starting capital is built up from individual shares in the organization which can be paid either in cash or in kind. Members' contributions are the only source of such financing; no consumer cooperative has received assistance from the outside. The El Khoudia cooperative applies a system which is worthy of mention; the initial contribution for membership is 5,000 UM which can be paid in cash, in labor or in kind. This represents his "share" in the cooperative. As the profits of the cooperative accumulate, the returns, payable to the members, are placed in reserve. When they reach 5,000 UM per member, they are converted into new social shares. In this way, the social capital of the cooperative grows continuously. Twenty percent of the members are women; 60% of the members reside in El Khoudia. However, the founding articles stipulate that profits from acquired shares cannot be invested outside of the district of El Khoudia. The building up of sizable social capital has facilitated the extention of the bank credit to this cooperative.

The manpower needs for a consumer cooperative are limited, rarely exceeding one or two persons for the office and two sellers. This staff is paid by the cooperative.

Other operating costs cover rent, kerosene lighting, license and transportation. All told, these costs represent 75% of costs.

Retail prices for the cooperative members are calculated on the basis of these costs which can often be met by using a reduced margin of profit for which only the rate varies according to the product. The variation also depends on the origin of these products. Products coming from SONIMEX, for example, permit a higher margin than those bought on the free market, although a cooperative is not always able to purchase goods directly from SONIMEX (see Table 4.2). The cooperatives have caused the prices to lower by an average 25% in the areas where they operate (see Tables 4.3 and 4.4).

Table 4.2 Profit Margin on Products Bought from SONIMEX and on the Open Market (in UM)

Product	Purchased	Price	Transport (5 UM/kg)	Sold by Cooperatives	Profit
Rice (100 kg sack)	SONIMEX	1,200	500	20	300
Rice (100 kg sack)	Open Market	1,400	500	20	100
Sugar (70 kg sack)	SONIMEX	2,980	350	110/2 kg	92
Sugar (70 kg sack)	Open Market	3,200	350	110/2 kg	0

Source: RAMS Field Survey, 1980/81.

Table 4.3 Comparative Tabulation of Prices Before and After Creation of Cooperatives

Product	Price Before Cooperative	Price After Cooperative	% Change
Rice	30 UM/kg	20 UM/kg	33
Sugar	160 UM/loaf 2 kg	110 UM/2 kg loaf	31
Pair of Plastic Shoes	250 UM/pair	160 UM/pair	36

Source: RAMS Field survey, 1980/81.

Table 4.4 Comparison of Prices Charged in a Cooperative Shop and in a Privately-Owned Shop (in UM)

Product	Cooperative Price	Price in Privately-Owned Shop	%
Tea (gunpowder)	55	75	36
Loaf of Sugar (2 kg)	102	120	18
Rice	16	20	25
Powdered Milk	60	75	25

Source: Cooperative in Taguilalette.

In such areas the trading activity of the consumer cooperatives has rapidly taken the lead over competing traders, taking over nearly 50% of local trade within 2 or 3 years. This surge has obliged some private traders to consolidate and lower their selling prices. However, since consumer cooperatives do not sell on credit, competing merchants in the locality can continue to change slightly higher prices by offering their clients the possibility of credit buying. Nomads, subjected to the necessities of transhumance, are at a distinct disadvantage for they must o ten purchase on credit. They have difficulties regrouping themselves in a consumer cooperative.

In addition to its impact on price stabilization and on improving supplies in an area, consumer cooperatives spin off social benefits in proportion to the excess capital it builds up. Hence, some cooperatives have already been able to purchase a vehicle (Taguilalette) which, in addition to transporting merchandise, is used for medical evacuation since no health facilities exist in the area. Another cooperative has been responsible for constructing roads to their isolated region in order to ensure the dispatch of merchandise to the area (Rachid).

In other cases the success of consumer cooperatives has spurred the creation of agro-pastoral cooperatives (Tekane).

4.1.4 Existence of Interested Rural Population

Finally, one must not neglect the large rural population which can benefit from the advantages of a cooperative group. The last census established over 323,000 active workers in the rural areas in 1980, more than half of whom are involved in farming or artisanal activity. The present cooperative movement, with a membership of more than 25,000, represents only 0.8% of the labor stock.

4.2 Constraints

These differ according to the type of cooperative considered, but three problems are found in various degrees: limited means to provide incentive and guidance, limited financial resources, and inadequacies in transport, supply and marketing. Each is discussed below in greater detail.

4.2.1 Incentive and Guidance

Despite the existence of a tradition of working together as a group, the individual spirit prevails in the quest for profits, as illustrated by a sizable number of farmers or craftsmen who abandon cooperatives (or resolutely keeping their distance from them) in order to develop activities on their own. Thus, the three most profitable rural activities (date palm growing, livestock and trade) have to date remained outside of the cooperative system.

The involvement of the public services in the development of cooperatives is recent. As previously noted, it only came about in 1967.

As of 1968, the Directorate was down-graded to a divisional level and assigned to the Agricultural Directorate. As a result, it lost its powers of intervention at both the central and regional levels. The present Cooperative Division can only act as a promotor and supervisor, for it is separated from the decision-making process and deprived of any means. This service is reduced to administrative duties, especially registering cooperatives.

As has already been pointed out, the list of registered cooperatives maintained by the Division does not always reflect the true situation. The fiscal and customs advantages granted to the cooperatives encourage the creation of fictitious groups since no extensive verifications are made.

Finally, the government has no follow-up to train extension workers to promote cooperatives or even to preserve the existing structures indispensable to this training.

4.2.2 Financing

The necessity to finding outside financial assistance is important, especially for agro-pastoral cooperatives which lack start-up capital to meet costly initial investments. It is evident that such financing is still unavailable among public institutions. The Cooperative Division is not involved in the process and the Ministry of Rural Development has no other agency responsible to study the financial problems of farming cooperatives.

This inadequacy seems to result in the poor distribution of existing subsidies. This distribution is not based on an adequate knowledge of the true situation which has at times led to aid being given to unsuitable or even fictitious cooperatives.

The different institutions capable of contributing to the funding of cooperatives (SONADER, Chamber of Commerce, foreign aid missions, and, on very rare occasions, private banks) act individually which, in turn, limits their field of action. In the particular case of SONADER, which implements its rice development projects through cooperatives, the issue of a cooperative's financial status is not addressed. Because individual plots are too small and because complementary crops are not encouraged, cooperatives find themselves in the position of being unable to reimburse SONADER, even though the planned cultivation deemed profitable.

4.2.3 Transport, Supply and Marketing

Such problems of supply, transport and marketing arise in various degrees in the different cooperatives. Farm cooperatives suffer the most from the lack of transport which could enable them to dispose of the saleable part of their production. They must call on transporters who charge high exorbitant prices, especially during the rainy season because of the difficulties of accessibility. Vegetable farming products pose the problem of perishing during transport, due to non-refrigerated vehicles and to haulers who take advantage of the situation.

Few groups succeed in ensuring themselves a regular supply of inputs. The majority of the vegetable cooperatives are obliged to buy seeds from local merchants (50 UM for a 2-4 gram packet of seeds which are often too old to use) or from agricultural sources, both of which have uncertain delivery dates. There are some cases in which a cooperative sends one of its members to Nouakchott just to obtain seeds.

Similar uncertainty prevails concerning outlets. While vegetable cooperatives produce more than they can consume, grain cooperatives consume most of their production. Storage facilities (less than 10% of the cooperatives dispose of them) then become the problem. In fact, few cooperatives have considered it viable to construct collective storage bins, as traditional granaries remain the norm for the personal needs of the members.

Craft cooperatives especially are confronted with the difficulty of finding adequate markets for their products. There is an obvious lack of a distribution network. Additionally, they suffer from the absence of raw material suppliers. It is estimated that nearly one-third of artisan production has no outlet, and it is apparent that actual production is well below the capacity.

4.2.4 Suspicion Towards Past Cooperative Experiences

Since 1968, the sudden slowdown in government activity in favor of cooperatives has awakened the rural population's traditional contempt for new projects. This behavior is often warranted by past failures mixed with memories of broken promises.

4.3 Proposals

4.3.1 Organization of Public Services

The Cooperative Division must regain a position which would permit it to participate in decision-making concerning the cooperative movement. It should be promoted to the rank of Directorate within the Ministry of Rural Development and must include a permanent brigade from the Hydraulics Division. The new

Directorate must be represented regionally, with its first task to take an exact census of existing collective groups.

Within the Crafts, Trade and Fishery Administrative Offices, a cooperative division should be created to handle cooperatives in these sectors. The Directorate of Cooperatives in the Ministry of Rural Development must maintain privileged relations with these new divisions.

Organizational incentive will depend on structures already in place. Representatives of different cooperatives will have to be consulted and cooperatives organized locally according to their activity. The result should be a pyramidal organization with local unions merged into regional unions. Together, these are to form a national federation of cooperatives, taking on the role of a national office for the cooperative movement (see Diagram 4.1). It would be fitting to anticipate a council of farming cooperatives, a council of craft cooperatives, etc.

The encouragement of local and regional collective groups must meet the test of necessity and viability. Fiscal advantages and ease of financing should encourage this process.

Cooperatives should be considered priority recipients of the Extension Service's assistance since it is through cooperatives that a maximum number of people can be reached.

