



## TRADE MALI

SECOND ANNUAL REPORT | 2005



**November 2005**

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## ACRONYMS

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ADRAO	Association pour Le Développement
AEG	Accelerated Economic Growth
AGOA	African Growth Opportunity Act
AMAQ	Association Malienne pour la Qualité
ANSSA	Agence Nationale de Sécurité Sanitaire des Aliments
CAREC	Centre d'Appui au Réseau des caisses d'épargne et de crédit
CCIM	Chambre de Commerce et d'Industrie du Mali
CECI	Centre Canadien d'Etude et de Coopération Internationale
CEMAC	Communauté Economique et Monétaire de l'Afrique Centrale
CEN-SAD	La Communauté des Etats Sahélo Sahariens
CEVECA	Caisse Villageoise d'Epargne et de Crédit
CMP	Conseil Malien du Patronat
CNUCE D	Conférence des Nations Unies sur le Commerce et le Développement
CONOESAM	Coordination Nationale des Opérateurs Economiques
CSV	Crédit stockage vivrier de la Riziculture en Afrique de l'Ouest
DGRC	Direction Générale de la Réglementation et du Contrôle
DNCC	Direction Nationale du Commerce et de la Concurrence
DNI	Direction Nationale des Industries
DOT	Dourey Tombouctou
DRCC	Direction Régionale du Commerce et de la Concurrence
DTIS	Department of Telecommunications and Information Services du Bétail et de la Viande du Mali du Secteur Agro-Alimentaire du Mali
ECOWAP	(the ECOWAS/CEDEAO) West African Economic Community, Communauté Economique des Etats de l'Afrique de l'Ouest et de l'Equipement Rural
EU	European Union 9 Union Européenne
FCRMD	Fédération des Caisses rurales mutualistes du Delta
FEBEVIM	Fédération Nationale des Inter- Professionnels
GIE	Groupement d'Intérêt Economique
GoM	Malian Government
IER	Institut d'Economie Rurale

JITAP	Joint Integrated Technical Assistance (Programme Conjoint Intégré d'Assistance Technique)
MIC	Ministère de l'Industrie et du Commerce
OIE	Organisation Mondiale sur la Santé Animale
OMA	Observatoire des Marchés Agricoles
ON	Office du Niger
ORM	Office Riz Mopti
ORS	Office Riz Segou
ORTM	Office de la radio et télévision du Mali
PCDA	Programme Compétitivité et Diversité Agricole
PRODEPAM	Projet de Développement de la Production Agricole au Mali
ROESAO	Réseau des Opérateurs Economiques de l'Afrique de l'Ouest
SLACAER	Service Local d'Appui Conseil de l'aménagement
TG	Transitional Government of the DRC
UEMOA	Union Economique Monétaire de l'Afrique de l'Ouest
URTEL	Union des Radios et Télévisions Libres du Mali

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## Executive Summary

This second annual report records the activities, achievements, and lessons learned by TradeMali during the 12-month period September 1, 2004-August 30, 2005. Year 2 saw initiatives tentatively begun in the first year blossom into meaningful activities that increased incomes for project beneficiaries. More significantly, important ideas and practices associated with modern competitive practice took hold, and Malian traders and value chain stakeholders have begun to do business in a whole new way. To be sure, such impact is limited; but it is from such modest beginnings that broad and vital development impact may eventually come. The TradeMali contract was also modified during this second project year from firm fixed-price to a cost plus award fee mechanism. This modification will enhance project efforts to achieve its stated objectives.

### Project Objectives

TradeMali contributes to the *Accelerated Economic Growth* (SO-9) strategic objective of increasing productivity and incomes in selected agricultural sectors. Increased domestic and external trade should represent the first priority in an agricultural-based project strategy aimed at revenue building. Increased marketing opportunity serves as the engine that pulls production and finance along with it. Without expanded trade outlets, increased production will only increase supply and risks lowering incomes. Without reasonable assurance of sale, Mali's conservative financial institutions will be reluctant to lend.

TradeMali works to attract investment, remove trade barriers, and stimulate domestic, regional, and international markets. The approach *starts with the market*, identifies market opportunities, and introduces Malian traders and exporters to interested buyers. The needs and preoccupations of the traders and buyers are translated into changes along the value chain to produce products satisfactory to the market. The project's practical policy agenda derives from specific issues encountered in the implementation of trade activities.

### Conformity with the Draft Strategic Framework for Africa

Mali qualifies as a transformational development state, though the country's northern regions may be viewed as more fragile. TradeMali is consistent with the *Transformational State Goal 2* of increasing the effectiveness of African institutions in promoting a vibrant private sector and democratic governance. It also supports economic growth and agriculture, two transformational state sectors. TradeMali conforms to the *Fragile States Goal 2.4* of maintaining and restoring basic economic activity. The project contributes to three Presidential Initiatives and demonstrates Chemonics' corporate commitment to maximizing the use of indigenous resources. The project emphasizes two of the Framework's cross-cutting themes of gender and higher education.

### Quantitative and Qualitative Results

TradeMali beneficiaries have achieved significant results in terms of volumes of commodities sold and increases in income. For example, the volume of mangoes exported set a new record for Mali, and the associations implementing the rice credit storage programs this year averaged a net return of

more than \$1,200. The intermediate result and sub-intermediate result indicators provide targets for measuring this progress. Although the targets for many of these indicators were largely achieved, experience gained from Year 2 will help the project to set more realistic future objectives. In the early years of a project qualitative changes are as important as quantitative achievements, and TradeMali has been no exception. By the end of Year 2, TradeMali noted the growing acceptance and spread of key competitiveness ideas and practices.

## **Lessons Learned**

TradeMali reflection on the events of the second year has yielded lessons that will influence project implementation in future years. These lessons include focus on the private sector, understanding the obstacles that inhibit supplier response to market demands, the importance of human resource capacity building, the need to allow markets to operate openly, and the transferability of knowledge and skills among different commodities.

## **Synergy with Other Projects**

Collaboration among the three principal AEG projects increased significantly in Year 2. The lesson learned is that synergy comes more naturally when tangible opportunities of mutual interest to all three projects occur. This report cites numerous areas in which collaborative efforts were undertaken during Year 2 and are planned for Year 3.

TradeMali also worked closely with other donors and partners in GDA-type partnerships that share resources in support of common goals. This collaboration has presented valuable opportunities to leverage funds. TradeMali estimates that it has thus far leveraged nearly U.S.\$800,000 from other donor, private, and NGO sources.

## **Project Management**

Consistent with the emphasis on maximizing the use of indigenous resources, TradeMali reduced the number of expatriate personnel from five to three; that number will be reduced to one mid-way through Year 3; 91 percent of all short-term technical level of effort was provided by Malians or other sub-regional consultants. Chemonics practice of careful and continuous expense monitoring during implementation resulted in cost savings of more than \$1 million.

## **Critical Challenge: Contracting Mechanism Affects Project**

The present contract period of three years plus two one-year option years affects project operations by making it difficult to formulate and execute long-term plans. As the project moves into its third year, our current and new partners want to know that the project will be able to assist them in the future and that promising activities recently begun will continue. Uncertainty about the future also exposes the project to staff defections as the third year mark approaches. TradeMali suggests that USAID/Mali consider converting the contract to a single five-year contract or that a three year contract with one two-year option period replace the planned two single year option periods. In either case, TradeMali would benefit by knowing the status of the extension years no later than the end of January, 2006, if possible.

## SECTION I

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### Context

#### A. Project Objectives

TradeMali contributes to the *Accelerated Economic Growth* (SO-9) strategic objective of increasing productivity and incomes in selected agricultural sectors. To achieve that objective, the project aims to improve marketing of targeted farm products by strengthening the competitiveness of agro-entrepreneurs and associations, and enhancing the policy and institutional environment. Tables 1 and 2 in this section highlight some of TradeMali's achievements. Table 3 in Section II provides the results framework and indicators from the TradeMali PMP.

##### *Technical Approach*

USAID/Mali wishes to increase incomes and employment; to that end, increased internal and external trade should represent the first priority. Sales are often thought of as the last step in the process; indeed, sales are really the first, since increased marketing opportunity serves as the engine that pulls production and finance along with it. Without expanded trade outlets, increased production will only increase supply and risks lowering incomes. Finance is a means to an end. TradeMali noted in Year 2 the increased willingness of the microfinance institutions to lend to agriculture when the prospect of repayment was enhanced by the existence of markets.

TradeMali works to achieve its vision of "Growing Competitiveness" by introducing or catalyzing interventions that attract investment, remove trade barriers, and stimulate domestic, regional, and international markets. Our approach *starts with the market*, identifying market opportunities and introducing Malian traders and exporters directly to interested buyers. Traders' and buyers' needs and preoccupations are translated into changes along the value chain, to enable a satisfactory response to buyer demands. Similarly, the project has framed a practical policy agenda as a function of specific issues observed in the implementation of trade activities.

#### **TradeMali Year 2 Accomplishments**

- Professionalization of cooperatives is a start in reducing corruption.
- Gains in the sales of Malian products on the domestic and international markets.
- New organizations and attitudes initiated along the value chain are designed to satisfy the demands of domestic and international markets.

##### **Sectors**

*Rice.* The CSV program offers a range of benefits to all involved parties by providing small producers liquidity at a crucial time and offering the prospect of higher revenues through sales at a more favorable time. Microfinance institutions, skeptical at the start, are expanding their credit participation in the program.

*Potato.* A market-driven business approach to selling potatoes has begun to take hold. This approach emphasizes securing information from buyers about timing, quantities, packaging, potato varieties, and other requirements.

*Mango.* EurepGAP certification means the Malian mango industry understands the challenge of meeting new European quality and just in time requirements.

## B. Conformity with the Draft Strategic Framework for Africa

### *Connection to the draft Strategic Framework for Africa goals*

USAID has drafted a new strategic framework for Africa. The result of decades of experience, the framework recognizes the emergence of new ideas and the changing conditions on the continent. When finalized, this framework will guide all USAID-financed programs throughout Sub-Saharan Africa in accordance with U.S. foreign policy goals for that region.

Under the new framework, Mali qualifies as a transformational development state, though the country's northern regions may be viewed as more fragile. TradeMali is consistent with the *transformational state Goal 2* of increasing the effectiveness of African institutions in promoting a vibrant private sector and democratic governance. It also supports economic growth and agriculture, two transformational state sectors. TradeMali conforms to the *fragile states Goal 2.4* of maintaining and restoring basic economic activity in the Northern part of the country.

### *Conformance with Presidential Initiatives*

TradeMali contributes to three Presidential Initiatives. The most obvious are the Initiative to End Hunger in Africa (IEHA), and the Trade for African Development and Enterprise (TRADE). The professionalization of cooperatives under TradeMali has generated a promising start in reducing corruption encountered by traders and furthers the Anti-Corruption Initiative.

### *Use of indigenous resources*

Chemonics fully supports the use of indigenous resources. Table 1 breaks down TradeMali's use of indigenous expertise and shows that short-term consultant and subcontract level of effort is 100 percent. Financial allocations show 91 percent of funds reserved for these purposes went to indigenous individuals or firms. TradeMali at one time engaged five non-indigenous, long-term staff; that number was reduced to three during Year 2 and will stand at one, our Chief of Party, before the end of Year 3.

**Table 1. TradeMali Indigenous Expertise**

<b>Breakdown of Short-Term Consultants' Time by Origin</b>				
	<b>Days</b>	<b>Percentage of Total Days</b>	<b>Cost</b>	<b>Percentage of Total Cost</b>
International Consultants	133.76	9%	\$122,506.59	38%
Sub-regional Consultants	78.63	5%	\$16,251.44	5%
Malian Consultants	781	50%	\$73,530.34	23%
Subcontracts with Malian Organizations	555	36%	\$111,662.38	34%
<b>Grand Total</b>	<b>1548.39</b>		<b>\$323,950.75</b>	
<b>Total Short-Term Assistance from Malian and Sub-Regional Consultants</b>	<b>1,414.63</b>	<b>91%</b>	<b>\$201,444.16</b>	<b>62%</b>

*Cross-cutting themes: gender and higher education*

*Gender.* TradeMali has worked to involve women in all activities including within its own staffing, where six out of 13 technical staff are women. Each major activity has incorporated significant women’s participation. Twenty-seven percent of all rice CSV participants in Year 2 were women, as were one-fourth of the registered potato cooperatives. These numbers should rise substantially in response to strong demand from women for inclusion in Year 3 activities. The project also introduced Malian exporters to woman importers from Senegal and Mauritania, though those experiences fell short of expectations. Women will play a greater role in domestic and sub-regional mango marketing in Year 3.

*Higher education.* TradeMali also contributes to the framework’s higher education objective of improving job skills and readiness. In addition to planned project training, six interns have been added to the TradeMali staff. These interns earned basic technical degrees and the internships permit them to gain valuable on-the-job experience working along the commodity value-chains. In Year 3 the project will also engage 16 mango wholesalers (pisteurs) to work throughout the year on field-level mango sector activities. Though work for these individuals is intense during mango season, they live in hardship for the remainder of the year. All are being trained in EurepGAP standards; working with TradeMali will enable them to expand their knowledge and that of the producers and, most importantly, keep them from abandoning the sector. TradeMali will also work with the University of Mali’s IPR/Katibougou institute providing modules, short courses, and information to professors and students concerning export quality issues and related value and supply chain concepts. We will explore opportunities to provide selected students with short field level internships. Finally, two civil servants from the DNCC have been seconded to TradeMali on a part-time basis to learn first-hand how to identify trade policy issues, trade opportunities, and see transactions through to sale.

**Table 2. TradeMali Mission**

	STRATEGIC ISSUES			CROSS CUTTING THEMES					ADDITIONAL CONSIDERATIONS			
	Counter-Terrorism	Governance	Extractive Industries (GOLD)	Gender	Urbanization	Youth	Higher Education	Mitigating the impacts of HIV/AIDS	GDA	Indigenous Expertise	Institutional Capacity Delopnment	Initiatives
<b>New Africa Strategy</b>												
TradeMali	X	X		X		X	X	X	X	X	X	X

## SECTION II

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### Results

#### A. Intermediate and Sub-Intermediate Indicators

Year 2 witnessed noteworthy TradeMali-assisted gains in the sales of Malian products on the domestic and international markets. These sales produced increases in income at the producer and trader levels. Of perhaps greater significance is the impact of the project beyond the actual volumes marketed: the project helped to initiate new organizations and attitudes along the value chain designed to satisfy the demands of domestic and international markets. These changes represent a new way of doing business in Mali more in line with global competitive practices. The principle lesson learned in Year 2 is that the establishment of successful models — as introduced in the project’s initial year — will lead to increased demand and replication by non-project producers and traders once they see the impact. In this way, TradeMali is generating results that may go beyond the limits imposed by life of project length and funding.

USAID/Mali requested TradeMali to focus on four principle commodity sectors with the objective of working deeply in each sector. (See the results framework table on the next page.) Mangoes and potatoes were identified as priority sectors to receive maximum involvement; rice and red meat were selected as secondary sectors to be pursued as targets of opportunity emerged. The mission also requested extension of project efforts to northern Mali. The project’s joint themes (“Bring the world to Mali” and “Prepare Mali for the world”) drive project activities. TradeMali arranged and conducted study tours that brought Malian traders into contact with importers from eight sub-regional countries. A TradeMali technical expert accompanied Malian exporters to two trade fairs in Europe, which were attended by buyers from across the continent and by Mali’s competitors. TradeMali also hosted meetings in Bamako between buyers from Spain, Belgium, Holland, and France and Malian exporters. Activities for Year 2 were in part developed as a function of the information gained from interactions with the sub-regional and international buyers.

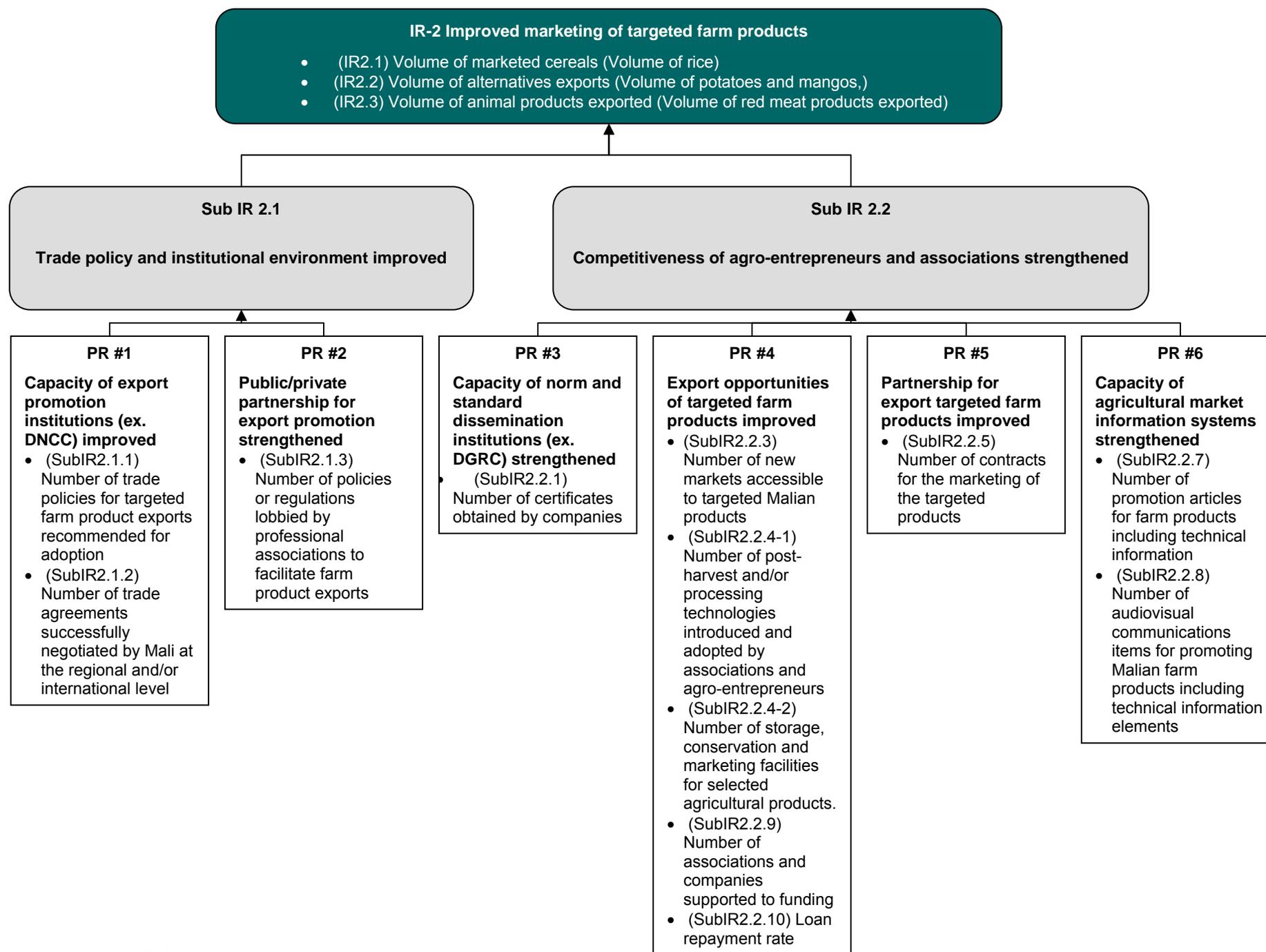
#### A1. Intermediate Result 2: Improved marketing of targeted farm products

##### *Rice Marketing*

Rice	2005 Target	2005 Achieved
IR2.1 Volume of rice exported/commercialized by targeted producer organizations and merchants increased	300	631

TradeMali’s analysis of the regional rice market concluded that Malian rice is not price competitive for regional markets at this time. With mission permission, the project focused on sales to the domestic market, introducing the CSV activity to take advantage of seasonal price fluctuations. This activity led to increased producer incomes. The CSV program offers a range of benefits to all involved parties by providing small producers liquidity at a crucial time and offering the prospect of higher revenues through sales at a more favorable time. Microfinance institutions, skeptical at the start, are expanding their credit participation in the program. This

**Table 3. TradeMali Results Framework**



reversal of position on the part of the financial institutions is based on the potentially large number of new and repeat clients, the reduced risk resulting from shared control over the disposition of the rice, and the very high repayment rates.

The results from the year show that 21 producer associations, composed of 841 men and 317 women stored 631 tons of rice; 94 percent of the women were from the Timbuktu region. The groups secured institutional financing worth 48.5 million FCFA and repaid 100 percent of the loans and interest. By storing and selling in a more lucrative period, the associations earned profits of 13 million FCFA, or more than \$1,200 per association, after payment of interest and bank fees. The strong demand by new groups in neighboring areas for inclusion as we enter Year 3 demonstrates the spread affect possible when beneficiaries perceive value.

### *Red Meat Marketing*

Red Meat	2005 Target	2005 Achieved
IR2.2 Volume of red meat exported by targeted producer organizations and merchants increased (in tons)	93	0

TradeMali sought to promote red meat exports by better educating interested parties in the dynamics of the sector, and addressing two principal aspects of competition: price and quality. The potential volume of red meat available for regional sales remains large, but changes in the fundamental structure of the industry are required. Mali has the largest cattle herds and flocks of sheep and goats in West Africa and live animal exports are significant; however, there are no red meat exporters because high domestic prices make Malian red meat uncompetitive in external markets. Potential exporters working with the project judged the sub-regional market as being unattractive and have decided to concentrate on lucrative domestic sales.

TradeMali visited Guinea, Burkina Faso, and Mauritania, and importers from Ghana and Senegal visited project-sponsored private sector clients. TradeMali also conducted desktop analyses of the Gabonese and Congo-Brazzaville markets. Despite significant regional market demand the ex-abattoir Bamako meat price, added to the cost of transport, forces prices too high for potential markets. Additional investments needed to enable Mali's most advanced slaughterhouses to conform to regional standards further decrease export attractiveness. Until these issues are addressed, Malian red meat will not be competitive with imports of low cost frozen meat from Latin America. Chilled Malian meat also faces competition in the sub-regional markets from locally slaughtered animals and from poultry and fish, whose prices are relatively economical and whose consumption is high and rising because of their relatively low cost. TradeMali assisted the private sector to export more than 50 tons of red meat in Year 1. The poor results of those operations contributed to the lack of interest in this activity in Year 2. Year 1 exports were a series of market tests that were discontinued by the promoter after establishing that selling in the sub-region would not be profitable.

