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## GUIDELINES FOR BUILDING SUSTAINABLE MARKET INFORMATION SYSTEMS IN AFRICA WITH STRONG PUBLIC-PRIVATE PARTNERSHIPS

BY

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### ***Policy Messages - Six Factors for Successful Market Information Systems***

- Minimum political commitment to a vision of serving public- and private-sector market participants
- Persistent financial assistance by local, national and donor participants
- Constant targeting and reassessment of user needs for market information and analysis
- Strong local capacity to acquire and use market information and knowledge for decisions
- Strong human capital for managing an MIS with a results orientation
- Effective institutional “home” for maintaining an active and timely service orientation

### **I. Essential Factors for Market Information System (MIS) Success**

Many years of experience of working with the Malian, Mozambican and Zambian agricultural marketing information systems (MIS) indicates that there are at least **6 essential factors in the successful design and implementation of MIS:**

1. An initial political commitment of county-level policy makers as well as private clients to a market information system, guided by a vision of how such a system can help both private- and public-sector actors.
2. A persistent financial commitment over the medium term by local, national and external funding agencies to help establish and demonstrate the payoff to such a system.
3. The constant targeting and reassessment of the information needs of the users, which is essential to building long-term political and financial support of the system;
4. The development of local capacity within the MIS to acquire and use a thorough knowledge of the actors and processes in the marketing systems of the country;
5. The development of the human capital for managing the system;
6. The choice of the appropriate institutional “home” for managing the system;

## II. Steps for MIS Design and Implementation by Category of Activity

Group discussions at a CIPE (Center for International Private Enterprise)-sponsored workshop of MIS professionals held in Maputo in November, 2004, identified 4 categories of actions that help achieve and reinforce the six “success factors” discussed above.<sup>ii</sup> Details about each of these “action” areas are discussed below.

### A. Achieving a Customer-Service Orientation in the MIS

An essential element in building long-term support for an MIS is to instill within the organization an entrepreneurial spirit that views the users of MIS information products as the organization’s customers. Customer needs, rather than bureaucratic routines, should drive the MIS’s choice of products and services. It is this dedication to serving client needs (success factor 3 in the list above) that is part of the vision that leads to initial political commitment to support developing the MIS (factor 1) and the funding commitment that allows the MIS to establish itself (factor 2).

From the beginning, it is important to identify target client groups in both the private and public sectors, their needs, and appropriate means of communication and dissemination, setting priorities among them (see examples of user assessments from Mozambique [1](#) & [2](#), [Mali-1](#) and [Zambia-1](#)). Different MIS “customers” will have different information needs, and the most efficient means of disseminating information to them will differ as well.

In addition to targeting the private sector (including farmers), an MIS has to involve, from its inception, as many strategic leaders as possible in the government, policy advisors, other key ministry people, and outside interested people including donors. Such involvement is necessary because the system has to be in contact with the policy makers as well as private-sector clients in order to build trust in the

system among the broad array of potential users of market information services. In order to build strong support for the MIS, the system should identify key policymakers (local government, national government and donors) who will be vocal and supportive of the MIS and be especially careful to meet some of their priority needs.

A reputation for service and timely outputs is best developed when an MIS is kept simple and manageable, particularly in the beginning, with very specific objectives and narrow focus. Additional information and analysis products should be added in a stepwise process that is client-driven.

Including basic information about agricultural inputs should be considered as an MIS grows, but a system can rapidly be overloaded when a large number of both commodities and inputs are covered during the early years of MIS operation. Decisions about input information need to reflect country-level production and marketing conditions, actual farmer use of commercial inputs and perhaps most importantly, consideration of client information needs related to commercial inputs.

Good raw data collection and management are critical from the outset, but even in the beginning there needs to be emphasis on converting raw data into strategic information and knowledge products for a range of clients.

In the process of developing an MIS, the implementing partner(s) must be able to look beyond short-term objectives of covering the system’s costs or generating a profit and recognize that an MIS also produces important public goods that would not be necessarily produced by a purely private-sector organization.

The process of identifying which information products the MIS should produce needs to incorporate the following considerations:

- The on-going process of prioritizing needs of different stakeholders is critical if an MIS is going to build a reputation of service. A consultative process is necessary to get consensus about priorities.
- For many users, it is the local generation of information that will ensure that local needs are met using local means of communication, and this can be achieved through local-level partnerships.
- To address regional needs beyond national boundaries, a coordinating mechanism to facilitate exchange and learning among the national systems is more likely to be successful than a new regional MIS, run as a separate system. A coordination approach should give high priority to helping give visibility to the national systems so they and their national clients remain in the spotlight.

