

AGENCY FOR INTERNATIONAL DEVELOPMENT WASHINGTON, D. C. 20523 BIBLIOGRAPHIC INPUT SHEET		FOR AID USE ONLY BATCH 82
1. SUBJECT CLASSIFICATION	A. PRIMARY Food production and nutrition	AE70-0000-G190
	B. SECONDARY Distribution and marketing—West Africa	
2. TITLE AND SUBTITLE Marketing, price policy and storage of food grains in the Sahel: Mauritania		
3. AUTHOR(S) (101) Mich.Univ. Ctr.for Research on Economic Development		
4. DOCUMENT DATE 1977	5. NUMBER OF PAGES 45p. 44p.	6. ARC NUMBER ARC
7. REFERENCE ORGANIZATION NAME AND ADDRESS Mich.		
8. SUPPLEMENTARY NOTES (Sponsoring Organization, Publishers, Availability) (In English and French; French, 46p.:PN-AAF-408) (Complete country studies available; English, 666p.:PN-AAF-399; French, 760p.:PN-AAF-400)		
9. ABSTRACT		
10. CONTROL NUMBER PN-AAF-407		11. PRICE OF DOCUMENT
12. DESCRIPTORS Africa Grain crops Mauritania Price policy	Sahel Storage	13. PROJECT NUMBER
		14. CONTRACT NUMBER AID/afr-C-1143 GTS
		15. TYPE OF DOCUMENT

PN-AAF-407
AID/AFR-C-1143675

CILSS
CLUB DU SAHEL
Working Group on Marketing,
Price Policy and Storage

MARKETING, PRICE POLICY AND
STORAGE OF FOOD GRAINS
IN THE SAHEL

A SURVEY

Volume II: Country Studies

Submitted by

CENTER FOR RESEARCH ON ECONOMIC DEVELOPMENT
UNIVERSITY OF MICHIGAN

Financed by

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

August 1977

THIS DOCUMENT HAS BEEN EVALUATED AS SUBSTANDARD COPY FOR ROUTINE REPRODUCTION. EFFORTS IN AID/W TO OBTAIN A MORE ACCEPTABLE COPY OF THE DOCUMENT HAVE NOT BEEN SUCCESSFUL. DESPITE THIS DISADVANTAGE, WE HAVE CHOSEN TO REPRODUCE THE DOCUMENT BECAUSE OF THE SUBJECT TREATED AND TO MAKE THE DISCERNIBLE INFORMATION AVAILABLE.

Preface to Volume II

Because some readers of this volume may not have access to Volume I, it is worth repeating here some of the remarks made in the general introduction to the study. The study originated at the request of CILSS/Club du Sahel Working Group on Grain Marketing, Price Policy and Storage. At its Dakar meeting in July, 1976, the Working Group requested that a "diagnostic survey" be undertaken, in order to bring together existing information on marketing, price and storage, and to identify main issues. This study was undertaken in response to that request. It was financed by the Sahel Development Program of the Agency for International Development.

The country studies in this volume are based on field trips, on the study of documents and reports gathered in the field as well as from multilateral and bilateral aid agencies, on a survey of published literature and on responses to questionnaires sent to the CILSS countries in August, 1976.

The field trips took place between November 1976 and February 1977. At least three work-weeks were spent in each country; in most cases, it was closer to a month. During the ensuing write-up in Ann Arbor, the team benefitted from the presence, for brief periods, of the President of the Working Group, M. Ibrahima Sy; the Rapporteur of the Group, M. Charles Leroy; and M. Serge Michailof of the Caisse Centrale de Coopération Economique, Paris. Also, the final report benefits from a review of preliminary findings, held during a Working Group meeting in Brussels, March 16-18, 1977.

Considerable autonomy has been given to the authors of the country studies. They, of course, had guidance of several sorts. The terms of reference set down a long list of specific questions about which information was to be sought. The entire team spent some 10 days together in the Upper Volta, and three of the four authors of country studies went to Niger together. In Niger, a more detailed set of analytic questions was worked out, and this was used to guide the inquiry in the remaining field work. In Ann Arbor, we have had much discussion, and each draft country study underwent extensive editing.

It nonetheless remains true that each country study is the responsibility of its author, and will reflect his perceptions and ideas to a considerable extent. Such a devolution of responsibility seemed desirable for several reasons. (a) The field work could only be organized by specializing individual team members in given countries; it would have been too difficult for any one or two individuals to visit all seven Sahel countries. (b) Attribution of individual responsibility has obvious positive effects on the authors' incentives. (c) Perhaps most important, the study of marketing systems is peculiarly subject to the preconceptions of the investigator. It therefore seemed preferable, as well as necessary, to allow each country study to reflect its author's understanding and insight, which is to say, also his biases. This has resulted in differences of emphasis and outlook in the country studies--differences which are

accounted for also by the fact that marketing and price policy problems arise in different contexts in each of the Sahel countries.

The authors responsible for the country studies are: Boubacar Bah, Mali and Mauritania; Elliot Berg, Upper Volta; Daniel Kohler, Niger and Chad; Clark Ross, Senegal and the Gambia. In addition to overall editing by me, Aimée Ergas made major editorial contributions, Judy Brooks assisted on the Upper Volta, Charles Steedman worked on Mali and Mauritania, and Annick Morris was responsible for the French translations. Greg Conboy and Bijan Amini helped with statistical material.

The major emphasis in all the country studies in this volume is on marketing and price policy. Each study discusses storage issues, but these receive less intensive attention than marketing and prices. The reason is that we were originally requested to survey only marketing and price policy; storage was to be the responsibility of another group of consultants. For various reasons the Club Working Group was not able to find storage consultants, so we did some work on storage, but necessarily gave it less attention than the other issues.

Finally, this is an étude diagnostique, a phrase for which there is no good English translation. It means an analytic survey, but without recommendations on policy. Authors of country studies were instructed to avoid drawing policy conclusions, but the line between assessment of options and recommendations on policy is difficult to draw. The basic purpose of these studies, in line with the mandate we were given by the Working Group, is nonetheless fact-finding: bringing together what is known, underscoring what needs to be known for more effective policy-making, setting out options and assessing these options in the light of existing constraints. The reader will therefore not find here detailed and specific recommendations on what grain marketing agencies such as ONCAD or OPVN ought to do, how they might be made more effective organizationally, whether and by how much millet and sorghum prices in Mali or Niger ought to be raised. These are the kinds of questions appropriate to more focussed policy studies, not to an étude diagnostique such as we were requested to do.

