EVALUATION OF THE TITLE II, SECTION 206 PROJECT IN MALI (688-0230)
March, 1986

I. OVERVIEW

In 1984, the Government of the Republic of Mali (GRM) agreed to undertake or continue to implement three self-help measures as part of the Transfer Authorization governing the implementation of this project. The three measures are:

- cereals marketing liberalization;
- cereals production incentives; and
- reduction of costs in the official marketing system.

Specific benchmarks indicating progress toward achievement of the project's objectives were identified in each of these areas. An annual in-house evaluation of GRM progress in meeting these benchmarks was planned to be an integral part of project management.

Last year's evaluation concluded that the Government had taken important steps toward the objectives of the project and that continued provision of Section 206 food aid was warranted. Five thousand tons of rice were determined to be appropriate for 1985, based on consideration of: local agricultural production in 1984; the amount of financing in the multidonor Counterpart Fund into which reflows from the sale of Section 206 food aid are deposited; the need to retain some leverage in the paddy marketing reform process and to sustain the multidonor dialogue; and possible needs for 1986.

This year's evaluation is intended to again assure the Mission that the progress made on the self-help measures is satisfactory and to determine the appropriate level of food aid assistance to be provided under this project in 1986. The evaluation was conducted in February and March, 1986, principally by the Mission's agricultural economist. Field visits, interviews with various individuals, and examination of reports provided the information base for the evaluation.

The 1985 activities of the multidonor Cereals Market Restructuring Project (PRMC) to which this Section 206 project contributes are reviewed in Section II. A summary of findings with regard to each of the benchmarks established in the Transfer Authorization is presented in Section III; more discussion of these findings is found in annexes. Section IV states the conclusions of the evaluation.

Taking into account all analyses and findings, it is recommended that the 10,000 metric tons (MT) of rice remaining under the Transfer Authorization for Project 688-0230 <u>not</u> be called forward for shipment to Mali at this time. This recommendation should be reconsidered in late July or early August, 1986. If, at that time, it appears that the rice will be needed to provide

security stocks of rice for the GRM as it completely liberalizes the paddy market in 1986/76, the amount should be ordered for shipment in October, 1986.

II. REVIEW OF ACTIVITIES SINCE JANUARY 1985

PRMC's activities in calendar year 1985 responded to policy and program issues related to:

- the 1984/85 food production/food needs situation;
- liberalization of the paddy market and the restructuring of the rice-producing rural development organizations (ODRs);
- negotiation of an IMF Stand-By Agreement; and
- the fall in cotton prices after mid-1985.

A. The Food Production/Food Needs Situation

Mali's 1984/85 marketing year (November 1 - October 31) was dominated by a food deficit of unprecedented magnitude. The 1984 grain harvest was estimated to be smaller than that of 1972/73. Taking into account that population had increased significantly in the meantime, it did not take a lot of calculation to realize that Mali was facing a major food crisis. Mali's experience was similar to that of other countries in Africa; the scale of the crisis generated a tide of humanitarian support. Food aid was made available in the largest volumes ever. Free food distribution in Mali was larger than in any previous year, including that of the heretofore "Great Drought" of 1973. Surveys of food needs revealed that thousands of Malian families had few remaining resources after three consecutive years of recurrent drought and could not afford to buy food. The market continued to function for the majority of the population, however. Private food imports were also larger than ever with an estimated 150,000 MT (mostly rice) being brought into the country for sale.

Distributions of free food continued throughout the rainy season of 1985, although the camps of impoverished people around the major cities of the chronically food-deficit north broke up with the onset of the rains as people went to try their hands at production activities elsewhere and many of the people who had been "floating" in search of work stopped long enough to find agricultural production-related jobs.

While the 1985 rains started late, they were steady and continued long enough to result in a substantially increased harvest in the fall of 1985. Thus, the 1985/86 marketing season began on an entirely different note from that of the previous year. Record levels of sorghum, millet, and maize output were reported by

producers in the southern areas of Mali; while millet growers in the central zones did not, in most cases, find themselves with surplus production, their output was substantially improved over previous years. Rice producers in the Operation Riz-Mopti (ORM) area harvested their first paddy in four years and were officially informed that they were free to market their paddy with private traders as well as ORM and to pay their obligations for water fees and credit to ORM in cash or in kind.

The pattern of donor coordination regarding food aid-for-sale, established by the PRMC, was replicated as the donors joined together to coordinate free food aid planning and distribution as well. As the scale of the emergency food relief effort grew, each of the donors developed special staffs to deal with the planning and management involved. The involvement of staff also concerned with the implementation of the PRMC was generally reduced, and the PRMC turned its attention to the priority issues associated with long-term restructuring of the Malian cereals market.

B. Liberalization of Paddy Market and the Restructuring of the Rice-Producing ODRs

The sorghum, millet, and maize (or "coarse grains") markets had been liberalized with the signing of the multidonor Cereals Market Restructuring Project in 1981. As the "Evaluation of the PRMC after Three Years" (prepared by the World Food Program Coordinator in June, 1985) states:

> The liberalization of trade in millet, sorghum, and maize has already borne fruit, permitting the private sector to respond more flexibly to food demands and farmers to sell at prices higher than the official prices, especially in years of mediocre harvests.*
>
> The prices on the free markets have reflected the variations in supply and transport costs between regions. ...It is expected that the liberalization of the rice trade will result in the same benefits generated by the liberalization of the traditional cereals.

In a series of meetings with the Government, beginning in November, 1984, the PRMC began to formulate a strategy for negotiating a paddy market liberalization program. It was clear

* Both USAID and Canada launched research teams in 1985 to look further into the impact of liberalization on producer incentives and market operation in 1985 and the observations noted above are being further verified and quantified. (See Annex B.3).

that such a strategy would, on the one hand, involve assuring the GRM a minimal supply of rice, felt to be the desired staple for OPAM's preferred consumers, the civil servants and the army and, on the other, require PRMC financing of specific actions which would protect the GRM and its organizations (e.g., the Office du Niger and OPAM) against financial loss due to market liberalization.

A series of field visits to the Office du Niger (ON) by PRMC members resulted in a set of concrete proposals which were presented to the GRM in March, 1985. The PRMC had been impressed, in its field visits, with the changes in ON operations which had already been initiated by the new (since September, 1984) Director-General and with the positive impact that these changes were having on producers' attitudes and behaviors. The proposal made to the GRM thus suggested support for certain of these changes in return for which the GRM would agree to continue and extend them as well as liberalizing the paddy market on an advanced schedule.

The PRMC proposed to cover (1) the interest payments incurred by the Office in mounting its new program of cash payments to producers at the time of delivery of paddy to the rice mills and (2) the costs incurred by the ON rice mills in processing paddy grown in the cold season (contre-saison). In addition, if the GRM agreed to liberalize paddy marketing in the Office du Niger after the rainy-season 1985 harvest, the PRMC proposed to continue to cover the interest on ON loans taken out to permit payment of farmers in cash at the time of paddy delivery to the mills, to guarantee farmer repayment of water and service fees to the Office, and to cover any surplus costs incurred by the Office in offering rice milling services to private sector traders. The PRMC also noted the possibility of providing additional support to the Office conditioned upon accomplishment of its cost reduction program.

The Minister of Agriculture agreed to this strategy for paddy market liberalization and continued reform of the Office du Niger in March, 1985.

The PRMC continued to visit the Office throughout the year and, when it was clear that rice production in the Operation Riz-Mopti was actually going to succeed, made a trip to ensure that ORM was still prepared to go ahead with the liberalization which they had formally agreed to in 1984. Visits in November, 1985, dealt principally with the issues of determining the date for private trader access to the Office du Niger, the publicity which needed to be prepared to inform traders of the liberalization in both ON and ORM, and the establishment of a competitive price which the ON and ORM rice mills should charge private traders for milling services.

While agreement was reached on all issues by early December, field trips in February, 1986, to ORM and ON to look at implementation of the agreed-upon measures were disappointing. Both organizations were less than dynamic in their efforts to liberalize the paddy marketing situation and, at this point, the liberalization exists principally at the policy level, not in practice.

C. The Negotiation of the IMF Stand-By Agreement

Shortly after GRM acceptance of the initial PRMC proposals for paddy market liberalization, the PRMC turned its attention to the one area of PRMC failure to date -- the raising of official consumer prices. Bringing OPAM prices in line with the market was felt to be essential toward reducing the deficit of OPAM over the long term as the below-market prices (which were also well below-cost) required substantial subsidies. As was noted in last year's evaluation, "the PRMC agreed that Mali's entry into UMOA and the resulting GRM concern to contain price and salary increases argued against consumer price increases in 1984." With the 10 percent salary increase announced by the President on January 1, 1985, and apparent stability in the cereals markets (due to such heavy food aid imports), however, the time again seemed ripe to raise the consumer price issue.

Throughout the April to July period, the PRMC Technical Committee engaged in internal analysis and debate. Various price increase scenarios were considered, with agreement finally being reached on a one-time increase to a level which would be close to the prevailing open market prices and would re-establish the pre-PRMC margin between producer and consumer prices.

A letter was sent to the Government on July 3, 1985, proposing that the OPAM intervention price be raised from 62.5 FCFA/kg of sorghum, millet, and maize to 95 FCFA/kg and from 125 FCFA/kg of rice to 165 FCFA/kg.

However, no consensus could be reached on a proposal for PRMC "cushioning" measures. Some donor-members felt that the PRMC should provide the GRM funds to further increase salaries in order to compensate for the possible loss of purchasing power due to such substantial price increases. Others argued that no compensatory actions were necessary and/or would aggravate Mali's already-difficult macroeconomic situation.

At this point the dialogue expanded to include the IMF. The IMF sent a team to Mali in July to begin the process of developing conditionality for a new Stand-By Agreement and picked up on the PRMC proposal for raising consumer prices for cereals. The IMF endorsed the view that an increase in official consumer prices (OPAM intervention prices) to the 95/165 FCFA/kg price levels (coarse grains and rice, respectively) was in order. During negotiations in Washington, D.C. in August, the Minister of Finance agreed with this level of increase and committed the

Government to act.

The Council of Ministers was not, however, ready to agree with this level of price increase and proposed a lower level -- 150 FCFA/kg for rice and 80 FCFA/kg for coarse grains. The IMF refused this compromise. The Minister of Tutelle sought relief from the PRMC. The PRMC refused to collaborate in the plan proposed.

The search for compromise ultimately involved the PRMC, however. Without an IMF Stand-By, the GRM risked financial crisis by the end of the year. The indicated increases in food prices without compensatory increases in salaries, in the GRM view, risked political crisis. While the IMF had also included conditionality precluding expansion of the budget for public personnel, increases in salaries were not specifically excluded so long as overall budget ceilings remained unchanged. Thanks to the recent completion of the physical inventory of civil servants, the GRM saw the possibility of saving 1.2 billion FCFA in salaries previously paid to non-existent personnel or civil servants past the mandatory retirement age. In addition, the GRM noted that if the higher prices were adopted, the Office for the Stabilization and Regulation of Prices (OSRP) could also realize a theoretical "savings" in terms of the subsidies it was required (according to the May _bareme_) to pay cereals-producing ODRs for cereals commercialization.