4.3.2 Coordination of Financial Resources

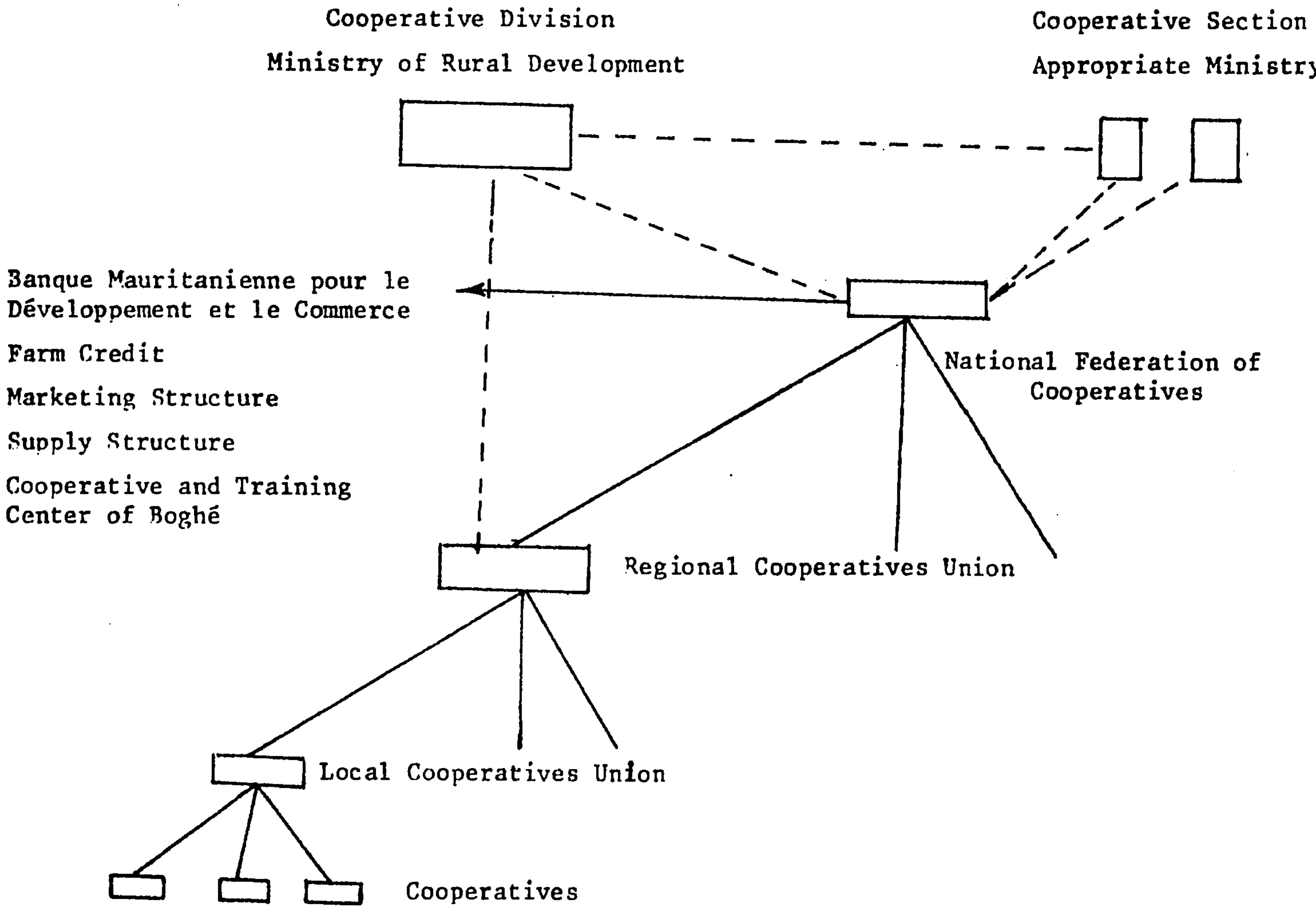
Priority should be given to farming cooperatives, which require the highest investment. A study of the cooperative being formed or expanded, its needs and its viability must be a mandatory prerequisite for any financing. Financial institutions must honor the fundings of such studies, which could be eventually conducted through the proposed Cooperative Federation Office.

Cooperation among financial backers should contribute to the establishment of a well-integrated system of farm credit.

As concerns aid to the crafts cooperatives, the same principles must be applied. However, since they require less financing (except where there is a change over to mechanized activity), it is suggested that the Chamber of Commerce be urged to carry out

Diagram 4.1

Proposed Reorganization of the Cooperative Movement



the role of coordinator of credit and marketing facilities. (12)

Consumer cooperatives which have proven their dynamism should not receive outside aid since it would jeopardize a healthy competition with the merchants.

4.3.3 Efforts affecting the Intermediary Activities: Collection, Marketing and Storage

The problems of supply, transport and marketing, which are especially burdensome to the farm and craft cooperatives will have to be sold within the cooperative unions at the regional level. The latter should obtain financial support from the regional budget.

Other than UCAA (see Section 4.1.3.1), no regional union has been formed except for the one now being created in the Tagant.

The country's storage possibilities will be strengthened by completion of the storage centers requested by OMC (see Section 5), but it is clear that the places selected will do more to facilitate distribution of imported foods than provide the storage necessary for local production, often far removed from the main routes.

For the time being, nothing has been provided to make these facilities available to the cooperatives, although it can be anticipated that these places will become government centers to purchase local production. A permanently based buyer at each center can assure a ready market for the producer. More importantly, he could help regulate prices offered to farmers by offering year-round steady prices. This will reduce speculation on purchase prices and force private buyers to offer equal or higher prices for farm products as those offered by the government buyers. Cooperative- or village-owned huskers (Chinese model) attached to the motor-pump motors could also be planned as a means of processing products, thus augmenting profit margins to the producer.

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(12) The Camber of Commerce granted a dozen or so subsidies between 1967 and 1978 in the form of shares paid in kind.

In the same vein a project could be foreseen to permit the Cooperative Union in Atar to put the date-packaging factory back into operation.

4.3.4 Training of Basic Management Personnel for Cooperatives (Regional and National Cooperative Leaders)

The training needs of cooperative leadership are especially felt in the area of farming and have been noted by government authorities. This is the reason for the creation of the "Centre de Formation Coopérative" (Cooperative Training Center) of Boghé whose objective is to train rural cooperative managers. The World Council of Churches helped finance this 3.2 million UM center which was completed in 1979 but remains closed. The Council also engaged itself to supporting scholarships for two years. Operating costs, however, estimated at an annual 6.9 million UM, are to be absorbed by the Mauritanian Government.

It is recommended that arrangements be made to open the center which requires funds for maintenance and staff. The overall objective of the center is eventually to take over the full responsibility of developing cooperative training and to create a network of cooperative leaders. The center could eventually be used to train leadership personnel for craft and consumer cooperatives as well.

4.4 Case Studies

4.4.1 Primary Sector

4.4.1.1 Farming Cooperative "Z"

This cooperative, located in the Tagant, works on a little more than one hectare, with its own members providing labor. Each member keeps a plot for his personal production. The cooperative has been in production since 1976 and presently counts 57 members. Dues are 100 UM per member per month for the first two years (68,400 UM/yr). The cooperative has bought two motor-pumps at a cost of 30,800 UM per unit (or 61,600 UM) paid over three years, i.e., 24,000 UM per year (interest rate 16.5%). Payment over 4 years is recapitulated in Table 4.5. Labor costs are not included in the calculations. Duration of labor associated with the cooperative plot stretches over approximately 6 months.

Table 4.5 Expenditures and Receipts for Cooperative "Z"
(excluding Labor Costs and Auto-Consumption)
(UM in constant prices)

	Year 0 (Initial Capital)	Year 1	Year 2	Year 3	Year 4
Expenditures					
Motor-pumps	24,000	24,000	24,000	-	-
Gas (6 months @ 80 l/mo.)	-	15,400	16,400	17,400	19,000
Oil	-	5,500	6,500	6,500	8,000
Repairs	-	6,000	8,000	11,200	13,000
Pesticide	2,000	2,000	2,000	2,000	2,000
Tools	1,000	-1)	-	-	-
Seed	4,000	6,000	7,000	8,000	9,000
Social Aid	- 2)	4,500	7,000	3,500	3,000
Total Expenditures	31,000	63,400	70,900	48,600	54,000
Revenues					
Dues	68,400	68,400	-	-	-
Sale of Products	-	23,000 3)	42,000	46,000	50,000
	68,400	91,400	42,000	46,000	50,000

Total Revenues for 4 years: 297,800 UM
Total Expenditures for 4 years: 269,400 UM

Excess Capital: 28,400 UM
or 7,100 UM in savings/year.

1) Tools distributed by the Agriculture Service or purchased by Cooperative Member.
2) Fertilizer and animal manure.
3) Total loss of a truckload headed for the Nouakchott market.

Source: RAMS Field survey.

The cooperative is forced to impose dues on its members in order to collect sufficient capital over 4 years to replace the motor-pumps. In addition, the cooperative is building up a small working capital fund to help pay for spare parts for the equipment.

As shown in Table 4.5 income from production fluctuates significantly from year to year. The cooperative appeared to have absorbed these ups and downs (endemic to Mauritanian rural experience) by spreading their effects over the years.

Each cooperative member concurrently works on his personal plot (which contains palm trees) while benefitting from the infrastructure of the group. The project for extending arable land is limited by the availability of water. The members feel that the cooperative's revenues could increase if exterior outlets could be secured for their products.

4.4.1.2 Agro-Pastoral Group of Boumdeïd

The ability of a group to undertake integrated rural development work is illustrated by the village of Old Boumdeïd, which is organized around a particular type of cooperative. Actually, this is more of a religious community than a cooperative, since it is guided by a spiritual leader who motivates his followers by the principle of work and continuity in action (Istinbate in Hasaniya). The brotherhood does not count more than 130 disciples but employs occasionally a larger number of outside laborers. (13)
Because of its organization, its rational deployment of labor and its innovative technology, the brotherhood achieves food self-sufficiency and is able to market an important portion of its production. This phenomenon is explained by their ability to integrate herding and cultivation and by their efforts to protect the resources of the region.

Environmental Protection

Pasture is grown under an efficient program of land management. The brotherhood is engaged in reforestation, in the construction of thorn fences around pasture lands and in establishing fire-breaks and animals passages between pastures.

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(13) For a more thorough discussion of socio-economic aspects of the group, see l'Analyse de la Situation de la Région du Tagant, Rapport de Synthèse, GTZ, Berlin 1979/1980.

According to the dictates of the Cheihk, success in the agricultural sector depends on a rational attitude towards trees. Since 1969, the brotherhood has forbidden the cutting of trees on its grounds and delimited a protected forest where it permits its herds and those of nomads in times of exceptional drought, as was the case in 1979.

