

# Developing Sustainable Agricultural Information Services: Lessons from Mali

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**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





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## OBSERVATOIRE DU MARCHÉ AGRICOLE

Porte N° 136-Rue 550, Quinzambougou Tel / fax : (223) 21-40-73  
Email : [oma@datafich.net.ml](mailto:oma@datafich.net.ml) , BP : E5589  
Bamako - République du Mali  
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Nos Prestations de Services	
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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

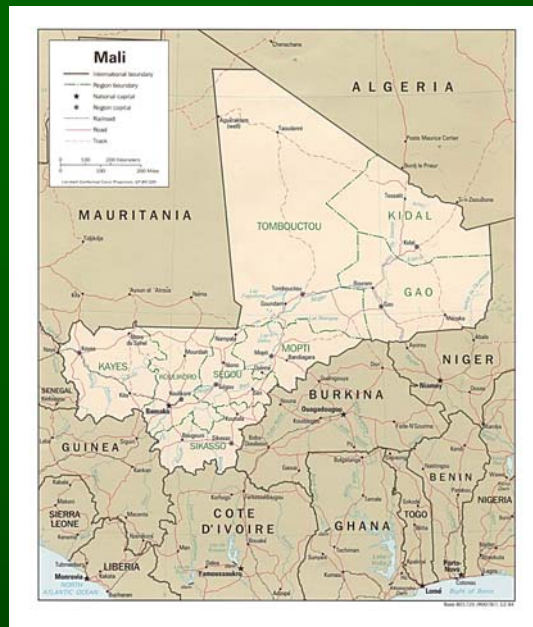
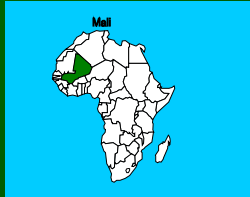
## Design Challenges for a Public MIS

- 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

