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FACET Webinar, June 17, 2010

Designing Scalable and Sustainable Market Information Services for Grain Markets in Malawi

Presenters:

Judy Payne, USAID/AFR/SD/EGEA ICT Advisor

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Shaun Ferris and Andrew Sergeant, ACDI/VOCA

Consultant Mark Davies, Esoko





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Introduction and Objectives

FACET: A USAID/AFR Project to help missions in SSA use ICT to improve the impact of their AG projects.

- Tech leadership and knowledge sharing
- Quick TA assignments

Webinar Objectives

- Learning together
- Exploring other questions FACET can address



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Market Linkages Initiative



Integrating Market Information with
Malawi Grain Bulking Systems



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Project Key Result Areas

- MLI pursues its goal through 4 key result areas:
 - Strengthen Grain Bulking System (GBS) operations in target locations
 - Enhance capacity of producer groups and farmers to integrate into GBS
 - Support Market Information Systems
 - Develop institutional platforms that disseminate lessons learned and best practices in collaboration with ACTESA (Alliance for Common Trade in Eastern and Southern Africa – COMESA)



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MLI Strategy

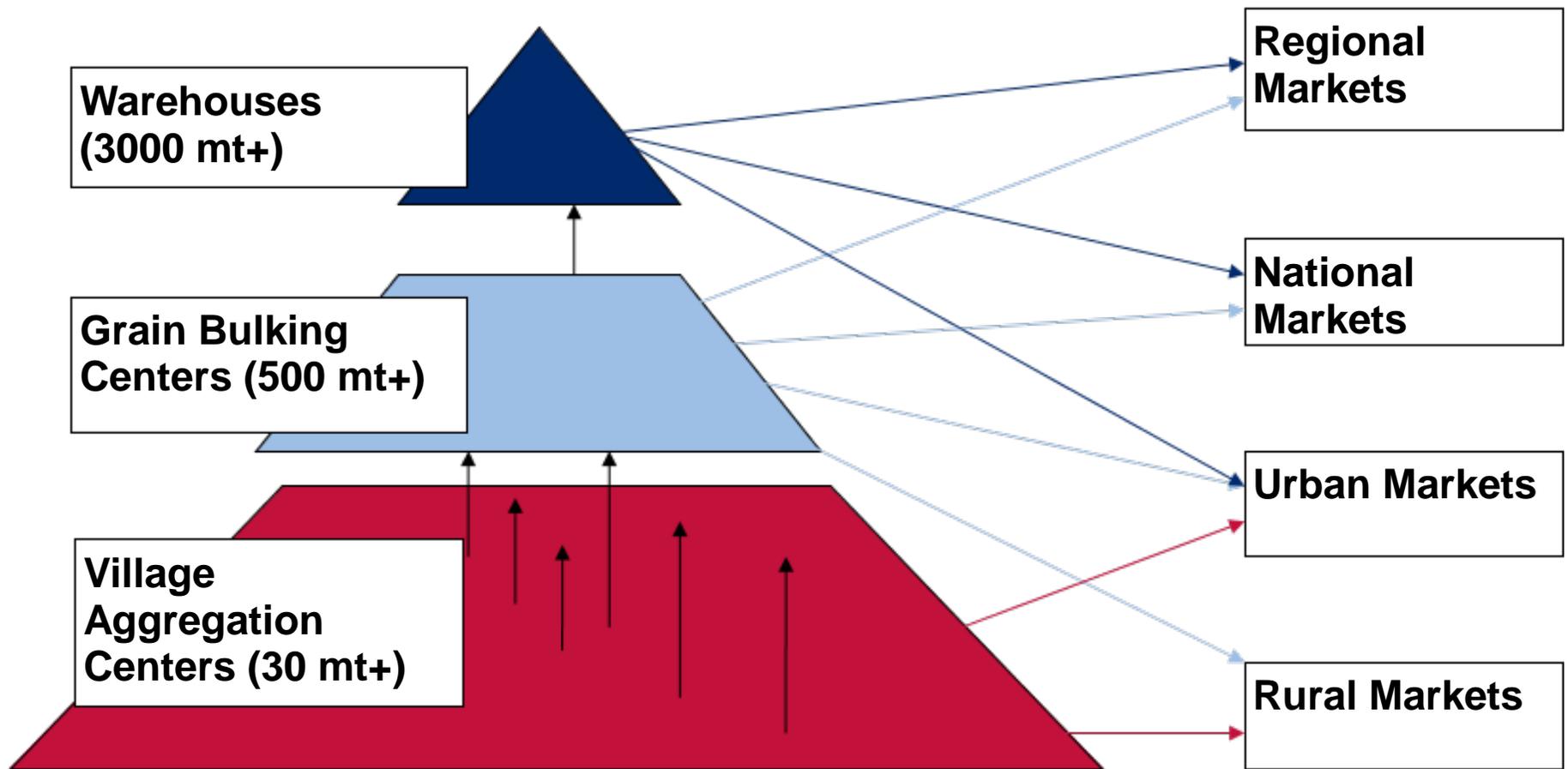
- Derived from in-country consultations with major project stakeholders in each country
- Private-public partnerships leverage private sector investments and reach more beneficiaries
- Identified integrated storage systems as best option for stimulating increased volumes
- Maximizes the usage of available storage





