



UNIVERSITY  
of  
GREENWICH | Natural  
Resources  
Institute

## Best practices for sustainable NGO/CBO agricultural marketing interventions. Proceedings of a workshop held at Hotel Africana, Kampala, Uganda 29 January 2003 (NRI report no. 2722)

---

### **Greenwich Academic Literature Archive (GALA) Citation:**

Wandschneider, Tiago and Spilsbury, John (2003) *Best practices for sustainable NGO/CBO agricultural marketing interventions. Proceedings of a workshop held at Hotel Africana, Kampala, Uganda 29 January 2003 (NRI report no. 2722)*. [Working Paper]

### **Available at:**

<http://gala.gre.ac.uk/11516>

---

### **Copyright Status:**

Permission is granted by the Natural Resources Institute (NRI), University of Greenwich for the copying, distribution and/or transmitting of this work under the conditions that it is attributed in the manner specified by the author or licensor and it is not used for commercial purposes. However you may not alter, transform or build upon this work. Please note that any of the aforementioned conditions can be waived with permission from the NRI.

Where the work or any of its elements is in the public domain under applicable law, that status is in no way affected by this license. This license in no way affects your fair dealing or fair use rights, or other applicable copyright exemptions and limitations and neither does it affect the author's moral rights or the rights other persons may have either in the work itself or in how the work is used, such as publicity or privacy rights. For any reuse or distribution, you must make it clear to others the license terms of this work.



This work is licensed under a [Creative Commons Attribution-NonCommercial-NoDerivs 3.0 Unported License](https://creativecommons.org/licenses/by-nc-nd/3.0/).

---

### **Contact:**

GALA Repository Team: [gala@gre.ac.uk](mailto:gala@gre.ac.uk)  
Natural Resources Institute: [nri@greenwich.ac.uk](mailto:nri@greenwich.ac.uk)

National Agricultural Advisory Services  
**( N A A D S )**



Natural  
Resources  
Institute

PO Box 25235  
Kampala, UGANDA  
Telephone: +256 (0) 41 345452  
Fax: +256 (0) 41 345440  
Email: [ascim04@infocom.co.ug](mailto:ascim04@infocom.co.ug)

Central Avenue, Chatham Maritime  
Kent ME4 4TB, United Kingdom  
Telephone: +44 (0) 1634 883086  
Fax: +44 (0) 1634 883706  
Internet: <http://www.nri.org>  
Email: [p.greenhalgh@gre.ac.uk](mailto:p.greenhalgh@gre.ac.uk)

**NRI Project No: A0999**  
**NRI Report No: 2722**

**BEST PRACTICES FOR SUSTAINABLE NGO/CBO  
AGRICULTURAL MARKETING INTERVENTIONS**

Proceedings of a workshop held at

Hotel Africana, Kampala, Uganda  
29 January 2003

Tiago Wandschneider (NRI) and John Spilsbury (Consultant)

## TABLE OF CONTENTS

Acronyms.....	ii
1 Introduction.....	1
2 Background to the Research .....	2
3 Opening Address.....	2
4 Overview of Presentations .....	3
4.1 NGO/CBO Agricultural Marketing Interventions: An Introduction .....	3
4.2 Best Practices for Farmer Group Formation and Development.....	4
Lessons from three Uganda case studies .....	4
Panel group discussions .....	8
Plenary discussion.....	9
4.3 The Development of Effective and Sustainable Marketing Information Systems ..	10
Lessons from FOODNET .....	10
Panel group discussion.....	12
Plenary discussion.....	13
5 Working Group Conclusions .....	14
5.1 NAADS and Best Practices .....	14
5.2 Benefiting Farmers through Support to Private Sector Development .....	15
5.3 Stakeholder Roles in the Provision of Marketing Information.....	15
6 Plenary Discussion.....	17
Annex 1 .....	18
Annex 2 .....	20
Annex 3.....	21
Annex 4.....	23
Annex 5.....	27
Annex 6.....	30
Annex 7.....	34
Annex 8 .....	39
Annex 9.....	42
Annex 10.....	45

## ACRONYMS

BUCADEF	Buganda Cultural Advancement and Development Foundation
CBO	Community-Based Organisation
CEDO	Community Enterprise Development Organisation
CPHP	Crop Post-Harvest Programme
COMPETE	The Competitive Private Enterprise and Trade Expansion Project
DANIDA	Danish International Development Agency
DFID	UK's Department for International Development
IDEA	Investment for the Development of Export Agriculture Project
IFAP	International Federation of Agricultural Producers
IFCD	Irish Foundation for Co-operative Development
IITA	International Institute for Tropical Agriculture
MAPS	PMA's Marketing and Agro-processing Strategy
NAADS	National Agricultural Advisory Services
NGO	Non-Government Organisation
NRI	Natural Resources Institute
PMA	Programme for the Modernisation of Agriculture
UCA	Uganda Co-operative Alliance
UGT	Uganda Grain Traders
UNFF	Uganda National Farmers' Federation
USAID	United States Agency for International Development
VEDCO	Volunteer Efforts for Development Co-operation

## **1 Introduction**

The purpose of this one-day workshop was to present, discuss and build upon preliminary findings from a research project on best practices for agricultural marketing initiatives by Non-Government Organisations (NGOs) and Community-Based Organisations (CBOs). The workshop aimed to inform relevant policy processes and project or programme interventions within Uganda. Fifty-nine people attended the event representing NGOs, government institutions, donor agencies, producer organisations and agribusiness firms.<sup>1</sup>

