

**THE WILLIAM AND FLORA HEWLETT FOUNDATION
GLOBAL DEVELOPMENT PROGRAM**

PROPOSAL SUMMARY

A. Public Description

In this box, please provide a brief statement of the charitable purpose of the proposed work, which may appear on our website and in our annual report. *Example: For a project to analyze the proposed reform in...* (Limited to 250 characters, including spaces.)

Promoting regional agricultural trade in West Africa through the provision of demand-driven market information, thereby raising rural incomes and improving regional food security.

B. Summary of Work

In this box, please give a summary of your proposed work. This description should be in plain, jargon-free English and directed to a knowledgeable but not necessarily expert audience. It should include the purpose of the proposal, including its objectives and importance, the method for achieving the aims, the expected outcomes, and the criteria for evaluating success. (Limited to approximately 300 words.)

This project expand regional agricultural trade in West Africa by developing and testing improved techniques for (a) collection and the dissemination of relevant, timely and reliable commercial information and (b) strengthening the capacity of traders to act on this information. The project will achieve these objectives by strengthening the capacities of national market information systems (MIS) to exchange information among themselves and with affiliated national agricultural trader networks, which are now linked through a regional West African MIS network and a regional traders' network. The approach will be tested in three neighboring countries (Mali, Niger, and Guinea), focusing initially on trade in livestock and rain-fed cereals. Based on these experiences, the project will develop a guide on how to extend the approach to other countries and other commodities. A key partner will be the Malian Agricultural Market Information System (OMA), which is a regional leader in market information in West Africa.

Expanding regional agricultural trade in Africa is critical to stimulating broader economic growth and poverty reduction. The small size of national markets limit market opportunities for farmers and increases market volatility, raising risks for farmers, traders, and consumers. Expanding regional trade will allow West African farmers to capture growing potential demand for their products (particularly for feed grains and livestock products), which would otherwise be met by imports from overseas, and reduce market instability, thereby improving food security.

Working with the traders' and MIS networks, the project will carry out activities (see section D) to:

- Identify the most important types of regional commercial information needed;
- Strengthen OMA to coordinate the exchange of commercial information between itself and the national MIS;
- Empower traders to act on this new information to expand trade through strengthening the capacity of the national affiliates of the regional trader organization to facilitate trade among their members and to lobby to reduce non-tariff barriers.
- Develop a guide on how to extend the techniques developed in the project to other countries.

C. Outcomes

What do you want to achieve and why is this important? Outline your desired intermediate (shorter term) and ultimate outcome(s). Outcomes are the changes that occur in people, institutions, policies, or conditions because of the proposed inputs and activities. Because ultimate outcomes may result from the interplay of several variables and often are not achieved during the grant period, it is important to identify intermediate outcomes, which indicate progress toward the ultimate goal(s). Please be specific.

The ultimate aim is to increase agricultural trade among West African countries in order to expand rural incomes and improve food security. Expanding regional trade is important for improving the welfare of both farmers and consumers, as the thinness of national markets leads to wide fluctuations in domestic prices from year to year (increasing risks) and because farmers and traders in one country are often unaware of the potential demand for their products in neighboring countries. Expanded

regional trade will help stabilize domestic prices, thereby reducing farming risk, open new markets for farmers, and expand consumers' access to more reliable sources of food.

The intermediate outcomes are:

- (a) Increased availability of demand-driven commercial information (on product availability, demands, prices, qualities, conditions of sale, commercial partners) to market participants that will lead to increased trade among the participating countries.
- (b) Strengthened capacity of national market information systems in the 3 countries to collect and exchange such information sustainably.
- (c) Greater capacity of traders to act on this information through the strengthening of the national affiliates of the regional traders' organization, ROESAO. The national affiliates will facilitate trade by expanding their capacity to broker contacts among potential trading partners in the different countries, resolve disputes among trading partners, organize consultations between traders from neighboring countries and the customs services on each side of the border to establish smoother clearances of cross-border trade, and to lobby for a policy environment more favorable to regional trade.
- (d) A guide on how to extend the approaches developed in this project to other countries and other commodities.

