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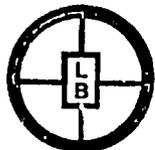
AN ANALYSIS OF A SEMI-COMMERCIAL MILLET
TRANSFER BETWEEN SENEGAL AND MAURITANIA

FEBRUARY 1980

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EXCHANGE RATES USED

U.S. \$ 1 = F.CFA 205
U.S. \$ 1 = UM 40
UM 1 = F.CFA 5.125

1. - INTRODUCTION AND STATEMENT OF THE PROBLEM

The strong millet harvest in 1978/1979 and record levels of commercialized millet has led to large quantities of millet stocks in Senegal. While that purchasing campaign was a manifest example of successful grain commercialization in the Sahel, it put severe strains on the country's storage capacity and brought on a severe credit crisis when these stocks could not be sold domestically in 1979/1980. This situation, combined with the urgent need for grain in Mauritania, has inspired interest in the export of Senegalese millet to its chronically grain-deficit neighbor to the north.

Intra-Sahelian grain transactions are viewed as an important ingredient to developing long-term cereal strategies for production and consumption in the effort to achieve food self sufficiency for Africa.

The Senegalese situation, while pointing up the pitfalls of large scale commercialization, also provides an opportunity to examine the potential for grain trade within the Sahel.

Within that context, the goal of this report is to investigate the possibilities and constraints to a semi-commercial grain transfer between Senegal and Mauritania, and suggest how USAID/Senegal might assist in bringing about the transaction.

Chapter 2 of the report provides a description of the current millet marketing and sale systems in both countries. This includes institutions, storage capacity, and stocks to date.

Chapter 3 concerns the prospects for millet trade, including such critical factors as transportation, price, quality, administrative procedures and a summary of the major constraints.

Chapter 4 gives a description of a proposed transaction, isolating the transaction costs and needs for USAID intervention.

Finally, Chapter 5 contains a discussion of outstanding issues which should be examined in further detail and explicitly considered before pursuing the proposed transaction. This is followed by general conclusions.

2. - MILLET PURCHASE AND SALE SYSTEMS

2.1 - SENEGAL

2.1.1- Institutions

National grain policy in Senegal is carried out by the National Office of Cooperation and Development Assistance (ONCAD), under the trusteeship of the Minister of Rural Development. ONCAD is charged with regulation, import and internal distribution of all cereals and in 1975 was vested with monopoly power for the purchase of millet. All major decisions regarding tariffs and prices are made by the Committee for Major Agricultural Products (CCPA) (of which ONCAD is a member).

Financing and commercialization policy is controlled by the Mutual Fund for Rural Development (FMDR) (production input subsidies), the National Development Bank of Senegal (BNDS) (purchasing credits, medium term credits, and finance of commercialization) and the Price Stabilization Fund (CPSP).

Until 1978/1979, the extent of official commercialization varied considerably, ranging from zero in 1972/1973 to 36,000 tons in 1974/1975. Reasons cited are variations in rainfall and the lack of a concerted program by ONCAD. Most millet commercialization involved private merchants or wealthy farmers during these years.

Last year, however, ONCAD carried out an intense millet commercialization program which resulted in a record 108,700 tons of millet purchased. The institutional factors that contributed to this success were :

- 1°) A decision to raise the purchasing price of millet from 35 F.CFA/kg to 40 F.CFA/kg before the planting season,
- 2°) A program to decentralize the purchase centers and
- 3°) An effort to carry out the program well in advance of the peanut commercialization campaign.

These factors combined with a strong harvest to bring about the impressive commercialization program.

The campaign was, however, a mixed blessing, as it put severe strains on storage capacity ; furthermore, the credits extended for the purchases are now due and not repaid. As a consequence, ONCAD has been refused credit for a purchasing campaign in 1979/1980. Thus, the Government has suspended ONCAD's monopoly purchase power for this season, leaving millet commercialization entirely to the private sector.

With the new Government directive, millet marketing will revert to the traditional channels dominated by merchants and money lenders, although local cooperatives may act as semi-wholesalers at the village level. This decision has, on the other hand, left uncertain the future role of ONCAD and the Government's strategy for storage and internal distribution. For example, after this year how will

security stocks be accumulated, and will price stabilization be carried out by price fixing, without market intervention? The short term answer to these questions lies probably with international donations, but the financial plight of ONCAD remains a serious constraint to pursuing the country's cereal policy.