Presentations by research team members were followed by panel group discussions, in which guest speakers offered additional insights into the topics under review. Active discussions during the plenary and working group sessions further enhanced research findings and provided guidance for the preparation of the final research report and future dissemination activities.<sup>2</sup>

The workshop assessed the role of farmer groups and possible strategies to build their capacity as well as that of organisations supporting their development. The experience of FOODNET in providing market information services was also shared during the workshop, and ways to improve the effectiveness of such services and to ensure financial and institutional sustainability were examined. Discussions were informed by on-going policy and institutional reform processes, in particular the Programme for the Modernisation of Agriculture (PMA) and the National Agricultural Advisory Services (NAADS).

This report is structured in six sections and nine annexes:

- Following this introduction, Section 2 provides a background to the research project that served as the basis for the workshop.
- Section 3 summarises the key note speech by Dr. Willie Odwongo, which places the research within the Uganda context, with special emphasis on the PMA and its marketing and agro-processing strategy.
- Section 4 reviews the three presentations by research team members and summarises the panel and plenary discussions that followed. The thematic focus is the role of NGOs and CBOs in agricultural marketing; best practices for farmer group formation and development; and best practices for the development of effective and sustainable marketing information systems.
- Section 5 contains an overview of the three working group discussions, which look at NAADS and best practices, ways to benefit farmers through private sector development initiatives, and stakeholder roles in the provision of marketing information.
- Section 6 summarises the final plenary discussion session and provides some concluding remarks.
- Finally, annexes 1 to 10 contain the list of participants, the workshop agenda, summaries of workshop presentations, and an analysis of the workshop evaluation undertaken by participants.

---

<sup>1</sup> See list of participants in Annex 1.

<sup>2</sup> See workshop programme in Annex 2.

## **2 Background to the Research (Dr. Peter Greenhalgh, NRI)<sup>3</sup>**

The research under review was funded by the United Kingdom's Department for International Development (DFID) under its Crop Post-Harvest Research Programme (CPHP). The Natural Resources Institute (NRI) is responsible for undertaking the research in collaboration with local organisations in India and Uganda, where the study is taking place. The National Agricultural Advisory Services (NAADS) is the main partner organisation in Uganda.

The project purpose is to identify and disseminate best practices for effective and sustainable NGO and CBO interventions which address the constraints that poor and remote farmers face in accessing markets on favourable terms, especially for food crops. The research is based upon a series of case studies, which were developed after consultation with key stakeholders in India and Uganda.

The emphasis on resource-poor farmers and food crops seeks to address gaps in the literature and to sharpen the poverty focus of the marketing initiatives it aims to inform. India and Uganda were the chosen study countries because they fitted well into this research agenda. On the one hand, in both countries a large proportion of the population still lives in rural areas and agriculture remains central to people's livelihoods and rural development. The acute marketing constraints experienced by smallholder farmers in these countries impact negatively on poverty reduction and economic development prospects. On the other hand, the two countries provide an interesting comparative perspective given their very different agro-ecological, socio-economic, cultural and policy environments.

Focus is given to NGOs and CBOs as service providers. It is felt that these organisations are uniquely placed to understand and respond to the constraints and needs of resource-poor farmers, but they often lack the expertise and contacts to develop commercially sustainable and replicable marketing interventions. This research aims to contribute to bridging this gap.

The difficulties in establishing effective linkages between CBOs/NGOs and the commercial sector are acknowledged throughout the research. Also, past experience teaches us that marketing interventions based on unrealistic expectations of farmer group capacities and the development of new market channels are often unsustainable. Strategies that build upon existing marketing channels are more likely to be cost-effective and sustainable but are also viewed as less attractive by farmers and NGOs/CBOs. It is believed that scope exists even in remote areas to improve market access and participation.

Ultimately, the project seeks to contribute to an improved understanding of the nature of marketing constraints experienced by smallholder farmers, to generate good practice guidelines for NGO/CBO marketing initiatives aimed at addressing these constraints, and to identify capacity building needs of CBOs/NGOs active in this area.

## **3 Opening Address (Dr. Willie Odwongo, Chairman of PMA Secretariat)<sup>4</sup>**

Dr. Willie Odwongo gave an opening address. This placed the workshop and project in the context of the PMA and its Marketing and Agro-Processing Strategy (MAPS). PMA aims to eradicate poverty in Uganda by contributing to the development of a profitable, competitive,

<sup>3</sup> See Annex 3 for a summary of project objectives and activities.

<sup>4</sup> An outline of this presentation is included in Annex 4.

sustainable and dynamic agricultural and agro-industrial sector. The Ugandan Government is expected to contribute to this overarching objective by devising appropriate policies, removing barriers to private sector activity, improving infrastructure, and putting in place an enabling legal and regulatory framework.

Agro-processing and marketing is one of the seven key intervention areas within PMA. The MAPS focuses on public actions that facilitate private sector activity, taking into account existing constraints. These include human resource weaknesses, especially in the international trade sphere; the lack of long-term trade finance and high cost of borrowed funds; and the fact that agricultural producers are not organised to enhance their bargaining position and take full advantage of scale economies in marketing and processing. Poor access to marketing information, inadequate produce quality, weak transport systems, and deficient infrastructure (roads, energy, markets, storage) were other important constraints mentioned.