Elliot Berg
Project Director

Ann Arbor, Michigan
July 1977

MAURITANIA

MAURITANIA - TABLE OF CONTENTS

	<u>page</u>
Introduction.....	1
I. The State of the Agricultural Sector.....	4
II. Marketing.....	8
A. Marketing Channels and Methods.....	8
1. The Rice Market.....	8
2. The Millet-Sorghum Market.....	12
III. Prices of Agricultural Products.....	28
A. Price Setting.....	28
B. Prices and Price Stabilization.....	29
C. The Possibility of a Price Policy.....	30
IV. Storage.....	32

APPENDICES

1. Medium-Term Actions and Strategies for Agricultural Development.....	34
2. Decree No. 69048/MCT/DC Determining the Method of Product Price Setting.....	35

Mauritania

Tables in the text

	<u>page</u>
I. Average Yield and Price in Small Rice Schemes.....	5
II. GNP per Capita.....	6
III. Imports of Rice.....	9
IV. Imports of Rice by Country of Origin.....	10
V. Cereals Distributions of the Plan d'Urgence.....	22
VI. Comparison of Sorghum and Rice Prices.....	30

Diagrams in the text

1. Rice Supply Networks.....	12
2. Rural Map.....	14
3. Markets.....	15
4. Millet-Sorghum Marketing System.....	19
5. Rice Marketing System.....	20

INTRODUCTION

Trade in food crops, particularly in the basic cereals (millet, sorghum, maize and rice), is affected by fluctuations in production. Relationships between domestic supply and demand depend directly on agricultural policies, on incomes, and on nutrition levels in different "developing" countries.

In order to provide for the basic cereals needs of consumers, the dependence on imports from international donors is supported by various domestic measures. These measures are common throughout the less-developed world -- in Francophone or Anglophone African countries and in certain Latin American and Asian countries. The fact that they are so common is evidence of the difficulties encountered by many governments (of clearly different political persuasions) in cereals marketing and pricing policies. The output-focussed approach, formerly in vogue, emphasized production by giving priority to the utilization of high-yield seed, fertilizers, etc. However, research into marketing and distribution, and food crops generally, did not receive much attention.

In recent years, there has been evidence of similar measures taken at the initiative of the state in almost all countries of the Third World. Intervention into cereal markets is not a new phenomenon, nor particular to the Sahelian countries, nor even to the Third World.¹ Price support policies of all sorts have existed in economic history,

¹See Appendix IA and IB to Synthesis Report.

and still exist. The best known policies are those of compensatory payment mechanisms in the countries of the EEC and soil banks in certain other countries.

Nonetheless, it should be said that the weakness of the methods used and, often, lack of knowledge of the work methods of other economic agents (farmers, private merchants, etc.) lead representatives of the state to act in an authoritarian manner. Also, requisitioning and other repressive methods appear to be standard management devices with the result that many countries have artificial shortages. The inadequacy of commercial, financial and human (in terms of qualified personnel) resources or in relation to the objectives that have been set is aggravated by the exclusion of farmers from decision-making and management bodies. The rigidity of consumption and incomes policies (especially wage levels) are the essential elements which prevent a solid, dynamic, even aggressive, marketing policy.

In studying cereals marketing and price formation in the Sahelian countries, one must take these basic points into account.

Mauritania has a well-developed, highly competitive tertiary sector. It is only recently that the state has intervened in the marketing of basic cereals, rice excepted. The government's support went initially to sugar, tea and rice.

The effects of the drought and the need to promote the development of the rural sector led the government to set up certain administrative structures. These are SONICOB, O.M.C., and SONADER. The government intends to use these agencies to attain its objectives with regard to livestock and crop production and marketing.

Mindful of the social role of Mauritanian merchants, the government established only the basic conditions which would permit the creation of market competition. Unlike its immediate neighbors, Mali and Senegal, where intervention has been practised for almost ten years, Mauritania is only beginning. Furthermore, since it has the advantage of a modern mining sector, Mauritania hopes to have the resources to exploit its agricultural potential to the utmost. However, the lack of development of the agricultural sector and the marketing traditions of the people will make this a difficult task.

In recalling the internal and external situation of developing countries in general, and of the Sahelian nations in particular, a certain discretion is advised when trying to understand the complex phenomena which underlie the marketing of cereals. Between complete liberalism and total intervention, there is middle ground which would permit adequate distribution, rural development, and self-sufficiency with due regard to real costs.

I. THE STATE OF THE AGRICULTURAL SECTOR

The zone favorable to agriculture and cattle raising in Mauritania is bounded to the north by a line joining Nouakchott-Jidjikja-Nema and to the south by the Senegal River. This zone covers 300,000 square km. The climate is typical of the Sahel with precipitation varying between 200 and 600 mm. per year in the Guidi-Maka region in the South-east.

Two types of farming are practiced in Mauritania:

- rainfed cultivation, called Dieri and dominated by millet;
- flood-recession cultivation, termed Oualo, dominated by sorghum, along the Senegal and Gorgol Rivers.

Other areas are cultivated near the Tagant dams and in the Hodh.

The area available for agriculture is estimated to be 100,000 ha in the east and southeast and between 50,000 and 100,000 ha in the valley, depending upon the river flood.

The plots are small (1 to 2 ha) and widely dispersed. The traditional form of land ownership imposes high land payments in kind, on the order of 30 to 50% of the total harvest. Those that work the land are rarely the owners. Cereals are the primary crops; millet and sorghum head the list. Yields, varying between 200 and 500 kg/ha, are poor in comparison to those of neighboring countries.

The production of rice, however, has recently been on the increase. The spread of small irrigated perimeters of the Mpourrie

type, with modern techniques and foreign technical assistance, has increased the planting of rice. Yields are comparable to those observed in neighboring countries (see Table I).

TABLE I. Average Yield and Price in
Small Rice Schemes, 1973 to 1975

<u>Cropping Season</u>	<u>Yield of Paddy(ton/ha)</u>	<u>Producer Price per Kilo Paddy (UM)</u>
1973 Rain Season	2.8	5.0
1974 Dry Season	3.6	5.0
1974 Rain Season	3.8	8.0
1975 Dry Season	3.9	8.0

SOURCE: IBRD

To ecological constraints on production, human constraints must be added. The ordeal of the drought revealed the latter. Between 1968 and 1973, the agricultural population shrank from 96,800 to 90,000. The educated left the land for city life. The principal regions involved are:

- Region 1 (NEMA)
- Region 2 (KAEDI)
- Region 6 (ROSSO) and
- Region 10 (SELIBABY)

The number of people engaged in farm work is estimated at 80,000, of which 50,000 are in the east and southeast, and 30,000 in the valley.

Not surprisingly, the role of agriculture in the GNP is modest. This translates into the following per capita figures in Ouguiya:

TABLE II. GNP per Capita

	<u>1968</u>	<u>1970</u>	<u>1972</u>	<u>1973</u>
Total Population	8,030	8,275	8,850	9,450
Rural Population	3,876	3,510	3,080	2,880

SOURCE: 1976-1980 Plan, p. 101.

Note that although the GNP per capita for the whole nation is rising, it is clearly falling for the rural population.

The rough draft of the IIIrd Plan, 1976-1980, noted that in the balance sheet of the IInd Plan: *

"The rural sector, with a level of accomplishment of 74.9%, drained 503.7 million Ouguiyas, or 5.34% of the resources allocated to the entire economy and 9.12% of total actual allocations."

