12 Role of donors and NGOs

This is one of a series of information sheets for people designing and implementing agricultural market information systems in Africa.

The market information systems industry is young, especially in Africa. It is changing quickly as web and mobile technologies develop, more and more people get mobile phones and smartphones, and farmers become more commercially oriented and aware of the value of accurate, up-to-date information. The number of market information services is increasing; they are covering a growing number of commodities and markets in more and more countries. The number and types of services they offer are expanding.

Donors and nongovernment organisations have played a role in helping this industry to emerge. They have aimed to:

- **Strengthen the bargaining position** of weaker market participants (typically farmers)

- **Improve competition**, resulting in fairer prices

- **Promote the development** and growth of markets by enabling market actors to discover opportunities for profit

- **Reduce variations in price** from place to place and from season to season

- **Reduce risk** for all participants, resulting in more stable markets

- **Facilitate decisions** on which crops to plant and when

- **Strengthen early warning** of emerging food security problems

- **Improve government regulation** and policies on agricultural trade and food security issues.

- **Support the public component of market information.** In many countries the delivery of market information is regarded as a public good, made available by the government.

They have supported the development of market information systems in various ways:

- **System development.** By setting up new, project-based, market information systems that

RONGEAD

NGOs and community organisations are vital partners. Here, a farmer leader explains market information to fellow villagers in Bondoukou, Burkina Faso

collect, analyse and disseminate information to users.

- **Seed money.** By covering the initial costs, and some recurrent costs, of private-sector market information systems.

- **Promotion and training.** By persuading farmers and traders (and their organisations) to subscribe to and use market information services, and by training them on how to access and use the information provided.

- **Networking.** By supporting training and networking among existing and potential providers and other organisations interested in market information services.

CTA

EAGC
EASTERN AFRICA GRAIN COUNCIL

IFDC

Donors and NGOs should help create a level playing field for commercial market information systems – not try to do their job for them

■ **Policy change.** By persuading governments to change policies to encourage the emergence of private-sector market information systems and, in some cases, to actually permit the dissemination of market information.

Learning from experience

Much of this support has been experimental and risky: donors and NGOs have invested in various approaches with a view to trying them out in order to find what works. There have been successes, with the number and range of services increasing. But there have also been failures, with some initiatives continuing to rely on donor funding, or failing to survive commercially once funding has ceased.

Problems have included the following:

Poor conception. Some projects that developed services that are not useful for their intended clientele. For example, they provided information only on prices, or presented purchase bids that farmers could not hope to fulfil.

Neglect of content. Some projects have focused on the system of collecting, processing and disseminating information, but have lacked the agronomic, meteorological or economic expertise needed to add value to it. It is not enough just to provide numbers; you also have to interpret those numbers for your clientele.

Lack of a long-term business plan. Projects launched without a realistic business plan are likely to be a commercial flop. Many project implementers begin to think about sustainability only towards the end of the project.

Short-termism. Building a sustainable market information system can take years. Donor support should indeed be limited in time if a market information system is to be sustainable. But donors and NGOs that operate on a short time horizon driven by project funding cycles cannot plan for the long term, so the services they establish often fail.

Too much emphasis on technology. Technological wizardry can lead to a service that is hard to use or is not adapted to the local context. Just because something is technically feasible does not mean that it will work in practice or will meet the clients' needs.

Inability to use the technology. Users may find it hard to use the market information service. This may be because the interface is poorly designed or too complicated. Even with interfaces that seem easy to use, the users may lack sufficient computer or mobile phone skills. This may also be true of extension staff or employees of the market information system itself.

Trying to do too much at the outset. It is easy to be too ambitious at the start: to cover too many products or build in a lot of features. That pushes

up the complexity and costs. It is better to start small, focusing on a few regional markets and one or two product lines. See what works and is commercially viable before expanding the coverage.

Project too small or too big. If a project is too small, it can gather information only from a few local markets and serve only a small number of farmers. That limits its applicability and means the benefits do not justify the investments. A project that is too large, however, will be complicated to run and may incur considerable costs with little guarantee that it will be able to cover them.

Lack of management commitment. Even with the best intentions, a donor-funded project is just that – a project. The senior managers in charge may not see it as a priority, so may decide to pull the plug too soon, before it is well enough established to be a commercial success.

