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African marketing boards under structural adjustment: the experience of Sub-Saharan Africa during the 1980s

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African Marketing Boards under Structural Adjustment

H.L. van der Laan and W.T.M. van Haaren

The Experience of Sub-Saharan Africa
during the 1980s

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AFRICAN MARKETING BOARDS UNDER STRUCTURAL ADJUSTMENT

The Experience of Sub-Saharan Africa during the 1980s

H.L. van der Laan & W.T.M. van Haaren

Working Papers No. 13 / 1990

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SUMMARY

The economic policy of Structural Adjustment, which was initiated in most African countries during the 1980s, posed a serious threat to the agricultural marketing boards in Sub-Saharan Africa. Two elements of Structural Adjustment were particularly ominous: "privatisation" threatened their continued existence as public enterprises, and the "liberalisation of trade" worsened the conditions under which they operated.

On the basis of an extensive study of the literature (see Bibliography) this report examines what actually happened to 39 marketing boards in 18 countries (see List 2). The results, presented partly in the form of tables and partly as case studies, show that most marketing boards have survived but that their scope has been reduced.

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Chapter 1. Introduction

The 1980s were a troubled decade for the marketing boards in tropical Africa. This was mainly due to a reorientation in economic thinking and policies - generally labelled "Structural Adjustment" - which gained ground in both the donor organisations (in particular the World Bank and the International Monetary Fund) and the African governments. Structural Adjustment queried the usefulness and effectiveness of marketing boards.

There are two new elements in this report. First, although the existing literature on Structural Adjustment deals thoroughly with agriculture, it treats the marketing boards rather unsystematically. For some readers (policy makers, board executives, and consultants) this is highly unsatisfactory because it obstructs comparison between marketing boards in different countries. The present report is narrower, shorter and more systematic. Second, the existing literature is full of prophecies of doom to the effect that many marketing boards would be liquidated and that the others would have their staff, assets and operations drastically cut down. The present report examines what actually happened. Have the prophecies come true?

This report is part of a series of publications of the "African Marketing Boards Programme" of the African Studies Centre, Leiden (see the publication list, p. 52). It is therefore primarily an academic publication. At the same time the contribution of consultants to the discussions on both Structural Adjustment and marketing boards is so significant, that we should publicly acknowledge it¹.

Basic data on the changes affecting the marketing boards are found in government memoranda and consultancy reports. Derived from these are summaries and comments in various public sources. We concentrated our search on the latter (see the extensive Bibliography, pp. 40-51²). The period covered is January 1980 till December 1989. Some later events, i.e. of early 1990, are mentioned in Chapter 5.

Our findings, based on 39 marketing boards in 18 countries, are summarised in tabular form in Chapter 3. But first we explain in detail in Chapter 2 how we designed these tables. Five interesting case studies on Cameroon, Kenya, Malawi, Senegal and Tanzania are presented in Chapter 4. The closing chapter examines the patterns and trends which we claim to see with regard to the marketing boards.

¹ The senior author, van der Laan, participated as a consultant in a technical assistance project (1987-1990) of the International Center for Public Enterprises in Developing Countries (ICPE). This project, "Strengthening the Performance of Food and Agriculture Marketing Public Enterprises in Sub-Saharan Countries", which has been financed by the Regional Bureau for Africa of the United Nations Development Programme, covers four countries: Ethiopia, Madagascar, Niger and Uganda. Diagnostic missions were sent to these countries in 1988, at a time that the tide of Structural Adjustment was at its height.

² For various reasons consultancy reports have not been included in the Bibliography.

Chapter 2. Concepts and classifications

The reorientation in economic thinking, to which we referred above, was a gradual process. At a certain stage the term "Structural Adjustment" was coined. According to Kydd & Spooner (1990a: p. 6)

The term structural adjustment has come into wide use in development policy since the World Bank used it to describe the policy-based lending which has been an increasingly important aspect of its activities since the beginning of the 1980s.

In the African context the World Bank report of 1981, *Accelerated development in Sub-Saharan Africa; an agenda for action*, should certainly be mentioned because, although hardly using the term Structural Adjustment, it advocated many policies that are now associated with it¹.

As more governments and development organisations began to use the term, it became increasingly difficult to agree on a definition, but there are certain common elements and objectives. In a recent survey Streeten (1989: p. 4) writes:

Among the key objectives of structural adjustment are usually cited (i) the reduction or elimination of a balance-of-payments deficit, (ii) the resumption of higher rates of economic growth, and (iii) the achievement of structural changes that would prevent future payments and stabilisation problems.

In countries where the first objective predominates, Structural Adjustment hardly differs from an old-fashioned austerity programme, while in countries where the third objective is paramount, it is accompanied by a strong desire to correct former policies. Correction may for instance mean that an ideological approach is succeeded by a pragmatic or technocratic one, or that disappointment in the state as the principal agent of development is followed by high expectations of a free market. In any case, Structural Adjustment has become a vague and wide concept. From the point of theory and analysis this is most unfortunate because it is now tempting to attribute every change in policies and public institutions to Structural Adjustment, while later - in say, ten or twenty years - we may see other causes. For lack of a better solution we have adopted the assumption that the changes recorded in this report are largely due to Structural Adjustment.

2.1. The marketing boards

Marketing boards are public or parastatal trading enterprises for agricultural products². In Sub-Saharan Africa they concentrate their activities on smallholder farmers. They are also charged with price stabilisation, that is, they must protect the farmers of export crops against price fluctuations in the world market (Hesp & van der Laan, 1985: p. 2). The best known examples are the export monopoly boards which were established in British West Africa in the 1940s. They controlled export crops such as cocoa, groundnuts and palm kernels. A decade later similar institutions were established in French West Africa. In the 1960s and 1970s new marketing boards were established to control domestic crops such as grains.

The basic functions of marketing boards are price stabilisation and trading. Responsibility for price stabilisation has always been shared with the government with all the attendant administrative and psychological problems. It must also be noted that the number of board employees that is actively involved in price stabilisation has always been small, this in stark contrast to the trading function,

¹ The views of the World Bank have certainly changed since 1981. See its recent report: *Sub-Saharan Africa: from crisis to sustainable growth; a long-term perspective study* (1989).

² The F.A.O. classification also recognises non-trading boards, but their significance in Africa is small.

where the following sub-functions should be distinguished: buying, collecting, bulking, storing, financing and selling. In the course of time a few related functions were undertaken by some marketing boards such as transportation and the processing of cotton, coffee and tea. In the 1970s many governments increased the tasks of the marketing boards with regard to crop promotion. Henceforth they had to assist the farmers to increase the production of the controlled crops. They did so by providing advice and extension, by supplying farm inputs and by extending credit³. In short, in 1980, at the beginning of the period under review, the marketing boards were large and complex organisations.

It is convenient to distinguish, on the one hand, Grain Marketing Boards (GMBs) trading in millet, sorghum, teff, maize or rice, and on the other, Raw Material Marketing Boards (RMBs) trading in cocoa, coffee, cotton, tea, groundnuts or palm kernels. (In French the equivalent would be Offices de Commercialisation, with a distinction between Offices Céréalières and Offices des Produits de Base⁴.)

The 11 "controlled crops" enumerated above will often be mentioned in this report. We ignore some minor crops such as sesame and cashew nuts, and plantation crops such as sugar, rubber and palm oil, which are rarely controlled by marketing boards.

The GMBs operate in a simple but complete marketing channel going from domestic producer to domestic consumer. The RMBs operate in a more complex marketing channel, with at the centre factories which turn the raw materials into consumer goods such as food and textiles. A further complication is that most of these factories are located outside Africa so that the marketing channel is truncated at the export stage. For many years the RMBs were seen as export marketing boards, but this term is no longer appropriate for some of them because of the establishment in tropical Africa of textile and cigarette factories and oil seed crushing mills, which lower or eliminate exports of cotton, tobacco and oil seeds (Dijkstra & van der Laan, 1990).

Occasionally, the distinction between GMBs and RMBs raises problems. Countries like Madagascar and Malawi have marketing boards which handle both grains and raw materials. Again, some products such as dried beans may cause complications. As these beans are usually sold in the domestic market, a GMB can relatively easily combine bean and grain trading. But in some countries beans are exported. In Niger this was a reason for the government to allocate this crop to an RMB.

2.2. The impact of Structural Adjustment on marketing boards

Structural Adjustment has given rise to various policies and programmes, which tend to differ according to the resources and problems of each country. In spite of this variety it is possible to identify in the countries of Sub-Saharan Africa two major policies:

- the Structural Adjustment policy towards the public sector;
- the Structural Adjustment policy towards the agricultural sector.

Practically the whole impact of Structural Adjustment on marketing boards can be traced to these two policies. Before we discuss them in more detail, we want to point out that the two policies operate in a different context or framework. The context of the first policy is the public sector and in particular the area of the public or parastatal enterprises. Comparison with other public enterprises with regard to objectives, performance and financial results is the dominant perspective. The context of the second policy is the agricultural sector and in particular the cultivation and marketing of the controlled crops. True, the marketing board is the dominant institution in the market (or marketing channel), but, if the

³ This was often accompanied by a change of name. Thus "crop authorities" and "commodity boards" date from the 1970s.

⁴ In theory there is a great difference between RMBs which are called "Office" and those called "Caisse", because the latter is supposed to refrain from trading on its own account. Nowadays the few remaining Caisses actively engage in trade.

farmers lose interest and cease to grow and sell these crops, the marketing board will be redundant and can be closed. The farmers therefore occupy a central position in policy discussions. Accordingly, the perspective must be widened to include the private sector. In many countries the context also includes cooperative enterprise, because it plays a role in agricultural marketing.

It is necessary not only to distinguish the two contexts but also to be on guard against a bias towards the second context. This bias is due to a long tradition in the literature on marketing boards. Nearly all authors have studied them as an integral part of the agricultural sector. It is therefore relatively easy to evaluate the impact of Structural Adjustment on marketing boards in the context of the agricultural sector, while one has to break new ground if one wants to examine how the Structural Adjustment policy towards the public sector is applied to marketing boards. After these precautionary remarks we can now turn to a discussion of the two policies.

2.3. Structural Adjustment policies towards the public sector

In general Structural Adjustment is critical of the public sector: it is regarded as too large and too costly. The general remedy is summarised in slogans such as "less state, more market", or in the goal of privatisation, which should reduce the public sector in favour of private and/or cooperative enterprise. How this remedy is applied to the ministries does not concern us here, for our critical questions are restricted to the public enterprises: Do they achieve their objectives? Are they efficient? What are their financial results? What happens to their profits? Are their losses, automatically and immediately, borne by the treasury? Do these losses constitute a major element in the budget deficit?

