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CLUB DU SAHEL

CEREALS POLICIES IN SAHEL COUNTRIES

The Mindelo conference - Republic of Cape Verde - 1/6 December 1986

Acts of the Mindelo Conference

1-6 December 1986

C.I.L.S.S. CLUB DU SAHEL — O.C.D.E. 1987

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CEREALS POLICIES IN SAHEL COUNTRIES

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Cover page: Rice winnowing in the Kou Valley, Burkina Faso.
(Photo by Michel Grolleaud)

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The CILSS

The CILSS (Permanent Interstate Committee for Drought Control in the Sahel) groups nine Sahelian States: Burkina Faso, Republic of Cape Verde, Chad, The Gambia, Guinea Bissau, Mali, Mauritania, Niger and Senegal. It is the permanent organisation for regional cooperation in the Sahel.

The Club du Sahel - OECD (Organisation for Economic Co-operation and Development)

The Club du Sahel was set up in 1976, under the joint aegis of the OECD and the Sahel countries, to support the CILSS and encourage concerted study, planning and action by Sahelian countries and donors for the long-term development of the Sahel.

CILSS
B.P. 7049 - Ouagadougou
Burkina Faso

Tel. (226)33.42.52

CLUB DU SAHEL-OECD
2, rue André-Pascal
75775 Paris Cedex 16

Tel. (1)45.24.90.22

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Introduction

INTRODUCTION

Seven years after the Nouakchott Conference, which was devoted to the cereals policy of CILSS countries, the Secretariats of the CILSS and the Club du Sahel decided to call another meeting of experts in Sahel countries and the international community on the same theme.

The town of Mindelo on Saint Vincent island was selected to be the venue for this second Conference and the Cape Verde authorities provided a wonderful welcome for the one hundred and twenty persons coming from all points of the compass. Choosing Mindelo, which does not lie on one of the world's main thoroughfares, was in itself a challenge. Thanks to the people of Cape Verde, this challenge was taken up and won. We proffer them our sincere thanks.

Why did the CILSS and the Club du Sahel organize another Conference on the cereals policies of Sahel countries? The reasons are many. Let us examine a few of them.

First of all, whatever the efforts made in the Sahel over the past twenty years may be, the cereals production growth rate remains markedly insufficient compared with the population. Dependence on the outside world has increased since the sixties. Both the cause and the consequence of this dependence is that the Sahel peoples have changed their consumption habits: imports of rice have been multiplied nearly five times in twenty years and wheat imports from five to six times.

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Sahel governments are fully aware of this unfavourable evolution. They also realize that this is not only due to the droughts occurring in the Sahel region, but also, as was stressed at the Nouakchott Conference, to the cereals policies introduced. After 1980, measures started to be taken to modify these policies and put the situation right. The severe droughts in the years 1983 and 1984, the still partial nature of the measures introduced and the limited priority given to projects designed to increase production have not enabled any significant results to be obtained.

Furthermore, the experience gleaned during the years 1979 to 1986 showed how difficult it is to conceive and apply an efficient cereals policy, no matter what the climatic conditions may be. The recommendations issued at Nouakchott, marked by a ten year period of drought, were made within the context of penury. They became inappropriate at the end of 1986 in view of the cereals surpluses in some Sahel countries and the fall in production prices observed in several countries after the last two campaigns. Such a situation was proof that cereals markets need to be organized not only in times of penury, but also in situations of relative abundance, it being understood that organization of such markets is as difficult in one case as in the other.

Finally, the world agricultural scene has changed since the middle seventies, and this has had consequences for Sahel countries as well as for other countries in the Third World. As a result of the policies applied in main North and South producer countries, enormous surpluses have been accumulated. This results in cut-throat competition on world markets, causing prices of agricultural products, including cereals, to fall. Cereals imported into the Sahel are often cheaper than local cereals.

These reasons and many others explain why the CILSS and the Club du Sahel organized the Mindelo Conference. But has this meeting contributed anything new to reflection on Sahel cereals policies? We think so.

The Mindelo Conference was far bolder than the Nouakchott Conference, whose "reformist" recommendations postulated that an improvement in the existing situation would be sufficient to enable good cereals policies to be devised. At Mindelo, the question of a real change was discussed.

Firstly, there is the question of increasing the productivity of agriculture, whether for local consumption or for export. This is the key problem and the one that has been absorbing our attention for the past twenty years. Some local successes have been recorded, but they have not been general. Now, the future is very demanding, and it is not possible to move backwards without compromising, maybe for ever, this future. To increase productivity, many different conditions have to be assembled, but one of them takes precedence over all the others: no progress is possible without the collaboration of producers, without their consent and without respect for their wishes and interests.

In view of this new perspective, what part should the State play? Up till now, it has had great ambitions, but the results of its action have been uncertain. The Conference - which for the first time included a merchant and two producers - wondered whether the State should not limit its objectives, so as to attain them better, and be content to stimulate events rather than to control them; to lay down the rules for the game without being too directive; to assist the weaker elements while encouraging the more diligent ones to deploy their initiatives; to preserve the main economic or ecological balances.

Such a reversal in the conception of the State's role will not come easily in countries where, since independence, the State has always wished to assert itself. However, economic and social development presupposes the participation of all active agents, more liberty, more confidence in their relations and more coalitions of interests. Amongst all these, the State must play an arbitrator's role.

If the State's role were to be clarified, it might well be that many of the problems raised once again at Mindelo (official prices, guaranteed prices, intervention by the private sector in marketing cereals and distributing inputs, subsidies, storage, credit, etc.) would find concrete solutions. It is only by being attentive to realities, analysing behaviour and mentalities and bearing in mind what is really possible, that practical, even empiric, solutions can be found for the difficulties encountered in marketing.

For the first time, the question of whether Sahel agriculture should be protected was discussed at Mindelo. CILSS countries will have to study this possibility with great care, and Northern countries will have to permit these poor countries to exercise a right they have assumed to a great extent. Protection, of course, is an instrument that must be used with discernment and flexibility. The advantages and costs must be examined in the light of major economic balances and the resultant consequences for the various categories of the population studied. In order to enable the Sahel to benefit from it to the full, the Conference came to the conclusion that protection should be applied to cover a regional economic space that would include the whole of West Africa. Within this space, protected in respect of the outside world, all bars to trade between the zones of any one country and between the different countries concerned should be removed, so as to enable mutual exchanges to have free play.

Complementarities of this kind exist both in practice and potentially. Commercial links have always existed between West African countries, along with a lively and active unofficial trading system. These complementarities could be put to good use, for example, by considering the requirements of consumption. Why is so much rice and bread consumed? Surely because these products are easy to prepare, sell and consume. As the Conference has stressed strongly, the progress recorded in the matter of transformation and distribution of Sahel cereals is at present disappointing. A great deal remains to be done in this field.

Finally, what should the role of food aid be in all these actions designed to ensure the security of Sahel food supplies? The discussions at Mindelo can be interpreted as saying that food aid should be used in times of crisis, and that, except on such occasions, should merely play a contributory role. Since the cereals penury of 1984, the Sahel and the international community have started to become organized to cope with urgent situations and to provide solutions for them. However, much progress remains to be made. The partners are also beginning to use food aid in a positive way to regulate the market, to favour regional exchanges and to support different projects. These initiatives are looked upon more favourably since the succession of good and bad harvests have demonstrated that too abundant or too tardy food aid can contribute to the accumulation of surpluses, for which it is difficult to find a use.

And, in conclusion, what are the chances of seeing the Mindelo proposals exercising an influence on the cereals policy of the Sahel States and on the support provided by financing sources.

If it is to be a question of increasing the productivity of agriculture, certain choices will have to be made. Would it not be preferable in the first instance, for example, to concentrate efforts on regions where technical difficulties are not so great, so as to obtain results that can be measured within a given lapse of time?

The State's role is evolving fast. Basing their decisions on experience, Sahel States are becoming increasingly concerned in making all the agents participating in the production, trade and transformation of cereals play their part to the full. A large number of rigid ideas inherited from the past must be swept aside to enable this operation to become a reality.

Co-operation agencies want to obtain the best possible results through the aid they provide. They are trying to adapt their methods to advantage, to gain benefit from their experience and to concentrate their efforts. The reforms proposed by Mindelo require deep changes in the ways and means their support is applied.

The creation of a regional cereals space is a long-term operation, and so it is essential to start preparing it now. Who would ever have thought that the CECA would enable the Common market and the EEC to be born? In point of fact, the great post-war penuries were favourable to such concentrations. Could the war against hunger and poverty be less stimulating for solidarity than armed conflicts? Rice, whose consumption continues to increase in West Africa, could, if the political will were there, become the corner stone of a future regional market. Let us hope that the ideas and proposals of the Mindelo Conference will contribute successfully to the cause of African understanding and co-operation.

BRAH Mahamane
CILSS Executive Secretary

Anne de LATTRE
Head of the Club du Sahel

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I

Summary of the situation regarding national and regional implementation of the recommendations of the Nouakchott Colloquy

according to the statements given by
Messrs. Demba K. TANDIA, Dramane COULIBALY
and Ibrahima D. BA

CONCERNING THE RECOMMENDATIONS OF THE NOUAKCHOTT COLLOQUY

The situation regarding implementation of the recommendations of the Nouakchott Colloquy was the subject of two studies : one from the national aspect carried out by Messrs. Demba Kissima TANDIA and Dramane COULIBALY (Document N° 3), the other from the regional aspect effected by the Executive Secretariat of the CILSS (Document N° 2).

1. The situation regarding implementation of the recommendations of the Nouakchott Colloquy by CILSS Member States

Summary of the statement given by Mr. Demba Kissima TANDIA.

After recalling recent trends relating to cereals production (average stagnation and great temporal and spatial variability), Mr. TANDIA gave an analysis of the present crisis, whose main characteristics are as follows: acceleration of desertification; the low level of investment and peasant earnings; the inefficacity of organizational systems (pilot farmers, typical farms, insufficient attention paid to women and the young); insufficient results from research, etc...

Returning to the specific recommendations forwarded to States by the Nouakchott Colloquy, he underlined that:

- the practice of official prices had never been questioned, whereas efforts had been made to restructure cereals agencies and manage food aid;

- protection of Sahel products had never been given the attention they deserve; the idea of a consolidated economic space was indeed raised but never made the subject of detailed analysis (comparison between the economic cost of a protected regional market and the social cost of a market subject to world market fluctuations);

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- development of agricultural industries encountered the failure to integrate non-Sahel cereals in local cereals (PAMIBLE type);

- regional exchanges remained low, but recent evolution is encouraging, notably thanks to systematic meetings between the executives of Sahel cereals agencies.

2. The situation regarding the implementation of the recommendations of the Nouakchott Colloquy in the matter of regional co-operation

Summary of the statement given by Mr. Ibrahima Demba BA.

For his part, Mr. BA stated that, in the matter of regional co-operation, the recommendations of the Nouakchott Colloquy concerned information more especially. He recalled the actions of the CILSS in application of these recommendations:

- pursuit of the AGRHYMET program, whose objectives since 1975 have been as follows: to describe the evolution of meteorological conditions; to foresee their impact on agriculture and, consequently, to give advice to producers and decision-makers;

- carrying out a survey of production systems and farmer income, so as to assess production costs;

- initiating in October 1984 the Permanent Diagnosis Project and in July 1985 the regional cell food supplies security project;

- finally, setting up the CILSS network to prevent the occurrence of future food crises in the Sahel.

Mr. BA stressed the fact that all these actions formed part of the permanent future regional diagnosis network, whose purpose would be to provide reliable data for decision-makers and to favour the analysis and management of the flow of cereals.

On the subject of the Permanent Diagnosis Project, Ibrahima BA stated that his activities consisted of improving present data-collecting methodologies and of making better use of statistical data.

After compilation of details concerning existing information systems, this project would be based on the following principles:

- directing information research towards clearly defined targets;

- de-partitioning information and data;

- ensuring permanent collection of some basic data;

- and, for this purpose, rendering the collection mechanism lighter.

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II

Conclusions and recommendations of Mindelo Workshops

CONCLUSIONS AND RECOMMENDATIONS OF WORKSHOP 1

THE ROLE OF THE PRIVATE SECTOR IN SETTING UP A CEREALS POLICY

A - CONCLUSIONS AND RECOMMENDATIONS CONCERNING PRODUCERS

CONSIDERING that the problems analysed at the Nouakchott Conference are still of current interest, particularly as regards the increase of imports and maintenance of extensive agriculture extremely sensitive to climatic vagaries;

CONSIDERING that the Sahel States grant absolute priority to achieving the target of food self-sufficiency;

CONSIDERING that every party involved in the cereals production and consumption system, always encounters constraints, and that forgetting one of these constraints is likely to prevent the solution of other constraints;

CONSIDERING the general deterioration of land resources and the unyielding march of desertification;

CONSIDERING the socio-economic stratification of producers and the progressive marginalization of the most under privileged sectors of society;

WORKSHOP 1

Reiterates that an incentives policy involving progressive producer price rises is fraught with danger, but that without a guaranteed minimum price it is scarcely possible to achieve a situation where farming communities produce more than they consume or to reach the objective of food self-sufficiency that has been set by the Sahelian States,

and recommends that the Sahelian States

1) take the necessary step to protect cereals markets in the Sahel and, where necessary, call upon assistance from the international community to achieve this objective;

2) make producers conscious of their responsibilities while at the same time placing them in an economic context inducing them to produce, and ensuring that food crops become profitable crops.

States can notably use the following means for the purpose :

- instigate, encourage and support the introduction of participative structures designed to identify priority requirements, and organize and implement the management of operations in the common interest (agricultural credits, storage ...);

- improve the living conditions of producers;

- improve average yields, particularly by distributing and subsidizing fertilizers and by developing and distributing high-return varieties;

- help producers diminish their losses before and after harvesting;

- make continued efforts to open up remote areas of production, so as to ensure free circulation of cereals and to dismantle the barriers that exist between respective markets;

- elaborate a food policy that emphasizes local production and places the producer in a economic context that provides him with incentives;

3) to support a wide range of programs within the rural economic system for the purpose of improving and/or guaranteeing incomes of rural producers, creating employment and integrating village communities, in the national economic system;

4) to favour a land development strategy in such a manner that its different potentials are rationally used;

5) to safeguard land resources by helping producers to make their land richer and not poorer, by means of active promotion of organic and chemical fertilization methods;

6) to do everything possible to make the whole of the population fully aware of the support being given to the cereals policy and notably to the consumption of local products.

the international community

to redirect their efforts to help producers :

- by subsidizing modernization in farming and by contributing to set up a suitable system of agricultural credit,

- by backing the redirection of the cereals production/consumption system towards local products.

ON THE OTHER HAND,

WORKSHOP 1

CONSIDERING that the surplus cereals crops in Mali, Burkina and Niger cause a fall in the prices paid to producers, thus risking provoking new cereals deficits by causing the producers to lose interest and inducement;

Recommends

- producers to reconstitute their stocks wherever possible;

- States to launch a large scale information campaign on the theme : "Reconstitution of family and village cereals stocks", insisting on the impossibility of resorting to aid;

- The international community to concentrate its efforts on financing farmer storage and the relevant means to do so (storehouse, equipment organizations).

B. - CONCLUSIONS AND RECOMMENDATIONS CONCERNING TRADING

CONSIDERING the preponderent and irreplaceable role of the private sector in marketing cereals;

CONSIDERING the fact that the cereals trade is being liberalized;

CONSIDERING the mutual interest of the public and private sectors to work actively together;

WORKSHOP 1

recommends :

- That conditions favourable be created to involve the private sector in marketing cereals by recognizing the role played by traders and by liberalizing the marketing of cereals where this has not already been done;

- that a climate of close cooperation be instilled between the private sector operators that are involved in marketing cereals and the public sector;

- that traders be authorized and encouraged to supply the rural world with inputs;

- that traders be given easier access to credit facilities depending on the extent of their involvement in the cereals market;

- that incentive schemes be identified and introduced to encourage storage, so as to induce traders to play an increasingly active part in regulating the supply of cereals on markets. These incentive schemes may comprise :

  . partial financing of storage facilities through grants and/or loans;

  . providing a guarantee for a minimum period (cost-effectiveness threshold) for investments and for use of the storage facilities:

. tax breaks and any other measures that might favour the profitability of storage schemes;

- encouraging traders to group themselves together to store cereals in the best conservation conditions and so that they can have access to credit on hypothecation;

- reducing the prices subsidy applied by cereals boards in areas distant from regions where there are surpluses, so that the private sector may become more competitive;

- favouring the establishment of direct relations between traders and producers, so as to concentrate the supply and reduce collecting costs;

- contributing to improving management of traders, so as to reduce marketing costs and increase their performance.

C - CONCLUSIONS AND RECOMMENDATIONS CONCERNING PROCESSORS

CONSIDERING that small-scale non industrial processing facilities (dehusking, milling facilities, small trades in the urban food industry, etc...) have long ago proved their efficiency in the valorization of locally-grown cereals;

CONSIDERING that these service industries (dehusking, milling, etc...) make it possible to reduce the amount of hard work achieved by women and allow them more time for other activities ;

CONSIDERING that small scale decentralized units enable jobs to be generated and the added value linked to the processing activity to be widely distributed, by bringing additional income for the dry season ;

CONSIDERING that small food stalls supply the major part of meals taken away from home, thus constituting a privileged place for launching new products based on local cereals ;

CONSIDERING that great skill and experience exist in Sahel countries in this respect, but are insufficiently exploited inside that region ;

CONSIDERING that several Sahel countries are equipped with flour mills capable of processing local cereals;

WORKSHOP 1

Reiterates that small-scale non industrial processing facilities in rural and urban areas are competent actors in the private sector of local cereals, in the same way as farmers and private traders ;

Recommends

- that the legal and administrative obstacles to the development of small urban food outlets should be removed

  . by amending the regulations governing the processing of products and their sale in markets and in the street ;

  . by creating an environment favourable to the stability of such activities ;

  . by facilitating occupation of the space by such facilities;

- that the technical constraints inherent in small-scale non industrial processors be removed

  . by reducing their production costs, improving their tools and processes (dry-type millet dehusking units, improved cookstoves, etc...) ;

  . by encouraging local manufacture of equipment, so as to adapt it better to requirements and reduce costs ;

  . by developing training for maintenance and management of such equipment ;

- that the organization of small scale operators should be favoured, so as to enable them to achieve better access to credit ;

- that new outlets be found for local cereals by manufacturing new products and by promoting improved traditional products, satisfying urban food habits :

- that products entirely based on cereals should be developed and/or distributed ;

- that such products be promoted and innovation encouraged

  . by using broadcasts and posters to publicize improved traditional dishes and new dishes based on local cereals ;

  . by stimulating high quality conservation ;
  . by organizing exchanges of experiences between the small scale operators of different Sahel countries. For example, Burkina millet cakes or Chad sorghum cakes could be tried in coastal countries. The many maize recipes of Benin or Ghana could allow new products based on maize to be tried out in Sahel countries. On the occasion of these encounters, technical solutions could be exchanged between operators ;

  . by organizing competitions for ideas for the award of prizes given by research institutes and the ONG ;

  . by organizing an "African Food Fair";

- that these different recommendations be co-ordinated within the framework of a "Mobilization Program for the improvement of food technology in the Sahel", placed under the aegis of the CILSS ;

- that industrial units be used to valorize the considerable surpluses during the low price period, provided that an economic feasibility study has been carried out beforehand ;

- that a small incorporation of local cereals should be allowed in industrial wheat flours (less than 5 %) by quality norms :

- that, in the future, industrial units be set in competition with small-scale and processing units adapted to the requirements potential markets.

D - RECOMMENDATIONS CONCERNING CONSUMERS

CONSIDERING that the final purpose of food security and food self-sufficiency is above all to meet consumers' requirements ;

CONSIDERING that increased cereals production, which occupies an important place in the search for food security and self-sufficiency is conditioned by the existence of an increasingly strong solvent demand for more elaborate products based on locally-grown cereals ;

CONSIDERING that food is an essential element for the health of man by its quantity but also by its quality ;

CONSIDERING that development of the consumption of a product is linked to its permanent availability on the market ;

CONSIDERING that focussing Sahel food consumption habits solely on millet, sorghum, maize and/or rice contributes towards exerting pressure on prices, which erodes the purchasing power of consumers and results in restriction of the solvent demand ;

WORKSHOP 1

Recommends

1 That regulation of the cereals market cease to be handled by the State or solely State organizations. Private economic agents must become more and more involved, with the State merely playing a role as umpire or arbitrator;

2 that, by means of inciting measures, the State proceed to decompartmentalize cereals markets, to organize road infrastructures, set up a storage policy and provide financial support for purchases;

3 that information for processors and consumers be supplied conerning the quality of products;

4 that efforts be made to diversify crops (leguminous and root crops) and to encourage the steady development of crops produced outside the season of cereals crops;

5 that imports of cereals competing with local cereals be discouraged for the purpose of limiting and/or checking the dependence induced by altering Sahel feeding habits ;

FURTHERMORE

CONSIDERING that the Sahel has to take drought cycles into account, which may increase the prices of foodstuffs, and the vulnerability of some social groups ;

WORKSHOP 1

Recommends that States attenuate the effects of drought by improving their agricultural policies on a national and regional scale, and by instituting early warning systems, which would make it possible to identify populations in danger and supply them in conditions compatible with their resources.

E - RECOMMENDATIONS CONCERNING INFORMATION

CONSIDERING the necessity of acquiring greater knowledge of the situation as regards cereals producers, processors, traders and consumers in the Sahel ;

CONSIDERING that basic information must be reliable, timely and trustworthy if it is to be suitable and useable in applied research and if it is to meet the requirements of decison-markets (State operators, producers, traders, small-scale processors) ;

WORKSHOP 1 recommends

- that existing information networks be reinforced in the interest of both the private and public sectors ;

- that programs be implemented to create operational data that fulfills the criteria of reliability, timeliness and trustworthiness mentioned above, and that such programs involve methodological innovation ans streamlining of methods of investigation with a view to limiting costs and achieving improved results ;

- that. from a socioeconomic viewpoint, emphasis be laid on a global approach to the production-consumption system, since such an approach is the only means of obtaining information on the interaction that exists between the different stages in the economic system from production (or import) of cereals to consumption of cereal products by end users;

- that data collection be disseminated among economic and political operators as soon as it is operational.

CONCLUSIONS AND RECOMMENDATIONS OF WORKSHOP 2

THE STATE'S ROLE IN THE FORMULATION AND IMPLEMENTATION OF THE CEREALS POLICY

A - CEREALS POLICY AND GENERAL DEVELOPMENT POLICY

CONSIDERING that cereals cultivation in the Sahel makes a fundamental contribution to food security and constitutes the principal means of avoiding excessive dependence on imports;

CONSIDERING that it traditionally occupies a large section of the population and, depending on the country, represents from 20 to 60% of the GIP (Gross Industrial Product);

CONSIDERING that the world cereals situation reveals an abundance of supplies and low prices;

Workshop recommends :

1) that priority be granted to cultivation of cereals, as to be able to supply the Sahel region;

2) that all possible steps be taken to increase the productivity of the cereals industry, so as to increase production and make it an instrument of global economic development.

B - THE ROLE OF THE STATE

CONSIDERING that action taken at the Stale level over the past decade has aimed to fulfill two principal objectives to protect producers through a policy of guaranteed prices, and to ensure that consumers receive a regular supply of goods at prices they can afford;

CONSIDERING that this policy has been implemented by cereals boards, the setting of official prices, etc., and that serious difficulties (or even outright failures) have been encountered since the means deployed are not always suited to the objectives sought; that the guaranteed minimum price policy only concerned a very small amount of the mobilizable supply and that intervention costs proved exorbitant;

Workshop II

reiterates that State action in the cereals policy should first and foremost consist in monitoring the food security of the population and in creating favorable conditions for economic operators (farmers, traders, craftsmen and other entrepreneurs) to become increasingly efficient at every level.

The Workshop recommends that this should comprise :

1) Actions designed to increase the productivity of these different agents through the supply of services (information, regulation, training), infrastructures and the necessary financing, for the purpose of :

   a) intensifying production, safeguarding natural resources, favouring research and training and ensuring that the private sector gradually takes over responsibility for a series of services, such as the multiplication of seeds and the distribution of inputs. Use of the latter should be encouraged by favouring products manufactured in the region;

   b) improving the interconnection and transparence of national markets, by both improving transport networks and market infrastructures and ensuring better use of the media (radio, T.V. etc);

   c) instituting, with the help of the CILSS, regional agreements to facilitate exchanges of cereals;

d) promoting initiatives in the field of processing locally-grown cereals and backing them up with campaigns calling consumers' attention to them and providing information;

e) searching for new outlets for local cereals production, notably
for animal consumption;

f) promoting trading credits for operators on the cereals market (in particular, mutual associations of producers and traders);

2. - Actions designed to bring security to the cereals market, so as to limit the disastrous effects of deficit years on consumers and surplus years on producers.

In this context, cereals boards have a role to play, a role, however, which must be in proportion to the means availabe to them:

- a) to face general or localized shortages, these boards should manage security stocks and participate in the management of food aid. The size of these security stocks in fundamental. Agreements on the assurance of food supplies and the development of exchanges would make it possible to limit their volumes and hence the cost. Negotiations with donors should assume a global nature, comprising revision of the UMRs (Usual Market Requirements);

- b) in surplus years and depending on the country, these organizations could intervene and purchase, depending on the means available to them, to maintain the income of producers. Adoption of a minimum price level for intervention could be envisaged;

- c) in a permanent manner, these organizations could be responsible for collecting and distributing information on markets, including regional and world markets, for looking for outlets in the event of surpluses, for promoting and organizing triangular operations and for supporting private initiatives in the fields of foreign trade, storage or processing;

- d) if necessary, these structures would have to be restructured, notably as regards their accounting, so as to make their management transparent.

Three actions necessary to implement the previous objectives :

- a) acquiring knowledge in depth on the behaviour of the economic operators concerned; for this purpose, setting up means and methodologies adpated to the regional efforts made by the CILSS;

- b) balancing the parities between local cereals and imported cereals, chiefly by taxing the latter. In particular, this would reduce the effect of the subsidies the cerals have on the world market. It is essential that these taxes should be harmonized at regional level, so as to create a protected cereals market;

- c) using the resources stemming from these taxes, international aid funds and internal savings to finance actions relaunching the chain.

C - COORDINATING AND FOLLOWING-UP THE CEREALS POLICY

CONSIDERING that coordination between the many institutions implied in the cereals policy is usually limited to estimating the value of crops and any possible deficit, and to taking the decisions resulting there from;

CONSIDERING that implementation of a cereals policy requires permanent decisions that must be based on reliable data;

CONSIDERING that data on cereals in Sahel countries are still very insufficient, both at national and regional level, in spite of recent progress achieved, notably with the assistance of the CILSS (AGRHYMET, Permanent Diagnostic and Pre-Cresal projets);

Workshop II recommends :

1) States to organize a permanent concertation body for the cereals policy, not only at ministerial level but also with economic agents and with the international community. This body would be answerable to the highest level of authority;

2) States to improve the quality of their information. Information can only be obtained at reasonable cost by means of minor surveys based on knowledge acquired previously as a result of a more complete reference survey. Minor surveys would be devoted to study of the import and export of cereals (followed-up by the cereals boards), of prices and of the behaviour of the economic operators on the market. Such indicators comprise a considerable amount of information and they can be followed-up at reasonable cost;

3) the CILSS to accentuate its effort to improve the quality of information and to be the driving force in regional concertation, so as favour and increase the harmony and coordination of cereals policies;

4) the international community, grouped together within the Club du Sahel, to increase its cooperation with Sahel States and CILSS programs round these objectives.

- INTERNATIONAL AID - TOWARDS A COORDINATED APPROACH

CONSIDERING that aid to the cerals sectors has often involved increase emphasis on emergency operations,

CONSIDERING that financing organization have not been sufficiently coordinated in their action,

CONSIDERING the low level of involvement in programs aimed to support economic operators within the Sahel,

CONSIDERING that the States and donors through the joint food aid counterpart funds that have been established in certain countries could allow for :

- improved management of food aid,
- greater harmony among the policies of different donors,
- mobilization of considerable financing for certain priority projects or programs, particularly involving restructuring of the market;

Workshop 2 recommends

1. that the donors and financing bodies increase the proportion of aid allocated to the cereals sectors with particular emphasis on the actions mentioned in point 2. These aids will be focused on encouraging and backing the economic operators rather than financing rigid - framed projects that may marginalize them;

2. that the donors continue to act within all CILSS Member States towards increased coordination, in particular with respect to the joint food aid counterpart funds;

3. that the States and donors set up joint conterpart funds in those countries of the Sahel where such funds do not yet exist, they could be fed through non cereal aids (for instance inputs) provided they do no replace any other non material aids;

4. Workshop 2 further recommends that the joint food aid counterpart funds be involved in wider coordination context so that the generated funds may be used for launching actions and not only for stabilizing policies; and to

5. monitor programs aiming to introduce structural modifications, in order to ensure that such programs do not reduce potential for investment or access to credit, and to ensure that they make it possible to take social action in favor of the most underpriviliged sectors of society in both rural and urban areas.

CONCLUSIONS AND RECOMMENDATIONS OF WORKSHOP 3

FOOD AID

CONFIRMING that at the present times there are considerable surpluses of traditional cereals in some countries in the interior, as well as considerable deficits in coastal countries, and that the latter wish to increase the consumption of cereals produced locally;

THE CONFERENCE

- recommends that a study be made rapidly of the possibility of effecting an export operation of local cereals from countries with surpluses to countries with deficits;

  Such an operation, if it attained a sufficiently large scale, would be a concrete confirmation of the solidarity between the States of the CILSS;

- recommends that the modalities governing such an operation be outlined : origin and purchase price of surpluses, transport modalities, processing and marketing, financing of the operation;

- recommends that a team of specialists in marketing and processing of local cereals, be set up under the joint authority of the CILSS and the CCE, to study the feasibility of such an operation and make concrete proposals to the Governments concerned.

WORLD MARKETS AND REGIONAL MARKET

- CONSIDERING the situation of the world cereals market and its incidences on prices, incidences due to trading competition between exporter countries trying to dispose of their surpluses;

- CONSIDERING that the forecasts that can be made on the medium-term evolution of the market indicate a persistence of these surpluses;

- CONSIDERING the Sahel cannot withstand the competition of imported cereals;

- CONSIDERING the marginal nature of rice surpluses on the world market and the resultant uncertainty concerning supplies to Sahel countries;

- CONSIDERING the considerable production potential available to the Sahel;

- CONSIDERING that the development of this potential implies intensification of cultivation and the opening up of profitable outlets, and considering that national markets cannot provide sufficient outlets;

- The Conference :

- reaffirms that food security and self-sufficiency targets can be achieved in time, provided appropriate cereals policies are implemented at national and sub-regional level;

- recommends :

* that the relationship between Sahel markets and the international market be modified ;

* that a study be undertaken on the modalities required to set up a regional market inside which national production would be protected and inter-State exchanges encouraged. This market should consist of a continuous and sufficiently extensive area and should include coastal countries.

  In particular, this study should bring out the advantages and disadvantages of the various different envisageable mechanisms for setting up this market : commercial measures (quotas), tariff measures (taxes or deductions) and/or monetary measures;

* that this regional should give priority to rice, which plays a key part in Sahel markets.

Protection of the regional rice market would favour the development of local production, discourage consumption and enable traditional cereals to be promoted;

- and recommends :

- that, within the context of the regional market envisaged above, the Executive Secretariat of the CILSS, in co-operation with the regional organizations concerned, should proceed to identify the obstacles to exchanges between States and introduce measures enabling cereals to circulate freely ;

- that States and donors should take the initiative to promote trade, processing and transport of cereals, notably by the private sector.

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III

Final recommendations

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CEREALS POLICIES IN SAHEL COUNTRIES

THE MINDELO CONFERENCE: FINAL RECOMMENDATIONS

Republic of Cape Verde 1/6 December 1986

Seven years after the 1979 Nouakchott Conference on the cereals policies of the countries of the Sahel, the Secretariats of the CILSS (*) and the Club du Sahel organized in Mindelo (Republic of Cape Verde) a meeting of experts from the countries of the Sahel and the international community. Prior to the Mindelo Conference, the Sahel had experienced a series of disastrous harvests, although more recent harvests have been somewhat better. The food situation in the Sahel remains critical, however, and the region's cereals policies have not been as effective as might have been hoped. The Mindelo Conference reviewed this difficult situation and suggested action that might be taken to reverse current tendencies in the Sahel. The recommendations of the Mindelo Conference are given here. The principal working documents of the Conference, together with the conclusions reached by the three cereals-policy commissions that met at Mindelo (dealing with the role of the private sector, the role of the State, and the role of foreign trade) are published separately in the Acts of the Mindelo Conference.

The Mindelo Conference pointed out that the problems analyzed at the Nouakchott Conference in 1979 are still problems today: imports of cereals are continuing to grow, and extensive agriculture, which is extremely sensitive to climatic variations, is still predominant in the region.

The land resources of the Sahel are still deteriorating, and a halt has not been brought to the unyielding march of desertification.

The progressive marginalization of the most underprivileged sectors of rural society is continuing.

Nevertheless, in view of the region's production potential, the Conference sought to reaffirm that the ultimate feasibility of the objectives of food security and food self-sufficiency, which can only be achieved if suitable policies are adopted at the subregional level.

1. INCREASE PRODUCTIVITY

Considering that obstacles are encountered by all parties involved in the production and consumption system and that none of those obstacles can be overcome unless each and every aspect of the problem is examined in detail,

* Comité Inter-Etats de Lutte contre la Sécheresse dans le Sahel

the Conference recommends that the Sahelian States

. assist producers in assuming their own responsibilities, particularly in the following ways:

- by initiating, encouraging and providing support for the introduction of participative groups aiming to identify priority needs, to organize and take on responsibility for the management of operations that are in the common interest (agricultural credit, storage, etc.),

- by improving producers' living conditions,

- by improving average yields, particularly by disseminating and subsidizing fertilizers and by developing and disseminating high-yield varieties,

- by helping producers to reduce losses before and after harvests,

- by making continued efforts to open up remote areas of production in order to ensure free circulation of cereals and to dismantle the barriers that exist between respective markets,

- by establishing a food policy that emphasizes local production and creates an economic environment providing incentives to producers;

. support a wide variety of programs within the rural economic system, with a view to improving and/or maintaining farmers' incomes, creating employment and integrating village communities in the national economic system;

. favor a land development strategy liable to make rational use of production potential;

. safeguard land resources by helping producers to enrich rather than to impoverish their land, through active promotion of organic and chemical fertilization.

2. ...WITHIN A PROTECTED REGIONAL MARKET

Considering that none of the above measures would be feasible unless producers are working within an environment where it is in their interest to produce, and unless food crops become cash crops,

the Conference

reiterates that an incentives policy involving progressive producer price rises is fraught with danger, but that without a guaranteed minimum price it is scarcely possible to achieve a situation where farming communities produce more than they consume or to achieve the objective of food self-sufficiency that has been set by the Sahelian States,

and recommends that the Sahelian States

. take the necessary steps to protect cereals markets in the Sahel and, where necessary, call upon assistance from the international community to achieve this objective;

considering that effective support can only be given to cereals markets in the Sahel if the impact of imported cereals is taken into account,

considering the world cereals market situation and the effect on prices of commercial competition between exporting countries seeking to move surpluses,

considering that the forecasts that can be made as to the medium-term development of the market indicate that surpluses are liable to persist,

considering that this situation is highly likely to favor low-price imports, but that under present conditions, locally-produced cereals cannot survive competition from outside the region,

considering that the potential of the Sahel cannot develop unless agriculture is intensified and profitable outlets are found, and considering that national markets alone cannot provide those outlets and that a regional market is thus vital,

convinced that action at regional level will reverse the current tendency towards increased food dependence,

the Conference recommends

. that modifications be made to the relationships that exist between Sahelian markets and the world market;

. that a study be undertaken on ways of creating a regional market that would protect national production and encourage trade between States. That regional market should be sufficiently extensive and comprehensive, and should include the coastal States of West Africa;

the study must, in particular, identify the advantages and disadvantages for different social groups of the ways in which such a regional market might be set up: commercial measures (quotas), tariff arrangements (taxes or levies) and/or possible changes in exchange rates;

. that the study of a regional market put special emphasis on rice and wheat, which play key roles on Sahelian markets;

by protecting the regional market, the development of local production would be favored, consumption of rice and wheat would be discouraged and traditional cereals would be promoted;

. and, within the framework of the regional market mentioned above,

- the Executive Secretariat of the CILSS should continue to cooperate with the relevant regional organizations (CEAO,

ECOWAS, etc.) to identify obstacles to trade between States and should take the necessary steps to promote free circulation of local cereals,

- the States and the donor agencies should take the necessary steps to promote commercial trade in local cereals. and processing and transportation of local cereals, particularly by the private sector.

3. MARKETING: A CLEARER DEFINITION OF THE RULES OF PLAY

Considering the major and irreplaceable role of the private sector (in production, trade and processing) in the marketing of cereals,

considering the fact that the cereals trade is being liberalized,

considering that it is in the interests of both public and private sectors to work together,

the Conference recommends

. that favorable conditions be created to involve the private sector in the marketing of cereals, by endorsing the importance of the role of traders and by liberalizing the marketing of cereals where necessary;

. that moves be made to promote a climate of close cooperation between the public sector and the private-sector operators that are involved in marketing cereals, in particular through the adoption of a Code of Good Behavior;

. that traders be authorized and encouraged to supply inputs to rural communities;

. that traders be given easier access to credit facilities, depending on their level of involvement in the cereals market;

. that incentive schemes be established and introduced to encourage producers and traders to store greater quantities of cereals and thereby play a more active part in regulating the supply of cereals on different markets. Those incentive schemes could cover:

  - partial financing of storage facilities through grants and/or loans,

  - an agreement whereby storage facilities would be used at sufficient capacity to guarantee profitability,

  - tax breaks and any other measures liable to ensure profitability of storage schemes;

. that producers and traders be encouraged to work together to store cereals under optimum conditions and thereby constitute collateral for subsequent access to credit;

. that lower purchase-price subsidies be paid by cereals boards to producers in those areas that are located far from surplus-

producing regions, so that the private sector may become competitive;

. that direct contact be favored between traders and producer associations with a view to concentrating supply, reducing marketing costs and increasing efficiency.

4. PROCESS MORE CEREALS...

Considering that small-scale nonindustrial processing facilities in the Sahel have for some considerable time demonstrated their effectiveness in processing locally-grown cereals,

considering that small-scale service industries such as dehusking and milling facilities can reduce the tedious nature of women's work and thereby create time for other activities,

considering that small-scale decentralized units can create employment and make a meaningful contribution to the redistribution of added value linked to processing activities, and thereby generate additional income for the dry season,

considering that the vast majority of meals eaten outside the home are provided by small food stalls and street sellers, those outlets are ideal places to promote new products based on local cereals,

in view of the considerable -- yet inadequately exploited -- skill and experience of the countries of the Sahel in this respect,

the Conference

reiterates that small-scale nonindustrial processing facilities -- in both rural and urban areas -- are effective links in the private-sector local-cereals chain, and are as important as the private-sector farmers and traders themselves,

and recommends

. that surpluses be used when they become available in order to promote consumption of traditional cereals and thereby increase food self-sufficiency;

. that legal and administrative restrictions to the development of small-scale food outlets in urban areas be lifted, through amendment of the legislation governing the processing of products and the sale of those products on public markets and in the street;

. that solutions be found to the intrinsic technical problems encountered by small-scale nonindustrial processing facilities:

  - by reducing their production costs through improvements in equipment and processes (dry-process millet dehuskers, improved cookstoves, etc.),

  - by encouraging local manufacture of equipment in order to optimize specifications and reduce costs of that equipment,

- by developing technical training for maintenance and management of the equipment used in such facilities;

. that small-scale operators be encouraged to group together in order to obtain increased access to credit;

. that new outlets be sought for local cereals, through the manufacture of new products and through the promotion of traditional products that are more in line with urban food habits;

. that greater action be taken to promote processing of local cereals, and that consumer information and awareness campaigns be launched to support that action:

- by using radio and poster campaigns to publicize improved traditional dishes and new dishes based on local cereals,

- by encouraging high-quality storage,

- by encouraging research organizations and NGOs to organize competitions to stimulate new ideas,

- by organizing African Food Fairs at the national and subregional levels,

- by promoting interaction among small-scale operators in the Sahel in an effort to ease the dissemination of their products;

. that these different activities be coordinated within a "Mobilization Program for the Improvement of Food Technology in the Sahel" to be established under the aegis of the CILSS;

. that industrial units be utilized, particularly in the processing of large surpluses when prices are low, provided that a feasibility study has been carried out beforehand;

. that quality standards encourage the inclusion of low levels (less than 5%) of local cereals in industrial flours;

. and that in the future, industrial units be made to compete with small-scale units and that the scale of processing facilities correspond to the requirements of potential markets.

...TO BOOST CONSUMPTION OF SAHELIAN AGRO-FOOD PRODUCTS

Considering that the basic aim of the objectives of food security and food self-sufficiency is to meet the needs of consumers,

considering that increased cereals production, which is an essential rung on the ladder that leads to food security and self-sufficiency, can only be achieved if demand from solvent consumers continues to rise, and if that demand involves goods with higher added value based on locally-grown cereals,

considering that increased demand for a given product can only be achieved if that product is permanently available on the market,

considering that food habits in the Sahel revolve around millet, sorghum, corn and/or rice, and that such a situation increases pressure on prices, which in turn diminishes the purchasing power of consumers and thereby limits demand from solvent consumers,

the Conference recommends

. that regulation of the cereals market cease to be handled by State organizations alone. There is a need for increasing involvement from private-sector economic operators, and the State must assume a role of umpire;

  in this respect, all possible measures must be taken to guarantee supply under conditions that consumers can tolerate;

. that the State introduce incentives to decompartmentalize cereals markets: road transportation infrastructures, concentration of markets, storage policies, procurement financing;

. that information on the quality of products be made available to processors and consumers;

. that steps be taken to encourage diversification of crops (leguminous crops and root crops), and the steady development of crops produced outside the season of cereal crops;

. that measures be introduced to dissuade all imports of cereal products that are in competition with local produce, with a view to limiting and/or removing the dependence caused by changing food habits in the Sahel.

FOOD SECURITY: TWO LINES OF DEFENSE

Considering that the food situation of the countries of the Sahel fluctuates, and involves a succession of shortages and relatively good harvests,

considering that the level of benefit or damage caused by action taken by the international community depends on whether such action takes into account those fluctuations, and considering that such action should therefore help compensate for deficits or help reduce surpluses,

considering that the objective of self-sufficiency can only be achieved if food aid ultimately disappears, and that the provision of such aid must therefore take this objective into account,

the Conference recommends that food security be henceforth strengthened by

local stocks, an early-warning system...

the introduction of an early-warning system on critical food situations and stocks (local farmers' and village stocks as well as national stocks) constitutes a first line of defense. To achieve this objective, the Conference recommends

- that a large-scale information campaign be launched on "Reconstituting Cereals Stocks at the Family and Village Levels";

- that particular efforts be made to provide financing for farmers' and traders' stocks and to introduce incentives to increase the profitability of such financing;

- that the level of national security stocks and the management of those stocks be assessed and monitored on a regular basis;

...and food insurance

the second line of defense is provided by the guarantees given by the international community to help transfer surpluses that are available in certain areas to other areas with structural or temporary deficits, and to take very rapid action to mobilize the food aid that is needed in an emergency. To reach this objective, **the Conference recommends**

- that the Sahelian States and the international community negotiate an agreement whereby rapid mobilization of cereals from world stocks could be guaranteed in an emergency;

- that the international community:

  - make a commitment to supply a total volume of aid, or its financial equivalent, over a period spanning several years, of which deliveries would be adjusted each year according to market conditions,

  - convert food aid into financial aid, during the years when such aid is not indispensable, in order to contribute to the management of cereals markets through direct or indirect market intervention, triangular transactions and operations involving the processing of local cereals.

Further, the Conference recommends

- that particular attention be paid to the quality of food aid and the time such aid takes to reach destination;

- that an investigation be carried out into the possibility of using the food aid that is sent in place of commercial shipments of cereals to constitute a joint counterpart fund, which would then be used in particular to finance triangular transactions. The Conference also recommends that the procedural details of such transactions be more clearly defined;

- that a Code of Good Behavior for food aid in the Sahel be adopted, whereby reciprocal arrangements between donor countries and organizations and the countries of the Sahel would be stipulated. A draft version of this Code was submitted to the Conference and can be used as a basis for further discussion.

  In view of the fact that substantial surpluses of traditional cereals currently exist in a number of inland countries, and that substantial deficits exist in certain coastal countries

that are seeking to increase consumption of locally-produced cereals,

the Conference recommends

. that an investigation be carried out as soon as possible into the possibility of mounting a major operation to export local cereals from countries with surpluses to countries with deficits;

  if such an operation were carried out on a sufficient scale, it would underscore solidarity among CILSS Member States;

. that details be given about how such an operation could be mounted: origin and purchase price of surpluses, means of transportation, processing and marketing, and overall financing of the operation;

. that a team of specialists in local-cereals trade and processing be set up under the joint control of the CILSS and the relevant donor organizations to study the feasibility of such an operation and to make concrete proposals to Sahelian governments.

7. THE ROLE OF THE STATE

Considering that action taken at the State level over the past decade has aimed to fulfill two principal objectives: to protect producers through a policy of guaranteed prices, and to ensure that consumers receive a regular supply of goods at prices they can afford,

considering that this policy has been implemented by cereals boards, the setting of official prices, etc., and that serious difficulties (or even outright failures) have been encountered, since the means deployed are not always suited to the objectives sought,

considering that, in general, coordination between the many organizations involved in the cereals policy has merely entailed crop assessment, deficit forecasting and related decisions, while a successful cereals policy must be based on decisions that depend on a constant flow of reliable information,

the Conference stresses

. that State action in the cereals policy should first and foremost consist in monitoring the food security of the population and in creating favorable conditions for economic operators (farmers, traders, craftsmen and other entrepreneurs) to become increasingly efficient at every level;

and recommends that the Sahelian States work towards this objective through

Concerted approaches...

. by setting up a permanent body to formulate and implement the cereals policy, not only at the interministerial level but also in conjunction with economic operators and the international community. That body would be answerable to the highest level of authority;

. by providing all parties involved in cereals, from the producer to the consumer, with the services (information, policy details, training), infrastructure and financing they need to increase productivity (see Recommendations 1 to 5);

...regulation...

. by taking appropriate action to protect their cereals market from imports (see point 2 above), and by using the funds generated by corresponding import taxes, where these exist, to promote cereals production;

. by basing their food security policy on the following action: private- and public-sector storage, early-warning systems, regional-trade and insurance agreements made with the international community;

. by ensuring that the objectives of cereals organizations correspond to the resources available:

- either in the event of general or local shortages, when cereals organizations manage security stocks and participate in the management of food aid. The size of security stocks is of fundamental importance. Food insurance agreements and increased trade would make it possible to reduce the size of stocks and thereby limit costs;

- or in surplus years, when, in given countries, those organizations could use the resources at their disposal to make purchases and thereby maintain producers' incomes. For instance, action could be taken systematically when cereals prices fall below a pre-set level;

- cereals organizations could be made responsible on a permanent basis for collecting and disseminating information on local, regional and world markets, for seeking outlets for surpluses, for promoting or organizing triangular transactions, and for backing private-sector initiative in areas such as foreign trade, storage or processing;

- if necessary, cereals organizations must be restructured, particularly in terms of accounting, in an effort to make their management practices more transparent;

and the Conference recommends that the Secretariat of the CILSS

. step up its efforts to further concerted approaches by the cereals policies of its various Member States.

...information

Considering that information is an essential component of food security and that the lack of useable data is still one of the major obstacles to improvement of cereals policies and to the development of trade between States,

considering that basic information must be reliable, timely, and trustworthy if it is to be suitable and useable in applied research and if it is to meet the requirements of decision-makers (State operators, producers, traders, small-scale processors),

considering that the lack of coordination between operators (collectors and users of data) is currently the cause of poor integration of that data in an information system that would be useful to decision-makers,

recognizing the efforts made by different States and by the CILSS under projects and programs such as Agrhymet, Diagnostic Permanent, Pré-Crésal and Integrated Pest Control to improve the quality of information, and recognizing the achievements of the Secretariats of the CILSS and the Club du Sahel in furthering concerted approaches between Sahelian countries and donor countries, in particular through the work carried out by the Network for Famine Prevention in the Sahel,

the Conference recommends

. that existing information networks be strengthened in an effort to favor the private and public sectors;

. that programs be implemented to create operational data that fulfills the criteria of reliability, timeliness and trustworthiness mentioned above, and that such programs involve methodological innovation and streamlining of methods of investigation with a view to limiting costs and achieving improved results;

. that, from a socioeconomic viewpoint, emphasis be laid on a global approach to the production-consumption system, since such an approach is the only means of obtaining information on the interaction that exists between the different stages in the economic system covering production (or import) of cereals to consumption of cereal products by end users;

. that data collected be disseminated among economic and political operators as soon as it is operational;

. that further, broader action should be taken in the following areas:

- examination of marketing systems covering every stage from production to consumption; examination of consumption systems; examination of informal trade between States within the subregion;

the Conference recommends in particular

- that the action taken by the CILSS to improve the quality of information be continued, that a "Permanent Diagnostic Network for Food Security" be set up and that the following further action be taken:

  - strengthening of national early-warning systems,

  - monitoring of stocks held by local farmers, village communities, traders and public bodies,

  - broadening of the scope of information systems on cereals markets to cover the entire region,

- that national and regional capacity for assessing food situations and evaluating cereals policies be increased,

- that the Secretariats of the CILSS and the Club du Sahel continue to take action towards improving the circulation of information and towards the development of concerted approaches by Sahelian countries (including coastal countries) and at the international level; one of the next stages in this action should involve the organization by the CILSS of a meeting bringing together the major bilateral aid organizations, international agencies and NGOs that are involved in improving information systems on cereals policies in the Sahel.

8. INTERNATIONAL AID: TOWARDS A COORDINATED APPROACH

Considering that financing organizations have not been sufficiently coordinated in their action,

considering the low level of involvement in programs aimed to support economic operators within the Sahel,

considering that aid to the cereals sector has often involved increased emphasis on emergency operations,

considering that action taken by the international community can be either beneficial or damaging depending on whether or not it takes into account fluctuations in harvests (see point 6 above), and considering that such action should help compensate for deficits or absorb surpluses,

considering that the objective of food self-sufficiency can only be achieved if food aid ultimately disappears, and that pledges of food aid must thus take that objective into account.

considering that programs aiming for structural adjustments could cause bottlenecks in the development of cereals production despite the fact that the overall objectives of such programs are to improve macroeconomic factors and to encourage production and local trade,

considering that the joint food aid counterpart funds that have been established in certain countries have allowed for:

- improved management of food aid,

- greater harmony among the policies of different donors,

- mobilization of considerable financing for certain priority projects or programs, particularly involving restructuring of the market;

the Conference recommends that the international community

. increase the proportion of aid allocated to the cereals sector with particular emphasis on the following:

  - intensification of cereals production, particularly by subsidizing modernization in farming and by contributing to the introduction of a suitable system of agricultural credit,

  - promotion of the private sector for marketing, processing and distributing cereal products,

  - increased security of the cereals market;

. continue to act within all CILSS Member States towards increased coordination, in particular with respect to the joint food aid counterpart funds;

. set up joint counterpart funds in those countries of the Sahel where such funds do not yet exists;

. encourage the possibility of using noncereals aid, or even financial donations, to add to those Joint Counterpart Funds;

. contribute to the food security of the Sahelian countries in accordance with the recommendations given in point 6 above;

. increase its technical and financial cooperation with the Sahelian States and the programs of the CILSS and NGOs in an effort to improve the quality of the information needed for cereals policies;

. make yearly assessments of UMRs (Usual Market Requirements) through joint action taken by governments and the international community, and communicate this data to the CSD (Committee for Surplus Distribution). This joint action could be carried out at the regional level under the aegis of the CILSS;

. monitor programs aiming to introduce structural adjustments, in order to ensure that such programs do not reduce potential for investment or access to credit, and to ensure that they make it possible to take social action in favor of the most underprivileged sectors of society in both rural and urban areas.

IV

Working papers

Provided by Ecolex

IV-1 THE FOOD SITUATION IN THE SAHEL: AN ASSESSMENT

Jean-Jacques GABAS
and
Jacques GIRI

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POPULATION TRENDS SINCE 1960

POPULATION GROWTH

To assess the food situation in the Sahel one needs to know "how many mouths there are to feed". It should be said at the outset that knowledge of the Sahel population is very poor, and one should have no illusions as to the accuracy of the figures given here. They can do no more than suggest the scale of magnitude, although a further fact may be borne in mind: most demographers agree that the published figures are often minima.

With these reservations, then, what can be said of the demographic situation?

Firstly, the Sahel population has doubled in the past twenty-five years, rising from 18 million in 1960 to some 36 million in 1985.

However, this statement masks the divergences between the situations in different countries:

- Burkina Faso, the Cape Verde Islands and Chad have all recorded markedly lower rates of population growth than the other countries of the Sahel region. This is mainly due to high levels of emigration, for economic reasons or because of political disturbances.

- The other countries have more than doubled their populations, except perhaps for Senegal, where the population growth rate is the same as that for the Sahel taken as a whole (see Table 1).

TABLE 1: TOTAL SAHEL POPULATION

(thousands)

	1960	1970	1985	Growth rate
Burkina Faso	4164	5071	6933	2.06%
Cape Verde		253	321	
Gambia	327	450	642	2.70%
Mali	4040	5162	8052	2.80%
Mauritania	970	1214	1886	2.70%
Niger	2876	4008	6113	3,06%
Senegal	3498	4391	6515	2.50%
Chad	3032	3643	5016	2.03%
Sahel	18907	24192	35478	2.50%

Source: WORLD BANK

This growth rate will probably not slow down over the next twenty years (except perhaps in Gambia); in Senegal it will be the same as has been recorded over the past fifteen years, and it will be even higher in the other countries of the Sahel.

THE URBAN EXPLOSION

The towns have been growing twice as fast as the population over the past twenty-five years. The urban population rose from 1.3 million in 1960 to 7 million in 1985.

Those countries which were less urbanized in 1960 -- Mauritania in particular -- underwent a higher rate of urban expansion than the rest, and have more than made up the lag. Senegal, however, remains as before the most urbanized country of the Sahel (see Table 2).

Table 2
Urbanization trends in the Sahel

	Urban population as % of total population		Percentage growth rate	
	1965	1983	1965-73	1973-80
Burkina Faso	6	11	6.5	4.8
Cape Verde				
Gambia	16	30	6.4	6.5
Mali	13	19	5.4	4.4
Mauritania	7	25	16.	4.6
Niger	7	14	7	7
Senegal	27	34	4.3	3.8
Chad	9	20	6.9	6.6

Source: WORLD BANK

To conclude, it should be borne in mind that in twenty-five years:

- the population of the Sahel has doubled, while

- the urban population has more than quintupled,

and that over the next twenty years the same trends are to be expected, with perhaps a slowdown in urban expansion.

INCREASING FOOD DEPENDENCE

This section will put forward a basically quantitative assessment of the food situation in the Sahel.

But let the reader make no mistake: all the figures, for grain production and imports alike, include a wide margin of uncertainty; perhaps as much as 30% in some cases. The problem of reliability in statistics is not new, certainly (1), but it is as grave a problem as ever. The statistical data given should therefore be taken as an indication of scales of magnitude rather than precise evaluations.

(1) The Nouakchott Conference recommended that an effort be made to improve statistical data.

GRAIN PRODUCTION: VIRTUALLY STATIC AND VULNERABLE TO DROUGHT

In the period 1961-1985, cereal production in the Sahel increased by no more than 0.7% per annum.

Over the same period, the population increased four times as fast.

The Sahel region is extremely vulnerable to climatic fluctuations: a severe drought results in a sharp drop in cereal output. This is the basic reason for the marked year-to-year variations observable over the past twenty-five years.

This virtual stagnation in food crop production is largely due to the persistence of traditional, extensive farming systems. Rainfed farming with manual cultivations is still the predominant pattern, and the use of fertilizers and selected seed remains very limited.

More intensive farming systems are still the exception with rainfed cropping. Irrigated cropping still plays only a very secondary role in the region, supplying less than 5% of the cereals consumed. It has increased little in the past twenty-five years, and gives yields that are often mediocre.

The table below gives an estimation of the trend in cereal production over the past 25 years.

TABLE 3

Total cereals production

(000s metric tons)

	BURKINA FASO	MALI	MAURI-TANIA	NIGER	SENEGAL	CHAD	TOTAL SAHEL
1961-65	932	1,028	n.a.	1,217	607	600	4,384
1981-85	1,226	1,019	52	1,568	888	453	5,213

(Figures for Chad are for 1967-70 and 1982-85)

Source: FAO

RISING CEREAL IMPORTS

Total cereal imports (commercial imports plus food aid) have risen sharply over the past twenty-five years. The annual increase is in the region of 6 to 7%.

Here again, the figures in Table 4 should be treated with caution; West African trade is not insignificant (particularly between the coastal countries and those inland), but it is very poorly recorded in the official statistics. For recent years, the figures provided are likely to be minima.

TABLE 4

Total cereal imports

('000s metric tons)

	BURKINA FASO	CAPE VERDE	GAMBIA	GUINEA BISSAU	MALI	MAURI-TANIA	NIGER	SENEGAL	CHAD	TOTAL SAHEL
1961-65	10	11	10		10	6	4	234	4	289
1981-85	71	92	45	38	211	205	30	549	53	1,314

Source: FAO

All the Sahel countries have been obliged to turn increasingly to imported cereals; it will be seen that Senegal, Mali and Mauritania stand out from the rest, both in terms of the rate of increase and the volume of imports.

As Tables 5 and 6 show, these imports involve mainly rice and wheat, with sorghum and maize playing a minor part (except in Cape Verde):

TABLE 5

Total rice imports

('000s metric tons)

	BURKINA FASO	CAPE VERDE	GAMBIA	GUINEA BISSAU	MALI	MAURI-TANIA	NIGER	SENEGAL	CHAD	TOTAL SAHEL
1965	3	n.a.	n.a.	n.a.	n.a.	n.a.	2	179	3	(184)
1985	35	5	50	29(*)	256	107	7	370	5	864

(*) In 1983

Source: FAO

TABLE 6

Total wheat imports

('000s metric tons)

	BURKINA FASO	CAPE VERDE	GAMBIA	GUINEA BISSAU	MALI	MAURI-TANIA	NIGER	SENEGAL	CHAD	TOTAL SAHEL
1965	11	n.a.	n.a.	n.a.	20	1	2	61	3	98
1985	29	19	12	11(*)	72	150	25	129	43	490

(*) In 1983

Source: FAO

This rise in rice and wheat imports has been steady in all the countries concerned, with the exception of Niger where there has been a downward trend since 1982.

COUNTRY TO COUNTRY VARIATIONS IN FOOD DEPENDENCE

If one measures the degree of food dependence by the ratio of imported cereals to total available supplies (imports plus net domestic output), it varies very widely from one Sahel country to another. At the beginning of the 1980s, the population of Mauritania could only feed itself with the help of cereal imports, and in Gambia and Senegal nearly half the available supply came from imports. In Mali, while cereal imports were very low in the early 1960s they reached 15 to 20% of domestic supply by the early 1980s. For the other CILSS countries, the level of dependence is lower and represents only a small percentage of domestic supply. Compared to the 1960s, the level of dependence has risen for all the CILSS countries.

The combined trends in output and imports shows how the structure of supply altered between 1960 and 1980. In this respect, the changing structure of the rice supply is of interest (see Table 7).

TABLE 7

Trends in structure of rice supply

(000s metric tons)

		PRODUCTION	IMPORTS	TOTAL SUPPLY
Burkina Faso	1961-65	28	3	31
	1981-85	33	30	63
Mali	1961-65	174	20	194
	1981-85	150	53	203
Mauritania	1961-65	0	0	0
	1981-85	13	66	79
Niger	1961-65	10	2	12
	1981-85	46	18	64
Senegal	1961-65	90	170	260
	1981-85	116	352	468

Source: FAO

STAGNATING PER CAPITA AVAILABLE CEREAL SUPPLIES

Growing cereal imports made it possible to maintain the same levels of available cereals supplies in 1985 as in 1960, in the face of

- an annual population growth of 2.5%
- an annual urbanization rate of 6%
- an annual rise in production of 0.7%.

The graphs below show the divergent development of the curves for domestic production and imports, per capita, for the different Sahel countries.

As regards the Sahel's nutritional situation, one can add the following:

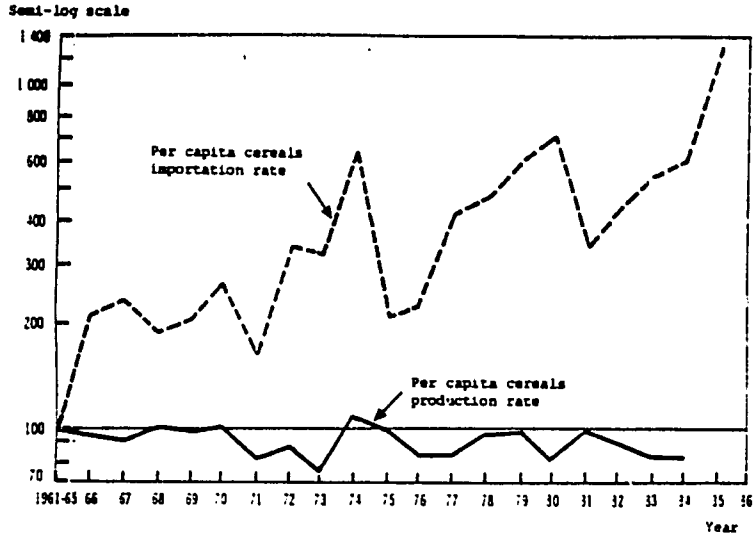
- Compared to the theoretical requirements calculated by the FAO, it would seem that daily calorie requirements are met for Niger and Senegal, whereas for the other countries there is still a shortfall in the region of 10 to 20%.

- It should be noted that, these "averages" apart, there remain considerable inequalities in the satisfaction of nutritional needs. There are some major social categories (in the towns especially), and some geographical areas subject to climatic irregularities, for which the nutritional situation is unfavorable and where in the early 1980s, uncertain food supplies remained a basic fact of life.

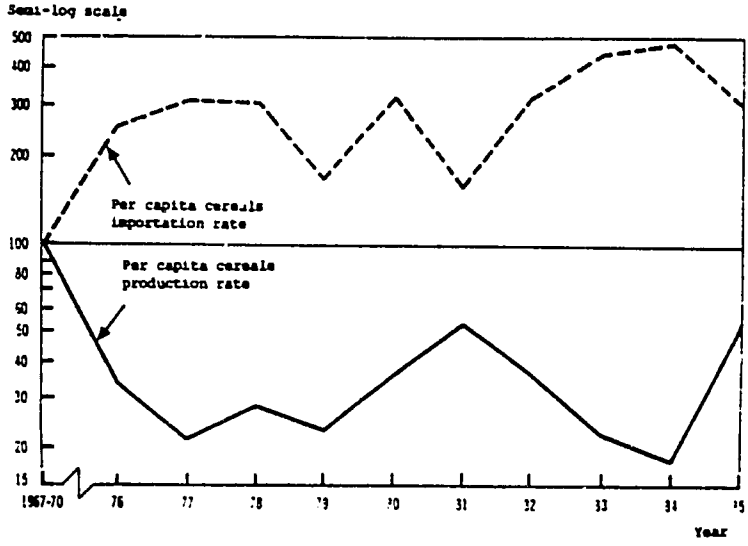
- Some nutrient deficiencies have perhaps been made good by a slow process of diversification: an increase in lipid intake has been recorded, due essentially to higher vegetable oil consumption, and sugar consumption has increased. On the other hand, protein intake -- animal protein especially -- has been falling slightly over the past twenty-five years and remains below the required minimum.

CEREAL BALANCE OF CILSS MEMBER COUNTRIES

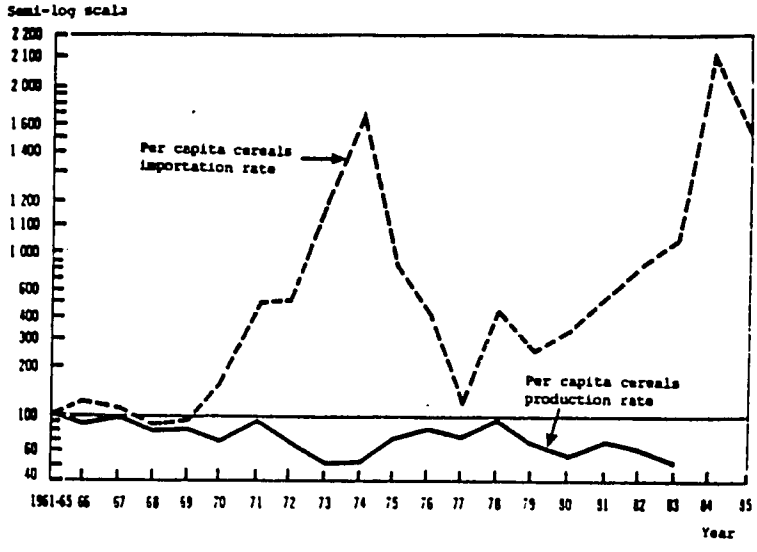
Cereal balance: Burkina Faso
Base: 1961-65 = 100



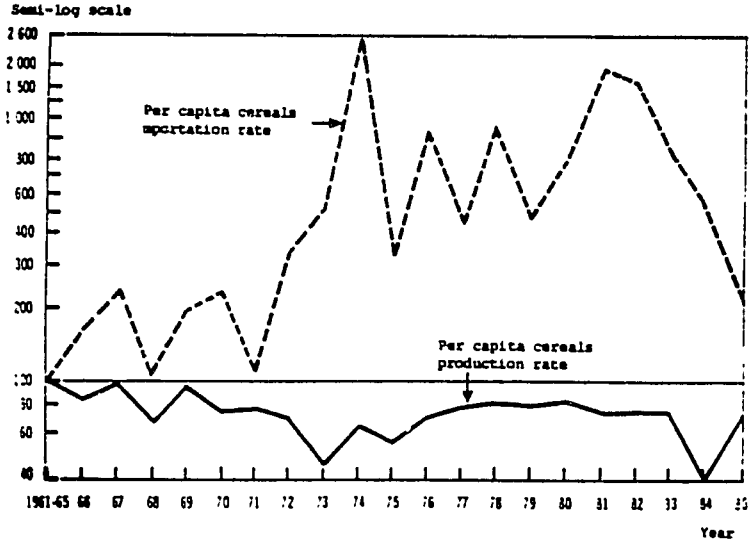
Cereal balance: Mauritania
Base: 1967-70 = 100



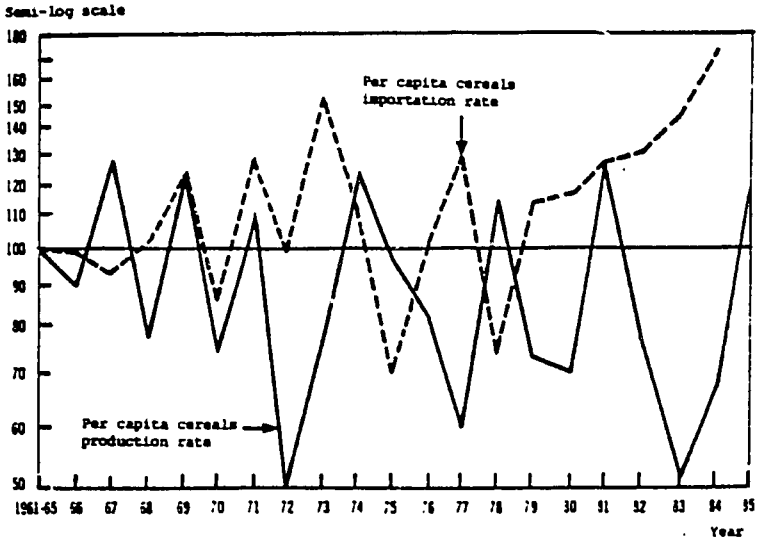
Cereal balance: Mali
Base: 1961-65 = 100



Cereal balance: Niger
Base: 1961-65 = 100



Cereal balance: Senegal
Base: 1961-65 = 100



CHANGING CONSUMER HABITS

Over the past twenty-five years, cereal imports have increased slightly faster than has the urban population. These imports have altered consumption patterns, so that local grains produced by rainfed farming (millet, sorghum and maize) provide less than 10% of cereals in the diet in Dakar, while in Bamako rice provides approximately half the daily cereals intake. Rice and bread consumption is now increasingly spreading to the countryside, as farmers become integrated into the market economy.

DEPENDENCE CREATES DISTORTIONS IN THE OPERATION OF THE SAHEL MARKETS

Although the level of dependence is low for some countries like Burkina Faso, Niger and Chad, the economic consequences for the way cereal markets operate locally are none the less severe. Rice imports compete not only with locally grown rice but with all locally produced grains. Because rice can so easily be substituted for millet, the CIF price of imported rice, which has been following a downward trend, becomes a reference price for local millet. **The question of protecting Sahel markets by taxing imports or redefining exchange rates is today a crucial issue.**

CONCLUSION

For the food situation in the Sahel countries, the picture that emerges from the foregoing is a somewhat somber one. It shows that in the face of a fast-growing population and virtually static cereal production (with considerable year-to-year fluctuations), the Sahel countries were increasingly obliged to turn to food aid and cereal imports from the 1970s onward.

While it is true that the past two farming years (1985-6 and 1986-7) have slightly improved on the situation described above, they have also highlighted the difficulty of managing such additional output. The lack of any corresponding drop in cereal imports has also been noticeable.

STATISTICAL SUPPLEMENT

Statistical sources used in drawing up the "PRODUCTION" tables

BURKINA FASO

- Ministry for Rural Development
- FAO for groundnuts
- FAO for cereals between 1961 and 1970

NB: the rice production figures for 1979-80 were, according to some sources, 30% lower than those given in this table.

MALI

- FAO production yearbook

MAURITANIA

- Ministry for Rural Development agricultural statistics dept.
- "Bilan de la campagne agropastorale 1985-6 dans les pays du CILSS", CILSS, Ouagadougou, Dec. 1985.

NB: The statistics can only be interpreted from 1967-8 season on.

NIGER

- Annual report of the Agricultural Directorate, various years.

SENEGAL

- Annual reports of the Directorate General of Agricultural Production from 1960 to 1974
- "La Nouvelle Politique Agricole", report by the Ministry of Rural Development, Dakar, March-April 1986.
- BCEAO bulletins
- "La Situation Alimentaire -- Bilan Céréalière", 1985-6 season, Ministry of Rural Development, Dakar, March 1986.

CILSS/Club du Sahel publications on the following topics have been used in a general way as a "filter" to quantify cotton, groundnut and cereals production:

- development of rainfed crops in the various Sahel countries,
- development of irrigated crops and
- reform of cereals policy in the Sahel.

The reader will note that little reliable information is available for the following countries:

- Cape Verde Islands
- Chad
- Gambia
- Guinea Bissau.

PAYS SAHELIEN/SAHEL COUNTRY: TCHAD/CHAD

IMPORTATIONS TOTALES DE CEREALES ET AIDE ALIMENTAIRE

TOTAL IMPORTS OF CEREALS AND FOOD AID

(en milliers de tonnes/in thousands of tons)

ANNEES/ YEARS	BLE/WHEAT		RIZ/RICE		MAIS/MAIZE		AUTRES/OTHERS	
	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid
1965	2.7		0.1		0			
1966	2.6		0.1		0			
1967	9.8		0.1		0			
1968	4.7		0.2		0			
1969	10.0		0.3		0			
1970	9.5		0.8		0			
1971	9.3				0			
1972	9.5				0			
1973	14.9				0			
1974	9.0				11.0			
1975	8.8	—	0.5	—	—	—		—
1976	17.9	—	0.5	—	—	—		—
1977	5.9	21.8	—	8.5	—	—		—
1978	5	5.45	3	8.5	—	—		—
1979	13	11.45	4	6.5	—	—		—
1980	5	4.6	2	—	—	4.1		6.5
1981	13	—	1	—	—	—		—
1982	18	5.0	5.0	—	—	—		1.2
1983	20	10.7	3.0	—	3	3.7		14.2
1984	43	40.5	5.0	16.7	—	6.4		20.6
1985								

EVOLUTION DU COURS MONDIAL DES PRODUITS AGRICOLES ENTRANT DANS LE COMMERCE INTERNATIONAL DES PAYS SAHELIENS

EVOLUTION OF WORLD MARKET PRICES FOR AGRICULTURAL PRODUCE BY THE SAHELIAN COUNTRIES

ANNEES/ YEARS	COURS MONDIAL DU SORGHO — $ E.U. PAR TONNE (1)	COURS MONDIAL DU RIZ — $ E.U. PAR TONNE (2)	COURS MONDIAL DU MAIS — $ E.U. PAR TONNE (3)	COURS MONDIAL DU BLE — $ E.U. PAR TONNE (4)	COURS MONDIAL DE L'ARACHIDE — $ E.U. PAR TONNE (5)	COURS MONDIAL DU TOURTEAU D'ARACHIDE $ E.U. PAR TONNE (6)	COURS MONDIAL DE L'HUILE D'ARACHIDE $ E.U. PAR TONNE (7)	COURS MONDIAL DU COTON — $ E.U. (8)
1970-71	52	144*	58	55	228	102	379	26.26
1971-72	56	129	58	62	251	98	441	32.79
1972-73	56	147	56	70	254	122	426	32.89
1973-74	53	350	98	140	391	266	546	42.13
1974-75	121	542	132	180	139	174	1077	49.55
1975-76	112	363	120	149	433	140	778	51.14
1976-77	105	254	112	133	423	176	691	89.99
1977-78	88	272	95	103	547	218	846	63.42
1978-79	94	367	101	178	631	205	1079	69.91
1979-80	108	331	116	160	563	211	889	74.24
1980-81	129	434	125	173	486	241	859	83.36
1981-82	127	483	131	175	623	239	1043	14.82
1982-83	108	293	108	160	383	189	585	64.57
1983-84	128	277	136	157	349	196	711	77.90
1984-85	118	252	136	153	350	158	1017	60 *
1985-86	103	216	112	146	350		905	57 *

(1) Sorgho américain no. 2 Milo jaune FOB ports du Golfe du Mexique

(2) Thai 5%, broken, FOB Bangkok

(3) No. 2 jaune FOB ports du Golfe du Mexique

(4) Blé américain, ports du Golfe du Mexique

(5) Arachide décortiquée du Nigeria

(6) Nigeria : Prix du marché de Londres

(7) Nigeria, Gambie, autre afrique 3.5% en vrac, CAF ports Européens

(8) Mexico S.R.A. A/16* en cents la livre

(*) Estimations

PAYS SAHELIEN/SAHEL COUNTRY : BURKINA FASO

PRODUCTION

(en milliers de tonnes/in thousands of tons)

ANNEES/ YEARS	CEREALES/CEREALS TOTAL	Mil/Sorgho Millet	Riz/ Rice	Mais/ Maize	ARACHIDES/GROUNDNUTS TOTAL	Huilerie/ For Oil	Bouche/ To Eat	COTON/COTTON
1948-52					51			0.052
1960-61	972	849	31	92				3
1961-62	711	606	30	75				2.3
1962-63	957	885	27	45	113			6.0
1963-64	1168	1034	25	109	50			8.0
1964-65	899	809	24	66	70			8.7
1965-66	923	822	33	68	73			7.5
1966-67	900	795	35	70	76			16.3
1967-68	878	766	37	75	80			17.3
1968-69	995	881	39	75	85			32
1969-70	985	863	42	80	71			36
1970-71	1045	954	36	55	68			23.5
1971-72	875	772	37	66	66			28
1972-73	938	776	34	126	60			32.6
1973-74	824	734	32	58	63			26.7
1974-75	1247	1075	35	137	65			30.5
1975-76	1115	1000	40	75	80			50.7
1976-77	978	881	37	60	87			55.2
1977-78	995	889	32	74	85			38
1978-79	1173	1024	48	101	70			60.0
1979-80	1204	1040	60	104	70			77.5
1980-81	1016	889	29	98	53			62.5
1981-82	1275	1114	29	132				57.5
1982-83	1188	1050	27	111	73			75.6
1983-84	1130	1039	19	72	82			79.3
1984-85	1137	1019	41	77	77			88
1985-86	1584	1320	50					100

PAYS SAHELIEN/SAHEL COUNTRY : GAMBIE/THE GAMBIA

PRODUCTION

(en milliers de tonnes/in thousands of tons)

ANNEES/ YEARS	CEREALES/CEREALS TOTAL	Mil/Sorgho Millet	Riz/ Rice	Maïs/ Maize	ARACHIDES/GROUNDNUTS TOTAL	Huilerie/ For Oil	Bouche/ To Eat	COTON/COTTON
1948-52								
1960-61								
1961-62								
1962-63								
1963-64								
1964-65								
1965-66								
1966-67								
1967-68								
1968-69								
1969-70								
1970-71								
1971-72								
1972-73								
1973-74								
1974-75	49		17		145			
1975-76	38		19		141			
1976-77	37		18		143			1
1977-78	37		15		100			1
1978-79	63		34		133			1
1979-80	42		29					1
1980-81	62		43		60			1
1981-82	80		39		109			3
1982-83	90		37		151			2
1983-84	58		26		114			1
1984-85	89							
1985-86	116							

PAYS SAHELIEN/SAHEL COUNTRY : MALI

PRODUCTION

(en milliers de tonnes/in thousands of tons)

	CEREALES/CEREALS				ARACHIDES/GROUNDNUTS			COTON/COTTON
ANNEES/ YEARS	TOTAL	Mil/Sorgho Millet	Riz/ Rice	Mais/ Maize	TOTAL	Huilerie/ For Oil	Bouche/ To Eat	
1948-52	892	682	148	60	88			
1960-61			185					
1961-62	1067		185					
1962-63	1206		190					
1963-64	1009		165					
1964-65	904	709	158		90			33
1965-66	954	700	162		75			18
1966-67	974	737	159	76	88			28
1967-68	1107	830	169	66	91			37
1968-69	927	556	135	107	102			55
1969-70	974	603	157	126	129			46
1970-71	859	715	168		156			56
1971-72	1154	705	158		152			71
1972-73	856	624	88		135			72
1973-74	709	660	134		132			55
1974-75	781	850	181		188			77
1975-76	1012	865	250		205			103
1976-77	1150	900						
1977-78	1070	800						
1978-79	1419	1000						
1979-80	1033	943						
1980-81	892	654	165	73	91.5			110
1981-82	1117	871	176	70	92			98
1982-83	1018	793	130	95	48			131
1983-84	874	670	129	75	26			143
1984-85		521			28			144
1985-86	1162	852	180	130	51			183

PAYS SAHELIEN/SAHEL COUNTRY : MAURITANIE/MAURITANIA

PRODUCTION

(en milliers de tonnes/in thousands of tons)

ANNEES/ YEARS	CEREALES/CEREALS TOTAL	Mil/Sorgho Millet	Riz/ Rice	Maïs/ Maize	ARACHIDES/GROUNDNUTS TOTAL	Huilerie/ For Oil	Bouche/ To Eat	COTON/COTTON
1948-52		45	-	5				
1960-61			-					
1961-62			-					
1962-63			-					
1963-64			-					
1964-65			-					
1965-66			-					
1966-67			-					
1967-68		90	-	6				
1968-69		80	-	4				
1969-70		110	-	4				
1970-71		81	-	4				
1971-72			-		15			
1972-73					1			
1973-74	29.5	25	3	1.5	1			
1974-75	55	50	3	2.0	1.2			
1975-76	51.5	45	4	2.5	—			
1976-77	44.5	36	4	4.5	1			
1977-78	28.6	21	3.6	4.0	0.6			
1978-79	39.1	31	3.3	4.8	0.6			
1979-80	35.2	21	9.2	5	0.6			
1980-81	53	37	11	5	0.6			
1981-82	82.2	66	11	5.2				
1982-83	58.4	40	15	3.4				
1983-84	37.1	20	14	3.1				
1984-85	30.2	15	14	1.2				
1985-86	60.4	42	15	3.4				

PAYS SAHELIEN/SAHEL COUNTRY : NIGER

PRODUCTION

(en milliers de tonnes/in thousands of tons)

ANNEES/ YEARS	CEREALES/CEREALS TOTAL	Mil/Sorgho Millet	Riz/ Rice	Mais/ Maize	ARACHIDES/GROUNDNUTS TOTAL	Huilerie/ For Oil	Bouche/ To Eat	COTON/COTTON
1948-52		371	3	3	61			
1960-61	950.4	940	7.6	2.8				—
1961-62	1067.8	1056	9.6	2.2	152			3.4
1962-63	1262.5	1249	11.2	2.3	205			5
1963-64	1342.2	1330	10	2.2	220			6.4
1964-65	1345	1329	12	4.0	194			6.0
1965-66	1069.7	1055	12	2.7	277			7.0
1966-67	1141.7	1119	20.5	2.2	312			6.7
1967-68	1377.2	1342	32.6	2.6	298			6.2
1968-69	988.8	948	39	1.8	252			7
1969-70	1424.5	1385	38	1.5	206			12.6
1970-71	1139.6	1101	37	1.6	205			10.5
1971-72	1255	1226	27	2	256			9
1972-73	1161.3	1127	32	2.3	260			6.0
1973-74	801.6	753	46	2.6	77			3.6
1974-75	1134.7	1101	30	3.7	129			7.9
1975-76	867.7	835	29	3.7	41			9.4
1976-77	1347	1306	29	12	95			
1977-78	1504.2	1472	26.6	5.6				
1978-79	1634.3	1594	31.6	8.7				
1979-80	1639.5	1606	24	9.5				
1980-81	1772	1731	31	10	1.8			2.9
1981-82	1619.5	1574	39	6.5	1.7			1.8
1982-83		1652	51.5		4.2			2.0
1983-84	1747	1687	45.3	14.7	2.0			3.9
1984-85	1075	900	51	?				3.9
1985-86	1834	1765	15.0	?				5.0

PAYS SAHELIEN/SAHEL COUNTRY : SENEGAL

PRODUCTION

(en milliers de tonnes/in thousands of tons)

ANNEES/ YEARS	CEREALES/CEREALS TOTAL	Mil/Sorgho Millet	Riz/ Rice	Maïs/ Maize	ARACHIDES/GROUNDNUTS TOTAL	Huilerie/ For Oil	Bouche/ To Eat	COTON/COTTON
1948-52	374	308	52	14	565	565		—
1960-61	486	392	67	27		892		—
1961-62	502	406	68	28		995		—
1962-63	528	424	77	27		914		—
1963-64	611	478	106	27		952		—
1964-65	679	532	110	37		1019		—
1965-66	717	554	122	41		1121		0.3
1966-67	590	423	125	42		857		1.1
1967-68	855	661	138	56		1005		4.0
1968-69	537	454	58	25		830		0.9
1969-70	851	639	163	49		789		11.5
1970-71	542	405	98	39		563		11.8
1971-72	808	650	108	50		988		21.5
1972-73	379	322	37	20	587	570	17	23.5
1973-74	608	510	64	34	674	657	17	33.1
1974-75	963	800	120	43	1001	981	20	42.1
1975-76	790	616	130	44	1458	1434	24	30.7
1976-77	676	507	126	43	1199	1186	13	45.2
1977-78	515	420	62	33	519	508	11	37.2
1978-79	1007	802	146	59	1061	1051	10	33.8
1979-80	663	521	96	46	676	673	3	26.9
1980-81	649	531	65	53	192			20.6
1981-82	1208	986	127	95	692			41
1982-83	762	585	95	82	912			47
1983-84	520	352	108	60	352			30
1984-85	705	471	136	98	236			47
1985-86	1244	950	147	147	587	576	11	46.3

PAYS SAHELIEN/SAHEL COUNTRY : TCHAD/CHAD

PRODUCTION

(en milliers de tonnes/in thousands of tons)

ANNEES/ YEARS	CEREALES/CEREALS TOTAL	Mil/Sorgho Millet	Riz/ Rice	Maïs/ Maize	ARACHIDES/GROUNDNUTS TOTAL	Huilerie/ For Oil	Bouche/ To Eat	COTON/COTTON
1948-52		655	12	8	67			35
1960-61								98
1961-62								47
1962-63								94
1963-64								
1964-65								99
1965-66								87
1966-67								123
1967-68		674	32	30	88			102
1968-69		711	35	12	110			148
1969-70		651	37	12	115			117
1970-71		715	33	20	80			95
1971-72		715	33	20	75			108
1972-73					70			104
1973-74					76			114
1974-75					91			144
1975-76					95			174
1976-77					87			147
1977-78	622				101			125
1978-79	648							137
1979-80	644							91
1980-81								86
1981-82								71
1982-83	373	329	18	26	100			102
1983-84	422	367	29	26	80			158
1984-85	379	320	29	30	80			95
1985-86	640	594	17	29				105

STATISTICAL SOURCES USED IN CONSTRUCTING THE "IMPORTS OF CEREALS" TABLES

"TOTAL IMPORTS OF CEREALS" table:

Figures for all countries are taken from the FAO Trade Yearbook

"TOTAL IMPORTS OF CEREALS AND FOOD AID" tables

Total rice, wheat and maize imports are taken from the FAO Trade Yearbook.

Food aid figures are taken from the Secretariat of the OECD Development Assistance Committee. These are recorded on a calendar year basis, and represent aid payments declared by DAC member countries.

The FAO's figures differ from the DAC's, basically for two reasons: they are recorded on the basis of each country's cropping season rather than the calendar year, and they give a better reflection of WFP intervention.

IMPORTATIONS TOTALES DE CEREALES

TOTAL IMPORTS OF CEREALS

(en milliers de tonnes/in thousands of tons)

Années	Cap Vert	Tchad	Gambie	Mali	Mauri-tanie	Niger	Sénégal	Burkina Faso	Guinée Bissau	TOTAL SAHEL
1962-65	11	4	10	10	6	4	234	10		289
1966	10	3	10	14	24	8	250	22		341
1967	7	10	11	13	11	11	140	25		228
1968	8	5	13	10	14	5	266	20		341
1969	38	10	18	11	53	10	232	22		394
1970	23.6	10.1	18.4	31.2	62.9	8.0	239.4	29.9	19.6	443
1971	46.6	9.4	11.5	63.4	75.4	5.8	365.1	19.1	36.1	632
1972	44.8	9.5	13.5	65.4	82.8	19.4	287.8	40.1	23.4	586
1973	34.9	19.9	17.3	155.8	104.6	29.7	457.6	39.2	28.0	888
1974	44.8	49.7	11.1	226.6	126.4	151.4	341.0	74.1	32.8	1058
1975	40.3	10.4	15.5	119.8	96.6	18.9	218.9	25.9	22.0	569
1976	28.2	19.4	49.9	59.1	125.3	69.4	332.9	28.6	35.0	747
1977	52.9	19.9	34.8	18.5	147.8	29.8	428.2	54.4	21.1	807
1978	83.2	18.2	61.1	68.9	150.4	77.4	253.9	63.3	45.8	822
1979	42.7	19.9	45.0	40.1	87.0	33.6	400.5	81.9	38.8	790
1980	48.8	16.4	46.5	55.1	161.6	58.2	420.6	95.0	15.8	919
1981	56	30	42	94	141	141	470	48	47	1069
1982	57	57	36	143	175	128	494	65	29	1184
1983	70	51	38	77	253	68	565	82	27	1231
1984	64	74	63	367	277	45	638	89	49	1726
1985	63.8	255.3	39.8	335.5	179	18	518.6	200.0	27.7	1638

PAYS SAHELIEN/SAHEL COUNTRY: BURKINA FASO

IMPORTATIONS TOTALES DE CEREALES ET AIDE ALIMENTAIRE

TOTAL IMPORTS OF CEREALS AND FOOD AID

(en milliers de tonnes/in thousands of tons)

ANNEES/ YEARS	BLE/WHEAT		RIZ/RICE		MAIS/MAIZE		AUTRES/OTHERS	
	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid
1965	11.5		3.3		0.3			
1966	15.5		4.1		1.7			
1967	16.7		3.8		3.2			
1968	18.1		1.3		0.2			
1969	19.9		1.5		0.2			
1970	26.8		2.6		0.4			
1971	17.0		1.3	—	0.9	0		—
1972	34.4	4	—	—	6.0	13		—
1973	14.4	6	—	—	22.0	13		—
1974	20.8	10	—	—	24.0	6		—
1975	13.4	3.8	9.7	—	0.2	—		—
1976	15.5	4.5	12.3	—	0.5	—		1.7
1977	29.3	31.9	10.0	4.5	0.5	—		—
1978	35.5	8.8	7.6	5.7	—	—		7.5
1979	35	3.2	25	5.9	2	—		1.0
1980	43	—	30	4.3	1	16.9		14.2
1981	33	3.9	15	6.1	9	25.1		16.8
1982	29	1.5	32	—	1	36.4		17.8
1983	26	6.4	37	2.5	7	18.3		15.9
1984	29	8.1	35	2.2	9	50.6		30.2
1985								

PAYS SAHELIEN/SAHEL COUNTRY: CAP VERT/CAPE VERDE

IMPORTATIONS TOTALES DE CEREALES ET AIDE ALIMENTAIRE

TOTAL IMPORTS OF CEREALS AND FOOD AID

(en milliers de tonnes/in thousands of tons)

ANNEES/ YEARS	BLE/WHEAT		RIZ/RICE		MAIS/MAIZE		AUTRES/OTHERS	
	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid
1965								
1966								
1967								
1968								
1969								
1970								
1971								
1972								
1973								
1974								
1975		7.7		—		3.2		1.5
1976		8.8		2.4		—		—
1977		14.0		7.5		—		—
1978	10	10.5	6	9.0	66	9.3		—
1979	9	10.5	5	2.7	34	2.5		—
1980	13	8.7	9	15.6	42	18.5		—
1981	9	11.1	7	6.6	30	23.9		—
1982	11	5.2	17	6.9	29	2.1		—
1983	12	9.0	8	5.1	50	43.1		—
1984	19	10.5	5	8.0	40	24.9		—
1985								

PAYS SAHELIEN/SAHEL COUNTRY: GAMBIE/THE GAMBIA

IMPORTATIONS TOTALES DE CEREALES ET AIDE ALIMENTAIRE

TOTAL IMPORTS OF CEREALS AND FOOD AID

(en milliers de tonnes/in thousands of tons)

ANNEES/ YEARS	BLE/WHEAT		RIZ/RICE		MAIS/MAIZE		AUTRES/OTHERS	
	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid
1965								
1966								
1967								
1968								
1969								
1970								
1971								
1972								
1973								
1974								
1975		1.4		—	—	—		1.2
1976		1.1		1.9	—	—		—
1977		2.0		3.0	—	—		—
1978	10	6.1	34	4.5	—	—		—
1979	11	2.4	25	—	—	—		—
1980	11	4.4	26	2.5	—	—		7.5
1981	12	3.7	27	2.2	—	2.6		1.0
1982	10	2.4	25	5.8	—	—		—
1983	8	1.0	30	2.6	—	—		—
1984	12	3.7	50	6.2	—	—		--
1985								

PAYS SAHELIEN/SAHEL COUNTRY: GUINEE-BISSAU/GUINEA BISSAU

IMPORTATIONS TOTALES DE CEREALES ET AIDE ALIMENTAIRE

TOTAL IMPORTS OF CEREALS AND FOOD AID

(en milliers de tonnes/in thousands of tons)

ANNEES/ YEARS	BLE/WHEAT		RIZ/RICE		MAIS/MAIZE		AUTRES/OTHERS	
	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid
1965								
1966								
1967								
1968								
1969								
1970								
1971								
1972								
1973								
1974								
1975								
1976								
1977								
1978	3		28		3			
1979	6		12		1			
1980	3		22		1			
1981	3		14		1			
1982	8		23		1			
1983	11		29		1			
1984								
1985								

PAYS SAHELIEN/SAHEL COUNTRY: MALI

IMPORTATIONS TOTALES DE CEREALES ET AIDE ALIMENTAIRE

TOTAL IMPORTS OF CEREALS AND FOOD AID

(en milliers de tonnes/in thousands of tons)

ANNEES/ YEARS	BLE/WHEAT		RIZ/RICE		MAIS/MAIZE		AUTRES/OTHERS	
	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid
1965	20.4				0			
1966	12.3				0			
1967	9.8				0			
1968	10.1				0			
1969	6.5		20.4		0			
1970	16.7		14.5		0			
1971	16.6		15.0		4.9			
1972	16.7		30.5		4.9			
1973	20.8		45.7		25.0			
1974	20.8		65.3		46.0			
1975	48.6	32.3	20.0	—	28.0	14.0		—
1976	49.0	—	—	—		—		—
1977	49.4	—	—	—		—		—
1978	29.3	11.5	15.5	—	17	12.4		—
1979	15	4.9	24	—	—	—		—
1980	30	—	53	3.8	6	8.9		—
1981	46	1.2	23	—	32	31.0		—
1982	38	8.0	71	12.7	33	32.1		—
1983	66	16.7	65	28.6	36	23.9		6.0
1984	72	3.9	256	30.4	38	68.2		11.0
1985								

PAYS SAHELIEN/SAHEL COUNTRY: MAURITANIE/MAURITANIA

IMPORTATIONS TOTALES DE CEREALES ET AIDE ALIMENTAIRE

TOTAL IMPORTS OF CEREALS AND FOOD AID

(en milliers de tonnes/in thousands of tons)

ANNEES/ YEARS	BLE/WHEAT		RIZ/RICE		MAIS/MAIZE		AUTRES/OTHERS	
	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid
1965	0.6		0.4					
1966	0.8		1.6					
1967	0.2		11.1					
1968	1.1		13.1					
1969	9.7		18.8					
1970	6.9		11.0					
1971	8.8		16.7					
1972	11.1		20		1.7			
1973	12.5		28.0		2.0			
1974	19.4		32.0		5.0			
1975	13.9	16.0	8.0	—	5.0	—		—
1976	23.6	31.4	23.3	—	5.0	—		—
1977	26.4	29.9	34.0	—	5.0	—		—
1978	63.4	32.4	51	1.7		—		—
1979	31	18.3	21	—	—	—		—
1980	81	53.7	51	14.8	—	—		2.9
1981	87	41.0	57	—	—	—		16.0
1982	90	16.9	75	2.1	—	—		10.7
1983	160	81.4	81	2.7	—	—		16.9
1984	150	60	107	1.6	—	—		15.6
1985								

PAYS SAHELIEN/SAHEL COUNTRY: NIGER

IMPORTATIONS TOTALES DE CEREALES ET AIDE ALIMENTAIRE

TOTAL IMPORTS OF CEREALS AND FOOD AID

(en milliers de tonnes/in thousands of tons)

ANNEES/ YEARS	BLE/WHEAT		RIZ/RICE		MAIS/MAIZE		AUTRES/OTHERS	
	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid
1965	2.1		2.3					
1966	5.0		1.0					
1967	4.9		1.4					
1968	4.3		0.4					
1969	4.9		—					
1970	6.9		—					
1971	4.7		—					
1972	5.6		1.1					
1973	8.6		—		12.0			
1974	10.7		—		26.0			
1975	5.8	21.5	1.0	—	3.0	3.0		—
1976	9.4	27.8	4.0	—	6.0	6.0		—
1977	17.4	—	4.0	—	6.0	—		—
1978	16.3	7.0	21.0	6.5	10.0	—		4.0
1979	15	4.3	12	2.5	—	—		—
1980	26	1.5	27	—	—	1.3		6.4
1981	35	5.4	23	—	—	1.5		1.6
1982	39	13.8	35	2.4	21.	8.4		17.0
1983	40	3.7	8	—	—	—		2.0
1984	25	17.5	7	1.7	3.	3.0		3.1
1985								

PAYS SAHELIEN/SAHEL COUNTRY: SENEGAL

IMPORTATIONS TOTALES DE CEREALES ET AIDE ALIMENTAIRE

TOTAL IMPORTS OF CEREALS AND FOOD AID

(en milliers de tonnes/in thousands of tons)

ANNEES/ YEARS	BLE/WHEAT		RIZ/RICE		MAIS/MAIZE		AUTRES/OTHERS	
	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid	Importations Totales/ Tot. Imports	Aide Alimentaire/ Food Aid
1965	61.4		179.2		16.6			
1966	77.0		159.3		10.0			
1967	65.6		153.4		12.5			
1968	63.8		185.2		13.1			
1969	96.8		145.9		41.2			
1970	113.2		119.2		5.0			
1971	113.5		187.5		32.8			
1972	96.9		169.9		10.4			
1973	132.0		192.0		51.4			
1974	116.7		230.5		60.0			
1975	104.6	11.7	102.2	—	9.6	—		—
1976	119.9	7.9	200.0	—	13.0	10.0		—
1977	201.4	23.9	218.0	2.9	21.0	2.0		—
1978	169.5	52.2	183.7	12.8	12.0	4.0		—
1979	124	12.2	352	—	9	1.0		—
1980	85	8.6	279	35.6	20	31.4		33.5
1981	112	19.1	321	22.4	4	50.7		11.3
1982	122	32.1	359	39.5	5	6.3		5.6
1983	118	40.7	360	14.7	8	13.9		35.8
1984	129	31.1	370	13.6	33.	36.9		70.5
1985								

IV-2 TRENDS AND DEVELOPMENT IN CEREALS POLICY IN THE SAHEL

Robert HIRSCH

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TRENDS AND DEVELOPMENT IN CEREALS POLICY IN THE SAHEL

1. FOREWORD: BEYOND NOUAKCHOTT?

In its day, the Nouakchott Conference was considered a success, even a turning point in Sahel cereals policies. Seen from the standpoint of ideas and debate this view was well-founded, but it doubtless needs some modification now, seven years after the event.