Reinventing the wheel. It makes little sense to develop expensive, home-grown solutions when software is already available commercially or for free (Box 1).

Undermining commercial providers. The future of market information systems will rely on a combination of public information services (such as weather reporting) and commercial services. Donors and NGOs should be careful not to undermine the nascent commercial sector by providing free or subsidised services. Rather, they should work with existing providers to increase their scope and coverage.

Unrealistic indicators. Donors and NGOs are interested in "impact" – they want to see the effect of their investment in market information services on farmers' incomes, yields and number of transactions. But such effects may be small, incremental and long-term in nature rather than happening in big jumps. Farmer incomes may be going up, but it would be difficult to attribute that to the market information system. Evaluating such projects systematically is difficult and requires expensive studies.

Market information service providers, on the other hand, take a more pragmatic approach. They are interested in commercial measures: the number of users and the amount they pay – with the assumption that if a user subscribes to a service and continues to use it, he or she must be getting some benefit out of it.

What should donors and NGOs do?

The role of donors and NGOs in promoting market information systems is changing. Less emphasis is now needed on system development and providing seed money for new services. Future directions include promotion and training, networking and policy:

Designing long-term strategies. Despite the current growth of the market information industry, it is still in its infancy, and its long-term success is not assured. Commercial success depends on achieving a critical mass of clients that pay enough to cover the costs of data gathering, analysis and dissemination. Nearly all providers are still dependent on donor support.

As the sector develops, new entrants will come in. Firms will compete for market share, and some go out of business (or shift into other, related lines of business). New entrants may come in, supported by powerful parent companies such as input suppliers. Governments may extend their market information activities, or may reduce them.

Governments and the private sector have different roles:

- The **government** tends to offer institutional information and tools: public statistics, economic and weather forecasting, and efficient market regulation.

- The **private sector** is better at providing professional information and services, such as market intelligence, specialised and professional media,

commodity exchanges, professional and social networks, and software development.

Donors and NGOs should not try to replicate either of these roles. Rather, they can help both the public and the private sector perform their roles better.

Benchmarking and promoting successful services and software. A number of market information systems compete for the attention of farmers, traders and development agencies. Some are well-developed and offer a range of services. Others promise a lot but deliver little. It is difficult for potential clients to choose among them. A neutral arbiter is needed to evaluate each provider according to a set of criteria, including features, price and user-friendliness.

Promoting data sharing. Left to themselves, commercial market information providers are unlikely to share their data with each other. Collecting and validating data are a big expense, and the resulting information is valuable – so firms do not want to give it away. But it makes little sense for different firms to collect the same data in the same markets. By sharing they could cut their costs and increase the value of their services to their customers. A neutral party, such as a donor or NGO, could broker deals between the firms to encourage such sharing.

Focus on issues neglected by the private sector. Donors need to focus on components that are not of interest to the private sector, yet have a direct impact on the delivery of the service. Examples include awareness-raising and training of users on market information services, and promoting technologies that have been proven to work.

Supporting the development of private-sector services. Such support may include doing research on the demand for particular types of information, working with farmers' organisations to promote market information services among their members, and training farmers how to access, understand and use the information. The donors and NGOs might promote a particular service or introduce farmers to a set of options and leave it up to them to choose which one to use.

Help spread market information systems to other countries. Many countries and parts of countries are still under-served by such services. Donors and NGOs can help introduce them by doing market research, identifying potential clients and data sources, and supporting providers in neighbouring countries to extend their services.

The markets in many countries and for many products are too small for a commercial service to make a profit. Such countries and commodities might be served by a publicly subsidised system. Or they could be covered by a firm based in a neighbouring country (or that focuses on another commodity), but that reduces costs by using the same data-gathering, processing and dissemination system.

Promoting policy change. Governments could do more to create an environment where market information services can operate. For example, they could ease restrictions on data gathering, make it easier to access government data, and improve the quality of such data. But the government and donors should not be involved in developing market information systems – that is best left to the private sector. Donors and NGOs can lobby the government directly, or could convene actors in the market information industry to discuss and make policy recommendations.

More information

- **Shepherd, A.** 2015 (in press). Failing to scale ICT4Ag-enabled services: Lessons for sustainability. Policy Pointers. CTA, Wageningen, Netherlands.