Grain donations from the international community are coordinated and distributed by the Commissaire à l'Aide Alimentaire (CAA) in Senegal, under the trusteeship of the Minister of Rural Development. ONCAD has a strictly operational function in food aid distribution, i.e. loading, transport, and handling. In 1979, only 7,000 tons of wheat semolina was received, although in the previous year 62,530 tons of sorghum was donated to Senegal by the international community. This represented 78 percent of all grain donations to Senegal for that year.

For 1979/1980, total production for millet and sorghum is estimated at 496,000 tons. Food deficit projections for 1979/1980 are placed at 137,000 tons. The GOS has reserved a food aid contribution of 36,000 tons-9,000 tons already distributed through the CAA, and 27,000 tons presently in stock. While the 9,000 tons has been paid for and distributed, the 27,000 tons have not been purchased (see section 2.13).

2.1.2- Storage Capacity

Cereal storage capacity currently exists at the producer level (household and village granaries), open air temporary areas at the cooperatives, ONCAD official and rented warehouses, private traders' warehouses and boutiques, development society warehouses and millers' silos. Total capacity for village granaries, and private warehouses is unknown, although estimates for village granaries range from six months to two years consumption needs. Known enclosed capacity is as follows :

		<u>Capacity (tons)</u>
ONCAD	Warehouse program	30,000
ONCAD	Rented warehouse	34,000
Development societies (1)		10,000
Millers' silos (2)		<u>13,500</u>
	TOTAL.....	87,500

Programs to augment ONCAD's storage capacity by 60,000 tons are being funded by USAID (30,000 T.) and the Federal Republic of Germany (30,000 T.) and are presently being implemented.

It is estimated that about 36,000 tons of the millet purchased in the 1978/1979 campaign had been originally placed in open air conditions under tarps.

(1) Not used for millet

(2) Grands Moulins (Dakar) 10,500 T.
Moulin Sentenac 3,000 T.

2.1.3- Stocks

Despite its uncertain role in millet commercialization in the future, ONCAD maintains carryover millet stocks from previous campaigns. As of December 12, 1979 the stock situation was :

<u>STOCKS</u>	<u>METRIC TONS</u>	
Harvest 77/78	11,361	
Harvest 78/79	<u>108,702</u>	
		120,063
<u>UTILIZED</u>		
Sale to merchants	31,065	
Sale to CAA	7,800	
Diverse Distribution	599	
Losses	593	
Food Aid Distribution 79/80	<u>4,354</u>	
		<u>44,411</u>
Stock available 12/10/79		75,652
<u>PREVISIONS</u>		
Millet Bread Program "Pamible"		6,000
Security Stock		30,000
Balance Due CAA		1,200
German Stabilization Project		5,000
Animal Feeding (CPSP)		6,000
Residual Stock		<u>27,452</u> (78/79 harvest)
TOTAL.....		75,652

Since then, the balance of CAA stocks (1,200 T) and the German Stabilization Project stocks (5 000 T.) have been evacuated. Thus as of January 28, 1980, 69,452 tons of millet was in stock. The Government has directed ONCAD to set aside the 27,452 tons of residual stock for the CAA, although, as mentioned earlier, this has not been paid for. The Office of Commercialisation has also indicated that the 12,000 tons for the Millet-Bread Program and

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the Animal Feeding Program might become available for export for the following reasons :

- 1°) The funding for the Animal Feeding Program has not yet been confirmed by the Government (CPSP) and
- 2°) The actual needs of the Millet Bread Program may be less than originally envisaged.

Thus, the quantity of millet which may be available ranges from zero to 39,452 tons depending on the Government's ability to respect purchase commitments. For purposes of the study, a millet transaction of 10,000 tons from the last two categories is assumed.

2.2 - MAURITANIA

2.2.1- Institutions

As in Senegal, cereal marketing institutions are in a state of uncertainty in Mauritania. Until recently official responsibility for the commercialization of non-rice cereals rested with the Mauritanian Cereals Board (OMC), a publicly-owned, self-financing agency created in 1975 under the trusteeship of the Minister of Rural Development (3). In order to establish and carry out a national cereals policy, OMC was charged with a 5 year program which consisted of two primary interventions :

- 1°) The establishment and management of a 15,000 ton stock of grain to be used for market interventions for the stabilization of domestic grain prices, and
- 2°) The establishment and management of a 30,000 ton security stock to be used for emergency grain distribution to drought-stricken areas.