Dr. Odwongo went on to highlight some of the envisaged interventions to address these problems. These comprise capacity building in the Ministry of Trade; the development of a warehouse receipt system and an agricultural commodity exchange; improvements in contract law; development of a sustainable market information system; strengthening of farmer organisations; introduction of quality standards and improved post-harvest technologies; and increased public investment in rural roads and rural electrification. NAADS has special responsibilities in the area of market information provision, delivery of post-harvest technology, and development of farmer organisations. Provision of market information is currently being addressed by FOODNET, which will initiate a six-month pilot project with NAADS in selected districts.

## **4 Overview of Presentations**

### **4.1 NGO/CBO Agricultural Marketing Interventions: An Introduction (Dr. Peter Greenhalgh, NRI)<sup>5</sup>**

Following the opening address, Dr. Greenhalgh presented an introduction to agricultural marketing initiatives. He started by defining agricultural marketing interventions as those that seek to enhance access to markets by farmers and/or to improve their terms of trade. The fact that such interventions may in some circumstances lead to increased producer exposure to market risks was highlighted. Examples of marketing interventions were cited, including support to producer groups intervening in marketing and/or processing, promotion of linkages to markets, provision of marketing information and marketing extension services, and development of inventory credit schemes to improve and stabilise prices.

It is important to note that farmers may be targeted directly or indirectly. This latter approach generates benefits to producers by addressing downstream or upstream constraints in the marketing system, and may entail working directly with traders and processors. The need for generating 'win-win' outcomes – whereby both farmers and other market players benefit – was deemed essential for maximising impact and enhancing sustainability.

Agencies intervening in the marketing sphere should take into consideration their institutional comparative advantage. The comparative advantage of NGOs arises from their

---

<sup>5</sup> See Annex 5 for a summary of this presentation.

close contact with rural communities, their inclination to promote participation, and their poverty focus. As a result of these characteristics, NGOs are in principle well positioned to understand the complex needs of resource-poor farmers and to address identified needs in a flexible and innovative manner. They can assist farmers in selling their produce on improved terms and can contribute to bridge the gap between producers, the state and the commercial sector.

Dr. Greenhalgh then stressed that NGOs can only intervene successfully in the marketing sphere if they develop business-like approaches and allocate sufficient resources to that task. In particular, NGO staff must have relevant skills in agribusiness, understand marketing systems, and be able to devise commercially sustainable interventions. Facilitative approaches, in which the external agency abstains from taking direct responsibility over marketing functions, such as transport and selling, and instead supports farmers' capacity to market by themselves, tend to be more sustainable. Yet many NGOs are inclined to adopt interventionist approaches since these are seen as providing a quick-fix solution to the marketing problems experienced by farmers.

Dr. Greenhalgh ended his presentation by discussing subsidies and sustainability. The importance of using subsidies selectively and within a defined time period was emphasised. The rationale behind this recommendation is twofold. On the one hand, subsidies tend to create dependency on the intervening agency. On the other hand, subsidisation of private goods and services, especially when combined with direct provision, may give rise to unfair competition and undermine commercial sector development.

## **4.2 Best Practices for Farmer Group Formation and Development**

### **Lessons from three Uganda case studies (Tiago Wandschneider, NRI)<sup>6</sup>**

Tiago Wandschneider started his presentation by explaining the rationale for supporting farmer group formation and development. He emphasised the potential for co-operation to generate economies of scale in marketing and processing, to strengthen farmers' bargaining position in the market place, and to enable improved access to agricultural services such as credit and extension. He also mentioned the potential role of farmer organisations, especially second- and third-tier organisations, in lobbying on behalf of members. However, while groups may provide several benefits to members, participation in such bodies also entails costs and risks, and farmers weigh the two when deciding whether to co-operate with others for a common purpose. Costs include diminished scope for individual decision-making, time spent in group activities, and membership and other fees. Perceptions of risks, in particular the likelihood of mismanagement of group activities and funds, may also critically influence farmers' willingness to engage in group ventures.

A discussion on key factors influencing group performance followed. Special emphasis was given to the following aspects:

- Quality of leadership. Group leaders should command respect within the community and their group and promote transparent management. They should also have relatively good management, business and entrepreneurial skills. Leadership may be elitist or participatory. In the former case one or a few individuals take on leadership roles,

---

<sup>6</sup> See Annex 6 for an outline of this presentation.



whereas in the latter leadership positions are occupied on a rotation basis. Good leadership is especially important during adverse times, for example due to unduly depressed crop prices, when the incentives to remain in the group are lower.

