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Implementation of a Marketing Information System for Honduras: A Model for Regional Studies in Low-Income Economies

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A marketing information system for Honduras was devised. The premise behind this project is to provide timely access to agricultural market prices for the private sector. Daily price information would be generated for major markets in the two largest cities in Honduras—Tegucigalpa and San Pedro Sula. The collected information would be disseminated publicly within 24 hours of its collection. Prior to initiation of this project, farmers did not have access to current market prices. Procedures involved in implementing the first agricultural marketing information system for Honduras—a potential model for low-income economies—will be discussed in this paper.

The general objective of this paper is to discuss procedures involved in implementing the first agricultural marketing information system for Honduras, a potential model for low-income economies. The following are the specific objectives of the paper:

- (1) To provide background information about the market needs that led to the necessity of devising an agricultural market information system in Honduras (SIMPAH);
- (2) To provide a description of the agricultural market information system in Honduras (SIMPAH);
- (3) To provide an overview of the many steps needed in order to implement the first agricultural market information system in Honduras (SIMPAH); and
- (4) To provide an update of the current status of the agricultural market information system in Honduras (SIMPAH).

Background

Honduras has made great progress in the last years toward achieving open and free markets. Significant accomplishments have included an agreement to open borders between Guatemala, El Salvador, Nicaragua, and Honduras; the return of the control of the Farmer's Market to the farmers; and efforts by the government to privatize storage facilities in Honduras as well as to improve infra-

structure, particularly in the form of better roads in some areas of the country. All of these changes are encouraging, but fully open markets are not yet a reality. For some products, the restrictions—both formal and informal—are still fairly extreme. For instance, basic grains (white corn, small red beans, and rice) are considered part of the national food security and are subject to government controls. However, fruits and vegetables, spices, flowers, and other minor volume items are closer to free market status than some of the major items are.

Prior to the implementation of the first-ever marketing information system in Honduras, the private sector collected information in an informal manner through phone calls, inquiries to intermediaries or friends. In this region of Central America, such intermediaries are termed Coyotes. The Coyotes would agree on the price of which they would buy from producers. They would then, in turn, resell the products in the wholesale markets.

The public sector would collect formal information—including production information, crop forecasts, and prices—from primary and secondary sources. However, the frequency of this information varied, and the quality, in some instances, was questionable. In addition, the generation of information was costly; it suffered from poor control at the data collection level; and coordination or administration was difficult.

The problem of the cost of the acquisition of information was ubiquitous. Resources were lacking for the purchase and maintenance of vehicles and equipment. Resources for travel expenses were insufficient or not equally available throughout the year. Resources for training or hiring and maintaining adequately qualified individuals to maintain a steady flow of information were inadequate.

Management problems were often observed. In some instances, communication was difficult. In other cases, the problems were classified as structural, where the office that was responsible for accumulating and reporting data was not necessarily in a position to direct or oversee the people or the resources to be used for collecting the data.

An additional problem was that not all of the organizations in charge of data accumulation were equally willing to share those data. In some instances, that reluctance appeared to be reasonable in that sharing data might entail additional costs for which there were no resources. In other cases, the data were simply not stored in ways that permitted sharing. Finally, there appeared to be instances in which issues of competition affected the willingness to share information.

An initial step in the design and implementation of an agricultural marketing information system would be to assess the needs of the public and private sectors. Toward this end, interviews were conducted with public- and private-sector organizations to gain a perspective on their information needs, their ideas and suggestions for a market information system, and their viewpoints regarding the obstacles that might exist for free markets to function. Those interviewed from the public sector typically identified the kinds of information that they desired. The private sector focused almost exclusively on prices.

The needs of the public sector, as judged from the interviews, were far more extensive and encompassing than those mentioned by the private sector. Areas of information that were mentioned as being important included:

- price to the farmer;
- wholesale price;
- retail price;
- futures market prices;
- regional, Central American prices;
- international export market prices;
- volume in the market;
- volume in storage;
- area harvested;
- input prices;
- analysis of production costs;
- cost of money;
- availability and distribution of credit;
- national product movement; and
- border crossings;
- grades and standards, and weights and measures.

The private sector's information needs, as judged from the interviews, consisted of the following:

- local market prices;
- prices in the Central American area, especially Guatemala, El Salvador, and Nicaragua;
- international market price;
- price paid to producer;
- wholesale prices; and
- future prices.