Because of severe drought conditions, OMC's major activities during its first three years of existence focused on the receipt, storage and distribution of international food donations, carried out under the auspices of a contract with GOM and Emergency Plan. In addition, in 1977 and 1978, OMC carried out 2 domestic grain purchasing programs, in which a total of 3,300 tons of millet and sorghum was bought.

(3) Decree n° 75- 265/PR. Rice is imported only by SONIMEW a state-owned company

In July 1979 the Government centralized all responsibility for the reception, storage and distribution of food aid under the Food Aid Commission (CAA) (4). Although an official decision has not been announced, the trusteeship of OMC will soon be transferred from the Minister of Rural Development to CAA, bringing all aspects of cereal policy under the Commissioner.

Under these new arrangements, the exact nature of OMC's function is not yet clearly defined. However, technical assistance from the Federal Republic of Germany and three years experience have enabled OMC to develop a fledgling capacity for directing Mauritanian cereals policy, and the international donor community is hopeful that this valuable experience will not be lost with the transfer of trusteeship. Discussions with CAA and WFP/Nouakchott indicate that OMC will remain intact, but a final decision has not been taken.

Although there is very little information on the commercialization of grain by the private sector, donors and Mauritanian officials acknowledge the existence of millet movements from Mali to the First, Second, Third and Tenth Regions. People in the areas along the Senegal River have traditionally consumed sorghum and millet, not generally of the same variety produced in Senegal. Despite the emphasis on rice cultivation and consumption by the SCNADER program it is probable that the traditional preference for sorghum and millet still lingers on, especially in view of current problems with rice marketing (5). This, combined with low rainfall have placed Millet-sorghum at a premium this year. Reports from local markets indicate private trading prices as high as UM 35/kg (CFA 175) and much of this undoubtedly is coming from Mali and possibly Senegal.

In theory, OMC will carry out a purchasing campaign in 1980. However, at the UM 8-10/kg purchasing price farmers are evidently not motivated to sell to official buyers. Also, OMC currently has no funds for purchases.

Distribution of donated grain (see "stocks" below) will occur under the auspices of CAA. The preliminary 1980 plan calls for about half of this grain being sold at regulated prices and the other half slated for security and grain stabilization stocks.

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- (4) Decree n° 75-158. CAA is attached to the Executive Offices ("Presidence")
- (5) Farmers this year have shown discontent with the program. While many have unwillingly substituted rice for millet acreage, they have only recently been paid for last year's harvest.

2.2.2- Storage capacity

Storage capacity in Mauritania is being reinforced to achieve an eventual 54,500 tons, with programs by the Federal Republic of Germany, Netherlands, and ADF. Of particular interest to trade with Senegal are the storage facilities in Rosso and Kaedi. Rosso currently has two 900 ton warehouses completed and three 1,000 ton warehouses in the construction phase. During 1980, there will thus be a 4,800 ton capacity. Kaedi now has one 900 ton warehouse, and a 5,000 ton capacity warehouse to be completed in 1980. In addition, OMC has 20 mobile silos of 500 tons each.

2.2.3- Stocks

The stock situation in Mauritania as of December 1979 is 6,000 tons of wheat and 2,000 tons of rice broken down as follows :

Food Aid Commission	5,000	wheat	-	tons
OMC	1,000	"	-	"
SONIMEX	2,000	rice	-	tons

Minimal cereal requirements are estimated at 180,000 tons, based on an annual per capita consumption of 120 kgs and a population of 1,500,000. Considering programmed imports of 52,000 tons, outstanding pledges from 1979/1980 of 17,000 tons, current stocks of 8,000 tons and an estimated national production of 26,000 tons, the suggested grain deficit amounts to 75,000 tons. The preliminary approximate breakdown of donor pledges as of February 5, 1980 is :

	<u>TONS</u>	
WFP	10,000	wheat
USAID	10,000	sorghum
FRANCE	4,000	wheat
CILSS/TURKEY	3,500	wheat
CANADA	3,000	wheat
EEC	10,000	wheat
Fed. Rep. Germ.	5,000	wheat
Other Expected	10,000	
	<hr/>	
	55,500	

The World Food Program is responsible for coordinating the reception of this food aid. The USAID sorghum is expected to arrive at the end of February.

