

Building National and Regional Agricultural Market Information Systems

Executive Summary (Draft 10/24/2007)

1) Concept:

Investigate and implement ways and means for linking smallholder farmers directly with up-to-date market information, supplemented with relevant technical information via multiple ICT and non-ICT formats.

2) Rationale:

Most smallholder farmers are unable to obtain accurate market information. However, promising efforts are under way in a number of countries to obtain and disseminate useful market information via radio (for example: PASIDMA), mobile phone (for example: safari.com) the internet (for example: tradenet) and other high and low tech mediums.

The proposed project will capitalize upon the experience of successful market information systems to design a system which collects and disseminates useful and timely market and technical information to smallholder farmers. The information will be configured for direct access by the farmers themselves as well as others in the smallholder information supply chain (such as researchers and extension officers) who at times can facilitate the dissemination process. Emphasis on information “channel redundancy” increases the likelihood that information will get through to the smallholder via at least one channel.

Information will be delivered via multiple channels which are complementary, but free-standing. In other words, any individual can access all information via, cell phone, radio, or internet. Any of these technologies will allow access to all information in the system. The program will assess which technologies hold the most long term promise in terms of user friendliness, power, cost-effectiveness, sustainability and scalability.

The project will work to foster strategic alliances between public and private entities. The combination of governmental/NGO and the private sector effort will increase the sustainability of the project overtime. However, this cannot be achieved in a vacuum. In the final analysis, success of the project depends on a predictable demand for smallholder products. Cargills of Sri Lanka offers an extremely comprehensive and successful model of this concept in action (study of their system is proposed below).

Market information is only useful for smallholders, however, if it can be acted upon. Therefore this project proposes experimenting with ways to link market information with relevant technical information which can be translated into local languages to inform decision-making. In order to act on the information received, farmers need to have actionable choices. These choices include but are not limited to timing issues, customer choice, location of sale, type of product produced, inputs utilized, whether the product is sold as a commodity or processed before sale, etc. While information on all of these

dimensions will be provided and may prove useful, it is recognized that third party solutions will be required. Access to technology, inputs, credit – to name but a few issues – will need to be examined carefully and facilitated where possible to enable smallholders to act on sources of information. This again involves the fostering of partnerships between the smallholders and private firms as well as the strengthening of institutions including NGOs and governmental support agencies.

Evidence the project can be successful:

We recommend the following research and experimental initiatives be funded:

Market Systems – We propose expanding ongoing national MIS experiments to deal with the "small country problem" in Sub-Saharan Africa. A need exists for national/regional market info systems to help smallholders generate "new income streams" through expanded trade and reduced price fluctuations when surpluses can be sold in regional markets. Market and technical information will target the prioritized needs of smallholders to help them engage the broader regional and global markets as an integral part of food security and income generation. Two test sites proposed for Sub-Saharan Africa (including Mali and Zambia) will compare and contrast the approaches used to build national and regional market information systems in anglophone and francophone Africa. These models will be scaled up in other countries in Africa.

Cargills Sri Lanka has developed and implemented a total supply chain solution to this problem. Cargills has partnered with smallholders to help provide market and technical information, credit for inputs, and access to needed inputs and technology. This supply chain provides Cargills with a reliable supply of fresh agricultural products while guaranteeing the smallholders a market (with upfront price assurances) to reduce risk and spoilage. We propose that a case study be developed about Cargills which highlights the information supply and technical support networks which have been developed to benefit smallholders, consumers and Cargills alike. Special attention will be given to the multiplier impact that Cargills has had on the broader agricultural sector in Sri Lanka. Lessons will be drawn from this country-wide success story for the benefit of private and public sector initiatives in both South Asia and Sub-Saharan Africa.

There are multiple reports on the growing success of supermarkets and their implications for smallholders (Reardon).

3) Expected benefits of the project:

Sustainability and Scale

Early involvement of the private sector as partners in this program will increase the likelihood that the program can be sustainable. As the private sector develops a stake in the system, it is hoped that they will find it in their interest to support the information supply network that extends to smallholders. At the same time, smallholders will

generate sufficient surplus income to help support the information supply chain either through fee for service arrangements, or cooperatives.

Expanding the two-three national African areas will set the scene for a ramping up of similar systems in multiple countries. The additional sites can either be funded through seed money in the form of grants, or ideally, private sector companies with operations in the additional countries could take the lead in implementing smallholder-oriented information supply chain projects.

4) Projected costs of the project during Phase 1 for five years:

- \$7 million for Africa (2 test sites)
- \$2 million for S Asia (1 test site)
- \$1 million to investigate and better understand opportunities to link smallholders with the emerging supermarket business as well as other markets representing new or expanded demand for smallholder production.

5) Measures of success:

- Reduction in losses in market/supply chain
- New income streams realized by smallholder farmers through expanded trade in regional and global markets
- Improved cooperation between various players in the information supply chain
- Improved smallholder awareness of income generating opportunities resulting from improved market and technical information
- Improved understanding on how to link different ICT instruments with market and technical information to help smallholders increase their incomes and reduce the losses of perishable product.

6) Risks:

Increasing access to information alone may not be enough to significantly impact smallholder success. Access to a variety of additional resources will be required. The success of this project depends on more than effective information flow. Credit, inputs, technology, time and trust must all be effectively addressed if the information provided by the project is leveraged for smallholder benefit.

References:

Brown, Oli (2005) *Super Market Buying Power, Global Commodity Chains and Smallholder Farmers in the Developing World*, UNDP Human Development Report

Reardon T., C.P. Timmer, and J. Berdegue (2004). "The Rapid Rise of Supermarkets in Developing Countries: Induced Organizational, Institutional, and Technological Change

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