### *Potato Marketing*

Potatoes	2005 Target	2005 Achieved
IR2.3 Volume of potato exported by targeted producer organizations and merchants increased (in tons)	7,913	2,026

TradeMali's professionally marketed potatoes in domestic and sub-regional markets reached 2,026 tons valued at approximately 500 million FCFA this year. Indeed, the potato cooperative exporting to Burkina Faso earned a 20 percent premium over market price by adhering to importer standards. Most importantly, a market-driven business approach to selling potatoes has begun to take hold. This approach emphasizes securing information from buyers about timing, quantities, packaging, potato varieties, and other requirements. TradeMali also can be credited with 1,440 tons of export sales by traders who were indirectly assisted to sell in Burkina Faso. By taking advantage of our efforts with customs and road officials, they were able to extend their marketing period. These traders are now being assisted to create formal cooperatives and will receive project training in our third year.

Changing Mali's traditional trading system into a formal one began with the organization and legalization of marketing associations. Four cooperatives brought informal traders together under the umbrella of a legally recognized organization to facilitate their negotiating and lobbying powers with government, support agencies, suppliers, and importers. The organization's ability to retransmit information to their full memberships enhanced the effectiveness of project-supported technical, cooperative management and business training, and joint market investigation and monitoring. The formal structures provided credibility with regional and banking authorities; half of the cooperatives succeeded, with project assistance, in acquiring financing for the marketing period. The cooperatives were able to negotiate serious agreements with regional importers who stated that they were more confident working with formal groups. TradeMali also focused on issues pertinent to the Malian market since the majority of potato production is sold domestically. Our gender mainstreaming analysis confirmed that women are heavily involved in marketing potatoes, especially nationally. One of the four cooperative unions is composed uniquely of women and that number will expand in Year 3.

TradeMali set its target for Year 2 of 7,913 tons on the basis of estimates and recollections from informal traders who do not maintain proper records. This unrealistic target exceeded reasonable expectations, and Year 3 targets will be readjusted with actual experience in mind and recorded data as the basis.

### *Mango Marketing*

Mangoes	2005 Target	2005 Achieved
IR2.4 Volume of mango exported by targeted producer organizations and merchants increased (in tons)	3,392	2,984

Malian mango exports increased nearly 15 percent over last year's record numbers in spite of a production cycle negatively affected by heat, dust, and the onset of severe fruit fly infestations that brought the season to an early close. Multi-modal shipments increased to 1,813 tons and total

shipments, from assisted exporters, rose to 2,984 tons, from 1,486 and 2,610 tons in 2004, respectively.



*This type of Malian mango is respected for its quality.*

Although Mali has exported mangoes to Europe for more than 20 years, the supply chain is inadequately prepared to deliver large, timely shipments of the high quality mangoes now in demand. The success of project-assisted Tropical Expressions Mali (TEM), an Ivorian-Malian partnership based in Sikasso, has demonstrated the impact of efficient supply chain management. The core components of the approach include air freight and multi-modal logistics from Bamako using various corridors (Dakar, Conakry, and Abidjan), post-harvest infrastructure including cold chain facilities, and emphasis on quality grading, packing, and shipping to create value. An important achievement

of Year 2 was the changing attitude of key actors in the Malian mango industry, who also export other fruits and vegetables: they understand the challenge of meeting new European quality and *just in time* requirements, now considered basic entry conditions by major European importers.

The EurepGAP standard is becoming the norm in the large distribution-retailing industry in Europe. With assistance from TradeMali, TEM established a GIE, which will be the first Malian exporter to fully comply with EurepGAP standards following formal certification in December. The GIE TEM has implemented an innovative organizational structure that integrates 45 producers, eight harvester-consolidators, known as *pisteurs*, and one exporter in the quality assurance process. A partner in Ivory Coast handles logistics arrangements through the Port of Abidjan. TEM harvesters working in more than 45 mango orchards now view their role as quality control agents.

Since EurepGAP compliance requires a fundamental mentality shift on the part of the entire supply chain, the value of a successful model in the Malian context can hardly be overstated. TEM's EurepGAP certification has generated interest among other operators. The APEJ agency has approached TradeMali for similar support in implementing their export centers in Yanfolila and Bougouni; Helvetas Mali obtained TradeMali's assistance to address EurepGAP and traceability issues for activities in Yanfolila, Bougouni, and Kolondiéba; and the Yanfolila mango producers' cooperatives received assistance for a traceability and orchard management program with an eye to future EurepGAP certification. Six of the leading Bamako-based mango exporters recently joined a jointly funded TradeMali-CBI Hollande program to assist them in becoming EurepGAP ready. TradeMali's focus on quality led to the definition of standard specifications for export quality mangoes that are now considered the reference for the mango industry. These specifications are annexed to Ministerial Decree 440, drafted by TradeMali, which defines the requirements for exporting fruits and vegetables.

### *The North*

TradeMali provided initial orientation and training to 14 groups that expressed interest in the CSV program. Seven were able to gather a suitable level of stock to initiate the program; five of the seven associations were composed of women. The project hired an intern to assist with field activities; 78

tons of rice was stored and nearly 7 million FCFA in credit secured from two local financial institutions with the assistance of Mali Finance. The loans and interest were completely repaid by the due dates, and participants earned a net 2.1 million FCFA by selling their rice at a more propitious time. The number of participants and tonnage is particularly impressive when considered against the season’s low level of production and losses from locust attack.

The anis program identified market possibilities and improved production and post-harvest handling techniques. TradeMali-sponsored visits with a Timbuktu anis merchant to several West African markets and uncovered business opportunities in Togo, Ghana, and Burkina Faso, especially if quality selection and packaging is improved. More timely arrival will also increase revenues. TradeMali negotiated a protocol agreement with PRODEPAM to jointly support research to increase anis production yields and improve post-harvest handling quality. Laboratory analysis of samples using improved post-harvest operations showed progress in meeting European import requirements, and yields in experimental plots reached the equivalent of two tons per hectare as opposed to the prevailing field average of 700 kilos.

The potato market yields good revenues for Timbuktu growers but operations are constrained by a short selling period induced by the dramatic and rapid increase in temperatures. TradeMali assisted Timbuktu potato producers to identify the principal blocks to sector development and assisted in organizing a cooperative — which received official recognition — to better deal with the input and storage issues constraining progress.

Though demonstrating positive results in increased revenue and employment, and indications for broader future success, the camel cheese production and marketing activity in Kidal was discontinued early in the year at the request of the Mission. USAID/Mali’s desire to focus project resources on the agricultural sector brought support to the project’s artisan activities in Timbuktu, Gao, and Kidal to a close.

## A2. Sub-IR 2.1: Trade policy and institutional environment improved

### *Performance Result 1: Capacity of export promotion institutions improved*

Indicators	Target	Accomplished
Number of export trade policies for targeted agricultural products recommended for adoption	2	3
Number of trade agreements successfully negotiated by Mali at the regional and international level	1	0

A draft of Ministerial Decree 440 and accompanying Technical Notes pertaining to governance of exporters was submitted to the cabinet of the Minister of Industry and Commerce in August. A second Ministerial Decree containing specifications on the treatment of wooden packaging and packing material used in support of exports to the European Union was submitted to the Ministry of Agriculture, which published it after receiving comments from the Secretary General of the government (SGG). Recommendations for the restructuring of the DNCC were submitted to the Ministry of Industry and Commerce, which, as a prelude to the formal reorganization, in turn sought the approval of the SGG.

The West African monetary union (UEMOA) increasingly negotiates trade agreements with third countries and multi-lateral agencies on behalf of its member countries under their common trade policy. Mali is now only rarely involved directly in trade negotiations. TradeMali follows these negotiations and informs and educates DNCC and other government personnel and private sector representatives on UEMOA and ECOWAS trade policy issues.

*Performance Result 2: Public-private partnerships for export promotion strengthened*

Indicator	Target	Accomplished
Number of policies or regulations lobbied by professional associations to facilitate farm product exports	2	4

TradeMali led the effort to draft harmonized regional norms for rice, potatoes, and red meat. Norms were also drafted for international export of mangoes. These norms were debated and validated by relevant private and public sector representatives. The DNI will now invite public comment on each of these drafts prior to submission to the Conseil National de Normalisation. The final drafts will be submitted to the cabinet of the Ministry of Industry and Commerce for approval and publication.

### A3. Sub-IR 2.2: Competitiveness of agro-entrepreneurs and associations strengthened

*Performance Result 3: Capacity of norm and standard dissemination institutions strengthened*

Indicator	Target	Accomplished
Number of certificates obtained by companies	1	1

The EurepGAP certification process for the Sikasso-based mango exporter GIE TEM is nearing completion for the coming season with the arrival of the certifying agent in December 2005. As part of the assistance process, TradeMali conducted company pre-qualification audits on the major Malian mango exporters and helped train collectors, packing house agents, and management in the requirements for certifications. TradeMali assistance helped exporters to make required changes including the establishment of a traceability system and recordkeeping. This process has also begun in the Bamako area with Mali Primeurs and Yaffa et Frères taking initial, but tentative, steps. TradeMali is collaborating with the CBI Hollande to bring six exporters to EurepGAP certification levels: Flex Mali, IB Négoco, Fruitière du Lotio, Primeurs Expansion, Yaffa et Frères, and Mali Primeurs.

*Performance Result 4: Export opportunities of targeted farm products increased*

Indicators	Target	Accomplished
Number of new markets accessible to selected Malian agricultural products	4	7
Number of post-harvest and processing technologies introduced and adopted by associations and agro-entrepreneurs	12	16

Indicators	Target	Accomplished
Number of storage, conservation, and marketing facilities for selected agricultural products	4	21
Number of associations and companies supported to get access to funding	26	52
Percent credit reimbursement rate	95	100
Number of agro-entrepreneurs trained in the use of good agricultural techniques including harvest and post harvest techniques, trade, management, and financing techniques	1,060	2,130

*Number of new markets (including market segments) accessible to selected Malian agricultural products.* TradeMali organized market investigation and promotion trips for potatoes, mangoes, rice, and red meat to Burkina Faso, Ivory Coast, and Mauritania. Similar trips for anis visited Niger, Burkina Faso, Ghana, and Togo. Malian fruit and vegetable exporters attended trade fairs in Germany (Fruit Logistica) and Holland (AGF Totaal) where they met importers from the EU and returned with orders in hand for mangoes. Project-supported agro-entrepreneurs received visits from Burkina Faso and Ivory Coast (potatoes), Ghana (potatoes, mangoes, and red meat), Senegal (red meat), and Mauritania (mangoes and potatoes). Mangoes were exported to Mauritania, and potatoes to Burkina Faso and Ivory Coast, in accordance with new exporting guidelines specifying varieties, calibers, ripeness, packaging, periods, and quantities. These markets previously received Malian produce in informal fashion; the innovation is the formal and professional manner in which exports are taking place with project-assisted cooperatives. Mango exporters also tapped new European markets and serviced new buyers: Belgium, Germany, the Netherlands, and Spain.



**Proper potato packaging is cost-effective.**

*Number of post-harvest and processing technologies introduced and adopted by associations and agro-entrepreneurs.* TradeMali introduced or modernized post-harvest or technology utilization in *potatoes* (curing, calibrating, and proper packaging); *mangoes* (recognizing degree of maturity, improved mango production and picking practices, transporting mangoes from the field to the pack house, improved triage and cleaning, calibrating size, packing and ticketing of mangoes, traceability, market information for mango exporters using email and digitized photos, and orchard maintenance especially in regard to proper spraying and use of insecticides); *rice* (storage under improved stocking conditions); and *anis* (harvesting, handling, and drying methods).

*Number of storage, conservation, and marketing facilities for selected agricultural products.* All 21 of the village associations (including seven in Timbuktu, six in the ON, five in Mopti, and three in Segou) involved in the CSV program carried out maintenance and repairs on their storage facilities. Several other groups could not participate due to inadequate storage. TradeMali conducted a census on warehouse availability and repair needs in the current CSV program regions of Timbuktu, Segou, and Mopti and investigated interested groups in the Sikasso region to determine their access to storage. TradeMali and Mali Finance are considering strategies to secure financing for major

rehabilitation and storage construction. TradeMali is collaborating with the NGO ISCOS to evaluate the efficiency of their potato storage warehouse model for Sikasso town and neighboring producer villages. If viable, the model could be extended to project-assisted potato growers in Timbuktu in Year 3. Translating the post-harvest handling and market research on anis and cumin to producer level will eventually require adequate storage facilities in Diré.

*Number of associations and companies supported to get access to funding.* TradeMali assisted 44 CSV associations, four potato cooperatives, and one pisteur organization to determine credit needs and repayment schedules, comprehend loan requirements, and understand bank-client responsibilities. Twenty-one of the CSV groups, two of the potato cooperatives, and several members of the pisteur organization received financing. The project backed three mango exporters in discussions with input suppliers, importers, and credit agencies to secure credit for packaging materials. Only one mango exporter succeeded in getting supplier credit; the other two did not provide financial statements, so they could not complete the financing deal.

*Credit reimbursement rate.* All of those groups whose loans have already come due fully reimbursed their credit within the time period. The two potato cooperatives have due dates in October and November, and the mango pisteurs in December.

*Number of agro-entrepreneurs trained in the use of good agricultural techniques including harvest and post harvest techniques, trade, management, and financing techniques.* TradeMali provided direct technical and managerial training to exporters and producers in the mango (production, harvest, and packing station staff), potato, and rice sectors. The project provided special CSV training of trainer (TOT) sessions to field agents from ON, ORS, ORM, SLACAER (Timbuktu), Nysigieso (Segou, Timbuktu), Kondo Jiginew (Mopti, Segou), FRMCD (Segou), and CAREC (Segou). The TOT sessions are intended to promote the expansion of CSV programs beyond project limitations. TradeMali also provided training in elementary computer and Internet use to members of the Chambres de Metiers in Timbuktu, Gao, and Kidal.

*Performance Result 5: Partnership for export-targeted farm products improved*

Indicator	Target	Accomplished
Number of contracts for the marketing of targeted products	22	24

TradeMali is working to professionalize Mali's marketing processes. Formal written contracts for buying and selling (inputs and products) and for services rendered (financial services for loans and credit) represent one component of a professional approach. In the CSV program, 21 contracts were established between financial institutions and producer associations. Two of the potato cooperatives signed contracts with their loan institutions, as did the pisteurs receiving credit from Nysigieso. Potato importers from Burkina Faso and Ivory Coast signed documents indicating the volume of potatoes that they intended to buy from the cooperatives. In the mango sector, the European importers all provided written purchase orders.

*Performance Result 6: Capacity of agricultural market information systems strengthened*

Indicators	Target	Accomplished
Number of promotion articles on farm products including technical information	15	9
Number of audiovisual communications items for promoting Malian farm products including technical information elements	4	17

*Number of promotion articles on farm products including technical information.* TradeMali established this indicator on the assumption that a quarterly newsletter would be published jointly by the three principal AEG projects. This assumption has proven to be incorrect and the newsletter has been dropped. TradeMali has published nine written articles in local newspapers. Given the low level of literacy of our rural target audience, TradeMali shifted emphasis to audio-visual methods.

*Number of audiovisual communications items for promoting Malian farm products including technical information elements.* In addition to the 17 media items noted above, TradeMali, in partnership with the HKI project Nietat Kunafoni, sensitized radio and print journalists on quality issues and developed a series of messages on quality for the targeted project commodities. One hundred and ten local radio stations broadcasted these messages 10 times a day for two months in the five principal local languages for a total of 66,000 transmissions throughout the country. In addition, TradeMali has contracted with OMA to broadcast over local radio the market and price information that they collect for TradeMali on rice, potatoes, and mangoes.

## B. Qualitative Achievements

In the early years of a project there are often important qualitative changes and TradeMali has been no exception. We highlight below two such qualitative observations that provide promise for future years.

*The introduction and growing acceptance of key competitiveness ideas.* First, TradeMali is witnessing an increasing attitude of professionalism. Four potato cooperatives have been officially registered and trained in their rights and responsibilities with significant impact on the way business is pursued and the promotion of transparency. Second, in the context of increasing incomes, we note the realization that one starts with identifying markets, not producing products. Collaboration with importers has changed the way business is being conducted.



**Potato cooperatives show professionalism.**

One indirect effect of the project's formal exports to Burkina Faso was that a group of approximately 100 informal exporters followed the TradeMali example and used more formal transport channels last season. This resulted in a lengthening of their selling period, higher export volumes, and additional revenue. The project is in the process of helping the group to associate into a legally recognized cooperative and will provide training and support services similar to what we are giving to the URCEP potato exporters' union.

Faced with stricter European market requirements and new regulations, mango exporters are adapting the way they are working with producers and importers. Interested by TradeMali's focus on

quality, post-harvest infrastructure and logistics, marketing inputs, market linkages and intelligence, and financial engineering, new exporters (and even former exporters) are moving closer to the project and taking an active part in helping to solve issues that hinder success. On the other hand, exporters who cannot meet EU market requirements and comply with rigorously enforced norms have ceased exporting mangoes (though they may find a role in sub-regional exports). Progress achieved in the mango supply chain is also attracting producers and exporters active in other fruits and vegetables (i.e., green beans, papaya, among others).

Microfinance institutions have revised their concept of service by expanding support for rice credit programs and making more frequent client visits. The BNDA is setting up a new window for SMEs with a series of financial products that have less stringent or more adapted borrowing requirements.



**Better practices result in greater success.**

*The introduction and growing acceptance of important practices.* TradeMali has introduced key practices aimed at meeting quality standards (improved post-harvest handling and transport of potatoes, and mango orchard maintenance) or maximizing return on investment (rice credit storage program).

The validity of these ideas and practices is being demonstrated in Year 3 by increased demand of potato traders wishing to join the program, demand for rice credit storage expansion, which is stretching the project's ability to comply, more women wishing to join the potato exporter cooperative, previously skeptical microfinance

institutions now asking to participate, and greater participation and interest in the orchard management program and cold chain infrastructure effort. Implementation of these ideas and practices appears to be spreading and should result in increasing income and employment in the later years of the project and beyond.

## C. Lessons Learned

TradeMali cites six lessons from the past year, which will influence implementation in future years.

### *1. The requirements of the private sector shape assistance to the supply-value chain.*

The private sector in Mali is the principal actor in agriculture-based trade. TradeMali must take into account how the private sector functions and evaluates opportunities. The private sector ultimately determines where and when trade will develop; the public sector and donor agencies play supporting roles and their complementary contributions to strengthen various elements of the value chain must be made within that context.

TradeMali utilizes a market driven approach which defines *market* in terms of geographic space (international, sub-regional, and domestic markets) and time (seasonal markets), segments (large distribution, niche markets, organic, and fair trade products), and linkages with buyers (new buyers versus long-standing relations). Malian traders react to available opportunities, selling in the domestic market or to buyers in the sub-region during certain periods of the year, or during certain

years. Expanding storage capacity for sales to widely defined markets at the most advantageous time could be a very effective approach in achieving the AEG strategic objective of increasing incomes.

The CSV rice storage activity has demonstrated the powerful combination of storage and credit in support of the seasonal marketing approach. It provides cash to meet critical social needs, builds relationships between rural borrowers and microfinance institutions, and allows for the possibility of investment in other short-term economic activities. This model should be expandable to value-chains involved with other storable commodities as the embrace of this concept expands among microfinance organizations.



**CSV rice storage is a successful model.**

### *2. Understand and address obstacles to responding to market signals.*

Strong market demand is only one of the many factors considered by Malian business people in evaluating their activities. Private operators, working with small margins, contemplate the high risk, effort required, resources needed, timing of returns, experience, reliability, and availability of market information, market stability and competition, ease of entry and threats, and opportunity costs.

TradeMali must address these obstacles in the context of Malian traders whose resources must cover social as well as business needs, who are not committed to one specific sector or business, and who have numerous choices, which may be simpler, less risky, or require smaller investments than agribusiness ventures. In the mango sector, for example, where profits are good and earnings can be significant, a group of exporters with capacity to expand have failed to do so. This lack of interest is explained by limited resources, analyses of opportunity costs, and diversity of business interests. Expansion of mango operations may mean skipping a green bean venture, increased confrontations with authorities, and higher costs. Potential gains may not be worth the perceived risks involved.

### *3. Focus on increasing human resource capacity.*

Management of successful medium or large-scale export operations demands year-round work requiring considerable practice and experience. Having strong promotion or entrepreneurial skills does not necessarily make a good manager and viable businesses need strong entrepreneurs and managers. In Mali, experienced senior and middle level managers for agribusiness enterprises are in short supply. Most Malian exporters work at a variety of income-earning activities, often leaving untrained family or friends to watch over the export business. TradeMali is working to increase the professionalization of the trading community.

### *4. Arbitrary transport charges can be reduced.*

The issue of illegal charges is frequently raised when discussing regional trade. Experience suggests that formalization can assist in combating this phenomenon by helping registered export groups understand their roles and responsibilities and those of various authorities. Knowledge of exporting procedures, correctly filled out and stamped forms and certificates, and appropriate packaging and packing arrangements places the formal exporter in a much stronger position than the informal trader when problems arise.

TradeMali experience suggests that it is worth the cost to organize and support business groups (e.g., GIE, associations, cooperatives), especially for the smaller-scale businessperson. This past season the Sikasso potato exporters all benefited from their association in dealing with customs and inspection officials, UEOMA, and the governments of Burkina Faso and Mali.

#### *5. Allow the market to operate.*

Competing interests among producers and traders in Mali suggests that TradeMali assistance may not favor all actors in a sector. For example, in the CSV activity the additional seasonal profit enjoyed by wholesalers is now earned by the producer. Likewise, promotion of storage among potato producers may benefit the producer to the detriment of the exporter by raising farm-gate prices to a level where Malian potatoes may not be price competitive in the sub-region during certain months. As economic actors choose their course freely, rural producer incomes should rise though exports may fall.