In addition, OMC estimates that clandestine movements of grain into Mauritania amount to 10,000 tons. Thus, given the uncertainty of this figure and the continuing possibility for other donations, Mauritania faces a grain shortfall of between zero and 15,000 tons in 1980.

3. - MILLET TRADE PROSPECTS

3.1 - TRANSPORTATION

The 10,000 tons of Senegalese millet mentioned in section 2.1.3 is located in Kaffrine. Transport of this grain could follow two overland routes to major Mauritanian distribution centers :

1°) Kaffrine-Mbacke-Linguere Matam-Thilogne-Kaedi	= 494 km
2°) Kaffrine-Mbacke-Kebemer Saint Louis-Rosso	= 410 km

Route (1) involves paved road on the Kaffrine-Linguere and Matam-Thilogne segments (237 km), while route (2) is paved all the way. The river at Kaedi can be traversed during the months of February-June.

Transport cost estimates along these two routes are as follows (6) :

	<u>F.CFA/TON</u>	<u>US \$ TON</u>
Kaffrine-Kaedi	16,250	79
Kaffrine-Rosso	9,750	48

Mauritanian feeding requirements and storage capacity may make transport to Kaedi more attractive, but the costs are considerably higher due to the larger distance and 257 kilometers of unpaved sections.

In the future, it has been suggested that transport between the Kaolack region and Mauritania could possibly take a maritime route from the Port of Kaolack to either Rosso or Nouakchott.

Port facilities at Kaolack consist of :

- 1°) A 630 meter iron wharf
- 2°) Open storage area of 150,000 m²
- 3°) 4,500 m² of warehousing

(6) Freight cost include transport river crossing fees and unloading at destination. Quote from SCTTM/Nouakchott. Feb. 7, 1983

- 4°) 3,500 meters of railway feeding into the Dakar-Bamako railway
 5°) Four weighing bridges of 20 to 30 tons capacity.

Navigation on the Saloum River is difficult due to shoals at the river mouth and is limited to lighters of not more than 105 meters in length because of a bend at Velor.

At Rosso, (130 km upstream from Saint-Louis) a 40 meter long wharf exists. Navigability of the Senegal River is also currently limited by a sand bar at Gandiole and the Faidherbe Bridge, whose opening mechanism is not functioning, and has a usable opening of 30 meters in length and 2.4 meters in height at low tide.

Transport costs by lighter from Dakar to Nouakchott are comparable to those by truck due to the significant stevedore costs of unloading at the Nouakchott port.

3.2 - THE PRICE OF MILLET

ONCAD's figures on the 1978/1979 cost price of millet are as follows :

	<u>F.CFA/TON</u>
Farm gate	40,000
Bagging	1,797.75
Transport (to warehouse)	4,100
Handling + unloading	525
Storage Expenses	864
Weigher's fee	125
President's fee (cooperative)	25
Transport Insurance Fund	17
Fire Insurance	15
	<hr/>
Sub-total	50,110.75
Losses	400
Warehouse Depreciation	186
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Sub-total	50,696.75
General expenses	485.88
Total Cost Price	51,182.63

The selling price to wholesalers and millers is F.CFA 46,500/ton. Thus, the state subsidy of millet sales amounts to F.CFA 4,682.63/ton.

Based on the above figures and the previously noted transport costs, the approximate cost of delivered millet in Mauritania can be calculated as follows :

Sorghum prices on the world market are largely constrained by its being readily substituted by other grains. Because of its lower nutritional value it is often sold at a discount to maize prices for livestock rations. When this differential narrows, maize usually replaces sorghum, thus sorghum prices are closely tied to other coarse grain prices. Record levels of world grain stocks are therefore likely to prevent any large increase in sorghum prices in 1979/1980 and the average FOB Gulf price is expected to range between \$ 100 and \$ 115/ton.