In fact most of the recommendations adopted in 1979 are still valid today, since they did not lead to the changes hoped for in governments' approaches and in solutions to the cereals problem. Decision-making on these problems is still split up among too many different bodies, whose short-term interests often conflict. Moreover the Nouakchott recommendations, whether technical or on questions of principal, were basically reformist -- made in the belief that to develop good cereals policies, improvements to existing arrangements would be enough.

But the context has also changed in seven years. In the early 19[illegible] the financial crisis worsened; new trends in theories on national economic policy emerged, laying great emphasis on the key role to be played by world markets -- at a time when these were severely disorganized; and adverse climatic conditions persisted until 1984-5 at least. All these factors confronted the Sahel countries with some difficult choices and led them, more often than not, to concentrate on the most urgent issues and short-term prospects. This meant that the elaboration of cereals policy was, with a few exceptions, postponed to better days.

Lastly, the Nouakchott recommendations were much affected by their background of a ten-year drought, and were geared to a situation of scarcity. Now, in late 1986, they are ill-suited to the situation of grain surpluses and collapsing producer prices to be found in a number of countries following the past two harvests. While there is nothing exceptional in a run of two good years, it is something that had tended to be forgotten since the 1960s. It comes as a timely and forceful reminder that it is not only in times of scarcity that cereals markets need organization; it is just as necessary in years of relative plenty, and is equally difficult in both situations.

Organizing the markets certainly requires the present conference to go much further than Nouakchott. This is firstly because, as we have seen, the context has changed and because the Sahel, although not always by its own doing, is now more thoroughly integrated into world markets with a logic over which it has no control. Secondly it is because, regardless of ideology, the 5 or 6 million Sahelians born since 1979 are a reminder of the urgency, the absolute necessity, of finding effective and lasting solutions to the cereals problem at both national and regional levels.

Bearing in mind the many very interesting papers prepared for the Mindelo conference, this memorandum proposes:

i) to sum up very briefly what has happened since Nouakchott,

ii) to try, starting from this preliminary diagnosis, to pinpoint some of the main problems national and regional cereals policies have to confront, in terms of positions that are often highly doctrinaire and ideological. To do this we shall try to raise a certain number of questions that may act as guidelines for work in the conference's various workshops.

First, however, to keep the debate within reasonable bounds and on the right track, we shall sketch in the content and limits of cereals policies.

2. CONTENT AND LIMITS OF CEREALS POLICIES

Cereals policy is not merely the cereals side of agricultural policy; nor is it restricted to marketing issues. Given the high degree of interrelation that exists between the different facets of the cereals sector (research, production, prices, consumer habits etc.) and between cereals and macro-economic policy (import policies, monetary policy, budget policy etc.), any action restricted to one facet or another, or which fails to take the economic environment into account, is generally doomed to failure.

There is nothing new about the complexity of cereals policies. Already in Amsterdam in 1978 and at the Club du Sahel's Nouakchott conference the following year it was being pointed out that policies were too incomplete (creation of a cereals board, price fixing, building warehouses), and recommendations on the need for a broad-based but coherent approach were being made.

Furthermore, as E. Berg notes in his paper on the reform of cereals policy in the Sahel, the terms "cereals policy" and "prices policy" are often treated as synonymous in public debate, and this merely serves to underpin the usual incomplete approach to the cereals problem. Without switching from over-simplification to over-complexity one may agree with Mr. Berg that cereals policy covers three fundamental areas:

- the amount and nature of State financing for the cereals sector,

- pricing policy and fiscal measures (taxation and subsidies, to which Mr. Berg adds exchange rate policy), and

- the institutions set up to serve the rural economy.

This definition of cereals policy means that the State takes on considerable responsibility in this domain, so that the problem of the limits to State intervention -- and hence of the roles played by the other protagonists -- is raised from the outset. We shall of course return to this crucial question.

The boundaries between cereals policy, agricultural policy and macro-economic policy being particularly fluid, Sahelian decision-makers and financing institutions alike are often helpless in the face of highly complex situations. The task of evaluating these situations is, one need hardly add, even harder, owing to the lack of data, indicators, and adequate instruments

of measurement. Hence the temptation to base important decisions on a priori premises or an over-simplification of economic mechanisms and individual behavior patterns. In this way, for example, cereals boards are condemned in one sweep, forgetting that no cereals board to date has ever had "normal" conditions in which to operate; or again, it is claimed that farmers prefer a guaranteed price to a high but unreliable price, while neither system has really been operated on a big enough scale or for a long enough period to shape such behavior.

Lastly, it should be borne in mind that no ideal cereals policy exists either temporally or spatially, since no situation, even in the Sahel, is static. The grain surpluses of the past two years are a vivid reminder of that fact.

In the light of the above, it will be understood that in order to keep in sight the essential elements (or those which can potentially be mastered), no attempt has been made to be exhaustive in what follows.

3. FROM NOUAKCHOTT TO MINDELO: A BRIEF ASSESSMENT

Since the Nouakchott conference, the Sahel has become increasingly sucked into an unfavorable international environment (interest rates, the dollar, inflation) which has worsened macro-economic imbalances that often pre-date the crisis (balance of payments, trade balance, debt, growing public spending deficits etc.). Moreover, irregular rainfall patterns persisted in almost all the Sahel countries at least up until the 1984-5 season, disrupting a food situation that was already precarious.

It is against this highly unfavorable background in nearly all the CILSS member countries that we must attempt an evaluation, at both national and regional levels, of reforms and projects directly or indirectly affecting national cereals policies.

Apart from Mali, Niger and Senegal, where major reforms are under way -- as described in other papers -- there have been few perceptible changes that directly affect national cereals policies.

There are many reasons why so little progress has been made in a field which is recognized as crucial. Repeated droughts have in some countries led to increased use of food aid and commercial imports. The financial crisis, hardly conducive to reforms of any great scope, has also led countries to turn in on themselves and seek national solutions to their immediate problems rather than elaborating more coherent agricultural policies or -- still less -- building up a genuine regional agricultural entity. And despite the Nouakchott recommendations, outside aid has not gone to any great extent to rainfed grain farming.

At regional level, despite the many meetings of experts to discuss food aid, the cereals boards, rainfed and irrigated farming, prices and buffer stocks, little progress has been made on the creation of a protected regional cereals market within which a genuine common cereals policy could develop. This remains a long-term objective, secondary to the consolidation of each nation's grain economy individually.

Still at the regional level, there are also some causes for satisfaction: the reform of the CILSS and the clarification of its mandate and the setting up of the Diagnostic Permanent and Pre-CRESAL projects (see paper N° 2) which ought gradually to provide better material for evaluating the different countries' grain situations.

However, in 1986 the Sahel is still subject to most of the constraints that prevent the elaboration or implementation of better cereals policies like those identified at Nouakchott. A brief recap of these constraints will suffice:

- assessment of the real development of the cereals sector is still held back by the inadequacy and imprecision of the information available (in the broadest sense, i.e. both statistical data and more qualitative information on, e.g., the behavior patterns of the protagonists concerned);

- productive investment and action in favor of the food sector remain very disparate and poorly coordinated, and are not sufficient to change stagnating production trends or foster intensification where this is possible;

- the national agencies responsible for cereals marketing remain unwieldy, inefficient and unable to establish a real presence in the markets. They are often confined to taking delivery of food aid and distributing it; further, they are rarely provided with adequate financial means to fulfill their mandate, especially as regards the establishment and management of emergency stocks;

- the financing of cereals marketing, unlike that for the profitable cash crops, remains very irregular owing to the commercial banks' often understandable reluctance to get involved;

- official price systems, despite repeated price rises, give no incentive to producers since they generally only apply to marginal quantities and do not vary sufficiently over time and space;

- untaxed imports, although deregulated in several countries, are still geared to the short term and go hand in hand (or did until 1984-5) with repeated appeals for food aid, the latter being a thoroughly integral part of government food supply strategies;

- although counterpart funds have become widespread, neither aid nor imports really serve to reorganize local markets or rebuild national cereals production and distribution structures; more often they are in competition with local produce;

- food security policies always favor building up public stocks, which are costly and difficult to control, while rejecting the idea of either trade or village stocks as possible means towards food security;

- government attitudes to private trade remain ambiguous, even if recognition of its merits and social value is now making headway;

- attempts to shift urban consumers' food habits towards traditional grains have not produced any full-scale experiments, and always stem from an over-theoretical approach, even though in some countries acceptable, technically fully developed products are available.

It would be dangerous to think that the good harvests of 1985-6 and 1986-7 constitute a real turnaround in the trends of past twenty years, or that they stem from improvements in cereals policy. They have mainly been due to good rainfall conditions, and have in fact accentuated the inadequacy of current cereals policies, especially as regards price stabilization, market regulation, coordination of imports and the processing of surpluses.

To conclude on this point, let us point out that the most significant assessment of the past seven years is perhaps provided by paper N° 1, on the food situation in the Sahel. Beyond the evaluation anyone might make of past cereals policies, this paper clearly shows that, whatever the efforts made, the cereals production growth rate is still far from sufficient compared to the population growth rate, and that dependence on the outside world has considerably increased.

4. NEW IDEAS TO CONFRONT NEW PROBLEMS

4.1. A NEW IDEOLOGICAL BACKGROUND

The Sahel has not escaped the resurgence of free-market theories which, since the beginning of the 1980s, have been widely disseminated by the IMF and the IBRD, especially through the conditions they impose in what they term "structural adjustment" policies. This new type of approach, although it stems from very old free-market theories, have a direct effect on present-day cereals policies; it will therefore be useful to give a quick rundown of the principles involved:

Market mechanisms have been endowed with every virtue in the book, and a free rein for market forces is put forward as a (partial) cure for the present crisis situation in the Sahel economy. The cure is based on:

- the State disengaging from a whole series of functions for which private enterprise -- rehabilitated for the occasion -- is now deemed more efficient,

- a return to market mechanisms, especially for determining producer and consumer prices,

- the guiding role of world market prices, which are to help not only towards a better allocation of resources but also towards eliminating the least profitable of agricultural activities.

- an end to subsidies, seen as incompatible with the financial situations of the countries concerned and, moreover, anti-economic since they provide a pretext for keeping producer

prices low; and similarly and end to excessive levies on export crops,

- adjustment of exchange rates,

- abolishing State marketing agencies, or forcing them to compete with private enterprise or, again, imposing strict limits on their activities (e.g., restricting them to management of emergency stocks).

These principles, calling into question as they do over twenty years of all-round State intervention in the economy, have not so far been applied in a very pure form. Owing to certain characteristics of the Sahelian economies -- structural rigidity especially -- many compromises have been made, particularly with regard to the public sector.

Nonetheless, these free market principles run counter to certain basic objectives most of the Sahel countries have set themselves, particularly in the cereals field. This is so with the food self-sufficiency objective, often considered too costly compared to provision through world markets; the price stabilization objective, seen as both too complex (it is difficult to set realistic floor and ceiling prices) and too heavy a burden on the economy (as it necessitates over-large intervention stocks); and consumer subsidies, which on the one hand do not necessarily benefit the target group and on the other hand penalize producers while destabilizing the government's finances.

Proponents of these arguments often admit that they must be adapted to particular situations; this apart, however, the outcome of these ideological debates is crucial, as it may well determine the degree of autonomy the Sahel countries are able to achieve in their economic policies, individual or collective. This is another reason for suggesting that the Mindelo conference's recommendations should go beyond those of Nouakchott and take account of the Sahel's place within its regional and world environments.

4.2. SOME MAJOR PROBLEMS THE CONFERENCE MIGHT CONSIDER

The problems under consideration here will be the establishment of a protected regional market, food security, and the role of the State in organizing markets.

Clearly, no solutions can be offered here to such vast and complex issues. The conference itself may put forward some solutions if it sees fit. Our task here is a more modest one: to identify the problems, arouse debate in the workshops (to avoid a mere repetition of Nouakchott) and ask a certain number of questions.

Some questions raised in preparatory documents -- exchange rates, for example -- will not be dealt with here, not because they are any less important but because they are beyond the scope of this conference.

4.2.1. Creating a protected regional cereals market

Use of the term "common agricultural policy" in the present context has been deliberately avoided. Where national policies are often fragmentary and their regional dimension often lacking, it would be premature and arbitrary to impose a form of organization which, to be effective, would inevitably have to transcend the national.

As regards cereals markets, however, although any attempt at regional organization must follow on from organization of domestic markets rather than vice versa, some of our current difficulties could be tackled, and doubtless resolved, within a regional framework.

One such, and a good example of laxist policies, is the currently low price of imported rice. The cost price of imported broken rice at the present time is in the region of 48 CFA francs per kilo C & F in the coastal countries and about 75 to 80 CFA francs per kilo in the landlocked countries, while the "official" producer price of paddy is between 70 and 90 CFA francs per kilo. Imports have not been halted or cut down to encourage consumption of traditional cereals and make it easier to absorb surpluses of these; further, these imports threaten the financial equilibrium of the domestic rice sector, in which production costs are already too high. In the long run, this type of regulation by the world market raises a number of questions, even if it does benefit rice consumers and, more especially, the public purse in the importing countries (though in point of fact, consumer prices have not fallen). Among the questions raised are the following:

- Can one seriously put forward the notion of comparative advantage when the imported rice receives considerable subsidies in the exporting countries?

- If so, does this not amount to an irrevocable death sentence on rice farming in the Sahel?

- Can world rice prices be said to reflect production costs when they only apply to about 4% of world output?

- Is it not true that in the confrontations one sees today in the international cereals markets, the winners are known in advance -- i.e., those countries with the means to subsidize their farmers on a massive scale or prepared to manipulate their currencies?

Rice is an instructive example both for the Sahel (where imports have multiplied by 4.7 in twenty years) and for West Africa as a whole, being a product for which imports are easy to monitor and which could, through harmonization of consumer prices among a group of West African countries, release considerable resources on the basis of current market prices. These resources, even if only partially utilized, could not only encourage and support local rice production but could also help promote traditional grains, without which the goal of regional self-sufficiency is pure illusion.

This would amount to the creation of a protected regional cereals market within which competition -- essential mechanism of the

free market -- would have free play. This is not intended as a defense of protectionism, but merely a way of demonstrating that, taken individually, the markets of Africa are too restricted either to stimulate domestic trade or safely confront a world market over which they have no hold.

Successful region-wide protection of one product initially, starting with rice since it concerns most countries in the region, might be a first step towards a future regional policy and might, above all, be a way of testing the willingness of the Sahel countries to work together to study and define a regional approach to their national policies.

The practical difficulties of setting up such a regional market must not be underestimated. Given the highly permeable nature of national borders in the region it would be essential, at the outset of the experiment, to define the boundaries of the area decided on. The geopolitical scope of the CILSS ought doubtless to be extended to cover the southern coastal countries, which are also directly concerned by rice imports.

Although the emphasis in the foregoing has been on rice, it would be useful for the conference to examine (with the southern coastal countries' representatives especially) the possibility of taking a regional approach product by product -- both those currently being over-produced and those of which there is a shortage -- with a view to developing inter-regional trade.

4.2.2. Food security

While food security can be defined as all the measures a country can take to ensure that its population in adequately fed under all circumstances, it has to be admitted that in practice the term has always been construed in the limited sense of building up a buffer stock infrastructure.

This static conception of food security emerged in the Sahel in the mid seventies. It soon revealed it limitations and brought to light some undeniable practical difficulties in stock management and in determining the right volume for stocks (taking into account the size of the target population, how long supplying may need to continue and how much the ration should be). Stock management proved the weak point of the system, and while the international community financed the schemes without too much difficulty, they were not interested in day-to-day management (with the exception of the FRG's projects).

Food security seen in this way played its part very inadequately. In the first place it was forgotten that emergency stocks are expensive and inevitably show a deficit, especially if governed by an official price system; and secondly the stocks were made the responsibility of the cereals boards, without any specific financing and at a time when the boards were already in difficulties with their normal task of buying and selling cereals.

It can even be said that, except in some countries and certain years, the real food security came, as before, from food aid.

Further, the distinction between emergency stocks and carryover or stabilization stocks seems to have far more to do with their theoretical purpose or how they are funded than with any technical consideration, the only practical difference being their rate of turnover. This distinction has therefore not proven very useful (especially where there is no separate accounting), and has generated very high costs.

In short, food security as originally understood seems to have suffered for this over-narrow interpretation and for the State's de facto monopoly over it.

It would be helpful if the Mindelo conference could consider other, equally important types of food security such as intensifying cereals production without increasing risks for the producer; finding the best way of linking individual or collective village stocks into food security by developing ways of mobilizing them (graduated price scale: see below); involving farmers' organizations in the issue; and, above all, linking trade to food security policy.

On the last aspect of security, most Sahel countries, as we know, have officially prohibited grain exports or decided on them case by case (e.g., Niger in 1984). As we also know, renewing emergency stocks by selling one third every year and buying in the same amount afresh can conflict with the situation on the domestic market, which may be saturated (as now) or may be in short supply, making it difficult or impossible to buy up the quantities required. In the face of this classic emergency stock management problem, importing or exporting may cut the volume of stocks required and introduce greater flexibility into stock management, while doubtless costing governments less.

Of course, improving the role of trade in food security does not solve the problem of financing imports (i.e., commercial imports, as opposed to food aid, which comes free but arrives too late to help manage markets efficiently). Some donors, however, would doubtless be willing to negotiate a type of food insurance in case of drought or accidental dysfunction in the cereals markets.

In the last analysis it is up to the Sahel countries to debate the question of their food security, among themselves and with the international community, with a view to finding formulae less ambiguous than traditional food aid and less costly than emergency stocks (which the Sahel is doubtless one of the last regions in the world to maintain).

4.2.3. The role of the State in organizing cereals markets

Since independence, cereals policies in the Sahel have been much influenced by certain particularly persistent myths: the State's infallibility and often exclusive responsibility in economic life. Other received ideas, though still encountered, have lost much of their attraction through time and experience. One example is that basic aim behind government marketing of commodities: to pay the producer a fair price and protect the consumer. This concept proved disastrous to the cereals boards' financial equilibrium, and was more often betrayed than respected. Another example is price stabilization, which has sometimes been achieved

through imports but is blamed as soon as the least deficit occurs.

Long before the free-market theorists so forcefully reminded us that unless one is ready to pay the price the economy must be governed by certain rules, there had been criticism of the State's role as sole agent and mastermind, as it were, of cereals policy.

Even the Nouakchott conference's emphasis on "the benefits to be had from a plurality of agents" was a way -- a prudent way -- of questioning the infallibility of the State. While the State's responsibility in times of scarcity is not contested, the deregulation of the markets following the good harvests of the past two years is a demonstration, if such were needed, that the State is not best equipped to cope with plenty.

The time has undoubtedly come to reconsider the organization of the cereals sector in the Sahel and the mechanisms and institutions set up over the past fifteen years. And for once, nature's contribution to the debate will be a positive one. For the Mindelo conference discussions will be free of the distorting influence of appalling grain shortages; they will be taking place instead at a time of particularly plentiful supplies, leaving them free to tackle the real problems involved in market organization and to seek national and regional solutions.

To nourish these discussions, we shall now consider three particular issues:

- the possible role and function of the cereals boards, and hence the role of the private sector and/or professional bodies,

- official producer and consumer prices,

- price stabilization.

A/ Redefining the role and function of the cereals boards

Since Nouakchott there seems to be a consensus on the inefficiency of a cereals board monopoly as operated in some countries. Some would even like the boards' sole function to be the management of emergency stocks established (and renewed) from local purchases or imports. In this kind of scheme -- which implies the virtual abandonment of purchases made with a view to regulating producer or consumer prices (see below) -- private enterprise alone would take care of the trading function (collection of surpluses) which, all in all, the boards fulfilled only very imperfectly.

Provided the volume, financing and management of the emergency stocks are defined beforehand (inclusion of storage costs in the markup and adjustment of the latter in line with import prices), this kind of role for the cereals boards might be generally acceptable. One might even imagine the board playing a regulatory role to some extent, through its use of technical stock renewal, which involves periodic sale of a quarter or a third of the stocks and purchase of the same amount as replacement.

Opinions are divided as to the value of maintaining the boards' commercial function in the strict sense of the term -- purchasing, transport, storage, resale and, where necessary, import and export of local cereals. Some argue that the boards lack the necessary flexibility and are hemmed in by a rigid official price system. Others argue that the boards could operate in competition with private enterprise if they were given real autonomy as regards means, price fixing and intervention periods.

There remains the question of the part the boards could play in relation to foreign trade. It is generally recognized that they have, inseparable from their food security role, a responsibility in the food aid field. But as regards commercial imports, opinions have become all the more divided as privatization has increased in recent years (in Senegal, Mali and Niger). To definitively exclude the boards from foreign trade does not resolve the delicate problem of synchronizing or coordinating imports with home production. It is important for each country to have a body (not necessarily the cereals board) capable of evaluating and monitoring cereals supply and demand and also the region's export possibilities, to prevent disruption of already fragile local markets by imports or aid. Lastly, while foreign trade should be given a bigger role in food security, it seems important that the body responsible for food security should have some rights in the matter of foreign trade -- to the extent of taking part in food security policy decisions though not necessarily in the material implementation of policy.

It is essential, therefore, that the conference give very special attention to these suggestions for the role the cereals boards might play, for the boards' poor image is largely due to a lack of precision in the powers and duties conferred on them, a constant confusion between their different functions (competition, public service and social service), and to the unrealistic mechanisms imposed on them.

Starting with the attribution of new functions to the cereals boards, the field of activity of private commerce could itself be more easily defined -- on the principle that anything not prohibited is allowed. In this, however, one must not lose sight of the fact that the aims of private enterprise are generally short-term aims, and really not concerned with food self-sufficiency or security. So there is a place for both public and private sectors. The mechanisms set up must take this duality into account, however: especially in terms of the official price system and price stabilization measures.

B/ The official producer and consumer price systems

In direct contrast to the market price, which is an indicator of scarcity or plenty, official prices as practiced in most Sahel countries have more to do with arbitrating between producers and consumers than with such objective factors as production costs or real trading profits. So one should not be surprised that proponents of a free market unstintingly criticize the very principle of official prices.

In the light of the past fifteen years' experiences, there is indeed no shortage of arguments to cast doubt on the viability of

an official price system. Broadly speaking, the system is a very rigid one, in two respects: prices remain fixed over time and space, and an inevitable link is established between producer and consumer prices. This rigidity runs counter to three well-known facts of Sahel life:

- the uncertain nature of production,

- the existence of an active free market in which the traders are in close touch with market trends and with the producers, showing great flexibility and adaptability to each development in the market -- all the more so since they generally handle only small quantities,

- the steady rise in consumer prices from harvest (September-October) through to the "hungry gap" from June to August, observable every year but varying in scale according to the volume of the previous harvest.

While in October/November each year the open market sets a new price, which may be lower than the previous year's if the harvest has been better, the official price system is tied both by the previous year's prices and by the impossibility of cutting producer prices (and hence consumer prices). As a result, the official market is in permanent danger of jamming, overflowing in good years and excluded from marketing in bad years, and is unable to achieve its aim of stimulating producers and protecting consumers.

In practice, the steady rise in official prices since the mid-1970s has only very exceptionally had any impact on producers; examples are Senegal in 1978-9 and Niger in 1979-80 and 1982-3. When it has had such an impact, the unrealistic markups imposed by the boards and the great quantities available in the markets led to considerable financial losses. But as a general rule, these official prices (or producer prices at least) are only applied to very low tonnages compared to the quantities on the market.

A further weakness of official prices, mentioned by E. Berg, lies in the single, unchanging price applied over time and space -- "pan-territorial" and "pan-seasonal" prices as he puts it. This is "unnatural" and, furthermore, it discourages the villages from building up grain stocks and so adds to the cost of food security, which falls entirely on the shoulders of the State.

On the other hand it is true that urban consumers have been protected, especially in importing countries like Senegal and Mauritania - but, it is fair to ask, at what price to the farming sector?

These criticisms, and the lack of impact official price policies have had on production, are merely accentuated by today's surpluses in the main grain producing countries of the CILSS. The prices offered to producers have collapsed and the boards are more than ever powerless to prevent that collapse.

Even if they had the power, they would have their hands tied by official prices 2, 3 or 5 times higher than prices on the open market and would very soon be overwhelmed.

Has the time come to reconsider the official price systems? It is up to the conference, of course, to decide. Conditions differ widely from one Sahel country to another and one must avoid suggesting common solutions for all. The most one can do is to put forward a few ideas that will need to be examined in greater depth.

Firstly, it is important for the Sahel countries, individually or collectively, to define what degree of internal protection they mean to give their home-produced cereals vis à vis the world market. They can also follow the free-market theories and turn to the world market for their supplies, with all the dangers that entails for the future of home agriculture and their foreign trade balance.

Secondly, one may consider the possibility of a minimum price markedly lower than present prices and closer to the cost of production. This assumes that the boards are given a part to play in the domestic market, for a minimum price has to be guaranteed if one is to avoid relapsing into the ambiguity of official prices. This minimum price could vary over time and space, but in both directions, so as to correspond more closely to the actual output situation and prices on the open market.

This implies substantially improved knowledge of market price trends and, most especially, implies full-scale experiments to learn from. Rather than following the constricting path of regulation, a highly pragmatic approach could produce some interesting results, both in terms of improved knowledge of producers' sensitivity to prices and of testing out different formulae for coexistence between the public and private sectors.

C/ Stabilizing prices

Price stabilization, inseparable from official price mechanisms, has not functioned well in the Sahel these past twenty years.

It may even be said that the gap between the official and market prices has often increased, at least where untaxed products are concerned.

Having failed at producer level, where the prices fixed soon proved purely notional and economically meaningless, price stabilization has been designed principally for urban consumers. While it has functioned adequately for imported rice (at least when world market prices allowed), it has proved incapable of checking price fluctuations on the open market (millet and sorghum prices especially) due, as we have seen, to the uncertain and variable nature of production.

Moreover, the cereals boards have usually been placed in a difficult position by the rigidity of official prices maintained all year round without reference to market prices; this is so whether domestic supply matches demand or is greater, or less. Only food aid, when it arrived in time, made a certain kind of stabilization possible, though limited to those consumers receiving the aid.

As with food security, true price stabilization would mean making trade (both imports and exports) a permanent part of food supply policy. For example, each country in surplus would have had to export some tens of thousands of metric tons at the end of 1986 -- even if it is unclear where in the region one might find markets able to take in such quantities, and equally unclear whether an operation of this kind, carried out on the basis of the official prices, could be viable.

Ab ndoning price stabilization as an objective thus inevitably means abandoning official prices, since it is these -- kept too low for too long and then, once raised, not applied to large enough quantities -- that were the weak link in the cereals policy chain.

But this raises the question of how to replace what has been, after all, the keystone of Sahel cereals policies.

In the first place, maintaining a constant consumer price, high or low, throughout the farming year is in fundamental contradiction with normal price developments in the open market. Secondly, the resulting rigidity is bad for the cereals board both in poor years, when its stocks run down very fast, and in good, when it has difficulty in selling. In view of these facts, the intervention policy required would seem to be one well adapted to real conditions in the open market.

It would be a policy aimed only at adjusting excessive price variations observed in the market, and it would, again, require perfect knowledge of market prices and constant monitoring, since market prices are in the last analysis the only indicators of scarcity and abundance (see above).

Such a policy would call into question all authoritarian price-fixing unrelated to market prices and without any real control over domestic cereals supply; in so doing, it might also help to improve the running of the cereals boards, as they would have to buy, stock, resell and export according to the realities of the market at home and in the region rather than abstract principles unrelated to the real world.

5. CONCLUSION

The reader will have noticed how artificial the distinction is between the roles of the cereals boards, the official price system and price stabilization, all three factors being very closely interwoven. This is one good reason for the complex nature of cereals policies as mentioned at the beginning of this memorandum.

It would seem, nonetheless, that governments have set themselves over-ambitious and indeed overly abstract targets, while lacking both the elements required for proper evaluation and the means to match their goals. Often the international community, having helped set up the institutions concerned, let them drop soon afterwards -- a fact that might suggest that the failure to get a grip on the cereals sector is not to be blamed on one side alone.

It is time, now, to put a stop to dogmatic speeches, studies undertaken as a mere pretext, make-do-and-mend and short-sighted reforms imposed rather than freely undertaken.

The Sahel countries and the international community alike have their backs to the wall. The former are in a financial stranglehold, overwhelmed by the complexity and multiplicity of the new problems that beset them, and their efforts go into day-to-day management without any real medium or long term perspectives; the latter, governed by passing fashions and sterile competition, often reduces aid to the level of salving its own conscience and gives way to skepticism as regards the efficacy of aid.

If one is to believe Mr. Berg, neither the Sahel countries nor the international community at the present time have the means of evaluation or the skills to understand the difficulties of the Sahel and its country people -- and that is very worrying.

Without being over-optimistic -- and there are, sadly, no grounds for optimism -- the Mindelo conference could offer a rare opportunity to examine the problems of cereals policy with all due calm and attempt to pick out some concrete, realistic proposals. If we succeed, another conference on Sahel cereals policies a few years hence will perhaps be able to say that changes took place in Mindelo in December 1986.

November 25th 1986.

IV-3 DEVELOPMENT AND PROMOTION OF THE LOCAL CEREALS SECTOR IN THE SAHEL : PROCESSING AND MARKETING

ALTERSIAL-GRET

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INTRODUCTION

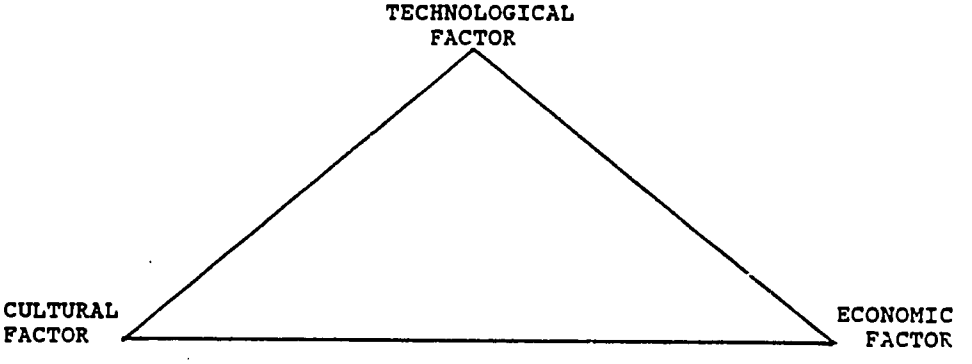
The processing of local grains and the marketing of the processed product -- the post-production stages of the industry -- are essential factors for any cereals policy. The whole structure of domestic supply and demand for cereals depends on them.

But to establish a policy on processing and product marketing, a knowledge of the technological problems on their own is not enough. There are three factors to be taken into account at the same time, by:

- reasoning from consumption patterns and food habits (Part I: The Products): this is the cultural factor;
- reasoning from the processing operations (Part II: The Processing Operations): this is the technology factor;
- reasoning from the scale and pattern of product processing and distribution (Part III: Four Different Channels): This is the economic factor;

The complex of problems involved can thus be represented as a triangle, as follows:

Figure 1: The processing/marketing triangle:



FOREWORD TO THE READER

Following the study of local cereals processing and marketing we carried out at the request of Club du Sahel, we have formulated the recommendations implied by our findings.

However, we are anxious to stress that these are not put forward as additional measures to be slotted into existing programs; essentially, they constitute a change of direction in policy on the local grain industries and markets.

This means that new programs must be set up and new schemes launched, taking full account of previous research and experiments which have shown some approaches to be negative in their effects.

Clearly, this reorientation must be guided by the specific conditions and situation of each individual country. But without such a reorientation, proposals for developing the processing and marketing of local grains will remain a dead letter.

The main conclusions of this study, summed up in a few words, are as follows:

- Research must no longer be focused on the development of "new techniques" for using local grains as substitutes for wheat in products derived from Western patterns of consumption (mixed-grain flour for breadmaking).

  Efforts must be switched to promoting indigenous products based entirely on local grains and adapted to urban food habits (couscous, girdle cakes, pancakes, fritters etc.).

- These efforts must be based first and foremost on the endogenous dynamic of the food sector, as regards both production methods and the social organization of the producers. This means fostering small-scale, decentralized, non-industrial processing and the small-scale food trades in the cities. These small businesses have already amply proven their efficiency in processing and marketing local grains.

- Policies on prices, credit, research and training etc. must be geared to these objectives.

What products should be promoted?
What processing technologies should be fostered?
What role should each of the protagonists involved be given?

It is on these three questions that we have based the plan of this summary report (1) and the recommendations with which we conclude.

We hope our study will help towards the implementation of these recommendations.

1. The outline of the study's main report forms the Appendix to this summary report.
   The main report can be obtained from the Club du Sahel secretariat.

THE PRODUCTS

1. METHOD OF APPROACH: TAKING THE FOOD SYSTEM AS A WHOLE INTO ACCOUNT

"Tell me what you eat and I will tell you who you are": diet is one of the most characteristic traits of any society. Any policy aimed at optimizing the use of local grains must start from a consideration of the local food system, i.e., the whole set of phenomena defining a society's patterns of food consumption.

The choice of a product to promote or introduce cannot be made, therefore, solely on the basis of its economic value (foreign currency savings, reduction in the price per calorie or per protein unit) or its nutritional value. Hitherto much of the emphasis has been on these criteria; they now need to be complemented with criteria that define the place a product holds within the food system (methods of production, circulation and distribution, preparation and consumption etc.).

It is clear that research has concentrated on ways of combining local African grains with exogenous forms of consumption stemming from the Western diet model (in particular mixed-grain flours for bread, biscuits and pasta).

What is needed now is to change tack and take local dietary habits as a starting point.

The problem of promoting local grains can no longer be put simply in terms of finding ways to replace wheat with local grains in Western style bread products. One must also defend and adapt the market for local dishes.

At the research level, therefore, it seems necessary to break down the barriers between disciplines. Research needs to be multi-disciplinary, looking at the technological, economic, social and cultural realities of the consuming society as a whole. The technological aspect must not be isolated but put at the service of an overall consumption dynamic.

It is an illusion to hope, for example, to develop and distribute a new product without giving due consideration to how it will be produced, distributed, cooked, consumed and perceived.

This can be illustrated with an example. The launching of "Diambar" brand industrial millet couscous in Senegal in 1965 ended in failure, despite an exceptionally lively marketing campaign that included village demonstrations with the participation of the "griots" (magician-bards), free tasting, canvassing of wholesalers etc.

Apart from the flavor problem (since industrial couscous is not pre-fermented), the following comments can be made in retrospect:

- the industrially made couscous, pre-cooked and dried cost more per kilo than moist, locally-made couscous;

- it was sold at a fixed price, unlike locally-made couscous over which the buyer can bargain;

- the product was sold in a cardboard pack so that the housewife could not look at, feel and smell the product before buying as she normally would.

This means that research must be carried out in close touch with those most closely concerned by the processing and marketing of local grains, i.e.:

- existing or potential processors, (small-scale or industrial),
- distributors,
- cooks,
- consumers.

In the light of past experience, five principles can be picked out regarding the creation or promotion of products based on local grains:

2. FIRST PRINCIPLE: START FROM THE CONSUMING SOCIETY

Consumption of a food product is not merely a question of ingesting nutrients. Local grains are processed and marketed within a society that has its own dietary behavior; just as important as "what you eat", therefore, are the questions of "where", "when" and "with whom you eat".

The different cereals are not entirely interchangeable. For example, bread, rice and millet are often eaten at different meals. In the cities, it is at the evening meal that local grains are most often eaten.

The same cereal is used to make different dishes at different meals (breakfast, lunch, supper, snacks) ...

... and among different ethnic groups (variants of a recipe, a taste for more or less-fermented products, etc.) ...

and on different occasions (an everyday supper or a feast-day supper, a meal at home or a meal out, etc.).

Marketing local cereals therefore implies being able to offer a range of products that takes account of the complexity of food behavior patterns. Research must contribute to this end, especially as regards reconquest of the midday meal by local cereals.

In particular, there must be surveys into changing trends in food habits, both urban and rural. A study should be made of the effects of 1985's improved crop on local grain consumption in the different Sahel countries, and what means have been used to regulate the trend. Knowledge must be acquired of all the factors -- economic, nutritional, technological, socio-cultural and commercial -- connected with the processing and use of traditional foods, in rural and urban areas, in a given country.

Taking into account the consuming society also means defining policy in terms of each dish rather than each cereal.

For the consumer, the basic reference point is the dish far more than the cereal it is made from. In working to promote local cereals one must not think of millet or maize in isolation for, to the consumer, the grain has value only as part of a specific dish along with other products.

Indeed there is often a generic name for a dish despite wide variations in the raw cereal product used to make it ("mour" in Chad, "tô" in Mali, "bêrê" in Volta, etc.).

There are innumerable examples of local dishes using local grains to good effect.

Many traditional dishes provide a highly nutritious combination of foods: cereals and pulses, cereals and curdled milk, etc. (e.g., "ciakri" in Senegal, "tigua deguena", made from millet, in Mali, or cowpea fritters eaten with a millet or sorghum porridge).

Even urban population groups still value these local dishes highly. A survey carried out in Abidjan in 1979 showed that taken together, all dishes taken from Western models (French breakfasts, sandwiches, spaghetti etc.) accounted for no more than 3.2% of the total weight of food consumed in the home (1). Comparable data is not available for Sahel countries.

What has to be done, then, is:

. To promote traditional dishes, through radio, the press, public demonstrations, home economics services, etc., and take every opportunity to give them the praise they deserve.

. To attend to supplies and availability of all ingredients for sauces, as well as the local grain or grains themselves.

3. SECOND PRINCIPLE: FOSTER DIVERSITY

Diversity in products and preparation techniques is an asset rather than a problem in developing the local cereals sector.

Distribution of products linked to exogenous consumption patterns (a loaf of bread, a pot of yoghurt, etc.) generally requires standard, constant quality: in industrialized countries this seems self-evident. But in the Sahel ethnic, social and cultural diversity is very marked and is, logically enough, reflected in the diet.

An overview of the main modes of preparation and consumption of local grains in the Sahel countries brings out several levels of diversity: diversity in the cereals produced and their genotypes, diversity in modes of preparation (cooking with water as coarse or fine porridges and gruel or as dumplings; steaming; frying; dry cooking; etc.) and lastly diversity in the final products.

1. Requier-Desjardins (1985) in "Nourrir les Villes", L'Harmattan, Paris, p. 170

Diversity in the cereal species and varieties grown provides a way of spreading risks at production level.

The possibility of substituting one local cereal for another in the preparation of many dishes (tô, mourou etc.) contributes to food security.

Diversity in products and preparation techniques is an expression of the widely varying specific tastes of different consumer categories. It is a way of asserting one's origin and marking oneself off from other ethnic or social groups.

It would therefore seem inappropriate to suggest a single cereal policy for the whole Sahel region. Rather than seeking to smooth over diversity, a concrete policy of local cereals promotion and development should harness it. The technology must be adapted to the products rather than the reverse.

Diversity also needs to be expressed in the availability of a wide range of intermediate products or prepared foods on the market.

Intermediate products (flour and semolina) have several advantages: they save the housewife the most laborious jobs (hulling and milling), are less costly than prepared foods, and can be consumed in a wide variety of different forms.

4. THIRD PRINCIPLE: ENCOURAGE INNOVATION

The dynamic of food behavior patterns shows that innovation is a fact of life in town and country alike, and that people want variety in their food. This raises the question of what innovation; and here we must go beyond the sterile argument between traditionalists who think nothing should be changed and modernists arguing that there is no such thing as food habits and that people adapt to whatever is on offer.

Variety in the diet, for the individual consumer or within a single ethnic group, is increasingly experienced as a boost to health and self-esteem.

Innovation may occur at any level: raw materials, processing, the finished product, finding new outlets for a given product, etc.

Innovation is very much a part of urban life, but it is also spreading rapidly in rural areas through links between town and country forged, in particular, by kinship networks.

For an innovation to succeed, it is not enough to develop a new technological process. Innovation, if it is to become an integral part of the food system, implies the participation of all those involved in the chain from producer to consumer.

It is not enough, therefore, to create a technically "acceptable" product; it must also be socially desirable, economically viable and compatible with at least one of the local cereal processing and distribution channels (see Part III: Four Different Channels).

Just as we have stressed that one must start from local consumption models and dietary behavior patterns, so we are of the view that, where innovation is concerned, one must start from local motivations (of the producers, consumers, traders etc).

There is one point especially suited to introducing dietary innovations, and that is urban commercial catering, which is mainly part of the "small-scale channel" (see Part III).

For example:

. Ready-to-eat products sold in the street: pancakes, fritters, cakes and girdle cakes of millet, sorghum and maize,

. New maize-based products.

Promotion of what is already available could also be improved: some local or ethnic recipes could be given greater exposure, helping to meet demands for greater variety in the diet.

A truly endogenous policy of dietary innovation would thus require recognition of and support for spontaneous initiatives in producing and marketing local cereal products, most of which come from people in the small-scale food trades. Exchange of experiences on this question must be increased, within Africa and even with Asia and Latin America (India's chapatis, Mexico's tortillas etc.).

There are clearly many other factors to be taken into account in any innovation policy:

. The price of a meal must not be raised: in towns, for example, the sale of inexpensive but nutritive snacks is on the increase;

. Food processing must be made a less arduous task. To this end there must be encouragement for manufacturers of small-scale processing equipment for local grains (hulling machines and mills).

5. FOURTH PRINCIPLE: DEVELOP THE SUPPLY SIDE OF LOCAL CEREALS AND OTHER LOCAL PRODUCE

Although changes affecting processing or marketing give a powerful stimulus to production, it can fairly be said that no progress will be possible until production has been relaunched.

Price measures are indispensable (minimum guaranteed price) ...

... but these will not be enough on their own. Basic research (in genetics especially) is also needed; so is applied farming systems research, which will provide ways of understanding the choices farmers make (in social, economic and agro-ecological matters), and identify the true limiting factors to a revival of local grain production.

EXAMPLES OF AUTOCHTHONOUS PRODUCTS FROM LOCAL CEREALS

MILLET AND/OR SORGHUM

		SENEGAL	GAMBIA	CAPE VERDE	MALI	BURKINA FASO	MAURITANIA	NIGER	CHAD
COOKING WITH WATER	HULLED WHOLE GRAIN OR BROKEN GRAINS	Porridge with curdled milk				Wesla Baining-Dughedre		Dao Gumba	
	SMOOTH GRUELS, PORRIDGES AND SIMILAR (flour based)	Rouy	Rouy		Tô Moni Nio-seri	Tô (Saghbo) "Beignets" Moni, Zambo Bêrê	Boule Millet porridge	Touwo (Kourbo kourba) Bita (Kounou)	Bian
	ROUGH-TEXTURED GRUELS, PORRIDGES AND SIMILAR (semolina ± flour)	Lakh fonde Lakh-Tiakhan	"		Nê nê Takoula	"Beignets"	Sorghum porridge		Mour
	COUSCOUS OR DUMPLING-BASED DISHES	Karao	"		Degue		Foura (Donou) Karao	Foura (Douna)	
STEAMED DISHES		Couscous (Ciere) Ciakri Wokh	"		Couscous (Bassi) Mono ni bassi	Couscous (Bassi) Dumplings (Foura)	Fine couscous (Laciry) Coarse c-c (Ngomou)	Couscous (Dembou)	
FRIED DISHES (pancakes, fritters)		Fritters	"			Flat fritters		Fanke (Massa)	Fritters
DRY COOKING (girdle cakes etc.)							Kisra		Kisar
DRINKS		Dolo	"		Dolo	Dolo		Chapalo	

NO MILLET OR SORGHUM

EXAMPLES OF AUTOCHTHONOUS PRODUCTS FROM LOCAL CEREALS

MAIZE

		SENEGAL	GAMBIA	CAPE VERDE	MALI	BURKINA FASO	MAURITANIA	NIGER	CHAD
COOKING WITH WATER	HULLED WHOLE GRAIN OR BROKEN GRAINS			Charan Loro Kachupa					
	SMOOTH GRUELS, PORRIDGES AND SIMILAR (flour based)				Kaba-seri Tô	Bêrê Tô (Saghbo)		Kolkoti-Haou	
	ROUGH-TEXTURED GRUELS, PORRIDGES AND SIMILAR (semolina ± flour)	"Riz de maïs"		Maga di Gadina	Kaba-nênê	"beignets"			Mour
	COUSCOUS OR DUMPLING-BASED DISHES								
STEAMED DISHES		Couscous (mixed w. wheat flour)		Sweet couscous					
FRIED DISHES (pancakes, fritters)				Pastel					
DRY COOKING (girdle cakes etc.)									Grilled corn on the cob
DRINKS								Chapalo	

Each local cereal's potential must be evaluated:

Millet and sorghum must remain key products in local cereal development and promotion policies, owing to their wide distribution, the wide variety of forms in which they are consumed, and their reasonable cost of production. The main limitation is the mechanization of hulling; and today this is possible.

Rice is very costly to produce and consumes large quantities of a rare resource: water. Rice consumption ought therefore not to be encouraged.

For **maize** processing and marketing in the Sahel the future is bright. Maize is being produced in increasing amounts, it is well accepted, it has had the benefit of a great deal of research in other parts of the world, and can easily be used as **a substitute grain** in many Sahelian dishes: couscous, tô, fritters, broken grain etc. It should also be the basis of many **new dishes** taking ideas from maize recipes used in other African countries like Benin and Nigeria.

Nor must **fonio** (Digitaria Exilis) be neglected; this is a grain of secondary importance but, like rice, it has the advantage of being easy to prepare by parboiling.

Lastly, it is **indispensable**, in the face of growing demand for a wider variety in foods, to **broaden the promotion issue** from grains to all local food produce, especially:

- **Sauce ingredients**, which will guarantee the survival of local dishes;

- **Tuber crops** like potatoes and cassava, which are in increasing demand in the towns. There must therefore be immediate efforts to develop local production, e.g., using South American varieties with modest water requirements.

II - THE PROCESSING OPERATIONS

Below, we shall consider current achievements and shortcomings in the technology side of local grains development and promotion in the Sahel.

One can look at these by taking each stage of processing in turn, as follows:

1. Pre-processing: drying, threshing and storage,
2. First-stage processing (essentially hulling and milling),
3. Second-stage processing, making prepared foods from milled flour or semolina.

1. PRE-PROCESSING: DRYING, THRESHING AND STORAGE

- Traditional sun-drying is satisfactory; it is too much, however, for rice.

- For millet and sorghum threshing, a real effort is required to develop equipment properly suited to the small size of peasant holdings.

- Farm-level storage is satisfactory.

2. FIRST-STAGE PROCESSING

Hulling

Hulling is an unavoidable stage in the processing of rice and (except in a few cases) millet and sorghum.

A) TRADITIONAL TECHNOLOGY

Whichever local cereal is considered, the traditional hulling techniques are slow and laborious. They are still widespread, however, for millet and sorghum. The laboriousness of the work and the poor keeping qualities of grain hulled by the wet process is an obstacle to the survival of millet and sorghum as part of the diet, especially in the towns.

In the case of maize, degerming by hand, which is a very arduous job, is often eliminated when the milling stage is mechanized.

Women's great skill with the pestle and mortar allows them to fine-tune hulling and pre-fermentation to local tastes, but this advantage does not outweigh the drawbacks.

B) INTERMEDIATE TECHNOLOGY

RICE

There are a various types of paddy mills to be found in the Sahel countries: rubber roller mills, the Engelberg type with steel cylinder, etc. For the latter, which is the most widespread, the high rate of broken grains is not necessarily a handicap for local consumption, provided the small chips are not sifted out with the chaff.

However, under local conditions, milling yield is low: 50 to 60% or even less for a poorly-maintained and poorly-adjusted Engelberg mill. The priority for improvements to the process should be to develop a complete rice processing line at the intermediate level, suited to the volume of output of a small irrigation network. This would include:

- cleaning,

- hulling (improved maintenance)

- and also, at least for Mali and Burkina Faso, improvements to the traditional parboiling processes, which have a very positive effect on milling yield.

The economy and versatility of the Engelberg type mill can make up for its defects. Local, low-cost manufacture of these machines is possible, and there is a real demand for it; it must be encouraged. The more efficient paddy mills already in service (roller mills especially) could find their market niche supplying the more demanding urban clientèle, in view of their lower grain breakage rate. With both types of mill, current poor maintenance conditions have an adverse effect on yield and necessitate increased effort.

MILLET AND SORGHUM

Wet-process hulling (Engelberg type machines) must be gradually abandoned in favor of the dry process, which gives better storage quality.

In fact a new millet and sorghum hulling machine has appeared on the scene over the past few years, and has proven its efficiency and suitability to local conditions of use. This is the dry abrasion process machine with resinoid discs.

Manufacture and dissemination of these new hulling machines must be stimulated without delay. They will have to be made by a decentralized network of local craftsmen, in order to reduce costs and facilitate finer improvements (in hulling speed particularly). The only imported parts should be the resinoid discs and the ball bearings. These machines should be set up first and foremost in urban areas.

MAIZE

The hulling stage is often omitted in small-scale processing.

C) INDUSTRIAL TECHNOLOGY

RICE

No rice mill can produce quality rice from the overdried paddy produced in the Sahel countries; overdried rice gives low milling yields, and only prior parboiling can improve its milling performance.

MILLET AND SORGHUM

After a long development period, the particular technological problems of industrial millet and sorghum hulling have now been resolved. A separate hulling stage prior to milling is indispensable. The two processes are abrasion and attrition.

MAIZE

Industrial degerming raises no technological problems.

Milling

A) TRADITIONAL TECHNOLOGY

Given the arduousness of the traditional milling technology and the fast rate of improvement now going on, the question is no longer whether or not to mechanize this operation but what is the most suitable way of doing so.

B) INTERMEDIATE TECHNOLOGY

Mechanized milling of local grains has developed spontaneously and is still doing so. Development is still uneven from one region or country to another, and must be encouraged.

Dry milling with hammer mills is spreading at present because of the low acquisition and maintenance costs of these machines. Coupled with dry hulling, dry milling gives improved keeping quality and so improves distribution of local milled cereals. Local manufacture of these machines is possible and must be encouraged.

Grindstone mills, which are more versatile (wet or dry process), are equally satisfactory at the technical level.

This equipment is often underused, and it would be a good thing to develop types of mechanization better suited to use in rural areas.

Two suggestions can be made:

- encourage development of mobile dry process milling and hulling plants that would circulate round a number of neighboring villages (with a round of 10 villages visited every two weeks, for example, thanks to improved keeping quality).

- encourage development of animal-powered grindstone mills, which are well suited to the milling needs of a village of about sixty plots.

Lastly, the operation and maintenance of mills could be considerably improved if governments were to institute a policy of support for networks of local craftsmen manufacturing and repairing processing machinery, in town and country alike. This would include:

- technical training with follow-up in the craftsmen' workshops: regulating the energy consumption of engines;

- production management training (e.g., production of parts in advance, in small batches);

- accounting and sales promotion training;

- reduction of the proliferation of different brands of equipment (with prior census);

- preferential buying from this network of small craftsmen, e.g., by coordinating NGOs' initiatives.

C) INDUSTRIAL TECHNOLOGY

Although specialists disagree on the merits of the different grinding systems, industrial milling techniques for maize, millet and sorghum have now reached a high level.

The operating difficulties of such units are not of a technical order but stem from problems upstream and downstream of industrial processing.

3. SECOND-STAGE PROCESSING

Despite considerable expansion in the past twenty years, research into second-stage processing (i.e., with flour or semolina as raw material), carried out with the support of many Western agencies, has been extremely ethnocentric in its orientation:

- as regards the finished product, the great majority of research has concentrated on Western-style leavened bread, biscuits and pasta;

- as regards technology, the processes developed are designed essentially for industrial processing.

In our view, this ethnocentricity is the main reason for the failures experienced to date in programs launched in Sahelian Africa.

Take, for example, the 92 experiments on local grain processing (millet, sorghum, rice and maize) recorded in preparing this study; they break down as follows:

- 70 experiments on substitution for wheat (bread: 34; pasta: 13; biscuits: 18),

- 16 experiments on improving autochthonous products (couscous, chapatis etc.),

- 6 experiments on new products.

A world survey of mixed-grain flour projects, carried ut by the FAO in 1980-1981 (1), has shown that out of a total of 162 research topics, 130 (80%) concerned the making of bread, pasta or biscuits.

1. Miche, 1982: "Réalisation et conséquences des programmes de farines composées dans le monde". FAO, Rome, 106 pp.

It seems essential to stop trying to develop products made from mixed-grain flour. Given the low gluten content of Sahelian grains, these products can never properly compete with the equivalent wheat products, and all they can offer is a caricature of the Western pattern of consumption.

Furthermore the technical advances made in this field are now adequate, and do not justify further research investment.

Research must now, on the contrary, be directed towards improving autochthonous processing methods for local grains.

These methods, unlike mixed-grain flour, allow products to be made entirely from local grains. Research in this field could lead to wider distribution of some national, local and ethnic dishes like girdle cakes of sorghum ("kisra") or maize, the different types of couscous, pancakes and fritters, etc. (see Part I: The Products).

The consumer should see these products as new foods, and it is as such that they must be promoted on the market.

There have so far been almost no studies designed to improve the individual operations involved in preparing local cereal dishes (steeping, mixing, kneading, rolling, granulating, steaming or boiling, etc.).

There is therefore a pressing need, first of all, to improve our knowledge of these processes, i.e., to describe them step by step. This task of observing and describing currently-used food preparation practices will in the short term be a way of recording the range of existing technologies for any given operation. On the basis of this description of endogenous practices it will then be possible to identify the most efficient technologies for each operation and then to offer either transfers of technology or improvements.

The aim of improvements must be to respect the quality of the finished product while reducing both the laboriousness of preparation and the time and energy expenditure involved.

The end result must be, for each of the local cereals, a range of different products made through a range of different technologies.

The reorientation of research efforts must be clearly announced; it must not remain limited to the research institutes but must mobilize private initiatives and private individuals throughout the sector.

The research institutes will have to harmonize their evaluation techniques and, more particularly, broaden their concept of "acceptability" in a product.

III - FROM FIELD TO COOKING POT: FOUR SEPARATE CHANNELS

1. FIRST PRINCIPLE: START FROM EACH CHANNEL'S MODE OF OPERATION

Just as in the chapter on products we emphasized the need to start from local consumption models and food habits, so when it comes to developing and promoting specific technologies and products one must start from the local production and processing channels and their more dynamic entrepreneurs.

Four different channels for the processing and distribution of local grains can be identified in the Sahel:

- the domestic channel,
- the small-scale channel,
- the State sector channel,
- the industrial channel.

a) The domestic channel

This the most important overall, taking all the Sahel countries together. Self-consumption is still very common for local grains. It is also the least expensive as it remains outside the money economy. It has opened up towards the small-scale channel with the developing practice of taking one's grain to a local craftsman for mechanized hulling and milling -- milling especially.

The domestic channel is not restricted to the countryside but constitutes a significant (though often neglected) link between town and country via the kinship networks.

Second-stage processing and consumption of cereals takes place mainly through the domestic channel, and it constitutes the central regulating factor and reference point for the entire local grain based food system.

The economic crisis has encouraged a shift away from market structures and so has strengthened the domestic channel.

A survey carried out in Dakar has shown that 70% of families received food (millet in three cases out of four) from their families at home in their villages (1).

Governments must therefore:

- take into account the continued existence of self-consumption and the farmers' objective of risk spreading, when forming agricultural policy.

1. Odeye, 1985, in "Nourrir les Villes", Harmattan, Paris, p. 261

- facilitate the circulation of cereals through domestic channels, with transport from farm to village and from village to market and improvements in public transport between town and country.

  In Kanye, Botswana, for example, where a small flour mill had been made available for local grains, its output was doubled when a donkey and cart were provided to help the farmers carry their grain.

- develop processing services for the domestic channel (hulling and milling to order);

- promote local grain based dishes in radio programs, through recipes in the national press, etc.

b) The small-scale channel

Small-scale processing and distribution play a crucial role in the local grains sector.

The private marketing system for local grains covers the rural Sahel in a closely-woven web, flexible in its organization and with a turnover too rapid to allow speculation. It is through this channel that the Sahel's towns are supplied with local grains.

Small-scale, non-industrial first-stage processing (hulling and milling) has developed spontaneously, having long been neglected by researchers. It has basically developed in symbiosis with the domestic channel, acting as a service industry.

The survey carried out in the Thiès and Diourbel regions of Senegal by Mbengue and Havard (1986) shows that the mean daily throughput for private mills varies between 150 and 300 kg, whereas that for community mills is only 30 to 90 kg. This is far short of theoretical continuous- process milling capacity, which is at least 120 kg per hour.

However, assuming that each of the 345 private mills recorded for this region of Senegal alone operates 250 days a year with an average throughput of 225 kg per day, there is a total of over 19,000 metric tons of local produce (essentially cereals) passing through them every year. This figure compares well with that for the industrial mills in Dakar which, despite a milling capacity of 11,000 tons of local cereals per annum, processed only a few hundred tons of local grains between 1980 and 1985.

There is still too little information available on the operation and real costs of these mills and hulling machines, as the price paid by users varies considerably from country to country. However, the fact that they have sprung up in all the neighborhoods of the Sahel's capitals would seem to indicate that they are profitable.

Marketing of flour and semolina from small mills, where this occurs, is done by women who bring varying amounts of grain to be processed depending on the cash they have available and the level of market demand. In Bambey, Senegal, a new dry process millet

and sorghum hulling machine has been brought into service, making it possible to store the milled products longer and sell pre-packed flour.

The small operators' channel for second-stage processing and catering has proved to be the only sector capable of bringing significant quantities of prepared foods made from local grains onto the market, and keeping them there.

A study by "Bécis" in Mali (1980) suggests that about 30% of the cereals sold at rural markets are bought by women who process them on the spot into cooked foods (couscous, degué, tô).

A census carried out in Dakar in 1983 showed there were 170 women in 19 different markets making and selling millet couscous at a rate of 20 to 30 kg a day -- a total of over four tons daily between them.

Lastly, virtually all meals outside the home in the Sahel countries are eaten in small restaurants, making small-scale catering a strategic area for new developments in eating habits.

Small enterprises in all these fields are characteristically flexible in the way they work, adapting readily to variations in supply and demand. They also have a particular affinity for local grains. These are all good reasons for recognizing the role of the small-scale channel and establishing policies that will encourage its development.

c) The State sector channel

The State sector has become increasingly involved in local grains processing and distribution, mainly with a view to ensuring food security. However, the technical solutions it chooses generally demand a high level of capital and create technological dependence (e.g., the Sotramil mills in Zinder, Niger).

At present its main role is in regulating distribution, either through cereals boards or by fixing the price of imported cereals and the volume of cereal food aid.

Indeed the price differential between local and imported cereals at the level of the intermediate consumer -- industrial or small-scale -- will have a decisive effect on cereals policy. In the current context of continuing low cereal prices on the world market, it is imperative that measures be taken to re-establish a price balance. These measures are to be discussed in other workshops of the conference.

The State sector can also play a central part in refocusing the national cereals economy through incentive measures in the following fields:

- support for local manufacture of appropriate equipment;

- training for small independent craftsmen;

- adaptation of the legal framework and hygiene standards;

- guidance and planning of governmental and non-governmental international cooperation initiatives;

- reorientation of research towards work on autochthonous technologies.

d) The industrial channel

The industrial channel is very much involved in imported grains (basically wheat), much less so in local grains.

There is still virtually no industrial milling of traditional cereals (millet and sorghum), even though most of the Sahel countries have, or soon will have, at least one plant capable of handling 20 to 30 tons a day of these cereals. The basic reason for this lack is that industrial processing is ill-adapted to the regions's supply and outlet structures for local cereals.

From the industrial processing point of view, the salient features of local cereals are their irregularity in terms of quantity, quality and price (the latter because of the fragmented nature of supply and the widely scattered outlets) plus the lack of demand for industrially processed food products such as mixed-grain bread. It is not a profitable industry, with industrial flour made from local cereals having sometimes to be subsidized before it can compete with flour from the small independent millers, who have less in the way of overheads (wages, depreciation etc.).

An example: the Food Research Center in Khartoum, Sudan, has had a sorghum mill running since 1981. But Vlavonou's economic evaluation made in 1982 shows that "under the best conditions, the cost of industrial flour is 25 to 28% higher than that of traditional flour for kisra (sorghum girdle cakes) manufacture and 37 to 46% more expensive for the consumer".

All these factors concur to make industrialists view the local cereals sector as a risky and unreliable prospect.

It is this overall view of the issue that explains the failure of industry to harness the technical and commercial potential of local grains, even though the technological problems have been resolved.

Industrial mixed-grain flour schemes have been a glaring economic failure. According to the FAO's world survey of 81 research programs, only three have led to lasting commercialization of a product. In all three cases (Bolivia, Colombia and Thailand) the product involved was a type of pasta.

The tasks, then, are the following:

- To determine under what conditions the industrial processing of local cereals could be genuinely profitable; for it is likely that subsidies and free services would have to be supplied by the State (externalized costs) to bring it up to a competitive level.

- To review the size of the industrial plants in terms of their market share, and perhaps reduce their capacity.

- To consider accepting industrial wheat flour of lower grade (increasing the extraction rate) or including a small proportion of local cereals (quantities below 5% are not noticeable).

2. SECOND PRINCIPLE: ENCOURAGE LINKS BETWEEN THE DIFFERENT CHANNELS

Just as the cultural and technical sides of local cereals development require diversity in products and technologies, so the commercial side requires a policy based on diversity of processing and marketing channels: domestic, small-scale non-industrial, State sector and industrial channels.

The equilibrium of the food system as a whole depends on the fluidity of relations between these different channels.

This means:

- fostering interplay between the different channels by increasing provision of services (e.g., small mills grinding customers' grain to order); training schemes; facilitating competition between the different channels; etc.

- giving a favorable environment to the most permeable and flexible channels; this means the small-scale channel.

3. A PROGRAM TO FOSTER AND IMPROVE AUTOCHTHONOUS FOOD TECHNOLOGIES (Programme de revalorisation et d'amélioration des technologies alimentaires autochthones, or P.R.A.T.A.)

The foregoing observations converge towards one key idea:

To harness the potential of local cereals, promotion efforts must be centered on the internal dynamic of the sector, at three levels:

- **The products:** by gearing research and marketing to new and traditional dishes entirely based on local grains and well suited to evolving food habits.

- **The technologies:** by concentrating research and development of new implements and processes on such operations as rolling of couscous, kneading, fermentation and cooking; and by broadening the technological range to make it accessible to small businesses.

- **The channels involved:** The importance of domestic production and processing channels in country areas, and of the small-scale operators' channel in processing and distribution in urban areas, are economic realities that have remained unrecognized for too long. It is time they were taken into account.

Innovations will stand a better chance of succeeding if they become more endogenous.

Small craftsmen and traders are also entrepreneurs

One often hears it said that one cannot find entrepreneurs in Africa. And yet one can see that initiatives springing from among the people have already created thousands of small processing units which for the most part the "creators" of small businesses do not even know about, at either national level or that of international cooperation.

It is important to stress:

- that these thousands of small independent units are also businesses. Businesses, moreover, which are typically flexible (minimizing risks, adapting themselves to constraints and changing market conditions) and dynamic (responding quickly to market opportunities).

- that these small independent units have an operating logic very different from that of an industrial unit: the production process is split up through a chain of service relationships, often based on oral contract or on a family or kinship group structure; there is a characteristic approach to credit, the use of labor, depreciation of equipment, etc.

- that the small-scale channel, which has so far received little help, still shows some major gaps which could be filled.

Policies aimed at the development and promotion of the local cereals sector need to be redirected, and the new direction needs to be clearly announced in order to mobilize the groups concerned. These policies must of course be adapted to each context, each country, individually. The skills required already exist in many agencies in the region, in research institutes, government departments concerned with mechanization or home economics, small and medium businesses, non-governmental organizations, etc. But there must be an exchange of information within Africa, on experiments carried out and on research methods and results.

If a "Programme de Revalorisation et d'Amélioration des Technologies Alimentaires Autochtones" (PRATA) were to be launched on a CILSS-wide scale it would facilitate such exchanges and stimulate efforts.

The following four projects could be entrusted to a mobilizing program of this kind from the start:

PROJECT N° 1

To identify the legal and administrative obstructions hampering the development of the small urban food trades.

Starting from an examination of the laws and regulations on hygiene and commerce in the different countries, and surveys of those concerned, this would be aimed at proposing an appropriate legal set of rules to:

- reduce illegal practices ("baksheesh"),
- simplify administrative procedures,
- encourage stability of occupation,
- reduce problems of space utilization by small craftsmen and traders,
- enable small craftsmen and traders to regard their occupation as a genuinely skilled trade.

PROJECT N° 2

To identify technical and organizational problems as perceived by the small craftsmen and traders.

This project should be carried out as a participative scheme with the small independent operators in the local cereals sector (the millers, the market stall couscous cooks, etc.) and formulate their needs and suggestions regarding:

- improvements of tools and processes,
- maintenance and spare parts supplies,
- demand for more and better services (milling, hulling, transport, storage etc.),
- reduction of energy consumption,
- improvements in quality and hygiene,
- the search for new outlets,
- technical education (the role of the Research Institutes),
- management training.

PROJECT N° 3

Development, manufacture and distribution of appropriate equipment.

This will mean encouraging research into couscous rolling, broken maize manufacture, manufacture of girdle cakes, storage and packaging of products, reduction of energy expenditure, etc. It will also mean disseminating tools and processes appropriate to the small operator's production structure and investment capacity (dry abrasion process hulling machine for millet and sorghum; improved cooking stoves, etc.).

PROJECT N° 4

Promoting products and encouraging innovation.

One part of the mobilizing program would have to be concerned with promotion and publicity as applied to local grain based products:

- Advertising and publicity for traditional dishes based on local cereals (using radio, billboards etc.);

- "Best caterer" cooking competitions, (e.g., "Best couscous"), to improve skills;

- Encounters between small operators from different regions to test new products (cakes, girdle cakes, maize-based products etc.) and their distribution potential. Experiences from outside the Sahel zone -- from Benin, Nigeria or India for example - could be introduced at these encounters;

- Ideas contests run by the Research Institutes and non-governmental organizations;

- Organizing an African Food Fair.

The duration of these projects could vary, depending on the topic and the country concerned, from a few months to several years.

IV-4 THE ORGANIZATION OF THE RURAL WORLD IN THE SAHEL

Jan BROEKHUYSE
and
Alioune SALL

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INTRODUCTION

Traditionally, the organization of the rural world has been dictated by ecosystems and grazing and cultivation systems.

The change in these land use systems -- from shifting cultivation to permanent cropping and from the open bush grazing system to one of planned range management -- also demands a change in many cultural conceptions, in lifestyle and in social structures.

In this way, the organization of the rural world has been closely linked to its intended object: the transformation of farming and grazing systems. This approach both makes it possible to respect the traditionally global, integrated world view of the people and provides a basis for adapting it.

It is this approach, treating all the constituent elements as a single coherent whole, that has been taken in this study. We have also employed the new definition of the Sahel as a geopolitical and agroclimatic unit(1).

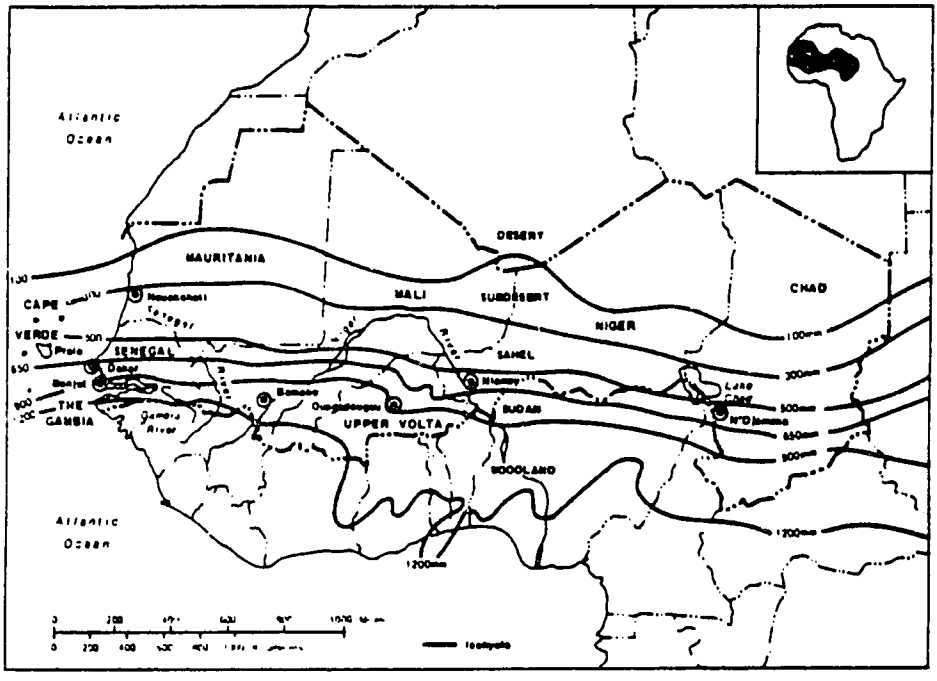
Amsterdam, August 1986

Jan Broekhuyse

Alioune Sall

1. "The Club du Sahel: Examination of international cooperation", Anne de Lattre & Arthur M. Fell, OECD 1984.

THE SAHELIAN COUNTRIES



Zones	Average Rainfall (mm/y)	Rainfall Deviation from Mean	Area % of CILSS countries	Population % of CILSS countries
Sahara (desert)	0- 100	60	28	1
Sahelo-Sahara (sub-desert)	100- 300	40-75	30	6
Sahel	300- 650	30-45	30	17
Soudano-Sahel	650- 900	25-30	6	60
Soudano-Guinea	900-1200	20-25	6	16

CHAPTER I: THE HISTORICAL BACKGROUND

THE EVOLUTION OF ECOSYSTEMS AND GRAZING AND CULTIVATION SYSTEMS

The grazing systems

Nomadic pastoralism

The Sahel of the nomads covers the northern fringes of the region, where rainfall is 200 mm or less. This ecological niche, stretching across much of Mali, Mauritania, Niger and Chad, is peopled almost exclusively by the Touareg.

The Touareg owe their survival in this hostile environment to an original combination of factors, the main elements being:

- a profound knowledge of the limits to the Sahel ecosystem's productivity,
- sound management of available grazing resources,
- diversification of their activities into trade, transport, small-scale cultivation and crafts,
- tapping the accumulated grain and livestock resources of other ethnic groups where possible.

The precarious balance they had managed to establish over hundreds of years is today breaking down, however. In the first place, the pacification of the region by the colonial power at the beginning of this century put an end to their practice of obtaining cereals or restocking their herds by force. Secondly, other pastoral peoples, the Foulbé in particular, have encroached over the southern borders of what they regarded as their territory and contested their authority. Having lost their environment, the Touareg have been living through a crisis situation ever since -- a situation many people see, for good or ill, as a sign that heralds the end of nomadic pastoralism in the Sahel.

Transhumance

Unlike the nomadic pastoralism practiced only in certain countries, transhumance is widespread in all the Sahel countries, where it is practiced essentially by the Foulbé. The strategies developed by this group are based on dividing the year between two habitats: in the rainy season they settle in long-term camps, growing crops in the surrounding area, and in the dry season they leave in search of grazing land, following well-established stock routes. Given this division of their activities into two time-space constituents, the Foulbé have never developed a real sense of ownership over their land. Their strategies paid off as long as there was unlimited space and their herds were relatively small: the high mobility of the people and their stock made up for the low productivity of the grazing grounds.

Today, however, two factors threaten the continuity of this traditional system. One is the marked increase in stock numbers due to the development of veterinary services and the policy of watering provision for herds, which began in the 1950s. The second factor is the gradual northward movement of crop farmers as a result of good rainfall conditions between 1958 and 1968.

The combination of these two factors led to saturation of the grazing grounds, reflected particularly in overgrazing -- i.e., overexploitation of environmental resources. It is clear that it will take time to restore these degraded pastures.

Sedentary farming

Despite shades of difference from one country to another or from one region to another in the same country, the farming systems operated by the Sahel's cultivators used all to make considerable use of shifting cultivation or bush fallowing. Long fallow periods were an essential element of the system, ensuring that the land maintained a certain level of fertility. The system was rendered possible by the vast reserves of land available.

While this system of fallowing has not entirely disappeared, it has been in decline since the beginning of this century; the main reasons for this are as follows:

- considerable population growth: at the beginning of this century the Sahelians numbered about 16,000,000; today there are nearly 40 million;

- a failure to understand the fragility of the Sahel's ecosystems and the shifting cultivation system (1);

- the shift towards a money economy following the introduction of taxes.

For these different reasons, the cultivators of the Sahel expanded the areas under cultivation and turned over an increasing proportion of them to cash crops. Virgin land became short and the peasants began to shorten the fallow period or even abolish it entirely. The resulting form of agriculture rapidly exhausted the soil. Trees and shrubs which were left to grow under the traditional system were felled, except for a few species, and the soil left bare to the full force of the sun. Humus is decomposed and carried away by rainwater; nutrient elements are leached out or absorbed by the permanent crops. The soil water system is disturbed, resulting in a high level of very rapid runoff from the fields. As the rain no longer penetrates properly into the subsoil, the water table drops and with it the amount of water available for plants and humans alike. This process of soil degradation has been going on in the Sahel for decades, since before the drought. With it comes a downward trend in output, the effects of which are well known:

- many farms produce less than enough to cover the food requirements of those whose livelihoods depend on them; subsistence farming has become survival farming;

1. See Appendix II.

- tens of thousands of peasants are forced to emigrate to regions of higher rainfall, and this creates tensions and increases the risk of ecological degradation in the regions they move to;

- the Sahel countries' dependence on the West for food increases: while at the time of independence they were self-sufficient, today the Sahel countries suffer a cereal deficit in the region of 500,000 metric tons in climatically normal years and over a million tons in drought years.

EVOLUTION OF SOCIAL SYSTEMS AND VALUE SYSTEMS IN THE RURAL SAHEL

Evolution of social systems

Three types of society need to be distinguished:

- nomads, e.g., the Touareg
- transhumant groups, e.g., the Foulbé
- sedentary farmers.

The nomads

Touareg society used to have a marked hierarchy. At the top of the pyramid were the chiefs, in whose hands political and economic power was concentrated and who took the important decisions in the trade and transport fields. They were also military leaders. Then there was an intermediate class of "free" men, who raised stock or practiced a craft and followed the chief in his various enterprises. At the bottom of the pile came the slaves, servants of the chiefs and freemen, doing whatever work they were given to do in exchange for protection and/or means of subsistence to give their families.

This more or less military organization still operates among the Touareg today. It is true that the official freeing of the slaves robbed some chiefs of their economic power base, but very many slaves stayed with their former masters. True also that the drought has forced many Touareg to leave their camps and seek a livelihood elsewhere; but, even scattered wide, these victims of the drought remain faithful to their old institutions and proud of them. There are even civil servants who pay a tribute to their traditional chiefs out of their income.

If this system of production is to continue, the Touareg's traditional social structures ought certainly not to be disrupted. The constraints imposed by their precarious, finely-balanced environment still demand the exercise of a strong authority.

The transhumant herders

The organizational rigidity of Touareg society has never been a feature of Foulbé life. The basic structure of Foulbé society is the "galle", consisting of a man, sometimes his brothers, plus their wives and children. This family unit is maintained as long as the grazing enterprise requires it.

This means that although security requirements have led some Foulbé clans to gather in large camps under the authority of apparently powerful chiefs, the power of these chiefs has always in fact remained very limited, since the stock owners always retain the possibility of rejecting them.

This form of socio-economic organization, which allows a high degree of individualization, has changed little over the centuries. It remained stable as long as the space available remained virtually unlimited. But today there is a high price to pay for this freedom: that price is overgrazing on diminishing grazing grounds as sedentary farmers push forward, hungry for land. The alternative to this degradation of the environment, and the low herd productivity that goes with it, is to find new formulae for the management of the environment. This is possible if the Foulbé's traditional social structures are taken as the basis.

Sedentary farmers

Numerically, this is the biggest group in the Sahel. Though differing widely on a number of points, their systems of social organization show many similarities.

All are based on the principle of male-line consanguinity, with a kinship group that may extend to a few dozen people or several hundred. In most cases the kinship group forms a residential unit bound by a strong sense of responsibility towards all members of the group, including those temporarily or lastingly absent.

Another feature common to these systems is that land is the heritage of the kinship group and is farmed by that group as a unit. In the past, these landholdings were big enough to allow each member of the kinship group enough land to meet his food requirements. Today this is no longer the case. For many, the choice is between staying on the ancestral land under the direction of the kinship group's elder or leaving to look for a plot of ground elsewhere. There are often objective limits to the first option: the fields the kinship group's elder has at his disposal have been reduced in size and are no longer big enough to meet everyone's needs. Younger sons therefore often take the second option: they move away. The result is more but smaller units of production: indeed the unit of production formed through spontaneous emigration often consists of a single couple, perhaps with their direct ascendents and children. But these changes in the size of the production unit are of no great significance since new units set up reproduce the model of the original homeland. Ties with the family back in the home village also remain very close; responsibility towards them is strongly felt, solidarity a living experience that reaches as far as it possibly could.

The basic feature that emerges from this quick survey of social organization in the rural Sahel is its relative stability. Despite recent changes introduced, for the most part, by colonization, the kinship group has remained the basic structure in this social organization. That being so, it is only logical to use this structure as a base in any future action aimed at reorganizing the rural world. Some have thought the village could fulfill this role in sedentary communities -- but that view stems

from a profound misunderstanding of the past and present significance of the village as an institution in the countryside.

For while the village is a residential unit within which marriages are made, business conducted and friendships formed, it is not especially a context for cooperation between the different kinship groups that live there, usually each in its own quarter. The situation between kinship groups is rather one of rivalry, and each tends to stand alone in defense of its own interests.

Common interests might of course emerge to forge a relative unity around a village chief, as used to be the case in the face of outside attack. But periods of that kind apart, the village chiefs had no power beyond maintaining law and order, and in some cases organizing marriages. Today, it has to be recognized that even in the highly-structured former kingdoms like Yatenga, the authority of the village chief is hotly contested. It is as if the village were far too large a social unit for a sense of collective responsibility to develop and unite its inhabitants. And this is why modern structures like cooperatives or development companies have failed whenever they have tried to base their intervention on the village as the fundamental social unit. These failures strengthen the argument that the basis for any future organization of the rural Sahel must necessarily be the kinship group, the only social unit within which a sense of collective responsibility is still experienced as a live force, interiorized. Broader structures are doubtless necessary for development; but they only make sense, and can only succeed, if they are grafted onto the basic structure of today's kinship group.

EVOLUTION OF SOCIAL VALUES

Social values evolve just like the societies within which they develop. In the Sahel today, some traditional values persist, some new values have been added to the old, and some traditional values are contested.

Lasting values

Here we shall look only at those lasting social values which are important as potential foundations for the organization of the rural world.

Responsibility

Responsibility is a value rooted deep in the human personality. It is the true source of initiative in so far as it is man's motivation to act freely. In Sahelian cultures it is a value that varies in its scope.

Among the Touareg, for example, responsibility operates in relation to the group one lives with directly, applying first to male-line blood relations, next to clan members, and then, to a lesser extent, to slaves.

Among the Foulbé, responsibility is more restricted, extending only to the small cohabitation group managing the same herd.

Sedentary peoples in general feel a sense of mutual responsibility towards members of the same kinship group, whatever its size.

But if the scope of responsibility varies from one ethnic group to another, its content, on the contrary, remains very much the same: it is always a question of cooperation, mutual aid, defense of common interests and the common heritage, and mutual survival. Responsibility so defined is the basis of all traditional forms of organization.

But because it is so fully interiorized as a value, one can discover it only by becoming impregnated with the cultures concerned and grasping their underlying rationality. This is why it is so difficult for outsiders such as government officials, with no comprehensive understanding of Sahelians' traditional structures and mentality, to set up or run new organizations.

Continuity

Continuity is of prime importance as a value in Sahelian rural societies. It is worth considering here because it is the foundation of what some social scientists have called "resistance to change". This is a mistaken term since, in fact, although Sahelian societies have put up resistance to certain innovations outsiders have suggested to them or tried to impose on them, they have welcomed many others which seemed likely to improve their living conditions. One need only think of the enthusiasm with which they have greeted modern hydraulic systems, veterinary care, bicycles or transistor radios. These innovation have not merely been accepted, they have been naturalized in the different local languages. So it is a mistake to suppose, as is sometimes done, that all initiatives and innovations will be rejected out of hand.

In fact, if one sets aside for a moment the problems connected with a project's level of technology or its financing -- which are often decisive factors in the adoption or rejection of an innovation -- it is its effect on the social system that must be comprehensively grasped. An innovation may be considered interesting in its immediate effects on certain aspects of socio-economic life but rejected because it threatens the continuity of the global system and hence its reproduction in the long term. There is nothing illogical or pre-logical in that for anyone who knows that, in Sahelian cultures, continuity is one of life's values, ordained by the gods and sanctioned by the ancestors.

Universality

Whereas one of the great objectives of Western culture is to develop the capacity to detach oneself from reality, the people of the Sahel countryside, who have barely been touched by Western schools of thought, still perceive the world experientially, in all its unity and coherence. There is little place in this world view for the fragmentary approach that gave birth to the modern disciplines, considered as distinct and separate fields of reality.

And development has essentially been considered from a typically Western sensorial viewpoint. From this perspective, development

is a task for specialists, each putting forward technical solutions to already-fragmented problems. It is the job of the agronomists to use their knowhow to increase cotton or groundnut output; of the veterinarians to improve livestock health; of hydraulic engineers to improve water supplies for men and beasts. This conception of development has led to disaster, as we have seen: soil exhaustion, degradation of pastures, cattle dying beside water holes, and so on.

If we want to change things, reverse current trends towards degradation and increased food dependence, we must at all costs make a break with Western conceptions of change and rediscover the peasant's vision of the world, what one may call a universal vision in which reality is perceived not as a juxtaposition of fragments but as a totality in which biological, chemical, technological, political, cultural and socio-economic factors are inextricably linked. Once that is grasped, the way to reach the villages is not to increase the numbers of extension workers -- even better-trained extension workers. It is, on the contrary, to find the political courage to set aside the specialists, whose technical solutions are valid only in a context of compartmentalized knowledge that is far removed from the knowledge lived by the Sahel's rural population.

New values

The security/communication/information complex

With colonization at the beginning of the twentieth century a degree of peace was reintroduced into the Sahel, with a kind of security which had not existed, except in a few kingdoms, since the decline of the great Sahel empires. Whatever else one may say of colonization, the security it brought with it was an asset of prime importance: it made it possible for societies to become stabilized and populations to grow, with considerable help, all said and done, from the introduction of modern medicine.

The "pax Europeana" had a further major consequence: the very fact of the colonists' physical presence brought the Sahel peoples into contact with the rest of the world and broke a long period of relative isolation, or indeed of total withdrawal into themselves. Despite the constraints imposed by the colonial system, individuals and groups began to spread out across ever wider spaces.

And as human movements intensified and diversified, so information began to circulate.

This mobility, and the access to information it brought with it, were as decisive a factor in the region's recent evolution as the peoples' post-1946 political struggles. Indeed, they were the chief means by which the political parties emerging at the end of the second World War mobilized the rural masses.

Since independence, the question arises of how to use these channels to transmit messages that will help towards development.

Poverty

Poverty is a purely relative concept, chiefly born of social inequality. Before the colonial period, social inequality was not very marked insofar as access to the land, the main means of production, was guaranteed for all. Certainly some families had more land than others, but this type of inequality was built into the people's culture itself, an accepted part of social, economic and political life. Poverty only emerged as a concept with the access to information that colonization brought. Information brought the awareness of another possible lifestyle, brought new aspirations to ownership of new consumer goods which some could procure and others not. It was from this experience of inequality, of peoples' differing possibilities of satisfying their aspirations, that poverty was born.

A contested value: ethnic identity

Because one of their ambitions was to build a nation in the Western sense of the term, the Sahelian political powers were concerned from the very dawn of independence to banish all reference to the existence of ethnic groups and ethnic identity as a value.

And yet ethnic identity is one of the constituent elements of the rural Sahelian's personality. Before being Burkinan, Malian, Senegalese or Chadian one is first -- in the countryside at least -- Mossi, Bambara, Wolof or Sara. But why be so keen to get rid of the concept precisely when the West is revising its own opinions on the question -- as witnessed by present-day distrust of the nation State?

One possible explanation lies in the sociological weight of the thin stratum of educated people in the Sahel. These people were cut off from their culture at an early age; to acquire an education they were placed in a different cultural context where a different language was spoken; and afterwards, their work required that they settle in the city -- by definition a multi-ethnic environment. For all these reasons, this stratum of educated people have strayed away from their ethnic identity and forgotten their own history. It is therefore not surprising that this class should tend to think of any reference to ethnic identity as a sign of backwardness.

But if we wish to help establish genuinely responsible organizations in rural areas, it would not be out of place to reconsider this position in the light of certain facts. As we have seen, responsibility as a value differs in its scope from one ethnic group to another, just as each people has its own social organizational structures. It is therefore an illusion to think that in any given organization, responsibilities can be conferred on an individual without taking his ethnic identity into consideration. To do that can only lead to failure. Furthermore, we know that an organization can only function responsibly if its members have full confidence in each other. And while it is morally inadmissible to betray the confidence of another member of one's own people or kinship group, the same does not apply to individuals from other ethnic groups.

CHAPTER II: LESSONS FROM THE PAST

Policies based on mistaken implicit postulates

Development policies, and agricultural policies in particular, have been influenced in their formulation by four implicit postulates which merit consideration here, in view of the effects they may have in future. They are:

- that there is unlimited space -- which seems to have been true in the far distant past;
- that nature automatically restores the land: which was also true as long as shifting agriculture was correctly practiced;
- that rural Sahel society is retrograde by nature and must therefore be completely eliminated and replaced by a totally modern form (the authenticity of these societies is still a subject of heated debate);
- that social change and education are comparable processes, both requiring simply an injection of knowledge and/or capital: the profound difference between the two as regards the nature of change and means to change have not been analyzed.

Lessons of the past on the management of pastoral ecosystems

Drought, too rapid a growth in the livestock population, and fragmentary technology have led to overgrazing and desertification. This situation of environmental degradation can only be altered by the pastoral groups concerned. However, it is important to facilitate their task for them by defining rational principles for management of the ranges. Permanent usage rights over clearly-defined regions must be granted to clearly identified nomadic or transhumant groups.

Lessons of the past on cultivation systems

Owing to growing demographic pressure and the extension of areas under cash crops while the system of shifting cultivation and bush fallowing continued, total fallow land has diminished markedly and land is seriously overcultivated. In this way desertification advances irresistibly and yields are in continual decline.

There is at present no way of combating soil degradation and desertification except by ensuring environmental protection, refertilization of the soil and water conservation. To be fully effective these solutions must be part of a genuine strategy to change the farming system which, in the long term, will lead to change in society as a whole.

This change is necessarily a long-term process since it will involve an intellectual shift from the purely empirical stage to a consciously reflective view of the world. Nor can it happen unless the social systems and social values of the rural Sahel are taken into due consideration.

Within this process, responsibility must chiefly lie with the farmers and herders themselves. But their resources are limited and they will doubtless need outside support if their initiatives are to give the desired results.

However, this outside support must be given with discrimination, and must be restricted to supplying the kind of innovative elements that will hand back the initiative to the rural population and supporting reforms that go some way in that direction.

Outside support understood in this way requires a new kind of expertise. Dialogue with rural groups and support for their initiatives will require of the expert a knowledge of these societies and their universal world view so that he/she can assess the possibility of applying technically feasible solutions. These solutions, and the adapted versions that will emerge, must stem from a new, realistic conception of universality.

Further, schemes to refertilize impoverished soils are in urgent need of backup research. There is a similarly urgent need for research into the structures and functions of traditional Sahelian societies, since it is onto these structures that modern structures will have to be grafted.

Lessons of the past on overcultivation

Under the present agricultural policy, every harvest reduces the fertility of the soil, taking out nutritive elements which are not replaced by fertilizer or manure (hence the term "politique agricole minière" to denote the permanent removal of mineral resources from the soil).

In the past, the soil was able to recover its fertility through the practice of bush fallowing. This practice is in marked decline and in some areas has disappeared entirely, for the reasons given earlier.

The results of this system are exhaustion of the soil and a reduction in agricultural production. The Sahel countries at present have to import around 500,000 metric tons in normal rainfall years and over a million tons in drought years. If current trends continue, import requirements will be 4 million tons by about 1998.

The degradation of the foundation of the production system is worsened by inadequacies at management level. Those responsible at this level are total strangers to the rural environment, and yet they do not hesitate to hand out advice -- advice which may do more harm than good.

The present situation looks like total failure, with output in constant decline and the rural population kept isolated on the fringes.

Lessons of the past on civic responsibility

Traditionally, the Sahel peoples have had no concept of civic responsibility. They practice only the responsibility they live

in their daily lives, and which is one of the foundations of their social organization.

The colonial power introduced civic responsibility, codifying it particularly in laws governing the conduct of civil servants. But while government officials are well aware of the rights these laws confer on them, and defend them jealously, the same does not apply to their obligations. There is a certain laxism in this respect. Many rural management officials do not carry out their obligations, and their superiors in the hierarchy, who could sanction them, fail to do so. This kind of situation stifles the initiatives which might otherwise spring up from the base.

Lessons from the past on Western aid policies

Western aid policies kill off all initiatives and compromise every attempt to instill responsibility. The policy consists of supplying ever greater quantities of grains and financial resources, creating a "welfare mentality" which is not the most fertile ground for development.

This type of aid is even more suspect in view of the fact that only a minute part of it goes to its intended beneficiaries, the real disaster victims in the countryside.

Lesson from the past on universality of outlook

Universality is a way of perceiving the world which leads to a very complete, coherent vision of reality in which each element finds its place. This approach is diametrically opposed to the Western world view, which chops reality into separate slices to analyze each one separately, at the risk of losing sight of the fact that reality is one whole.

To develop, the Sahel must break with this Western approach and set out to elaborate strategies which avoid fragmentary conceptions of change as far as possible; it must seek a new coherence and a new unity, setting the conception and concrete content of its proposed changes, including the role of every participant in the process, within a logical framework.

An education and training system suited to rural communities ought, in any case, to draw its inspiration from this universal vision so characteristic of societies in the rural Sahel.

CHAPTER III: THE ALTERNATIVES

Agricultural policy

Past agricultural policies have failed from three points of view: the participation of the population, their approach to farming systems and the diffusion of new technology.

Analysis of past experience shows that the rural populations have been kept on the fringes of both political structures and development structures as set up since independence. As a result, a sense of isolation has developed among rural communities, and they end by turning in on themselves.

Analysis also shows the fragmentary nature of the approach to agricultural development. This approach, which has consisted of picking out a few outstanding elements like cotton or groundnut cultivation and trying to promote them in the farming population has proved incompatible with the farming system and the ecosystem on the one hand and with the universalism of traditional society on the other hand.

And lastly, from the technology point of view, the very fragmentary innovations put forward have generally not been put into practice very much by the rural communities since they have been of doubtful value to them.

In this chapter dealing with alternatives, the problems of technical innovations and their dissemination will not be covered. They are in fact fairly minor problems compared to those raised by:

- the search for suitable farming systems, and

- the concept of participation by the rural population.

These two points are crucial in the search for alternatives to the present dead-end situation, for it is they that will set the limits to what is possible.

What farming systems for the Sahel?

The alternative farming systems that might be launched in the Sahel deserve special attention because they will have a definite impact on systems of social, political and economic organization.

From our earlier analysis it emerges that any alternative farming system should have at least three aims:

- environmental protection,

- improvement of soil fertility,

- water conservation.

Protection of the environment presupposes a balance between the quantity of biomass exploited in a given ecosystem and the

system's capacity to regenerate; respect, so to speak, for its susceptibility to wear and tear. This factor must be studied, evaluated, and rigorously respected.

Improving the soil means increasing the amount of organic matter in the topsoil and increasing the available reserves of nutrients, nitrogen and phosphorus being the most important of these.

Traditionally it was fallowing that increased the amount of organic matter. Where this practice is not possible, other techniques which have the same effect must be used: manuring the fields, for example, with compost and livestock manure or a mixture of the two. This requires a thorough integration of livestock and crop farming, or even the subordination of stock raising to the needs of crop cultivation. In any event it means a shift from the present system of common pasture to one of more or less privatized ranges, involving a parcelling out and redistribution of land. This measure must be designed as a means of enabling a village's organized producers to regain control of their environment.

Restoring and, where necessary, improving the organic component in the soil will thus mean a complete transformation of the present farming system, plus an additional investment of labor in gathering manure and preparing compost.

As to restoring nitrogen and phosphate levels, nitrogen can be replaced by intercropping or through legume rotations (1), while phosphates can only be applied in the form of fertilizer; there is no kind of rainwater or plant capable of producing phosphorus.

For water conservation, there is a wide range of possible methods. First of all there are multi-purpose dams, large or small; then there are smaller-scale operations which nonetheless have a high potential for increasing production: for example ridges that follow the contours of a slope, and bunds to hold back runoff water and allow it to filter down into the subsoil. Other methods are half-moon cultivation as practiced in Niger and pit cultivation as in Yatenga. All work of this kind must be complemented by reforestation along the bunds, in the half-moons and near areas liable to flooding in the rainy season. There are three aims here: improving infiltration, improving the land by planting trees which fix nitrogen and so fertilize the soil (acacia albida, for example), and wood production.

To sum up, it can be said that agriculture is possible in the Sahel from 300mm rainfall upwards, provided the farming system used is suited to the particular characteristics of the Sahel's ecosystem and the process of environmental degradation is halted. It is not an irreversible process. For example, the current trend towards destruction of soils under bush fallowing systems can be reversed. It is technically possible if farmers shift to new systems and concentrate on restoring the topsoil, a task which will take some investment in labor, certainly, but little in capital.The integration of livestock and crop farming or the subordination of stockrearing to cropping and a reorganization of the village lands including responsibilities shared out on a

1. and/or by adding fertilizer.

different basis would also be essential components in an alternative farming system.

The question raised is whether Sahel societies are capable of organizing the shift from current systems to the alternatives described above. And secondly one must ask what conditions will enable them to do so.

Farmers' participation

The alternative farming system proposed is based on giving the producer full responsibility for the farm and its members.

Two major difficulties will arise here:

- at the technical level, the new system includes elements beyond the farmer's grasp;

- the farmer's world is an integrated universe which does not leave all options open to him.

While the first difficulty is easy to overcome, the second can only be so if society changes and adopts a different rationality.

Is the Sahel ready for this new start?

There is certainly no lack of signs of change in the rural Sahel. The most significant indicator is no doubt the trend towards breakup of large production units and an increasing number of smaller ones run by the head of a family which is itself quite small.

But in other respects the structures and values of the rural Sahel show a remarkable stability.

Solidarity continues to function in relation to kin and, to a lesser extent, to members of the ethnic group -- and to function reciprocally. Ethnic identity, while it is contested by urban élites, remains a value of prime importance to country dwellers.

Even poverty, although recent as a concept, is still seen through the filter of the traditional world view and is experienced without resentment.

In this context, one cannot wipe the slate clean and start anew. The task is one of restructuring rural society rather than completely overturning it. This means the innovations proposed to the people must fit in with elements of their current universalist outlook, enabling cooperative discussion to take place so that they can grasp precisely the architecture of the society to be built and measure precisely its implications for them and the adjustments they could usefully introduce into their current structures.

Among the necessary adjustments, the first to be envisaged is doubtless a revitalizing of village institutions. What structures need to be set up to increase their planning, management and logistic support capabilities? Or secondly, who can -- and who must -- provide the support that will be needed to foster these

adjustments? Without anticipating the answers to this crucial question, one can make a few observations:

Firstly, there will have to be some thorough-going changes in the approach taken hitherto by the government departments responsible for management of the rural Sahel. As we saw in the chapter on lessons from the past, that concept of development as the implementation, one after another, of fragmentary instructions issued from outside leads nowhere. It therefore looks as if what the rural Sahel needs for its development is not managers and State officials bent on planning the world on their behalf, but experts with two new types of skills: what one might call planning innovation and implementation innovation. The planning innovator would carry out surveys, studies, and if necessary very pragmatic research, aimed at determining how changes can be introduced into the farming systems and how rural society can be revived. The implementation innovator, operating in the field, would hold a dialogue with the rural population, open up perspectives, propose practical solutions, act as an intermediary in the management and financing of the activities decided on, and act as intermediary for technical backup.

This kind of innovation expert does not yet exist as such in the Sahel countries, but one can say from the outset that his/her training would have to include a fair amount of knowledge of anthropology, ecology and agriculture.

Secondly, scientific backup would be needed. It could be provided by a university doing research into systems of rural production; of existing subjects, Farming Systems Research doubtless comes nearest to the approach proposed above.

An F.S.R.-type center could be designed as a training center for our innovation experts and also as a monitoring and assessment center.

Thirdly, political support will also be essential if the hoped-for changes are to take place in the Sahel's rural production systems.

Managing pastoral ecosystems

Colonization put an end to the Touaregs' formerly exclusive right of management over the territories they occupied. This process of expropriation continued after independence, as did the fragmentary development policy involving stock watering schemes. This policy has led to overstocking of the range lands.