The critical attitude towards public enterprise manifested itself already at the beginning of the period under review. In at least two countries, Senegal and Tanzania, it affected the marketing boards (see case studies in Chapter 4). Early in the decade many governments decided, often in conjunction with donor organisations, to embark on an evaluation programme of their public and parastatal enterprises. First a list was made of all enterprises and then consultants were commissioned to make an evaluation study of each enterprise. The terms of reference of these studies were formulated so as to facilitate comparison of the various public enterprises. The purpose of the programme was to curtail the public sector: the government should divest itself of many enterprises, in particular those whose losses were a serious drain on the treasury. Losses were not, however, the only consideration, because it was clear that an enterprise of strategic importance had to be retained in spite of any losses. When the candidates for divestiture had been selected, the government took steps to sell them. (Such a sale was a notable triumph of "privatisation".) If no local or foreign buyers could be found, there was no alternative but to liquidate the enterprise, but this step was often delayed for social or political reasons.

The enterprises which the government decided to retain may have considered themselves lucky, but their problems were not over yet. They were subjected to a new round of evaluation studies because the government was anxious to improve their efficiency and financial results. Again, consultants were hired to study these enterprises and to offer recommendations that would either increase profits or - more often - reduce losses. In this second round of consultancy reports many drastic reorganisations were recommended. The last step was taken when the government accepted these recommendations, fully or - more frequently - after modification.

While accepting that these evaluation studies were necessary, we do not wish to belittle the anxieties they caused among the employees of the public enterprises involved. These were aggravated by the fact that in most countries there was a long interval between the first and second rounds of evaluation. Again, some marketing boards found that the two reports differed substantially, which prolonged the uncertainty for management and staff.

2.4. Public sector policies applied to the marketing boards

What we have said above also applies to the marketing boards, except that divestiture⁵ was rarely considered on the grounds that they were institutions of strategic importance. This was particularly clear in the case of the GMBs, because they played a crucial role in the food security policies of the government⁶. But this view was also accepted for most RMBs. (See further Chapter 5.) We must therefore turn to the next step, i.e. the decisions following the long-term commitment of the government to retain the marketing board within the public sector. Nearly always this step involved a reorganisation. It is useful to distinguish "positive" reorganisations, normally called "rehabilitation", and "negative" ones, for which various euphemisms have been invented such as "reform", "restructuring", "trimming" or "streamlining". Often this is a most painful operation of partial liquidation, in which many people are retrenched and numerous assets sold. One could try to measure the streamlining in terms of people dismissed, but it is more appropriate to look at the functions which a marketing board has to give up. The most serious blow takes place when a marketing board is stripped of its trading function and degraded to a monitoring or regulating institution. In that case it is, in our view, no longer a marketing board⁷.

We reserve the word "restructuring" for situations in which the marketing board at least retains its trading function, i.e. continues to physically handle the controlled crop. Not surprisingly, restructuring often involves the removal of the crop-promotional activities. The reaction of the marketing board staff to this measure may be ambivalent: the older employees may remember the day that crop promotion was introduced (mainly in the 1970s) and may not be sorry to see it discontinued. There is much more reluctance on the side of the marketing boards when there are proposals to strip them of transportation (which involves the sale of lorries), processing (which means the sale of installations such as ginneries), or distribution. But determined opposition is bound to occur when the basic functions are threatened, because then the essence of the marketing board is at stake. Yet, the basic functions have often not been spared. We found four situations:

- (a) A multi-crop marketing board is told to withdraw from some crops. Although this usually concerns minor crops only, it leads to a narrowing of the organisation.
- (b) The marketing board is told to withdraw from certain stages of marketing or collection, that is, the section of the marketing channel in which the marketing board operates directly, is shortened. This "shortening" of the organisation is usually accompanied by the withdrawal from certain up-country towns.
- (c) The government imposes upper limits on purchases and/or stocks. This measure applies mainly to GMBs. If these limits are low, the marketing board's turnover may fall well below the average of previous years, with negative effects on staff and assets.
- (d) The government may abolish the monopoly and allow competition at all stages of trade. In general this leads to a reduction of the marketing board's turnover, staff and assets.

We may now draft a scale of the fates that may befall marketing boards, beginning with the worst:

- (1) liquidation;
- (2) reduction to a monitoring or regulating institution;
- (3) restructuring in its various forms and degrees;
- (4) no change imposed, the marketing board is allowed to go on along existing lines;
- (5) rehabilitation.

These five possibilities are used in the tables of the next chapter.

⁵ Divestiture was not attractive, for the option of outright sale did not exist because no private enterprise is interested in buying a marketing board as a going concern. This left the alternative of liquidation, with staff dismissed and assets sold piece meal.

⁶ To keep this report brief, we must forgo a discussion of the food security issue and of food aid.

⁷ Some authors would argue that a non-trading board is nevertheless a marketing board. See also note 2.

The word "rehabilitation" has become rather popular in recent years. It suggests that the marketing board is restored to its original situation, usually by means of external help, such as training, new equipment or a fresh injection of capital. Occasionally it refers to more ambitious assistance, which increases the capacity of the marketing board. When this is proposed, it is always in the framework of plans to increase production of particular crops such as cotton and irrigated rice.

Each of the five solutions listed above may be the final outcome of the Structural Adjustment policies, but some may also be temporary or experimental solutions. For instance a large-scale restructuring programme may not be the end but an intermediate step towards later liquidation. This possibility is a cause of anxiety for many marketing board executives.

Several marketing boards were renamed or underwent other cosmetic changes. In such cases we asked questions such as: Were any marketing boards renamed but not restructured? Were any multi-commodity marketing boards split up? Or were some single-crop marketing boards merged into multi-crop marketing boards? And did this happen with or without restructuring? See further the case study of the cotton board in Kenya in Chapter 4.

When a marketing board is dissolved through liquidation or becomes smaller because of restructuring, something else must replace the marketing board fully or partly. This replacing process is loosely called "privatisation". We should bear in mind, however, that it is not always private enterprise that replaces the marketing board, either partly or fully. Sometimes it is cooperative enterprise and sometimes another part of the public sector. But, using the loose definition, one could say that "complete privatisation" occurs as the complement of "liquidation" and "degradation to monitoring", whereas "partial privatisation" accompanies "restructuring".

As partial privatisation increases the role of private and/or cooperative enterprise in the marketing channel, one often encounters criticism of these two forms of enterprise. Private enterprise has the image of efficiency but also of dishonesty both towards the farmers and the state. On the other hand cooperative enterprise is politically welcomed but is considered weak organisationally and economically⁸. Much more could be said about this, but here it suffices to say that the presumed drawbacks of increased participation by private and cooperative enterprise often modify restructuring plans, reducing their scope and impact.

2.5. Structural Adjustment policies towards agriculture

African governments have always wanted to develop and modernise the agricultural sector. But it was often hard to agree on priorities and to formulate consistent policies. Should plantations be encouraged or smallholder farmers? Should export crops be promoted or food crops? When priorities were changed, as happened in many countries, it was necessary for the marketing boards to expand or contract. We should therefore bear in mind that marketing boards were accustomed to "adjustments" long before Structural Adjustment appeared on the scene.

Will the new Structural Adjustment policies towards agriculture be favourable or harmful to the marketing boards? Will they lead to expansion or contraction? It is by no means easy to answer these questions because there are two distinct elements in the new policies: renewed emphasis on agriculture and the liberalisation of trade. The second, which is generally considered to be unfavourable to the marketing boards, is discussed at length in the next section. It is counteracted by the first element which expresses itself in various measures to increase agricultural production. (This is most conspicuous in countries where agriculture had been neglected, but measures to stimulate production can be found everywhere.) Much of the effort to promote production is directed towards smallholders. One may therefore expect that farmers sell more and that their incomes increase. A great

⁸ Since most African governments have actively sponsored rural cooperatives - often beyond what was realistic - it seems unlikely that further growth of cooperative enterprise will occur. Nevertheless, the cooperative option will be discussed at length in some countries, largely to delay the option of private enterprise.

deal has been written on the impact of Structural Adjustment on agriculture. A valuable recent book is: Commander (ed.), *Structural adjustment & agriculture*; theory and practice in Africa and Latin America (1989). As our concepts, views and terminology are generally in line with those in this volume, we further refer readers to this publication.

If Structural Adjustment succeeds in raising agricultural production, the opportunities for agricultural marketing will obviously increase, thus creating an expanding market for the marketing boards.

2.6. Liberalisation: dealing with the marketing channel

The marketing channels dominated by the marketing boards usually exhibited two deviations from a free market: monopoly and price interventions. It has been the common goal of Structural Adjustment to remove these two elements. We shall see in the next chapter whether this has happened, but here we must go into more detail about the nature and characteristics of both monopoly and price interventions.

The first point to remember about a marketing board's monopoly is that it was a legal monopoly granted by the state. Whether it was also economic in the sense of being effective in practice was another matter. Thus the monopolies of RMBs have normally been real ones, while those of GMBs were fictitious, because a parallel market for grain tended to develop, in which private enterprise competed with the GMB. In fact, some governments realised this and decided not to grant a monopoly to their GMB. What then are the consequences of the abolition of a monopoly? For an RMB it is a heavy blow, but a GMB may not suffer seriously. It is not even certain that its turnover will decrease.

Second, the monopolies have been double monopolies in the sense that they combined a buying and a selling monopoly. It is therefore impossible to abolish the buying monopoly (which has been strongly criticised) without also ending the selling monopoly, which, in some cases, may be beneficial for the country.

Third, monopoly is often equated with the exclusion of private enterprise, but this is not correct, as many marketing boards have always cooperated with private enterprise in the marketing channel, on the basis of licences or contracts. A common arrangement was that of the Licensed Buying Agent (LBA), which acted as an auxiliary of the marketing board with regard to buying, storing, processing and transporting. Frequently, an increasing role of the LBAs is the outcome of restructuring, but this does not affect the monopoly as such. As long as there is one section of the marketing channel where the marketing board enjoys an exclusive position, the monopoly continues. Conversely, the abolition of the monopoly means that henceforth rivals are given free entry to this last stronghold.

We now turn to price intervention. For various reasons (economic and social) African governments have wanted to regulate the prices of the controlled crops. And they wanted the regulation to cover all stages of the marketing channel. They tried to achieve this by fixing prices at a particular stage of the channel and to make these binding for the parties operating there. The best example is that of the producer price for export crops. By fixing this price and by keeping it constant for some six months, the government regulated the prices of all transactions between farm and port of shipment⁹. The producer price system was set up to protect producers against fluctuations of the world market price. It has always been a cornerstone of RMB operations. Conversely, the RMB was also indispensable for the producer price system because the marketing board acted as a buyer of last resort, thus guaranteeing an outlet to the farmers for sales at the official price.