D. Activities

How do you plan to accomplish this? In other words, what activities do you plan to undertake to lead to or produce the desired outcome(s)? Please attach a timeline for your activities, including specific milestones.

The project will be based in Mali, and will work closely with the Malian agricultural market information system (*OMA – Observatoire du Marché Agricole*), which is widely acknowledged as the most advanced market information system (MIS) in West Africa and with which Michigan State University has collaborated since 1989. The OMA serves as the coordinator of the West African regional MIS network (RESIMAO), and hence is a logical partner to help strengthen the capacities of the MIS in Guinea and Niger; and the project will initially begin with efforts to expand Mali's trade with each of these countries. The specific activities of the project will include:

1. Holding consultations in each country with the key players in regional trade to assess their commercial information needs. This will involve identifying the most promising commodities for expanded regional trade (at this point we hypothesize that these will include livestock, rain fed cereals, and possibly certain horticultural products).
2. Organizing a regional workshop to design the system for exchanging the information among countries.
3. Strengthen the capacity of the OMA in its role of capacity as coordinator of RESIMAO to provide this type of technical assistance to other MIS, especially with respect to new information delivery mechanisms (SMS, toll-free phone calls, web)
4. Work with the OMA to strengthen the capacities of the MIS in Niger and Guinea to provide commercial information useful in expanding regional trade.
5. Development and execution of a marketing plan for the new information services of the MIS (with the aim to make them more self-supporting, through user fees).
6. Carry out a baseline study of trade flows among members of the national affiliates of the traders' network, ROESAO, and the structure of trade for selected commodities.
7. Work with the ROESAO national affiliates to provide ongoing data on trade facilitated through the regional network.

8. Limited support to national affiliates of ROESAO, including:
 - a. Technical support to these offices to track trade among members.
 - b. Training on lobbying regarding regional trade policies and practices. (Although official policies in West Africa often are pro-trade, implementation often leaves much to be desired).
 - c. Helping organize “border dialogues” between traders and customs services, where traders from the 3 countries would meet with customs officials to clarify procedures to be followed to facilitate cross-border trade.
 - d. Production of directories (hard copies and on-line) of traders engaged in regional trade,
 - e. Support membership drives by the traders’ organizations to broaden their membership, leading to more competition and expansion of regional trade
 - f. Help in developing a system to charge user fees for trade deals facilitated through the networks, thereby contributing to the long-term sustainability of the system.
9. Drawing lessons from this experience and developing a guide to scale-up and extend it to other countries.

See timeline of activities on following page.

TIMELINE FOR PROJECT: STRENGTHENING REGIONAL TRADE THROUGH IMPROVED INFORMATION

Activities	July 07	Aug	Sept	Oct	Nov	Dec	Jan 08	Feb	March	April	May	June	July	August	Sept
1. National consultations															
<i>1.1 Trader survey</i>															
<i>1.2 National workshops</i>															
2. Regional workshop															
3 Strengthen OMA in its own methods and in its ability to provide assistance to other MIS															
4. Technical assistance to Niger and Guinea MIS in collaboration with OMA															
5. Develop. and execute marketing plan for MIS's new information products															
6. Baseline trade flow study and structure of trade for selected commodities															
7. Collection of statistics on increased trade															
8. Support to affiliates of ROESAO															
<i>8.1 Support to collect trade data</i>															
<i>8.2 Training</i>															
<i>8.3 Border dialogues</i>															
<i>8.4 Traders directories</i>															
9. Develop guide on extending the experience to other countries															

E. Theory of Change

Why do you think doing this will achieve your goals? In other words, why do you believe the activities identified in Section D. will lead to the outcome(s) described in Section C. (also known as your *theory of change*¹)? For general operating/program support grants, please provide a theory of change for your entire organization rather than individual programs or activities.