- **Participatory and transparent management.** Participation of members in selection of leaders and management decisions is essential for accountability and conflict minimisation. Literacy and numeracy are important determinants of participation and transparency, enabling members to check minutes and records and contributing to improved management and business skills.
- **Management and organisational capacity.** Group objectives and activities should be in accordance with members' management and organisational capacity. Because capacity is often limited, groups with few and simple activities tend to perform better than multi-purpose groups. For example, common ownership of equipment places a management and co-ordination burden that many groups find difficult to cope with.
- **Group size.** Small membership, say between 10 and 35 members, has been found to enhance group performance. Small numbers facilitate face-to-face interaction between members, limit co-ordination and management costs, reduce the scope for conflict, and facilitate dispute resolution.
- **Member homogeneity.** Groups characterised by homogeneous membership tend to show greater cohesiveness. Homogeneous membership is conducive to shared group vision and objectives and conflict minimisation. Homogeneity can be defined in terms of gender, as in the case of women groups, kinship and neighbourhood, crops grown and marketed, and so on.
- **Internal resource mobilisation.** Members' financial contribution to group activities is important, being an indication of commitment towards the group and enabling more active intervention in markets. For instance, fees and other contributions can be invested in storage facilities or used to pay for transport to distant markets. However, significant financial contribution requirements are likely to exclude poor farmers from participation in the group.
- **Independence from state patronage.** One of the lessons from the past decades is that state interference in group affairs can be very damaging. The co-operative experience in Uganda provides a good illustration of this problem.

Mr. Wandschneider went on to stress that marketing groups which fail to generate tangible net financial benefits to members will rarely succeed. Eventually members will disengage from group activities. Adequate market access is therefore critical for group success and sustainability, which highlights the importance of market linkage development initiatives.

Unsurprisingly, groups with long-term links to agribusiness firms are likely to perform better than groups without such links. Contract farming has not yet developed much in Uganda, and this explains why there are so few examples of linkage-dependent groups in the country. The reason why linkage dependency generally enhances group performance lies in the fact that the private firm has a vested interest in ensuring group success and can help overcome management and entrepreneurial skill shortages at the group level by providing access to inputs (often on credit), markets and technical assistance. Notwithstanding these advantages, groups which rely on linkages with specific private companies are less able to respond to

emerging market opportunities elsewhere in the economy. Moreover, their performance is largely dependent on the business success of the private partner.

Based on the preceding analysis, Mr. Wandschneider outlined some best practice guidelines for supporting farmer group development. He started by stressing what external agencies should not do: they should avoid imposing external agendas, interfering in group member selection, promoting unrealistic group objectives and activities, unsustainable use of subsidies, and undermining the development of the commercial sector. In addition, they should encourage small membership and participatory and transparent decision-making, stress training delivery<sup>7</sup>, develop sustainable links between groups and service providers (input suppliers, buyers, financial institutions, etc), and address production issues which impinge upon marketing. While a facilitation and capacity building role is advocated, successful intervention requires a relatively long-term perspective and considerable human and financial resources.

The discussion on farmer fora (second- and third-tier organisations) did not differ much from the analysis presented on primary groups. The rationale for promoting these higher-level organisation models arises from the limited ability of primary groups to exploit economies of scale and access certain services due to size. While there is little documented evidence on farmer fora, initiatives in this area should take on board the lessons from individual farmer group experience. Because of the critical importance of inter-group communication, fora should be limited to between 5 and 10 neighbouring groups. Clearly, promotion of these organisations should take place only when primary groups have achieved an advanced stage of development. The management and business skill requirements of fora widely exceed those of primary groups and should not be underestimated.

In the final part of his presentation, Mr. Wandschneider summarised case study findings. All the three NGOs involved (BUCADEF, CEDO and VEDCO) are Ugandan. BUCADEF is still at an early transition from production-oriented to more holistic agricultural interventions. CEDO was established in 2000 to take over the Irish Foundation for Co-operative Development (IFCD) programme in Rakai and Masaka districts, and specialises in the promotion of farmer organisations. VEDCO, which has been implementing an agricultural trade programme in Luwero District for some time now, emphasises the development of commercial groups specialising in high-value crops and the strengthening of linkages to buyers.

None of the studied NGOs follows a very interventionist approach. Emphasis is given to training in various aspects of group management and to agricultural extension service delivery. Supported groups tend to be small-scale and self-selected, and decision-making is left largely in the hands of members, with the NGO playing an advisory role. All three NGOs have yet to venture into farmer fora development. While support to farmer fora may be premature when groups are still at an early stage of development, cases of farmer organisations organically expanding to include sub-groups located in different communities have been found during the fieldwork.

CEDO is particularly strong in group formation and group dynamics, and has facilitated the development of a large number of cohesive and well-functioning groups. Its differentiated approach to group development is noteworthy, with more commercial farmer groups

---

<sup>7</sup> Focus areas include group formation, vision setting, leadership, group dynamics, record-keeping, literacy and numeracy, and business skills.

focusing on agricultural production and marketing and women groups specialising in non-farm activities. CEDO experience illustrates the critical importance of internal group features, and offers useful lessons to other NGOs in Uganda, including BUCADEF, which is working with a small but diverse universe of relatively incipient producer groups.

VEDCO also differentiates between groups. It offers special support in agricultural marketing to groups with a strong commercial orientation specialising in high-value horticultural crops. This selective approach, together with a policy of charging for training services, explains the small number of marketing groups assisted.