In the marketing channel of a GMB there is price intervention at two stages: the producer price regulates the collection stages, and the consumer price does the same for the distribution stages. The

⁹ The producer price is normally binding at specified collection points. When producers do not take their produce to these points, they receive less for it, which in some countries is illegal.

former is supposed to assist the producers, while the latter protects the consumers. Having social obligations towards producers as well as consumers - often conflicting obligations - makes the task of a GMB difficult, more difficult than that of an RMB (Hesp & van der Laan, 1985).

It is clear that liberalisation demands that price intervention be ended. In considering this demand African governments have wondered whether they had enough confidence in a free market. Most of them were reluctant to accept a completely free grain market and wanted to maintain some form of protection of consumers. The preferred means are the ceiling price and a reserve stock.

A ceiling price differs from a consumer price in that it is reserved for emergencies. Only when free prices climb to unacceptable heights is the ceiling price applied to curb them. It is the reserve stock which enables the government to defend the ceiling price. Grain is released when free prices approach the ceiling. Of course, the reserve stock should be large enough (and should be replenished in time by imports) to keep prices indeed below the ceiling. As the management of the reserve stock is usually entrusted to the GMB, a major role remains in its hands in spite of liberalisation.

On the buying side there is a similar half-way house between the old system and a free market, namely the floor price. It guarantees a certain price to the producer just as before, but at a lower level. Whether this low price is unfair to the farmers depends on the circumstances. Grain farmers¹⁰ are encouraged to look for buyers who pay more than the floor price. If they succeed, the floor price is irrelevant for them. (This situation presents a dilemma for the GMBs: should they buy at the floor price only or should they keep their buying price in line with those in the parallel market? See Chapter 5.)

Raw material farmers are in a different position. If the RMB holds a buying monopoly, there is generally no parallel market in which farmers could obtain a better price. The marketing board therefore earns higher profits than before. Some degree of fairness can, however, be maintained, if the marketing board transfers the extra profits to the farmers by means of a "second payment" or a higher floor price in the next season.

One final comment on the floor price is in order. It is supposed to be guaranteed, but we found situations where the marketing board was relieved of its role as a buyer of last resort or was told to observe an upper limit for its purchases as part of a restructuring plan. In these situations the guarantee of the floor price is fictitious, and the market hardly differs from a free one, in particular towards the end of the season.

The last possibility to be discussed is the abolition of the producer price system. What happens to the marketing board when this cornerstone is removed? If there is no legal monopoly or no effective economic one, the marketing board must henceforth operate as a private enterprise, and may do so successfully or not.

To sum up, liberalisation may take various forms in practice. The possibilities we have explored are reflected in the tables in the following chapter.

¹⁰ Rice farmers are usually an exception. This is due to the fact that most of them are tenants in an irrigation scheme, and have to make minimum deliveries to the marketing board to pay for the services of the irrigation project authorities.

Chapter 3. Tables and comments

Our quantitative findings are presented in this chapter. They are based on a sample of 39 marketing boards. We arrived at this sample along the following lines. We conducted a search in our library focusing on marketing boards in recent years. The library proved rich enough for our purposes, but the method may have produced a bias towards the better documented countries and towards the larger and better known marketing boards. It must be added that we never aimed at a complete coverage of all marketing boards in tropical Africa, partly because of lack of time and partly because there is so much organisational change going on that complete and up-to-date lists are hard to compile.

Much of the information we found was of a fragmentary nature. It was therefore necessary to exclude a number of countries and marketing boards because the information on them was too poor or too vague. (For the excluded countries and marketing boards, see Lists 3 and 4.) In the end we arrived at 18 countries: seven of them francophone (Cameroon, Chad, Ivory Coast, Madagascar, Mali, Niger and Senegal) and eleven anglophone (Ethiopia, Gambia, Ghana, Kenya, Malawi, Nigeria, Somalia, Tanzania, Uganda, Zambia and Zimbabwe.) As to geographical balance, there are nine countries in East and also nine in West Africa. In these 18 countries we selected 39 marketing boards (see List 2). There are nine countries with only one marketing board, two with two, four with three, two with four and one (Nigeria) with six marketing boards.

The first four tables have been kept simple. Readers who want more detail are referred to Tables 5 to 7 at the end of the chapter.

3.1. Selected African marketing boards by broad categories and crops, 1980 - 1989

Table 1 shows how we divided our sample into three groups of 14 Grain Marketing Boards (GMBs), 21 Raw Material Marketing Boards (RMBs) and 4 combinations of GMB and RMB, as well as how the various controlled crops are covered.

We note that the RMBs are in the majority in our sample. This is not surprising in view of the following circumstances. First, in countries like Kenya, Nigeria (till 1986) and Uganda, there are several RMBs but there is only one GMB. (The only countries in our sample with more than one GMB are Mali, Niger and Senegal.) Second, in some countries, notably in the humid tropics, the staple food consists of tubers and roots and not of grains, thus ruling out the establishment of a GMB. (These facts are not always reflected in the political discussions, in which the GMBs attract more attention than the RMBs.)

Because of liquidations some marketing boards in our sample were no longer in existence at the end of the decade. The figures in brackets in the right-hand column of Table 1 refer to the "survivors", that is the marketing boards in existence at the end of 1989.

The pure GMBs and RMBs proved suitable for further tabulation. This is done in Tables 2 and 3 respectively. This approach was not feasible for the third category, that is, combinations of a GMB and an RMB. In our sample the three marketing boards in Madagascar and the one in Malawi belong to this category. In the text we will refer to their experience when appropriate. A case-study of the marketing board in Malawi is presented in Chapter 4.

Table 1 **SELECTED AFRICAN MARKETING BOARDS BY BROAD CATEGORIES AND CROPS, 1980 - 1989**

Information refers to:

14 GMBs

- millet, sorghum and/or teff	4	(4)
- maize	5	(5)
- rice	3	(3)
- miscellaneous	2	(1)
	14	(13)

21 RMBs

- cocoa and/or coffee	6	(5)
- cotton	6	(5)
- tea	2	(2)
- groundnuts	5	(3)
- palm produce	1	(0)
- rubber	1	(0)
	21	(15)

4 Combinations of GMB and RMB, of which 3 in Madagascar and 1 in Malawi (4)

TOTAL: 39 (32) marketing boards.

N.B.: The figures in brackets refer to marketing boards in existence at the end of 1989.

See Table 5 at the end of this chapter for a detailed presentation of Table 1.

3.2. The impact of Structural Adjustment on selected Grain Marketing Boards

Table 2 on the next page shows the impact of Structural Adjustment on the Grain Marketing Boards in our sample.

1. Looking at what happened to the marketing boards as organisations, it is clear that the organisation of almost all GMBs in our sample has been affected by Structural Adjustment policies. The only marketing boards whose board organisation has been retained without (major) changes are

Table 2 **THE IMPACT OF SA ON SELECTED GMBs**

1.	Board organisation	
	- liquidated	1
	- reduced to monitoring	0
	- restructured	6
	- retained without (major) change	3
	- rehabilitated	4
	- not enough information	0
		14
2.	Buying (and selling) monopoly	
	- never existed	3
	- did not exist in 1980	1
	- abolished	8
	- still exists	1
	- no information	0
		13 *
3.	Producer price system	
	- did not exist in 1980	1
	- maintained	8
	- changed into a floor price system	2
	- abolished	2
	- no information	0
		13 *
4.	Consumer price system	
	- maintained	6
	- changed into a ceiling price system	2
	- abolished	2
	- no information	3
		13 *

* N.B.: The one Nigerian GMB - abolished in 1986 - is not included here.

See Table 6 at the end of this chapter for a detailed presentation of Table 2.

the CSA in Senegal, NAMBOARD in Zambia¹ and the GMB in Zimbabwe.

One marketing board, the Grains Board in Nigeria, was liquidated. As the abolition of this marketing board coincided with that of five RMBs, we postpone our comments to section 3.3.

None of the marketing boards was stripped of its trading function, that is reduced to monitoring, although there was heavy pressure on several governments in the Sahel to install a free market and to rely on a monitoring service for preventing excessively high prices. The monitoring units in several GMBs have indeed been improved, but not, as yet, at the expense of trading.

The table shows that 6 GMBs were restructured. This is the case with the NCPB in Kenya, OPAM in Mali, the OPVN in Niger, the CPSP in Senegal, the NMC in Tanzania and the PMB in Uganda. This is, as we saw, a blanket term. In some cases it meant that the government imposed upper limits on annual purchases and/or total stocks. Our sample contains two examples in West Africa - the OPVN in Niger (80,000 tonnes) and the CPSP in Senegal (60,000 tonnes) - and two examples in East Africa - the NCPB in Kenya (900,000 tons) and the PMB in Uganda (24,000 tons). Such maximum stocks, which in many cases are regarded as food security stocks, play a role in the maintenance of the ceiling price (see below). Restructuring may further mean that the GMB has to withdraw from direct buying from the farmers. Instead it has to secure its supplies from wholesalers (including cooperatives). In some cases, such as Niger (OPVN), a tendering system was set up for this purpose.

Some GMBs were lucky to be recommended for rehabilitation. This happened to RINI in Niger and the ON in Mali. Both are rice marketing and milling boards and it appears that high expectations concerning the cultivation of irrigated rice prompted governments and/or donors to restore the two marketing boards to their previous performance, or even to increase their capacity. Finally, food security considerations played a role in the rehabilitation plans for the AMC in Ethiopia and the ADC in Somalia.

2. Turning to the buying (and selling) monopoly, we see that the monopoly of 8 marketing boards (out of the 9 that held a monopoly²) was abolished. This is probably the area where Structural Adjustment has had the most conspicuous impact. In trying to understand this, we should realise, first, that the performance of governments and marketing boards in controlling the grain market had generally been poor, and second, that the GMBs had little reason to oppose the abolition of a monopoly that was largely fictitious. In Table 3 we have given the years in which the (nominal!) monopolies were abolished. Apparently, there was a bunching in the mid-1980s.

3. Table 2 further shows what has happened to the producer price system of the GMBs in our sample. As we have stated earlier, it has been a common goal of Structural Adjustment to remove price interventions. We should therefore expect the producer price system to have been abolished in most cases. The reverse is true, however: the producer price system of 8 out of 12 marketing boards³ has been maintained. This is the case with the AMC in Ethiopia, the NCPB in Kenya, the ADC in Somalia, NAMBOARD in Zambia, the GMB in Zimbabwe, and with all three rice marketing boards in our sample: the ON in Mali, RINI in Niger and the CPSP in Senegal.