In Mauritania, little concrete information exists on the market price structure of non rice grains. The official government selling price for millet and wheat is UM 8-10 kg (F.CFA 40-50/kg). This is based on estimated reception and distribution costs of grain donations :

wharfage	:	UM	3/kg
transport	:	UM	5/kg

Thus, the price has nothing to do with the production costs of millet or wheat in Mauritania. As mentioned earlier, private merchants are reported selling sorghum/millet for as much as 3 times the official price.

3.3 - QUALITY OF MILLET

A February 1979 USAID Field Evaluation Report indicated poor storage conditions regarding bag condition, loose commodity, insect control and rodent control for most of the millet/sorghum stored in ONCAD warehouses. The study also noted the need for quality standardization. Mauritania does not maintain quality standards for millet purchases, as their program of domestic millet purchase has been very small. Thus, this year, quality would not pose a constraint, especially if the grain arrived in Mauritania as a donation.

However, should Senegal wish to increase its export capacity in future years, the development of quality standards in their purchasing program will be necessary.

3.4 - ADMINISTRATIVE PROCEDURES

In the case of a semi-commercial grain transaction between Senegal and Mauritania, administrative procedures and customs duties pose few if any problems. ONCAD would receive authorization from the Minister of Rural Development, which would be preceded by approval from CGPA, FMDR and CPSP. In addition, authorization for export would be required from the Minister of External Commerce.

In Mauritania, the official purchasing agent would be CAA/OMC who would derive this authority from the Executive Cabinet ("Presidence"). The CAA has indicated that customs duties would be waived in the case of a transfer.

In financial terms, the medium of exchange would be CFA francs. The Central Bank of Mauritania (BCM), upon authorization from COM would make the specified amount of foreign exchange available to CAA/OMC who would then authorize the transfer of funds credited to the ONCAD account at the BNDS.

Thus, there do not appear to be administrative constraints, other than the delays associated with conforming to accepted intergovernmental procedures.

3.5 - CONSTRAINTS TO TRADE

Although administrative procedures would not pose problems to a grain transfer between Senegal and Mauritania, there are several basic obstacles which stand in the way of a direct transaction between the two countries.

The first problem involves the high price of Senegalese millet. In order for this cereal to be competitive for export, the cost price of millet (FOB Kaffrine) would have to be reduced significantly. Thus, a purchase of Senegalese millet at Senegalese prices involves an implied subsidy; the magnitude of this subsidy can be estimated as follows:

- Given a CAF Rosso price of US sorghum of \$ 203/ton, and a transport cost Kaffrine-Rosso of \$ 48/ton, the maximum competitive price FOB Kaffrine for Senegalese millet would be $\$ 203 - \$ 48 = \$ 155$ or F.CFA 31.775/ton. Given the current FOB price Kaffrine of \$ 253/ton, this implies a subsidy of \$ 98/ton, or 39 percent of the Senegalese price.
- With the forecasted price of US sorghum (\$ 215/ton CAF Rosso) the maximum competitive price would be \$ 167/ton, implying a per ton subsidy of \$ 86.

These calculations are summarized in Table 1.

Considering that transport distance between Dakar and Kaedi is longer than Kaffrine-Kaedi, the above analysis is even more compelling for shipments to the eastern border.

In the Rosso case, if 10,000 tons of millet were marketed at the Senegalese price, total subsidy cost for exports would range between \$ 860,000 and \$ 980,000 depending on the FOB price of US sorghum.

It is instructive to note that offers to sell Senegalese millet have already been rejected by Mauritania and the World Food Program at prices less than the actual cost price. WFP/Dakar has reiterated its refusal to purchase millet at more than F.CFA 30,000 - 35,000/ton (\$ 146 - \$ 170/ton, which implies a price CAF Rosso of \$194 - \$218/ton.

TABLE

RELATIVE PRICES OF US SORGHUM AND SENEGALESE MILLET

US SORGHUM		SENEGALESE MILLET							
Price FOB-Gulf	Price CAF-Rosso	Price FOB-Kaffrine		Price CAF-Rosso		Maximum FOB-Kaffrine price that is competi- tive with US sorghum		Implied subsidy with purchase at Senegalese price	
		CFA/ton	\$/ton	CFA/ton	\$/ton	CFA/ton	\$/ton	CFA/ton	\$/ton
103	203	51,707	253	61,457	301	31,775	155	20,022	98
115	215	51,707	253	61,457	301	34,235	167	17,562	86

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In Mauritania, the financial and foreign exchange position of the country is very weak. In 1977, goods and services imported exceeded those exported by 49 percent and total external debt was more than UM 26 billion (US \$ 650 million). In addition, CMC's purchasing program is stalled largely because of lack of funds. Thus, resources for the purchase of Senegalese grain at any price are limited.