The GRM proposed reallocating these theoretical savings toward the personnel budget, thus providing the basis for a promise of future salary increases. To carry out this plan, however, the GRM needed assurance that whatever subsidies would be required for 1986 would actually be covered and proposed that PRMC provide funds from the Counterpart Fund in an amount equivalent to that which the GRM was committed to pay to cereals producing ODRs in compensation for their cereal marketing activities, thus freeing up the GRM's own resources to be able to promise a 5 percent salary increase in 1986. The PRMC agreed, on the condition that it would be allowed to negotiate conditionality on ODR restructuring with the recipient ODRs during 1986 as the _quid pro quo_ for the financial assistance. The GRM agreed. The compromise helped the GRM to avert a crisis at a meeting of all the labor unions at the end of October (at which demands for increased salaries were tabled) and paved the way for meeting the IMF conditions for the Stand-By.

The Stand-By was signed in late November and the first drawdown occurred in early December.

War with Burkina broke out soon after and, interestingly enough, the renewed nationalism which followed in the wake of Malian success in the war seems to have reduced wage increase demands for the time being.

4. The Fall in Cotton Prices

By the end of December, 1985, the magnitude of the impending financial crisis due to a significant decline in world market prices of cotton began to emerge. While PRMC members were concerned with the various impacts that the 22 billion FCFA shortfall would have on their bilateral development assistance efforts, the PRMC as a group did not become involved in the cotton problem until January, 1986. At this time, the PRMC was asked to contribute two to three billion FCFA from the Counterpart Fund to assist the Government and the CMDT with the loss. The request was couched in terms of assistance to the cereals (maize) producing activities supported by the CMDT as part of the Mali Sud II Integrated Development Project rather than as assistance to cotton *per se*.

As the PRMC considered the request, four key factors emerged from the debates:

- given the good harvest of 1985 and the magnitude of the producer price support activities undertaken by OPAM (the majority of which were financed with reflows from PRMC-supplied grain), the financial liquidity of PRMC had been sharply reduced;

- given the PRMC role in the consumer price increase action and in supporting paddy market liberalization, the Counterpart Funds which were liquid were heavily engaged for the remainder of 1986;

- most PRMC donors felt that the cotton problem was a structural one -- but one which was being treated, wrongly, as simply a short-term crisis; and

- the rationale for PRMC assistance was tenuous at best.

In the end, the PRMC agreed once again to substitute for the OSRP with regard to its cereals production obligations, thereby freeing up to 950 million FCFA in other OSRP resources to deal with the budgetary crisis caused by the drop in cotton revenues. In a letter sent the Minister of Tutelle in February, 1986, the PRMC also indicated its intention to consider, at some undefined future time, other measures of support for the CMDT cereals extension work, for example, guaranteeing BNDA credit extended to farmers producing cereals as a cash crop.

The debate on the financial status of the Counterpart Funds launched by the cotton crisis provoked a deeper concern with the "next generation" of assistance to OPAM. This will be explored further as part of the PRMC agenda for 1986, particularly as it bears on the planning for the next three years of PRMC activity.

III. SUMMARY OF EVALUATION TEAM FINDINGS: 1985 BENCHMARKS

Self-Help Measures and Benchmarks	Findings/Comments
A. Cereals Marketing Liberalization	
1. Coarse grains marketing liberalization will be maintained.	Met.
2. Cereal import liberalization will be maintained.	Met.
3. Paddy producers will be authorized to market their production freely with private traders, provided they have paid their leveies and credit obligagations, and private traders will be authorized to freely purchase, sell, and process paddy or rice.	Met in ORM; in ON, met according to ON/PRMC agreement on opening date.
B. Improving Cereals Production Incentives	
1. Official producer prices will continue to be announced prior to the sowing period.	Met. An additional 5 FCFA increased producer prices for sorghum, millet, and maize to 55 FCFA/kg and paddy prices to 70 FCFA/kg.
2. Official producer prices will be set so as to cover production costs as determined by IER.	Met in part. The exceptions are maize in a cotton rotation and traditional sorghum and millet.
3. Price data collection will continue... [and] an effort will be made to improve collection of producer prices in a sample of rural markets.	Met. Regular collection continues; PRMC members on bilateral basis also supported improved price collection and analysis. While these efforts will not be sustained, they have provided useful insight.
4. By the end of 1985, a detailed proposal will be presented to donors for their financing, the objective of which would be to substantially improve agricultural production statistics.	Not met. The Ministry of Plan (DNSI/PADEM) proposal is not very detailed.

5. In addition to producer price policy measures, actions in rice-producing ODRs will be reinforced.	Met.

C. Reducing the Cost of the Official Marketing System

1. OPAM's cost reduction program will be pursued and a similar program undertaken in other intermediaries in the official marketing system.	Met in principle at OPAM. However, the sharply increased volumes due to the massive drought relief efforts and the urgency of demands placed upon OPAM/OSRP for support price purchases in late 85 may have disrupted any progress made. PRMC donors have asked that a careful audit be done before the Phase II PRMC is designed.
2. Official consumer prices will be determined so as to allow, taking into account measures resulting in a reduction in OPAM's deficit net of subsidies, a reduction of subsidies to the official marketing system (excluding OPAM) and resulting from the baremes.	Met. Consumer prices were substantially increased.
3. The PRMC will take part in the discussions of the Commission des Baremes.	Met.
4. Official prices seasonally adjusted.	Not met.
5. Technical assistance provided in the framework of PRMC maintained.	Met.

IV. CONCLUSIONS OF THE 1985 EVALUATION

The summary in the previous section indicates that the GRM has again not fulfilled all of the benchmarks established for this second year of assistance under the Title II, Section 206 project. There has been significant progress, however, particularly in the area of consumer prices and restructuration of the rice-producing ODRs. In addition, the successful role of OPAM in implementing the producer price support program after the harvest of 1985 should be noted. Moreover, in those areas where expected progress has not been made, there are, with perhaps two exceptions, legitimate reasons for the shortfalls.

The impact of the cotton crisis on the overall economic wealth of Mali and the disappointing performances of Operation Riz-Mopti and Office du Niger in publicizing the liberalization of the paddy market reduce the chances for continued reform at the 1985 pace but these factors do not, at this point, signal a definitive halt. Since the GRM has already formally requested the donors to continue PRMC activity for another three years, the planning dialogues during which conditionality for the future will be determined should provide some impetus to the GRM to keep the reform moving.

The Transfer Authorization provides for annual determination of the amount of food aid to be supplied through this program. The amount remaining to be allocated for FY 1986 is 10,000 MT. Taking into consideration the following factors, however, it is recommended that none of this amount be called forward at this time.

- <u>There apppears to be no immediate need for additional OPAM-held stocks at this time.</u>

  The 1985 crop year was a relatively good one for Mali as a whole. Field work by USAID food monitors and a grasshopper loss evaluation team, however, confirmed that pockets of the rural population had not experienced bumper crops by any means and reports of kram-kram harvests in the north indicated that some people were still very badly in need of food.

  In assessing food needs in November, 1985, therefore, USAID/Bamako tentatively concurred with the approximately 100,000 MT deficit calculated by a Government-donor commission. The deficit calculation assumed private sector imports at the relatively high 1984/85 levels and did not take into account a projected increase in import taxes on rice enacted as part of the IMF Stand-By package. On the assumption that the increased taxation would reduce imports, a gap between supply and demand seemed likely.

  Now, however, there is a general feeling (both in the Government and among donors) that Mali is in a surplus food situation. While there is virtually no hard data

analysis to support this assessment of an overall surplus, it is true that OPAM has stocks in hand which are much greater than present market demand appears to be. OPAM has 55,000 MT of coarse grains in storage, has not yet sold any of the 5,000 MT of rice which arrived in Mali in late 1985 as the U.S. contribution to PRMC, (indeed, has not sold much grain at all since November of last year), and plans to buy 30,000 MT of rice which has been purchased from farmers in ORM, ORS, ON, and CMDT. Further, the National Security Stocks will be at their planned level of 42,000 MT in another month or two.

These facts would argue against any further additions to supply through food aid imports at least until the magnitude of the demand for cereals during the rainy season (when market demand normally increases) can be better estimated. If the rains start off badly and/or the increased tariffs on private sector imports of rice are implemented by May, demand for OPAM stocks constituted in 1985 could grow rapidly.

- Additional financial resources for the Counterpart Fund would be useful.

The Counterpart Fund is essentially totally earmarked at this point: the major part is being used to constitute OPAM's working capital for a floor price progam and the remainder will be used to support ODR restructuring by substituting for the amounts committed by OSRP. In the interests of replenishing the Fund, sales of 10,000 MT of food aid would be desirable. The question is: would such sales be feasible, given the present situation of domestic rice stocks and liberalized private imports?

1985 was an exceptional year of PRMC involvement in Government decision-making and in the overall process of economic reform. It is important to continue this role and to have the financial resources available to support the GRM in particularly tough reforms. The GRM has already officially requested the 10,000 MT of rice. The sale of this rice would be helpful in building up PRMC resources through reflows if it is feasible.

- There might be a need to assure rice stocks for OPAM in the 1986/87 marketing year in order to promote the 1986/87 paddy marketing liberalization aggressively.

While the Minister of Tutelle has already publicly announced that all paddy markets will be liberalized from the beginning of the harvest in 1986/87, this fact has to be better communicated to private traders than it was this year if it is to be an effective liberalization. If the PRMC wishes to push this point successfully, PRMC-supplied rice may be needed to continue to provide the assurance of adequate rice to meet the "official" demand even if all

private traders find buyers elsewhere.

It is our view that that first factor presented above is the dominant one at this time. Thus the recommendation not to call forward the 10,000 MT is based largely upon the volume of regulatory stocks currently in the hands of OPAM and the present slow rate of sales.

To date, the increase in official consumer prices combined with relatively abundant supplies of coarse grains seems to have kept OPAM's regular customers in the private markets; the non-implementation of the increased taxes on rice imports combined with exceptionally low world market prices has kept the markets full of cheap imported rice. This situation could be expected to change in the near future as the normal seasonal trend results in retail prices rising to just above the OPAM prices. Other factors may be at work as well, however, and just how they will interact with each other to determine the equilibrium of demand and supply is not known.

- Given the price differentials, consumers may prefer to continue consuming sorghum and millet rather than rice. OPAM's sorghum and millet stocks are limited. Will consumers then switch to the lower-price maize or will they simply stay in the private sorghum and millet markets so long as supply holds out and these prices are lower than OPAM's rice price?;

- The amount of on-farm stocks being held is unknown. It appeared as though farmers were selling grain in substantial quantities just after harvest in order to pay off debts incurred during the drought years, but it is still hypothesized that farmers also tried to build up on-farm stocks to guard against another bad year in 1986. If 1986 rains appear to be more or less normal by August, there will probably be a certain amount of pre-harvest dumping of old stocks (if these exist), but again the volume is totally unknown.

- If the 1986 rains do not appear to be promising, a greater-than-normal price rise in the open market could be expected. This would provide a rationale for OPAM to intervene with its stocks in order to cap the rise.

In sum, it is possible to draw a least three conclusions from the situation in 1985:

1. The GRM continued to make <u>important progress in implementing reforms</u> leading to reform in the cereals sector, particularly in the area of paddy marketing. The

momentum of this reform, however, slowed toward the end of the year as action passed from the level of policy debate to that of the organizations and people actually charged with their implementation. One rationale for a continuation of the PRMC for three years is simply providing enough time (and food insurance) to permit the liberalization to occur in fact as well as on paper.