#### *6. Working on one commodity impacts others.*

Few Malian traders are specialized in terms of product or market. Rather, traders operating in domestic markets will take advantage of viable opportunities in export markets as they may emerge. The same is true for products; the exporter who sells mangoes may also sell papayas if promising prospects occur. The involvement of traders in multiple commodities means that training received on one product can be extended to others. For example, exporters trained in EurepGAP standards under the TradeMali mango program can apply that knowledge to papayas or green beans without additional training. Or, trader understanding of how to work professionally in the potato sector will transfer to operations in the sweet potato sector. These are the ways that TradeMali's impact can be extended well beyond the four commodities selected by the mission.

### **D. Success Stories**

TradeMali activities have impacted individual Malians and the organizations that unite them along the value chain from producer to trader. Annex C provides success stories which highlight some of the positive consequences of project-supported activities.

### **E. Synergy**

Collaboration among the three principal AEG projects increased significantly in Year 2. The lesson learned is that synergy comes more naturally when tangible opportunities of mutual interest to all three projects occur.

TradeMali and Mali Finance are working together to expand microfinance institutional support for rice credit storage programs in Timbuktu, Mopti, Segou, and for the potato sector in Sikasso, and for pisteurs in Bamako and Sikasso. The success of this year's potato campaign led to the establishment of an ambitious plan to professionally market more than 10,000 tons to domestic and sub-regional markets beginning in February. TradeMali is leading this campaign with assistance from Mali Finance for microfinance credit and PRODEPAM for production support. During Year 2 TradeMali and PRODEPAM collaborated on the anis program in Timbuktu and the rice credit storage activities there and in Segou.

TradeMali conducted a gender mainstreaming study which emphasized the key role of the pisteur as a marketing intermediary and their need for basic business skills and services. Pisteurs function as independent agents harvesting and transporting mangoes to conditioning stations; payment depends on the acceptability of the produce and rejected fruit earns no income. The Bamako-area pisteurs, all women, have few sources of credit to finance their operations.

TradeMali is collaborating with Mali Finance on simple training for these women pisteurs with the objective of equipping them with the skills needed to possibly become traders to sub-regional or domestic markets with the second and third quality mangoes they collect but which will not qualify for export to developed country markets. We continue to work with Mali Finance to assist women and men pisteurs to gain access to credit. TradeMali also is collaborating with Mali Finance and PRODEPAM in other sector-related activities.

## SECTION III

### Donor Coordination and Leveraged Funds

TradeMali has worked closely with other donors and partners in GDA-type partnerships which share resources in support of common goals. This collaboration has presented valuable opportunities to leverage funds. TradeMali estimates that it has leveraged nearly \$800 thousand from other donor, private, and NGO sources, not accounting the \$1.5 million from Dutch support, see below, to the mango sector.

#### A. Mango Sector

*World Bank PCDA support.* In conjunction with TradeMali, the PCDA project conducted a comprehensive study of the existing and required infrastructure in Mali, which will be the basis for the implementation of a major project component. The PCDA also funded the feasibility study of a cold chain and logistics facility in Bamako and a benchmarking study of several agricultural products to define their strategic profile and assess their competitiveness in domestic, sub-regional, and international markets. The Bank's PCDA project is providing other support to the mango sector for its development in line with TradeMali activities. World Bank investment in these activities is estimated at \$85,000.

*Dutch Development Cooperation support.* TradeMali and the Dutch have formed a strong partnership in support of the mango sector. With TradeMali assistance, Dutch Cooperation completed a study on ways to upgrade the Bamako airport cold storage facilities for mango and other fresh fruit and vegetable exports. With TradeMali guidance and assistance the Dutch are collaborating with the exporters to structure a private sector project to manage operation of a pack house for multi-modal shipments. The Dutch Government's CBI agency and TradeMali are working together to prepare exporters to meet EurepGAP criteria and to improve mango promotion activities. Overall Dutch investment with the planned future construction of the logistics center is estimated at \$1.5 million.

*Integrated Framework projects.* The Integrated Framework represents a donor-sponsored plan to promote economic growth. The Malian government accepted this plan which specifies roles and responsibilities for various private and public entities. USAID/Mali has been the key facilitator in the Integrated Framework process, and TradeMali has provided analytic support to the mission in this regard. With assistance from TradeMali, the two initial projects presented to the UNDP Window II financing mechanism obtained funding. The funding will provide approximately \$500,000 for

#### Leveraged Funds

##### *Mango Sector*

- World Bank PCDA study on infrastructure and cold chain facilities \$50,000
- World Bank PCDA involvement in logistic center & Bamako pack house \$35,000
- Dutch study regarding airport cold storage upgrading \$10,000
- Dutch support of GIE Fruilema in logistic and cold storage center \$15,000
- Dutch support for TradeMali's Quality Program: EurepGAP trainer, certification process, and support for to mango exporters \$150,000
- UNDP Window II Integrated Framework mango program \$500,000
- Helvetas support for producers \$15,000

##### *Rice Sector*

- Support for expert Juniors with PRODEPAM and CARE \$10,000
- Technical assistance from Offices (ORS, ORM, ON) \$3,000

##### *Potato Sector*

- Market research with RESEAO in Burkina Faso and Ivory Coast \$2,000

##### *Northern Initiatives*

- Anis and cumin research: PRODEPAM, CARE, and Africare \$8,000

treatment of 2,000 hectares of mango plantations, a loan guaranty fund for exporters for the coming season, and support of the IF's Project Management Unit.

*Helvetas Support.* TradeMali signed a protocol with the Swiss development organization Helvetas to provide training of trainers (TOT) in EurepGAP, good agricultural practices, and traceability systems to their local subcontractors in the important mango production zones of Bourgouni and Yanfolila. The subcontractors then provide training to the producers. Helvetas investment in this activity is estimated at \$15,000.

## **B. Rice Sector**

*PRODEPAM and CARE support.* TradeMali employs interns in support of the rice CSV programs in Timbuktu and Segou. Both organizations contribute to the salary, transportation, and technical support costs of the two interns. The value of this support is estimated at \$10,000 for the year.

*ORS, ON, and ORM support.* TradeMali has signed protocols with these three major Malian government organizations to contribute field staff to CSV operations in their zones to monitor activities and provide training (after receiving TOT from TradeMali). The value of this contribution is estimated at \$3,000.

## **C. Potato Sector**

*RESEAO support.* RESEAO is an organized West African network of traders in various commodities. With RESEAO assistance TradeMali was able to rapidly identify prominent potato (and mango) importers in Burkina Faso and Ivory Coast and resolve important issues during initial export operations. Savings from RESEAO assistance are estimated at \$2,000.

## **D. Northern Initiatives**

*PRODEPAM and CARE support.* In an effort to boost economic growth in the North, TradeMali contracted with the national research institution, IER, and the extension service, SLACER, to carry out research on anis and cumin. Both commodities are grown in the North in limited quantities and TradeMali-sponsored marketing tours in the sub-region identified interested markets. PRODEPAM and CARE contribute to the salary and technical support costs of the interns hired by TradeMali to support this activity. PRODEPAM also shares the cost of IER and SLACAER research into anis and cumin production and post harvest handling. The value of these contributions is estimated at \$8,000 for the year.

## SECTION IV

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### Project Management

On May 23, the Contracting Officer modified the TradeMali contract from firm fixed-price to cost plus award fee (CPAF). This modification permitted increased technical flexibility and sharpened focus on program priorities. TradeMali appreciates the efforts of USAID/Mali and the West Africa Regional Program Office in processing this modification. The new contract mechanism has promoted closer partnership between AEG and TradeMali staff.

#### A. Technical Resource Management

During this second year, TradeMali refined its vision for technical resource management. Our vision includes maximizing the use of indigenous staff and organizations, utilizing TradeMali as a training ground for indigenous institutions and individuals, and creating networks to leverage resources and expand project presence.

*Technical resource changes.* TradeMali technical personnel provide significant direct assistance to project beneficiaries. We supplement this assistance with expertise from consultants, subcontractors, investors, and collaborative arrangements with other organizations.

The project introduced several changes to enhance effectiveness and reduce cost. We extended the contract of trade specialist Louise Deslauriers by one year to permit continued valuable support to commodity value chains. We shortened the assignments of BDS specialist Criss Juliard and policy analyst Aya Thiam and transferred their responsibilities to other TradeMali staff. We terminated the contract of red-meat specialist Dick Cook and respond to technical requests with local short-term assistance.

*Maximizing use of indigenous resources.* TradeMali engaged Brehima Dagnoko, resident in Sikasso, to support mango and potato programs in that region and to facilitate synergy with PRODEPAM and Mali Finance. Our emphasis on engaging short-term Malian and sub-regional consultants and organizations for technical assignments culminated in 91 percent of all contracted technical level of effort this year allocated to indigenous sources.

*Using TradeMali as a training ground.* At TradeMali's initiative, we teamed with CARE and PRODEPAM to employ four interns who expand field presence and provide cost-effective expertise in anis, rice credit programs, and computer training. This program gives recent graduates employment, a chance to learn on-the-job, and to contribute to project activities; three of them have graduated to junior project staff and we anticipate hiring three more. At our request, the DNCC assigned two professionals to work at TradeMali a couple of days per week to gain first-hand experience in the full cycle from market identification to export, as well as raising and addressing policy issues.

*Creating partner networks.* Association with local organizations such as ACOD and OMA has created viable networks to leverage resources and enlarge outreach. The subcontract with OMA extends TradeMali's information collection and dissemination capacity while providing OMA the ability to build its capacity through project financial support and feedback the project provides on its

performance. The subcontract with ACOD expands project presence in the Sikasso potato sector and reinforces synergy with the two other AEG projects which also subcontract with this local NGO.

Protocol agreements with Office Riz Ségou, Office de Niger, Office Riz Mopti, several microfinance institutions, and the provision of “training of trainers” sessions increased our field level outreach in the rice credit program. Agreements and understandings with donors including Helvetas, Dutch Cooperation, CBI, and the PCDA project also expand technical interventions at shared expense.

*Leveraging investors.* Sub-regional and international private investors (like TEM, NIRAM, and SIPEF) also provide technical expertise which introduce and transfer innovative methods working in similar environments to Mali. TradeMali works with these investors to provide technical assistance and to replicate successful systems with new groups in the targeted commodities.

*Value chain working groups.* TradeMali created task forces for potatoes and mangoes to improve sector-wide collaboration and resource allocation. Potato importers from neighboring countries were invited to meet with producers, input suppliers, transporters, financing institutions, and exporters; the result is a detailed agricultural campaign plan to produce and deliver more than 10,000 tons of potatoes to local and sub-regional markets in Year 3. Similarly, the project helped implement value-chain committees for mangoes and red meat. The Project Advisory Committee and Women’s Committee comprised of private and public sector representatives provide guidance on specific technical questions and overall project development.

*USAID/Mali involvement.* The interventions and recommendations of the project CTO provide a much valued source of local technical expertise and perspective. Comments from CTO and other AEG staff field visits, periodic meetings, and participation at workshops are appreciated, reviewed internally, and acted upon.

## **B. Administrative and Financial Resources**

TradeMali revised the use of administrative resources this year. The project’s former accountant, Gédéon Dembélé, replaced expatriate operations manager, Alice Schulz. In turn, Madina Dia was promoted from assistant accountant to accountant. Drissa Sow was hired to fill the assistant accountant position. Administrative assistant, Safiatou Ba, was reassigned to support both trade and BDS administrative operations. The transitions have been smooth and project administrative and financial systems continue to function efficiently.

*Staff development.* Improving our professional staff capabilities is important to TradeMali’s efforts and to Mali’s future development. TradeMali seeks to fill vacant positions through internal promotion whenever possible, as noted above. Annual personnel reviews are mandatory wherein staff and supervisor agree on the individual’s performance during the period, objectives for the coming year are identified, and measures to address areas for improvement adopted.

English is invaluable for international trade. TradeMali provided English classes in reading, writing, and speaking at three skill levels for project staff at no direct cost to the contract. We will continue these classes next year.

## C. Financial and Administrative Management

The change in contract type was a welcomed decision that enhanced TradeMali's ability to accomplish its development objectives.

### C1. Contract Mechanism Change

The financial and administrative management required to effectively implement the original TradeMali fixed-price contract was significant. The change during the year to a cost-reimbursement structure has alleviated constraints on technical flexibility and response time, and improved the allocation of administrative and technical resources. This is reflected in the project's improved performance during the year. Required financial reporting, budget monitoring, and personnel approval systems are in place and functioning smoothly.

### C2. Financial Management

The precipitous decline of the U.S. dollar against the FCFA has significantly increased local expenses by tens of thousands of dollars. This unexpected event requires TradeMali to monitor its budget very closely and to evaluate the cost-effectiveness of all major resource uses. Thus, our technical personnel decision-making reflected technical considerations and the need to improve the cost-effectiveness of our interventions. Additional savings were achieved through reductions in Bamako office space and utility costs, and sharing field expenses such as interns, anis research subcontracts, and Sikasso office space with PRODEPAM.

Under the new contract mechanism the Mission, through the CTO and associated staff, now shares in budget monitoring and financial projection exercises and has greater approval authority concerning adjustments to staffing, technical, and budgetary proposals.

## D. Cost Savings Resulting from Project Management

*Allocation of expenditures by commodity.* TradeMali began tracking time by activity and reporting project expenditures by commodity in June as requested during the contract modification process. Table 4 below shows a summary of costs for June-August 2005.

**Table 4. MaliTrade Expenditures Summary**

Summary of Actual Expenditures by Commodity June–August 2005							
Commodity	Mango	Potato	Red Meat	Rice	Other	General Policy	Total
Total Monthly Expenditures	\$149,184	\$112,962	\$34,867	\$50,907	\$29,590	\$79,282	\$456,793
Percentage	33%	25%	8%	11%	6%	17%	

Table 5 below shows Year 2 estimated project cost savings (see Annex B for more detailed information about cost savings).

**Table 5. Cost Savings**

<b>Year 2 Project Cost Savings (in FCFA)</b>	
	<b>Amount Saved</b>
Indirect costs	3,324,000
Cost sharing with partners (Mali finance, PRODEPAM, CARE, GEOMAR)	14,012,05
Use of Malians in place of sub-regional consultants	7,190,840
Use of sub-regional consultants	8,906,779
Use of contracts vs. international consultants	3,761,279
Hiring of personnel	24,379,800
Personnel reductions	367,398,006
Reduced vehicle purchase prices	29,636,700
Equipment and furniture	77,523,250
<b>Dollar exchange rate</b>	536,132,659 US\$1 = 525 FCFA
<b>Total Savings</b>	<b>US\$1,021,205.06</b>

## SECTION V

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### The Year Ahead

Year 2 was a vital and successful year for the traders and value-chain stakeholders assisted by TradeMali. The results and lessons of the first two years serve as a guide for activities planned for Year 3.

#### A. Critical Challenges

*Contracting mechanism affects project.* The comparison in results from the period under the fixed-price contract with the period under the cost-reimbursement form is a clear example of how contracts affect project performance. Though the current reimbursement mechanism is a better means for achieving development goals, some additional modifications would significantly enhance project efforts. The current contract period of three years plus two one-year option years affects project operations by making it difficult to formulate and execute long-term plans. For example, in a few months, TradeMali will be in the middle of the agribusiness trading year — at that time the project may also need to commence closeout procedures. As the project moves into its third year, present and new partners need to know that the project will be able to assist them in the future and that promising activities recently begun will continue. Uncertainty about the future also exposes the project to staff defections as the third year mark approaches. The project is concerned that staff could begin to react to this uncertain future early in calendar year 2006. TradeMali proposes that the contract be converted to a single five-year contract or that the present three year contract with one two-year option period replace the planned two single year option periods. In either case, TradeMali would benefit by knowing the status of the extension years no later than the end of January 2006, if possible.

*Ensuring substantial collaboration.* The potato sector represents an excellent revenue source for rural Malians, but the value chain has long been characterized by uncoordinated assistance efforts. TradeMali, assisted by its partners PRODEPAM and Mali Finance, will address this. TradeMali organized “Potato Days” (“Journées de Pomme de Terre”) in Sikasso, which brought together key stakeholders and importers from neighboring countries to discuss the successful Year 2 potato campaign. The workshop appointed a coordinating committee with the principal sector participants as members to coordinate this season’s events from “seed to fork.” Committee members include representatives of the potato producers, potato traders, input suppliers, financial institutions, and local NGOs ISCOS, AMETEV, and ACOD. The volume, quality, and timing of potato shipments have been specified by the importers and local market traders. TradeMali will guide this first-ever attempt to coordinate a campaign of this type and magnitude.

*Instilling new ideas.* The value-chain approach to trade projects sometimes fails to recognize and fully engage the private sector as the driver of change. The embrace of this idea on a broad scale takes time. It is important to understand how the private sector evaluates opportunities and use that knowledge to establish complementary government and donor objectives and address private sector issues beyond simple market demand and value chain operations.

*Declining exchange rate.* It is estimated that the decline in the dollar/FCFA exchange rate drained thousands of dollars from available funds. This loss affected project activities and staffing and threatens to continue to do so.

## **B. Commodity Sector Plans**

*Potato sector.* TradeMali will deepen its emphasis on formalization and collaboration within the value chain. The project will broaden its focus beyond Sikasso to seek sub-regional marketing opportunities for other producers, including those in the ON and the North. TradeMali will also evaluate the sweet potato value chain as an additional source of income and employment. Sikasso potato producers grow sweet potatoes and many of the potato traders sell sweet potatoes, too. The volume of sweet potato production has grown in the last few years, with sales to both the domestic and sub-regional market, and the importation of seeds and financing do not pose serious issues. Sweet potatoes seem to offer a promising opportunity as an additional targeted commodity that can benefit from ongoing TradeMali assistance.

*Rice sector.* TradeMali gender mainstreaming studies and the success of the actions with CSV rice in the Segou, Mopti, and Timbuktu regions provide the grounds for expansion in two directions. First, the rice credit storage program will expand the number of groups in our existing regions and initiate interventions in Sikasso. Operations in Gao will be investigated. Second, the project will test simple business models with rural women rice traders in Segou, Mopti, and Timbuktu.

The project will work with other AEG projects to regularize and deepen support of these valuable programs. Loan conditions last season differed substantially among borrowing groups due to the involvement of several microfinance organizations. In Year 3, the project will negotiate with lenders to standardize terms. TradeMali's analysis of storage constraints indicated that many more rural groups would participate if adequate warehousing were available. The project will work with Mali Finance to address this concern. With the expansion of the rice CSV program TradeMali will retain the two interns from last year and engage two more to complement project staff in Segou and Timbuktu.

*Mango sector.* Year 2 visits to the Fruit Logistica and AGF Totaal trade fairs, as well as market intelligence activities funded by TradeMali have enabled exporters to understand the challenges of global competition and the need to meet quality norms and standards to sustain market share. In Year 3, TradeMali will intensify its assistance in the implementation of quality management systems and compliance with the EurepGAP standard.

Trade with sub-regional partners has been more limited and informal. In the context of the continuing crisis in Ivory Coast, TradeMali will assist Malian exporters to diversify their markets in other UEMOA countries and in North Africa. Year 2 pilot operations in Senegal and Mauritania identified promising markets. TradeMali will increase its assistance to those wishing to sell quality products in the sub-region.

Successful Malian exporters have recognized that proper supply chain management aligned with market demands can generate higher profits and reduced costs. But exporters also need support from public sector investments in infrastructure. TradeMali will continue to collaborate with the Dutch Embassy to develop a post-harvest infrastructure project in Bamako, and with the Swiss Helvetas to implement good agricultural practices, organic farming, and fair trade in the Sikasso

region. The project will continue to work with the new World Bank project to increase the performance of agricultural supply chains and design infrastructure.

*Red meat sector.* TradeMali will deemphasize efforts in the red meat area. Analysis, market investigation trips, and meetings with suppliers, potential importers, and private sector operators confirm that red meat export is not likely to be profitable within the period of the project's life, given Mali's production and transport cost structure.

*Gender.* TradeMali's gender mainstreaming study recommended expanding the role of women in sub-regional trade. TradeMali identified in Year 2 a clear opportunity for the marketing of second and third quality mangoes to Mauritania; the project will identify and solidify other sub-regional domestic mango marketing opportunities in Year 3. TradeMali will work with Mali Yiriden and the ASPROFER women's groups in Koulikoro to formalize their trade and make it consistent with sub-regional export rules and regulations. The project will also work with the Bamako pisteurs' association and other smaller mango exporters as candidate-exporters for sub-regional market operations. Women are particularly well represented in the domestic trade and project involvement with the Sinignèsigi women traders' cooperative led to a doubling of demand for membership. TradeMali will work with Mali Finance to introduce basic business skills training to these women trader organizations.

*The North.* Northern regional actions remain centered in the Timbuktu Region. The project will expand support for the potato, rice, and anis-cumin sectors. Following-up Year 2 assistance, the potato cooperative located just outside of Timbuktu will receive support in securing inputs, storage, and marketing. Interns will continue to assist interested rice producer groups to establish CSV credit storage programs. The CSV participation rate is expected to increase significantly in Year 3 following last year's excellent results. Support for the anis-cumin value chain will be intensified as a result of the positive feedback received on the TradeMali sub-regional market investigation and project research into the domestic channels. Here, too, an intern will provide increased coverage. TradeMali will investigate extension of CSV activities to the Gao Region.

*Policy.* TradeMali's policy agenda derives directly from practical issues encountered in seeking to increase marketing. The most significant policy concerns for Year 3 include providing assistance for the rationalization of responsibilities and authorities in the export quality control and oversight areas and providing guidance to resolve ownership and management issues associated with the establishment of the Bamako fruit and vegetable logistics center.

*Donor coordination.* TradeMali expanded its outreach to include the Integrated Framework's and the Helvetas mango orchard activities covering 2,000 hectares. The scope of the field work requires a relatively large number of field quality extension agents at a cost-effective price. This seems like an ideal position for the more qualified pisteurs who already have relationships with the producers and know the orchards and the worth of the commodity. TradeMali will employ 16 of these pisteurs and train them as extension agents during the off-season when the pisteurs are normally unemployed. This will provide an opportunity to solidify the producer-pisteur-exporter relationship, offer additional revenue, and expand career options for the pisteurs. The project will also coordinate with the new UEOMA/CEDEAO regional pest and disease treatment program to target orchards in the Sikasso, Bobo Dioulasso, and Northern Ivory Coast.