The only way to redress this situation is by rational management of the ranges and water supply infrastructure by those concerned, the Touareg and the Foulbé. The Touareg have a traditional knowledge of such management: all they lack is the power to practice it on their own territory, and it is this that must be restored to them. The Foulbé on the other hand have never established any rigid range management structure, and it is a skill they will need to learn. They need management structures, and these could be proposed if necessary by governments, but they can only be set up and run by the Foulbé themselves, after some training.

In the short term, government intervention could consist of drawing the boundaries of the ranges and introducing a system to monitor stock numbers in relation to the land's stocking capacity.

Among the Peul, the management unit must be based on the small group of blood relations -- male or female -- who already manage their herd together.

Governments must grant permanent grazing rights over certain clearly-defined territories. This shift from open bush grazing to planned range management will have to be complemented by an educational process under the leadership of the innovation experts.

Agricultural policy and population growth

Sahelian decision-makers are somewhat reticent in admitting that the bush fallowing system has led, and is still leading, to rapid exhaustion of the soil. But as practiced today, both subsistence crops and cash crops invariably contribute to the degradation of the land.

The bankruptcy of these systems is evident, for if these trends continue the cereal deficit will continue to grow, reaching 4,000,000 metric tons by about 1998, by which time the population will be in the region of 54,000,000.

Two projects must be undertaken, then: to increase production and stabilize population growth.

From a political point of view, rural communities in the Sahel have no influence whatever on the decision-making process; this is still in the hands of urban élite groups who have no interest in sharing power with farmers and herdsmen in the countryside, still less in handing power over to them.

And yet there is an urgent need for these rural communities (80%) to obtain a greater share of power.

CHAPTER IV: RECOMMENDATIONS TO THE SAHEL AUTHORITIES

1. That development policy be centered on their sole means of production: cultivation and grazing;

2. That infrastructure be designed in terms of rural development; that efforts be concentrated, if need be, on the processing of crop and animal products;

3. That infrastructure be placed at the service of rural development;

4. That services be made available to rural communities if need be;

5. That the policy of encouraging cash cropping be abolished and that, on the contrary, a policy aimed at grain self-sufficiency and stabilization of stock-rearing be established;

6. That an end be put to agricultural policies that ignore resource renewal (politiques agricoles minières), and that the keystones of agricultural policy become: conservation or improvement of soil fertility, environmental protection and water conservation;

7. That this requires a transformation of the farming system from degraded shifting cultivation or bush fallowing to a system of permanent production with optimum output;

8. That this transformation (1) implies many changes in the sub-systems, including:

- integration of cultivation and grazing so that grazing is subordinated to cultivation, fostering the production firstly of manure and secondly of meat;

- maximum water conservation using the many methods and techniques available for water management and advanced cropping;

- reinforcement of social and production structures starting from the present producers' private enterprises; these enterprises should be organized and strengthened through existing rural organizational structures under the direct responsibility of the producers, in order to:

  . finance farm development work, e.g., through savings banks or credit banks;

  . establish internal cooperation for the development of village land;

  . redistribute village land other capital resources such as water, grazing land, wild bush;

1. For further details see "Desertification and Food Self-sufficiency", September 1985, Royal Tropical Institute, Amsterdam.

- and correctly establish each individual farmer's responsibilities, to be defined in a guide to responsible management.

9. That, consequently, the old conception of open bush grazing be replaced by that of planned range management;

10. That, consequently, a break be made with the old conceptions of shifting agriculture and bush fallowing, in which the land is supposed to re-generate itself automatically under nature's influence. That these concepts be replaced by the principle that the soil must be fed as much organic matter and nutrients as have been removed in production;

11. That, consequently, a break be made with all old conceptions of rural communities according to which they were easy to lead. Communities acting under the leadership of village chiefs or officials never existed, or never functioned other than by coercion, and even then without the least result;

12. That the process of transforming the system of production be backed up by a limited support system (1) headed by two new kinds of expert, the planning innovator and the implementation innovator;

13. That their aid to rural communities, though crucial, should be restricted to:

- helping them make the shift from non-reflective (subconscious) modes of thought to a reflective (conscious) one;

- communicating the subjects of initiative, the actual initiatives being left to the people themselves. Subjects would concern methods, techniques, organizational structures;

- communicating information on existing material and financial means that may be made available by outside sources (including donor bodies);

- providing all the logistic and organizational assistance needed;

14. That the numbers of old style development managers be reduced and their tasks limited to technical assistance at the population's request and the population's expense;

15. That the technical support services be organized in the form of small private training enterprises covering all fields of training, e.g., hydrology, agriculture, literacy, accounting, organizing input deliveries etc.;

16. That overgrazing be corrected through planned range development, under the management of those concerned;

- in that this implies at least a convention on permanent grazing rights;

- that this implies a process of training in range management;

1. i.e., support either by governments or by NGOs.

17. That civic responsibility as regards duties should be specified by rules and regulations to be rigorously adhered to;

18. That the rural population should defend their own political interests through direct representation based on their own organizations;

19. That a policy be implemented to slow down population growth, especially among sedentary farmers.

RECOMMENDATIONS TO OECD MEMBER COUNTRIES

1. That problems be dealt with at the level they deserve; that the West take on its responsibilities, that it understand that to solve the problems of the Sahel the most expert innovators will be needed, with a coherent and long-term vision.

2. That the West abandon its short-term policy of projects and donations in favor of a policy based on contractual relationships;

That finance be granted to development programs (as opposed to projects) directly aimed at rural development;

3. That they demand a conception of development that is fully shared by rural communities and tackles the root of the problems of soil fertility, water conservation and environmental protection;

4. That development structures be based on the small farm, and at the next level on structures derived from the freely consented civic responsibility of the producers and their own cultural forms of responsibility;

5. That all types of fragmentation (by sector, discipline, or project) are of use only in research, and are intolerable and damaging to the implementation of schemes seeking the participation of the rural population;

6.That research program designs take society's grassroots as its starting point, and that priority be given to research into farming systems and social structures and values;

7. That they no longer hesitate to declare the focus of Western peoples' sympathy and solidarity. Solidarity with the common run of poor Sahelian farmers and herdsmen nas long been deeply felt. The bureaucrats of the Sahel have interposed themselves between the goodwill of the Western nations and the Sahel masses, and in this way have blocked the way to development;

There is an urgent need for political leaders of the OECD countries to adopt this "reasonable" policy and unite with those Sahelian political leaders whose aim is to change agricultural policy;

8. That the West end its policy of charity and generosity, since it kills all initiative, firstly at the level of the Sahel's leaders and secondly among famine victims.

All aid (food aid or other) must be reflected immediately in self-help.

"Structural" aid is a modern form of alms, and crushes the human dignity of the Sahel.

9. That responsibility as lived in Sahelian cultures -- finding its structure in the small grazing or farming enterprise -- be recognized as the fertile germ of initiative, and hence of rural development.

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IV-5 PRIVATE-SECTOR TRADE IN CEREALS IN MALI : SOCIO-PROFESSIONAL ASPECTS

Gérard GAGNON
CIDA

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1. THE ROLE OF THE PRIVATE SECTOR IN CEREALS TRADE

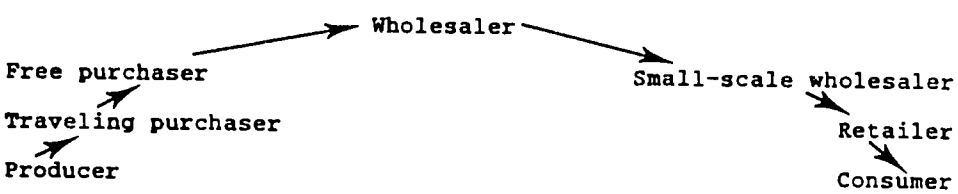
Even if the State wished to, it could never effectively replace the private sector in cereals marketing at equivalent cost because, despite its many shortcomings, only the private sector is able to adapt to the fragmentary nature of supply that is typical of countries such as Mali. The State sector cannot be present on all markets throughout the year without incurring costs that are incompatible with the resources of a Sahel country. This is so true that it was never practically possible to implement the theoretical monopoly enjoyed by the State sector until 1981.

The private trader does not merely purchase cereals from the producer, he supplies him with basic goods and often provides credit facilities that the producer cannot obtain elsewhere. Undoubtedly, the trader sometimes takes advantage of the situation, although the ideas that are prevalent about this subject in Mali are not founded on any known formal investigation. Unhealthy relationships might exist between traders and producers, but they do not appear to be generalized. Until a more suitable rural credit system is introduced, and until the distribution network for basic products is restructured, cereals traders will continue to play the same multiple and necessary role. Close observation of markets suggests that in general the relationship between producers and traders is mutually beneficial and that the producer is not in as inferior position as is often thought. What is certain, however, is that there are no grounds to believe that the relationship between the producer and the State was any more beneficial than the relationship he has with the private sector.

No exhaustive studies have been carried out in Mali to determine with sufficient precision the proportions of total cereals trade that are handled by the private and State sectors. An assessment (1) has been made, estimating that 75% of total cereals trade was handled by the private sector in 1983/84, i.e., 365,000 tons out of a total of 485,000 tons (2).

A considerably more searching regional survey (3) has been carried out, estimating the private-sector proportion of cereals trade in the Dioila circle (South-West of Bamako) at 95% during the 85/86 season.

Simplified diagram of private-sector marketing of local cereals in Mali



(1) Support for the PRMC, CIDA:"Private-Sector Marketing of Cereals in Mali", July 1985
(2) Food aid sold by the OPAM is included in the total figure
(3) Support for the PRMC, CIDA: "Cereals Markets in the Dioila Circle", June 1986

2 THE DIFFERENT CATEGORIES OF CEREALS TRADER

2.1 The marketing chain

From the producer to the consumer, the marketing chain can be represented in simplified form by a pyramid, with the wholesaler at the top.

In this simplified representation, the wholesale clearly appears to have a central role. On the one hand, the wholesaler is situated at the end of the process of gathering cereals from fragmented supply sources, and on the other hand he is situated at the start of a process that breaks down total supply into the quantities needed by consumers (fragmented demand).

The diagram refers only to marketing of local cereals. Imported cereals should be dealt with under another diagram. In Mali, rice and wheat are practically the only cereals to be imported. Wheat is purchased by a single importer, who converts it into flour in the country's only flourmill. Flour is then distributed by bakeries.

Rice is imported by no more than about ten dealers. The diagram here is more simple:

importers
↓
wholesalers
↓
Small-scale wholesalers
↓
retailers
↓
consumers

Table 1: Structure of cereals supply: Dioila Circle, 85/86 season

Supply breakdown	Quantity (tons)	Percentage
Sale on markets	8,100	10
Sale outside markets	730	1
Sales to the State sector	1,500	2
Barter	730	1
Donations	11,100	14
Volume traded	22,100	28
Producer consumption	56,492	72
Total production	78,652	100

2.2 The Wholesaler

The wholesaler can be defined as a trader who purchases large quantities of cereals using his own funds or using bank credits or other credit facilities with the intention of reselling the products in the best conditions possible. This type of trader is found in certain of the circle's main towns or large urban centers. Their commercial activities do not only cover cereals, and they also deal in shea nuts, gum arabic and other products

such as textiles and cement. Certain wholesalers sell imported rice that they purchase direct from importers. In general, wholesalers do not possess means of transport but they do have a warehouse (or even several warehouses) to store their merchandise.

Wholesalers use intermediaries, whose role it is to bring together or collect large enough volumes of cereals to constitute wholesale transactions.

The contracts that link wholesalers to their intermediaries vary considerably from one region to the next, and depending on the importance of the wholesaler and the personal relationships that exists between them. In most cases, the wholesaler advances the money to the intermediary to purchase the cereals on the markets. This situation creates a bond of dependence between the intermediary and "his" wholesaler, even if the intermediary sometimes drops the wholesaler when he finds another that is offering better conditions.

The wholesaler sometimes purchases direct from the producer or from a "free" intermediary if these persons approach him. Finally, certain transactions are concluded between wholesalers: for example, a wholesaler from Mopti will purchase 30 tons of cereals from another wholesaler in Bamako if the price differential between the two markets justifies profitable negotiations.

The role of the wholesaler is crucial in local cereals trade. Without him, primary supply and final demand could only meet at exorbitant cost for both producers and consumers.

The wholesaler triggers off the entire private-sector marketing system. This situation is the result of two facts:

- The wholesaler makes the purchasing decision. Parties involved before the wholesaler do not purchase unless they are certain of selling the merchandise to the wholesaler. As soon as the wholesaler ceases to buy, the system stops. He is the only party whose financial situation allows him to take a risk, and thus to decide when, how much and at what price to buy.

- The wholesaler injects operating funds into the system, and dispenses credit to parties involved before him when bank credit is not available.

If the wholesalers did not advance funds to the stationary purchaser, who in turn advances funds to the traveling purchaser, cereals flows would be partially blocked, and in any case more costly, and barter (4) would be even more widespread.

(4) According to an investigation carried out among 360 producers in the Dioila Circle in March 1986, the quantity of cereals traded under barter agreements represents 9% of the total of cereals traded in the Circle (Support for the PRMC, CIDA, June 1986)

2.3 The stationary purchaser

The stationary purchaser is found on markets where cereals are brought together (secondary collection markets), which usually (but not always) correspond to chief towns in the circle or district. Although they are known as stationary purchasers, certain of these persons regularly travel to two or three markets a week, but all the markets they visit are secondary collection markets. The stationary purchaser can be defined as a professional buyer who possesses a weighing machine and, usually, business premises where he can store his merchandise (and where he often also lives). Out of 95 cereals markets surveyed in the Dioila Circle, 22 were frequented by at least one stationary purchaser, i.e., 23% (Support to the PRMC, July 1986). Fana, one of the largest markets in Mali, recorded an average of 19 stationary purchasers present each market day.

The role of stationary purchasers is to bring together sufficient volumes for the wholesaler. They buy cereals from traveling purchasers, collectors or intermediaries of all types. They also sometimes purchase direct from certain producers when approached by these producers. The image that the stationary purchaser conjures up is one of a man who sits behind his scales throughout market day, with a young literate assistant recording the weight of the quantities of cereals bought and the amounts of money exchanged. When the market opens, the stationary purchaser already has an idea of the price he is prepared to pay for each product. His room for maneuver is limited by the fact that his finance generally comes from a wholesaler to whom he is connected, and with whom he has already negotiated the transfer price.

In certain cases, the wholesaler does not have sufficient information and fixes the prices too low compared with those prevailing on the market. If the wholesaler is not present, the price cannot be adjusted, and the quantities that are purchased are lower. Sometimes, the stationary purchaser, who is on the spot, will buy and sell to dealers offering the best conditions. In most cases, the stationary purchaser is paid on commission. Commission varies according to several factors (region, market prices, arrangements with wholesalers, etc.), but between 5 and 10 CFA francs/kilo is representative.

2.4 The travelling purchaser

The travelling purchaser is a collector that possesses a portable balance. He buys from producers in quantities of 5, 15 or 20 kg and sells to a stationary purchaser against a commission that rarely exceeds 5 CFA francs/kilo.

A wholesaler can buy some thirty tons of cereals in a single market day, while the travelling purchaser rarely buys more than one ton. He covers several markets -- up to seven a week, and is constantly traveling from one market to another, sometimes approaching producers on their way to the market, and occasionally approaching producers on their own land. However, the majority of his business is handled on the markets, where he purchases cereals, gum arabic and shea nuts, and often sells

basic products on smaller markets that he has bought on larger markets.

All forms of trade are possible through the finance the wholesaler advances to the stationary purchaser, and which are passed on to the travelling purchaser. The travelling purchaser will use that finance to purchase manufactured goods (or rice), which he will sell on smaller markets at a profit. He will then purchase cereals he will deliver to the stationary purchaser. The financial advances are thus used twice and constitute the only credit facilities to which travelling purchasers have access, and the only means by which money is available for trade.

According to the investigation mentioned above (Support to the PRMC, July 1986), in the Dioila Circle there was an average of 4 travelling purchasers for a single stationary purchaser.

2.5 Other purchasers

Other types of purchasers buy cereals on the markets, but the quantities they handle are considerably smaller than those handled by wholesalers, stationary purchasers or travelling purchasers.

"Restaurateurs" buy small quantities of cereals from farmers, generally for preparing traditional dishes that they sell to visitors to the market.

Certain transport contractors take advantage of travelling between the town and the market to trade in cereals: their profit margin is the price differential that exists between the town and the rural markets.

A number of brokers, intermediaries and collectors exist. Most of these persons are linked to trave ing purchasers (see above).

These other types of purchasers nevertheless play a relatively insignificant role in cereals marketing in Mali.

2.6 Beyond the wholesaler stage

2.6.1 The small-scale wholesaler

Wholesalers include small-scale wholesalers as well as large-scale operators. According to the definition that we have chosen, the small-scale wholesaler acts chiefly after the wholesaler stage, and on urban markets. He is a cereals distributor. He purchases imported rice and traditional cereals from urban wholesalers, which he then sells to small retailers or direct to individual customers. Unlike the small retailer, the small-scale wholesaler sells from his shop, in which he stores several tons of cereals.

The small-scale wholesaler also buys from producers or through professional buyers who are present at rural markets, but not as systematically as the large-scale wholesaler.

Finally, an essential characteristic of the small-scale wholesaler is that he is first and foremost a specialist in cereals sales. In this respect he is closer to the consumers, since he operates on urban markets, than he is to producers. His activities are centered around a sales strategy, while the activities of traveling purchasers and stationary purchasers are centered around a purchasing strategy. In a word, the small-scale wholesaler seeks to sell at the highest price, while the traveling purchasers and stationary purchasers seek to purchase at the lowest price.

2.6.2 Retailers

Retailers are almost all small-scale operators, and work chiefly on urban markets (5).

The retailer purchases quantities of 50 to 100 kg from a small-scale wholesaler or direct from producers. He owes his livelihood to the low purchasing power of consumers, who buy cereals in small quantities on a day-by-day basis. The retailer probably makes larger profit margins than any other operator in the marketing system. At Nioro du Sahel in 1984, retailers were making profits of 100% on Canadian food aid sales, while other operators were not making more than 10 to 15% (6).

This type of operator thus proliferates during cereals deficits, since prices are higher and real purchasing power is thus eroded.

2.7 Cereals importers

There is a total of about 10 cereals importers in Mali, and 3 of these account for 80% of total imports. They are multi-product traders with considerable financial resources and access to bank credit, and are thus in a position to handle transactions of at least 5,000 tons at a time.

The largest importers are not interested in local cereals trade, since demand is too fragmentary and they do not have an organizational structure that is suitable for gathering that kind of supply. Further, the profitability of trade in local cereals has so far been lower than trade in imported rice (see next chapter).

However, last season (85/86), certain importers went into wholesale activities to meet demand from donors that had converted their initial food aid commitments into local purchasing or triangular transactions. These transactions were so large (in certain cases involving several thousand tons), that they aroused the interest of cereals importers, whose financial

(5) A BECIS investigation carried out in Southern Mali in 1980 estimated that such retailers represented 6% of total trade on millet/sorghum on rural markets.
(6) The food aid was in the form of beans, and the area was suffering from a particularly severe shortage in 1984. The high profit margins can further be explained by the fact that consumers in that area are reputed to have relatively high purchasing power.

capacity was such that they had an advantage over local-cereals wholesalers, and managed to win these profitable contracts.

Nevertheless, as long as supply of cereals on rural markets remains as fragmentary as it is at present, it is unlikely that importers will become involved in wholesaling activities on a regular basis.

3 CEREALS WHOLESALERS

3.1 A case study

In 1985, contact was established with wholesalers in Bamako, Nioro du Sahel and Mopti, and with traders in Bankass (5th Region). Certain persons supplied us with information on their financial operations, which were subsequently analyzed.

On the basis of the information gathered, a model was drawn up with a view to examining the commercial activities of a typical local-cereals wholesaler. The model was studied during meetings with traders, and has been modified into the model we are presenting here (7).

The following results were obtained through analysis of available information:

- an operating account;
- a balance sheet;
- a statement of sales by product type and by month;
- an inventory of stocks by product type and by month;
- a statement of financial costs by product and by month.

In the present report, we examine only the operating account.

3.2 Operating account

Local cereals are one of the five products handled by the wholesaler. Cereals trade represents only 15% of his total turnover. For example, he markets 600 tons of imported rice and only 350 tons of local cereals (8). One possible explanation for this situation is that private-sector trade in cereals was illegal until 1981-82, and traders were thus forced to diversify their activities and handle other products. Further, the supply of local cereals on rural markets is not only fragmentary and spread over a long timeframe, but it is also limited and unreliable. It is not uncommon for wholesalers to be unable to reach their purchasing targets in certain years due to

(7) This case study was presented-presented for the first time in the report entitled "Private-sector marketing of cereals in Mali", July 1985, as mentioned above
(8) The operating account is based on figures referring to the 84/85 season

insufficient supply. Wholesalers from Nioro du Sahel (1st Region), for example have lost interest in local cereals over recent years because of shortfalls in supply in the subregion. They thus concentrate on marketing imported rice, which they procure from the importers in Bamako.

3.2.1 The five products marketed are, in order of importance: imported rice (600 tons; 102 CFA francs), shea-nuts (500 tons; 56 million CFA francs), cement (900 tons; 54 million CFA francs), local millet, maize and sorghum (350 tons, 40 million CFA francs), and, finally, gum arabic (50 tons; 12 million CFA francs).

3.2.2 In our model, consolidated turnover is 264 million CFA francs.

3.2.3 By far the most profitable product is gum arabic, with net profits of 27%, followed by shea-nuts, with net profits of 12%, cement with 8%, imported rice with 7% and finally local millet and sorghum with 6%. These figures help us understand that traders who can afford it prefer to import rice rather than market local cereals. Not only is the absolute net profit margin higher on imported rice than on local cereals, but imported rice activities also involve fewer transactions and span a shorter timeframe (9).

3.2.4 Consolidate net profit after tax is 8%. In fact, net profits are probably lower, for even if traders manage to conceal part of their earnings to reduce their tax bills, insufficient stock management boosts financial costs and increases losses, thereby sometimes considerably reducing profits. Moreover, this model of an operating account does not take into account any personal outgoings for the trader aside from his salary.

3.2.5 In our model, consolidated selling price of local millet and sorghum is broken down as follows:

- purchase price	73
- transport and handling	5
- losses and dessication	5
- administrative costs	5
- financial costs	3
- taxes	3
- net profit	6
SELLING PRICE	100

3.2.6 Financial costs are calculated at 3% for local millet and sorghum and 2% for overall commercial activities. Financial costs cover financing for inventories, and are based on information obtained from traders.

3.2.7 For millet and sorghum, losses (dessication, damage) do not account for more than 5% according to information received. For shea-nuts, dessication pushes this figure up to 30%.

(9) The recent reintroduction of duties and taxes on imported rice (32%) could modify this situation, on condition that they are enforced.

3.3.8 Administrative costs have been calculated as 5% of turnover and include the salaries of the wholesaler, rent, staff wages, travel costs, gratuities, etc.

3.3.9 Transport, handling and transit accounts for 5% of the selling price for millet and sorghum, 21% for imported rice, and 30% for cement.

3.2.10 Tax of 30% has been deducted from profits. However, net profit after tax is still subject to personal income tax. It is probable that only a minority of wholesalers pay this tax, and that the majority conceal a large proportion of their revenues through deliberately misleading accounts.

4 MYTHS

4.1 Excessive profits

If there is one widespread cliché current in the Third World, it is that of traders making excessive profits at the expense of the farmers - a notion equally widespread in Mali. Excess profits are made by some, but they are not the general rule, not because the traders are especially reasonable men but because the market prevents it (10).

In Mali, the cereals market is made up of a multitude of suppliers and buyers. No cereals wholesaler carries enough weight to influence prices, since the quantities handled by any one trader individually are insignificant in comparison to the overall supply. This is true for the wholesaler, and it is all the more so for the smaller dealers with their more fragile financial standing.

(10) In Mali, only rice importers have been able for a few years to escape this law, since (a) they form an oligopoly, and (b) there is a structural deficit in local rice production

Table 3: Price structure of millet and sorghum at wholesale level; last ten days January 1985 compared to last ten days January 1986, Mali.

(CFA francs)

N°	Items	January 85	January 86
1	Ex-farm purchase price (11)	80	60
2	Commission to traveling buyer	5	5
3	Commission to stationary buyer	5	0
4	Price paid by wholesaler	90	65
5	Handling at market	2	2
6	Transport Markacoungo to Bamako	3	3
7	Handling at Bamako	1	1
8	Losses	2	2
9	Bags	3	3
10	General expenses	5	5
11	Financial costs	2	2
	TOTAL	108	83
12	Sale price in Bamako	113	90
13	Net pre-tax profit	5	7
		i.e. (4%)(12)	i.e. (8%)

Source: CIDA, Support for the PRMC

An analysis of the price structure tends to confirm this notion (Table 3). This table compares the wholesaler's net pre-tax profits in January 1985 with those in January 86 (normal year with low prices). The purchase prices given are the real ones, while marketing costs have been estimated from observation (see operating account in 3.2) and information supplied by traders, carriers and the OPAM.

A wholesaler may be able to improve his margin if he keeps stocks for several weeks in the hope that prices will rise. This was the case in 1985. But he also runs the risk of a reduced margin, since prices may fall as they did, for example, in April 1986.

Table 4 estimates the price structure for rice produced by the Office du Niger and marketed through the private sector.

(11) In gathering this data, purchases were made in the market at Markacoungo, 85 km from Bamako, and sales at Bamako.
(12) Profits were probably higher than during the 85/86 season, as there is generally a 3-4 week lag between the wholesaler's purchasing and resale of cereals. He probably obtained a higher selling price.

Table 4: Estimation of price structure for rice produced by the Office du Niger, when marketed by the private sector. Mali, Jan. 1986.

1	Ex-farm purchase price		70(13)
2	Collection, handling, transport to factory		5
3	Sacking and string		3
4	Paddy value at milling plant		78
5	Equivalent value white rice(62%)		126
6	Milling costs (Office du Niger factory)		15
7	C.i.f. value of rice at Niono factory		141
8	Transport Niono to Bamako		10
9	General expenses		5
10	Financial costs		2
	TOTAL		158
11	Selling price at Bamako	175	
12	Net pre-tax profit	17 (11%)	

Source: Support for the PRMC, CIDA

It will be seen in these instances that profits are no more than 11% for rice and 8% for millet and sorghum. The margins are consistent with the figures given in the model wholesaler's operating account (see 3.2).

The protagonist who benefits from high prices in the markets in times of scarcity is not the trader but the producer, as can be seen from Table 3.

4.2 Speculation

According to another widespread myth, the trader is supposed to buy at low prices at harvest time and resell at a high price during the hungry gap. Many traders dream of doing so, but very few succeed, simply because they do not have the working capital to tie up funds in stock for 10 months at a time. The only operator who might be able to consider doing so is the larger wholesaler; and as we have seen, for him cereals are merely one commercial item among others. Because he cannot easily obtain long-term bank loans, even the big wholesaler must turn over his capital fairly fast. When the cereal marketing season is over, he must have funds available to buy imported rice or cement then shea-nuts (July to November) or gum arabic.

What is more, if the cereals traders bought up everything during the harvest to stockpile and then sell during the hungry gap, prices would be high from November to March and then drop between June and October. One may even think it a pity that the myth is not true, since if there were more traders with the means to stock until the hungry gap, there would be a more stable price curve over the year as a whole.

(13) The Niger Office very effectively maintains prices at 70 CFA francs per kg. Traders cannot buy paddy at a lower price.

4.3 Usury

More than excessive profits and speculation, the usury myth does correspond to a certain reality. No in-depth study has been made on the subject that would enable us to get an exact grasp of this phenomenon in Mali.

Nonetheless, while there is usury, it is unlikely to be a widespread phenomenon. It is impossible to calculate what proportion of the 250,000 tons of local cereals put on the market (14) is mortgaged beforehand. Supposing for a moment that the entire amount were mortgaged, this would mean that the traders were putting 10,500 million CFA francs at the growers' disposal.

One does not need to spend much time with Malian cereal traders to realize this is a ridiculous hypothesis. Even a quarter of this figure seems unlikely, if only because cereal production has been such an uncertain business over recent years. Imagine a trader who had advanced large sums of money in 1983 to a grower in the Mopti rice operation, which suffered a disaster in 82-35. or to a grower in Kolokani; he would have found insolvent debtors on his hands.

If usury seems not to be as widespread as is often said, it does exist. And it will exist as long as the normal need for seasonal loans (or consumer loans) cannot be met by savings or banking institutions adapted to a rural environment.

Just as they sometimes supply the producers with basic goods, the traders also provide loans to producers' associations which would otherwise be unable to obtain credit. However, as long as the producer's customer is also providing him with loans, this will create an unhealthily dependent relationship which is harmful to the farmer and distorts the laws of competition.

5 REALITIES

5.1 An unfavorable cultural environment

In a country where power is essentially political and bureaucratic power, and where the State remains the only structured form of power, any strengthening of the private sector causes some anxiety. Mali is no exception to this rule. While deregulation has given the private cereals trade some legitimacy, traders are still "in competition" with the OPAM and prevent it, in years of shortage from obtaining supplies in the markets (at the official price).

During the 84/85 marketing season, farmers were sometimes persuaded not to deal with the traders, even though they were offering higher prices.

The existing relationship between the bureaucracy and the private cereal traders is one of conflict, with the traders seen as speculators and exploiters of the small farmers. The trader is

(14) Estimated figure

seen as an economic agent who has to be tolerated, while he in turn views the civil servant with a good deal of suspicion.

This mutual mistrust prevents any collaboration or mutual support being initiated.

The traders must accept their share of responsibility for this situation, for many of them refuse to accept the very existence of the State and the necessity of the part it plays in regulating the cereal market.

5.2 The difficulty of obtaining credit

This is the result of a vicious circle involving the lack of any bookkeeping on the part of most traders, the very conservative attitude of the banks operating in Mali, and the meagerness of the assets the traders might be able to offer the banks as security. Such limited access to bank loans makes it difficult to obtain the seasonal credit which would make it possible to stock a part of the purchased grain for longer periods. The trader is generally obliged to take most of what he has just bought in the country markets and sell it in the urban markets, to encash their assets and be able to buy more grain.

The difficulty of obtaining long-term credit is a disincentive to traders to acquire storage facilities.

This is clear from traders' balance sheets, in which one can see that their working equipment accounts for little compared to other assets. Thus the trader cannot borrow because he cannot fall back on any working equipment (infrastructures or capital assets) to use as security, and he has difficulty in acquiring such equipment because he has no access to long-term credit.

Even so, one can understand the reticence of a banking institution to lend to a candidate with no credible bookkeeping. For the trader the question may be whether it is not preferable to keep rigorous accounts and pay more tax in order to have easier access to credit and to have the management aid indispensable to any trader wanting to make progress.

5.3 Fragmentary, limited cereals supply

One brake on the growth of the private sector lies in the fragmentation and modest volume of cereals supplies available on the market. There are large numbers of small producers marketing small quantities over several months. The arrival on the market of such small quantities, so scattered in space and staggered over time, increases the cost of collection and dissuades a number of major wholesalers who do not have a suitable form of organization for this activity. The only ones who can carry out this trade are those who have good contacts in areas of surplus production and are prepared to make an effort which some consider disproportionate to the results.

There is a need to bring together, to aggregate these small scattered quantities of grain in order to reduce marketing costs.

The aim must be to reduce the number of transactions and have them deal with larger quantities.

5.4 Competing with a subsidized State sector

When a trader buys a kg of paddy in Niono at 70 CFA francs, i.e. the official price paid by the State sector, he cannot hope to sell the rice equivalent at more than 175 CFA francs the kg in Bamako, since this is the market price of imported rice. As the trader is likely to be a wholesaler, he will pass on his rice to a retailer at - say - 165 CFA francs the kg, which is the OPAM sale price. This means the trader has exactly the same gross margin as OPAM from which to make a profit, whereas the OPAM, even with a subsidy of about 10 CFA francs per kg, declares a deficit.

It is in outlying areas that the State sector's subsidized prices most disrupt the private sector. A kilogram of cereals costs more in Gao than in Bamako. And the State sector, applying its policy of a single price throughout the country, makes private traders uncompetitive since they buy in the south to sell in the north.

The result is a progressive destructuring of the private marketing networks supplying the outlying areas, to such an extent that there is a danger these areas will soon be supplied only by the State sector and food aid distributed by the NGOs.

5.5 Inadequate levels of management

A trading business, however small, need rigorous management. All the more so a business with a turnover in excess of of 100 million CFA francs per annum. This is not the turnover of the big (local) cereals traders in Bamako, whose total sales are around 600 or 700 million CFA francs, but of wholesalers in a town like Nioro du Sahel.

The lack of any rigorous management leads to sometimes very considerably excessive costs resulting from inadequate management of finances (which leads to major financial costs) and stocks. We have seen a wholesaler discover a shortfall in his stocks and not know how to explain it; and the arrival of a large delivery of cement during the local cereals marketing season, swelling the trader's stocks and making his finances even more fragile. This lack of even rudimentary management puts a brake on any reduction of marketing costs or expansion in the private trade in cereals.

It is not so much a question of the traders' lack of education, since at least in the capital the appropriate skills can be had at a reasonable price, but the fact that the traders are not aware of the importance of clear bookkeeping and rigorous management. Most cereals traders do not yet see the idea of calling in a management advisor as an investment. It is this mentality that will have to be changed even before training for the traders themselves is undertaken.

6 PROPOSALS FOR SUPPORT OF THE PRIVATE MARKETING SECTOR

6.1 The approach suggested

In its first stage a support program should be targeted on the wholesaler, not only because his is the most important role in the cereals trade but because he is the best vehicle to pass on the impact of investment in this sector. The wholesaler is the driving force in the private cereals trade. The other operators measure the scale of their own activity in terms of the wholesaler's capacity to intervene in the markets. Moreover the stability of the traders and their relatively small number makes them a more easily identified target and makes it easier to follow their development efficiently. Further, although the management level of the wholesalers is inadequate and they have difficulty in obtaining medium and long term credit, their experience and relatively large scale of operation (compared to other operators) mean that they have a better potential for growth than the other candidates. Lastly, the wholesalers are loosely organized through the chambers of commerce, which might act as an institutional base for a support program.

Aid to the private marketing sector should aim for three objectives:

a) to give cereals traders easier access to credit,

b) to improve their management capacity,

c) to help concentrate the cereals supply.

6.2 Facilitating access to credit for cereals traders

In Mali there are at least three ways of making bank loans easier to obtain for cereals traders:

A) A guarantee fund

The problem of access to credit (especially medium and long term credit) for traders is not that the banks lack liquidity (15), but in the conservative attitudes of the banks, the meagerness of the guarantees the traders can offer, and the traders' lack of accounts that could be inspected.

A guarantee fund run by a permanent secretariat capable of taking in applications and studying them in a reasonably short time could make a significant contribution to resolving the first two of these problems.

The sums allocated to the guarantee fund could be gradually increased in proportion to its success. The amount could be decided without too much difficulty on the basis of the volumes

(15) A disproportionate share of credits, however, goes to the State sector, thus reducing the sums available for the private sector.

marketed by the private traders. By way of indication, a maximum fund of 500 million CFA francs might be enough.

The Cereals Market Restructuring Program (Programme de Restructuration du Marché Céréalière or PRMC) (16) would have the financial capacity to supply the funds for this. The permanent secretariat, which would be essential for the guarantee fund to run smoothly, would be partly financed through bilateral and multilateral aid and partly by a contribution from those receiving loans.

B) **Improving interest rates**

In Mali the private marketing sector does not have the right to the seasonal credits the State sector receives. Private traders must therefore pay interest rates of 18% to market three quarters of the cereals to be found in the markets, whereas State agencies like the OPAM, the Office du Niger etc. (all of which are subsidized) have the right to rates of 11%. This situation must be corrected, as the modest profits to be had from the cereals trade make it difficult to pay such high rates.

The PRMC (which, for the 85/86 season advanced over 2,000 million CFA francs to the State marketing chain) could grasp this opportunity to bring the use of its funds into line with its talk of developing a better balance between the State and private sectors. A fund designed to improve interest rates on loans intended for private marketing would require resources in the region of 200 million CFA francs a year. This amounts to between a quarter and a third of the OPAM's annual deficit, which the PRMC has been financing since 1981.

C) **Collective warehouses**

The banks generally will not give credit on cereals stocks because these are held in makeshift warehousing unprotected from theft or decay. Moreover they have no control over the movement of such stocks.

The idea of collective warehouses can be summed up as follows: warehouses would be built and managed by a group of traders, perhaps with banks working in association. Those traders who so wish could store a certain quantity of cereals in the warehouse, and would be given a receipt, rather as if he were depositing money in a bank. An account in his name would be credited or debited as he made deposits or withdrawals of grain.

The advantage of this formula does not only lie in the probability of better storage conditions than individual traders can provide; it would also enable a trader to pledge part of his stocks in the collective warehouse against a seasonal loan from a bank. The pledged part of the stocks would be "frozen" until the

(16) In Mali, the main food aid donors work through the PRMC. The counterpart fund, built up from the proceeds of the sale of food aid, is managed jointly by the donors and the government. It serves to finance cereals market restructuring policies.

loan had been repaid. Under these conditions, cereals stocks would become a credible bank guarantee.

This formula certainly has some drawbacks, for one may wonder how the traders, who have always been highly individualistic, would react to the scheme. Nonetheless the idea deserves to be considered in greater depth and tested.

6.3 Improving traders' management level

While the State sector has had the benefit of technical assistance for many years now, the private sector must still rely entirely on its own resources. And yet the need for technical assistance is there. There is a small but growing number of traders open to the idea of introducing modern management methods. If only for this small nucleus of traders, an aid mechanism would be justified. The development of a simple accounting system with a financial and stock management plan is not only essential for proper management but is also an important precondition for obtaining bank loans.

The management assistance program should be so designed as to avoid replacing the existing small management and accountancy consultants' firms. Instead it should help create a clientèle for these firms, first of all by making traders aware that they need a minimum management system and secondly by helping them install a simple but appropriate system.

The private cereals traders' assistance program could be in the form of support for the accountancy consultants, giving them more strength and allowing them to offer services to traders at attractive prices. Besides helping to improve management standards in the cereals trade, this option would help create a certain number of jobs for the young graduates the civil service can no longer absorb.

Support for private-sector operators should allow this sector to become stronger, improve performance and reduce cereals marketing costs. The support could be linked to the introduction and adoption of a more transparent accounting system by traders. It would be difficult to justify support to a trader (guarantee fund, participation in common stores, technical assistance, etc.) if that trader refuses to take the necessary steps to raise his level of management and to gain permanent access to credit facilities. The situation must be analyzed in greater depth, however, before such steps are regarded as a necessary condition for assistance.

6.4 Bolster and concentrate the supply of cereals

In developed countries, the supply of agricultural products has begun to become more concentrated as a result of increased productivity leading to fewer, larger, farms, and with moves by producers towards cooperative organizational structures, which group supply together and allow for direct transactions between producers and wholesalers or processing industries.

In the Sahel, production will remain on the same scale as it now is for many years to come. All attempts to concentrate supply will involve bringing together quantities of produce that are marketed on a small scale.

The Dioila Circle in Mali has more than 95 cereals markets, some of which handle less than a ton of cereals per week (Support to the PRMC, CIDA, June 1986). It is most probably desirable to concentrate supply on a smaller number of markets, but it is difficult to see how that can be done. Producers come to the market on foot or in carts, and rarely travel more than 25 or 30 km from their villages.

More feasible objectives in the short term include encouraging villages to group cereals at the village level, and to favor direct transactions between village organizations and wholesalers or stationary purchasers. In Mali, a supply concentration strategy should in the first instance rely on village associations in the South of the country, which are already well structured and operational. Southern Mali not only has solid producer organizations, but also generates an overall surplus, especially in maize, which is on the point of becoming a genuine cash crop.

It is conceivable for a wholesaler to reach an agreement with a village association for the delivery of a certain quantity of cereals at a given date and at a given price. Such transactions would involve substantial quantities of cereals and could not fail to reduce transport and intermediate handling costs, even if the village association made a profit for the work it would carry out to gather the cereals together.

Once this kind of transaction is firmly established, certain operations could lead to a formal contract under which forward deliveries would be made, and whereby the village association (or the producers themselves) would levy a storage bonus.

Clearly, producers will continue to sell cereals on the markets, since in any case they are obliged to go to market to procure all sorts of other products. However, it is quite feasible that part of the cereals marketed would pass through the hands of the village associations, and then directly through the wholesalers. During the 85/86 season, village associations in Southern Mali succeeded in collecting close to 100,000 tons of cereals for the State sector. It would thus be fair to assume that if they can do it for the State sector, they can do it equally well for the private sector.

IV-6 THE MANDATES AND RESOURCES OF CEREALS BOARDS AS INSTRUMENTS IN CEREALS POLICY

Soumana TRAORE

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SUMMARY

At the time they were set up the cereals boards were mandated to carry out a variety of tasks ranging from organizing the marketing of farm produce and supporting local production to building up buffer stocks, processing farm produce and managing food aid.

All these tasks were intended as steps towards the basic goal of food self-sufficiency.

- The boards come up against a variety of structural and conjunctural problems in carrying out their missions.

. At the structural level, many of the factors that directly affect the cereals boards' activities are completely beyond the boards' control (the purchasing period, producer and consumer prices, recourse to aid, point of intervention etc.).

The States are only able to make a very limited contribution to the cereals boards' running costs, and they are almost entirely financed by outside aid.

. At the conjunctural level a cereals board has little control over its level of intervention (quantities to be bought up or put on the market) and can only with difficulty work out plans for more than a year at a time.

The boards have been given the two somewhat contradictory objectives of a balanced budget and social peace.

The result is that the objectives set for the boards' activities are over-ambitious, taking no account of the weight and importance of other elements in cereals policy -- production conditions, the state of the international market, income levels and consumer habits etc. The desire to achieve results of a social rather than economic nature, despite these obstacles and at whatever price, leads to very high intervention costs.

Current policies of restructuring the boards are guided more by a desire to "limit the damage" by reducing the boards' activities than by any new, more coherent approach better suited to the needs of cereals policy; the problem of increasing production thus remains untouched.

INTRODUCTION

The shortage of qualified local manpower, the mobilization of virtually all outside aid to the benefit of the public sector in the first decades after independence, and the inadequacy of local financial resources, have all helped to make the State the chief economic agent in most of the Sahel countries. Today the planning and implementation of large-scale development operations and projects still fall into the sphere of State intervention.

Organizational and management requirements have often imposed a certain deconcentration and decentralization, and have tended to spawn public and semi-public boards, agencies, companies etc.

It is against this background that one must see the creation of most of the Sahel's cereal boards in the 1965-1970 period, with the primary mandate of organizing the national grain markets through control of the purchasing, supply and distribution networks.

The boards' intervention was implicitly intended to help the Sahel countries reach the goal of food self-sufficiency by stimulating production and improving market organization.

Various subsequent analyses and studies, including the work of the 1979 Nouakchott Conference on Cereals Policy in the Sahel, have shown the limits of trying to act solely on the marketing phase and have set the cereals boards' mandates more specifically against the background cereals policies in general: policies whose task is to set up more coherent, more coordinated projects at the various stages from production through marketing to consumption. This means:

- at the production stage, a policy of incentive prices combined with a guarantee of purchase.

  Price manipulation must however take account of an already precarious ecological balance.

  Accompanying measures, eg. on farm credits, the search for appropriate technology and encouragement for new rural industries should contribute to the changes needed in the farming system.

- at the marketing stage the market must be opened up to all economic agents, and grassroots association and professional structures in the countryside must be encouraged so as to help producers gain greater control over marketing channels.

  Improvements to transport infrastructure and the mobilization of crop credits and finance for village stocks are all measures which will improve the market environment.

- at the consumption stage encouragement for industrial or small-scale, simple-technology processing to give products a better presentation, and measures to protect the national markets.

This introductory memorandum, written for the second conference on cereal policies -- and more specifically for the workshop on

the role of the State in organizing grain markets -- will attempt to describe the missions assigned to the cereals boards and the conditions in which they are carried out, as seen in relation to the cereals policies defined above.

It will essentially attempt to pinpoint the demands imposed by the boards' mandates and analyze what has happened since Nouakchott and how ideas on the role of the cereals boards have changed.

1 - THE CEREALS BOARDS' MANDATES

The Sahel countries in the CILSS have all set up agencies with the task of influencing their national grain markets in a meaningful way.

Under a variety of titles and with differences -- marked or less marked -- in the way their aims are defined, these organizations all have virtually the same mandate:

all have been set up with the same aim: to enable the country to achieve food self-sufficiency.

Country	Agency Title	Main objectives
BURKINA FASO	OFNACER (Office National des Céréales)	- supply of markets - market regulation - aid management
CAPE VERDE	EMPA (Empresa Publica de Abastecimento)	- marketing of all produce - foreign trade transactions - distribution of produce
CHAD	ONC (Office National des Céréales)	- price stabilization - grain distribution - buffer stocks
GAMBIA	GPMB (Gambian Produce Marketing Board)	- marketing of agricultural produce and by-products - processing of ag. produce and by-products
MALI	OPAM (Office des Produits Agricoles du Mali)	- market regulation - aid management - emergency stock building - supplying of deficit zones

MAURITANIA	CSA (Commissariat à la sécurité alimentaire)	- encouraging production - marketing of cereals - management of donations
NIGER	OPVN (Office des Produits Vivriers du Niger)	- improving production - marketing of produce - stocks
SENEGAL	CSA (Commissariat à la Sécurité Alimentaire)	- market regulation - management of donations - management of buffer stocks

Looking at the main objectives that have shaped the boards' structures, they can be seen to include two essential tasks: marketing of local produce and management of food aid.

a) **Marketing local produce**

This is a statutory duty of all the Sahel's cereals boards and is aimed primarily at reviving grain production by:

- encouraging the producer through guarantees of purchase at "remunerative" prices,

- protecting the consumer by regulating the grain market.

Some boards have enjoyed State monopolies to carry out this mandate.

Independently of the merits of analyses that link output growth to the efficacy of market manipulation, the implications of this activity are highly complex and demand that the board be in command of a whole series of data, be able to mobilize considerable human and material resources, and coordinate perfectly with other protagonists on both the supply and demand sides of its marketing activities.

The key factors are as follows:

- at the purchasing stage

    - information on quantities available for marketing and where they are to be found,

    - information on the best time to buy (from the producer's point of view) and production costs,

    - information on the state of the roads,

    - command of the means of collection, transport and storage (financial and material resources, manpower, storage infrastructure, etc.),

    - command of the management means and methods used for this type of activity.

- at the distribution stage

  - information on consumer needs, where the need is located and how needs change over time,

  - information on competing products and the consumers' purchasing power,

  - command of, or at least information on, supply lines and distribution networks.

b) **Managing food aid**

Food aid management is a prerogative of the cereal boards. The aim is to guarantee food security, to be forearmed against the dangers of natural disasters, to ensure that food aid and donations are fairly distributed, and to enable areas in deficit and categories of needy people to be supplied.
A further government prerogative is the management of funds from the sale of certain types of food aid, and also control of food aid to limit its inhibiting effects on local production.

Among other things, food aid management implies:

- a knowledge (forecasting) of aid requirements and the nature of needs in each zone,

- information on and familiarity with the centers and mechanisms of decisionmaking, provision, mobilization and routing of aid.

- command of aid supply lines and distribution networks and facilities.

Two different approaches could be adopted in tackling the cereal boards' tasks. These are:

- collaboration with other structures, departments and other economic agents with a contribution to make to the fulfillment of the tasks concerned,

- setting up the board's own separate, internal intervention capacity.

In most cases the second option has been taken. The reasons put forward for this are linked to:

- the common practice of partitioning government departments,

- mistrust of the private sector, regarded a priori as inclined to speculation,

- the intervention and management approaches of some donors who wish to keep their inputs separate from the rest,

- etc.

This option of setting up the board's own cereals marketing, storage and distribution networks forces the boards to organize

themselves as **business enterprises** with a business enterprise's resource requirements, particularly as regards:

- manpower
- storage infrastructure
- transport fleets
- seasonal credits or marketing capital.

The scale of the resources that have to be mobilized are determined, among other factors, by the socio-economic environment in which the boards are operating (and in particular, a mode of agricultural production typified by a multitude of small farmers and collection points together with weak transport systems and communication networks) combined with the political necessity of covering the whole country.

The Nouakchott conference had already shown how low was the level of resources allocated to the boards compared to the scale of their responsibilities.

However, it may be noted that

- In 1986, before its current reconstruction, the **OPVN** had at its disposal:

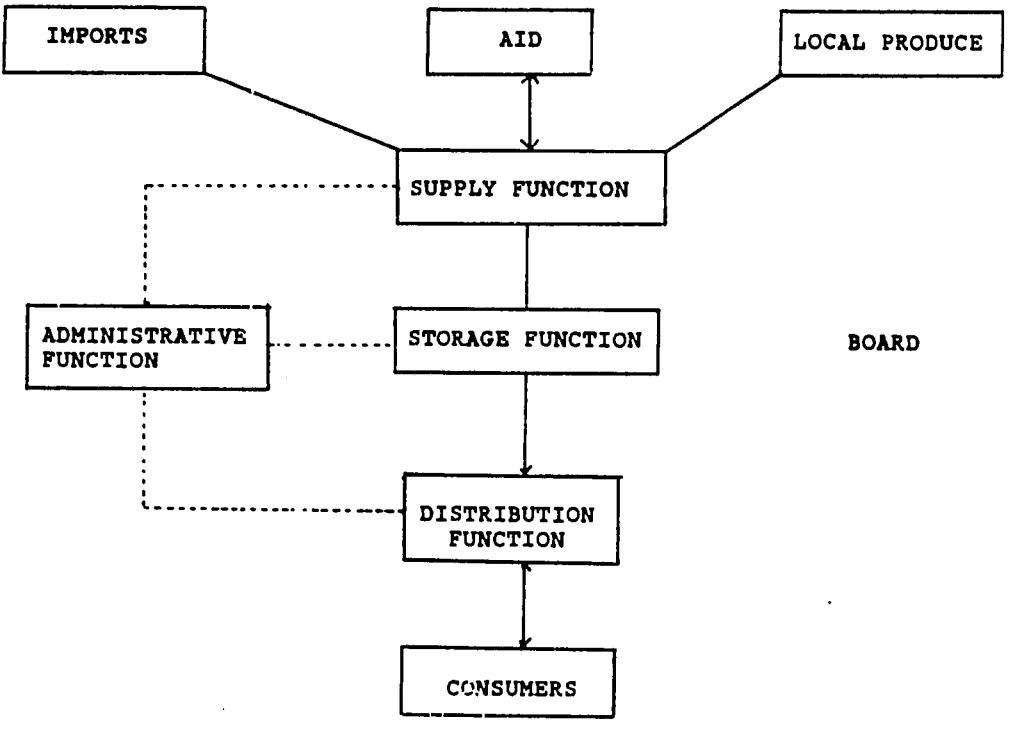
  - a staff of 431,
  - total storage capacity of 208,000 metric tons,
  - a fleet of 71 heavy goods vehicles,
  - 179 sales centers,
  - and recorded annual running costs in the region of 1,800 million CFAF.

- The **OFNACER** has:

  - 387 officers,
  - a storage capacity of 109,000 tons,
  - a fleet of nearly 70 vehicles,
  - 180 sales centers,
  - and an annual operating budget of 1,300 million.

The ONC, which is starting up anew, has 52 officers, 500 million CFAF in capital tied up in warehouses and depots, and an annual operating budget in the region of 200 million.

TYPICAL CEREALS BOARD OPERATING STRUCTURE



1.1 SUPPLIES PROCUREMENT

It is through its supplies procurement function that a board should fulfill one of its main objectives -- support and stimulation of local production by guaranteeing crop collection at remunerative prices. However, on analyzing the results one may observe that there has been little change in the situation since Nouakchott, and that it is essentially through outside inputs (imports and aid) that this function is fulfilled.

Why is this so?

Apart from noting the weak growth, or indeed stagnation, of local production, there are very many reasons for it. Essentially, the most frequently argued reasons can be seen from a brief analysis of what is actually required for the procurement function:

a) **The chain of operations involved:**

- Determining needs and/or available supplies
- Decision to buy or sell and price level
- Fundraising
- Official order placement
- Collection of produce
- Transport
- Delivery
- Payment
  etc.

In practice these operations may occur in a different order.

b) **The protagonists involved**

Different actors, from either the board or another organization, may be involved at different stages. One may distinguish:

* **Actors external to the board:**

- the local cereal producer,
- the foreign producer (food aid and imports)
- the State (price fixing, import authorization)
- banks and other financing bodies
- the private carrier
- the forwarding agent
  etc.

* **Actors within the board**

- the Board itself (i.e. the organization's board of management)
- the sales department
- the accounts department
- the technical department
  etc.

The presence of so many different actors and elements in the chain of procurement operations raises the problem of where the center of decisionmaking lies. Furthermore the board is operating in a legal, political, economic, geographical etc. environment which imposes its own conditions and may equally well impose limitations or offer favorable opportunities for fulfillment of these tasks.

For example, the decision to buy (moment, quantity and price etc.) does not lie wholly within the cereals board's scope in any of the countries concerned. Indeed some of the "boards" are simply branches of another government department and have no real management autonomy.

At the other end, the decision to sell (moment, quantity and price etc.), at the other end, depends on hundreds of thousands, if not millions, of producers throughout all the Sahel countries.

What emerges quite clearly from an analysis of the results of marketing years for the different boards is that there is no

coincidence between the board's strategies and those of the producers. The main stumbling blocks arise from:

- **the purchasing period**

  Most boards, in spite of recent improvements, begin their season for buying local cereals somewhat later than the start of the producers' "usual" selling period, and end "too early".

Apart from the difficulties of coordination between the different ministries and departments involved, the lag stems from both the low level of available marketing funds and the long periods required to obtain such funds and bring them into play.

- **the price levels employed**

  The prices paid by the boards are generally fixed for the entire season and are the same throughout the country.

  The "remunerative" price is often established by adding a small percentage to the prices paid by private traders at the start of the season. Besides the fact that this approach takes no account of price variations over the season or the producers' habit of staggering their sales over a period which as a rule is longer than the official season, prices established this way rarely take production costs into account.

  The use of prices as an incentive to growers assumes a minimum command of the data on the economic environment and production costs -- all the more so since attempts are also being made to encourage the use of modern inputs to intensify production. It is true that, however precise one's knowledge of production costs, it will only be of use if these are the determining factor and can be used as a basis for fixing the level of producer prices. In practice producer prices are fixed more in relation to the consumer's purchasing capacity and the state of other competing products, an approach which private traders too are obliged to take.

The increases in the official producer price these last few years have been due to a definite desire to revive grain production. However, the free-market economic thinking that underlies this type of approach (prices as driving force) also forbids -- or at least strictly limits -- any subsidy on inputs.

A high official price has little effect in practice if the means are lacking to enforce it (through large enough purchases), especially when high production levels are recorded as in 1985/1986. Market prices in this event are often nearly fifty percent below the official prices.

In any event, the official prices have changed little. Between 1970 and 1985 they showed an average annual rise of:

- 13.5% in Burkina Faso
- 13.5% in Niger
- 12.8% in Mali.

- **The quantities handled by the boards**

  Despite uncertainties regarding marketable supplies, it is an accepted fact that the cereals boards only handle a small proportion. Poor financial resources, purchasing practice and the obligation to keep to "low" consumer prices all help to restrict the scale of the boards' intervention.

In 1979 it was estimated that the boards marketed on average no more than 2 to 5% of local cereal output and 30% of the quantities going through the market.

In 1985/1986 the OPVN marketed 43,600 tons or 2.8% of available production and 19% of marketable production, while the OFNACER marketed 2.6% of available production and 13% of marketable production, with nearly 40,000 tons collected.For the same period the Senegal CSA marketed 22,000 tons or about 12% of marketable available supplies.

For the same period again, cereal imports amounted to 18,000 tons for Niger, 200,000 tons for Burkina Faso and 600,000 tons for Senegal.

The scale of the boards' intervention in purchasing local output has varied little since the time of the Nouakchott conference and the upward trend of imports seems to be continuing.

1.2 STOCKS

The boards are mainly responsible for ensuring two types of stock:

- buffer stocks to stabilize national grain market prices,

- emergency stocks to cope with production shortfalls and other disasters.

These stocks, it must be remembered, consist essentially of imported grain (aid and commercial imports) and are provided with modern means and technology to serve the urban centers and crop shortfall zones.

Price stabilization assumes that the board has some influence over local purchases and distribution alike.

Building up emergency stocks in properly "economic" conditions also assumes that the relative costs of storage and of other methods of provision are properly weighed up.

Since the boards market only a small proportion of local output, any action they take to stabilize prices will affect only urban consumers, through imported grain.

The storage capacity to be installed is more often decided in terms of emergency stock requirements than of market regulation needs. This approach may limit the boards' level of intervention in local produce marketing simply for lack of storage resources.

1.3 DISTRIBUTION

Protecting the consumer from cereal price speculation and guaranteeing a regular flow of supplies are both prerogatives of the cereals boards.

The fact that much farm produce is consumed on the farm sets a de facto limit to the boards' role, and their intervention basically concerns urban consumers (at the commercial level) and populations in crop shortfall zones. The distribution function is, like the storage and supply functions, mainly fulfilled through the use of imports and food aid.

The fact that the boards are limited in the extent to which they can pass on their relatively high marketing costs to the consumer reinforces the trend, already noted by the Nouakchott conference, of increasing imports and a shift in food habits in favor of imported products.

The official consumer prices have only risen significantly in the past two or three years, and where they have it has very often been as part of a structural readjustment policy supported by the IMF and the World Bank.

The level of increase is in no case enough to absorb the deficits most of the boards have accumulated, even if they can in some cases cover the operating costs involved in marketing local cereals:

- The OPAM for example recorded a deficit of 2,800 million CFAF at 31st August 1981, 1,400 million in August 1983 and 1,250 million CFAF at 31st August 1984. The OPAM's losses were estimated at 20,000 CFAF per ton of grain collected.

- on its local grain marketing operations, the OPVN recorded losses of 2,000 million CFAF in 1980 and nearly 500 million in 1981.

The boards' tasks seem in most cases to be more than Herculean if one looks at the main factors their success depends on -- factors which in turn depend on the conception and organization of development policies, and whose management is completely outside the scope of the boards' powers.

In most countries the actual existence of the boards is not yet being called into question, but the tendency is to reduce their powers and very often to restrict them entirely to managing aid through their emergency stocks.

These new approaches are nearly always justified by the lack of financial resources, and the link is rarely made between removing the boards from certain activities and giving other actors in the field a part to play in supporting local production and consumption.

The apparent urgency of the concern to "balance" the management of the boards, even at the price of considerably reducing their field of intervention, is partly due to the way in which the boards' activities are financed.

2 - THE BOARDS' RESOURCES

The boards have been given often ill-defined but always ambitious goals to strive for, requiring mobilization of considerable resources.

The poor definition of these objectives clearly has its effects on the estimation of resources requirements, to the extent that today, despite more than ten years' experience, it is difficult to pinpoint the optimum level of intervention to enable a board to maintain, for example, a given producer price.

In all probability, the options taken initially -- State monopoly and total control of the cereals market -- have been revised not so much because the correctness of the principle is in doubt but because the means are lacking to implement certain aspects of them. How else can one explain, for example, the deregulation of local grain purchasing while rice imports and distribution remain a State monopoly?

2.1 FINANCIAL RESOURCES

The variations in the quantities of local cereals purchased by the boards are due not so much to any strategic or tactical approach as to the availability of marketing capital.

- The Senegal CSA mobilized nearly 2,000 million CFAF in 1985/86 to purchase 22,000 tons of local grain.

- The OFNACER would need funds for the season of nearly 10,000 million CFAF to raise its intervention rate to 40% of marketable available supplies in terms of current production levels (1 to 1.3 million tons).

  If the government's target for the next farming year -- 2 million tons of grain -- is reached, then the OFNACER's funding level will have to be increased proportionately.

- The OPVN had to mobilize more than 4,000 million CFAF in 1985/86 to purchase less than 3% of available supplies.

Financing requirements are thus very high if the boards are to handle significant quantities of local produce. These requirements are all the greater where the purchased grain is stored for a period and its distribution creates structural deficits (high costs due to the way the boards operate, with low consumer prices and outlet problems).

How are these needs met at present?

The activities of the boards are almost entirely funded by help from abroad: counterpart funds, direct aid etc.

Although their work is seen as essential for rural development, the boards are given neither special financing provisions nor the ordinary provisions of the national financing system (advances on the season, loans, securities etc.).

In certain cases, however, import taxes raised by equalization funds are partly used for financing the boards' activities.

In a situation that offers no possibility of the boards' activities becoming self-financing in the future, it is difficult to envisage taking over from outside help.

The present paradox lies in the fact that to obtain more funds to buy local cereals, the boards must sell yet more imported grain (imports and aid).

While it is true that financing development in the Sahel countries will depend to a large extent on outside help, finance for so-called "commercial" activities should only be considered on a once-off basis.

These considerations, while they are used to justify the restrictions imposed on the boards to the benefit of the traders, in fact only postpone the fundamental problem.

Will traders have access to bank credit -- and if so, how much?

2.2 HUMAN RESOURCES

Most of the boards have quite a large laborforce, and the recruitment criteria do not always take account of the particular nature of the tasks they will be given.

This, while not a feature peculiar to the cereals boards, does have a certain effect on their results.

The level of academic education or of political commitment has often been used as a basis for recruiting officers or offering them further training.
As a business enterprise, a cereals board should be judged by its management capability, implying adequate mechanisms such as information and monitoring systems, accounting procedures, and a laborforce capable of carrying out the tasks assigned to it.

Some of the management systems currently applied to the boards are drawn from government departments, others from traditional business systems; and they take account neither of the particular characteristics of a cereals board -- in particular the dichotomy between fair remuneration for farmers and a low consumer price -- nor of the chain of operations involved.

Most of the management and decisionmaking staff come from the civil service and they are often ill prepared for a cereals board's particular tasks.

The board is regarded as a nerve center for food policy and the choice of its chief executive and many of its officers is guided, very often, more by political considerations than technical ones.

Staff status generally remains ambiguous: they are civil servants on contract with little prospect of promotion.

The outcome of all these factors is a high rate of management error affecting the boards' results: losses in transit and losses in store, thefts and fraud, high bag handling costs, etc.

Some boards are making an effort in this respect, with the result that stocks are better managed.

Between 1981 and 1983, the OPAM cut its grain bag handling costs from 15 CFAF to 6.6 CFAF per kg.

In 1981 the OPAM lost 17% of its grain during transport or storage.

In 1982 it lost 12%; in 1983 7%; and in 1984 only 5%.

Of the 5% lost in 1984 2% was lost during storage and 3% in transit. According to some analyses it should be possible to reduce storage losses by a further 1%, which would help reduce the OPAM's deficit by nearly 50 million CFAF.

2.3 MATERIAL RESOURCES

The boards have been given considerable investment capital to establish transport fleets and a large grain store capacity.

The maintenance and mobilization of these infrastructures and installations are also an enormously heavy charge on the boards.

The decision to make boards autonomous in transport terms, which was encouraged by donations of vehicles of all makes, has enabled the boards to build up considerable transport fleets but has also led to some difficult management problems and sometimes to wastage of resources.

Today there seems to be a trend towards opting for the use of private carriers, keeping the boards' own fleets to a strict minimum.

These decisions, apart from taking into consideration improved use of resources at national level, may be connected with both the improvement of the road system and the reduction of foreign aid for the boards.

The OPVN plans to reduce its transport fleet by a third with a view to concentrating its resources on management of emergency stocks of 80,000 tons.

2.4 OTHER RESOURCES

There are also the political and legal provisions granting the boards various monopolies for a certain length of time -- monopolies on sales, purchasing etc.

This legal arsenal has very often proved to be ill suited to reality and has helped create or strengthen parallel networks, making it difficult to build a cooperative relationship with the other economic agents involved in the boards' activities.

3 - THE BOARDS' MANDATES AND THE OUTLOOK FOR THE CEREALS MARKET

All in all, the cereal market trends identified at the time of the Nouakchott conference have continued, with increasing food imports and stagnation, or at least irregularity, in local production.

Cereals policies were intended if not to reverse these trends, at least to go some way towards increasing the production and consumption of local cereals.

3.1 AT THE SUPPLY STAGE

- growth in production still depends on the adoption of intensive methods, and the technological packages for intensification are still made up of imported, and therefore expensive, elements;

- Most grain growing in the Sahel is still vulnerable to climatic variation, and desertification -- one aspect of such variation -- is increasing the pressure on cultivable land (without any major change in farming techniques);

- Today more than in the past, the funding of intensification is hampered by theoretical opposition to subsidies -- theories which in fact are connected with the weakness of the Sahel countries' internal funding capabilities;

- The combined phenomena of internal southward migration and the difficulty of obtaining credit may restrict national cereals production, or at least marketable surplus, especially since the problems of price and market organization (purchasing guarantees) remain untouched.

Supply from abroad is still plentiful and is likely to increase somewhat, owing to the ever greater mobilization of international opinion on the problems of the Sahel.

The efforts of organized groups independent of governments and the broadening of the circle of donors will help to keep up the level of food aid (NGOs, Scandinavian countries, etc.). It must also be said that the frequency of climatic misfortunes (drought, floods, grasshoppers etc.) tends to keep up the level of demand for aid, too.

3.2 AT THE DEMAND STAGE

If food demand increases in line with the fairly high rate of growth of the population, one can safely assume that a high proportion of demand will be met through on-farm consumption.

The massive shift of humans and cattle from the northern Sahelian zones towards the south, although it has helped to increase the pressure on cultivable land, will in the short term limit trade between rural regions and strengthen farm consumption.

Market demand will be concentrated in the towns more than it has in the past.

Independently of newly acquired habits favoring imported products, the austerity policies now under way in most of the Sahel countries are tending to reduce the purchasing power of wage workers and hence of the great majority of towndwellers.

The accentuation of certain limiting factors affecting living standards in the towns, including problems of energy for cooking, encourage the consumption of foods which require little cooking.

Consumer prices of local cereals, although they are considered to be low, will be penalized by processing costs.

Solvent demand will therefore be localized and will have particular demands which are not fully taken into account by the current supply of local produce.

3.3 PROSPECTS FOR STATE INTERVENTION IN THE CEREALS MARKETS

These must be seen in terms of the objectives the State was aiming for in seeking to organize the grain markets.

Fluctuations in production, with their repercussions on producer and consumer prices, will very probably remain a constant feature of agriculture in the Sahel as long as this consists primarily of rainfed crops grown by the methods currently in use.

What chance of success do current agricultural development policies have?

Will the boards be capable of absorbing surplus output in good years and maintaining, if not the levels of producer prices, at least the guarantee of purchase?

In a "normal" year the grain market functions without too much distortion, and it can be said that the grower benefits from the upswing in prices. The role of the board (i.e. of the State) should be to help increase the producer's storage capability to enable him/her to control the market in a more sustained way.

In a year when output falls sharply, what level should State intervention be set at to avoid breaking the rhythm of local production by limiting producer prices (concept of a vulnerable group)?

Can private trade not cope with the demand created by shortfalls in production?

The State, through its cereals board, can only buy up surpluses if it can place them under advantageous conditions, whether this be to establish emergency stocks or to supply the towns; otherwise it is putting its intervention in danger.

If it is buying to build stocks, do the levels of stocks take account of storage costs and supply opportunities on foreign markets?

And if it is buying to supply the towns, competition from imported grain must be taken into account in order to adapt local produce to consumer needs.

The State must promote research into food technologies that meet consumer needs and disseminate those technologies.

Can the cereals board fulfill this role?

In view of the various international agreements in force, can the State penalize imports that compete with local produce?

Senegal is carrying out some interesting experiments in food technology research rather than seeking to protect local cereals by setting a limit on the volume of imports.

It is clear that the mandates initially given to the boards went far beyond their capabilities, involving as they did factors that are completely beyond the control of these agencies.

The cereals boards' intervention takes place within a chain of related operations; realism will increasingly force them to act in concert with the other operators in order to implement cereals policy.

This approach, if it limits the boards' direct interventions (in keeping with good resource management), may also test the coherence of the measures envisaged and lead all those involved to act constructively towards the common goal of food self-sufficiency.

The boards' current retreat does not, unfortunately, stem from this line of thought; they are trying to use short-term, one-off measures to resolve a fundamental problem which seems to have escaped the attention of those who created these institutions.

IV-7 POLICIES ON THE MANAGEMENT OF NATIONAL CEREALS MARKETS IN THE CILSS COUNTRIES

Vincenzo CAPUTO

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SUMMARY

(Numbers in brackets refer to the paragraphs concerned in the main text, not to the notes).

I) This report deals with problems of State intervention in regulating national cereals markets. It is not concerned with production problems except where it has been necessary to refer to interventions in this field which also affect markets;

II) In its general approach, the report tries to avoid the controls-versus-deregulation antinomy and to specify the respective roles the State and private sectors might play;

III) Since the Nouakchott conference many countries have made major, courageous changes to their cereals policies. These changes have their shortcomings and contradictions, however, and the present paper seeks to propose some new solutions to these.

THE ANALYSIS OF THE PROBLEM

IV) There are three main factors which have hampered the establishment of effective cereals policies:

a the development of local cereals production has not always been seen as an economic priority;

b the interests of urban consumers have often been served at the expense of the rural producers;

c State intervention based on planned-economy concepts has prevented farmers from freely choosing how to allocate resources.

V) At these three levels, the blame for the options taken and the errors made must be equally shared by the donors and the region's governments. Acceptance of this mutual responsibility cannot but strengthen the current policy dialogue.

VI) Grain farming must be treated as a priority in national and regional development strategies, for two reasons (8-14):

a even if imported cereals are very cheap, the export capacity of most CILSS countries is too weak and uncertain to guarantee regular flow of supplies from outside markets;

b also, and most importantly, no peasant economy can develop without modernizing its cereals farming (cf. the example of other developing countries), given the characteristic uncertainty of the peasant farmer's economic environment and the consequent rigidity of production for self-consumption.

VII) The effort put into keeping consumer prices of cereals low is the main factor penalizing producers' incomes. Since governments do not have the means to subsidize producer or consumer prices directly they use the only two instruments available: intervention in the market for subsidized imported foodstuffs (subsidized at source and again through the exchange

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rates), and official price controls on a part of the local output entering the market. Both types of measure do the farmers a great deal of harm. However, a certain number of States have begun to accept the principle that a reasonably high consumer price has a stimulating effect on producers and can be a factor in food security (15-21).

VIII) The richer countries (major cereals producers) have set a bad example for the Sahel in the matter of adopting cereals policy measures, both through their governments and the foreign experts who have helped define these measures. It has been thought possible to impose prices at different stages in the farm-to-kitchen pipeline, at the risk of creating serious distortions and a costly, inefficient State management of the market. These distortions may be tolerable where cereals farming accounts for less than 1% of domestic product and other industries produce the surplus required to subsidize the cereals sector. But this is not the case in the Sahel where the cereals sector is the biggest in the economy, accounting for 25 to 60% of GNP, and cannot subsidize itself (22-25).

SUGGESTED SOLUTIONS

IX) The solutions proposed for the above problems can be summed up as follows:

a The effects of direct and indirect subsidies on imported cereals must be reduced; these cereals must be taxed; and alongside this exchange rates must be revised. Local output must be protected, accepting that this will entail a rise in consumer prices even though we are at present going through a period of major world surpluses;

b Once these protective measures have been adopted, prices on the domestic market must be allowed to fluctuate and become proper reference points for the different economic agents involved;

c The governments concerned could then stop wearing themselves out imposing ineffectual price controls and concentrate on coming to grips with short and medium term market management policies. In fact it is these types of policy that have a real influence on price levels.

X) Producer and consumer cereals prices are determined by a whole set of variables, and it is mastery over these that is the key to cereals policy. The appendix provides a fairly simple model to facilitate understanding of the role and relative importance of each of these variables.

XI) The six variables in question are as follows:

a the price of imported cereals
b the level of local cereals supply
c the cost of processing local cereals
d the cost of transporting cereals
e the material costs of storage (infrastructure and losses)
f the financial costs of storage (capital invested in the stockpiled grain).

XII) Once these variables are mastered, it will be possible to obtain a consistently satisfactory relative return on the factors invested in the local cereals sector (36). To do this, it is necessary to establish a reference system based on the production costs of the target farms (33-38).

XIII) Of the above, variables (a) and (b) can be dealt with through short-term policies with an almost immediate effect on the market. Policies on the other four, on the other hand, will be of great importance in the medium and long term.

XIV) Price control on imported cereals -- through taxation, or better still through a close combination of taxation and devaluation -- is the main short-term policy instrument, and can replace all other forms of direct price intervention whether aimed at producer or consumer prices. The price of imported cereals has in fact a regulatory effect on domestic grain market prices in times of scarcity and plenty alike. This is explained by the model provided (39-44).

XV) The level of taxation must be decided on the basis of the reference system referred to in XII above. To give an indication, once mean reference values have been estimated -- including storage costs -- the price of imported cereals should be fixed at the level of the maximum values (hungry gap prices for local cereals estimated on an average year) (41). At least for the inland countries, a variable rate of tax could be envisaged: lower for grains that can be produced locally (sorghum and maize) and higher for rice and wheat (43). The relationships between the different prices are of course to be seen with all relevant factors taken into account.

XVI) A second very important type of short-term intervention consists of regulating the quantities of grain supply on the market each year, and this should be the job of the national cereals boards. In times of scarcity, their task would be to facilitate the inflow of grain imports, both food aid and commercial imports: emergency stocks should be reduced to a minimum and import capability should be extended to private merchants (46 and 52). Freed from the complex tasks of managing over-large emergency stocks, the cereals boards could play a major role in times of plenty.

XVII) Regulation in times of surplus is only indispensable in Mali, Burkina Faso and Niger. But in these three countries it is necessary, since in nearly two years out of six supply is so plentiful that at no point in the year do prices for local cereals reach the ceiling set by imported grain prices (see Fig. 5 and preceding figures). This makes it impossible to guarantee a minimum of farm income stability (quantity x price); and farmers tend to react to this by creating a shortage (reducing the area sown to cereals) and so raising the value of their stocks.

XVIII) This farmer reaction has to be avoided in the countries concerned by reducing market supply through State buying. By way of indication, the surplus to be bought up amounts to about 50,000 metric tons in each of the three countries, two years out of six. This raises two questions: what price to buy at, and how to use the grain bought?

XIX) As regards purchase price, one must abandon the idea of a guaranteed price to be decided before sowing. As we saw in point VIII, this notion has its place in economic situations completely different to those under consideration here. In the Sahel it would be better to establish a producer insurance scheme, which could at first be financed by the donor countries. This kind of insurance would tend to reduce producers' risks and prevent prices from slumping disastrously. A fairly low floor price, linked to import prices (1/3 or 1/4 of the price of imports) could be established as the trigger for purchasing operations. This should be raised every month by about 5% to encourage farmers and merchants to build up private stocks. The alternative would be to buy at the market price. The grain would be bought from the merchants, taking specific precautions.

XX) It will not be possible to resell these stocks on the domestic market the same year they are bought. It is not a question of the State taking over responsibility for stocks and stabilizing prices that way as is done in many richer countries. The stocks must be held until the following harvest: if a poor crop threatens, the stocks will be kept to be sold on the domestic market; if on the other hand a good crop is forecast the State will try to sell off the stocks abroad or in other ways so as to be able to fulfill its buying function anew (45-53).

XXI) While most of the debates are taken up with the shorter term variables, the often underestimated medium and long-term measures are more important. These measures primarily concern three fields: the processing of local grains, nationwide and regionwide transport, and storage costs. These three factors all, to differing degrees, help raise the price of local grain in comparison to imports. Any measures taken must therefore be aimed at reducing costs in these fields, i.e., at reaching an adequate level of investment, especially on the part of private operators. To do this, the uncertainty that at present dominates the market owing to contradictory price interventions, an uncontrolled inflow of aid and fluctuating exchange rates, etc., must be reduced to a minimum. A major effort will need to be made over a number of years before the cereals markets can be made clear and practicable so that the different entrepreneurs in the field -- farmers, cottage industry and traders -- will be in a position to take risks and launch themselves into a modernization of the sector (54-68).

XXII) Without underestimating the actions that can be carried out in other fields, particular attention has been paid in this paper to storage costs, these being considered the primary cause of the cereals sector's failings. These costs fall into three groups:

a losses due to storage technology; these are generally quite low;
b infrastructure depreciation costs which, under current conditions of village and farm level storage, are almost non-existent;
c opportunity costs on capital invested in food stocks, which are quite disproportionately high.

XXIII) Reducing financial costs in the cereals sector is an absolute priority, but it is at the same time one of the most

delicate and difficult areas for intervention. The main measures to be taken in this field are:

a to reduce the general level of risk in the sector (see point XXI above);
b to augment the management capability of operators in the field through training schemes at a variety of levels;
c to set up adequate credit schemes, in the first place stimulating commercial banks to play a part in financing the local cereals wholesale trade and secondly propagating experiences in farm credit friendly society schemes geared to village-level grain marketing (68);
d foster rural activities that will bring in a money income to supplement income from cereals: activities of a farming and non-farming nature out of season.

CONCLUSIONS

XXIV) The technical analysis and the quantitative side of the different types of intervention are important, and for this reason they take up a considerable part of the present report. The report's main aim, however, is to put forward a reference framework capable of bringing the region's States closer together, and the donors likewise, on the issue of cereals market management.

XXV) To this end the outline of such a reference framework can be sketched in with the following suggestions:

a markedly higher levels of protection for local cereals than in the past;
b increasingly effective price deregulation in grain production and distribution;
c a simpler role for the cereals boards; free of the task of managing prices and large emergency stocks, concentrating (with emphasis on the trade side) on regulating the level of supply in the market (coordinating imports and aid in times of shortage, buying local cereals in times of plenty);
d medium-term investment and training programs for all stages of the farm-to-kitchen pipeline. Particular attention should be paid in these programs to the problem of credit for marketing local cereals.

APPENDIX I

BRIEF DESCRIPTION OF A PRICE FORMATION MODEL FOR PRODUCER PRICES IN THE MARKET-PLACE

Price formation

1. In markets that are not particularly isolated -- such as the urban markets where most cereals are sold -- the price of substitutable imported cereals acts as a ceiling above which the price of local cereals -- for quantities up to the limit of substitutability (22) -- cannot rise. It can be said that the producer price is determined by the various economic agents, starting from this ceiling price as applied to a particular market, deducting fixed costs (cost of reaching market, processing) and variable costs (technical and financial storage costs, which vary with length of time and existing rates).

2. The ceiling price minus fixed costs gives the maximum level of producer or ex-farm prices for local cereals: the scarcity level. In fact, however, the actual price of these cereals depends on the length of time the different economic agents expect it to take to reach this maximum level, the rate of physical deterioration of the product, and current interest rates. The different agents' forecasting operations can be called the "scarcity expectation".

3. Sellers and buyers -- depending on their position and the geographical range of their operations -- may have access to a variety of information on which to base their forecasts: stock levels (farm, village and public stocks), mean data on yields and area sown to cereals for the season in question, experience of earlier years' scarcity prices, expected government intervention etc. These forecasts are adjusted during the season, especially so as to take account of the less predictable factors affecting the calculation: distribution of free food aid or the heavily substituted sale of State stocks, etc. This demonstrates once again the enormous importance for the different protagonists' initiatives not only of information but also of the predictability of the market.

4. Figures 1 and 2 show the application of the model to a hypothetical situation in which the national market is supplied by 40% (Q-q6) imports and 60% (q6) local output, and where the price of imported cereals is around the 160 CFAF per kg mark. To be able to recognize more easily the different variables contributing to the fixing of a producer price, one can make the following equation:

$$Pp = P^* - Pm - Pa - Ps' - Pi'$$

P is the post-harvest producer price of local cereals,

P* is the cost price of substitutable imported cereals in consumable form (scarcity price),

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Pm is the cost of processing local cereals into consumable form (including losses),

Pa is the cost of transporting the cereals from the village to the market concerned (access costs),

Ps is the cost of storage, as regards the rate of physical deterioration of the product and the depreciation costs of the infrastructure,

Pi is the opportunity cost, to operators in the market concerned, of the capital invested in stored produce,

t is the time expected for the market price to reach its scarcity level.

The equation above can also be expressed slightly differently, as follows:

$$Pp = (P^* - Pm - Pa)\ (1 + r)^{-t}$$

where storage costs "Ps" and "Pi" are combined as a single rate "r".

5. The relationships set out above do not explain behavioral phenomena on the part of producers or consumers, merely how the price is fixed in a given market place in a given year. The different protagonists will adjust their behavior in response to the relative level this price settles at. Producers in particular will decide how much of their resources to allocate for the year n+1 on the basis of the results they obtain in year n. While no reliable study exists of supply price elasticity in an African context, it is easy to observe the noticeable, widespread increase in the area sown to cereals following a bad harvest year, and vice versa. This is only one significant indicator of elasticity, at least in the short term.

6. P* in this model is regarded as the marginal cost of supplying the market and, as such, its level acts as a regulator in periods of shortage and plenty alike (through scarcity expectations). Figure 3 shows the effect of the level of P* on the fixing of local cereals prices throughout the year.

7. Pm is a fixed cost which depends on the processing technology used. In the country markets it is quite low, since it is based on manual or non-industrial technologies. This enables local cereals to compete more effectively with imports in these markets. In urban situations, however, this cost is much higher. In particular, the technology used makes the processed product more perishable, and this implicitly pushes the price up. The monopoly positions that exist at the semi-industrial and industrial stages in the cereals sector also push the price up. In Dakar in 1984 there was considerable speculation on the price of millet flour, and it rose to 2.5 times its 1983 price, while the price of millet grain rose only to 1.1 times the 1983 price. The processing stage seems to be the stage at which, in the medium term, it will be possible to obtain the most interesting results (31).

8. Pa varies from country to country depending on the distances between the production areas and the centers of consumption, and on the unit cost of transport. The level of this variable poses more of a problem in Mali and Chad, or in isolated areas with a good potential like, for example, mid-Casamance in Senegal. In general, it does not seem to constitute a major problem, though there is no unanimous agreement on this point (32) (33) (34).

9. Ps represents the material costs of storage (losses plus infrastructure depreciation). These two items have been combined to show how low they are, at the present time, compared to Pi. Indeed Ps is today a very small expense, thanks to farm storage which involves little loss and only simple infrastructures. If part of the storage function is transferred to other operators with access to marketing credits at bank loan rates (traders, producers' associations etc.), an increase in Ps must be expected and specific technical and financial support programs provided for the operations in question.

10. Pi is probably the factor most responsible for the excessive prices of local cereals and hence for the excessively low producer prices. Different studies have demonstrated the year-to-year variation in producer prices, all showing wide variations of 1:1.5 to 1:2 (37) (39). More thorough studies of seasonal price variation are indispensable. These variations are due above all to the opportunity cost of capital for operators in the cereals sector. This cost is very high for the producer, and varies over the course of the year depending on possible existing revenue: the period when this cost item is highest is roughly from July to January. For traders too, this cost is high compared to the low level of profitability and the considerable uncertainty factor in the local cereals market: this is due to subsidized consumer prices, the lack of training and the fragmented nature of trading operations (38).

11. t plays a very important part in fixing producer prices. It represents the time the different protagonists in the market expect to wait before a price reaches its scarcity level. If they are right in their forecast, the price is fixed at the same level throughout the year, taking into account storage costs (Ps and Pi) and storage period. Clearly, the forecast is adjusted over the course of the marketing season. It is here that one finds a peculiarity of the cereals market, in which the entire year's output is available in a single month whereas consumption continues throughout the year, so that the different operators always have to decide whether or not to stockpile.

12. Given that cereals consumption occurs at a virtually constant rate, the time required for prices to reach their scarcity level in a given year depends on the quantities of local cereals supplies available (output plus or minus stocks) over the year. Thus the post-harvest price level (the price without storage costs) will be fixed in inverse proportion to the supplies available. This law is perfectly acceptable in a peasant economy or a poor economy in general. In a bad year, the farmer receives a higher price. In a good year, he gets a lower price on a larger quantity. Problems arise in a very good year when the scarcity level is not reached even during the hungry gap, and not until the hungry gap of the following year. In a case like this, the necessary storage period no longer increases proportionately

with the quantities available: because a new crop is expected in twelve months, if the scarcity forecast is longer than this it cannot be less than 16 or 17 months or more. Allowance for these enormously long storage periods brings about a collapse in prices, even for long periods.

13. The producer then has only one possible response: to provoke a shortage and so raise the value of his product and allocate his resources more profitably. The area sown to cereals is therefore reduced. This kind of situation can be observed two years out of six at least. In the countries of most severe shortfall (including Senegal) this barely arises (in 1986 prices in Senegal never collapsed, even after State intervention). The problem occurs particularly in Mali, Burkina and Niger. State intervention aimed at reducing the quantities available in years of particularly heavy surplus is probably indispensable in these countries if one wishes to avoid shortages due to surplus being added to the shortages due to drought.

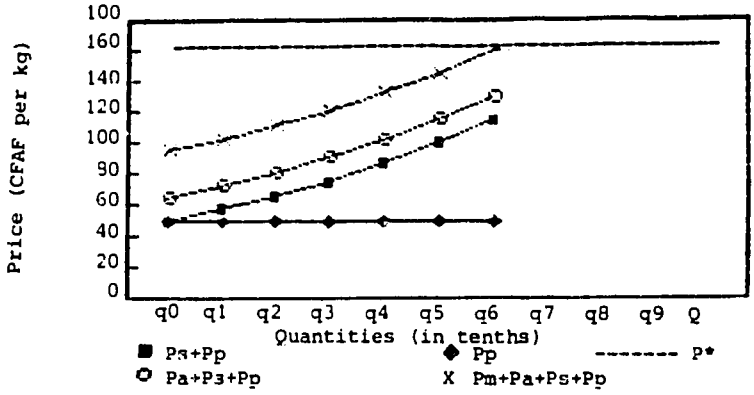
14. Interventions of this kind cannot be regarded as year-to-year stabilization operations, since they are aimed precisely at reducing the quantities of available supply in a particular year. They can only be regarded as stabilization operations covering more than one year or more than one country if the surpluses are sold abroad. In reality therefore, these are merely insurance operations, the cost of which can be contained.

APPENDIX II

TABLES

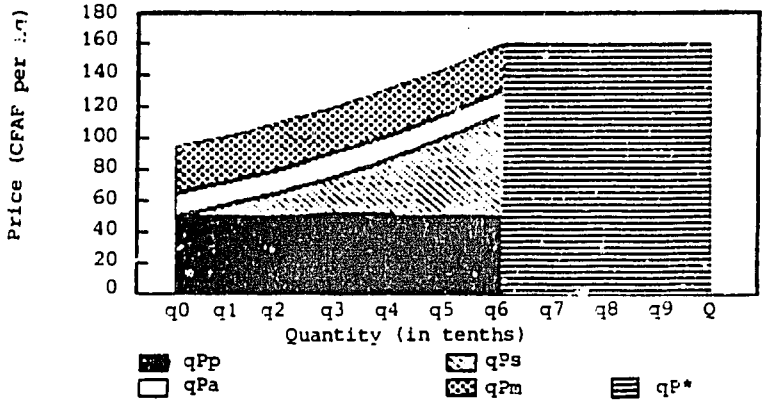
1 Standard hypothesis for the model

Fig. 1 Determination of price level



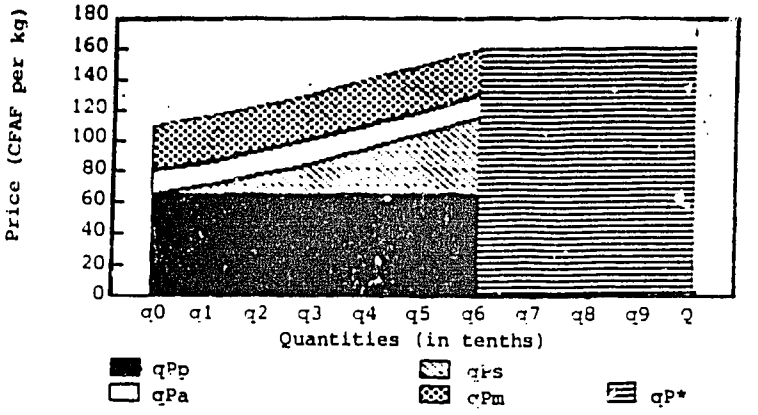
Local cereals account for 60% of the commercial supply compared to 40% for imported cereals; the price of the latter is about 160 CFAF per kg.

Fig. 2 Breakdown of revenue in the production to consumption chain



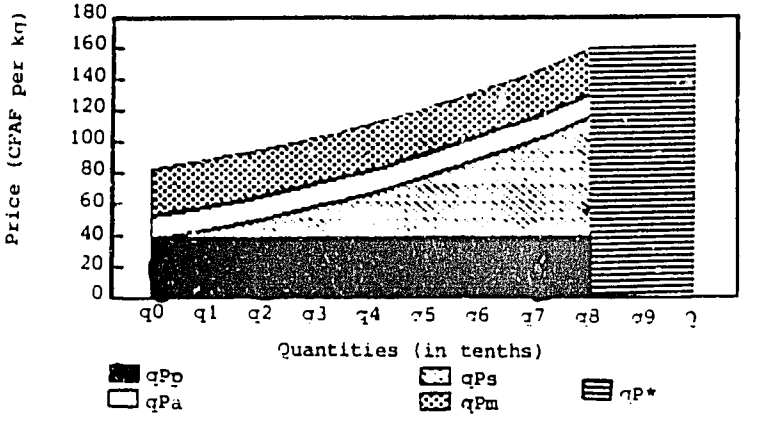
2 Variations on the standard hypothesis

Fig. 3 Reduction in the level of Ps



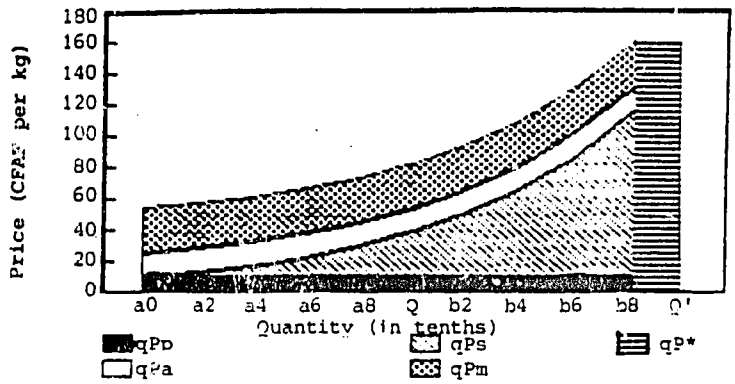
A reduction in Ps, the other variables remaining constant, leads to a rise in Pp.

Fig. 4 Moderate increase in local supply



rise in the quantity of locally available cereals, if it does not exceed annual demand, leads to a drop in the level of Pp, counterbalanced by the volume of sales.

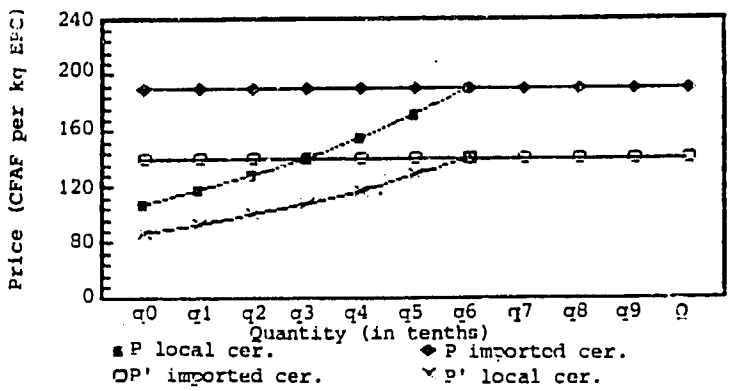
Fig. 5 Steep rise in local supply



If the supply of local cereals rises beyond annual demand (Q), it leads to a collapse of Pp and of the producers' incomes.

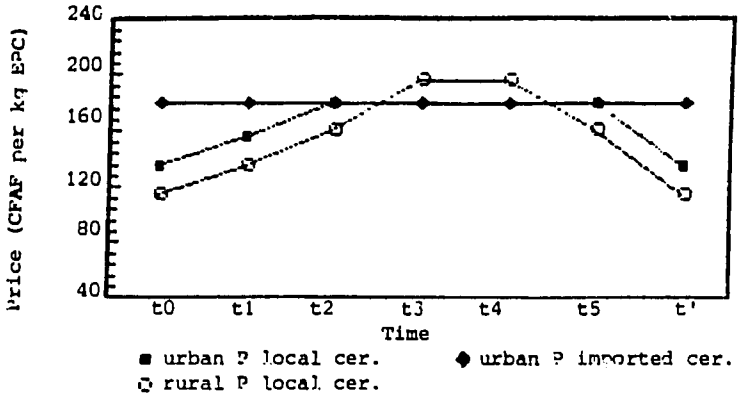
3 Price regulation through import price levels

Fig. 6 Price regulation through imports



Price levels of imported cereals -- quantities of available supply remaining stable -- determines the price of local cereals.

Fig. 7 Urban prices v. rural prices



This graph has been reproduced from Timmer (1983). A ceiling is set on the price of local cereals: in the towns it is set by the price of imports minus access costs (country to town) and in the countryside by the price of imports plus access costs (town to country).

4 Miscellaneous tables

Fig. 8 Cereals production per head of rural population

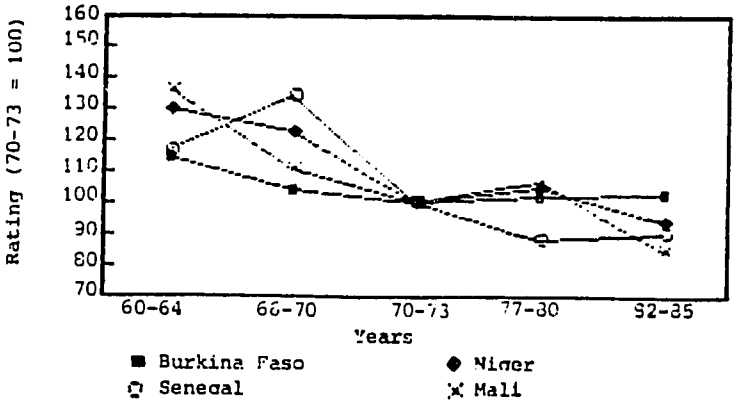


Fig. 9 Cereals production per head of urban population

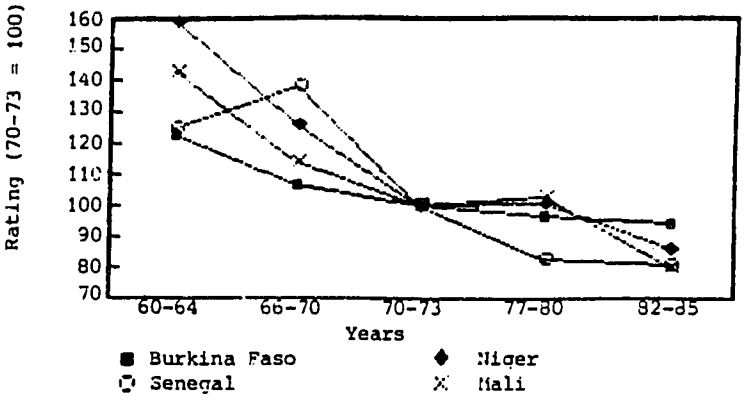
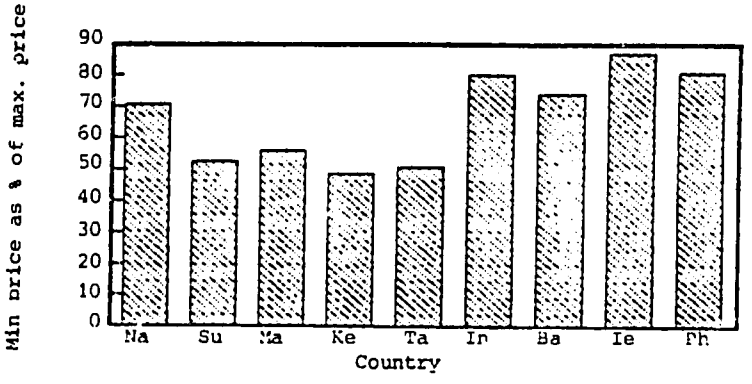
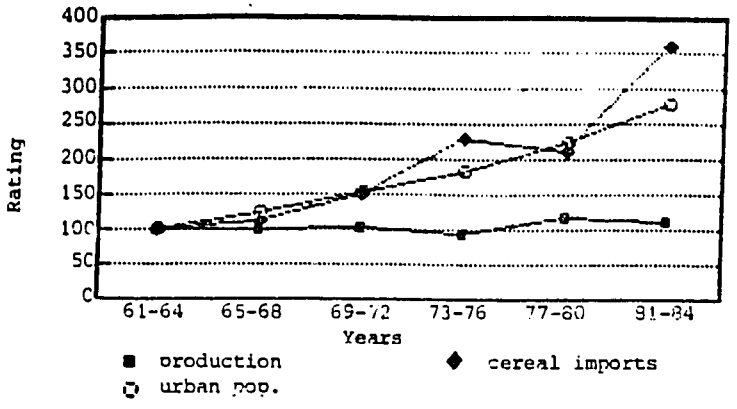


Fig. 10 Year-to-year price variation



This chart is reproduced from IFPRI (1985). Year-to-year fluctuations are much more marked in the five African countries (Nigeria, Sudan, Malawi, Kenya, Tanzania) than in the four Asian countries (India, Bangladesh, Indonesia and the Philippines).