Herding

Herding is the principle economic activity of the group, and it is reflected in the effective management of the herds. Herds are kept separately in different areas and are led by some 20 disciples and approximately 168 salaried shepherds. Thus, it is possible, as shown in the following table, to reconstitute the group's 1980 herd according to the types and size of the herd managed by each shepherd.

	Goat and Sheep	Cattle	Camel	Horse	Donkey	Total
Number of Shepherds	75	42	30	7	14	168
Number of Animals per Shepherd	175	60	60	105	50	-
Total herd 1)	13,250	2,100	1,800	33	700	-
Value/animal (1,000 UM)	.6-2.5	1.0-1.8	2.0-3.0	10.0-15.0	3.0-4.0	-
% of herd sold in 1980	5	17	7	0	10	-

1) Estimates. The brotherhood does not purchase animals, preferring to depend on natural growth.

Source: RAMS Field survey and adaptation of figures from Analyse de la Situation de la Region du Tagant, Op.Cit., p. 148.

A special council is charged with overall management of the group's herd and decides on the number of animals to be sold annually. The principal centers where the animals are sold are: Kiffa, Nouakchott, Atar and Tidjikja.

Agriculture

The agriculture of the group is based on dam recessional cultivation. Dams are built with simple and appropriate technology. Four of the dam areas produced about 436 tons of cereal in 1979 (14) distributed in roughly the following manner:

Principal dam	108 tons
Barrage Gandyo	48 tons
Other small dams	280 tons
Total	436 tons

Assuming an annual consumption of 154 kg of cereals per person (minimum daily ration for an active rural sedentary per RAMS Nutritional Report) the harvested production in 1979, cultivated on an estimated 500 hectares, would have been able to feed approximately 2,800 individuals, a number far in excess of the village's population, estimated in 1979 to be slightly under 1,000.

The cultivated surface is divided into 7 sectors, each managed by a disciple who organizes the work and determines the salaries of some 400-900 lay laborers. Salaries, including noon-meal, fluctuate between 1,000-3,000 UM/month. As a result of its improved farming methods, the brotherhood has surpassed the technology used by cultivators in other dam recessional areas. Their methods include:

- animal traction to till the soil;
- use of donkeys that drag large skins filled with stones for dam construction;
- use of peanut-seeding machines pulled by animals. The simple seeders are modified by blacksmiths to plant sorghum more quickly than by hand.

In addition, the brotherhood spreads animal manure on its cultivated field.

An important element marking the success of Boumdeïd is the personality of the Chief, who possesses all the qualities of an entrepreneur who knows how to manage labor and resources.

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(14) Ibid, p. 149.

It is to be noted that the success of the community can be gauged by the migration pattern of its youth. While some rural communities see about 30% of their young men leave to search security and employment elsewhere, Boumdeïd's out-migration appears to be less than 10%.

The transportation elsewhere in the country of such a community is, of course, impossible. However, certain elements of its success can be encouraged and adapted. The head of one of the agricultural sectors expressed an interest in welcoming heads of cooperatives from around the country to share their methods and modes of cultivation which might be adaptable elsewhere.

4.4.2 Secondary Sector

4.4.2.1 Crafts Cooperative "T"

This cooperative was formed in 1969 with 82 members. It was officially recognized 4 years later, and receives some guidance from the government and a 40,000 UM subsidy. Today, there are only 17 members, 8 of whom are women. Approximately, 20 non-member craftsmen work in the same village. The cooperative admits young school children as apprentices. It now has six of them. Three years ago, the cooperative sent goods valued at 100,000 UM to the Crafts Fair in Nouakchott. The entire shipment was damaged and lost in transport, causing the sharp drop in membership.

In its organization each member sells his product to the cooperative which, in turn, agrees to buy the articles as long as it is of acceptable quality. The cooperative retains approximately 10% of the selling price for raw materials sold to the members, as well as for the finished items given over to trade. Despite its losses, the cooperative has succeeded in building working capital totalling nearly 80,000 UM (the members pay 300 UM in joint shares each year).

Leather and charcoal are bought locally; tools and precious metals are bought in Nouakchott. The cooperative suffers constantly from a lack of raw materials, tools and charcoal. Nearly all of the products are placed on the local market and sold in Nouakchott only upon request.

Table 4.6 Cost Price of Items at Artisan Cooperative "T"

Goldwork		
- Cooperative buys a quantity of gold at	1,000 UM	
- It is sold to the craftsman for	1,100 UM	
- Labor value added (Item produced in 4 hours)	300 UM	
- The item is sold to the cooperative	1,400 UM	
- The cooperative sells it at	1,540 UM	
Daily income for the craftsman		600 UM
Total Profit to the cooperative		240 UM
Leatherwork		
- Cooperative buys a unit (hide)	200 UM	
- It is sold to the craftsman for	220 UM	
- Cost of dye	30 UM	
- Labor value added (makes two pillows, lady's type: two days work)	310 UM	
- The two pillows are sold to the cooperative	560 UM	
- The cooperative sells them both for	610 UM	
Daily income for the craftsman		155 UM
Total Profit to the cooperative		70 UM
Teapot making		
- Cooperative buys material at (for average quantity teapot)	500 UM	
- It is sold to the craftsman for	550 UM	
- Cost of ornamental materials	150 UM	
- Labor value added ($2\frac{1}{2}$ days work)	800 UM	
- Teapot is sold to the cooperative for	1,500 UM	
- The cooperative sells it at	1,650 UM	
Daily income for the craftsman		320 UM
Total Profit for the cooperative		200 UM
Iron work (Household utensils)		
- Iron obtained from scrap iron	0 UM	
- Craftsman makes ten items per day; value of 30 pieces	300 UM	
- Charcoal, tools (depreciation)	20 UM	
Daily income for the craftsman		280 UM
Total Profit for the cooperative		0 UM

Source: RAMS Field survey.

Table 4.6 indicates factor costs for some items produced in the cooperative (goldwork, leatherwork, teapots, household items). These items may be used as references for the country as a whole. The income bracket for craftsmen varies between 60 and 600 UM/day. Goldwork is the most profitable; leatherwork often made by women, is the least.

4.4.3 Tertiary Sector

4.4.3.1 The "L" Consumer Cooperative

In 1975, the Djemaa (assembly of notables) judged the time ripe for the area to experiment with a non-traditional method of supplying the enclaved village. A group of 120 persons, including the merchant of longest standing, organized itself into a cooperative. The group built up a fund of 110,000 UM with which to purchase an initial stock in Nouakchott which lasted three months. In the dry seasons, the cooperative tries to control a measured sale of the stock in order to ensure equal shares to each member. Its privileged relation with SONIMEX permits direct access without going through a regional agent.

The cooperative makes an annual contribution to a village social cause. Encouraged by its success in the consumer field, it has extended its authority to act as a farmer's cooperative. Its bookkeeping of the last twelve months is presented in Table 4.7.

Table 4.7 Accounts of the "L" Consumer Cooperative

Yearly Expenditures		
Store rental		24,000 UM/yr
License		1,625 UM/yr
Salary of shopkeeper/manager		24,000 UM/yr.
Stockboys-Handling		18,000 UM/yr
Transport		80,000 UM/yr
Purchase of Merchandise (4 orders at 40,000 UM each)		1,600,000 UM/yr
Total		1,747,625 UM/yr
Yearly receipts Total		1,920,000 UM/yr
Excess Total Receipts	1,920,000 UM	
Total expenses	1,747,625 UM	
Total profit		172,375 UM/yr

Source: RAMS Field study.

Chapter 5. STRUCTURES OF SMALL-SCALE FAMILY AND SMALL-SCALE BUSINESSES

5.1 Introduction and Definition

While small- and medium-sized businesses in the classic sense are rare in the rural sector, it would be helpful to define their meaning before proceeding. What follows is a review of existing definitions of small- and medium-sized businesses in several African countries and their adaptation to the Mauritanian situation.

5.1.1 Definitions in Selected African Countries

Table 5.1 Definition of small-scale industries in four African countries

Country	Criteria	Ceiling
GAMBIA	a- number of employees	a- 10 persons
	b- nationality of manager	b- Gambian
	c- square meters of surface area	c- 2,000 sq.ft.
	d- investments in fixed assets	d- $5,000
	e- rolling stock	e- $150,000
	f- skill level	f- mainly unskilled
SENEGAL	a- fixed assets	a- $410,000 over 3 years
	b- number of employees	b- 50 persons
SIERRA LEONE	a- number of employees	a- 6 persons
SUDAN	a- fixed assets	a- $86,000 in land, buildings and equipment
	b- number of employees	b- 30 persons

Source: An International Compilation of Small-Scale Industry Definition, Industrial Development Division, Engineering Experimentation Station, Georgia Institute of Technology, Atlanta, Georgia (USA), 1975.

5.1.2 Definition in Mauritania

Table 5.2 Definition of SSB [1] in Mauritania

Definition	Source	Objective
1. An enterprise requiring an investment of less than 10 million UM.	Ordinance 7904	To regularize the investment code
2. An enterprise requiring an investment of less than 2 million UM.	World Bank	To manage an $8 million loan for the development of the SSB's.
3. An enterprise having premises, functioning regularly during the year and possessing equipment.	Industrial Promotion Unit, Ministry of Industry	Study and census of existing SSB's in the rural and urban areas.

1) SSB = small-scale business

5.1.3 Proposed Definition

It is proposed that the definition retained by the Industrial Promotion Office in the Ministry of Industry be adopted, and added to it a size of business range between 200,000 and 2 million UM/yr. This definition takes into consideration individuals in the rural sector whose primary activity is either artisanal, commercial trading or providing services. It extends from the small single businessman to middle-sized enterprise employing a labor force from 2-15 persons.

The definition appears better adapted to the present and future situations for the following reasons:

- Definitions based on fixed assets are difficult to apply to existing businesses in the rural area. An important number of operating, repair and maintenance shops would be excluded by this definition. On the other hand, the criteria of maintaining a regular production would eliminate the shop which has a premise but which only works from time to time and upon request.
- Use of an investment criteria is to be avoided in the rural areas, since the greater part of existing concerns

(except for transporters) were launched with an initial capital of less than 100,000 UM ($2,200).