Recently CEDO has also started charging for services provided. However, while in the VEDCO case the aim is to ensure that farmers have a genuine interest to participate in the programme, in the case of CEDO the decision was based on cost-recovery criteria. This organisation is actively intermediating between buyers and farmer groups, and it was felt that the sustainability of this service demands cost-recovery mechanisms.<sup>8</sup>

VEDCO has successfully facilitated linkages with some exporters in Kampala. The emphasis on high-value crops, the commercial orientation of group members, proximity to Kampala, and good road connections have all contributed to this outcome. CEDO has also attempted to facilitate market linkages, but after some initial failures it decided to play a more active role, becoming directly involved in input delivery for bean seed production under contract and in produce assembly and transport for bean seed and bean food. The focus on food crops, distance to Kampala, limited farmer exposure to Kampala buyers, farmers' lack of storage capacity and funds to pay for transport, and buyers' reluctance to intervene at the farm gate and directly liaise with farmers have all contributed to the difficulties experienced. So far BUCADEF has not attempted to develop market linkages.

Fieldwork findings suggest that all case study NGOs need to further their efforts in promoting market linkages, but be conscious of the challenges faced in an environment characterised by small-scale and scattered agricultural production and by an incipient agribusiness sector. This should be part of an increased emphasis on market intelligence and business advisory services.

Another area which requires special attention is monitoring and evaluation. While all studied NGOs are becoming increasingly involved in promoting commercial activities, monitoring and evaluation systems have not been adapted to the changing nature of interventions. This makes it difficult to assess impact and to identify and react to problems.

Partnerships with international organisations and projects have proven effective, and should be further developed. While successful development of farmer organisations requires holistic approaches, one single organisation is unlikely to have sufficient expertise in all intervention spheres. Resource constraints also justify partnerships with other service providers. Partnerships may entail specialisation in specific activities, exchange of useful information and/or training in areas where the NGO is weak. Training of NGOs is essential to ensure that best practices are followed throughout the design and implementation stages. While training needs differ across case study NGOs, all would benefit from capacity building in market analysis, business advisory services and market linkage promotion.

---

<sup>8</sup> The need for cost-recovery was discussed with the CEDO team in the initial stages of fieldwork.

### **Panel group discussions**

**Moderator:** Dr. J.J. Otim, President of the Agricultural Council of Uganda and Special Advisor to H. E. the President

**Panellists:** Frank O'Brien (IDEA Project), Andrea Gasparotti (Nile Produce Trading Company), John Magnay (Uganda Grain Traders)

Before introducing the panel group members, Dr. Otim welcomed the involvement of NGOs in addressing the marketing constraints experienced by farmers. He moreover highlighted the need for strong farmer organisations to address the problems arising from poor infrastructure and disorganised markets.

Frank O'Brien, from the USAID-funded Investment for the Development of Export Agriculture (IDEA) Project, started by emphasising that farmer organisations should not be formed to access donor funds but rather to enable producers to enjoy improved market access. Producer groups make sense when they allow farmers to do things they would be unable to do as individuals. Crop marketing is one area where collective action offers obvious advantages to farmers.

Based on the experience of IDEA project, Mr. O'Brien highlighted some key conditions for successful group marketing. First, groups need to command a price premium as a result of bulk sales and improved produce quality was deemed essential. This requires that farmers develop reliable relationships with crop buyers. Second, access to marketing information is critically important. Third, single purpose groups have generally proven more successful. Finally, informal groups are less prone to political interference, and formalisation is considered advantageous only for well-developed groups that engage in regular contractual transactions with large buyers.

Regarding the type of assistance that NGOs should provide, Mr. O'Brien stressed the need for making farmers more aware of market requirements, in particular with respect to quality, and for developing two-way linkages between farmer groups and traders.

The second panellist was Andrea Gasparotti of Nile Produce Trading Company, which operates in Northern Uganda. He felt that producer groups can improve the effectiveness of training and advisory services provided by commercial firms. NGOs have a role to play in promoting linkages between farmer groups and these firms. He viewed co-ordination across NGO initiatives as necessary to avoid a situation in which mixed and confused messages are being delivered to farmers. In addition, he advocated for better information flows on regional prices to enable farmers to target regional markets. One of the problems currently faced by his company is that for specific crops, the local market sometimes pays a price above what exporters can pay, but has very limited absorption capacity, thus limiting growth prospects.

This panel group discussion ended with a presentation by John Magnay of Magric Ltd and Uganda Grain Traders (UGT) Association<sup>9</sup>. His intervention focused on the regional market opportunities for Ugandan grains, the challenges that Uganda must face in accessing regional grain markets, and the role that farmer organisations can play in ensuring that these challenges are successfully met.

---

<sup>9</sup> A summary of his presentation is included in Annex 7.

UGT, which comprises 16 grain trading companies, has been formed to tap into the significant export opportunities arising from deficit production in several Eastern and Southern African countries. Uganda's two harvesting seasons fit well into demand patterns in Eastern and Southern Africa. According to John Magnay, there is a need to go beyond meeting the local and Kenyan produce requirements, and supplying the World Food Programme. On their own these outlets cannot provide the required market stability. UGT has recently supplied 31,000 tonnes of maize to Zambia and is currently exporting beans to Angola and Zambia. UGT's success to date owes much to the support received from government, donor-funded projects such as IDEA, and the banking sector. The recently acquired export centre facilities with a storage capacity of 30,000 tonnes have proven critically important. These initial achievements provide a good platform for Uganda to establish itself as a reliable regional grain supplier, but many challenges remain.

