MALI

MAFAP Country Profile

MAFAP SPAAA

Monitoring African Food and Agricultural Policies

Agriculture and the rural economy are at the core of Mali's social and economic structure. 80 percent of the population's principal income comes from agriculture and the sector contributes to 37 percent of Mali's GDP (FAO, 2008). The government invests more than 11 percent of its budget in agriculture through numerous programmes, projects and initiatives.

Yet, despite policy frameworks such as the recent Agricultural Development Policy (2011-2020), most initiatives remain poorly coordinated. Project support consists mainly of irrigation schemes to boost rice, cotton and increasingly horticulture production. The livestock sector receives only limited support – mainly for animal health services and improving infrastructure. It is worth noting that donors contributed 73.5 percent of the agricultural budget from 2005 to 2010.

Are current policies and public spending aligned?

The policy environment in Mali does not provide adequate incentives to producers and traders. Structural inefficiencies include poor infrastructure, especially roads and markets, as well as illicit taxes and a lack of market information. All these lead to lower prices along the value chain for all commodities except cotton. Indeed, cotton producers receive relatively high prices, due to heavy policy support.

MAFAP analysis suggests that the following measures would be beneficial for both producers and traders:

- increasing public spending on rural infrastructure, especially on roads while focusing less on short-term support measures such as input subsidies and fixed prices;
- promoting marketing and trade opportunities for a wider range of products, especially cattle and maize;
- providing better market information, especially to producers;
- focusing support less on cotton and rice, and more on a diverse range of products including food security crops, horticulture and cattle; and
- carefully analysing the impact of consumer-oriented policies, especially those for rice, as they appear to dampen producer prices and thereby medium and long-term production incentives

Public Expenditure to Support Food and Agriculture

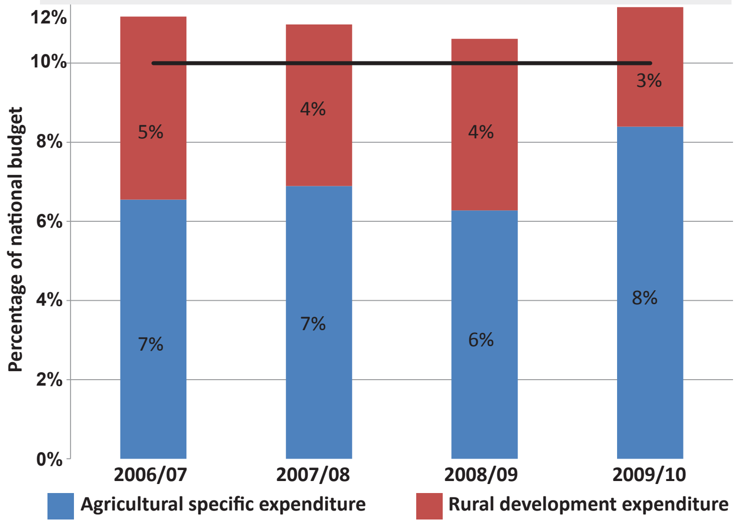
The bulk of public expenditure to support food and agriculture goes to agriculture rather than to rural development. Although public expenditure on agriculture is rising, it is still slightly below the Maputo target of ten percent.

The total approved budget for the agricultural sector grew by 62 percent from 2005 to 2010. MAFAP analysis, which does not include all administrative costs, suggests that Mali barely complies with the Maputo target of designating ten percent of the total budget to the agricultural sector.

Agriculture-specific support received 67 percent of the total rural and agricultural development budget, while 33 percent was spent on rural development. Agriculture-specific support was higher due to the large amount of support for commodities, especially rice and cotton.