2. The surplus cereal conditions at harvest, 1985, called for OPAM to make an abrupt role change -- from managing a flood of food aid to constituting a working stock for market stabilization from local purchases. Experience in 1985 showed clearly, however, that neither the GRM nor OPAM have the financial or managerial capability to carry out either role without continued donor assistance.

3. The U.S. should reconsider calling-forward up to 10,000 MT of rice in late July or early August, 1986. At this time, there should be further indicators of cereal demand relative to 1985/86 supply and the evaluation of the effect which 10,000 MT additional tons of rice for sale would have can be made.

ANNEX A.

CEREALS MARKETING LIBERALIZATION

Three benchmarks for progress in cereals marketing liberalization are identified in the Transfer Authorization:

- Coarse grains marketing liberalization will be maintained.
- Cereal import liberalization will be maintained.
- Starting in the 1984/85 season in Operation Riz-Mopti and the 1986/87 season in Office du Niger and Operation Riz Segou (acording to a timetable established in a Memorandum of Understanding agreed between the GRM and PRMC donors), paddy producers will be authorized to market their production freely with private traders, provided that they have paid their levies and credit obligations, and private traders will be authorized to freely purchase, sell, and process paddy or rice.

I. Coarse Grains Marketing Liberalization

As was stated last year, pressure to reinstate a grain marketing monopoly has abated and there is a substantial consensus that private trade has played -- and can play -- an effective role in the importing of cereals for sale and in redistribution of local grain. Nevertheless, the possibility of a backlash is always there -- and is well illustrated by BEC (the Central Executive Committee of the Government) action in November, 1985, which resulted in a larger OPAM intervention in the market than originally envisioned.

Immediately after the relatively abundant harvest of 1985, private sector traders were reportedly buying millet, sorghum, and maize at prices substantially below the announced official producer price of 55 FCFA/kg. Market price data confirmed this, but it also appeared as though the quantities being sold at these prices were relatively small and that the low producer prices were being passed on to consumers. Several reasons for this situation were hypothesized: farmers were in need of money to cover urgent expenses (including paying three years of back taxes which the Government began to collect in earnest) and sold some of their early harvests to get it; farmers were indebted to the buyers and the low prices were simply "hidden" interest charges on debt; and farmers were insufficiently informed of the official price.

OPAM was finally ready to compete with the private traders in a floor-price purchasing action by late November (sacks had not been ordered in time) and laid out a plan for buying 40,000 MT of locally-produced coarse grains to constitute its regulatory stock. The BEC, however, reviewed the OPAM plan and decided that, given the low prices that private sector traders were reportedly paying at that time, that farm prices needed further

support -- and OPAM should purchase 55,000 MT.

OPAM entered into the market and began purchasing at the official price in early December through several channels: directly, with its own agents in rural markets; through ODRs; through cooperatives; from private traders; and through the Sections of the Party (UDPM). For volumes delivered to OPAM pick-up points or warehouses, OPAM paid a fee for transport and handling, with the result that the average price paid per kilo of sorghum, millet, and maize was 67 FCFA/kg. The private sector traders took greatest advantage of the guaranteed OPAM prices and delivered approximately two-thirds of the amount eventually purchased by OPAM.

It did happen that private traders bought maize for 50 FCFA/kg from farmers at markets at which OPAM representatives were present and resold the very same grain to OPAM on the spot for 55 FCFA/kg. Farmers, when questioned by enumerators working on a Canadian-sponsored study of markets in Dioila Cercle as to why they had not sold directly to OPAM themselves, replied that they could count on private traders to help them out when times were difficult but that they could not count on OPAM to do the same. Thus, they built upon the relationship that was more permanent -- and paid 5 FCFA/kg to do so.*

By the time that OPAM got into the market, the producer prices for millet and sorghum had already risen to close to the official level. Maize prices, however, remained lower longer. It was no surprise, then, that OPAM was offered considerably more maize than sorghum and millet realtive to the quantities produced. The approximately 55,000 MT regulatory stock constituted by OPAM from local purchases between December and February is thus 30 percent maize, although maize accounted for only about 10 percent of coarse grains produced. By mid-February, when market

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* The AID-sponsored research project (Food Security in Africa being implemented by MSU, see Section B-3) also provides some interesting insight into the functioning of the liberalized sorghum, millet, and maize markets. First, it appears that the massive amount of food aid imported in 1984 created uncertainty for private traders dealing in coarse grains, particularly those serving the Mopti area. It encouraged fast turnaround and discouraged storage for speculative price rises. Given the food situation in 1984, this was probably a desirable effect. The same uncertainty, however, is said to have discouraged specialization in grain trade and storage and may have diminished competition.

This remains conjectural, however. In Koutiala, it is said that liberalization has encouraged new participants in the grain trade. Reports of women trading in grain in the Koutiala area were made by several male traders to illustrate the negative effects of PRMC.

reports were showing coarse grains selling at the official price, the PRMC recommended that the GRM consider the support-price effort a success and stop buying even though the 55,000 MT had not yet been completely reported as purchased to OPAM. The GRM did so, turning back to the private sector the responsibility for assuring the commercial redistribution of coarse grains in Mali.

In sum, the principle of coarse grain marketing liberalization has been maintained, even though OPAM did intervene in these markets on a significant basis this year.

2. Cereal Import Liberalization

Private grain imports in 1984/85 were the largest ever --at 150,000 MT - 170,000 MT, mostly rice. No specific restrictions were placed on imports; there was a general limitation on credit and foreign exchange, however, and this may have restrained some importers from undertaking planned imports. In addition, transport capacity from the ports to inland consumption centers was stretched very thin with all the food aid imports and apparently prevented some private importers from successfully importing quantities planned.

This benchmark has been met, however, in that no particular constraints were placed on free importations of cereal in 1985.

3. Paddy/Rice Marketing Liberalization

a. Office du Niger

The calendar for the liberalization of paddy marketing was speeded up through discussions between the PRMC and the GRM in the first half of 1985. As was noted in last year's evaluation, the several steps taken toward reform in the Office du Niger (ON) in 1984 and early 1985 gave rise to the conclusion that "at least partial liberalization of the paddy marketing operations in the ON area in 1985 season was a real possibility."

Following that conclusion, the PRMC proposed to the Government several supporting actions that it would be willing to consider financing at the Office du Niger if the Government and the Office were to proceed more rapidly toward complete liberalization of the paddy market than had been envisaged in the Memorandum of Understanding.

As a first step, Government agreed to completely liberalize the marketing of paddy produced in the winter season (contre-saison) The PRMC agreed to cover: (1) the interest payments incurred by the Office in 1984/85 in mounting its new program of cash payments to producers at the time of delivery of paddy to the

rice mills and (2) the costs incurred by the rice mills in processing paddy on the account of farmers or traders who would want to use ON's mills.

In addition, the GRM agreed to liberalize paddy marketing in the Office du Niger after the rainy-season 1985 harvest as of a selected date (to be specified later). For its part, the PRMC agreed to continue to cover the interest on ON loans taken out to permit payment of farmers in cash at the time of paddy delivery to the mills, to guarantee farmer payment of water and service fees to the Office (up to 25 percent of the amount normally collected), and to cover additional costs incurred by the Office in offering rice milling services to private sector traders or village associations wishing to trade in rice.

The Minister of Agriculture agreed to these conditions and the strategy for paddy market liberalization and continued reform of the Office du Niger in March, 1985.

The PRMC continued to visit the Office throughout the year. Visits in May showed that, while the contre-saison production was going to be more than originally anticipated, food demands among the producing families were also high and little was likely to be marketed. This proved to be true; virtually none came on the market. The Office staff which normally handles requests from farmers for advances against harvest (previously given in rice) suggested that their evidence confirmed the hypothesis of family consumption: they received no requests for advances of grain before the harvest of 1985. Visits in November, 1985, dealt principally with the issues of determining the date for private trader access to the Office du Niger, the publicity which needed to be prepared to inform traders of the liberalization, and the establishment of a competitive price which the ON rice mills would charge private traders and village associations for milling services.

Agreement was reached on all these technical issues by early December. The date for private sector access to the Office farmers was set at February 15, 1986, by which time it was estimated that the Office would have had opportunity to buy or take delivery of enough grain to cover seed requirements, staff food needs, and a substantial part of the in-kind fees. The mills would be in full operation by that time, with enough stock built up to permit traders to bring in paddy (of specified quality) and to leave the same day with rice. The Office had already drafted the conditions it proposed to require for private sector paddy to be accepted for milling (level of humidity, level of extraneous matter, etc.). After some debate, a milling charge of 15 FCFA/kg for private traders and village associations was agreed upon; the PRMC agreed to pay real costs of the Office over and above this level for all grain milled for the private sector.

A field trip on February 20 to look at the implementation of the liberalization was disappointing. Private traders were not informed of their right to purchase grain in the Office; village

associations had been informed in meetings in December, but no effort had been made to follow up to see whether their rights were understood. Office personnel at the rice mills were neither informed of their obligation to accept private paddy for milling nor capable of implementing the quality checks established by the Office management. No copies of the information sheets prepared by the Office in both French and Bambara were available anywhere.

In short, the liberalization of paddy marketing in the Office du Niger exists at the policy level, but not in practice. Reasons for the lack of dynamism are still not completely clear. It is apparent that the present Director-General of the Office is less aggressive in promoting reform and change in the Office than the former D-G (who was removed in November). It is also clear that the liberalized environment proposed for the Office is neither well understood nor widely espoused by the majority of the Office staff -- and perhaps the farmers, too. It requires a nearly complete redefinition of role and a major change in job behavior/attitudes for many, if not all, Office staff members.

b. Operation Riz Mopti

Paddy marketing in the Operation Riz Mopti had been liberalized in the policy sense in 1984 per agreement between the Government and PRMC. As last year's evaluation points out, however, the liberalization was hollow indeed. No paddy was produced in that year due to an exceptionally low flood of the Niger River and thus no paddy was sold -- either to OPAM or to private traders. It was clear by October, however, that rice producers in ORM were going to be more successful this year. PRMC members therefore took a trip to Mopti in November to ensure that ORM was still prepared to go ahead with the liberalization which had earlier been agreed to. In addition, private trader access to ORM's milling facilities at Sevare was discussed, with the idea that the Office du Niger and ORM would implement similar policies and pricing structures.

A return trip to ORM showed much the same situation as the Office du Niger as far as implementation of the liberalization measures were concerned. No publicity had been circulated to the private sector; no special efforts had been made to inform the village production groups or well-known traders in the area. The milling conditions had not been clearly laid out and it appeared to be policy that private sector people wishing to have paddy milled would have to wait until all ORM paddy was completed.

c. Conclusion

There is still clearly some way to go on effective liberalization of the Malian paddy market. While the letter of the benchmark has been fulfilled, meeting the spirit of the benchmark will require further effort on the part of the parastatal implementing agencies involved.

Even when the information on liberalization began to be more widely known, the private sector appears not to have intervened very aggressively. Several reasons have been suggested for this: lack of financial preparedness due to previous trade in other cereals and/or to short notice as far as paddy market liberalization was concerned; a complete cut-off of credit in the banking system in early March as credit ceilings had been exceeded and meeting of the IMF conditionality set for March 31 was threatened; relative unattractiveness of the paddy trade at the official producer price vis a vis imports (which are presently very cheap); and a lack of experience, contacts, and organization among traders for the paddy trade.