A service orientation for public as well as private clients can be enhanced by developing a system of policy briefs or timely analysis that may act as a useful tool for policy makers during critical events, providing technical advice to help avoid or mitigate crises and give assurances to private-sector clients that realities of market conditions are being considered by policy makers. Such actions are needed to help establish the value to public and private decision makers of the MIS as a source of information that merits continued funding and improvement over time. Multiple clients are important:

- It is crucial that an MIS be sensitive to emerging crises or critical events, and that early in such events, it start generating information products that analyze market conditions and potential roles for private and public actors. Bringing such information to the attention of policy makers can provide them with information to design appropriate re-

sponses. Here, the managers of MIS need to be pro-active by anticipating the information needs of policy makers before events unfold. Anticipation is very critical here and the only way to do that is for the MIS managers to be constantly in contact with policy makers and market leaders

- Given the large number of net buyers of basic food commodities in rural as well as urban areas of many African countries, assessments of market improvements to lower cost of food for consumers are very important. MIS analysts have important roles to play in using MIS information to help follow consumer markets, make assessments and recommendations. (See examples from [Mali-2](#), [Mozambique-2](#), [Zambia-2](#) and [Southern Africa Region-1](#)).
- Markets are always being restructured, either because of adjustments to changes in population and consumer income or due to changes in the rules set by government policies about how markets can operate. MIS data and analysis are essential to help inform options about this market restructuring (see example of such analysis from [Zambia-3](#)).

Facilitating the interaction of private sector buyers and sellers is important for an MIS, but an MIS is distinct from a commodity exchange. A commodity exchange may be developed based on an MIS, and uses the information from an MIS, but the objectives of a commodity exchange are more limited than the broader market development goals of a well-designed MIS. The commodity exchange functions can be served by a strictly private agency operating under the profit motive.

## **B. Promoting Outreach and Dissemination of MIS Products**

The constant targeting and reassessment of the information needs of the users (success

factor 3) also requires developing a strategy that effectively disseminates information to MIS clients and captures their feedback. Activities contributing to an effective outreach and dissemination strategy include:

1) Establishing solid linkages with buyers through private-sector traders and processors, including trade and farmers' organizations, by identifying the information needs of these groups as well as the types of information they may be able to provide the MIS.

2) Establishing solid linkages with farmer associations and the NGOs that work with them, both as users and suppliers of information.

3) Emphasizing local-level participation in the MIS processes, seeking individuals' involvement both as suppliers and users of information, to ensure a balance of services for the different clients..

4) Recognizing that a mix of information products and dissemination channels will always be needed, and to be most effective, these need to be tailored to different client groups' most critical information problems: (i) For farmers, local traders, and consumers, radio is probably the most effective (decentralized, local languages, responsive to local needs), (ii) A whole range of traditional written outputs is typically needed to reach different clients (iii) Modern ICT tools, such as the internet and cell phones, need to be considered and used. They do not always substitute, however, for conventional communication tools, especially for providing broad-based unbiased information to help improve the bargaining power of farmers (e.g., through rural radio) and in informing public decision makers about how markets function in response to basic supply and demand forces and how a lack of competition can affect market performance.

5) MIS can facilitate local-level buying and trading by using voluntary information

from each side that allows identification of major actors for specific products, posted on market bulletin boards or in printed bulletins (e.g., directories of traders in a given region). However, it is unlikely that MIS can provide daily information on who is buying or selling what. Here, commodity exchanges or electronic markets are better suited to provide and diffuse this sort of complementary information.

6) Seeking and developing best practices in training staff for MIS communication, both in terms of content and means. Collaboration with local journalists is particularly useful in "translating" the MIS messages into a language that is easily understood by the system's various audiences.

7) Marketing extension can be accomplished through partnerships between MIS and public-sector extension agents, media producers, farmers' organizations and NGO staff. Recent NGO emphasis on markets and agricultural production for market sales presents an opportunity for the MIS to partner with them for extension.

### **C. Building Capacity to Assure Ongoing Quality Improvements in Basic Information and Analysis**

The fourth success factor listed in section I is the need to build skills within the MIS staff to (a) understand agricultural markets and how they are evolving and (b) effectively communicate that knowledge to various MIS clients.

The MIS staff must develop thorough and practical knowledge of the market systems or channels of the country. Marketing channels and new buyer/seller arrangements evolve, and MIS staff must make time to study and understand these trends and be willing to modify the mix of information products and services as the market changes.

As discussed in Section II A, it is important for MIS to develop a system of policy

briefs or timely analyses to inform policy makers during critical market events. By providing technical advice to help avoid or mitigate crises, the MIS establishes itself as a valuable source of information that merits ongoing funding. But in order to produce such analyses, the MIS staff must include some people who understand how markets work and are sensitive to policy issues and policy levers. This need, in turn, has implications for investing in staff skills early on. Such investment cannot focus uniquely on statistical and computer skills, important as those are, but must also include understanding of market and policy processes.

