

**VIDEO FILM TRANSCRIPT  
GRAIN EXCHANGE FAIRS IN MALI  
AMASSA AFRIQUE VERTE / INTER-RESEAUX**

## **INTRODUCTION**

As a general rule the countries of sub-Saharan Africa cover a fairly large area, spanning zones of insufficient agricultural production, and zones with excess grain production. When rainfall is sufficient grain harvests are large, but unfortunately production is very unevenly distributed across the territory, and over the years. Likewise, there is a great disparity between markets, in terms of both supply and demand for grains. The fluctuations of production exacerbate these disparities and make it hard for market players to organise.

There are many commercial intermediaries between producers and consumers of these products, resulting in large differences in grain prices from one area to another in Mali.

To attenuate these problems actors with good knowledge of the situation in the field came up with the idea of a marketing tool called a "grain exchange". This "bourse" is no more nor less than a forum, a meeting-place, a locus where grain supply and demand are brought together, enabling farmers' organisations to deliver their excess production directly to short-fall areas and to urban consumers.

***Interview with Mr. Mohamed HAÏDARA, coordinator for AMASSA/Afrique Verte/Mali***

*"The exchanges ensure a regular supply. If you take the question of processing centres in urban areas, what is the problem for them? They want to have high-quality grains and regularity of supply. Via the exchange fair, processing centres are put directly in contact with organised producers, so that each year the processors are ensured supply from producing areas that comply with quality standards and regularity of supply; this is quite an advantage! The other advantage, as I said, is that quite a few intermediaries are cut out, so that producers are in a position to sell their crops directly to consumers in city centres, or even to retail merchants, contrary to certain notions. Many people think that the grain exchanges are against retail merchants, not at all, the issue is to regulate the market so that crops are commercialised in healthy market conditions."*

## **PREPARING SUPPLY AND DEMAND**

We should have thought of this before; it's self-evident, you'll see. The idea seems like common sense, but to see how it is put into practice we should turn our attention to this particular marketing tool developed here in Mali.

Many think that the grain exchange is limited to the two days when people meet, but in fact much work is needed to lay the groundwork beforehand. For a market demand of 1 000 tonnes, for example, it is clear that no single farmers' organisation can meet the demand; beforehand, upstream of the fairs, supply must be organised and production pooled at the farmers' level, and buyers' demand organised as well. After the exchange fairs steps must be taken to ensure that commitments are honoured.

***Interview with Mr. Sinaly TOURE, producer at Sinzana Gare***

*"Before the exchanges we had a very hard time selling our products. Sometimes we even had to resort to the traditional method of appeals to buyers at the markets to sell seed grain."*

***Interview with Mr. Ousmane TRAORE, farmer in Kondogola***

*"Today no producer goes to a trader and asks him how much he will pay for a crop. It is up to the trader to come to the producer and ask the price. Thanks to the exchange fairs we no longer have this problem."*

**Interview with Mr. Mahamane S MAÏGA, buyer in Alafia/Tombouctou**

*“Before we knew of the exchange fairs, retail merchants brought us millet, from all sorts of different areas, it was a market that no one could control and where with the free-market trading everyone set his own price. Because of the very low purchasing power of Tombouctou residents, many of them often cannot afford millet.”*

**Interview with Mr. Youssouf H MAÏGA, buyer in Gabero/Gao**

*“Before we knew of the exchanges, we bought on the local Gao market. The problems, they were enormous. The first difficulty was that in the Gao market lot the foodstuffs were not of good quality, that’s one problem. The other problem was the means of transport, we faced the problem of finding transport from the Gao market lot to our respective towns, that was difficult.”*

The short-fall areas require organisation just as much as the excess-production areas, because if they are not organised their ranks will be dispersed when confronting suppliers. This is why there is thorough work to organise all parties beforehand, for both supply and demand, so that when they meet to negotiate there are no problems and each party negotiates in healthy market conditions.