ANNEX B.

IMPROVING CEREALS PRODUCTION INCENTIVES

Five benchmarks were noted in the Transfer Authorization as indicators of improved cereals production incentives:

- Official producer prices will continue to be announced prior to the sowing period.
- Official producer prices will be set so as to cover production costs as determined by IER.
- Price data collection will continue every ten days in Bamako markets and monthly in regional markets. An effort will be made to improve the collection of producer prices in a sample of rural markets.
- By the end of 1985, a detailed proposal will be presented to donors for their financing, the objective of which would be to subsantially improve agricultural production statistics.
- In addition to producer price policy measures, actions in rice-producing RDOs will be reinforced.

1. Announcement of Official Producer Prices

Producer prices for the 1985/86 marketing season were announced through the media in May, 1984, before the beginning of the rains. Prices were raised five FCFA per kilo for all grains (Decret No. 140/PG-RM).

This benchmark was met.

2. Level of Official Producer Prices

In March, 1985, IER carried out its mandated study on the costs of production and reported virtually no increases in costs of production since 1984.* The Technical Commission on Prices recommended an increase in prices to producers, however, and it was decided to increase official prices by five FCFA per kilo: from 50 FCFA/kg of millet, sorghum, and maize to 55 FCFA/kg; from 65 FCFA/kg of paddy to 70 FCFA/kg.

This level of price increase implied coverage of farmers' production costs for millet and sorghum in those production

* This stability is partly an artifact of the method of estimation used. Further effort needs to be made to check the reality of the estimates thus derived. The CILSS/FED project to accomplish this has not yet produced results.

regions where a cotton or groundnut rotation with grains is practiced. 55 FCFA/kg does not, according to the IER method of estimation, cover costs of production for sorghum and millet by traditional methods (i.e., without the fertility benefits derived by growing it in association with cotton or groundnuts) nor does it cover the costs of producing maize in a cotton rotation. 70 FCFA/kg of paddy is estimated to cover costs of rice production under all conditions.

The PRMC communicated its endorsement of the proposed producer price increases to the Government in May, 1985, noting, however, that such an increase in producer prices implied increased deficits for the official cereals sector (OSRP and OPAM) and required an increase in consumer prices.

In sum, the benchmark has been met.

3. Price Data Collection

Price collection by OPAM at various regional and Bamako markets has continued throughout the year. Thus, the benchmark has been met.

In addition, it is important to note two short-term research efforts launched by PRMC members on a bilateral basis which have served to strengthen the price collection work in the major grain-surplus producing zones of Mali. USAID/Bamako bought into a centrally-funded Cooperative Agreement between AID and Michigan State University (MSU) on Food Security in Africa. Field work is concentrated in the Second Region (OHV zone) and the Third (the CMDT zone). Canada has contracted with an independent Malian study group to study markets in the Cercle of Dioila (also in the CMDT zone).

The AID/MSU Food Security in Africa Cooperative Agreement is intended to conduct research on four principal themes: managing food aid, food imports, and foreign exchange to meet food security goals; planning and prioritizing research requirements to achieve food security goals; the interactions of technological change, institutional reforms, and macro-level policy in overcoming food production and marketing constraints; and data and analysis needed for food security planning. The Mali component of this overall research effort relates to the third theme, examining the effects of various policies relative to the marketing of agricultural output and inputs on the profitability of cereal production and determining the influence which this profitability has on the capacity and willingness of farmers to invest in the increased production of foodcrops (principally millet, sorghum, and maize).

The Mali research has four elements: village-level research (where access to markets differentiates villages); producer level investigations (production, storage, and sale of commodities produced); astudy of grain traders and transporters; and price

analysis. Field work got underway in late 1985 -- fortunately, in time for harvest (of the largest crop in several years) and for the implementation of OPAM's floor price support program. The firsthand observations of the research team were helpful in sorting out fact from rumor in the early stages of the marketing season and their detailed data throughout the period will be invaluable in assessing likely future grain market behavior.

A preliminary analysis of regional market prices provided by PRMC and OPAM was carried out to identify principal market links. In general, the analysis showed the strongest linkage between the Segou and Bamako markets (r2 of 0.65) and confirmed the importance of other links as well: between Sikasso and Bamako; Mopti and Gao; and Kayes and Bamako. On the basis of their own interviews, the MSU research team also identified Koutiala as an important link in the chains Koutiala-Segou-Bamako and Sikasso-Koutiala-Mopti.

The work is well underway and promises excellent results by the end of 1986.

The Canadian research effort is more focussed on the 97 markets in Dioila Cercle and will provide detailed information on prices and volumes of grains traded in these markets.

4. Improvement of Agricultural Production Statistics

Because of the severity of the drought in 1984 and the subsequent increase in drought management staff in Mali, there was a greater than average interest in September, 1985, in agricultural production statistics. The UNDP-financed project at the Ministry of Plan (PADEM) made its first production estimate in September and revised it slightly in October/November when the harvest began to come in; the Ministry of Agriculture moved with greater than usual speed to prepare its annual production estimate by late November. Both donors and the GRM met repeatedly in November and December to consider the estimates and to arrive at a food deficit estimate for the 1985/86 marketing season. The production figures chosen were essentially those developed by PADEM, with adjustments to their paddy/rice estimates coming from the rice-producing ODRs and the Ministry of Agriculture.

Even though PADEM continues to be hampered by poor computing capacity, it seems as though their methodology produces more realistic (generally higher) estimates of production than the Ministry of Agriculture. UNDP-funding for this phase of PADEM is in its final year and the Ministry of Plan and UNDP have been actively seeking further support for the activity among donors. UNDP is proposing to continue its own minimal funding but would like other donors to pick up personnel costs which should, but are not going to, be assumed by the Ministry of Plan itself. UNDP is apparently also simultaneously proposing that the Ministry of Plan collaborate with the Ministry of Agriculture, using some of the MOA's staff for the field work, and produce one

set of production estimates rather than two.

A somewhat confusing request was thus presented verbally by UNDP evaluators to USAID/Bamako in February, 1986. It would seem as though the decision to work with the Ministry of Agriculture has not been thoroughly thought through, nor have the budget and staff implications for the future phase of PADEM been worked out. USAID staff at the meeting suggested that if the collaboration with the Ministry of Agriculture were clarified, support for the MOA staff input in the Haute Vallee region might be proffered by AID through the OHV project and that similar support might be sought from other donors engaged in supporting other ODRs. This response appeared to be unsatisfactory and no further formal proposals have been received.

No proposal was, moreover, received by PRMC, nor did the UNDP evaluators meet with PRMC as a group. Thus, this benchmark has not been met.

The FED has provided bilateral funding for the establishment of a statistical improvement project in Mali, staffed by a professional from the OECD Statistical Office. This technical assistance was useful in assessing the various agricultural production estimates developed in 1985 and instrumental in getting agreement on the merger of Plan's and Agriculture's statistical talents. It is expected that this project will continue to search for ways to improve agricultural statistics.

5. Improved Rice Production Incentives

a. Operations Riz-Mopti and Riz-Segou

The presence of a significant flood on the Niger and Bani Rivers in 1985 provided farmers in Operations Riz-Mopti (ORM) and Riz-Segou (ORS) their first positive production experience in three years. Somewhat fewer hectares were planted than in previous years due to a lack of seed and animal traction equipment, and many more hectares were planted than were harvested, but the fact of a "normal" yield on even a third to a half of the "normal" hectarage was encouraging in these areas.

In April, 1985, the World Bank and the African Development Bank agreed to continue to fund the ORM effort for another five years as part of an Integrated Area Development project. One focus will be on increasing the security of water by installation of new control structures and rehabilitation of degraded dikes and by definitively removing certain areas which have proved risky for rice production from the perimeters. According to an evaluation of ORM done by the FAC in 1984, increased security of water is essential to increasing productivity in the ORM perimeters. Without such security, farmers are reluctant to invest time and capital in production; but without such investments, yields are bound to stay low or even to decline.

Given the experience of 1982-84, the Dutch have agreed to work with ORM in a pilot program to establish small (20 hectare) perimeters which would be water-secure, with water provided by pumping rather than the flood. This experiment will bear watching.

Farmers in the Operation Riz-Segou region were not quite as badly affected by the drought years, but the record of ORS as far as reliably increasing farmers' productivity is not good. The FED has supported ORS for some time and continues to provide financing for various rehabilitation and improvement efforts, but plans at the moment do not appear to be leading in a direction of increased or more intense involvement.

b. Office du Niger

Donor interest and participation in the Office du Niger (ON) continued throughout 1985, with actions for structural rehabilitation, village association development, and the consolidation and reduction of rice holdings continuing -- largely with Dutch support. The second year of use of the small Votex threshers so successfully introduced in the 1984/85 harvest encountered some serious problems: the gasoline-powered motors on the threshers proved less durable than anticipated and had to be replaced with diesels. Many of the village associations felt that they had not been adequately warned of this possibility and that the Project ARPON had somehow committed a breach of faith.

The FED, however, began to develop a program of assistance to the village association effort and the BNDA, for the first time, directly extended credit to a number of village associations in the Office.

The Caisse Centrale and the World Bank worked on proposals for their assistance much of the year; the Caisse project was signed toward the end of the year and physical rehabilitation work began on the area known as the Retail with the harvest of 1985. The Caisse project is also to provide assistance for new settlers in this zone, largely displaced nomads who lost all their cattle in the drought, and for improved financial management in the central offices of the Office. The documents for this project are not widely available and it appears that the conditionality linkages which were expected to be established with the World Bank project were not included in negotiations.

The World Bank project did not get developed in 1985 as expected. This delay may have had serious consequences for the overall momentum and coherence of the structural reform in the Office. Some slowdown in reform was only to be expected after the dismissal of the reform-minded Director General who was appointed in 1984, but the pace seems to have virtually stopped at this time. The lack of enthusiasm with which the Office implemented the actions needed to effect the liberalization of the paddy market is perhaps the most solid demonstration of this. Getting the Office moving energetically toward further reforms will now

require a renewed act of will by Office management.

Since the World Bank proposed (and the Ministry of Agriculture apparently agreed) that it would act as overall donor coordinator for the restructuring of the Office, the delay in concrete program development also meant a diminution of donor collaboration during 1985. The potential for rebuilding a collaborative relationship between donors and the Office remains, however. The FED has recently agreed to finance the reconstruction of the Macina Canal, Germany is proposing to finance rehabilitation in one sector, and the Dutch renewed their committment to assist in rehabilitation for another three years. In addition, the Bank and the Dutch have programmed funds for rehabilitating the IER rice research station at Kogoni. Given the difficulties experienced in 1985 with appropriate seed varieties, this will be a welcome complement to the Office restructuration in providing more incentives for farmers' rice production in Mali.

Overall, it would seem that the benchmark has been met.

ANNEX C.

REDUCING THE COST OF THE OFFICIAL MARKETING SYSTEM

The third self-help measure deals with reductions in the costs of the official marketing system in terms of public resources. Five specific benchmarks were identified in the Transfer Authorization:

- OPAM's cost reduction program will be pursued and a similar program undertaken in other intermediaries in the official marketing system.
- Official consumer prices will be determined so as to allow, taking into account measures resulting in a reduction of marketing costs, a reduction in OPAM's deficit net of subsidies and a reduction of subsidies to the official marketing system (excluding OPAM) and resulting from the baremes.
- The PRMC will take part in the discussions of the Commission des Baremes.
- Official consumer prices will be adjusted seasonally beginning in 1984/85.
- The technical assistance provided in the framework of the PRMC will be maintained.