- Establishing a ceiling on the number of employees could in the long-run encourage mechanization by importing machinery designed to reduce salaried personnel.

This chapter is devoted to small- and medium-sized enterprises in the rural sector which mainly serve as middlemen between producers and consumers. In this definition of the Mauritanian SSB's, it is necessary to include shop traders because of the important role they play in the intermediary sector.

5.2 Potential

5.2.1 Size of the Population Involved

Individuals primarily involved in private artisanal, or trade, activity according to the last census totalled over 56,000 rural dwellers, nomads and sedentaries (see Section 1.2), or 14% of the active employed population. The viability of this activity encourages part of the population to remain in the rural sector, reducing high social costs resulting from intensive urbanization, especially in the capital city.

5.2.2 Expansion of Sector

The contribution to the Gross Domestic Product of crafts, transport, trade and services has grown from 20.9% in 1973 to 23.1% in 1976 and to 25.7% in 1979. (15)

The attractiveness of these activities in the rural sector is most evident through the widespread presence of two activities, the small- and middle-scale merchant who sells staple foods and a small range of consumer goods (for the most part imported) and the artisanal craftsman, found in nomadic camps and in towns once these attain a critical mass of about 20 households. The small-scale businessman is often a jack-of-all-trades, recognized above all by his abilities to adapt to changing situations. He offers either a finished product or a service (see Table 5.6).

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(15) Annual Report of Central Bank, 1978-1979.

To the traditional rural activities, it is necessary to add to the list of small-scale businesses breadmaking, butchery, tanning, shoe-making, stone-cutting, brick-making, laundry services, masonry, auto repair and, more recently, the hotel and restaurant trades. It is apparent that these activities could not survive if they were to depend solely on rural incomes earned strictly from farming and livestock. Thus, it is not surprising to note that a major contribution to rural income (31% according to the RAMS Rural Income Report) is transferred capital. This in-flow of capital helps create a high demand for goods and services, permitting the development of a monetarized network based principally on remunerations from distant relatives.

This phenomenon has led to the rapid proliferation of work often executed by just one person assisted by a member of his family, requiring low technical know-how but immediate availability. Such activity adapts easily to demand and is flexible in its operation. It offers proof of its ability to function without the help of public institutions.

5.2.3 The Beginning of Institutional and Financial Backing

A Department in the Ministry of Industry and Commerce was recently created to promote industrial development through small- and medium-sized businesses. The unit undertook the study of the small-scale businesses in the country in order to determine if government assistance was necessary. Studies for Nouakchott, Nouadhibou, Rosso and Atar have been completed; those for Nema, Kaédi and Kiffa are now in progress.

Financial aid in the amount of $8 million was granted by the World Bank in 1979 for the development of SSBs, the upgrading or irrigated plots and for the promotion of artisanal activities. Three Agencies were to have managed the grant: The Mauritanian Bank for Trade and Development (BMDC), SONADER and the Mauritanian Office for Tourism, Crafts and Parks (OTAPARC, which has since been dismantled). To date, 27 businesses in the rural sector have submitted requests for assistance. Only one has been accepted --the project for bottling mineral water in DENIOHAB, valued at 80 million UM.

There is a legal framework favoring the establishment of SSBs, in the form of an Investment Code and a decree fixing the profit margin for importers, retailers and wholesalers.

5.3 Constraints

5.3.1 Resources

The major problem is that of competence. It has been said that Mauritania, dominated by an aristocratic elite of "nomadic lords" whose traditional function is livestock-raising, is not blessed with businessmen trained in the "rigors of industrial life". (16) At present, an insufficient number of people are capable of effectively managing small-scale enterprises in the rural sector. This shortcoming is felt even more since management, properly speaking, also requires technical know-how in manufacturing, a sense of organizing work, a capacity of directing personnel and of managing stocks.

Furthermore, the labor force is not ready to be integrated into small units of production. Work still remains on an individual basis. Finally, it is difficult to reconcile profitability with social advantages such as they appear in the public sector, as well as by major employers in Nouakchott and Nouadhibou. with regard to skilled and unskilled labor. This partially explains the lack of interest in labor-intensive projects.

5.3.2 Funding

Loans granted by the banks to private activities in the rural sector, chiefly by the MBDC, have high interest rates (12% average) for projects in the rural area and a short repayment period (8 years), It must, however, be noted that the loan institutions do not receive any real legal protections for the recovery of debts owed to them.

5.3.3 Supply and Outlet Problems

Geographic constraints, given the present state of roads and hauling conditions, weigh heavily in favor of securing supplies regularly and of finding outlets for local production.

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(16) FRIDA Report, Op.Cit., Appendix IV.

5.4 Proposals

5.4.1 Training for Private Activity

The government, which gives top priority to training administrative managerial staff for the administration and national education, showed also emphasize training for private managerial staffs whose needs are becoming increasingly urgent. A national institute of business management should be envisaged. In that same vein, technical training should focus on anticipating the need for qualified personnel in the rural private sector.

5.4.2 Encouragement from Professional Groups

In the areas of training, promotion and guidance, professional groups such as the Chamber of Commerce have an important role to play. Based on the principal types of activities, a professional group having regional and national representation should be established to act as an intermediary with the public authorities.

5.4.3 Improving Financial Accessibility

The effort of the authorities to encourage the creation and development of small-scale enterprises must be supported by sources of financing satisfying three conditions:

- access to entrepreneurs now residing and working in the rural sector;

- loans adapted to existing small enterprises;

- assistance in financial management.

5.5. Sub-Sector Case Study

5.5.1 Road Transport

The rapid growth of this sector has been generated by a demand for raw materials and consumer goods, for which it was necessary to supply the various regions of the country. While some perspective of this development can be appreciated by examining the transportation of freight and people (2.2% of the rural GDP), the following study concerns only trucking transport and its incidence on production and rural consumption. (17)

5.5.1.1 Transport of Cereal and Other Agricultural Products

The transport of cereal places the heaviest demand on the service sector, either for transporting domestic production to consumer areas (over 4,500 tons in 1980) or for transporting from points of import to consumer areas (nearly 150,000 tons). Other farm products, including rice, vegetables, dates and meat constitute a much smaller segment of total freight moved across country, as Table 5.3 shows.

Table 5.3 Flow of Cereals and Agricultural Production, 1979/80

Product	Total Production	Quantity Sold or Distributed Outside of the Production Area
Cereals		
- national production	45,000	4,500
- imports	-	150,000
Rice		
- national production	20,000	400
- imports	-	52,000
Vegetable Products	9,100	7,280
Dates	16,600	3,000
Meat	52,000 a)	150
Fish	10,000	4,000

Source: RAMS, Report on Agricultural Production.

a) On-the-hoof products: camels, sheep/goats, cattle. 1978 estimate.

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(17) For an in-depth study of the entire road transport, as well as sea and air system see Programme d'Entretien Routier, Flux Commerciaux et Transport en Mauritanie", BCEOM, 1978.

Marketable rice production (estimated at 400 tons in 1980), is not distributed widely, while nearly one-third of SONIMEX imported rice is consumed in the Nouakchott area. This leaves about 30,000 tons of rice to be distributed in the rural areas, particularly to regions to the south and east of the capital.

While vegetable production is still low (estimated 9,100 tons for the 1980 crop year), the flow of transport is essentially directed towards the urban areas and the region around Nouakchott. It is estimated that for 1979/80, Nouakchott received over 3,500 tons from the Rosso region, 500 tons from regions to the south and 200 tons from the Inchiri and Adrar.

Commercialized date production in 1980 came mainly from Adrar and Tagant. Their marketable production was estimated at 6,600 tons, half of which was transported outside their regions.

The livestock market requires little transport, given the herdsmen's preference to transport the herd on the hoof to the slaughter area or to neigboring countries. Cattle are rarely transported, although 4,000-5,000 head of small ruminants are shipped to Nouakchott, taking advantage of the trucks returning empty from the capital. Livestock coming from the southern part of the country is herded on the hoof either to Kiffa or Aleg, and from there carried by truck to Nouakchott. Approximately two 12-ton trucks a week transport an average of 60 head of sheep and cattle each, enough to complete demands of the Nouakchott market.

At present, traffic generated by the Kaédi slaughter-house makes no demands on inter-regional transport (see Section 3.2). (18)

5.5.1.2 Principal Trade Flux

Other internal freight movements, in addition to the products discussed above, involve:

- Imported food products
- Fuel
- Building materials

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(18) For the flow of transport created by the fishing trade, see RAMS report Inland Fisheries, 1981.

- Textiles and clothing
- Fertilizers
- Charcoal

While it is difficult to provide figures on the relative importance of each commodity in the rural sector, the first two categories represent nearly 60% of imported products other than cereals and rice. (19) An estimated 1980 traffic is tabulated in Map 5.1, showing the major transportation points, as well as the tonnage between points where freight movement exceeds 1,000 tons a year. It is expected that, after the construction of the new Nouakchott wharf, Rosso-Nouakchott traffic will be reduced by one-third and, consequently, the Nouakchott-Aleg line will take on an even greater importance.

The table shows that few villages benefit from balanced transport in both directions. Only trucking along the Nouakchott-Rosso and the M'Bout-Selibaby axis can count on equal back-haul loads.

5.5.1.3 Operating Costs of the Truck Transport

For calculation purposes, operating costs are based on trucks with a loading capacity of 12 tons for not only are they used frequently but they also represent an average freight load between large and small vehicles. It has been noted, however, that with the eastward advance of the "Route de l'Espoir" towards Néma 20-30 ton tractor trailers are favored over 12-ton trucks, which, according to truckers, reduce overall costs nearly 20%.

Calculations are also based on criteria corresponding to transporting over asphalt roads for the entire life of a truck, which is considered 400,000 kms on average. Then, by applying coefficients to this figure, operating costs are computed for dirt roads and for poor tracks, the latter defined as "irregular surface causing frequent slow-downs".