Fig. 11 Imports and urbanization



The data for this graph was taken from Senegal, Mali, Burkina and Niger.

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IV-8 THE CEREALS MARKET RESTRUCTURING PROGRAM IN MALI : AN APPROACH TO THE USE OF FOOD AID AS AN INSTRUMENT FOR DEVELOPMENT

Serge COELO

Since the 1981-82 farming year, the Government of the Republic of Mali has been promoting a "cereal market restructuring program" (CMRP/PRMC), in which it has had the support of 9 donor countries and organizations. The aim of the program is to increase food production by:

- giving greater freedom to the cereals market,

- dividing activities between the private and state sectors,

- using food aid and establishing a "Joint Counterpart Fund".

For the immediate future, the state's overriding task is to ensure a secure food supply for the population through a combination of locally grown cereals, commercial imports and food aid. In the longer term, the aim is self-sufficiency in cereals.

This transitional period generally calls for a major contribution from the Government; and if the government's budget cannot free the financial resources required, it must turn to outside help.

The short-term use of food aid -- provided it is always sold at the same price as local cereals and only partly replaces commercial imports, which remain indispensable -- can enable the country to finance whatever additional measures are considered necessary by means of "Counterpart Funds".

Bilateral Counterpart Funds generally involve quite small sums, and at best are only able to finance limited projects that have no great impact on development.

"Joint Counterpart Funds", on the other hand, can mobilize resources on a scale that will make reform of the cereals market a real possibility.

Mali has been trying out this approach for the past five years, and at the start of a second phase the results are considered "generally positive".

The existence of a "Common Fund" does not prevent individual aid contributions being identified, as specific budgetary accounts, provisional reports and definitive reports are always established for each one.

Owing to the CMRP donor group's spirit of cooperation, it has always been possible to use the "Common Fund" by consensus and have it jointly managed by the Malian authorities.

A "Common Fund" set up for one program does not mean there is no difference in approach between donors, or that they have no individual rigid attitudes; but within a multi-donor project, each participant adopts a flexible position.

The main criticisms concerning coherence in pricing policy became groundless once the Cereal Board's intervention prices had been readjusted, on November 1st 1985.

However, there are still problems (paddy marketing, support for producers, poor financial security etc.) which justify an extended duration.

Reservations are expressed as to the compatibility of the current CMRP with the future "Food Strategy", for example, and also on its pragmatic approach, which is considered too slow, and on the ability of an informal group to pursue a cereals policy debate which has hitherto been the domain of the major aid agencies.

The CMRP still needs time to succeed. A "Common Fund" has been started in Senegal and another is on the drawing board in Mauritania. Only time will tell whether this type of structure has the capabilities it is claimed to have.

But unless the basic political constraints are taken into account, unless the overall financial implications are accepted and properly resolved, the policies of the past two decades will merely be continued, with the same disappointing results we have already seen.

IV-9 AN APPROACH TO FOOD TRADE BETWEEN THE SAHEL COUNTRIES AND THEIR COASTAL NEIGHBORS

Johny EGG - INRA
and
John Ogunsola IGUE - UNB

International trade between African countries has grown very little since the creation of the continent's nation states. As a percentage of foreign trade, official trade within Africa south of the Sahara has not risen above 4% since 1970, lagging far behind the achievements of Latin America, where regional trade has accounted for between 15 and 22% of total foreign trade these past fifteen years, and still further behind Asia's performance: 20 to 27% of Asian countries' foreign trade is with other countries of the same continent. West Africa, despite the many experiments in regional integration that have been attempted or carried through, is no exception to the African pattern.

Yet more alarming is the fact, according to official statistics, that trade among African States has been falling as a proportion of the continent's foreign trade since the mid-seventies and, what is more, falling more rapidly for foodstuffs. In other words, according to the statistics the world crisis has not driven the continent back on its own resources or stimulated regional trade as might have been thought.

These figures give us food for thought. They make it abundantly clear that the African continent is still dependent on the rest of the world for the better part of its needs, and they raise questions as to the African economies' low level of integration and the development of micro-nationalism.

But what do they imply over and above that? Is the region in fact turning increasingly towards the outside world (under the weight of food imports in particular)? or is it that the statistical devices used are incapable of grasping the economic reality?

There are, incontestably, many obstacles to growth in regional trade and the outward orientation is clear. But it is also clear to any observer today that national accounts take in only part, and sometimes a very small part, of the flow of goods or currency across the borders separating African States.

1 AN EVIDENT UNDERESTIMATION OF TRADE

a) Underestimation in national accounts

Although trade not declared to customs is often assumed to be negligible and marginal it is, on the contrary, quite extensive. For some products it is even, at times, considerably more extensive than official trade. We lack data to bring the reality properly to light, it is true, and the estimation methods are debatable, but some indication of scale can be given nonetheless.

On the basis of currency movements[1], the BCEAO has estimated that the total of unrecorded trade between Burkina Faso and all its neighbors was 1.1 times higher than the corresponding figures for official trade in 1977, 1.2 times higher in 1978 and 0.8 times higher in 1979. Excluding border trade with the Ivory Coast (which is slight according to this source), Burkina Faso appears to have a great deal of trade bypassing customs: in 1977 undeclared imports from Ghana were 12.3 times higher than

1. Each country's currency is specified in the franc area.

declared imports; undeclared exports to Mali were 12.9 times higher than official exports. The same applies to unrecorded exports to Benin, Niger and Togo, the total for which was nearly 27 times the official exports in 1977 and 1978; unrecorded imports from the same countries were 20.4 times the recorded quantities in 1977 and 34 times in 1978[2].

Data by product is obviously more useful to us since we are concerned with food and agriculture policies. Data of this kind call for different estimation methods. Calculating from the difference between production, domestic consumption and official exports, the Malian Meat and Livestock Board has estimated that clandestine cattle exports were 3 times higher than declared exports in 1980 and 1981[3]. In Chad, this coefficient was estimated at over 20 in 1974[4]. In Niger, the Livestock Department estimates the undeclared flow of cattle to Nigeria at 67% of officially recorded exports.

Cross-checking available data and making surveys of the border markets[5], we have estimated unrecorded cowpea exports from Niger to Nigeria at nearly 115,000 metric tons a year on average from 1978 to 1983 (compared to official SONARA exports of 19,000 metric tons). In the same way one can estimate Niger's undeclared imports of millet and sorghum from Nigeria at a probable 140,000 tons on average over the past few years[6], compared to OPVN purchases from the same source of 40,000 tons in 1982/83. Finally, to give one last example, undeclared exports of yam cossettes and rice from Benin to Nigeria are thought to have amounted to 7 times the value of the total officially exported in 1980.

The impression of regional trade given by the different States' accounts is thus a long way removed from reality. The flow of goods is very much underestimated, and the official trade figures need to be multiplied to come anywhere near the real level of cross-border trade. Extreme cases apart, the coefficient should be somewhere between 1 and 10, depending on the situation and the product concerned.

b) Distortion in the official figures

Not only do national accounts underestimate regional trade, they also severely distort the picture. As a rule, the figures from either side of a frontier for one and the same product, will differ -- and will differ so widely, in some cases, as to

2. As reported in study N° E/ECA/TRADE/15 published by the Association of African Central Banks' African Center for Monetary Studies, Dakar, 1984, 67 pp + appendices.
3. Idem.
4. Idem.
5. J.O. Igué, "Rente pétrolière et commerce de produits agricoles à la périphérie du Nigéria: le cas du Bénin et du Niger", INRA-ESR-LEI, Montpellier, March 1985, 103 pp.
6. Some observers even speak of over 200,000 tons. Cf. E. Arnould, "Cross-border Trade Between Nigeria and Niger", USAID/Niger Ministry for the National Plan, 1983, and M. Cullen & A. Waldstein, "Cereal Markets in Niger", USDA, Washington, June 1983.

completely disguise certain flows of goods. These statistical inconsistencies, observable at regional level, are partly to be explained by the desire to achieve national self-sufficiency, which often implies a ban on food exports. Examples of such inconsistencies are numerous, if they are not the rule. The Ivory Coast's statistics, for example, make no mention of the trade in cattle from the Sahel countries. Another example can be given with the diagram below, drawn up from the national accounts of Niger and Nigeria[7]; it can be seen that the two countries' images of trade across the same border are far from identical.

In the absence of coherent figures one can on the contrary use these discrepancies to reassess the data on regional trade (although this method is debatable). One can thus take the higher of the two figures from the foreign trade accounts of two neighboring countries. The result of applying this method can be seen in the maps below, showing movements of cereals in the sub-region.

But it is not our intention here to try and quantify more precisely the trade in farm produce, or cereals in particular, in West Africa. Without a more in-depth study on the question this would in any case be impossible, or at least very doubtful. It can be said, however, that despite the low level of official inter-State trade, such trade most certainly does go on in the sub-region and involves large quantities of goods.

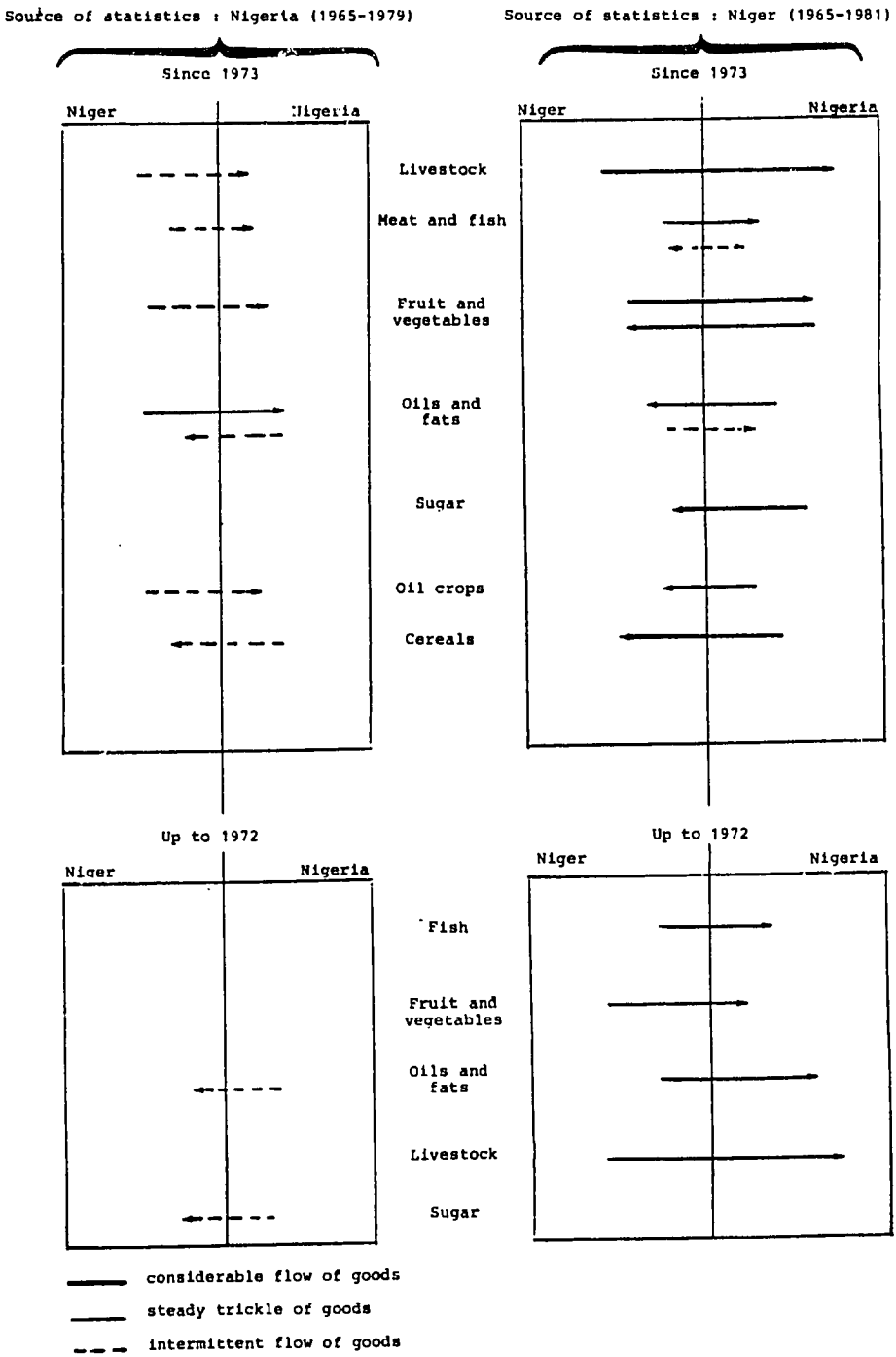
This trade -- be it within the Sahelian zone, within the forest belt or between CILSS states and coastal states, whether involving local produce, imported produce or goods in transit -- has implications for regional and national cereal policies alike.

Quite clearly, these implications have been very much underestimated, especially as they do not merely concern one sometimes very narrow aspect of the problem; for the only aspect to have attracted any real attention in the CILSS countries is the outflow of agricultural produce across a country's borders. Grain from a farming project -- rice in particular -- finds a better price on the other side of the border and the situation becomes alarming: the nation's aim of self-sufficiency is swept aside and the project will find it difficult to get back from the farmers the advances paid out for inputs, maintenance costs or the setting up of the project. When other products like groundnuts cross the border unofficially, it is primarily losses to the marketing board's budget or loss of customs duties that worry the country's leaders. In either case the prospect of new outlets for the producer counts for little.

As to trade between the CILSS countries and the coastal countries, some effort has been put into this through regional organizations like the CEAO, the CDEAO and the CEBV. And where cereals are involved the matter has recently been receiving attention through "triangular" food aid operations. But these actions, while they show a willingness to tackle the problem at regional level, do not deal with the full realities of trade.

7. J. Egg, "Note sur les facteurs de l'échange de produits alimentaires entre le Niger et le Nigéria", INRA-ESR-GEI, Montpellier, Dec. 1985.

FLOW OF TRADE IN FOODSTUFFS BETWEEN NIGER AND NIGERIA
ACCORDING TO NATIONAL ACCOUNTS



Most of the time, it has to be acknowledged, the preoccupation is with official trade. When other cross-border movements of goods are discussed it is in terms of clandestine trade, fraud, contraband -- in other words in terms of control and repression. But can this line be continued when border trade plays such an important role in the sub-region, involving so many economic agents (traders of course, but also producers and consumers), and when in fact it is forging an effective form of regional integration?

What are the factors that foster border trade? In our view it is by starting from this question that we will be able to understand the different forms of inter-State trade in the sub-region and find solutions which, reflecting reality more closely, make a more effective contribution to regional integration.

We shall see that while there is fraud (in terms of bribery and abuse of power and position), the great majority of cross-border trade is due to economic agents responding appropriately to the comparative advantages of their area or to structural or conjunctural situations created by government policies. We shall also see that the chief effect of measures taken to control this cross-border flow is in fact to sharpen the existing disparities between the situations on either side of the border -- and so, in most cases, actually to stimulate the trade they were designed to reduce.

2. FACTORS FAVORABLE TO TRADE BETWEEN SAHEL COUNTRIES AND COASTAL COUNTRIES

When one considers the flow of trade as a whole, recorded by customs or not, official, parallel or clandestine, one finds there are very many factors favorable to regional trade.

a) Two zones: contrast and complement

To begin with there is the contrast between the region's geographical zones, giving major agronomic and economic advantages to the coastal countries. Their wealth in underground resources, favorable agro-climatic conditions and direct access to the outside world have endowed most of the coastal states with considerable means, leading to the development of large conurbations which have no parallel in the Sahel.

With these favorable conditions as a foundation, the colonial process completely overturned the course of West Africa's history, making the inland peoples, heirs to the brilliant Sudano-Sahel civilization, dependent on the peoples of the forest with their less hierarchical social structures. The exploitation of the forest belt's agronomic advantages was the cause of a major population shift from the interior, today one of the most dynamic factors in urban growth.

Utilization of these resources by the Western world has further increased the contrast between the two zones. Where there was from the outset a certain complementarity between the Sahelo-Sudan region producing meat, cereals, pulses and vegetables and the coastal countries specializing in tuber crops, oil crops,

other cereals, vegetables, fish and export crops, other factors favorable to trade between the two emerged as the coastal countries increasingly opened up to the international market.

Differences in wealth and population density became sharper between areas now also divided by State frontiers. These led to the formation of regional poles of attraction. Because of their high level of economic activity, Nigeria (especially in its days of oil euphoria) and the Ivory Coast have played this part; whether by attracting men and merchandise or by exporting, they have had considerable commercial influence on neighboring countries.

The rapid urbanization of the coastal zone has resulted in massive imports -- of wheat, rice, maize, sugar, dairy products and meat particularly. Although intended chiefly for the urban consumers in this zone, these imports also had a stimulating effect on the sub-region's internal trading networks. The volume of goods in transit grew and certain countries like Togo and Benin began to specialize in re-export activities. In the coastal countries the effect of these imports was to cut producers off from a fair proportion of the new urban outlets. Thus in regions far from the centers of consumption, poorly endowed with roads and communication lines, the border markets represented valuable outlets for an output that now outstripped coastal demand.

The frontier markets thus fulfill two roles: they form a link between the northern and southern zones whose products complement each other, and they act as a negotiating center for local populations who live in a single agro-ecological zone and are bound by ties of history and ethnic solidarity but are separated by State frontiers.

Regional trade, based on this complementarity between the zones or on comparative advantage, has its roots in very old traditions, pre-dating by far the establishment of State frontiers. It is therefore structural in nature. It only became "unofficial" with the creation of the frontiers and the officialdom of border control; and it only remains unofficial because of the obstacles put in its way by the laws of each country.

That this flow of goods -- the cattle trade for example -- is structural in nature does not mean it is not subject to conjunctural variations due to the vagaries of climate, shortages, crisis situations etc.; but it does augur ill for any economic policy that tries to ignore it or alter it too profoundly.

Many other factors favorable to regional trade have been grafted onto this basic contrast and complementarity between Sahel zone and forest belt. Most, it has to be admitted, result from the incoherence of economic policies worked out piecemeal within the narrow framework of the nation State. As such, and as we shall see below, these factors both hinder the regional integration governments are seeking and stimulate parallel or clandestine trade across the borders.

b) Currency disparities

The first and most important of these factors stems from the desire of most of the coastal countries to benefit fully from their newfound independence and establish their own national currencies, free of the constraints imposed by the former colonial powers. So, of the twelve states that line the coast from Nigeria to Mauritania, only five have taken the more prudent option of a currency aligned to a strong one like the French franc or US dollar. The other seven now have virtually autonomous systems with inconvertible currencies and exchange controls.

There is no such lack of conformity in monetary policy among the landlocked Sahel countries: all of these are part of the franc area and share the same currency, the CFA franc, which is fully convertible through the French franc.

This currency conflict, which seems a serious obstacle to the growth of official trade, is in fact skillfully exploited by the traders, especially traders from the Sahel countries who use it to acquire greater purchasing power in coastal countries with closed currencies. In fact the currency obstacles were overcome very early on by creating parallel exchange systems, to the benefit of the franc area. On these exchange markets, the inconvertible currencies are at a discount of 30 to 80% as the case may be, making trading conditions in most of the coastal countries very favorable for traders holding CFA francs.

Thus the lack of conformity between monetary systems seems today to be a central element in the sub-region's trade, especially as regards trade between Sahel countries and coastal countries.

c) Disparities in economic policies

The many measures dictated by national planning of the economy and by a desire to give the State greater control over trade constitute another important stimulus to regional trade, and unofficial trade in particular.

In the first place, the lack of conformity among economic policies maintains or in some cases accentuates the disparities in costs and prices in the sub-region. Pricing policy, subsidization of inputs or of consumption, customs duties or other measures taken by the State usually have the effect of increasing the discrepancy in price of an article from one side of a border to the other. They may give traders an opportunity for profit and so stimulate trade in a situation where comparative costs would not induce any movement of goods.

One extreme example is the groundnut trade across the Niger-Nigeria border, where in the early sixties the Niamey authorities' policy was to keep prices deliberately high in order to attract their big neighbor's produce[8]. The more recent example of fertilizer movements across the same border is also significant: subsidized on both sides of the border but far more

8. J.D. Collins, "The Clandestine Movement of Groundnuts across the Niger-Nigeria Boundary", Canadian Review of African Studies, Vol. 10 (2), 1976, pp. 259-278.

heavily in Nigeria, the price of fertilizer in Nigerian naira became very advantageous to traders from Niger, who soon began bringing in their supplies from Nigeria, whether through official or parallel channels.

Because these movements of goods are largely determined by advantages due to economic policy, they are highly unstable. Some of these advantages may change in the course of a single season so that the direction of flow is reversed; others change or die out more slowly. But in any event, such changes create problems for the management of agricultural policy.

The interventionist policies of very many States as regards marketing and foreign exchange also lead to some areas emerging as far more advantageous for trade than others.

But interventionism has a further, equally important effect. In its attempts to gain greater control over trade, the State in fact helps to strengthen parallel and clandestine channels. Thus customs control or exchange controls, quota systems or monopolies on imports and bans on exports are all factors that encourage traders to take their goods illegally from one country to another, to escape either duties or a straightforward ban. Here policy neither creates nor stimulates trade, it merely helps reinforce its informal element.

This list of factors contributing to the growth of regional trade must not, however, make us forget that there are still many obstacles. The weakness of transport systems, the landlocked or isolated nature of some areas, the lack of storage facilities in the markets which would enable delivery of high-quality produce, and the small scale of the traders' activities: all these are among the unavoidable obstacles to the growth of cross-border trade.

3 THE FRAMEWORK OF TRADE

The framework of trade is a complex one, consisting of several different networks each involving many different economic functions. We shall look below at two aspects that are fundamental to our thesis: the State trading network and, more particularly, the border areas.

a) The traditional regional trade networks: the border areas

Along the borders between areas of differing, contrasting geographical types, free trade zones of a kind have grown up. All have virtually the same structure and they always function in the same way. They are areas that straddle the border between two countries, and the dynamic of their trade is linked to the presence of one or several traditional markets, generally "twin" markets. These are surrounded by a network of secondary towns which are also very often "twinned". Between these towns and the market towns there are other localities which act as depots for large quantities of goods waiting to cross the frontier. In these border depots wholesale merchants operating on both sides of the frontier sell their goods -- goods which may have come from very far away. There are other depot locations in the production

areas, and these act as collection and distribution points. These depot localities play a crucially important part in cross-border trade; through them passes "invisible" trade involving thousands tons.

These frontier zones have their own particular way of functioning. The economic laws in force in the States they are formally a part of do not operate here. The free zone is therefore open to several different currencies which are legal tender within it. Although the main customs posts are sited on these important thoroughfares, there is no very effective control; the environment renders the customs officers' activities ineffective, and many of them become unconditional allies of the merchants.

It is in these areas that populations which have seen their territory carved up by the the colonial powers show the strongest sense of ethnic solidarity, a solidarity that competes with the development of national consciousness. Where national consciousness manages nonetheless to develop, it must coexist with the more concrete awareness of ethnic identity; and this identity is the foundation for living, dynamic trade networks capable of resolving any problem that may arise from cross-border transactions.

Counting only the main ones, from Nigeria to Senegal there are about eight such zones straddling the borders between the CILSS countries and the coastal countries (see table). They all function in the same way, but they differ widely in their internal dynamism. Going from East to West, they are as follows:

- the Maradi-Katsena free zone, with the markets at Jibiya in Nigeria and Maradi in Niger at its epicenter;

- the zone around Birni-Nkoni (Niger) and Ilela (Nigeria);

- the zone around Gaya (Niger), Kamba (Nigeria) and Malanville (Bénin). It should be borne in mind that Malanville and Jibiya are the biggest grain store centers the coastal States have on the edge of the Sahel;

- moving Westward one comes to the border areas of Dapaong (Togo), Bakwu (Ghana) and Bittou (Burkina Faso), welded into a single economic unit by the big markets at Cinkansé and Bakwu, held every three days;

- next comes the zone around Bouna (Ivory Coast), Gaoua (Burkina) and Bolé (Ghana), with the Ivory Coast market of Doropo as its kingpin;

- northwards this area merges into one which strengthens trade between Ghana and Burkina: the area between the towns of Diébougou in Burkina and Lawra in Ghana;

- the area of Odiéné (Ivory Coast), Beyla (Guinea) and Madina (Mali), geared to the main markets of Sirana-Beyla in Guinea and Sirana-Odiéné and Booko in the Ivory Coast come next. While the first two of these are a fine example of twin markets, Booko is by far the most dynamic trading center;

BORDER AREAS BETWEEN SAHEL COUNTRIES AND COASTAL COUNTRIES

AREA NAME	MAIN TOWNS	POPULATION OF TOWN	MAIN MARKETS	MAIN PRODUCTS	BORDER DEPOTS	ETHNIC GROUPS	CURRENCIES USED
MARADI-KATSENA (Niger-Nigeria)	KATSENA MARADI	-- 48,853	JIBIYA Nigeria MARADI Niger	Sorghum, millet, cowpea, groundnut, chufa, yam	KARAKI (Nigeria) DAN-ARAROU (Nigeria) JIBIYA-MADJI (Nigeria) KANK (Niger) DABARI-FIRJI (Niger)	HAUSA	NAIRA-CFA
BIRNI-KONI, ILELA (Niger-Nigeria)	BIRNI-KONI ILELA	15,227 --	BIRNI-KONI Niger	Sorghum, millet, cowpea, groundnut, maize, rice, sweet potato	ILELA	HAUSA	NAIRA-CFA
GAYA-KAMBA-MALANVILLE (Niger, Nigeria, Benin)	GAYA KAMBA MALANVILLE	8,107 -- 12,500	MALANVILLE (Benin) KAMBA (Nigeria)	Sorghum, millet, maize, gari, yam, cola, onion, smoked fish	ILO (Nigeria) GAROU (Benin) DOLLE (Niger)	DALLOL-MAOURI	CFA-NAIRA
DAPAONG-BAKWU-BITTOU (Togo, Ghana, Burkina)	DAPAONG BAKWU BITTOU	15,200 25,000 5,215	CIKANSE (Togo) BAKWU (Ghana)	Maize, millet, yam, sorghum, cowpea, rice, palm oil, sweet potato, fresh bananas.	CIKANSE (Togo) YARGATENGA SENGHA (B.F.) OUIDANA PUSIGA (Ghana) KAYA IRE (Togo)	GOUR-MANTCHE	CFA-CEDI-NAIRA
BOUNA-GAOUA, KAMPTI-BOLE (Ivory Coast, Ghana, Burkina-Faso)	BOUNA GAOUA KAMPTI BOLE	5,787 9,543 2,835 --	DOROPO (I.C.)	Livestock, millet, surghum, maize, yam, cola, fresh vegetables, bananas.	BITCHIRI (IC) BIENOU (IC) CAIRTUTI (BF) BATI (BF) TOBA (BF) BOLE (Ghana)	LOBI-KOULANGO	CFA-CEDI
DIEBEGOU-LAWRA (Ghana-Burkina Faso)	DIEBEGOU LAWRA HAMALE	-- -- --	HAMALE (Ghana) SIRANA-BEYLA	Millet, sorghum, yam, cola	LEGMOIN (BF) TOBA (BF) HAMALE (Ghana)	LOBI	CFA-CEDI
ODIENE-BEYLA-MADINA (Ivory Coast, Guinea, Mali)	ODIENE BEYLA	13,864 --	SIRANA-BEYLA (Guinea) SIRANA-ODIENE BOOKO	Livestock, sorghum, rice, yam, fonio, cola.	KESSEDOUGOU	MALINKE DIOULA	CFA-Guinean Franc (former Silly)
MALI-KEDOUGOU (Guinea - Senegal)	MALI KEDOUGOU	-- --	KEDOUGOU (Senegal)	Rice, livestock, cola, fonion, fruit.		MALINKI-PEUL	GF-CFAF

- lastly, on the Guinea-Senegal border, there is a considerable flow of trade between Mali in Guinea and Kédougou in Senegal.

The existence of these many free trade zones would seem to guarantee continuing trade between the coastal and Sahel countries. In each of these areas, every market day, hundreds and sometimes thousands of tons of farm produce cross the border. Only in-depth surveys of the markets will make it possible to arrive at exact figures for this trade. For example, Benin sells to Niger through the market at Malanville about 25,000 tons of maize, 12,000 tons of sorghum, 15,000 tons of yam and 5,000 tons of gari, receiving in exchange onions and nearly 6,000 tons of cowpeas[9].

b) The State trading network

The creation of marketing boards for foodstuffs, and for cereals in particular, has been an important stimulus to parallel trade. But none of them, whatever their resources and methods of intervention, have succeeded in controlling more than 15% of the quantities farmers put on the market, despite the monopoly some boards enjoy on several products. That they have so small a share of the market is generally connected with the low prices they offer and the inefficiency of both their structures and the agents who handle their purchasing in the countryside.

Under the economic circumstances of the past few years, in which State companies have not had the resources to match their ambitions, these difficulties have been even greater. In order to continue to carry out their functions, most of the boards have fallen back on imports from the world market and particularly on food aid. In so doing, they leave the field free for the traditional trading channels.

On the other hand, in order to successfully mobilize a part of domestic output, they are now obliged to give formal authorization to private sector traders; and this has the effect of stimulating border trade, since the authorized merchants are not content with exploring only the domestic market but look for supplies wherever the produce is cheapest, so promoting trade in the frontier zones.

4 HOW TRADE OPERATES

These different trading networks do not on their own explain all the mechanisms of cross-border trade. State regulation, the organization of the traders, trends in prices and in quantities of available supplies over time and space all affect the scale of trading activities.

9. J.O. Igué and B.D. N'Bessa, "Le réseau de distribution dans les districts ruraux de Malanville et de Karimama", Ministry for Rural Development and Cooperative Action, FAO/UNDP, 1981.

a) State regulation, clientèlism and unearned income

We have already stressed the fact that the regulation of domestic and foreign trade is a serious obstacle to bringing these activities into the official sphere. It may be added here that government measures on this issue often have a discriminatory aspect in developing countries.

In times of scarcity, for example, in an economy subject to exchange controls, the granting of an import license will give its beneficiary a clear advantage over his competitors. The same applies to the choice of authorized traders, which often verges on favoritism and may penalize the most active operators. One may also mention in this connection the subsidized networks reserved for a special class of consum.

Attempting to gain advantages of this kind becomes in itself a vitally important activity for operators in the market. The attribution of such benefits, which may be regarded as entitlements to unearned income handed out by the State, sometimes incites those very close to the relevant power to start up trading activities themselves.

Thus the existence of such privilege seriously distorts evaluations of the comparative advantages of trade, and the way in which they are used raises questions as to the appropriateness of dividing trade into private and public spheres as economists generally do.

b) The organization of the traders

The traders are the dynamic element in trade between the coast and the interior. They operate above all in the markets (i.e. in the sense of periodic encounters between buyers and sellers).

Several categories of economic agent take part in these markets: producers, wholesale traders and their agents, retailers and consumers. Of all these groups it is only the wholesalers and intermediaries we shall consider here, since in the last analysis it is they who are the prime movers in cross-border trade.

The intermediaries between producers and wholesalers fulfill a very important function. It is they who negotiate prices (on the basis of instructions given them by the merchants) and weigh out the quantities they buy.

The wholesalers take charge of transportation of the goods from the market where they are purchased to those where they will be resold, either to other sellers or to the marketing boards. These traders constitute a very dynamic group; it is they who supply the big markets of the Sahel, and some of them have acquired, through their activities, considerable social power. They generally work with their own capital or with group capital mobilized through a tontine system, and only rarely do they specialize in a particular product.

The great majority of these merchants operating in the coastal countries come from four main ethnic groups which have their historic roots in the Sahel. The first are the Hausa, who control

trading activities between Niger, Nigeria, northern Benin and Togo. After them come the Mossi operating between Togo, Ghana and Burkina Faso. From Ghana the job is taken over by the Wangara or the Dioula, who are in fact Malinké from Mali, settled in the forest lands to carry out their trade. The Malinké have a monopoly on trade in farm produce between the Ivory Coast, Guinea and Senegal. Formerly dealers in cola and livestock, they have also become, with the drought of recent years, traders in grain; and some have made considerable fortunes from this.

Only the intermediaries are drawn from the coastal peoples: they are Kotokola, Dagomda, Gourmantche and Lobi for the most part.

The control of the coastal markets by Sahelian traders thus seems to be the main factor in the way regional trade operates; all the more so in that these merchants are bound by common interests into what is virtually a corporate body free of any territorial constraint.

c) Price movements

Prices are determined by a combination of the many factors we have already referred to: the vagaries of the climate, a good or bad crop, policies on prices and subsidies, customs duties, imports and the currency situation, to name only the most important. Price levels and trends determine the traders' strategies and the scale, or indeed in some cases the direction, of the flow of goods.

Among the factors influencing prices and trade, two seem to be predominant in the sub-region: the price support policy followed in some countries and the considerable depreciation of the inconvertible currencies on the parallel exchange market.

Generally speaking, the African countries' heavy burden of debt and strong pressure from the IMF have helped towards a considerable reduction in the practice of subsidies. But the massive inflow of food aid and the low level of prices on the international market enable some countries to keep prices low. At present the price of rice from Asia has fallen so low (to 80 CFA francs in the coastal countries, customs duties and taxes included) that the importing companies can keep their prices competitive without subsidies.

These prices are even lower in the coastal countries when the advantages of the parallel exchange market are able to play a part. Despite the currency reforms undertaken by the former British colonies or other countries with a closed currency, prices there are lower than in neighboring States. In some cases, prices that are already lower when expressed in CFA francs drop even further at the parallel exchange rates -- by about 50% for Ghana, 25% for Guinea and 30% for Mauritania.

Knowing this one can understand why these countries send on a part of their imports or food stocks to neighboring countries. Thus, because Mauritanian and Gambian traders need CFA francs, they re-export a considerable proportion of their rice purchases to Senegal (whose imports have fallen by 10% since 1984). Traders

in Ghana and Nigeria do the same with local produce such as grain and cocoa.

5. TRADE IN FOOD AND AGRICULTURAL PRODUCE BETWEEN SAHEL COUNTRIES AND COASTAL STATES

It must be said from the outset that this trade cannot be considered in terms of each product taken separately, for the simple reason that the merchant does not generally specialize in one product. This applies to cereals as much as to other foodstuffs.

a) Movements of goods from the coastal countries into the Sahel

Movements of goods fall into three different categories: goods in transit, official trade and unrecorded sales.

I Goods in transit

This type of movement accounts for all the greater quantities since it is only through the coastal countries that most of the Sahel states have access to the sea. It often includes a considerable flow of grain bought locally from authorized traders. It also encourages re-export to other forest belt countries.

For example, in some years Niger has been able to supply Nigeria's markets from rice imports taken ashore at Lomé and Cotonou. This rice is often exchanged in northern Nigeria for local cereals (or other products) so as to limit the damage done to profit margins by the considerable depreciation of the naira. In the same way, Burkina Faso's traders re-export to Ghana some of the sugar unshipped, officially for Burkina, at the port of Lomé. This provides them with cedi, with which they then buy maize; this is sold in its turn, particularly to the cereals board in Ouagadougou.

This re-export activity, grafted onto the transit operations, enables traders to make big profits starting from a single trading authorization, without having to pay the customs duties they would pay on rice or sugar entering the country officially.

As regards cereals, the flow of grain in transit is clearly considerable. According to port statistics from Cotonou, Lomé, Abidjan and Dakar, the five big Sahel consumers (Burkina, Mali, Niger, Senegal and Mauritania) imported over 1.5 million tons of cereals in 1985. In some cases these volumes are much greater than the consumption capacity of the countries concerned; this is so for example with rice for Senegal and Niger. The Equalization Fund which has the monopoly on rice imports into Senegal bought only a little over 325,000 tons of rice in 1985, while the port authorities recorded more than 465,000 tons unshipped. The difference was taken by foreign merchants, probably of Gambian, Mauritanian or Guinean origin, for re-export.

In most cases, it is traders from countries with an inconvertible currency who, once they have obtained an import license, divert

part of their shipment to ports in the franc area in order to get convertible currencies in return.

II Trade proper

Apart from official trade, which consists of local purchases of food aid for the Sahel countries and a few other transactions concerning only small quantities, most of the flow from coastal countries to the Sahel states goes through private channels, or clandestine channels where exports are banned. These can be distinguished by product.

Fruit and cola nuts

Besides cola this means mainly citrus fruit and fresh bananas. But the trade in cola, which has ancient roots, is by far the biggest; it involves a vast network monopolized throughout West Africa by the Touré clan.

Four countries in the forest belt export large quantities of cola to the Sahel: the Ivory Coast, Ghana, Nigeria and Guinea. Comparing the statistics available for the Ivory Coast and the CILSS countries, we find major discrepancies in the volumes recorded, showing the scale of this trade: Senegal declared more than 9,000 tons of imports while the Abidjan services recorded almost no exports, and Niger's accounts showed nearly 5,000 tons of cola brought in from the Ivory Coast, while the latter had only 1,300 tons declared.

Processed food products

This chiefly means refined palm oil, coffee extract and pasta. The Ivory Coast, because of its industrial plant, is the leading exporter of these products to the Sahel.

The drought of recent years reduced groundnut production and turned the Sahel countries into importers of palm oil. Thus in 1985 Niger bought nearly 6,000 tons of refined oil from the Ivory Coast, Senegal bought nearly 5,000 tons, Burkina 2,400 and Mali over 1,600 tons. The increase in coffee consumption in the Sahel has also had its effects on trade: the Ivory Coast exported more than 7,000 million CFA francs' worth to the five biggest CILSS countries in 1985.

Unprocessed cereals

With a few exceptions (Niger's purchases from Nigeria in particular), the trade in cereals is slight compared to trade other goods. In fact their massive imports from the world market considerably restrict the Sahel countries' demand for cereals from their coastal neighbors.

However, setting aside the food aid operations already mentioned, there is a considerable flow of cereals to the frontiers of the Sahel States (as can be seen from the maps below). The local

population gets its provisions from these markets, and traders come to buy supplies for the towns.

Maize and rice are the main commodities in this border trade, which is particularly well developed around the borders of Niger, Burkina, Mali and Senegal. Millet and sorghum are also to found, however, particularly in the case of Niger.

Burkina's purchases from its southern neighbors (Togo, Ghana and the Ivory Coast) can be estimated at over 50,000 tons a year. Niger too buys large quantities in the coastal countries: in 1985, deliveries to Niger of over 60,000 tons of maize and 20,000 tons of millet and sorghum from Benin, the Ivory Coast and Togo were recorded in the various countries' accounts; to these must be added the (generally higher) imports from Nigeria, and rice shipments re-exported from the ports of Cotonou and Lomé.

Trade in these commodities is also considerable round the border of Senegal and Mali. Guinea sells a major part of its grain output to these two CILSS countries and Mauritania is now supplying Senegal with rice, in exchange for which it receives CFA francs and hence the means to import other products from Europe.

These few examples reflect the density of trade in foodstuffs between the coastal and Sahel countries. Both local produce and foodstuffs imported from the world market are involved, the latter going through some complex re-export operations before reaching their final destination. These movements are concrete evidence against the supposed stagnation and weakness of trade in the sub-region, especially since exports from the coastal countries are easily counterbalanced by the flow in the opposite direction.

b) Movements of goods from the Sahel to the coastal countries

The coastal countries are dependent on the Sahel for two main products: fish and meat. Senegal and Mauritania have a monopoly on fish exports to the interior of the coastal countries, while Mali, Burkina, Niger, Chad and Mauritania supply livestock on the hoof. The considerable demand for these two products enables the CILSS countries to counterbalance their purchases from their southern neighbors. But while these purchases are in principle declared at the border, much of the livestock, and to a lesser extent the fish, is exported through clandestine channels.

The fish trade

This trade is based on fishing the plentiful shoals off the coasts of Senegal and Mauritania, an activity carried out by groups of foreign fishermen with whom a few local men also work. In contrast to this, in the face of competition from sea fishing, exports of freshwater fish from the Sahel (mainly from the Niger river) have now completely disappeared from the statistics. Between 1981 and 1984, Senegal and Mauritania recorded seafood exports to the coastal countries (Ivory Coast above all but also Nigeria, Ghana and Togo) to an average value of 7,000 to 11,000 million CFA francs.

Livestock exports

This is a complex trade. It involves on the one hand private traders, whether listed or not in the trade register for activities of this type, and on the other hand the herdsmen who sell some of their stock in the coastal countries as they travel along the transhumance routes.

In both cases, command of these activities is hampered by the severe legislation governing the livestock trade in the Sahel. The export of cattle from Burkina involves, for example, a series of taxes amounting to a total of 13,000 francs per head -- more than 20% of their official value. The levy on sheep and goats is markedly higher. In Niger the taxes are less heavy, but there is an export quota system which imposes restrictions. Finally in Mali, traders find it difficult to obtain licenses or find a competitive means of transport. Altogether, this combination of problems helps to cut down considerably on official trade, to the benefit of the very active parallel and clandestine channels.

As regards quantities, comparison of the import and export statistics gives an indication of the scale of this trade. In 1981 and 1982, Niger, burkina and Mali recorded average annual exports of 163,000 head of cattle to the coastal countries, while the latter declared imports from the former of 340,000 head -- more than double the first figure.

The grain trade

Although the flow of cereals from north to south is much less than the reverse, it is worth mentioning as it demonstrates how much more complex these trade movements are than can be described in a mere summary of the main trends. In fact there are many factors which foster trade overall but which vary over time and space. Available supplies in each region, price and foreign trade policies, exchange rates etc. change over time and with them the profit to be made from a cross-border transaction. If one adds to this the facts that traders do not generally specialize in one product and that the trading cereals also depends on what is available in exchange, it is understandable that the flow can be reversed for a while, not to mention the return flow that may occur after export.

The maps below illustrate this, even if the data are incomplete: the configuration of cereal movements varies somewhat over the three years covered by the maps, but more particularly certain flows are reversed, particularly those between Senegal and the Ivory Coast and Ghana, the Ivory Coast and Mali, and Togo and Niger.

6 CONCLUSIONS

There are several conclusions to be drawn from this rapid overview of trade in foodstuffs between the Sahel countries and their coastal neighbors. We would like to end with the two main ones:

a) Border trade and cereals policy management

We have tried to show that the sub-region's trade in foodstuffs has quite a complex dynamic, owing to the many factors that affect the way it operates. Several of these factors stem from the often very narrowly national policies adopted by governments. Some stem from short-term policies, but others, like the lack of conformity between monetary systems, stem from more structural variables.

Cereals policy in its regional aspects (whether nationally or regionally decided policies), is therefore difficult to manage. It involves more than just cereals, since traders are not specialized and exporting grain implies importing some other product in exchange; and it involves more than merely agricultural policy, since exchange rates or the scarcity of foreign currency, for example, also play a decisive part; and the stimuli to trade introduced through economic policies may also shift and change.

It is significant, too, that the advantages of trade are often not fully appreciated. As we have seen, unofficial trade is still primarily understood in terms of losses in fiscal or customs revenue. But several elements lead one to think that by looking at trade in a more comprehensive way one could quantify many other advantages for the agricultural economy, such as the outlets the border markets represent for producers in isolated regions or for farmers in an area where the market is depressed.

b) Trade and regional integration

In the last analysis, border trade does help to organize a certain **de facto** regional integration. Trading networks based on solidarity among peoples but usually operating on the borderline of illegality are actually creating what political projects and inter-governmental negotiations have failed to build.

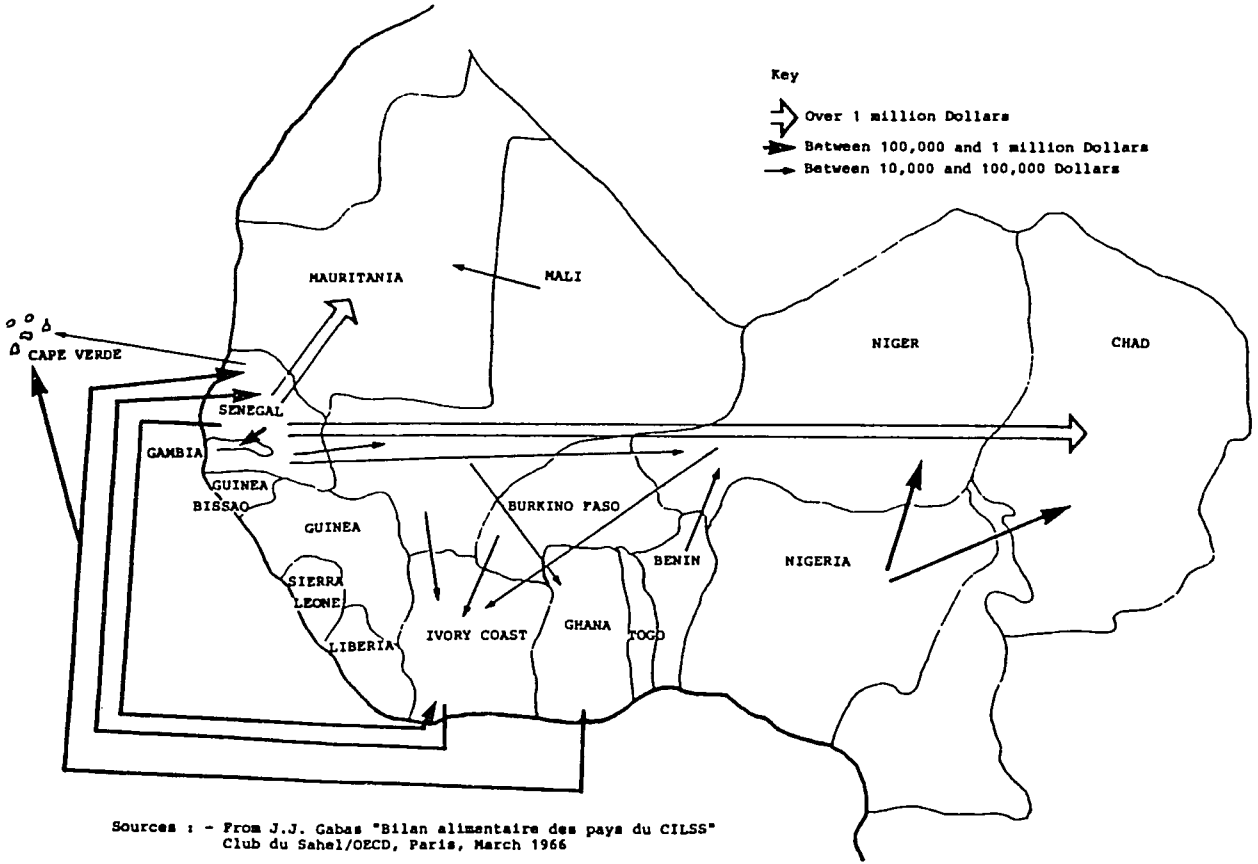
Indeed it is often the very obstacles that block official integration which foster the growth of parallel and clandestine trade networks. In fact, while there is no unity between economic policies in the region (and it is this that hampers attempts to develop common policy) they have, through these trading activities, become closely interdependent. For while clandestine trade diverts or weakens the effects of state intervention in one country, it also passes on the effects of policies in neighboring States.

So it is not a question of contrasting official trade with parallel trade or clandestine trade, even though the terms used tempt us to do so. There are too many bonds between the State networks and the other trading networks, legal or illegal, to treat them as separate sectors of the economy. There is ample proof to the contrary: measures to ban or control parallel trade often have the result of increasing the disparities between the two sides of the frontier and stimulating the very movements of goods they were aimed at preventing.

In the same way, the hope that one might resolve the problem in the opposite way, by the State withdrawing from all trade-related

activity (monitoring, intervention or incentives) springs from the same mistaken belief in the dual nature of the economy. There is nothing to suggest that under different circumstances the trade networks would not behave differently. The traders who are able to take advantage today of the way State intervention has partitioned the markets are not in a competitive situation but a protected one. It is difficult to predict how they might react if they lost this protection, still harder to measure that reaction; but it could well prove quite costly for the food economy, if only in areas a long way from the markets.

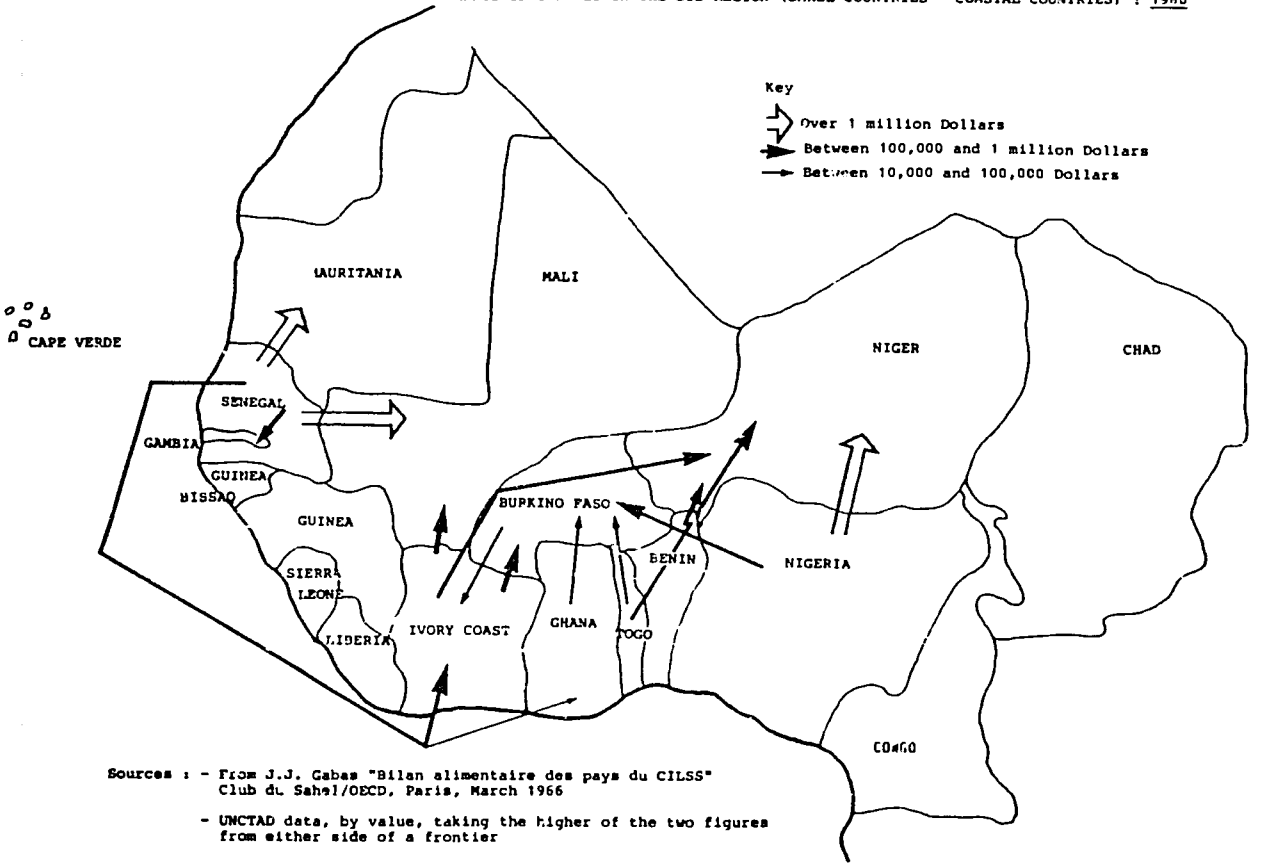
RECORDED MOVEMENTS OF CEREALS IN THE SUB-REGION (SAHEL COUNTRIES - COASTAL COUNTRIES) : 1975



Sources : - From J.J. Gabas "Bilan alimentaire des pays du CILSS" Club du Sahel/OECD, Paris, March 1966

- UNCTAD data, by value, taking the higher of the two figures from either side of a frontier

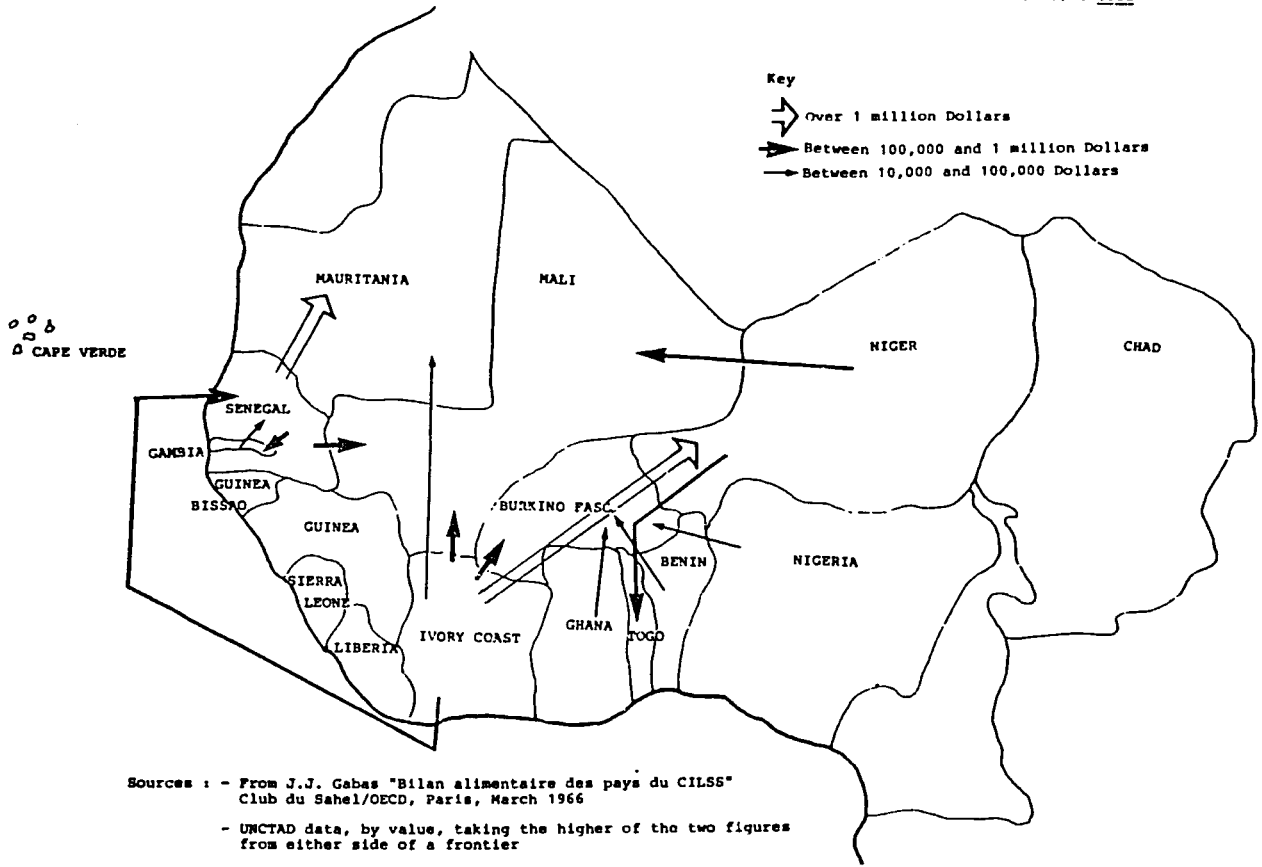
RECORDED MOVEMENTS OF CEREALS IN THE SUB-REGION (SAHEL COUNTRIES - COASTAL COUNTRIES) : 1980



Sources : - From J.J. Gabas "Bilan alimentaire des pays du CILSS" Club du Sahel/OECD, Paris, March 1966

- UNCTAD data, by value, taking the higher of the two figures from either side of a frontier

RECORDED MOVEMENTS OF CEREALS IN THE SUB-REGION (SAHEL COUNTRIES - COASTAL COUNTRIES) : 1982



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- UNCTAD data, by value, taking the higher of the two figures from either side of a frontier

IV-10 CEREALS: THE WORLD MARKET AND THE SAHELIAN MARKET

Jacques GIRI

CEREALS: THE WORLD MARKET AND THE SAHELIAN MARKET

Jacques Giri

The Nouakchott Conference recommended that Sahelian countries protect their domestic cereals markets. That recommendation was just one of many, and in the eyes of Conference attendees it was not crucial. Far greater importance was attached, for example, to the need to offer more attractive prices to producers.

Since the beginning of the 1980s, the world cereals market situation has changed a great deal. The situation of all Sahelian countries has also changed considerably and one might wonder today whether the relationships between the Sahelian cereals market and the world cereals market has not become a key problem for the future of the region.

The present paper does not claim to suggest concrete solutions to this problem. It merely intends to draw the reader's attention in a simple (or even simplistic) manner to a question that cannot be overlooked in the cereals policies of countries in the developed or developing worlds alike.

THE WORLD CEREALS MARKET SITUATION IN THE 1980s

The information given here involves only those details of cereals production and marketing of cereals on world markets that are of relevance to Sahelian countries (1):

- production of cereals surpluses, particularly of wheat and corn, by the industrialized countries of the North: During the second half of the century, those countries have changed from being net importers of cereals to being net exporters of cereals. The turnaround is the result of the policies that have been applied by respective governments. The British example provides a particularly striking illustration of this tendency: having been a regular importer of cereals since the 1940s, Britain has now become the world's sixth-largest exporter of cereals as a result of ten or so years of EEC Common Agricultural Policy, which has introduced attractive pricing to stimulate production.

  There is thus an abundant supply of cereals. However, the level of demand from solvent outlets is limited as a result of the financial crisis faced by many importing countries of the South and as a result of the progress that has been made in production by many countries (e.g., India).

  The stocks of the major exporting countries have reached 90% of the quantities marketed each year, and the problem all industrialized countries now face is to find ways of moving their cereals surpluses.

(1) The development of world cereals markets has been examined in detail in the paper by Charles Hanrahan entitled "The World Grain Situation: Implications for Food Policy in the Sahel" (Document N° 17 distributed at Mindelo).

- **substantial production subsidies from the major industrialized countries: USA and EEC:** In 1983, the United States spent 19 billion dollars on agricultural subsidies (4 billion for wheat producers). EEC subsidies reached 15.5 billion dollars (2.5 billion for wheat producers).

  Exportation is even more heavily subsidized than production, and a recent US Congress decision to provide massive subsidies for exports of United States wheat demonstrates that subsidy policies are liable to become more aggressive than ever.

  In view of these factors, it is not surprising that cereals prices in real terms have been falling on international markets for the last decade.

- **untapped resources:** Substantial resources could be further exploited in North America (The US Administration is financing a program to "freeze" land that could produce cereals; cereals yields are well below those achieved in Europe.), in West Europe, and in the Soviet Union, where average yields are still relatively low.

- rice: The world rice market is very different from the world market for wheat or corn: the percentage of total production that is traded is very low (4%). Over recent decades irrigated surface areas and yields have increased (the green revolution) to such an extent that there is no shortfall on the world market.

  World market prices for rice have varied considerably, but price levels have fallen overall in real terms as a result of technical progress and because of the links between the rice market and the wheat and corn market. Yield remains low in several Southeast Asian countries, and could increase substantially. Most experts do not foresee a shortfall and consider that world-market prices will continue to fall slowly in real terms for the next ten years.

There are thus no grounds to expect a cereals shortage at the worldwide level in the foreseeable future. On the contrary, there are signs that the world market is likely to become a theater where the strongest actors -- in terms of available resources, high-performance technologies and, above all, financial resources -- will become engaged in a merciless struggle for domination.

The most probable hypothesis is that supply will remain abundant and that prices will not rise in the medium term.

LINKS BETWEEN SAHELIAN MARKETS AND THE WORLD MARKET

Despite considerable increases, the quantities of cereals that are moved into the Sahel are tiny in relation to the quantities traded on world markets (1% of the 1985 total). Those cereals thus have practically no effect on world markets.

Current market conditions -- particularly in terms of quantities on offer and prices -- are thus in no way influenced by the Sahel. On the other hand, while the Sahelians cannot exert any

direct influence on world markets, they can affect the way in which cereals arrive on their domestic markets.

Between world markets and Sahelian markets there is a valve. That valve is operated by the rates of exchange of Sahelian currencies against cereals exporters' currencies, by the duties and taxes payable on cereals imports, and, if necessary, by import quotas.

Clearly, if the question of quotas is set to one side, the circulation of cereals from one market to another -- like the circulation of all other goods or services -- is chiefly influenced by the price differentials on either side of the valve. Three primary factors are involved in the comparison of prices:

- the number of hours of labor that are needed to produce the goods that are traded (i.e., inverse productivity);

- the average wage of the production laborforce;

- the exchange rate.

In principle, exchange rates regulate international trade and determine which products can be profitably exported and which products it would be wiser to import (although productivity and wage levels of the different countries also play an important role). In theory, the import/export mix determined by a suitable exchange rate will lead to a healthy balance of trade.

In practice, the policies that have been implemented have upset the situation. Since the beginning of the 1970s, exchange rates have been severely influenced by phenomena that are not linked to trade, and in particular by movements of capital from one country to another of from one monetary area to another. The agricultural policies or the major industrialized countries also have a disruptive influence. It would appear that:

- the industrialized countries have been using subsidies to artificially increase the productivity of their agricultural sectors;

- the industrialized countries have been penalizing the competitivity of their industrial and services sectors by applying heavier taxation than would have been necessary without agricultural subsidies.

THE SAHEL IN THE WORLD MARKET IN 1986

A brief examination is made here of three of the principal products that are traded internationally by the Sahelian countries.

- **Groundnuts**: Since the 19th century, Senegal and Gambia have had a comparative advantage for the production of oil crops. As a result, and because of the advantage enjoyed by other tropical countries that have become major palm oil producers, oil crop production was to a large extent relocated. Oil crop

production began to decline rapidly in Europe towards the end of the 19th century.

Agricultural productivity has increased substantially in Europe, while in the Sahel it has stagnated or even diminished as a result of deteriorating land quality. That comparative advantage has thus been gradually eroded, and, shortly before independence, Senegalese groundnuts required protection under the franc area agreements.

Since the beginning of the 1970s, the deterioration of the situation in the Sahel has accelerated. Productivity has still not increased in the Sahel, while productivity has advanced apace in Europe, particularly in sunflower cultivation. European agricultural policy has increased Europe's advantage by offering subsidies for oil crop production on that continent. At the same time, the protection afforded by the franc area has disappeared.

The end result is that oil crop production is now quickly being relocated to Europe once more. Groundnuts have virtually ceased to be exported from Niger and Burkina Faso (an effect of the geographic position of those countries), and Senegal and Gambia have witnessed a major slump in groundnut revenues.

- Cotton: The Sahel has never had a natural comparative advantage in cotton in the same way as it had in groundnuts. Indeed, virtually no cotton was exported from the region until 1950 (except from Chad, where the comparative advantage was a result of government pressure on farmers).

  Technical breakthroughs that have been achieved through the work of research institutes and that have been applied in the field in favorable areas started to change the situation in the 1950s and began to have a marked effect from 1960. The techniques that are now utilized have now made it possible for the Sahel to obtain a comparative advantage, and cotton exports from the Sahel are likely to develop considerably in the future.

  The world cotton market is depressed at present, probably as a result of recent events (e.g., the appearance of China as a major exporter), but also perhaps because of structural changes brought by the increased productivity of the world's major cotton producers (USA, USSR). Whatever the reasons, the comparative advantage of the Sahel has diminished.

- Cereals: Over the last twenty-five years, large quantities of imported wheat and rice have penetrated Sahelian markets, while those commodities were formerly only imported to satisfy a small minority of urban consumers and a few groundnut producers who were clearly interested in making use of their comparative advantage.

  Broken rice imported from Thailand now arrives on Sahelian markets -- even in areas that are far inland -- at sometimes considerably lower prices than locally produced rice. Prices are higher than those of traditional cereals, but imported rice is nonetheless in competition with traditional cereals, since

homemakers consider rice attractive priced in view of its greater ease of preparation.

The price of imported wheat is such that locally produced cereals cannot compete. In this respect, reference should be made to the SOMDIA tests run in Burkina Faso. Those tests were technically a success, and selling prices were very little higher than domestic prices in Europe. However, as this selling price was far higher than the world market price, the project turned out to be uncompetitive.

Traditional stocks of cereals, which made it possible to overcome the consequences of climatic variations, have fallen considerably. Low-price imported cereals and donations of food aid have considerably detracted from the interest of constituting stocks.

The position of the Sahel on world markets has thus developed wholly unfavorably.

. the Sahel has fewer and fewer products to export under competitive conditions (reference is made here to agricultural products, but the situation is the same for manufactured goods);

. the Sahel is importing more and more products, including food products.

In very simple terms, it can be said that the Sahel is suffering from the combined effect of the accelerated technological progress of agriculture in the North (while its own technology has remained static), and the agricultural subsidy policies implemented by the major industrialized countries. At the same time, the Sahel has not benefited in any way from the fact that the North's industrial and services sectors have been penalized by those agricultural subsidy policies. Trade balances deteriorate as a result, and the situation is perpetuated by increased international aid combined and rising external indebtedness.

THE CONSEQUENCES FOR THE SAHEL

This rapid analysis of the situation points to two immediate consequences for the policies that the countries of the Sahel have adopted in an effort to achieve food self-sufficiency. It is widely recognized that such an objective can only be achieved if average levels of production increase markedly in order to meet the needs of a growing population, and if supply becomes more regular at the same time in order to overcome the production problems caused by climatic fluctuations.

- The first consequence is that the objective of food self-sufficiency under all climatic conditions is less and less justifiable. In view of the importance of rainfed agriculture and the uncertain rainfall of the region, food self-sufficiency can only be achieved through large-scale carry-over storage of cereals.

Carry-over storage was fully justifiable when the Sahel was totally isolated (and when survival therefore depended on such stocks) or when its links with the rest of the world were relatively poor (heavy transportation costs pushed up the price of imported cereals and stored cereals thus cost less).

Conditions have now changed completely. Whatever the consequences, the Sahel is now part of a world-market situation, and imported cereals have become competitive with locally produced cereals, and cheaper than stored cereals, since substantial storage costs (direct costs and financial costs) now push up prices.

The experience of the last few years has also shown that, despite the long reaction times and lack of organization of Sahelian governments and aid agencies, the introduction of early warning systems now makes it feasible to move large quantities of cereals to areas hit by drought (in the form of commercial imports and food aid) and thereby avert famine.

Farmers have recognized this change, since it now appears that traditional carry-over stocks have fallen. On the other hand, government policies aiming to replace farmers' stocks with official stocks are economically unsound given the worldwide context. Those policies block large amounts of capital that would be better used in productive activities; they generate selling prices for stored grains that are not responsive to international market conditions, and they do not bring any more security than access to international markets (and to food aid).

The objective of food self-sufficiency under all climatic conditions and the national storage policies adopted in an effort to reach that objective should be brought under review to account for the world cereals market situation.

- The second consequence is that increased average production is essential if regional dependence is to decrease, whatever definition of food self-sufficiency is adopted. Regrettably, in the current context, it is impossible to reduce dependence, and the objective of food self-sufficiency is misleading. In fact, the Sahel is dependent on the outside world because:

  . the productivity of Sahelian labor is still very low and is not increasing; it must be increased, but this is impossible in the short term;

  . the average wage of the laborforce is generally so low in rural areas that it is impossible to reduce it any further;

  . the exchange rate is the only parameter that can be readjusted at present.

Despite very low incomes brought about by very low productivity and an unsuitable exchange rate, farmers suffer the effects of international competition and are becoming less and less competitive as suppliers to the towns. Not only are they unprotected from subsidized exports from the countries of the North, but they are penalized by exchange rates. It is an

illusion to think that it is possible under these conditions to implement cereals policies that lead to food self-sufficiency.

Food dependency is increasing. What is surprising is not that it is increasing, but that it is not increasing more.

The effects of this international competition are not only felt in the coastal countries, where dependency on the outside world has reached unprecedented proportions, but also in the inland countries, which, even in good years, are importing more and more wheat and rice. The prices of imported cereals fix a ceiling on the prices of locally produced cereals. It is impossible to sell local cereals at prices -- official or free-market -- that exceed that ceiling, and the international market in this way exerts an influence on cereals production, even in remote inland areas.

WHAT CAN BE DONE?

The food dependence of the Sahel is today a result of the relationships between Sahelian markets and international markets. More specifically, it is caused by the exchange rate situation. It might even be said that the dependence of Sahelian economies is a result of maladjusted exchange rates. Several courses of action can be examined in an effort to find a solution to this situation:

- Import taxes and/or import quotas on cereals: In view of the significant differences that exist today between imported cereals prices and Sahelian selling prices, such taxes would be markedly higher than current levels, or import restrictions would be considerably tighter. Experience has shown that when taxes become high or when restrictions become tight, moves are taken to evade those taxes and circumvent those restrictions; fraud and corruption increase and the effectiveness of the measures is ultimately negated.

- Realistic exchange rates: Introducing more realistic exchange rates would not be a simple task. But as long as Thai rice and Mid West wheat continue to be sold in the heart of the Sahel at lower prices that the grains produced by Sahelian farmers themselves, is it reasonable to think seriously in terms of food self-sufficiency, and is it reasonable to think that genuine rural development is a possibility in the Sahel?

While the current situation persists, there are two possibilities. Either official price levels could be set at levels that encourage Sahelian farmers to produce, or else market forces could be relied upon. In either case, the forces to which governments, cereals boards and private consumers will be subjected will inexorably push up cereals imports and will cause dependence to grow even further.

Today, therefore, one might wonder whether the key problem for the Sahel really is whether to rely on a liberalized market or to depend on collective organization of production. It would appear now that the fundamental problem is the relationship between the Sahelian market (liberalized to a greater or lesser degree) and the international market, and, more specifically, the problem of exchange rates.

How can that fundamental problem be solved? Three concrete comments are made below as to how the difficult question of exchange rates could be tackled:

- There should be no confusion -- as there has often been in the past -- between belonging to a monetary area and perpetuating pegged currency exchange rates. No divine ruling has set the value of the CFA franc at FF 0.02 until the end of time. (Incidentally, it should be remembered that when the CFA franc was created, it was pegged at FF 1.7.)

- The difficulties of changing parity should not be underestimated: if a change in parity is to achieve its objective of enhancing the competitivity of national production, it will be necessary to readjust the entire economy, alter the distribution of the national income among the different social categories, and thus break with the tendencies that Sahelian societies have followed for several decades.

- Adjusting parity is not a cure for all ills, and it should be remembered that reduced dependence will not be an automatic consequence of a more favorable exchange rate: the deep-seated tendencies that have brought the region to its current state of dependence may well counter the effects of a change in parity in a matter of months, for the inflation it would generate would once again lead to overvalued currencies.

The adoption of a more favorable exchange rate is thus unlikely to be a miracle cure to all the Sahel's difficulties. However, in the light of this analysis of current world market conditions and the Sahel's position in that market, it might appear that a more favorable exchange rate could be the point of departure for any effective development strategy. In any case, there is room for skepticism as to the effectiveness under current economic conditions of any cereals policy implemented with today's exchange rates for Sahelian currencies.

IV-11 FOOD AID IN THE SAHEL

Stéphane JOST

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ABBREVIATIONS

CIDA/ ACDI	Canadian International Development Agency
DAC	Development Assistance Committee
CEAO	Communauté Economique de l'Afrique de l'Ouest
CILSS	Comité Inter-états de Lutte contre la Sécheresse au Sahel
CNAVS	Commission Nationale des Aides aux Victimes d la Sécheresse (Mali)
CSA	Commissariat à la Sécurité Alimentaire
EDF	European Development Fund
FAO	United Nations Food and Agricultural Organization
OFNACER	Office National des Céréales (Burkina Faso)
OPAM	Office des Produits Agricoles du Mali
OPVN	Office des Produits Vivriers du Niger
NGO	Non-governmental organization
PL 480	Public Law 480
PRMC	Programme de Restructuration du Marché Céréalier (Mali)
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
WFP	World Food Program

INTRODUCTION

Reflection on food aid since the Nouakchott conference

The CILSS and the Club du Sahel have been involved in reflection on cereals policies, and in particular on the role of food aid, for some considerable time. For many years those organizations have supported exchanges in an effort to approach the questions under consideration in the light of new analyses and new ideas.

After the second conference of the Club du Sahel (Ottawa, 1977), at which a food strategy for the Sahel was presented, Nouakchott (2-6 July 1979) was the first conference to deal specifically with problems linked to food aid, and to reassess the validity of this type of aid.

At the outcome of that conference, the select committee of the CILSS and the Club du Sahel organized several meetings on food aid:

- a meeting of cooperation agency leaders (Paris, September 1981);

- a meeting of Sahelian leaders (Dakar, October 1981);

- a meeting of donors and Sahelian leaders (Dakar, June 1982).

These meetings confirmed the analyses and appraisals made during the Nouakchott conference.

Problems involving harvest forecasts, logistics and counterpart funds were also examined, and concrete recommendations were made in an effort to reduce, and subsequently to eliminate structural food aid.

Further to a meeting of the DAC on food aid and development cooperation (Paris, 26-27 November 1984), a new breakdown was drawn up during a concertation meeting on food aid supplied to CILSS Member States, which was held in Paris on 7 December 1984. In addition to problems of crop assessment, emphasis was laid on the development of "triangular" transactions (cf switch deals) and on the need for coordination between donors and beneficiary States at the national and regional levels.

Thus, the Council of Ministers of the CILSS meeting at Nouakchott in January 1985 asked the Secretariat of the CILSS to draw up a "plan for forecasting and managing food crisis situations in the countries of the Sahel". In view of this, the Council in May 1985 revised the mandate of the CILSS.

A "network for famine prevention in the Sahel" was set up at the first meeting of cooperation agency experts in Paris (20-21 May 1985). This network is intended to be a flexible, informal forum for the exchange of ideas and concertation of efforts. The network provides updated information bulletins to favor discussion and facilitate the decision-making process for the parties concerned.

table 1

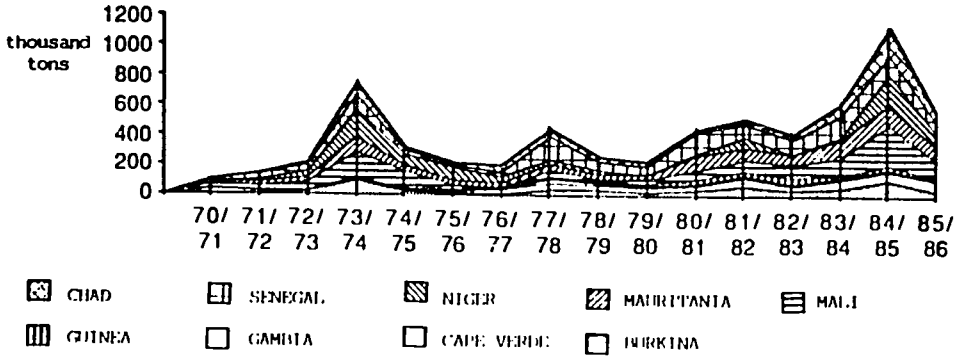
FOOD AID TO THE COUNTRIES OF THE SAHEL (1970/71-85/86)

YEARS	BURKINA	CAPE VERDE	GAMBIA	GUINEA	MALI	MAURITANIA	NIGER	SENEGAL	CHAD	CILSS	WORLD
70/71	47,8	0	2,6	0	27	8,4	4,6	15,8	0,1	106,3	12357,3
71/72	35,1	0	1,9	0	32	29,5	13	37,3	0	148,8	12512,8
72/73	30,7	0	3,9	0	64,9	24,6	45,7	37,9	10	217,7	9964,1
73/74	107,9	0	7,6	0	179,9	95,2	195	101,3	66,5	753,4	5818,7
74/75	28	6,9	9	10,9	106,5	47,9	72,5	26,8	19,7	328,2	5399,4
75/76	15,7	14,9	3	10	39,1	26,9	85,5	16,1	3,6	214,8	6847
76/77	22	22,6	2,7	14,2	0,2	28,9	46	30,9	33,9	201,4	9022,4
77/78	50,5	48,3	17,6	23,3	32,8	51	19,9	166,7	47,2	457,3	9215,5
78/79	49,1	30,9	7,4	16,5	21,5	31,1	23,3	59,9	22,9	262,6	9499,7
79/80	36,5	34,1	6,8	17,6	21,8	26,2	9,1	60,8	16,2	229,1	8887
80/81	51,1	31,1	16,1	26,2	50,2	106,1	10,9	152,5	14,1	458,3	9941,6
81/82	80,9	53,6	21	30,3	66,4	86,4	71,4	82,7	28,6	521,3	9140,2
82/83	45,4	34,8	12,8	34,9	88,1	71,3	11,8	91	36	426,1	9198
83/84	57,3	62,5	16,9	19,4	108,5	128,8	12,7	146,3	73,8	626,2	9831
84/85	123,7	49,6	20,6	30,9	265,6	135,1	218,3	130,4	163,3	1137,5	12462,6
85/86*	55,9	60,6	8	7	118,1	99,3	86,4	71,7	42,7	549,7	
70/86	837,6	449,9	157,9	241,2	1222,6	996,7	926,1	1228,1	578,6	6638,7	143097,3

Estimates 1/7/85

source: FAO

GRAPH 1



Five studies were prepared for the first meeting of the network (23-24 October 1985):

- forecasting 1985 harvests, deficits and surpluses (FAO and CILSS);
- breakdown of logistical problems (WFP);
- breakdown of triangular transactions (French Development Agency);
- breakdown of counterpart funds (Club du Sahel);
- reflection on food aid and development (WFP).

The network is due to meet again in November 1986 for an exchange of information on the past year and for discussion of outlooks for 1987.

Now, seven years after the Nouakchott conference, another conference has been organized on the cereals policies of Sahelian States (Mindelo, December 1986). This summary of food aid in the Sahel presented at the WFP/ADB seminar in Abidjan (September 1986) will thus also be used at the network meeting planned for November 1986 and for the Mindelo conference.

This summary gives a breakdown of the food aid received by CILSS Member States (Part I), outlines the links between food aid and cereals policies (part II), and makes a number of recommendations as to the types of action and themes of reflection that could lead to proposals for reform and that are liable to favor discussion on questions related to food aid (Part III).

I) BREAKDOWN OF FOOD AID RECEIVED BY SAHELIAN STATES

1.1 Breakdown by country of destination

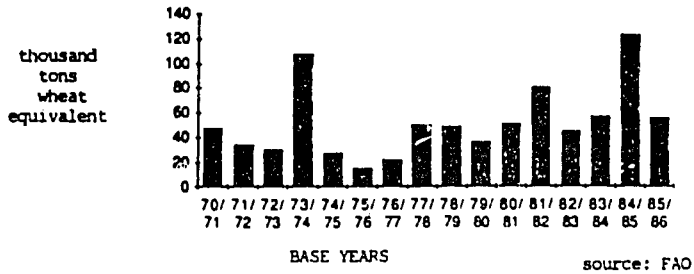
FAO statistics (see table 1) indicate that CILSS States (including Guinea) received between 1970-71 and 1985-86 more than 6.6 million tons of cereals, i.e., an average of 415,000 tons/year.

Over the same period, there were two high points in the supply of food aid (see graph 1). Those high points correspond to the droughts of 1973-74 (750,000 tons, i.e., 11.3% of total) and of 1984-85 (1,137,000 tons, i.e., more than one-sixth of all food aid received over the sixteen-year period).

The principal beneficiaries of food aid were Senegal and Mali (18.5% and 18.4%), followed by Mauritania (15%), Niger (14%) and Burkina (12.6%). The remaining 21.5% was received by the other countries in the Sahel.

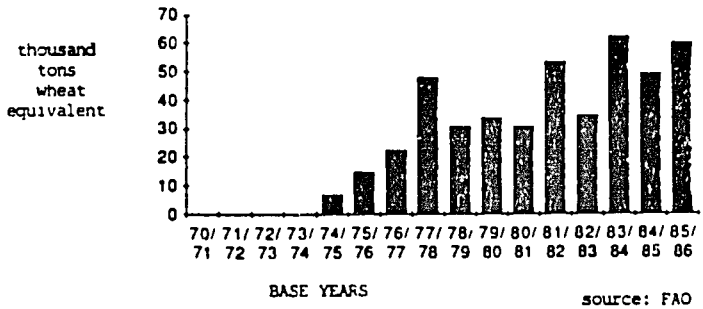
Graphs 2 to 10 show developments in quantities of food aid received by each country. The following remarks can be made:

BURKINA FASO
Food aid (cereals) received from 1970/71 to 85/86



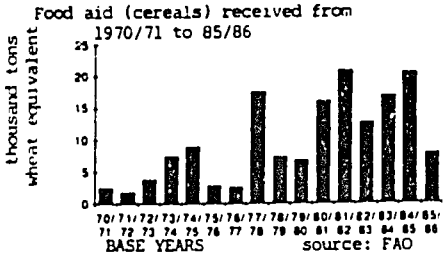
source: FAO

CAPE VERDE
Food aid (cereals) received from 1970/71 to 85/86



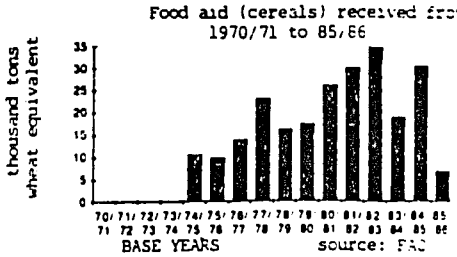
source: FAO

GAMBIA
Food aid (cereals) received from 1970/71 to 85/86



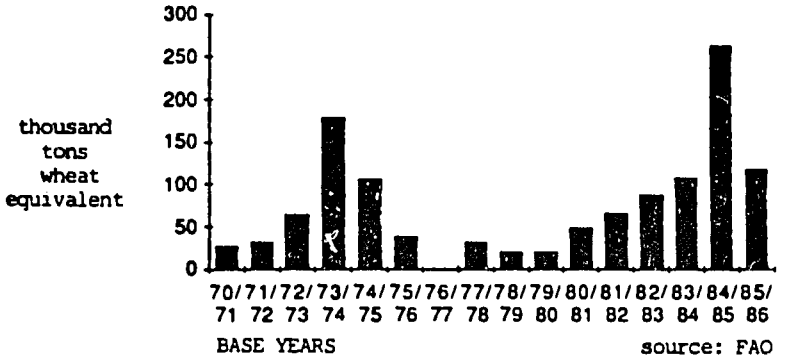
source: FAO

GUINEA-BISSAU
Food aid (cereals) received from 1970/71 to 85/86

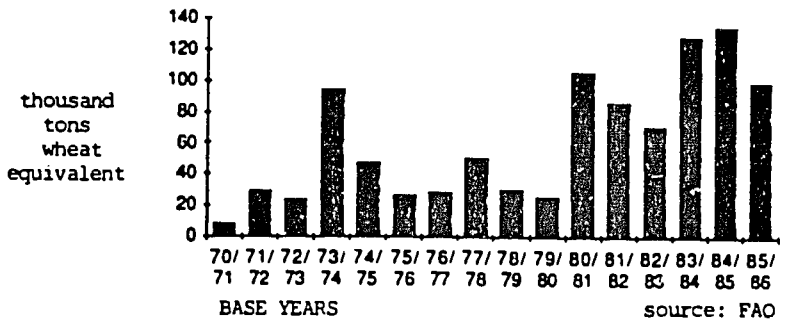


source: FAO

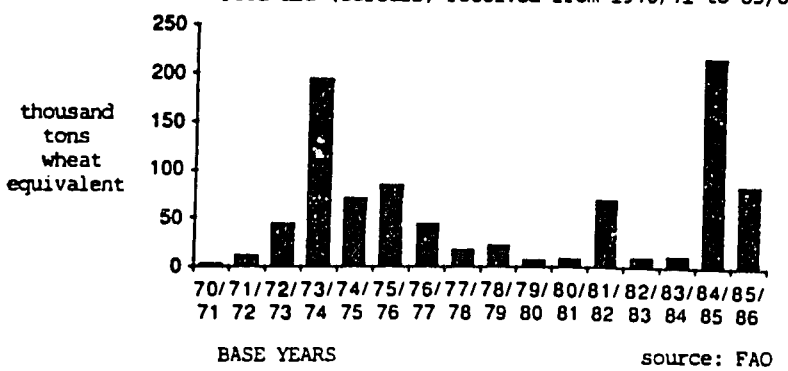
MALI
Food aid (cereals) received from 1970/71 to 85/86



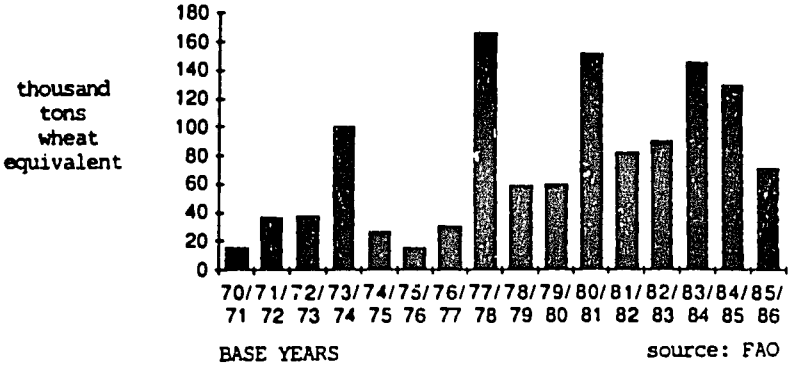
MAURITANIA
Food aid (cereals) received from 1970/71 to 85/86



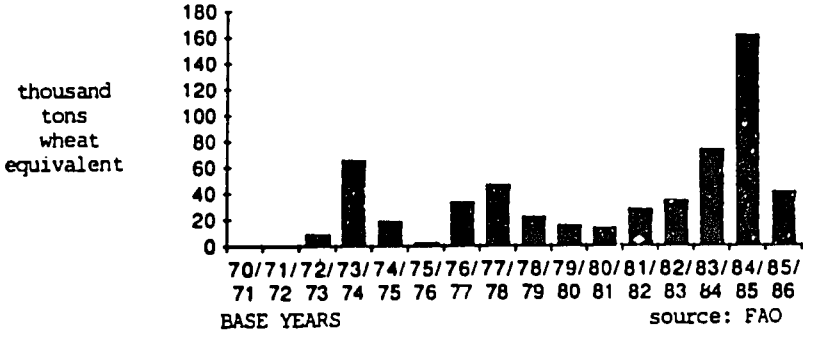
NIGER
Food aid (cereals) received from 1970/71 to 85/86



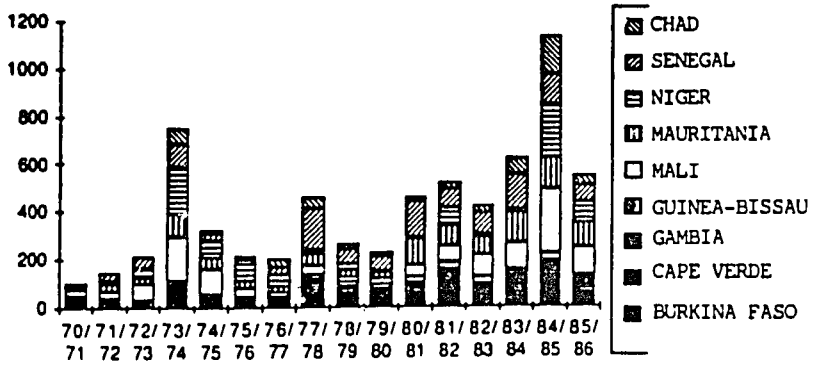
SENEGAL
Food aid (cereals) received from 1970/71 to 85/86



CHAD
Food aid (cereals) received from 1970/71 to 85/86



CILSS COUNTRIES



- All the country-specific graphs have high points corresponding to the periods of drought (1973-74 and 1984-85).

- Countries with seaboards (Gambia, Guinea Bissau, Cape Verde, Senegal, and, to a certain degree, Mauritania) also experienced a high point in 1977-78.

- Mali has received more food aid than any other CILSS country, and since 1984-85 has received greater quantities of food aid than any other country in the Sahel. Nevertheless, after the 1973-74 drought, it received no aid in 1975-76, and very small amounts until 1979-80. It is conceivable that this situation is the result of the creation of the PRMC (program for the restructuration of the cereals market), and of the pluri-annual commitments made under that program.

- The situation in Mauritania sharply deteriorated from the beginning of the 1980s (average of approximately 100,000 tons from 1980 to 1986, compared with an average of 30,000 tons over the preceding six years).

- In normal years, Niger receives practically no food aid, but in the event of drought it is suddenly obliged to handle enormous quantities. In 1973-74 four times more food aid was received than in 1972-73, and in 1984-85 seventeen times more food aid was received than the year before.

- Overall, expected quantities for 1985-86 are greater than those received in a "normal" drought-free year, although harvests have been good, and surpluses have been generated.

A paradoxical situation thus exists. According to FAO breakdowns established in June 1986, food aid commitments are 133,000 tons greater than demand, and yet exceptional local purchasing requirements have already reached 200,000 tons. There are clearly grounds to believe that there is too much food aid, and that it is unsuited to local requirements. Although the products under consideration are not necessarily the same, donors' food-aid policy for 1985-86 was intended to be:

- to purchase whenever possible on regional markets with surpluses;

- to stop sending food aid when requirements had been met.

1.2 Breakdown by donor country or organization

a) United States

The United States is by far the top supplier of food aid to the Sahel. From 1979-80 to 1985-86, the US delivered close to 1,500,000 tons of cereals, of which some 500,000 tons (42.6% of total aid received) were sent in 1984-85.

Most US aid is distributed free of charge (three-quarters in 1984-85), particularly by US NGOs specialized in that type of

activity. Those organizations have often been criticized for adopting methods that are at times too expeditive, and for the considerable negative effects that the food they distribute has on programs run by other NGOs. US aid is still intended first and foremost to be emergency aid. Saleable aid (PL 280 - Title II - section 216) is sent in considerably lower quantities.

b) European Economic Community

The EEC is the second-largest supplier of food aid to the Sahelian States. Between 1981 and 1986 more than 500,000 tons of cereals and dairy products were provided from the Community's budget. In November 1984 an exceptional program (the Dublin Plan) was implemented to complement donations paid for under the annual budget and to supply additional aid to African nations affected by the drought. The Dublin Plan was followed in 1985-86 by a "rehabilitation and reflation plan".

The EEC appears to be highly sensitive to development problems, and has taken the following action:

- introduction of programs for the definition and support of food strategies in four African countries, including Mali;

- authorization of NGO requests for food aid coupled with requests for financing for development projects utilizing this aid;

- various programs to purchase from local sources or from neighboring countries, e.g., in early 1985 to supply aid rapidly to Mali, Niger and Chad;

- provision of financing for the first "substitution projects" in 1986 (in view of improved harvests), which allow for the replacement of food aid with equivalent funds to be used for projects linked to improvement of the food self-sufficiency of the country in question (see 2.4 d).

c) EEC members

In addition to the programs implemented under the Community budget, which EEC member countries finance, those countries have national bilateral aid programs, which were also reinforced in 1985 under the Dublin Plan.

- France sent more than 200,000 tons of cereals to Sahelian States between 1980-81 and 1985-86. In liaison with NGOs, France in 1985 set up small-scale projects for purchasing food in areas with surpluses and selling them in areas with deficits in Burkina, Mali and Senegal.

- West Germany is also an important donor (approximately 150,000 tons between 1981-82 and 1984-85). Its aid is chiefly intended to constitute national food security stocks, which

are under the strict control of West Germany and the relevant cereals boards.

- Italy has recently increased its level of aid, particularly as a result of major budget allocations made for cooperation in 1985.

d) Canada

Canada has increased its food aid to Sahelian countries over recent years (from 21,000 tons in 1983-84 to 41,500 tons in 1985-86), and has diversified the products it dispatches: alongside wheat and corn (maize), Canada sends beans, peas, powdered milk, and, this year, 3,650 tons of rape seed oil.

However, the major innovation of 1986 involves experiments with triangular transactions: 8,300 tons of millet and sorghum for Mali and 5,500 tons for Niger. For 1986-87, the ADCI (Canada's development agency) is expected to move towards converting all its food aid for Sahelian countries into purchasing commitments in those countries and in neighboring countries).

e) World Food Program (WFP)

Food aid sent by the WFP is used under its own development projects (particularly Food for Work) or under its emergency aid projects (distribution free of charge). The proportion of WFP aid falling into the emergency aid category has increased during periods of drought. Overall, in the ten years from 1975 to 1985, the WFP will have supplied more than 900,000 tons of food aid, one-third of which has been dispatched over the last two years. Principal beneficiary countries are Chad and Mali (sharp increases over recent years) and Senegal (particularly in 1977-78 and 1980-81).

The WFP has recently made an assessment of its emergency operations in Africa (1). This assessment highlights the problems of delivery times (less than 30% of the foodstuffs arrive within 3 months, 50% between 3 and 7 months, and a small proportion takes more than 12 months to arrive), and demonstrates the negative effects on development programs that free distribution can have.

f) NGOs and private organizations

Only limited quantities of food aid are sent directly by private organizations and financed from their own funds. Considerable media time is nevertheless devoted to these actions, (e.g., Band Aid or SOS Sahel '84).

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(1) "Evaluation of Emergency Operations: Lessons to be Learnt from the Food Crisis in Africa" (WFP/CFA Document 22/7 Add.1, Rome, July 1986)

Certain NGOs, however, are developing programs for local purchasing and subsequent resale in areas with deficits, financed by development agencies or by funds collected under information campaigns organized in Europe to promote triangular transactions (Afrique Verte campaign: "for peoples' right to feed themselves").

1.3 Breakdown of developments

Having examined quantitative aspects of food aid to the Sahel, we are now going to deal with qualitative aspects by summarizing the principal changes that have taken place in the decision-making process and in the distribution and utilization of food aid itself.

a) Assessment of crops and requirements

Coordination is beginning to show results in this respect.

The Club du Sahel has produced a report on the systems used for forecasting harvests that are operational or under development in the countries of the Sahel (2). A meeting was organized on 29-30 April 1986 to discuss this report.

The FAO now also gives details of the extent and location of available surpluses.

A great deal of work still remains to be done, however, in order to reach a better assessement of harvests, and thus of requirements. There is much uncertainty involved in the various parameters that are used in calculating cereals breakdowns, and the precision of deficit estimates can thus be somewhat illusory.

b) Distribution of food aid: logistical problems

We now have fairly precise knowledge of the principal blockages in the distribution system and can thus gauge where intervention is required.

- France has financed a study to analyze the conditions of transportation of food aid in Africa.

- Switzerland has recently completed a study in collaboration with the CILSS, drawing up a fairly complete inventory of the obvious bottlenecks to distribution of food aid in 1984-85 (3). The 33 projects proposed in this study represent a total cost of US$ 18 billion.

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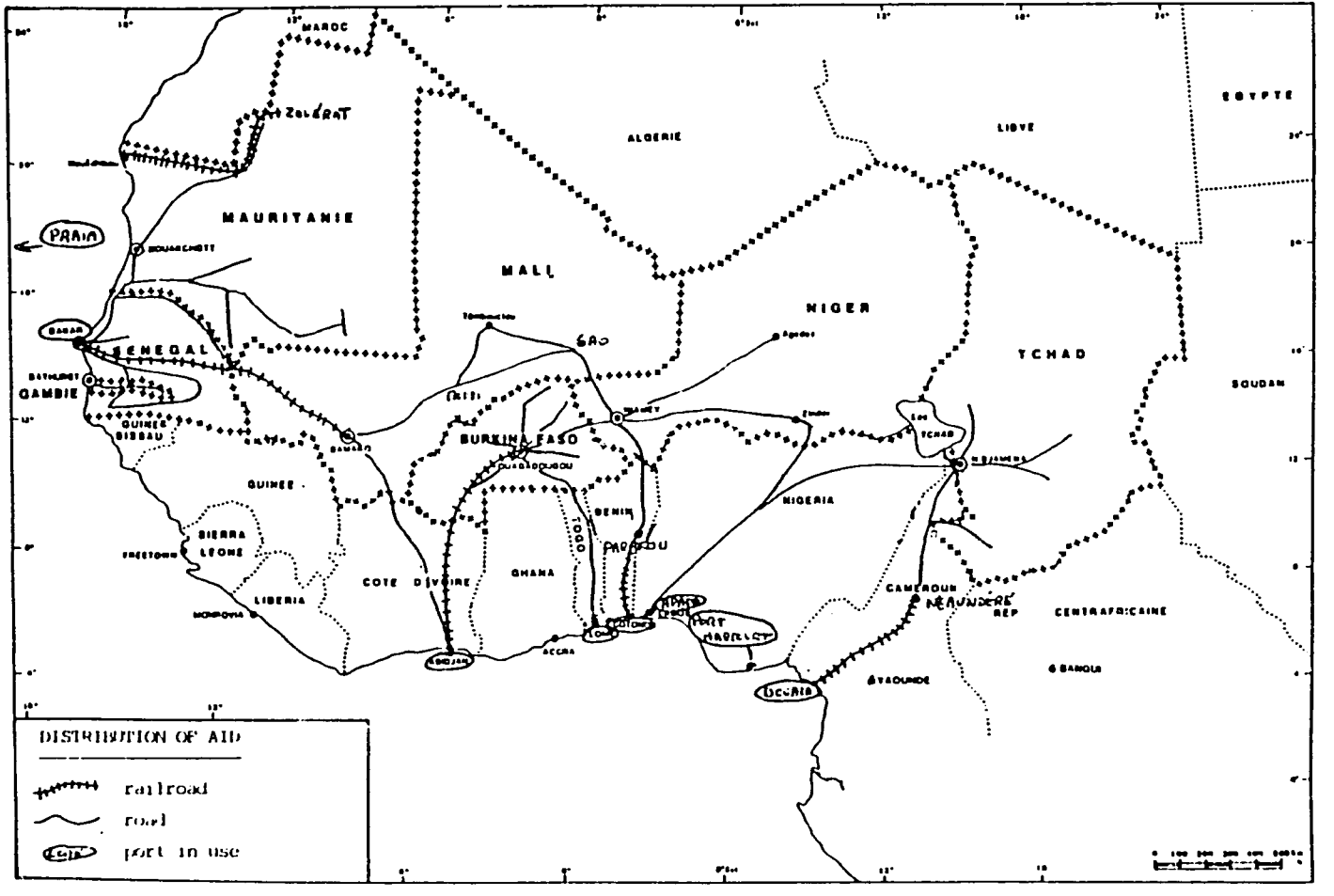
(2) "Forecasting Critical Food Situations in the Sahel: Early Warning Systems", R. Pons, March 1986
(3) "Study of Technical Bottlenecks: Inventory and Propositions for Immediate Action", ASC-CILSS, May 1986

DISTRIBUTION OF AID WITHIN THE SAHEL



- The WFP has managed to identify logistical problems through its "Africa Task Force", and sends a weekly telex to the international community on the supply situation (requirements, aid announced, deficits, etc.) and on the state of delivery (amount of aid received, blockages in ports, logistical problems, etc.).

