

Esoko – the new market info system for African farmers



An exciting new Market Information System, developed in Africa by Africans, will link farmers and traders online. It goes live next month in Ghana. It will provide an internet platform to enable farmers to get market information and trade using mobile phones and web pages. The system, reports **Dominique Magada**, will be rolled out across Africa in the near future.



The new market information system is called Esoko, from the Swahili word *soko*, meaning 'market'. "We realised that farmers and traders were hungry for information they could not access, so we looked at various ways to provide that," said Mark Davies, founder and director of Esoko. Once active, the system will gradually be extended to other African countries. Esoko will take over from TradeNet, the initial internet

Esoko is building on the success of Tradenet, providing market data for an extensive list of agricultural products including cereals, livestock, fruit, fibres, seeds and pulses to as many as 10 West and East African countries.

platform set up about four years ago to provide market price information via SMS messages to farmers and traders.

Over the last few years, mobile phone has become an essential way to communicate in Africa. Mobile telecom connectivity, as opposed to internet, is available in remote locations and relatively cheap to use. It is estimated that mobile telecom use now covers about 30% of the population in many African countries.

Through the new system, users will be able to get customised alerts via SMS on their mobile phones and publish content, also via SMS, onto an internet platform. In Africa it provides a similar service to Market Light, the low cost agricultural data system set up in India by information giant *Reuters* about 18 months ago. However, Esoko will provide more than just market data – it will be an integrated platform to communicate all information linked to agricultural markets, be it prices, transport, weather, inputs availability and any other relevant information. "While running TradeNet, we realised that there was a need for a platform to integrate the whole supply chain, not to just provide prices," Davies says. "We're missing the point if we don't integrate the whole industry."

Esoko intends to be equally as active in the area of transport and distribution information as in supplying market price data. In many African countries, the agricultural sector suffers from serious constraints along the supply chain. Often farmers put a lot of effort into growing a crop only to find that they are unable to sell it at a fair price due to lack of access to storage, transport and distribution. Likewise, traders and distributors are often unaware of the quantity produced and quality level of a given crop.

As a system, Esoko will combine a traditional market price information system with a network approach such as Facebook, where members can post personal updates and follow what other members are doing.

"It's a bit of a Facebook for farmers to bring them together!" Davies jokes. It will also have eBay-type applications, such as a rating system for traders. "A lot of businesses in Africa rely on trust, so it gets more complicated when farmers start dealing with traders and companies from a different region they don't know personally. A rating system enables them to identify a trader who consistently abuses his market position," Davies insists. Overall, it will be a market information system with a personal touch. Users will be able to fully customise the system to get the exact information they need, and to better target their communication. Furthermore, the system will gather crucial market information that is currently lacking in many African countries. "We found that in many countries there were huge gaps in terms of agricultural information," Davies explains. "In some cases, there's no information regarding how much maize has been planted in one season, or how much fertiliser has been used," he adds. "By using our polling programme, companies or organisations will be able to gather crucial commercial data more systematically and feed it into the system."

Fully African

So far, Esoko's predecessor, TradeNet, has been providing market data for an extensive list of commodities, including cereals, livestock,

fruit, fibres, seeds and pulses among others, in as many as 10 western and eastern African countries. Esoko will build on it and continue working in the countries where TradeNet already had a presence.

Esoko was developed in Ghana by a team of 25 system developers. "Esoko is completely African, it was developed in Africa by African developers for the African market," says Davies, who is himself South African. "We already have a team of 50 people working on the new system here, including 30 agents in the field to track and submit prices."

In the other target countries, Esoko is planning to build on existing or nascent partnerships to implement its internet platform, including private partners as well as public organisations. It is hoping to put in place public-private partnerships, whereby half of the cost is borne by the private company and the other half by the public entity.

"It costs about \$1m to implement the system. The idea would be to have half of it in the form of a public grant, and the other half as private sector investment," says Davies. Such support would initially subsidise the cost of SMS messaging to farmers' organisations and help build their own capacity.

In terms of financing, Esoko will rely on subscriptions from members and will have different levels of membership, starting with an annual individual membership priced at

about \$35, which will provide 10 SMS alerts a week. A small business membership will also be available at an annual cost of \$250 allowing businesses to also post content onto a personalised page to market their goods.

Full membership will give total access to the system and its modules for an annual fee of \$1,500. "In that case, [full membership] provide more than a communication system, we'll offer companies a profitable business model as well," Davies confirms.

According to the company's own estimates, Esoko will need 10,000 individuals and 2,000 businesses in any one country to be profitable as an enterprise. Individuals include traders, analysts, transport providers as well as farmers.

Davies believes that it should not be too difficult to make Esoko profitable. "Some 60 to 70% of African people are involved in agricultural trade and they need market information on a daily basis. We expect the real drive to come from this business," he said.

Beyond agriculture, Esoko is already seeing opportunities in other sectors, including health and weather. "We helped the meteorological service in Ghana build their own information platform based on a system of SMS feeds. That developed unexpectedly," Davies says. Potentially, the platform could also be used to gather health information, in particular to quickly locate the outset of a disease. ■