In 1968, the agricultural sector contributed 6.7% of the GNP. The corresponding percentage was no more than 2.4% in 1973. This agricultural slowdown was reported in the draft of the IInd Plan, 1970-1973, which also noted that "the credits allocated to the rural sector represented 7% of the 1960 budget and only 4% in 1969".¹

The lack of knowledge about the agricultural sector has accentuated this slowdown and continues to jeopardize all development

¹ IInd Plan, page 47.

projects to the extent that the problems recognized since 1960 still remain to be resolved. The Direction de l'Agriculture writes:

"The immensity of the national territory, along with extension problems in the agricultural regions (manpower, technical, and financial) have to this point prevented us from undertaking an exhaustive census of cultivated areas, of production, and of the agricultural population."¹

The editors of the IInd Plan expressed the same opinion in 1970 (see IInd Plan, page 51, parag. 1.1.2.1)

It is against this background, along with that of the increase in the urban population, that the country's cereals policy has given priority to producing millet and sorghum and to the development of irrigated rice. Improving agricultural techniques are required to increase millet-sorghum yields, while for rice the planted area needs to be extended along with the spread of double-cropping. The success of this last undertaking will depend largely on the ability to master cultivation techniques.

The objective of the cereals policy is to reduce the level of imports in 1985 to one-fourth of their present level.²

¹ Direction de l'Agriculture. Quelques données sur la situation agropastorale 1976-1977, Nouakchott, 1977, page 7.

² See Appendix 1.

II. MARKETING

A. Marketing Channels and Methods

The following discussion distinguishes between marketing of rice and marketing of millet-sorghum.

1. The Rice Market

The low national output of rice has not permitted commercial marketing until the last few years. With the commencement of production in the Mpourrie area, 2,000 tons have been furnished to SONIMEX (Société Nationale d'Import-Export). To satisfy consumer demand, principally in urban areas, Mauritania imports mostly broken rice.

SONIMEX, an organization with mixed government and private ownership, in which the government has the controlling interest, has a legal monopoly on the importation of rice, sugar and Guinean cloth. Imports of rice have evolved, as shown in Table III.

Between 1970 and 1974, the volume of imports tripled. This is explained by the increase in the urban population, as a result of the drought, from 100,000 to 300,000 inhabitants in the space of three years. The drought also devastated domestic cereals production in 1973-74.

Imported rice comes essentially from Asia, Thailand and the People's Republic of China, as shown by Table IV.

a. Rice Marketing Channels

Once the rice is unloaded at the docks, SONIMEX is the sole owner of the stocks. SONIMEX is the sole owner of the stocks. SONIMEX manages distribution through two channels:

TABLE III

Imports of Rice, Quantity, Value and Unit Value
Importation de Riz par Quantité, Valeur et Valeur Unitaire

<u>Years - Années</u>	<u>Quantity - Quantité</u> <u>1,000 t.</u>	<u>CIF Value - Valeur CAF</u> <u>Millions F CFA</u>	<u>Unit Value - Valeur unitaire</u> <u>1,000 F CFA/t.</u>
1960
1961 a)	3	86.4	28.8
1962	5	172.8	34.6
1963	7	241.9	34.6
1964	10	345.6	34.6
<u>Average/Moyenne</u>		6.3	211.7
			33.6 ¹
1965 b)	0.4	11	27.5
1966	1.6	46	28.8
1967	11.1	384	34.6
1968	12.1	489	40.4
1969 c)	19.9	557.4	29.0
<u>Average/Moyenne</u>		9.0	301.5
			33.5 ¹
1970 d)	10.6	313.0	29.5
1971	27.4	713.2	26.0
1972	30.1	748.7	24.9
<u>Average/Moyenne</u>		22.7	591.3
			26.0 ¹
1973 e)	22.0	1,021.5	46.9
1974	31.3	2,409.5	74.6

¹ Weighted Average - Moyenne pondérée

SOURCES: a) 1961-1964 FAO Trade Yearbook estim.
 b) 1965-1968 ECA Statistical Yearbook 1972

c) Direction de la Statistique et des Etudes
 d) 1970-1972 SONIMEX
 e) 1973-1974 " " /Economiques

TABLE IV

Imports of Rice by Countries of Origin (in tons)
Importations de Riz par Pays d'Origine (en tonnes)

Countries of Origin	1970	%	1971	%	1972	%	1973	%	1974	%	Pays d'origine
Thailand	3,000	28.2	10,180	37.1	23,621	78.5	6,840	31.1	14,045	50.2	Thaïlande
China, P.R.	1,500	14.1	3,000	10.9	6,456	21.5	9,000	41.0	11,002	39.3	Chine R.P.
Cambodia			7,400	27.0							Cambodge
Italy			4,715	17.2			4,137	18.8			Italie
Egypt	2,000	18.8	2,000	7.3			1,990	9.1			Egypte
USSR	3,971	37.3							2,750	9.8	URSS
F.R. Germany	175	1.6	125	0.5							Rép. Féd. d'Allemagne
North Korea									200	0.7	Corée du Nord
Total	10,646	100.0	27,420	100.0	30,077	100.0	21,967	100.0	27,997	100.0	

SOURCES: SONIMEX

Ministère du Développement Rural (1973-1974)

i. SONIMEX outlets

SONIMEX has a mandate to supply all regions, or at least their principal towns. To do so, a network of local supply outlets, belonging to SONIMEX, was established. The network is comprised of stores, of which several are in the Nouakchott District, and at least one is situated in each principal town. The objective is purely one of social welfare and these stores are given priority in supply.

