



USAID
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MOZAMBIQUE

CASE STUDY

Learning How to Improve African Markets

USAID examines how to make food markets work better



Photo: Michigan State University/Michael Weber

Market analysts exchange information with wholesalers in Xai-Xai City, Mozambique.

“Market information is helpful but difficult to put into place and sustain,” says Pedro Arlindo, an agriculture market expert.

Challenge

Markets work best when timely information about supply and demand conditions is readily available. Putting into place systems to provide this kind of information is one of the most difficult building blocks for well functioning food and agricultural markets in Africa. This is partly because there is no workable method for charging all recipients of the information for its use, and because public sector participation is critical to designing and developing a system for gathering and disseminating reliable market information to all who need it.

Initiative

To study how such a system could be put in place, USAID launched a project in Mozambique to analyze food markets. The project identified methods for

providing timely, accurate, and low-cost strategic information, including prices and transport costs, to farmers, traders, processors, and consumers. With the information in hand, they can operate more effectively in a free market, which creates incentives for new private investment and ensures that surpluses do not go to waste when there is demand elsewhere in the economy.

Results

The project yielded important insights into how to build a sustainable market information system through partnerships among government, nongovernmental organizations, and private businesses. It also showed that through radio broadcasts, market information can be provided for as little as \$0.07 per year per rural household. In rural areas with strong radio signals where up to 66% of farms received price information, those farms generated, on average, 11% more revenue than those without access to the information. Based on observations from the project, USAID and its partners also developed a set of guidelines to be used in future efforts to build effective, lasting, and sustainable market information systems throughout Africa. Once they are in place, these information services will bring enormous benefits to ordinary Africans by making the region’s food markets more efficient and competitive.