Only 2 marketing boards changed their producer price system into a floor price system: the CSA in Senegal and the NMC in Tanzania. The last mentioned is the only maize marketing board in our sample which did not maintain the original producer price system.

The producer price system was abolished in only 2 cases: OPAM in Mali and the OPVN in Niger. Both marketing boards not only abolished the producer price system, but also lost their legal monopoly. This means, as we have mentioned earlier, that both marketing boards now conduct their buying operations as private enterprises.

¹ The case of NAMBOARD is a special one. There have been many zigzag changes during the decade under review, but, in balance, the marketing board may have been equally strong (or weak) in 1989 as in 1980.

² Three GMBs never held a monopoly - the ON in Mali, RINI in Niger and the CSA in Senegal - while the monopoly of the PMB in Uganda did not exist in 1980. Only the GMB in Zimbabwe still holds a monopoly.

³ One marketing board, the PMB in Uganda, did not have a producer price system in 1980.

Table 3 ABOLITION OF GMB MONOPOLIES

Monopoly abolished in:		
OPAM	Mali	1982
ADC	Somalia	1982 (?)
OPVN	Niger	1984
NCPB	Kenya	1986 (?)
CPSP	Senegal	1986
NMC	Tanzania	1986
NAMBOARD	Zambia	1986
AMC	Ethiopia	1988

4. Our comments on the consumer price system concern ten marketing boards only, as the information on the other three was insufficient. The consumer price system has been maintained for 6 marketing boards. This is the case with the AMC in Ethiopia, the ADC in Somalia, as well as with all maize marketing boards in our sample: the NCPB in Kenya, the NMC in Tanzania, NAMBOARD in Zambia and the GMB in Zimbabwe. From these 6 marketing boards, 5 also maintained their producer price system. The only exception is the NMC in Tanzania, where the consumer price system was maintained but the producer price system changed into a floor price system.

In Senegal both GMBs changed the consumer price system into a ceiling price system: the CPSP, while maintaining its producer price system, and the CSA, while changing its producer price system into a floor price system.

Finally, in Niger both GMBs abolished the consumer price system: RINI, while maintaining its producer price system, and the OPVN, while abolishing its producer price system.

3.3. The impact of Structural Adjustment on selected Raw Material Marketing Boards

Table 4 shows the impact of Structural Adjustment on the Raw Material Marketing Boards in our sample.

1. As in the case of the GMBs, we can conclude that the board organisation of almost all RMBs in our sample has been affected. Only 3 RMBs retained their board organisation without (major) change: the ECOM in Ethiopia, the KTDA in Kenya and the UTGC in Uganda.

No fewer than 6, that is almost one third, were liquidated, but we must point out that five of them operated in Nigeria. In early 1986 the Nigerian government decided to abolish all its marketing boards in one blow. The decision affected five RMBs (for cocoa, groundnuts, cotton, rubber⁴ and palm produce) and its only GMB. Two points should be noted. First, the government treated all marketing

⁴ In general rubber is a plantation crop, but in Nigeria it seems to have been produced by smallholders and outgrowers.

Table 4 THE IMPACT OF SA ON SELECTED RMBs

1.	Board organisation	
	- liquidated	6
	- reduced to monitoring	1
	- restructured	9
	- retained without (major) change	3
	- rehabilitated	2
	- not enough information	0
		21
2.	Buying (and selling) monopoly	
	- maintained	10
	- abolished	4
	- no information	1
		15 *
3.	Producer price system	
	- maintained	13
	- changed into a floor price system	1
	- abolished	1
	- no information	0
		15 *

* N.B.: The five Nigerian RMBs, abolished in 1986, as well as ONCAD in Senegal, abolished in 1980, are not included here.

See Table 7 at the end of this chapter for a detailed presentation of Table 4.

boards in the same way, without considering profitability or crop-specific roles. In all other countries the difference between various marketing boards was taken into account in the evaluation process. Second, the decision was not imposed by donor organisations. It is further important to note that Nigeria has not re-established a new form of marketing board since 1986. The sixth marketing board that was liquidated was ONCAD, the groundnut board in Senegal: see the case-study in Chapter 4.

Only one marketing board, SONACOS in Senegal, was reduced to monitoring: see the same case-study.

Of the marketing boards, 40 per cent were restructured (9 out of 21): the ONCPB in Cameroon, COTONTCHAD in Chad, the GPMB in Gambia, the GCMB in Ghana, CAISTAB in Ivory Coast, the CBK in Kenya, SONARA in Niger, the TCMB in Tanzania and the CMB in Uganda. We found one example of an RMB, COTONTCHAD, on which the government imposed an upper limit on

purchases⁵. For detailed examples of restructuring see the case-studies of the cocoa and coffee marketing board in Cameroon (ONCPB) and the cotton marketing board in Kenya (CBK).

Two RMBs qualified for rehabilitation: the CMDT in Mali and the LMB in Uganda. Both of them are cotton marketing boards, and their rehabilitation must be seen as a sign of renewed interest in cotton cultivation in those countries. Apparently, the donor community (or part of it) was in favour.

2. The information on the buying (and selling) monopoly refers to fifteen marketing boards, because the six marketing boards that were liquidated during the period under review were not included in the analysis. It is surprising that as many as 10 RMBs maintained their monopoly: the ONCPB in Cameroon, COTONTCHAD in Chad, the ECMC in Ethiopia, the GPMB in Gambia, the GCMB in Ghana, the CBK and the KTDA in Kenya, the CMDT in Mali, the TCMB in Tanzania and the LMB in Uganda. The explanation of the fact that most RMBs maintained their monopoly, lies largely in the crops they handled: cocoa, coffee, cotton and tea are prone to maintaining a marketing board monopoly, although there are exceptions: cocoa and coffee in Ivory Coast (where private exporters had long been operating as auxiliaries of CAISTAB, but became rivals in 1989), and coffee in Uganda (CMB). Among the 10 mentioned is one groundnut marketing board, the GPMB in Gambia. Its monopoly was maintained, but as there has always been a parallel market for groundnuts in Gambia - as well as in neighbouring Senegal - the monopoly was nominal.

3. Also referring to fifteen marketing boards, the table shows that the producer price system has been maintained for as many as 13 boards. There is a close correlation between keeping a buying monopoly and continuing the producer price system, because this happened to at least 9 marketing boards: the ONCPB in Cameroon, COTONTCHAD in Chad, the ECMC in Ethiopia, the GCMB in Ghana, the CBK and the KTDA in Kenya, the CMDT in Mali, the TCMB in Tanzania and the LMB in Uganda. It is worthwhile to look at the exceptions. First, the groundnut board in Gambia (GPMB) maintained its monopoly but changed over to a floor price system, which fits in well with the parallel market, mentioned above. Second, the producer price system was maintained for CAISTAB, SONACOS and the CMB, even if the monopoly was abolished. These are interesting cases because it is organisationally difficult to make a producer price effective when there is no real monopoly. Third, in the case of SONARA both the producer price system and the monopoly were abolished. This greatly weakened SONARA, which had originally traded in groundnuts but depended mainly on dried beans during the 1980s.

⁵ A maximum of 100,000 tonnes of raw cotton was imposed in the 1987/88 season.

Table 5 **SELECTED AFRICAN MARKETING BOARDS BY BROAD CATEGORIES AND CROPS, 1980 - 1989**

14 GMBs:

millet, sorghum and/or teff

- Agricultural Marketing Corporation	AMC	Ethiopia
- Office des Produits Agricoles du Mali	OPAM	Mali
- Office des Produits Vivriers du Niger	OPVN	Niger
- Commissariat à la Sécurité Alimentaire	CSA	Senegal

maize

- National Cereals and Produce Board	NCPB	Kenya
- National Milling Corporation	NMC	Tanzania
- Produce Marketing Board	PMB	Uganda
- National Agricultural Marketing Board	NAMBOARD	Zambia
- Grain Marketing Board	GMB	Zimbabwe

rice

- Office du Niger	ON	Mali
- Riz du Niger	RINI	Niger
- Caisse de Péréquation et de Stabilisation des Prix	CPSP	Senegal

miscellaneous

- Nigerian Grains Board *	-	Nigeria
- Agricultural Development Corporation	ADC	Somalia

21 RMBs:

cocoa and/or coffee

- Office National de Commercialisation des Produits de Base	ONCPB	Cameroon
- Ethiopian Coffee Marketing Corporation	ECMC	Ethiopia
- Ghana Cocoa Marketing Board	GCMB	Ghana
- Caisse de Stabilisation	CAISTAB	Ivory Coast
- Nigerian Cocoa Board *	-	Nigeria
- Coffee Marketing Board	CMB	Uganda

cotton

- Société Cotonnière du Tchad	COTONTCHAD	Chad
- Cotton Board of Kenya	CBK	Kenya
- Compagnie Malienne pour le Développement des Textiles	CMDT	Mali
- Nigerian Cotton Board *	-	Nigeria
- Tanzania Cotton Marketing Board	TCMB	Tanzania
- Lint Marketing Board	LMB	Uganda

tea

- Kenya Tea Development Authority	KTDA	Kenya
- Uganda Tea Growers Corporation	UTGC	Uganda

groundnuts

- Gambia Produce Marketing Board	GPMB	Gambia
- Société Nigérienne de Commercialisation de l'Arachide et du Niébé	SONARA	Niger Nigeria
- Nigerian Groundnut Board *	-	
- Office National de Coopération et d'Assistance pour le Développement *	ONCAD	Senegal
- Société Nationale de Commercialisation des Oléagineux du Sénégal	SONACOS	Senegal

palm produce

- Nigerian Palm Produce Board *	-	Nigeria
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rubber

- Nigerian Rubber Board *	-	Nigeria
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4 GMBs + RMBs:

- Société d'Intérêt National des Produits Agricoles	SINPA	Madagascar
- Tranombarotra Roso	ROSO	Madagascar
- Société Malgache de la Collecte et de la Distribution	SOMACODIS	Madagascar
- Agricultural Development and Marketing Corporation	ADMARC	Malawi

* No longer in existence.