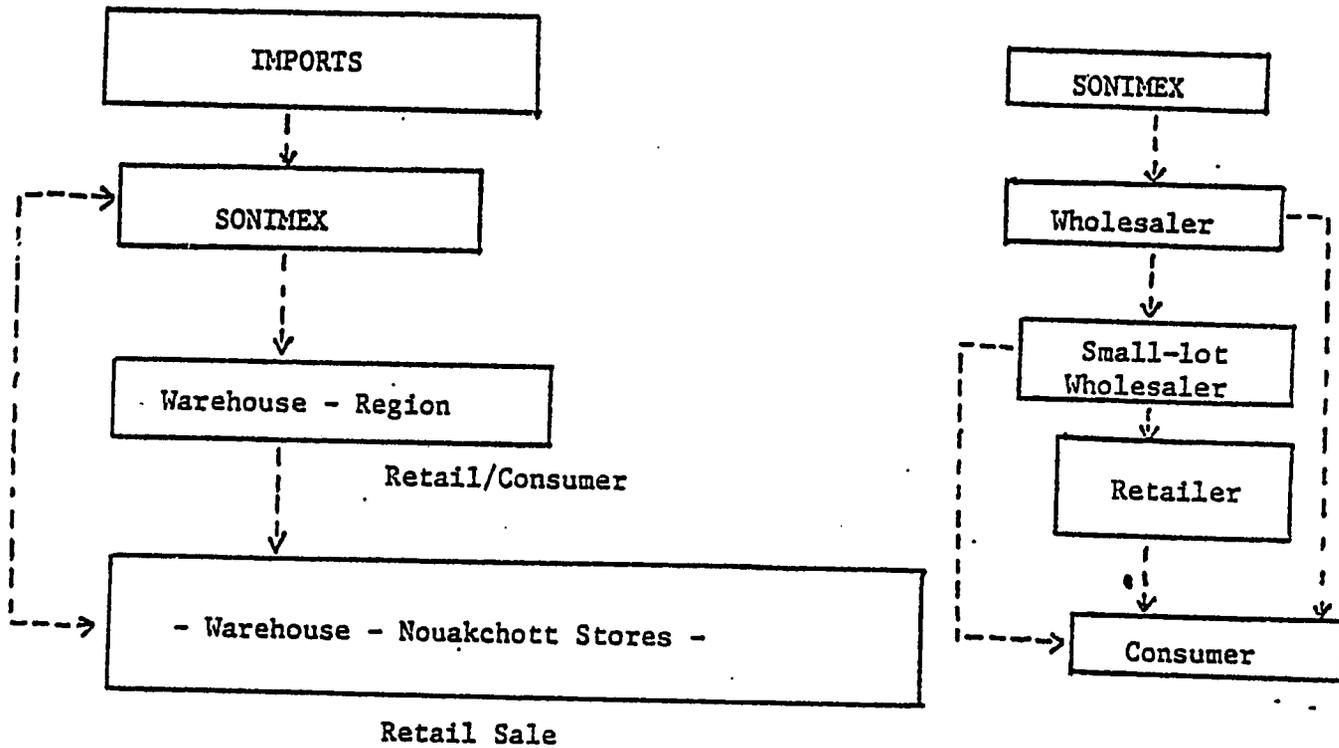
ii. The Free Market

SONIMEX supplies wholesalers who must satisfy the following conditions:

- obtain a license
- be the client of a Mauritanian bank
- pay in advance at the bank for consignments; the bank then delivers a receipt against which SONIMEX authorizes pick-up by the wholesaler.

SONIMEX thus sells to wholesalers for cash. Wholesalers, in turn, sell to middlemen at a price fixed by the Direction du Commerce Intérieur. Schematically, the two supply networks may be depicted as follows:

Diagram 1: Rice Supply Networks



Market observations indicate that SONIMEX manages to enforce its fixed prices even on the free market, which continues to dominate retail trade despite SONIMEX's wholesale supply monopoly.

2. The Millet-Sorghum Market

The IIInd Plan, 1970-1973, characterized the millet-sorghum market as follows:

"The situation is characterized by coexistence on the national scene... unconnected submarkets... The heterogeneity of weighing-measures from one region to another renders price comparisons difficult... The price of millet-sorghum fluctuates considerably during the course of a year and from one region to another." (page 51)

This characterization of the market has been altered somewhat since 1973 by the existence of the Plan d'Urgence and the formation of the Office Mauritanien des Céréales (O.M.C.) in 1976-1977. We can distinguish three periods:

- a. before the proclamation of the Plan d'Urgence
 - b. after the publication of Law No. 73011 of January 1973
 - c. since the creation of the O.M.C.
- a. The Situation Before the Proclamation of the Plan d'Urgence:

The market was characterized by a free flow of grain. In a typical year, the markets, almost all of which are situated in the south - Guidimaka, Plain of Borghé, Brakna and the Eastern Hodh - assured an adequate supply for Trarza, Gorgol, Assaba, Tagant, etc.¹

The estimated volume of grain flow in a typical year reached:

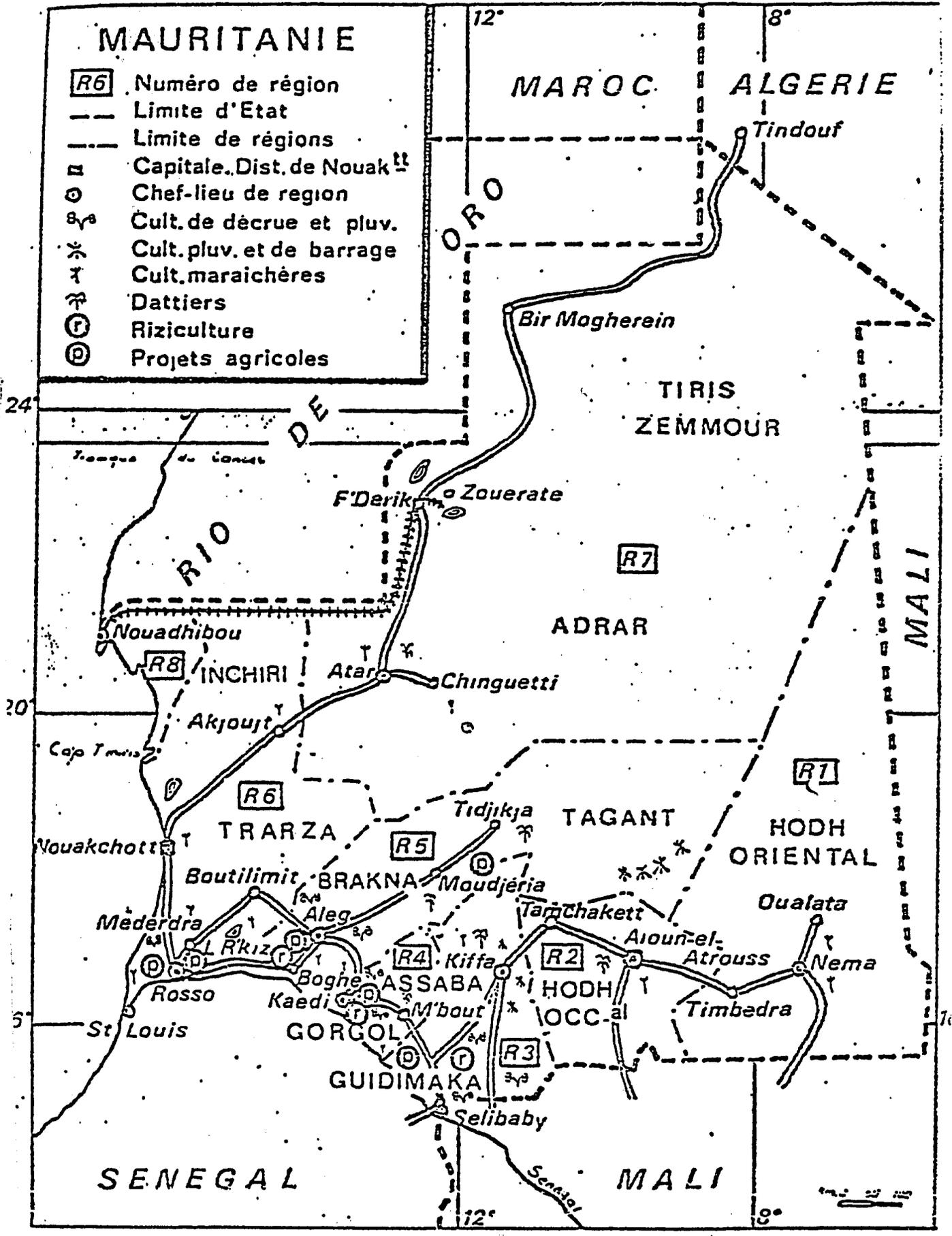
- 11,000 tons of millet-sorghum from Guidima to Trarza and Inchiri,
- 5,000 tons from Brakna to Trarza and Tagant,
- between 1,500 and 2,000 tons from East Hodh to West Hodh.