Coefficients utilized correspond to those provided by the 1976 feasibility study of the Rosso-Boghé road, which provides the following figures:

Type of Road	Coefficient
Asphalt	1
Good dirt road	1.32
Poor tracks	1,95

(19) Cf. BCEOM, Op.Cit., pp. 53-54.

The following factors are taken into consideration when calculating the cost of ton/km:

	In UM/km (1980)
Depreciation	9.52
Interest charges	0.77
Insurance	0.74
Maintenance and repair	5.27 - based on 40% of the purchase price (20)
Tires	0.26
Salaries	6.14
Fuel	6.72
Taxes and Overhead costs	2.26
Loading and Unloading charges	2.85 per trip

Source: Retailers, bank and transport services.

It should be noted that insurance rates in rural areas are more than twice that of urban rates. Moreover, during 1980, insurance rates doubled over those of 1979, rising from 43,900 to 88.247 UM for multipurpose trucks. In addition, all trucks crossing through a principal village between two points are obliged to pay certain fee. The tables in Annex 3 tabulate these costs.

Estimates of the ton/km charges for different distances covered (see Table 5.4) are tabulated in Graph 5.1, revealing that the average cost of a truck travelling over poor tracks is double that of a truck travelling over asphalt roads. The lifespan of a truck circulating over asphalt roads is 2.5 times longer than that of the same truck covering bad roads. This conclusion is confirmed by the experience of owners of vehicles in isolated regions serviced by hard-top roads.

Table 5.4 Estimate of Ton/km Costs (UM/km,1980).

Type of Road for:	50 km	100 km	150 km
Asphalt	7.61	6.59	6.24
Dirt road	9.11	8.21	7.92
Poor track	12.16	11.50	11.27

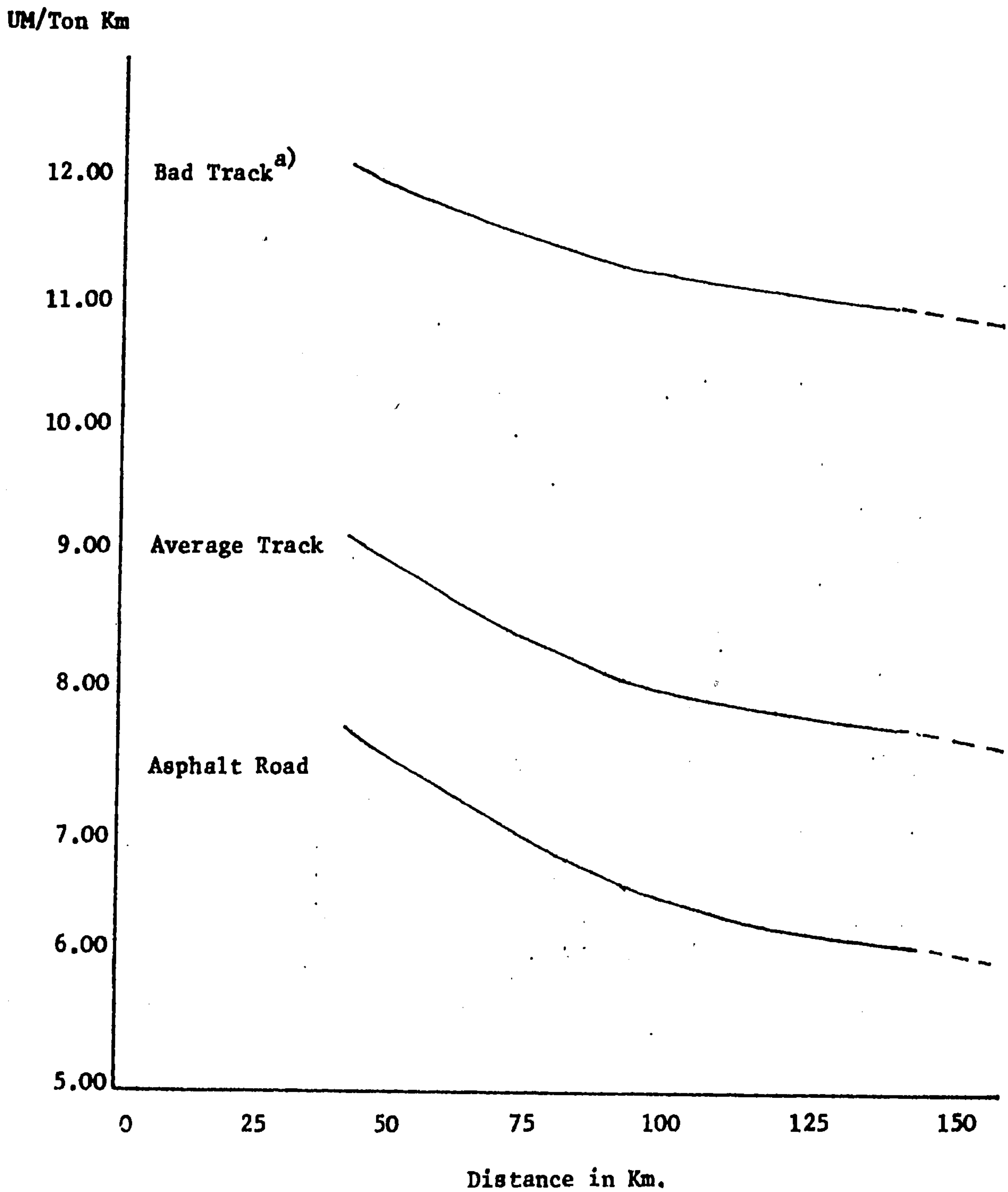
Source: RAMS calculations.

(20) This rate is used by the Transportation Bureau and by the Federation of Transporters

Graph 5.1

Average Operating Cost of a 12 Ton Truck

1980-1981



a) Defined as irregular and causing slowdowns.

Source: RAMS

The volume of freight traffic in 1980 in rural sedentary areas has been estimated at between 200,000 and 225,000 tons/km. This traffic circulated at an average rate of 8.26 UM/ton/km, providing an income evaluated at 159.7 million UM of added value. While truck transport represents only 12% of the **transport** GDP generally estimated as 2,130 million UM for 1980, it must be recalled, nonetheless, that the volume of freight calculated included only <u>inter-regional</u> transport and this only for traffic exceeding 1,000 tons for the year. Based on field observations, this volume represents about 45% of commercial transport.

Truckers' profit margins are generally set by government decree. The decree establishes a scale of road transport charges for freight, which is evaluated with a 15% profit. Freight distributed by parastatals to private transporters (for whom the Food Aid Commission provides 40% of their work during certain periods) tends to substantiate the official rates.

The following rates are applied for transport between Nouakchott and points east and south of the country (fresh fish is excluded):

Relay towns	UM/Kg (1980)	Km	T/km
Nouakchott-Boutilimit	3 UM	154	19.50
Nouakchott-Aleg	4 UM	258	15.50
Nouakchott-Kaédi	3 UM	438	6.90
Nouakchott-Kiffa	5 UM	603	8.29
Nouakchott-Aïoun	7 UM	793	8.82
Nouakchott-Néma	9 UM	1,093	8.23
Kiffa-Selibaby	2 UM	240	8.33
Kiffa-Kankossa	1 UM	100	10.00
Kiffa-Aleg	3 UM	344	8.72

Source: RAMS Field survey.

5.5.1.4 <u>The Truck Fleet</u>

Up to the early 1970's a large portion of transporters were artisanal in nature, possessing relatively few trucks. Although at present the largest part of transport vehicles are still in the hands of small proprietors, the sector is developing into a large entrepreneurial business (see Table 5.5).

Table 5.5 Breakdown of the Private Truck Fleet (*)
(1980)

Proprietors or businesses owning		Total Number of Trucks for Each Category	% of Total
Between 40-99 trucks:	2	115	12.0
Between 20-39 trucks:	2	46	4.8
Between 8-19 trucks:	7	92	9.6
Between 4- 7 trucks:	12	62	6.4
Less than 4 trucks:	431	648	67.2
Totals	454	963	100.0

(*) SNIM and Mendes Junior et Cie fleets are excluded.

Source: SOMAREM, BCEOM Report and Fédération des Transporteurs Agricoles et de l'Elevage.

Trucks in circulation are of heavier tonnage (the sale of 25-30 ton trucks has increased from 6 units in 1978 to 17 units in 1980) since the year the Nouakchott-Kiffa highway was black-topped. Rural merchants are emerging as large owners of trucking concerns. The number of trucks owned by Kiffa merchants has nearly doubled in the past three years.

The recent creation (1980) of the Federation of Agricultural and Livestock Transporters (Fédération des Transporteurs Agricoles et de l'Elevage) in Nouakchott is also evidence not only of the vigor of the sector but also of the existence of competition of fleets owned by the parastatals (SONIMEX: 40 trucks; CAA/OMC: 36 trucks; SONADER: 15 trucks).

The Federation's objective is to organize the transporters and act as a despatcher for all freight going to and coming from the rural sector. In fact, the Federation is trying to establish a monopoly on all freight transport.

5.5.2 Storage

Very little is known about grain storage capacities outside of the State's public facilities. It is, therefore, risky to evaluate the cost of private storage, especially since the majority is reserved for auto-consumption. It is usually kept in wooden granaries covered by straw roofs or in an underground storage room.

Public storage facilities are better known and are estimated to be 12,500 tons, distributed among 5 warehouses (Boutilimit, Aleg, Atar, Selibaby, Nouadhibou), each holding 500 tons, plus 20 portable rubber butyl silos in Nouakchott. (21)

With an aim of increasing these facilities, the OMC has assigned a Dutch company (PPI) the task of constructing other storage centers (1,000 tons each for an additional storing capacity of 52,000 tons). This construction will be carried out in two phases, one of which (total capacity 20,000 tons) is now nearly completed (1981). It affects Nouakchott, Rosso and Nouadhibou. The second phase concerns Kaédi, Selibaby, Boghé, Aleg, Tidjikja, Maghta Lahjar, Moudjeria, Atar, F'Derick and Akjoujt.

