

Market information and decision making : the case of the « Observatoire du Riz » in Madagascar

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Main points

- Importance of the rice in Madagascar
- PCPRice (Rice consultation platform for the steering of rice commodity chain)
- OdR
- Making decision process
- Limits

Importance of rice in Madagascar

- 12% GNP of Madagascar
- 43% agricultural GNP of the country
- 55% cultivated area, 87% of rural households
- Staple food
- Average consumption : 125 kg/capita/year
- Production doesn't meet national consumption : imports since 1970
- Rice is highly strategic (political issue: avoid shortage, free distribution during election period or after a catastrophe)

Consultation and monitoring Platform on Rice (PCP) and Rice Information System (OdR)

- Created in 2005, after a domestic market crisis in 2005
 - 150% increase of consumer prices,
 - Contradictory information about prices and availability between Min. of Agriculture and Mini. of Commerce
 - Announcement of public imports - delayed
 - Faced to this uncertainty, importers hesitated to import rice => shortage of rice

Consultation platform for rice commodity chain steering

Main objectives

- Favour dialogue between different categories of stakeholders,
- Favor circulation of market information (transparency),
- discuss and propose measures to develop rice sector,
- orient rice policy decisions

PCPRice members

8 stake-holders groups :

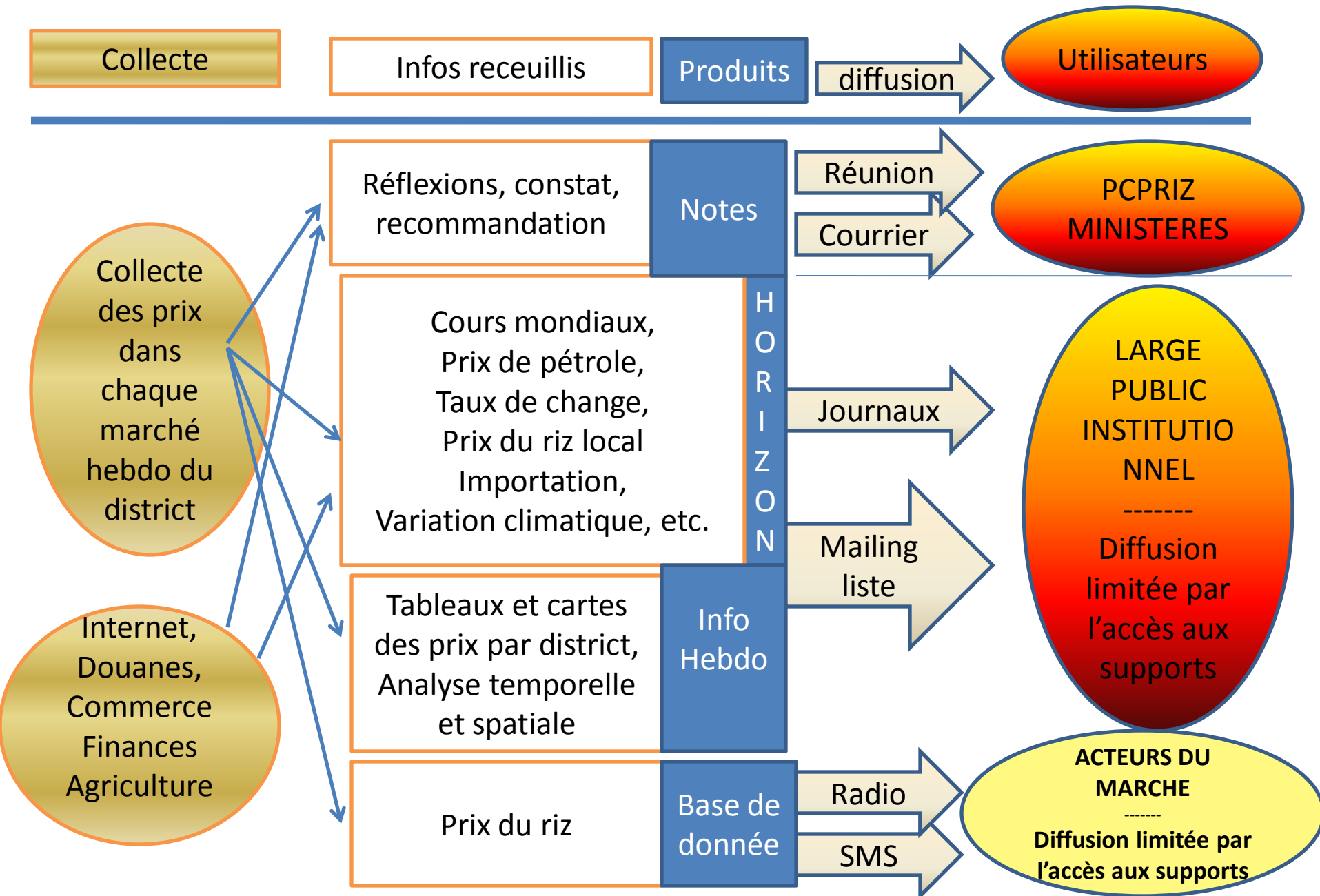
- 1- Producers**
- 2- Rice millers (industries and small ones)**
- 3- Intermediaries (transporters, collector, traders...)**
- 4- Technical advice institutions**
- 5- Credit institutions**
- 6- Administration**
- 7- Consumers**
- 8- Researcher/ university**