The markets are situated in the production zones. The principal ones are:

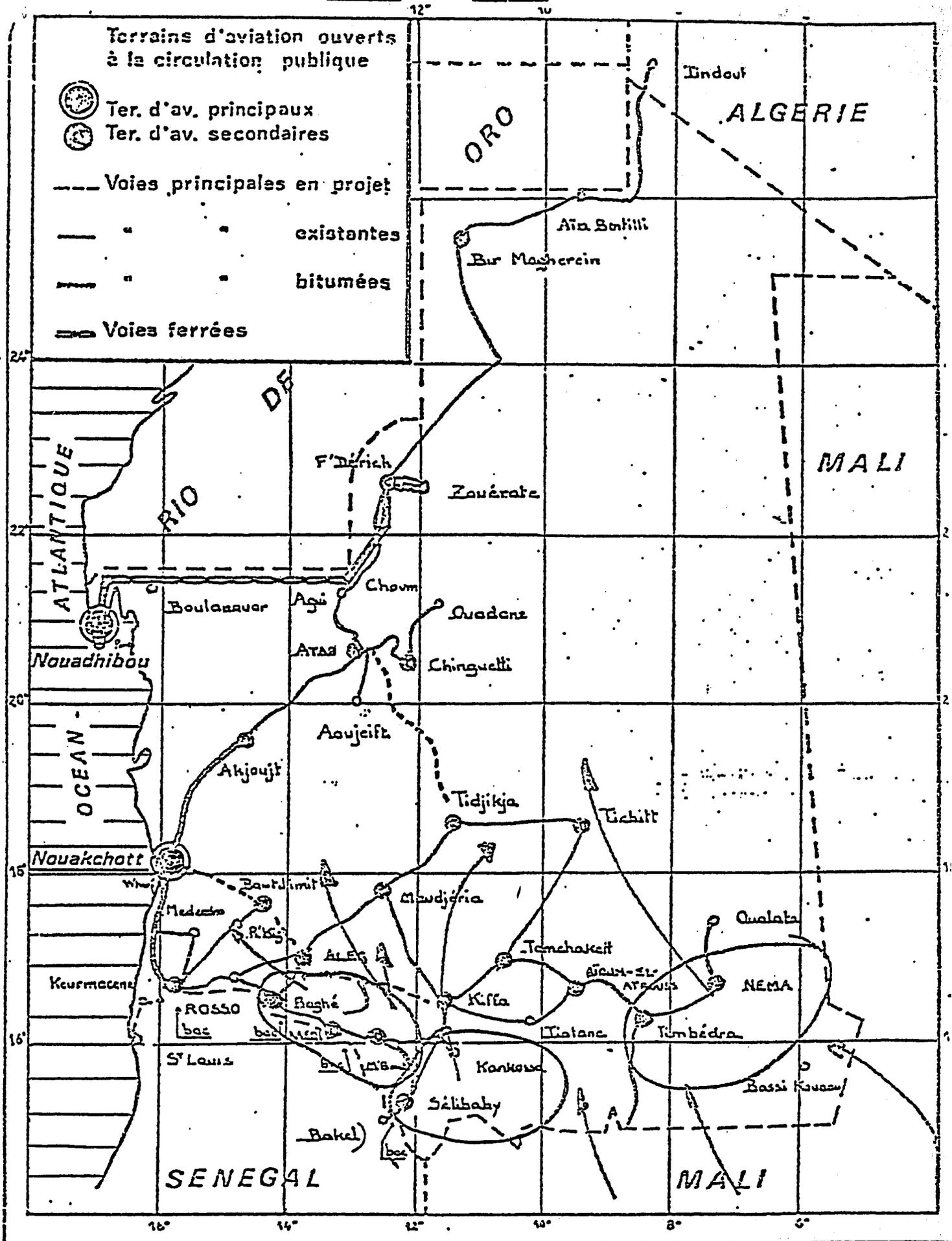
1st region - Bousteila, Abdel Bagrou, Djiguéni and Fassal Anere (nearly all are situated along the Malien Frontier).

¹ Natural regions of Mauritania - see map, page 14.

CARTE RURALE



SOURCE: 2^e Plan Economique et Sociale



Marchés, Markets

→ Sens du flux, Direction of flow

3rd and 10th regions - Kankossa, Selibaby, Ouldyenge

in Guidimaka.

4th region - Mbout, Lexeiba

5th region - Boghe, El Bata

All of the markets are located below a line between Rosso and Nema and are difficult to reach. After July-August, the roads are, in fact, impossible. (See Diagram 3 , "Markets")

These markets are the province of small buyers (collecteurs), small-lot wholesalers, and caravan merchants (caravaniers). Each agent, however, has a well defined role, in keeping with his financial capacity and network of social relations.

i. The Primary Grain Buyer (Collecteur)

The grain buyer resides in the production zone. He may own his own place of trade where he sells all types of consumer goods, from hardware to food products such as sugar and tea. His point of sale is also a location for exchanges of all types, merchandise as well as social news.

He has information on the state of cereals demand in urban and distant rural centers. With the assistance of intermediaries, he buys grain in a 20 to 50 km. radius and pays either in cash or by bartering loaves of sugar and tea for cereals. Part of the collected product is sold to rural non-producers and another fraction is sent to urban centers. Likewise, he may become the agent of an urban wholesaler who supplies him with staples such as tea, sugar, concentrated milk, etc.

ii. The Transporter - Occasional Speculator

Occasionally, during trips, and on the basis of supply and demand information for different markets, truck transporters become important grain purchasers. Becoming competitors of the primary buyers, they employ the same cash or barter methods and supply a wholesaler or even a group of retailers.

iii. The Wholesaler

The wholesaler is generally a well-endowed businessman who distributes a fairly large range of products. Cereals, consequently, represent only a small fraction of his gross sales.

He pays for his purchases either in cash or in goods (sugar and tea). Usually, it is by dispatching sugar and tea into the production-market zones that he obtains fairly substantial quantities of grain, a thousand tons or more. His radius of activity varies from 200 to 300 km. Furthermore, he has a means of transportation (trucks) and warehouses in which to store his purchases. He may use the services of the primary buyer and of the transporter, who act as his agents in this situation. The wholesaler imports from neighboring countries -- primarily Mali. He sells the quantities purchased to small-lot wholesalers or to groups of retailers who supply themselves at his warehouses.

iv. Caravan Merchants

The caravan merchants have been in the grain trade for the longest period of time. Some of them are owners of land cultivated by sedentary farmers. In addition to rent, they receive an important

quantity of millet-sorghum. They also purchase directly from producers or from primary buyers. The volumes traded seem substantial.