Another strategic step is to develop a rolling five-year strategic plan for staff development, including both skill enhancement for existing staff and training replacement staff for anticipated staff departures and expanded analytical needs of the MIS. Prioritizing human resource development and retention of skilled staff, particularly in the early years, including local-level staff, is one of the most critical aspects for sustainability.

It is likewise important to use the project-funded time to help build team spirit and a sense of mission, identifying staff members who are committed and capable, who will then sustain the MIS when it shifts from project to public/private sector financing and the resulting increase in uncertainty resulting from the loss of “automatic” project funding.

#### **D. Developing Effective Administration and Implementation of MIS**

The final two success factors noted in Section I involve developing managerial capacity and an appropriate institutional home for the MIS. These issues are closely linked to developing a viable strategy for financial sustainability of the system.

Donors and special projects can be instrumental to help ensure medium-term finan-

cial support (5-10 years) that can adapt with growth in the system.

MIS may start under special project funding, given high investment costs for the initial system establishment; however, the public sector has to work closely with the private sector to develop the ownership of the system and eventually become joint promoters and funders of the MIS.

Careful strategic planning is needed to conceive ways to enable transitions from project to a government- and private-client-supported MIS.

In industrial countries around the world, MIS retain important public-sector and policy-information objectives as well as an orientation to key private clients. If the services to the private clients are effective, they will be more willing to help pay for some of the products and services, and will also become the best lobby to pressure government to provide adequate and reliable public funding for the MIS.

The appropriate institutional home depends upon the environment in which the MIS is operating; however:

- It is important to place the MIS in a structure where the users of its services can demand accountability and put pressure on the system for good performance.
- Given the public-good nature of some of the MIS's services, some public-sector financial support must be provided, regardless of the system's location.

While the MIS needs to be accountable to its customers, it also needs significant managerial autonomy to carry out its tasks efficiently:

- Management of the MIS must be fluid and efficient, because if the system is under heavy bureaucratic manage-

ment, an MIS will be less able to adapt to market dynamics and respond to emerging needs.

- If the MIS is far down in a hierarchical structure within a ministry or other structure, then budgetary problems and periodic problems of a lack of liquidity are likely to occur, and resources intended for the MIS may be siphoned off for other purposes.

The credibility of the MIS ultimately depends on the perception that it is providing objective, unbiased information. Therefore, the system needs to have structures (“firewalls”), such as external advisory and review panels, that help guarantee the objectivity of the information and prevent the perception (or reality) that someone in the MIS’s institutional home is manipulating the information for their own ends. Objectivity of the information diffused should be considered as a must for the sustainability of a MIS. If users don’t trust the information provided, financing becomes a problem. So, credibility of the information, its regularity, and frequency of diffusion in tune with users needs are all critical in securing longer-term funding. Being able to guarantee the objectivity of the data and the analysis is also a critical factor in choosing the institutional home for the system.

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- ii “[Workshop on Developing Guidelines for Building Sustainable Market Information Systems in Africa with Strong Public-Private Partnerships.](#)” Sponsored by the Center for International Private Enterprise (CIPE), with technical support of Michigan State University. Hotel Avenida-Sala Incomati, Maputo. 15-16 November, 2004.

#### Hot Links used in this paper:

Mozambique-1:

<http://www.aec.msu.edu/agecon/fs2/mozambique/wps45p.pdf>

Mozambique-2:

<http://www.aec.msu.edu/agecon/fs2/mozambique/Flash45E.pdf>

Mali-1:

[http://www.aec.msu.edu/agecon/fs2/mali\\_pasidma/userneeds/index.htm](http://www.aec.msu.edu/agecon/fs2/mali_pasidma/userneeds/index.htm)

Mali-2:

[http://www.aec.msu.edu/agecon/fs2/mali\\_fd\\_strtgy/DT05-01.pdf](http://www.aec.msu.edu/agecon/fs2/mali_fd_strtgy/DT05-01.pdf)

Zambia-1:

<http://www.aec.msu.edu/agecon/fs2/zambia/wp6zambia.pdf>

Zambia-2:

<http://www.aec.msu.edu/agecon/fs2/zambia/polsyn5zambia.pdf>

Zambia-3

<http://www.aec.msu.edu/agecon/fs2/zambia/polsyn8zambia.pdf>

Southern Africa Region-1:

[http://www.aec.msu.edu/agecon/fs2/test/FANRPAN\\_workshop/pdf/Session\\_03/Policy\\_Synthesis\\_Maize%20Zambia%20Regional\\_v6.pdf](http://www.aec.msu.edu/agecon/fs2/test/FANRPAN_workshop/pdf/Session_03/Policy_Synthesis_Maize%20Zambia%20Regional_v6.pdf)