

World Food Crisis and Policy Response in Mali

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The Issue

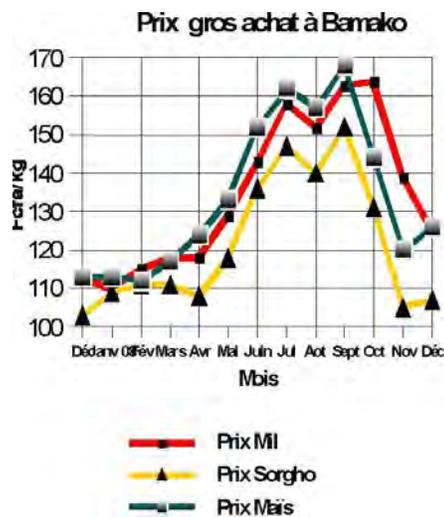
- Soaring prices and export bans by Asian and West African exporters are driving many countries, including Mali, away from market- & trade-based food security policies.

- This policy reversal raises serious questions about the cost of achieving food security in Mali and West Africa.

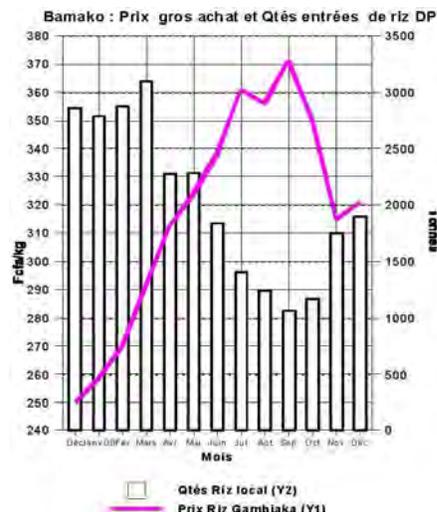
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The context: higher prices

Coarse Grains Wholesale Prices Rice



Feb 2009 price = 150 FCFA/kg



Feb 2009 price = 330 FCFA/kg

Source: Observatoire du Marché Agricole

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Policy responses for Mali

- Price-reducing strategies
 - Import tax exemptions
 - Export bans for coarse grains
 - Cereals banks
 - Sales at below-market prices by OPAM
- Initiative Riz
 - Input subsidies (fertilizer and seeds)
 - New hires of extension staff
 - Subsidized farm equipment
 - Marketing fund for OPAM
- Usual safety-net programs – NGOs, WFP

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Impact of the Policy Responses- Example of Trade Policies

- Import tax exemptions
 - Limits on effectiveness in lowering prices
 - Reduces government revenues
 - No impact on poverty alleviation (World Bank study)

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Export restrictions

- Changes in grain trade volume (2007/08):
 - Mali (Nara) → Mauritania* -38%
 - Mali (Sikasso) → Côte d'Ivoire -27%
 - Mali (Sikasso) → Niger (maize) +174%
 - Mali (Sikasso) → Senegal (maize) +221%
 - Burkina (Kantchari) → Niger +30%

* Prices in Mauritania fell due to subsidies on wheat products and rice from overseas. 6

Export bans: Like a badly designed & implemented export tax

- Push production from low-cost to high-cost regions
- Raise transaction costs of trade
- Cost unpredictable to traders
- “Tax” flows into private pockets rather than public coffers

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Initiative Riz

- Paradox: High rice prices despite reportedly record production
- Controversy over pricing & availability among:
 - consumers
 - traders
 - farmers
 - and their allies



Source: Primature

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De facto policy shifts induced by the crisis

Direct state involvement in marketing

- OPAM
- Price fixing

- Large-scale input subsidies

- Tighter controls on regional and international trade

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Need for New Policy Approaches

- Current shifts are policies “déjà vues”

- Global financial crisis → Skepticism regarding markets & globalization

- Therefore, need evidence-based policy alternatives

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Addressing policy reversals

- ***Strengthening Mali's Capacity to Implement Food Security Policy*** project with MSU
 - Evaluate empirically market-based alternatives to cereal banks and intervention stocks in rice
 - Strengthening CSA capacity for policy analysis
 - Strengthening IPR's capacity to train the next generation of policy analysts
 - Empirical studies on evolution of marketing system and farmers' marketing strategies