The segment of the market in which the caravan merchants are involved takes care of virtually all of the needs of the nomadic population, which comprises more than 3/4 of the total population. A systematic study of the caravan merchants has not been done; we only know of their existence.¹

v. The Retailer

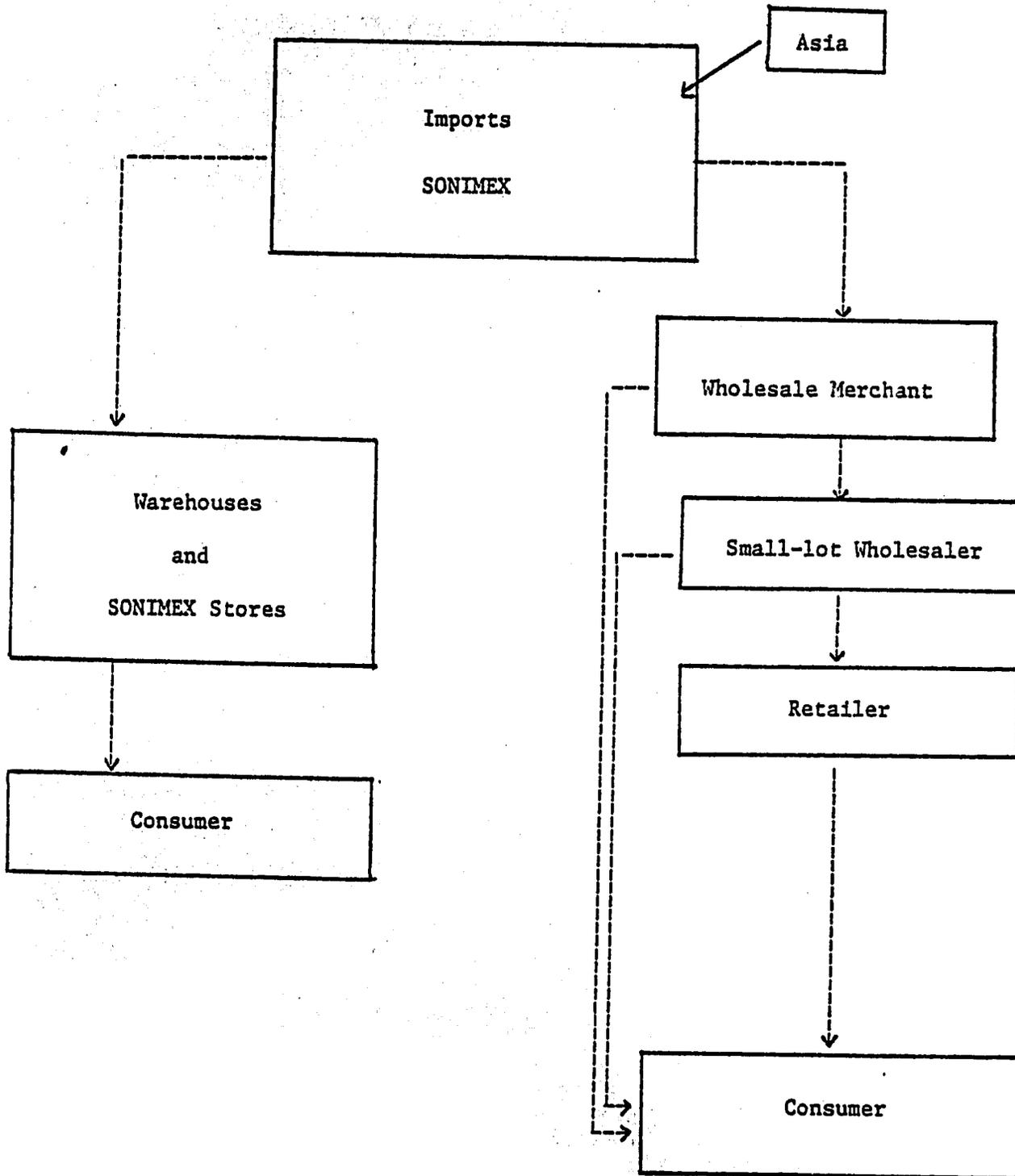
The retailer's place of business usually consists of a booth or a stall at the public market for which he pays a monthly business tax amounting to at least 600 ouguiyas. In addition to grains, he sells other food products (vegetables, dates, etc.). The retailer's monthly stock is supplied by a wholesaler and is estimated to be, on the average, between 500 and 5,000 kg., at an average price of 20 to 25 UM/kg. Sales are made by the kg and weighed on a scale. The average sales volume varies between 400 and 800 kg. per month. The retailer does not sell rice because the profit margin is not rewarding. By contrast, he can expect significant profits on millet and sorghum, particularly on sorghum.²

The retailer will engage in bargaining if the size of the sale reaches 20 to 25 kg. (e.g. in case of a baptism). In such a case, the sale price may be lowered by 2 to 3 ouguiyas.

¹The O.M.C., however, has recently made inquiry to the Prefectures of the production zones about the movement of caravans.

²See Table VI of Sales Prices by kg: Rice, Millet-Sorghum

Diagram 5. Rice Marketing System



Next to these retailers operates another group, frequently made up of women who tend small stalls and sell a wide range of food products, including millet-sorghum, wheat, etc.

b. The Interpretation of Law No. 73011 of January 1973

Law No. 73011 of January 1973 prohibits the sale of foodstuffs that have been donated to aid the people. Clearly, this law was enacted to counter a black market which was being organized around grain and other donated products that were initially distributed free to victims of the drought.

It seems, however, that this law was interpreted in several ways, particularly by official marketing agencies (the Direction du Commerce Extérieur). Wholesalers found that they were refused licenses to import sorghum. In fact, they had to have the approval of the administrators of the Plan d'Urgence.

Since that time, wholesalers have not supplied millet-sorghum to urban markets. An artificial market scarcity developed even though the stockpiles of the Plan d'Urgence existed. There were definitely "illegal" imports, but it is difficult to estimate the quantities involved. As we will see, the behavior of the wholesalers-importers seems to be economically rational considering the manipulation of the stockpile of the Plan d'Urgence.

It was under these conditions of market disfunction that the Office Mauritanien des Céréales was created.

TABLE V

Cereals Distributions of the Plan d'Urgence (metric tons)
Distribution des Céréales du Plan d'Urgence (tonnes)

Region	1973	1974	1975
1	8,400	6,000	4,700
2	6,000	4,000	3,500
3	8,230	6,000	2,800
4	8,000	6,500	--
5	15,500	10,000	1,900
6	18,000	24,000	8,260
7	8,300	16,000	2,900
8	2,000	3,000	100
9	--	--	2,400
10	--	--	--
11	--	--	1,600
12	--	--	900
District of Nouakchott	8,000	13,000	4,000

SOURCE: Plan d'Urgence

c. The Present Situation and the Office Mauritanien des Céréales

The Office Mauritanien des Céréales (O.M.C.) was established by decree on August 12, 1975. It is a public agency under the general supervision of the Ministry of Rural Development. Its object is "to contribute to the implementation of a rational policy for supplying basic cereals to the domestic market."

The 1976-1977 crop year was the O.M.C.'s first year during which it intended to stimulate competition and, by intervention, to increase the volume of known exchanges between cereals producing and non-producing zones.