In spite of all these accomplishments, storage needs in Mauritania, estimated at 99,000 tons (9,000 tons of marketable local production, 90,000 tons of imported products) (22) will not be totally satisfied.

The difference between domestic need		99,000 tons
and present public storage capacities	12,500 tons	
to which are added public capacities now being constructed	52,000 tons	
		- 64,500 tons
		34,500 tons

is estimated to be around 34,500 tons, which will have to be furnished by individual and group facilities.

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(21) OMC.

(22) "Etude de Faisibilité pour la Construction d'Installations Stockage de Graine en RIM", E.M. Bentel and Co., 1978.

Storage charges for a ton of cereal in 1980 are calculated as follows: (23)

	(UM)
Overhead costs (5% depreciation)	650
Upkeep of store	260
Equipment maintenance	64
Agency manager and other salaries	129
Treatment and desinfecting	400
Loss of stock (3% of cereal value)	300
	1,803

Storage and treatment ~~of cereals~~ should ~~add about~~ 1.8 UM to the cost per kilo, if it is done in centers with a capacity of at least 1,000 tons, while private storerooms (under 1,000 tons) would reduce the operating costs (22% for treatment, 36% for depreciation) and increase to 17% the losses estimated in the public model at 3%.

5.5.3 Artisanal Crafts

Craftwork, practiced by 3.4% of the active employed population (13% nomad and 87% sedentary), contributes 0.18% to the 1979 GDP. Actually, the artisanal sector has greater potential than the figures indicate, given the important participation by women who comprise an estimated two-thirds of the sector (24) and who are not necessarily counted among the active employed population.

Craftwork is often a full-time job, explaining the profitability of the activity. Craftsmen perform multiple tasks, working jewelry, iron, wood (25), textiles and leather. It is the only productive sector for current consumer goods and plays a major role as a source of foreign currency. The only finished products likely to be exported continue to be made by artisanal craftsmen. Craftwork is equally important in the maintenance and repair of imported goods.

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(23) OMC

(24) FRIDA Report, Op.Cit., p. 24

(25) A 1979 ordinance prohibits cutting down trees in Mauritania and has seriously reduced production of wooden objects.

Capitalization in artisanal craft is generally low: tools are the most costly elements. The introduction of new machinery at an appropriate technical level would increase production.

The craftsman is forced to be his own supplier, obliged often to travel in order to obtain raw materials (see Section 4.4.2.1). Looking for supplies takes up nearly one-third of his time. The blacksmith is the craftsman most widely found throughout the rural sector. In small towns, he works independently of a cooperative and furnishes the area with every-day consumer goods. Table 5.6 recapitulates the production of a representative artisanal blacksmith.

The average cash income of a blacksmith is 40,000 UM/year, representing 141 working days. He could increase ~~his~~ level of production and income considerably if he could procure raw materials and the proper tools more easily. One notes that in the nomadic encampments, the blacksmith succeeds in selling most of his production. Large items are made upon request, with the blacksmith receiving part payment before beginning to work on an item.

5.5.4 Shop-keeping Trade

Trading, practiced by 27% of the active employed population (4% of which are nomads and 96% sedentaries) is one of the least productive activities, contributing 18% of national GDP but only 4.4% of the rural GDP. The rural merchant, often held responsible for speculating on price hikes, still represents a network of traders who could play a significant role in development. In fact, he quite often holds capital and can contribute to integrating his client's activities with a view to increasing income and, in this fashion, participating in economic development. The merchant's activity is based principally on the distribution of cereals, basic foods and a small line of consumer goods. These products are for the most part imported, or they come as gifts from international aid.

The primary supply network depends mainly on SONIMEX and the Food Aid Commission, of which OMC is a part.

Trading in the rural environment occurs at two levels:

- the small merchant;
- the medium-scale merchant-transporter.

Table 5.6 Production and Income of a Blacksmith in the Hodh El Gharbi Region Based on RAMS Observations and Surveys, 1980

Item	Production Time 1)	Raw Materials (UM)	Annual Production Level	Workdays per year	Unit Price (UM)	Income (UM)	Constraints
Camel saddle	6 days	600	2	12	2,500	3,800	Frequent trips in bush to procure supplies
Calabash bowl	0.5 day	-	30	15	120	3,600	
Wooden bed	1.5 days	900	25	37.5	1,500	15,000	Lack of wood
Portable table (Michakhab)	12 days	600	2	24	2,200	3,200	
Burner	0.5 day	-	5	2.5	200	1,000	Low demand
Wooden bucket (Tadit)	1 day	-	4	4	400	800	Lack of wood
Farm Tool	0.5 day	(scrap metal)	20	10	100	2,000	Low demand
Repair of radio/tape-recorder		-	-	36	-	12,000	Shortage of parts and tools
						41,400 UM	
Other operating costs e.g. charcoal, tools						2,300/year	
				141 days/yr		39,100 UM/year	

1) Less time taken to procure raw material.

Source: RAMS field observation, 1980

The "large" trader (returns above 3 million UM/yr) is rare in the rural sector. According to the Regional Tax Office (Office des Contributions Diverses), few merchants located in the rural areas are classified in Category 8 according to which he could obtain an operating license ("patente" in French). Classification into categories from 1-12 is based on estimated annual sales of a business.

A license fee is fixed according to the volume of trade. In the rural world, "patentes" are broken down as follows:

Returns/Year (UM)	Category	License Fee (UM)
200,000- 400,000	12	1,625
400,000- 800,000	11	3,250
800,000-1,000,000	10	6,500
1,000,000-2,000,000	9	13,000

Source: Contributions Diverses, Kiffa.

In a large town such as Kiffa (20,000 inhabitants), 400 shop-keeper licenses were counted, broken down as follows:

- 2 in category 9, or 0.5%
- 10 in category 10, or 2.5%
- 20 in category 11, or 5 %
- 368 in category 12, or 92 %

This classification may be applied to anyone practicing a trade in the proximity of a collecting agent.

An average small trader with shop, thus excluding the itinerant stall or table seller, earns between 75,000 and 500,000 UM/year (equal to $1,600 and $11,000). He is often involved in other economic activities. His store carries staple foodstuffs bought from other merchants in the region; he rarely has direct connections with suppliers from Nouakchott. In order to set himself up, the small merchant needs 5,000 to 10,000 UM to establish his first stock. If he does not have the necessary funds, he obtains merchandise on credit, reinforcing hierarchical bonds between him and medium-sized merchants. This is especially the case where there is a high density of small businessmen.

He succeeds in building up a monthly rolling stock which brings in profits between 2,000 and 4,000 UM. Under these conditions, he maintains an alternate occupation as an additional source of income. In fact, in a recent RAMS survey, 70% of the merchants questioned practiced livestock or farming in order to supplement their trade income. (26)

5.5.4.1 The Medium-Scale Merchant

The medium-scale trader is found along the main road of a town. He sells one or several of the following products:

- food (principally)
- school supplies
- building materials
- spare parts for autos
- toiletries and clothing

5.5.4.2 Supply

The medium-scale traders' supply network goes chiefly through SONIMEX (company having a monopoly on import and on the distribution of foodstuffs: tea, rice, sugar and Guinea cloth) and through the open market for the other products not included in this monopoly.

SONIMEX (head office in Nouakchott) is represented throughout the territory by fifteen agencies with trading services; in addition to the Nouakchott district, these are distributed among the regional capitals and in Boghé and Inal. Each merchant wishing to place an "order" deposits a sum of money with the agent, who, in turn, places a general order in Nouakchott.

SONIMEX distributes only once a month through its agent who, in turn, settles his account with SONIMEX through a bank or the post-office. The agent then redistributes the merchandise in quantities proportional to the advances made by each merchant.

A special case exists in Boutilimit, which is closer to Nouakchott (158 kms away) than it is to its regional capital, Rosso (358 kms distant). In this village [illegible] merchants grouped themselves to form a single "buyer". Each buys for himself and for

(26) RAMS Survey, 1979.

a group of seven shops which also deposit money with the "group" members. These 7 shops, in turn, supply even smaller merchants. The entire affair is directed by a representative of the 20 merchants who is in charge of directly supplying the group through SONIMEX. (27)

Goods are often sent by trucks from SONIMEX, which owns over 60 of which 40 are currently in operating condition. In the event of emergency or unavailability of vehicles, SONIMEX has recourse to private transporters. (Tea, which is a high-demand good is dispatched only by SONIMEX vehicles). SONIMEX agents are responsible for watching the departure and arrivals of SONIMEX merchandise to ensure that there is no rerouting from one region to another and to ensure that these goods do not return to Nouakchott to supply the black market during periods of shortage.

5.5.4.3 A Case-Study: Shop B

This is an average-size boutique located in a village along a main transport route. Currently, the village has nearly 13,000 inhabitants with around 136 shops (excluding open air stalls). This comes to an average of 16 households per shop. In the past three years, the village population has grown by 30%, but the number of merchants has increased fivefold.

The shopkeeper, aged 35, has annual total sales of 1,500,000 UM, for which the start-up capital was 300,000 UM (part of which came from his father). He makes his living exclusively from the trade and employs two helpers. In 1977,

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(27) A similar arrangement has been made with cooperatives running into difficulties in obtaining supplies from the SONIMEX agents in their regions. This is the case for the coopera~~tive in~~ Barkeol, a village which cannot be reached from its regional capital during the rainy season and which procures its supplies from Nouakchott. Likewise for the consumer cooperatives of Taguilalette, Rachid and El Khoudia (see Section 4.4.3.4). In theory, all cooperatives should receive their supplies from the SONIMEX agent of their respective region, but one notes a flexibility on the part of the SONIMEX head office in dealing with cooperatives.

he added building-materials to his stock which, before the road was completed, consisted only of food-products. He felt the home construction industry would become important upon the completion of the hardtopped Nema road. He notes that profits in the food trade is stagnating due to significant increase in the number of small merchants in town.

