

1.4 Rice stabilization policies in Madagascar

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Summary

What has been done? Government intervention in marketing and the major production areas has been increasing since independence in 1960, through the early 1970s. From 1973 to 1977, state-run companies controlled all downstream marketing activities. From 1980 to 1990, the government gradually withdrew. Structural adjustment policies were accompanied by the rehabilitation of irrigation systems, which came under the management of water user associations. During the 2000s, policies aimed at increasing domestic supply through production support and regulation of urban supply through imports.

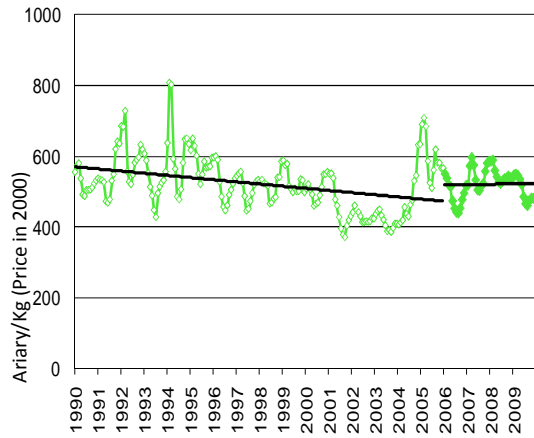
How has it been implemented? Until the late 70s, government intervention took the form of land development corporations in two of the main rice production areas. The government also intervened through parastatals, which had a monopoly over the purchase and distribution of rice, and set prices for both producers and consumers.

After liberalization, state intervention focused on setting import levies (with rates ranging from 30% to 0%) and ad hoc initiatives like facilitating imports during crises. Efforts to increase production included investment in irrigation infrastructure (rehabilitation), intensification incentives based on access to inputs (such as recent efforts to encourage off-season rice), and incentives to expand rainfed production through access to mechanization. Microcredit has also expanded significantly, to finance production and storage.

Starting in 2005, the government implemented two innovative instruments to improve the management of the sector: an observatory and a consultative mechanism to encourage dialogue between the government and industry players.

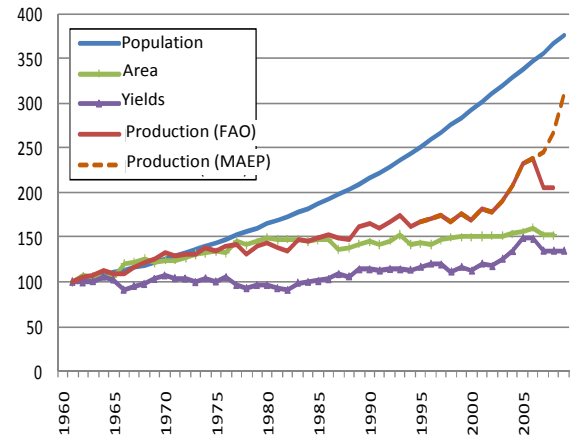
What were the effects? The centralizing policies of the 70s completely destroyed marketing channels and producers' interest in the market. Availability per capita fell (from 200 kg to 125 kg/per capita between 1970 and 2000) and imports increased. Since 2002, production levels have shown a marked increase, and starting in 2005, fluctuations in consumer prices stabilized, despite a troubled national and international context.

Table 20 : Local real rice prices, retail (Tananarive)



(Source: Author's calculations based on datasets from INSTAT)

Table 21 : Population growth and agricultural production



(Sources: FAO and MAEP)

What recommendations could be derived? The period of total government control was catastrophic the recover long. The recent positive developments in the rice sector are partly the fruit of production support and infrastructure development efforts (irrigation and transportation), and partly due to a new form of governance that relies on well-informed decision-makers and public-private coordination. However, multi-stakeholder dialogue has not eliminated the unequal balance of power: measures (including price stabilization) are taken more in the interest of urban consumers than the protection of producers.