The O.M.C. is, then, the fifth primary marketing agent for millet-sorghum. Its official objective is modest: in 1976-77, to create a reserve stock of 16,000 tons. Its distributive function was not to be determined until later, in March-April 1977. The means at the disposal of the O.M.C. to implement these objectives are described in the appendix. These include:

i. O.M.C. Personnel

The O.M.C. has five buying teams in at least four producing regions. The team members are neither cereals specialists nor experienced cereals marketing agents.

ii. Equipment

The buying teams, fixed or mobile, have a minimum of equipment at their disposal, from scales to sacks.

iii. Financing

The Office Mauritanien des Céréales finances these primary buying operations through its own funds provided by the Government. The banking system does not intervene in any way. In fact, the Central Bank and the Development Bank are rarely involved in agricultural activities. This lack of interest is manifested by the absence of agricultural credit or seasonal loans, such as those encountered in neighboring countries. This state of affairs is consistent with the role of agriculture in the country's economy.

It would be possible for the Office Mauritanien des Céréales, in collaboration with the Direction de l'Agriculture, to organize the rural supply of modern inputs: fertilizer, agricultural equipment (plows and multi-purpose toolbars), selected seeds, etc. Once a plan of action were defined, the banking system would provide assistance, through an extension system.

At present, the millet-sorghum market functions with state intervention as follows. The demand for millet-sorghum continues to be substantial. However, domestic supply can satisfy only a part of this demand, according to the Department of Agriculture. The reduction in supply has resulted, in part, from bad harvests caused by the action of rodents and by ecological conditions. As a consequence, for a long period, demand has exceeded supply despite different consumption patterns observed in the principal ecological zones of the country. In recent years, equilibrium has been attained only through importation.

Since 1973 and the promulgation of Law No. 073011, the implementation of the Plan d'Urgence (aide aux populations) appears to have hindered the functioning of the basic cereals market. In effect, the mobilization of Plan d'Urgence reserve stocks and their distribution to the population greatly perturbs the market.

In the drought-stricken zones, as well as elsewhere, food-stuffs, especially the cereals of the Plan d'Urgence (sorghum, millet, wheat, etc.), are distributed in two ways:

- a) free, to the part of the population deemed completely destitute, and
- b) by sale for 3 ouguiyas to the rest of the population holding allowance cards. In the latter category, all of the beneficiaries have a guaranteed source of income, such as a salary.

Whatever the market price per kg. of millet-sorghum, the government grants a subsidy through the mechanism of the Plan d'Urgence.

It can be argued that the reserve stock of the Plan d'Urgence serves to inflate the supply and to provide a subsidy of 10 to 25 ouguiyas per kg. for each consumer. This is the first paradox. Furthermore, the system of primary purchases has been disturbed by the level of supply at local markets of products consumed in large quantities (tea, sugar). The tension created by the contraction in the supply of the latter, which are imported and which fall within the SONIMEX monopoly, has tended to encourage the bartering of goods

The primary buyer and occasional speculator attempt to improve the terms of trade in their favor, profiting from breakdowns in the supply of tea and sugar at the local level. The weakness of monetary purchasing power in production zones and the inelastic demand for sugar and tea further encourage bartering. The Office Mauritanien des Céréales was forced to act in this very manner in order to carry out part of its purchasing program in the 4th Region. The Office distributed tea and sugar as well as the foodstuffs of the Plan d'Urgence.

The creation of an artificial scarcity of tea, sugar, and even of cereals has brought into play the stocks of the Plan d'Urgence, which, in this instance, provided extra income to the producer by giving him free wheat or barley with which to buy millet-sorghum. This is the second paradox of the Mauritanian market.

The continuation of the present role of the Plan d'Urgence threatens to penalize the producer through prices which provide no incentive, thus curbing all possibility of modernizing production methods. One might think that since the bulk of the subsidy is in the form of food, it would not favor agricultural production. The subsidy should be aimed at the rural population in the form of inputs.

Another consequence of this situation is the difficulty of determining the volume of external trade in cereals. Because of the SONIMEX rice monopoly, the imports of this grain are known. Millet-sorghum is found under the general heading: "other cereals."

It seems that there is a significant movement of cereals at the frontiers, especially at the Mauritanian-Malian border in East Hodh and in Quidimaka.

The modern supply network, the state system in fact, consists of SONIMEX and is only concerned with rice. Most of the millet-sorghum trade occurs in traditional channels. The private market in its various forms supplies the population through its control of the domestic trade network, starting from the southern part of the country and moving toward the northern zone, and through trade with the neighboring countries of Senegal and Mali.

III. THE PRICE OF AGRICULTURAL PRODUCTS

A. Price Setting

The Central Price Committee (Comité Central des Prix) determines prices and submits them to government authorities. Local price committees composed of representatives of merchants, producers, consumers (represented by the Labor Syndicate), and the Préfet establish retail prices.¹ The producer prices for paddy and millet-sorghum are not included in the decree setting other prices.

The cultivation of rice is restricted to small perimeters and the Mpourrie area. To encourage production, the authorities guarantee a price to paddy producers. The entire paddy output is taken up and processed at the Mpourrie rice mill.

The producer price for millet-sorghum is determined by the market. At the beginning of its first crop year, the Office Mauritanien des Céréales established a producer price spread of 7-11 ouguiyas for millet-sorghum. In the face of competition (and especially due to the supply of sugar and tea), the O.M.C. was forced to align its prices with those of the market to assure the success of its buying campaign.

The initial idea was to guarantee a "normal price" to the producer, that is to say, a profitable price in terms of the producer's labor input. However, no other factor-cost elements (e.g. hired labor) were taken into account. The prices used by the O.M.C. turned out not to be the prices controlling the market.

¹See Appendix 2: "Decree No. 69-048/MCT/DC".

B. Prices and Price Stabilization

Observation of cereal price fluctuations reveals that only the price of rice was subject to a stabilization policy. Before the operation of the Plan d'Urgence, millet-sorghum prices were not the object of stabilizing measures. Until January 1977, the average prices of millet-sorghum were at the same level as those for rice.

It should be mentioned that all of the administrative regions receive and distribute Plan d'Urgence foodstuffs. The frequency of distribution is not regular. As soon as tensions are apparent, the authorities recommence the distribution of cereals and other foods.

As a result, the actions of the Plan d'Urgence, on the one hand, and of SONIMEX, on the other, implement the stabilization plans of the Mauritanian government. A major difference between the two organizations should be noted.

- SONIMEX sells rice approximately at cost: 14 ouguiyas per kg.
- The Plan d'Urgence makes free distribution of at least one-third of its stock and sells the other two-thirds at 3 ouguiyas per kg. This compares with the market price of millet-sorghum or of wheat of about 14 or 15 ouguiyas, sometimes going as high as 35 ouguiyas per kg. This action provides a subsidy of 11 ouguiyas per kg. for cereals distributed according to the criteria of the Plan d'Urgence.

The question remains whether maintenance of the Plan d'Urgence in its present role contributes to meeting the objective of accelerated rural development.

