Developing Sustainable Agricultural Information Services: Lessons from Mali

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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