

PRICE TRANSPARENCY IN AGRICULTURAL PRODUCE MARKETS

Case of Sri Lanka

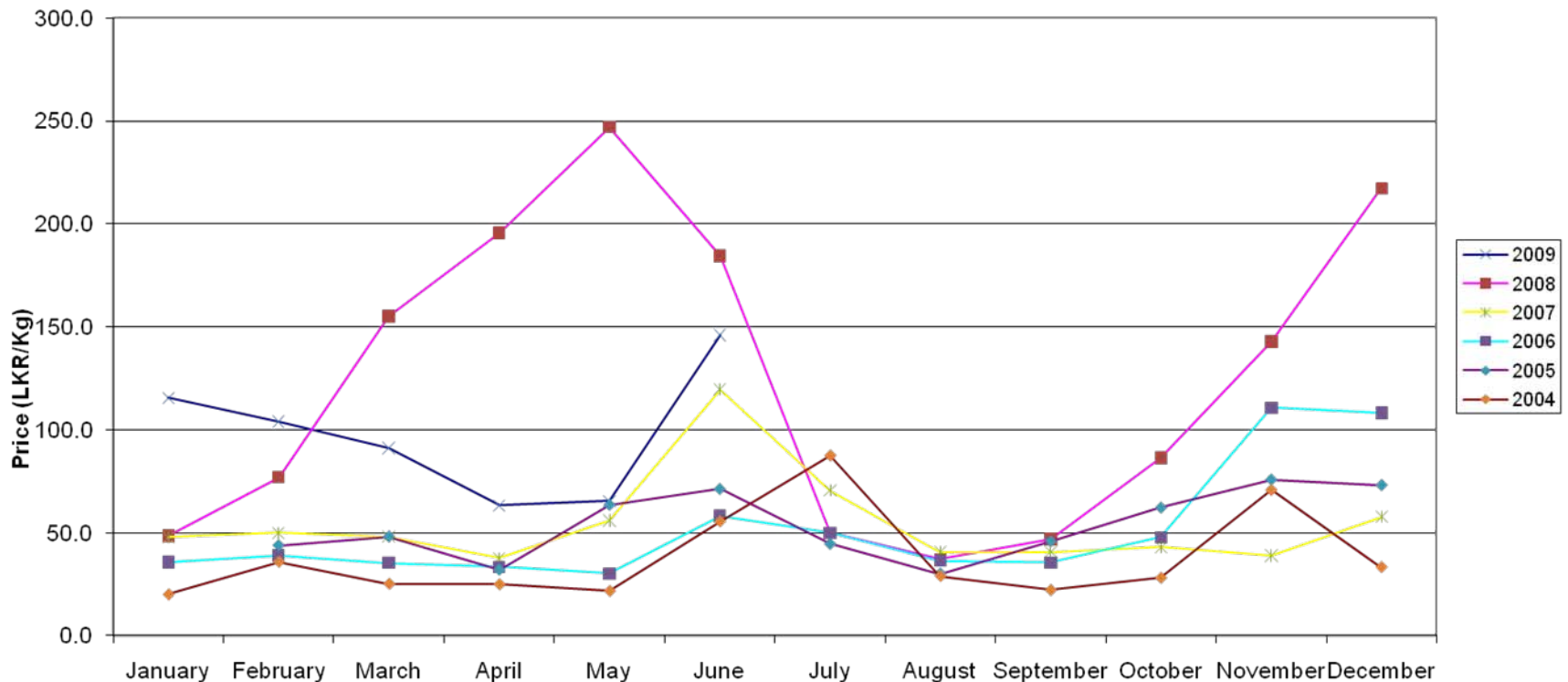
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High price volatility (seasonal, inter-day & intra-day) in Sri Lankan agricultural markets



Average monthly price for Cabbage at the DDEC (Jan 2004-June 2009)

Agricultural Markets in Sri Lanka

- 8 “regulated” markets in the country
- The largest is the Dambulla Dedicated Economic Centre (DDEC)
 - Handles nearly 80% of wholesale trade in agricultural commodities.
 - Located in the centre of the country with good transportation linkages to the rest of the country.