In addition to a regular stock of school supplies and food products he sells:

- corrugated iron sheets
- wood
- factory made shutters
- cement, iron, nails, etc.

However, construction is not as profitable for him as expected: nearly 20% of his current inventory has remained unsold since 1978. His profit-margin on goods is modest. Taking the example of corrugated iron:

In Nouakchott he buys:	300 UM/sheet
He sells them at:	350 UM/sheet
For transport he pays:	22 UM/sheet
He makes a profit of:	28 UM or 8.6%

In spite of the rise in costs of his goods, he is obliged to cut down on his margin of profit because individuals now travel more easily to Nouakchott and make direct purchases. His conclusion is that fewer persons invest in the region, where business at one time was more important. With trade in the region being reduced to a low subsistence level, it "prevents" the shopkeeper - according to B - from becoming a "respectable businessman".

He makes a general purchase every other month and a half, with each stock averaged over the year at 280,000 UM. He travels personally to Nouackhott, paying each supplier in cash on-the-spot. The balance sheet reconstituted for the last 12 months is shown below:

Expenditure/year

Lease	40,000 UM
License/taxes	21,200 UM
Wages/employees	72,000 UM
Transport	51,000 UM
Purchase of merchandise (average 280,000 x 4 purchases per year)	1,344,000 UM
	1,536,200 UM

Revenue/year

Average: 45,000 month	1,740,000 UM
Total expenditures	- 1,536,200 UM
Total profits	203,800 UM
Overall margin of profit	13.3%

The profit represents both capital returns and his salary. The risks taken to widen the range of products offered, which proves the enterprising sense of the merchant, has not yielded the expected results not because of management, whose quality is not in doubt, but because of the economic conditions created by the population exodus from the rural areas.

5.5.5 Bread-Making

The bread business is established in nearly all towns with a population of over 600 inhabitants. In this case, bread is consumed as a meal by one of every three inhabitants once a day on average. In the rural areas, there are approximately 560 breadshops. (28)

In operating a breadshop, the size of the labor force (2-7 persons) is not directly proportionate to sales. At the same time, the technological gap is great between a breadshop using an earthen oven and an electric or gas oven.

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(28) The 1976-77 census places butchers and bakers in the same category. It lists 1,846 in the professions among the sedentary population. Nouakchott, Nouadhibou and Zouerate together make up 57% of the urban population. The adjusted rural figure for this category is 1,039. Adopting the proportion of one breadmaker for one butcher, one comes to 520 for each category.

5.5.5.1 A Hypothetical Case

An av rage bakery, which can be found in each region (assuming availability of flour and an energy-source) would be along the following model: (An important increase in bread consumption is noted among the rural population.)

- type of oven: earthen ware
- start-up capital: 30,000 UM, obtained locally
- employment situation: 3 salaried employees plus the owner. Frequently, the labor force is unskilled and has a high turn-over.
- supplies are obtained locally: flour, yeast, water and fuel costs (wood) represent 10-20% of operating costs, depending on the region and season.
- marketing: local distribution with a loss of 3%
- daily production: 700 150-gram loaves, sold at 5 UM each.

Expenditure/month		
Flour (20 sacks x 50 kgs x 1,200 UM)	24,000 UM	(1 kg of flour produces approx. 21 150 gram loaves)
Leavening	700	
Water	4,500	
Wood	7,000	
Labor	18,000	
License	7,625	
Depreciation	1,000	
	62,825 UM	
Revenue/month		
700 leaves (150 gr/day) 5 UM x 30 days	105,000 UM	
Loss 3%	3,150	
	101,850 UM	
Total expenditures	62,825 UM	
Net profit	39,850 UM	

Source: RAMS field survey.

This enterprise operates year-round, thus assuring continuous work for the employees.

5.5.6 The Butcher Trade

This activity seems to be of minor importance in the rural economy. It, however, represents the privileged link between herder and the sedentarized consumer. Furthermore, the profitability and interest that it has stirred up among public authorities by the creation of a state-owned company for the slaughter and marketing of meat products (see SONICOB, section 3.3) warrants a brief review.

A butcher is found in nearly every town with more than 300-400 inhabitants. The operation takes place in two phases:

- purchase of animals
- slaughtering and sale on-the-spot by the butcher.

Purchasing can either be direct (the animal is brought to the butcher) or indirect (by sending a go-between who will seek out the animal --often buying it on credit-- and bringing it to the slaughter area). Slaughtering is carried out in either of two phases:

- a government-controlled facility (usually where there is a livestock service);
- where no such facility is present, slaughtering escapes regulations.

In the former case, the livestock service inspects the live animals and delivers a certificate for its slaughter, for which the regional authority charges a tax. In 1980, the tax was 480 UM per camel and 330 UM per cattle. No tax is imposed on the slaughter of goats and sheep.

In areas where there are government-controlled facilities, authorities estimate that about one animal out of three slaughtered is killed clandestinly, thus escaping control and registration at the regional administration.

Except in important centers, such as Kiffa, Kaédi and Atar a butcher's work is seasonal. He works when he finds livestock. Capitalization is generally small, requiring little equipment (a block, a knife, and some rope).

For evaluation purposes the case of butcher "T" is examined. The description is representative for the butcher working in an area equiped with a livestock service. (29)

In butcher "T"'s village, there are more butchers than there is work. The butchers have agreed to set up a system of rotation in which four teams of two persons take turns working during the week.

For the day, butcher "T" and his partner bought 2 bulls (3 year-olds), each weighing 110 kgs (after slaughtering). (The village consumes about 300 kgs of meat a day.) They agree on a unit price of 3,600 UM with the go-between who brought them the animals. The courtier went in the interior and negotiated with the herder with whom he agreed on a unit price (on credit) of 3,500 UM/bull. He receives a 200 UM profit for the day.

The butcher's expenditures and revenue for the day are as follows:

Expenditure/day	For 1 Day (UM)	For the Year 10 Days/Month (UM)
Labor	200	24,000
Taxes	660	79,200
Tools, Rope	120	14,400
License	84	10,080
Purchase of animals (2 220-kg bulls on the hoof) *	7,200	864,000
	8,264	991,680
Revenue/day		
2 x 110 kgs x 60 UM	13,200	1,524,000
Total expenditure	8,264	991,680
Net profit for 2 persons	4,936	532,320
or 1 person	2,468	266,160

* Difference between carcass and on the hoof weight is approximately 50%.

(29) In isolated areas, the butcher operation remains the same, although generally the work is carried out by one individual. It is the volume and continuity of work which change.

With the rotation system being used, butcher "T" works about 10 days/month which permits him to earn 24,680 UM officially. In light of the meat shortage on the market, this same butcher will increase his income by 8,000 to 13,000 UM per month on the side.

In the course of an average month during the rainy season, this scenario is repeated 6 days a week and for each team of butchers. Even if the type of animal changes (goats/camels), the profitability of the business remains the same. It is possible that only one cow or even none is "officially" slaughtered in a day. In that case, either there will be a meat shortage or the butcher will slaughter an animal illegally.

Clearly, butchering, which requires very little initial investment, is a profitable activity. This partly explains the relatively high number of butchers as compared to demand and to the availability of animals. Section 3.2 above discusses the impact the butchers had on the State-owned parastatal SONICOB, which was established in order to place their activity under its aegis.

The presence of risk is evident in the butcher's activity: lacking means of refrigeration, he is obliged to sell all his stock from day to day. The attempt by SONICOB to solve this problem by building a slaughter and refrigeration center in Kaédi was actually seen by the butchers as a threat to their welfare and their profession.

It has been observed in several towns that, with his considerable income, the butcher tends to invest in building up his own herd, intending thereby to secure himself a sure source of supply.

5.5.7 The Restaurant Business

Many wayside restaurants have been set up in villages located along the main routes (and especially) as road work by the Mendes Junior Company (30) advances eastward. Restauranting does not have its roots in the tradition of Mauritanian hospitality (which recommends that a passing stranger be given lodging, especially in Moorish areas, where "the duty of hospitality is

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(30) A Brazilian company in charge of building the "Route de l'Espoir" linking Nouakchott to Néma.

an obligation"). Restaurants are, therefore, an urban innovation, chiefly serving the needs of the traveller. (31)

People entering into this type of activity are usually women, who find it to be stable and profitable employment which helps subsidize their families' food needs. The meals served are simple and vary little.

Initial investment is modest, composed of the purchase of a tent, cookers, cooking utensils, mattresses, mats, pillows and tea sets.

The restaurants charge for meals, drinks and tea, but provide free lodging. Profits are relatively high, given the low initial investment.

5.5.7.1 A Hypothetical Case

Unlike the bread shops, restaurants in the rural areas resemble one another in their method of operation, as well as in their returns. The hypothetical case presented below is representative of a restaurant located in a town of over 5,000 inhabitants.

- restaurant established for 2 years
- initial capital: 12,000 UM
- number of meals served a day: 26, averaging 80 UM each per client (also covers food for owner's family)
- employment situation: 2 salaried employees plus owner
- provisions furnished every day and nearly always bought locally.

(31) In the Senegal river valley, travellers are not the only ones to frequent restaurants, while in Moorish regions they are used exclusively by travellers in transit.

Expenditure/day	(UM)
Meat	600
Rice, oil, tomato	160
Wood	20
Labor	200
License/tax (6,000 + 1,625 UM/yr)	21
	1,001 per day, or
	30,030 per month
Revenue	
26 meals x 80 UM = 2,080 x 30 =	62,400 UM/month
Total expenditures	30,030 UM/month
Net profit	32,370 UM/month

Source: RAMS field survey

Even though the restaurant business is a difficult one (most restaurants operate 7 days each week), it constitutes one of the means by which the tertiary sector succeeds in providing a low but regular supply of money for the rural area.

ANNEX 1

Articles of Association of the Pre-Cooperative Group of the Women of Lemteyine

Article 1 The Cooperative Office has a 6-month renewable mandate.

Article 2 In case of litigation within the cooperative, the President bears witness thereof.

Article 3 The cooperative is composed of families coming to each other's mutual aid.