Table 6 THE IMPACT OF SA ON SELECTED GMBs

1. Board organisation

1 liquidated	Nigerian Grains Board	Nigeria
0 reduced to monitoring		
6 restructured	NCPB OPAM OPVN CPSP NMC PMB	Kenya Mali Niger Senegal Tanzania Uganda
3 retained without (major) change	CSA NAMBOARD GMB	Senegal Zambia Zimbabwe
4 rehabilitated	AMC ON RINI ADC	Ethiopia Mali Niger Somalia
0 not enough information		

2. Buying (and selling) monopoly

3 never existed	ON RINI CSA	Mali Niger Senegal
1 did not exist in 1980	PMB	Uganda
8 abolished	AMC NCPB OPAM OPVN CPSP ADC NMC NAMBOARD	Ethiopia Kenya Mali Niger Senegal Somalia Tanzania Zambia
1 still exists	GMB	Zimbabwe
0 no information		

3. **Producer price system**

1 did not exist in 1980	PMB	Uganda
8 maintained	AMC NCPB ON RINI CPSP ADC NAMBOARD GMB	Ethiopia Kenya Mali Niger Senegal Somalia Zambia Zimbabwe
2 changed into a floor price system	CSA NMC	Senegal Tanzania
2 abolished	OPAM OPVN	Mali Niger
0 no information		

4. **Consumer price system**

6 maintained	AMC NCPB ADC NMC NAMBOARD GMB	Ethiopia Kenya Somalia Tanzania Zambia Zimbabwe
2 changed into a ceiling price system	CPSP CSA	Senegal Senegal
2 abolished	RINI OPVN	Niger Niger
3 no information	OPAM ON PMB	Mali Mali Uganda

Table 7 THE IMPACT OF SA ON SELECTED RMBs

1. Board organisation

6 liquidated	Nigerian Cocoa Board Nigerian Groundnut Board Nigerian Cotton Board Nigerian Rubber Board Nigerian Palm Produce Board ONCAD	Nigeria Nigeria Nigeria Nigeria Nigeria Senegal
1 reduced to monitoring	SONACOS	Senegal
9 restructured	ONCPB COTONTCHAD GPMB GCMB CAISTAB CBK SONARA TCMB CMB	Cameroon Chad Gambia Ghana Ivory Coast Kenya Niger Tanzania Uganda
3 retained without (major) change	ECMC KTDA UTGC	Ethiopia Kenya Uganda
2 rehabilitated	CMDT LMB	Mali Uganda
0 not enough information		

2. Buying (and selling) monopoly

10 maintained	ONCPB COTONTCHAD ECMC GPMB GCMB CBK KTDA CMDT TCMB LMB	Cameroon Chad Ethiopia Gambia Ghana Kenya Kenya Mali Tanzania Uganda
4 abolished	CAISTAB SONARA SONACOS CMB	Ivory Coast Niger Senegal Uganda
1 no information	UTGC	Uganda

3. **Producer price system**

13 maintained	ONCPB COTONTCHAD ECMC GCMB CAISTAB CBK KTDA CMDT SONACOS TCMB CMB LMB UTGC	Cameroon Chad Ethiopia Ghana Ivory Coast Kenya Kenya Mali Senegal Tanzania Uganda Uganda Uganda
1 changed into a floor price system	GPMB	Gambia
1 abolished	SONARA	Niger
0 no information		

Chapter 4. Case studies

During our library search we found a number of marketing boards for which the information available was relatively rich and reliable. From those we selected five case studies. We are particularly happy that ADMARC is among them because it had to be left aside in Chapter 3 on account of the design of the tables. Besides ADMARC there are three RMBs and one GMB. In assessing the representativity of the countries selected here, one should note that two of them are francophone and three anglophone. Again, two are in West Africa and three in East Africa. The case studies are arranged in alphabetical order using the names of the countries as points of reference.

Each case study deals with board organisation, monopoly, and price intervention, which are the three topics that were also covered in the tables of Chapter 3. The accounts are factual. We have considered to add a preliminary evaluation of the outcome of the reorganisations, but this seemed a dubious exercise. First, there was the theoretical objection that no suitable standards have as yet been developed against which performance can be measured. Second, there was the practical consideration that, except for Cameroon, we have no first-hand knowledge of the countries covered in this chapter.

4.1. The ONCPB in Cameroon

The *Office National de Commercialisation des Produits de Base* (ONCPB) is a multi-commodity RMB, which started operations in 1978. By following a prudent course of modest expansion and staying clear of crop-promotional activities, it managed to avoid major problems until 1987.

Because of falling world prices for cocoa and coffee in 1987, Cameroon, like many other countries, had to face the question whether it should lower its producer prices or not. The Cameroonian government decided to maintain them at the old level, which seemed justified because of the considerable stabilisation reserves of the ONCPB. Unfortunately, it turned out that most of these reserves could not be mobilised because the banks in Cameroon failed to meet their obligations. More or less at the same time exports of coffee slowed down, saddling the ONCPB with excessive stocks which reached 100,000 tonnes in 1989, thus aggravating the marketing board's liquidity crisis.

The inability of a large parastatal to fulfil its obligations towards farmers, cooperatives and others, forced the government to come to its rescue. But, as Structural Adjustment thinking was strong in Cameroon, a plan for the financial recovery of the marketing board was accompanied by a programme of restructuring. In keeping with practices elsewhere in francophone Africa, the government and the marketing board signed a "contrat plan", a performance contract, in December 1989. This stipulated the following points.

First, the ONCPB had to dispose of its plantations (which were small). Second, it had to give up three out of its five crops. It retained the major crops, cocoa and coffee, and lost cotton (for which it had shared responsibility with another parastatal, SODECOTON), and palm kernels and groundnuts, purchases of which had been small. In sum, withdrawal from these three crops made little difference to the ONCPB. Third, it had to close five of its twelve branches and had to withdraw from certain stages of collection in favour of private or cooperative enterprise. Fourth, it had to terminate its quality control activities at village level and dismiss the inspectors. All these measures together made many employees and assets redundant. Staff was reduced by 60 per cent.

How ever drastic the restructuring was, some basic elements of the marketing board system were preserved. Thus, the marketing board's monopolies for cocoa and coffee were maintained (except for some arabica coffee). Moreover, the producer price system was maintained and the goal of price stabilisation was conspicuously confirmed in the performance contract. At the same time the producer prices for cocoa and coffee were drastically lowered, thus compelling farmers to make their contribution to the marketing board's financial recovery. To limit the disadvantages for the farmers,

consideration was given to a new system with a (variable) second payment to supplement the producer price.

Summary.	- Board organisation:	restructured.
	- Buying (and selling) monopoly:	maintained.
	- Producer price system:	maintained.

4.2. The CBK in Kenya

The Kenyan government has always promoted the cotton sector, but its commitment deepened in the 1970s with the growing significance of the local textile industry. In 1976 the government formulated a cotton self-sufficiency policy and launched a Cotton Development Programme, the execution of which was partly entrusted to the *Cotton Lint and Seed Marketing Board* (CLSMB), the RMB which has dominated the cotton sector since 1954. This increased the role of the marketing board in ginning (and related buying) in several areas. Elsewhere cooperative or private ginneries organised the cotton buying operations.

Around 1980 problems arose. One of them concerned the provision of credit to cotton farmers. Poor repayment performance contributed to liquidity problems, which culminated in 1985. Since then there have been lengthy discussions on the future of the marketing board. We note that these took place at a time that Structural Adjustment thinking was gaining ground and queried the need for marketing boards.

In July 1988 parliament passed the Cotton Act, which brought a (provisional!) end to the discussions. By renaming the marketing board - it is now called the *Cotton Board of Kenya* (CBK) - the new act underlined the significance of the reorganisation.

The main change concerned processing: the marketing board was instructed to sell its five ginneries. It was also to withdraw from buying raw cotton from farmers or cooperatives. The idea was that the new marketing board would henceforth occupy only one section of the marketing chain - the short section between the (private or cooperative) ginneries and the textile mills. A related change was that the marketing board should withdraw from the trade in, and control over, cotton seed, the by-product of cotton lint in the ginning process. Henceforth, the ginneries would be free to sell their cotton seed directly to the oil crushers (Dijkstra, 1990).

We used the word "provisional" above because a new debate on the interpretation and implementation of the Cotton Act has since begun. A sore subject is the sale of the ginneries. Who will be the new owners? There is strong opposition against sale to private entrepreneurs but, if this is excluded, only the cooperatives remain as potential buyers, and there are serious doubts about their financial and managerial capacity. As a result, sale of the ginneries has been delayed.

Another point which was not settled in the new act was the way in which the marketing board would sell cotton to the textile mills. There was a clear preference for the establishment of cotton auctions, which would allow world trends to determine local sales prices. But auctions are not easy to organise and the CBK may not make a great effort if it realises that the auctions may pose a new threat to the marketing board. At present the marketing board is supposed to remain an independent actor between ginneries and textile mills, but the ginneries may later propose that the marketing board be reduced to the role of being their sales agent. These proposals would be hard to resist when the auctions perform well.

We now turn to price intervention. This was ended for cotton lint and cotton seed but retained for raw cotton, where the producer price system was preserved and the marketing board was maintained in its role of buyer of last resort. These decisions will make it very hard for the government to strip the marketing board of its trading functions, even more so as it is unlikely that an association of ginners or of textile millers would be prepared and capable of guaranteeing the producer price.

In brief, the cotton board in Kenya has lost a great deal of its functions and may even lose more, but it seems unlikely that the government will liquidate the CBK.

Summary.	- Board organisation:	restructured.
	- Buying (and selling) monopoly:	maintained for raw cotton and lint.
	- Producer price system:	maintained for raw cotton.

4.3. ADMARC in Malawi

In Malawi the *Native Tobacco Board* was created in 1926. Its original function of controlling tobacco production soon expanded to include complete primary marketing of tobacco grown by smallholder farmers throughout the country. In 1952 its name was changed into the *African Tobacco Board*. In 1953 two additional marketing boards were created to perform the same tasks for maize and cotton. In 1956 these three bodies merged to form the *Agricultural Production and Marketing Board*, which name was changed into the *Farmers Marketing Board* in 1962. In 1971 the functions of the marketing board were modified to better fit its activities. From then onwards it was known as the *Agricultural Development and Marketing Corporation* (ADMARC).

It has to be stressed that ADMARC purchases only from the smallholder sector. While smallholder farmers are obliged to sell through ADMARC at government-fixed producer prices, estate owners are able to sell directly to private buyers (see below).

Because of the agricultural produce it handles, ADMARC has to be classified as a combination of a GMB and an RMB: it purchases from smallholder farmers both grains - especially maize and rice - and raw materials - especially cotton, tobacco and groundnuts. ADMARC also handles minor crops like coffee, wheat, cassava, sunflower seeds and oilseeds.