The experience of Asia shows that international trade can be a strong stimulus to economic growth and poverty alleviation. In West Africa (particularly in the landlocked countries of the Sahel), many countries are eager to expand agricultural exports, yet prospects for traditional exports (such as cotton) are modest because world prices for traditional African exports are low and expected to decline for the foreseeable future. Nontraditional exports, such as cut flowers and horticultural products shipped to Europe and the Middle East, may have good prospects, but the very low base of their current production will limit the growth effects of these exports to small groups of producers and areas. This leaves the regional West African market, where demand is growing, driven by expansion of cities and income increases that create growing demand for both staples and higher-value products, such as livestock products. If the costs of regional trade can be reduced, demand for West African products will expand even faster, as there is large potential in many of the coastal countries to substitute local West African products for imports coming in from outside of Africa.

Capitalizing on the potential of regional trade for poverty reduction and food security through rapid agricultural transformation will require reducing the high transactions costs that characterize trade among West African countries and improving the availability of commercial information to a broad set of traders and farmers. This information includes data on the quantities and qualities of products demanded and their availability in various locations, prices, other conditions of sale, and delivery options. The reduction of transaction costs can be achieved by promoting self-sustaining traders' organizations that provide low-cost ways of resolving commercial disputes, promote grades and standards that encourage long-distance trade, and lobby policy-makers for trade enhancing practices across borders.

The provision of regional commercial information allows traders to identify new profitable market opportunities that they would not otherwise have found, communicate their supply needs to farmers, and conclude more profitable deals. The current lack of accurate regional commercial information can be seen as a non-tariff barrier that inhibits intra-regional trade. Indeed, it is not rare to see buyers turning to imports from outside Africa because they don't know what is available from neighboring countries or don't trust suppliers from these countries to deliver the required quantities and quality at the appropriate time.

Promoting regional trade requires that regional commercial information be made available to the different actors and that strong traders' organizations permit the individual trader to act on the opportunities revealed by the information. Thus, there is a need to design and help implement an effective, sustainable regional commercial information exchange system and strong traders' organizations that are mutually reinforcing.

¹ For additional information, see www.theoryofchange.org, a joint venture between ActKnowledge and the Aspen Institute Roundtable on Comprehensive Community Initiatives, which provides theory of change and logic model tools and frameworks. See also Innovation Network Online at www.inmonet.org.

F. Indicators

How will you know you are succeeding? How will you measure movement toward the desired outcome(s), and what indicators of progress will you collect to monitor whether your activities are having the desired impact? What constitutes success?

Although the ultimate goal of the project is to expand regional trade among the three countries, the lack of reliable official trade statistics for the countries makes it impossible to rely on those figures to track the impact of the project. Nor is it within the resources of the project to independently monitor all the trade among the countries. We therefore focus on the following indicators, some of which are partial indicators of the increase in trade (the ultimate goal) and some of which are key intermediate outputs that we expect, from our theory of change, to lead to expansion of trade:

1. Change in volume of trade among a representative sample of members of the regional traders' network, ROESAO. This will necessitate first identifying the sample, conducting a baseline survey of the its volume of regional trade in the key commodities tracked by project, and then tracking both the sample's regional trade over time and the approximate share of the sample's trade to the that of the total membership (to permit extrapolation to the larger population of ROESAO).
2. The number of cross-border deals facilitated by the national affiliates of ROESAO in the three countries over time.
3. Change in the memberships in the national affiliates of ROESAO in the three countries.
4. Increase in the volume of user fees generated by the MIS or ROESAO affiliates, which will contribute to the sustainability of the program after the end of the project.
5. Change in the number of national and local MIS reports and broadcasts on offers and bids of regional relevance.
6. Increase in the volume of market information diffusion through new delivery mechanisms, such as SMS and toll-free phone calls.

G. Prior Grant Outcomes

If you have had a grant from The Hewlett Foundation in the past, describe the outcome of the work under the most recent grant.

MSU's Department of Agricultural Economics has not had any previous Grants from the Hewlett Foundation.