Article 4 All decisions must be made in the General Assembly.

Article 5 a) In case of dismissal or resignation, the person concerned must waive her membership rights.

b) But she must receive one quarter of her earnings on profits.

Article 6 The President is in charge of organizing work in the perimeter.

Article 7 Each person wishing to belong must pay a sum of 5,000 UM upon the agreement of the founding members, until October 5, 1978.

Article 8 The Association must meet every month, or when convened by the President, or the majority of the Association.

Article 9 The General Assembly meets every other month, or upon the request of a majority of the members.

Article 10 Any absence from a general meeting and even during working hours from the field must be justified.

Article 11 Any unjustified absence carries a fine of 50 UM.

Article 12 Any member not abiding by the rules during working hours must pay the penalty set forth in Article 11.

Article 13 Articles 10-11-12 must be abided by all members of the cooperative.

Article 14 Only the President has the right to grant permission for an absence which shall not exceed 5 days.

Article 15 In case of a misunderstanding, the General Assembly must be convened to make any necessary decisions.

Article 16 Should the cooperative be dissolved, its funds must be utilized for social needs (e.g., purchase of medicine).

Article 17 Any outside aid is not considered as cooperative property.

Article 18 Funds are not distributed to the cooperative members; they must be used to further improve the self-government of the cooperative.

Example: Purchase of farming supplies.

Article 19 Any expenditure must be justified by a formal voucher.

Article 20 Any expenditure not justified by whatever party is considered null and void by the cooperative.

Article 21 All expenditures must be notified and planned in office meetings.

Article 22 Only the President, the Treasurer and the Accountant have the right to sign for expenditures, following the consent of the Association.

Article 23 In case of misappropriation of funds, the person concerned must undergo legal investigation.

Article 24 A ledger must be kept by the Treasurer.

Article 25 Should a levied fine be refused, the person concerned must pay a sum of 100 UM after 10 days; if this sum is not submitted, she may be dismissed.

Article 26 Should a fine be levied, a 15-day extension may be given following written request by the person concerned.

Article 27 Persons absent at the start of work must take part in it as soon as they arrive.

The cooperative accepts only their personal assistance.

Article 28 The 52 members are requested to abide by the 27 articles of association of the pre-cooperative group.

THE PRESIDENT

LEMTEYINE, 8/20/78
modified 8/24/78

Draft of the Articles of Association for the Pre-Cooperative Agro-Pastoral Group of Mederdra

Preamble

Desirous of continuing and revitalizing the already existent pre-cooperative, following No. 431, dated 12/12/76, we, a group of Mauritanian nationals residing in Mederdra, propose to up-grade its activities and to orient its activities towards a farming associated with livestock.

Article 1: Geographic Location

The pre-cooperative will be located in the goud, on the out-skirts of the new water point instead of the former geographic location.

Article 2: Anyone may belong to the pre-cooperative who so requests, under the condition that the General Assembly agrees beforehand by a simple majority vote of the members present.

Article 3: These persons must immediately pay their membership fee, fixed at the sum of 1,000 UM and commit himself to paying the sum of 200 UM per month for the first year.

Article 4: Moreover, they must commit themselves to scrupulously respecting the present articles of association and by-laws.

Composition and Rights of the Board

Article 5: The pre-cooperative group will be headed by a Board composed of 7 members including:
- 1 President and his Assistant
- 1 Treasurer and his Assistant
- 1 Auditor
- 1 Secretary

Article 6: The Board will be renewed each year.

Article 7: The President calls and presides over all meetings, signs vouchers and receipts, and receives, on the behalf of the pre-cooperative, aid, gifts and subsidies.

Article 8: The main responsibility of the Treasurer is to keep the funds and property of the pre-cooperative.

Article 9: The Auditor is responsible for overseeing the funds and property of the pre-cooperative.

Article 10: The Secretary must keep the minutes of the meetings, He must also write out any correspondence, receive small mail and keep the archives.

Article 11: In case of absence or prevention of one of the main officers, the interim is immediately assured by his assistant, who will be invested with the same powers.

Meetings and Voting

Article 12: The Board meets in regular session every two weeks, and in extraordinary sessions upon the convocation by its President, or upon the request of a majority of its members.

Article 13: The General Assembly is held at least once a month, and whenever the need is felt at the Board's request, or 2/3 of the members.

Article 14: The President must prepare meeting agendas in advance.

Article 15: During the meetings, votes for making decisions are made by a show of hands.

Article 16: If the majority rules, the decision is immediately accepted.

Accounting, Management, Auditing

Article 17: The Treasurer must keep a precise account of the pre-cooperative's financial operations.

Article 18: Books to be kept by the Treasurer are as follows: membership book, cashier's book, inventory book, and booklet for receipts and stock list.

Article 19: The Treasurer must not incur any expenses before receiving a written order justified by the delivery of a receipt signed by the President.

Article 20: The President can deliver no receipts without the prior consent of the Board.

Article 21: The Treasurer must keep careful record of all receipts.

Article 22: The Board is obligated to render an accounting of its previous expenditures to the General Assembly.

Article 23: Each time it deems necessary, the General Assembly, with the majority of its members present, may demand to know the status of the treasury. The President must then call an extraordinary session for this purpose.

Article 24: Business is conducted as a group.

Article 25: Profits made during the fiscal year are distributed according to the stipulations of Article 30 in the by-laws of cooperative groups.

Article 26: The Accountant must keep a copy of the treasury ledger, and he must be informed by the Treasurer of all exchanges of funds.

Article 27: It is the accountant's right and consequently his obligation to conduct an audit each month and whenever he judges it necessary.

Punitive Measures

Article 28: If a member does not pay his monthly dues within a given period of time, he immediately receives a written notice from the Board.

If, by the end of the following month, he has not paid up, he is brought before the General Assembly which must decide on his case.

Article 29: In case of indiscipline or disrespect with regard to the articles of association, the member is exposed to the following punitive measures:

- A warning
- A reprimand from the Board
- Exclusion

Article 30: Only the General Assembly can make pronouncements on these decisions.

Article 31: In case of the withdrawal or exclusion of one of the members, his initial contribution is reimbursed to him.

MEDERDRA, 4/17/80

Read and approved by the General Assembly during its session of 4/19/80.

FOR THE ASSEMBLY
-THE PRESIDENT-

Table A.1 Insurance Costs (Public Liability) for Transport Vehicles for Use in Rural Areas. (Entire Fleet and Vehicles for Rural Usage) (in UM)

Fleet Total (Insured)	Year	Urban Ins. Fee		Rural Insurance Fee (1)			Number of Vehicles	
		Peugeot 504	Land Rover	Multi-purpose trucks	Vehicles	Engines, Tractors, etc.	Tractors, Vehicles, diverse Farm Engines insured and %	Engines and Equipment in Rural Area and %
16,544 (4400)	1976	16,000	12,440	28,000	28,000	15,960	150/1.3%	
16,125 (3600)	1977	16,000	12,440	28,000	28,000	15,960	36/0.3%	
18,700 (4700)	1978	16,000	12,400	28,000	26,000	15,960	60/0.5%	25/0.2%
19,699 (5600)	1979	22,000	19,500	43,900	43,900	43,900	110/0.1%	160/0.13%
26,000 (7200)	1980	50,851	38,974	88,247	88,247	88,247	-	-

Trailer = 30% of the Public Liability Premium for Tractor and Public Liability Tractor Insurance.

(1) Rural Insurance is reserved for machines operating in the rural areas. (Road construction, farming plots)

Source: Direction Technique, SMAR.

ANNEX 3

Table A.2 Annual Taxes on Transport Vehicles in the Rural Sector

Taxes / Type of Vehicle	Peugeot 504	Land Rover	Truck 10 to 12 ton	Semi-Trailer
TV 1)	6,000	8,000	13,000	13,000
Patente 2)	2,502	2,307	6,500	11,407
Bic 3)	20,000	25,000	25,000	40,000
FSN 4)	14,400	14,400	20,000	32,000
ITS 5)	2,880	2,880	7,200	9,000
Total General	45,782	52,587	71,700	105,407

1) TV = Vehicle Tax (window sticker)
If the vehicle has been used for 5 years, there is a 25% reduction on the TV only.
2) Business license.
3) Tax on Commerce and Industrial Profits.
4) National Solidarity Fund.
5) Tax on Salaries.

Source: Direction des Contributions Diverses.

ANNEX 3

Table A.3 Progression of Cost of New Vehicles, 1976-1980

Type of Vehicle / Year	Peugeot 504	Land Rover	Truck 10-12 ton	Semi-Trailer
1976	260,000		1,800,000	2,326,000
1977	267,000		2,498,000	3,562,300
1978	347,000		2,650,000	3,720,000
1979	438,000	a) 610,000	2,730,000	4,086,000
		b) 710,000		
1980	524,000	a) 685,000	2,838,000	4,205,000
		b) 793,000		

a) Canvas top
b) Stationwagon

Sources: SNEL, SOCOMETAL and SOMAREM.

Table A.4 Progression of Customs Duties on Transport Vehicles, 1976-1980. (in %)

Type of Vehicle / Year	Peugeot 504	Land Rover	Truck 10-12 ton	Semi-Trailer
1976	64.93	76.66	19.23	19.23
1977	98.53	110.25	19.23	19.23
1978	103.53	130.41	19.23	19.23
1979	65.31	a) 80.01 b) 130.41	56.49	69.93
1980	65.31	a) 80.01 b) 130.41	56.49	69.93

a) Canvas top
b) Stationwagon

Sources: SNEL, SOCOMETAL, SOMAREM, Customs.

Table A.5 Regional Graduation of Toll Charges Following the "Route de l'Espoir" (in UM - 1980)

Town	Toll Charges	Region
Nouakchott	40	06
Boutilimit	40	06
Aleg	40	05
Maghta Lahjar	40	05
Guérou	200	03
Kiffa	200	03
Tintane	80-300	01
Aïoun	80-300	02
Néma	400	01
Timbédra	400	01

Source: RAMS field survey

Price applicable to each one-way trip for truck and taxi.