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Project strategy: integrated storage system





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MLI Grants in Malawi: US\$1.9 M

Grant resources will be used for:

- Warehouse upgrades & expansions
 - Integration of farmers into markets
 - Private-sector run Market Information System
 - Training in storage management & operations
 - Farmer training in crop conditioning practices and improved marketing skills



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Project Progress to Date

- Six Grant proposals for GBS in final stages with first grant disbursement anticipated for July
- Some 80 people attended grantees workshops
- Over 40 expressions of interest and concept notes submitted by potential grantees
- 22 site visits to preselected applicants conducted
- Crop conditioning training manual developed on maize, beans, rice and groundnuts
- MIS private-public partnership protocol established in Malawi supported by very first activity of new USAID FACET project



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Example of Activities - Maleza

- Implementing Organization: Malawi Enterprise Zones Association (MALEZA)
- Training of smallholder farmers in crop conditioning and marketing
- Duration: 4 Months
- Location: Dowa and Ntchisi (Central Region)
- Target group population: 3,500 smallholder farmers
- Amount requested for 4 months:
 - US\$ \$44,000 US\$12.50/person



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Example of Activities - NASFAM

- NASFAM – Malawi’s largest cooperative
- Improvement of Kaporo Smallholders Farmers Association (KASFA) Rice Mill
 - Compliance with food safety standards
 - Expand on recent fair trade export markets to Scotland for Kilombero – Malawi’s special aromatic rice
- Training of smallholder farmers in crop conditioning and marketing
- Duration: 12 Months
- Location: Karonga
- Target group population: 3,000 farmers
 - US\$ 100,000+



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Key Final Outcomes

- Minimum of 15 carefully selected GBSs centering on Certified Public warehouse throughout Malawi
- Support to over 150 Village Aggregation Centers
- Over 5,000 farmers trained in crop conditioning, marketing, and market information
- Sustainable, private sector based MIS – a pioneering effort!
- Work with NGO's to profile farmers in GBC and other regions of the country.



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Agricultural Context in Malawi

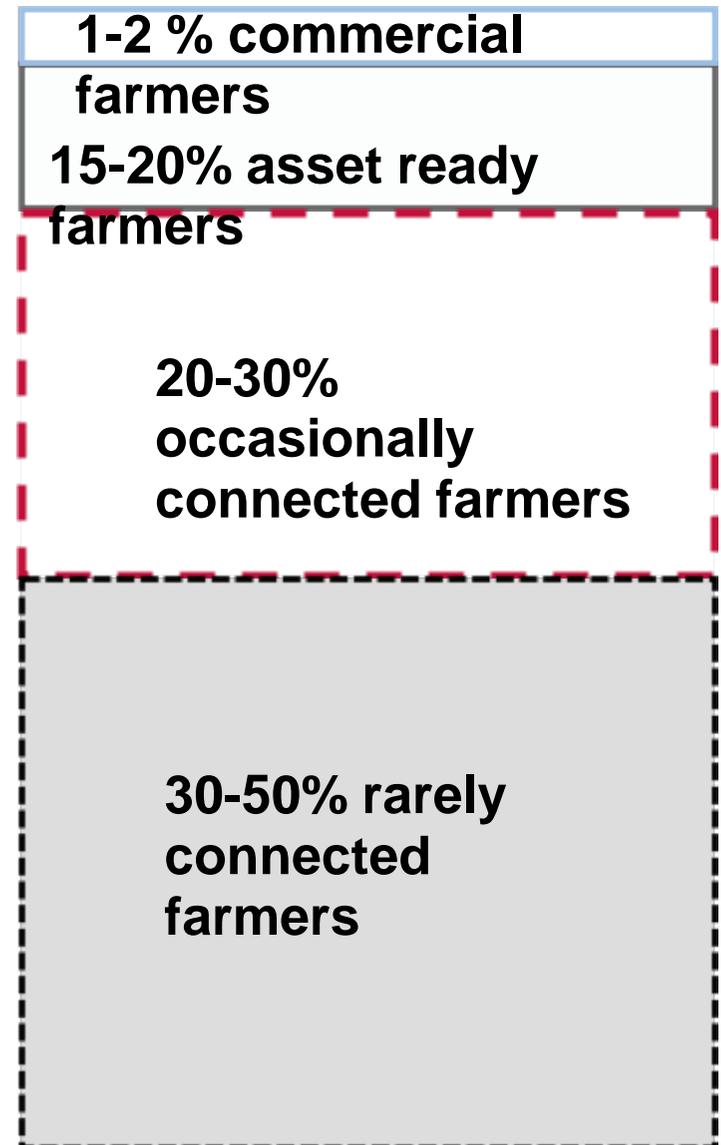
- **Food crops:** maize dominates
- **Cash crops:** tobacco dominates
- **Maize:** a cultural and political crop.
- **Government interventions:** subsidies & risk
- **Markets:** efficient, but razor thin margins
- **Private sector:** “hit and run” mentality
- **Farmer income & productivity:** maize low
- **Alternative crops:** groundnuts, soybeans, sunflower, cassava, coffee and tea, need market development
- **Growth markets:** processing markets / regional exports