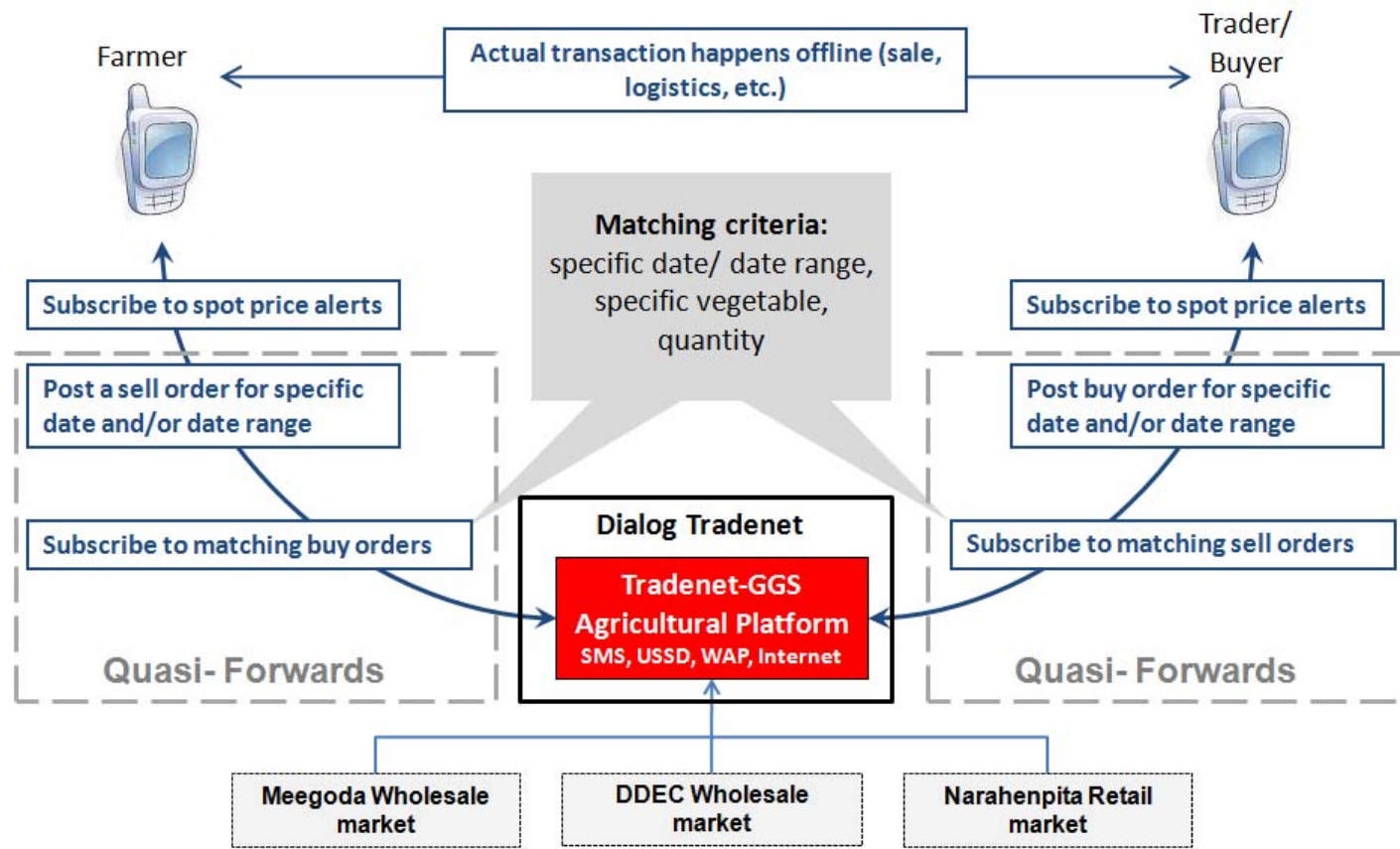


Achieving price transparency through Tradenet (tradenet.dialog.lk)

Tradenet:

Partnership between a not-for-profit company called Govi Gnana Seva (GGS) and Sri Lanka's largest mobile operator (Dialog Axiata PLC)

GGS: primary source of wholesale agricultural price information in the country



Tradenet price alerts have improved farmer livelihoods



- Farmers less vulnerable to price fluctuations
 - A non-representative but large sample of farmers located near the main market in Sri Lanka, got an average premium **23.4%** on the average market price.
- Farmers show strategic depth in their livelihood decisions, using the service to schedule harvesting and selling.
- Farmers are now aware of higher value crops outside their forte which is creating increased demand for relevant crop advisory and extension services.

H.M.M.G. Dissanayake Banda

- Owns and cultivates 1.5 acres of land
- Land 10-15km from the market (Dambulla Dedicated Economic Centre)
- Knows how to grow Cabbage, Sweet Potato, Brinjal, Big Onions, Rice
- Using Tradenet for 10 months



After Using Tradenet:

- His cabbage crop was ready for harvesting during the 3rd week of April 2010.
- On 21st April 2010, he noticed prices at Dambulla had risen from USD 0.18/Kg in the morning to USD 0.32/Kg by the late afternoon.
- Realizing the upward trend, he used friends and family to quickly harvest his crop (having to use flash lights since it was dark by the time he finished harvesting)
- By the time he sold his cabbage crop at the market he was able to obtain USD 0.41/Kg - a premium of USD 0.14/Kg (51.8%) on what he had hoped to make on the crop.
- He has also been following prices of green chilies on Tradenet which he thinks can get him higher prices but doesn't know how to grow them so is now looking for additional advisory services that can help him understand green chili cultivation.

Utilization of ICTs can facilitate IFAD Objectives

IFAD aims to enable rural poor to take advantage of:

1. Natural resources, especially secure access to land and water, and improved natural resource management and conservation practices
 - **Potential ICT applications:** GIS applications, electronic land records, targeted resource management techniques
2. Improved agricultural technologies and effective production services
 - **Potential ICT applications:** agricultural extension, crop advisory
3. A broad range of financial services
 - **Potential ICT applications:** mobile based micro-insurance (Kilimo Salama), information on available source of financing
4. Transparent and competitive markets for agricultural inputs and produce
 - **Potential ICT applications:** connective farmers & buyers, price information dissemination, exchanges
5. Opportunities for rural off-farm employment and enterprise development
 - **Potential ICT applications:** Employee/ Employer matching, casual work notification
6. Local and national policy and programming processes
 - **Potential ICT applications:** e-Governance & m-Governance applications