1. Cost Reductions in OPAM and Other Market Intermediaries

a. Transport cost reductions

As noted in last year's evaluation, the ratio of transportation costs over sales has gone down fom 0.18 in 1981/1982 to 0.09 in 1982/83, and 0.085 in 1983/84. The ratio was budgeted for 1984/85 at a level of 0.04. This level was not achieved, but the downward trend was maintained. Transport costs were 7.4 percent of the sales value in 1984/85, with about 60 percent of total transport needs having been contracted out to the private sector.

According to the budget prepared for 1985/86, OPAM plans to reduce their fleet of trucks by only one more this year -- for a total of 22.

This benchmark has been achieved.

b. Reducing staff

During 1984, OPAM's staff grew by some 30 people. By the first of January, 1986, however,a further reclassification of personnel who had been hired as temporary workers but had continued on as permanent workers had been carried out and permanent staff had been reduced to 744. The largest group of personnel affected was

mechanics and drivers, reflecting the concurrent reduction in the OPAM transport fleet. Thus the benchmark, of getting down to a level of 753 workers by end-1985, was met.

Budget figures presented in the 1985/86 Budget show a slight increase in monthly average salaries, with 1985/86 increase roughly on the order of magnitude of the government-wide 10 percent increase in salaries.

c. Cracking down on fraud

Unfortunately, fraud increased in 1985. Estimated losses during 1985 exceeded 200 million FCFA; the investigation of the single most significant loss is underway.

d. Debt restructuring

As a result of the debt restructuring associated with Mali's entry in UMOA in mid-1984 and continued coverage of its operating deficit by PRMC, the financial situation of OPAM in 1984/85 was relatively healthy through its fiscal year 84/85. The deficit on current accounts in 1984/85 is expected to come in about 700 million FCFA lower than the previous year's.

With the launching of the producer support price action in late calendar 1985, however, OPAM incurred substantial debt for the accumulation of grain. About 2.6 billion FCFA were borrowed as seasonal credit from BDM; an additional 2.8 billion FCFA has been borrowed from PRMC. With total tonnage of coarse grains in regulatory (as opposed to security) stocks at about 55,000 MT and approximately 30,000 MT still being delivered from rice-producing ODRs, OPAM's assets are sufficient to cover this debt -- assuming that storage losses will be kept in reasonable bounds and that sales will take place within a year.

An additional factor regarding OPAM's financial situation which has recently come to the fore is the amount of supplier credit (in essence) that OPAM has extended to its clientele. Un reimbursed credit sales and payments in illiquid Treasury mandates now account for more than 14 billion of OPAM's total assets and are projected to continue growing at nearly a billion FCFA per year. This has serious implications for OPAM's capacity to become more financially self-sufficient; regular erosion of financial liquidity on this scale diminishes all possibility of OPAM successfully managing a recurrent cost fund to cover normal operating expenses. This situation is not, unfortunately, reflected in the normal income statement prepared by OPAM and will require special efforts to monitor and deal with it.

2. Official consumer prices allow reduction of OPAM's deficit and subsidies and a reduction of subsidies

One of the major policy dialogue accomplishments of 1985 was the

increase in the official consumer prices (or, more precisely, "OPAM intervention prices") for grains. Since the inception of the PRMC, the GRM agreed readily to increases in producer prices, particularly as PRMC funds were available to cover the deficit incurred as ODRs and OPAM bought more expensively and continued to sell at the old, low prices. As was stated in last year's evaluation, the PRMC had accepted this situation, going along with the GRM's argument that, given the IMF-mandated freeze on civil servants' wages since 1982, increased consumer prices would be politically and economically unpalatable. On January 1, 1985, however, the President announced that salaries would be increased by 10 percent, with a minimum monthly increase of 3000 FCFA for workers at the lower end of the scale.

The time seemed ripe for again raising the question of increasing consumer prices. Throughout the April to July period, the PRMC Technical Committee engaged in internal analysis and debate. Various price increase scenarios were considered, with possible increases proposed which would re-establish the margin between producer and consumer prices at the beginning of the PRMC (rattrapage), which would permit a reduction of operating losses for public agencies involved in cereals marketing, and which would have varying levels of impact on consumers' purchasing power. Agreement was finally reached on a proposal for a one-time increase to a level which would put OPAM's prices at close to market levels (based on Bamako retail prices since 1983). This level would not only re-establish the pre-PRMC margin between producer and consumer prices but would also offer some hope of reducing OPAM's and OSRP's deficits.

A letter was sent to the Government on July 3, 1985, proposing that the OPAM intervention price be raised from 62.5 FCFA/kg of sorghum, millet, and maize to 95 FCFA/kg and from 125 FCFA/kg of rice to 165 FCFA/kg.

No consensus was reached among PRMC members, however, as to "cushioning" measures which might be proposed. Some donor-members felt that the PRMC should provide the GRM funds to further increase salaries by 8 percent for a two or three-year period, with additional funds being generated through an increased tax on rice imports, through other taxes, and through savings on public agencies' deficits to cover the increase on a permanent basis. Others argued that no compensatory actions were necessary and/or would aggravate Mali's already difficult macroeconomic situation.

An IMF evaluation mission in July picked up on the PRMC proposal and supported the ideas of increased consumer prices and increased import taxes on rice. In a draft Accord signed by the Minister of Finance in Washington in August, 1985, both measures were agreed to by the Government of Mali. Council of Ministers' consideration of the draft Accord, however, demonstrated a lack of consensus on the Malian side and the debate raged for two months. The Council held out strongly for a more moderate increases -- to 150 FCFA/kg for rice and to 80 FCFA/kg of coarse

grains -- and proposed this as an alternative to the IMF.

The IMF did not accept this alternative. In the search for a solution to the impasse, the Minister of Tutelle for State Enterprises sought the support of the PRMC. While the PRMC did not wish to undercut the IMF position and still was of the view that the increase was reasonable, at this point the PRMC actively began to consider cushioning measures. In the end, the PRMC agreed to provide up to 1.2 billion FCFA in additional resources to the GRM in calendar 1986 by substituting for OSRP in supporting the cereals production sector. These additional resources, combined with budgetary savings realized by reduction in the civil service rolls as a result of the physical inventory of public employees, permitted the Government to meet with labor unions at the end of October, holding out the promise of a possible salary increase while announcing the increased producer prices.

The Stand-By was signed in late November and the first drawdown occurred in early December.

The immediate impact of the consumer price increase was insignificant. By mid-November, the relatively good 1985 harvest was flowing into the markets at prices much lower than the new official prices. In mid-December, war broke out with Burkina. Interestingly enough, the renewed nationalism which followed in the wake of Malian success in the war also seems to have reduced wage increase demands for the time being.

Next year's evaluation will provide the more complete analysis of the mid-term impact of the consumer price increase. At this time, the combined effects of a large-scale producer support price buying campaign and the now-higher-than-open-market official OPAM intervention price mean substantial unsold stocks at OPAM and a cash flow inadequate to cover OPAM's operating costs.

There is, however, no question that the benchmark was met in 1985.

3. PRMC Participation in the Commission des Baremes

In September, 1985, the PRMC was officially asked to participate in the Commission des Baremes. The consumer price issue just discussed was of major interest.

This benchmark was met.

4. Official prices adjusted seasonally

While much attention focussed on increasing consumer and producer prices, none was paid to seasonal adjustments. This benchmark remains unmet.

5. Technical Assistance Continued

This benchmark has been met. All of the technical assistance personnel have remained in place since the beginning of the PRMC. Given the Cabinet reshuffle which took place on January 1, 1985, the technical assistant who works at the policy level moved to a new Ministry, the Ministry of Public Enterprises, along with the Minister responsible for the GRM participation in the PRMC. Since this Ministry exercises oversight on OPAM, the transferral of the portfolio seemed appropriate. Thus, the technical assistance continues to collaborate directly with the chief GRM interlocuteur for the PRMC.

Only one new wrinkle has been added -- a Malian professional has been assigned to work with this technical assistance on PRMC food policy matters.

PRMC MONITORING DATA

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Table 1.1 Mali : Crop areas, yields and production

	71/72	72/73	73/74	74/75	75/76	76/77	77/78	78/79	79/80	80/81	81/82	82/83	83/84	84/85	85/86
Millet/sorghum															
Area (000 ha)	1,433	1,135	1,378	1,330	1,300	1,384	1,318	1,372	1,431	1,403	1,420	1,393	1,277	1,053	1,131
Yield (MT/ha)	0.48	0.55	0.48	0.60	0.62	0.65	0.61	0.73	0.66	0.47	0.61	0.57	0.52	0.49	0.76
Production (000 MT)	691	624	660	800	800	900	800	1,000	943	654	871	793	670	510	858
Maize															
Area (000 ha)	112	80	71	90	89	102	100	105	112	47	60	74	74	98	105
Yield (MT/ha)	0.78	0.55	0.89	1.11	0.79	0.78	0.50	0.52	0.57	1.55	1.17	1.28	1.01	0.95	1.15
Production (000 MT)	87	44	63	100	70	80	50	55	64	73	70	95	75	94	120
Paddy															
Area (000 ha)	181	127	142	190	188	170	128	197	170	175	165	105	112	140	167
Yield (MT/ha)	0.94	0.91	0.92	1.32	1.16	1.39	1.55	1.27	0.97	0.94	1.06	1.23	1.15	0.81	1.08
Production (000 MT)	171	116	130	250	218	237	199	251	165	165	175	129	129	112	181
Cotton															
Area (000 ha)	82	88	73	80	91	122	103	119	123	111	85	98	105	113	226
Yield (MT/ha)	0.85	0.82	0.75	0.89	1.15	1.09	1.11	1.12	1.23	0.99	1.15	1.23	1.34	1.27	1.20
Production (000 MT)	70	72	55	71	105	133	114	133	151	110	98	129	141	144	188
Groundnuts															
Area (000 ha)	215	158	153	232	207	185	195	155	172	128	117	91	69	70	
Yield (MT/ha)	0.61	0.69	0.65	0.65	0.70	0.86	0.66	0.81	0.67	0.72	0.79	0.53	0.38	0.65	
Production (000 MT)	131	109	100	151	145	160	128	126	116	92	92	48	26	45	

SOURCES: -Ministry of Agriculture, Annual Reports 04/86
-Ministry of Agriculture, internal documents (1985/86)

Table 1.2 Mali : Cereals Production and Official Marketing

	71/72	72/73	73/74	74/75	75/76	76/77	77/78	78/79	79/80	80/81	81/82	82/83	83/84	84/85	85/86
Millet-sorghum															
Production (000 MT)	691	624	660	800	800	900	800	1,000	943	654	871	793	758	510	858
Marketing (000 MT)	30	9	10	48	48	70	27	46	26	13	13	7	3	2	45
% Officially marketed	0.04	0.01	0.02	0.06	0.06	0.08	0.03	0.05	0.03	0.02	0.01	0.01	.00	.00	0.05
Maize															
Production (000 MT)	87	44	63	100	70	80	50	55	64	73	70	95	(1)	94	120
Marketing (000 MT)	2	1	0	1	0	0	0	0	0	1	3	11		1	15
% Officially marketed	0.02	0.02	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.01	0.04	0.12		0.01	0.12
Paddy															
Production (000 MT)	171	116	130	250	218	237	199	251	165	165	175	129	122	144	188
Marketing (000 MT)	52	47	59	84	100	107	66	63	60	58	59	53	23	22	29
% Officially marketed	0.30	0.41	0.45	0.34	0.46	0.45	0.33	0.25	0.36	0.35	0.34	0.41	0.19	0.15	0.15

SOURCES: -Ministry of Agriculture, Annual Reports 04/86
-Table 1.1; Table 3.3

(1) Included with millet and sorghum.