Price volatility is one of the problems that need to be urgently addressed. Farmers tend to over-react to price declines, leading to production shortfalls in the following season. In an attempt to ensure consistent grain supplies at a competitive cost, UGT has started announcing minimum seasonal purchasing prices and cleaning and drying standards for maize and beans. Other mentioned problems include long supply chains, low-input and low-volume production patterns by scattered smallholder farmers, limited on-farm storage for future sale, and the short two-month window of opportunity after harvest for exporting maize and beans.

Farmer groups are seen as contributing to address the above problems. They facilitate communication between traders and producers, enable increased input use, allow for bulk sales of dry and cleaned grain, lead to improved price incentives for producers, and make it easier to develop production under contract.

### **Plenary discussion**

One workshop participant was unclear about the distinction between formal and informal groups. Mr. O'Brien clarified that formal groups are those registered at district level. Informal groups normally have a chairman and various roles within the organisation but are not registered.

Martin Fowler (Ministry of Agriculture) then asked about ways in which partnerships between NGOs and other organisations have contributed to improved intervention outcomes. Mr. Wandschneider replied that partnerships had in some cases enabled NGOs to build their capacity in areas such as training provision on "farming as a business" and contributed to strengthening links between supported groups and markets. These are areas where small NGOs undergoing a transition towards market-oriented interventions are usually weak.

Martin Fowler also questioned about the case study lessons for NAADS. Mr. Wandschneider argued that as a rule, groups are sustainable when their members succeed in developing a rewarding business venture. (The case of some women groups, in which social objectives play an important role, may constitute an exception in that cohesion and co-operation may remain strong even in the context of limited financial gain from group activities.) Consequently, NAADS must acknowledge that developing farmer groups as mere vehicles for information and extension service delivery, as in the case of the traditional farmer field school model, is unlikely to lead to beneficial group action for purposes other than accessing training. In order to promote genuine group enterprises, NAADS needs to develop flexible, coaching-like advisory services. Production and marketing issues must be

dealt with in an integrated fashion and linkages to buyers must be actively promoted. Services should go beyond a commodity-based approach and impart critical management and business skills. A long timeframe for support to groups is often required.

Further questions focused on maize markets and the role and approach of UGT.

### **4.3 The Development of Effective and Sustainable Marketing Information Systems**

#### **Lessons from FOODNET (Tiago Wandschneider, NRI)<sup>10</sup>**

This second presentation by Tiago Wandschneider provided a context for the FOODNET marketing information system as well as some initial findings concerning its performance and impact. He started by making a distinction between market and marketing information: whereas the former emphasises information on crop prices and quantities, the latter concept encompasses a much wider range of information that is relevant to support decision making processes in the production, buying and selling of agricultural produce. The location and type of buyers, their product requirements, grades and standards, availability and cost of transport, and alternative marketing channels are all examples of marketing information.

The availability of marketing information constitutes a critical determinant of market efficiency and farmer access to markets. It makes production more responsive to market requirements, reduces transaction costs and marketing risks, contributes to shortening the marketing chain, and leads to increased spatial and temporal arbitrage. In the specific case of farmers, improved access to marketing information helps them adapt production and post-harvest practices according to market needs, to select where and to whom to sell their produce, to decide when to dispose of it, and to bargain more effectively in the market place. The extent to which farmers benefit from marketing information depends not only on their ability to process and use it, but also on their capacity to change production and marketing strategies. This capacity is influenced by a wide range of factors, including availability of family labour, access to finance and inputs, ability to take and cope with risk, and scale of production. Unsurprisingly, marketing information is most beneficial when farmers are organised in group enterprises, marketing collectively.

Following this discussion, Mr. Wandschneider made a diagnosis of past market information systems. Most failed to meet expectations as a result of various weaknesses, including insufficient attention to the quality of collected data, infrequent collection of price information, time lags between collection and dissemination of information, limited or no information on price variations according to quality and variety, inappropriate dissemination channels and products, and limited government funding.

The recently established IITA/FOODNET market information system seeks to avoid these problems. It provides price information on 28 raw and processed food crops in 16 districts. The information is collected and disseminated on a weekly basis. Prices in three Kampala markets are collected daily. This is complemented by information on trade volumes, quality of produce in the market, weather conditions, price projections for major staples, and market news covering Uganda and neighbouring countries. The information is disseminated in local languages via FM radio stations. Newspapers and mobile phones are complementary dissemination media.

---

<sup>10</sup> See Annex 8 for a summary of this presentation.

Analysis of project documents and discussions with various stakeholders indicate that the FOODNET system has performed well in terms of frequent and timely dissemination of relevant information through appropriate channels. Radio and mobile phones, in particular, have the potential to reach large numbers of clients at a low cost. A large proportion of interviewed farmers is aware of the radio slots and listens to them regularly, especially during the marketing season. Most find the information relevant and useful. Institutional users such as the Food Early Warning System (FEWS) and IDEA Project also consider the information provided relevant and useful.

Despite these achievements, there is room for improvement. FOODNET services place most emphasis on prices. Other equally relevant information – such as volumes sold in different markets, price behaviour over time in these different markets, price differentiation according to variety and grade, type and location of buyers, road conditions, and transport availability and costs – receive less attention. In addition, farmers often have limited capacity to process price information and face acute constraints in changing production and marketing strategies. For example, individual smallholders tend to sell small volumes at the farm-gate or nearby villages, and often have limited ability to bargain with a visiting trader, especially when competition among buyers is low.