**Interview with Mrs. Yah DIAKITE DIALLO, AMASSA/Afrique Verte/Koutiala**

*“We are here in Zanzoni this morning to prepare for the national exchange in Ségou. The aim is to better prepare farmers’ organisations for going to the national exchange. The different farmers’ organisations are present, and we help them quantify the supplies offered, by village now or by farmer organisation. One organisation may have a certain quantity, another one will bring another amount, with different varieties of millet, sorghum or maize.”*

**Interview with Mr. Abdoulaye NIANG, AMASSA/Afrique Verte/Ségou**

*“If you are bringing grains they must be of good quality, this is the information they are given and we also give information about the way the harvest is going, so they can take the appropriate steps.”*

**Pre-exchange meetings** constitute the preparatory phase. These meetings are organised early in the harvest to inform and prepare the farmers’ organisations (FOs) regarding the transactions that will be completed at the exchange fair itself. The preliminary meetings include between 60 and 80 participants, and serve to evaluate the grain supply and demand (pooling), to calculate the cost price for the grains and to familiarise the FOs with commercial negotiation techniques.

Several essential parameters are taken into account to prepare for the exchange.

**1 - Techniques for pooling supply and demand**

These techniques enable the FOs to learn how to pool supplies, that is the excess crops to be brought to market, and enable merchants to pool their demand for purchases.

**2 - Quantifying amounts to be bought or sold**

By pooling the FOs’ available crops, the amount to be sold can be quantified. The amount is calculated on the basis of supplies actually stored in the FOs’ warehouses.

**3 - Connecting operators with financing bodies**

This consists in establishing contacts for partnerships, between farmers’ organisations themselves, and between the FOs and financing bodies that can help them sell their harvest, and that provide training opportunities to acquire a greater degree of control over production and commercialisation.

**Interview with Mr. Moussa TRAORE, promoter, processing centre**

*“My main source of supply was the grain merchants who traded at the market. From 2003 to 2007 I was not satisfied with what I got. Now, with contacts with the Afrique Verte NGO, the mini fairs and the national grain exchange, I have more and more contact with grain producers, in particular the cooperative of agricultural machinery users which has supplied me with grain worth about 1 850 000 CFA francs.*

*This year Demèsson granted me a large loan, and that gave me a chance to purchase directly from producers. And right away I obtained the consent of the Zanzoni co-op that a fruitful partnership would be established between us.”*

**4 - Market negotiating techniques: setting prices**

One of the fundamental elements of the exchange is setting prices and negotiating deals. The FOs receive information and instruction in price-setting methods and negotiating techniques.

**5 - Preparation for drawing up sales contracts**

Once agreements are reached at the fair, sales contracts are signed between the FOs and the traders. To ensure compliance with these contracts the FOs and their representatives should be trained in drawing up sales contracts, before attending the fair.

This is done at the pre-exchange meeting via simulations to explain the procedure.

**6 - Making farmers’ organisations aware of the importance of grain quality in gaining customer loyalty**

To attract and keep customers and obtain a good price for a product it must be of good quality. The FOs are informed of the need to produce quality crops if they want to sell at the best price and keep their customers.

**Interview with Mr. Karamoko KONATE, Zanzoni/Koutiala farmer**

*“Taking part in the exchange fairs makes us produce a good-quality crop. During the harvest some farmers do not pay attention to the need to bring in a quality crop. The pre-exchange meetings provide an occasion to advise farmers and incite them to offer good-quality crops to our brothers in short-fall zones and to fetch the best prices on the market.”*

**THE EXCHANGE**

It is only on the basis of these upstream preparations that the grain exchanges themselves can be organised and held successfully. Once the producers and purchasers are prepared, once that supply and demand have been quantified by the farmers’ organisations and the traders, the exchange can commence; the fair is opened to bring buyers and sellers into direct contact. What exactly is the exchange fair?

The exchange fair aims to make it easier to bring grains to market, in order to ensure greater fluidity of exchange between producing and consuming areas of the country; the fairs bring supply and demand together. This is a key moment for the various operators, who can conclude grain transactions.

The fair is open to all the actors in the grains sector.

**a- Farmers: producers (farmers’ organisations, village associations or groups)**

**b- Processors** (promoters from local grain processing and preparation units) These are generally women’s associations set up in cities and the rural grain mills in southern Mali. The products are processed for human or animal consumption (in particular poultry feed). The processors purchase grains from producers during the exchange fairs, or later, following up on the contacts made.