ADMARC has a buying monopoly for all cotton and tobacco grown by smallholders on customary land. Furthermore, ADMARC has the right to buy all other agricultural produce from smallholder farmers, including maize, Malawi's main food crop.

Tobacco estate owners have been granted licenses to grow burley and flue-cured tobacco and to sell their products at market prices offered by private buyers. Smallholders, on the other hand, have not been allowed to grow either burley or flue-cured tobacco and must sell the varieties they grow (dark-fired, sun-cured and air-cured tobacco) to ADMARC at fixed prices. There are thus differential rights to grow and sell export crops, which have had an adverse impact on smallholder agricultural production. Marketed output of most smallholder crops, with the exception of maize, has stagnated or fallen.

In the 1970s the government changed ADMARC's pricing and marketing strategy in order to increase agricultural productivity. To promote smallholder cash cropping, ADMARC had to pay the highest possible producer prices without disregarding the principle of import/export parity pricing. However, to ensure a reasonable degree of stability, a Price Reserve Fund was set up to protect smallholder farmers against international price fluctuations, while pan-territorial pricing was instituted to implement the principle of regional equity.

At the end of the 1970s the government initiated the National Rural Development Plan (NRDP). The main objective of the NRDP was maize self-sufficiency, with emphasis on subsidised seed and fertiliser as a means to promote the use of improved maize varieties by smallholder farmers. Furthermore, national food security was again emphasised by a decision of the early 1980s to establish a strategic grain reserve of 180,000 tons¹.

¹ This is much higher than the reserves in Niger and Senegal, but lower than those in Kenya (see Chapter 3).

In response to the weak performance of private-sector marketing, the government expanded the operations of ADMARC to fill the void, a step which donors endorsed with financial support. From 1981 onwards Malawi has received three Structural Adjustment Loans (SALs) from the World Bank and other donors. The main objectives of the pricing policy, included in the SALs, were the attainment of self-sufficiency in food and the promotion of export crops.

However, in the 1980s a conflict arose between these two main objectives of the SALs, with the World Bank prescribing the use of parity pricing to encourage cash crops and the government continuing to place priority on food crops. By means of producer price increases - initially for maize, later for export crops - both parties placed excessive emphasis on reaching a market surplus: of maize in case of the government, of export crops in case of the World Bank.

The objective to build up a strategic grain reserve has, however, been realised. Having suffered occasional delays in obtaining urgently needed imports of maize, the government was determined to become self-sufficient in maize production, relying primarily on the producer price to establish a buffer stock. Accordingly it raised the producer price of maize by 32 per cent in 1979/80 and by 68 per cent in 1981/82, an increase that resulted in a surge in sales to ADMARC and helped to build up the 180,000 tons strategic reserve (Harrigan, 1988: p. 420). ADMARC was expected to control and finance this strategic grain reserve and to continue to protect consumers with subsidies on maize in times of increasing producer prices.

In 1983/84, in order to finance the construction of silos and stocks, ADMARC borrowed at a time when interest rates were high. Unfortunately, the government was unable to reimburse ADMARC for either the silos or the working capital needed for stockbuilding. Increased finance charges were due largely to the increase in producer prices and the resultant decrease in liquidity. ADMARC's profits fell by 50 per cent in 1983/84, and changed into substantial losses in 1985/86 and 1986/87.

ADMARC was therefore in a precarious financial position when the government introduced the liberalisation of agricultural marketing in 1987. It is noteworthy that tobacco and cotton were exempted: ADMARC retained its buying monopoly for these two crops. But the trade in maize, groundnuts, and so on, was liberalised, although official floor and ceiling prices for maize continued to be fixed. The maize market was liberalised on the assumption that ADMARC would always have sufficient stocks to protect the ceiling price for maize. Unfortunately, liberalisation coincided with a large influx of refugees and therefore an increased demand for maize, which caused the market price to increase sharply above ADMARC's floor price. As a result, the volume of ADMARC's purchases fell considerably below the target level of recent years. ADMARC soon ran out of maize stocks. While Malawi from 1983 till 1986 had been a net exporter of maize, ADMARC's maize purchases declined by 59 per cent in 1986/87, while at the same time ADMARC's domestic maize sales reached a record level of 286,400 tons, so producing a dramatic run-down of stocks. Early in 1987, the government was forced to rely on donor-funded imports of 140,000 tons against a price which far exceeded the then current producer price (Harrigan, 1988: p. 420). Although purchases increased somewhat in 1988, there was grave doubt about ADMARC's ability to fulfil its mandate to achieve food security under these circumstances. Since then the government has taken over ADMARC's strategic grain reserve and has relieved ADMARC from its financial obligations in this respect. Furthermore, in an effort to bring about greater rationalisation and efficiency, many of ADMARC's seasonal markets were closed. The World Bank hoped to have nearly 200 markets closed in 1987/88 out of a total of over 500², but settled for 123. (The closure of seasonal markets was partly offset by the new markets that ADMARC opened.)

On July 15th, 1988, Malawi became the first recipient of an IMF Enhanced Structural Adjustment Facility (ESAF), meant to support the government's medium-term economic objectives, outlined in the three-year Policy Framework Paper (PFP) and approved by the World Bank in mid-June 1988. One of the main conditions of the ESAF implied an extensive reorganisation of ADMARC, in which it is, however, expected to continue many of its commercial activities.

² ADMARC has built up an extensive national buying network, consisting of 5 divisions, 11 main depots, 33 parent markets and 551 seasonal markets (Association of Food Marketing Agencies in Eastern and Southern Africa, 1989).

Summary.	- Board organisation:	restructured.
	- Buying (and selling) monopoly:	abolished for grains; maintained for cotton and tobacco.
	- Producer price system:	abolished for grains; maintained for cotton and tobacco.
	- Consumer price system:	maintained for grains.

4.4. ONCAD and SONACOS in Senegal

In Senegal's groundnut marketing channel two marketing boards have operated: the *Office National de Coopération et d'Assistance pour le Développement* (ONCAD) from 1966 to 1980, and the *Société Nationale de Commercialisation des Oléagineux du Sénégal* (SONACOS) from 1980 onwards. The latter was restructured in 1986. This case study must therefore examine the liquidation of 1980 and the reorganisation of 1986.

Towards the end of its existence ONCAD was engaged in three fields of activity:

- (a) it was the principal enterprise in the groundnut marketing channel;
- (b) it was responsible for crop-promotional activities for groundnuts; and
- (c) it traded in millet.

Each of these fields requires further explanation.

In the groundnut marketing channel ONCAD bought from village cooperatives which organised the primary collection of groundnuts. On the selling side ONCAD faced two categories of clients: overseas importers and local crushers. As the processing capacity of the latter greatly increased during the 1960s, the significance of exports fell. In 1975 SONACOS was established as a new parastatal between ONCAD and three large private crushers. (There was a fourth crusher, which was a parastatal.)

ONCAD's second field of activity consisted of crop-promotional activities such as the storage and distribution of seed (a special feature of groundnut cultivation), the provision and distribution of fertilisers and other farm inputs, and the provision of agricultural credit. This second line was designed to be closely linked to the groundnut marketing channel but in practice coordination was poor (Caswell, 1985).

ONCAD's third and most recent field was the trade in millet. As it was supposed to regulate the millet market, ONCAD was also a GMB. Logistically, this combination of RMB and GMB seemed desirable, but financially it was dangerous. When ONCAD bought over a 100,000 tonnes of millet in 1978 and could not clear this stock before the next harvest, its liquidity position deteriorated seriously (Creupelandt, 1983).

By 1980 ONCAD's deficits began to endanger the financial position of the whole public sector and the government chose the most drastic solution: liquidation. But this had to be accompanied by measures to fill the vacuum caused by ONCAD's dissolution. These measures must now be discussed.

In the groundnut marketing channel the cooperatives were called upon to increase their role. Henceforth they had to assemble groundnuts at district level, where SONACOS was equipped to take delivery. In terms of operations and staff SONACOS expanded only slightly but its organisational and financial responsibility increased greatly because, as agent of the three crushers, SONACOS now had to organise and finance the groundnut campaign. It should be noted that private enterprise remained excluded. There was no place for private traders in the collection stages and no place for private crushers at the processing stages. In this connection we note that SONACOS had taken over the three private crushers in the two years before ONCAD's dissolution (Péhaut, 1984).

With regard to crop-promotional activities the Senegalese government decided to suspend the provision of credit for five years. The distribution of seed and farm inputs was, however, continued and entrusted to a new parastatal, the *Société Nationale d'Approvisionnement du Monde Rural* (SONAR). Finally, ONCAD's millet trading was, in due time and at a reduced scale, taken over by the *Commissariat à la Sécurité Alimentaire* (CSA). It was only in the millet market that ONCAD's dissolution brought greater participation by private enterprise. In the other fields of activity there was increased participation by other parastatals or the cooperatives.

A second reorganisation of the groundnut sector came in 1986 with the liberalisation of trade. The main change was re-admission of private traders to the groundnut marketing channel. They were allowed to buy from the farmers and to sell to the crushers. Thus, they bypassed the cooperatives and SONACOS. Anticipating a drastic fall in its turnover, the government decided to turn SONACOS into a monitoring institution.

The dissolution of SONAR brought further changes in 1986. The distribution of farm inputs passed to private enterprise, while many farmers, at the request of the government, took over the storage of groundnut seeds for the next year's planting. As a precaution, the government asked SONACOS to hold a reserve stock of 100,000 tonnes of groundnut seeds.

Summary.	- Board organisation:	reduced to monitoring.
	- Buying (and selling) monopoly:	abolished.
	- Producer price system:	maintained.

4.5. The NMC in Tanzania

The *National Milling Corporation* (NMC) was established in 1968. As the central grain board of Tanzania, it was charged with responsibility for the marketing of maize, rice, sorghum, wheat, beans and cassava. Maize has always been the principal product.

In 1980, at the beginning of the decade under review, the NMC obtained its supplies of produce from the primary cooperative societies in the villages. In keeping with the Arusha Declaration of 1967, there was no room for private traders in agricultural marketing. The NMC played a crucial role in the collection, transport, storage, milling and distribution of maize. It was also a major instrument in the policy of the government to keep the cost of living low.

The NMC underwent two reorganisations during the 1980s, which were closely related to a series of economic policies, which Tanzania had to adopt in this period. A National Economic Survival Programme for 1981-82 was succeeded by a Structural Adjustment Programme (SAP) for 1982-85, and an Economic Recovery Programme (ERP) for 1986-89.