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Farmer Segments Show Depth of Market Engagement

- 90% of commercially traded maize is grown by the top 18% of farmers
- Majority of farmers are net buyers with poor links to market
- Maize incomes very low
- Need to find new ways of supporting segments with specific services





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How Will Smallholders Benefit From MLI / GBS?

1. Provide better bulking infrastructure
2. Work with the private sector to provide embedded information networks
3. Build more durable business relationships between farmers and buyers
4. Seek better prices for farmers nearer to farm gate

For this to work:

- **MLI needs to develop a robust communication networks and find ways to integrate the different farmer segments into GBS options.**



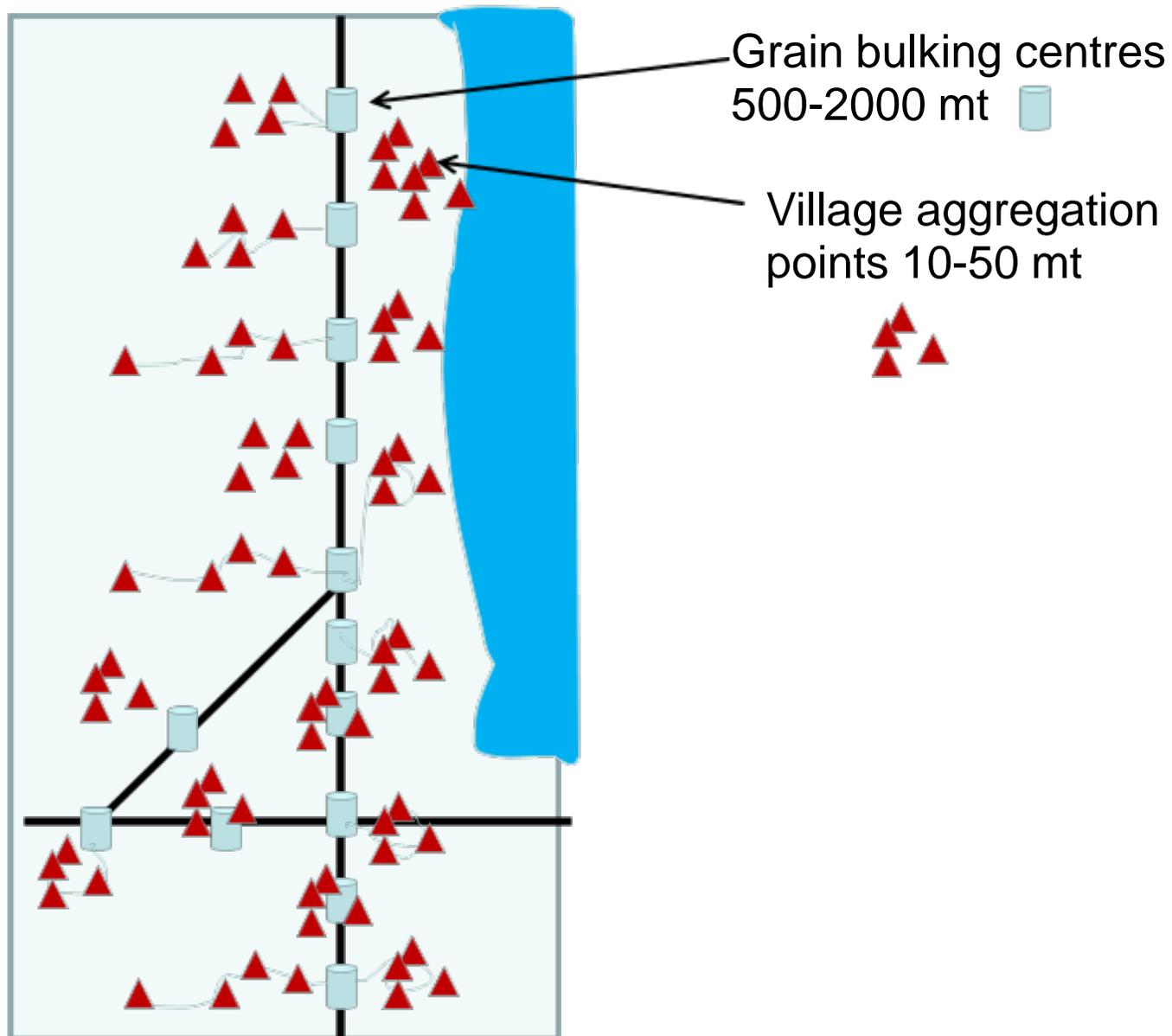
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1. GBS