H. Organization

What are your organization's greatest strengths in terms of its capacity to achieve your intended outcomes? What significant challenges do you face in terms of your capacity to achieve the intended outcomes?

Michigan State University's Department of Agricultural Economics has developed what the Rockefeller Foundation called "the largest aggregation of individuals focusing on African agricultural development anywhere." The Department has unparalleled experience and capacity in helping to build effective agricultural market information systems (MIS) and improve agricultural marketing in Africa. Over the past 18 years MSU has been instrumental in helping create and strengthen MIS in Mali, Mozambique, Zambia, and Rwanda and in promoting exchange of experiences across MIS to promote South-South learning (see http://aec.msu.edu/fs2/mis_dev/index.htm for a compilation of MSU's work in this area). In particular, the core staff proposed for this project have partnered with

Malian colleagues since 1989 to help build Mali's agricultural market information system, which has become the recognized leader among MIS in West Africa, coordinating the West African network of market information systems. The MSU's team's work in improving Malian farmers' access to market information via innovative use of new information and communication technology (ICT) has been highlighted in Forbes magazine (*Silicon Mali*) and [Public Radio International](#). In 2004, the team was selected of one of 8 finalists worldwide (the only one from Africa) for the Gateway Development Foundation's Petersberg Prize for the most exemplary use of ICT for development over the previous decade. This work focused on improving market information flows *within* Mali, and the current proposal will focus on helping extend some of those improvements regionally.

The MSU team also was instrumental, in a previous USAID-funded project (http://aec.msu.edu/fs2/mali_pasidma/index.htm) in helping create the regional market information network and the regional traders' network that we propose to work with under the current proposal. The MSU team therefore has good working relations with all the major actors involved.

There are three potential challenges to achieving the project's intended incomes:

- Political shocks in one or more of the countries could disrupt trade flows independent of the efforts of the project.
- A region-wide drought would reduce supplies (particularly of cereals) and thus likely lower intra-regional trade of cereals produced in West Africa (although it could increase trade flows of cereals produced outside of West Africa, including food aid). Localized droughts would not necessarily have this effect; they might even increase trade flows, as long as the surplus countries did not face domestic pressures to close their borders to maintain domestic supplies.
- Initial reluctance of the largest traders to participate in the project's activities simply because of the high opportunity cost of their time ("time is money"). We anticipate, however, that once the project, working with the regional traders' network, begins demonstrating that it can facilitate profitable intra-regional trade deals, this challenge will be overcome.