- At the local level, regular concertation meetings have been organized in order to monitor the situation and coordinate the arrival and utilization of aid with the national authorities.

c) Programming of deliveries

Alongside technical problems, the question of programming of deliveries should also be examined.

The difficulties encountered are largely a result of the simple fact that most food aid arrives in the countries at the same time. While requirements are known after the harvest, towards the end of the year, the decision-making process and the subsequent procedure for implementing those decisions and transporting food aid take several months, and most deliveries thus only begin to arrive in May or June, i.e., six months after the end of the harvest. (In May 1985 only one-third of the aid that was expected in Niger was actually delivered.) It is thus during this period that obstructions and delays appear, and major problems are encountered in ensuring that food aid leaves the ports or reaches inland destinations.

Late arrivals and the obstacles mentioned above push back deliveries towards the end of the year, particularly during the rainy season, when distribution is much more difficult, and during harvests, when deliveries can be a nuisance or even have damaging consequences.

As with the distribution of information on the food-aid situation, international coordination could make it possible to establish, in collaboration with regional governments, a global supply plan for the countries of the Sahel. This plan would have two main advantages:

- regulation of timing of deliveries for constant supply during critical periods (between the end of stocks and the beginning of the harvest);

- geographic regulation of the various delivery/distribution points.

d) Triangular transactions: local purchasing

The study of triangular transactions in West Africa (4) that was prepared for the October 1985 meeting of the network for famine prevention in the Sahel indicated that relatively large amounts of food aid were provided by donors through triangular transactions.

- In 1985 more than 85,000 tons of products (some 100,000 tons of wheat equivalent) were purchased in West Africa, and more than 100,000 tons (some 175,000 tons of wheat equivalent) in other third-world countries, particularly in Thailand, Pakistan (rice) and Honduras (corn). Principal purchasers were Japan, the Netherlands, West Germany, the EEC and the WFP.

- The data currently available for 1986 indicates that the tonnage purchased in West Africa will be at least as great as that of 1985. Further, the substitution action financed by the EEC, representing 55,000 tons of cereals, should be added to these figures (see point e).

Despite a tendency to fear the teething troubles involved, donors have moved noticeably towards increased use of triangular transactions.

- Since November 1984 the WFP has authorized its local representatives to purchase up to $ 20,000 worth of foodstuffs on local markets without requiring prior approval from central office.

- The EEC on 13 March 1986 organized a meeting of experts on purchasing transactions in developing countries. After exchanges on procedures and examination of the analyses of different member countries, it was decided to implement active and regular coordination between the relevant leaders, and a questionnaire was distributed to further this coordination. Moreover, the first substitution projects were launched in 1986.

- In view of the worrying situation of stocks and late arrivals of food aid at the end of 1985, Canada cancelled the deliveries of corn it had planned, and converted them into credits for local purchases. In this way 8,300 tons of millet and sorghum were purchased for Mali, and 5,500 tons for Niger. Further, Canada is planning to convert into credits all its food aid for the Sahel in 1986-87, and has carried out a study on the availability of cereals in the region. This move constitutes a complete change in Canadian food aid policy in the Sahel.

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(4) "Appraisal of Triangular Transactions (Puchasing Food Aid on Local Markets) in West Africa", CILSS/Club du Sahel meeting, October 1985

TRIANGULARS : PRINCIPAL CEREALS TRANSACTIONS
DELIVERIES TO COUNTRIES OF THE SAHEL FINANCED
IN 1985 BY DONORS AND SOURCED FROM THIRD-WORLD
COUNTRIES OUTSIDE AFRICA

Financing country or organization	Instrument (1)	Country of origin	Country of destination	Amount (tons) and type of aid	Wheat equivalent (tons) (2)
WFP (donation from Japan)		THAILAND	GAMBIA	2,250 (rice)	6,525
		THAILAND	GUINEA-BISSAU	1,450 (rice)	4,205
		THAILAND	SENEGAL	310 (rice)	900
PRMC (Mali)	counterpart fund	THAILAND	MALI	13,200 (sorghum)	13,200
CANADA	IEFS	HONDURAS	MALI	5,000 (corn)	5,000
EEC	bilateral	THAILAND	SENEGAL	11,000 (sorghum)	11,000
BELGIUM	IEFS	HONDURAS	NIGER	5,000 (corn)	5,000
NETHERLANDS	WFP	PAKISTAN	MALI	2,890 (rice)	8,380
	bilateral	THAILAND	MALI	4,000 (rice)	11,600
	bilateral	THAILAND	NIGER	5,000 (corn)	5,000
	bilateral	THAILAND	CHAD	200 (rice)	580
WEST GERMANY	IEFS	PAKISTAN	GAMBIA	2,300 (rice)	6,750
	IEFS	HONDURAS	MALI	5,000 (corn)	5,000
	IEFS	HONDURAS	NIGER	3,070 (corn)	3,070
BRITAIN	WFP	PAKISTAN	MALI	1,785 (rice)	5,180
	bilateral	CHINA	MALI	862 (rice)	2,500
JAPAN	WFP	THAILAND	CHAD	4,050 (rice)	11,750
	WFP	PAKISTAN	CHAD	4,030 (rice)	11,700
	IEFS	HONDURAS	NIGER	2,000 (corn)	2,000
	bilateral	PAKISTAN	BURKINA	5,130 (rice)	8,600
	bilateral	BURMA	BURKINA	3,100 (rice)	4,550
	bilateral	THAILAND	CAPE VERDE	925 (rice)	3,420
	bilateral	THAILAND	GAMBIA	2,300 (rice)	3,670
	bilateral	THAILAND	GUINEA-BISSAU	4,020 (rice)	5,030
	bilateral	THAILAND	MALI	2,760 (rice)	3,480
	bilateral	THAILAND	MAURITANIA	3,430 (rice)	4,540
	bilateral	THAILAND	NIGER	2,250 (rice)	3,220
	bilateral	PAKISTAN	NIGER	3,900 (rice)	6,760
	bilateral	THAILAND	SENEGAL	7,200 (rice)	10,220
SWITZERLAND	bilateral	ARGENTINA	CAPE VERDE	1,500 (corn)	1,500
TOTAL				109,912	174,330

(1) bilateral : bilateral aid handled by donor
WFP : bilateral aid executed by WFP
IEFS : International Emergency Food Stock (WFP)
counterpart fund : aid financed on conterpart fund of former food aid

(2) Estimate made on International Convention on Food Aid criteria

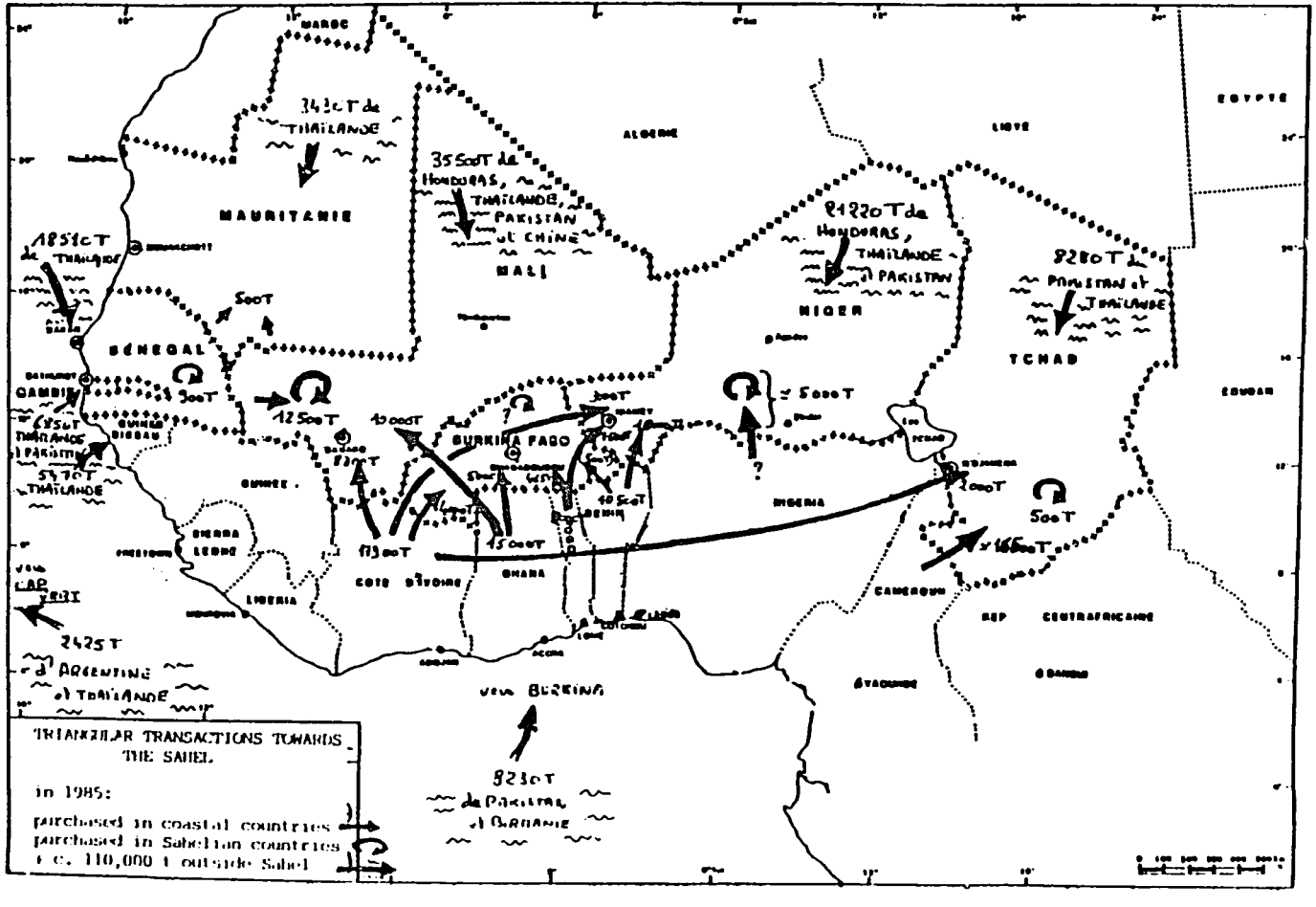
TRIANGULARS : PRINCIPAL TRANSACTIONS
TO SAHEL COUNTRIES FINANCED IN 1985
BY DONORS AND SOURCED IN WEST AFRICA

Financing country or organization	Instrument (1)	Country of origin	Country of destination	Amount (tons) and type of aid	Wheat equivalent (tons) (2)
PRMC (Mali)	counterpart fund	IVORY COAST	MALI	4,000 (millet and sorghum)	4,000
EAA (Mali)	NGO	IVORY COAST	MALI	4,000 (millet)	4,000
EEC	bilateral	VARIOUS	MAURITANIA	500 (seeds)	500
	bilateral	VARIOUS	MALI	5,000 (sorghum)	5,000
				3,000 (broken rice)	8,700
				3,570 (seeds)	3,570
	bilateral	IVORY COAST	NIGER	1,500 (corn)	1,500
	bilateral	TOGO	NIGER	7,500 (corn)	7,500
	bilateral	NIGER/NIGERIA	NIGER	c.5,500 (millet)	c.5,500
	bilateral	CAMEROON	CHAD	c.12,000 (rice and corn)	c.15,000
				c.1,000 (sugar and dried meat)	-
	bilateral	IVORY COAST	CHAD	2,000 (veg.oil)	-
DENMARK	IEFS	IVORY COAST	BURKINA	4,000 (corn)	4,000
FRANCE	bilateral	SENEGAL	SENEGAL	900 (millet) + 100 (rice)	1,100
	bilateral	IVORY COAST	MALI	300 (millet)	300
	bilateral	MALI	MALI	c. 100 (various)	100
	bilateral	GHANA	BURKINA	40 (millet)	40
NETHERLANDS	bilateral	BENIN	NIGER	5,000 (corn)	5,000
WEST GERMANY	bilateral	BENIN	NIGER	5,000 (corn)	5,000
	bilateral	IVORY COAST	NIGER	1,500 (white corn)	1,500
	bilateral	CAMEROUN	CHAD	4,500 (rice)	13,050
USA	bilateral	GHANA	MALI	10,000 (corn)	10,000
	bilateral	GHANA	BURKINA	5,000 (corn)	5,000
TOTAL				86,910	101,360

(1) bilateral : bilateral aid handled by donor
counterpart fund : aid financed on conterpart fund of former food aid
NGO : aid handled by non-governmental organization
IEFS : International Emergency Food Stock (WFP)

(2) Estimate made on International Convention on Food Aid criteria

KNOWN TRIANGULARS IN 1985



- France in 1985 established specific credits for local purchasing, and for 1986 has resolved to supply up to 5% of its program in this form.

- Even the United States, which ostensibly disapproves of the principles of compensated trade, carried out a barter deal in 1985 involving the supply of 9,000 tons of US rice to Ghana in exchange for 10,000 tons of white maize for Mali and 5,000 tons for Burkina. The USA also plans between now and the end of 1986 to conduct a study on triangular transactions (advantages, disadvantages, policies of other donors, etc.) in an effort to clarify its position on this matter.

- NGOs also implement development projects linked to exchanges of cereals, cereals banks, and operate funds for purchasing in areas with surpluses:

  - in the countries of the Sahel, where local NGOs or NGO collectives propose and carry out this type of transaction;

  - in countries of the North, where various NGOs have joined forces to support these transactions and to approach political leaders in an effort to further the development of these transactions.

- At the international and legal levels, the new food aid Convention that has recently been renegotiated and that came into effect on 1st July 1986 now specifies the possibility for donors to carry out local purchases of cereals under the heading of food aid supplied to a particular country, and thus to count those products as part of their commitment.

e) Substitution actions

In response to European NGO pressure, a budget line (line 929, entitled "substitution of food aid deliveries" was set up in 1984, and for the first time funds worth 10 million ecus were earmarked on the 1986 budget.

When conditions are suitable, these actions make it possible to replace food aid with financial support that favors the development of agriculture and food production.

The first substitution actions were financed in 1986, and Sahelian countries are involved in all those projects (Mali, Niger, Chad and Burkina, for the financial equivalent of 55,000 tons of cereals).

f) Uses and impact of the aid provided

During the 1984-85 drought period, some 60% of food aid was distributed free of charge (see table 2).

However, this proportion varies greatly from one beneficiary to another and from one donor to another.

TABLE 2

FOOD AID COMMITMENTS TO THE COUNTRIES OF THE SAHEL: BREAKDOWN BY OBJECTIVES (SALE, EMERGENCY, PROJECTS) - 1984/85

COUNTRY (1)	PERIOD	TOTAL COMMITMENT	SALES tons (%)	EMERGENCY tons (%)	PROJECT tons (%)
BURKINA FASO	NOV 84/OCT 85	121,334	60,862 (50.1)	35,951 (29.6)	24,521 (20.2)
CAPE VERDE	JAN/DEC 85	49,980	33,968 (67.9)	8,233 (16.4)	7,779 (15.5)
MALI	NOV 84/OCT 85	232,260	99,873 (43)	115,006 (49.5)	17,381 (7.4)
MAURITANIA	NOV 84/OCT 85	153,999	56,876 (36.9)	83,219 (54)	13,904 (9)
NIGER	OCT 84/SEPT 85	263,995	21,333 (8)	224,075 (84.8)	18,587 (7)
SENEGAL	NOV 84/OCT 85	115,016	57,680 (50.1)	38,757 (33.6)	18,579 (16.1)
CHAD	NOV 84/OCT 85	214,955	28,500 (13.2)	169,996 (79)	16,459 (7.6)
TOTAL		1,151,539	359,092 (31.1)	675,237 (58.6)	117,210 (10.1)

source: WFP Africa Task Force, Status Report N° 20, March 1986

(1) excludes Gambia, which was not a food deficit country in 1984/85 and which is not covered by WFP Task Force Africa statistics

Emergency aid distributed free in 1984-85 was at its highest levels in Niger (85%), Chad (79%), Mauritania (54%) and Mali (49.5%), while the majority of that aid was sold in Cape Verde (68%) and in Burkina and Senegal (50%).

The United States is at the top of the league for distibuting aid free of charge, and in 1984-85 sold only a quarter of the food aid it provided, whereas most other donors sell at least half.

There is no doubt that the aid provided to the countries of the Sahel made it possible to avoid a real famine, and to limit movements of population groups and the creation of numerous refugee camps that such movements would have made inevitable.

While free distribution is essential in many cases, it is at the root of a number of disruptive effects and cases of diversion:

- Aid donated in one village is sometimes to be found on sale in the markets of another village, where it could be in direct competition with local produce.

- Except in Niger, free distribution has demobilized peasant communities working on development projects or Food for Work projects being implemented in the region.

- Most often, aid has been distributed evenly throughout the population. For technical reasons, it has not always been possible to identify the target groups that should be given priority in the distribution of food aid.

- Distribution has not been restricted to the most difficult periods. In Mali, distribution continues during and even after the harvest. In Mauritania, distribution is still planned. On the other hand, distribution of food aid has been replaced in Burkina by Food for Work projects, and in Niger it has been discontinued, particularly in an effort to avoid attracting too many nomadic groups.

The WFP is still the main proponent of Food for Work projects. These projects have been stepped up during droughts. There is, however, no place for improvisation in these projects, and they require a complete infrastructure (equipment, staff, etc.) and must be part of a pre-established concrete project.

Niger nevertheless succeeded in mobilizing a large part of its population in this respect in 1984-85. With the assistance of the AFVP (in-the-field technical support), the EEC and France (seed deliveries), Niger launched a large-scale contre-saison crop program involving 300,000 to 400,000 persons in 150 locations and brought levels of cereals production estimated at between 6,000 and 8,000 tons (60%) and market gardening crops (40%), i.e., the equivalent of 300 to 400 kg of food per family. This program has made it possible to avoid mass movements of

population groups (5) and has demonstrated the political will of the government of Niger to take drought-related problems in hand.

g) Counterpart funds

As for triangular transactions, the study carried out in 1985 for the meeting of the network for famine prevention in the Sahel made it possible to establish a country-by-country breakdown of counterpart funds, and to identify the problems involved in setting up, managing and utilizing those funds (6).

Further to the recommendations of the Nouakchott conference, counterpart funds have been created in the different countries in the Sahel, and have met with varying degrees of success. The intended uses of certain funds have not always been clearly specified. They are often used by cereals boards to counter deficits, or even to bridge government budget gaps. This flexibility is largely due to the fact that donors originally paid little or no attention to such funds, but in recent years donors have become considerably more demanding:

- precise, regular statements of accounts are requested;

- funds are often under joint management (Canada, West Germany);

- framework agreements are more specific;

- donor representatives receive more precise instructions.

However, the most interesting development involves the appearance of joint counterpart funds. The sharing of funds generated by the resale of aid provided by different donors makes it possible to reach a "critical mass" of financing that is available for national-scale action, without implying that the identity of the origin of the assets is lost (a joint fund can be made up of several accounts). The management of these funds strengthens the coordination between donors and local administrators and reinforces dialogue on a more global approach to food aid and its use in the country's development. Joint funds of this type have been set up or are planned in three countries of the Sahel:

. In Mali, the first joint fund was created in March 1981 to finance the PRMC (program for the restructuration of the cereals market). The present report will not discuss details or give an appraisal of this joint project. Subsequent to the first phase of the project (1981-96), several appraisals were

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(5) "Participation of the AFVP in the Niger Contre-Saison Crop Program, September 1984 - May 1985", Y. Huet and D. Montferrer, AFVP, June 1985 and regular reports by the AFVP or by the Directorate for agricultural production in Niger

(6) "Counterpart Funds in the Countries of the Sahel", N. Massignon, CILSS/Club du Sahel, October 1986

made (7), and this program is often quoted and studied as an ideal example. It can nonetheless be said that the PRCM made it possible for the first time to define and support a global cereals policy. It began to fulfil certain of the objectives that had been fixed (reduction of the operating deficit of the OPAM (Office des produits agricoles du Mali), liberalization of the cereals market, increased prices for producers).

. In Senegal, the joint fund was created slightly over a year ago, in May 1985. Donors have met with the Senegalese government on numerous occasions and have laid down the major guidelines for the use of this fund. (support for both production and consumption aspects of local cereals systems).

. In Mauritania, the decision to set up a counterpart fund was taken more than a year ago, but there appear to be practical difficulties, although everything is ready for signing (donors' agreements, text of decree, etc.).

h) Summary: tables

The principal factors concerning food aid for the Sahel are summarized in the two tables below. Table 1 refers to donor countries and organizations, while Table 2 involves countries of destination. This diagrammatic summary of the situation clearly does not make it possible to discern the delicate interaction between the different parties involved.

II INTEGRATION OF FOOD AID WITHIN CEREALS POLICIES

2.1 Objectives and resources

The Sahelian States are taking steps to outline and introduce cereals policies, and in-depth examination of those policies can be found in other reports prepared for the CILSS/Club du Sahel Colloquy (particularly the Berg reports). Mention will be made here of the links that can exist between food aid and cereals policies. Firstly, it is useful to examine the different ways in which this aid can become part of cereals policies.

- The most widely known form of food aid involves counterpart funds. Sales of food aid can generate considerable sums of money, especially if they are pooled in joint counterpart funds.

- Food aid products can also find direct uses under cereals policies as "food for work", or in services such as training center canteens, construction sites and can thereby bring savings in purchasing costs.

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(7) "Appraisal of the PRMC", Ministry of Foreign Relations (Cooperation and Development), Paris, 1986.
See also: "From the Plot to the City: the Cereals System in Mali", S. Coelo, September 1985; "Technical Assistance for the PRMC", PRMC Annual Report, Republic of Mali/BDPA

PRINCIPAL CHARACTERISTICS OF FOOD AID IN THE SAHEL

Countries and Donor Organizations

	POLICY DEVELOPMENT	HARVEST FORECAST	LOGISTICS TRANSPORTATION	LOCAL PURCHASES, TRIANGULARS	COUNTERPART FUNDS	REMARKS
ALL COUNTRIES (INTERNATIONAL COORDINATION)	large amounts sent in 84/85 and in 85/86 Improved coordination	Club du Sahel report Meeting 29-30/4/86	Task Force Africa WFP centralization of information	Club du Sahel report on transactions in West Africa	Club du Sahel report on counterpart funds in the Sahel	introduction of Network for the Prevention of Famine
WFP FAO		GIEWS SMIAR	Weekly telexes and WFP reports	Possibility of purchasing up to a value of US$20,00	Mainly free distribuition and food for work	evaluation of emergency operations
CANADA	towards total conversion of aid			13,500 tons in 85/86 Study on purchases in region	Practical guide to fund management	
EEC	Dublin Plan (85) + rehabilitation plan	Support for Diagnostic Permanent		Network for follow-up of action + substitution action	Vice-presidency of joint fund with Senegal	Substitution actions Rehabilitation plan
FRANCE	Dublin Plan (85)	Lannion Center ORSTOM SPOT (Orsec Plan?)	Appraisal	Local purchases in 85; 5% of program in 86?	Practical guide	
WEST GERMANY	Dublin Plan (85)			Various	Support for national security stock	Management of national security stock
ITALY	Dublin Plan (85) Major credits in 85	Support Précrésal				Action still not focused
JAPAN	Sharp rise in aid sent			Purchases in Thailand, Pakistan		Aid mainly supplied in the form of rice

SWITZERLAND			Study of bottlenecks with CILSS	Limited		
USA	Food Security Act Free distribution	FEWS		Barter in 1985 Study planned for 1986	Much free distribution; development of private initiative	Several evaluations of 83/85 crisis
NGOs	Development of local purchases	Médecins Sans Frontières project in Mali	Possess logistical capabilities	Various transactions Creation of collectives	Projects for cereals banks with resale fund	Very varied action and approaches
ALL CILSS COUNTRIES	Sharp rise in amounts received	AGRHYMET system Diagnostic Permanent project and Précrésal	Late arrivals causing blocked ports, transport and storage problems	Execution problems (transportation, administrative)	Appearance of joint funds	Excessive aid (particularly due to delays) storage problems Arrival of locusts
BURKINA FASO	Average: 40-50,000 tons excl. drought years			Aid received from Ghana Local purchases	Situation unclear	Storage problems
CAPE VERDE	Irregular growth Drop in USA proportion			Aid received from Togo and Senegal	Labor-intensive projects	
MALI	Has become top receiver and record-holder of aid received	Early warning unit of the CNAVS	Dakar-Bamako railroad problems	Aid received from Ivory Coast, Ghana Local purchases	FRMC (joint fund since 1981)	Corn harvest underestimated Problems of sales of OPAM stocks?
MAURITANIA	Increases since 1980 Mainly receives wheat		Very high domestic transportation costs		Joint fund planned	Very large stocks
NIGER	No aid in normal years. Large amounts in 84/85. Considerable fluctuations	HQ of AGRHYMET	Domestic transportation problems	Cereals supplied in 83/84 Aid received from Ivory Coast, Togo in 85	Little aid sold	Very large surpluses
SENEGAL	Top aid receiver from 70/71 to 85/86 largely from USA			Vigna supplied in 85 Local purchases in 85/86	Joint fund since 1985	Surpluses
CHAD	Considerable increases	Médecins sans Frontières FEWS	Very high costs	Aid received from Cameroon, Ivory Coast	Little aid sold Transportation costs	Surplusus

- Triangular transactions can provide the country selected as supplier with an outlet for local surpluses, and can thus generate financial resources that can then be utilized directly.

- Food aid can also be purchased by donors inside the same country, and can thereby provide financial resources for areas with surpluses and develop exchanges with areas with deficits.

- New "substitution activities" set up by the EEC allow for direct financing of projects linked to agricultural development and food self-sufficiency.

- Food aid can also form an integral part of agricultural development projects financed by public bodies or private-sector organizations (NGOs).

Food aid thus generates a wide variety of resources, and particularly financial resources. Mention could also be made of the technical assistance that is provided by experts on detachment to cereals boards and other official bodies, or working for the local offices of donor agencies.

What can be done with these resources? One major advantage is that they can be used fairly flexibly:

- Counterpart fund allocation is not always strictly broken down beforehand, as it is for conventional investment projects. Allocation can be negotiated as and when financing is required.

- This type of aid can span several years, and donors are prepared to make commitments to provide aid over a number of years (as has been done in Mali).

On the other hand, there is a need for regular follow-up and continuous negotiation between donors and local governments. The need for coordination is even greater when joint counterpart funds exist.

2.2 Food aid and cereals policies

The following section gives a breakdown of the countries that have examined or implemented cereals policies involving food aid in one of the forms described above.

Burkina Faso

In addition to aid that is under the direct management of the WFP or NGOs (such as the Le Secours Catholique and Cathwell) as part of the mothers and infants protection and school canteens programs, food aid received by Burkina Faso is handled by OFNACER. It does not appear to be part of any well defined program, and at this time there are few clear indications of how counterpart funds are utilized.

Cape Verde

Food aid principally involves the counterpart funds managed by the National Development Fund, which finances labor-intensive projects. 550 million escudos were spent in 1984 on various hydro-agricultural projects (Ministry for Rural Development) or road construction and maintenance projects (Ministry of Public Works). These programs also play an important role in employing labor from rural areas. Further, the WFP is continuing to support programs for cooperative development and to provide assistance to vulnerable groups and to canteens.

Mali

Mali is generally quoted as a typical example of integration of food aid within a cereals policy. Some 250,000 tons of cereals worth around $ 90 million were supplied during the first five-year phase of the PRMC program for the restructuring of the cereals market, which was set up in 1981. The funds generated through resale of this aid, together with the revenue from sales of locally purchased cereals, have made it possible to introduce the reforms decided upon:

- higher official prices (for producers and consumers);

- free trade in cereals;

- improved operation of the OPAM.

These reforms have a dual objective:

- to increase or protect revenues of certain groups (particularly producers);

- to increase cereals production in an effort to guarantee food self-sufficiency.

Food aid was intended to be used over a transitional period. However, there appears to be a risk that the need will remain for some considerable time, since Mali has now become the Sahel's largest beneficiary of food aid. It should be pointed out that levels of food aid have increased only since the program was launched, rising from 26 to 36, then to 56, then to 90,000 tons in 1984/85.

The stated objectives of increased production and food self-sufficiency are thus far from being achieved.

Nevertheless, the PRMC should be given credit for the following successes:

- improved operation and reduced deficit of the OPAM;

- improved guarantee of producers' revenue (increased prices and maintenance of guaranteed prices immediately after the harvest through purchases from the OPAM at official prices);

- improved coordination between donors: the PRMC example, with its group of donors, has been used as a model for the CNAVS, the organization responsible for the management of food aid in Mali, which has recently been restructured in an aim to improve management, and above all to allow for greater transparency of the aid received. A certain degree of competition can be expected between the two organizations, however, and donors might be divided according to the types of project they prefer to support.

Mauritania

In response to the increased volumes of food aid received in recent years, and to the higher prices of the aid that is sold, counterpart funds rose considerably from 996 million UM in 1983 to 1,700 million UM in 1984 (Berg report figures). A large proportion of these funds is used to pay domestic transportation costs for food aid, which are particularly high in Mauritania.

A new agricultural policy has recently been outlined in liaison with the FAO. This policy should be supported by a joint fund, for which a framework agreement was signed in 1985. Technical hitches have delayed the actual creation of the fund, but action is due to be taken in the near future.

Niger

In a normal year, Niger achieves self-sufficiency, or even generates surpluses, as was the case this year. The country only receives food aid in emergency situations. The role of food aid in the definition of a cereals policy in Niger will thus be no more than a guarantee against drought. On the other hand, it could be highly useful as a means of moving surpluses to neighboring countries.

The government of Niger has demonstrated its ability to manage food aid in a coherent manner when it receives it. Despite secondary transportation difficulties (mainly caused by donors, who have not staggered their deliveries adequately), food aid has formed part of a global policy of which one of the central points has been the introduction of "contre-saison" agriculture in numerous locations, which has made it possible to stabilize and mobilize population groups in productive activities (instead of relying on passive participation by supplying refugee camps).

Senegal

A new agricultural policy was adopted by the Senegalese government in 1984, and then completed in the light of the findings of the FAO study of cereals policies and programs. A number of objectives and orientations for concrete action were laid down as regards the production and marketing of cereals (rainfed as well as irrigated agriculture):

- intensification of production and research;
- strengthening of private-sector initiative;
- redefinition of the role of the Sociétés Régionales de Développement (8);
- creation of a Comité National des Céréales (9) to form an organization for the regulation of cereals markets (ORMC: cf PRMC) aiming to fulfill the executive roles formerly shared by the Commissariat à la Sécurité Alimentaire (10) (for purchasing and storing cereals) and the Caisse de Péréquation et de Stabilisation des Prix (11) (for importing and distributing imported cereals).

In this respect, the joint counterpart fund created in 1985 can provide support, and numerous meetings between donors and the Senegalese authorities have made recommendations as to the uses to which this fund should be put. After an "operation cow-peas" (50,000 tons produced in 1985), which was conducted together with the EEC, the joint fund now appears to wish to concentrate on problems of cereals consumption and marketing (promotion of local cereals, stabilization of the proportion of wheat, disposal of cow-peas, etc.). This policy aims to increase the percentage of local produce in the Senegalese diet.

Chad

In view of the political difficulties and the relatively small amounts of food aid received by Chad in normal years, no clear policy has been laid down for the use of food aid as part of a cereals policy. Food aid is thus principally distributed as emergency aid only.

2.3 Analysis

Examination of the cereals policies of the countries of the Sahel demonstrates that policies are clearest in those countries where donors have developed concerted approaches, both between themselves and between them and the local authorities, in order to handle the management of the food aid they supply to a given country. In countries where a joint counterpart fund already exists (Mali and Senegal), or where such a fund is planned (Mauritania), cereals policies have been adopted and put into practice by the government.

Concerted approaches adopted on the question of food aid thus favor integration of national cereals problems. Food aid provides the means, particularly through counterpart funds, to finance preparatory studies and implementation of these cereals policies. In Mali, 250,000 tons of food aid are planned for delivery over 5

(8) Regional Development Companies
(9) National Cereals Committee
(10) Food Security Commission
(11) Price Subsidy and Stabilization Fund

years in order to finance the launch and subsequent operation of the PRMC.

However, while food aid provides a number of interesting possibilities, continued reliance on food aid consitutes a danger for the country concerned. Again, Mali provides a good example. From "level 0" in 1976/77, Mali became the Sahel's top beneficiary of food aid in 1985/86, and, despite good harvests, levels of aid remained high as a result of donors' commitments to the PRMC. Thankfully, certain donors managed to postpone or redirect their aid, converting it into local purchasing agreements or straight financing (Canada, Belgium, Netherlands, West Germany, EEC substitution action, etc.). Others, however, did not have sufficient adaptability, and sent unsuitable aid (such as the 15,000 tons of rice sent by Italy) that can only have damaging effects on the local market and thus on the cereals policy of the country. All donors have shown interest and efficiency in resolving the problems of surpluses.

Food aid thus appears to be an interesting means of assisting the implementation of cereals policies, provided that it can adapt to the rapidly changing situations in the Sahel. The primary advantage of using food aid to promote cereals policies is that most donor countries are more ready to supply food aid than financial aid.

Food aid makes it possible to move certain of the Western countries' agricultural surpluses, and can even be used as a "bonus" to facilitate negotiations on commercial imports (title I US food aid coupled with highly advantageous credit terms, negotiations for cereals imports to Senegal and Mali, for which competition has recently increased between France, the USA and Canada).

Moreover, food aid is more "respectable" than a bank loan, for example, and is better suited to media campaigns in donor countries as well as in beneficiary countries.

Finally, food aid can make it possible for donor countries to keep transfers to third world countries at virtually constant levels, at a time when other types of aid, particularly financial, are tending to drop. The recent substantial reductions in the credits allocated under the cooperation budgets of certain countries (USA: approximately 20%; France: 20-25%) are in danger of accentuating this worrying tendency, while food aid budgets have remained constant, or are even on the increase. If food aid is not to be used unthinkingly, firm political conviction is required both from donors and beneficiaries.

This conviction has been manifested in varying degrees by different countries, and the recommendations of the Nouakchott Colloquy have produced some tangible effects in terms of action and reforms. The progress that has begun should now be taken further, and the Mindelo Colloquy will make it possible to take stock of the state of progress of the cereals policies of the Sahelian States, and to reiterate recommendations or make fresh proposals.

III - PROPOSITIONS FOR THE FUTURE

Through analysis of food aid for the Sahel and of the use of that food aid, it is possible to measure the changes that have occurred since the Nouakchott conference. The problems encountered, particularly during the latest drought, demonstrate the difficulties that still exist, and can be used as the basis for a number of recommendations for the action that could be taken or the reforms that could be introduced. Those recommendations refer to:

- points covered in the first part of this report;

- new proposals.

3.1 Recommendations

a) Proposed recommendations for evaluation of harvests

- Reinforcement of current crop-forecast and early-warning systems (cf Club du Sahel report);

- Improvement of statistical coverage of imports (commercial imports or food aid) and border exchanges; better knowledge of uses and village storage capacity to allow for more accurate calculation of cereals breakdowns;

- The use of a range of values rather than a precise figure when referring to deficits or surpluses;

- Reinforcement of national and international coordination.

b) Proposed recommendations for transportation and logistical problems

- Continuation of gathering, analysis and regular publication of information on distribution of food aid (WFP Africa Task Force);

- Financing of investments (facilities, equipment or conversions) such as those proposed in French and Swiss studies for the removal of bottlenecks;

  Increased reliance on the private sector for transportation and storage;

- Adjustment of official prices in line with levels practised for commercial imports;

- Establishment of and adherence to a preliminary global supply plan by beneficiary countries and donors in an effort to optimize timing and geographic distribution of deliveries, with the possibility of advance delivery of products in the event of poor harvests;

- Cancellation of retroactive deliveries except for replenishment of stocks;

- Increased reliance on triangular transactions (purchases in neighboring countries).

c) **Proposed recommendations for triangular transactions**

- Reinforcement of coverage of available surpluses (FAO - CILSS) and corresponding prices;

- Continuation of inventories in FAO and WFP reports, and addition of more details (sources, quantities, etc.);

- Simplification of procedures for timely release of funds for purchasing programs;

- Appraisal of operations in order to identify blockages, delays, etc., or presentation of exemplary cases;

- Improved coordination between countries in order to simplify procedures.

d) **Proposed recommendations for substitution action**

- Appraisal of substitution action taken by the EEC;

- Integration of substitution action with national cereals policies;

- Recommendation that other donors adopt similar approaches for the allocation of their food-aid funds.

e) **Proposed recommendations for counterpart funds**

- Continuation of statistical coverage and assessment of current funds;

- Reinforcement of training and information for local representatives and donors;

- Development of joint counterpart funds;

- Increased integration of counterpart funds within cereals policies, particularly in those countries where joint funds do not exist.

f) **Coordination**

The recommendations listed above cannot be introduced unless concertation and coordination between donors and local authorities is continued and strengthened at all levels:

- at the national level, by creating or strengthening donor groups, NGO collectives and official coordination organizations;

- at the regional level, particularly for coverage of transportation of aid and for triangular transactions, which are concrete means of achieving progress towards a regional cereals market;

- at the international level, by continuing the efforts made towards concertation, started under the network for famine prevention in the Sahel, or by other international organizations (WFP Africa Task Force, FAO, etc.).

g) Gathering of data on food aid

The analysis of statistics on food aid is often very difficult, since methods of calculation or presentation of figures lead to a large number of possible variables (coefficients of equivalence between cereals, dates of assessment, etc.).

Considerable efforts thus remain to be made to coordinate approaches to the gathering of data. Improved coverage of each donation, through allocation of an internationally recognized code number that would be used by all parties, and associated with well defined criteria for equivalence, would allow for:

- improved awareness of real figures, and thus statistical uses of those figures;

- closer monitoring of donor commitments, by ensuring that aid actually arrives and is not recorded several times, as might be the case at present.

3.2 New Proposals

A brief outline is given here of a few new ideas on food aid that have been proposed by certain individuals or organizations.

a) Replacement of the idea of food aid by the idea of "food insurance"

Food aid would no longer be provided on a regular basis, but guarantees would be given for immediate supply in the event of difficulties, and thereby provide the country concerned with a kind of food insurance.

This idea does not merely involve a change in terminology, but is based on a completely amended approach to aid, both from the donor's viewpoint (action through yearly programs with fixed amounts) and from the beneficiary's viewpoint.

b) International reserve of food aid for the Sahel

The idea of "food insurance" would require donors to plan for fast delivery when the need arises. The notion of an international emergency reserve would be a suitable solution. An International Emergency Food Reserve already exists under WFP management, but it is chiefly used to supply refugee camps in various parts of the world. This reserve could either be extended, or a parallel reserve created, to cater for drought situations.

c) Reserve fund for local purchasing and triangular transactions

Special credits could be made available through this fund to finance local purchasing or triangular transactions.

One of the difficulties encountered in executing triangular transactions involves the poor synchronization between the market availability of products and the availability of funds to pay for them. When products can be bought, the money is not there, and when the money is there, there is nothing left to buy. Advance commitments on food-aid budgets for funds intended specifically for this type of purchase would make money available at the right time.

d) Other products

In view of the fact that, in principle, decreasing quantities of food aid are to be provided, the counterpart funds generated by food aid should also decrease. The long-term future of projects financed by these funds is likely therefore to be in jeopardy. These counterpart funds could continue to be augmented by sales of products that are not usually provided as food aid (seeds, farm machinery, etc.).

e) Replacement of commercial imports by food aid

At present, donors agree to abide by the principles of the FAO in matters involving dumping of surpluses (UMR regulations).

These regulations forbid (or at least restrict) the substitution of commercial imports by food aid. Certain parties believe, however, that the UMR clauses should be amended to allow wider scope for substitution.

In this way, the balance-of-trade deficits of importing countries would be lightened, and their level of indebtedness would thus fall, thereby releasing additional investment potential for rural development. At the same time, however, there is a risk of exacerbating the economic war that exists on those markets, and in the final analysis levels of food aid would rise and the food dependence of the countries involved would increase.

f) Regional plan for management of food aid

The existence of a regional plan for the management of food aid (which should be part of a regional cereals policy) would allow for improved management of the distribution of aid, and above all would make it possible to plan regional exchanges of cereals, which could be carried out under triangular arrangements, before any food aid was sent from outside the region.

All reflection undertaken on the problems of food aid at the regional level should thus be given as much encouragement as possible: meetings between cereals boards, reinforcement of work carried out by regional organizations (CILSS, CEAO, etc.) and the purpose and methods of such initiatives must be clearly defined so that harmful competition can be avoided. Nevertheless, regional policies must rely on solid national infrastructures.

g) International code of conduct

We now have fairly extensive knowledge of the positive and negative aspects of food aid, and we are starting to realize what should be done and what should not be done. Nevertheless, donor countries and beneficiary countries continue to do what they should not do or not to do what they should do. While it would be misleading to consider the problems in simple terms of right approaches and wrong approaches, a few basic principles could be identified, and could help maximize the positive aspects of food aid while minimizing the negative aspects. These basic principles could form part of an International Code of Conduct for the management and utilization of food aid, giving precise rules that governments and public- and private-sector operators (cereals boards, NGOs, etc.) would agree to respect.

CONCLUSION

The information and proposals given in the present report might lead certain parties to believe that reflection on food aid continually produces the same results. Most of the criticisms and proposals were indeed formulated and discussed at the Nouakchott conference. Have we really progressed since that conference?

The recommendations of the Noakchott conference were phrased in fairly wide terms, but have been applied in practice in the form of specific action or concrete reforms. Major developments can already be seen or are under way on the problems of assessment of harvests, the development of triangular transactions (or at least the principle of such transactions), and the creation of counterpart funds and joint counterpart funds.

International coordination has been strengthened. A network for the prevention of famine in the Sahel has been set up. Errors have

inevitably been made, but the 1984-85 drought was overcome without too critical a famine situation arising.

Positive developments have thus been made. The progress that has started should be continued and consolidated. The Mindelo Colloquy organized by the CILSS and the Club du Sahel on the cereals policies of the Sahelian States should provide an opportunity for more in-depth reflection and for further progress in achieving the aims that were outlined at the Nouakchott Colloquy, of which the network for famine prevention in the Sahel is a tangible result.

The Mindelo Colloquy is merely the next step in the process, and should make it possible to consolidate reflection and action on topics that have been raised since the Nouakchott Colloquy, as well as to deal with fresh proposals.

The aim of this report is to provide information that will further these objectives, and the author will be delighted to give any further details readers may require.

IV-12 CEREALS POLICY REFORM IN THE SAHEL - SYNTHESIS REPORT

Elliot BERG

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MALI

NIGER

BURKINA FASO

I. INTRODUCTION

1. Gross output of cereals has increased slowly in the Sahel states in the past two decades, and per capita production is probably declining. Sahelian grain imports (wheat products, rice and maize) grew by 8% a year in the 1960s and 1970s, and show no signs of slowing down in the 1980s. The goal of food self-sufficiency thus seems further away than ever. The objectives set down at the CILSS colloquium in Nouakchott in 1979 have not been realized: commercial imports and food aid made up a larger share of total regional consumption in the early 1980s than they did in the mid-1970s (Annex Table 4). This failure has many causes, of which three stand out. The rainfall pattern has been unfavorable by historical standards; agronomic research in the region has so far produced very little profitable new technology suited to the area's farming systems; and poor agricultural policies have meant missed opportunities and wasted resources.

2. In considering agricultural policies, it must be noted that "policy" covers much more than prices, though in much public discussion about Africa the two have come to be viewed as synonymous. In fact, "policy" refers to all actions subject to direct government control. Three specific areas can be distinguished: the level and quality of government expenditures on agriculture; price and tax policies, including exchange rates and subsidies; policies dealing with institutions that serve the rural community.

3. Higher-quality public spending on agriculture is certainly an important objective; the fact that much spending in the past decade was on ill-considered, low-priority, unsustainable projects is an important explanation for the region's slow growth. But the focus in the present study is on the other two aspects of policy--prices and institutions.

II. THE DIAGNOSIS OF THE 1970s AND THE RESULTING POLICY AGENDA

4. The agricultural policy deficiencies of the Sahel states* received a great deal of attention after the 1973/74 drought. Out of the many studies and analyses done during those years, there emerged a consensus diagnosis which consisted of the following main points:

- Official producer and consumer prices were too low and too rigid.
- Interventions of the Cereals Boards were ineffective and costly. These agencies failed to control the market. They did not stimulate production by maintaining floor prices to producers, nor did they protect consumers by maintaining ceiling prices at retail levels. They did not succeed in stabilizing cereals prices.

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* Burkina, Cape Verde, Chad, Gambia, Mali, Mauritania, Niger, and Senegal.

- Private traders were in fact responsible for most of the grain trade, which took place in parallel markets in most of the region. But the traders operated in an atmosphere of uncertainty and riskiness, since it was frequently not clear when, to whom, where and at what price they could buy, sell and transport grain.

- Food security policies were dominated by the objective of building up national grain reserves, and there was evidence of excessive reliance on food aid--a phenomenon underscored at the Nouakchott Colloquium in 1979.

- Input subsidies, especially for fertilizer, were inadequate to meet demands at subsidized prices, imposed a growing burden on state budgets, and were frequently ineffective because of uncertain nutrient mixes and late delivery.

5. From this diagnosis there flowed a set of policy prescriptions:

- Raise producer prices to stimulate production.

- Raise consumer prices, thereby reducing grain agency deficits and diluting tendencies to keep producer prices low, and in some cases discouraging illegal exports.

- Reduce food import dependency by raising prices of imported cereals, especially rice, and by more careful design of import and food aid policies, as well as by giving priority to food production.

- Liberalize the domestic marketing system, particularly by allowing traders to play a larger legal role.

- Strengthen management capacity of the national grain agencies and reduce their drain on budgets by encouraging more suitable price and storage policies.

6. The consensus operated on a general level; it became less firm as specificity increased. Nor did everybody agree on appropriate action. Disagreement was clear on at least three key issues: whether fertilizer subsidies should be eliminated; to what levels imported rice prices should be raised; and how big a national grain reserve was prudent.

7. Several issues were left out of the policy agenda, at least until very recently:

- The practice of setting official prices was never challenged; it was only their level that was debated.

- Exchange rate policies were rarely an issue of dialogue, in part because Franc Zone rules mean they are not instruments of policy, and in part because for most of the CILSS states the problem of overvaluation of the CFAF franc was softened during this period by the decline in the real effective rate of the CFAF franc after 1979.

- The suitability of the existing institutions of rural development was not challenged: the deficiencies of cooperatives, input supply arrangements and regional development institutions were frequently noted, but the prescription was always more of the same only better administered.

III. THE RECENT EVOLUTION OF POLICY

8. We summarize here the broad changes in policy that have taken place since the late 1970s, focussing on the following items on the policy agenda: producer prices; consumer prices, including import policies; panterritorial and panseasonal pricing; input subsidies; liberalization; the role of national grain agencies; food security; and rural development institutions.

A. Producer Prices

9. Between the late 1970s and 1984, real producer prices (i.e., prices after adjusting for inflation) have increased for millet and sorghum, except in Senegal and Mauritania, and fell for rice, except in Mauritania and Niger. The upward trend in millet prices is stronger and more general after 1980; only in Senegal did the official producer prices for millet fall in real terms. The data are summarized in Table 1 and the details are in Annex Tables 5.1-5.6. Also, official food crop prices have risen more than export crop prices, in most cases; growing millet is now more profitable almost everywhere than growing cotton or groundnuts, even if the millet is sold at official prices (Figures 1 and 2). Finally, comparison of official producer prices and wage rates indicates that farmers have fared better than wage earners. The evidence is shown in Figures 3 to 8 and Annex Table 9.

10. These conclusions rest on official prices. But these have become increasingly irrelevant for food crops in most Sahel states. Official marketings of cereals are probably no more than 10% of total marketings. The rest goes through parallel markets. And prices in these parallel markets have been generally much higher than official prices since the late 1970s—frequently 200% higher. Illustrative data are shown in Annex Figures 9 to 14. This makes much stronger the conclusion that real producer prices for millet have risen.

11. Unremunerative producer prices for the major domestically produced cereals, millet and sorghum are, therefore, no longer an acute or general problem in the Sahel—which does not rule out, of course, sharp price declines in a year of good harvests such as 1985-1986. Real producer prices for rice have done less well, but have tended to be higher than border parities in most CILSS states; i.e., local producers are being subsidized.

12. Official producer prices in general—for export crops as for food crops—have become a less significant policy instrument in recent years. With respect to export crops, low world prices and urgent needs for government revenues limit how much producer prices can be increased, as do high costs of parastatal marketing operations. Fewer crops are under state control. Groundnuts have declined in importance, and small scale or artisanal pressing mills compete with the official circuit. In Niger, cowpeas have replaced

groundnuts and are traded mainly in the parallel market. Even the official price and marketing circuit for rice, the food crop that remains subject to most controls, is dissolving, as small mills fed by illegal sales process a greater and greater share of marketed paddy. However, the relative cheapness of rice is a continuing obstacle to import substitution in cereals, as Table 2 and Annex Figure 9 show for Senegal.

B. Consumer Prices

13. Official consumer prices are intended to be ceiling prices. But actual retail prices since 1977 have commonly been 30-100% higher than the official prices. "Rents" or unearned income have thus been given to those consumers with access to officially priced cereals. Other consumers, the majority, have had to pay the higher open market prices. The incomes policy objective of providing low food prices to urban consumers has thus been imperfectly achieved. Consumer price policy has not been used effectively as an instrument of food policy.

14. Another basic element of food policy, especially for Gambia, Mauritania, Senegal--the heavy rice importers--has been to discourage imports of rice in favor of domestic substitutes. But in the coastal countries the price of rice fell in real terms between 1977 and 1984.* Rice became cheap compared to millet. This is so despite taxes on imports that raised local rice prices above world prices. Non-price-related efforts to stimulate millet and maize consumption (mixing millet with wheat flour for bread and the spread of technology that reduces the time and trouble of preparing millet-based breads) have not yet had many positive results. In 1985 official consumer prices for rice were raised substantially in the coastal CILSS states--by 33% in Gambia, for example, and by 29% in Senegal.

C. Panterritorial and Panseasonal Pricing

15. Panterritorial and panseasonal official pricing have been widely attacked by economists on efficiency grounds. Uniform national pricing is costly, and stimulates undesirable economic behavior--consumption and production of high-cost, inappropriate cereals, for example, and smuggling. And maintaining a single price over the course of the year discourages private storage and shifts storage costs to the state budget. These pricing practices, moreover, are often not even equitable--their main possible justification--since people in regions enjoying subsidies are frequently not the poorest. Nonetheless, governments have been reluctant to give up panterritorial and panseasonal pricing, except for minor regional adjustments, as in Niger.

D. Input Subsidies

16. Subsidies on inputs, especially fertilizers, have been a major subject of dialogue between donors and Sahel states, perhaps the major subject in recent years. The argument in their favor is that fertilizer subsidies

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* The average rates of change in the real official consumer price of rice in the three coastal countries of Gambia, Mauritania and Senegal over the period 1977-84 were, respectively, -1.2%, -6.7% and -1.1%. The difference between these figures and those given in Table 1 for the time period 1980-85 reflect the sharp upturn in the official consumer price of rice in those countries which occurred in 1985.

encourage the use of productivity-raising and soil-conserving practices in the face of farmer lack of knowledge, lack of access to credit and hesitation to risk cash expenditures. Critics say that the subsidies have gone on for at least twenty years, so farmers now know about fertilizers; that the dosages recommended are often inappropriate and wasteful; that costs are heavy; that distribution is often late and rationing arrangements inequitable; that the emergence of a private sector distribution system is discouraged; and that better incentives are created by substituting higher product prices for the input subsidy. In addition to its other advantages, substitution of higher product prices does not discourage use of nonchemical soil-enriching techniques, which are more appropriate to the region's needs than the use of chemical fertilizer.

17. Input subsidies are in fact declining, due mainly to budget squeezes (Annex Table 8). In a number of countries (Senegal and Niger for example) equipment subsidies have been entirely eliminated. In Mali, Senegal and Niger budget-financed subsidies have shrunken sharply. In Burkina, only external financing allows their more gradual phasing out.

E. Liberalization

18. Liberalization has made notable progress. In Senegal in 1980 ONCAD's legal monopoly on millet marketing was terminated. In 1985 input distribution was privatized. In Mali the law prohibiting private trade in coarse grains was abolished in 1981. In 1982 groundnut marketing was privatized. Since 1984 some progress has been made in liberalizing trade in paddy. In Niger, the government has agreed that the grain board, OPVN, will buy for its reserves and sell for consumption by competitive tendering and bidding arrangements. In most recent years OPVN, like OPAM, OFNACER and the OCM (Mauritania's grain agency), has bought little locally produced grain.

19. These and other actions are indicative of a generally more benign policy toward private marketing, and a greater willingness to legalize the coexistence of private and public marketing systems. Nonetheless, change is slow and uneven:

- In some countries it is still not clear when traders may legally buy and sell grain--e.g., before, during or after the official buying "campaign."

- It is often unclear at what price private traders can buy and sell. At least some local officials interpret the regulations to mean that traders can buy and sell only at the official price.

- Transport of grain is widely obstructed, sometimes informally as part of roadblock checks, sometimes systematically. In Senegal, for example, only licensed traders can transport more than two sacks of grain (200 kg) for sale; similar regulations exist elsewhere. Export of grain is prohibited in all the states, and this generates pervasive transport controls.

- Generally, "liberalization" is seen as allowing licensed traders to participate in marketing. This propensity to restrict numbers of traders has an impact on market competition; it unnecessarily creates "rents" (excess profits) for larger, licensed traders.

20. In the early 1980s, many Sahel governments began to move on their own in the direction of market liberalization and higher prices for producers. The following examples stand out:

- In August 1980, the Mali government ordered the removal of road blocks, thereby allowing freer movement of cereals. This was before any formal reform program existed.

- The Senegalese government closed down ONCAD in 1980 on its own initiative; its external partners were proposing ONCAD's rehabilitation at the time.

- Beginning in 1981, the Niger government pursued an aggressive producer price policy, offering higher prices for most crops than neighboring countries (see Table 3).

21. Most liberalization efforts and other reform programs, however, have taken place in the framework of policy-based loans and related dialogue with donors and the international financial institutions. In Senegal, the World Bank's 1980 Structural Adjustment Loan was mainly focused on agriculture; it contained 21 conditionality items referring to agriculture. The SAL broke down because of government's unwillingness to reduce fertilizer subsidies to the extent earlier specified and because it decided to reject proposed seed distribution reform. A Nouvelle Politique Agricole (NPA) was announced in April 1984, and implementation has been moving forward since that time. The major changes were a sizeable rise (29%) in consumer rice prices, a shrinking of the role allocated to the Regional Development Agencies, increased responsibility for cooperatives and liberalization of trade in coarse grains. In a new (February 1986) SAL the Senegalese government committed itself to continued action along these lines.

22. Similar programs are underway in most of the Sahel states. The most structured of these reform programs are in Mali and Niger. Their main features are outlined in Annex B, as is an account of the changes introduced by the revolutionary government of Burkina, charges which go in a different direction--restricting private traders and the free movement of grains between regions.

F. National Cereals Agencies

23. Liberalization reforms outlined above and in the Annex B country studies in no sense imply the withdrawal of the state from grain marketing. Strong consensus exists that Sahelian conditions require national cereals agencies, for example, and there is little disagreement about their minimum functions: administration of national reserve stocks; responsibility for management or coordination of commercial food imports and food aid programs; preparation of emergency food plans and coordination of emergency food relief programs; provision for collective consumption (schools, hospitals, military, etc.). There is also recognition that state grain agencies should continue to play some role in grain marketing, especially since little is known about how markets work, and some market failures are likely. Disagreement remains as to the nature of that role, in particular with respect to price setting, and on the appropriate size of grain agency security reserves.

1. Floor Prices

24. Many Sahelian policy-makers, and donor representatives also, believe that cereals boards should continue to fix floor prices for producers and ceiling prices for consumers. On floor prices, their view is that a guaranteed market at an assured price is a necessary incentive for increased production. Cereals boards should therefore be buyers of last resort.

25. Arguments have been raised against the setting of floor prices and a buyer of last resort role for cereals boards:

- The maintenance of a floor price would be costly, because short-term demand is inelastic, and supply variable, due to rainfall variations. Prices and marketed volumes therefore are volatile, so high costs would be involved in purchasing the crop in bumper years.

- Farmers do not believe that floor prices would be maintained since cereals boards have almost never in the past been able to buy at official prices all the grain offered in good years.

- Financial costs of carrying large stock are high, management demands onerous, and heavy losses can be incurred through spoilage. In 1978-79, Senegal's ONCAD bought 108,000 tons of millet for higher than free market prices; much was ultimately spoiled, the rest was given away.

- "Border" trade is often substantial. A floor price might provide more income to farmers in neighboring countries than to home producers.

- The macroeconomic effects of a successful floor price arrangement would probably be negative. Production of substitute crops (groundnuts, cotton, possibly cowpeas) would suffer; real income, export earnings and economic growth would probably be lower.

- There are usually more productive ways to spend the money that is needed to finance a floor price: infrastructure expansion and maintenance, for example; reduced taxes on farmers; or simply budget deficit reduction.

26. The events of 1985-86 illustrate some of these problems of floor pricing. In the face of bumper harvests, market prices for cereals plummeted in many of the Sahel states; millet could be bought for as low as 40 CFAF/kg. in some markets in Niger in early 1986, and for even less in parts of Burkina. Governments sought to provide a floor price. In Niger, OPVN bought 27,000 tons from the cooperatives at 70 CFAF/kg., and in Senegal the CSA bought 18,000 tons at an above-market intervention price. But available finance and storage space was quickly used up: Niger's OPVN had almost 210,000 tons in storage in March 1986; and in Burkina OFNACER held 78,000 tons in late 1985, with more food aid on its way. In all cases the storage glut was exacerbated by late arrivals of food aid, and by the tendency for grain agencies to hold relatively large stocks as a safeguard against crop failure.

27. The benefits of these efforts to provide a floor price are minimal; the payment of above-market prices for a small part of the marketed crop

provides little producer incentive; it is mainly an income transfer to those farmers lucky enough to have sold at the above-market price. The costs, however, are high. In addition to the costs of acquiring the stocks, these agencies now hold cereals that cost them two or three times possible selling prices. The simple rotation of stocks annually (one-third of total holdings) implies a continuing major role in marketing for the grain boards. And large financial losses are likely.

2. Ceiling Prices

28. The setting of consumer ceiling prices is intended to "protect" consumers. But, as already noted, open market retail prices are in most years already much higher than the official consumer prices. So most consumers are not being protected now. The present arrangements are more an element of incomes policy than of cereals policy and relatively few people benefit. It would be better to raise salaries of those who now enjoy access to cereals at official prices and do away with the "unearned income" or "rents" that now go to these favored consumers.

29. Whatever the merit or lack of merit in the proposal to give up official price setting, it has not been part of the policy agenda. It is, however, implicit in the Government of Niger agreement that OPVN will buy and sell grain by competitive bidding. Unfortunately, the meaning of this commitment is unclear, since the government continues to announce official prices whose existence is not consistent with a genuine system of tenders and bids.

30. The operating deficits of cereals boards are an increasing source of concern due to scarcities of budget revenues and shrinking availability of bank credits (Annex Table 7). These deficits arise in part from the imposition by governments of too-narrow spreads between official buying and selling prices. The supplying of remote regions with cereals at prices that do not cover actual costs is another factor, and a third is grain storage—the cost of buying and managing the national grain reserve stock. Grain reserves have grown substantially in size in the past decade. In 1985/86 the storage problem arose with special intensity, as noted above.

3. Food Security

31. The costs of maintaining large reserve stocks, and the fear that annual turnover of large stocks will require relatively high volumes of cereal board sales and purchases, which may restrict the range of marketing/price policy options open to governments, have led some donors to urge smaller security stocks and more cost-effective forms of protection against drought. Other donors feel that food security requires sizeable reserve stocks and they have supported programs to expand storage capacity. In 1985 the Niger government agreed with the World Bank to scale down targeted capacity from 100,000 to 80,000 tons. This appears to be the only instance of retrenchment in storage capacity objectives. In the event, as we saw above, present holdings of OPVN are well in excess of this target.

G. Rural Development Institutions

32. Institutional problems have become critical in recent years; they are now at least as important as most price policy issues. The question: what

shall be done about the organisation du monde rural arises throughout the Sahel, though with special urgency in Senegal, Mali and Niger.

33. During the quarter century since independence, most of the Francophone states in West Africa adopted a common set of rural development institutions. At the base was the cooperative movement, which was usually given responsibility for primary marketing of export and food crops, and for the administration of credit for input purchases. Input supply agencies and special credit funds provided fertilizer and other inputs, and subsidized financing. The regional development organizations (RDAs in Senegal, ORDs in Burkina, Operations in Mali, "Productivity Projects" in Niger) were the third leg in the system; they were given responsibility for crop marketing above primary levels, for agricultural extension services, and for crop-related credit and other inputs. They concentrated usually on export crops, but by 1980 were active on food crops too.

34. In the late 1970s this "traditional" institutional structure began to unravel in much of the region, a process that accelerated in the 1980s.

35. Certain fundamental problems have always plagued the cooperative movements of this region, most of them familiar elsewhere in poor countries. Most of the cooperatives are artificial bodies, created by governments to serve administrative functions--mainly marketing of outputs and inputs. They confront formidable obstacles: lack of literate leadership; few sources of revenue; an unfavorable economic environment (having to pay official producer prices when much higher market prices are usually available from private traders). Also, cooperatives have always faced a basic organizational problem. If supervised and controlled from the center, their local initiative and leadership evaporates. If given real autonomy, local "notables" tend to take over, usually distorting the purposes of the cooperative.

36. These problems, never absent, intensified in the 1980s because of the breakdown in rural credit systems in which they were implicated and because of the growth of parallel markets where higher prices generally prevailed. Many rural credit institutions collapsed in the early 1980s. In Senegal, credit in the groundnut basin was tied in with input supply via ONCAD. In the 1970s government declared debt moratoria or forgiveness four times. This destroyed farmer incentives to repay debts. But in Senegal and elsewhere these incentives were already weak for other reasons--lack of membership loyalty to the cooperative; inefficient administration and corrupt behavior by some cooperative staff which meant that many farmers (or government officials) didn't know how much they owed; frequently inappropriate technical advice which meant that farmers felt they had been misled, hence had little obligation to repay.

37. It is the same with the other pillars of the rural organizational structure. Input supply and credit systems are disappearing in part because of previous mismanagement and the shrinking availability of domestic credit, but also for the more fundamental reasons reflected in deficit operations and low repayment rates, notably high transaction costs, concentration of risk and complexity of administration. Thus, in Senegal, SISCOMA, the agricultural implements producing parastatal, went bankrupt in 1979. When ONCAD was

liquidated in 1980, the credit and fertilizer distribution system did not survive for long. Mali's input supply agency, SCAER, collapsed in 1981. Its counterpart in Niger, the Centrale d'Approvisionnement, was "transferred to the cooperatives" in 1984. It was virtually nonfunctioning by then, and the organizational changes announced in November 1984 raise great uncertainties about its future viability.

38. The regional development agencies ran into many of the same problems that plague parastatals in general: conflicting objectives, political intrusion, staffing and managerial inadequacies, etc. They became, in particular, favored targets of politicians looking for possibilities of increasing employment. They therefore developed highly inflated payrolls. Bu some also had inadequate technical packages, imposed price policies that discouraged production, over-bureaucratized relations with the peasants they are supposed to serve. By the early 1980s, most of these agencies were operating at heavy deficits, highly dependent on foreign financial support, delivering uncertain or superfluous technical advice to an increasingly disaffected peasantry.

IV. OBSTACLES TO REFORM

39. Why do governments persist in relying on policies and institutions that perform poorly? This question arises of course not only in the Sahel. And some of the universal answers to it also apply there: that reform upsets established ways of doing things, challenges vested interests, and is usually slow to come about. But the special factors obstructing faster change in Sahelian cereals policy require closer analysis.

A. Political Will and Ideology

40. According to many critics, the problem is essentially that "political will" is lacking. Others say it is ideology that is at work--that liberalization, for example, runs counter to socialist principles common in the region. While both of these factors may play some role, they are rarely decisive. Sahel governments after all have not hesitated to impose severe restraints on senior civil servant salaries, and they have in many cases transformed rural-urban terms of trade in favor of rural producers. They have taken courageous decisions on numerous occasions--Senegal's recent rise in rice prices of nearly 30% is an example, as is Mauritania's decision to move its rice price closer to border parity.

41. With regard to political ideology, it is true that ideas do play a role, but nowadays even centrally planned economies accept market-oriented approaches, and in any case this has rarely been a significant factor in the Sahel. Political ideology, like political will, may help explain some resistance to reform, but other factors are more relevant.

B. Uncertainties About How To Proceed

42. For one set of policies, the hesitant pace of change derives from uncertainty about what to do--i.e., from lack of firm knowledge about the suitability of alternatives. The issue of import pricing is of this type. If the technocrat-reformer says: raise rice prices (and those of other imported

cereals) to border parity, taking into account exchange rate overvaluation, there is little analytic quarrel. But when the issue is to raise domestic prices above international prices, uncertainties arise about how big an increase is necessary or desirable.

43. In Senegal, for example, the key element of food policy is the elevation of rice prices by increased import taxes. This is necessary to discourage rice consumption, encourage local rice production, increase demand for and prices of millet (and maize) and thereby encourage millet and maize production. But significant social and economic costs are attached to this policy. When rice prices rise, consumers' real incomes fall, they spend less on food, and their nutritional status worsens. Incomes in rural areas might fall too, if the millet price rise by itself is insufficient to raise millet production to desired levels; in this case, which is not improbable, producer prices for groundnuts would have to be cut. The desired result is a decline in groundnut production and exports, a reduction in rice imports and consumption, and a rise in millet production and consumption. The overall impact on national income, on the balance of payments and on the state budget is negative. The impact on rural income would probably be negative. In pursuit of its food self-sufficiency objective Senegal thus necessarily pays a price in terms of these income- and export-related goals.

44. The uncertainty arises over the question of how much rice (and other import) prices have to rise in order to have the desired effects on self-sufficiency. This is not a question to which a ready answer exists. Some economic modeling suggests the required rise would have to be very great, and the consequent costs in terms of sacrificed income, exports and public revenues would be substantial. So it is difficult for Senegal (and comparably placed governments) to determine the right level of domestic rice prices to aim at. All of this is apart from the political risk question--the often-cited danger of social unrest if staple food prices are raised.

45. A second major area of uncertainty concerns the organisation du monde rural. Institutional deterioration is extensive. On that everybody agrees. But few tested alternatives exist. What is to replace the structure d'encadrement provided by the regional development agencies? One strong tendency is to propose more of the same: to "rehabilitate," or "restructure" these organizations, to streamline them, clarify their objectives and their relation to central government, and improve internal management. That may work, but lessons of similar efforts in the past are not reassuring. And the fundamental problems of the economic and political environment which made them work poorly in the past have not gone away; they are if anything more constraining.

46. Another alternative is to put these rural development functions back in the regular ministries of government. But these are weak agencies, with little experience, operating in resource-starved administrations. Other options, such as privatization, also raise problems, among them poor infrastructure (mainly roads), undeveloped private trading systems, and an economic environment which is not altogether congenial to private sector activity—the prevalence of general price controls, for example, and movement regulations. This option has not been much considered in any case, at least until recently.

47. These kinds of uncertainties are even stronger in areas of rural credit and village-level farmer organization. Given the fundamental problem of formal credit schemes, it is not easy to see viable and durable solutions. The search for alternatives to the usual type of cooperative has led to the resuscitation of traditional organizations like the samariya in Niger and the ton villageois in Mali. But these were not designed to perform economic functions such as marketing and credit administration.

48. Reform of rural institutions, then, lags in part because workable and sustainable substitute organizational arrangements are not apparent.

C. Other Factors Impeding Reform

49. For another set of policies the problem is not uncertainty or lack of knowledge about what to do. For these, efficiency-raising and/or equity-increasing proposals are at hand: eliminate panterritorial and panseasonal pricing; replace input subsidies with product price increases; eliminate official price fixing and hence floor and ceiling prices for cereals; allow more complete liberalization of marketing; adopt more cost-effective strategies of food security. Why are these proposals, which many reformers say would increase Sahelian income, growth and welfare, resisted by Sahelian decision-makers?

50. There are of course many reasons aside from the usually cited factors of administrative inertia and the resistance of vested interests:

- Competing Goals. Governments pursue many objectives other than efficiency in resource use. Food self-sufficiency, for example, may be a high priority even though its pursuit entails reduced income and slower growth.

- Belief Systems. Many of the proposed reforms are uncongenial to what can be called Sahelian belief systems—economic worldviews that are common in the region. (Similar views prevail in many other parts of the world):

  -- There is a widely-held view, perhaps a majority view, among officials, among university students and professors, among educated people generally, that food and related markets are highly imperfect and do not work well enough to protect producers from "exploitation" and consumers from "speculation." Traders generally are distrusted; sm[illegible]lers are often despised. The service provided by the trader--his economic contribution—is generally demeaned. Whether these views are correct, i.e., whether markets in fact work poorly is—to say the least—debatable. Research on market performance in West Africa indicates that reasonable competition prevails in most cases. This is in line with what we would expect from the structure of these markets, with their small-scale transactions, their many buyers and sellers, the multiple selling options they provide to producers. However this may be, many Sahelian intellectuals and officials do not believe that competitive markets are more efficient and more beneficent as allocation devices than the

alternative of public sector monopsonization/monopolization with extensive administrative controls.

-- Another common element in the Sahelian worldview is a belief in "just prices," the view that it is "wrong" for citizens who live in one part of a country to pay a drastically different price for basic staples than citizens who live somewhere else. The ubiquitous policy of pan-territorial pricing is rooted in this sentiment. This and related ideas result in price systems at odds with efficiency-motivated pricing systems in which the right prices are those that are market-determined.

— There is a strong and general belief that it is bad to export food to neighboring countries, except in years of clear surplus production. Fear of "leakage" of food to neighboring countries is one of the most frequent reasons why governments are reluctant to allow open trading in food markets. Controls over grain movements are usually justified by governments on the grounds that without controls, illegal exports would "drain" the country's food supply.

- Group and Ethnic Rivalries. Officials and political authorities worry about who will benefit from reforms. It is not so much the economic or class incidence that is a problem. On the whole, liberalized markets and freer prices will have beneficial effects on smaller producers and lower-income consumers. It is the ethnic factor that complicates matters. Governments in the Sahel fear a resurgence of foreign (i.e., Levantine) dominance if markets are opened up, and in some places they also fear the potential power of particular indigenous trading groups, for example the so-called Dioula.

- Difficulties in Incremental Change. Reform efforts, such as those aimed at creating more competitive marketing systems, usually proceed gradually, on a piecemeal basis. A law is changed allowing private trade, some subsidies are removed, administrative control over grain shipments is relaxed to some degree. But partial change is often difficult: its success may depend on changes in other parts of the system, and these the political authorities may be reluctant to accept. In Mali and Senegal, for example, coarse grain marketing has been liberalized, but paddy marketing reform has gone slowly. A major reason for this is that in the major rice producing areas, parastatal bodies, the Office du Niger and SAED, provide subsidized advice, credit, seed and fertilizer to growers. They recuperate costs by deductions from the producer price; they have a legal monopoly on paddy purchases. If the market were liberalized, growers would sell their paddy to private traders for higher prices, and a major source of parastatal financing would disappear. "Downstream" there's another problem: rice milling done in the large Office du Niger mills is inefficient; in a free market everybody would buy from the cheaper, smaller mills. The larger, less efficient, Office du Niger mills would have to be liquidated, with attendant loss of jobs. Liberalization of paddy marketing clearly raised larger "system" issues that had to be resolved at the same time.

- Dubious Quality of Some Proposals. Questionable reform proposals are frequently put forward, and have set back the process of change. Many such proposals sprinkle the Sahelian landscape. A few examples follow:

  -- A 1976 consultant report in Mali proposed a "liberalization" of retail trade involving packaging of cereals in 5 kilogram packages--a clearly unworkable idea.

  -- A 1984 reform proposal in Niger turns the input supply agency in that country over to cooperatives. But the cooperatives lack staff, budgets, experience to undertake such a task.

  -- A 1983 effort in Senegal proposed an alternative input supply/credit arrangement which imposed enormous administrative requirements on existing, already overburdened agencies. It was never effectively implemented.

- Unofficial Adaptations. Pressures for change are reduced by illicit adjustments. The negative direct effects of existing regulatory systems and institutional arrangements have been diluted by the emergence of parallel markets. Although long-term effects of the anomalies and uncertainties inherent in the dual system are highly damaging, in that healthy institutional development is impeded, short-term costs are reduced. The system settles into a kind of low-level institutional trap.

- Foreign Aid. Pressures for change are also reduced by the availability of large volumes of foreign aid. The aid presence involves many elements favorable to reforms, but it also makes it possible to postpone hard decisions. The Sahel is no different than elsewhere: governments will avoid risky and painful policy changes or program cuts as long as they have other options. And foreign assistance extends options.

V. THE DONOR ROLE

51. The donor community has a special role in the Sahel, and unusual responsibility. It provides a great deal of aid money--more, relative to population and GNP, than almost anywhere else in the world. Much of this assistance is in the form of food or policy-based credits--i.e., is not embodied in specific projects. Aid in nonproject form generates "counterpart funds," local currency equivalents, which have become significant elements in Sahel government spending. Increasingly, donors insist on a voice in the allocation of these counterpart funds, and often relate this spending to programs of policy reform.

52. Donors have thus taken on a new role in most of the Sahel states. They are important originators of policy reform proposals, a source of finance to ease some of the risks and costs of reform, a source of ideas about how to proceed. Also, as a result of their large financial presence at a time of generalized recession and fiscal retrenchment, the donors have become indirect

arbiters of social and institutional change. Programs and agencies that receive donor favor will survive and even flourish; those denied donor support wither. Donors gave up on the Operation Arachide et Cultures Vivrieres in Western Mali; the organization ceased operations in 1982. Cessation of donor funding for programs involving fertilizer subsidies spells the end of most of those programs. So donor actions strongly affect the whole pattern of institutional restructuring that is underway at present.

53. The fertilizer subsidy issue illustrates a major paradox in donor-sponsored reform efforts. Most donor-sponsored economic analyses conclude that fertilizer subsidies are a low priority expenditure, with negative institutional effects. But it is donor sustenance that allows subsidies to survive. In Mali, the input subsidy issue has virtually disappeared, as have budget-financed subsidies themselves. This happened because the budget resources were no longer there, and the Central Bank could no longer finance deficits of the input supply agency. But in Burkina Faso and Senegal, among others, the imminent disappearance of financial support for fertilizer subsidies gave rise to donor proposals that would finance their reintroduction, with the goal of eliminating them gradually.

54. Because of their special impact, policy-focused donor operations demand close attention. While recent policy reform approaches have involved much pioneering and fresh thinking, and have had considerable results, they also indicate some reasons for concern.

55. Some of the problem is organizational, on the donor side. The structure and procedures of their aid agencies are not well suited for policy work. Designing a policy reform package with local collaborators is not the same as designing a road project or a rural development scheme. Different skills are needed for policy dialogue: more (and more down-to-earth) economics, more political sensitivity, deeper knowledge of local situations, greater awareness of administrative constraints. The amount of time needed is also greater than in traditional project development. Policy reforms can't be homogenized, or standardized like a standard engineering package. They cannot really be done by the typical short-term, project design mission, which is often brought together on short notice, staffed with people who happen to be available when needed.

56. All donor agencies are short of staff with needed skills. If consultants are used, selection procedures may not be suitable for the donor policy role. And in any case, staff or consultants—however heroically they respond—can easily be overwhelmed by the complexity and novelty of the policy reform task. Such preoccupations may exist also in the "normal" project-focussed work of aid agencies, but rarely to the same degree, and for good reason. After all, a poorly engineered road will still allow trucks to come and go. But a bad policy reform proposal will either not be adopted or will have unanticipated negative consequences.

57. These factors internal to the donor aid organizations are part of the explanation for some observed deficiencies in reform programs:

- Reforms are sometimes proposed without sufficient appreciation of administrative constraints. One example was the effort to improve input supply arrangements in Senegal in 1983.

- Another problem is faddism, and a related tendency for donors to seize ideas without adequate reflection and analysis. The rush to finance cereals banks in many CILSS states is an example. The surface appeal of these village-level storage schemes is strong, but their economic justification is shaky, their administrative requirements are substantial, their impact on private storage is negative and their sustainability is doubtful. Yet they are popular among many donors as well as many Sahelian officials.

- The policy dialogue often has many inadequacies. The Sahelian participation tends to be narrow, often involving only a few senior officials, mainly from the Ministry of Planning. Where there are formal groups set up to discuss policy reform (for example, Senegal and Mali), the discussion is often not technical enough, nor is it focussed enough on the analysis of policy options. Implications of proposed reforms are sometimes not sufficiently spelled out. For example, the donor-reformers in Niger did not make clear that an OPVN bidding system is inconsistent with official price fixing. In other cases, reformers do not stress the fact that allowing private sector competition will mean deficits for national grain boards so long as panterritorial and panseasonal pricing systems persist. It is understandable that tactical considerations may call for occasional ambiguity of dialogue, but effective policy dialogue and the reform process itself are better served by airing of differences.

VI. CONCLUSIONS AND RECOMMENDATIONS

8. One broad question now dominates--or should dominate--the cereals olicy agenda in the Sahel--whether, in organizing their rural development fforts, governments of the region are ready to rely more fully on market nstruments and private agents as against administrative controls and ollective institutions. This of course is not an "either-or" proposition. ut a shift in the balance now requires urgent consideration. The present olicy mix not only serves farmers poorly; it also threatens to delay, at high ost, the emergence of appropriate rural institutions essential to long-run evelopment.

9. As noted earlier, present price and marketing policies not only fail o achieve their stated objectives but also create conditions in agricultural arkets that are uncongenial to the development of private trading capacities. hey allow private traders to do most of the buying and selling, but burden hem with so many restrictions and controls, and impose these so unevenly, that he emergence of a skilled, well-capitalized class of trading intermediaries is epressed and the availability of rural services is diminished. Moreover, most f the signals in Sahelian price systems do not induce habits of mind and atterns of behavior that would lead to the development of trading capacity and ffective market institutions.

0. Panterritorial pricing discourages traders from buying and selling in laces that are difficult to get to. It also nourishes expectations of ontinuing subsidization. Panseasonal pricing discourages everybody from toring grain. Subsidies on inputs usually mean that private markets don't

develop for that critical range of goods. Creation of village shops by public or semi-public institutions like cooperatives narrows markets by providing staple consumer goods at subsidized prices. The creation of cereals banks has similar effects; it is intended to make superfluous a private trader role in long distance trade and in storage. Competition between these public or semi-public organizations and private actors should of course be encouraged. But the competition should be fair. At present the public agencies generally are subsidized and private actors penalized by legal and other handicaps.

61. The most concrete and immediate issue of pricing and marketing policy is whether the established system of fixing "official" prices should be abandoned, and with it the "buyer of last resort" policy objective. We noted earlier that: (1) floor price efforts have not worked in the past; (2) they could only work in future at heavy cost; (3) costs could be cut by setting floor prices very close to market prices, but this would reduce their effectiveness as an incentive; (4) there are plenty of other probably more productive uses for budget funds.

62. Therefore little would be lost and much might be gained on the institutional side if the system of official prices were abandoned, though this opinion is widely disputed. In a system of freely floating prices, grain agencies could continue to influence prices and market performance indirectly, by buying and selling on the open market, acting as wholesalers in competition with private wholesalers. One approach could be to operate via a system of tenders and bids for security stock purchases and sales, much as the Niger government agreed to do in 1985. On the consumer side, cereals agencies will continue to have at their disposal the major instrument of price policy represented by control over import volumes and taxes.

63. Grain agencies should play a positive role in improving market performance. They should encourage competition by spreading information, stimulating road building and communications facilities, buying and selling directly in areas where there is reason to believe that markets are working poorly. They could conceivably continue to supply remote deficit regions, though losses incurred in this activity should be separately financed, so as to enable the agency to be deficit-free and competitive. But they would no longer buy and sell at fixed prices, and most of their market influence would be indirect.

64. The question of the public-private mix is posed also in the wider institutional context, that of the <u>organisation du monde rural</u>. We noted earlier the deep disarray that characterizes cooperative organizations, input supply and credit agencies and regional development parastatals.

65. Sahel governments and their outside partners are searching for ways to deal with the present institutional crisis. But the solutions thus far proposed look very much like more of the same; and there's no reason they should work better in the future than they have in the past. Thus, for cooperatives, donors urge creation of smaller, more homogenous groupings. They also urge creation of autonomous groups that share common economic interests and could be independent of the formal cooperative movement. Such groups have been authorized in Senegal, for example. As noted elsewhere, governments are giving new economic responsibilities to traditional village organizations--the <u>ton villageois</u> in Mali, the <u>samariya</u> (youth groups) in Niger. In Niger the

cooperatives have been endowed with major new responsibilities as part of the Societe de Developpement, the government's proposed organizational restructuring in rural areas.

66. These efforts to decentralize, to give true responsibility to grass roots organizations, are in early stages, and the possibility that they will breathe new life into the cooperatives cannot be ruled out. But doubts are certainly in order. The cooperatives still have the problems outlined earlier--of leadership, money, lack of common interest and a difficult economic environment. To expect significantly better performance is highly optimistic. In the Niger case, the new burdens placed on the cooperatives is more likely to overwhelm than to invigorate them. In the case of the sections villageoises in Senegal, it is unproven that smaller groups will have much more cohesiveness and common interest, and it is not at all apparent that they can be economically viable. Organizations like Mali's ton villageois and Niger's samariya do have traditional roots, but they served entirely different social functions than those now proposed for them.

67. It is much the same with proposed the alternative credit arrangements and approaches to reform of rural development agencies. In some cases (e.g., Senegal) it is being proposed that credit be channelled through the sections villageoises or the groupements d'intérets économiques. Elsewhere the existing National Agricultural Credit Banks are being rehabilitated--in Niger for example. The Niger government rejected a proposal in a recent donor-financed study to replace the National Agricultural Credit Bank (CNCA) with decentralized caisses mutuelles. The CNCA was deeply in debt as a result of engaging in non-smallholder activities and because of low repayment rates on smallholder operations. As for the regional development agencies, some have been closed down, more are being streamlined and many are simply being "rehabilitated," their management tightened and their relationship to central government clarified.

68. Only to a limited extent have any of these attempts to restructure public sector institutions involved fundamental reappraisals of the public-private institutional mix. It is not too much to say in fact that most responses to the decay in rural development institutions thus far involve mainly the propping up of tottering public or semi-public institutions. Few reform proposals look for approaches relying on individual agents and competitive markets. Most of them put great weight on village level cooperative organizations, despite the fact that these are weaker than ever throughout the region, widely discredited, and crippled by the fundamental handicaps listed earlier. Yet governments and donors tend to see in them viable agents of decentralization and privatization, which is a highly optimistic view. They continue to stress subsidized institutional credit schemes as the basis of most approaches to rural credit reforms. But past performance of these arrangements, and their basic problems of small scale and high-transaction costs, do not offer much promise that they can be viable and sustainable.

69. The tendency to neglect approaches that rely on individuals and markets can be seen in other ways. When seed supply is at issue, donors and local authorities alike seek, almost by instinct, cooperative-type solutions. They rarely look for ways to enable individual farmers to keep their own seed, but rather create or reinforce some public or semi-public institution for this

purpose. When addressing problems of village-level grain storage, it is similar. Cereals banks and other approaches depending on joint efforts of groups of farmers are favored, rather than farm-household-based schemes and reliance on traders and normal market functioning. When marketing reforms are considered, local officials and many donor representatives prefer cooperatives as the appropriate bodies for primary marketing, and hesitate to allow private traders a major role, especially smaller, nonlicensed traders.

70. The stakes are high in this game of organizational tinkering. The present organizational crisis arises because the energy and expenditure given to public sector rural agencies in the past twenty-five years or more has yielded little in the way of effective, sustainable institutions. These agencies not only work badly; they would suffer paralysis or collapse without foreign assistance. But at the same time growth of alternative institutions has been stunted. Agricultural ministries, for example, have accumulated little experience. The private trading sector, operating with limited and uncertain legal mandate, and hedged in by all kinds of restrictions, remains limited in its command over modern technology and capital, despite the energy, inventiveness and skill it shows in providing marketing and related services now.

71. Now that a new phase or organizational restructuring is underway, it would be unfortunate, to say the least, if the experience of the past were to be repeated. But this could easily happen. If, in the next phase, donors (and governments) continue to neglect regular line agricultural ministries and favor autonomous parastatals, what structures will be left when--five, ten, or fifteen years from now--donor support is withdrawn? And if after a long period of further massage, "cooperatively-owned" input supply agencies or cooperative marketing bodies fail, which is not improbable, what capacities will remain amidst the debris? Who will then provide farmers with services essential to production?

72. The conclusion suggested here is that the greatest peril to Sahelian development is the continued resuscitation of institutions that have no sure foundation in rural communities, that will demand for survival continuing infusions of outside money and skills, that will even then serve farmers badly, and that will leave nothing solid behind if and when donor support (or weakened national economies) deprive them of sustenance. The Sahel needs to strengthen its indigenous intermediaries, its traders and transporters, its more dynamic farmers, its craftsmen and small entrepreneurs--the groups whose growth has been stunted by pervasive reliance on public institutions and controlled markets. These are the people who have to be counted on to provide small farmers with inputs, consumer goods, transport services, markets for outputs. Their emergence will not be sufficient to transform agriculture, but it is almost surely necessary.

73. Not all policy issues of significance relate to this question of public-private balance in institutional development. On one major issue, the appropriate level of taxation on cereals imports, we noted earlier the uncertainty of the problem once correctly measured border parities are exceeded. Better information would help, especially regarding elasticities of substitution of cereals both in production and consumption. More research on household behavior is therefore of high priority.

74. With respect to fertilizer subsidies, both financial and institutional preoccupations argue in favor of their elimination. The most significant pro-subsidy argument is environmental, but environmentally (as well as economically) more suitable forms of soil enrichment are available, and fertilizer subsidization might deter their adoption.

75. Economic and institutional factors argue also in favor of moderation in grain storage capacity. There are more cost-effective ways to achieve food security than by building up relatively large national grain reserves, which are costly and can impose heavy interventions in grain markets.

76. With respect to the process of reform, reform programs can be made more effective. One major source of objection to a more market-oriented policy posture is the belief that markets don't work or don't work the way many economists say they do. More information and better dialogue may change these opinions. Or they may indicate how to make poorly functioning markets work better. Thus research on how grain markets function remains a high priority. Much has been done--in Senegal, Burkina, and Niger, for example. But more is needed. It should aim at clarifying the structure and performance of these markets, and should be of unimpeachable quality.

77. Studies targeted on key policy areas could better illuminate costs and benefits of change. For example, analysis of the costs of panterritorial pricing would provide a better basis for dialogue about that issue. Progress would be facilitated also if reformers were suitably modest and tentative in putting forward proposals in areas where it is not clear what ought to be done. Donors have particular responsibilities in this respect, as in others. They should adapt their traditional project preparation procedures to the new demands of policy-based lending--finding the best people they can, giving them more time for in-depth analysis, involving local people more intimately in the design process. Some of this is already being done, but not enough. Poorly developed proposals in the policy reform area (unlike capital projects) can have far-reaching and mischievous consequences. A bad proposal may not be adopted, and its presentation may exclude new initiatives for some time. Or it may be adopted and prove ineffective or worse, again discrediting further initiatives.

78. Finally, broader and deeper policy dialogue would surely help. Both Sahel governments and donors have an interest in improved dialogue. The participation of more Sahelian officials, higher quality technical discussions, more sustained and open debate about policies, programs and institutions, the establishment of formal vehicles such as joint technical working groups for ongoing discussion of food and/or agricultural policy issues--all of these should be encouraged. Such wide debate and frank discussion can enlarge understanding of the range of reform options that are available, their economic and social implications and the pitfalls that might prevent their proper implementation.

TABLE 1

CHANGES IN REAL CEREALS PRICES, 1970/71-1979/80 and 1980/81-1984/85

(Average Annual Percentage Increase)

COUNTRY	MILLET		RICE 1/	
	1970/71-1979/80	1980/81-1984/85	1970/71-1979/80	1980/81-1984/85
BURKINA 2/				
Official Producer Price	5.9	10.4 3/	5.4	-2.9 4/
Official Consumer Price	4.5	-0.4 3/	4.9	5/
GAMBIA 6/				
Official Producer Price			-1.7 7/	-2.8
Official Consumer Price			-6.2 7/	0.7 4/
MALI				
Official Producer Price	6.7	-0.5	3.8	3.1
Official Consumer Price	4.1	0.6	0.4	-3.0
MAURITANIA				
Official Producer Price	-0.7 8/	9.0	-1.3 8/	0.0
Official Consumer Price	19.6 8/	10.3	-7.1 8/	5.7
NIGER				
Official Producer Price	8.0	5.2	-1.1	3.8
Official Consumer Price	7.2	13.4 4/	1.7	3.0 4/
SENEGAL				
Official Producer Price	1.3	1.6	2.0	0.5
Official Consumer Price	-1.9	0.6 4/	-1.2	4.7

1/ Rice producer price is for paddy.
2/ Burkina millet rates are based on white sorghum prices.
3/ Average is for period 1980/81-1983/84.
4/ Average is for period 1980/81-1982/83.
5/ No official consumer price for rice was set after 1980, except during 1983 (see table 5.1 in statistical annex).
6/ There are no official millet prices in The Gambia.
7/ Average is for period 1973/74-1979/80.
8/ Average is for period 1976/77-1979/80.

(Source: Country studies; Annex Tables 5.1-5.6)

TABLE 2

Dakar Open Market Prices in Nominal and Constant Terms 1/

1974-1984

Year	NOMINAL PRICES (FCFA/kg)				RATIOS (%)					Constant Prices (1975 FCFA)				Consumer Price Index 2/ (Dec 70 =100)
	Millet (souna)	Millet Flour	Broken Rice	Wheat Bread	1/3	1/4	2/3	2/4	3/4	Millet (souna)	Millet Flour	Broken Rice	Wheat Bread	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1974	37	60	69	98	54	38	87	61	70	22	36	42	59	168
1975	45	71	122	132	37	34	58	54	92	24	37	64	69	192
1976	55	74	86	132	64	4	80	56	65	28	36	44	67	198
1977	61	79	90	152	68	40	88	52	59	29	38	43	73	210
1978	64	87	88	152	73	42	99	57	58	29	39	40	68	223
1979	60	86	90	152	67	40	96	57	59	25	36	38	64	239
1980	73	100	93	226	79	32	108	44	41	29	39	36	68	256
1981	88	103	89	205	76	33	116	50	43	24	36	31	72	285
1982	82	140	114	263	72	31	123	53	43	25	42	35	80	330
1983	131	187	118	275	111	48	159	68	43	35	50	32	74	371
1984	147	477	130	275	113	54	367	174	47	38	122	33	70	391

1/ All prices are yearly averages.

2/ Consumer Price Index for African consumption.