The prelude to the first reorganisation began in the 1970s. By 1980 the NMC was involved in a serious crisis, which, according to Bryceson (1985), was caused by inadequate transport, a complicated procurement system, inappropriate pricing and large storage losses. These problems culminated in a liquidity crisis in December 1980, which demanded a drastic reorganisation: selling prices were raised, management was improved, and, above all, procurement was reorganised in 1982. Cooperative unions were reinstated at district level and were assigned a new role in the marketing channel between the primary cooperative societies and the NMC. Thus, the responsibilities of the NMC with regard to collection, procurement and transport were drastically reduced, which enabled the Corporation to recover from the crisis. We note that the reorganisation of 1982 was a reshuffle of tasks: the parastatal lost ground, the cooperative sector took over and private enterprise continued to be left out. Public control over grain marketing was decentralised rather than relinquished.

A second reorganisation took place in 1986 as a consequence of the liberalisation of the trade in food crops. The buying and selling monopolies of the NMC were abolished. At first, the NMC's share of

the market remained large because the floor price had been fixed too high in relation to a huge maize harvest. Later its share fell and is estimated to be one quarter at present.

In 1986 it was decided that the NMC should continue to play a role in the government's food security policy. As such it was charged with the management of the strategic grain reserve. It is well equipped for this task because it has a storage capacity of more than 950,000 tons. Related duties of the NMC are: to monitor the food situation in the country, and to make recommendations to the government in the field of importing additional food or exporting grain surpluses.

Summary.	- Board organisation:	restructured.
	- Buying (and selling) monopoly:	abolished.
	- Producer price system:	changed into a floor price system.
	- Consumer price system:	maintained.

Chapter 5. Some patterns and trends

In the Introduction we referred to prophecies of doom with regard to the marketing boards. When we consider the findings in Chapters 3 and 4, our conclusion is that these prophecies have been too gloomy. Judging by the situation at the end of 1989 the outcome is less dramatic than the prophecies¹. This corresponds with an assessment by Kydd and Spooner (1990b: p. 24) that Structural Adjustment policies have been concerned "as much with reforming the state marketing organizations as with reducing their scope". But we should add a note of caution, for the period of the 1980s is arbitrary in the sense that the impact of Structural Adjustment may not yet have come to an end. It is conceivable that in a few countries, where Structural Adjustment policies were adopted relatively late, some marketing boards may undergo restructuring etc. in the next few years.

Our next remark deals with performance contracts, a new administrative device which was first introduced in the francophone countries and later elsewhere. In our sample of 18 countries at least three governments have used this device: those of Cameroon, the Gambia and Madagascar. A sound performance contract clearly separates the responsibilities of the government on the one hand, and of the marketing board on the other. (It is also an admission that those responsibilities were blurred in the past.) The assumption behind the performance contracts is that it is possible and desirable to grant financial autonomy to the marketing boards. Whether this assumption is justified remains to be seen. Nevertheless, performance contracts are quite popular at present. It should be noted that the cancellation of old debts is normally included in a performance contract. It is not uncommon for the marketing board and the government to disagree about the responsibility for some old debts. This often delays the signing of the contract.

The typology of marketing boards which we presented in Chapter 2 reflects our view that crop-specific factors are of crucial importance. They largely determine the position and role of each particular marketing board, its Strengths and Weaknesses, its Opportunities and Threats². We have not pursued other lines of analysis such as country-specific factors. It may be promising to contrast countries with convertible currencies and those with inconvertible ones, those with and without mineral exports, or East Africa and West Africa. Perhaps these contrasts can be traced in the reorganisations imposed on the marketing boards.

The final remark is addressed to the chief executives of those marketing boards that are still under siege. If they want to defend their organisation against liquidation or restructuring, they should ask which defence efforts are most promising and where they are most vulnerable. The case studies in this report suggest that no danger is greater than that of a liquidity crisis. Such a crisis often represents 'a breach in the walls'. In such a situation a marketing board cannot effectively resist or hold up restructuring plans. The conclusion for chief executives is clear. If they want to maintain control, they should carefully plan and monitor their cash flows. This, of course, requires a thorough understanding of the factors that determine the working capital requirements of the marketing board and their seasonal pattern³. Further research on seasonal finance is highly desirable. This may also throw light on the question raised above of whether financial autonomy is realistic.

¹ We do not wish to belittle the painful consequences for the employees who lose their jobs because of liquidation or restructuring.

² It is now customary to evaluate private enterprise with the SWOT approach: Strengths, Weaknesses, Opportunities and Threats.

³ Bankers are the appropriate experts to give advice on the planning of cash flows. It is our impression that many bankers in Africa have failed on this account, because they did not foresee and prevent liquidity crises of marketing boards that were their clients.

5.1. Comments on GMBs

Most GMBs were vulnerable from the start because they were instructed to pursue the conflicting objectives of, on the one hand, assisting producers and, on the other, protecting consumers. New problems were added in the 1970s, when many GMBs became involved in the distribution of food aid from abroad. Since then the chief executives of the GMBs have had to take into account the views and objectives of donor countries.

To illustrate these problems we take the example of a GMB which handles both local grain and grain provided as food aid. From the perspective of food security the two types of supply are largely interchangeable, but in the area of logistics they have to be treated separately. The accounting side is different, too, because most food aid is sold commercially and generates counterpart funds, which the GMB has to hand over to the treasury. Keeping these finances separate often proved difficult. This led to concern among donors, and subsequently to proposals for better financial control. At first such control focused on the marketing board's budget, but recently there has been a preference for volume control. Thus, as we saw in Chapter 3, many agreements now stipulate upper limits for the stocks and/or purchases of local grain⁴. It is hoped that verification of such limits will be easier than budgetary control and therefore more effective in holding down financial costs to governments and donors. It is tacitly assumed that donors will properly manage the volume and logistics of food aid, but in practice mistakes occur, although less frequently than a few years ago. Such mistakes upset the operations and finances of the GMB.

For some time it looked as if grain markets would be completely liberalised and the role of GMBs narrowed down to monitoring. Now it is generally recognised that monitoring alone, even when it is based on a sound early warning system, provides insufficient protection to the consumers. Accordingly there is general support for ceiling prices backed up by a local grain reserve stock as well as foreign currency reserves to pay for imports to replenish the reserve stock. There is still disagreement about the frequency with which the instrument of the ceiling price should be used. Donors argue that its use should be exceptional, for instance only once in five to ten years. In all other years the market would be completely free. This means that the GMB as keeper of the reserve stock is a dormant organisation for most of the time⁵. Governments left to themselves appear to use the instrument more frequently.

There are two ways to use the instrument. Some governments announce the ceiling price early in the season, while others do so when the rise of free prices begins to cause concern. The latter method reduces the financial risks of the GMB and the government but increases the speculative aspects of the grain market. Obviously, Africa is still in an experimental phase as far as this instrument is concerned. There may be a further move to a free (and speculative!) market, which would further reduce the role of the GMBs, but a trend in the opposite direction cannot be ruled out.

There is a whole spectrum of GMBs today. At one extreme we find those that are merely managers of a food security reserve stock. They release grain when the government orders them to do so and replenish their target stock as soon as the next harvest makes this possible. If they do not have to resort to the importation of grain, their operations are relatively simple, almost mechanical. At the other extreme we find marketing boards that operate like a private enterprise⁶. They have to study the local market to see at what levels they should set their buying and selling prices, and they must adjust these regularly in the light of changes in demand and supply. Even when a floor price exists, it hardly affects the marketing board because it knows that it must go above this price if it wants to attract grain. These changes require an upgrading of the commercial function; a modification of the

⁴ Since such stocks always have the nature of a reserve, the common arguments about the level of a reserve are also used here: a large stock provides more protection but also raises costs. In general donors want to lower the upper limit, while the government wants to raise it.

⁵ We should not belittle the job of stock rotation. Stocks of milled rice have to be sold (and replaced) after three or four months, while millet and sorghum may be kept for three years.

⁶ The marketing boards in Madagascar operate as such, for instance in the rice trade, which is very important in that country.

accounting system (and stock valuation)⁷; and better supervision of the buying and selling staff. Even if all this is done, profits are not assured, because the results remain uncertain, as with any private enterprise.

The ceiling price has more relevance for price setting than the floor price because it may seriously limit the trading margin. It is sometimes assumed that a ceiling price reduces risk for the GMB but this is not correct. It remains uncertain whether the seasonal peak of the free prices will remain below the ceiling price or not⁸. The marketing board's assumptions concerning this peak determine its price setting policies, but whether these are correct can only be said after the season is over.

When a government abolishes the producer price for grains but maintains a ceiling price, it has abandoned one of the conflicting objectives of the GMB. It is desirable that the government admit this publicly and rename the GMB accordingly. A marketing board that has no other objective but to protect consumers should be called a Distribution Board, as "marketing" in the sense of collection⁹ no longer belongs to its tasks. This new name would also be appropriate for those GMBs whose operations mainly consist of the importation of maize, rice and wheat.

5.2. Comments on RMBs

The tables in Chapter 3 show that many RMBs have survived and have retained their basic functions including their export monopoly. In trying to explain why, in general, the RMBs have survived the Structural Adjustment storms, we should think of the sectors which the RMBs control, such as the cotton or the cocoa sector. Complete liberalisation would affect those sectors in the sense that local prices would be more closely linked to world market prices. In the 1980s this was hardly a promising idea and it is not surprising that the drawbacks of liberalisation were spelled out¹⁰. A serious objection was that one or two bad years with low world market prices might cause a sector to wither away. Was it justified to assume, with economic theory, that the sector would recover when world market prices went up again? Or would farmers lose faith for good?

Many governments seem to have listened to this objection and decided that it was worthwhile to defend particular sectors by subsidising farmers in bad years. They also felt that, if the prospect of low prices, rather than these prices themselves, would deter farmers, it was worthwhile to give a price guarantee at the beginning of the season. Such opinions amounted to support for the existing RMB but not for all its functions and departments. Many governments settled for a modest RMB. They were therefore prepared to scrap price stabilisation for periods longer than one year and to abandon pan-territorial prices¹¹. They were also in favour of a system of "second payments". By setting a low producer price the government protected the marketing board (and itself) against the risk of a low world market price. Later in the season, the producer price was supplemented by a second payment, the level of which varied with the results of the marketing board's sales. A drawback of this system is the additional paperwork involved.

Some governments also supported RMBs because they were unwilling to end their export monopoly. This was based on the reluctance to allow private businesses to participate in the exportation of major crops. It was often argued that private exporters would manipulate invoices so as to obtain foreign

⁷ Average prices replace the uniform or standard buying prices of the producer price system. Prices have to be averaged for one season (or year) and for all buying points. Stocks have to be valued against an appropriate average price.