Furthermore, since the prospects for grain donations are somewhat positive this year, Mauritania is not particularly inclined to purchase grain, when they can meet most of their needs for free. For this reason, the CAA, while reacting positively to the principle of acquiring millet from Senegal this year, has proposed a "symbolic" price of UM 2-3/kg (CFA 10-15/kg) CAF-Rosso. Hence there is really no incentive to buy foreign millet and in the Mauritanian context the only international "market" for non-rice cereals is that of grain donations, and probably will be for some time to come.

In sum, the major constraints to millet trade between Senegal and Mauritania are :

- 1°) The high price of Senegalese millet and
- 2°) The absence of real incentives for importing grain in Mauritania on a commercial basis.

4. - GENERAL DESCRIPTION OF A PROPOSED TRANSACTION

In view of the previous analysis it is suggested that USAID could facilitate a semi-commercial grain transaction by providing credit to Mauritania for the purchase of Senegalese millet. This credit would amount to the balance of the cost after a Mauritanian contribution of UM 3,000/ton (\$ 75/ton) CAF-Rosso. This operation could also be tantamount to a subsidy of the export price of Senegalese millet. Mauritania would be required to sell the millet domestically and the proceeds would be used to generate a capacity for future commercialization and import activities.

Assuming a transaction for 10,000 tons of millet delivered in Rosso and a Mauritanian contribution of \$ 75/ton, a breakdown of total transaction costs, US and Mauritanian contributions, and the degree of subsidization would be as follows :

TABLE 2.

	TOTAL TRANSACTION COST	MAURITANIAN PURCHASE CONTRIBUTION	USAID PURCHASE CONTRIBUTION	DEGREE OF SUBSIDIZATION OF MILLET
(000) US \$	3,010	750	2,260	980
(000) F.CFA	614,570	153,750	460,820	200,900
(000) UM	120,400	30,000	90,400	39,200

As can be seen above, the USAID contribution in this transaction would be \$ 2 million or 75 percent of total transaction costs.

The selling price of this millet in Mauritania, given approximate transport costs of UM 5/kg, would have to be at least UM 8/kg in order for Mauritania to break even on their own investment.

As this is the official price and seems to be below the market price, this does not appear to pose a serious problem.

In order to obtain a return which would pay for the entire transaction, including internal distribution costs, the selling price in Mauritania would have to be UM 17.04/kg. If the unconfirmed reports of the high market price of millet/sorghum are true, it would appear that the Government could obtain this price. However, this information must be confirmed.

The following table gives the derivation of the break-even selling prices for a Mauritanian contribution of UM 3/kg and the total cost of the transaction.

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TABLE 3.

	Mauritanian Contribution		Total transaction	
	UM	US \$	UM	US \$
Total Purchase Expense (000)	30,000	750	120,400	3,010
Total Transport Expense (000)	50,000	1,250	50,000	1,250
Required Total Receipts (000)	80,000	2,000	170,400	4,260
Mauritanian Selling Price/kg	8	.20	17.04	.43

5. - CONCLUSIONS

5.1 - OUTSTANDING ISSUES

There are several outstanding issues which, if not dealt with, could possibly jeopardize the success of the above described and similar transactions in the short and long run.

The first is the availability of millet for export in 1980 within the context of a declared deficit of 137,000 tons. It has been noted that this deficit may overstate the case for cereal shortfalls, since it does not account for on-farm storage. However, WFP representatives in Dakar and Nouakchott and the Delegation of the European Development Fund in Nouakchott, express serious reservations regarding Senegal's propensity to export millet and her request for international aid. Thus a transaction of this type may trigger a negative reaction among the other donors vis-a-vis Senegal. Documentation of the extent of on-farm storage could stem this reaction, but could also affect the food donation program.

The second issue regards the marketing prospects of Senegalese millet in Mauritania. Grain marketing officials in Nouakchott assert that consumers prefer the locally-grown sorghum to Senegalese millet. This apparently stems partly from relative ease in preparation. Since market reports on the high price of millet/sorghum do not distinguish varieties, more information is needed on the preferences of the population for varieties of millet/sorghum.