Source: Direction de la Statistique

TABLE 3
PRODUCER PRICES IN NIGER AND NEIGHBORING COUNTRIES, 1980-1985
(In CFA francs per kilogram)

	1980/81	1981/82	1982/83	1983/84	1984/85
Millet-Sorghum					
Niger	40	70	80	80	100
Mali	35	33	45	45	50
Senegal	40	50	50	55	50
Burkina Faso	45	50	60	66	
Rice Paddy					
Niger	55	70	85	85	85
Ivory Coast	65	65	75	76	95
Mali	35	50	55	55	60
Senegal	42	52	52	60	60
Burkina Faso	63	66	68	74	
Groundnuts					
Niger	50	50	90	90	100
Mali	40	45	45	45	45
Senegal	50	70	70	70	70
Cotton					
Niger	62	80	120	120	120
Benin	60	80	85	100	
Ivory Coast	80	80	80	100	115
Mali	58	65	65	65	75
Senegal	60	68	70	70	70
Togo	60	65	65	75	90
Burkina Faso	55	62	62	70	

FIGURE 1

GROUNDNUT/MILLET PRICE RATIOS, 1970-83

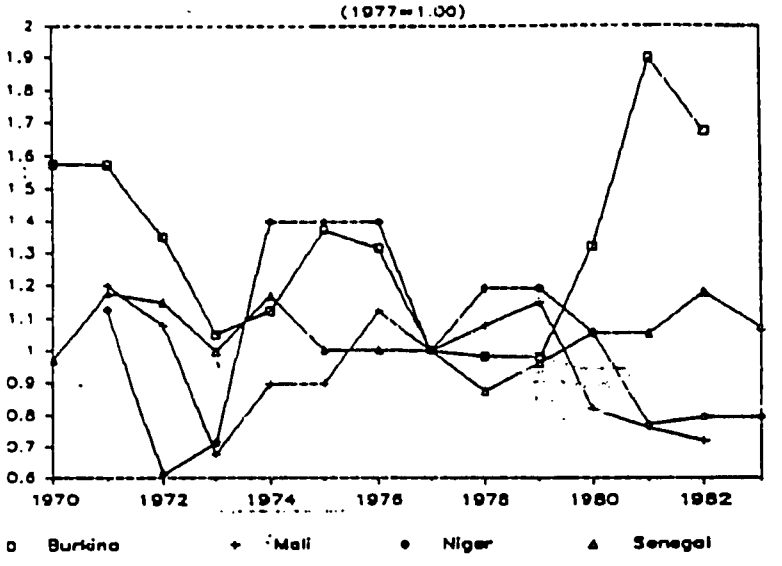


FIGURE 2

COTTON/MILLET PRICE RATIOS, 1970-83

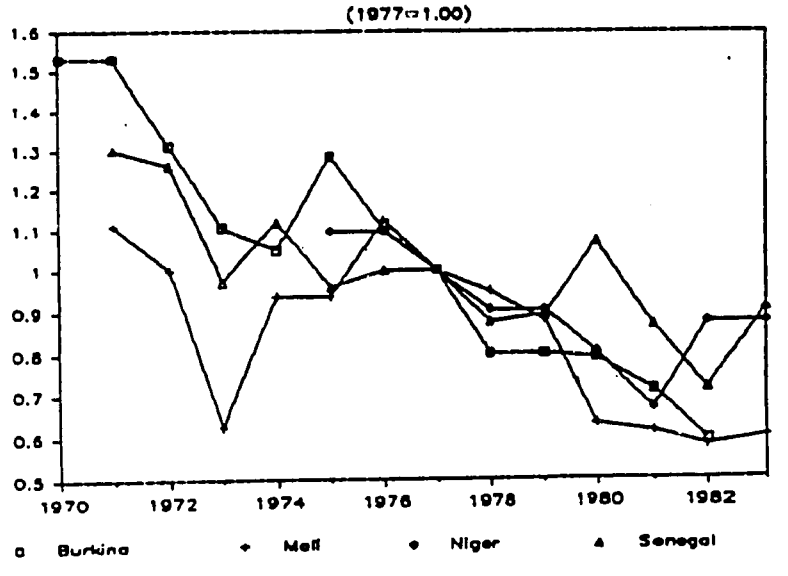


FIGURE 3: WAGE AND PRODUCER PRICE INDICES: BURKINA FASO

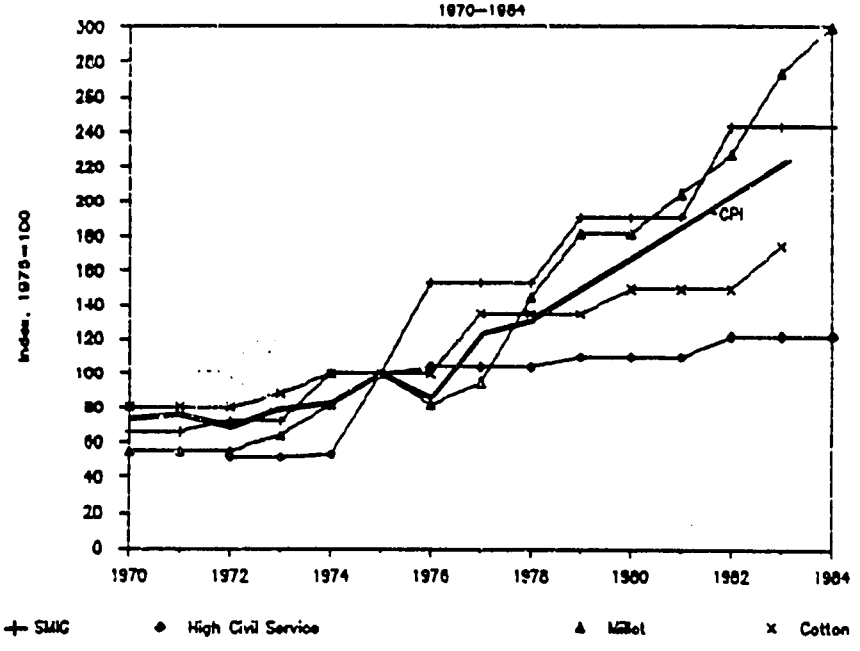


FIGURE 4: WAGE AND PRODUCER PRICE INDICES: GAMBIA

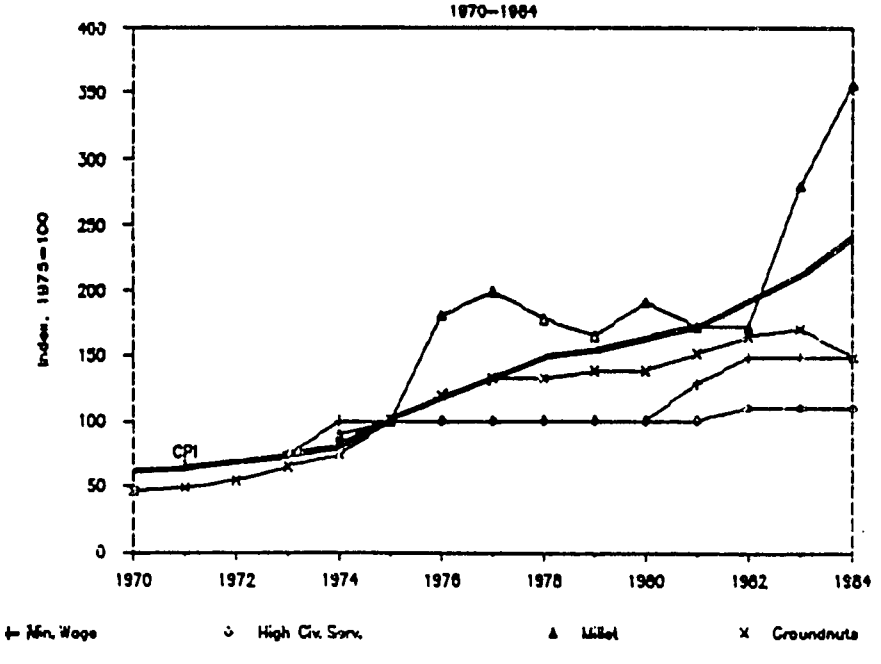


FIGURE 5: WAGE AND PRODUCER PRICE INDICES: MALI

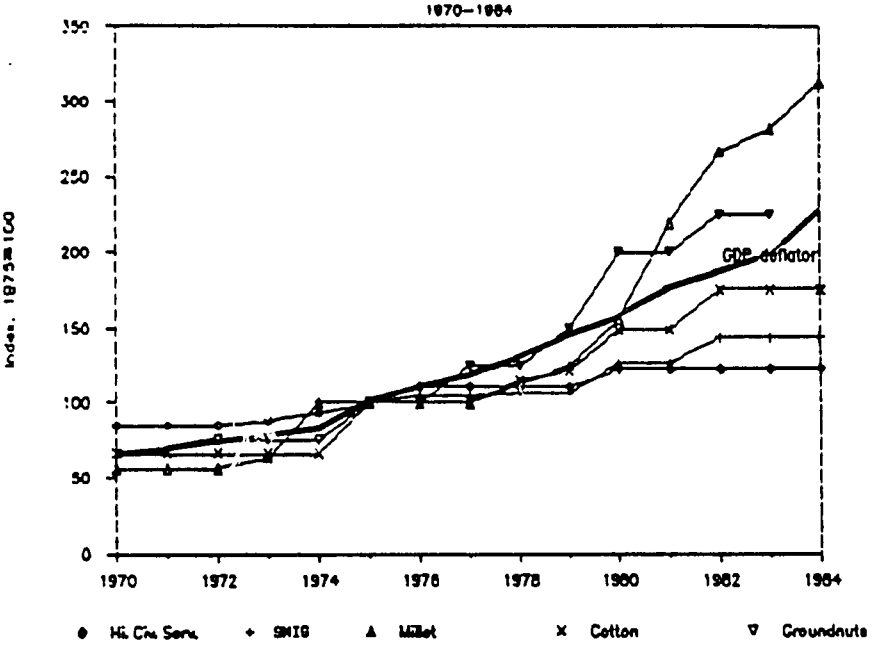


FIGURE 6: WAGE AND PRODUCER PRICE INDICES: MAURITANIA

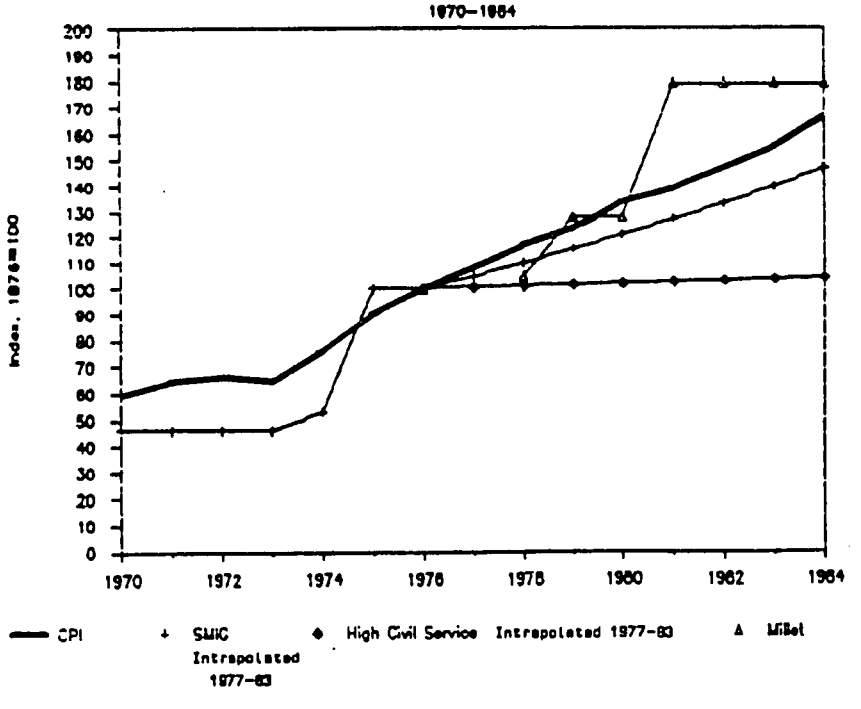


FIGURE 7: WAGE AND PRODUCER PRICE INDICES: NIGER

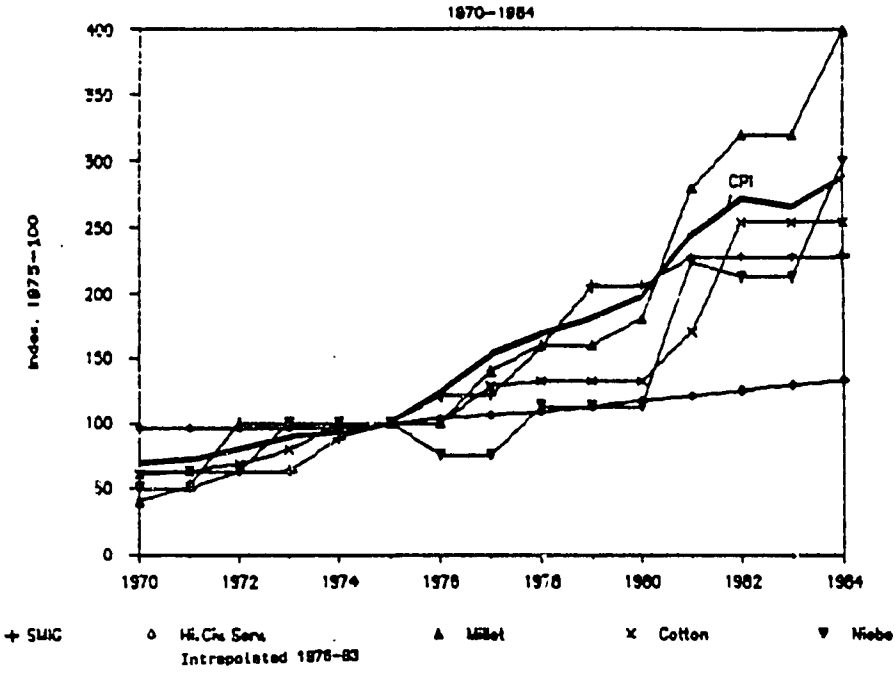
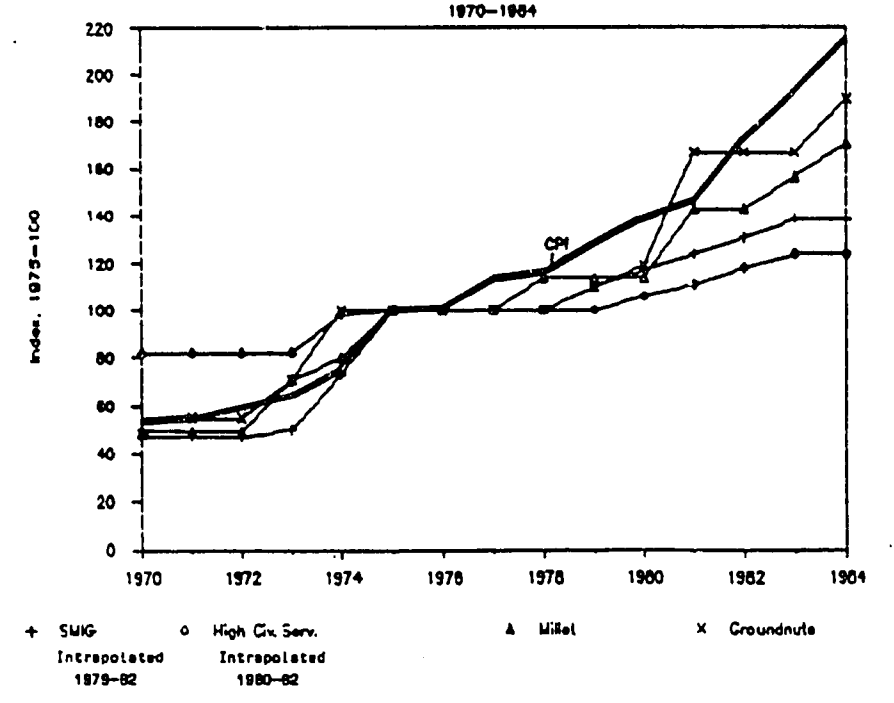


FIGURE 8: WAGE AND PRODUCER PRICE INDICES: SENEGAL



CEREALS POLICY REFORM IN THE SAHEL

EXECUTIVE SUMMARY

Statistical Annex A

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TABLE 4

Cereals Availability, 1970-1984 (000 tons)

	1970/1	1971/2	1972/3	1973/4	1974/5	1975/6	1976/7	1977/8	1978/9	1979/80	1980/1	1981/2	1982/3	1983/4
BURKINA FASO 1/														
Production	1040	1073	1009	831	1193	1114	1218	1044	1166	1207	1028	1269	1289	1062
Aid	0	39	37	95	24	23	25	38	41	39	38	56	39	90
Imports	32	32	19	42	110	34	38	62	92	102	88	77	98	82
Import Dependency Ratio 2/	3.0%	6.2%	5.9%	14.2%	10.2%	4.9%	4.8%	12.6%	10.2%	10.5%	10.9%	9.4%	9.7%	13.9%
GAMBIA 3/														
Production					58	45	44	43	77	53	80	96	105	68
Aid			10	10	12	8	10	21	19	21	15	8	9	26
Imports		24	32	24	26	40	37	39	40	[illegible]	52	39	47	64
Import Dependency Ratio					40.4%	51.8%	51.6%	58.3%	43.4%	53.8%	46.6%	32.4%	34.8%	57.0%
MALI 4/														
Production	944	884	740	804	1055	1005	1122	973	1211	1108	929	1040	970	834
Aid	0	32	103	165	77	12	0	46	47	18	41	62	80	170
Imports	27	31	68	110	44	29	29	39	44	48	46	52	55	150
Import Dependency Ratio	2.8%	6.7%	18.8%	[illegible]	10.3%	3.9%	2.6%	8.0%	7.0%	5.8%	8.4%	12.2%	12.2%	27.7%
MAURITANIA 5/														
Production				29	54	50	43	22	38	32	48	78	53	32
Aid				117	86	40	24	80	54	23	59	64	89	189
Imports				37	14	17	36	65	68	54	72	77	108	84
Import Dependency Ratio				84.2%	64.7%	53.3%	58.3%	81.7%	78.3%	73.1%	73.2%	64.4%	78.8%	90.1%
NIGER 6/														
Production	1217	1325	1302	886	1488	1057	1550	1705	1797	1939	2030	2113	1998	2002
Aid	2	14	125	190	72	51	78	29	21	17	9	0	28	22
Imports	5	3	7	9	11	22	16	18	58	43	64	139	109	28
Import Dependency Ratio	0.5%	1.3%	0.2%	16.3%	8.3%	7.3%	5.7%	2.8%	4.2%	3.0%	4.4%	6.2%	7.2%	2.4%
SENEGAL 7/														
Production	509	729	380	810	964	791	676	518	893	963	670	918	762	521
Aid	22	3	1	109	95	18	37	46	102	38	110	150	78	89
Imports	NA	NA	NA	NA	328	218	423	407	477	378	435	457	419	587
Import Dependency Ratio	NA	NA	NA	NA	29.0%	22.7%	40.5%	46.7%	39.8%	38.6%	44.9%	39.8%	33.5%	55.7%

Note: no corrections for production losses are included.

1/ Production figures for millet, sorghum, rice (paddy) and maize.
2/ Food aid and commercial imports as % of total cereals availability
3/ Production figures for millet, sorghum, fonio, maize and rice (paddy).
4/ Production figures for sorghum, millet, maize and rice (paddy).
5/ Production figures for wheat, maize, barley and rice (paddy).
6/ Production figures for millet, sorghum, rice, maize, fonio, wheat and cowpeas.
7/ Production figures for millet, sorghum, maize and rice (paddy).

(Source: Country Studies; CRED, 1977)

TABLE 5.1

BURKINA FASO: OFFICIAL PRODUCER AND CONSUMER PRICES, 1970-1984

(CFA/Kg)

	Producer Prices					Consumer Prices				GDP DEFLATOR
	white sorghum	red sorghum	millet	maize	rice 1/	white/red sorghum	millet	maize	rice	
1970	12		12	13	19	20	20	20		73.0
1971	12		12	13	18	20	20	20		75.7
1972	14		14	16	30	28	26	27		81.2
1973	18		18	18	30	30	30	30		83.3
1974	22		22	22	35	32	32	32		82.5
1975	18		18	18	35	30	30	30	60	100.0
1976	21		21	21	55	35	35	35	80	108.8
1977	32		32	32	63	45	45	45	110	126.7
1978	40	30	40	40	63	57	57	57	125	145.1
1979	40	32	40	40	63	57	57	57	125	155.4
1980	45	37	45	45	63	69	69	69	125	170.8
1981	50	42	50	50	65	80	80	80		188.0
1982	58	50	60	55	68	88	90	98		207.7
1983	64	55	66	60	74	88	90	88	142	219.8
1984	69					92				232.5
1985 2/										

1/ Producer price of paddy.

2/ In 1985/86 fixed national prices were abandoned in favor of regionally determined prices set by local people's assemblies.

(Sources: Country Study; World Bank, World Tables)

TABLE 5.2

GAMBIA: OFFICIAL PRODUCER AND CONSUMER PRICES, 1973-1985

(Dalasi/Kg)

YEAR	PRODUCER rice 1/	CONSUMER rice	GDP DEFLATOR
1973	0.24	0.48	67.9
1974	0.31	0.60	83.6
1975	0.35	0.60	100.0
1976	0.40	0.68	113.4
1977	0.44	0.70	138.0
1978	0.46	0.70	144.8
1979	0.49	0.70	142.9
1980	0.49	0.70	158.2
1981	0.51	0.70	165.2
1982	0.51	0.88	172.2
1983	0.51	0.94	214.3
1984	0.50/0.60		258.3
1985	0.80		308.5

1/ Producer price of paddy.

(Source: Country Study; World Bank, World Tables)

TABLE 5.3

MALI: OFFICIAL PRODUCER AND CONSUMER PRICES, 1970-1986

(MF/Kg)

YEAR	PRODUCER		CONSUMER		GDP DEFLATOR (1975=100)
	millet/ sorghum	rice 1/	millet/ sorghum	rice	
1970	18	25	25	78	75.9
1971	18	25	35	78	79.4
1972	20	25	35	80	83.5
1973	20	25	35	88	89.4
1974	32	40	35	88	94.6
1975	32	40	52	112	100
1976	32	40	52	112	120.9
1977	38	45	52	112	134.1
1978	40	50	57	137	144.5
1979	50	80	65	150	158.5
1980	70	75	77	180	175.7
1981	85	100	65	200	191.1
1982	90	110	118	230	212.3
1983	100	120	125	250	227
1984	100	130	125	250	250.4
1985	110	140	125	250	287.7
1986			190	330	

1/ Producer price of paddy.

(Source: Country Study; World Bank, World Tables)

TABLE 5.4
MAURITANIA: OFFICIAL PRODUCER AND CONSUMER PRICES, 1976-1986
(UM/Kg,Nouakchott)

YEAR	PRODUCER		CONSUMER		GDP DEFLATOR (1975=100)
	millet	rice 1/	sorghum	rice	
1976	7.8	8	4	15	110.8
1977		8	4	15	119.8
1978	8.2	10	6	15	130.1
1979	10	10	6	15	137.7
1980	10	10	10	15	148.8
1981	14	12.5	12	15	153.7
1982	14	12.5	14	17	162.6
1983	14	12.5	14	17	171.6
1984	14	12.5	15	22	190.8
1985	21	14	22.5	26	214.1
1986	21	18.5 2/			

1/ Producer price of paddy.
2/ source: IMF

(Sources: Country Study; World Bank, World Tables unless otherwise noted)

TABLE 5.5
NIGER: OFFICIAL PRODUCER AND CONSUMER PRICES, 1970-1985
(CFA/Kg)

YEAR	PRODUCER				CONSUMER		
	millet	sorghum	rice 1/	cowpeas	millet	sorghum	rice
1970	10	10	22	20	15	10	65
1971	13	10	22	20	18	11	70
1972	25	10	22	25	18	15	
1973	25	20	35	40	35	30	
1974	25	20	35	40	40	30	
1975	25	20	35	40	40	30	
1976	25	20	39	30	40	30	
1977	35	25	45	30	50	40	
1978	40	35	45	45	50	40	
1979	40	35	55	45	50	40	105/115
1980	45	38	55	45	75	40/65	115
1981	70	65	70	90	120	110	160
1982	80	70	85	85	120	110	180
1983	80	70	85	85	120	110	180
1984	100	100	85	90	185		180
1985	80	80	100	120			

1/ Producer price of paddy.

(Source: Country Study, Diagnostique de la SONARA)

TABLE 5.8
SENEGAL: OFFICIAL PRODUCER AND CONSUMER PRICES, 1970-1985
(CFA/Kg)

YEAR	PRODUCER			CONSUMER			GDP DEFLATOR (1975=100)
	millet	rice 1/	maize	millet	rice	maize	
1970	17	21	18	31.5	45	28	66.4
1971	17	21	18	31.5	40		68.5
1972	17	21	19	31.5	40		71.2
1973	25	25	25	38.5	60	68	76.7
1974	30	41.5	35	40	60	76	89.8
1975	35	41.5	35	42	100	85	100.0
1976	35	41.5	37	43/45	80	95	103.7
1977	35	41.5	37	45	80	83	112.2
1978	40	41.5	37	53.5	80	83	122.5
1979	40	41.5	37	50	80	83	131.4
1980	40	51.5	37	55	80	81	146.5
1981	50	51.5	47	64/68	80	114	157.7
1982	50	51.5	47	64	105	114	173.7
1983	55	60	50	69	130	114	189.9
1984	60	66	60	80	130		213.8
1985	70	85	70		160		240.8

1/ Producer price is of paddy.

(Source: Country Study; Hirsch, CCCE; FAO)

TABLE 6

Grain Agency Purchases as % of Production

(Crop Year)

COUNTRY (AGENCY)	70/1	71/2	72/3	73/4	74/5	75/6	76/7	77/8	78/9	79/80	80/1	81/2	82/3	83/4	84/85	85/86
BURKINA FASO (OFNACER) 1/																
production (000 tons)	1040	1073	1009	831	1183	1114	1219	1044	1168	1207	1026	1289	1289	1062		
purchases (000 tons)	NA	1.5	0.8	2.8	16.4	16.8	9.8	8.8	15.3	8.7	2.6	28.6	24.8	5.8		
% purchased	NA	0.1%	0.1%	0.3%	1.3%	1.5%	0.8%	0.8%	1.3%	0.7%	0.3%	2.2%	2.0%	0.5%		
MALI (OPAM) 1/																
production (000 tons)	1068	848	784	853	1130	1088	1217	1048	1308	1172	892	1107	1018	880	698	1404
purchases (000 tons)	53	84	57	89	133	148	177	93	100	77	48	60	57	35	52	88
% purchased	5.3%	8.8%	7.3%	6.1%	11.8%	13.6%	14.5%	8.9%	7.7%	8.6%	5.4%	5.4%	5.6%	4.0%	7.4%	6.1%
MAURITANIA (CSA) 2/																
production (000 tons)							38		31			77	15	14		
purchases (000 tons)							1.8		1.8			2	2.6	4.3		
% purchased							4.4%		5.8%			2.6%	17.3%	30.7%		
NIGER (OPVN) 3/																
production (000 tons)	1087	1229	1227	752	1325	810	1305	1471	1486	1607	1732	1606	1698	1730	1071	
purchases (000 tons)	5	3	4	23	64	22	46	14	36	78	21	31	88	37	55	
% purchased	0.0%	0.2%	0.3%	3.1%	4.8%	2.7%	3.5%	1.0%	2.4%	4.8%	1.2%	1.7%	4.4%	2.1%	5.1%	
SENEGAL (ONCAD, CSA) 4/ 5/																
production(000 tons)	382	588	322	610	800	618	507	420	802	521	546	736	585	352	471	950
purchases(000 tons)	0.3	2.7	<0.1	30	38	12.1	10	NA	108.8	0	8.3	32.4	<0.1	0		
% purchased	0.1%	0.5%	0.0%	5.0%	4.8%	2.0%	2.0%	< 1%	13.5%	0.0%	1.5%	4.4%	<.1%	0.0%		

1/ Production and purchase figures for all cereals.
2/ Production and purchase figures for 1976/77 and 1978/79 for millet only.
Figures for 1981/82 include both millet and rice. Figures for 1982/83 and 1983/84 figures are for rice only.
3/ Production and purchase figures for millet and sorghum only, except for 83/84 and 84/85, which also include rice.
4/ Production and purchase figures for millet and sorgum only.
5/ ONCAD purchases from 1970/71 to 1975/76, CSA from 1980/81 to 1983/84.

(Sources:Burkina—Country Study; Mali—Country Study, CMRP; Mauritania—Country Study; Niger—JPA; Senegal—Country Study)

TABLE 7

Grain Agency Deficits: 1973/74–1985/86

Year	million Dalasi	million CFAF			
	GAMBIA 1/ (GPMB)	MALI (OPAM)	BURKINA (OFNACER)	NIGER 2/ (OPVN)	SENEGAL 3/ (CPSP)
1973/74		-5,920			
1974/75	+22.2	-1,010		-203	
1975/76	+5.8	-1,945		-559	
1976/77	+29.9	-2,090		-606	
1977/78	+14.1	-348		-306	
1978/79	-3.8	-2,188	-199	-1,834	
1979/80	-18.7	-4,282		-3,827	-126
1980/81	-8.5	-2,320		-1,128	-240
1981/82	-27.4	-1,564		-2,388	-182
1982/83	-35.1	-1,418		-1,832	-86
1983/84	+29.7	-1,306		+1,374	-48
1984/85	-7.1	-624			-17
1985/86		+5			+74

1/ Figures from 1974/75–1978/79 from country study.
All subsequent figures from World Bank,
Recent Economic Developments–1988.
2/ 1982/83 figure from IDET/CEGOS report.
3/ All figures for Senegal are estimates from IMF.

(Source: country sudies, unless otherwise noted.)

TABLE 8
FERTILIZER CONSUMPTION, PRICES AND SUBSIDIES, 1970-1984

COUNTRY		1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
1. BURKINA FASO 1/	Cost (FCFA/kg)			42	50	60	138	74	72	74	78	95	111	121	121	129
	Subsidized Price	29.5	35	35	35	35	35	35	35	35	35	40	40	55	62	78
	Subsidy Rate (%) 6/			17	30	42	75	53	51	53	56	58	64	55	49	40
	Consumption (mt) 5/			1500	1704	1815	2910	5683	8709	11498	18454	17777	18855	19778	24815	
	Tot Sub ('000 FCFA)				32	53	389	218	322	450	625	849	1092	1439	1281	1102
2. GAMBIA 2/	Cost (Dal/mt)			137	150.2	357	284.4	260	247	229	258	248.6	344		485	
	Subsidized Price			80	90	90	106	106	106	106	109	108	106	160	213	
	Subsidy Rate (%)			34	40	75	63	59	57	54	60	59	69		56	
	Consumption (t)		1500	1883	2677	3810	3832	7128	8128	5915	10710	10377	7404	4874	7175	
3. MALI 3/	Cost (MF/kg)						246	150	137	158	179	168	245	254		
	Subsidized Price						75	110	110	125	135	145	210	210	210	210
	Subsidy Rate (%)						70	27	20	21	25	13	14			
4. NIGER 4/	Cost (FCFA/kg)	24	28	42	42	60	90	75		51	46	57	63	83		
	Subsidized Price	24	28	32	30	30	35	35	35	35	35	35	50	50		
	Subsidy Rate (%)	0	0	24	29	67	61	53		31	22	38	21	21		
	Consumption (mt)					214	804	3200	2837	4778	7810	10984	13004	6817		
5. SENEGAL	Cost (FCFA/kg)			35	32	34	61	53	52	48	54	60	90	110	134	130
	Subsidized Price	12	12	12	18	18	20	25	25	25	25	25	25	25	50	90
	Subsidy Rate (%)			66	50	53	67	53	52	48	54	69	72	77	63	31
	Consumption ('000mt)			51	44	44	106	118	75	11	58	102	51	38	25	20
	Tot Sub ('000 FCFA)			929	693	840	4906	3827	2143	2891	1679	4029	3349	3246	1790	778

NOTES:
1/ Fertilizer=NPK
2/ Fertilizer=SSP
3/ Cotton fertilizer
4/ Fertilizer=urea
5/ mt=metric tons.
6/ Subsidy Rate=(Cost-Subsidized Price)/Cost

SOURCES:
1. BURKINA FASO: Gene T. Harris, ed. Fertilizer Subsidies in Developing Countries (International Fertilizer Development Center, 1984). Club du Sahel/OCDE. Developpement des Cultures Pluviales en Haute Volta. (1983).
2. GAMBIA: Harris, ed. Fertilizer Subsidies in Developing Countries.
3. MALI: Country Study.
4. NIGER: Country Study; Proulx, Yvon, Luc Audet, Gustave Dupont. La Securité et la Stabilité des Approvisionnements Céréaliers au Niger. (L'Agence Canadienne de Développement International, 1983).
5. SENEGAL: Country Study.

TABLE 9: WAGE AND PRODUCER PRICE INDICES: SAHEL COUNTRIES, 1970-1984
Base Year 1975 [1]

		1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
BURKINA FASO	CPI 2/	74	78	68	79	83	100	85	122	131	151	168	189	204	221	
	SMIG 3/	66	66	72	72	100	100	153	153	153	182	182	182	243	243	243
	Hi level civ serv 4/			51	51	53	100	104	104	104	110	110	110	122	122	122
	Millet	55	55	55	64	68	100	88	96	146	189	182	205	227	273	300
	Cotton	80	80	80	88	100	100	100	135	135	135	150	150	150	175	
GAMBIA	CPI	61	63	68	73	78	100	117	132	148	153	162	172	191	211	240
	Minimum wage				74	100	100	100	100	100	100	100	128	148	148	148
	Hi level civ serv					84	100	100	100	100	100	100	100	110	110	110
	Millet					88	100	181	200	178	165	191	172	172	281	357
	Groundnuts	46	48	54	65	74	100	118	132	132	138	138	151	164	170	148
MAURITANIA	CPI	58	64	[illegible]	85	76	90	100	108	117	124	134	139	147	155	167
	SMIG	46	46	[illegible]	[illegible]	53	100	100	105	110	115	121	127	133	140	147
	Hi level civ serv							100	101	101	102	102	103	103	104	104
	Millet							100		106	128	128	178	178	178	178
SENEGAL	CPI	53	56	59	65	78	100	101	113	116	128	139	147	173	193	216
	SMIG	47	47	47	50	73	100	100	100	103	110	117	124	131	139	139
	Hi level civ serv	82	82	82	82	89	100	100	100	100	100	103	111	118	124	124
	Millet	48	48	48	71	80	100	100	100	114	114	114	143	143	157	171
	Groundnuts	48	55	55	71	100	100	100	100	100	110	118	187	187	187	190
NIGER	CPI	69	72	79	89	82	100	124	128	168	180	198	244	272	296	288
	SMIG	63	63	63	63	63	100	121	181	168	209	209	228	228	228	228
	Hi level civ serv	88	98	96	98	89	100	103	103	103	118	117	121	125	129	133
	Millet	40	52	100	100	100	100	100	140	160	160	180	280	320	320	400
	Cotton	61	63	68	79	100	100	100	129	132	132	132	170	275	255	255
	Niebe	50	50	63	100	100	100	75	75	113	113	113	223	213	213	300
MALI	GDP deflator	68	69	74	79	83	100	111	120	131	145	158	176	188	189	228
	SMIG				63	100	100	105	105	107	107	127	127	144	144	144
	Hi level civ serv	85	85	85	83	83	100	111	111	111	111	123	123	123	123	123
	Millet	56	58	58	63	100	100	100	100	113	125	158	218	268	281	313
	Cotton	58	68	88	63	68	100	100	100	119	122	148	149	176	176	176
	Groundnuts			75	75	75	100	100	125	125	150	200	200	225	225	

1/ Mauritania base year is 1976.
2/ Consumer Price Index.
3/ "Salaire Minimum Interprofessionnel Garanti" = legal minimum wage.
4/ High level civil service: salary paid to upper-level civil servants.

Source: Country Studies and IMF

FIGURE 9
RELATIVE OPEN MARKET PRICES OF RICE AND MILLET IN DAKAR
(January 1974 - December 1984)

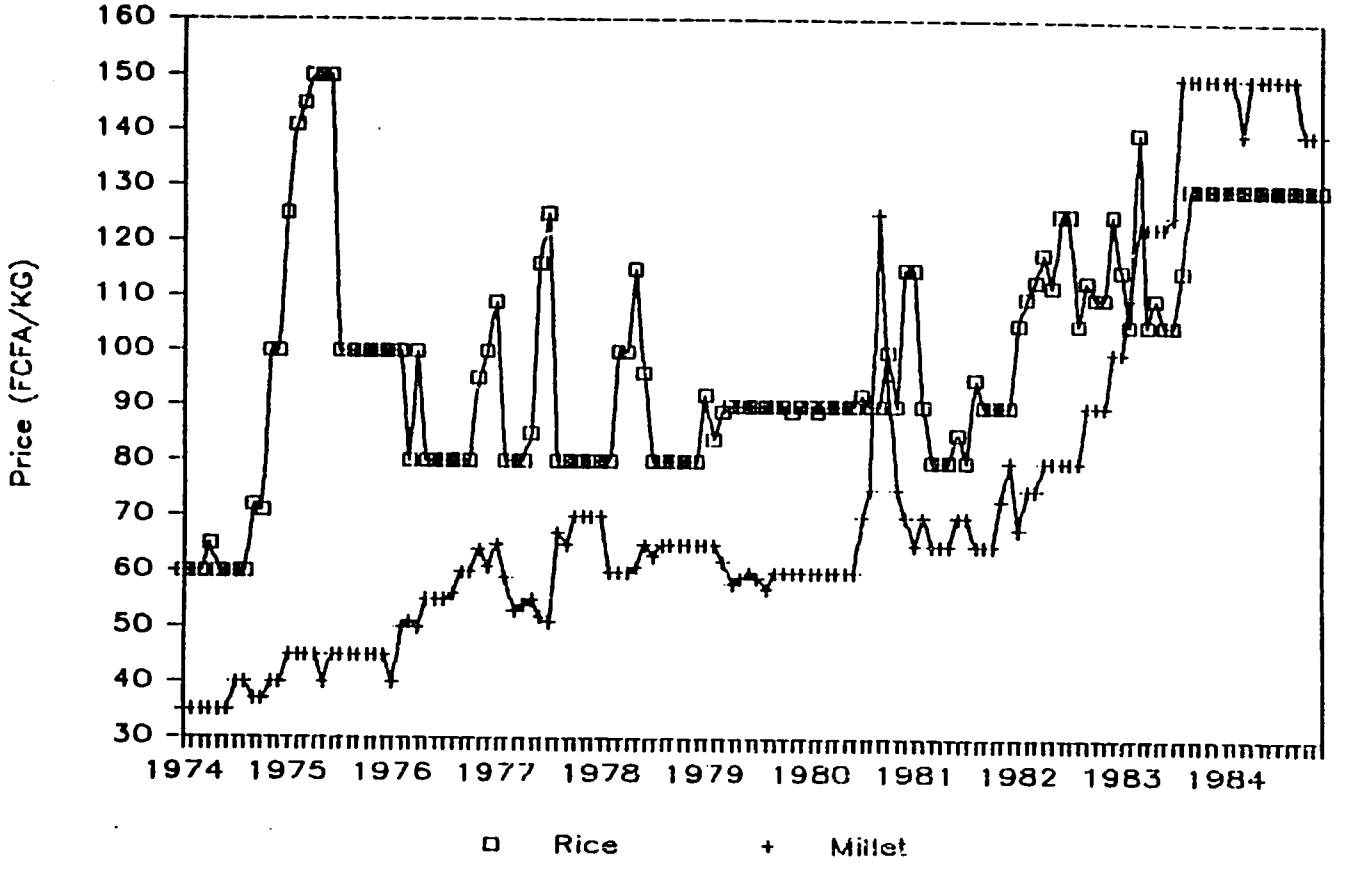
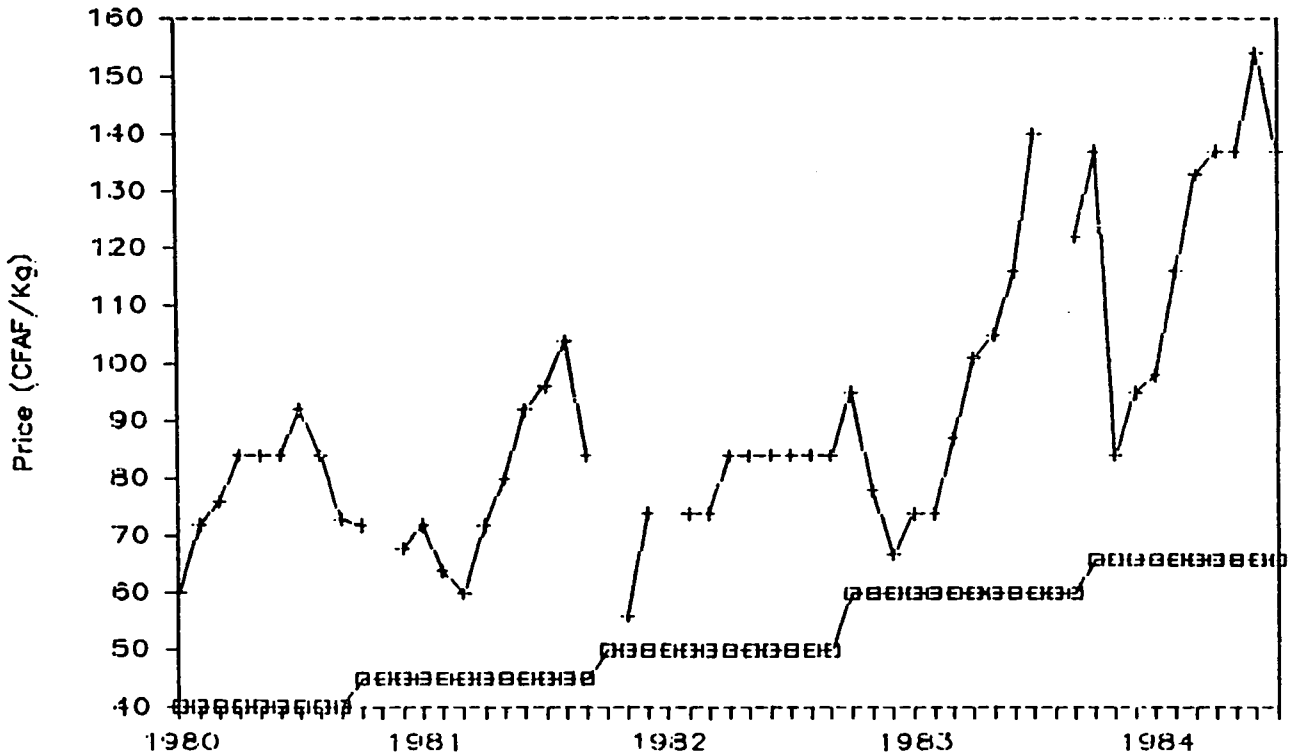


FIGURE 10

COMPARISON OF OFFICIAL PRODUCER PRICE OF MILLET
WITH OPEN MARKET PRICE IN PO, BURKINA FASO
(January 1980 - July 1984)

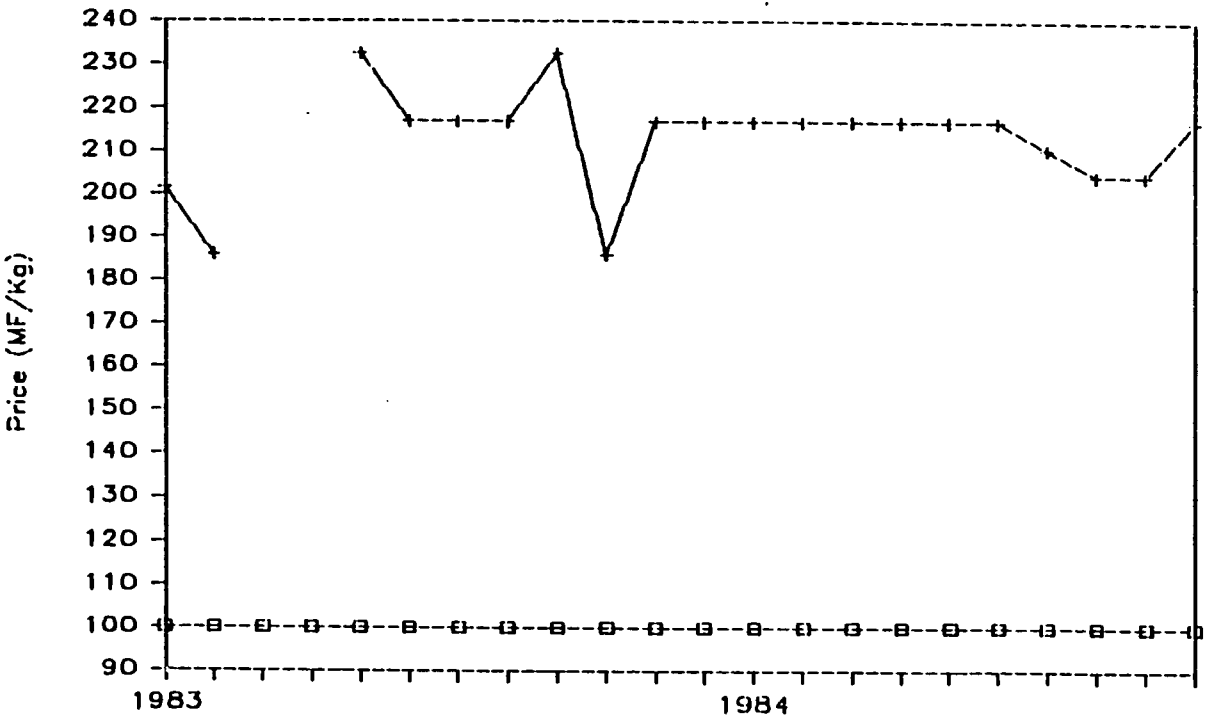


□ Official Producer Price

+ Po Market Price

FIGURE 11

COMPARISON OF OFFICIAL PRODUCER PRICE
OF RICE WITH OPEN MARKET PRICE IN SEGOU MARKET, MALI 1/
(January 1983 - January 1985)



□ Official Producer Price

+ Segou Market Price 2/

1/ All prices in paddy (62% rice equivalent)
2/ Price is for RM40

FIGURE 12

COMPARISON OF OFFICIAL PRODUCER PRICE OF MILLET
WITH OPEN MARKET PRICES IN KAOLAK AND DIOURBEL MARKETS, SENEGAL
(July 1984 - February 1985)

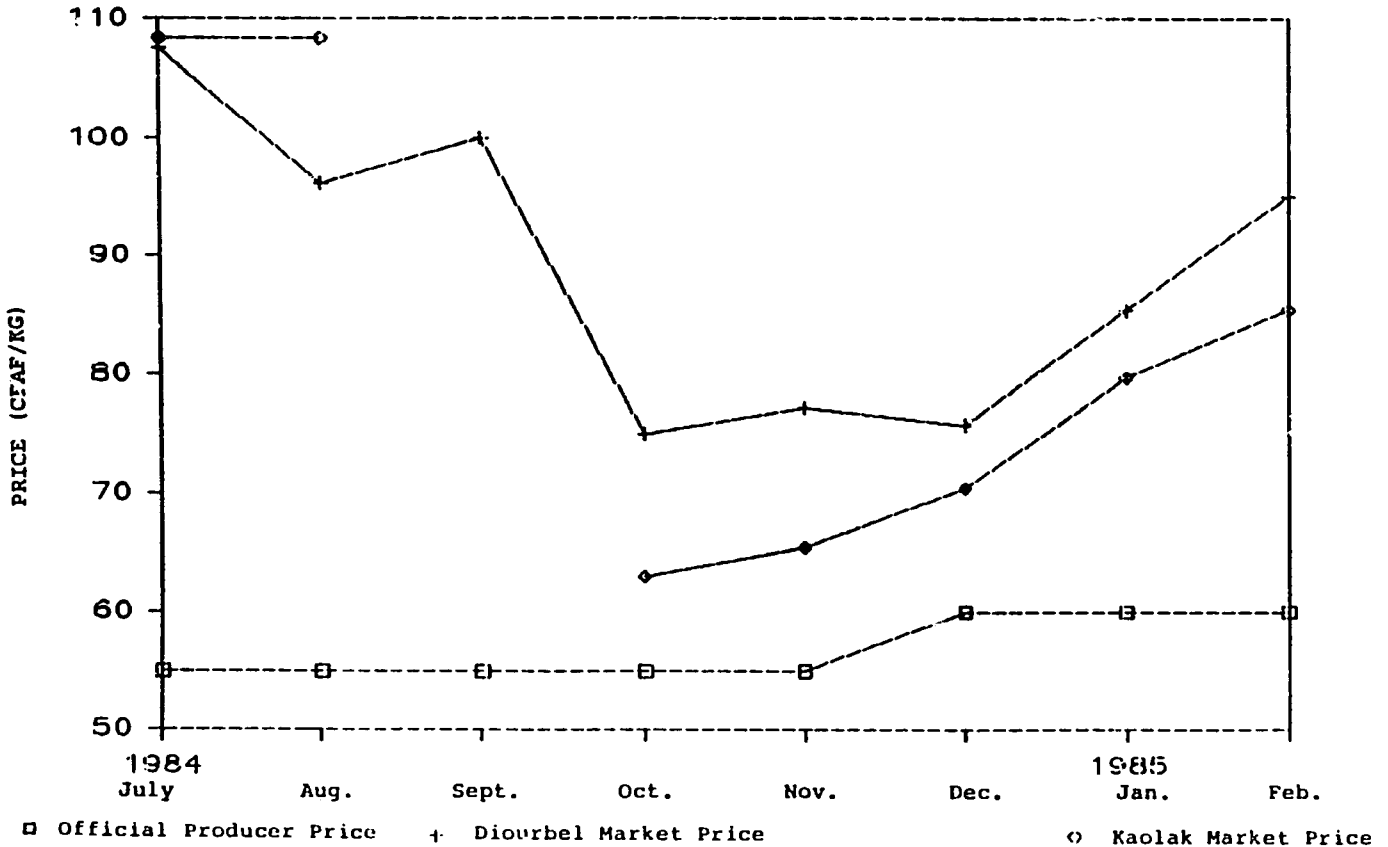
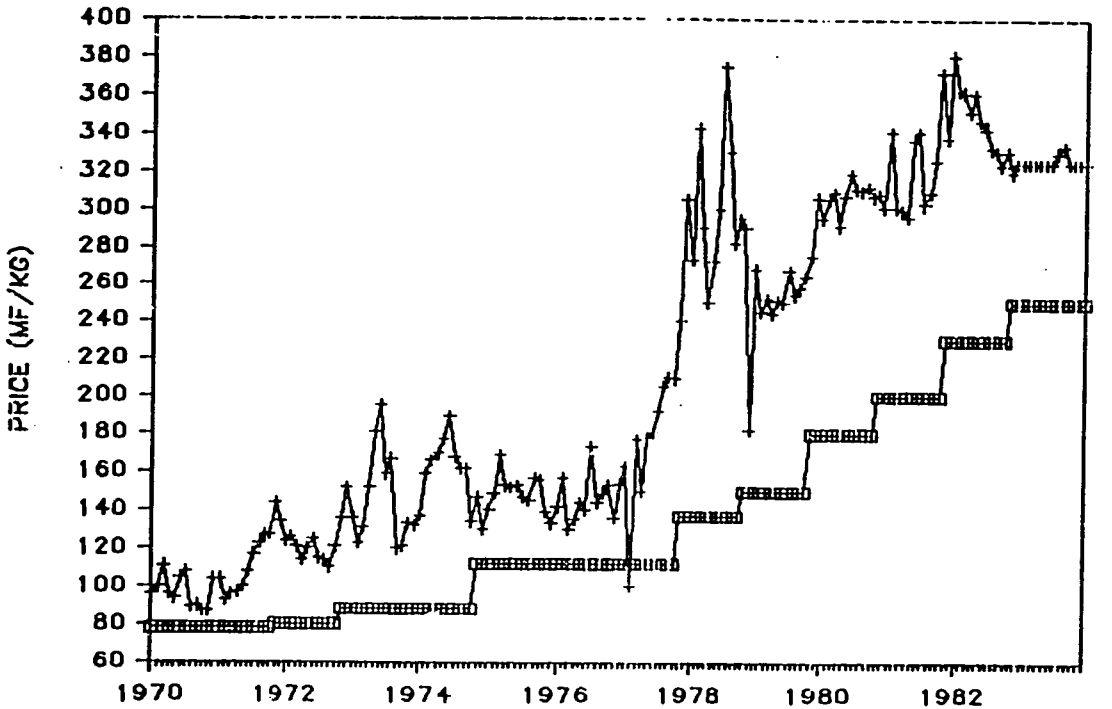


FIGURE 13
COMPARISON OF OFFICIAL CONSUMER PRICE OF RICE
IN MALI WITH OPEN MARKET PRICE, BAMAKO
(January 1970 - December 1984)



□ Official Consumer Price

+ Bamako Market Price 1/

1/ RM40

FIGURE 14

COMPARISON OF OFFICIAL CONSUMER PRICE OF MILLET
IN NIGER WITH OPEN MARKET PRICE, NIAMEY
(January 1970 - December 1984)

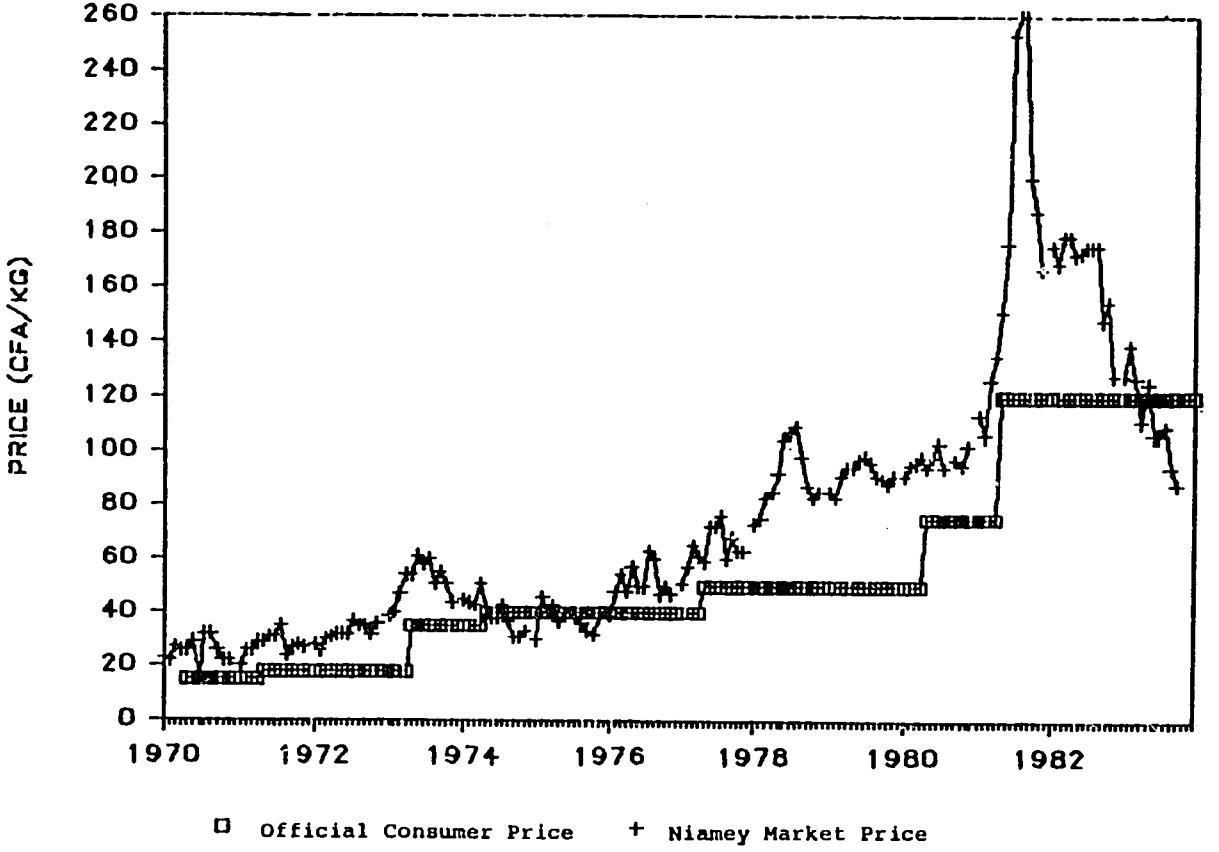
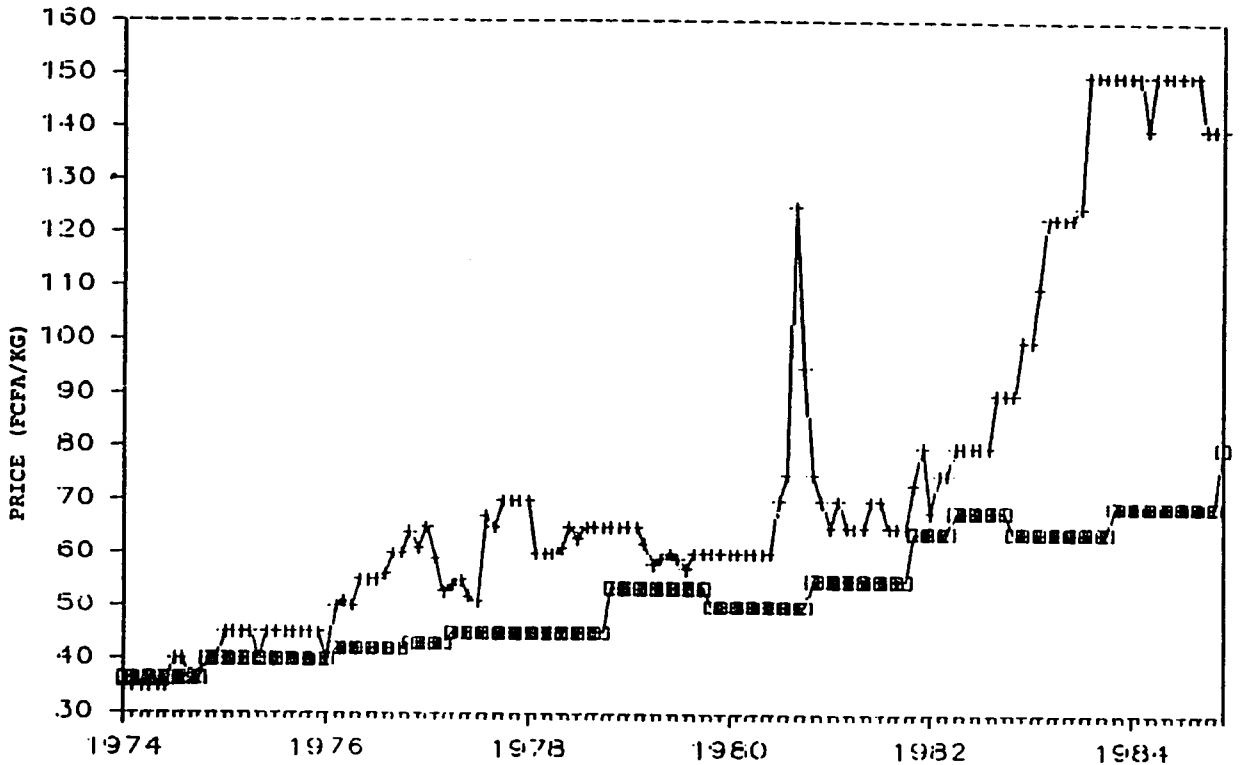


FIGURE 15

COMPARISON OF OFFICIAL CONSUMER PRICE OF MILLET
IN SENEGAL WITH OPEN MARKET PRICE, DAKAR
(January 1974 - June 1984)



[] Official Consumer Price

+ Dakar Market Price

CEREALS POLICY REFORM IN THE SAHEL

EXECUTIVE SUMMARY

Annex B

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RECENT REFORM PROGRAMS AND POLICY CHANGES: MALI, NIGER AND BURKINA FASO

1. Extensive reform programs are underway in many of the Sahel countries, most notably in Mali, Niger and Senegal. The Mali and Niger experiences are outlined below. The accounts are taken from the country studies.

2. Not all recent changes have been in the direction of liberalization. Burkina Faso has introduced changes of a different kind. These are also summarized below.

I. MALI

3. The Mali Cereals Marketing Reform Project (PRMC, after its French acronym) grew out of a long process of studies and informal dialogue. Between 1973 and 1980 there were a dozen reports on cereals pricing and marketing in Mali. Its way was paved also by a period of domestic political consolidation, which increased the government's willingness and ability to deal with its evident problem in cereals policy.

4. By the end of the 1970s, a broad consensus existed within the government and among donors that some action had to be taken on the marketing end to increase food production in Mali. The reform program that was agreed on had three major objectives. The first was to reduce the financial losses of OPAM (Mali's National Grain Agency), which was to be done by tightening management and increasing the margin between official producer and consumer prices. The second objective was to reduce the distortions between official prices, both producer and consumer, and those on the parallel market and in neighboring countries. This would require that official prices be substantially raised. The third objective was to liberalize grain marketing, reducing the role of the state and increasing that of the private sector. This required that private commerce in grains be legalized.

5. The primary mechanism to support this reform program was a loose consortium of the major food aid donors, who agreed to provide a minimum amount of food aid (50,000 tons a year) over a five-year period, provided that the government took the measures necessary to reach the objectives. This approach was innovative in that it created a contractual arrangement between donors and government, although there was no specific contract. The parties agreed to have periodic consultations and that money earned on the sale of food aid ("counterpart funds") would be deposited into a special account controlled by the donors. The delivery of food aid itself was still negotiated bilaterally, and the timetable for the policy reforms was indicative rather than binding. However, the reforms were given additional weight by their inclusion in the standby programs of the IMF and agricultural projects funded by the World Bank (IDA).

6. The plan of action for the reform program called for specific actions over a five year period, during which food aid would be used to finance OPAM's operating deficit. Private grain trade was to be legalized immediately, and official producer prices were to be increased significantly at the outset. Official consumer prices were to be aligned with both official producer prices and market prices over a five year period. At the end of this transition, OPAM's financial deficit caused by consumer subsidies was to be eliminated. In the meantime, food aid would support the reforms by both generating extra sales revenue to finance the interim deficit and by guaranteeing a supply of grain to offset the risk of market failure.

7. The reform program has had some impressive results:

- Trade in grain has been liberalized. OPAM's legal monopoly on trade in coarse grains was abolished in 1980. Import regulations were changed in 1984, allowing any trader to import--a significant departure from past practice. Government has instituted a two-tier pricing system, an official selling price for OPAM and a higher price, based on actual costs, for private commercial transactions, mostly those involving imports. Especially noteworthy is the fact that these liberalization moves were sustained in the face of spectacular price increases during 1984.

- OPAM is a much more efficient organization now than it was in 1980. Its food distribution is well programmed, its stock management more tightly controlled, its knowledge of trends in the cereals market more extensive. It also has much improved capacity to organize emergency relief--as its performance in the 1985 crisis showed.

- OPAM's operating deficit has declined from its peak of 1979/80, 4.3 billion CFA, to 1.25 billion in 1984. This improvement is the result of a dramatic reduction in fixed operating costs (from a high of CFAF 1.46 billion in 1979/80 to only 0.8 in 1983/84 for roughly the same volume) and in more efficient transport arrangements that have reduced unit costs. These improvements reflect the ability and willingness of OPAM management to reduce employment, to rely more on the private sector for transport, and to maintain stricter physical and financial discipline in its operations. While some of this improvement is due to expatriate technical assistance, effective Malian management at OPAM has been a key factor.

- Government took especially forthright price policy action during the first two years of the reform program. The program called for rapid increases in producer prices. In fact government raised consumer prices more and faster than called for. Also, the gap between official and open market prices narrowed during these two years; in 1982/83 official prices were two-thirds of market price, as compared to the late 1970s, when they were often less than half as high. Among other implications this means that the rate of consumer subsidization was cut.

8. There have been numerous intangible benefits. Donors have had frequent occasion to educate each other on cereals policy issues and to be educated by Malian officials. There has been a greater acceptance of market

solutions within the Malian bureaucracy—more openness to supply- and demand-based pricing, for example, and the use of private traders.

9. Balancing these achievements are a number of less positive aspects of the reform program:

- The extent to which the liberalization moves represent real changes can be exaggerated. What they mainly did was recognize in law what already existed in fact--the thriving private cereals trade. It could be argued, indeed, that the most important liberalizing step was taken by the Mali government before the PRMC, in the summer of 1980, when it ordered the removal of most roadblocks in the country.

- Government until 1984/85 refused to liberalize rice marketing in line with PRMC intentions. In that crop year traders were allowed to operate legally within the Mopti perimeter. But this was more a symbolic liberalization. The Mopti rice authority had done no purchasing of paddy for OPAM since 1981, mainly because of low water availability. The first real liberalization steps, in the office du Niger, were taken only in 1985/86.

10. With respect to price policy, performance has been poor in raising price levels, speeding up the pace of change, improving internal terms of trade, narrowing the gap between official and market prices, and increasing temporal and geographic price stability. The indicative targets for price changes under the reform program are given in the table on page 4 below. Over the five-year period (1980/81 to 1985/86), minimum producer prices supported by government were to be doubled in nominal terms for coarse grains and nearly tripled for paddy. OPAM consumer prices were to be nearly tripled for coarse grains and increased by two-thirds for rice. No targets were given for prices in real terms, but it was generally understood that real prices had to increase. To stimulate production rapidly, the initial increases were to be greater for producer prices. The margin between producer and consumer prices was also to be widened to reduce OPAM operating losses.

11. Regarding price levels, actual performance has been less than targeted in all cases up through 1984/85, the fourth year of reform. Even following the very substantial price increases announced in late 1985, the official consumer price of rice was the only price that matched the PRMC targets. In real terms, prices have actually fallen. Official producer prices for coarse grains were lower in constant CFAF in 1985/86 than in 1980. For paddy, there was an initial increase in 1981, but by 1985/86 official producer prices in constant terms had fallen below the 1981 level. The change in real consumer prices has been even less satisfactory. By 1985, the official consumer price in constant CFAF was no higher than in 1980 and below levels of the early to mid-1970s. For rice, which accounts for over three-fourths of OPAM sales and distribution, official consumer prices in constant CFAF have actually declined during the reform program. In 1985, they were lower than at any time during the past decade and a half except 1977.

12. Regarding rates of change, the reform program called for a rapid increase in official producer prices, followed by a gradual increase in official consumer prices. In fact, the opposite pattern has prevailed. The government started with larger and faster increases in consumer prices,

followed by a slower but steady (in the case of paddy) increase in producer prices. This performance is no better than in the past. Official consumer and producer price adjustments have actually been slower in the five years (1981/85) following the start of the reform program than in the five years (1976/80) preceding it, as indicated by the following annual percentage changes.

Annual Percentage Change in Official Prices

	Official producer prices			Official consumer prices	
	Coarse grains	Paddy		Coarse grains	Rice
1976/77 to 1980/81 (actual)	19	15	1977/81 (actual)	13	15
1980/81 to 1985/87 (actual)	6	8	1981/86 (actual)	12	7
1980/81 to 1985/86 (PRMC target)	14	19	1981/86 (PRMC target)	19	10

The rapid price increases during 1977/81 followed three years of stagnant prices and may therefore have reflected an effort to catch up. Nonetheless, the record since then is poor given that the PRMC was intended to accelerate price adjustments.

13. In summary, notes the author of the Mali country study, after the first four years of the program, it can only be called a mixed success, although changes in 1986 may improve the record. The qualitative improvements are more striking than the quantitative ones. The reform program has focused attention on grains marketing problems and created a situation conducive to open dialogue. It enhanced coordination among food aid donors while at the same time reserving food aid resources to support various aspects of the reform program. The government has shown greater acceptance of market transactions and prices, which has reportedly increased morale and optimism among private merchants.

14. On the quantitative side, it is difficult to argue that the PRMC has in itself notably increased producer incentives for coarse grains. Because official marketings were always small and administrative controls were often weak, liberalization had little impact on market prices, except perhaps by improving marketing efficiency. Free market prices are in any case probably closely linked to import or export prices. The program may have even reduced producer incentives. If domestic market prices are below import prices (as was the case before the recent drought), the large sales of food aid at official prices lower than market prices would tend to reduce demand on the parallel market and bring market prices down. However, because the government controls a minor share of the coarse grains market, and in volume less than paddy, and because farm sales to the grains board are more likely to be voluntary, neither the poor performance in raising official producer prices nor the good performance in liberalizing marketing is particularly important in changing incentives.

15. For paddy, results of the PRMC are better. Official producer prices have risen faster than inflation, while market prices have fallen in real terms by about 20% during the program. This policy effort should be considered significant because paddy is the only grain for which the government can (and

does) effectively control a substantial share of marketing by administrative means, especially in the Office du Niger. However, because government control is firmer and distortions are still significant in paddy markets, liberalization would appear to offer some scope for improving producer incentives, even though government performance on price policy has been relatively good. One of the advantages of liberalization is that producer incentives become less a hostage to political negotiation and availability of deficit financing. For example, paddy price increases had begun to stall in 1984/85; and donor pressure was needed to secure the price increase, which was announced six months later than usual, well after all production decisions had already been made.

16. The shift to economic prices for consumers has also been slow and inadequate. Until 1985/86, official consumer prices fell in constant terms, resulting in substantial net positive income gains for those with access to OPAM sales. The quantity of grains marketed at these official prices exceeds the level sold before the reform program, in large part because PRMC food aid has more than compensated for lower official marketings of domestically produced grain. Thus, total income transfers (measured by the difference between official and commercial market prices and calculated on total flows) to selected consumer groups have probably increased. Likewise, with respect to financial losses in the grains sector, the program, until 1985/86, had not succeeded in dramatic reductions. It did shift the way they are financed, however, mainly from farmers, taxpayers (via the OSRP), and the banking system to the Office du Niger and, most notably, to food aid donors.

17. If the PRMC targets had been set in terms of minimizing the gap between official and market prices, and in terms of reducing the financial deficit for the overall sector, the sense of progress expressed by both donors and government would have been less positive, especially in view of the costs.

II. NIGER

18. It was noted in the text that the Niger government adopted a number of changes in the early 1980s--decentralization through "cooperativization," and a producer price policy favoring farmers. But its main reform effort has taken place in conjunction with policy-based loans and dialogue with the international financial institutions.

A. IMF Dialogue

19. In October 1983 a standby agreement was signed with the IMF. To meet the targeted budget deficit reductions that were part of this agreement, the government reduced the number of OPVN selling outlets from 206 to 79, and the number of buying stations from 392 to 67. (Some distribution outlets were reopened in 1984 because of supply scarcities; it's not known how many were later eliminated.) The OPVN motor pool was cut by half, and its staff of more than 600 was cut by 170. In August 1984 the government agreed with the IMF that it would take away OPVN's monopoly of millet/sorghum import and marketing. It also agreed that OPVN should adopt a tender system, both in buying from coops or from individual merchants, and in selling at wholesale level. In its retail sales, OPVN would fix prices taking into account

prevailing market prices and the need for an adequate margin. Floor prices for producers would continue.

20. Copro-Niger was cut back at the same time. Between 1970 and 1983, Copro was the monopoly importer of 10 major consumer goods. In October 1983, its monopoly was removed for the following items: sugar, flour, tomato paste, milk, pasta, mattresses and soap. It continued as sole legal importer and wholesaler of cigarettes, jute sacks, tea and salt. Copro's 17 retail shops were closed, its stocks were cut from three months to one month of consumption, half the work force was let go. In October 1985 Copro's remaining import monopolies were terminated. All import monopolies (except for petroleum producta) public or private, have been removed.

B. USAID Agriculture Sector Development Grant

21. In August 1984 the Niger government negotiated an Agricultural Sector Development Grant (ASDG) with the United States Agency for International Development. This is a substantial program; it involves planned expenditures of $32 mn. to be disbursed in four tranches by 1987. The assistance is conditioned on specific policy changes and actions by the Niger government. After a quick-disbursing nonconditional first tranche of $10 mn. (which includes $3 mn. for technical assistance, studies and training), release of the second tranche required the following substantive actions: (1) reduction of the maximum level of subsidy on any agricultural input to no more than 50% of its delivered cost; (2) adoption of a system of tenders and bids for 20% of OPVN's sales and local purchase and sale of grain, which will permit cooperatives and private traders to market grain, including during the OPVN buying period; (3) establishment of "village level grain storage through arrangements with cooperatives"; (4) initiation of an agricultural credit study; (5) significant reduction of administrative and fiscal controls on border trade, particularly with respect to exports of livestock and cowpeas.

22. We focus here on the three most important reforms that were to be made by September 1985: reduction of input subsidies to a maximum of 50% for any input; liberalization of domestic grain marketing and exports of livestock and cowpeas; OPVN purchase and sale by auction of at least 20% of its transactions.

1. Input Subsidies

23. The rates of direct subsidy--defined as the difference between total cost to CA and total receipts for each input--have averaged less than 50% since 1980. They fell by more than half between 1980-1982 and 1983-1985. Since average subsidy rates are already well below the target rate specified in the ASDG, it is not clear how meaningful the "reform" is. Moreover, subsidy rates by this definition have risen since 1983/84, not fallen, especially for implements.

24. Preoccupation with the subsidy issue has made clearer the complexities in defining and measuring rates of subsidy. Throughout the policy dialogue inside government and with donors, the subsidy issue was posed in budgetary or financial terms, not in economic terms. Nobody proposed that Niger adopt true economic prices for agricultural inputs--i.e., make the farmer pay full border prices plus transport, or some other definition of the real

opportunity cost of the inputs in question. Many economists argue that the border price plus transport is the right price to charge, because otherwise farmers use inputs for crops and in places where it is not economic; the value of added output due to fertilizer use, for example, may be less than the cost of the fertilizer valued at border prices.

25. Much of the fertilizer used in Niger comes in the form of aid grants from donors. The government of Niger has never in the past been concerned with the real cost to the donor of this fertilizer. It sells the fertilizer to farmers at the official price, and deposits the proceeds in counterpart accounts. Direct budget subsidies are zero in this transaction. But economic subsidies—the difference between the price the farmer pays and the world price—are high. According to CA estimates the real subsidy rate for fertilizers in 1985 would have amounted to 66%, if the difference between official selling prices and world prices of fertilizers were the basis of calculation.

26. Imports from Nigeria further complicate the question. Because of high subsidies in Nigeria and a severely distorted exchange rate, Nigerian fertilizers can be imported at highly favorable prices. But it is not evident that availability of such highly subsidized sources of supply should make it the appropriate reference price in determining economic subsidy rates.

27. In any event, the government agreed in 1985 to define the subsidy as the difference between the price paid by the CA to its commercial suppliers and the selling price to farmers. Much remains unclear in this new formula. For example, has government really agreed to the substantial price increase implied by this new definition of subsidies? And does USAID conditionality now depend on reductions in subsidy rates thus defined? The World Bank Structural Adjustment Credit addressed the fertilizer subsidy issue also, as we will see below, with similar ambiguities.

28. With respect to agricultural implements, the importance of the subsidy issue as such has faded, as profound problems on the production side have surfaced. The government manufacturing or assembly facilities, it is now apparent, have produced too much inappropriate and poorly made equipment. By 1985 large unsold inventories had accumulated--equipment that couldn't be sold even at existing (subsidized) prices. Government has therefore given greater management autonomy to each facility, and has created an interagency committee to consider overhauling the agricultural equipment supply system. Existing stocks are being sold off at bargain prices, and government announced that subsidies on the purchase of agricultural equipment were eliminated as of 1985.

2. Marketing Liberalization

29. Some liberalization has occurred. The main measure is the decree (No. 049/MCT/DCI/MDR of 24 October 1984) on millet and sorghum marketing for the 1984-1985 crop year. Article 2 stipulates that marketing of food crops in 1984-1985 will be the responsibility (sera assurée) of the cooperatives and traders--any traders, not simply those that are licensed. Also, OPVN's import monopoly for most cereals was terminated. Taking into account the elimination of COPRO-Niger's monopoly in wheat flour imports, this means that all cereals-importing monopolies were terminated in 1984.

30. Some other measures, related to liberalization but not explicitly included as conditions of the USAID sector grant, have also been adopted. The OPVN, for example, has begun systematic collection of market prices and in May 1985 began to distribute a monthly report giving up-to-date information on grain stocks, prices in numerous markets and estimates of production.

31. These measures represent genuine forward movement. Their significance is reduced, however, by steps going in a contrary direction:

- While private traders may freely buy and sell, the 1984-1985 decree (Article 3) still sets official prices (100 CFAF for millet and sorghum), and seems to stipulate (Article 5) that traders are required to pay these official prices.

- While OPVN's import monopoly is officially ended, it is not clear whether its special advantages have been taken away. Rice importing regulations, as of mid-1984, specified that OPVN was not required to pay some taxes and charges that private importers paid, which gave it a price advantage of roughly 15% over other importers. This may still exist and similar discrimination may also exist for other cereals imports.

- All livestock exports were prohibited in late 1985. This direct violation of a covenant in the USAID agreement was motivated by drought-induced fears for the future of the national herd.

- The more effective spread of market information is prevented by the unwillingness of responsible officials to announce market prices by radio broadcasts. They fear that perverse effects will predominate--that traders in areas where prices are relatively low will push up their offering prices to match those prevailing in higher-priced markets, or that news of a price increase in one region will spark similar increases elsewhere.

3. The OPVN and Grain Auctions

32. The ASDG agreement contains one especially glaring contradiction: the OPVN was to buy and sell via auctions--a bidding and tendering system--but at the same time seemed to remain committed to the establishment of fixed "official" producer and consumer prices. The two are clearly inconsistent. (The same inconsistency marked government agreements with the IMF.)

33. This inconsistency has yet to be resolved. The new system was introduced in November 1984, for the 1984/85 buying season (Arrete No. 49, cited earlier). (It had been the subject of discussion with the IMF in August of 1984, during negotiations for the second standby.) Thirty thousand tons were to be bought by tendering. But these tenders had several peculiar features. First, they were at fixed prices, slightly differentiated by region--e.g., 130 CFAF/kg. in the Niamey Department, 125 in Zinder, Maradi and Dasso, etc. And second, these prices were below those in the parallel market (which at the time were between 150 and 170 CFAF/kg.). It is no surprise, then, that while bids totalling 49,600 tons answered OPVN's tender, only 15,000 tons were "realistic"--i.e., at near-market prices which were well above the OPVN-stipulated price. These were rejected by OPVN without consideration. At the

same time, none of the traders who had submitted bids at the OPVN price was able to deliver grain. So as of July 1985, less than 10,000 tons were bought by OPVN under the new system, none of it from traders who had made the original bids.

34. The 1985/86 experience was similar. As of March 1986, the OPVN had purchased through tenders some 43,000 tons of millet and sorghum for the security stock. (Donor agencies financed 27,000 tons, OPVN itself paid for the rest.) About 23,000 tons were bought from cooperatives, at a uniform national price of 70 CFAF/kg., delivered to the coop market; the total cost, including transport to OPVN storage centers, was 90 CFAF/kg. The rest was bought from wholesale merchants at prices (delivered to OPVN warehouses) of 80-90 CFAF/kg. Average market prices in November-December 1985 were about 42 CFAF/kg. in Zinder and 67 in Maradi.

35. It seems, then, that official producer prices remain a fact, though now they are called "intervention prices" and apply mainly to purchases from cooperatives. The changes that have occurred so far have been more changes of form than of substance. A tender and bid system at fixed prices has been substituted for OPVN purchases from cooperatives and licensed traders, also at fixed prices. Marketing is not much more competitive than before 1984, nor is the spread between OPVN buying and selling prices adequate to avoid deficits. The level at which producer prices are fixed seems to be more flexible under the present arrangement. But in a good crop year such as 1985/86, the "official" price exceeds the market price, resulting in transfers of "rents" for those whose grain OPVN buys. In a bad crop year like 1984/85, the "official" price is below the market and bidders at that required price cannot deliver. That is the way the old system worked.

36. The 1984 reform program undertaken as part of the USAID agricultural sector grant thus emerges rather tattered from its initial phase. The only progress that can be claimed on the agricultural input subsidy question is conceptual. Subsidies were of small budgetary significance to begin with, and the targeted reforms were modest in scope, since the average rate of subsidy in 1984 was already well below the 50% maximum specified in the grant, and in fact was near or below the 1987 target. In the event, the subsidy rate went up and not down in 1985. More important, the issues, it turned out, had been poorly defined. The rate of subsidy on fertilizers defined in terms of the difference between cost at world prices and selling price to farmers, is much higher than 50%. And while government seems to have agreed to accept a conceptually more comprehensive definition of subsidies (the difference between the price paid by CA to its commercial suppliers and the price CA charges to farmers), much remains ambiguous in this new formulation; it is especially unclear whether government has accepted that farmers pay world price plus transport for inputs, including fertilizers. Nor is it clear that this is the right price policy to follow.

37. With respect to liberalization there are other ambiguities--for example, whether traders (as of mid-1985) could legally pay farmers less than the official price. And the tender and bid system for OPVN has changed little from previous practice.

C. The World Bank Structural Adjustment Credit

38. In late 1985 the World Bank and the government of Niger agreed on a $60 million Structural Adjustment Credit which was approved by the Bank in January 1986. Cereals policy reforms were included in that program. The government committed itself to take the following measures, beginning with the 1985-86 harvest season:

- OPVN is to no longer maintain a grain stabilization stock, but only a security stock of no more than 80,000 tons.
- OPVN's annual buying and selling operations will be limited to renewal of one-third of the security stock each year.
- At least 80% of OPVN's buying will be done through tender, by competitive bidding at the wholesale level.
- Official producer prices for millet and sorghum will be indicative only, and not binding on OPVN.
- Domestic trading and imports will remain free, and exports will be allowed when the domestic market is saturated.

39. None of these measures applies to "remote areas" or in "emergency situations." Remote areas are those that have chronic grain deficits, and lack roads and private traders; emergency situations refer mainly to drought-induced production shortfalls.

40. On agricultural inputs, the government agreed to eliminate subsidies on agricultural implements before the end of 1985. A subsidy on fertilizers will be retained, but the rate will be gradually reduced and from 1988 on will not exceed 15% of the price the CA is charged by its commercial suppliers.

41. It was evident in early 1986 that a number of important reforms had not yet been introduced as planned. Grain stocks in March of 1986 were almost 210,000 tons, instead of the targeted 80,000 tons. During the crop year 1985/86, the OPVN purchased 43,000 tons (by April 1986), much more than the 27,000 needed for renewal of the security stock. Producer prices for millet and sorghum were not "indicative only," as agreed to proposed in the SAC, but, for the cooperative purchases at least, were at a fixed, higher-than-market-price--much like previous official producer prices in some crop years such as 1978/79 and 1983/84.

D. Conclusions

42. These developments are too recent, too complex, and in some respects too ambiguous to permit in-depth assessment. The experience as it has so far unfolded nonetheless suggests a number of observations.

43. First, the reform process has proved much more complicated than anybody expected. In part this is due to the complexity of the policy issues involved, and in part to the limited time available for analysis in the donor-related reform programs. For these reasons, the policy reform programs contain many elements that are not fully developed; implementation is thus not a

straightforward matter of applying finished proposals but a process of discovery, each proposed change revealing new problems and obstacles. The input subsidy experience in the USAID program is nicely illustrative. The policy target shifted in the first year from reduction of direct budgetary subsidies to proper economic pricing of inputs. And this new target in turn raised tough questions. Is it right to sell to farmers donor-provided fertilizers at world market prices? Is that what donors want--to tax the donor-granted fertilizers and indirectly provide budget support--in the name of preventing noneconomic use of inputs? What exactly has the Niger government agreed to when it says that the cost basis for CA-distributed fertilizer will be the price paid to commercial suppliers? Are suppliers of heavily discounted (smuggled) Nigerian fertilizers included? If so, the definition of border parity needs closer examination. If not, how could CA compete with private sellers?

44. Secondly, the government of Niger has been unable or unwilling to implement a number of policy changes it committed itself to during negotiations on policy-based credits. Thus the stabilization stock is not disappearing and the security stock shrinking to 80,000 tons. To the contrary, due to government purchases stocks were at the record level of 206,000 tons by April 1986. Government bought 43,000 tons in 1985/86 (as of March) instead of the 27,000 it agreed to in the SAC. The government did not eliminate official producer prices; OPVN purchased at least 27,000 tons at the "intervention price," which was substantially above market prices. Input subsidies by the old definition (direct budget transfers) were higher in 1985 than in 1984. Livestock exports have not been freed. Some part of these departures from agreed commitments is due to external events over which the Niger government has little control. Thus, one reason grain stocks are so big is that 78,000 tons of food aid arrived late in 1985, when the bumper 1985/86 crop was already on the horizon. Some is due to the high risk-aversion of the OPVN and the government generally; in 1985, during the worst drought in many years, the OPVN continued to hold large stocks so that the crop year 1984/85 ended with 90,000 tons in storage.

45. Other factors however are less easily explainable. The fact that OPVN purchased at the official ("intervention") price in 1985 may mean that it was not made clear to responsible officials that the system of tenders and bids is not consistent with intervention prices fixed above market price. (Or that, as the 1984 experience showed, it is not meaningful if tenders are made at specified maximum prices that are <u>below</u> prevailing market prices.) If it was made clear, then one has to ask why the Niger authorities agreed to a policy they did not carry out.

46. Finally, the priorities in the reform programs are open to some question. The policy dialogue with donors, especially regarding the USAID grant, has focused heavily on input subsidies. But this is hardly an issue of great fiscal significance. No more than 600 mn. CFAF were allocated in recent years for all agricultural subsidies; cutting the subsidy rate from, say 30% to 15% might save 300 mn. CFAF, if the same volume of inputs were provided. Nor is it an issue of overriding economic significance; in Niger's array of price distortions, input subsidization is probably among the least harmful. What <u>is</u> harmful are inappropriate institutional arrangements. The main input problem is how to diversify sources of input delivery, and allow greater private sector participation in delivery of all inputs and in the production of implements.

47. This privatization issue has been too little addressed. The reference in the USAID grant agreement to the future of the CA as a "cooperatively-owned" input supply system is part of the general propensity to shift organizational responsibility from state agencies to cooperatives. It is observable also in the provision to create cooperatively managed "cereals banks." These approaches in effect crowd out the private sector and retard its development. Yet they are high-risk approaches, given the weaknesses of the cooperative movement and the complexities of the new tasks being thrust upon it. In a setting so full of donors anxious to "rehabilitate" and "organize" weak or failed public sector institutions, there exists a real danger that long-run development of rural institutions, which will depend to a great extent on the growth of a competent and better-capitalized class of intermediaries, will continue to be blocked.

III. BURKINA FASO

48. Not all changes have been in the direction of greater liberalization. The revolutionary government of Burkina, which seized power in 1984, is marching to a different tune.

49. Historically, trade in cereals in Burkina was almost entirely privately organized. OFNACER, the state grain agency, did not exist before 1970. And during most of the period since its creation, it has played only a marginal role in the purchase and sale of locally produced cereals. In 1974/75 the government gave the ORDs a monopoly on primary purchase of cereals, but that experiment was not a success, and in the ensuing years OFNACER purchased little locally. Prices were determined mainly by market forces of supply and demand; OFNACER's purchases were too small, and often came too late, to have much effect on producer prices.

50. OFNACER's operations during the past fifteen years can be summarized more concretely as follows:

- In only three years (1975/76, 1976/77 and 1982/83) did OFNACER buy more grain locally than it received in food aid.
- Even using a very low estimate of marketed output (10% of net production) OFNACER bought more than 10% of the locally marketed crop in only five years.
- The largest tonnage ever purchased was 38,000 tons in 1984/85. But 24,000 tons were maize, bought from neighboring countries.
- In at least the past five years, market prices available to farmer-sellers, and retail prices paid by consumers have generally been above the official prices. OFNACER has "protected" neither consumers nor producers.

51. In 1985, important changes were introduced in the management and substance of cereals policy. First, the responsibility for "regulating" trade in cereals was taken over by the Comités pour la Défense de la Révolution

leadership and the Peoples' Assemblies. They license traders now and fix prices, and no longer the Ministry of Commerce.

52. Also, in 1985, the Conseil National Révolutionaire (CNR) introduced important substantive changes. A July 1985 Directive (No. 85009) set down new grain marketing regulations which restrict free movement of grains in important ways. Thus only licensed traders are authorized to buy and sell outside of the province where they have been licensed. And traders must buy and sell at the official provincial prices decided by the Peoples' Assemblies.

53. As this Directive now reads, no grain can be shipped across provincial boundaries by anyone except wholesalers who are agrees by the Assemblées Populaires. And all grain transactions now must take place at official prices. Anybody who is not properly licensed, who does not have proof of payment at official prices, who has not fully satisfied complex procedural requirements and who is not in possession of many documents will have his or her grain seized. This is almost certain to reduce private participation in grain trading.

54. The provision that all purchases and sales take place at official prices is especially devastating. Until 1985, official prices were not enforced. During the past five years at least, prices paid by traders to farmers were most of the time higher than the official prices and often very much higher. Prices paid by urban consumers were also higher than official prices. If the present regulations had been in force in the past, traders would not have been in the market. The results would have been lower prices for producers and higher prices for consumers.

55. Another 1985 change has made the problem especially severe: the "regionalization" of official prices. The Peoples' Assemblies now fix prices in each province. There are no longer any panterritorial prices--single prices covering the whole country. The way the initial round of price-fixing (Fall 1985) turned out, two general tendencies were apparent. First the spreads between buying and selling prices were very low--around 10% in most cases. And secondly, in grain surplus areas producer prices were set high--84-90 CFAF/kg. in many instances. In deficit areas, prices for retail sales were fixed at relatively low levels--for example 72 francs at Bam, 60 at Gnagna, 66 at Seno.

56. This pricing pattern would discourage trade of any kind, and especially long-distance trade, whatever the grain availability situation. But the bumper 1985/86 harvest exacerbated the problem. Prices in open markets fell dramatically as evidence of the good harvest became clearer and farmers began to unload stored grain. In major producing areas (in the Southwest for example) market prices of 20-30 CFAF/kg. were observed in November 1985. Normally, traders would buy this grain and ship it to deficit areas where prices are higher. But with the new CDR Directive, unlicensed traders can't move grain, which in any event can be bought or sold only at official prices. Since these prices are so much higher than actual prices in local markets, they are not really relevant; yet buying or selling at lower prices is technically illegal.

57. Present policies are thus such that private traders cannot participate in the grain trade. Traders who might have helped ease gluts in surplus areas and scarcities in deficit areas are either excluded from inter-

provincial trade altogether or have to operate under conditions that induce their withdrawal from grain trading. There are other uncertainties and problems for grain traders created by the July 2 CDR Directive. First, the decree imposes a heavy burden of paperwork and requires much dealing with officials. It also increases the number of enforcing agents:

- Before leaving the province where he bought cereals, the trader or transporter has to have his purchase approval reviewed by the authorities of that province, who will record the quantities loaded on his vehicle.

- When he returns to the province where he is agree, the trader must present the purchase authorizations to the provincial authorities, who will approve it and check the quantity of cereals in his vehicle.

- In addition to the other sanctions in this directive, violators will have their cargo seized by the Brigades populaires de vigilance and the Forces de l'ordre.

58. Secondly, the Directive does not cover an important set of activities. The way it is written, it makes no provision for wholesale traders in surplus zones who purchase grain for transport to deficit zones. Only the rules for traders in deficit zones are specified. These traders must obtain authorizations to buy cereals from the Haut-Commissaires of the provinces in which they sell. These purchase authorizations are to be delivered for each vehicle, for a one-time purchase in the amount specified.

59. Possibilities for harassment are multiplied by these regulations, as opportunities for "justifiable" seizures will probably be plentiful. This is hardly conducive to effective use of private trading competence and energy, and in addition can bring reduced income and welfare for both producers and consumers, in both surplus and deficit regions.

60. Another element in Burkina's current cereals policy problem has to do with OFNACER's storage policies. It begins with a pessimistic estimate of the size of the 1984 crop (1984/85). The official government estimate was 1.14 million tons. This implied a "deficit" of 163,000 tons. To cover this anticipated gap, 135,000 of food aid was obtained (44% of it distributed free); 64,000 tons were imported commercially; and 38,000 tons were bought by OFNACER--24,000 of it, Ghanaian/Ivory Coast maize.

61. The 1984/85 crop turned out to be better than projected, and OFNACER ended up with unsold stocks of record size. Its storage capacity is 92,000 tons. On October 1, it had 78,000 tons in storage. But 21,000 tons of food aid was on its way. So OFNACER had virtually no empty warehouses at the end of 1985.

62. At the same time, OFNACER could not sell without incurring huge accounting losses. None of the 38,000 tons purchased in 1984/85 had been sold by December 1985. OFNACER's average buying price was 89 CFAF/kg. for white sorghum, and its handling costs were 30 CFAF/kg. So its cost was about 120 fr./kg. The official 1985/86 selling price at retail was 92 CFAF/kg. But, as noted earlier, because of an excellent 1985 (1985/86) crop, in main producing (surplus) areas prices of 20-30 CFAF/kg. were not uncommon in early November, as farmers sold off stored grain in anticipation of a good crop.

63. In November 1985, OFNACER asked donors for new storage capacity, and for money to buy 30,000 to 50,000 tons of cereals--presumably at the official prices, which may be twice or three times as high as market prices. This is more local grain than has ever been bought before, and would involve distribution of sizeable "rents" (to those whose grain is bought at the high official price). OFNACER would then have a 100-150,000 ton grain stock and would be forced to sell 30-50,000 tons a year simply to rotate its stocks. This would make it the major player in grain marketing, with the likelihood of continued consumer subsidization, growing deficits, and discouragement of private trade.

IV-13 POLICY ISSUES RAISED BY CHANGING FOOD PATTERNS IN THE SAHEL

Christopher L. DELGADO
Thomas L. REARDON

POLICY ISSUES RAISED BY CHANGING FOOD PATTERNS IN THE SAHEL

Some very disturbing trends have emerged in the Sahel with respect to the production and consumption of the major food grains. Per capita consumption of the major cereals — millet, sorghum, maize, rice and wheat — have fallen 15 kg. per capita since the early 1960's. On the other hand, the share of rice and wheat, most of it imported, has risen substantially over the years. In the early 1960's, rice and wheat accounted for 13 percent of cereals consumption by weight. In the early 1980's, the figure was 22 percent. If present trends continue, it would be 42 percent by the year 2000. These trends have been supported by an 8 percent rate of growth of wheat imports and 6.6 percent rate of growth of rice imports since the 1960's, from a non-negligible base level at that time.

The purpose of this paper is to lay out these trends in some detail for West Africa, with special attention to the Sahelian countries. Some major policy problems arising from the trends are discussed in the context of the economic issues raised by the different options for dealing with them. This leads to a diagnosis of the specific information policymakers must have at their disposition to minimize their risk in making the types of choices imposed by the trends. Finally, we give some insights on the current gaps in necessary information, drawing from our on-going work in Burkina Faso in collaboration with the University of Ouagadougou and ICRISAT.

Changing Patterns of Production, Consumption and Imports

Examination of the data by country and country groups confirms the increasing importance of rice and wheat in food consumption patterns in the Sahel, and that this tendency is equally important in West Africa as a whole. Table 1 shows that the share of rice and wheat in cereals food consumption went from 13 to 23 percent from the early 1960's to the early 1980's in the Sahel, whereas their share in cereals production was only 6 percent in the latter period. This growth in consumption share occurred in every Sahelian country, with particularly high percentage increases in Cape Verde, Mauritania, Chad, and Niger. By the early 1980's, Gambia, Mauritania and Senegal derived the majority of their cereals consumption from rice and wheat. Although the proportional growth in share for wheat was largest because of the minor importance of wheat consumption in the early 1960's, the absolute growth in rice consumption was larger than for wheat because of the greater initial share for rice. Gambia is presently the only Sahelian country to derive more than a quarter of its cereals production from rice. Conversely, Table 1 also shows that the usual Sahelian coarse grains — millet, sorghum and maize — once the preponderant source of calories in the region, have lost importance relative to rice and wheat since the early 1960's. However, outside Senegal, Mauritania and Gambia, they continue to be the most important source of food consumption.

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Table 1: Evolution of the Relative Importance of Rice/Wheat and Coarse Grains 1961-1983
(percent)

Countries	Shares in total cereals food consumption				Share of rice and wheat in 1979/83 cereals production[a]	Ratio of rice and wheat to coarse grains consumption	Ratio of Rice and Wheat[b] scientists to scientists working on millet, sorghum and maize, early 1980's
	1961/65		1979/83			1979/83	
	Rice	Wheat	Rice	Wheat			
Burkina Faso	3	1	5	2	2	7	8
Cape Verde	7	10	20	20	0	68	n.a.
Chad	4	1	8	4	6	14	0
Gambia	4	3	48	9	35	145	50
Mali	11	1	17	3	11	27	17
Mauritania	9	8	33	34	21	200	n.a.
Niger	1	1	6	3	2	10	13
Senegal	39	7	41	11	12	111	133
Sahel	11	2	17	6	6	30	34[b]
West Africa	12	3	21	10	15	46	n.a.
Higher Income West Africa[c]	9	3	20	12	13	48	n.a.
Lower Income West Africa[c]	16	2	22	6	17	42	n.a.

Sources: FAO data compiled by IFPRI's Food Data Evaluation Program for the 1984 Supply Utilization Accounts Tape (Rome: FAO, 1986). The breakdown of agricutural scientists by commodity and country is from Oram (1986). "n.a." is "not available".

Notes: (a) Virtually all rice.
(b) Wheat scientists includes scientists working on barley, as reported by Oram. Excludes Mauritania and Cape Verde
(c) Higher income countries are defined in terms of 1980 per capita GNP being greater than US$325 in 1977 dollars. They include Cameroon, Ghana, Ivory Coast, Liberia, Nigeria, and Senegal. All other West African countries are included in the lower income group.

Finally, an examination of the allocation of scientific manpower to agricultural research by cereal shows that these allocations within the cereals category in the early 1980's were roughly proportional to the relative importance of each cereal in consumption patterns at that time, with the exception of Gambia. However, the analysis does not permit a judgement as to the adequacy of allocations to cereals as a whole or to agriculture more generally.

The annual per capita growth rate of rice consumption exceeds the rates of growth of rice production for all countries and country groups in Table 2, except in Mauritania. For the Sahel as a whole, the per capita growth of rice consumption exceeds that of production by 3.6 percent. This implies that if sustained for the next twenty years, the absolute gap between per capita production and consumption of rice in the Sahel will double relative to the 1979/83 gap of 13 kg/capita. The share of rice in Sahelian cereals consumption if present trends continue would be 24 percent. If wheat consumption per capita in the Sahel grows at only 4 percent per capita per annum over the same period, which Table 2 shows is less than the historical rate of growth since independence, 18 percent of cereal consumption will come from wheat by the year 2000. While these rates of growth probably cannot — and probably should not — be sustained for the next fifteen years, they illustrate the urgency of addressing the situation.

Table 3 illustrates the same proposition in a more direct manner, comparing the early 1960's to the early 1980's. At the end of this period, Sahelians ate 11 kg. per capita per annum more rice and wheat and 26 kg. per capita less millet, sorghum, and maize than at the beginning. This illustrates the most serious problem of all, namely that per capita consumption of the five major cereals — the preponderant source of calories in the Sahel — has fallen by 15 kg. over the same period.

Unfortunately, neither wheat nor rice production could keep up with these changes in consumption patterns over the period. Wheat production in the Sahel poses well-known problems and in the foreseeable future is not expected to be able to match the magnitude of consumption increases observed in the past, or even come near it. Rice production, which is much more widespread, is still of minor importance in the Sahel. Table 4 shows that although nearly half of the growth in cereals production that occurred in West Africa from the late 1960's to the early 1980's is attributable to rice, the corresponding figure for the Sahel was only 3 percent. The share of rice in increments to cereals output was in fact negative over the 23 year period in Mali and Senegal (i.e. production of these cereals decreased).

The inevitable corollary of the gap between rice and wheat consumption and production from the early 1960's to the early 1980's is a high rate of growth of imports. While rice and wheat were imported into the Sahel in the earlier period (just over 300,000 metric tons per annum on average), the region was usually self-sufficient in the coarse grains; at the same time this meant more or less self-sufficient in food. By contrast, the early 1980's were a time of overall food deficits, leading therefore to a high calculated rate of growth of overall cereal imports, from a small base in the early 1960's.

Table 2: Annual Growth in Per Capita Production and Consumption of Major Cerals 1961/65 to 1979/83 (percent)

Countries	Wheat	Rice (husked)		Maize		Millet		Sorghum	
	Consumption only	Production	Consumption	Production	Consumption	Production	Consumption	Production	Consumption
Burkina Faso	5.6	-1.5	1.9	-1.7	-0.6	-0.3	0.2	-0.4	-0.2
Cape Verde	6.4	a	8.6	-10.1	0.3	a	a	a	a
Chad	4.9	-0.8	1.2	3.2	3.6	-4.9	-4.1	b	b
Gambia	6.6	-2.0	0.6	16.1	14.7	-3.6	-3.1	b	b
Mali	5.0	-2.6	1.0	-3.6	-1.4	-1.4	-1.9	b	b
Mauritania	8.2	14.3	7.5	-1.6	-1.6	-8.7	-5.8	b	b
Niger	11.9	4.3	8.3	5.1	5.4	-0.3	0.4	-1.6	-1.2
Senegal	2.9	-3.5	0.1	0.6	-1.1	-2.4	-1.0	b	-0.2
Sahel	5.6	-2.0	1.6	-1.6	-0.5	-1.8	-1.6	-1.1	-0.6
West Africa	7.7	2.4	4.5	-0.8	0.4	-2.2	-1.7	-3.3	-2.3
Higher Income West Africa	8.2	2.8	4.4	-0.6	0.4	-2.4	-1.5	-4.0	-2.9
Lower Income West Africa	5.7	-0.4	1.7	-1.1	-0.3	-1.6	-1.5	-1.0	-0.5

Notes: (a) not available
(b) Due to the way data is reported to FAO, sorghum is reported jointly with millet under the latter.

Source: Compiled by IFPRI's Food Data Evaluation Program from the FAO 1984 Supply Utilization Accounts Tape (Rome: FAO, 1986). Consumption is meant to include direct consumption of cereals for food. Growth rates are compounded between the mid-points of five-year average.