MLI is seeking to build more efficient trading networks that link farmers to buyers

Information is a binding factor that needs to be integrated into the GBS

How should that be done?





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2. Establishing a Sustainable MIS

- **Targeted MIS:** Needs to support 15 GBS
- **Embedded:** Private clients and farmer beneficiaries
- **Scalable:** should scale to new clients and networks
- **Mobile:** focus on mobile phone platform
- **Financially sustainable:** start with a profitable platform
- **Requires a Business Model that:**
 - Supports business operations of formal traders (paying)
 - Supports rural traders
 - Meets needs of producers (free goods)
 - Can be used by NGO's and farmer organisation to link-in farmers

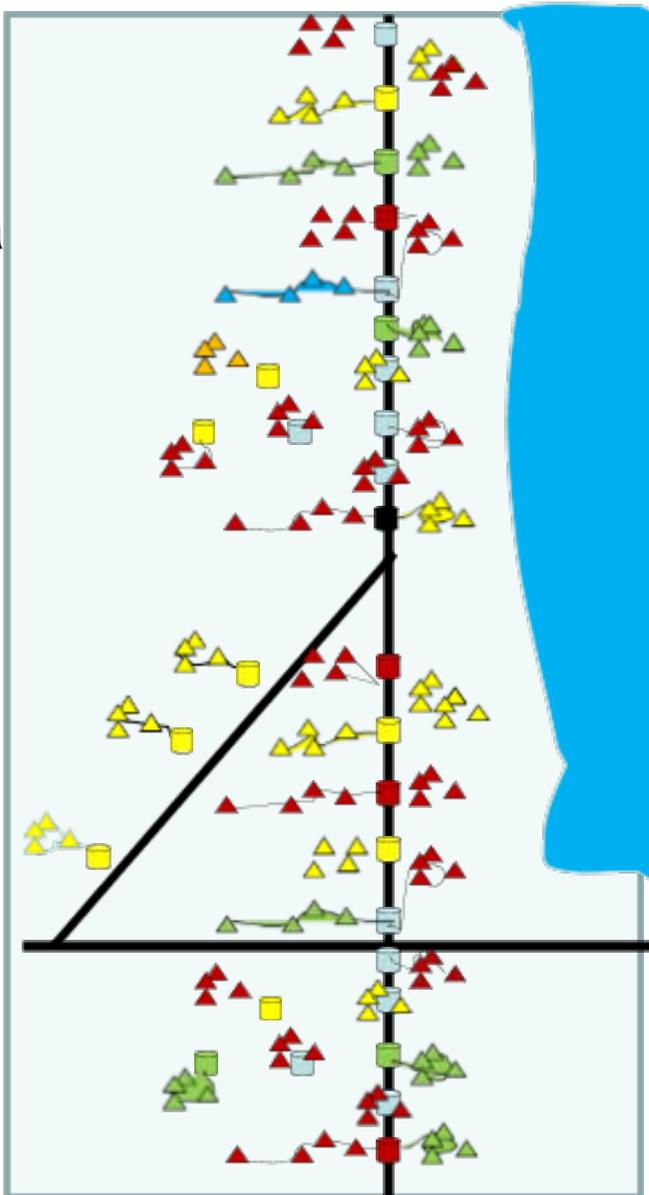


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3. MIS Linking Farmers to GBS