- Status : association
- Mandate of the board:
2 years
- Board: elected
representatives from each
stake-holders group
- President from private
sector, elected by the
members of the board ; Vice
- President from
administration
- Executive secretariat:
employee

L'Observatoire du Riz (OdR)

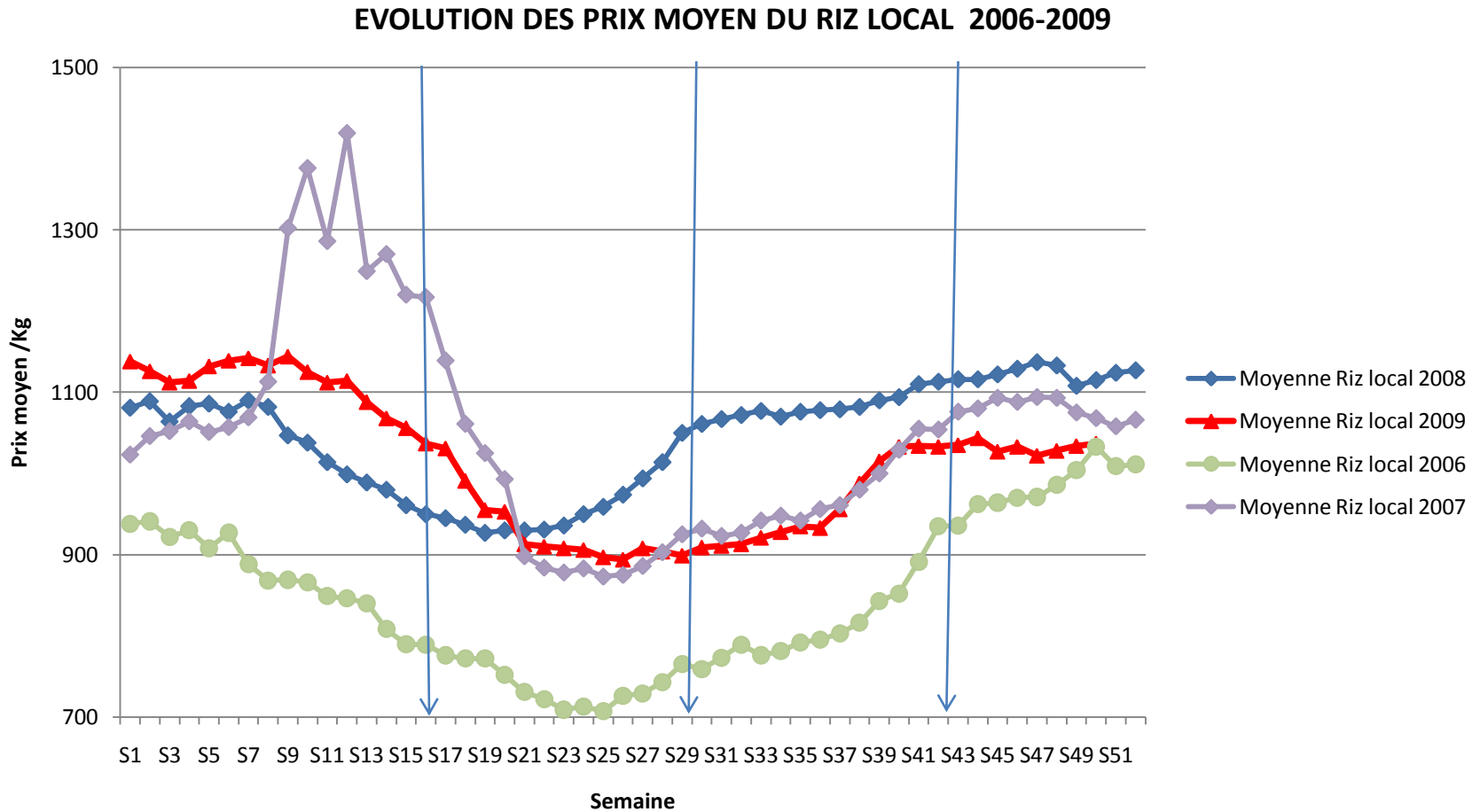
- Institutionnal home: EPP/PADR (steering team of the Rural Development Plan, Prime Minister Departement)
- Missions:
 - Running the Rice MIS in all the districts of Madagascar
 - Providing up-dated informations and analysis to PCPRiz, in the frame of public/private consultation