Table 3: Change in per capita Consumption of Major Cereals as Food in West Africa, 1961-1983
(kg/person per year)

Countries	Wheat	Rice	Maize	Millet/Sorghum
Burkina Faso	2.1	2.2	-1.7	-1.1
Cape Verde	19.4	21.5	4.1	-
Chad	1.8	1.3	2.3	-72.8
Gambia	9.3	7.0	9.9	-30.0
Mali	2.5	3.5	-3.3	-35.4
Mauritania	26.6	24.7	-0.7	-47.8
Niger	4.7	7.0	1.4	-1.8
Senegal	6.3	1.3	-2.2	-9.9
Sahel	5.2	5.8	-0.8	-25.6
West Africa	7.4	9.1	0.8	-21.7
Higher Income West Africa	4.4	7.2	-0.8	-17.6
Lower Income West Africa	8.4	10.4	1.3	-22.1

Source: FAO data compiled by IFPRI's Food Data Evaluation Program from the 1984 Supply Utilization Accounts Tape (FAO: Rome, 1986). Net changes were calculated using the difference between two 5 year averages of areal consumption: 1961-5 and 1979-83.

Table 4: Commodity Shares of Absolute Change in Production of Four Major Cereals 1961/65 to 1979/83
(percent)

Countries	Total Percent Change in Production of All Cereals Over Entire Period	Distribution of absolute change (negative values for production decrease) Rice (husked) Share	Maize Share	Millet/Sorghum Share
Burkina Faso	28	1	1	98
Cape Verde	-79	-	-100	-
Chad	-31	2	5	93
Gambia	-1	3	49	-48
Mali	10	-9	-16	75
Mauritania	-57	11	1	-88
Niger	40	4	2	94
Senegal	15	-5	31	64
Sahel	13	3	6	91
West Africa	16	47	40	13
Higher Income West Africa	20	48	47	-4
Lower Income West Africa	18	32	14	54

Source: FAO data compiled by IFPRI's Food Data Evaluation Program from the 1984 Supply Utilization Accounts Tape (FAO: Rome, 1986). The total change in production is the net result of increases and decreases in production of all cereals. Commodity shares are computed as the difference for the commodity in question of 1979 to 1983 production and 1961 to 1965 production, divided by the absolute differences for the four major cereals, expressed in percent.

Table 5 shows that wheat and rice imports grew at 8 and 6.6 percent, respectively, over the 1961/65 to 1979/83 period from an already appreciable base (1) Given the trends in consumption and production patterns, it is clear that Sahelian policymakers will either need to plan substantial allocation of foreign exchange to import these grains in the future, or will have to be dependent on food aid shipments of those commodities, or will have to do something to limit the gaps between production and consumption. The relatively higher growth rates for imports of rice and wheat in the higher income countries of West Africa suggest that economic success in the Sahel would tend to aggravate these patterns.

Policy Problems Related to these Patterns

These patterns raise four main sets of policy problems for Sahelian policymakers:

1. Per capita cereal availability is declining over time. This raises the issue of how to raise domestic production and marketed sales significantly to offset this trend.

2. Significant portions of the urban and rural populations are living at or below the bare adequacy level with regard to food consumption. This proportion increases in years of bad harvests. The welfare of these groups is probably very sensitive to food availability and cereal price policy.

3. Rice and wheat imports are rising rapidly over time, adding importantly to balance of payment problems. On the other hand, these imports are to some extent compensating for per capita stagnation in domestic grain production. An important issue concerns whether consumption of imported rice and wheat will decline if coarse grains production begins to grow rapidly.

4. While food aid is sought to bridge gaps in bad years, there are fears that it is tending to reduce incentives to local producers. The commodity composition of food aid may also be influencing change in consumption patterns.

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(1) The 22 percent per annum growth rate for imports of coarse grains is an anomaly stemming from the absence of coarse grain imports in the earlier period. Furthermore, coarse grain imports in the later period were still only 5 percent of coarse grain consumption.

Table 5: Net Cereals Imports in West Africa
(percent)

Countries	Wheat		Rice		Coarse Grains a/	
	Share of 1979/83 Consumption supplied by imports[b]	1961/65-1979/83 Annual Growth Rate	Share of 1979/83 Consumption[b]	1961/65 1979/83 Annual Growth Rate	Share of 1979/83 Consumption[b]	1961/65-1979/83 Annual Growth Rate
Burkina Faso	124	8.8	56	12.1	2.1	23.7
Cape Verde	114	9.2	109	11.7	133	9.0
Chad	78	8.1	12	16.7	1	0
Gambia	95	8.5	63	6.5	13	61.5
Mali	103	9.2	32	0	4	0
Mauritania	125	12.4	89	9.6	77	4.0
Niger	101	16	64	18.2	0	-13.5
Senegal	127	5.2	85	4.2	11	8.0
Sahel	117	8.0	67	6.6	5	21.6
West Africa	119	12.2	56	10.2	5	14.5
Lower Income West Africa	114	8.9	36	9.9	4	0
Higher Income West Africa	119	12.0	57	9.5	5	12.0

Source: Compiled by IFPRI's Food Data Evaluation Program from the FAO 1984 Supply Utilization Accounts Tape (Rome: FAO, 1986). Growth rates are compounded between mid-points of five-year averages.

Note: (a) Maize, millet and sorghums for present purposes.
(b) Imports divided by consumption; consumption is understood here as direct consumption for food. Percentages may exceed 100 due to net stock changes, spoilage after import, and non-food uses such as brewing or animal feed. Percentages may also be less than 100 even if wheat is not produced if consumption is from stocks carried over from previous years.

Some Options and Issues in Dealing with these Problems

There are three immediate and one long-run option for dealing with these problems as a whole. They are inter-related. The long-run option still requires immediate action. However, each option is risky; success will depend on correct implementation of a set of very specific actions. Each option could eventually produce negative results with serious welfare and political repercussions, if implemented under inappropriate conditions.

1. Raise Cereals Prices to Encourage Cereals Producers in the Sahel (either via higher administered prices or interventions to reduce supplies on the free market).

   Issues: Coarse grains prices have in fact risen quite high relative to world price levels in the past few years in the Sahel (Delgado, 1985). On the other hand, rice and wheat prices have become notably cheaper over time relative to coarse grains (Delgado and Miller). Thus encouraging production increases through price increases for coarse grains means pushing Sahelian prices further above world prices with all that implies for welfare. Pushing rice prices above their current position close to or above world prices will also reduce urban consumer welfare, but might encourage consumer shifts to coarse grains while stimulating Sahelian rice production. If producers do not react to higher prices, the higher prices will reduce consumers' real income, without increasing supply. Thus, the relevant costs and benefits of such a policy are empirical and not theoretical questions, and the answers are not well-known in the Sahel, as recent experience of raising rice prices in Senegal demonstrates. A 30 percent rise in the rice price in January 1985 cut rice consumption for a short while, until it returned to trend values. Furthermore, it can be shown that the effect of raising rice prices on millet consumption is much greater than the effect of raising millet prices on rice consumption; the exact proportions depend on which income groups consume the two cereals (Delgado, 1985). Finally, the stimulative effect of rice prices on rice production are presumably positive at the margin, but the costs of such a policy are not well-known, nor its effect on the income distribution.

2. Imports could be restricted and/or rice consumer subsidies could be cut.

   Issues: First, imports are picking up where domestic production is leaving off relative to adequate levels of cereals consumption; cutting imports would leave this gap unfilled. Second, cutting rice subsidies could produce negative results in several ways. If rice demand is not very responsive to price signals, perhaps because rice is the food staple of richer consumers more able to ignore price increases, this might not sufficiently reduce rice demand to solve balance of payments problems. Moreover, if rice is consumed by the poor as well, policy-induced price rises could be costly in terms of their welfare; this may well be the case in Senegal. Generally, raising the price of rice as a means of reducing rice imports will be more satisfactory, the more both domestic rice demand and supply are sensitive to rice prices, and vice versa. However, this sensitivity and the adjustment periods involved are not well-known.

3. Reduce food aid.

Issues: Research indicates that the poorest rural and urban populations are dependent on food aid to reach nutritional adequacy in bad years in some areas. Their labor productivity and their chances of helping themselves to survive those years may depend on timely deliveries of aid. However, the increased supply may force prices down, discouraging farmers who do not depend on aid, and thus putting off a sustained solution to the food problem. On the other hand, large differences between export and import parity prices for most cereals in the Sahel, because of high transportation and transactions costs, suggests that the commodity composition of food aid affects the relative prices of different cereals to each other. The extent of this effect will depend on the response of prices to changes in supply and where in the gap between export and import parity prices actual Sahelian prices lie.

4. Boost rice production significantly

Issues: While there is a wide consensus that cereals production needs to be significantly increased in the Sahel, it is clear that increases in coarse grains production alone will not substitute for rice and wheat imports. In fact, success in moving coarse grains production forward would probably give such a strong income stimulus to Sahelian economies that rice and wheat imports would increase rather than decrease. The efficiency of increasing wheat production in the Sahel is questionable. The conventional wisdom on rice — which is perhaps overly dependent on one study (Pearson et al.) — is that Sahelian rice is not likely to be able to compete efficiently with Asian imports in areas with good transportation infrastructure to seaports. In effect, it would probably worsen rather than improve the balance of payments to attempt to feed areas such as Dakar with domestically produced rice, since domestic production and delivery of a sack of rice would cost more foreign exchange (in the sense of direct costs and foregone exports and import-substituting opportunities) than it would to import it. On the other hand, a scenario that foresees 24 percent of Sahelian cereals consumption coming from rice in the year 2000 suggests that the economics of rice production and distribution in West Africa may favor much increased policy attention and applied research. In particular, since research results on cutting per unit production costs take time, it is worth asking if the allocation of scientific manpower to basic rice research in the Sahel is sufficient. The congruence between means and needs might well be focused on future needs rather than current production levels.

Knowledge Issues Raised by the Options

It is clear that policy decisions concerning any of the previous options involve a high degree of risk of costly mistakes. Yet the trends imply that something must be done, or the cost will eventually be much higher. It is also clear that the risk element in policymaking here stems largely from lack of specific, relevant knowledge as to the likely effects of specific policy interventions.

In particular, we can identify four main sets of knowledge issues, the resolution of which are central to reducing risk and increasing the efficiency of policy decision-making.

SET I. Effects on market prices of changes in the quantity (level and composition) available of cereals due to government and donor decisions concerning cereal imports, food aid, crop research, and commodity-specific infrastructure.

a) What is the impact of food aid and imports on grain prices? Do they push down domestic coarse grain prices, reducing the incentive to produce them?

b) If research were successful in raising sorghum yields, what would be the impact on sorghum market prices? If this leads to a price decline, would it counteract the original positive effect of research on food availability and farm welfare?

c) Given various scenarios for the success of research and infrastructure investment in cutting rice production costs, under which conditions, with respect to the demand and supply of specific foodgrains, would Sahelian rice be competitive with Asian imports?

SET II. Effects of changes in market prices on the production and net sales of millet, sorghum, maize and domestic rice:

a) If millet and sorghum prices rose, would production respond substantially?

b) Would such an increase cause a large effect in net sales of these grains? Under what conditions?

c) Are the output and sales of local rice very responsive to rice prices?

d) Are the larger producers more responsive to price changes than the smaller?

SET III. Effects of changes in incomes and market prices on consumption of cereals

a) Are there rural groups who depend substantially on food aid to make ends meet? What characterizes these groups?

b) In the urban areas, is it only the richer groups that consume imported rice and wheat, or are these items also substantially consumed by the poorer groups?

c) How responsive are the consumption demands of the richer and poorer groups to changes in the prices of imported rice and wheat? How sensitive are millet and sorghum demands to their own prices? How sensitive is cereals demand overall?

SET IV. Implications of individual findings under the three previous sets when taken together for the impact of specific interventions on: equity, growth of demand and supply for specific foods, the balance of trade, and government budgets (levels and allocations).

a) Which are the groups whose level of welfare suffers the most when rice and wheat prices rise? When millet and sorghum prices rise? How much are they affected, and how might they best be compensated or protected?

b) What will the demand for rice and wheat look like over the next 20 years, given different scenarios about population growth, urbanization, income growth and distribution, etc.?

c) What would be the effects on Sahelian government budgets and balances of payments?

d) What implications does this have for allocations among production policies such as the commodity composition of agricultural research and rural infrastructure investment?

A Study to Address These Issues in Burkina Faso

Although the above knowledge issues have widespread applicability to the Sahelian countries, specific answers tend to be very scarce in the region. The authors are currently involved in a major study undertaken in collaboration between ourselves at IFPRI, Dr. Taladidia Thiombiano of the University of Ouagadougou, and Dr. Peter Matlon of ICRISAT, to provide answers to many of these knowledge issues in Burkina Faso. An intensive five-year (1981-85) data collection effort at the rural household level has just ended, involving 150 households in 6 villages spanning three distinct ecozones (by ICRISAT during all five years and ICRISAT/IFPRI during the latter two years). An intensive one year survey of 125 households in Ouagadougou was also implemented (1984-85) (by CEDRES/ESSEC and IFPRI). Some preliminary results from the analysis of the data sets from the two surveys are presented here.

In order to provide information on knowledge issues I (price formation) and IV (overall impacts of interventions), one needs information concerning II (effects of interventions on output and net sales), and III (effects of interventions on consumption). Our preliminary results are limited for the time being to III, as responding to II requires additional data analysis, which will be finished in the near future.

Preliminary Results of the CEDRES/IFPRI Study for Ouagadougou

Preliminary analysis of two months of the CEDRES (University of Ouagadougou)/IFPRI Ouagadougou survey data covering the first half of the rainy season has yielded results as to what extent poor, middle, and rich consumers eat rice and wheat, versus coarse grains.

The season covered is typically a high price period. The objective was to see whether these items are primarily consumed by the better-off groups, as is the traditional viewpoint on this matter.

The analysis has resulted in two points becoming clear. First, rice consumption in Ouagadougou is very substantial, and forms about half of the cereal budget for poor, as well as middle and high income groups. Second, there are strong socio-economic forces driving urban rice demand upward. Data to support both points are found in Table 6. The figures shown represent food and non-food expenditures for the entire urban sample during June and July 1985, divided into terciles (based on total expenditure per adult equivalent referred to as "income" here).

With respect to the first point, we note that rice expenditure (in raw and cooked — i.e., bought from street vendor — form) represents 54% of the cereal budget for the poor tercile. The percentage declines moving up the income distribution. This is in strong contradiction to the traditional view that rice is not important in the poor's food budget. While this is a point estimate, it indicates that caution should be exercised in setting rice price and import policies. In one case at least, higher rice prices would have serious impacts on the real welfare of the urban poor.

Wheat products, by contrast, ascend in importance with income. They represent 9% for the poor, 20% for the middle, and 23% for the high income stratum. Thus, wheat more closely fits the "luxury good" description.

On the other hand, millet and sorghum expenditure together occupied 27% of the poor's cereal budget, 23% of the middle's, and drops to 18% of the high income stratum's. This is on the low side viewed from an annual perspective because of the data being drawn from the rainy season periods when coarse grain prices are at their highest. We are in the process of analyzing the balance of the year's data in order to investigate this further. Surprisingly maize represents only about 10% of the cereal budgets across income strata. However, the proportion probably increases after the maize harvests in Ghana and Southern Burkina in August.

Turning now to the second point — the determination of rapid growth in urban demand for rice — it would seem that the spatial aspects of rapid urbanization play a large role. Table 6 shows that the share of cooked (street vendor) rice in total rice expenditure by the poor is a stunning 32%. This drops to 26% for middle income and only 8% for high income. Probable explanations are that the poor live further from the center of town and that more women from large poor families are working outside the home. The cost of returning home to eat at noon is greater and women also have less time to cook and perhaps are not even at the house at mid-day. Street vendor rice dishes are by far the major "convenience" food and are thus consumed widely by market women, day laborers, etc. (see Thiombiano, T., 1985). Moreover, rice takes much less time to prepare than sorghum and millet (see Thiombiano, A., 1985).

Table 6
Preliminary Results from the CEDRES/IFPRI Ouagadougou Consumption Study
(Subset: for June-July 1985)

	Poor[1]	Middle[1]	Rich[1]
-Totals-			
1. Monthly Total Expenditure/ Adult Equivalent in CFA Francs[2]	4,812	8,905	20,180
2. Household Size (in Adult Equivalents)	9.7	11.2	5.5
3. Food/Total Expenditure	59%	50%	51%
4. Cereals/Food expenditure	43%	35%	32%
-Rice and Wheat Expenditures-			
5. Rice/Cereals	54%	49%	46%
6. Rice/Food	23%	20%	16%
7. Wheat/Cereals	9%	20%	23%
-Millet and Sorghum Expenditures-			
8. Millet and Sorghum/Cereals	27%	23%	18%
-Maize Expenditures-			
9. Maize/Cereals	9%	8%	13%
-Processing Content of Purchases (by value)			
10. Cooked Rice/All Rice	32%	26%	8%
11. Cooked Millet/All Millet	60%	68%	38%

1 These categories were calculated by:

a) Summing total monetary expenditure for foods and non-foods per household; for the two monthly period;
b) dividing total expenditure per household by the average number of adult equivalents in the household during that period;
c) ranking the resultant per adult equivalent figures households into terciles.
d) The total numbers of households in the sample is 123, or 41 per stratum
e) All figures represent weighted (by adult equivalent) averages per tercile.

2 Figures are in June-July 1985 Francs CFA, 360 FCFA = US$1.00. Gifts/transfers and home production are currently excluded but will be included in the final analysis.

Generally, rice appears to be considerably more suitable for commercial preparation, where supply is tailored to demand, than millet or sorghum.

Similar factors come into play for the case of millet gruel eaten for breakfast. Table 6 shows that about 2/3 of millet consumption is eaten in this purchased and processed form by poor and middle income groups (during this season in 1985). This drops to only about 1/3 for the rich. The preceding strongly suggests an important role for non-price factors in explaining the substitution story. Yet only the analysis of the additional role of relative prices can put this in perspective. The study is designed to address this issue, but results are not yet available.

Preliminary Results for the Rural Sahel from the IFPRI/ICRISAT Study

A rural Sahel consumption survey was administered by IFPRI in collaboration with ICRISAT during September 1984 through December 1985 in 6 study villages being surveyed by ICRISAT for production data. Preliminary results for one of the villages in the Sahelian region are discussed here, as indicative of the direction and tenor of the analysis in progress. A key result shown in Table 7 is that the poor in the Sahelian rural areas depend very substantially on purchased cereals such as red sorghum and maize (of which very little are produced in the Sahelian area), and on receipts of external food aid, in years following poor harvests. Moreover, during the period of our study, the caloric levels of the poor were either barely at adequacy levels or dipping substantially below.

For the harvest season, we found that the poor were only consuming 75% of an adequate level of caloric intake. During the cold season (the first trimester of 1985) the percentage of adequacy rose to 100%. However, 26% of their caloric intake came from external food aid cereals (and some inter-household gifts), in particular red sorghum and maize. Sixty percent of the caloric intake of the poor came from purchases of cereals. Taking red sorghum and maize together, we found that the percentage of their caloric intake represented by those products was 84%. This can be contrasted with the fact that each of these cereals represents less than 5% of the cultivated area in the Burkinabe Sahel.

Turning now to the consumption of the poor in the hot season, we find that caloric adequacy again dips to about 3/4 of the recommended level. All of this was bought, given that production stocks were very low. However, the number of observations for the poor was very small during that period, given that the great majority of poor households had exited the region in temporary (or in a few cases, permanent) migration. Finally, looking at the rainy season in 1985, we found that the poor's adequacy percentage had risen to 90%. Of this, 17% of the calories came from aid, and 71% of the calories were from purchased sources. Again, red sorghum and maize, in both cases, mostly imported to the region (either from non-African or neighboring African countries, or other regions of Burkina), represented about 62% of the calorie intake of the poor.

Table 7
Preliminary Results from the IFPRI/ICRISAT Rural Burkina Consumption Study
(Subset: a Sahelian Village)
(Percentages)

		Sources of Cereals Consumption				
		by origin			by commodity[5]	
	Total/ Caloric Adequacy[3]	Food[4] Aid/Gift	Bought	Home Production	Red Sorghum	Maize
Poorest Tercile[1]						
Harvest[2]	75	2	25	73	3	22
Cold	100	26	60	14	33	51
Hot	73	0	100	0	36	64
Rainy	90	17	71	13	44	18
Richest Tercile						
Harvest	140	5	10	85	3	6
Cold	138	14	47	39	14	41
Hot	130	0	51	49	3	36
Rainy	155	11	40	49	28	17

1 The tercile averages were calculated by taking: (a) the value of total production and extant livestock per household in October 1984, (at Oct. 84 prices). b) dividing this total by the average number of adult equivalents per household in Oct. 1984; (c) ranking households in ascending order of results and dividing into three groups of approximately equal number of households. There are 25 households in the village sample. However, the poor group's sample size varies over seasons due to outmigration.

2 The 4 seasons are defined as: (1) harvest: Oct.-Dec. 84;cold: Jan-March'85; hot: April-June '85; rainy: July-Sept. '85.

3 This is total calories consumed per capita, as adult equivalent weighted average per tercile, divided by total calories equalling minimum adequacy at medium activity level, as defined by FAO (adequacy = 2340 cals).

4 For the moment, this lumps food aid and inter-household gifts.

5 These columns represent consumption of these items (not differentiating by bought, produced, etc.) divided by total cereals consumption.

Some Informed Hypotheses arising from a first look at the Burkina Faso Data

Given the preliminary nature of these results, the policy implications of these results are properly considered informed hypotheses to guide decision-making pending more thorough analysis.

First, the Sahelian rural poor are undergoing a severe food security problem. The richest rural tercile is not undergoing this.

Second, this is leading both the urban and rural poor to depend to a very important degree on cereals imported commercially to the region. Thus, the poor are especially exposed to the effects of import, market regulation and price policies, in terms of price variation and access to these cereals. The cost of restrictive marketing policies is borne especially by the rural poor. The consumption of the richest rural tercile is more local, i.e. being based much more on relatively successful home production. The richest urban tercile is a large consumer of imported wheat. Policies affecting coarse grains seem to be relatively more important to the rural poor than to the urban poor.

Third, the low level of stocks from production and the high level of purchases means that access to money income becomes crucial to the rural poor in order to ensure minimum levels of food security at the household level, just as it is to the urban poor. Yet the rural poor have the additional problem of poor grain distribution infrastructure, especially in deficit areas.

Fourth, food aid appears to play an important direct role during critical seasons of maintaining caloric adequacy among the rural poor in a bad year. A similar analysis might be possible for the urban poor, but would operate indirectly through the effect of food aid on urban market prices.

Finally, the appropriate target of efforts to reduce the rate of growth of urban rice consumption seems to be the small cheap restaurant sector, rather than the housewife. Price-based policies to restrict the use of rice would be more effective if accompanied by other efforts to improve the use of traditional cereals in "fast-food" type preparations. Precedents from elsewhere in Africa suggest possibilities for cracked white maize and cowpeas in this regard. Furthermore, it seems likely that further protection of rice alone, without similar measures on wheat, would rapidly shift the informal restaurant sector into wheat-based pasta and bread preparation, which share many of the preparation attributes of rice.

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IV-14 ADMINISTRATIVE, FINANCIAL AND LEGAL OBSTACLES TO THE CIRCULATION OF CEREALS BETWEEN CILSS COUNTRIES - THE EXAMPLE OF BURKINA FASO, MALI AND NIGER

Téné Boukary ZAMPOU

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FOREWORD

The analysis below is valid only for three CILSS member countries which have certain characteristics in common:

- they share common frontiers,
- they are completely landlocked,
- all belong to the CEAO, the CILSS and the WAMU,
- they have very closely related -- indeed virtually identical -- food habits.

This de facto homogeneity means that no extrapolation can be made from the present study; every other CILSS member country must be considered individually. Each country has its own frontiers, its international commitments, its own form of organization and its own administrative and legal experience. One cannot speak of promoting and coordinating trade in cereals without having a comprehensive view of the prevailing situation in each country. Otherwise, what is to be promoted? What is to be coordinated? And how?

INTRODUCTION

Just as one cannot develop measures to stimulate cereals production without considering the problems of marketing and trade, so one cannot consider trade without taking transport into account. And transport, trade in general and the cereals trade in particular, are industries for which nearly all countries have some kind of administrative, legal and financial organizational framework.

The way to pinpoint the factors that aid or hinder trade in cereals between CILSS member countries and their neighbors is therefore to take a comparative, analytical approach to the administrative and legal organization of national and sub-regional cereals markets.

This will show obstacles of an abstract kind, as opposed to the physical bottlenecks that have already been studied in several surveys and symposia. How many such obstacles there are is of little importance here; what counts is their nature: direct or indirect, provisional or permanent, national or regional. Whether an abstract obstacle to trade is easy or difficult to clear away will depend on this kind of factor.

A three-dimensional, analytical approach will make it easier to pinpoint these factors and assess them. As a first step, we shall look at the administrative and legal organization of the national cereals markets, and try to answer the following question: who, in each of the three countries, is able to sell cereals and on what conditions? (I)

We shall then consider inter-State trade (II).

Finally, since transport is a necessary link in the grain trade, our study will expose the obstacles resulting from the legal and administrative organization of that aspect of trade (III).

Since Mali, Niger and Burkina Faso all belong to the WAMU, we shall not need to look at financial problems arising from currency differences, but rather the problems of taxes, duties and general expenses.

I THE LEGAL AND ADMINISTRATIVE ORGANIZATION OF CEREALS MARKETS IN BURKINA FASO, MALI AND NIGER

The CILSS member countries in general, and those covered by the present study in particular, do not share any common approach to cereals marketing or have the same way of regulating it. Burkina Faso specifically organizes the terms under which aspirants can enter the cereals business, while Mali and Niger have shown no particular interest in this question (A).

As to who operates in the markets, the answer is individual traders, the cereals boards and certain state-owned enterprises (B).

A) Conditions for entry to the national cereals markets

a) Conditions common to all three countries:

One feature common to Mali and Niger is the fact that there is no distinction between a grain trader and any other. One becomes a grain trader either de facto or by being listed in a trade register.

1) Unregistered traders

Unregistered traders are certainly more numerous than registered traders in the cereals markets. This category include small wholesalers and retail traders alike.

They are not registered because they operate in areas where government administration of business life is not sufficiently well developed. Indeed this underdevelopment of legal and administrative infrastructures means that the concepts and practice of law and legality have still not been properly assimilated where business is concerned.

In the big towns however, most cereals traders are in the trade register.

2) Registered traders

In Mali and Niger, there are no special regulations governing the cereals trade. Any trader may deal in cereals.

2.1 Registration

This is done on request in both countries. All that is needed is to produce a certain number of documents before the competent authority. There are slight differences between the two countries as to the documents to be produced, but by and large they include the following:

- a stamped application,
- a true copy of an identity document,
- a copy of one's police record,
- a certificate of nationality.

In Mali one must also produce a tax receipt and a document certifying that one has one million francs frozen in the guarantee fund for companies and for traders wishing to go into import-export. The trader is first of all granted authorization by the Ministry of Trade and Finance and he is then entered in the Trade Register (Ordonnance N° 58 CMLN dated 14th October 1975).

In Burkina, foreign nationals wishing to operate as traders in general must possess at least 10,000,000 F. They are theoretically barred from the retail trade, though in practice this ban is not respected and special authorization can be granted.

Except for those expressly forbidden to trade, the registration procedure is not at all restricting. One may even say it is virtually automatic once the application has been made.

2.2 Declaration of existence or of intent to carry out trade

Once registered, there are other administrative formalities the trader (individual or company) must comply with. These mainly consist of making declarations of existence to certain government departments (social security, inland revenue, statistics department etc.).

In Burkina Faso, where the cereals trade is subject to a special set of regulations, the fact of being listed in the Trade Register does not automatically confer the right to sell cereals; a "people's authorization certificate" is also required.

b) Conditions imposed in Burkina Faso

Where the cereals trade is concerned, Burkina Faso draws a distinction between the wholesale trade proper on the one hand and small-scale wholesale and retail trading on the other.

- **Retailers and small-scale wholesalers** need no special authorization if they are operating in the province where they live. If they wish to operate beyond the boundaries of their province, they must obtain a "people's authorization" like the bigger wholesalers.

- **Larger wholesalers** dealing in cereals must obtain a "people's authorization certificate"[1]. This certificate is issued on

1 See Ordonnance N° 810026/PRES/CMRPN on the regulation of the trading profession. The "people's authorization certificate" was introduced by Directive N° 85009 of the National General

request by the provincial council on the advice of the grassroots district CDRs. It is important to note here that Directive N° 85009 does not define the function of a cereals wholesaler.

To obtain a people's authorization certificate, the wholesaler must fulfill some very precise conditions:

1 He must have several grain stores in the province where he has obtained authorization,

2 He must undertake to comply with the official prices in force,

3 He must secure his province's grain supplies,

4 He must work towards an increase in cereals production,

5 He must pass on a part of his purchases to the National Cereals Board (OFNACER). The quota to be passed on is not fixed, however.

The people's authorization certificate is issued for a year at a time. Besides its speculation control function, this certificate eases OFNACER's procurement problems and gives the State a way of increasing its national grain storage capacity free of charge.

The use of the people's authorization system produced somewhat contrary effects during 1985/86. Because certificates were granted on a highly political basis, few were issued to the usual grain merchants. Those who did receive authorization had neither the financial means nor the experience required. This was probably partly responsible for the slump in sales of the 1985/86 crop.

All in all, it can be said that in all three countries there is no particular impediment to entering the cereals market. Access to the profession of trader in general and grain trader in particular is virtually completely open.

B) How the home cereals markets operate

Neither Burkina nor Mali nor Niger have an organized cereals market as such. Burkina Faso, although it gives cereals a special status, does not organize the market.

In all three countries, there are three types of economic operator involved in cereals distribution:

- the national cereals boards,
- individual traders,
- producer-distributors.

Secretariat of the Committees for the Defense of the Revolution (CDRs). This directive is aimed at making it possible to control the cereals distribution network and more especially to control speculation, which has at times had drastic effects on the country.

In Niger the OPVN has a broader role, ranging from sales promotion to the setting up of firms to package and process foodstuffs. But it does not have the resources it needs.

7) The national cereals boards

These have different names in each of the three countries: OPAM in Mali, OPVN in Niger and OFNACER in Burkina. Most were set up in the 1970s, at the beginning of the drought decade.

Despite the differences in their titles, all have the same role and functions:

- building up emergency stocks,
- forecasting national needs and resources,
- stabilizing market prices.

1 **Building up emergency stocks:** this is done through direct purchases in local markets, either by cereals board officers or by intermediaries -- village committees or wholesalers obliged to pass on a part of their purchases.

Emergency stocks may also be imported if local output is not enough.

The national depots, though they have a considerable capacity, are still insufficient if one takes the above-mentioned tasks into account. The result is that no country is capable of responding quickly to a major demand from another country without the risk of reducing its influence on prices still further.

2 **Buffer stocks** imply purchasing a certain quantity of cereals during the marketing season and reselling during the hungry gap or at other times of shortage, in such a way as to prevent prices from soaring. At the present time it is only this regulative function that gives the boards a commercial role, and even this is limited by certain factors:

- In Mali, the quota that can be marketed is fixed by the government. This prevents OPAM from offering any valid competition to the private traders -- even if it had the means to do so financially, which in point of fact it does not.

- The boards are not commercial firms but state-owned enterprises with no capital of their own. Their activities are financed step by step by subsidies and loans allotted to them each marketing season, and through donations.

In fact the boards have more of a social role than a commercial one in the home cereals markets. They manage donations and food aid. They buy or import purely to avoid shortages, and commercial objectives are deliberately relegated to second place. This explains why their resale prices often do not take account of all their costs (purchasing, storage and transport costs). It also explains their chronic deficit situation.

The cereals boards cannot, with the financial and logistic means at their disposal, have any influence at all on the quantities of cereals available on the market. Which also means that they cannot influence prices as such. Thus in Burkina Faso, the producer price is below 65 F per kg, whereas OFNACER offers 80 F per kg. OFNACER's influence is limited by its financial resources and its storage capacity.

The situation in Mali and Niger is virtually the same.

All in all, then, the cereals market is still governed by the law of supply and demand -- in which individual traders play a crucial role.

b) The individual traders

There is no trading company in either Burkina, Mali or Niger specializing in cereals distribution. All grain marketing is done by individual traders, who often act as both wholesalers and retailers. They buy either directly from the farm or at market. By holding stocks for a while and making the most of the information they have gleaned on consumer habits, stocks and demand, they build up substantial profit margins in a short time. The traders are often better informed than the boards.

Their limits:

- some operate only in season and others trade in cereals only as a side-line;

- because they work as individuals, they have only limited financial and logistical resources. Their international activities are generally restricted to importing rice, unless the monopoly on rice has been allocated to a state agency as in Burkina[2].

c) The retailers

This class of economic operators in the cereals market includes both producer-retailers and small seasonal traders in the local market places[3]. Their activities are restricted to selling small quantities of grain, generally in the local market place.

It is sometimes from these small operators that the big urban wholesalers and retailers buy their supplies. The small traders

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2 In Burkina Faso, Avis N° 001638 dated 26th November 1985 gives the monopoly on rice imports to a central merchandising body. The law was intended to ensure safe supplies and reduce consumer prices. Note that rice is one of the commodities subsidized in Burkina Faso, which is why a single, nationwide price is fixed.

3 It should be noted that the urban wholesalers' purchasing agents play an important part, influencing prices by speculating for a fall in the local markets. They are a truly parasitic element in the cereals trade chain, and should be eliminated so that producers can be put in direct touch with the distributors.

have limited financial means and are unable to fulfill any major or lasting role in the home cereals markets; but it is they, nonetheless, who mobilize nearly 80% of all grain entering the local markets.

All in all, then, the economic operators working in the cereals market are limited both financially and structurally. These financial and structural handicaps, amplified by physical bottlenecks, are fundamental obstacles to the inland circulation of and trade in cereals.

II HOW THE INTER-STATE CEREALS MARKETS OPERATE

From 1975 to 1985 there was no cereals trade properly speaking between Burkina, Mali and Niger.

There are two basic reasons for this:

1 The continual drought made it impossible to free any exportable grain surplus in the countries concerned;

2 Certain legal and administrative measures taken during this time prohibited, either directly or indirectly, any private initiative to promote or maintain cross-border trade in cereals.

In 1985 there was enough rain to enable small surpluses to be freed for the market, and this aroused fresh interest in sub-regional or inter-State cereals trading. Here, however, the administrative and legal impediments are many and decisive, running directly counter to national and regional policy principles.

A) Legal and economic principles governing the inter-State cereals markets

Burkina Faso, Mali and Niger all run on a market economy. In view of this, their home and inter-State cereals markets ought to be governed by the principle of free enterprise, free competition and the laws of supply and demand. These principles, however, are subject to exceptions -- more or less rigid exceptions, in some cases reaching the point of total negation.

a) Community principles

Burkina Faso, Mali and Niger are all members of the West African Economic Community (WAEC or CEAO). As such they subscribe to certain fundamental principles and have made certain firm undertakings, some of which relate to the free circulation of goods. These principles are set out in Articles 5 and 7 of the Community's founding Treaty. Article 5, Paragraph 1, on the creation of a unified economic and customs zone, states that "The community constitutes a regional economic entity within which the circulation of goods originating within the region is subject to no quantitative restriction."

Article 7, on the circulation of home produce, states that "Home produce and traditional craft products originating in any member State circulate between member States free of all duties and taxes levied on entry to these States, with the exception, where applicable, of specific inland (or ad valorem) duties applied equally and at the same rate to all products of a kind whether locally produced or imported. Owing to their particular importance, certain home produced items may be the subject of special agreements."

Articles 5 and 7 provide for no exception and no possibility of derogation from the principles laid down. In principle, therefore, CEAO member States cannot impede, by any special agreement or by direct or indirect measures, the free circulation of cereals, which qualify as both merchandise and home produce.

Unfortunately, however, Burkina Faso, Mali and Niger do not fulfill their commitments in this respect.

b) The failure of governments to abide by agreed principles

The unpredictability, length and severity of the drought led Burkina Faso, Mali and Niger all to take administrative and statutory measures to protect and control the circulation of cereals within their respective national boundaries. These measures ranged from simple quotas through monopolies to a total ban on imports and exports.

The export of cereals from Burkina faso and Niger is strictly prohibited.

1 In Burkina Faso it is Arrêté N° 001937 dated 10th November 1976 which prohibits the removal beyond the borders of the Republic of the following cereals: millet, maize, sorghum and rice.

2 In Niger, two decrees, dated 14th December 1977 and 27th April 1983 prohibit the export of cereals or of the grain, ears or cobs, meal, flour, grits or semolina of cereals.

3 No formal law on the question seems to have been introduced in Mali, but apparently no cereals export license has been issued since 1977.

These statutes contradict Article 5 of the CEAO Treaty. However, they were crisis measures and are doubtless only temporary. It is hard to imagine a country that imports cereals and has to turn to food aid to feed its people allowing speculative exports of grain at the same time.

And indeed in 1986 Burkina Faso suspended its export ban to facilitate the distribution of marketable surpluses resulting from the good harvest.

B) Authorized exports

Apart from Burkina, which gave special, temporary authorization for commercial exports in 1986, there has been no official cereals trade between the three countries since about 1975.

However, a word must be said about the informal trade taking place in the border areas between these three countries and their neighbors. The quantities involved in this trade cannot be quantified statistically since they bypass all administrative procedures, but there is no denying the scale of this year-round trade.

a) Cowpea exports[4]

Cowpeas have continued to be freely exported despite prohibitions. But this trade involves only small quantities, as cowpea production is low compared to cereals.

b) Official export and import procedures

When exports and imports are allowed, they are subject to prior authorization. Traders from Burkina, Mali or Niger who wish to import or export must be in possession of a prior authorization or a document of some other kind giving permission (import or export permit, prior authorization, license etc.). The procedures are the same in all three countries. Even though the content of the forms varies from one country to another, the aim remains the same: quantitative, qualitative and financial control of imports and exports. The various types of authorization and permit are issued without any problem where their objectives are in accord with the government's laws and regulations.

c) The exporting countries

1 Cowpeas are exported from Burkina, Mali and Niger to Nigeria, the Ivory Coast and Togo.

2 Millet and sorghum:
An estimated 50,000 metric tons of marketable surpluses were produced in Burkina Faso in 1985-86. Declarations of intent to export as at 30th July covered less than 30,000 tons and no actual export had been recorded by that date.

The efforts made by both authorities and traders in Burkina to market the cereals surpluses have been hampered by the following factors:

- Neighboring countries which usually import cereals also have unsold surpluses on their hands; the market within the sub-region is thus practically saturated.

- Burkina's traders are unused to exporting cereals. They are unfamiliar with markets abroad and are obliged to sell at cost price. This means that payment guarantees are non-existent or are ignored.

- Within the sub-region, the prices of Burkina's cereals are higher than those of its neighbors' produce. Burkina's cereals therefore cannot be exported competitively.

4 Cowpeas are not, of course, a cereal.

C) Imports

A distinction must be drawn here between commercial and non-commercial imports.

a) Non-commercial imports

This chiefly means donations and aid from international organizations, associations and friendly countries. This type of shipment is not subject to the same procedures as commercial imports. Non-commercial imports arrive unpredictably and are free of any customs duties or taxes. They are generally financed right up to the point of distribution. We shall not consider this type of import in depth here.

b) Commercial imports

The essential question here is to see who is allowed to import into Burkina Faso, Mali and Niger and what types of cereals they import.

Any trader fulfilling the registration conditions and in possession of the various authorizations in force in his country can import cereals. But he cannot import any kind of grain he wishes.

In Burkina Faso, individual traders are banned from importing rice. There is a central merchandising body with the sole import rights for this commodity (Avis N° 1638 dated 26th November 1985).

In Mali, imports are authorized only if they are in compliance with government forecasts.

All three countries have granted import monopolies to State-owned companies (Grands Moulins du Burkina, Corpo Niger etc.) for one particular group of commodities for which consumption is rising: these are essentially wheat, rye and hops. The aim of these monopolies is to ensure a regular supply of these commodities and enable prices to be kept stable, sometimes with the help of subsidies.

Importation of millet, sorghum and maize remains free, though conditional on compliance with the regulations on imports and exports. In reality, however, where large quantities are involved it is always the cereals boards that import. The explanation for this is firstly that individual traders do not have the financial resources required for such large-scale operations, and secondly that these imports are not supplied by neighboring countries.

c) Origin and routing of cereals imports

Although there is border trade taking place between Burkina, Mali and Niger, there are no official movements of cereals between the three countries. Each one imports from elsewhere. Thus rice is chiefly brought in from the USA and Asia, usually with European

suppliers as intermediaries. This system apparently guarantees sure, rapid supplies, though it certainly pushes prices up.

Maize and sorghum are imported from the USA and Latin America, under almost the same conditions.

The Ivory Coast, Ghana and Nigeria also provide small quantities of maize, but generally speaking these countries cannot respond rapidly to a major grain order. In 1985, for example, the Ivory Coast failed to meet on time an order for 4,000 to 5,000 tons of maize placed by Burkina Faso.

The inadequacy of their storage capacities and the high cost of warehousing are among the reasons why other countries in the sub-region are at present unable to deliver cereals quickly to a country seeking to import.

D) Taxation and the cereals trade

Since Burkina, Mali and Niger all belong to the WAMU, we cannot consider the financial problems arising from currency disparities in this first part of our study.

Currency differences can in fact stimulate or hinder trade depending on whether one currency is stronger or weaker than another and whether conversion is easy or difficult. This does not apply between the three countries under consideration here, or between them and their neighbors. Only the impact of taxes on cereals imports and exports can be assessed in this partial study.

Import taxes

In practice, and for the time being, cereals imports are exempt from customs duties in Burkina Faso, Mali and Niger alike. These exemptions are essentially aimed at encouraging and facilitating imports so as to make up the national shortfall. They will therefore be reconsidered once substantial exportable surpluses are being produced in these countries.

In the meantime, the tables below give a breakdown of duties and taxes on cereals imports in each country.

BURKINA FASO

	CD	RD	STAT	TP	CBC	OFNACER	INSURANCE	
Millet	Ex	14%	3%		0.5%	0.25%	yes if > 500,000	
Maize	"	"	"	"	"	"	"	"
Sorghum	"	"	"	"	"	"	"	"
Durum wheat	3%	"	"	"	"	"	"	"
Soft wheat	3%	"	"	"	"	"	"	"
Barley	Ex	"	"	"	"	"	"	"
Oats	"	"	"	"	"	"	"	"
Rice	"	"	"	"	"	"	"	"
All semi-processed cereals (grits, meal/flour, semolina)	5%	58%	3%	"	0.5%	0.25%	"	"

N.B. The obligatory insurance for all import consignments of more than 500,000 considerably increases the cost price when cereals are bought c.i.f; where this is the case, the consignment is insured twice over. Tax on flour and meal, which amounts to 60%, is a measure to protect national processing plant.

MALI

	CD	RD	CPS	VAT	TI	DP
All cereals	Ex	Ex	5%	11.5%	5%	5%

NIGER

PRODUCT	TAXABLE VALUE	APPLICABLE TAXES AND DUTIES			
	CIF	CD	RD	STAT	TP
Millet	"	Ex	Ex	3%	Ex
Maize	"	Ex	0.5%	3%	Tr
Sorghum	"	Ex	Ex	3%	Ex
Rice	"	Ex	OPVN ex. 9% other importers	3%	Ex
Millet or sorghum flour	"	Ex	Ex	3%	Ex
Grits & semolina of millet, maize, sorghum	"	Ex	4%	3%	Tr
Flour	"	Ex	10%	3%	Ex

N.B. In Niger and Burkina, flour is far more heavily taxed than unprocessed cereals.

Ex: Exempt
CIF: Cost, insurance, freight
CD: Customs duties
RD: Revenue duty
STAT: Statistics tax
TP: Transport
RT: Road tax.

E) Triangular trade

Burkina, Mali and Niger rarely import and then re-export cereals. The reasons for this are their constant deficit situation since 1975 and their traders' lack of knowledge of the grain markets. This means they can neither promote nor carry out triangular operations. However, the three countries do frequently benefit from triangular trade.

Thus in 1984/85, USAID exchanged American wheat for Ghanaian maize, for the benefit of Mali and Burkina Faso.

In 1983 and 1985, the WFP (Mali) bought maize for Mali from Zimbabwe and Honduras.

In 1986, the WFP and the Red Cross bought 8,000 tons of cereals for certain scarcity areas of Mali.

These triangular operations involving other African countries bring their beneficiaries information on the state and extent of the market; to this extent they facilitate trade in cereals between countries producing a surplus and countries in deficit.

Partial conclusion

The home cereals markets suffer from no particular legal or administrative impediments. The problems of distribution are of a structural and financial nature (lack of resources, lack of organization). On the other hand, there are no inter-State markets owing to the total prohibition of exports, the low level of exportable surpluses, and a lack of knowledge of the markets.

Recommendations

1 **That use be made of triangular trade, as an aid to both home and inter-State trade**
In order to facilitate the marketing of their cereals surpluses, Burkina, Mali and Niger could negotiate a halt to imports of food aid and ask donors to buy grain locally. Food aid would thus benefit agricultural production and marketing.

To mobilize food aid in areas of surplus in a CILSS country for shortfall areas elsewhere is to support local produce and develop inter-regional trade, while avoiding disruption of the beneficiaries' food habits. The CILSS is by far the most suitable institution to introduce such a request.

2 **That exchange in kind be promoted**
Given the export bans in force in these three countries, trade could be maintained in the form of barter. This would develop the complementarity between the different countries' crops without impeding the desired progress towards food security. A more thorough study should be able to pinpoint the different advantages and limitations of this proposal.

3 **That purchasing in the international markets be improved**
We have observed above that Burkina, Mali and Niger are not directly supplied by the producers but by intermediaries. And yet all three countries are buying cereals of the same origins (Asia, USA, Latin America). By grouping together their import forecasts, they should be able either to buy directly from the producer or to have some influence on the intermediaries' prices. This is another proposal which could be gone into more thoroughly and put forward in the CILSS.

III THE LEGAL AND ADMINISTRATIVE ORGANIZATION OF TRANSPORT: ITS IMPACT ON CEREALS TRADING

A distinction must be made here between inland and international transport. But this is not a distinction that gives us any way of grasping the full importance of the notion of time -- and this is an important element in food transportation, especially with emergency grain deliveries. We shall therefore make a further distinction between transport conditions in normal times and emergency deliveries. First and foremost, however, a brief glance at the material and physical conditions of transport in the three countries is called for.

1) INLAND TRANSPORT

A) Material and physical transport conditions in Burkina Faso, Mali and Niger[5]

a) Road transport

The road system is inadequate in general and to a large extent impracticable during the rainy season. In all three countries, entire regions are inaccessible by any means of transport during the rains. They may remain cut off for two or three months at a stretch, making any trading activities or deliveries of supplies impossible. Only the highways between major towns and the international highways are passable all years round.

b) Rail transport

Railway tracks and rolling stock alike are old and decrepit. The Abidjan-Niger and Dakar-Bamako lines run at 50% below capacity. Nearly 60% of trucks and locomotives on the Dakar-Bamako line are

5 Air freight has been excluded from this study since it plays virtually no part in cereal trade between the three countries concerned and their neighbors.

out of use for want of maintenance or spare parts. Serious management problems are said to be the reason for this. The main stations and freight depots are becoming increasingly restricted and are not well enough equipped to handle the increase in traffic. At Bamako, it takes three or four days to bring a wagon alongside the platform. This helps to considerably reduce the turn-around of rolling stock (approximately one turn-around per month).

Lastly, the state of the stock and the fact that the lines are all single-track lines means the railways have a low saturation threshold (maximum 8 trains per day).

c) **River transport**

There is no river transport in Burkina or Niger. In Mali, although only seasonal, it is an important means of transport for cereals. From July to February, river transport is much used to bring grain to Mopti, Gao and Tombouctou, with canoes or flat-bottomed boats carrying loads anywhere between ten tons and a hundred.

Besides the river's irregular rate of flow, navigability is limited by silting and rock problems, with boats liable to run aground and dredging difficult.

B) **The legal and administrative organization of transport in normal times**

a) **Access to the transport trade**

The preconditions for entry to the transport trade are not fundamentally different to those for the wholesale trade. Once he is properly registered, the aspiring carrier must obtain a permit for public freight or passenger transport.

Mixed transport is banned in all three countries, and international freight transport requires a special permit (6).

The transport permit and insurance are issued annually, and carriers' vehicles must also pass a yearly technical test. There is no other impediment to anyone wishing to enter the transport business; on the contrary, Burkina has adopted fiscal measures to facilitate the purchase of heavy goods vehicles.

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6 Burkina, Mali and Niger have all signed agreements with neighboring countries for technical regulations on road transport. Eg.:
Niger/Upper Volta: Convention of 10th October 1966,
Niger/Nigeria: Convention of 9th December 1977,
Benin/Upper Volta: Protocol of 29th January 1984.

b) How domestic transport operates

1 The vehicles

Available vehicles are too few in number and generally delapidated. But the shortfall in numbers of vehicles is of little significance once one considers the freight available. There are three obstacles to smoother running of domestic transport:

1° Too many individual transport operators. The industry is dominated by individual truck owners or family businesses in all three countries. The exact number is not known, but it varies between 500 and 2,000 in each country, with vehicles of all makes and origins. This small-scale structure limits the efficiency of the trade owing to:

- management problems,
- lack of experience and competence in the international market,
- financial limitations.

Carriers should be encouraged to group together in firms or cooperatives -- structures which will facilitate better management. Mali's experience seems to be conclusive on this score.

2° The absence of any maintenance infrastructure. Many makes of vehicle are sold in these three countries without any effective after-sales service. The result is a scarcity of spare parts and technically competent labor for running repairs. This problem is particularly acute in Niger, where licensed dealers withdraw from circulation one after another.

3° The state of the roads and tracks means that some areas cannot be reached by truck whatever the price offered.

2 Inland cereals movements

There is no central freight bureau in Burkina, Mali or Niger. This means that domestic freight in general, and cereals transport in particular, cannot be estimated or localized with any precision.

Domestic grain transport is, above all, a seasonal affair. The transport of cereals from production areas with a surplus to urban centers or areas with a shortage is generally done during the cropping season, the grain being delivered as it is bought, in the small tarpaulin-covered fourwheel drives best suited to unmade tracks. These deliveries are generally over short distances (about 50 to 80 km), as traders want to keep costs to a minimum and the boards have regional storage centers.

The cereals boards in fact transport their purchases in their own fleets. In Mali and Niger there are no particular obstacles to such transport by the boards. In Burkina Faso, however, the transport of cereals from one province to another is strictly regulated by the Directive N° 85009 mentioned above. Thus only

traders possessing a "people's authorization" can carry cereals from one province to another.

Before leaving the province in which the cereals were bought, the carrier has his cereals purchasing permit endorsed by the provincial authorities, who enter the quantity actually loaded on the vehicle.

On arrival, the permit is again endorsed with the quantity of grain actually brought into the province which issued the authorization. This double administrative control of domestic grain movements is a measure against speculative stockpiling. It will lead to a growth in cereals freight and to certain legal stipulations on the transport of cereals.

c) Legal stipulations on inland freight movements

1 In Burkina Faso and Niger

There has been no new law or statute since 1960 laying down conditions for the transport of goods in general or cereals in particular. Nor has any line of conduct on the issue emerged in practice. The transport contract is generally of an oral nature, without any way bill. Now, however, way bills are increasingly being used in cereals transport, as a result of an increase in disputes.

The absence of any new regulations governing transport contracts in Burkina and Niger means that the contracting parties are not very familiar with their rights and obligations in the matter. Where cereals transport is concerned, this gap has the following results:

1° Loads frequently get wet in the rainy season. Thus in 1985 during an emergency grain transport operation from Lomé to Burkina, many carriers had bags of rice refused on arrival because they were wet.

2° The notions of delivery dates and lateness are unfamiliar or are barely subscribed to. It is not unusual to find carriers setting off twenty-four or forty-eight hours after taking charge of the goods.

3° The notion of conditions for acceptance, vital to litigation over transport issues, has not been absorbed at all. Luckily there is very little demand for insurance on internal transport, and most differences are settled privately, very often to the detriment of the carrier.

4° Short delivery is also frequent in the transport of bagged grain.

The situation is slightly different in Mali, where there is a specific new set of regulations governing transport contracts. Here the legal stipulations on transport are laid down in Ordonnance N° 53/CMLN dated 19th September 1973, which adopts a model transport contract.

2) **The model transport contract adopted in Mali has the following features:**

1° It covers all operations carried out on Malian territory, whatever the mode of transport used (road, rail or river).

2° Article 6 of the Ordonnance states that it also applies to international transport, without prejudice to international conventions.

3° It lays down respective responsibilities and the conditions for its coming into operation.

The universally applicable nature of this model contract has the advantage of simplifying transport law. However, Mali's current transport contract regulations do call for a few observations:

- In the absence of any international convention binding the parties to an international transport contract, it is doubtful whether the Malian law can cover transport operations beyond its frontiers unless expressly so stated by the parties. This of course raises the delicate question of determining what law governs international contracts in general and transport contracts in particular.

There are two possible scenarios:

. the contract is concluded and fulfilled abroad. Malian law does not apply;

. the contract is concluded abroad but partly fulfilled in Mali. According to Article 6 of the Ordonnance, this contract is covered by Malian law. This is not so clearcut, however, since a transport contract must comply with the laws of the country in which it was drawn up. Alternatively, the parties can choose by agreement which country's law is to apply to the contract. It should be borne in mind, therefore, that Ordonnance 53/CMLN governing transport contracts is not fully valid except on Malian territory.

- Making no distinction between modes of transport, Mali's Ordonnance 53/CMLN could mislead economic operators as regards technical developments and legal transport conditions at the international level. Like other landlocked countries, Mali uses multimodal transport internationally; and internationally, fragmentation between different legal systems is increasingly giving way to through bills of lading covering all the transportation of a consignment from start to finish. Under this single contract system, it is the shipping contract that is pre-eminent; and this is very different in its effects from the Malian single contract system.

It is to be earnestly hoped, and strongly recommended, that a regional agreement will be negotiated and concluded on combined transport or road transport of freight.

In any event, whatever the legal system applicable to the contract, it will only be effective where the parties do not exclude administrative controls.

C) Administrative controls

In Burkina, Mali and Niger, road checks are carried out by three different para-military forces: customs, gendarmerie and police. In Burkina Faso the CDRs -- Committees for the Defense of the Revolution -- also take part.

These administrative road checks concern practically the same elements (state of the vehicle, load, papers) in all three countries; they also impede traffic flow enormously.

There are practically two or three checkpoints every twenty to thirty kilometers along the main roads. The additional costs this practice entails may range between forty and fifty thousand francs per journey on the international routes. And yet these controls could be reduced without diminishing their efficacy. To group the checkpoints together and space the inland controls more widely would already be a step forward.

D) Carriers' rates

a) Rates in Burkina Faso

There are no official rates for internal transport in Burkina Faso. Rates are negotiable and are generally fixed by the carrier, according to the route and the merchandise. The going rate seems however to be fairly stable around the 38 francs per ton/km mark.

b) Rates in Mali

Carriers' rates in Mali distinguish between asphalt roads, earth roads and tracks. This distinction should be an incentive to carriers to cover the entire country, by offering a rate that takes account of the particular risks certain routes entail.

The rates are as follows:

	Inland transport	International transport
Asphalt road	25 F per t/km	18.75 F per t/km
Modern earth road	37 F per t/km	28.12 F per t/km
Track	50 F per t/km	33.75 F per t/km

Rates for exports are lower. This makes it possible to keep exports competitive on foreign markets. There are also special fixed rates for hydrocarbons, at 2.735 F per t/km, 4.903 F per t/km and 5.470 F per t/km.

There are no set rates for river transport, but the Malian Navigation Company has its own scale of rates.

c) Rates in Niger

Niger's rates were fixed by Arrêté N° 023/MG/T/DCP of 30th August 1982. They include two model examples that take account of the state of the roads.

First example: two-way trip loaded in both directions. The rates, the same for all classes of goods, are as follows:

- asphalt road: min. 16 F per t/km
  max. 18 F per t/km
- earth road: min. 21 F per t/km
  max. 23 F per t/km

The second model example is far more complicated and also takes account of the class of merchandise. The table below shows all the elements.

DELIVERY ON OUTWARD JOURNEY, RETURNING EMPTY

CLASS OF GOODS	RATE (CFAF per t/km)	
	Asphalt road	Earth road
Class II Cereals, flour, pasta, salt, cowpeas	24.76	32.94
Class 12 Cotton, cola nuts, fruit, groundnuts, sugar cane	25.89	32.94
Class 13 Oilcake, milk, tomatoes, sugar and confectionery, beverages	25.89	32.94
Class III Textile products, matches, soap, fertilizer	25.89	32.94
Class 112 Timber and planks, iron & iron castings, steel, cement	27.01	34.43
Class III Other general merchandise	28.14	35.93

It is not possible to compare the rates in force in the three countries since they entirely depend on the prices of fuel and spare parts. One thing that is certain is that the prices are not

adjusted every year. This naturally creates some dissatisfaction among carriers.

It is found that too great a difference between the rates in neighboring countries prevents the country where rates are lower from using the services of carriers from the country where higher rates are paid. Transporters from the Ivory Coast, for example, refuse to take on transport jobs within Mali on the grounds that the rates are too low and the roads too bad.

This problem has recently been solved between Niger, Burkina and Togo by unifying rates along the Togo-Niger and Togo-Burkina Faso routes. Tables 1 and 2 below give details of these two scales of charges. It should be noted that these scales, though virtually the same, were negotiated separately, bilaterally, between Togo and Niger and between Togo and Burkina Faso.

It will also be noted, with regret, that there have been no transport rate negotiations between Burkina, Mali and Niger, so that rates are still free between these countries. Negotiations of this kind are desirable, especially as regards international transport of commercial cereals; they would make it possible to partially limit the excessive price discrepancy between imported and home-grown cereals.

TABLE 1

FREIGHT RATES ON THE TOGO-NIGER ROUTE APPLICABLE FROM 1st JUNE 1986

NOMENCLATURE	Price per ton/kilometer
a) Food aid	23 F
b) Staples and low added-value goods - Cereals (rice, maize, sorghum, wheat, millet), salt, cement, sacking, flour - Agricultural chemicals	3.5 F
c) Other food products - Packaged sugar, oil, pasta, milk in cartons, tomatoes, tea, coffee, cocoa, aromatics	25 F
d) Capital goods and equivalent - Building materials (iron, sheet metal, wood, piping) - Machines and equipment, spare parts - Bitumen and petroleum products - Industrial chemicals	25.5 F
e) Miscellaneous - Textiles, drinks, tobacco, alcohol, cigarettes	26.6 F
f) Dangerous products - Munitions, explosives	28 F
g) Containers	23 F

TABLE 2

ROAD FREIGHT RATES ON THE TOGO-BURKINA ROUTE APPLICABLE FROM 7th MARCH 1986

NOMENCLATURE	Price per ton/kilometer
1) Cement	20 F
2) Food aid	23 F
3) Cereals and agricultural chemicals	22.5 F
4) Food products (sugar, milk, oil)	25 F
5) Capital goods and equivalent, industrial chemicals	25 F
6) Misc.: tobacco, alcohol, fabrics, lump sugar, cigarettes etc.	26 F
7) Dangerous products (munitions, explosives)	28 F
8) Containers	23 F

2) INTERNATIONAL TRANSPORT

Because they are totally landlocked, Burkina Faso, Mali and Niger are entirely dependent on international freight transport. This is organized through bilateral or sub-regional conventions.

There is one set of conventions covering the use of seaports for imports and exports coming from and going to the landlocked countries, and a second set which organizes the land transport side.

A) Marine transport

There are several types of agreement giving Burkina Faso, Mali and Niger access to and use of harbor facilities in neighboring countries.

These agreements are negotiated bilaterally, although all three countries use the same ports:

Abidjan	(Burkina, Mali)
Lomé	(Burkina, Mali, Niger)
Cotonou	(Burkina, Mali, Niger)
Dakar	(Mali)

The basic aim of these agreements is to guarantee the right to sea transport while improving the financial and administrative organization of port activities. We shall not here enter into an exhaustive analysis of all the agreements involved, but the comparative tables below give some idea of the facilities granted to each country.

LEGAL AND PHYSICAL FACILITIES OFFERED IN EACH PORT

NIGER

IVORY COAST		TOGO
STATUTE		Arrêté N° 77-24 CAB/MTI of 28th February 1977
CONTENT	No special provisions	Niger has 24,000 m² at its disposal, consisting of: 5,000 m² shed space; 19,000 m² open space. Free zone status. Agreement for 25 yrs renewable; symbolic rent of 1 franc. Site development at beneficiary's expense; maintenance work and materials handling carried out by Autonomous Port Authority against payment.

SENEGAL	BENIN
STATUTE	Agreement of 5th January 1975
No special provisions	Niger has sites at its disposal in Zone 2: 6,000 m² shed space, 15,000 m² leveled open space, 20,000 m² rough ground. Also 3,750 m² warehouse space in Zone 1. Free zone status. Agreement for 25 yrs renewable. Symbolic rent of 1 franc. Maintenance and site development at beneficiary's expense. Materials handling by OBEMAP. Mooring priority at berth N° 4; 3 Niger representatives on Board of Port Authority.

BURKINA FASO

IVORY COAST		TOGO
STATUTE	No special agreement on transport.	Arrêté N° 71/CAB/PR/MTI of 14th June 1972.

CONTENT	No special agreement but warehouses and storage yards in the free zone: 2 sheds (8,400 m² and 1,720 m²) + 3,325 m² open space.	Burkina has a 22,000 m² site at its disposal, used as follows: 2 sheds of 5,000 m²; 1 surfaced open space 9,000 m², 1 unsurfaced open space 3,000 m². Free zone status; agreement for 25 yrs renewable; symbolic rent of 1 franc; infrastructure development is the responsibility of Burkina; maintenance and materials handling by Autonomous Port Authority at Burkina's expense.

SENEGAL		BENIN
STATUTE		Decret 82/407 of 4.12.1982 Convention of 8.9.1984.
CONTENT	No special provisions.	Burkina has a 20,000 m² site at its disposal in Zone 2 and installations in Zone 1. Free zone status. Agreement for 25 years renewable. Symbolic rent of 1 franc. Site development + maintenance at beneficiary's expense, goods handling by OBEMAP.

MALI

IVORY COAST		TOGO
STATUTE	Cooperation agreement of 13th January 1979.	Arrêté N° 77-25/CAB/MTP of 28th February 1977.
CONTENT	Made available: Shed 14 (6,000 m²) + open space (5,000 m²); in Vridi Zone: shed (6,000 m²) + open spaces (5,000 m² + 12,000 m²). No special status. Maintenance of Shed 14 at Port's expense. Management and goods handling at expense of EMACIs. Quarterly payments of 562.5 CFAF per m² for Shed 14: 281.25 CFAF per m² according to open space.	Mali has a 9,765 m² site at its disposal, with: 1 shed 5,000 m², 1 open space 1,500 m². Free zone status. Agreement for 25 yrs renewable. Symbolic rent of 1 franc. Site development at beneficiary's expense, maintenance and materials handling by Autonomous Port Authority against payment.

	SENEGAL	BENIN
STATUTE	Agreement dating from 1963.	Agreement protocol of 7 January 1983.
CONTENT	At Dakar Mali has sites in North and South zones: South Zone: 17,000 m² surfaced open space, shed 2,356 m². North Zone: 6,736 m² asphalted open space; 9,161 m² unsurfaced open space. Free zone status. Agreement for 25 yrs renewable. Malian law applicable within free zone. 2 places for Malians on Port Administration Board. Zones served by railway. Mooring priority at Berth 32 Mole III (near EMASE).	Mali has a site at its disposal in Zone 2 and installations in Zone 1. Free zone status. Agreement for 25 yrs renewable. Symbolic rent of 1 franc. Maintenance, site development at beneficiary's expense. Materials handling by OBEMAP. 1 Malian representative on Port Authority Board. Technical Committee with port user participation.

AGREEMENTS INVOLVING THE THREE LANDLOCKED COUNTRIES

	IVORY COAST	TOGO
NIGER	CUSTOMS FISCAL: 20 days' exemption for storage. 16-18% reduction in harbor tax.	CUSTOMS: Free zone FISCAL: 25 working days' exemption for demurrage and storage. Exemption from statistics tax (2.08%). OTHER: If storage not possible in Niger's zone, preferential rates in harbor zone.
BURKINA	CUSTOMS: Free zone FISCAL: 20 days' exemption for storage. 16-18% reduction in harbor tax.	CUSTOMS: Free zone FISCAL: 25 days' exemption for demurrage and storage. Exemption from statistics tax (2.08%). OTHER: If storage not possible in Burkina's zone, preferential rate in harbor zone.

MALI	CUSTOMS: No security payments. FISCAL: 20 days' exemption for storage of goods in Ivory Coast zone between respective Ministries. EMACI exempt from payment of securities. 16-18% reduction in harbor tax.	CUSTOMS: Free zone. FISCAL: 25 days' exemption for demurrage and storage. Exemption from statistics tax (2.08%). OTHER: If storage not possible in Malian zone, preferential rate in harbor zone.
SENEGAL		BENIN
NIGER		CUSTOMS FISCAL: 10 calendar days' exemption for OBEMAP depot and 20 days in NITRA installations.
BURKINA		CUSTOMS: Free zone. FISCAL: 10 calendar days' exemption.
MALI	CUSTOMS: No time limit for goods stored in Malian zone. Free zone. FISCAL: Exemption from TPS (17%) - 20 days' exemption for goods disembarked outside EMASE zone. 10% tax reduction on non-EMASE open space and warehouses. OTHER: Special rate for handling charge.	CUSTOMS: Free zone. FISCAL: 10 calendar days' exemption.

NB: Handling costs in the ports do not appear in the above table.

The chief problem with shipping is the length of time required to bring goods out of port. The main causes of delay are as follows:

- poor circulation of the documents required to bring goods out of port,
- lack of knowledge of administrative procedures on the part of junior transport personnel,
- lack of material means on the part of lightermen and forwarding agents.

B) **Overland transit**

Burkina Faso, Mali and Niger have all signed bilateral or multilateral transit agreements. These agreements organize the sharing of freight between signatory countries, make technical vehicle standards uniform and organize road transit between States.

a) Rail transport and transit

There are no impediments at the administrative level. Goods in general and cereals in particular travel in trucks sealed by customs, and are also unloaded under customs supervision.

For transit there is a single uniform document. In itself there is nothing in particular to be said about this. But the circulation of documents often causes delay in the movement of goods wagons. It is not unusual, for example, for one or two trucks of grain to be unhitched at the wrong place between Abidjan and Ouagadougou, or for the documents accompanying a consignment to go astray completely. Use of indivisible goods trains would seem to be a way of eliminating this kind of problem and a better solution for emergency grain consignments.

b) Inter-State road transit

The TRIE agreement

Road transit is chiefly organized through an agreement on inter-State road transit, the TRIE agreement ("Transit routier inter-Etats"), signed initially by the countries belonging to the Conseil de l'Entente (7) and later adopted by the CEAO.

The TRIE agreement is essentially aimed at facilitating transit by standardizing procedures through a single transit document, the TRIE carnet.

Besides the TRIE carnet, the agreement set up a guarantee fund to which all carriers must subscribe for each operation. It is in fact a deposit paid as security against the carrier's failure to comply with the provisions of the agreement in each country. The deposit is 0.5% of the value of the consignment, and is levied at the frontier on entry to each country passed through.

The TRIE agreement has a number of advantages:

- It eases control and saves time: the one document has only to be endorsed at the transit bureau indicated in the carnet. Controls are limited to checking the seals, unless there is some suspicion of fraud;
- Transport costs are standardized and collectively monitored.

The failure of the agreement

Although the TRIE agreement was signed by nearly eight countries, its main provisions have not been adhered to. In practice, each country continues to issue its own transit documents. This results in considerable loss of time at frontiers and also increases costs, since the carnet costs approximately 3,000 F.

There are two reasons for the failure to comply with the TRIE agreement's main provisions. The failure to keep to a single document has been explained in terms of the notion of national

7 The Conseil de l'Entente is made up of Burkina Faso, Benin, the Ivory Coast, Niger and Togo.

sovereignty; but this is not entirely convincing, since the States concerned signed the agreement. In fact behind the sovereignty notion there seems to lie a crisis of confidence. In actual fact, no State is willing to be bound by the legal effects of the declarations set out in the document, or by the customs administration of another country. Another possible reason for the failure is the desire to protect home markets.

c) **Convoys under escort**

In order to protect their home markets against fraudulent imports some transit countries, including Burkina Faso, Togo and the Ivory Coast, organize convoys of transit trucks under escort.

The convoy is taken by its escort to the border where it leaves the country. There is a charge of 4,000 F per vehicle for the escort.

This procedure considerably slows down transit through a country. The convoy cannot leave until all vehicles in it have their transit carnet; and they must arrive at the frontier together, so if one vehicle breaks down the entire convoy is halted.

The escorted convoy procedure is an impediment to the smooth flow of transit traffic in general, and grain transit in particular, between Burkina Faso and Togo and their neighbors.

In 1985, Burkina Faso persuaded the Togo government to agree to lighten the procedure for an emergency shipment of 5,000 tons of rice from the port of Lomé. Togo authorized the issue of one transit carnet (TRIE or D15) per 500 tons of rice instead of per vehicle. The 500-ton carnet was checked off truck by truck against the way bills. These measures reduced transport costs. It was also decided to reduce the number of vehicles in the convoy, which also saved time.

C) **The legal and administrative organization of international transport**

International transport is organized through bilateral agreements signed by each State with its neighbors. The agreements organize the sharing of freight between carriers from the different countries, and harmonize the technical vehicle standards that must be met by carriers.

1) **Entry to the international transport business**

Conditions for entry to the international transport business are laid down by agreements which Burkina Faso, Mali and Niger have signed with the main transit countries:

- Burkina with Togo, Ivory Coast, Benin and Ghana,
- Mali with Ivory Coast, Togo, Senegal and Benin,
- Niger with Togo, Ivory Coast, Benin and Nigeria.

These agreements set down the conditions a vehicle must meet if it is to be used for international transport. The conditions are the same in all these agreements:

- The vehicle must possess an international transport permit issued by the authorities of the country,
- it must have an insurance policy valid for both countries,
- it must have a valid vehicle test certificate.

The driver must be in possession of an international driving license and all the necessary transport documents (transit carnet, way bill).

2) Harmonization of technical standards

It is also through bilateral agreements that these countries are trying to standardize axle loads according to the state of the roads. The disparities that result from this set of different bilateral agreements are incompatible with an efficient use of vehicles in international transport. Regional standardization of vehicle specifications is therefore to be strongly recommended.

The table below shows some of these disparities between agreement on technical standards.

AXLE LOAD	BURKINA FASO	IVORY COAST	TOGO	BENIN	GHANA	NIGER	NIGERIA
a) Single vehicle							
. Two axles	18T			17T	12T-16T	14T	
. Three axles	25T			25T	16T-22T	19T	
. More than 3 axles	38T			35T	18T		
b) Composite vehicle							
. Three axles	25T			25T		Max.30T	
. Four axles	38T			38T	20T-30T		
. More than 4 axles	42T			42T			

NB: In practice these axle load limits are not complied with by carriers, who in fact appear not to be familiar with them.

3) Sharing freight

To protect the interests of their respective carriers, Burkina Faso, Mali and Niger have signed agreements with certain neighboring countries, mainly the transit countries, on the conditions under which carriers may take on freight in a country of which they are not a citizen.

These agreements share out the freight to be carried. The proportions laid down in the different agreements between the three transit countries are as follows:

- Freight in transit:
  . 2/3 for the carriers of the importing country,
  . 1/3 for the carriers of the transit country.
- Local freight: 50-50.

Where one of the signatory countries commissions carriers from a third country to carry goods on its behalf, they enjoy the same conditions as the commissioning State.

These freight sharing agreements exist only between Burkina Faso, Mali and Niger and the coastal transit countries; there are no such agreements between the three landlocked countries themselves, a fact which can be explained by the low level of official and quantifiable trade between them. The value of these agreements is to give each landlocked country the possibility of monitoring the movements of its merchandise travelling by multimodal transport from country to country.

Cereals in transit may also benefit by an absolute priority for transport in case of emergency.

D) Emergency grain transport

Emergency grain transport involves emergency food aid more than commercial imports or exports.

There is no specific emergency grain transport plan in either Burkina Faso, Mali or Niger. However, in 1984-85, the gravity of the food situation led Mali and Burkina Faso to organize emergency food aid transport from the ports of Togo and Abidjan. This was only possible after negotiations with the transit countries.

The transit, customs and administrative control procedures were trimmed, and the two countries called on carriers from neighboring countries to speed up transportation. This involved special rates; those offered by Burkina Faso were as follows:

- Lomé to Ouaga: 23 F per t/km
- Inland transport: 38 F per t/km,
plus an incentive bonus of 2 F per t/km.

In this way 5,000 tons of rice reached the distribution centers in less than three weeks.

E) International transport contracts and the law

The question here is to know which legal system applies to a contract for international transport of cereals. Neither Burkina Faso nor Niger have any regulations or agreements on this question.

The law applying to contracts for transport between the three countries has to be decided case by case. The development of

combined transport documents will facilitate standardization where imports are concerned, since a through bill of lading covers the entire transport process. As a rule, it is contract law and the general principles of international private law that will decide.

The absence of rules and agreements in this field is only a problem where a difference cannot be settled by mutual agreement. It is in no way an obstacle to the free flow of goods traffic.

CONCLUSION

The legal and administrative organization of transport has a perceptible impact on the cereals trade only as regards transit and road checks.

Despite the many bilateral agreements governing these fields, transit and transport suffer from the slowness of administrative procedures and an artificial multiplication of subsidiary expenses. These additional costs, which may amount to 10% of the transport price, are a considerable hindrance to the competitivity of commercial cereals exports.

RECOMMENDATIONS

1 In view of the failure of the TRIE transit carnet and the resulting increase in transit time, this study recommends that a special system for cereals transport be researched and set up between the landlocked countries (Burkina, Mali and Niger) and the coastal transit countries. This special system must:

- facilitate and speed up the exit of goods from ports,
- reduce customs formalities by harmonizing transit documents and way bills,
- abolish intermediate road checks,
- draw up common legal provisions governing transport contracts.

2 Given the state of the road, rail and river infrastructure, this study recommends that a transport plan be designed for cereals transport in normal times and more especially in emergency situations; the plan should be operational in all seasons.

3 The study recommends that new terms of reference be defined to make it possible to identify all abstract obstacles to trade in cereals between all the countries of the CILSS. Such an overall analysis would seem to be a useful step towards designing a transport plan and working out a strategy for the cereals trade.

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IV-15 SUPPORTING REFORM IN THE AGRICULTURAL SECTOR

Clark G. ROSS

Supporting Reform in the Agricultural Sector

Introduction

The economic performance of the Sahelian countries during the last ten years has been disappointing. All statistical indicators confirm the lack of progress towards economic and social development. Stagnant (in some cases falling) levels of GNP per capita, decreased domestic grain production per capita, and relatively high population growth are the most obvious manifestations of this disappointing performance. There is a host of interdependent factors which have contributed to this situation; including recurring drought, the favoring of current consumption over investment, excessive growth of the public sector, poor government policy, and inconsistent and inadequate donor support.

This report is concerned with donor efforts to support government policy reform. More specifically, the report attempts to show the extent to which donors have supported reform in the agricultural sectors of the Sahelian countries and to discuss the problems associated with the reform process. A primary conclusion of the 1979 CILSS/Club du Sahel Nouakchott Colloquy on Cereals Policy was that production

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projects should be accompanied by coherent policy measures, aimed at increasing the return from additional investment in rainfed and irrigated agriculture. The Colloquy agreed on recommendations concerning marketing, price policy, storage, trade, and food aid, among others. Some specific recommendations aimed at the donors are listed in an annex to this document. (For a complete listing of all recommendations see: Cereals Policy in Sahel Countries, CILSS/Club du Sahel, 1979, Section C.) There was not a great deal of discussion, however, concerning the process by which policy reforms in agriculture could be best designed and implemented.

The primary observation from this analysis is that the donors and member states are searching for an efficient process to support agricultural reform. Through trial and error, the donors and the member states have acquired some knowledge about support for the reform process. However, the actual implementation of an efficient support program is hindered by several constraints which the donors and the member states face. An important question which emerges from this analysis of donor experience is whether donors can support sectoral reform (agriculture) in isolation, or whether macro-economic reform is a necessary precondition for meaningful reform in the agricultural sector.

Ideally, an effective process for supporting country reform should 1) address both macro economic (budget and balance of payments deficits) and agricultural policy, 2) result from coordinated donor action, 3) contain short, medium, and long term financial support, as appropriate, and 4) provide for periodic, joint member state and donor evaluations of the country's progress.

This report is organized into four sections. The first section briefly discusses program support and the use of conditionality, providing a common set of definitions into which the subsequent analysis will fit. The second section summarizes some of the donor experiences supporting agricultural reform. The third section shows the primary lessons learned from these experiences. Finally, the fourth section provides some recommendations for improving the process by which donors support reform in the agricultural sector.

I. Program Support for Agricultural Reform

Specialists in economic development often contrast program (non-project) and project aid. Generally speaking, project aid is aimed at supporting a specific activity which has measurable benefits and costs, such as building a road developing a rice perimeter, or constructing a health unit. Notwithstanding the difficulties in calculating true economic benefits and costs for such projects, national governments and donors presumably can calculate a rate of return for proposed projects and undertake those projects with acceptable rates of return. In contrast, program aid is the transfer of funds to support general government operations or balance of payments deficits, and, in some cases, provide technical assistance. Some development agencies attempt to divide offical development assistance into project and program aid; however, there are certain ambiguities in such a division. (See: Club du Sahel's annual reports on official development assistance.) Increasingly program aid has been used to support policy reform. In some cases this reform process is aimed at macro-economic variables and performance; the process can also be sector specific, such as support for policy reform in agriculture.

The transfer of resources to accomplish the above purposes can be achieved through 1) cash grants, 2) concessionary loans, 3) debt relief which reduces demands on public sector

finances, or 4) the provision of food aid (or other commodities) which can be sold to generate local currency.

Both project and program assistance have generally been contingent on various performance criteria; often these criteria have been relatively easy to satisfy. In recent years, however, there has been much discussion of conditionality: the tying of aid to specific conditions, particularly policy reforms.

Providing assistance, particularly non-project aid, in this manner is usually called structural adjustment assistance or support. The conditions associated with this support can range from the general (reducing imports by x percent) to the specific (increasing the price of a particular product by x percent). The conditions can be macro oriented or sector specific. The purpose of the conditionality is to support reforms which should assist the local government in promoting and sustaining economic and social development.

Thus, as an obvious point of departure, it should be recognized that there are three elements associated with program aid: 1) the purpose of the aid (support of balance of payments deficits, of government deficits, of specific policy reforms, or, most likely, some combination of the three), 2) the actual form of the assistance, and 3) the conditions which are included in the agreement.

Given the precarious fiscal situation of many of the Sahelian countries, program aid has been increasingly important during the 1980s. The Club du Sahel reports that non-project aid represented approximately 40 percent of total assistance during the 1975-1984 period, with a tendency to increase since 1980. This increasing tendency to provide program aid has been reinforced by the need to adapt to periods of drought, growth of the public sector in the Sahelian countries, increased recurrent costs, and the general inability of the Sahelian countries to absorb increased amounts of project aid. A portion of this program aid can be classified as conditional support for economic reform.

Specialists in Sahelian development problems have been debating how best to use this conditional program aid. Such a debate includes issues such as the degree to which official assistance should be conditional program aid (as opposed to non-conditional program aid or project aid), the actual conditions which should accompany the aid, and the appropriate evaluation process. Many specialists argue that the donors should increasingly provide such general program support (as well as project aid) under increasingly strict conditions aimed at supporting both macro economic and sectoral reform.

Often those arguing for increased conditional program aid to support economic reforms minimize the many difficulties associated with this process. Recent research by the World

Bank points out some of the difficulties in designing effective adjustment programs. In principle the goal of a structural adjustment program (either macro-oriented or sector specific) is "to enhance efficiency, build up institutions, promote resource mobilization and correct payments imbalances". (See: "Structural Adjustment Lending, An Evaluation of Program Design", World Bank Staff Paper No. 735, by Fahrettin Yagci et al., p.15.) Generally speaking, however, there is no "formal framework to determine objectives, appropriate time phasing, and construct/evaluate optimal, consistent policies." A further point raised in the same analysis is that in pursuing different objectives, "little attention has been focused upon the assigning of relative weights to those potentially conflicting objectives, nor ways of adjusting these weights to specific country circumstances." Sahelian experiences with conditional program aid are consistent with the above analysis.

Thus, the purpose of this paper is to review some of the donor experiences in the Sahel with such conditional program aid (especially as applied to agriculture), pointing out the many difficulties associated with this reform process. The following two sections, respectively, describe some donor experience with conditionality and discuss the lessons learned from these experiences.

II. Donor Experience with Support of Agricultural Reform

This section describes the experiences of several donors in their attempt to support macro economic and agricultural reform in the Sahel. The discussion does not purport to give a full analysis of each donor activity. Rather some examples of donor activities, forming the basis for the analysis found in the next section, are provided. The actions of the United States Agency for International Development (US AID), the International Monetary Fund (IMF), the World Bank, the Caisse Centrale de Coopération Economique (CCCE), and the coordinated donor effort in Mali are each examined.

The conditional program support which has been used has been primarily directed at improved macro-economic performance, with some indirect secondary benefits to the agricultural sector. This conclusion is not advanced as a criticism of donor actions. In fact, it may be that macro-economic reform is a necessary precondition for any meaningful reform in the agricultural sector. In that case, program support for agriculture should either follow macro-economic reform, or accompany macro economic reform. An indirect contribution to agricultural reform from conditional support has been the initiation of meaningful policy dialogue.

A. US AID

US AID has supported the reform process (with an attempted emphasis on the agricultural sector) in three Sahelian countries: Senegal, Mali, and Niger.

In Senegal, US AID provided a cash transfer of $10 million from its Economic Support Fund (ESF) for disbursement during FY 1984. The announced purpose of the grant was two-fold: first, to support the Government of Senegal (GOS) in achieving the objectives contained in its 1983/84 Standby arrangement with the IMF and second, to initiate long-term reform in the agricultural sector. The IMF arrangement focused on general budgetary and fiscal reform aimed at reducing the GOS's budget deficit. Consistent with this objective, the GOS was also required to raise several consumer prices, particularly the price of imported rice, as a means of increasing government revenues and stimulating local grain production. Further, certain measures to restrict the growth of domestic credit, reducing the growth in the domestic money supply were included in the agreement.

The IMF estimated in 1983 that there existed a financing gap of at least $ 19.5 million which the GOS faced in its efforts to achieve the above objectives; the US contribution was aimed at reducing this gap. Also, the ESF grant was aimed

at promoting longer term structural reform in the agricultural sector. It is less clear, however, how the grant accomplishes this goal since no real conditionality associated with such long term reform is included in the agreement. Specifically, the agreement justification states "that conditionality for this ESF program be limited to a positive determination by the Mission Director, during the course of the month of December, that the GOS has implemented all reasonable measures to comply with the terms and conditions of the IMF Standby." More detailed conditionality would be deferred "given the necessity of a collaborative effort (among the donors and the GOS) in achieving policy reforms". In early 1984 the broad elements of a new agricultural policy were announced by the GOS; they are described in the succeeding discussion concerning the IMF.

While the wording of the conditionality found in the US AID-Senegal agreement is consistent with the objective of supporting agricultural reform, specific actions- particularly those aimed at reducing producer subsidies and improving the performance of the rural development agencies- were not included in this agreement. The 1985/86 Berg report on cereals policy (Club du Sahel, July 1986) suggests that the reforms (those actually introduced) seem to have been principally motivated by Senegal's financial crisis and IMF pressure and not the result of a long term strategy for and commitment to agricultural reform (notwithstanding the existence of the 1984 agricultural policy).

US AID entered into a reform agreement with the Malian government in 1985, agreeing to provide a cash grant of $ 18 million over four years. Conditions associated with this transfer included: "revision by decree or otherwise of the Commercial Code and of texts relating to the regulation of prices and the control of external trade, a three-year action plan for conducting tax reform in Mali, and an administrative arrangement governing a voluntary retirement program for civil servants." (See: US AID, Mali Economic Policy Reform Program, 1985, pp. 2-3.) Additional conditions relating to specific steps or actions to achieve these broad objectives are also included. As should be evident, these conditions are aimed more at macro economic reform than reform of the agricultural sector. Of course, reducing the restrictions on trade could have some beneficial effects on agricultural marketing. However, the major thrust of this agreement is to provide general budgetary support and not to complement a comprehensive, long term program for agriculture.

In contrast to the Senegalese and Malian cases, US AID support of reform in Niger has been more oriented towards the agricultural sector. In August 1984 US AID negotiated and signed a four year Agricultural Sector Development Grant with Niger. The grant calls for a transfer to Niger of $32 million over a four year period. The US AID program assistance document states that the project will "promote agricultural production" by reducing policy constraints, "provide resources

to the GON to support ongoing development activities", and "contribute toward economic stabilization directly."

The conditions associated with this grant included: the adoption of a bid/auction system by OPVN (the national grain marketing board) for a portion of its purchases and sales, promoting competition in agricultural marketing (both inputs and outputs) through greater use of the private sector and cooperatives, the gradual reduction in input subsidies, the development of a village level grain storage program, an easing of controls on agricultural trade with neighboring countries, and a study of agricultural credit.

The evaluation of the US AID supported reform process has been mixed. Apparently, OPVN continues to purchase and sell grain at relatively fixed prices, notwithstanding the presumed existence of the bid system. The actual level of input subsidies already had been below the initial 50 percent specified for 1984; thus the condition for reducing input subsidies for that year was irrelevant. (In fact, the subsidy question is immensely complicated given the fact that many inputs are partially or completely donated by external sources. The calculation of a non-subsidy or full-cost price for these inputs is subject to considerable ambiguity.) Finally, there seems to be continued interference with border trade for livestock.

In contrast, one could argue that in conjunction with IMF and World Bank efforts, the US AID project reflects the

importance the Government of Niger is giving to reform in the agricultural sector and that the groundwork is being laid for more effective future actions. Lessons learned from these initial attempts at agricultural reform, reviewed in the next section of this report, should be applied in subsequent programs.

B. International Monetary Fund (IMF)

Since 1979, according to Club du Sahel documents, the IMF has negotiated eighteen Standby arrangements with five Sahelian countries: The Gambia-3 arrangements, Mali-3, Mauritania-3, Niger-3, and Senegal-6. Between 1980 and 1984 the total value of these arrangements was $342.6 million: $19.5 million for The Gambia, $70.8m for Mali, $34.7m for Mauritania, $34.0m for Niger, and $183.6m for Senegal.

These arrangements are conditional on the member state respecting conditions that can include those aimed at reducing government operating deficits, reducing the international trade deficit, adjusting the value of the national currency, regulating the growth of the domestic money supply, and introducing more economically rational prices. While such reforms can have significant effects on the performance of the agricultural sector, the IMF's conditions are often macro-oriented and not sector specific. The negotiation process between the IMF and the member state is prone to result in a plan for fiscal reform, but does not necessarily lead to a coherent program for agricultural reform. It should

also be noted that the intervention of the IMF occurs when a country faces a serious financial crisis.

It would, perhaps, be instructive to review the conditions associated with IMF support.

1. Mali

The January 1983 agreement with Mali included, but was not limited to, the following conditions:

a. Increases in taxes on livestock and salaries, as well as various regional levies
b. Improved customs operations
c. Limitation on personnel expenditures and a reformed recruitment process
d. Refinements in the budgetary process and fiscal accounting methods
e. Limitations on the growth of domestic credit
f. Banking reforms
g. Adjustment of certain interest rates

While it certainly can be argued that the above monetary and fiscal policy reforms might be preconditions for improved performance in the agricultural sector, the conditions themselves are not specifically aimed at agriculture, nor motivated by a desire to support reform in the agricultural sector. It should be noted, however, that the recently concluded 1985-1986 Standby arrangement between the GOM and the IMF stresses the need to raise grain prices in conformance with the objectives of the PRMC.Certainly, IMF support of fiscal reform in countries facing an emergency financial crisis is vital; however, it is not, itself, sufficient to achieve the reform needed in the agricultural sector.

2. Senegal

The March 1984 Standy arrangement between the IMF and the Government of Senegal does contain several conditions related to agricultural reform. These include, but are not limited to the following:

a. Increase the consumer rice price from 105 to 130 FCFA/kg
b. Reduce the fertilizer subsidy by recovering 5 FCFA/kg in purchasing groundnuts from the producer
c. Give greater responsibility to the groundnut oil refiners for the collect and transport of the crop
d. Institute an agricultural policy to increase groundnut yields and cereal production
e. Eliminate gradually the operations of SONAR, the parastatal organization responsible for input delivery.

Certainly this agreement contains many features aimed at reforming the agricultural sector. Of interest, however, is point d, calling for the development of an agricultural policy. Clearly, the IMF, itself, recognized that it was providing emergency assistance to Senegal, in the absence of a clearly defined agricultural policy. This approach illustrates a potential problem. Without a clearly agreed upon national policy or program for agriculture, a donor can still negotiate certain elements of a program, such as a reduced fertilizer subsidy. What guarantee is there that these individual conditions or elements will be appropriate

within the context of the comprehensive program which will be developed? It is clear that at the time the agreement was negotiated, Senegal had immediate need of IMF assistance and that these individual conditions were economically rational, at least in the short-run. Nevertheless, there is a risk that these conditions might be inappropriate in the long-run (i.e. as a complement to a national agricultural policy, it might be more appropriate to have some fertilizer subsidy).

In early 1984 the GOS did announce a new agricultural policy which had the following broad objectives: 1) instituting a new price policy which favored domestic cereal production, 2) limiting the role of the rural development societies and other parastatal organizations, 3) reforming the cooperative system, and 4) changing the input supply system. In one sense, it can be argued that the incentives provided by the IMF and other donors were instrumental in getting the GOS to address important policy questions and begin a dialogue with the donors on these issues. It is less clear, however, whether this new policy is truly comprehensive, resolving fundamental questions, such as the appropriate division between public and private sector responsibilities or whether there should be any determination of price levels by the government.

In June 1986 the GOS hosted a meeting with donor agencies to discuss the new agricultural policy. The GOS clearly reaffirmed its commitment to the broad elements of this new

policy; and donors noted that there had been progress towards achieving the goals of the policy. There still seem to be certain ambiguities and deficiencies in the new policy, particularly with respect to pricing decisions: in general producer and consumer prices still seem too low to encourage domestic cereal production and discourage the consumption of imported rice. Nevertheless, the progress to date seems encouraging to the donors who are committed to continue their financial support for the reform process in Senegal.

C. World Bank

The World Bank supports reform with both structural adjustment loans and with agricultural sectoral adjustment loans. The former loans (since 1980, 32 such loans worldwide, for a value of 4.6 billion dollars) carry conditions which concern price policy, marketing, and public sector reform; in many cases these conditions directly affect the agricultural sector. More specific to agriculture, however, are the sectoral adjustment loans (since 1979, 17 such loans). The conditions associated with the sectoral loans relate directly to agricultural pricing, marketing, and institutional support. World Bank experience with this type of reform support in the Sahel has been quite limited.

In 1980 the World Bank accorded the Government of Senegal a $60 million structural adjustment loan; conditions included those aimed at reducing the government budget deficit,

rationalizing prices, and designing an appropriate agricultural policy. One specific condition was that the GOS incrementally increase the fertilizer price, gradually eliminating the fertilizer subsidy. After having announced a fertilizer price increase of 25 FCFA/kg, the GOS cancelled that increase in April 1982. The World Bank then did not transfer to the GOS the last portion ($17 million) of the loan.

This experience points out the political difficulty which many of the member states have with some of the reform conditions. With legislative and presidential elections scheduled for February 1983, President Diouf, following a tour of rural areas, undoubtedly felt that this fertilizer price increase would not be acceptable to rural producers and would represent an unacceptable political risk for his government.

In 1986 the World Bank accorded Senegal a second structural adjustment loan of $70 million. Conditions associated with this loan included many aimed at the agricultural sector: improving the system of fertilizer delivery, the system of groundnut seed storage and delivery, the marketing of groundnuts and cereals, and the agricultural extension services. Further, there were many conditions associated with increasing the efficiency of the public sector and the use of public investment funds. As with the first structural adjustment loan to Senegal, this loan contains a

large number of objectives and expects rather quick (15 months) compliance with the conditions included in the loan. The new Senegalese agricultural policy and the more coordinated donor support to Senegal are factors which should contribute to the satisfying of the World Bank's terms; nevertheless, as with the first loan, there is the risk of failure, given the number and complexity of these conditions.

D. Caisse Centrale de Coopération Economique (CCCE)

The Caisse Centrale has financed several structural adjustment programs in the Sahel. From 1983 to 1985 the CCCE has committed approximately $90 million (the actual dollar amount depends on the $/FF exchange rate) to three countries: Niger- three loans totaling $35 million, Senegal- three loans totaling $46m, and Burkina- one loan totaling $9m. For 1986 additional loans have been or are being negotiated for Niger, Mali, and Senegal. Each of these annual loans was for general macro economic support: financing government operations and debt relief.

The structural adjustment policy of the CCCE is to support the national government in implementing an economic reform plan which has been negotiated with a multilateral agency like the IMF. Following or concurrent with the establishment of a national reform policy, the French government will send a mission comprised of representatives from the CCCE the

Ministry of Finance, and the Ministry of Cooperation to determine the French government's financial participation in supporting this reform process. A portion of the interest due on the resulting loan from the CCCE to the national government is paid from the annual budget of the Ministry of Cooperation. Thus, the French government's support of economic reform, through its program of structural adjustment, is aimed at supporting an existing reform program and does not impose additional conditions on the national government.

It should be noted that the CCCE directly supports reform in the agricultural sector with both project and non-project assistance. The accord of these loans by the CCCE is generally contingent upon certain conditions which can concern price policy, reform of parastatal organizations, and land use policy, among others. The general policy of the CCCE, like that of most donors, is that any financial commitment which it makes should contain conditions which will increase the effectiveness with which the financial support is used. In summary, the CCCE supports both macro-economic and sector specific reform through its varied financial operations.

F. Coordinated Donor Support of Policy Reform

In 1981 the Government of Mali accepted a reform program negotiated with a group of donors, which included the World Food Program, Belgium, Canada, the European Economic Community, France, the United Kingdom, the United States,

the Netherlands, West Germany, and Austria. Donors provided food aid which was to be sold by the Malian government at the official consumer price. The funds generated from these sales were to be placed in a special account aimed at supporting the operations of the national cereals marketing board, OPAM. This reform effort is referred to as PRMC (Malian Cereals Reform Project).

The actual reforms included an agreement to increase official producer and consumer prices for grains, permit private traders to market cereals, and improve the functioning of OPAM, the national cereals marketing board. The donors would support this reform process with a significant commitment of food aid which would be sold, providing counterpart funds for the Malian government, to support OPAM's operations and general reform of the cereals marketing process. Evaluations of this effort have been mixed. Favorable comments focus on the recognition by the Malian government of the need to reform agricultural marketing and the rather open, frank dialogue which has occurred between the donors and the Malian government. The 1985/1986 Berg report on cereals policy (using information collected through 1985) suggests, however, that the actual quantitative impact of the reforms has not been significant. Producer price increases have been insufficient, resulting in smaller than expected production increases. The 1984 drought, of course, complicates the quantitative evaluation of the impact of these reforms on domestic production. According to the Berg report the efficiency of OPAM has not greatly increased; yet, its operating deficit has decreased significantly.

In contrast to the Berg report, an evaluation by Serge Coelo concerning the PRMC is more encouraging. (See: "La Relance de la Production par une Politique Des Prix: Restructuration du Marche Céréalier au Mali," March 1986) Coelo feels that the reform process is continuing on the path established by the government of Mali and supported by the donors. He feels that the progress to date is quite encouraging and merits continued support by the donors.

The second phase of the Malian cereals reform process (Nov. 1986-1989) has established six objectives aimed at 1) continuing to reduce the role of the public sector in agricultural marketing, 2) implementing a price policy which will increase local grain production and reduce the deficit of OPAM, 3) reducing the deficit associated with the government's intervention in grain marketing, 4) restructuring OPAM's operations, 5) encouraging local grain production and consumption, 6) increasing the producer's role in grain marketing. While it is not possible to predict how quantitatively meaningful these reforms will eventually prove, their existence shows that the policy reform dialogue between the Malian government and the donors is continuing. For this reason the PRMC is considered one of the more encouraging donor initiatives in support of agricultural policy reform, and, (7) strengthening the role of the private sector.

III. An Evaluation of Donor Experience with Support of Reform

The preceding discussion summarized the donor experience with the use of program assistance to support reform in the agricultural sector of the Sahelian countries. The obvious conclusion was that such support has not been entirely successful in generating sustained development in agriculture. Policy makers must be aware of this lack of success, since many experts view conditional program support of agricultural reform as a most hopeful means to stimulate agricultural development. The purpose of this analysis is not to suggest that support of agricultural reform is an inappropriate means to promote development, but rather that such support must be carefully designed, recognizing the many difficulties which donors and member states have experienced. Some of these concerns are summarized below.

1. The need for macro economic reform

The discussion of donor experience in supporting reform has shown that agreements can contain elements aimed at 1) providing macro economic oriented reform, or 2) micro economic, agricultural specific reform, or 3) some combination of the two. A relatively strong case for giving priority to macro economic reform can be advanced. First, it would seem that macro economic reform is a precondition for reform in the

agricultural sector. Second, effective macro economic reform will indirectly benefit the agricultural sector; undoubtedly, the converse is true, but probably to a lesser extent. Third, donors seemingly have had less success in supporting effective sectoral reform, in comparison to macro economic reform.