C. The Possibility of a Price Policy

1. The present role of the Plan d'Urgence

The Plan d'Urgence created a distortion between the price of rice and that of millet-sorghum; the price of millet-sorghum is double that of imported rice. This is purely artificial.

Table VI. Comparison of Sorghum and Rice Prices (Ouguiyas/kg)

	1970	1971	1972	1973	1974	1975	1976	1977
Sorghum	10	11	11	19.5	12.5	12	15	35
Rice	12	12	12.6	12.5	12.5	15.5	14	14

SOURCE: Bulletins Statistiques

Beginning in January 1977, the price of millet-sorghum observed in different markets in the Nouakchott district averaged 30-35 ouguiyas/kg. against 14 ouguiyas/kg. for rice.

The separation of the rice and millet-sorghum markets and the granting of a quasi-general subsidy have led urban consumers to purchase more rice. As a result, private merchants are not induced to import millet-sorghum.

A total of 244,211 tons of cereals other than rice were distributed between 1973 and 1976, of which 140,000 tons were sold at 3 ouguiyas per kg. This explains the artificial substitution of rice for millet-sorghum.

2. Price Policies

The Mauritanian agency for primary purchasing of cereals was recently created. The task conferred upon it by the State is to

provide for the supply of cereals at prices that are reasonable for both producer and consumers. This task will be difficult to execute as long as production stagnates and the present practice of making food donations is continued. A price policy is possible only if producers participate in the work of organizations that act on their behalf. The competitive process, freely adopted by the O.M.C., can facilitate the definition of a price policy, by means of which Mauritanian agricultural policy will be specified.

Thus, successful modernization of agriculture, rain-fed as well as irrigated, depends on establishing purchasing power for farmers, to permit them to buy the means of increasing production. Such a development would require enlarging the rural market for industrial goods, and expanding technical, commercial, and market information available to producers.

Furthermore, the rate of exchange for Mauritanian currency seems to confer on it the distinction of being a strong convertible currency in the zone. In its position relative to the Malian franc, the ouguiya permits Mauritania to import sorghum and millet from Mali in years of a good harvest. There is certainly a transportation problem, but Eastern Hodh (Nema) was always the focalpoint of communications with Mali.

A revamping of the Plan d'Urgence would permit Mauritania to meet part of its millet-sorghum needs by importing from other CILSS countries (Mali, Upper Volta).

IV. STORAGE

During the past few years, attention has been focused on storage problems. Only government storage, however, has been the subject of studies and recommendations. Little is known about village-level storage, despite the discovery of several efficient methods. Depending on local tradition, producers or nomads store grain underground or in granaries different from those in Mali or in Upper Volta. The only detailed information available, however, concerns public storage.

The present infrastructure consists of warehouses of 600 to 800 tons in Nouakchott and of smaller depots of 20 tons in the interior of the country at the arrondissement level. Silos, which existed before the drought and were constructed by the former Sociétés Indigènes de Prévoyance, were never used for lack of technicians capable of operating them. With the arrival of the drought, thirteen warehouses were completed with the aid of the European Development Fund and USAID. Present capacity is 16,000 metric tons.

As is the case in neighboring countries, pest control methods are little known. There are new projects underway for the training of pest control and maintenance personnel.

Initially, a program envisaging the construction of hermetic underground silos was proposed for sorghum storage. Their construction was planned for Nouakchott, Aleg, Kiffa, Néma, Kaedi, and Aïoun-El-Atrouss. The planned silos would have had a 2,250-ton capacity. Presently, consultants from the Special Sahel Office of the United Nations are studying the storage problem in Mauritania. Storage methods will be based on their findings.

The underground silo project seems to have been abandoned. With the assistance of the Federal Republic of Germany, a new project is being studied. With this aid in the 1976-77 crop year, the O.M.C. will purchase 15,000 tons of cereals, of which 5,000 tons will be set aside as reserve, and 10,000 tons will be used for grain stabilization purposes.

Appendix 1

Medium-Term Actions and Strategies for Agricultural
Development Strategies

A. Strategies

1. increase cereal and animal production
2. organize the marketing of agricultural products and stabilize their prices at profitable levels
3. improve the distribution of income from agricultural activity
4. progressively substitute local products for imports

B. Actions

1. increase the yields per unit of cultivated land and the area cultivated (emphasizing irrigation at Mpourrie-Boghe, rice cultivation at Kaedi)
2. reinforce cooperative organizations to resolve the problems of credit, delivery of inputs, storage, and marketing of production
3. creation of a national marketing agency for agricultural products
4. improve infrastructure and the system of transporting agricultural products.

Decree No. 69048/MCT/DC Determining the Method of Product Price Setting

ISLAMIC REPUBLIC OF MAURITANIA

Honor - Fraternity - Justice

MINISTRY OF COMMERCE
AND TRANSPORTATION
DEPARTMENT OF COMMERCE

DECREE NO. 69.048/MCT/D
Determining the Method
of Product Price Setting

THE PRESIDENT OF THE REPUBLIC

- CONSIDERING the Constitution;
- CONSIDERING decree 61,187 of November 27, 1961 determining the Ministerial jurisdictions;
- CONSIDERING decree 68,329 of December 16, 1968 specifying the responsibilities of the Ministry of Commerce and Transportation and of its office of General Administration;
- CONSIDERING law 65,133 of July 26, 1965 concerning price control regulations;
- CONSIDERING decree 66,089 of May 18, 1966 determining the method of product price setting

After consulting the Central Price Committee at its meetings of January 8-9, 1969

The Council of Ministers agreed:

D E C R E E:

Article 1: Retail prices will be set by competent Authorities after consulting local price Committees for the following products:

- Rice, millet, flour, semolina, bread, food pastes, couscous, cowpeas, potatoes, manioc, okra, peanuts sweet potatoes
- Meat, fish, poultry, eggs
- Eggplant, fresh tomatoes, salads, carrots, onions, turnips, peppers, cabbage, dates, pimento (spices), tomato paste
- Peanut oil, butter, kitchen salt, Maggi sauce

- Sugar, coffee, tea, ginger juice, milk
- Charcoal, bottled gas, matches
- Cotton cloth (percale and Guinean), blankets

Article 2: For all other products, merchandise, materials, and articles, with the exception of pharmaceutical and petroleum products (when their prices are set), wholesale and retail profit margins will be set by order of the Minister of Commerce, after consultation with the Central Price Committee.

Article 3: The price of services or payment for services will be set, in the absence of standardization proposals, by determination of the Minister of Commerce after consultation with the Central Price Committee.

Article 4: Decree No. 66,089 of May 18, 1966 is repealed.

Article 5: The Ministry of Commerce and Transportation and the Ministry of the Interior are charged with the execution of this decree, which is to be published following the emergency procedures of decree No. 59,029 of May 26, 1959.

Nouakchott, January 16, 1969

MOKTAR OULD DADDAH

Minister of Commerce and
Transportation

ABDALLAHI OULD SIDYA

Minister of the Interior

SALL ABDOUL AZIZ