## ANNEX A

### Initiative to Cut Hunger In Africa Results

FY 2005					
OPIN Indicators		TradeMali			Total 2005
		Target FY 05	Actual FY 05		
			Q1&Q2	Q3&Q4	
<b>Beneficiaries</b>					
<b>OPIN-1</b>	Number of rural households benefiting directly from interventions	0	4,426	4,426	4426
<b>OPIN-2</b>	Number of vulnerable households benefiting directly from interventions	0	405	405	405
<b>OPIN-3</b>	Number of agricultural-related firms benefiting directly from interventions	44	72	1,419	1,419
<b>Training</b>					
<b>OPIN-4</b>	Male attendance in training	550	194	1,735	1929
<b>OPIN-5</b>	Female attendance in training	165	42	159	201
<b>Organizations</b>					
<b>OPIN-6</b>	Number of producer organizations, water user associations, trade and business associations and CBOs assisted	22	48	55	55
<b>OPIN-7</b>	Number of women's organizations/associations assisted	2	5	5	10
<b>Partnerships</b>					
<b>OPIN-8</b>	Number of public-private partnerships formed	3	14	14	14
<b>Technologies</b>					
<b>OPIN-9</b>	Number of technologies made available for transfer	2	6	6	6

## ANNEX B

### TradeMali Cost Savings

<i>Reduction des depenses du Projet</i>					
Description	Cout Initial	Cout Negocié et payé par Trade	Ecart	Ecart par an	Total rubrique
<b>I. Cout Indirect</b>					
<i>Loyer du Bureau</i>	953,400	791,400	162,000	1,944,000	
<i>Frais de connexion à internet (Afribone)</i>	605,000	490,000	115,000	1,380,000	3,324,000
<b>II. Partage de cout avec partenaires</b>					
<b>II-a. Mali Finance</b>					
<i>Lancement des Projets TradeMali et Mali Fiance à Tombouctou</i>	3,277,010	1,677,695	1,599,315	1,599,315	
<i>Lancement des Projets TradeMali et Mali Fiance à Sikasso</i>	750,000	375,000	375,000	375,000	1,974,315
<b>II-b. PRODEPAM</b>					
<i>Protocole pour la recherche et la promotion d l'Anis</i>	4,012,300	2,006,150	2,006,150	2,006,150	
<i>Protocole pour le Credit Stockage vivrier</i>	964,000	482,000	482,000	482,000	
<i>Achat 2 Motos Yamaha DT 125 pour deplcements des 2 experts Juniors</i>	1,955,000	-	1,955,000	1,955,000	
<i>2 assurances, 2 vignettes, 2 antivol pour les motos Juniors</i>	112,000	-	112,000	112,000	
<i>Loyer Bureau/Espace bureau de Prodeпам à</i>	75,000	40,000	35,000	420,000	

<b>Reduction des depenses du Projet</b>					
<b>Description</b>	<b>Cout Initial</b>	<b>Cout Negocié et payé par Trade</b>	<b>Ecart</b>	<b>Ecart par an</b>	<b>Total rubrique</b>
<i>Sikasso</i>					
<i>Electricité Bureau/electricité avec Prodepam</i>	56,130	25,000	31,130	373,560	
<i>Telephone Bureau/en partage avec Prodepam</i>	70,000	1,150	68,850	826,200	
<i>Gardien Bureau/avec Prodepam</i>	89,000	-	89,000	1,068,000	
<i>Internet Bureau/en partage avec Prodepam</i>	30,000	6,000	24,000	288,000	7,530,910
<b>II-c. GEOMAR</b>					
<i>Billet d'avion de Jean Michel Voisard en 2004 - 2005</i>	2,625,000	1,575,00	1,050,000	1,050,000	
<i>Logement de Jean Michel Voisard 2004 - 2005</i>	225,000	-	225,000	225,000	
<i>Billet d'avion de Martin Donarski en 2005</i>	3,675,000	2,362,500	1,312,500	1,312,500	
<i>Logement de Martin Donarski 2005</i>	225,000	-	225,000	225,000	2,812,500
<b>II-d. Care Mali</b>					
<i>Salaire de 3 experts Juniors</i>	2,273,280	579,000	1,694,280	1,694,280	1,694,280
<b>III. Consultant National au lieu de Consultant sous-regional</b>			-		
<i>Honoraire Lamine Diao/Honoraire Moctar Boukenem</i>	157,500	44,285	113,215	1,358,580	
<i>Billet d'avion Dakar - Bamako - Dakar</i>	200,000	-	200,000	800,000	
<i>Per diem Lamine pour 60 jours</i>	83,871	-	83,871	5,032,260	7,190,840
			-		

<b>Reduction des depenses du Projet</b>					
<b>Description</b>	<b>Cout Initial</b>	<b>Cout Negocié et payé par Trade</b>	<b>Ecart</b>	<b>Ecart par an</b>	<b>Total rubrique</b>
<b>IV. Consutant Sous-regional au lieu de Consultant International</b>			-		
<i>Honoraire Jean Michel/Honoraire Lamine Diao</i>	483,856	157,500	326,356	1,631,779	
<i>Billet d'avion Montréal- Bamako - Montréal</i>	2,625,000	200,000	2,425,000	7,275,000	8,906,779
<b>V. Moctar Consultant au lieu de Moctar employé permanent</b>					
<i>Salaire mensuel</i>	974,214	974,214	-	-	
<i>13ieme mois</i>	974,214	-	974,214	974,214	
<i>Part Patronale 18.4% INPS</i>	179,255	-	179,255	2,151,065	
<i>Assurance maladie pour l'employé</i>	636,000	-	636,000	636,000	3,761,279
<b>VI. Engagement de personnel</b>			-	-	
<i>Engagement de Dagnoko/Contre Dramane à Sikasso</i>	900,000	275,000	625,000	7,500,000	
<i>Engagement de 6 Experts Juniors contre 6 employés permanents</i>	1,650,000	607,950	1,042,050	12,504,600	
<i>6 Employés permanents/6 experts(18.4% inps pour permanents)</i>	303,600	-	303,600	3,643,200	
<i>Assurance maladie 6 employés per. /6 experts</i>	732,000	-	732,000	732,000	24,379,800

<b>Reduction des depenses du Projet</b>					
<b>Description</b>	<b>Cout Initial</b>	<b>Cout Negocié et payé par Trade</b>	<b>Ecart</b>	<b>Ecart par an</b>	<b>Total rubrique</b>
<b>VII. Reduction de personnel</b>			-		
<i>Fin contrat de Criss en fevrier 2005 au lieu aout 2005 (salaire)</i>	204,690,213	102,345,107	102,345,107	102,345,107	
<i>Benefice sur frais loyer jusqu'en Aout. 06</i>	28,800,000	14,400,000	14,400,000	14,400,000	
<i>Benefice sur frais electricité/eau de fevrier.05 en aout. 06</i>	9,900,000	4,950,000	4,950,000	4,950,000	
<i>Others Fringes and Overhead ( to be calculated by HO?)</i>	-	-	-	-	
<i>Benefice sur les frais de gardiennage en fevrier au lieu de aout. 06</i>	3,350,988	1,675,530	1,675,45	1,675,458	123,370,565
<i>Fin contrat de Criss en Dec 2005 au lieu aout 2006 (salaire)</i>	63,669,375	28,297,500	35,371,875	35,371,875	
<i>Benefice sur frais loyer jusqu'en Aout. 05</i>	14,400,000	6,400,000	8,000,000	8,000,000	
<i>Others Fringes and Overhead ( to be calculated by HO?)</i>	-	-	-	-	
<i>Benefice sur frais electricité/eau de Jan.05 en aout. 06</i>	6,480,000	2,880,000	3,600,000	3,600,000	
<i>Benefice sur les frais de gardiennage de Jan.05 au lieu de aout. 06</i>	3,351,060	1,489,360	1,861,700	1,861,700	48,833,575
<i>Others Fringes and Overhead ( to be calculated by HO?)</i>					

<b>Reduction des depenses du Projet</b>					
<b>Description</b>	<b>Cout Initial</b>	<b>Cout Negocié et payé par Trade</b>	<b>Ecart</b>	<b>Ecart par an</b>	<b>Total rubrique</b>
<i>Benefice sur salaire de sept. 05 jusqu'en aout. 06</i>	84,440,538	56,293,692	28,146,846	28,146,846	
<i>Benefice sur INPS 18.4% de sept. 05 jusqu'en aout. 06</i>	15,537,059	10,358,039	5,179,020	5,179,020	33,325,866
<i>Remplacement permanent par consultant Dick, Specialiste Viande</i>	170,478,000	8,610,000	161,868,000	161,868,000	161,868,000
<b>VIII. Achat de vehicules</b>					
<i>Benefice sur achat de vehicule, 7 vehicules utilisés contre dont 4 achetés</i>	110,250,000	80,613,300	29,636,700	29,636,700	29,636,700
<b>IX. Mobiliers de Bureau et equipements</b>					
<i>Desk Office</i>	4,252,500	175,000	4,077,500	4,077,500	
<i>Chairs (62 à \$150 et 40 à \$30)</i>	3,885,000	-	3,885,000	3,885,000	
<i>Computer table 28</i>	2,100,000	75,000	2,025,000	2,025,000	
<i>File Cabinets, 20 en utilisation</i>	1,575,000	-	1,575,000	1,575,000	
<i>Bookcases and Bookshelves (Office and House), Total 71</i>	5,591,250	-	5,591,250	5,591,250	
<i>Bed</i>	1,014,500	325,000	689,500	689,500	
<i>Air Conditioners for Office and Houses, au nombre de 67</i>	33,500,000	13,500,000	20,000,000	20,000,000	
<i>Refrigerators &amp; freezers, Total 6</i>	6,600,000	1,000,000	5,600,000	5,600,000	

<i>Reduction des depenses du Projet</i>					
Description	Cout Initial	Cout Negocié et payé par Trade	Ecart	Ecart par an	Total rubrique
<i>Cook &amp; Stoves, Total 5</i>	2,170,000	1,350,000	820,000	820,000	
<i>Washing Machines, Total 4</i>	1,800,000	1,800,000	-	-	
<i>Dryer Machines, Total 4</i>	1,800,000	1,800,000	-	-	44,263,250
<b><i>X. Benefices sur achat des groupes electrogènes, 6 au total</i></b>					
<i>75 KVA, 25 KVA, et 4 generators de 16 KVA</i>	33,260,000	-	33,260,000	33,260,000	33,260,000
				<b>536,132,657</b>	<b>536,132,657</b>
			Rate	525	
				<b>\$1,021,205.06</b>	

### Success Stories

#### A. Capacity Building: The foundation of professionalism

Famous Coulibaly used to be a secretary in another company, but for the past six years has been head packer for Mali Primeurs, a company based in Bamako. He has been working in the fruits-and-vegetable sector for more than 20 years. Before TradeMali approached the company, he said, “I thought I knew everything there was to know about mangoes and that I had nothing to learn from anyone. But after those training sessions and slide shows I realized that I had plenty to learn about mangoes! Because of what I learned from TradeMali, today I feel very useful and proud of what I’m doing for my company. Every time I see my mangoes, displayed with all the others, from Mali or elsewhere, I feel reassured. The differences are often striking. Our crates are so consistently good that I never get tired of looking at them.”

Monsieur Coulibaly added, “In addition to the sense of satisfaction that the workers at the station derive, and the financial benefits to the company, I should mention the work atmosphere. It’s very friendly.”

The friendly atmosphere is testament to the trust and understanding that has grown between Mali Primeurs and its wholesalers, known as “pisteurs.” Monsieur Coulibaly noted, “The invaluable training they have given has made everyone more aware of respecting standards.”

A sure financial benefit for the company also gives a sense of satisfaction for the workers at the packing plant, who agree, “We used to dread the client’s feedback after each shipment. But just today we received a fax from a French client to whom we shipped an order yesterday, telling us how happy they were that our goods were 80 percent homogenous, of good quality — and so nice to look at! In the same message, they placed another order, since yesterday’s shipment will have sold in three days. We shipped one order today, and another is scheduled for next Saturday. Instead of the usual two pallets a week, this week we’ll be sending three.”

And as long as the orders continue to be of good quality, it should continue like this for the rest of the campaign — that is, for another month. That’s an increase of almost two tons a week.

#### B. Microfinance: Increasing job satisfaction for women

Wassa Doumbia, a widow with five children, is the president of SOCOFA, a Malian association of women in agriculture. Most of the nearly 100 members of this association have 10, 20, or even more years of experience in the field.

As part of its support for professional associations, TradeMali’s capacity building program has been offering advice and support in particular sectors, especially to women. They found that the main obstacle to job satisfaction for the women wholesalers — known as “pisteurs” — revolved around their low earnings and the difficulties they had getting credit, and proposed, as part of the 2005 campaign, a program of offering support in financial negotiations.

After meetings with their financial partners, only two women (including Mme Doumbia) out the six who applied had sufficient guarantees to obtain financing from NIESIGISO, a local microcredit institution. Mme Doumbia put down 150,000 FCFA and obtained a credit of 500,000 FCFA. The loan is due to be paid back at the end of 8 months, at an interest rate of 14%.

In addition to the help she got with the financing, Mme Doumbia also benefited from training given by TradeMali.

Mme Doumbia began in April 2005, using the loan as working capital. She worked exclusively with the export company EXAGRI throughout the campaign.

Thanks to the 500,000 FCFA loan, to which she added 100,000 FCFA of her own money, she was able to keep going until the end of June 2005, with a profit of 395,000 FCFA. Using this money she was able to make 320,000 FCFA worth of bricks. In addition to the obvious financial benefits, Wassa Doumba also gained in other ways.

- *She found personal satisfaction.* Being able to make 2,000 bricks that will be used toward building a house for her family has been a great source of relief and pride for her. Mme Doumbia considers this is an enormous personal success and the realization of a long-term dream.
- *The quality of her work improved.* Because she didn't have to scramble after funds for each order she received, Mme Doumbia says that she was able to fill all her client's orders this year.
- *She has less stress.* Because of the availability of capital, things ran smoothly, causing much less stress on Mme Doumbia than in the past, which made for less pressure at home.
- *And she has more credibility.* Because she met her client's orders in a timely fashion, she gained their confidence and was more credible in their eyes.

By putting her new knowledge into practice, Mme Doumbia had fewer of her mangoes rejected, putting her on a par with the male pisteurs. EXAGRI's station chief agrees with her on that point. The number of her mangoes rejected dropped by almost half compared to the previous year.

Looking beyond the advantages she derived from TradeMali's support, Mme Doumbia said she looked forward to, in the future:

- A reduction in the interest rate;
- Greater support for women concerning guarantees so that more women could gain access to financing
- Additional business training from TradeMali, especially in drawing up business plans, negotiations with financial institutions and managing loans.

Mme Doumbia confided to the mission that she planned to become an exporter herself now that she saw a profit from her first loan. She plans first to test her skills as an exporter in the sub-region, holding onto her job as pisteur until she has acquired the technical skills she needs. But, given the financial and technical demands of the business, Mme Doumbia hopes to create a small association — with just a few women — in time for the 2005-2006 campaign.

### C. Best Practices: Unprecedented benefits for the pisteurs

Abdoul Diarra is a mango wholesaler — a “pisteur” — in the Sikasso region. Thanks to the support TradeMali has given to the mango sector, the local association — of pisteurs, producers, and TEM — to which he belongs, is steadily growing.

The pisteurs are indispensable to the sector. They supply goods to exporters on command, without a contract. Once an order has been received, they go into the fields with their laborers, in search of mangos for the client.

Monsieur Diarra began at the very start of the campaign, 2004-2005, when there was only one client — TEM. Since then, the campaign has provided 10 batches of 65 crates of mangos to TEM. Business is rolling along this year, and far fewer mangoes are being rejected. Only one out of every 10 crates dropped off at the station has been lost this year, compared to two or three in previous years.

Ask Monsieur Diarra why and he'll tell you that it is thanks to the training given by TradeMali.

In addition to the dramatic financial benefits — his losses have been reduced by about half — he'll tell you how the training has improved the work environment at the station. Pisteurs used to mistrust the sorters, thinking they made them lose a lot of mangoes. But today, thanks to what they learned from TradeMali, the pisteurs understand that the sorters were just doing their job.

The trained pisteurs pass on what they've learned to those who work alongside them in the fields to deliver beautiful mangoes to TEM.

Many of Monsieur Diarra's coworkers have never received any training at all. Because of his positive experiences, he strongly recommends training for all of them.

### Mango Sector

Although Mali has exported mangoes to Europe for more than 20 years, the supply chain is inadequately prepared to deliver large, timely shipments of high quality mangoes. Impressed by successes reaped by Tropical Expressions Mali (TEM), an Ivorian-Malian partnership based in Sikasso, TradeMali has made efficient supply chain management the core of its program, emphasizing (i) not just air freight from Bamako but more importantly multi-modal logistics from Bamako using various corridors (Dakar, Conakry, and even Abidjan), (ii) post-harvest infrastructure including cold chain facilities, and (iii) quality as a means to create value.

Skills development is a crosscutting preoccupation for TradeMali through hands-on coaching of producers, harvester-consolidators (pisteurs), and exporters to implement good agricultural practices (GAP) and orchard management, and training of pack house personnel in post-harvest handling for improved quality shipments. Training pisteurs in accounting and cash flow projections, and training exporters in financial engineering has brought light and realism to 2005 export programming.

Facilitation of contacts and market linkages with current and new importers, exposure to market realities through market study missions at two major European fairs: Fruit Logistica and AGF Totaal, participation to the Export Road show organized by the Dutch CBI<sup>1</sup> have broached export fitness issues and updated Malian exporters' understanding of key requirements to succeed in larger distribution and retail markets.

The collection of strategic information on Malian mango arrivals and competitive products on four target markets (France, the Netherlands, Belgium, and Germany) has been an eye-opener for both the exporters and their pack house staff, leading to increased quality and value.

TradeMali is covering the full range of filière activities, not just in our mandated post-harvest areas. To do this we have used an innovative mix of resources: from national, sub-regional and international consultants; leveraged resources from other donors; and from “hidden” experts like the pisteurs and investors from the sub-region, bringing more successful methods to Mali. Using experts involves not only hiring short-term technicians but also tapping into the potential and knowledge from experienced operators — attracting increased investment from within and outside the region.

Leveraging funds with other donors has permitted TradeMali to add resources to implement/replicate programs at a larger scale. Collaboration with the Dutch and the World Bank has opened the door to tackling issues related to the cold-chain infrastructure and marketing, or with the Swiss (Helvetas and Jekassi) to work in depth at production level. TradeMali has invited all donors interested in the fruit and vegetable sector to share their programs and coordinate their activities. This officialized several collaborative links with TradeMali.

TradeMali's interventions have “borne fruit.” This second year of activities in the mango sector was one of consolidation and further testing in the domains of credit and quality management systems. Project beneficiaries are generally pleased with the efforts made at production level (but wished

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<sup>1</sup> Center for the promotion of imports from developing countries

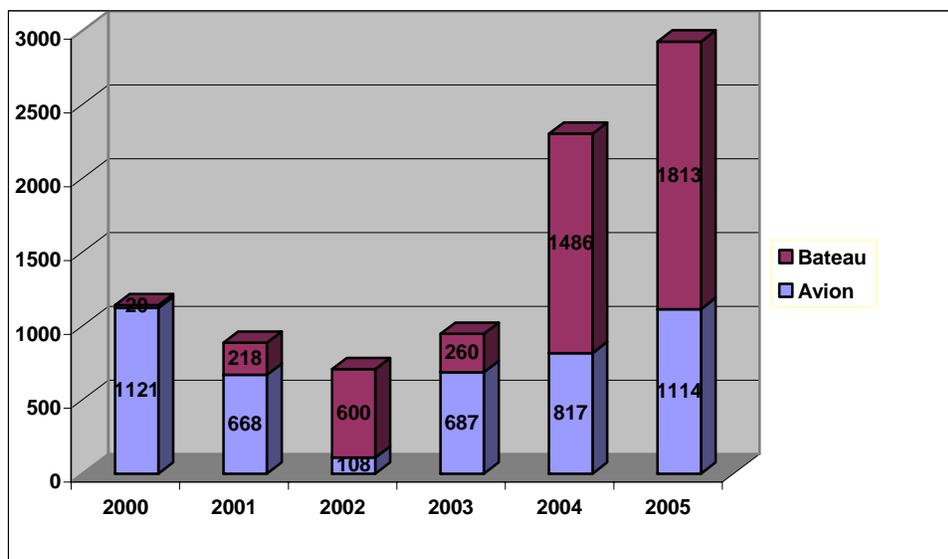
more) and export levels (but wished more as well) and the results are being seen in fewer pack house rejects, improved export quality, larger export volumes and more general interest in the mango sector.

### A. Season 2005 – Export Figures

Malian mangoes had a good export season in spite of a poor to mediocre production cycle. Multi-modal shipments increased to 1,813 tons and total shipments, from all exporters, moved up to 2,927<sup>2</sup> tons, from 1,486 and 2,404 tons in 2004, respectively. Air freighted exports to non-European countries (North Africa and Middle East mainly) came down from 101 to 60 tons in 2005. These increases are even more impressive when seen against a production year negatively affected by heat and very dusty conditions and the early onset of severe fruit fly infestations that brought the season to an earlier close.

Exports in the sub-region (Senegal, Mauritania, Ghana, Burkina Faso, Ivory Coast) are very grossly estimated at more than 7,000<sup>3</sup> tons. Several shipments are re-expedited under their own country labels to other countries (Morocco and France for example).