Table 1.3 ODR Paddy Production and Official Marketing

	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Office du Niger (ON)								
Planted area (ha)	36,500	36,484	34,298	38,394	39,384	33,331	39,670	n/a
Production (MT)	95,500	65,105	69,172	65,991	57,171	72,166	63,465	74,000
Marketed (MT)	51,855	50,755	50,216	48,345	43,796	43,148	45,563	20,400
% Marketed by ON	0.54	0.78	0.73	0.73	0.77	0.60	0.72	0.28
Operation Riz Mopti (ORM)								
Planted area (ha)	17,800	16,200	15,210	23,953	24,437	27,159	24,763	28,000
Harvested area (ha)	14,300	12,600	12,341	17,008	2,522	3,556	0	18,000
Production (MT)	22,900	13,000	13,445	17,819	1,838	5,334	0	21,600
Marketed (MT)	2,900	2,115	2,961	3,448	0	0	0	2,500
% marketed by ORM	0.13	0.16	0.22	0.19	0.00	0.00	0.00	0.12
Operation Riz Segou (ORS)								
Planted area (ha)	29,800	26,600	29,921	27,351	25,927	28,279	29,828	n/a
Harvested area (ha)	24,200	16,800	10,628	19,386	16,877	21,729	15,519	n/a
Production (MT)	39,200	22,100	11,793	20,666	18,880	23,322	16,279	25,110
Marketed (MT)	8,251	6,029	4,265	7,237	8,200	11,652	7,881	6,355
% marketed by ORS	0.21	0.27	0.36	0.35	0.43	0.50	0.48	0.25
Compagnie Malienne pour le Developpement des Textiles (CMDT)								
planted area (ha)	17,000	13,500	14,000	6,803	8,501	8,546	8,711	n/a
production (MT)	11,000	12,800	11,600	10,204	12,863	12,819	10,700	n/a
marketed (MT)	150	150	402	610	1,193	1,151	1,212	1,039
% marketed by CMDT	0.01	0.01	0.03	0.06	0.09	0.09	0.11	n/a

SOURCE : Ministry of Agriculture, Annual Reports. 1985/86 estimates are from various sources. 04/86

Table 1.4 Mali - Trade in Cereals and Cereals Products (000MT)

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
IMPORTS (including food aid)												
rice	81	20	0	0	21	45	47	51	68			254
maize	68	28	0	0	17	34	10	23	32			138
wheat	5	0	0	0	2	4	6	9	3			30
wheat flour	27	30	35	35	35	40	40	40				1
millet/sorghum	91	0	0	0	0	2	0	0	2			44
of which :												
commercial imports - rice - OPAM	81	15	0	0	10	15	20	12	11	0		0
- private	0	5	0	0	0	40	44	53	30	82	131	170
- wheat	0	0	0	0	0	25	25	25	30	16	20	17
EXPORTS												
paddy	0	0	0	29	0	0	0	0	0	0	0	0
rice	0	0	3	4	0	0	0	0	0	0	0	0
maize	0	0	0	1	0	0	0	0	0	0	0	0
millet/sorghum	0	0	31	1	0	0	0	0	0	0	0	0

SOURCE : USAID estimates, using data from various sources, including the CNAVS 1985 report. 04/86

Table 1.5 Mali - Food Aid by Product (MT)

	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85
Sorghum/millet	1,700	0	0	0	15,940	24,330	43,287
Maize (a)	37,550	6,000	22,880	33,720	19,150	46,520	138,841
Rice	5,300	3,000	960	16,970	26,410	39,730	83,699
Wheat (a)	2,700	6,000	8,680	2,770	18,130	14,000	14,394
TOTAL	47,250	15,000	32,520	53,460	79,630	124,580	280,221

SOURCE : OPAM and CNAVS; PRMC Annual Report for 1983/84 04/86

Table 1.6 Mali - Food Aid by Source and by OPAM fiscal year

	1980/81		1981/82		1982/83		1983/84		1984/85	
	coarse grains	rice	coarse grains	rice	coarse grains	rice	coarse grains	rice	coarse grains	rice
Saudi Arabia	0	0	3,310	0	750	0	0	1,350	5,800	
Austria	0	0	0	0	0	0	0	1,510		
Belgium	0	0	0	0	0	0	0	2,500		6,000
Canada	0	0	5,000	0	6,860	0	10,000	0	9,500	
EEC	7,890	0	6,960	2,680	0	5,070	4,850	4,830	16,700	10,140
USA	0	0	0	0	4,990	4,980	9,850	4,870	38,900	25,000
Euro-action Accord	800	0	0	0	0	0	0	0		
Italy										5,000
France	4,630	0	4,940	0	9,580	0	14,460	0	15,000	
U.K.	0	0	0	810	0	0	0	1,700		1,710
Japan	0	0	0	1,790	0	0	0	8,340	2,700	
Koweit	0	0	0	0	3,050	2,680	0	650		
Korea (N)									1,000	
Malaysia	0	0	0	9,780	0	0	0	9,550		2,000
Pakistan										2,000
WFP	18,240	0	5,710	0	8,700	9,810	21,920	8,090	10,000	3,200
Holland	0	0	0	0	0	1,680	5,970	0	2,000	8,390
FRG	0	960	9,830	0	23,830	0	13,060	0		
USSR	0	0	0	1,910	0	1,820	0	2,860		2,000
Yugoslavia	0	0	740	0	0	0	290	640	320	15
Thailand	0	0	0	0	0	0	0	0		
TOTAL	31,560	960	36,490	16,970	57,760	26,040	80,400	46,890	101,920	65,455
COMBINED TOTAL	32,520		53,460		83,800		127,290		167,375	

SOURCE : PRMC, Evaluations for several years prepared by Coordinator 04/86

Table 2.1 Mali - Official Producer Prices (CFA/kg)

	71/72	72/73	73/74	74/75	75/76	76/77	77/78	78/79	79/80	80/81	81/82	82/83	83/84	84/85	85/86
Millet-sorghum	9	10	16	16	16	16	18	20	25	35	42.5	45	50	50	55
Maize	10	10	10	16	16	18	18	25	25	35	45	47.5	50	50	55
Paddy	12.5	12.5	12.5	20	20	22.5	22.5	25	30	37.5	50	55	60	65	70
Groundnuts (unshelled)	15	15	15	20	20	25	25	30	40	40	45	45	-	-	-
Cotton (first choice)	25	25	25	37.5	37.5	45	45	47.5	55	55	65	65	75	75	85

SOURCE : Ministry of Agriculture 04/86

Table 2.2 : Mali - Cereal Consumer Prices (CFA/kg)

	74/75	75/76	76/77	77/78	78/79	79/80	80/81	81/82	82/83	83/84	84/85	85/86
Millet-sorghum - official	26	26	26	29	33	38	43	58	63	63	* 63	95
Millet - market	37	34	61	82	54	94	103	96	102	138	125	n/a
Sorghum - market	33	37	55	83	54	97	104	91	93	142	125	n/a
Rice (RM40) - official	56	56	56	69	75	90	100	115	125	125	125	165
Rice (RM40) - market	75	73	97	145	131	153	165	170	162	171	173	n/a

SOURCES: -OPAM (official prices) 04/86
-Monthly stastistical Bulletin, Ministry of Plan (up to 81/82)
-PRMC (market prices from 82/83; 84/85 rice price on Nov-April base only

Note: Marketing year goes from November 1 to October 31

Table 2.3 : Official Cereal Producer and Consumer Prices in Mali and other WAMU Countries (CFA/kg)

	Producer Prices					Consumer Prices				
	1980/81	1981/82	1982/83	1983/84	1984/85	1980/81	1981/82	1982/83	1983/84	1984/85
Millet-Sorghum										
Mali	35	42.5	45	50	50	42.5	58	62.5	62.5	63
Senegal	40	50	50	50	60	68	64	64	64	80
Burkina Faso	45	50	58	64	75 - 85	68.5	80	80	80	83-90
Niger	40	60	75	75	100	60	75	120	120	140
Maize										
Mali	35	42.5	47.5	50	50	42.5	58	62.5	62.5	63
Senegal	37	47	47	47	60	68	60	60	60	80
Burkina Faso	45	50	55	60	85	68.5	80	80	80	88
Niger	40	60	75	75	100	-	-	-	100	140
Paddy - Rice										
Mali	37.5	50	55	60	65	90	105	115	115	125
Senegal	41.5	51.5	51.5	51.5	66	92	92	105	130	160
Niger	-	-	85	85	85	-	-	160	160	180

SOURCE : PRMC, Evaluations for several years, prepared by Coordinator 04/86

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Table 2.4 : Cereal Retail Market Prices in Bamako (CFA/kg)

	Millet					Sorghum					Maize					Rice (RM40)				
	1982	1983	1984	1985	1986	1982	1983	1984	1985	1986	1982	1983	1984	1985	1986	1982	1983	1984	1985	1986
January	81	85	120	111	99	72	75	125	107	94	69	67	112	98	89	182	163	163	172	175
February	77	79	118	116	95	71	72	126	116	91	71	68	113	103	89	181	163	163	175	175
March	78	83	126	121	95	71	74	132	121	91	70	69	120		91	176	163	163		175
April	82	86	140	120		72	78	146	118		70	72	133			181	163	178		
May	82	96	144	146		74	90	147	140		68	78	130	121		174	163	181	172	
June	85	107	163	149		84	96	175	130		72	87	121	124		172	163	180	171	
July	90	108	156	150		89	96	152	134		80	79	123	123		167	163	175	174	
August	91	133	149	154		86	125	144	137		76	96	121	126		166	163	173	175	
September	94	136	151	158		83	129	155	138		73	105	119	123		162	163	175	173	
October	95	136	155	147		80	134	154	128		71	106	122	107		166	163	176	173	
November	87	127	122	107		81	126	123	101		66	110	110	88		160	163	172	174	
December	97	113	112	100		77	123	106	96		69	108	288	86		163	163	169	172	

SOURCE : PRMC

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Table 2.5 : I.E.R. Cereal Production Cost Estimates (CFA/kg)

	1979	1980	1981	1982	1983	1984	1985
Millet-sorghum (cotton rotation)	28	32	43	46	46	47	
Millet-sorghum (groundnut rotation)	34	38	50	54	55	55	55
Millet-sorghum (traditional)	37	42	58	63	63	63	63
Maize (cotton rotation)		36			52	52	63
Paddy (GN)		40			62	63	68
Paddy (ORM)	30	41			65	67	67
Paddy (ORS)	30	41			64	66	67
Paddy (natural flooding)	36	41			62	63	66

SOURCE : I.E.R., Determination des Coûts Moyés de Production des Principaux Produits Agri04/86