**c- Traders**, who generally have substantial financial resources available. They attend the exchange fairs because they provide an opportunity to gather information on stocks, supply and demand. At the fairs they can develop relations with the other actors.

**d- Institutions**, in addition to providing technical assistance to operators, ensure implementation of grain policies and financing for grain market operations. At the exchange fairs public technical services, NGOs, Chambers of Agriculture, banks and savings and loan associations have a highly visible presence.

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### **How the exchange fairs operate in detail**

The exchange fairs follow an established programme, that is nevertheless flexible enough to accommodate the wishes of the participants. The operators arrive and set up the day before the fair.

On the day of the fair, the exchange is opened by the appropriate authority of the locality, and the participants visit the stands where samples are on display.

In the second phase, the operators meet in small groups to assess supply and demand:

- sub-groups by farmers' organisation, village association, villagers' groups called "tons", cooperatives, grain banks by locality or region,
- sub-groups of processors, traders, economic interest groups.

After this assessment the participants announce their positions: offers and requests are posted. Prices are not communicated or discussed at this presentation in plenary session.

The negotiation phase is entirely free: each actor negotiates according to his or her needs and interests. At the end of the negotiations the results are presented to the plenary assembly.

Some transactions are completed at the fair, others are finalised later. Agreements are concluded by the signature of a contract, under the supervision of a legal advisor.

The advantage of this exchange is that the producers do not travel with their crops. They come to the market with samples of their grains and negotiate with traders on the basis of this sample.

Once the talks are concluded, contracts are signed in the presence of legal advisors who are mandated by the organisers to assist the farmers' organisations and the traders, and to guarantee the regularity of the transactions and give them a legal basis.

#### ***Interview with Mrs. Mariam TRAORE DIALLO, processor in Bamako***

*"We used to make our purchases at the market, but this supply was not regular, because good-quality stocks were frequently lacking. We could make the rounds of several markets, without finding the quality we were looking for. Since we started attending the exchange fairs we ask the producers directly to produce the quality we want, and whatever the quantity, we are ready to pay. At the fair this year we paid for roughly four tonnes of small millet, one tonne of sorghum and two tonnes of maize."*

#### ***Interview with Mr. Adama TRAORE, haulier/trader***

*"The exchange is very important for us hauliers. In a land-locked country, transport is the only profitable activity for us. We transport a fair amount of goods from Niono to the regions around Kayes. Our profits, no matter how small, enable us to make ends meet."*

**Interview with Mr. Mama KONE, haulier/trader**

*“Afrique Verte holds exchange fairs and we attend them. There we meet other merchants and producers, with whom we make deals for products and services. Once these transactions are concluded we sign the contracts for carrying them out. The exchange is a profitable activity for our sector.”*

Today these exchange fairs constitute a good tool for marketing grains because they allow farmers to organise themselves better to meet demand, and also enable farmers' organisations in short-fall areas to better assess needs, and organise to ensure supply.

**What do the various actors think of these exchange fairs?**

**Interview with Mr. Mohamed HAÏDARA, coordinator for AMASSA/Afrique Verte/Mali**

*“The grain exchanges are appreciated not only by the operators in the sector, in Ségou we have seen that there is a real popular enthusiasm for these fairs. While originally the exchanges were initiated by Afrique Verte and then taken over by AMASSA in the course of its autonomy acquisition process, today there is unanimous approval of the exchanges because APCAM, the main representative structure in rural areas, has appropriated them. The Agriculture Ministry, the Food Security Commission and other technical partners have joined the Afrique Verte/AMASSA group to make the grain exchanges a market tool that should be adopted nationally by all actors.”*

**Interview with Mr. Bakary TOGOLA, APCAM Chairman**

*“The objective of the exchange for producers is to incite them to produce more. To produce more to ensure food self-sufficiency for the family and sell the rest on the market where you can make a profit. We see that after three fairs, the grain exchange is becoming more and more popular. This could provide greater incentive for the producers who had trouble selling their crops, and could motivate them to grow more, so they can come negotiate the sale of their crops themselves.”*

The sustainability of this scheme depends on it being fully assumed by the beneficiaries themselves, which will be possible when the back-bone support structures are stronger in Mali. At that point Afrique Verte will provide only technical know-how, an important step in its policy of autonomy for local groups.