INFORMATION FLOWS



Improvement of rice market stabilization capacity

- Stabilisation du marché du riz grâce à l'analyse spatiale et temporelle de l'Info-hebdo



Concertation & anticipation process

- In 2006 & 2007 (cyclones)

Monthly meetings of PCP + OdR, leaded by the Prime Minister

- OdR data-base and information network used to:
 - Identify area affected by cyclones,
 - Identify traders in these areas,
 - Orient traders towards these areas
 - PCP members estimate the needs and share the markets among them
- => Ease the satisfaction of local needs across the country and avoid sudden increase of prices in affected areas**

- In 2008 (World food crisis + « Green Revolution » national policy)

Crisis anticipation

- OdR warning : from Sept. 2007, OdR alerted the PCP about the risk of sharp increase of world prices
- Measures recommended by OdR and PCPRice :
 - Importation of rice before the price pick
 - Constitution of stock – negotiation of 50 000 tones of rice with the Indian government

Crisis management

- OdR : deeply involved in the monitoring of international and domestic markets during all the crisis period
Frequent briefing notes prepared by OdR (send to PCP members + Gvt, and discussed during PCP meetings)
- Frequent meeting of PCP + OdR + Gvt :

Measures recommended (and implemented)

- Removal of Import Tax and Value Added Tax
- Temporary exportation ban
- Food for Work program for the most vulnerable

Results:

No need to import rice when prices where at their highest level

**Contributed to a very limited impact of World food crisis on
Madagascar domestic market**

- In 2009 (political crises)

Context : looting of several large stores + large whare-houses

Dismantling of the President business on wholesale food products

10% inflation in few weeks

= > new Gvt set low consumer price to gain popularity (lowered from 1000 to 500 Ar/kg)

Suspension of « Green Revolution » program set by the previous government

➤ OdR + PCP : Several meetings with the Ministry of Commerce and new President team

➤ Measures recommended by OdR and PCPRiz :

- Stop the sales of subsidized rice (depressive effect on local rice),
- Encourage local rice buyers,
- Secure and ease transportation (removal of local transport tax ; military escort to secure transportation)
- Priority of rice imports despite the import limitations (due to restriction of currency expenses)

Results : Low prices during the first 3 month of marketing season, but return to normal level and stabilization afterwards

Use of OdR information

By the Government:

- To reassure urban consumers (ex : about rice availability) ; effet d'annonce
- Justify undertaken actions
- To decide the needed incentives to regulate markets

By the PCPRIZ:

- Defend points of view and interests of members

By the food security donors & NGO group:

- Staple availability and accessibility for vulnerable population

LIMITS

➤ OdR :

- Exclusion of poor farmers (telephone, radio, education, literacy needed)

➤ PCPRice :

- Focused only on market stability issues but not on production issues
- No room for farmers (officially members but rapidly ousted)
- The influence of PCPRice is used by head members for personal advantage : market access, gain positions as advisors of ministries

CONCLUSION

- *Success:*
 - Market regulation and decision making tool (price stability, crisis management, warning)
- *Limits:*
 - Government and large operator's tool, but producers and small-scale operators excluded
 - Dependent on donors support