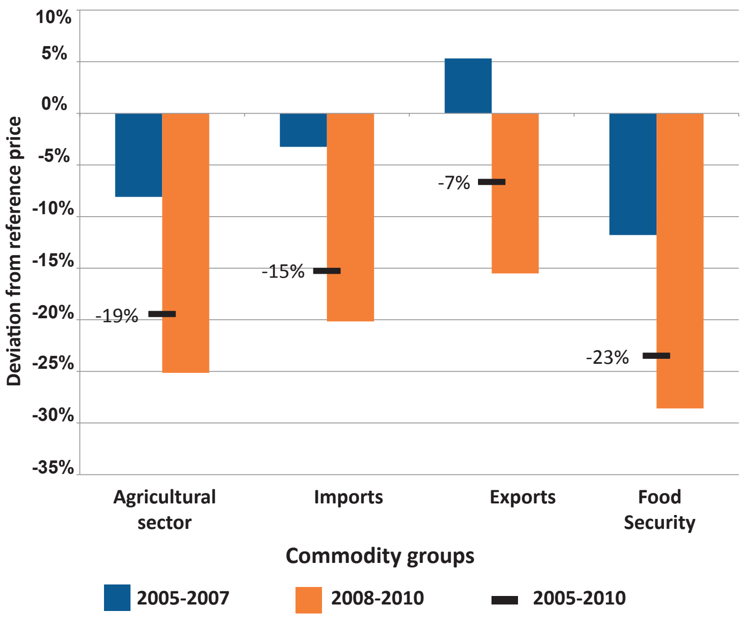
Agricultural-specific expenditure consists mainly of input subsidies, especially farm irrigation systems. Variable inputs, mainly seeds and fertilizers, represent only seven percent of input subsidies on average. Public expenditure for off-farm agricultural infrastructure is also high. In the period analysed by MAFAP (2006-2010), it mainly concentrated on improving feeder roads and off-farm irrigation. At three percent, support to research has been notably low.

Figure 1. Public expenditure on agriculture and rural development in the Republic of Mali (2006-2011)



Note : Data for 2010 is missing from the MAFAP analysis. The share of the total state budget for agriculture is estimated to be two to three percent higher because some administrative costs were not included in the MAFAP analysis.

Figure 2. Average deviation of producers' prices from world prices by major commodity groups (2005 – 2010)



Note: The bars measure the percentage deviation of producers' price from the price producers would receive in world markets (reference price). Imports include rice, sugar, wheat and cow milk; Exports include cotton, coffee, cashew nuts and pulses; Commodities important for food security include maize, sugar, wheat, rice and beans.
Source: MAFAP

Price incentives

Current policies do not provide adequate incentives to producers, traders and processors of all commodities except for cotton. This is especially true for producers of food security products.

From 2005 to 2007, producers of all commodities except cotton received disincentives. From 2008 to 2010, disincentives worsened for all groups of products, because producers did not benefit from the global food price spike. This was mainly due to poor roads and marketing infrastructure, as well as excessive market power for traders.

Highlights from MAFAP's analysis of selected commodities include :

- Prices for rice producers remained low despite high levels of input subsidies. This was mainly because tariffs on imported rice were lifted and policies to keep prices lower for consumers were in place.
- Producers of staple crops would benefit from fewer trade restrictions (red tape) and more policy support for production and marketing.
- There is a lack of policy support for organizing the cattle value chain and improving marketing.
- Despite international price volatility, domestic prices for cotton remained consistently high due to fixed prices and input subsidies provided through the parastatal ginning company for cotton.

MAFAP PARTNERS

Policy Analysis	Policy Dialogue
The Rural Economics Institute (IER) is MAFAP's technical partner in Mali. It is the country's leading research institute for Agricultural policies and is linked to the Ministry of Agriculture.	The Planning and Statistics Unit of Rural Development Sector (CPS-SDR) is MAFAP's partner for disseminating results within the Ministry of Agriculture. It is also in charge of planning and monitoring agricultural policies in Mali.

MAFAP PRODUCTS *for* MALI

Nine technical notes on market incentives and disincentives in Mali for millet, sorghum, maize, cotton, rice, cattle, groundnuts and milk

In-depth analysis of public expenditure to support agriculture and rural development in Mali

A comprehensive country report

A database with all indicators and supporting information

Information about capacity development in analyzing market incentives and disincentives, as well as public expenditure

All reports and publications are available at:
www.fao.org/mafap

Our Vision for the Future

MAFAP indicators are expected to become part of the regular monitoring and evaluation system of the IER, and serve as evidence for policy advice to the Ministry of Agriculture. MAFAP is expected to contribute to initiatives such as CAADP and play a prominent role in future policy initiatives in Mali.

MAFAP, which is already implemented in Mali, Ghana and Burkina Faso, is expected to reach other countries in the region with the support from the West Africa Economic and Monetary Union (WAEMU). It will thus inform policy making at the regional level.

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