Esoko Malawi will support a number of information networks with leading

- Companies
- NGO's
- Farmers organizations



Grain bulking centres
500-2000 mt

Village aggregation points 10-50 mt





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Evaluation of MIS Options

- **Ministry Market information**
- **Malawian Agricultural Commodity Exchange**
- **Agricultural Commodity Exchange for Africa**
- **Frontline SMS**
- **Esoko**
- First four options are **public goods** services
- First three do **NOT** provide **customized** information
- First four are **NOT** profitable or sustainable
- First three are in financial decline



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Esoko: A Unique MIS

\$2 million invested

70% private; 30% public; 40 employees



Broad experience across 8 countries

Scalable, connected, experienced

1st '2.0' Market Info System

Tools for **both** public & private sector; profitable business model; true PPP (shared risk); designed for mobile



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A Powerful Platform



SMS Push! for advice, reminders, advertising...



Profiling & ranking: risk reduction



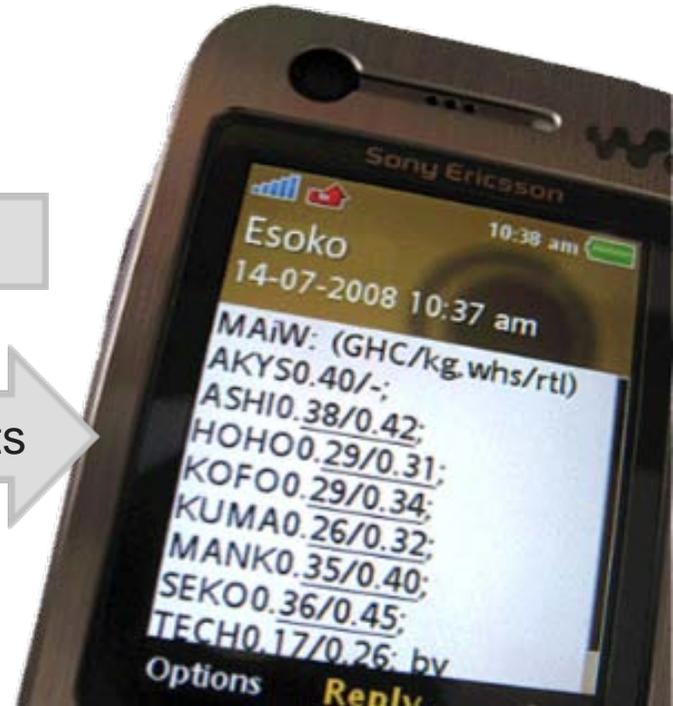
Multiple Content...



Field uploads

Personalize Automatic Alerts

Prices, offers, weather, inputs





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Unique Support



Training modules, workshops etc.