#### TOTAL EXPORTS – 2005 – BY MODE OF TRANSPORT

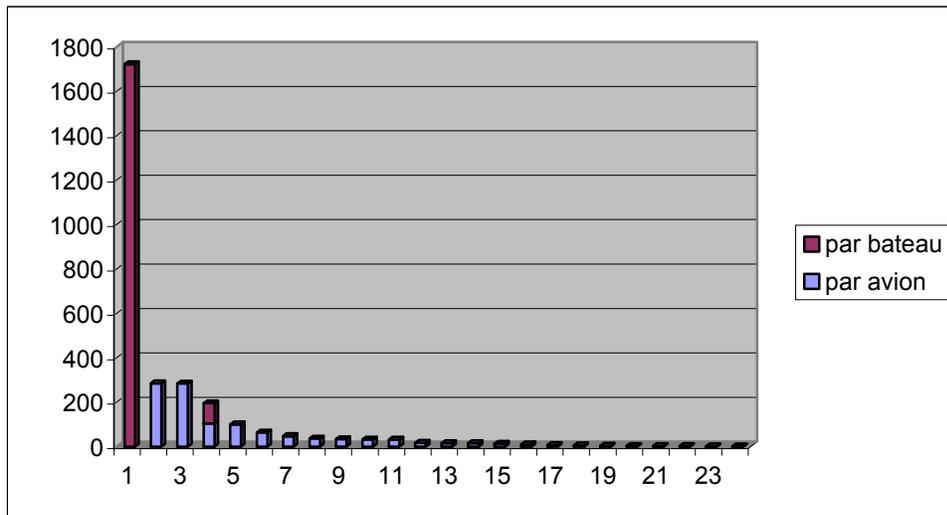


<sup>2</sup> These figures are only for exports to the European market and small shipments to the Middle East, North African and other African countries but do not include trade with the sub-region.

<sup>3</sup> Estimates vary widely and figures should be considered merely illustrative of the relative magnitude of shipments to the sub-region.

The following graph shows the distribution of volumes shipped by exporter. The five biggest in terms of tonnage share 88 percent of total exports. All the others have exported less than 100 tons, and in most cases, less than 50 tons. This typical situation shows how weak Malian exporters are in terms of financial surface.

**TOTAL EXPORTS – 2005 – BY EXPORTER**



The leader in Mali’s mango industry, TEM exported 1,722 tons in 2005 (79 TC x 40<sup>3</sup>). This figure is well within TEM’s 2005 program of at least 100 TC (approximately 2,150 tons) that it could have exported with better production yields. TEM’s prospects for the near future look extremely good. The EurepGAP standard, which is becoming the norm in the large distribution-retailing industry in Europe, aims to enhance the quality of goods entering European markets, but also to ensure that sophisticated quality management and traceability systems are solidly in place. With assistance from TradeMali, TEM set up a GIE, which will be the first Malian exporter to fully comply with EurepGAP standards. The GIE TEM has designed and implemented an innovative organizational structure that integrates 45 producers, eight harvester-consolidators (pisteurs), and one exporter in the quality management process. A partner in Ivory Coast finds solutions to logistics problems, particularly at the Port of Abidjan. TEM employees — working in more than 45 mango orchards — are now viewing their role as quality control agents. The GIE TEM expects to be certified as EurepGAP-compliant in December.

The value of this activity goes far beyond GIE TEM’s EurepGAP certification by providing a model for other operators. Since EurepGAP compliance requires a fundamental mentality shift on the part of the entire supply chain, the value of a model in development situated within the Malian context can hardly be overstated. The APEJ agency has approached us for similar support in implementing their export centers in Yanfolila and Bougouni; Helvetas Mali has obtained TradeMali’s assistance in dealing with EurepGAP and traceability issues for its activities in Yanfolila, Bougouni and Kolondiéba, and the Yanfolila mango producers’ cooperatives have received assistance for a traceability and orchard management program with an eye to future EurepGAP certification. Six (6) of the leading mango exporters recently joined a program jointly funded by TradeMali and the CBI to assist them in becoming EurepGAP ready.

One main step achieved in Year 2 is that key actors have understood that the stakes are very high for the Malian mango industry (as well as for other fruit and vegetable exports); the challenge is to meet new European quality and “just in time” requirements, which are now considered basic entry conditions by major European importers.

## **B. Mango Environment and Institutional Framework**

A conducive environment is critical to achieving significant export growth. TradeMali has coupled its pre and post harvest technical assistance with a series of equally important interventions to improve the mango sector’s institutional framework. Key priorities include (i) quality and certifications, (ii) Standard “Cahier des charges–Mangue du Mali,” (iii) post-harvest infrastructure, (iv) transport logistics, (v) market and industry information and (vi) institutional momentum.

### *i – Quality and certifications*

Given the importance of increasing quality standards to keeping and expanding European market share — and the potential loss resulting from EurepGAP non-compliance — TradeMali’s Quality Program is critical to ensuring the continued viability of Malian mangoes in the European market.

TradeMali’s Quality Program was inaugurated in the first quarter of Year 2. After four information and training workshops on quality, a quality audit of eight export operations, and an analysis of the 2004 campaign, TradeMali focused the program on establishing traceability systems and ensuring EurepGAP compliance. Later on, TradeMali partnered with the CBI to host a Dutch EurepGAP specialist who, along with TradeMali quality staff, trained more than 40 producers, pisteurs (harvester-consolidators), exporters, and technicians in EurepGAP standards. This training emphasized that quality management involves all actors. The CBI training was among several synergies with a range of donors. The CBI remains an important partner having agreed, based on TradeMali presence, to provide regular support to six Malian exporters, over a three-year period, on quality management, commercial strategy, and trade fair presentation/participation.

Following the EurepGAP training, TradeMali provided a part-time regional consultant, a full-time national consultant, and two mango technicians to support mango operators as they implement traceability and quality management systems required for EurepGAP certification. With project assistance, one exporter (TEM) has established such a program in Sikasso by forming a Quality GIE. Key activities include:

- Identifying and registering mango plantations
- Disinfecting orchards of parasites
- Implementing compliant registration and traceability systems
- Increasing orchard yields by, among other interventions, upgrading orchard management and fruit-picking techniques
- Improving post-harvest handling, storage, and shipping
- Introducing campaign planning and financing strategies

TradeMali’s emphasis on quality and EurepGAP requirements is showing results. Malian exporters are now seen, prudently, by the market, as attempting to improve quality, and this is generating importer and donor interest. Importers are pleased to know that donors are helping the sector and

are curious about TradeMali. Without EurepGAP certification, exporters will be limited to smaller niche markets, without entry points to increase export sales. In addition to establishing traceability systems, EurepGAP compliance will require comprehensive quality management upgrades that will impact conditioning, packaging, and shipping but most importantly production — in other words the whole supply chain.

The GoM, through the IF/DTIS Coordinating Committee, has now become involved in Quality, submitting two project proposals related to addressing fundamental issues in the mango value chain for UNDP Window II funding: (i) a U.S.\$185,000 loan guarantee fund to solidify exporter credit applications and (ii) a U.S.\$336,000 fund for production level assistance, specifically treatment against fruit fly infestations.

#### *ii – Standard “Mangue du Mali”*

TradeMali’s focus on quality cannot be complete without a standard defining the characteristics of export quality mangoes. TradeMali has worked with the exporters and other professionals on a “Cahier des Charges–Mangue du Mali,” thus building commitment to what is now to be considered the reference for the mango industry. The “Cahier des Charges” is annexed to Ministerial Decree 440<sup>4</sup> which defines the fruit and vegetable exporter profession. Further tasks are still required to ensure that the Cahier des charges gain acceptance throughout the profession: (i) the adaptation / translation of the Implementation Manual, (ii) the training of plantation and pack house staff, and (iii) monitoring of compliance to the Cahier des Charges prescriptions.

In March 2005, a new regulation regarding wooden packing and palleting materials was put in place by the EU. All wooden packing materials to be exported to Europe have to be treated and certified. TradeMali held meetings with the *Direction Générale de la Règlementation et du Contrôle* (DGRC) to develop a standard and draft a ministerial decree, and with exporters to ensure compliance. For the time being, there is no accredited company in Mali that treats wooden pallets as required by European regulation, and exporters have imported certified wooden pallets from Ivory Coast. TradeMali will assess the relevance and cost of treating wooden pallets in Mali, compared to importing them already treated from Ivory Coast.

#### *iii – Post-harvest infrastructure*

Early in Year 2, the Dutch bilateral cooperation agreed to fund a fruit and vegetable logistic center at the Senou Airport, and engaged, with TradeMali assistance, a cold chain specialist to analyze the feasibility of rehabilitating existing facilities. Though technical recommendations of the study were positive and were reviewed with the airport authority and the private sector, further discussions revealed two fundamental problems and the airport project was abandoned: (i) the ownership of the equipment and (ii) the lack of cohesive structures to become recipient of the Dutch grant. Several models were studied, none being suitable. Five exporters merged into a new GIE (Fruilema) to participate in the Dutch PSOM program (60 percent grant by the Dutch government and 40 percent seed funds to be provided by a Dutch–Malian joint venture). Unfortunately, the GIE did not meet PSOM requirements, and the project was dropped. Meanwhile, TradeMali investigated other avenues to provide Bamako exporters with appropriate pre-cooling and cold storage facilities for the 2005 season, to no avail. The Dutch Embassy is now considering a public-private

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<sup>4</sup> TradeMali initiated and helped draft this decree defining criteria for being officially recognized as a fruit and vegetable exporter.

partnership (PPP) and new models, better suited to small-size exporters are being studied and TradeMali contracted a foreign specialist in post-harvest infrastructures to analyze and compare existing West African infrastructure models adapted to the fruit and vegetable sector.

In the same vein, the World Bank financed a comprehensive study of Malian marketing infrastructures, again with TradeMali participation, and agreed to fund the design of a complete post-harvest infrastructure for fruits and vegetables. However, the Feasibility Study has not yet started and is slotted for early Year 3. TradeMali is also providing information on the mango sector and our infrastructure efforts to the Millennium Challenge Corporation as it reviews the proposal for the rehabilitation of the Bamako Senou cargo and passenger terminals and extension of the airport runway.

#### *iv – Transport logistics*

Value added (quality) and competitive costs are musts for European importers. Increases in mango exports from Mali will have to come through sea freight. We have seen that air freighted mangoes have limited scope for development being constrained by high transport costs and limited market windows. Volume increases since 2000 are almost exclusively attributable to sea freight exports by TEM. The improvement in transportation, because of Mali's position as a land locked country, came in utilizing a multi-modal transport system through Ivory Coast, which allowed TEM to significantly increase its volume, minimize transport costs, and penetrate European markets outside France. In 2002, however, the political scene changed drastically in Ivory Coast and led to a major drop in shipments and earnings.

The shortest multi-modal transit time from Mali to Europe is via Dakar. Opening the Senegalese channel will greatly increase the quantities and improve the competitiveness of Malian mangoes<sup>5</sup> in European markets. TradeMali has thus continued discussions with Maersk, SDV-Delmas-Geodis, Marexport and CrossLinks to explore partnerships for transporting refrigerated containers. The unreliability of the rail line and the lack of “clip-on” generators for reefer containers have thus far precluded agreements. Although negotiations were well underway with TransRail and Maersk to secure multi-modal logistics for the 2005 season, no agreements have been reached so far<sup>6</sup>. Discussions with other transporters took place to use the Port of Conakry. Here again, lengthy discussions did not succeed in anything concrete with these major transport companies.

#### *v – Market and industry information*

Appropriate and timely market data is vital and proper use and analysis essential. Since the Malian and Ivorian mango seasons coincide, the two countries compete against each other in European markets. Senegal has also entered in the competitive arena with revived exports from Casamance, where the peace and order situation is practically settled. Depending on arrival time and destination, Ivorian and Malian mangoes — compounded with other origins (Pakistan, South Africa, Central America) — saturate the European market, thus depressing market prices. Accurate data is therefore a powerful decision tool for Malian exporters, but price information alone is not sufficient. With this

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<sup>5</sup> As well as increase the potential for other fruits and vegetables. For example, TEM is exploring the feasibility of diversifying its operations to include fruit production and export in the ON zone. The operation would use the new Bamako logistic center and the Dakar export channel. As part of this study, and further test the Dakar corridor, in year 3 we will work with TEM to send several containers of mangoes from Sikasso through Dakar.

<sup>6</sup> However, 91 tons were shipped in refrigerated trucks through Dakar by the Niram Export Company with project assistance.

in mind, TradeMali has once again implemented a service providing timely information on fruit condition, quality upon arrival, volumes, and prices in Mali's four main European markets. Weekly e-mailed reports, including digitized photos of the mangoes, were sent to the exporters and followed up by meetings, supported by slide shows, with them. In a few cases, these reports also served as training materials in the exporters' pack houses. The weekly market reports revealed critical information for Malian exporters, exposing important defects that depreciated quality and value, which was confirmed by lowered prices. In 2005, the TradeMali European-based consultant noted an overall improvement in quality during the first half of the season. In the second half, however, quality was deemed inconsistent (color, maturity, visual presentation, cartons, stickers, and packing in general). There were important quantities of misshapen mangoes, or scratched fruits. Our discussions with the exporters underlined this fact and the importance of appearance ("the consumers buy with their eyes"). European importers emphasize the increasing importance of packaging and presentation. Misshapen fruits or fruits scoring low on appearance are thrown away, and deducted from quantities to be paid to Malian exporters. Furthermore, these low quality fruits take the place of better fruits that can fetch a good price. So, there is a double loss: transport and handling costs on discarded fruit and opportunity costs from not selling a better quality fruit<sup>7</sup>.

As we stated above, price information alone is not sufficient. Good planning also requires data on supply and market potential, but trustworthy production and export statistics are the bane of the industry. Reliable information on production (for example, yields per hectare, numbers of hectares under mango production, quantities of exportable varieties) is a problem with wide ranging estimates<sup>8</sup> that are not based on accurate census. Mapping Mali's smallholder base is central to the integration of their production capacity into modern supply chains. An inventory of the Malian mango orchard using GIS technology would enable everyone to know more precisely the export potential. TradeMali has trained a small number of selected villagers as village-level quality support staff ("relais villageois qualité"). In Year 3, efforts will be made to train 16 pisteur-technicians (four per zone: Bamako-Koulikoro, Bougouni, Yanfolila, and Sikasso) to reinforce the census. The Dutch Embassy has agreed to fund an additional 16 to complete mapping the Malian orchards before April 2006.

In the marketing area, TradeMali's work with exports to Europe provides reliable data for that market but good volume information on the regional market does not exist here. TradeMali's subcontract for OMA seeks to rectify this, with the organization providing the project with data on tonnage of mangoes exported to the sub-region and sales prices in selected markets.

#### *vi – Institutional momentum*

There is movement and momentum in the mango value chain. New organizations are springing up. The GIE TEM is a legal partnership of producers-pisteur-exporter to guaranty specific volumes of quality mangoes. The GIE Fruilema was created to negotiate for and operate a Bamako based cold storage pack house for export operations. Companies were founded in Yanfolila and Bougouni to

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<sup>7</sup> Hence the importance of the sub-regional market, which is less sensitive to misshapen or spotted fruit.

<sup>8</sup> For example, documents for the Projet TCP/MLI/3002 Appui à la Préparation de la consultation sectorielle sur le développement rural et l'agriculture irriguée, Septembre 2005 state that "*Le potentiel exportable en rapport avec les variétés commerciales recherchées en Europe, dont la Kent, la Keitt, et l'Amélie a été estimé à 205 000 tonnes, rien que pour la Région de Sikasso*". But according to an estimation made by the French CIRAD, Malian volumes of mangoes of export quality do not reach 10,000 tons.

build and operate pack houses in those zones. The project has identified interested prospects to establish a business providing certified wooden pallets for exports.

TradeMali also initiated a donor roundtable, including Dutch, French, Swiss, Canadian, and American bilateral aid programs, as well as the World Bank, to support the mango sector. The roundtable enabled donors to harmonize activities, and led to several opportunities for fund leveraging. TradeMali also received a Spanish delegation, which offers a credit line of 10 million euros for infrastructure projects in horticulture sectors. Our recently held second *Journées Mangués* was a further venue that brought together donors and mango sector players and representatives from government to discuss critical issues and reach agreements.

However, in spite of several positive steps and initiatives, the real development of the mango value chain will only be possible if a major turn around strategy and a significant change in mind set by the exporters takes place; hence, again, the importance of a successful model functioning in the Malian environment (i.e., TEM and GIE TEM). As it was mentioned earlier, mango production has to be seen as a year-around business, and all key players of the chain have to understand that and open their mind. The future of the Malian mango sector requires significant resources, making partnerships essential to implementing and synchronizing activities. Following TradeMali's first *Journées Mangués* in August 2004, TradeMali formed a *Comité d'Initiative* comprised of exporters, pisteurs, and producers; its mandate was to develop, in the short-term, a common strategy for the 2005 mango campaign and, in the medium-term, to help establish a representative national organization to strategize for future mango seasons. The *Comité's* action plan was then integrated into TradeMali's work plan for the sector. Laudable efforts to set up a national organization or to merge the three professional associations (AMELEF, APEFEL, AJEX) were not conclusive. Politicking within and between associations is crushing badly needed collaboration among exporters, and with other groups to foster a strong inter-profession. Increased benefits have to be shared throughout the sector if partnerships are to work and last. Investment has to be considered as the cornerstone of future developments. Quality has to be improved at all steps of the supply chain.

### **C. Pre-harvest — Production Level Assistance**

#### *Implementation of traceability and good agricultural practices (GAP)*

A quality product starts with production. Given the relative lack of attention from the private sector (including the producers) and paucity of governmental and bilateral agencies dealing with mango production, TradeMali has been forced to work outside its mandated focus of post-harvest and marketing. TradeMali's field-level contacts and advice to producers are spreading with the perspective of more lucrative sales. Generally, Mali's orchards are not well managed and this is seen in the low yields, inappropriate varieties for export and low volumes of quality fruit marketed. To get suitable tonnage of exportable products requires treating mango production as a business, and not "a gift from grandpa". Producers want to improve their yields and revenues but there is limited technical assistance available to provide instruction on plantation operations. TradeMali's field personnel, experienced in the Ivorian mango sector, have fostered improvements in the maintenance of the orchards and emphasized a better understanding of the market forces dictating varieties to be grown.

In 2005, TradeMali's quality team trained and coached producers and pisteurs in GAP and traceability measures:

- Documentation was collected on 30 pilot orchards (inventory and GPS mapping of mango orchards, data on producers, follow up on phyto-sanitary treatments)
- Training and support was provided to the owners of 674 orchards (cleaning, proper stem removal, removal of dead branches, phytosanitary treatment, etc.)
- Awareness sessions were offered on EurepGAP and tracking and tracing to union leaders and producers
- Assistance was provided to the GIE TEM in getting EurepGAP ready (onsite monitoring of GAP implementation)
- Trainers' training and coaching were given in harvesting techniques (Bougouni, Yanfolifa, Bamako surroundings)
- Visits were made to plantations in Koulikouro to assess the export potential of the zone. Recommendations were discussed with producers on the needs to graft more suitable varieties for exports and rejuvenate the 25-30 year old trees

*Enhancement of skills of small producers and pisteurs-consolidators*

A vital step in improving quality is to get the producer motivated and satisfied with “just” returns on his investment. A “win-win” partnership strategy was adopted by TradeMali from the beginning. With a better arrangement with pisteurs (to use more professional and selective harvesting methods), the volume of quality mangoes being sold by the producers will increase. Planting and grafting more marketable varieties will yield further increases and higher returns. Proper pruning, fertilizing, weeding, and appropriate agronomic and planting techniques like tree spacing, initial tree health and growth, and standardized varieties within orchard blocks will bring more benefits.

The often maligned pisteur also is an important part of improving quality and the sector relies heavily on these consolidators for adherence to EurepGAP standards in particular issues relating to traceability. The mango filière needs them (and the producer) to be good at what they do. It occurred to us that a cost effective way to improve production level assistance, the pisteur-producer relationship, and the marketable skills and income of the pisteur<sup>9</sup> is to use them as field grade technicians during the off-season taking advantage of their accumulated knowledge and experience and paying them for it. The pisteurs already have relationships with their producers, know the orchards' problems and strengths, been trained by the project in fruit selection, improved picking, and post-harvest handling, and many have also acquired additional technical skills by just having been in the industry for several years. In our third year, TradeMali, in addition to using a select group of pisteurs to map mango orchards (as indicated above), will train and hire them to provide simple orchard management and product quality advice and assistance during the off-season.

The pisteur is also a small businessperson, employing up to five or more labourers for harvesting and transport operations during the season. Training Sikasso pisteurs in simple accounting (Making Cent\$) and supporting the women pisteurs in Bamako in accessing credit were key activities conducted with Mali Finance. Requests for follow up and more assistance in the credit area for the 2006 season have been received at TradeMali.

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<sup>9</sup> Who currently only earns income from mangoes during the selling season.

## D. Post-harvest — Conditioning, Marketing and Transport and Paying for All That

### *Implementation of standard Mangue du Mali (Cahier de charges)*

In 2005, TradeMali trained and coached 100 pisteurs to use harvesting data collection forms (traceability) and transport crates. In exporter pack houses, hands-on training was provided to personnel on receiving and registering lots, and good conditioning practices (sorting, calibrating, sticking, pallet stacking and container stuffing).

### *Financing*

Although avenues were explored again this year with Mali Finance, the possibilities of local bank financing for exporters and others in the sector remain doubtful. Though small amounts may be available from the microfinance institutions, significant amounts from bank sources will continue to be difficult to secure given their poor experience in the past. Non-bank sources of financing can be exploited if the exporter is reliable and has a good reputation. With better planning, management, and realistic projections combinations of exporter, supplier, importer, transporter, producer, and pisteur, credit can be made to work. Prior to the season, a training session was held targeting exporters and bank representatives aimed at developing skills in understanding the cost and margin structure in the mango industry, the financing needs and options to complement formal bank loans, cash flow projections and monitoring. Excel templates were given to participants and follow-ups were proposed by Mali Finance.

TradeMali has actively assisted mango exporters to improve their packaging and find ways to finance it. Information on the European market shows clearly the growing importance of visual presentation as buying criteria. Regular contacts with major carton producers, both in France and in the sub-region<sup>10</sup>, served to improve the quality of packaging materials. In preparation for the 2005 campaign, TradeMali partnered with the Paris-based Smurfit-Socar to introduce new carton models to Malian exporters. Three visits to Mali of Smurfit-Socar, the largest producer in France, convinced three exporters to change their image while modernizing and enhancing the quality of their cartons. These exporters asked to secure a deferred payment arrangement through a supplier's credit guaranty mechanism (COFACE). One of the exporters met the COFACE requirements.