Table 2.6 Official Price Schedule , Office du Niger (CFA/T)

	1981/82	1982/83	1983/84	1984/85	1985/86
1. paddy producer price	50,000	55,000	60,000	65,000	70,000
2. moisture loss , 7%	3,500	3,850	4,200	4,550	4,900
3. market and collection costs	2,663	2,663	1,685	1,681	1,539
4. financial costs	675	675	1,461	2,160	2,739
5. bags and strings	2,565	2,425	2,418	3,187	4,504
6. transport to factory gate	1,712	1,522	1,636	1,741	2,015
7. extension costs	2,787	3,065	5,828	5,828	6,527
8. contribution to ON overhead	4,456	4,902	4,902	4,902	5,490
9. crop protection	250	250	250	250	250
10. cost at factory gate	68,607	74,351	82,398	89,299	97,964
11. rice equivalent (62%)	110,656	119,921	132,900	141,744	155,498
12. milling costs	6,573	6,573	7,230	7,953	8,825
13. rice cost at factory gate	117,228	126,493	140,130	149,697	164,323
14. by-products sale	(1,350)	(1,350)	(1,496)	(1,496)	(1,611)
15. net cost at factory gate	115,878	125,143	138,635	148,201	162,712
16. transportation&handling Segou warehouse	4,614	5,053	4,837	3,900	4,583
17. transport losses	-	-	-	-	-
18. cost ex-Segou warehouse	120,492	130,196	143,472	152,101	167,295
19. OSRP subsidy	(10,000)	(15,000)	(41,113)	(52,450)	(39,542)
20. sale price to OPAM	110,492	115,196	102,359	99,651	127,753

Prices by Quality and Delivery Point (FCFA/T)

- ELB	- ex-factory	137,883	138,417	136,647
	- Segou	142,936	143,254	140,547
* RM25	- ex-factory	122,883	123,417	121,647
	- Segou	127,936	128,254	125,547
- RM 40	- ex-factory	97,883	98,417	96,647
	- Segou	102,936	103,254	100,547
- BB	- ex-factory	87,883	88,417	86,647
	- Segou	92,936	93,254	90,547

SOURCE: Decrets de campagne 03/85

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Table 2.7 Official Price Schedule , Operation Riz Mopti (CFA/MT)

	1981/82	1982/83	1983/84	1984/85	1985/86
1. paddy producer price	50000	-	-	-	70000
2. moisture loss , 7%	3500	-	-	-	4900
3. market and collection costs	3662	-	-	-	4031
4. pick-up costs	4968	-	-	-	5713
5. bag wear	3742				4200
5. extension costs	14124	-	-	-	7910
6. contribution to overhead	-	-	-	-	7910
7. crop protection	250	-	-	-	250
8. paddy cost millgate	80245	-	-	-	104913
9. rice equivalent (62%)	129427	-	-	-	169215
10. milling costs	9491	-	-	-	10104
11. by-product sales	-1350	-	-	-	-1611
12. rice millgate cost	137568	-	-	-	177708
13. subsidy					-24652
14. financial charges					13775
15. transport	-	-	-	-	10919
16. taxe OPAM					11650
17. marge de detail					2000
18. price to consumer	141310	-	-	-	191400

SOURCE : Marketing Decrees , 1981-84 04/86

Table 2.8 Official Price Schedule , Operation Riz SEBOU (CFA/MT)

	1981/82	1982/83	1983/84	1984/85	1985/86
1. paddy producer price	50,000	55,000	60,000	65,000	70,000
2. moisture loss , 7%	3,500	3,850	4,200	4,550	4,900
3. market and collection costs	1,749	1,749	2,665	2,711	2,771
4. paddy bags wear	2,331	2,135	2,185	2,973	4,200
5. pick-up&handling costs	1,495	1,495	1,299	1,295	1,493
6. extension&overhead costs	5,000	5,500	6,050	6,050	6,413
7. crop protection	250	250	250	250	250
8. paddy poldergate cost	64,324	69,978	76,649	82,829	90,027
9. transport to millgate&handling	3,568	2,819	2,574	2,574	3,175
10. paddy millgate cost	67,892	72,797	79,223	85,402	93,202
11. rice equivalent (62%)	109,502	117,415	127,778	137,745	150,326
12. milling costs	8,790	8,790	8,790	9,668	9,992
13. by-product sales	350	(350)	(1,496)	(1,496)	(1,611)
14. unbagged rice millgate cost	118,642	125,854	135,072	145,917	158,707
15. B'TWILL BAGS	-	-	-	-	-
15. bagged rice cost	118,642	125,854	135,072	145,917	158,707
16. OSRP subsidy (1)	-	-	-	(46,266)	(30,954)
17. Selling price	118,642	125,854	135,072	99,651	127,753

Note: (1)-beginning in 84/85, the subsidy is paid to ORS and not to OPAM

Table 2.9 Mali : OSRP Operations

	1981	1982	1983	1984	1985	1986 (prov)
RECEIPTS	790	4,133	25	1,989	2,706	4,425
Differences: Structures and fuel	2,625	0	1,660	1,630	2,043	1,819
Fuels: structure				1,500	1,904	1,633
TOP on fuels				130	137	185
Others					1	0
Other TOP				13	16	1,176
Peanuts	75	3,784	0	0	0	0
Refined oils, SEPOM				0	0	58
Crude oils, SEPOM				0	0	178
Neutralized oils, HUICOMA				0	0	0
Misc. merchandise	349	0	0	-	0	0
Cigarettes, SONATAM				0	9	0
Cycles and motorcycles				5	7	7
Alcoholic drinks	291	0	0	0	0	0
Rice, Segou				3	0	0
Millet, Mopti				0	0	0
Cotton						900
Tea, Farako				5	0	32
Other receipts	75	349	25	347	646	1,431
Interest, BDM				13	7	3
Vehicle sales				0	2	0
Reimbursement from COMANAV				20	0	0
Reimbursement from AIR MALI				14	4	0
Reimbursement from Mali Sud II project				0	62	123
Interest, placement OSRP				38	43	98
Late penalties				0	0	0
Subsidy from PRMC				262	431	1,201
Cotton fund participation					97	0
Other receipts				0	1	6
Less reimbursements of Treasury	(1,571)	(253)	(37)	0	0	0
Less reimbursements, FR	0	0	(43)	0	0	0
CONSOLIDATED RECEIPTS	(781)	3,880	(55)	1,989	2,706	4,425

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Table 2.9 (Cont) Mali : OSRP Operations

	1981	1982	1983	1984	1985	1986 (prov)
EXPENDITURES	3,287	2,374	1,200	2,126	2,663	3,375
Personnel	9	11	11	14	19	19
Salaries, etc.				12	16	18
New requirements				2	3	1
Goods and Services	24	23	40	55	80	64
Operating expenses				25	32	38
Equipment				30	48	26
Subsidies and other regulatory interventions				2,057	2,564	3,292
Peanut sector	34	856	101	91	30	31
Contrib. to CAA budget				28	0	0
Subsidy to ODIPAC				50	25	25
Subsidy to SEPAMA				14	5	6
Cotton sector	0	0	16	0	0	0
Cereals sector	1,600	1,130	930	1,868	580	1,201
Subsidy to OPAM/coops				11	1	91
Subsidy to OPAM for ml/sorg				23	35	40
Subsidy stabilisation OPAM				813	32	0
Maize, CMDT				2	12	28
Mil/sorghum, CMDT				0	3	0
Rice, ORM				17	17	69
Rice, ORS				193	134	154
Rice, Office du Niger				810	324	791
Rice, CMDT				-	22	28
Regulations diverses	1,620	354	102	98	1,954	2,059
Differences on structures				18	1,130	1,355
Subsidy to OHV				15	0	0
CNESB Budget				5	5	5
Financial charges, CCP				1	0	1
Advances to Mali Sud II				58	88	143
Reimbursement of PRMC					17	0
Road Fund					700	0
Others					13	554
Remuneration to administration				1	1	1
Less reimbursements to Treasury	(1,571)	(253)	(37)	0	0	0
Less reimbrusements FR	0	0	(43)	0	0	0
CONSOLIDATED EXPENSES		2,121	1,120	2,126	2,663	3,375
NET LOANS		24	(9)	(47)	0	0
Advances	32	39	50	0		
Reimbursements	0	(15)	(59)	(47)		
SURPLUS (DEFICIT)		1,735	(1,166)	(90)	43	1,051

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Table 3.1 GPAM Activities (000MT)

	71/72	72/73	73/74	74/75	75/76	76/77	77/78	78/79	79/80	80/81	81/82	82/83	83/84	84/85	85/86
Domestic purchases	62	31	47	95	136	86	72	92	56	35	41	41	26	28	85
Commercial imports	31	68	81	15	0	0	10	15	20	12	11	0	17	21	0
Food aid	32	103	153	77	12	0	46	47	15	33	50	72	120	199	170
Total resources	125	202	281	187	148	86	128	154	91	80	102	113	163	248	255
Domestic sales/dist.	78	136	172	111	95	105	91	78	87	68	64	96	125	154	128
Exports	0	0	0	0	7	29	0	0	0	0	0	0	0	0	0
Total Uses	78	136	172	111	102	134	91	78	87	68	64	96	125	154	128

SOURCE : GPAM 04/86

Table 3.2 OPAM Storage Facilities

	OWNED										RENTED/BORROWED		TOTAL
	Regular stocks					Security stocks							
	warehouses		silos		total	warehouses		silos		total			
	No	cap.(MT)	No	cap.(MT)	(MT)	No	cap.(MT)	No	cap.(MT)	(MT)	No	cap.(MT)	(MT)
Bamako	6	8365	13	6500	14865	0	0	0	0	0	1	300	15165
Kayes	5	3950	0	0	3950	3	7200	0	0	7200	7	1350	12500
Koulikouro	12	7200	0	0	7200	0	0	0	0	0	21	3030	10230
Sikasso	6	6250	0	0	6250	2	2400	0	0	2400	6	1365	10015
Segou	20	15180	0	0	15180	2	6000	10	5000	11000	10	3410	29590
Mopti	18	12750	0	0	12750	0	0	16	8000	8000	17	3295	24045
Timbuktu	7	9265	0	0	9265	2	2400	0	0	2400	9	995	12660
Gao	7	2710	0	0	2710	0	0	12	5000	5000	15	3260	10970
Total	81	65670	13	6500	72170	9	18000	38	18000	36000	86	17005	125175