In addition, there is apparently trafficking of millet/sorghum from Mali to Mauritania. Thus, more precise information is also needed on the varieties and quantities which are moving across the borders to assure that Senegalese millet can in fact be sold at a profitable price. Because of the apparent shortage this may not be critical this year, but long range cereals production and marketing strategies will require this information.

A third issue involves the marketing capability of OMC/CAA, Mauritania. More information is needed on their ability to transport, handle and carry out commercialization activities. It may be that more technical assistance is advisable for training of purchaser or, in the longer run in the development of a marketing information system that would provide up-to-date statistics on market prices and trends. This is also critical to implementing marketing strategies.

A fourth issue concerns quality. Although Mauritania does not maintain quality standards, it is concerned about the quality of Senegalese millet. Efforts to promote intra-Sahelian grain trade should therefore be accompanied by a program to establish quality standards tied to purchasing price, something which does not now exist in Senegal.

Finally, the donor community in Nouakchott is very sceptical of providing cash to Mauritania, for fear of its misuse by grain marketing officials.

5.2 - GENERAL CONCLUSIONS

A semi-commercial grain transfer between Senegal and Mauritania could come about through a USAID credit to Mauritania for the purchase. This implies a significant degree of subsidization for the high export price of Senegalese millet, but in doing so USAID would be assisting ONCAD in finding an "export" outlet for some of its stocks and Mauritania could be pushed towards a more commercialized policy of grain imports. Administrative procedures would not pose a serious problem to the transfer, and given reported market prices in Mauritania a reasonable return on total transaction costs could be expected.

There are, however a number of outstanding issues which should be addressed, most notably the availability of millet for export, the marketing prospects and capacities in Mauritania, the assurance of minimum quality standards and the possibility for corruption with cash transfer.

Finally, institutional uncertainties in both Senegal and Mauritania can also block a successful transaction. Thus, the rectification of the absence of an institutional authority for the finance and accumulation of stocks in Senegal and the resolution of the uncertain position of OMC in Mauritania are prerequisites to developing continuing grain trade relations between the two countries.

ANNEX 2

LIST OF PEOPLE MET

SENEGAL

USAID

Mr. BROWN	Economics Officer
Mr. HARTMAN	Agricultural Officer
Mr. PROCOPIIS	Program Officer
Mr. RUSBY	Food for Peace Officer
Mr. SHEAR	Director

ONCAD

Mr. DIAWARRA	Assistant Director General
Mr. FALL	Principal Accountant
Mr. KANE	Commercial Director
Mr. MBENGUE	Manager of Operations
Mr. NIANE	Technical Director Projects

MINISTRY OF RURAL DEVELOPMENT

Mr. DALLET	Technical Advisor
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COMMISSARIAT A L'AIDE ALIMENTAIRE (CAA/SENEGAL)

Mr. NDIAYE	Commissioner
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MINISTRY OF PLANNING AND COOPERATION

Mr. SIVILIA	Technical advisor
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FOOD AND AGRICULTURAL ORGANIZATION/DAKAR

Mr. ROSSI RICCI	Representative
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WORLD FOOD PROGRAM/DAKAR

Mr. MARTIN	Representative
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MAURITANIA

USAID

Mr. KIDD
Mr. SHARP

FOOD FOR PEACE OFFICER

COMMISSARIAT A L'AIDE ALIMENTAIRE (CAA/MAURITANIA)

Mr. HACHEM
Mr. MALOKIF

Commissioner
Assistant to the Commissioner

MAURITANIAN CEREALS OFFICE (OMC)

Mr. KNOSPE
Mr. NEWMANN
Mr. TANDIA

Technical Advisor
Technical Advisor
Assistant Director

NATIONAL COMPANY FOR RURAL DEVELOPMENT (SONADER)

Mr. WERBROUCK

Economics Advisor

WORLD FOOD PROGRAM/NOUAKCHOTT

Mr. VAN STEENBERG

Representative

EUROPEAN DEVELOPMENT FUND

Mr. CHAVEZ

Agricultural Advisor

SCTTM/NOUAKCHOTT

Mr. PARFENTIEFF

Representative