### *Market diversification*

To complement efforts to increase product quality and improve transport logistics, TradeMali has continued to network with European mango importers. In February, TradeMali participated in Berlin's Fruit Logistica forum, the premier trade fair for the European fruit and vegetable import industry. TradeMali sent a four-person delegation as visitors to the fair, exposing Malian exporters to industry trends, alternative marketing strategies, new regulatory requirements, and advanced cold storage technologies. In early 2006, exporters will again return to Fruit Logistica trade fair — this time as exhibitors.

The Fruit Logistica fair and previous visit to the French Rungis market, a traditional market for Malian mangoes, enabled Malian exporters to develop new contacts with European importers. Three

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<sup>10</sup> There are no reliable packing suppliers in Mali.

contacts have since resulted in firm trade agreements for the upcoming campaign. Three importers have also visited Mali to prospect future investment: France-based Anarex, Belgium-based SIPEF, and Holland-based TFC. These contacts are significant and may lead to future investments in Mali's supply chain infrastructure.

As part of our collaboration with CBI, TradeMali and five leading exporters participated in the September 2005 CBI market promotion "Export Road Show" training, met with competitors, attended the AGF Totaal trade fair — Holland's largest fruit and vegetable industry show — made commercial contacts, and visited importers to discuss possible business arrangements.

TradeMali utilized potato marketing trips in the sub-region to promote Malian mangoes and began to understand the trade mechanisms with a test shipment to Mauritania made late in the season and a subcontract given to OMA to start collecting export data. Though the sub-regional trade is informal, with traders from neighboring countries arriving at farms to negotiate or small-scale Malian traders (aside from Mali Yiriden) occasionally venturing across the border, it can be a good market and source of revenue for mangoes that are not of European export quality; regional markets are more accepting of variety, blemishes, color, and maturity. Several contacts initiated last year reportedly intend to increase their mango imports during the 2006 campaign. TradeMali will become further involved next season (see below).

## **E. Gender Activities**

The project undertook a gender mainstreaming analysis in the mango sector during the year. Two principal areas of interest were identified as being suitable for project intervention fitting well with the overall project and sector strategy: pisteur capacity building and professionalizing sub-regional marketing. TradeMali continued its work strengthening the contributions of the sector's women pisteurs (who are primary pisteurs in the Bamako/Koulikoro zones) who play an increasing role in quality control and traceability requirements<sup>11</sup>. This activity also facilitates the major mentality shift — that quality control is everyone's responsibility. TradeMali recently partnered with Mali Finance to support the Bamako pisteurs association's efforts to gain financing from Nyesigiso. Two loans were approved for individual pisteurs<sup>12</sup> meeting the criteria. With the successful use and repayment of these loans, we expect increased credit availability in 2006.

In addition to our initial investigation efforts in the sub-regional mango trade, TradeMali recently met with the President of La Federation Nationale des Femmes Rurales whose contacts have resulted in the allocation of a market site in Nouakchott, Mauritania. The Federation's Koulikoro association has many members who own, operate or have access to mango orchards, whose production may not be suitable for European markets but are perfectly acceptable to regional consumers. We will work with the members to increase opportunities beyond that of the local or Bamako market.

## **F. Outlook and Challenges**

In the third year of the project, TradeMali's motto will be FOCUS. Three priorities will guide TradeMali's efforts: (i) implementation of good practices at pre and post-harvest levels of the chain

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<sup>11</sup> See above sections regarding pisteur training and collaboration.

<sup>12</sup> See the success story on Madame Wassa Doumbia from the pisteur association, Société Coopérative Femmes et Agriculture (SOCOFA) in Annex C.

and EurepGAP certification; (ii) support for setting up a post-harvest infrastructure in the vicinity of Bamako; and (iii) professionalizing and formalizing exports to the sub-region, as we are doing for potatoes.

In addition to technical, skill and management training, TradeMali sees the requirements to improve the performance of the mango supply chain as additional opportunities for capacity building. TradeMali is working with industry associations and groups of exporters, pisteurs and producers, government agencies, such as DNCC, and para-public structures like OMA to improve access to information on market conditions and critical supply chain and logistics information, both strategic and operational. Mapping the fruit and vegetable supply chain will be a priority in Year 3. Other TradeMali support in our third year will encompass the creation of specific information modules that will be gradually picked up and improved by industry stakeholders. We also see that technical training institutions, like the IPR in Katiébougou, would be able to make good use of these materials to train agronomic and agricultural students. Modules to be developed will address the following identified needs: (i) crop specific data including product spec sheets, market statistics on volumes and prices, market intelligence and trend analysis, and competition monitoring; (ii) data on input and equipment suppliers, product availability; (iii) logistics data on current availability of shipping capacities out of various ports and the Senou airport, reefers trucks and containers, road transporters, etc.

With one exception, Malian operators are slow to adopt the thorough quality management and traceability systems that EurepGAP requires. Compliance cannot be forced; we can only stress the disastrous results of non-compliance for the Malian mango sector. We will continue to network with European importers, while also working with Malian operators to comply with European regulations and standards, as well as market demands. We will support them by preparing a useful and no nonsense Implementation Manual supporting the Cahier des Charges–Mangue du Mali. We will also intensify our partnership with PCDA and the Dutch in the areas of quality and post-harvest infrastructure and seek to increase the participation and professionalism of public agencies in areas where their expertise should lie, and seek through the IF additional UNDP Window II funding for a second year.

TradeMali Intermediate Performance Indicators Annual Report 8/2004 - 9/2005			
Indicator	2005	2004	Comments for 2005
<b>IR2.4 Volume of mangoes exported</b>	<b>2845 tons</b>	<b>2368 tons</b>	
Total volume of mangoes sold (export and domestic) by directly assisted project beneficiaries	2845 tons	2368 tons	
Total volume of mangoes exported by directly assisted project beneficiaries	2845 tons	2368 tons	
Total volume of mangoes exported by boat by directly assisted project beneficiaries	1813 tons	1451 tons	1722 tons through Abidjan, 91 tons through Dakar
Total volume of mangoes exported by air by directly assisted project beneficiaries	1002 tons	917 tons	
Total volume of mangoes exported to sub-region by directly assisted project beneficiaries	30 tons	0	30 tons exported to Mauritania
Total volume of mangoes sold domestically by directly assisted project beneficiaries	0	0	
Total volume of mangoes exported through secondary effects of project intervention	0	0	
Total volume attributable to TradeMali (direct and indirect)	2845 tons	2368 tons	
Total estimated value of mangoes sold (export and domestic) by directly assisted project beneficiaries	3.5 billion fcfa	3 billion fcfa	
Total estimated value of mangoes exported by directly assisted project beneficiaries	3.5 billion fcfa	3 billion fcfa	
Total estimated value of mangoes exported by boat by directly assisted project beneficiaries	1.5 billion fcfa	1.2 billion fcfa	1.27 Euros/kg
Total estimated value of mangoes exported by air by directly assisted project beneficiaries	2 billion fcfa	1.8 billion fcfa	3.05 Euros/kg
Total estimated value of mangoes exported to sub-region by directly assisted project beneficiaries	10.5 million fcfa	0	350 fcfa/kg
Total estimated value of mangoes sold domestically by directly assisted project beneficiaries	0	0	
Total estimated value of mangoes sold through secondary effects of project intervention	0	0	
Total estimated value attributable to TradeMali (direct and indirect)	3.5 billion fcfa	3 billion fcfa	
Number of groups directly assisted	33	19	16 exporters companies, 14 production coops, 2 pisteur assns, 1 GIE TEM
Number of direct beneficiaries	2665	148	16 exporters, 1800 coop members, 674 individual producers, 130 pisteurs, 45 GIE TEM members
Number of direct women beneficiaries	100	100	Bamako pisteurs
Number of indirect beneficiaries			
Number of total beneficiaries (direct and indirect)	2665	148	
Number of regions	2	2	Sikasso, Koulikoro
Number of new groups	7	n.a.	GIE TEM, GIE Sud Export, Yanfolila Producers Union, Fruilema, Panafricaine des fruits, Sahel fruits, Gaby Doucoure
Number of Financial institutions involved	1	0	Nysigieso
Number of support institutions	5	2	APEJ, OMA, Min. of Industry and Commerce/DNCC, DNI, DNA
Number of leveraging partnerships	6	2	Mali Finance, CBI, Dutch Embassy, Helvetas, PCDA project, IF project unit
Number of groups receiving loans	1	0	Bamako women pisteurs
Value of loans financed	1 million fcfa	0	
Percentage of repayment			
Estimated total revenue received by producer	171 million fcfa	142 million fcfa	60 fcfa/kg
Estimated total revenue received by pisteur	640 million fcfa	533 million fcfa	225 fcfa/kg
Number of jobs	1085	1085	130 pisteurs using 5 pickers each, Packing houses: TEM (80), midsized (25 each), small (10)

### Rice Sector

TradeMali's analysis of the regional rice market, which was supported by a separate AFD study, information from OMA, and comments from the principal rice processors, cereal exporters and regional rice importers<sup>13</sup>, showed that Malian rice is too costly to be regionally competitive. In agreement with the Mission, the project therefore turned its attention to the domestic market, particularly the seasonal price fluctuations, through our CSV activity as the focus for increasing producer incomes.

#### Big Picture in Rice

- Large volume of imports by sub-region
- Malian rice not price competitive
- Malian rice does not meet all of the local demand which is increasing
- Significant seasonal price differences in domestic market
- Producer sells rice at harvest for lowest seasonal price due to cash needs
- Wholesaler reaps benefit of seasonal price rises

The CSV program in rice is a successful activity — offering a range of benefits to all involved parties — that is expanding as it enters into its third year. Small producers find the program extremely useful—providing liquidity at a crucial time and offering the prospect of higher revenues for their rice production through sales at a more favorable time. All this by providing the farmers with a means — that they did not know they had — to provide the guarantee required. The financial institutions are satisfied because they have new clients (and potentially a large number of new and repeat clients); a share of the control over the use of the guarantee and very good repayment rates. They also like the fact that training is given to their technical staff. When present in their zones, “Offices,” such as the ON, ORS and ORM, find the CSV useful since it allows their producers to repay their debts (to the Offices) on time, increases the amount of money in the zone, stimulates economic activity and provides training-of-trainers training to their field technical staff. The training, given to Office staff responsible for training and monitoring the involved village associations and SLACAER extension agents in Timbuktu, reinforces TradeMali's immediate and longer term capacity building objectives with local institutions.

Bulking the rice in storage has other advantages. It eases and reduces the cost of transactions. Buyers, domestic and regional, now have centralized locations with known quantities of rice to buy from eliminating the need to find and negotiate with numerous small producers. The village association, by selling as a group, has a stronger negotiating position. The group could even turn itself into a processing entity and mill its own rice<sup>14</sup>. CSV stimulates longer term gains. It provides training to technical staff and producers<sup>15</sup> and thereby reinforces their future capacities. It provides a venue of experience for producers and financial institutions to gain confidence in one another. Similar products that are easily storable and marketable and have significant seasonal price differences (like shallots and potatoes) could be added to the CSV portfolio in the future and as the

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<sup>13</sup> TradeMali took advantage of its potato market investigation trips to the sub-region to survey rice traders and importers on the prospects for Malian rice. Several expressed interest in importing rice from Mali but only at a steep discount from existing price levels. All comments centered on the unattractive high ex-mill price of Malian rice compared to imported Asian varieties and that the inclusion of transport and handling costs would further add to our non-competitive asking price.

<sup>14</sup> See Wètinguila/N7 success story for information on one such group.

<sup>15</sup> Organization of association management committee and training in simple organizational management, relations with members and financial institutions, stock management, recordkeeping, quality issues and marketing.

financial institutions gain confidence in the system they may be more willing to work with producer associations having less than a perfect credit history — allowing these organizations to work themselves out of debt.

The results from the year<sup>16</sup> show that 21 producer associations, composed of 841 men and 317 women (94 percent of the women were from the Timbuktu region), stored 563 tons of rice (paddy or DP milled). The groups secured financing worth 48.5 million FCFA and repaid 100 percent of the loans and interest on time. By storing and selling at a more lucrative period, the associations made an additional 13 million FCFA in net revenue after payment of interest and bank fees<sup>17</sup>. These excellent results occurred in spite of a relatively poor harvest: several associations participating in prior years had no available rice this year with most groups participating for the first time. Two groups even financed the storage on their own. Given the level of interest from associations participating in the two years of activity, this period's good results and the news being spread to neighbors about the positive benefits, TradeMali sees a significant expansion of demand for participation in the coming year and afterwards.

We also see that this increased demand will be accompanied by an increased availability of resources. The number of participating financial institutions grew from one in the first year to five; the number of geographic areas covered grew from three to five; and the number of protocol agreements for technical collaboration with Offices from zero to three<sup>18</sup>. Given the positive experience of these agencies, we foresee a willingness to expand their involvement as well.

The CSV program is uncomplicated and quickly understood. It can be replicated and expanded easily. In our third year, we plan to extend this activity to Sikasso, where we have staff and the program could be opened to Gao if additional resources were available. The Sikasso operation will target bas fonds rice production, where women's groups are especially active<sup>19</sup>, and target villages where PRODEPAM is working to improve water management. As opposed to other zones where Offices operate, most bas fonds rice producers receive no technical assistance in production. The CSV program, in addition to the advantages stated above, will facilitate contacts and provision of technical support by the extension service.

Though simple, there are certain fundamental requirements that limit participation in the program: paddy or milled rice needs to be available for storage; at this stage; the group must have a good credit standing or at least the absence of a negative credit history; and have access to a secure storeroom. This warehouse requirement is a concern for several groups that would have qualified otherwise. TradeMali undertook a survey of storage requirements and construction and rehabilitation costs. We have examined financing and building options with Mali Finance and together decided that for the third year we will approach microcredit institutions for financing

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<sup>16</sup> For additional information, please see "Rapport Annuel du TradeMali, Coordination du Segou et Mopti, Septembre 2004 – Aout 2005" and "Rapport Annuel Programme Initiative du Nord, Période : Septembre 2004 à Aout 2005".

<sup>17</sup> Hypothetical sales revenue of 69.8 million FCFA based on prevailing market prices at harvest compared with actual net sales revenue of 82.8 million FCFA (86.7 million FCFA sales less 3.9 million FCFA in interest and bank charges).

<sup>18</sup> Kondo Jiginew was the only financial institution to participate in the CSV program in the first year with operations in the Djenné and Office Riz Ségou areas. Kondo Jiginew expanded its involvement in the second year by including the Office Riz Mopti zone and augmenting participation in Office Riz Ségou. The Djenné area had no groups involved due to an extremely poor harvest. During the year, Nysigieso began with us in the Office de Niger and Timbuktu, DOT provided financial support in Timbuktu, and both the FRMCD and CAREC were active in the Office de Niger. The BNDA, which initially indicated its willingness to cooperate, desisted.

<sup>19</sup> This was recommended in the mainstream gender analysis carried out by the project in the rice filière. These groups will receive additional TradeMali training and assistance in formalizing their organizations.

rehabilitation loans for existing storage. Though not addressing the needs of all of the interested groups, this is a simpler, less expensive, and shorter term alternative that may be more to the liking of the financing agencies. In time and with good repayment experience, the agencies would be more willing to extend credit for more extensive rehabilitation and construction work. Development of reasonable medium term credit mechanisms would benefit storage scenarios not only rice but also for other commodities such as potatoes and onions.

The CSV program has been a good mechanism for expanding synergy with PRODEPAM and Mali Finance. Mali Finance has been very helpful in negotiating protocols with the five financial institutions. With the idea of using the same field staff to provide production and CSV assistance to targeted groups, TradeMali shares the costs of the interns (“Experts Juniors”), hired for the CSV, with PRODEPAM.

One result of the poor 2004-2005 harvest was the postponement of a test activity with small-scale female rice traders. Our mainstreaming analysis in rice identified this as an activity of particular interest being a good source of income for rural women — in the promotion of domestic market development and the provision of increased income at the village level — but hampered from expansion by a shortage of working capital. We had planned on working with at least one group, as a test, in each of the CSV zones providing training, technical support and assistance in financing their rice trade. This activity will be undertaken in our third year.

TradeMali continually monitors the sub-regional market situation using primarily OMA and RESEAO as its information sources for rice exports and market prices. Without substantial increases in production and lowering of farm gate prices, Mali’s rice will remain non-competitive. Taking a longer-term view, in the event that rice prices become sub-regionally competitive, Mali will still be faced with strong international competition, in particular on the questions of quality reliability and comparison of prices among different sources for the same type of rice. This requires an agreement by all parties on what constitutes particular grades of rice. To address this harmonization issue, TradeMali worked with the DNI and the Cereal Industry Technical Committee to make revisions in national standards based upon a review of regional norms and standards and legislation. The *Conseil National de Normalisation* is reviewing the draft; afterward, the document will be published for public comment and then officially issued.

<p><b>TradeMali Year 2 CSV Program in Brief</b></p> <p><i>What were we trying to do?</i></p> <ul style="list-style-type: none"> <li>• Test CSV activity in new zones with new microfinance institutions</li> <li>• Expand CSV in existing zones</li> </ul> <p><i>Did we do it?</i></p> <ul style="list-style-type: none"> <li>• New associations, new zones, new microfinance institutions, new technical assistance agencies collaborating</li> <li>• Good profits and 100% repayments</li> <li>• Enthusiasm for next year from existing and former participants and from their neighbors</li> </ul> <p><i>What will we do in Year 3?</i></p> <ul style="list-style-type: none"> <li>• Expand in current zones</li> <li>• Expand into new region (Sikasso)</li> <li>• Reinforce training of associations, support agencies and microfinance organizations</li> <li>• Test warehouse financing</li> <li>• Test activity with village level female rice marketers</li> </ul>
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**What about the third year and afterwards?**

For next season, TradeMali will expand the number of associations and geographic zones involved. The good production year in Djenné will allow associations there to participate; and TradeMali will test the CSV concept in Sikasso with three to five groups. Tests will be conducted in sorting out the warehousing constraints and with village women rice traders. The training-of-trainers training and

other training directly to the associations' management committees will be reinforced and made timelier. We will keep a careful eye on the marketing situation (both domestically and sub-regionally): the good harvest prospects for the 2005-2006 rice crop may mean more modest inter-seasonal price rises. Simulations will be made to project likely cost-profit scenarios and calculate the timing of marketing operations.

In future years, in addition to continued expansion, we will tackle the warehouse constraints more fully, using the lessons learned dealing with the financial agencies this coming year. If adequate funding is available, we envision establishing the CSV in the Gao region and would like to expand the range of guarantible commodities to, perhaps, include potatoes and shallots. Continued monitoring of the sub-regional market to evaluate opportunities will also be standard.

**TradeMali Intermediate Performance Indicators  
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<b>Indicator</b>	<b>2005</b>	<b>2004</b>	<b>Comments for 2005</b>
<b>IR2.1 Volume of rice marketed</b>	617 tons	75 tons	
Total volume of rice sold (export and domestic) by directly assisted project beneficiaries	617 tons	75 tons	
Total volume of rice exported by directly assisted project beneficiaries	0	0	
Total volume of rice (paddy) sold domestically by directly assisted project beneficiaries	617 tons	75 tons	462 tons of paddy and 101 tons of decorticated (equivalent to about 155 tons of paddy)
Total volume of rice exported through secondary effects of project intervention	0	0	
Total volume attributable to TradeMali (direct and indirect)	617 tons	75 tons	
Total estimated value of rice sold (export and domestic) by directly assisted project beneficiaries	93 million fcfa	12.4 million fcfa	
Total estimated value of rice exported by directly assisted project beneficiaries	0	0	
Total estimated value of rice sold domestically by directly assisted project beneficiaries	93 million fcfa	12.4 million fcfa	
Total estimated value of rice sold through secondary effects of project intervention	0	0	
Total estimated value attributable to TradeMali (direct and indirect)	93 million fcfa	12.4 million fcfa	
Number of groups directed assisted	21	19	All are groups that did not participate in 1st year: 7 in Timbuktu, 6 in ON, 3 in ORS, 5 in ORM
Number of direct beneficiaries	1158	207	See note 1 below
Number of direct women beneficiaries	317	26	298 in Timbuktu region
Number of indirect beneficiaries	0	0	
Number of total beneficiaries (direct and indirect)	1158	234	
Number of regions	3	2	Timbuktu, Segou, Mopti. Expansion in year 3 to Sikasso with 4-5 women's assns.
Number of new groups	21	19	Due to drought and locusts year 1 groups were not able to participate
Number of Financial institutions involved	7	2	FCRMD, CVECA, Nyesigiso (2 regions), Kondo Jigima (2 regions), DOT, & self financing (2)
Number of support institutions	5	3	SLACAER, ORS, ORM, ON, OMA
Number of leveraging partnerships	2	1	Mali Finance, PRODEPAM
Number of groups receiving loans from financial institutions	19	14	and 2 self-financing
Value of loans financed	48.5 million fcfa	7 million fcfa	
Percentage of repayment	100%	100%	
Total revenue received by producer	93 million fcfa	12.4 million fcfa	
Number of jobs			not tracked during the year
<b>Notes:</b>			
1. Number of direct beneficiaries and direct women beneficiaries are for Segou and Djenné only			

### Potato Sector

TradeMali interventions result in “no small sack of potatoes.” Professionally marketed potatoes reached 1,944 tons<sup>20</sup> (valued at approximately 400 million FCFA) this year. More importantly, accompanying this increase in formal sales transactions was the development of a market driven business approach to selling potatoes: securing commercial information from buyers regarding timing, quantities<sup>21</sup>, packaging, and varieties and meeting these requirements. Our moves to professionalize the industry have as objectives: understanding market demand and responding appropriately and profitably<sup>22</sup>; improved information and communications. Translating this into profitable opportunities, concrete actions, and formalization are part of our package.