In the case of public sector entities, prices were at the top of the list as they had been for the private sector. Prices were not so emphatically identified as the most important information by the public sector as they had been among private-sector respondents. Public-sector needs included both internal needs—such as needs of regulation, taxation, and historical accounting—the need to provide information to international organizations or other countries. These external needs ranged from cooperation with other countries of Central America to meeting targets set with international banks and donor agencies as conditions for assistance or credit.

Description of the Agricultural Marketing Information for Honduras (SIMPAH)

“Sistema de Información de Mercados de los Productos Agrícolas de Honduras (SIMPAH)” is the official name given to the first agricultural marketing information system. This system was designed around the need of the private sector for timely access to agricultural market prices.

Two types of data—primary and secondary—were collected by the SIMPAH. Primary information was usually far more expensive to acquire in terms of labor and organization of the resources than was secondary information. For the primary data collection of prices, the reporters report on the products that they see in the market according to season.

Secondary information is accumulated from a number of sources. The regional Central American price information will largely come from the Regional Advisory of Agricultural Cooperation of Central America, Mexico, and The Dominican Republic (CORECA). The Honduran Foundation for Agricultural Research (FHIA) will be the major source of information about the international markets outside of Central America.

Other secondary information sources include: The Honduran Central Bank (BCH), Interamerican Institute for Agricultural Cooperation (IICA), Center for Tropical Agriculture Research and Teaching (CATIE), U.S. Dept. of Agriculture (USDA), and International Trade Center for the United Nations (ITC).

Several data collection systems were used as part of this project. Each system generates information for specific reports. Not all of the data is collected with the same frequency. Some data are acquired through primary data collection, whereas others are acquired through accessing existing data sources. The list of major reports that will be a part of the system is shown in Table 1. For each, there is a description of the frequency, type of data collection, and the relative priority to the project's mission.

Table 1. Honduras Market Information System: Collection.

Description of Reports	Frequency ^a	Source ^b	Priority
Prices, Wholesale			
Tegucigalpa Markets	D	P	1
San Pedro Sula Markets	D	P	1
Outlying Markets	W	P	2
Regional Markets	O	S	3
International Markets	O	S	4
Prices, Retail			
Tegucigalpa Markets	W	P	3
San Pedro Sula Markets	W	P	3
Outlying Markets	W	P	4
Analysis	O	Both	4

^a D = daily, W = weekly; O = other.

^b P = primary; S = secondary.

Source: Brower and Calderón (1995); Calderón and Gálvez (1995a, 1995b).

Markets covered are divided into two groups, according to their importance, with Group 1 being of primary importance and Group 2 being of secondary importance.

Group 1	
City	Market
Tegucigalpa:	San Isidro Las Américas Zonal Belén Feria del Agricultor
San Pedro Sula:	Medina Concepción Dandy Barandilla

Group 2	
City	Market
La Ceiba:	Mercado Central Mercado Municipal
Choluteca	
Comayagua	
Siguatepeque	
Santa Rosa de Copán	
Juticalpa	
Danlí	

The reporters arrive in the markets early in the morning at about 6:00 a.m. to allow time for products to be purchased from the truckers and available for sale while at the same time assuring that the most active hours of market trading are covered. During the course of the week, reporters would also collect information on retail prices of perishable agricultural commodities. Prices of inputs—including fertilizers, chemicals, and other supplies—would also be checked. The reports of the outlying markets, the inputs report, the farm-gate price report, and the retail price report are produced on a weekly basis and often appear one week after collection. Dissemination occurs through various channels and is summarized in Table 2.

Steps Needed to Implement the SIMPAH

In order to implement the system, it was first necessary to obtain approval by the Honduran Government. Many bureaucratic levels had to be contacted. Approval for funding appropriations was required at each level prior to the deadline. Initial approval was required by the Ministry of Agriculture and Livestock. This approval covered the technical aspects of the SIMPAH. Next, an approval by the Ministry of Finance was required. Once these two agencies agreed, an official proposal was submitted by the Honduran government to a granting source. In this case it was the U.S. Agency for International Development (USAID). In order to meet the deadline for funding, close coordination was needed between all three agencies.