Well documented methodologies

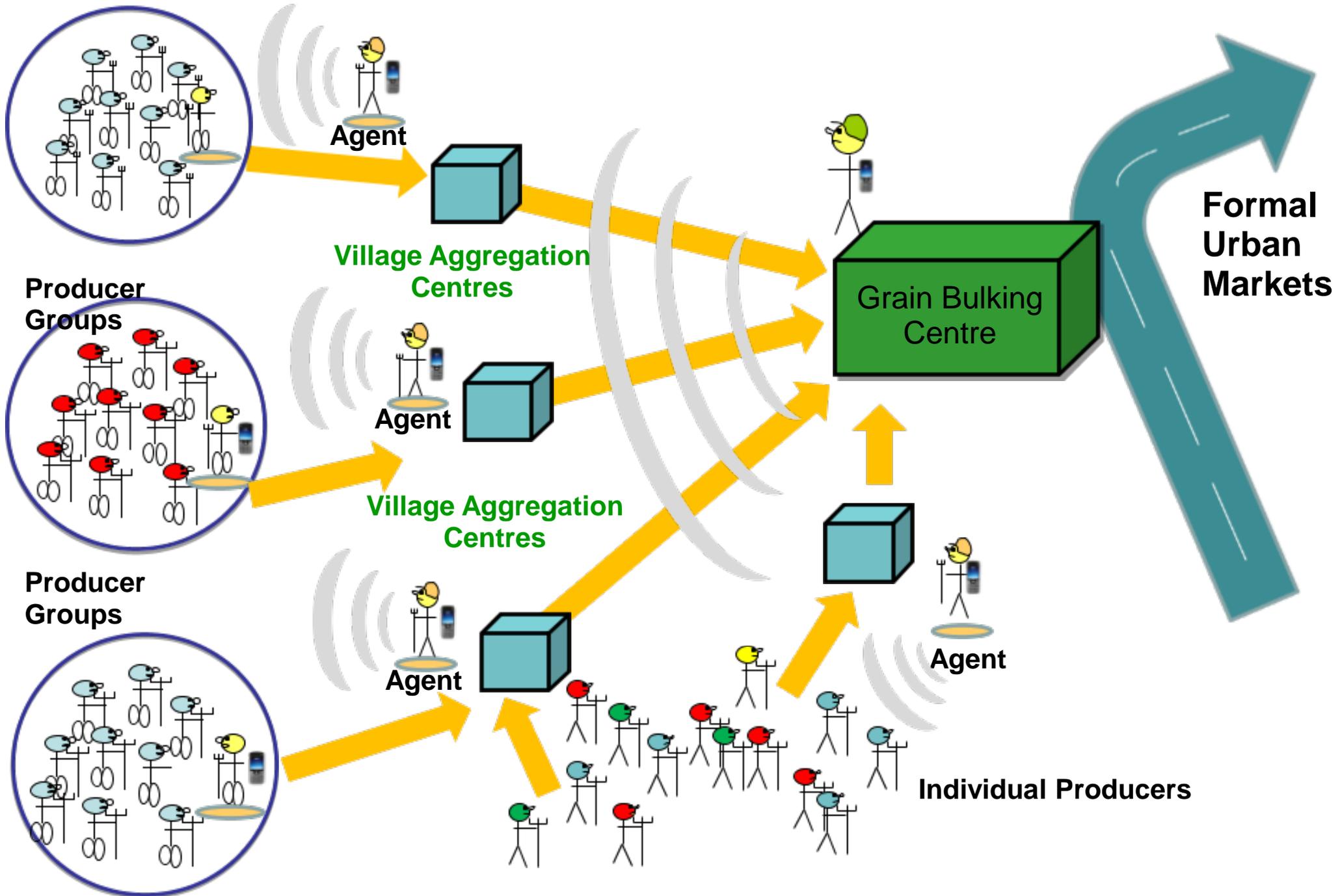


Field deployment expertise



Annual 'best practices' conference

Esoko Within MLI GBS





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Charge Client Profiles for Esoko Malawi

Bronze	Silver	Gold	Platinum
\$25	\$250	\$1,500	\$8,000
10 SMS alerts/week	SMS alerts & Website; Max 200 members	All tools; Max 2,000 members	All tools; Unlimited
Trader Researcher	Small Business Exporter	Farmer Group Business Small NGO	Large Business/Assoc Consumer Brand Co. NGO Government
6,000	2,000	200	20



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Challenges for MLI and Esoko

- **MLI has an 18 month time horizon to roll out 15 GBS**
- **Need to integrate three elements for success**
- **Existing MIS providers not designed to provide a private MIS solution**
- **Esoko will require a new company to operate**
- **Need to configure Esoko within lead company information systems**
- **Need to show changes to the bottom line**



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Next Steps

- **MLI to support business plan for Esoko Malawi with Esoko Networks and GBS Stakeholders.**
- **MLI to identify an entrepreneurial management consultant to design and deploy Esoko Malawi**
- **MLI to integrate Esoko Malawi subscriptions into GBS and build support grants**
- **Work with private sector to integrate Esoko information and logistics systems to existing business systems.**
- **Work with NGO's to profile farmers in GBC and other regions of the country.**
- **Launch Esoko Malawi for private – public partners**



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THANK YOU!

FACET (Fostering Agriculture Competitiveness Employing Information and Communications Technology) is a project funded by USAID/AFR/SD/EGEA. It provides technical leadership and field support in Sub-Saharan Africa to help USAID increase the impact of agriculture development projects. For more information, contact Judy Payne, ICT Advisor, USAID/AFR/SD/EGEA (jpayne@usaid.gov)

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