Potatoes are grown in several regions<sup>23</sup> and are an attractive revenue source for small producers<sup>24</sup> and exporters, many of whom are also producers or have family members who are growers. However, in spite of strong sub-regional and local demand, market development has been in part stymied by the informal methods used in potato marketing, production related issues, and a reduced and more competitive Ivorian market — Mali’s traditional potato export destination.

Over the last decade or so, potato exports to Ivory Coast have grown to where those exports had become a substantial source of revenue for Sikasso traders. With the unresolved political crisis in Ivory Coast came (1) a decrease in the demand for potatoes, as many of the principal consumers (expatriates, tourists, foreign business people, conferences, etc.) left or stopped coming; (2) increased difficulties in supplying the main markets in the south at a competitive price (having to transit, and pay, the rebel and government forces); (3) increased competition for this smaller market from European potatoes, which could more easily reach the southern cities through the ports; and (4) a reevaluation of opportunities, causing many Malian traders to cease export operations to concentrate on the domestic market.

TradeMali market investigations<sup>25</sup> accompanied by cooperative representatives, and visits by importers to Mali, sought not only to open markets but also open contacts with regional organizations (UEMOA), those of neighboring countries (RESEAO affiliates in Burkina Faso, Ghana, and Ivory Coast) and with the MISTOWA project as sources of information and assistance. From our research and subsequent marketing tests, it is clear that though the main suppliers are professional Dutch producers and exporters, their products have weaknesses that Mali can exploit to compete during a substantial part of the year. It is also clear, however, that Malian traders need to become formal professional businesspeople, consistently furnishing a standard potato, to successfully stay competitive.

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<sup>20</sup> The four assisted potato sellers’ cooperatives sold 292 tons in sub-regional markets and 1652 tons in the domestic market.

<sup>21</sup> As opposed to the more traditional method of filling a truck, arriving at a market and hoping for the best.

<sup>22</sup> As our project motto states “Bring the World to Mali” and “Bring Mali to the World”.

<sup>23</sup> Sikasso, Kati and Timbuktu, and on a smaller-scale in the Office de Niger. Expansion of production to Kayes, for the Senegal and Mauritanian markets, is a possibility.

<sup>24</sup> Ranked number 1 in level of net profit for small producer crops in Mali. *See Report on the Agricultural Credit Risk Consultancy*, Mali Finance, March 2005.

<sup>25</sup> Market investigations were carried out in Burkina Faso, Ivory Coast and Mauritania and the Senegalese market tested during the project’s first year. Importer visits from Ghana, Mauritania, Ivory Coast and Burkina Faso complemented our search.

In addition to sub-regional markets, TradeMali focused on issues pertinent to the Malian market. Our gender mainstreaming analysis<sup>26</sup> in the potato filière shows that women are heavily involved in marketing potatoes nationally, and since many of the traders formally exporting to the Ivory Coast have switched to the national market, project activities improving domestic marketing will be translated into better exports as the Ivorian situation settles and other sub-regional prospects develop.

During the year, the process of changing informal trade into a formal one meant in part helping to organize and legalize marketing associations (in this case, four cooperatives and a cooperative union). Bringing informal traders together under the umbrella of legally recognized organizations facilitates their negotiating and lobbying powers with government, support agencies, suppliers and importers. It allows support agencies to provide directed training, have feedback and it helps in negotiating credit facilities with loan institutions. For example, our technical, cooperative management and business training, and joint market investigation and monitoring took advantage of the ability of the organizations to retransmit information to their full memberships; the formal structures reinforced TradeMali's intercession with regional authorities<sup>27</sup>; two of the cooperatives succeeded, with project assistance, in acquiring financing for the marketing period; and the cooperatives were able to negotiate agreements with regional importers, who stated that they were more confident working with formal groups<sup>28</sup>, and also have the importers do their part in the formal importation process.

TradeMali assisted our targeted marketing associations to plan a sales program which, by avoiding temporary market oversupplies, helped maintain market prices. To take fuller advantage of this coordinated effort, the cooperatives are aware that they need to draw new members from those traders still exporting informally<sup>29</sup> and will work with us to develop a directed membership campaign in the coming year.

In this light, the topic of export and import charges deserves mention. To be better able to defend against paying dubious costs, "an educated exporter is a happy exporter." Not all payments to road officials are illegal payments. Unless the exporter has the proper documentation, legal penalties can be accessed and the uninformed informal trader — often not knowing the rules — is in an uncomfortable position when faced with demands for additional payments. Working with the Malian and Burkinabé customs services, the DNI and the DNCC<sup>30</sup>, TradeMali training in export formalities (proper documentation<sup>31</sup>, exporter rights and obligations, including that of the importer, and who to go to if there is a problem) decreased the amount paid in transport costs and reduced the time en route spent in dealing with these issues. This in turn helped decrease losses from transport delays.

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<sup>26</sup> *Analyse genre des filières ciblées: mangue, pomme de terre, riz et viande rouge*, TradeMali, July 2005. One of the four marketing associations organized by the project is a women's marketing cooperative.

<sup>27</sup> The cooperative's legal status made the UEMOA representative and government officials in Burkina Faso take it seriously adopting corrective actions when the cooperative officially complained about stoppages and payments incurred on the way to Ougadougou.

<sup>28</sup> The potato cooperative exporting to Burkina Faso was able to earn a 20 percent premium over market price by adhering to importer standards.

<sup>29</sup> We estimate that an additional 1,440 tons were sold by informal Malian traders to Burkina Faso markets during this period.

<sup>30</sup> Reinforcing the relationship of public sector agencies with the private sector to foster commercial trade is one of the project's objectives.

<sup>31</sup> *Guide Pratique Des Procédures A L'exportation*, A l'usage des coopératives d'exportateurs de pomme de terre de la région de Sikasso, TradeMali, April 2005.

TradeMali's relationship with the transport sector is also important to note. The correct choice of transporter plays a large role in the potential for eliminating nonofficial payments. Trucks not having the correct documentation or not road worthy are subject to penalties and various official and unofficial charges. The exporter frequently pays these charges (though the driver may be willing to wait in hopes of a better negotiated price) since transport delays cause deterioration of the potatoes. Finding, negotiating, and filling the right truck are easier to do when a group's volume is behind the transaction and the exporters are aware of the hidden costs that a seemingly "cheaper" vehicle offers.

Understanding market demand requires information. During the year, TradeMali developed relations with ROESAO as a means to efficiently identify sub-regional importers and facilitate commercial relations, and with OMA as a source of regional market price and market volume data. We judge both relationships to be effective and mutually beneficial, providing information to the project private sector beneficiaries and capacity building activities for these two support agencies. Understanding market demand also means that exporters and importers need to speak a standard language — or a language of standards — to avoid unpleasant surprises. This means harmonizing Malian norms and standards with those of other countries in the region. Our work with the DNI was for this purpose. Collaborating with the private sector and the DNI, regional data was collected and draft norms developed accordingly for the Conseil National de Normalisation and eventually for approval by the Minister of Industry and Commerce.

The project was conceived to principally focus on the post-harvest and marketing aspects of a commodity; however the crucial role of production and supporting services, like finance, in supplying a saleable and profitable product forces TradeMali to adhere to a systemic view of our interventions. Producer prices, input supply, and yields go together. A "win-win" perspective translates into working with producers to secure timely provision of appropriate production inputs, and working with importers to provide them with a product of suitable quality, at the right price, the right time, and in the right quantities.

At the same, the limitation on our resources mandates that we seek synergy and leveraging of resources whenever possible. The collaboration takes many forms:

- TradeMali's end of season Potato Days workshop serves several purposes. First, it is used to review period results, plan for the next season and make or maintain contacts with sector actors and the invited importers. Second, it is a mechanism<sup>32</sup> to foster a whole-system approach to the pending season and long-term sector development, and it gave birth to the Comité de Coordination Technique—Pomme de terre. Third, it is used as a communication tool to publicize the sector and highlight the role of professionalism and standards of quality.
- One of the first activities of the Comité de Coordination Technique—Pomme de terre is directed at improving input supply. Quality seed potatoes are a current sector constraint. This implicates TradeMali. Rough projections of time and investment requirements for a substantial seed operation, based upon discussions at the IPR and others, show large land, labor, and financial requirements that would generate profits only after several years. It is questionable if the private sector would find this attractive. Current potato seed importers would view this, correctly, as a

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<sup>32</sup> See *COMPTE RENDU, Réunion du Comité de Coordination Technique—Pomme de terre pour la campagne 2005-2006, initiée par TradeMali en partenariat avec ISCOS, PRODEPAM, et Mali Finance*, September 2, 2005.

major competitive activity. It appears to us that more appropriate dealings with seed importers will be the course of action for the future.

- The cold chain is important in maintaining the quality of imported seeds and offers the possibility of extending the marketing life of commercial potatoes. TradeMali supports Mali Finance and its private operator in exploring the venture's feasibility by supplying information.
- One good reason to rent space at PRODEPAM's regional office for the TradeMali Sikasso staffer was to foster and encourage synergy, collaboration, planning, and communication. Planning for the 2005-2006 season is underway and villages are identified, and GIS indicated, where both projects have or could have activities. For both of our purposes, data for ordering production input comes from information on market projections and the force of the cooperative marketing union can be thrown behind negotiations with seed importers.
- In spite of production issues (disease infected soil, seeds, fertilizers, agronomic techniques, etc.) being a principal area to target for increasing producer revenues (making larger volumes available at a lower or steady cost), there is no extension level effort being undertaken for potatoes. We are trying to rectify that with PRODEPAM.
- Adequate and timely seasonal liquidity is another limiting factor in marketing increases. TradeMali elicited Mali Finance support in evaluating and securing working capital from two local financial institutions for two of the cooperatives. This first effort was viewed as a trial by all to test systems, usage and repayments, and generate confidence between the cooperatives and the institutions. For this reason, the sums were specifically kept modest.
- TradeMali tries to promote and expand the level of interest in the filiere. Already PRODEPAM and Mali Finance are targeting the sector. Discussions were held with JICA's regional bureau on implementing a potato filière agenda in Mali. JICA is in the investigatory stage for opening an agricultural support program in Mali particularly related to production. We had discussions outlining the supply-value chain approach, the potential impact of the potato sector and critical issues to be addressed.
- Making of a film on potatoes (as was done for mangoes) is also one of our efforts to leverage resources by providing both a publicity and a training film that can easily be shown over national television to exporters and producers in the village and to the public at large.

### **What about the third year and afterwards?**

In our third year, TradeMali will reinforce all training and technical activities previously undertaken with the cooperatives, make them timelier, and expand our efforts with non-cooperative parties to attract them into the organizations or to work independently with them to make them more professional marketers by, based upon experience, assisting the groups to apply for working capital financing and to order commercial marketing supplies (like packaging materials) at a reasonable time.

TradeMali will assist exporters to undertake marketing tests to Senegal and Mauritania early on in the season and will follow up to take advantage of identified opportunities there.

Within and outside of the Comité de Coordination Technique–Pomme de terre, TradeMali will reinforce its synergy with PRODEPAM, Mali Finance, and ISCOS. We will evaluate the ISCOS-type potato storage warehouses being tested in Sikasso and will test it with the Timbuktu potato producers.

We will continue to use Malian resources like the NGOs ACOD, and AMETÉVI, and local staff from our regional offices. We will consider hiring interns (“experts juniors”) for the potato program if expansion warrants.

## **Years 4 and 5**

In the longer term (Years 4 and 5) in addition to the above interventions, to take advantage of significant seasonal price fluctuations that could have a very positive impact on producer revenue, storage and seasonal marketing activities should be tackled and the concept of “Trade” rendered more supple to one of “selling” regardless of where the market is. While storage activities at the producer level will increase the farm-gate price for the trader and potentially make the potato uncompetitive, at that time, in the sub-region, domestic market demand will still exist. The enlargement to producer storage activities would be justified on the basis of overall increased farmer incomes. Decrease in export volumes would be compensated by increased sales in the Malian market.

Potatoes yield good money for growers in Timbuktu. Expansion is hampered by constraints in seed supply and storage. Both will be tackled through our office in Timbuktu. Our relations with the Sikasso seed suppliers, who are the suppliers for the rest of the country including Timbuktu, should help improve seed quality, quantity and input timing. The issue of the short period of the marketing season will be addressed by finding and helping to implement appropriate storage facilities and handling.

The Office de Niger area, though a good location for potato production, grows only a small amount. Competition for land during the main rice season relegates potato production to marginal sites or garden plots. Counter-season potato production and marketing are a workable solution that TradeMali will pursue from our Segou office.

If resources permit, development of the potato filière will be pursued elsewhere in the country; for example, in Kati (which currently is the second largest potato production zone and supplies Bamako), Kayes (which could produce for Senegalese and Mauritanian markets) and Nara for targeting Mauritania and Bamako.

TradeMali Intermediate Performance Indicators Annual Report 8/2004 - 9/2005			
Indicator	2005	2004	Comments for 2005
<b>IR2.3 Volume of potatoes exported</b>	374 tons	11 tons	
Total volume of potatoes sold (export and domestic) by directly assisted project beneficiaries	2026 tons	11 tons	
Total volume of potatoes exported by directly assisted project beneficiaries	374 tons	11 tons	
Total volume of potatoes sold domestically by directly assisted project beneficiaries	1652 tons		
Total volume of potatoes exported through secondary effects of project intervention	1441 tons		See note 1 below
Total volume attributable to TradeMali (direct and indirect)	3467 tons	11 tons	
Total estimated value of potatoes sold (export and domestic) by directly assisted project beneficiaries	499.3 million fcfa	3 million fcfa	
Total estimated value of potatoes exported by directly assisted project beneficiaries	102.8 million fcfa	3 million fcfa	275 fcfa/kg average sub-regional price
Total estimated value of potatoes sold domestically by directly assisted project beneficiaries	396.5 million fcfa		240 fcfa/kg average domestic price
Total estimated value of potatoes sold through secondary effects of project intervention	396.3 million fcfa		275 fcfa/kg average sub-regional price
Total estimated value attributable to TradeMali (direct and indirect)	895.6 million fcfa	3 million fcfa	
Number of groups directed assisted	4		4 exporter cooperatives forming 1 union
Number of direct beneficiaries	156	1	members of the exporters cooperatives
Number of direct women beneficiaries	15		members of the women exporter's cooperatives
Number of indirect beneficiaries	45		
Number of total beneficiaries (direct and indirect)	201		
Number of regions	1	1	Sikasso
Number of new groups	4		4 exporter cooperatives formed during year
Number of Financial institutions involved	2		BMS, Yiriwaso
Number of support institutions	4	1	ACOD Ngo, AMETEV I Ngo, Demeso Ngo, OMA
Number of leveraging partnerships	2		Mali Finance, PRODEPAM
Number of groups receiving loans	2		2 cooperatives
Value of loans financed	8 million fcfa		
Percentage of repayment			Repayment in progress, due date has not yet arrived
Total revenue received by producer	433.4 million fcfa		125 fcfa/kg average farm-gate price
Number of jobs			Not tracked during period
<b>Notes:</b>			

1. Prior to TradeMali involvement, informal potato exporters in several villages near the border exported to Burkina during the dry season using dirt tracks to avoid customs and road officials. Exports stopped at the onset of the rainy season in May because the tracks became impassable. According to these exporters, they witnessed the ease with which TradeMali-assisted exporters used the paved highways without significant problems from officials and they, therefore, decided to also use the normal highways. Though subjected to various charges, because they did not always adhere to or know the correct procedures, their export season extended through August instead of stopping in May. These informal exporters have asked TradeMali for assistance in organizing into cooperatives and getting official recognition, and then acquiring training in formally exporting potatoes. TradeMali will assist them during our third year.

### Red Meat

During the year, TradeMali sought to promote red meat export by better illuminating the dynamics of the filière and addressing two principal aspects of competition, price and quality — intervening to determine regional demand; analyzing the cost structure of producing and selling red meat; supporting private sector promoters in test operations and developing marketing and investment alternatives; hosting potential importers; organizing periodic commodity sector meetings to foster collaboration between operators and the public sector in planning and tackling issues; and leading the work on the harmonization of norms with regional standards.

Our work in the sector shows that the potential volume of red meat available for regional sales is large but that Mali will not be a supplier unless the fundamental structure of the industry is changed<sup>33</sup>. Mali has the largest cattle herds and flocks of sheep and goats in West Africa and live animal exports are significant. There are currently, however, no exporters of red meat. The prices needed to turn an exporter profit make Malian red meat uncompetitive. Private sector shipments in the recent past were to test the market and the export options were judged to be unattractive by these promoters when compared to the domestic market. Investigative visits to potential import markets by TradeMali<sup>34</sup> and livestock professionals (and separately by the Ministry of Livestock and Fisheries<sup>35</sup> with these professionals) all confronted the issue of price. There is indeed a significant regional market demand but at a price that is lower than received by selling in the Bamako market. The ex-abattoir meat price when coupled with the cost of transport results in a sales price that is too high for potential external markets<sup>36</sup>. Considering the added investment required to take Mali's most advanced slaughterhouses up to regional standards<sup>37</sup> for imported meat would further decrease the attractiveness of the export venture. Mali's red meat exports face competition on the lower end of the market from low cost frozen meat brought from large cattle and meat producing Latin American countries. In coastal countries, chilled Malian meat faces competition from locally slaughtered

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<sup>33</sup> "Mali's livestock sector is fundamentally rooted in traditional, informal commercial practices. Exports of live animals have been a major source of revenue for the Malian economy for decades, and during this time well-developed informal systems of market information, logistics, and negotiations have been developed. Transactions, set within a highly speculative framework generally take place on relatively small volumes of product with the objective of maximizing margins at each step in an often long and complicated commercial process. Due to the fact that trade products consist essentially of live animals and that the financing of operations is based on informal agreements among the different actors, this commodity system flourished as an informal commercial sector.

However, while this informal commercial system may be well-adapted for commerce, both domestic and export, in live animals, it is not appropriate for livestock products, especially red meat exports. An economically viable red meat export sector must be able to penetrate and secure market share in targeted export markets. To do so, it must maintain its competitiveness in terms of price, quality and timing while having the capacity to rapidly respond to changing market conditions. It must be based on a commodity supply chain that is well-integrated at all stages, facilitating the management of both costs and quality at every step." Final Report, TradeMali Red Meat Export Program, Dick Cook, TradeMali, February 2005.

<sup>34</sup> TradeMali visits were made to Guinea, Burkina Faso, and Mauritania; importers from Ghana and Senegal visited project-sponsored private sector clients; and TradeMali undertook desktop analyses of the Gabonese and Congolese (Brazzaville) markets. "The selection of markets to be initially targeted was based on several criteria: high volumes of red meat imports, existence of commercial trade and zoo-sanitary agreements between Mali and target-market countries, minimal problems with currency exchange and customs regulations, existing bi-lateral trade relations and efficient logistic possibilities. Due to their traditional role in wholesale and retail livestock and livestock product commodity chains, consideration was also given to the presence of a significant resident Malian community which could be utilized in launching activities." (Dick Cook, Final Report TradeMali Red Meat Export Program.)

<sup>35</sup> See Ministry of Livestock and Fisheries trip reports Rapport de Mission au Senegal, December 2004 and Rapport de Mission au Ghana, October 2004.

<sup>36</sup> See Final Report, TradeMali Red Meat Export Program, Dick Cook, TradeMali, February 2005. The services of Dr. Cook came to an end as the cost situation and market outlook became clear and potential exporters refocused on the domestic market.

<sup>37</sup> According to one potential Senegalese importer even the newest Bamako slaughterhouse is not up to export standard.

animals (both domestic and imported, with much of the imports of live animals, in certain countries, coming from Mali) and from products like poultry and fish, whose prices are relatively economical and whose consumption is high and rising.

In addition to the market investigations above, the cost factors making up the proposed sales price were analyzed by TradeMali to better understand where savings might be possible. Production and fattening costs are approximately 80 percent of the total delivered cost to market (not including profit margin). Working sessions with PRODEPAM's livestock staff in reviewing their objectives<sup>38</sup>, and viewing the situation of the larger animal feed operations, have convinced TradeMali that significant reductions in the cost of production will not be forthcoming in the immediate future.

Further adding to the comparatively high price of exported meat is the cost of transport. The bulk of regional demand is for chilled half-carasses. Transporting this product adds additional costs to the total asking price. Additional investment in appropriate vehicles is required as none are locally available. Transport costs per kilo would be reduced if up-scale market cuts were exported but the demand in this niche is limited and the level of profits for the required added investment in building and equipment is questionable<sup>39</sup>. Until the cost issues are dealt with through more efficient operations, Mali's red meat will not be price competitive outside of the country.

Throughout the period, the project continued to review regional market data which it then passed on, along with our analyses and details of discussions with possible buyers, to the private sector operators and the livestock ministry through the monthly meetings of the enlarged red meat task force<sup>40</sup> and also communicated directly with the concerned committee members. TradeMali is also recruiting for a consultant to study the uses of animal by-products (the "Fifth Quarter"). Animal by-products are not widely consumed in Mali and their disposal would be an issue in a large red meat export campaign. In many of the potential import markets, animal by-products have a substantial economic use and are good sources of revenue for live animal importers and butchers. This is not the case for Mali. Processing of by-products would require additional private sector investment and the determination of markets.

Agreement on terminology is as important in red meat commerce as it is with the fruit and vegetable regional export trade. TradeMali together with the DNI addressed this basic issue. The livestock industry committee was revived, a consultant hired to collect regional data on applied norms and standards, the data was reviewed and updated and harmonized codes drafted for formal government and private sector appraisal. Interestingly, in the process we found that those countries having written norms and standards use those created in Mali in the 1980s. It is unfortunate that the Malian profession has limited access and knowledge of these documents — due to funding constraints the documents were not published nor circulated here. TradeMali will finance reproduction of the documents.

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<sup>38</sup> PRODEPAM concentrates on animal feed production and its sales not on livestock fattening or reductions in the production cost of the animal.

<sup>39</sup> Interestingly, in this niche market, refined exported cuts may be competing with exports of Malian live animals as supermarkets in the sub-regional markets buy from local butchers who slaughter animals imported from Mali.