FOODNET is aware of the above limitations. The decision to focus on price information results from the limited resources available for developing and managing its market information system. Rather than compromising quality by attempting to stretch the range of information provided, it has opted for concentrating on prices and ensuring that data is collected regularly and reliably, is quickly processed, and is disseminated on a timely basis. This option makes sense, and if funding agencies consider it relevant to extend the range of information provided, they should make more resources available so as to maintain the quality of the service.

To enhance the impact of its service, FOODNET is piloting a more “hands-on” micro approach in eastern, western and northern Uganda. These pilots focus on key crops in the respective sites and provide price information pertaining to local markets, integrating it with the nation-wide macro information. In Jinja and Lira, market information officers work directly with farmer groups, traders and processors to promote the system and assist market players to make the best possible use of available information. The information officer is also responsible for designing radio programmes taking into account local realities and needs. In Rakai FOODNET is working in partnership with CEDO to enable farmer groups to improve the marketing of their crops, with a special emphasis on beans. These pilots have been constrained by lack and irregular delivery of funds, and this makes it difficult to learn lessons for future replication and scaling-up.

Based on the preceding analysis, Mr. Wandschneider made some recommendations for improving the FOODNET market information system. First, there is scope for greater involvement in the provision of market intelligence services, in particular market linkage promotion. FOODNET should build on the wealth of information and knowledge about markets and market operators in Uganda and neighbouring countries. Second, FOODNET could further develop partnerships with organisations that work with farmers to enhance outreach and improve extension services. These partnerships should seek to strengthen the link between the type of support given to producers and existing market opportunities and constraints. Building the capacity of farmer groups to assess the advantages and disadvantages of different marketing options should also be stressed. Finally, FOODNET has a wealth of time series data that could be analysed to provide improved insight into

profitability of different crop options and production systems. Obviously, venturing into these areas will require additional funds.

Finally, Mr. Wandschneider discussed the sustainability of the FOODNET market information system. Given the public good nature of market information disseminated via the radio and written media, and the ensuing impossibility of charging for the service, government and/or donor funding is required over the long-term. FOODNET plans to increase revenues from mobile phone messaging and radio slot sponsorships, and while significant as indications of demand, the revenue thus collected will fail to provide full cost-recovery. Data processing and analysis services for specific clients, such as agribusiness firms, can become an additional source of revenue, but it will also entail additional staff costs. Excessive government and donor emphasis on cost-recovery risks creating a situation of under-funding of the system. Long-term sustainability can only be achieved through institutionalisation and assured long-term funding of the market information system.

### **Panel group discussion**

**Moderator:** Silim Nahdy (NAADS)

**Panellists:** Charles Kabuga (IFAP) and Andrew Muganga (FOODNET)

Dr. Silim Nahdy, Director of NAADS, moderated the second panel group discussion. He started by explaining NAADS responsibilities in promoting improved access to markets through the development of farmer organisations, marketing information dissemination services and market facilitation services. He further mentioned that people in Uganda are not used to digest large amounts of information, and that this poses considerable challenges to NAADS. The envisaged partnership between NAADS and FOODNET is one of the strategies to address this problem.

Charles Kabuga, from the International Federation of Agricultural Producers (IFAP), placed current developments in the market information sphere in an historical context<sup>11</sup>. Prior to the liberalisation of agricultural markets, marketing boards were responsible for collecting and disseminating price information. Boards also announced pre-planting prices for some crops. The dismantling of marketing boards meant that their marketing functions were taken over by an incipient and poorly organised private sector. Problems in accessing relevant and reliable market information have since become evident. This limits the benefits to farmers from produce sales.

Mr. Kabuga then presented key findings from a recent survey in Uganda. This survey shows that traders are the major but also the most unreliable source of market information; that the information currently available is skewed towards commodity prices at the expense of information on improved farming practices; and that access by farmers to regular and timely information critically determines their bargaining position vis-à-vis buyers. The survey moreover concluded that producers need information in a usable form: farmers indicated radio and personal visits by extension workers as the preferred dissemination channels.

While acknowledging that farmer organisations and some NGOs have developed laudable initiatives to mitigate market information problems, Mr. Kabuga stressed that the impact of these interventions is limited by lack of coordination and their sustainability undermined by dependency on project-based donor funding. One example is the Uganda National Farmers'

---

<sup>11</sup> Mr. Kabuga based his intervention on a short paper purposely prepared for the workshop. This paper is included in Annex 9.



Federation (UNFF) activity in price information collection and dissemination in six districts, which is funded by the Danish International Development Agency (DANIDA). The Uganda Cooperative Alliance (UCA) Market Information Centre, which collects and disseminates market information to about 25 newly formed marketing associations, is another example. UCA also keeps a list of major traders who it links with these associations. The Competitive Private Enterprise and Trade Expansion (COMPETE), funded by the United States Agency for International Development (USAID), provides a third example. This project has focused on price information for coffee, cotton and fish.

Despite his positive assessment of the FOODNET experience, Mr. Kabuga was of the opinion that sustainability remains a huge challenge. Market information needs cannot be adequately met by one single provider, and adequate co-ordination arrangements that take into account the comparative advantage of different stakeholder organisations are therefore required. NAADS offers an opportunity to capitalise on resource availability over a long period to ensure the financial and institutional sustainability of market information services in Uganda, as well as a framework for promoting effective partnerships in this area. The partnership being forged between NAADS and FOODNET was seen as a step in the right direction.