Prior to approval by USAID, a personnel handbook—which described qualifications, responsibilities, and expectations of positions of the system—was required. The documentation of personnel requirements is essential in a country, such as Honduras, where changes in the party in power (brought about by elections) bring with them a complete overhaul in government workers. Rules and standards must be set to allow for the maintenance of qualified individuals during transition

Table 2. Honduras Market Information System: Dissemination.

Report Type	Distribution Frequency	Distribution Time Lag	Method ^a	Charge
<i>Prices</i>				
Teguc. & S.P. Sula Markets				
First Dissemination	Daily	<24 Hours	1	No
Subsequent Dissemination	On Demand	Last Report	2, 3	Yes
Outlying Markets				
First Dissemination	Weekly	1 Week	1	No
Subsequent Dissemination	On Demand	Last Report	2, 3	Yes
Central American Regional Markets				
First Dissemination	Bimonthly	2 Weeks	1	No
Subsequent Dissemination	On Demand	Last Report	2, 3	Yes
International Markets				
First Dissemination	Weekly	1 Week	1	No
Subsequent Dissemination	On Demand	Last Report	2, 3	Yes
Retail, Input Prices				
First Dissemination	Weekly	1 Week	1	No
Subsequent Dissemination	On Demand	Last Report	2, 3	Yes
<i>Special Reports</i>				
Price Histories	On Demand	Same as Report	3	Yes
Analysis				
First Dissemination	Monthly, Yearly	1 Month, Year	1	No
Subsequent Dissemination	On Demand	Last Report	2, 3	Yes
<i>Data Sets</i>	On Demand	Same as Report	3	Yes

^a Dissemination Methods:

1 - Newspaper, Radio, Postings, Distributed Copies.

2 - Subscription by fax or mail.

3 - Published Reports.

Source: Brower and Calderón (1995); Calderón and Gálvez (1995a, 1995b).

changes in government. In addition, a commission to hire and fire personnel was set up with one representative each from USAID, the Finance Ministry, and the Ministry of Agriculture and Livestock for the three years that the USAID would fund the project.

A key factor in the success of the SIMPAH is a relative level of financial independence. Toward this end, a revolving account for use by the administrator and coordinator was established. This account allowed for an agility and exclusivity of the use of resources.

Current Status of the SIMPAH

Three factors are essential to the successful implementation of the SIMPAH: (1) a continuous source of funds to maintain the operation; (2) a high level of budgetary independence for the organization—which, along with other freedom, made it possible to retain funds from the sale of

services; and (3) the ability to locate, contract, and retain well-qualified individuals. The USAID initially funded the project for three years. On September 30, 1998, USAID funding was terminated. After that, the Honduran Government was supposed to take over complete funding of the project. Currently, the Honduran economy is not strong enough to absorb the cost of maintaining the SIMPAH; therefore, the project exists, but alternative means are required to ensure a stable financial base for its operation. One possible means of financial support is through the establishment of a trust fund with contributions coming from the Honduran government as well as foreign governments and private philanthropic organizations.

At the present time, the SIMPAH has been absorbed by the Honduran government under the Ministry of Agriculture and Livestock. Autonomy of this project could be further assured by establishing the SIMPAH as a new government agency. However, the creation of a new government

agency is not congruent with the Honduran government policy of modernization. The financial independence given by the revolving account is present and should be maintained in any future alterations of the program.

In conclusion, the marketing information system for Honduras could serve as a model for other low-income economies to increase efficiency in food distribution. In order for the system to be successful, financial support over the long run is required. Additional elements needed to ensure the success of the marketing information system include the following components:

- involvement of local nationals in all aspects of design and implementation;
- coordinator's fluency in the local language;
- scrupulous attention to the process of hiring individuals;
- development of a unit cohesiveness such that all members of the team feel the obligation to meet objectives of the project;
- development of an ability to easily relate to all sectors of society, that is, government and private sector;
- establishment of a continuous quality control; and
- establishment of a plan to ensure continual

project funding, which could come in the form of either direct governmental appropriations to support the project or in the form of the establishment of an international trust fund.

Whereas the implementation of an agricultural marketing information system for one country, such as Honduras, is a noteworthy endeavor, it would most likely be more efficient to institute the program for a region rather than one country. Enlarging the scope of the project would allow an attainment of economy of scale. Regardless of the size and scope of future projects, a guaranteed source of financial support to ensure sustainability of the system is critical.

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