

improving farmers' income through market price information

data

the Ethiopian Commodity Exchange provides real time price data, with dissemination mechanisms tailored to the needs of small farmers

impact

farmers' share of crop export prices doubled to 70 percent within four years of the exchange's opening

Photo: Rod Waddington
Arba Minch, Ethiopia

The majority of Ethiopia's population are small-scale farmers. Without access to reliable price information and consistent quality standards, they are not able to demand fair prices for their crops. The ECX gives farmers tools to improve their decision making and earnings by making real time market information accessible to small scale farmers. The ECX was built on 15 years of studies and an initial capital investment of \$20 million from the Ethiopian government as well as bilateral and multilateral donors.^{1,2}



“ Even if I wanted to cheat farmers I can’t, because they know the prices before I do. ”

Ethiopian trader using ECX

market challenges in ethiopia

Before the launch of the ECX in 2008, farmers had little access to market price information. In consequence, they often received prices far below market value – estimated on average to be just 35-38 percent of export price – and sometimes suffered serious losses when traders reneged on payment.³

disseminating market price information

The ECX allows market actors, including small scale farmers, to access real time pricing for commodities. Information is accessible via SMS text messages, an interactive telephone hotline, tickers using electronic displays at specific regional sites, the EXC.com website, and TV, radio, and newspaper dissemination in four languages.⁴

impact of price availability

In 2012, 70 percent of the 1.2 million monthly calls to the ECX data server came from rural areas. Improved knowledge about coffee prices reduced trader margins fell by almost half, with increased revenue going to farmers.⁵ In addition, the ECX created transparent quality standards, allowing farmers to increase product quality and thereby the price they obtain. As a result, in the first year and a half of coffee trading the Exchange saw the volume of highest grade coffee triple.