2. The lack of a coherent national agricultural policy

When it seems appropriate to provide direct support for agricultural reform, such reform must be based on a coherent national agricultural policy. However, donors have been willing to offer support for agricultural reform when, in fact, there has been no coherent national agricultural program or policy. Support has been offered for partial policies and even potentially contradictory policies (e.g. Niger, with the ambiguity in the auction versus fixed price purchasing policy). However, no Sahelian country has completely succeeded in designing and implementing a coherent, comprehensive national policy. (It should be noted that most, if not all, of the developed countries are subject to the same criticism.) As indicated in Section II of this report, both Senegal and Mali have made some progress towards implementing a comprehensive policy.

At a minimum, such a policy or program must include the following elements: a) price policy, b) storage policy, c) marketing arrangements, d) input delivery and pricing, e) agricultural research, f) tariff policy, g) food aid policy, h) transport arrangements, i) credit, j) environmental protection, k) agricultural extension and l) exchange rate

policy. The inclusion of these elements in a coherent national program is not meant to suggest that the government, itself, should be responsible for each of these arrangements, such as marketing or providing credit. It may well be preferable for the private sector or some public/private combination to have responsibility for a particular action. An important consideration in designing this national policy is the availability of financial resources which the national government is able to commit to the policy. Generally speaking, the Sahelian nations do not have the resources necessary to support an expensive national policy which attempts to protect both producers and consumers.

It is particularly important, however, that the program or set of policies be internally consistent. For instance, if increased domestic grain production is a priority, it is unreasonable to have a pricing policy which calls for imported rice to be sold at a lower price than domestically produced rice. Further, it should be strongly emphasized that price policy, itself, is only one element of a national policy and, as a reform measure, may have limited short-run impact. In fact, the more critical debate may concern the desirability of any price control as opposed to the level of controlled price. In conclusion, the most important lesson which can be drawn from donor experience is that the presence of a coherent, comprehensive agricultural program or policy (one addressing elements a thru l above) is a necessary condition for supporting meaningful reform in the agricultural sector.

3. The Need for Donor Consensus

When individual donors negotiate agreements with a member state, there is the risk that contradictory policy advice will be given. For instance, there is considerable debate about the desirability of subsidizing fertilizer. Some donors argue that without the subsidy farmers will be excessively hesitant or even unable to use fertilizer with resulting soil degradation and reduced production. Other donors argue that the subsidy represents a poor use of limited government development funds and results in an uneconomic use of fertilizer. Finally, the intermediate position calls for temporary and selective use of subsidies. Similar debates concerning price policy, the role of national marketing boards, and storage policy occur. While the national government is responsible for designing a long-term, consistent plan for agricultural reform, there should still exist a consultative process involving all interested donors. The member state can not be expected to conclude effective agreements with individual donors in the absence of such a consultative process.

4. The Extreme Complexity of the Agricultural Sector
The Risk of a Poor Policy

The lack of a complete understanding of the economic, social, and political forces at work in the Sahel makes it quite difficult to arrive at a comprehensive, consistent agricultural policy. Nonexistent or missing data, the

presence of important political factors, social relations which are often unclear to donors from developed countries, all complicate the design of an effective agricultural program. (The more developed countries have confronted the same complications in attempting to design agricultural policy.) Agreements between donors and a member state, reached in the presence of this uncertainty, risk to be ineffective and, perhaps, even counterproductive.

An argument can be made that poor policy reform can have destructive long term consequences. Notwithstanding the counterproductive economic effects of a poor reform program, the resulting failure of a poorly designed program can frighten both the member state and the donors from initiating further reform.

5. Adverse Effects on Low Income Groups

Often the conditions associated with agricultural reform can have adverse impacts on different low income groups in the society. For instance, sharply increased consumer grain prices (rice in Senegal, for instance) impact negatively on low income urban residents. Personnel reductions in the public sector often begin with the lowest level employees, resulting in an immediate loss of income for them. Reducing fertilizer subsidies negatively affect low income farmers. The tradeoff between equity and efficiency has been long recognized in economics; thus, there is nothing surprising in the above observation.

In supporting economic reform, donors and national governments should attempt to minimize any adverse effects on both producers and consumers. Donors may wish to include in a program supporting reform, some form of financial assistance to cushion the impact on those groups less able to bear the short-run financial burdens of reform and adjustment. Further, member states may find the reforms more politically acceptable if lower income groups receive some form of transitional assistance. For example, limited food aid distributions or some form of cash grant to truly needy individuals could be instituted to reduce the burden of increased consumer grain prices.

6. The timing of the reform process

This report has not addressed in detail the issue of timing with respect to the reform process. Nevertheless, this is an important question. How rapidly should reforms be introduced? Should they be introduced gradually to accommodate and to soften the adverse effects which will be felt by certain groups, or should there be a relatively rapid introduction of these reforms to take advantage of any favorable momentum in the reform process and to reduce the effectiveness of those groups opposing reform measures? A related question concerns the time frame over which donor support of the reform process should occur. To increase the attractiveness of the reform process and to provide support over a time frame which is reasonable for reforms to have an

effect, donors may need to make medium term commitments of four to seven years. Continued funding during that time period would be contingent on the results of joint member state and donor monitoring and evaluation of the reform process.

The above observations form the basis for the recommendations advanced in the next section.

IV. Recommendations

The lessons learned from donor experience with support of agriculture in the Sahel lead to certain broad, summary recommendations to enhance the effectiveness of the support process. Given the complexity of the situation in each country, specific recommendations, for the Sahel as a whole, are not easily advanced or defended. The following set of recommendations draws on the analysis found in Sections II and III of this report, as well as recent World Bank publications. These recommendations are generally consistent with the conclusions of a recent OECD Development Assistance Committee (DAC) discussion on aid coordination held the 21-22 May, 1986. (See: Rapport sur le Développement dans le Monde 1986, Structural Adjustment Lending, An Evaluation of Program Design (Working Paper No. 735), and Financing Adjustment with Growth in Sub-Saharan Africa, 1986-1990. and "Adapting Aid in Support of Improved Development Policies and Implications for Aid Coordination: Results of Recent DAC Work," May 1986.)

The World Bank's Working Paper concludes, based on an analysis of the existing literature concerning structural adjustment, that "few guidelines exist to help design a structural adjustment program per se, i.e., a set of consistent mutually reinforcing policies." (p.14) The suggestions advanced below are not themselves specific guidelines; rather, they are more general principles which could be implemented by donors and member states in their attempt to improve the process of supporting government policy reform.

1. While donors and the national government must agree to the conditions associated with a comprehensive, consistent reform program, whether directed towards improved macro-economic performance or agricultural development, the major responsibility for designing any program must rest with the national government, with the support of appropriate donors. Based on the willingness and ability of the national government to undertake meaningful reform and the quality of the reform program, donors must decide the level and terms of their financial commitment to support the reform process.

As a general rule, it is preferable to have agreements which do not contain an inordinate number of complex conditions. There is a limit to the national government's capacity to introduce reforms; also, there is insufficient knowledge and understanding of the economic and political environment (particularly in agriculture) to establish overly precise conditions. Finally, the evaluation process will be more effective if donors and the national government can concentrate on a few, but significant reforms.

Any agreement must contain a monitoring process which includes rigorous and timely evaluations of the national government's progress towards meeting the reforms. Such evaluations should be coordinated exercises, jointly undertaken by the national governments and the donors. Continued funding of any reform program should be contingent on the national government's having met the performance criteria established in the reform agreement.

2. Reform in the agricultural sector is not easily separated from general economic policy reform in the country. National fiscal, marketing, and trade policy must all be conducive to the development of a healthy agricultural sector. Such policy reforms are more macro oriented than sector specific and really should precede or, at least accompany the introduction of specific reforms for agriculture.

3. The basic thrust of any series of reforms aimed at the agricultural sector should be to make agriculture a more profitable activity. Throughout Africa the agricultural sector has been economically penalized for decades. Urban consumer groups and industry have been favored at the expense of the rural producer. (Exchange rate, price, food aid, and tax policies have all been used to favor urban groups.) If there is any general thrust to an agricultural reform movement, it should be to remove the incumbrances which have been placed on the agricultural sector.

4. While the efficiency of private markets is often subject to debate, it is clear that unnecessary government intervention into the marketing process has been a major cause of the poor performance of agriculture in some African countries. A recent report concerning the role of the private sector in agricultural marketing in Mali supports the conclusion that the private sector is relatively efficient and offers suggestions for supporting increased private sector activity. (See: "Le Commerce Privé des Céréales au Mali: La Filière Socio-Professionnelle", by Gérard Gagnon, 1986.)

5. To encourage significant and difficult reforms, donors should be prepared to offer a package of financial assistance (phased in over several years) which extends beyond the short-term (one or two years). Donors are requesting that governments make policy changes that are often unpopular and have adverse effects on politically important groups and/or low income groups. Certainly it is understandable that the national government would desire some medium to long-term financial commitment from the donors to ease the short-term burden of reform.

6. The evaluation process referred to in recommendation number one is complicated by the lack of reliable data and other uncertainties. Thus, to facilitate an effective evaluation process, there is a need to strengthen the data collecting and treatment capacities of both CILSS (particularly AGRHYMET and Diagnostic Permanent) and the national governments. Donors should provide technical assistance to support the national governments in their design of effective policy. Also, the donors should consider ways to increase the technical capacity of the local government to analyze economic policy issues. US AID support of the Bureau of Macro-economic Analysis (associated with ISRA) in Senegal is an example of this type of institutional support.

ANNEX

Recommendations Addressed to Donors following the Nouakchott Colloquy

The Council of Ministers of the CILSS, meeting on the occasion of its twelfth ordinary session at Ouagadougou on 11th and 12th January, 1980 approved the following recommendations directed to the international donor community. These recommendations resulted from study by the Council of Ministers of the proceedings of the Nouakchott Colloquy on cereals policy.

1. That donors help the member states reinforce existing structures for data collection, including the training of local personnel in data collection and processing.

2. That donors grant priority to exchanges relating to food products in the Sahel sub-region.

3. That donors provide a higher priority to the financing of cereals projects, agronomic research and cereals processing.

4. That donors soften criteria for choosing projects and speed up the mobilization of necessary funds.

It should also be noted that the participants at the Colloquy also made joint recommendations, applicable to both national governments and donors. These included recommendations concerning: ways to increase domestic grain production, promote more efficient marketing (whether by the public or private sector), the need for improved price policies, more efficient storage practices, a more rational use of food aid, and the development of regional trade. In summary the Colloquy stated "cereals policy is made of an array of different measures. The Colloquy vigorously insisted on the necessity of coherence between implementing measures of each State."

(A complete listing of all recommendations can be found in Cereals Policy in Sahel Countries, Acts of the Nouakchott Colloquy, CILSS/Club du Sahel, 1979, Section C.)

Listing of Acronyms

CCCE	Caisse Centrale de Coopération Economique
CILSS	Permanent Interstate Committee for Drought Control in the Sahel
FCFA	West African Monetary Unit (50 FCFA=1 FrenchFranc)
GON	Government of Niger
GOS	Government of Senegal
IMF	International Monetary Fund
OECD	Organization for Economic Cooperation and Development
OPAM	Malian Cereals Marketing Board
OPVN	Niger Cereals Marketing Board
PRMC	Malian Cereals Reform Project
USAID	United States Agency for International Development

IV-16 CEREALS POLICY AND SUB-REGIONAL CO-OPERATION

Robert BAILHACHE

FOREWORD

The idea that cereals policies in Sahel countries will only become fully effective, for the purpose of achieving food self-sufficiency, within the framework of sub-regional co-operation associating them with coastal countries, appeared for the first time at Nouakchott as one of the major conclusions of that now historic conference, held in July 1979.

The idea has since been developed by the CILSS and the Club du Sahel on several occasions, notably when the CRESAL project was implemented.

It has also been taken up in a parallel manner by the CEAO, owing to the latter's geopolitical vocation and its institutional capacities, and it is in this way, at the latter's request, that I came to undertake an introductive reflection in a report published in March 1984 and called : "Work document for the study of an agricultural policy for the West African Economic Community".

As the present paper is to a large extent inspired by this work, and as the analyses made for it are still completely up to date, the zealous reader can refer to them for a more complete approach to the subject.

CEREALS POLICY AND REGIONAL CO-OPERATION

I. - THE SITUATION

For a long time in Sahel countries, the food supply problem attracted little attention.

Except in Senegal and Cape Verde, moreover for different reasons - extraverted consumption habits in the first case and a structural deficit in the second - demographic growth was compensated for, according to an almost perfect correlation, by an increase in the offer. This increase was the result of an increase in the land under cultivation, itself made possible by the fairly considerable amount of agricultural land available. Thus, during the sixties, cereals imports represented less than 1% of production (see Gabac-GIRI Report, Tables 3 and 4). Twenty years later, even if the situation is not as alarming s some people like stating, it is not satisfactory. This is not because cereals imports by previously self-sufficient countries attained, between 1981 and 1985, an average of 10% of the available local production, nor because these imports have shown a tendency to increase over this long period, but is due to the more outstanding causes at the source of this evolution, which, beyond repeated droughts, reveal deep uneasiness.

In fact, if at first sight this evolution can be considered negligeable, considering the very unfavourable conditions prevailing in 1984, the surplus appearing during the 1985 agricultural campaign (and sanctioned by a fall in marked prices), like those forecast for the present campaign, indicate that traditional production systems still have growth capacities in reserve (notably, land reserves). On the other hand, a finer analysis of realities enables disquieting signs for the future to be detected. It can be concluded that food crops have attained a level where contradictions impose a period of intensification, with the resultant technical, social and cultural changes, from both the micro and the macro economic aspects.

II. - THE PROBLEMS

The problems underlying this more or less latent crisis are very diverse, although they all participate in the same "diabolic and vertiginous process" (see Work Document, CEAO, Vol. I, page 8 and following pages).

The characteristics of this process are mainly as follows :

1. - greater precarity in food self-sufficiency, which has already occurred in some less favoured regions possessing poor quality soil and/or marginal climates, involving a rural exodus and its corollary, accelerated and often unproductive urbanization,

   . resulting in a weakening of production capacities, accompanied by an increased, more or less solvent demand for food products both in towns and in country areas,

   . justifying a policy or low prices and even recourse to distribution free of charge (the extreme case of Mauritania);

2. - the recurrent introduction in increasing quantities on internal markets of expensive cereals (wheat) or cereals difficult to produce on the spot (rice), coming notably from the liquidation of stocks existing in industrial countries. The latter replace local cereals, thus creating consumption habits that are difficult to reverse (the premonitory case of Senegal).

   This finally results :

   - in the progressive suffocation of old cereals production chains (see CEAO Document, Vol. II, Annex I - Days of reflection on agricultural production and food product strategy in Senegal - page 17 and following pages),

- and the other agricultural speculations with an exporting vocation being incapable of making them good or being only partially capable of supporting them when they are not failing. After groundnuts, cotton came to confirm this hard truth. In fact, the deficit of its trading chain for the 1985/1986 campaign in the whole of the Sahel producer countries amounted to 60 billion Francs CFA, owing to the sharp fall in the prices of cotton fibre (see the ESTUR Report on the financial prospects of cotton production chains, CFDT 1986) ;

- in a general decline of national economies, leading, at State level, to renewed, inevitable and therefore somewhat legitimate recourse to food aid and financial assistance, whereas the populations themselves sought their own solutions in emigration (Niger, Burkina Faso, Chad) to coastal countries or (Mali, Senegal, Mauritania) places outside the African continent.

III. - THE ANSWERS

The fact that a dependance situation of this kind had to be recorded does not nevertheless imply that one is resigned to such a situation. No Sahel Government can accept to have no alternative prospects to offer to its citizens. The situation is all the more inacceptable as there is no real justification for it.

In spite of appearances and the intoxication stimulated by the media, that has developed in industrial countries and that saw its apogee in the recent series of manoeuvres, both political (United Nations conference on Africa) and artistic (charity show business), the Sahel countries, and more generally speaking Africa South of the Sahara, are fully cognizant of all the inherent constraints, and are perfectly capable of reversing this dramatic course of events, provided they really believe in what they are doing and are prepared to take the necessary decisions. Indeed, they benefit

from considerable potentialities, most of them unexploited. They also benefit from some comparative advantages, which would certainly come into play, if the world economy rules were to become loyal, which is perhaps more of a pipedream than a utopia.

III-I FROM THE THEORETICAL ASPECT

Demonstration of this opportunity can be found in a brochure produced byt the FAO in 1980 and entitled : "Energy and Agriculture". With innocent eloquence, it states (see Table 20, page 49) that the return per hectare in highly developed countries (Europe, North America) is on an average four times greater than the return obtained in Africa, but for a consumption of energy from 20 to 25 times greater. Hence, the conclusion is drawn, without any excessive abuse of logic, that, in view of the low departure level of African agriculture, or rather because of it, the energy multiplication coefficient would certainly be greater than that of developed countries, and that the additional production thus obtained should normally be able to place itself in a favourable position on neighbouring markets, owing to the advantage of proximity enjoyed.

In this context, it will be observed that the unequal development of productive agricultural forces in the world, underlined by the World Food Council during its meeting in Paris in June 1985, is not the result of an unequal distribution of potentialities but of the unequal manner in which they are put to use, owing the unequal distribution of production factors. Mr. SAOUMA, General Director of the FAO, understood this full well in his article published in the September 1986 issue of "Le Monde Diplomatique", in which he suggested replacing food aid with input aid.

III-2 - FROM THE PRACTICAL ASPECT

Both station research and the results obtained with export crops confirm this hypothesis, with cotton and the food crops concerned being the best illustration of this fact.

Together, they have proved :

- that in most Sahel countries, there are regions possessing considerable capacity for progress, owing to the climatic and human conditions prevailing there, notably in Sudan and Sudano-Guinea zones ;

- that in these zones, thanks to maize, it is possible to improve on the cereals return per hectare to from 200 to 300 %, enabling national needs to be covered by this increase alone ;

- that an intensification of this kind, by favouring better distribution of assets due to the population movements it would provoke upstream and downstream in secondary and tertiary sectors, would facilitate the re-establishment of the ecological balance, compromized in marginal and/or over-populated zones. At the same time, the improvement in the economic situation of their producers would be ensured by an extension of the areas under cultivation, made possible and facilitated by equipment designed to increase work productivity.

Likewise, the enormous potential for irrigation that exists, particularly in the big river valleys, could find justification for its valorization in supplies of rice to markets. This product, for which the demand exceeds the offer, is experiencing a growth rate higher than any other cereals, including wheat.

On the other hand, all these potentialities cannot hope to be developed - as export crops have positively and negatively proved, depending on the commercial conditions they have experienced - unless remunerative outlets are guaranteed to producers. In other words, until such time as cereals crops, which up till now have been essentially devoted to self-subsistence, become profit-making crops. The existence of markets to dispose of surpluses, obtained thanks to productivity gains procured by intensification, and/or resulting from an extension of cultivated areas, from the development of new agricultural land or from hydro-agricultural development projects, is indeed the necessary condition to enable producers to procure the resources necessary for financing the recurrent charges on their farms.

It is at this stage of the argument that the blocking point occurs. It is then, particularly for continental Sahel countries, which are unable to finance the modernization of their cereals agriculture by means of transfers from other agricultural activities or from other sectors (mining, for example) - transfers making it possible to support prices or subsidize inputs

- that it appears necessary to direct this production towards conquest of the most advantageous, the most accessible and the most available foreign markets, that is to say the markets of neighbouring countries,

- and that, consequently, sub-regional economic cooperation within the framework of a Common Agricultural Policy would become a privileged means for them to attain their food self-sufficiency target, in accordance with the present formula adopted at Nouakchott, namely : "To be self-sufficient, you must have surpluses".

Therefore, their cereals policy must be based on these analyses, both as regards the choice of the products to encourage and the organization of their marketing, including their possible processing.

In the same way and for the same reasons, Sahel countries must be the ardent promoters of a Common Agricultural Policy and play an active part in its elaboration, as the CEAO has already done.

In this connection, because extraversion is directly linked to their dependence in respect of inputs - and therefore irreducible - they must also explain to their better-placed coastal partners the advantages that the latter could gain from organization of a joint economic market of this nature. Preference could be granted to them regarding supplies of some production factors for which the demand would be increased. In this way, they would be compensated for the marketing facilities they would grant. How can one not think that the phosphates of Togo and Senegal and oil from Nigeria would thus find new outlets ?

In fact, when one speaks of this sub-regional cooperation, it must not be limited to more distribution of agricultural activities depending on natural vocations, but it must be used to create new inter-sectorial synergies, at the same time making the following possible : reduction in dependence for each of the partner economies, growth of their exchanges and joint development of their respective markets.

Just two more words to say that a diagram of this kind does not ignore the theory of comparative exchanges, but comprises applying it to an organized space, instead of exposing each of the member countries to the tempests of the world economy ; and also to say, that a revision of exchange rates could be an instrument for implementing this policy, along with more selective protection measures. However, this revision will have no meaning unless it is applied in common.

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IV-17 TOWARDS FOOD SECURITY FOR THE SAHEL: PROPOSALS FOR THE ESTABLISHMENT OF A REGIONAL "DIAGNOSTIC PERMANENT" NETWORK

ecutive Secretariat of CILSS

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Today, food security it an attainable goal in the Sahel countries if agricultural policies are improved and trade stimulated in a **regionwide context.**

True, the general background is hardly a favorable one and the Sahel countries are facing real obstacles in their struggle for food security. Some factors will be hard to overcome. For the moment, governments and economic agents suffer climatic variations and price fluctuations on the international markets rather than anticipating and preparing for them. Moreover economic activities are so little integrated within each country and in the region as a whole that it is impossible to respond to an unstable environment with the flexibility it demands. Adjustments are made no easier by the often over-rigid and divergent policies of the different States.

At a difficult time like the present, the lack of reliable data seems to be a major limitation. Improvements in policy quality will depend on improving the quality of information.

It is to this end that the CILSS hopes to pursue its drive to produce better-quality information for better policies.

Preparatory Document N° 2 for the Mindelo conference, analysing the degree of success achieved in applying the Nouakchott conference's recommendations on regional cooperation (*), shows the state of progress in the main CILSS projects in this field: the pre-CRESAL project, the Sahel food crisis prevention network and the project to improve the instruments for "Diagnostic Permanent" in the cereals and livestock sectors.

Our aim in the following pages is to **propose an overall framework for continuing these projects** by establishing a regional "Diagnostic Permanent" network on food security.

I BACKGROUND DEVELOPMENTS

Seven years after the Nouakchott conference on cereals policy in the Sahel, the need to improve information quality will be pinpointed again in Mindelo. But the recommendation is not being repeated merely in order to convince ourselves. Steps have been taken in this direction and many changes have taken place since 1979 to create a favorable background against which action in this field can be pursued and, more particularly, can now be better defined.

Concern to improve information quality as a basis for better policy decisions has grown to the extent that it is now becoming a priority for governments in the region. As discussion and reflection on cereals policy have developed they have brought to light the many unknowns of the Sahel's food systems. Whether the issue is farmers' storage and marketing behaviour patterns, trader behaviour or consumer habits, most participants in the debate now identify the lack of reliable data as one of the main obstacles to improving food policy.

(*) "Bilan de la mise en oeuvre des recommendations du colloque de Nouakchott en matière de coopération régionale".

But the question is also now more accurately stated: from saying "We must improve the quality of our information" we have moved on to the more operational stage of asking what information, to what end, how to construct it and how to use it. Today it is clear that to be useful, information has to be specific information responding to a clearly-identified need.

The market organization problems raised by the relative abundance, in most cases, of the last two harvests have shown that the Sahel's problem is no longer merely how to manage deficits but also how to manage surpluses. This situation is strengthening the idea that, whatever the levels of output in the CILSS countries, food security must be thought out on a regional scale.

An adjustment of supply and demand can help towards equilibrium in the region provided it embraces the coastal countries and is based on collaboration between all the protagonists involved. Action can be taken in this direction, and help is already being provided by various parties through triangular aid packages. Such action can be given wider scope by circulating better market information both among the national marketing boards and to private operators.

Lastly, it must be stressed that food strategies put into operation on the basis of coordinated action between the different partners in the field have concretely helped spread the notion that food security is a matter for cooperation.

II AIMS OF THE PROJECT

The project the CILSS is proposing is aimed at

> developing a backup system to aid decisionmaking by member States on issues of food and agricultural policy in a regional context.

To reach this goal, three objectives have been set which extend the current "pre-CRESAL" and "Diagnostic Permanent" projects. These are:

- to improve the quality of information for decisionmaking,
- to develop a capability for "Diagnostic Permanent" on regionwide food security,
- to help improve the circulation of information and consultation between decisionmakers by setting up a regional food security network.

2.1 Improving the quality of information for decisionmaking

The experience gained from projects undertaken in this field in recent years gives us a firm basis for saying that, to attain this objective, one must:

- accurately target the information needed by those in charge of cereals policy (or food and agriculture policies more

generally) for their decisionmaking. To be useful and usable, all information gathering must be done in the light of a particular objective and must fall within a previously defined analytical framework.

This means:

* defining the end purpose of the information more clearly: early warnings, managing short-term policies or defining and evaluating structural policies;

* reasoning in terms of an information system which will compare and connect the different data in the light of the economic policy questions one is trying to answer.

- improve data gathering and processing methods in the light of the end purpose of the information sought. For example, producing the data needed to trigger the alarm in the event of a food crisis calls for a particular approach, and indeed some innovation in the statistical techniques employed. The survey must be lightweight and selective in its coverage, and the data must travel up the pipeline very fast. Supplying periodic data implies a different approach; in particular it implies methods compatible with the budgets available over the long term.

- bring methods into line with each other in the different CILSS countries, to produce more coherent regional data.

Any steps to improve data quality must be guided by two major principles:

- breaking down the compartmentalization of data and bringing closer together the different projects under way or planned in data systems. Experience has shown that producing data on a food system is just as much a question of coordinating projects and comparing results as a technical question (if not more so);

- promoting the development of lightweight surveys and attempting to lighten as far as possible the traditional survey mechanisms. Data gathering must have two objectives: to obtain the most reliable data and to be able to produce them again at regular intervals. This means making the traditional surveys more effective, establishing the best possible ratio of cost to reliability (or results to probability of permanence of the mechanisms), running the new methods experimentally and introducing them more widely.

2.2 Developing a capability for "Diagnostic Permanent" in regional food security

This objective implies setting up a regional observatory within the CILSS framework to monitor food and agriculture policies and situations, and also a "Diagnostic Permanent" network for regional food security.

The regional information network could consist of the project unit observatories in each country, other CILSS bodies and projects concerned such as AGRHYMET, the CILSS/Club du Sahel food crisis prevention network (in which the bilateral and

multilateral aid agencies are also participants) and as far as possible organizations in the coastal countries.

The regional observatory will:

- rely on the information supplied (produced) by the network on production, marketing, prices, storage, transport, processing, consumption, and regional and foreign trade;

- elaborate a specific framework for analysis of the data and a diagnosis of the situation, with a view to decisionmaking with three objectives in mind;

  * forecasting and better management of food crises (or of the difficulties connected with surpluses):

  This objective implies centralizing the information from the early warning and crop forecasting systems, comparing them with regional data on import forecasts, stocks, prices, and transport, and also the crop forecasts and price information for the coastal countries;

  * taking agricultural policy measures and monitoring their short-term impact, i.e.:

  . collating and comparing data on the short-term situation for decisionmaking purposes (at the start of the season for cereals policy),

  . making an inventory of the measures taken and evaluating their impact on the food situation, in order to propose measures for the following season;

  * evaluating the longer-term effects of policies, with two aims in mind here:

  . influencing structural policies,

  . using comparisons of long series of variables to try to develop instruments that will help in short-term decisionmaking.

2.3 Improving the circulation of information and strengthening consultation regionwide

For the regional observatory to become a useful tool for the network in guiding food policy (i.e. by providing information and making proposals and evaluations), it will be necessary to:

- improve the circulation of information in the CILSS countries

  The shift from diagnosis to action will depend on the ability to propagate information fast, in an appropriate form and to the points where it can be used;

- improve regional consultation and coordination among decisionmakers

The coordination and backup team for the project we are proposing will have to promote the network, encourage participation and act as a link, liaising with:

* those responsible for food policy in each country

* and, in collaboration with the Club du Sahel, the international agencies.

III THE CONTENT OF THE PROPOSED PROJECT

No project in Africa has so far been exclusively devoted to the permanent monitoring of development and the data gathering this entails -- still less any regional project.

Today, however, the ground has been laid for such a project in the CILSS countries. The national project units are to a large extent already operational, methods are beginning to be harmonized, early warning systems are at the experimental stage in a number of existing projects, a market information system has been proposed, and under the "pre-CRESAL" and "Diagnostic Permanent" projects a long-cycle data bank and an analytical framework for cereals policy analysis are currently being put together . Work done so far allows us to envisage a scheme that will effectively bring together the necessary means to make lasting improvements to data quality and to offer more accurate diagnoses.

Starting from information drawn from current projects, one can propose a series of precise lines of action which have a clear connection with the overall objective:

3.1 Continuation and reinforcement of project promotion and work to decompartmentalize information.

Experience has shown that to improve information gathering and data processing it is necessary, at least in the first stage, to strengthen and broaden support for national structures.

The regional coordination team should be given a greater capacity to offer technical backup and monitoring for projects undertaken. But training seminars and encounters to allow exchanges of experience on particular issues, organized with the help of specialists, should be more widely used.

Project promotion work must from now on go beyond the search for information and tackle the economic analysis field (diagnosis from results).

3.2 Assistance in carrying out national reference surveys to lay a firmer foundation for the permanent information system.

These will be statistical surveys of the traditional type, harnessing considerable resources but at fairly long intervals (survey every 5 or 10 years). They would include, for example, a farm census, a livestock census, a survey of flows of produce, a consumer budget survey, etc.

These surveys are necessary either to enable extrapolations to be made from small samples, or to set one or several given parameters for which the lightweight surveys will then measure the variation. These reference surveys should provide a way out of the dilemma very often encountered when one attempts to lighten information systems: the classic survey is unsuitable for seeking out permanent information (in the Sahel countries' current context of lack of resources, operational difficulties etc.), but present knowledge of structures is too weak to enable lightweight surveys to become reliable or representative.

In this respect, the reference surveys must be regarded as a necessary investment if a permanent (and so more lightweight) system is to be set up for data gathering and processing. This need for investment will diminish as the information system fills out.

It is not a question of the CILSS project taking charge of all these requirements, but within the framework of this project the national units do have the means at their disposal to give impetus to the operations. A round table of donors could be organized in each country by the national unit concerned, to define a program for carrying out these surveys over several years.

3.3 Training and method experimentation

These are decisive factors for success in creating a permanent information system capable of answering decisionmakers' questions.

The essential aim of such experimentation is to seek out and test more reliable or more lightweight data collection methods. This line of action could tackle such topics as: conditions under which interviews with farmers can be considered reliable; comparisons between different early warning systems; combining qualitative and quantitative factors in a survey; techniques for rapid recording of flows of goods, methods of approach to on-farm storage, crop area estimation techniques etc.

These would be regionwide programs, broadly defined at the outset and then progressively defined with greater precision.

From the same viewpoint, the essential aim of training would be to set up forums of technicians who have had to tackle particular problems. These seminars would be opportunities for technical contributions from specialists in lightweight survey methods, since present experience shows this to be a relatively new field for statisticians.

3.4 Introducing early warning systems more widely

The "Diagnostic Permanent" project is currently running an early warning system experimentally in one region of Burkina Faso. Other systems have recently been brought into operation as part of several different CILSS projects.

Comparative evaluations should make it possible to decide which systems are best suited to the different countries' individual situations and, more especially, to each different crop forecast requirement (or deficit/surplus forecast).

Lastly, the season is monitored by means of the classic farm survey, and this will have to be evaluated over several years to see whether this survey can produce reliable results for early warning purposes.

3.5 Harmonizing crop estimate methods

The program launched in the CILSS countries to improve and harmonize methods in the traditional random sample survey must continue. But resource coordination will have to be fostered to prevent the program getting tied down supporting a heavyweight recurrent survey if it cannot ensure from the outset all the conditions for running the survey correctly (eg. if it lacks control and supervision resources).

In this field too, the possibility of carrying out reference surveys should make progress possible towards a lightening of the survey mechanisms.

3.6 Introducing market information systems more widely

The approach we are suggesting allows for tailor-made approaches for each country in line with their stage of development in this field.

The aim of the project is to start to bring together a number of data gatherers and decisionmakers around a few integrated surveys (starting with market prices), to trigger off a chain reaction.

3.7 The observatories

The observatories have two functions:

- they centralize information: survey data, other complementary information, and a file of food and agriculture policy measures. Each center is both a working tool for the country's national unit and an essential piece in the regional information gathering arsenal;

- they diagnose the food situation. Economic analysis must first prepare for a diagnosis by monitoring indicators as the season proceeds, working out the cereal balance etc., and then make its diagnosis by correlating the relevant food system variables with the economic policy measures. This analysis must be made by the national and regional observatories, the latter having the additional task of aggregating the data at regional level.

3.8 Circulation of information and diffusion of results

The establishment of a network of Sahelians with responsibility for food and agriculture policy will make it possible to

circulate results to the decisionmakers and at the same time help towards a coordination of decisions.

The concern to get information circulating is essential to the operation of this network. But to properly disseminate results, forums of decisionmakers will also have to be organized -- e.g., meetings between the national cereals boards.

Lastly, to formulate a diagnosis of regional food security the CILSS network will have to liaise with decisionmakers outside the region:

- liaison with the aid agencies could be done through the food crisis prevention network run by the Club du Sahel and the CILSS;

-links with the food and agriculture policymakers in the coastal countries will have to be built.

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IV-18 NOUAKCHOTT TO MINDELO :
CONFERENCES WITH A DIFFERENCE?

Michel CASSE

By way of introduction:

1. QUESTION ONE

Should the Sahelian farmer, underprivileged and poor as he is, be assumed to behave differently from a farmer from an industrialized country?

2. QUESTION TWO

Should the small farmers as a group (i.e., 60-80% of the population) become involved in the decision-making process affecting their lives?

3. QUESTION THREE

Is there any change in soil fertility, and if so, for better or worse?

4. QUESTION FOUR

Should farming subsidies be abolished?

5. QUESTION FIVE

Experts, what experts?

6. IF...

A footnote to the conference:

The seminar held in Nouakchott from 2-6 July 1979 was a novel experience in more ways than one. The Club du Sahel was as yet little known on the international scene, despite the three years of work already behind it, and some international organizations persisted in ignoring it. The Club, with assistance from the European Development Fund, organized an Experts' Meeting that was to work above self-seeking political ends. The venue lent itself particularly well to the nature of the meeting: a recently-inaugurated hotel a few kilometers outside Nouakchott where the participants, the only guests present, could not possibly do anything but work and exchange ideas with each other. The working documents, including a report by Mr Elliot Berg, were circulated and were found to be fascinating. Some rather outspoken challenges were raised to the notions food aid, losses in storage by small farmers, etc. In addition, Senegal shared the lessons they had learnt by experimenting with spectacular rises in millet producer prices implemented without the ancillary measures needed to avoid a financial disaster, which had inexorably hit the cereals marketing board thereafter. This example was an ideal subject for analysis and consideration.

Even then, two distinct positions had emerged: one classic conservative stance, in favor of trade liberalization, the

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transfer of purchasing operations to the private sector, the free play of the law of comparative advantages, and another more realistic tendency aiming to free the Sahelian countries from economic neo-colonialism resulting from the North-South imbalance. In fact, the only real question before the meeting was to see if measures and mechanisms that had been successful in developed countries' agricultural economies could be applied in Sahelian countries, and to see if aid organizations were willing to contribute to their implementation... Even though no definitive answer was given, it must be recognized that most of the key ideas to be implemented for effective agricultural development were expressed in the Nouakchott meeting and were the fabric on which Commission II based their work. In this context, it is interesting to note that none of the recommendations made by the above Commission were taken up as resolutions by the Council of Ministers of the CILSS, whereas the recommendations of both of the two other Commissions were taken up almost verbatim. (For historical and bibliographical references, see: Acts of the Nouakchott Colloquy, especially pp. 410-412 and 419-422.)

Thus a number of ideas and suggestions sank into oblivion, but are still perfectly relevant today, and should be borne in mind by participants in the 1986 conference in the course of their work even if the agenda does not really allow for them to be clarified at the outset or debated in depth. Indeed, the fact they were not taken up before or were only partially applied may well explain the poor results obtained from agricultural policies implemented in the Sahel and may underlie the inaccuracies in the broad lines or policy of the major aid organizations financing "development" projects in this region.

1. QUESTION ONE

Should the Sahelian farmer, underprivileged and poor as he is, be assumed to behave differently from a farmer in a developed country?

Everyone assumes the answer is yes. A few examples:

In the economic calculations behind agricultural projects, a day's work is estimated at the same value (when any value is attributed at all) whether it is done on a tractor or hoe in hand and ankle-deep in the paddy-field; however, the small farmer, especially if he is young, tends to differentiate between the two, just as his European and American colleagues do. The arduous nature of the work has never really been taken into account to date in the appraisal of projects, and nor has the actual period of time spent working throughout the year. In irrigated areas, for example, permanent cropping speaks for itself: yet no one could be deluded into thinking a farmer will work 365 days a year on his irrigated crops. Other activities are necessary and therefore unavoidable and religious precepts, still prevalent today, call for some period of rest...

In meetings on the use of inputs, it is common to recommend that the small farmer take anti-erosion measures, make on-farm improvements or improve the soil's water retention capability so as to optimize fertilizer use, whose real costs he should be made aware of. The actual cost price of a kilo of fertilizer under

these conditions, compared to the price of his produce, means the farmer either stops buying it altogether or uses too little, without the ancillary measures to get full benefit from it.

Throughout the world, a drop in producer revenue causes a drop in input consumption. What happens, though, when these inputs are the only way to save the crop? When the land served by a small irrigation scheme is under crops throughout the year, the pest and disease level is so high that it has to be fought down with financial means way above what the supposed beneficiaries of the scheme can afford: projects very rarely make an accurate assessment of the pest control aspect, although they are ready enough to cry for help once an infestation occurs.

Stress has also been laid on the need to strengthen extension work and projects call for more and more costly and sophisticated administrative systems (eg. T and V system) to get the message across, whether it be increased productivity or modernization. This assumes that the small farmer is incapable of judging the real usefulness of measures offered to him and/or he needs to be persuaded by constant repetition of the message. Here again, comparison with developed countries, where constant research results mean improvements are always available to farms, shows that training staff on every scheme are not always necessary - all that is needed is to make the most useful innovations affordable by potential users.

Development in the Sahel thus seems to take the form of imported ideas and orders to be carried out. The Sahelian farmer, even if he is illiterate, knows the value of his own money and his own labor, and whatever attempts are made to persuade him otherwise, he will only do what he sees as being in his own interest.

The simple truth is that Experts, in general, are incapable of putting themselves in the farmer's shoes and wondering what they would do in the circumstances, if they were asked to act on their own advice. This is a classic phenomenon, resulting from the sense of superiority brought by acquired knowledge. In developed countries, the unions and trade associations are there as some sort of defense against this attitude. But in developing countries, it holds sway unchallenged, leading to two equally unproductive situations: force, which is tempting, and/or evasion.

2. QUESTION TWO

Should the small farmers, as a group, (i.e., 60-80% of the population) be considered as having to become involved in the decision-making processes affecting their lives?

The only possible answer for a democratic régime is yes because it is free elections that brought it to power to represent the majority properly. It must be stated that attempts to organize the small farmers and give them a sense of national responsibility have rarely gone beyond minimal or partial structures which have, nevertheless, shown themselves quite frequently to be capable of taking over from the government or the civil service on delicate or costly matters such as initial collection of certain products or supply of certain inputs.

Agricultural Save and Loan Funds controlled by the small investors are emerging nowadays which brings the source of the loan closer to the borrower and makes the problems of security and deposits simpler because they are managed by people known to them. Twenty-five years after independence, the younger generations of small farmers are better educated, often disillusioned by their experience o city life after leaving school, and are perfectly capable of managing decentralized economic entities representing their own interest, whilst they set an example in modern farming techniques (on their own land).

This trend should be encouraged further: wherever it is, the agricultural "avant-garde" will always be copied by the mass of the farming community and asked to take up the cause of the small farmers. The emergence of this "élite", that some uneasy commentators have baptized the "new kulaks" should be encouraged (in any case, were the Kulaks worse than collectivization?). A number of advantages can be drawn from the phenomenon, but there are inherent duties also: the very fact of living with one's "electorate" means those duties are difficult to neglect. The emergence of cooperative movements can add further supervision to preclude abuse and the State can be called in as a last recourse. We are not calling for the return of huge estates or latifundias which often raise serious problems in themselves, nor for the creation of model farms from scratch - what is required is support for any individual or community modernization project insofar as it can possibly succeed, with the help of outside finance. A number of regional projects are now working towards this solution: obviously they will only be successful if they are part of a favorable economic context, itself the result of coherent national agricultural policy designed to help the producers.

3 QUESTION THREE

Is there any change in soil fertility, and if so, is it for better or worse?

It is no easy task to establish the mineral balances of the soil after different cropping systems have been used. In one outstanding article, (Agronomie Tropicale 1985, 40.1), C. PERI attempts a scientific appraisal of the question with reference to 20 years of work by the French research institutes specialized in the field.

It appears that, in most cases, the crop rotations practiced in the major development projects are associated with the use of mineral fertilizers which do not compensate for nutrient losses due to the harvesting of the crop and failure to incorporate the straw:

1 The high level of nitrogen in mineral form in tropical conditions leads to heavy losses of this element in the Sudanese climate. These losses can be offset by straw incorporation and carefully ploughed-in synthetic nitrogenous fertilizers. In a Sahelian climate, the only thing that is likely to maintain the nitrogen balance of soils is the addition of pre-dampened organic matter and synthetic nitrogenous fertilizer, well incorporated.

2 Calcium and magnesium are heavily leached under some crops (cotton, groundnuts, maize) especially since these crops are given synthetic nitrogenous fertilizer. These two elements should not be neglected in fertilizing programs.

3 The potassium balance can be maintained by straw incorporation with suitable mineral fertilizers.

4 Phosphorus does not raise such complex problems as other elements and calls for fertilizer mixes that are correctly designed to offset removal of nutrients.

This all demonstrates the fact that any agricultural project aiming to preserve or, indeed, improve soil fertility should:

1 Obtain an accurate appraisal of mineral balances for suggested crop rotations depending on soil conditions and the climate in the area.

2 Suggest types of manuring that will:

a improve the organic matter content of the soil durably,

b offset the removal of minerals

- by straw incorporation and digging in,

- by the addition and ploughing in of application-specific fertilizers.

Clearly this assumes that the farmers have access to:

A Mineral fertilizers in sufficient quantity and variety

B A source of power different from that used in traditional cultivation, for:

a making organic matter in sufficient quantity (manure, calling for straw and animal dung collection; frequent watering; compost heap calling for waste gathering and watering; dried sludge collection from animal enclosures and zéribas).

b transport, spreading and ploughing-in of this organic matter.

c chopping and ploughing-in straw and crop residues.

For additional power requirements, the farmers have three possibilities:

1 Increase the amount of manual labor: the limit of this possibility is determined by the degree of self-sufficiency of the farm, the amount of land available, the remuneration of extra labor. Experience has shown that this possibility is limited, even when, in collectivist farming, labor is obligatory.

2 The use of draught animals: this makes manual labor lighter but does not decrease it ; on the contrary, (care and feeding of

animals, making of manure, transport) it calls for a certain level of cash expenditure. The spread of draught animals in the most privileged areas is due to outside subsidies and tends to level off once the subsidies are withdrawn.

3 Thoroughgoing modernization of agriculture by increased stability, by increasing soil fertility instead of depleting it and by mechanizing the most arduous, but by the same token, the most necessary tasks (land clearance, tillage, harvesting, ploughing back crop residues, processing and storage of agricultural produce). Calculations have shown that although this type of agriculture is technically feasible over 800mm of annual rainfall, it is economically impossible due to the real cost of imported equipment and inputs. It is not surprising therefore that in the many African Summit Meetings, more and more appeals are heard for a Marshall Plan for Africa. It seems even more urgent when experience proves that:

a the cost of restoring soil fertility of exhausted land (e.g., the Senegalese groundnut basin, the high-clay "barre" soils in South-East Benin and Togo) is so high that no aid organization will agree to it; prevention thus seems better than cure.

b the need for real land use planning with an aim to concentrate productive activity on the potentially favorable areas, and the need to safeguard (at even greater cost) threatened areas.

4. QUESTION FOUR

Should farming subsidies be abolished?

We are obliged to admit that the consensus painstakingly achieved at Commission level at the Nouakchott meeting has led to no concrete action at all this tends to prove that the consensus was a fallacy and once the discussion was over, the participants went back to their monologues, pulling the development projects and structural adjustment grants to pieces... We shall attempt, once again, to answer the criticism leveled at subsidies and the need for them, point by point.

1 Subsidies have been granted for over 20 years in Africa: they have been used for much longer in developed countries. Moreover, they are used systematically in crisis situations to protect the peasant class of the developed countries. Surely the peasant class of the developing countries can be considered to be in a crisis situation with infinitely less scope for action than the developed countries?

One of the positive contributions of these subsidies, particularly those given by the first and second European Development Fund grants, was the development of draught animals and the use of input.

Along with the guaranteed buying-in price for some products - mainly cotton in the CILSS countries - these measures have led to an increase in productivity. The drop in subsidies along with the alignment of producer prices on world commodity rates,

with no stabilizing protection factor, has led to the search for new land, the shortening of fallowing periods, and insufficient manuring, all of which encourage desert creep.

Whenever some form of modernization has been attempted through the introduction of new ideas,it has only succeeded if backed up by an aid organization or by subsidies. Do we have to reiterate what was said and written at Nouakchott ad infinitum?

"The Sahelian farmers are caught in a vicious circle: they are obliged to buy in equipment from outside at a cost which bears no relation to the level of income of their traditional types of agriculture."

This is unarguable, but the message is ignored, left undiscussed, left unheard. Not one of the solutions suggested in this context does anything to bridge this gap, they merely demand extra work from the small farmers who are usually self-sufficient already, at least as far as food goes. Have they really any valid reasons for following the advice given? "Any increase in work accepted is directly linked to the need to survive; once survival is assured, in this case as in any other, work can only be obtained through extra remuneration. Very often, it is because a minimum of extra remuneration is not provided that the massive desertion of the land occurs."

In a context where world commodity rates, for cotton especially, plunge and soar so wildly, how can it be said that producer price rises can stimulate production more efficiently than subsidies? Recent cases show that staying close to real market prices in this field had much more drastic results than if the prices had been kept low but if support had been given to input. How can it be said, with negligible proof, that subsidies discourage the use of soil improvement techniques when it is patent that should be their sole aim?

All other criticism leveled at subsidies is aimed either at the inefficiency of State structures, which is particularly obvious in State management of marketing boards, or at their inability to demonstrate their efficiency. We can reply:

a Subsidies do not necessarily mean State intervention in marketing (cf. the situation in developed countries)

b Subsidies have two aims only: offsetting the risk of deterioration of the means of production and, more specifically, soil fertility, and helping to modernize production.

It is all too easy to condemn subsidies because of lacunae in their distribution structures or the choices made in their application: let us not forget that these aspects are completely out of the hands of the so-called beneficiary, the farmer.

We would do better to look at the actual economic context of the Sahelian farmer and give him the aid he really needs.

5. QUESTION FIVE

Experts, what experts?

The question is a logical one, since experts always seem to call for extra research and further study without suggesting concrete realistic measures. It is as if the doctor came to the patient's bedside and said "Yes, a very interesting case, you have a number of complaints and we should examine the causes, the symptoms and their interaction. If you are willing to pay for a laboratory and five years' fees, I may be able to suggest a course of treatment... but only after five years, of course.." He could at least have the honesty to add: "... in the present case of the art, I can only offer this course of medicine and will stand by you, to treat the disease as best I can..." Very few experts offer this.

Moreover, experts very often act as if new countries needed brand-new advice, whereas everything points to the advantages of developed countries' policies in the field, even though experts are at pains to explain the serious disadvantages. They go so far as to suggest that the Fulani herdsman in the Ferlo region, grazing his flocks on ever-diminishing pastures, is happier than we are, far from the madding crowd, from pollution, from over-eating... But, unfortunately his son leaves for the city... he's heard all about it on his transistor radio! And of course, transistors should really be banned in the countryside! The experts demand that those in the city and in the corridors of power, those in charge should of course be perfect and politicians should behave much more nobly than their counterparts elsewhere in the world... but if a régime attempted something completely different in this field, would it not be automatically considered suspicious?

The making of an expert, after all, is the very originality of his views, that is, the fact he contests the views of others, or the fact he demands the impossible...

In this context, it is tempting to suggest a new expert profile: an innovative expert, for example. The problem is to find men who are technically competent and accurately informed on what is happening in truly comparable situations, men with open minds who put themselves in the farmers' shoes and do not consider the problems to be any less crucial than their own, who do not see the beneficiaries as foreigners inexorably different from themselves. This is not easy, and perhaps the systems under which African executives are trained are not particularly helpful - still less the education and training systems of developed countries.

6. IF...

The Club du Sahel emerged after the disastrous drought of 1969-1972 from the wish of the CILSS and a number of OECD donor countries to optimize the conclusions of a FAO report that proved that, in the light of the results of agronomic research at the time, CILSS countries had the necessary potential to become self-sufficient in food. Aid was available and the Club was able to channel a flood of subsidies and loans towards the Sahel,

especially for a number of food crop projects. A plethora of seminars, colloquia, and working groups enabled the Club to define the conditions needed to optimize the positive effects of this aid. Unfortunately, the donors themselves and the CILSS were never able to agree on the ways and means to create these conditions. Let us dream for a minute:

The Sahelian countries decide to use all available media to request extra hours of effort from their peasant class, the work being rewarded with de facto responsibility. At the same time, the countries organize and promote, through mobilization of private structures, the marketing, processing, storage and consumption of local food crops, which they protect progressively from imported products and food aid.

These measures will cost money because the local food crop distribution channels are more expensive, at least at the outset, than importing surpluses from abroad. Outside aid organizations agree to work hand in hand in order to see fair play, and offset the deficit of these distribution channels in a number of ways:

- Support for input prices in order to keep the cost price of food crops low but secure guaranteed producer price.

- Support for the processing of local crops to facilitate keeping qualities, storage, and use by the consumer.

- Support for the media to launch the campaign to explain agricultural policy, to raise awareness and a sense of responsibility among the small farmers, to motivate consumers.

- Support for sub-regional trade between countries with complementary interests...

So let us wake up... and get down to work.

Michel Cassé
1st November 1986

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Official statements

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OFFICIAL STATEMENTS

Opening Statements:	Mr. H. VIEIRA Mr BRAH Mahamane Mrs Anne de LATTRE
Closing Statements:	Mr. Mohamed BAH Mr BRAH Mahamane Mr H. VIEIRA

Statement by H.E. Mr Herculano A. VIEIRA
Assitant Minister to the Prime Minister
Resident Minister
SAO VICENTE

Distinguished Representatives of Member States of the CILSS and Brother States on the West African Coast,

Distinguished Representatives of Pan-African Organizations

Distinguished Representatives of Cooperation Agencies

Madam, the Head of the Club du Sahel

Honorable Executive Secretary of the CILSS

Ladies and Gentleman

Mr. João PEREIRA SILVA, Minister of Rural Development and Fisheries, is unfortunately unable to be present with us, as he is engaged in important negotiations with the international community. He has asked me to talk to you in the name of the Cape Verde Government.

I am very happy to carry out this task, as I know well the importance given to the problem of the cereals policy by the high authorities of this country.

How could it be otherwise, when it is well-known that our major concern every year is to provide food for the 336 000 Cape Verde citizens, to whom nature has failed to give sufficient land and water.

Faced with the situation, we can only rely ou our imagination, the courage and spirit of sacrifice of our people and reinforcement of our joint co-operation with brother African countries, Sahel citizens more especially, and the international community.

Cape Verde has the dismal privilege of being one of the Sahel countries possessing a structural cereals deficit ; for us, this is a permanent and fundamental factor in the policy we pursue.

For many years now, this policy has had a dual objective :

- we are striving firstly to reduce this structural deficit, with the conviction :

  . on the one hand, that it is perfectly possible to increase food production,

  . on the other hand, that by the year 2000 we should have managed to master that demographic growth rate of our country.

Secondly, we are trying to guarantee our food supplies by means of pluri-annual food aid programs and by using the counterpart of this aid to develop local production.

We are convinced of the necessity to reinforce the regional dimension of this dual operation :

- Because exchanges of experience and the development of common ideas on matters as important as production, agricultural prices and marketing can only be of advantage to everyone ;

- Because permanent security in the matter of food supplies can only be conceived in regional terms, and this with the well-managed assistance of the International Community.

This is why we have adopted a regional strategy in our fight against drought and for development in the Sahel.

It is also why we welcome with high hopes this second Conference on cereals policies in the Sahel.

The main theme of our discussions will be the organization of cereals markets for the cereals we produce and the cereals we consume. We can only approve this choice because, on this fundamental element, depends the survival of all those who are prevented by nature's caprices from producing and the economic development of all those who can cultivate the soil.

In this connection, allow me to refer shortly to this year's agricultural campaign, whose elements and consequences are, it seems to me, representative of some of the problems we have to resolve.

What are the facts ?

- We confirm that 39 million Sahel persons produced, thanks to rainy season that we can consider globally satisfactory, at region level, a record quantity of cereals. However, this is one million tons short of requirements.

We also confirm that the ending stocks, mostly consisting of food aid, cover this deficit to a considerable extent.

- We also confirm that a large part of these stocks are located in countries which have benefitted from a good harvest this year.

- Finally, we confirm that some countries that have a structural deficit will require considerable food aid this year.

In our eyes, these facts alone constitute conclusive arguments in favour of the rapid development of regional co-operation.

With all my heart, I hope that your discussions will give birth to concrete proposals, so that this regional co-operation can really be implemented :

- That efficient crop forecasting systems be set up without delay,

- That the intervention procedures for donors should be simplified,

- That a system be introduced rapidly for transferring surpluses from some zones to zones having a deficit, and this at national and regional level.

We Cape Verdians can only hope, that if somewhere in the Sahel there are surpluses of cereals in keeping with our consumer habits, they can be used to cover the food aid we require.

I would also like to refer for a moment to the more structural dimension of cereals in the Sahel. By that I mean the role that producers, traders, consumers and the State should play to develop the production of cereals in an unstable environment, from the aspect of nature as well as the aspect of world economy.

Indeed, it seems that an analysis only dealing with production and marketing systems, and ignoring the international economic environment, would be incomplete in itself and partially useless.

I am thinking of price policies which cannot be conceived ignoring the world market, so as to envisage the application of possible protective measures.

The same applies to a subsidy or no subsidy for production factors, for agricultural credit policies, and for export crops, etc ...

It seems to me that all these questions should be the subject of your reflections.

Finally, I would like to stress the human dimension of the policies we are trying to introduce. We have said and repeated : man must be the principal actor in his development ; he must be able to influence his economic environment and brush aside any obstacles preventing him from developing his activity.

The State has a fundamental role to play. It seems to me that the State should try to free the individual from constraints shackling a creativity that could only be beneficial to the community.

But, whatever some analysts may think, the State must assume and even reinforce its intervention vocation in favour of the poorer elements, which are still legion in the Sahel.

And so, it is a balance that we are looking for, a balance between the action of man and the State's guarantee, in any event a balance in favour of the Sahel people. There again, we can only hope that your debates will help us make progress along these lines.

Ladies and Gentlemen, that is the message I wanted to pass on to you. To conclude, please allow me to hope that this Mindelo Conference will make a decisive step forward in reflection on cereals policies in the Sahel, and be the logical sequel to the Conference which met on the same theme at Nouakchott in July 1979.

I wish you a fruitful stay in the town of Mindelo and I feel sure that the results of this Conference will meet the challenges we face in our sub-region.

Thank you.

MINDELO
1st. December 1986

Opening statement by Mr BRAH MAHAMANE
Executive Secretary of the CILSS

Honorable Minister for Rural Development
Distinguished Reprensentatives of Co-operation Organizations
Distinguished Experts
Ladies and Gentlemen

It is with a feeling of satisfaction and gratitude that I address you to-day, as for us, who have been working to prepare this conference for many months, this is an inital recompense.

Gratitude towards the Government and people of the Cape Verde islands, who have not spared their efforts to welcome us to the island of Sao Vicente, whose environment is so propitious for work and reflection. Gratitude also in respect of all our partners, Canada, USAID, The Netherlands and Switzerland, whose contributions have enabled us to prepare and hold this Mindelo conference.

I would now like to outline very briefly the reasons that motivated us to devise and implement the Mindelo meeting, which for us must be an occasion for give and take.

What are the reasons for the Mindelo conference ?

BECAUSE SELF-SUFFICIENCY REMAINS OUR FUNDAMENTAL OBJECTIVE, AND, UNFORTUNATELY, THE GAP THAT SEPARATES US FROM THIS OBJECTIVE IS GETTING WIDER EVERY YEAR.

In fact, the position regarding food supplies in the Sahel is getting progressively worse. The gap between local production and requirements gets greater every year, erratically indeed depending on whether there has been less or more rain, but, it seems, inexorably. The proof of this is that the last two agricultural campaigns, labelled as satisfactory in view of recent history, have nevertheless left a negative Sahel regional balance amounting to one million tonnes. Allow me to insert a parenthesis at this stage : self-sufficiency must not be confused with food security ; the latter has been practically attained this year in some countries, thanks to the existence of considerable stocks that have been carried forward.

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Finally, the change in feeding habits continues to the detriment of Sahel cereals production and to the States' trading balances, but to the advantage of European, American and Asian producers and to the foreign trade of these countries.

What will be the position in 15 years with a Sahel population of 70 million people ?

What will the situation be in 40 years with 100 million Sahel citizens ?

WHY IS THIS MINDELO CONFERENCE BEING HELD ?

BECAUSE THE POLICIES PURSUED SINCE THE NOUAKCHOTT CONFERENCE IN 1979 HAVE NOT BORNE THE FRUIT EXPECTED FROM THEM.

There have certainly been some interesting, if not remarkable, experiences in the field of organizing markets, restructuring offices, agricultural credits and food aid, and so on.

These experience have at least had the merit of calling the complexity of these problems to our attention. However, the further you proceed in analysis and action, the greater the number of problems that become important.

To-day, we are in a position to ask ourselves new questions, and to propose some corrections to the suggestions made in 1979 at Nouakchott.

FINALLY, WHY THIS MINDELO CONFERENCE ?

BECAUSE WE FEEL THERE IS A NECESSITY TO ACT ON VERY SHORT TERM AND IN A SIGNIFICANT MANNER ON THE ORGANIZATION AND REVITALIZATION OF MARKETS.

There is one classic and elementary truth concerning the economy : <u>over and above subsistence</u>, a product <u>has no value other than the value exchange attributes to it</u>.

What is the value of a quintal of millet, if none is capable of buying it from its producer at the right moment ?

What is the value of a ton of millet if the trader cannot resell it ?

What is the value of a ten tons of millet, if their distribution to consumers at a fair price is impossible ?

What is the value of 100 or 1 000 tons of cereals, if one country cannot enable another country to take advantage of them ?

It is obvious then that we must reflect and work on the market, so that all the agents in the chain, including the consumer, find their advantage. As it is a question more especially of producers who have been marginalized for a long time, we must convince ourselves that they are faced by an equation with four variables : price / charge / revenue / risk. Consciously or empirically, they must be determined to solve this equation and to adopt a positive or negative attitude, depending on their interests.

Two cases appear that illustrate the fragility of cereals policies and the weakness of our means of intervention :

1°) The case of penury : prices rise excessively. This situation, which we know well, is far from being always to the producer's advantage, but it is above all prejudicial to the consumer.

2°) The case of a surplus on a local or national market : prices collapse, preventing the producer from receiving a just recompense for his work.

A sawtooth evolution is therefore not favourable to consumers and still less so to producers.

It is time we had an incitative and realistic policy and this is an essential prelude to relaunching agriculture in the Sahel.

Why should such a policy be introduced ?

- Because these situations have been systematically repeated for many years, at the capricious rhythm of rain or drought;

- Because it is also clear that a market well-organized at all levels, can contribute to a large extent in attenuating the effects of nature's caprices, against which we unfortunately can do nothing.

- Because, if this condition is not fulfilled, it is illusory to think that a farmer can produce more in a continuous manner, or that a trader can invest to develop and ensure his distribution activities. This means that, in the absence of such a policy, the efforts of the States and financial backers towards food self-sufficiency will remain vain.

What, then, should we do ?

I have already stated that we must ask ourselves some real questions. Allow me to mention a few of them :

1°) What do we know about this rural world which constitutes the main part of the Sahel population. This world that we must defend and fight for, AND WHOSE DESTINY MUST BE TAKEN IN HAND ?

2°) What should we do TO-MORROW to remove the multiple constraints which to-day prevent this population from assuming its role as a responsible and productive economic agent ?

3°) Why have the Sahel States not got the capacities to compensate for brutal market fluctuations ?

4°) Why is food aid still so little controlled and mastered ?

5°) What is the real impact of the world cereals market on the Sahel market and on Sahel producers, traders and consumers ?

6°) Does any convergence exist between the interests of Northern countries possessing cereals surpluses and their steps to assist the development of Sahel production ?

7°) What is the impact of monetary and structural adjustment policies on cereals policies ?

I shall stop there for the moment, contenting myself by simply adding that it is imperative to place the problem of food production economy in the Sahel within a more global analysis context.

Farmers, traders, consumers and the Sahel States react in face of all these questions without being able to resolve them. The difficulties are the result or failure to master endogenous and exogenous factors, which, as we all know, form the major obstacles to introducing coherent, durable and realistic cereals policies.

At Mindelo, we must answer bravely all these current questions which continue to trouble our consciences. I take this opportunity to congratulate all the experts in the secretariats of the Club du Sahel and the CILSS, who, each in their own sphere, have tried to bring a contribution to this debate. They have put forward proposals that are outlined in the documents made available to you. All these suggestions and opinions must be criticized.

There is no dogmatism and still less any taboos in encounters between the Sahelians and their partners in the international community.

Indeed, whatever the proposals may be, they will have no chance of being implemented, unless the Sahel countries and the international community understand the necessity for a complete and permanent dialogue. I would say a transparent dialogue, based on mutual confidence and faith in the spirit of the generation contract, which presided over the creation of the Club du Sahel at Dakar in March 1976. I suggest that this dialogue should be continued here :

- To induce the States to grant themselves the necessary means to create healthy conditions enabling Sahel agriculture to develop in a durable manner;

- To guarantee producers a remunerative price, no matter what the world rates may be, and this by application of the just principles already applied in Europe and North America. Why not ?

- To help Sahel traders, who, whether we like it or not, are useful agents in regulating markets;

- To free Sahel States from perpetually urgent situations;

- To guarantee the use of Sahel and African cereals within the context of food aid and the triangular exchanges between Sahel States, and between the latter and the coastal countries.

In one word, to make food self-sufficiency a tangible reality in the Sahel.

Mr. Minister, Ladies, Gentlemen,

In order to implement all these objectives, as H.E. Abdou DIOUF, current President of the Conference of the Heads of State of the CILSS, President of the Republic of Senegal, has stated, it is essential that the Sahel States refer to the same syntax and speak more or less the same language.

Mindelo should enable us to define this common syntax, and to mark out the stages in practising this common language in the matter of a Sahel cereals policy. But it is also important that our regional will to master our common destiny must be sustained and amplified by co-ordinated action on the part of our partners in the international community. There in lies the sine qua non condition for success of our present and future actions.

That is my conviction, as we do not have the right to disperse our energies, and still less to waste our means. Symbol of crisis and hope, forged in the mould of trials and tribulations, the Sahel to-day, I think, refuses to believe in fatality or miracles. It has faith in a common destiny, whose life blood remains our firm intention to reinforce international co-operation in the inter-dependence of States and Nations.

Ladies and Gentlemen, thank you.

Statement by Mrs Anne de LATTRE
Head of the Club du Sahel

Honorable Minister, Honorable Delegate
Honorable First Secretary of the Party
Honorable Executive Secretary
Ladies and Gentlemen

We are all grateful to the Cape Verde Republic, to its Government and to its people for the warm welcome extended to us and for the charm of the town, which you laid open to us, saying : "You are at home here". Thank you.

Mindelo is a town with a fascinating history ; it is remarkable for its determination to live, to go its own way while at the same time multiplying, as it always has, its links with the rest of the world. The existence of Cape Verde and the wealth of its culture are proof that man has less need of resources than creativity to assert himself. We consider ourselves very lucky that Mindelo agreed to welcome the Conference, and I would like to share with you some of the reflections we are expecting from it.

In the document presented to the Conference, Elliot BERG attributes the insufficient progress made in cereals production in the Sahel to three main causes :

- the unfavourable rainfall between 1969 and 1984 ;

- the mediocre results of research on farmer food production ;

- the weaknesses of agricultural policies.

The good rains of 1985 and 1986 give our reflections a new dimension. They give us a breathing space, in spite of the problems raised by penury followed by abundance.

How can cereals production be increased in the Sahel to enable the countries in the area to live in greater security and be less dependent on outside aid ? This problem, which we discussed with such fervour at Nouakchott in 1979 is still there in 1986. For seven years, this dependence of CILSS member countries has increased, and any prolongation of present trends would entail unacceptable results, if it were not possible to reverse them. It is possible to reverse them. Things can be different.

The documents submitted to the Conference comprise both questions and suggestions. I will mention a few, but cannot pretend to deal with them all.

We said so already at Nouakchott : to conceive and direct a cereals policy, data must be available. In spite of the progress made, the question remains on the agenda. It is true to say that to-day we get an estimate of the cereals production in the Sahel towards the end of October ; the same applies to public stocks ; the variations in prices of cereals on the market are better known ; the volumes of food aid and official commercial imports are recorded. However, these figures are still only gross estimates, whose reliability is not guaranteed. Indeed, the CILSS has issued "projects" to assist Member States with their agricultural statistics, but the Secretariat of the CILSS will have to show considerable perseverence for these data to improve. The basic data will have to be better and huge gaps filled in ; estimates of farmer stocks, effective consumer trends, consumption budgets, careful analysis of costs and advantages expected from the introduction of agricultural policy reforms, for example.
It seems to me that the Conference should be definite and selective concerning the targets to be achieved in the matter of information. Which are the data that the decision makers require most ? What can we undertake to supply to them and when, in view of the narrow limits to human and financial availabilities. How will it be possible to measure periodically whether the promises have been honoured ?

Concerning the different aspects of the policy to be introduced to ensure more significant results for cereals production in the Sahel, the Conference is, in my opinion, in a position to go beyond the Nouakchott recommendations.

The Secretariats of the Club du Sahel and the CILSS have chosen to give the Conference the following main reflection theme : the functioning of cereals markets. However, everything is linked together and it will be impossible not to discuss questions of environment, ecology, soil fertility and production systems, whose trends remain disturbing, as well as organization of the rural world. Several documents remind us of these problems and put forward proposals. How can we adapt ourselves to Sahel organization and systems ? How can we help the farmers to get organized and how can we give them their share of power ? Do national budgets and aid place as much accent as they should on the cultivation of cereals, which should have a priority over all priorities ? How can the purchasing power of the farmers be increased, and this is at the base of the development process.

Management of cereals prices remains a key problem, but its solution may be facilitated thanks to the evolution of opinions and, more significant perhaps, thanks to analysis of information gleaned from experience. What has happened since Nouakchott shows what can be done and what cannot be done. In one of the Conference's documents, the author observes that official prices have never been held in CILSS Member States. He goes on to question the cost of a policy designed to guarantee certain identical price levels throughout the year on the whole on the territory, when crop fluctuations are as marked as in the Sahel. Another analyst recommends abandoning this ambition and suggests acting differently to encourage producers. Why not encourage production in the Sahel, he says, by taxing imports of cereals and thus protect local production ? Once this measure had been adopted, prices on local markets could be allowed to fluctuate, so that they become real reference points for the different economic operators. Another contribution states that this is possible, but that there are disadvantages. Would it not be better to modify the exchange rates ? He adds : "As long as the rice produced by Thai farmers and the wheat produced by Middle West farmers reaches the Sahel at a lower price than the grain produced by Sahel peasants, can it be seriously thought that food self-sufficiency is possible ? Can one really think that rural development is possible ? Here are some of the challenging themes for reflection on which the Conference should throw some light.

Another problem remains open : the question of the cereals trade and, in particular, national and regional trade. In this case, as in the case of prices, the seven years that have elapsed since Nouakchott have brought us many elements of appreciation and have enabled ideas to evolve. Several of the documents submitted to the Conference ask whether, in view of the facts, it would not be a good idea to opt for greater liberalization of the markets. Should not all the rules of the game be clear to all economic operators ? A document on the private cereals trade in Mali reveals that the role of the traders is irreplaceable. Traders render many services. Trading competition comes into play and prevents trader from making "super profits". What should its future role be ? What should be the State's role ? In the general interests, should not the role of cereals boards be redefined, taking the limited means available to them into account ?

Present cereals surpluses lead us to question, much more clearly than at Nouakchott, the advantage that liberalized trade would bring first of all to production, and then to inter-country exchanges (zones with surpluses to zones with deficits), and finally to inter-Sahel exchanges and exchanges between the Sahel and the coastal countries. Messrs. EGG and IGUE have demonstrated, with talent and by means of multiple examples, the surprising vitality of unofficial regional trade. They have put paid to the legend of the "negligeable and even marginal" nature of exchanges in West Africa. What are the consequences that can be drawn from this fact ? Is not a regional agricultural policy the one to introduce, while striving to reduce its shackles progressively ?

In another document, the author insists, like at Nouakchott and later within the context of the CILSS/Club du Sahel, on the grave disadvantages of an increasing amount of food aid - often plethoric - for food production in the Sahel. He does his utmost to demonstrate that, if aid has to continue to be given, it should be used with discernment, in particular for the triangular operations which encourage national and regional trade. Should one not go still further than Mr. JOST and adopt, on the occasion of this Conference, practical recommendations representing "a good behaviour code" for the cooperation agencies which supply food aid to Sahel countries ?

And if it is really desired to encourage cereals production in the Sahel, and deal more satisfactorily with surpluses and trading problems, should one not implement the means to process millet, sorghum, maize and wheat, so as to be able to offer consumers the modern products they want, and which, not finding them at home, they procure abroad ? This recommendation, made at Nouakchott, has never been taken seriously. Altersial's contribution to the Conference's reflection should make it possible to goal Sahel economic operators and foreign aid organizations, so that Sahel cereals can be valorized.

Even if the joint efforts of the Sahel people and the international community entail significant progress in cereals production in the Sahel during the next ten years, this progress will not be spectacular on short term. Furthermore, dry periods will still find their place in the destiny of the Sahel. And so, it is essential to reinforce its food supply security. But how ?

Within the CILSS Club committee dealing with the economy of food production, we have all been agreed for some time that the first security element for food supplies consists of farmer stocks. What has been done to encourage to improve them and preserve them ? The second element providing security for food supplies consists of national stocks. But our financial experts and consultants tell us that the financial burden of stocks is very heavy for the State, that the necessary rotation of stocks can influence prices and that the cost of stock management is high. Managers of cereals boards will not deny this.

After these questions, several other matters were brought to our attention. Do the storage policies followed during the past few years not immobilize too much capital, which could be used for more productive operations ? But supposing these national stocks were brought down to a level compatible with the resources of the States, can the latter be better protected in the event of a catastrophe ?

To this crucial question, the work of the network, set up to prevent food supply crises within the framework of the Club du Sahel, has provided a few answers. The greatest security factor is cereals production in the Sahel, but the vicissitudes of the climate impose permanent vigilance and observation.

Rapid alarm systems must be consolidated in each State. What is the position concerning the third food security element : international stocks of cereals ? Could it be possible to imagine subtle solutions, which would enable the Sahel to take advantage of cheap cereals available on the world market, without being obliged to import greater and greater amounts, even in good yea s ?

Judgements, often severe, were made in some of the documents presented to the Conference on the over-punctual, too fragmentary and too dispersed actions of cooperation agencies, and on a kind of resignation in face of perpetual food aid. Will the Conference be able to propose some ingenious solutions whereby external aid supported the cereals policy reforms ? Are international aid organizations ready to support a common policy as regards imports of cereals set up by Sahel countries and a regional policy for supplies security food ?

These are some of the main questions we have been asked, but there are many others. During the next few days, we shall have to try to answer them. The confidence reigning between us after ten years' working together allows us to be optimistic regarding the results of our meeting. Futhermore, in spite of many difficulties, we can be optimistic about our capacity to triumph together over the challenges facing Sahel countries. May the meeting at Mindelo be a fruitful as the Nouakchott one was ! That is the wish I formulate at the start of this dialogue.

CLOSING STATEMENT BY Dr. MOHAMED SIDYA OULD BAH,
Commissioner for food security in the Islamic
Republic of Mauritania,
President of the Conference.

Honorable Minister Delegate,
Ladies and Gentlemen, Representatives of CILSS Member States,
of West African States and Cooperation Agencies.
Honorable Executive Secretary of the CILSS,
The Head of the Club du Sahel,
Ladies, Gentlemen and Dear Friends.

On the conclusion of our Conference, I must first thank the Government and people of the Cape Verde Islands for the warmth of their welcome and the excellent working facilities made available to us.

Nor, of course, can I fail to mention the precious financial aid granted to us by Canada, the United States of America, the Netherlands, the German Federal Republic and Switzerland. However, in your name, I also want to thank the Representatives of Cooperation Agencies and friendly States, as well as the experts and members of cooperation agencies for their moral, pedagogic, intellectual and technical contributions.

Finally, may I be allowed to congratulate the Executive Secretariat of the CILSS and the management of the Club du Sahel for the excellent organization of this conference, an organization all the better for the introduction of the Conference Journal.

And now, before referring to some of the main questions discussed by our Conference, I would like to recall the difficulties experienced by our States and by our Sahel populations. I am thinking more expecially of the drought. Whereas the causes of these difficulties are multiple, notably due to the devastating action of the threat of famine, which has weighed on the inhabitants of our region for some fifteen years.

Faced with this situation, the cereals policiers introduced by our Government in close collaboration with the international community, all relate to the following essential objectives :

1) Promotion of agricultural production, not only in the scope of cereals but also in the field of livestock, fishing, fruit and vegetable cultivation, etc., thanks to distribution of seed, phytosanitary and prophylactic protection, training for fishermen, etc.
2) Supplying local cereals for the internal market with all adequate means and infrastructures.
3) Transformation and conditioning of local products.
4) Food aid, either in cases of emergency, or in respect of "food for work" within the context of collective interest works or projects (dams, means of communication, etc.).

Within this context, it must be admitted that the Sahel States have saved their populations, thanks mainly to free distribution of food products and the availability of cereals sold at official prices. The merit for this success must be shared by the States concerned and by the international community of food donors, both as regards aid given free of charge and the aid destined to stabilize prices, thus generating reciprocal funds.

Does this mean that everything is going well and that we should continue in the same way ? This would mean forgetting the problems wich remain, or even some which are getting more serious, such as for example : the impoverishment of the soil ; the insufficiency or high price of seed ; the fall in the price of agricultural products and the other raw materials exported by our countries ; the permanent risk of attack from crop and harvest depredators, like for example, this year, the invasion of locust and grasshoppers.

Faced with these innumerable problems, this Conference came at a good time to draw up a balance sheet on the situation and make recommendations. Of course, these recommendations are merely technical proposals, as it is up to Governments alone to make decisions. However, once discussed and adopted by the States concerned, they require time and tenacity to be implemented and bear fruit.

In conclusion, it is impossible not to hope that this Mindelo Conference will prove to be the starting point for a period of good rainfall in the Sahel - in this connection, the rain that fell the other night here seems a good omen - and of increased aid in many forms from friendly countries and organizations.

And now, it only remains for me to wish you all a good journey back to your respective homes and places of work.

Thank you.

Closing statement by Mr BRAH MAHAMANE
Executive Secretary of the CILSS

Honorable Resident Minister,
Honorable First Secretary of the Party
Madam, the Head of the Secretariat of the Club du Sahel
Distinguished Representatives of Co-operation Agencies
Dear Sahel brothers and sisters
Distinguished Guests

When a meeting like ours comes to an end, when the curtains are drawn and the lanterns extinguished, it is tempting for those who still enjoy the privilege of speaking to return to some of the points discussed, to support them further or to combat them, at the risk, major in some cases, of having to prolong debates or on the contrary raise durable frustations.

Nevertheless, I shall not fall to this human temptation, perhaps too human as Nietzsche would have said. Firstly, because duty calls us elsewhere, and then, because the report that has just been read to us confirms, faithfully in my opinion, the consensus that has grown up between us.

There is nevertheless another temptation, which I find far harder to resist : that is the temptation to give you my views on the way the work progressed and on the results obtained after debates lasting five days, which I hasten to describe as fruitful.

But first, allow me to make a confession : on coming to this Mindelo Conference, I felt some apprehension. A perfectly legitimate apprehension in view of the complexity of the subject we were due to examine, in view of the time laid down to discuss it and, finally, in view of the magnitude of the interests present.

To decide, as we have done, to deal with a subject as vast as cereals policies and to discuss them in a context where cereals assume, without exaggeration, a highly strategic importance, to venture to explore the multiple facets of this problematic question, at a moment when no possible errors can be tolerated and finally to attack these problems openly, is, you will readily agree, a gamble and a very risky gamble.

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To-day, my feeling is that the gamble has paid off and that we have cause for joy.

In connection with the latter, there is the fact that definite progress has been made compared with Nouakchott, where we met seven years ago on the same theme. Whether it is a matter of the role to be played by the private sector in cereals policies, whether it be a question of the State's role in the same domain or whether it is a matter of the place of foreign trade, our comprehension has become wider, our ideas have become more precise and our proposals more concrete.

These advances along the commom road of knowledge before action, we owe to a considerable extent to the high quality of the work carried out by all the experts and consultants of the CILSS and the Club, who were responsible for organizing this Conference and ensuring its success. But we owe these advances to an even greater extent to the quality of the participants themselves.

Whatever the intrinsic value of the preparatory documents, and however perfect the organization may be, a Conference like ours resembles, if you will excuse the expression, a "Spanish Inn", that is to say a place where you can only eat what you bring with you.

If then, on the occasion of this Conference, we have been able to make an abundant harvest of constructive ideas and proposals, it is because the preoccupations of all the men and women attending the meeting in the capital of Barlavento were numerous and generous. Ladies and gentlemen, thank you.

Honorable Minister
Ladies and Gentlemen

<u>If there is one point that our discussions have brought out clearly, it is that the inhabitants of the Sahel are responsible for elaborating, implementing and guiding their own cereals policies</u>. In stating this, I am far from thinking that the international community does not have or no longer has any responsibility in the efforts made to implement the ambitions of the Sahel, namely : food security and food self-sufficiency.

On the contrary, I am one of those for whom the "Generation Contract" between the people of the Sahel and the international community, to which I referred in my opening statement, is much more than a word or a hope, but an essential condition for the rehabilitation and development of our region. And that is true to-day, perhaps even more so than in March 1976 when the Club du Sahel was created. To-day more than yesterday, the peoples of the Sahel need help from more prosperous countries, so as not to become "those whom other men have forgotten to call brothers and who, like goats, have learnt to eat stone", to quote the moving words of a Cape Verde poet.

But, however generous and judicious the aid received from our partners may be, it is obvious that the food security horizon will continue to move further away from us, unless we, the Sahel peoples, institutional agents and private sector elements show proof of a certain attitude, which I shall summarize as follows : more boldness in reflection, greater clarity in the choice of decisions and more determination in action. Allow me to illustrate these ideas by referring to some of the analyses made during our work sessions.

More boldness in reflection ! : Is there any more pressing requirement than this, when it is remembered, like to-day, that approaches to the problem made up till now - cereals policy being the exclusive responsibility of the State - have become if not bankrupt at least unconvincing, if judgement is to be based on the meagre performances of the intervention instruments, in this case the cereals boards ?

Is there any more pressing requirement than this, when it is realized , like to-day, how serious are the damages being caused to our economies and societies by the insufficient level of coordination and follow-up of cereals policy ?

Is there any more pressing requirement, when it is realized as we have, how many opportunities are being lost as a result of insufficient co-ordination and management of foreign aid ?

Greater clarity in the choice of decisions ! : Is not such clarity a primordial requirement to get us out of the impasse in which we find ourselves as a result of applying the excessive dogma of the incompatibility between the private and the public sectors for marketing cereals, in a situation when providing safeguargs for the well-understood interests of both sectors, not to mention consumers, would have led to close co-operation between them ? Does not elementary logic dictate that, once the liberalizing the cereals trade is accepted, democratic access to campaign credits must be granted to traders operating in this field ?

More determination in action ! : Is not this once again a fundamental requirement, if it is really desired to reverse the grave tendency towards accentuation of the Sahel's dependence on food imports and to modify the relations between our markets and the international market ? Is it possible to do without such determination, if it is required that encouragement of inter-State cereals exchanges should lose its conference leitmotif status and be written in golden letters in the field of reality, the possible field ?

To all these questions, the answers are more than obvious.
I shall not insult anyone here by explaining them.

Honorable Resident Minister,
Honorable First Secretary of the Party
Madam, the Head of the Secretariat of the Club du Sahel
Distinguished Representatives of Co-operation Agencies

Dear Brothers and Sisters from Sahel countries

The Mindelo Conference has come to an end ! But the CILSS remains and you would no doubt like to know what our organization intends to do to put all the recommendations that have just been adopted into practice, some of which confer particular responsibilites on us. In front of all of you, I solemnly declare that the CILSS will never attempt to shirk its responsibilities, notably as regards improvement of information systems without which it is impossible to introduce a good cereals policy.

I can assure you that our efforts in this matter will be pursued and intensified, in collaboration with any of our partners who so desire. Reflection and action round the idea of food security, which aroused passionately interesting and sometimes passionate debates during our work sessions, will be continued.

Over and above all these points, whose effects will only be felt on medium term, there are a number of actions which should be taken immediately.

In the first place, I think of these triangular exchanges, made possible this year thanks to the existence of cereals surpluses in some countries in our region, and which are the subject of a particular recommendation.

Secondly, I think of the organization of what I shall call "National Mindelos", remembering some of the requests put forward during the Conference, even if the organization of such concertation meetings between the various different operators in the cereals chain will require careful preparation by us.

Once again, Honorable Minister, Ladies and Gentlemen, I confirm that the Member States of our organization will be able to count without any reservations on the human, material and financial resources that we can mobilize for requisite actions.

And then - but perhaps I should have started with this question - in the days to comme according to appropriate procedures, I shall contact the principal members of the CILLS who are our Heads of State with a view to informing them of the conclusions we reached, and, above all, to obtain their directives concerning the ways and means of constructing this market and this protected regional space, which all of us here, Sahel citizens and donors alike, advocate. You know well that there is no more difficult and arduous task than that, and the lucidity of our Heads of State, allied to their firm political will to build a joint space, will certainly be required to overcome all the obstacles we already see forming up on the horizon.

Finally, by adding our modest means to those of our friends in the Club du Sahel, we shall distribute on the biggest scale possible the results of the Conference that has just ended. In this connection, the active collaboration of Sahel and international media would be greatly appreciated. I can thank them in anticipation through the journalists present here. I would like to congratulate the latter on the way they covered the Conference and I am counting on them, with the means available to them, to alert Sahel and international opinion on the necessity of following the Mindelo path, marked by the recommendations courageoulsy adopted there.
But I cannot end my speech without my warmest congratulations and sincere thanks to all those - secretaries, interpreters, translators, support personnel - who have been in the background and contributed to the success of our work.

My last word will consist of a wish : this wish is to see the open-mindedness, the sense of dialogue and the total availability that dominated the Conference, progress and be reinforced. The international community could win its title to nobility there. A certain idea of cooperation will certainly find itself strengthened. The Sahel will gain strength and have the force to attain quickly the shores of food self-sufficiency and security.

I will stop with this wish and thank you all for your kind attention.

Statement by H.E. Mr Herculano A. VIEIRA,
Assistant Minister to the Prime Minister,
Resident Minister
SAO VICENTE

Madam, The Head of the Club du Sahel,
Honorable Executive Secretary of the CILSS,
Distinguished Experts,
Distinguished Guests

On the occasion of the opening of this Conference, in the name of Mr. João PEREIRA SILVA, who was unable to be present, and the Cape Verde Government, I underlined all the hopes with which we welcome this second meeting on the Sahel cereals policies. These hopes are shared by millions of Sahel producers and/or consumers, who are expecting this conference to provide many answers to the numerous questions raised in the brilliant communications which have been the basis for all your work.

For five days, you have thus examined in plenary sessions, and in the three workshops you have set up, points as important as the following :

- the role of the State,
- the role of the private sector (production, trader, processing, service and consumption),
- the role of foreign trade in the implementation of a cereals policy.

In the course of your passionately interesting and sometimes passionate debates, you have displayed the firm and constant will to go beyond the recommendations of the Nouakchott Conference, which, in its time, was already considered to be a success.

From the results of the present meetings, Ladies and Gentlemen, I beg to retain the following conclusions :

- with realism, you have defined and re-affirmed the field in which the State is responsible, while at the same time insisting on the limits to its dimension and the financial efforts it requires ;

- with the same realism, you have rehabilitated the role of the private sector, which is now recognized as an essential link in the chain going from production to consumption ;

- faced with the opening of Sahel markets to international trade, you have recognized the necessity of setting up a protected regional market, so as to promote local production and reinforce, at regional level, co-operation between member States of the CILSS, as well as between the latter and the coastal States ;

- finally, you have reminded us of the fact that food security and food self-sufficiency will come from intensification of Sahel cereals cultivation and the revalorization of locally produced food crops.

These pertinent conclusions, along with all your suggestions, will, I am certain, be examined by the competent authorities in our States. I remain convinced that the support of our partners, who have always helped us, will not be lacking for implementation of the Mindelo recommendations.

Madam, The Head of the Club du Sahel,
Honorable, Executive Secretary of the CILSS,
Distinguished Experts,
Dear Guests,

I would also like to salute the presence among us of reprensentatives of producers and economic operators and to express the wish that they will come in larger numbers to our next meetings, as Mindelo must be the forerunner of national "Mindelos".

I would also like to stress how proud the inhabitants of Mindelo were to welcome you during your stay in our island, which was the focal point of international reflection on a subject as important as food security for the member States of the CILSS.

And finally, I wish you all a good journey back to your homes and hope you will all enjoy the end-of-the-year festivities.

I herewith close the second Conference on cereals policies in Sahel countries.
Thank you.

MINDELO
6th December 1986

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List of participants

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CILSS MEMBER STATES

BURKINA FASO

Mr BATTA B. Dieudonné	Director, National Security Stock, OFNACER - B.P. 53 - Ouagadougou
Mr BOUGOUSARE René	National Representative Ministry of Agriculture and Livestock - B.P. 7010 - Ouagadougou

REPUBLIC OF CAPE VERDE

H.E. M. Herculano A. VIEIRA	Deputy Prime Minister - Mindelo - Sao Vicente
H.E. M. Antonio R. PIRES	Ambassador of the Republic of Cape Verde to the FAO and International Organisations - Rome
Ms Maria Aleluia ANDRADE	CONACILSS, Ministry of Rural Development and Fisheries - C.P. 115 - Praia
Mr Carlos SILVA	Head of Department of Agriculture, National Institute for Agrarian Research, Ministry of Rural Development and Fisheries - C.P. 50 - Praia
Mr Adriano LIMA CONCEICÃO	Financial Director, EMPA - B.P. 107 - Praia
Ms Laurence BELLATORE	Studies and Planning Office - C.P. 115 - Praia

THE GAMBIA

Mr SORRENDIAYE Galandou	CONACILSS, Ministry of Agriculture, Central Bank Building - Banjul
Mr JAGNE Ngabou Tamsier	Principal Agricultural Officer, Ministry of Agriculture, Central Bank Building - Banjul
Mr CEESAY Kebba N.	Deputy General Manager, Gambia Cooperative Union Ltd, P.O. Box 505 - Banjul

Previous Page Blank

Mr JOHM Kenbougul	Planner, Ministry of Agriculture, Central Bank Building - Banjul

GUINEA-BISSAU

Mr ALBINO Luis	CONACILSS, Ministry of Rural Development and Fisheries - B.P. 71 - Bissau
Mr GOMES DIAS Nelson	Planning Office, Ministry of Rural Development and Fisheries - B.P. 71 - Bissau
Ms CAMARA Maria	D.C.I. - M.C.T. - B.P. 35 - Bissau
Mr BARBOSA Carlos	Ministry of Finance - B.P. 35 - Bissau

MALI

Mr COULIBALY Mory	Technical Advisor, Ministry of Agriculture, B.P. 61 - Bamako
Mr SAKO Bafotigui	Agro-Economist, OSRP, Ministry of Finance, B.P. 2070 - Bamako
Mr SALL Abdoulaye	Company Inspector, Supervisory Ministry for State-run Companies - B.P. 1966 - Bamako

MAURITANIA

H.E. SIDYA OULD BAH Mohamed	Food Security Commissioner, B.P. 377 - Nouakchott
Mr OULD LAGHDAF Sidi	CONACILSS, Ministry of Rural Development, B.P. 369 - Nouakchott
Mr ZEIDANE Sidi Boubacar	Commercial Director, Food Security Commission, B.P. 377 - Nouakchott
Mr SY Adama	Director of Agriculture, Ministry of Rural Development, B.P. 180 - Nouakchott

NIGER

Mr HAROUNA Boureima	CONACILSS, Ministry of Agriculture, B.P. 241 - Niamey
Mr HASSANE ISSAKA Djigoulé	Agronomic Engineer, Ministry of Rural Development, B.P. 17 - Niamey

Ms IBRAHIM Fati	Ministry of Commerce, Industry and Transport, B.P. 480 - Niamey

SENEGAL

Mr DIENE Medoune	S.P./CONACILSS, Ministry of Rural Development, Building Administratif, B.P. 5005 - Dakar
Mr GUEYE Mourtada	Commissioner, Food Security Commission, 112, rue Blanchot - Dakar
Mr KANE Alioune	Head, Department of Agriculture and Fisheries (DAP), Directorate for Agriculture, Ministry of Rural Development, B.P. 486 - Dakar
Mr THIAM Mamadou Moustapha	Technical Advisor, Ministry of Commerce, Rue Calmette - Dakar

CHAD

Mr PATCHA Oumar	CONACILSS, Ministry of Agriculture and Rural Development, B.P. 441 - NDjamena
Mr GIBRAIL Mikaïl	Agronomist, Ministry of Agriculture and Rural Development, B.P. 896 - NDjamena
Mr BRAHIM MAHAMAT TIDEI	Director, National Cereals Board, B.P. 21 - NDjamena
Mr BLADE Maurice	Senior Treasury Inspector, Ministry of Finance and Information, B.P. 144 - Ndjamena

COASTAL COUNTRIES

BENIN

Mr DANHOUNSI Tossou Emmanuel	Agronomic Engineer, National Cereals Board, B.P. 06-2544 - Cotonou

PRIVATE SECTOR

Mr ISSAKA Diarra	Trader, President, Chamber of Commerce and Industry of Mali - B.P. 1313 - Bamako
Mr TOGOLA Drissa	Farmer, CMDT - Koutiala, Mali

AFRICAN ORGANIZATIONS

ADB

Mr Jean-Pierre RIGOULOT	Agronomic Engineer, B.P. 1387 - 01 Abidjan (Côte-d'Ivoire)

BCEAO

Mr LAWSON-HELLU Delaï	Deputy Director, B.P. 3108 - Dakar (Sénégal)

BOAD

Mr TALABE Chaïbou	Rural Development Engineer, B.P. 1172 - Lomé (Togo)

CEAO

Mr SEREME Moussa	Head, Agriculture Division, B.P. 643 - Ouagadougou (Burkina Faso)

NON-GOVERNMENTAL ORGANIZATIONS

AFDI (Agriculteurs Français et Développement International)

Mr Jacques MOINEAU	Coordinator, B.P. 1721 - Bamako

ALTERSIAL-GRET

Mr Denis SAUTIER	Project Leader, 213, rue La Fayette, 75010 Paris
Mr Nicolas BRICAS	Research Engineer, ENDA T.M., B.P. 3370 - Dakar (Sénégal)

FONGS (Fédération des Organisations non gouvernementales du Sénégal)

Mr MBAYE Gningue	Board Member, B.P. 23 - Khombole (Sénégal)

DEVELOPMENT AGENCIES AND INTERNATIONAL ORGANIZATIONS

WEST GERMANY

Mr Robert LAACK	Programme Coordinator, Food Security, GTZ, B.P. 1910 - Ouagadougou (Burkina Faso)
Mr Wolfgang VAN DAWEN	Director, Food Program , GTZ, B.P. 1964, Dakar (Sénégal)

WORLD BANK

Mr Alfredo SFEIR-YOUNIS	Chief Economist, Washington, D.C. 20433
Mr Charles HUMPHREYS	Economist, Washington, D.C. 20433

CANADA

Mr Gérard GHERSI	Lecturer, Laval University/CIDA 4336 Delacine, Cap Rouge (Qué) Canada G1Y 2L8
Mr Emmanuel HOUNZANGBE	Advisor, BCT, CIDA - B.P. 3371 - Dakar

EUROPEAN ECONOMIC COMMISSION
200, rue de la Loi, 1049 Bruxelles

Mr Jean-Loïc BAUDET	Area Director, Mali
Mr José ZARZOSO	Administrator
Mr Walter KENNES	Administrator

UNITED STATES OF AMERICA

Ms Emmy SIMMONS	Agricultural Economist, USAID, B.P. 34 - Bamako
Mr Abdul H. WAHAB	AFR/TR/ARD, USAID, Washington, D.C. 20523
Mr Bonaventure TRAORE	Rural Economist, USAID, B.P. 35 - Ouagadougou

FAO

Mr Christian Olaf EMMRICH	Secretary of the Intergovernmental Group on Grains, Rome

FRANCE
(Ministère de la Cooperation, 20, rue Monsieur, 75007 - Paris)

Mr Louis CAUDRON	Deputy Director, Rural Development
Mr Michel BERGASSOLI	Project Leader,, DEV/SCT/RA

(Caisse Centrale de Coopération Economique, 35-37 Rue Boissy d'Anglas, 75379 Paris Cedex 08)

Mr Robert HIRSCH	Head of Division
Mr Georges D'ANDLAU	Project Leader

ITALY

Mr Raffaele TROMBETTA	Department for Cooperation and Development - Office XIV, Ministry of Foreign Affairs, Via Contarini, 25 - Rome

OECD
(Organisation for Economic Co-operation and Development)

Mr Hartmut SCHNEIDER	Senior Administrator, Development Centre, 94, rue Chardon-Lagache, 75016 - Paris

WFP
(World Food Program)

Mr Jean-Pierre PEETERS	Area Head, West Africa Division, WFP/FAO - Rome

NETHERLANDS

Mr Adrianus OOMEN	DGIS/TA, General Directorate for Cooperation and Development, Ministry of Foreign Affairs, Postbus 20061 - 2500 EB La Haye
Mr Ron MUYZERT	Coordinator, Sahel Program, Netherlands Embassy, B.P. 1302 - Ouagadougou (Burkina Faso)

SWITZERLAND

Mr Andri BISAZ	Directorate for Cooperation and Development, Federal Policy Department - 3003 Berne

CONSULTANTS AND GUESTS OF THE CILSS AND THE CLUB DU SAHEL

MM. Robert BAILHACHE
Vincenzo CAPUTO
Christopher DELGADO
Gérard GAGNON
Jacques GIRI
Charles HANRAHAN
Stéphane JOST
Mahamane KOULLOU
Soumana TRAORE
Jan BROEKHUYSE
Michel CASSE
Johny EGG
Amadou GARBA
Michel GROLLEAUD
O. John IGUE
Morifing KONE
Jean-Paul MINVIELLE
Téné Boucary ZAMPOU

MEDIA

Mrs Sophie BESSIS	Jeune Afrique, Paris
Mr Moustapha CISSE	Journalist, Dakar
Mrs Adrienne DIOP	Journalist, Dakar
Mrs Lyse DOUCET	Journalist, Abidjan
Mr Abdallah FAYE	Journalist, Dakar
Mr Adama GAYE	Journalist, Radio Africa N° 1
Mr Roger PONS	Representative "Marchés Tropicaux"

INTERPRETATION

Mr Hervé SONGRE	CILSS
Mr Njogou BAH	CILSS
Mrs Joséphine SARR	Dakar
Mr Maguette DIAW	Dakar

TRANSLATION

Mrs Marie-Constance VACHER	Paris

CILSS EXECUTIVE SECRETARIAT

Mr BRAH Mahamane — Executive Secretariat

Mr HAMA Yobi Boubacar
Mr Wytze BOS
Mr Dramane COULIBALY
Mr Ambroise OUEDRAOGO
Mr Alioune SALL
Mr Horst SCHEFFOLD
Mrs Marietou BA
Mr Christophe OUEDRAOGO

Mr Ibrahima Demba BA
Mr Laurent BOSSARD
Mr Oumar KAMARA
Mr Erminio SACCO
Mr Cherif Elvadide SEYE
Mr Demba K. TANDIA
Mrs Sarata SAVADOGO

AGRHYMET

Mr Albade NOUHOU

INSTITUT DU SAHEL

Mr Netoyo LAOMAIBAO

CLUB DU SAHEL SECRETARIAT

Mrs Anne de LATTRE — Director

Mr Henri JORRITSMA
Mr Jean-Marc PRADELLE
Mrs Annick MARCAIS