⁸ This is also true if the ceiling price is announced early.

⁹ In West Africa "marketing" rarely refers to distribution of goods or the promotion of sales. In Ghana the word "distribution" is used in the name of at least one parastatal.

¹⁰ In the 1970s, when, for several years, world market prices were high, opposition against a closer link to world market prices presumably was smaller.

¹¹ It is justified to lower the stabilisation reserves accordingly or, more commonly, to make do with existing low reserves. It is, however, impossible to abolish the system of such reserves entirely, because they are needed, even if stabilisation refers to one season only.

exchange. While this argument is highly relevant in countries with overvalued currencies, it was also used elsewhere. It seems further that some RMBs have done good (but unnoticed) work in maintaining or raising export quality. This point is underlined by complaints about the quality of Nigerian cocoa since the Nigerian Cocoa Board was abolished. It appears that export earnings from cocoa have fallen as a result of lower quality. It remains to be seen whether this is a temporary or permanent development.

Retention of an RMB and its monopoly may be accompanied by considerable, albeit partial, privatisation. As the RMB withdraws from certain stages of collection, private enterprise takes over. Nevertheless, the marketing board remains in control of the commanding heights of seasonal finance, evacuation and export (van der Laan, 1989).

We must finally discuss some arguments which do not apply to all RMBs but to particular sub-categories. Thus, the RMBs which handle cocoa, coffee and tea, have been defended by champions of the farmers. They argued that the latter had invested large sums in their plantations and should be given some protection for these investments¹². Similarly, the RMBs which handle cotton and tea have pointed to their own investments in processing installations which would lose their value if the sector withered away¹³. If a domestic textile industry exists, it will, no doubt, demand a voice in the matter, but whether it always defends a cotton RMB remains to be seen. If for instance the price which the RMB charges for cotton lint is higher than the corresponding world market price, the textile mills may withdraw their support for the marketing board.

When we consider the groundnut marketing boards, the sector-specific arguments are mostly unfavourable. The groundnut boards have little control over farmers, who can easily switch to other crops such as millet and beans. Again, they have little grip on the marketing channel because of a parallel market¹⁴. Finally, world demand is weak because other oil seeds and palm oil have partly replaced groundnuts. The future of the groundnut marketing boards is bleak indeed. Perhaps the Senegal experience of two reorganisations within seven years is not as exceptional as it looks at first sight. The decline of SONARA in Niger and the official decision of June 1990 to close it, point in the same direction.

¹² In some countries this is a rather hypocritical argument, as the RMB prices were often too low to allow the farmers a proper reward.

¹³ For cotton marketing boards in francophone Africa there was much more at stake than the ginneries. They had become development agencies for the cotton sector, which required a great deal of staff, buildings and means of transport.

¹⁴ In some countries local oil crushers may replace the marketing board and may succeed in having more grip on the marketing channel. This played a role in the reorganisation in Senegal in 1980 (see the case study in Chapter 4).

List 1. **ABBREVIATIONS**

ADC	Agricultural Development Corporation
ADMARC	Agricultural Development and Marketing Corporation
AISCO	Agricultural Inputs Supply Corporation
AMBP	African Marketing Boards Programme
AMC	Agricultural Marketing Corporation
CAISTAB	Caisse de Stabilisation
CBK	Cotton Board of Kenya
CIDT	Compagnie Ivoirienne pour le Développement des Textiles
CLSMB	Cotton Lint and Seed Marketing Board
CMB	Coffee Marketing Board
CMDT	Compagnie Malienne pour le Développement des Textiles
COTONTCHAD	Société Cotonnière du Tchad
CPSP	Caisse de Péréquation et de Stabilisation des Prix
CSA	Commissariat à la Sécurité Alimentaire
ECMC	Ethiopian Coffee Marketing Corporation
ERP	Economic Recovery Programme
ESAF	Enhanced Structural Adjustment Facility
GCMB	Ghana Cocoa Marketing Board
GMB	Grain Marketing Board
GPMB	Gambia Produce Marketing Board
ICPE	International Center for Public Enterprises in Developing Countries
IMF	International Monetary Fund
KTDA	Kenya Tea Development Authority
LBA	Licensed Buying Agent
LMB	Lint Marketing Board
NAMBOARD	National Agricultural Marketing Board
NAPB	National Agricultural Production Board
NCPB	National Cereals and Produce Board
NMC	National Milling Corporation
NRDP	National Rural Development Plan
NTC	National Tobacco Corporation
ON	Office du Niger
ONCAD	Office National de Coopération et d'Assistance pour le Développement
ONCPB	Office National de Commercialisation des Produits de Base
OPAM	Office des Produits Agricoles du Mali
OPVN	Office des Produits Vivriers du Niger
PFP	Policy Framework Paper
PMB	Produce Marketing Board
RINI	Riz du Niger
RMB	Raw Material Marketing Board
ROSO	Tranombarotra Roso

SA	Structural Adjustment
SAL	Structural Adjustment Loan
SAP	Structural Adjustment Programme
SEMY	Société d'Expansion et de Modernisation de la Riziculture de Yagoua
SINPA	Société d'Intérêt National des Produits Agricoles
SODECOTON	Société de Développement du Coton
SOMACODIS	Société Malgache de la Collecte et de la Distribution
SOMIEX	Société Malienne d'Importation et d'Exportation
SONACOS	Société Nationale de Commercialisation des Oléagineux du Sénégal
SONAR	Société Nationale d'Approvisionnement du Monde Rural
SONARA	Société Nigérienne de Commercialisation de l'Arachide et du Niébé
SOTOCO	Société Togolaise du Coton
TCMB	Tanzania Cotton Marketing Board
UTGC	Uganda Tea Growers Corporation

List 2. **SELECTED COUNTRIES AND MARKETING BOARDS**

CAMEROON	ONCPB	Office National de Commercialisation des Produits de Base	RMB
CHAD	COTONTCHAD	Société Cotonnière du Tchad	RMB
ETHIOPIA	AMC	Agricultural Marketing Corporation	GMB
	ECMC	Ethiopian Coffee Marketing Corporation	RMB
GAMBIA	GPMB	Gambia Produce Marketing Board	RMB
GHANA	GCMB	Ghana Cocoa Marketing Board	RMB
IVORY COAST	CAISTAB	Caisse de Stabilisation	RMB
KENYA	NCPB	National Cereals and Produce Board	GMB
	KTDA	Kenya Tea Development Authority	RMB
	CBK	Cotton Board of Kenya	RMB
MADAGASCAR	SINPA	Société d'Intérêt National des Produits Agricoles	GMB+RMB
	ROSO	Tranombarotra Roso	GMB+RMB
	SOMACODIS	Société Malgache de la Collecte et de la Distribution	GMB+RMB
MALAWI	ADMARC	Agricultural Development and Marketing Corporation	GMB+RMB
MALI	OPAM	Office des Produits Agricoles du Mali	GMB
	ON	Office du Niger	GMB
	CMDT	Compagnie Malienne pour le Développement des Textiles	RMB
NIGER	RINI	Riz du Niger	GMB
	OPVN	Office des Produits Vivriers du Niger	GMB
	SONARA	Société Nigérienne de Commercialisation de l'Arachide et du Niébé	RMB
NIGERIA	-	Nigerian Grains Board	GMB
	-	Nigerian Cocoa Board	RMB
	-	Nigerian Groundnut Board	RMB
	-	Nigerian Cotton Board	RMB
	-	Nigerian Rubber Board	RMB
	-	Nigerian Palm Produce Board	RMB
SENEGAL	CPSP	Caisse de Péréquation et de Stabilisation des Prix	GMB
	CSA	Commissariat à la Sécurité Alimentaire	GMB
	ONCAD	Office National de Coopération et d'Assistance pour le Développement	RMB
	SONACOS	Société Nationale de Commercialisation des Oléagineux du Sénégal	RMB
SOMALIA	ADC	Agricultural Development Corporation	GMB
TANZANIA	NMC	National Milling Corporation	GMB
	TCMB	Tanzania Cotton Marketing Board	RMB
UGANDA	PMB	Produce Marketing Board	GMB
	CMB	Coffee Marketing Board	RMB
	LMB	Lint Marketing Board	RMB
	UTGC	Uganda Tea Growers Corporation	RMB
ZAMBIA	NAMBOARD	National Agricultural Marketing Board	GMB
ZIMBABWE	GMB	Grain Marketing Board	GMB

List 3. **MARKETING BOARDS STUDIED BUT NOT INCLUDED**

CAMEROON	SEMRY	Société d'Expansion et de Modernisation de la Riziculture de Yagoua *
ETHIOPIA	AISCO	Agricultural Inputs Supply Corporation **
GHANA	-	Cotton Development Board ***
IVORY COAST	CIDT	Compagnie Ivoirienne pour le Développement des Textiles **
MALI	SOMIEX	Société Malienne d'Importation et d'Exportation **
TANZANIA	NAPB	National Agricultural Production Board ****
TOGO	SOTOCO	Société Togolaise du Coton ***
UGANDA	NTC	National Tobacco Corporation ***

- * Not a "normal" marketing board.
** No marketing board.
*** Lack of information.
**** No longer exists: dissolved in the early 1970s.
-

List 4. **COUNTRIES STUDIED BUT NOT INCLUDED**

BENIN
BURKINA FASO
CENTRAL AFRICAN REPUBLIC
GUINEA BISSAU
MOZAMBIQUE
SIERRA LEONE
SUDAN
TOGO
ZAIRE

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The Institute goes out from the premise that the research which is carried out in Africa must be of such a nature that the results are directly or indirectly relevant to the population in the country concerned. Other objectives include the systematic promotion of research and education covering the afore-mentioned areas, and also the spread of the knowledge of African societies and cultures.

The Centre has formal agreements with Institutes and Universities in Africa, viz., the Ministry of National Planning and Development and Egerton University in Kenya; and the Ministry of Higher Education and Research in Cameroon and the University of Yaounde.

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The Centre is responsible for a monograph series which is published by Kegan Paul Int., London. Other research reports and working papers are published by the Institute itself. Periodic publications include an Abstracts Journal with summaries of articles from recently published journals and collections; a list of the latest library acquisitions; and a Newsletter on African Studies in the Netherlands containing an annual survey of research concerning Africa in the Netherlands, which is published in cooperation with the African Studies Association.

The African Studies Association cooperates closely with the African Studies Centre in promoting research and education relevant to African studies in the Netherlands. The Association advises the Netherlands Foundation for the Advancement of Tropical Research (WOTRO) on applications for research funding in the social sciences and the humanities concerning Africa. The secretariat is based in the Institute's offices.

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