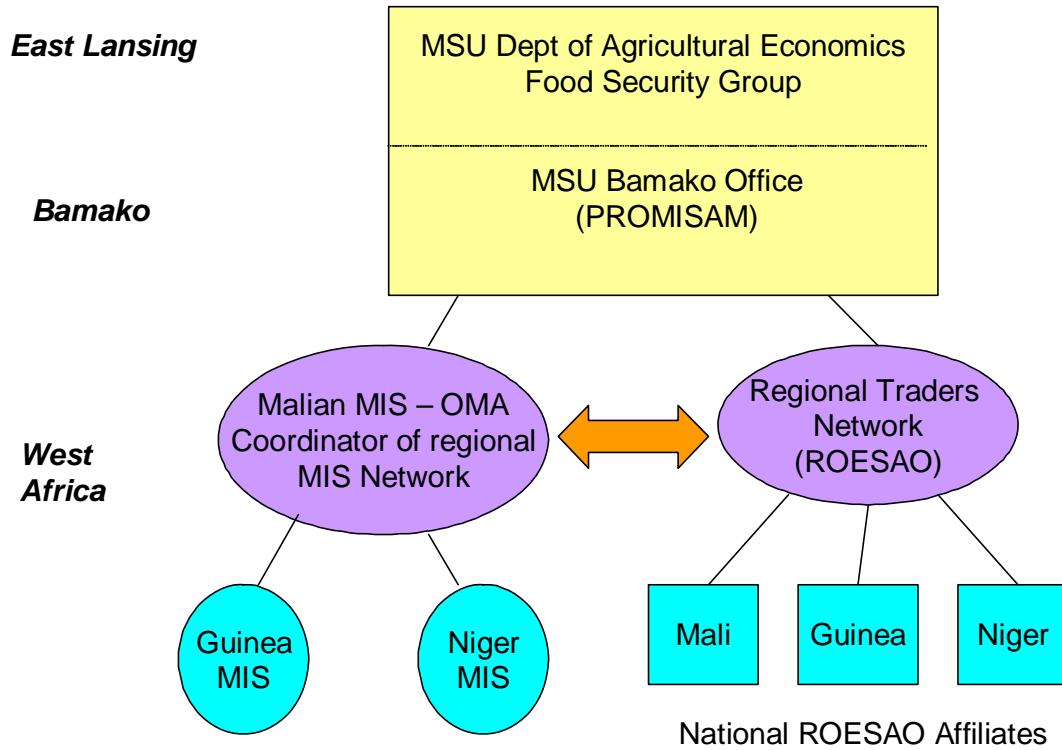
**THE WILLIAM AND FLORA HEWLETT FOUNDATION
GLOBAL DEVELOPMENT PROGRAM**

THEORY OF CHANGE CHART

<p align="center">ACTIVITIES</p> <p align="center">What specific activities and milestones will this work produce?</p> <p align="center">(Relates to Section D. in the Proposal Summary, including timeline)</p>	<p align="center">INTERMEDIATE OUTCOMES</p> <p align="center">What impact do you hope this work to have in the near term? Identify the <i>target audience</i> for each deliverable.</p> <p align="center">(Relates to Section C. in the Proposal Summary)</p>	<p align="center">INDICATORS</p> <p align="center">How will you measure whether your work is making progress toward these outcomes?</p> <p align="center">(Relates to Section F. in the Proposal Summary)</p>	<p align="center">ULTIMATE OUTCOMES</p> <p align="center">What do you hope this work will achieve in the long term, i.e. beyond the grant period?</p> <p align="center">(Relates to Section C. in the Proposal Summary)</p>
<ol style="list-style-type: none"> 1. Hold consultations in each country with the key players in regional trade to assess their commercial information needs. This will involve identifying the most promising commodities for expanded regional trade (at this point we hypothesize that these will include livestock, rain fed cereals, and possibly certain horticultural products). 2. Organize a regional workshop to design the system for exchanging the information among countries. 3. Strengthen the capacity of the Malian market information system (OMA), in its role as coordinator of the West African regional MIS network, to provide this type of technical assistance to other MIS, especially with respect to new information delivery mechanisms (SMS, toll-free phone calls, web) 	<ol style="list-style-type: none"> 1. Improved market information for traders, farmers and policy makers 2. Strengthened capacity MIS to produce and diffuse the needed information 3. Strengthened capacity of traders to take advantage of trade opportunities identified through the improved market information. 4. Existence of a set of evaluation and training materials allowing expansion of these innovations to other countries in West Africa (and beyond). 	<ol style="list-style-type: none"> 1. Change in volume of trade among a representative sample of members of the regional traders' network, ROESAO. 2. The number of cross-border deals facilitated by the national affiliates of ROESAO in the three countries over time. 3. Change in the memberships in the national affiliates of ROESAO in the three countries. 4. Increase in the volume of user fees generated by the ROESAO affiliates 5. Change in the number of national and local MIS reports and broadcasts on offers and bids of regional relevance. 6. Increase in the volume of market information diffusion through new delivery mechanisms, such as SMS and toll-free phone calls. 	<p>Raising rural incomes and improving food security through expanded regional trade in West Africa.</p>