<sup>40</sup> Members include: Ministry of Livestock and Fisheries, DNCC, the two Bamako abattoirs (Abattoir Frigorifique de Sabalibougou and Abattoir Frigorifique de Bamako) Societ  Malienne des Produits Carn s (SMPCA), Panafrican Livestock Development and Trading Company, FEBEVIM, PRODEPAM, Mali Finance and TradeMali. For details of the committee discussions, see the various minutes of the Comit  de Suivi du Plan d'Action de la Viande Rouge.

## What about the third year and afterwards?

Here are our perspectives and recommendations for future project involvement. Mali is not currently price or quality competitive, and the investment cost to make us quality competitive increases our non-competitiveness in the price area. The private sector understands this, the risk involved, the uncertain future profitability, and has turned its attention to further developing the Mali market. Private sector abattoir operators (those having the basic infrastructure to be able to consider red meat export) have opted to concentrate on the local market after analyzing the costs and benefits in red meat exports: the short- and medium-term profit potential; payment mechanism and length of delay; ease of entry or expansion of their operations in the domestic market versus the costs of increased investment to begin exporting; the management efforts required to lower production costs; and the additional burden of managing export operations and collecting payments in a new market.

We agree with the view of the private sector. The results of market investigations, cost analyses and the opinions of potential exporters show the opportunity costs of undertaking exports, for investing in the infrastructure and equipment to make exports meet quality standards or for investing in production level fattening operations are too large in comparison with continued involvement at the current or expanded level in the national market. It is suggested that project resources devoted to the red meat sector instead be directed to other targeted commodities where results and impacts are more likely within the medium term.

**TradeMali Intermediate Performance Indicators  
Annual Report 8/2004 - 9/2005**

<b>Indicator</b>	<b>2005</b>	<b>2004</b>	<b>Comments for 2005</b>
<b>IR2.2 Volume of red meat exported marketed</b>	<b>0</b>		
Total volume of red meat sold by directly assisted project beneficiaries			
Total volume of red meat exported by directly assisted project beneficiaries			
Total volume of red meat sold through secondary effects of project intervention			
Total volume attributable to TradeMali			
Total value of red meat sold by directly assisted project beneficiaries			
Total value of red meat sold through secondary effects of project intervention			
Total value attributable to TradeMali			
Number of groups directly assisted	5	5	Abattoir Frigorifique de Sabalibougou and Abattoir Frigorifique de Bamako) Societé Malienne des Produits Carnés (SMPCA), Panafrican Livestock Development and Trading Company, FEBEVIM
Number of beneficiaries			
Number of women beneficiaries			
Number of regions			
Number of new groups			
Number of microfinance institutions			
Number of support institutions			
Number of leveraging partnerships			
Number of groups receiving loans			
Value of loans financed			
Percentage of repayment			
Total revenue received by producer			
Number of jobs			
<b>Notes:</b>			
<p>1. Export of red meat is currently not a profitable activity. The cost of processing and shipping red meat to sub-regional markets is higher than the going market price. The 4 principal potential exporters have decided to concentrate on the Malian domestic market. We do not see the situation changing in the near term.</p>			

### Northern Activities

Northern activities<sup>41</sup> were a mix of expanded initiatives and concentration. Using an innovative mix of interns, local organizations and synergistic relations the agricultural and livestock activities were re-centered on the Timbuktu Region where the project has its office. In addition to continued rice, anis, and cumin work, investigation into other potential agricultural crops was carried out for Timbuktu, and for future interventions in the Gao and Kidal areas if resources allow. Handicraft activities were brought to a close.

TradeMali and its targeted clients had considerable success with the CSV rice program and prospects for a significant expansion in the third year are evident<sup>42</sup>. During the year, 14 groups expressed interest and were provided initial orientation and training. Seven were able to gather a suitable level of stock to participate; five of these associations are women's groups. An "expert junior" intern was hired to assist with field activities. A total of 78 tons of rice was stored and credit of close to 7 million FCFA secured from two local financial institutions<sup>43</sup>. The loans and interest were completely repaid by the due dates and an additional 2.1 million FCFA<sup>44</sup> was earned by the participants by selling at a more propitious moment in later months. The number of participants and tonnage is particularly impressive when considered against the season's low level of production and losses from locust attack — all of the second year participants were new to the activity; none of the first year's groups had rice stocks. Unfortunately, the planned test activity with women's rice marketing groups could not be put into effect due to this rice shortage.

The anis program had a multi-pronged approach: identifying market possibilities and improved production and post-harvest handling techniques. TradeMali's trips to several West African markets, with a Timbuktu anis merchant, uncovered business opportunities in Togo, Ghana, and Burkina Faso, especially if more careful attention is paid to packaging and quality selection of both anis and cumin. Selling at the right time<sup>45</sup> also helps increase revenues. As with the CSV, TradeMali negotiated a protocol agreement with PRODEPAM to jointly support research, through local Timbuktu resources<sup>46</sup>, in increasing anis production yields, and improving post-harvest handling quality. The more promising procedures will be further analyzed during the project's third year and research expanded to include the complementary cumin crop. Already laboratory analysis of samples using improved post-harvest operations showed progress in meeting European import requirements, and production yields in experimental plots reached the equivalent of 2 tons per hectare (up from the average 700 kgs now prevailing in the field).

Though showing positive results in increased revenue and employment, and indications for broader future success, the camel cheese production and marketing activity in Kidal was discontinued early

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<sup>41</sup> Northern activities in this section refer only to the regions of Timbuktu, Gao, and Kidal. The Mopti region, the "Gateway to the North" is not considered here. Our activities in the Mopti Region are described elsewhere in the annual report's commodity sections.

<sup>42</sup> For details on the CSV program, please refer to the rice section of this annual report.

<sup>43</sup> With the collaboration of the Mali Finance project loans were secured from Nyesigiso and DOT.

<sup>44</sup> Actual net sales revenue (12.4 million FCFA less interest and bank charges of 0.6 million) less value of crop at prices prevailing at harvest (9.7 million FCFA).

<sup>45</sup> Proper storage is important with anis.

<sup>46</sup> Contracting IER and SLACAER, and hiring an "expert junior" intern.

in the year at the request of the Mission, citing the need to focus scarce resources on specific geographic areas. Instead, contacts were made with organizations working in the Timbuktu region to review the feasibility of starting a similar test here. The NGO Veterinarians Without Borders seemed to be the logical partner but their program is closing in December. Recently, Mali Finance indicated that it would pursue the cheese activities in Kidal — both the local government and camel herders are much in favor of a continuation — and we are in discussions with Mali Finance on how TradeMali could collaborate. In any case, the training technician used in Kidal would be needed for a similar Timbuktu start-up.

One of the activities undertaken by TradeMali in Timbuktu was an evaluation of additional products for project intervention. Commodity conservation was a common theme. There are several ways to enlarge markets. One is by extending the marketing season. In the Timbuktu Region (as in others), seasonable price differences provide incentive for storage activities in a number of commodities. TradeMali's CSV rice interventions are based upon this phenomenon and significant expansion of the CSV rice program also depends upon the availability of storage. Similar storage activities — but not the credit activities at this time — can be successful with anis, potatoes, and onions. TradeMali's investigation into the Diré onion production, which has grown recently, shows that several women's groups dominate the onion trade with sales going both locally and out to Mopti. Appropriate storage facilities and post-harvest handling would reduce storage losses and extend the selling period to months having more attractive sales prices<sup>47</sup>. Future activities with the onion trade will depend upon additional resources. The onion activity could be expanded to the ON and Ségou areas where onion production is a major counter-season activity for women's groups<sup>48</sup>.

The potato market also yields good revenues for Timbuktu growers but it, too, is constrained by a short selling period brought on by the dramatic and rapid increase in temperatures. TradeMali assisted Timbuktu potato producers to identify the principal blocks to filière development and assisted in organizing a cooperative, which received official recognition, to better deal with input and storage issues constraining progress. As elsewhere in Mali, Northern growers have problems accessing sufficient quantities of good seed potatoes. Seed potatoes are brought into the country to first meet the needs of the Sikasso producers. Seed sent to Timbuktu is often the remains of what is not useable or wanted elsewhere. In the area of marketing, local potatoes earn a high price in the North but the selling season is limited to a short period. As soon as temperatures rise, storage loss becomes a major problem, curtailing the marketing period. Simple low cost methods to reduce storage loss would significantly increase producer revenue. TradeMali's efforts with the Sikasso potato sector, and specifically the seed importers and the ISCOS test storage program<sup>49</sup>, will be counted on to benefit improving seed supplies for the Northern farmers and storage trials will be undertaken in the third year with the Timbuktu growers.

The lack of suitable storehouses also affects the number of associations that can participate in the CSV activity, with a great deal more wanting to participate than are able. An evaluation of warehousing needs and the costs of construction, including village contribution of labor and local materials, was undertaken for the rice program<sup>50</sup>. Discussions with Mali Finance and microfinance institutions show that this will be a difficult investment to finance through normal commercial

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<sup>47</sup> The sales price of onions, in the Timbuktu Region, at harvest in March is around 100 FCFA per kilo. Prices in August can reach 350 FCFA.

<sup>48</sup> Chemonics had good results with onion storage and marketing in the ON zone under the previous USAID CAE/SEG project.

<sup>49</sup> Under USAID's CAE/SEG project Chemonics had good experience with producer potato storage and marketing.

<sup>50</sup> The cost estimates are valid approximations for anis, shallot, and potato storehouses, as well.

channels and would require the intervention of donors and the GRM under a food security policy initiative for the Northern areas.

Mission instructions to focus project resources on the agricultural sector brought support to the project's artisan activities in Timbuktu, Gao, and Kidal to a close. Opening marketing opportunities to northern artisans was the idea behind the project's efforts with the arts and crafts sector. Upon the advice of TradeMali, the Chambres des Metiers in the three northern regions received computer and copier equipment from the Mission. TradeMali oversaw the office rehabilitation and equipment installation and provided training in its use. Assistance to the AMAM association<sup>51</sup> involved help in securing official status as an association and organizing a presentation, at the USIS gallery, in Bamako. Sales of the art work averaged double that earned in Timbuktu (30,000 FCFA versus 15,000) and the show generated 600,000 FCFA in revenue. The group received valuable experience and constructive critiques of their works.

Taking advantage of the training to the Chambres de Metiers in Gao and Kidal, TradeMali evaluated areas for project intervention in those regions, should additional resources be made available to the project. The CSV rice activity would be suitable for the Gao rice production areas and the Kidal camel cheese scheme would be pursued.

### **What about the third year and afterwards?**

In Year 3, the program will concentrate in the Timbuktu region and continue to use its employ its combination of interns<sup>52</sup>, local organizations and collaborative relations. With the increased interest in the CSV program, the project will expand its rice storage and credit activities there. TradeMali will also refine the research efforts in anis and develop extension program materials, extend the research to cumin, and help organize producers into a more formal group(s). We will expand the initial work with the potato growers and begin to assist the onion sector if resources permit. Storage is a dominating factor affecting all of the activities. We will focus on finding ways to improve storage capacity. TradeMali will support Mali Finance's efforts with the Kidal camel cheese producers and begin operations for a similar activity in Timbuktu.

### **Years 4 and 5**

Future years will see an expansion in all of the above areas, and resources permitting, expansion of some of these efforts into Gao and Kidal through a combination of on-site expert junior interns and punctual technical assistance from Timbuktu.

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<sup>51</sup> L'Association des Femmes Art et Metier du Livre Applique aux Manuscrits (AMAM) main activity is the reproduction for sale of the designs and illustrations from the centuries old manuscripts held by the Centre Ahmed Baba and other Timbuktu libraries.

<sup>52</sup> The number of field interns will increase to three.

### Policy

Our policy activities focus on two levels: a macro level cross-cutting approach targeting overall GRM agricultural trade policy and a commodity level focus dealing with policy issues that impinge successful cross-border trade. These activities are not mutually exclusive and reinforce one another. The project's collaboration with the public sector on various activities also serves to strengthen these GRM trade related agencies.

The macro level approach concerned Integrated Framework activities and the reinforcement of governmental agencies dealing with international trade. The Ministry of Industry and Commerce is the project's parent ministry and its DNCC is the project's daily operational public sector counterpart. As stated in previous reports, the DNCC's critical role and mandate in trade promotion and negotiation do not match its resources or its technical capacity. Our concerted effort of analyzing the DNCC's institutional strengths and areas needing adjustment resulted in recommendations — approved by public and private sector representatives and forwarded to the Minister of Industry and Commerce — to restructure into two separate entities: a public sector organization focusing on the control and regulation of commerce and a private-public agency responsible for trade promotion<sup>53</sup>. The recommendations are making their normal way through the GRM's considerable administration process. In the meantime, TradeMali continued its efforts to increase the current DNCC's capabilities. A protocol was signed with the DNCC and two of their professionals<sup>54</sup> were seconded to the project three days per week. On the job training, assignments, and mentoring are provided by us. DNCC staff attend the project's meetings and workshops and participate in field trips<sup>55</sup>. As an advisory member of the various subcommittees of the Commission Nationale de Suivi des Accords de l'OMC et des Relations avec la CNUCED TradeMali also coordinates with the MIC and the JITAP project to provide specific trade training to the DNCC; for example, a workshop on commercial trade negotiations, in preparations for the WTO Hong Kong round of talks, is planned for October in collaboration with JITAP consultants. At the suggestion of TradeMali, USAID/Mali provided the DNCC with computers and office equipment and the Ministry agreed to pay for expanded internet service, to improve their information and communications capacities.

Moving and accelerating the Integrated Framework's DTIS effort was a primary concern for the period. TradeMali took advantage of the key role that the DNCC has in the process to furnish it with assistance in organizing the logistics for the conferences, in the necessary follow-ups and analyses required to finalize the DTIS report, and in structuring the DNCC unit (PMU) now responsible for implementing and monitoring the DTIS recommendations and sourcing funding. Subsequently, assistance was given in developing projects for UNIDO Window II funding<sup>56</sup>.

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<sup>53</sup> For specific details, see Rapport de consultation de l'Etude Relative a la Creation d'une Nouvelle Structure Organisationnelle du Commerce et de la Concurrence au Mali, Cabinet Portalis Avocats Conseils, January 2005, TradeMali.

<sup>54</sup> One for general agricultural trade related issues and one for specific commodity sector issues.

<sup>55</sup> The interchange of information works both ways: having GRM staff on hand provides insight into the activities and working with other public sector agencies and government ministries.

<sup>56</sup> The three submissions were successful in securing funding: a loan guarantee fund for mango exporters, a project to provide treatments to mango orchards, and financing to support the PMU operating costs. The involvement of the DNCC and the MIC in TradeMali activities, and its importance, is evident in the selection of the two mango projects presented.

Though our principal dealings are with the Ministry of Industry and Commerce, TradeMali also works closely with, and provides assistance to, the agricultural ministries and their agencies. For instance, the agricultural boards (i.e., Office Riz Segou, Office Riz Mopti, and Office de Niger) and the Service Agricole de Cercle (ex-SLACAER) bureaus collaborate on the program's CSV activity, receive training-of-trainers assistance and participate as we facilitate relations between producers and financial organizations. The Timbuktu branches of IER and ex-SLACAER, through a contract with us, participate in the project's analysis activities and obtain feedback and direction in the research efforts. The agricultural ministry's marketing information service (OMA) is contracted to the project to provide market information and obtains guidance in its methodology and reporting. The livestock ministry's Division of Norms and Legislations (ex-DGRC) and the commerce ministry's DNI collaborate with TradeMali in updating commodity norms and standards participating in the project's systematic and logical approach. The Ministry of Health's food safety agency (l'Agence Nationale pour la Sécurité Sanitaire des Aliments, ANSSA), and AMAQ and the other members of the IER-Trans project dealing with food safety issues in processed foods also benefit from our experience in EurepGAP, good agricultural practices (GAP), traceability and quality issues, which we share during workshops and meetings.

Focusing on our targeted products, the commodity level activities dealt primarily with quality, norms and standards, financing and production assistance, market information and importing country requirements, and transportation issues like extra-legal charges on inter-regional roads and the scarcity of appropriate vehicles. Here too the interest of GRM agencies, like the DNI and the DNCC, was used to provide them with guidance, on-the-job training and arrange contact between them and the private sector in dealing with trade issues. Norms and standards from Mali's neighbors were examined with the DNI and product technical committees, and recommendations to place Mali in harmony were developed for rice, potatoes, and red meat. An exporters' guide developed and published with the DNCC will serve all traders well (not just those in the targeted commodity sectors) in exporting to the sub-region. In the mango sector, the issue of safe-guarding the reputation of Mali's exports was of concern because the investment by TradeMali and its partners to improve the image of Malian mangoes can easily be undone through haphazard and sloppy exporting. With public and private sector representatives, TradeMali helped identify issues and craft an MIC arrêté stipulating governmental requirements for mango exports and for recognition as a professional exporter, as well as a decree mandating that the pallets and shipping materials used in international exports conform to European import and phyto-sanitary regulations. The two technical projects submitted for UNIDO Window financing by the DNCC's IF/DTIS unit had to do with mango production and mango exporter financing. TradeMali supported the Malian Airport Authority in their study for installing a cold storage facility<sup>57</sup>; and questions of ownership of equipment and buildings in the airport zone were clarified with the ministries of transport and of security as a prelude to further work on plans for the facility financed by the Dutch Cooperation.

Numerous concerns have been raised by traders regarding illegal charges collected at border posts and customs stops. Though the question of extra-legal charges cannot be entirely eliminated by the TradeMali efforts, by our training and support of trainers in their cross-border transactions we have found that a professionalized informed exporter — who knows and follows the rules and knows

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<sup>57</sup> The consultant, paid by the Dutch Cooperation, undertaking a similar analysis for a mango cold storage facility in Bamako guided and shared information and recommendations with the local firm hired by the Airport Authority. The requirement that the Airport Authority retain ownership of all investments within the airport zone resulted in the Dutch Cooperation looking elsewhere within Bamako.

whom to contact should problems arise — does possess the means to substantially address this matter.

The issue of the inadequate supply of roadworthy vehicles is a very real parallel concern. Our training also involves the selection of vehicles and the hidden costs involved in choosing the seemingly least expensive alternative. Most of the Malian fleet is a hodgepodge of second-hand haulers that are being kept running long after they should have been retired. This approach makes clear that some of the “extra-legal” charges are the legitimate result<sup>58</sup> of not following the rules or of using transportation that does not have proper documents or is not roadworthy. Based upon our knowledge of exporter requirements and our relations in the transport sector, the project worked to address the issue of availability of appropriate vehicles by working with the Ministry of Transport to reduce the duties and taxes on new utility vehicles brought to Mali and for extending the “tax holiday” for a second year.

Market knowledge is a necessary commodity for improving cross-border trade. In Mali, supplying reliable agricultural export statistics is a difficulty. Shipments to Europe that are air freighted are recorded by the Malian phyto-sanitary service at the airport. As verified by TradeMali, their numbers are in general agreement with that of the exporters and are cross-checked with the EuroStat figures and with the seasonal European-based marketing consultant. This level of confidence is available however for only one type of product, air shipped mangoes. Information on export volumes across Mali’s land borders is much more problematic. The phyto-sanitary or customs services do not maintain data in a format useable to track specific products. OMA does follow certain cereal exports, primarily rice, but has not been involved with other commodities until TradeMali’s interest. TradeMali’s subcontract to OMA provides regional export data in three<sup>59</sup> of the targeted commodities (mangoes, potatoes, and rice) and expands the range of OMA’s services, experience, and contacts (and expertise through TradeMali comments and critiques<sup>60</sup>) to new products (fruits and vegetables) and analyses (regional market price information).

As part of project efforts, when possible, to generally support Mali’s agricultural trade activities ad hoc technical assistance was provided to the pois sucre filière. In the recent past, pois sucre was a viable export commodity but has recently fallen on hard times. Our investigation uncovered two issues blocking the sector’s continued development. The first had to do with a simple matter of incorrect customs export forms and stamps and the inaccurate information relayed to European customs inspectors. This was brought to the attention of the Ministry of Finance which resolved the matter. The second issue relates to the EU charge that Malian pois sucre has an unacceptable level of aflatoxin. This more complex matter is being looked into by the appropriate ministries.

## **What about the third year and afterwards?**

TradeMali priorities are to continue to reinforce the DNCC and help it — and eventually its successor organization(s) — accomplish their trade objectives. DNCC seconded staff will remain with TradeMali and continue to play roles in project activities. If feasible, additional staff may be brought over.

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<sup>58</sup> Of course, not following the rules also places the exporter in an exposed position when dealing with non-standard payment demands.

<sup>59</sup> It was not judged necessary to collect data on red meat exports since quantities are very low or non-existent.

<sup>60</sup> For example, cross-checking OMA’s results with that of TradeMali’s targeted traders has highlighted a problem with the OMA collection methods. The project will work with OMA to solve this.

Support will continue to the IF process and to the DNCC's role within. The IF management unit and its Coordinator will continue to be assisted as they follow through on DTIS recommendations, project activities and the search for funding.

TradeMali will continue collaborating with, and supporting, OMA, DNI, and other GRM agencies as they work in the project's targeted filières.

A new and critical role for TradeMali in the next year is in helping to rationalize the functions and overlap of the several public organizations<sup>61</sup> sharing roles in quality issues. EU legislation CE 178/2002<sup>62</sup> requiring traceability systems to be in place for each step of the food chain, including production exported to their member countries is already in effect. In addition, EU law CE 882/2004 becomes applicable in January 2006. This legislation further tightens the requirements for exporting fruit, vegetables, and animal products to the European Union and places the onus on the exporting country's structures (private and public) to supply information that proves their competence to regulate and control exports with respect to food safety issues. Mali has to sort out the roles of its competing and overlapping quality assurance public agencies in this process and improve the designated agency's (or agencies') competence.

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<sup>61</sup> Phyto-sanitary service, DNI, DNCC, Division of Norms and Legislations, ANSSA, national laboratories, and AMAQ. All of these organizations have a mandate in the quality and consumer protection areas but their roles are not clear to even them.

<sup>62</sup> For further information, please visit: [http://europa.eu.int/eur-lex/pri/fr/oj/dat/2004/l\\_165/l\\_16520040430fr00010141.pdf](http://europa.eu.int/eur-lex/pri/fr/oj/dat/2004/l_165/l_16520040430fr00010141.pdf)