SOURCE : OPAM 06/84

Table 3.3 OPAM Local Cereal Purchases by Source and OSRP Support Paid to OPAM

		1981/82			1982/83			1983/84			1984/85			1985/86 (prev)		
Seller	Commodity	volume (MT)	price (CFA/KG)	subsidy (CFA/KG)	volume (MT)	price (CFA/KG)	subsidy (CFA/KG)	volume (MT)	price (CFA/KG)	subsidy (CFA/KG)	volume (MT)	price (CFA/KG)	subsidy (CFA/KG)	volume (MT)	price (CFA/KG)	sub (CF
Direct	mil/sorgh	3,578	46	6	3,896	53	11	1,146	62	19	1,708	63	21	40,000	95	
	maize	629	46	6	2,076	53	14	60	62	19	-	63	21	-	95	
	rice	19	0		39		0	5			12			0		
Cooperatives	mil/sorgh	2,428		19	3,078	57	21	466	62	23	26	63	25	1,613	95	
	maize	131		23	750	57	23	32	62	23	-	63	25	-	95	
	rice	4			0			0			0			0		
	paddy	0			31			0			0			0		
CMDT	mil/sorgh	5,156	50	10	0			21	62		201	63		10,415	95	
	maize	3,326	64	25	8,390	65	22	1,512	62		823	63		-		
	rice	277	105	12	569	119	17	282			468	125	39	1,039	165	
	paddy	0			10			0			0			0		
ON	rice	17,736	111	0	18,986	99	0	17,997	134	41	19,008	125	44	20,000	163	
ORS	rice	3,794	119	9	3,399	116	13	4,636	141	35	2,893	125	38	6,355	163	
ORM	rice	1,589	136	14	0			0			0			2,500	191	
OMM	mil/sorgh	2,101	50	10	142	51	7	0			0			0		
OHV	mil/sorgh													249		
OZL	mil/sorgh	169			0			0			0			0		
	rice	66			0			0			0			0		
OOIPAC	mil/sorgh													2,000		
ABO	wheat	24			0	87		0			0					
TOTAL	mil/sorgh	13,432			7,116			1,633			1,935			54,277		
	maize	4,086			11,216			1,604			823			*		
	rice	23,485			22,993			22,920			22,381			29,894		
	paddy	0			41			0			0			0		
	wheat	24			0			0			0			0		
GRAND TOTAL		41,027			41,366			26,157			25,139			84,171		

SOURCE : PRMC , OPAM 04/86

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Table 3.4 OPAM Direct Purchases (MT)

Region	Commodity	1982/83	1983/84	1984/85	1985/86 (Prev)
Kayes	Millet/sorghum	756	0	-	1,200
	Maize	203	16	-	400
	Total	959	16	543	1,600
koulikouro	Millet/sorghum	972	115	-	3,400
	Maize	879	14	-	200
	Total	1,851	129	495	3,600
Sikasso	Millet/sorghum	493	87	-	5,600
	Maize	503	14	-	5,000
	Total	996	101	1,862	10,600
Segou	Millet/sorghum	1,482	868	-	21,000
	Maize	252	16	-	500
	Total	1,734	884	257	21,500
Mopti	Millet/sorghum	116	75	52	5,200
Timbuktu	Millet/sorghum	37	0	0	3
	Maize	189	0	0	
	Total	226	0	0	
Total	Millet/sorghum	3,856	1,145	-	36,403
	Maize	2,026	60	-	6,100
GRAND TOTAL	All grains	5,882	1,205	3,209	42,503

SOURCE :OPAM

Table 3.5 OPAM Sales/Distributions by Region (MT)

	73/74	74/75	75/76	76/77	77/78	78/79	79/80	80/81	81/82	82/83	83/84	84/85	85/86*
Bamako	56,010	35,346	39,543	43,628	34,757	39,915	35,782	29,998	25,049	30,060	43,451	39,538	12,480
Kayes	21,954	21,725	16,456	13,173	11,170	5,549	4,086	2,708	5,653	8,291	12,341	14,755	7,288
Koulikouro	16,891	17,824	8,178	9,021	8,567	2,482	4,297	5,674	4,287	3,780	6,871	8,169	7,684
Sikasso	10,669	6,208	4,647	9,085	8,865	5,743	6,792	4,980	3,901	4,407	5,143	7,781	15,228
Segou	25,524	6,931	4,305	5,414	12,484	10,395	13,524	8,426	4,838	10,963	11,065	17,085	28,487
Mopti	19,620	5,335	2,608	4,706	6,412	6,050	10,684	6,926	4,645	12,296	13,751	29,525	16,307
Tombuktu	8,507	6,518	4,102	6,165	3,630	4,793	4,782	3,829	5,090	12,942	18,712	18,955	11,789
Gao	12,897	11,036	15,406	13,423	4,989	2,813	7,140	5,208	10,193	13,413	13,905	17,697	32,921
TOTAL	172,072	110,923	95,245	104,615	90,874	77,740	87,087	67,749	63,656	96,152	125,239	153,505	132,184

SOURCE : OPAM. Figures for 85/86 are plans. 04/86

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Table 3.6 OPAM Sales/distribution by Product (MT)

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86
Millet/sorghum	16,601	9,231	15,454	23,080	22,182	60,000
Maize	9,101	14,608	24,158	27,985	59,328	14,000
Wheat	1,370	7,407	3,402	5,174	0	0
Rice	40,676	32,410	53,138	69,000	71,995	50,000
TOTAL	67,748	63,656	96,152	125,239	153,505	124,000

SOURCE : OPAM

Table 3.7 OPAM Finances (CFA millions)

	1977/78	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86 (budg)
REVENUE FROM GRAIN SALES (1)	4,578	4,424	3,595	3,846	3,367	5,734	4,319	3,244	5,550
of which : rice					2,716	4,031	3,141	2,855	5,402
mil/sorgh/maize					532	1,532	1,035	298	
wheat					1	1	0	0	0
bags					118	170	143	91	148
OTHER REVENUE	22				413	5	8	38	788
TURNOVER	4,600	4,424	3,595	3,846	3,780	5,739	4,327	3,282	6,338
COSTS OF OPERATIONS/PURCHASES:									
VALUE OF OPENING INVENTORY	740	758	1,203	1,485	705	1,219	590	394	221
PURCHASES OF GRAIN (1)	3,335	4,469	5,564	3,671	3,943	4,658	3,783	2,958	6,414
of which : rice					(2789)	(3233)	2,694	2,594	3,710
mil/sorgh/maize					(933)	(1251)	911	187	2,311
wheat					(2)	(0)	0	0	
bags					(216)	(153)	173	174	347
phyt. prod					(3)	(21)	5	3	46
VALUE OF CLOSING INVENTORY	758	1,203	1,457	705	1,219	591	394	258	2,336
COST OF GOODS SOLD	3,316	4,025	5,309	4,451	3,429	5,286	3,979	3,094	4,299
GROSS INCOME	1,262	399	(1,714)	(605)	352	453	348	188	2,039
OPERATING EXPENSES									
Salaries & personnel	237	288	279	262	270	286	275	303	307
Taxes	7	8	27	36	54	57	53	66	59
Services	336	371	728	260	251	262	269	244	188
of which : handling						115	63	23	81
Transport	556	1,071	624	625	604	524	367	240	705
of which : OPAM					252	232	106	100	255
private					352	232	261	140	450
Milling	35	31	52	0	0	0	0	0	0
Financial charges	235	396	477	504	489	466	450	22	278
of which : seasonal					29	52	134	22	252
Depreciation	180	329	309	231	201	156	155	153	159
Miscellaneous	46	94	64	130	97	127	139	113	129
TOTAL EXPENDITURES	1,632	2,587	2,559	2,046	1,965	1,877	1,708	1,141	1,825
OPERATING INCOME	(370)	(2,188)	(4,273)	(2,651)	(1,613)	(1,424)	(1,360)	(953)	214
Reported Operating Deficit				(2,600)	(1,612)	(1,423)	(1,383)	(616)	(541)

Table 3.7 (cont.) OPAM Finances (CFA millions)

	1977/78	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86 (budg)
SUBSIDIES	0	942	1,540	1,749	1,612	1,423	2,073	1,588	988
of which - OSRP (2)		942	428	1,362	750	847	544	36	247
- CNAVS/SNS			549	328	174	117	149	322	317
- PRMC					672	452	690	615	424
- of which : overhead					(220)		274	302	
operating					(452)		409	313	
- Other			564	60	16	8	7	0	0
MEMO ITEMS:									
- BCEAO short-term debt	5,904		9,200	9,249	10,000		780	0	
- losses(% of sales)					7	6	4		
- transport/sales	0.1215	0.2421	0.1736	0.1624	0.1794	0.0914	0.0850	0.0740	

SOURCES : PRMC , OPAM , ACDI
Note - OPAM fiscal year : Sept 1 - Aug 31

Footnotes:
(1) Sales and purchases include transfers from SNS (purchases of CFA 253,863 and 0 million respectively in 82/83, 83/84 and 84/85.
(2) Starting in 1984/85, OSRP subsidies were paid directly to sellers, except for OPAM direct purchases

Table 3.8 OPAM Staff Distribution (As of January 1st each year)

Region	1975	1979	1981	1983	1984	1985	1986
Bamako	283	349	320	261	232	269	241
Kayes	100	96	107	97	84	89	75
Koulikouro	70	88	88	81	74	73	69
Sikasso	44	86	77	88	82	79	68
Segou	65	141	120	120	116	103	88
Mopti	63	96	92	92	83	84	82
Gao	57	70	58	58	58	57	54
Timbuktu	71	69	96	66	67	75	67
TOTAL	753	995	958	863	796	829	744

SOURCE : OPAM 04/86

Table 4.1 PRMC Accounts (Millions of FCFA)

	1981/82	1982/83	1983/84	1984/85
Ins				
Gross food aid reflows	1,414 (1)	3,405 (2)	3,546 (2)	
Mali-lait reflows (4)	-	-	141	
Minus : OPAM costs	539 (1)	697 (2)	480 (2)	
of which - transportation	-289	-341	-151	
- handling	-30	-73	-67	
- overhead	-220	-283	-262	
Interest				
Carryover	5	166	1,059	
TOTAL available = net reflows	880	2,874	4,266	
Outs				
OPAM deficit	452 (1)	330 (3)	450 (3)	
Cereal imports(5)	-	500 (2)	1,200 (2)	
Security stock	-	725 (1)	-	
Producer price support	262 (1)	260 (2)	-	34
Marketing liberalization suppo	-	-	1,800 (4)	
OPAM purchases(6)	-	-	750 (4)	
TOTAL uses	714	1,815	4,200	34
Surplus carried over	166	1,059	66	
Unallocated			66	
Memo items :				
- cereals provided by PRMC	26,324	36,330	40,130	
- transportation unit cost	10,979	9,386	3,763	
- handling unit cost (CFA/M	1,444	2,009	1,670	
- overhead unit cost (CFA/M	8,357	7,790	6,529	

SOURCE : PRMC

Table 4.2 PRMC Food Aid Contributions by Source (000 MT)
(By OPAM Fiscal Year, September 1 to August 31)

PRMC Donor	1981/82	1982/83	1983/84	1984/85	1985/86
World Food Program	1,500	10,000	10,000	3,200	5,000
EEC	9,660	5,200	20,000	22,000	15,000
Austria	0	0	0	1,500	0
France	5,000	5,000	10,000	5,000	5,000
Belgium	0	0	3,000	8,500	2,000
Canada	5,100	7,300	0	9,500	4,200
FRG	6,000	8,000	1,000	(a)	(a)
Holland	0	1,700	4,200	5,500	2,890
U.S.A.	0	0	10,000	5,000	10,000
U.K.	870	0	1,750	1,890	1,780
PRMC SUBTOTAL	28,130	37,200	59,950	62,090	45,870
Commercial Imports Financed with PRMC Reflows			6,500	18,700	0
Non-PRMC Aid: CNAVS	13,450	17,390	53,355	106,800	135,000
SNS	7,850	12,000	5,000	6,500	16,000
TOTAL	49,430	66,590	124,805	194,090	196,870
PRMC/TOTAL	0.57	0.56	0.48	0.32	0.23

SOURCE : PRMC 04/86