<p>4. Development and execution of a marketing plan for the new information services of the MIS (with the aim to make them more self-supporting, through user fees).</p> <p>5. Carry out a baseline study of trade flows among members of the national affiliates of the traders' network, ROESAO, and the structure of trade for selected commodities.</p> <p>6. Limited support to national affiliates of ROESAO, including:</p> <ul style="list-style-type: none"> a. Technical support to these offices to track trade among members b. Training on lobbying regarding regional trade policies and practices c. Helping organize "border dialogues" between traders and customs services. d. Production of directories (hard copies and on-line) of traders engaged in regional trade e. Support membership drives to expand participation in the traders' networks <p>7. Draw lessons from this experience and develop a guide to scale-up and extend it to other countries.</p>			
--	--	--	--

PROJECT ORGANIZATIONAL CHART



Key Project Personnel

Niama Nango Dembélé is Assistant Professor, International Development, in Michigan State University's Department of Agricultural Economics. A Malian citizen, he is based in Bamako, Mali, where coordinates MSU's Mali-based applied research and outreach programs on food security (implemented jointly with the Malian National Food Security Commission and the Malian Chamber of Agriculture). Dembélé is the intellectual godfather of Mali's highly successful agricultural market information system, having helped design and launch the system in 1989 and having co-directed MSU's highly successful USAID-funded project (PASIDMA) that led to the decentralization of that system and the creation of the West African Regional Network of Market Information Systems and the West African Regional Agricultural Traders' Network. In 2004, the MSU-led work with the Malian market information system was named one of 8 finalists (and the only finalist from Africa) for the Petersberg Prize, awarded by the Development Gateway Foundation for the most exemplary use of information and communication technology in developing countries in the past decade. Prior to this work, Dembélé served as a research associate in the International Fertilizer Development Center's West Africa program, carrying out applied research and outreach on soil fertility policy issues.

Cynthia Donovan is Assistant Professor, International Development, in Michigan State University's Department of Agricultural Economics. Since 1999, she has assisted the Agricultural Market Information Systems in Mozambique and Zambia in building sustainable and dynamic systems. Her responsibilities include support for the development, implementation and use of user needs assessments, temporal and spatial analysis, and use of market information in a policy setting. She has been active in supporting training, and development of new initiatives. Recent work in Zambia and Mozambique has emphasized decentralization and private/public partnerships in information systems, with the development of revenue streams. She has additional responsibilities for household research on production technologies, the effects of HIV/AIDS on rural households, and the role of markets in response to food insecurity. In addition to Mozambique and Zambia, she has professional experience in Senegal, Rwanda, Mali and Mauritania, and speaks French, Spanish and Portuguese, as well as English.

John Staatz is Professor of Agricultural Economics and African Studies at Michigan State University (MSU). He has worked on issues of African economic development for 25 years. He teaches graduate courses and conducts research in the areas of food policy, economic development, institutional change, and marketing, particularly as they relate to Africa. Staatz co-edited the widely used text *International Agricultural Development* (Johns Hopkins Univ. Press, 3rd ed., 1998) and *Democracy and Development in Mali* (MSU Press, 2000). He is co-Director of the [MSU's Food Security Group](#) (of which both Dembélé and Donovan are members), a highly productive group of faculty and graduate students who conduct collaborative research, outreach, and training with African colleagues throughout the continent. He has worked extensively in West Africa, particularly Mali, on food policy reform, market information systems, regional trade, linkages between agricultural growth and rates of child malnutrition, and strengthening agricultural research systems.

Abdramane Traoré is a research associate with PROMISAM, the joint MSU-Malian food security support project in Bamako. Mr. Traoré has worked on food security and market information issues in Mali since 1985. He has served as a technical assistant to the European Union-supported program to improve agricultural statistics in Mali, a technical assistant for many years to the Malian Agricultural Market Information System, and as a research associate with MSU's food security and market information support projects in Mali. He also played a key role in launching and supporting the regional network of market information systems in West Africa and has worked closely with the West Africa Network of Agricultural Traders. Hence, he knows both the technical issues and the key actors that will

be involved in the Hewlett Foundation supported project to expand regional trade through improved market information.