

Developing Sustainable Agricultural Information Services: Lessons from Mali

Presentation to IPFPI
May 14, 2002

John Staatz

Michigan State University (staat@msu.edu)

Salifou Diarra

Observatoire du Marché Agricole
(salif@datatech.net.ml)

Abdrmane Traoré

PASIDMA (abkit@spider.toolnet.org)



MICHIGAN STATE UNIVERSITY Department of Agricultural Economics





Outline of Presentation

- Public Market Information Services: Why Bother?
- Challenge: Building Sustainable Market Information Services
- Building Responsive MIS's: The Malian Experience
- Challenges and Perspectives for the Future

Public Market Information Services: Why Bother?

- Discovery that Institutions and Information Matter
 - Reliable expectations
 - Reduction of transactions costs
 - Asymmetric information leading to problems of inefficient contracting
 - Lack of information as a non-tariff trade barrier

Why Public Information?

- “Public Good” nature of *some* information
 - Indivisibility
 - Uncertainty
 - Non-appropriability
- Appropriable information often built on basic (public) information
- Leveling the playing field
- Credible information for better policy

It's important...So what?

- Institutional Design Challenge: Building Sustainable MIS
 - Stigler's point: Information is an economic good--
Need to look at marginal costs and marginal benefits of MIS
 - Record is not rosy--MIS often fail after withdrawal of donor support
 - Scope for “club goods”?
- Key to Success: Building a committed base of customers==> Evolving MIS for an evolving market

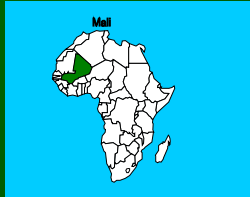
Design Challenges for a Public MIS

- Identifying potential users
- Identifying user needs
- Deciding which needs to serve
- Producing a useful product
 - Accuracy
 - Timeliness
 - Credibility
 - Digestibility

Design challenges

- Assuring coordination among stages
- Assuring that the system evolves with the market--e.g., differentiation in the Malian rice market following reforms
- Strategy for assuring sustainability
- Impact of market volatility and low incomes

Mali's Location



The Malian Experience

- MIS first created in 1989 as part of Cereals Reform Program
- Restructured and Reassigned in 1998
 - From grain board to farmers organization
 - Mandate broadened
 - Decentralized & linked to local radio stations
 - Extension responsibilities

The Malian Experience

- Real-time information transmission==>Nascent electronic market
- Regionalization
- Government Budget Support



Central Steps

- Basic Idea: to be supported, you need to provide a useful product that customers will pay for
 - Directly (user fees)
 - Indirectly (lobbying for gov't support)
- Basic approach:
 - Ongoing dialogue with the customers (*écoute mutuelle*)
 - MIS evolves with the market

Ongoing Discussion: Steps

- Identifying the potential users and their information needs
- Identify potential sources and providers of information
- Developing a consensus among stakeholders on priorities
- Strengthening the capacity of the system to respond

Potential Customers (each group is heterogeneous)

- Farmers
- Traders
- Processors
- Consumers
- Input providers and bankers
- Public decision makers
- Donors

Potential information sources are many

- Aim to be a coordinating and facilitating body rather than reinventing the wheel
- Need to provide key missing information

Key tools for responding

- Management and technical committees
- User needs studies
- Informal interaction with trade, combined with some managerial autonomy
- National workshops to consider major changes
- Creating incentives to respond

Responding to Challenges

- Accuracy
 - Field-level control
 - Oversight committee
- Timeliness
 - Automation of processing
 - Electronic links for rapid transmission & networking

Responding to Challenges

- Credibility
 - Technical committee
 - Oversight committee
- Digestibility
 - Close collaboration with written and electronic press to develop reports

Responding to the Evolving Demand: Examples

- Creation of SIM in 1989 as a response to structural adjustment
 - Need to monitor impact of food aid that was financing the reforms (PRMC)
 - Information needs of traders, esp. new entrants
 - Information asymmetries between traders and farmers

Responding to the Evolving Demand: Examples

- Initial focus on prices; then quantities and interpretive information
- 1998 restructuring: from SIM to OMA
 - Motivation:
 - Concerns about financial sustainability
 - Concerns about responsiveness of system to new needs
 - Strong new info. needs following the devaluation
 - Need for info at decentralized level

1998 Restructuring

- Transfer of administrative home--from OPAM to APCAM
- OMA given both public service and fee-for-service responsibilities
- Decentralization--Local units linked electronically
- Broader mandate on products--from cereals to fruits, vegetables, livestock, fish and input markets

Responding to the Evolving Demand: Examples

- Development of Regional Outlook Conferences (1999)--Response to:
 - Perceived non-tariff barriers to expanded trade
 - Weak commercial links among traders
 - Parallel systems of information that weren't talking to each other much
 - National MIS's
 - FAO/CILSS/FEWS - donor-driven systems

Responding to the Evolving Demand: Examples

- Development of 2 Linked Networks
 - Among national MIS (8 countries)
 - Among Traders (same 8 countries)
 - Response to scope for expanded regional trade
 - Need for grass-roots approach to deal with non-tariff trade barriers
- Marketing Extension - Response to farmer demands

Impacts: Examples

- Farmers
 - Increased share of consumer price (from 65% to 80% for rice)
 - Increased bargaining power
 - New information on emerging markets
 - New information on marketing strategies

Impacts: Examples

- Traders
 - Facilitated new entrants
 - Broadened market geographically
 - +60,000 T. of sorghum exports
 - Opening of Guinea livestock market
 - Facilitated arbitrage

Impacts: Examples

- Consumers
 - In Bamako: Leveling and reduction of margins between markets
 - Reduction of prices by 15-20% with introduction of market information system in 1990
 - Lower transaction costs (less bargaining)

Impacts: Examples

- Policy makers (Mali & neighboring countries)
 - Avoiding bad policy
 - Better understanding of reasons for high prices in recent years (market integration)
 - Avoided dumping emergency food aid after 1991 coup.
 - Facilitating regional integration (e.g., Guinea cattle exports)

Reasons for success

- “Ecoute mutuelle”--Ongoing dialogue and evolving with the market
- Sense of ownership by users--> pressure to perform
- Technical competence & backstopping
- Strong commitment of the team (sense of mission)

Reasons for success

- ***Sustained*** support from USAID and other PRMC donors over many years
- Some managerial autonomy
- Democracy really helps for sustainability

Future Challenges

- Facilitating regional trade depends on progress of other MIS's in the region
- Strengthening the traders' networks
- Developing more effective marketing extension programs
- Keeping a balance between public and private roles
- Dealing with TV monopoly