The second panellist, Andrew Muganga (IITA/FOODNET), agreed that insufficient attention has so far been paid to assessing the impact of the FOODNET market information service. However, he stressed that the system has been operational for two years only, and that proper impact evaluation requires time and resources, as well as access to relevant expertise. He went on to argue that even in a situation of limited farmer capacity to use available FOODNET information, producers can still benefit from the increased inter-temporal and spatial arbitrage that results from improved trader access to market information.

Mr. Muganga also shared the view that the present system suffers from certain gaps. The lack of information on livestock and horticultural crop prices are two examples. The collaboration with NAADS at district level aims to fill some of the current weaknesses through a more flexible, client-oriented approach, in which farmers become increasingly involved in identifying the type of market information services required. Under the agreement recently signed, FOODNET is expected to acquire improved software and to start gathering and disseminating livestock price information. Finally, Mr. Muganga viewed the collaboration with NAADS as the way forward to achieve institutionalisation of FOODNET and ensure sustainability.

### **Plenary discussion**

Comments from the floor called for improved co-ordination and organisation of market information providers. It was pointed out that government responsibilities in this area are split between the ministries of agriculture and trade. It was generally agreed that an institutional home for market information and clear responsibility within government is required. A budget line for market information provision exists within the Ministry of Finance but nobody knows how these funds are spent.

Other interventions stressed the need to feed market information into interventions to support the development of group enterprises and to train subsistence farmers in the use of market information. One participant questioned the value of market information disseminated through radio and newspapers, and felt that targeted distribution of written material containing selected information would be more useful to farmers.

## **5 Working Group Conclusions**

In the afternoon participants clustered into three working groups. The questions for discussion were as follows:

- Group 1: How can best practices for farmer group development be integrated into NAADS? Are there any tensions working against this?
- Group 2: How can NGOs build on and help promoting private sector market development initiatives (e.g. UGT) that offer benefits to farmers?
- Group 3: What roles should the MIS provider and other stakeholders (identify) play in the provision of marketing information? How can these roles be coordinated to maximise complementarities/synergies?

### **5.1 NAADS and Best Practices**

This group deconstructed the initial two questions into six and then proceeded to answer each of these:

1. Are there models for successful farmer group development? Several experiences in Uganda and other parts of Sub-Saharan Africa were identified. In Uganda, marketing co-operatives, savings and credit groups, and farmer organisations were mentioned. The work of NASFAM in Malawi, the livestock and cotton farmer associations in West Africa, and FAO projects in many African countries were referred to. The need to learn from these experiences was emphasised.
2. Who has implemented such models in Uganda? The group mentioned the examples of UCA, IFCD/CEDO and FINCA.
3. Is it useful to test and integrate these models in NAADS? The answer was positive.
4. How can such models be tested and integrated in NAADS? The first step is to identify and document successful models. Secondly, there is a need to identify and involve key stakeholders in testing and integrating these models into NAADS. Thirdly, the capacity of these service providers must be strengthened. Finally, the models must be tested in different areas, and this requires setting up appropriate monitoring and evaluation systems.
5. Are there possible tensions? The group viewed the exclusion of key stakeholders as a potential risk. Another possible tension is a lack of consensus regarding the criteria and objectives for stakeholder involvement and testing of farmer group development models.
6. How can these tensions be mitigated? Ways of minimising possible conflicts include putting in place objective and transparent monitoring systems, developing proper communication systems, sensitising all relevant stakeholders, and introducing mechanisms for resolving tensions.

## **5.2 Benefiting Farmers through Support to Private Sector Development**

The second working group started by identifying the various roles NGOs can play in assisting private sector development while at the same time generating benefits to smallholder farmers:

- provide market information (e.g. FOODNET, UCA, UNFF);
- identify market opportunities;
- link farmers to markets;
- provide technical assistance for production (e.g. types of seeds, post-harvest handling practices, etc);
- link farmers to input suppliers (e.g. FICA, Harvest Farm Seeds, NASECO)
- train farmers in group formation, group dynamics, bulking up of produce, etc;
- market on behalf of farmers (e.g. Nile Produce Trading Company)
- promote exchange visits, study tours and field days;
- link farmers to micro-finance institutions; and
- engage in policy advocacy (e.g. tax policy, WFP procurement rules, etc).

Following this, the group identified several constraints that may prevent NGOs from effectively performing these roles:

- there is a natural progression from food security to income security as an intervention focus, but initially NGOs may find it difficult to develop the capacity required to play this changing role;
- some NGOs lack business skills and therefore need training in this sphere;
- farmers' awareness of NGO activity is limited and often based on expectations of free or highly subsidised inputs;
- donors often impose restrictions on the type and content of NGO initiatives; and
- Government is sometimes suspicious of NGO activities and may be inclined to interfere.

Finally, some possible solutions to these problems were presented:

- awareness raising among farmers, community leaders and politicians;
- use of a transparent participatory approaches;
- adoption of good practices; and
- stronger networking by NGOs and other players in the market.

## **5.3 Stakeholder Roles in the Provision of Marketing Information**

The third working group identified the following stakeholders:

- farmers/farmer groups/agricultural co-operatives (e.g. BUGISI in Mbale and Kasese);
- farmer fora;
- NGOs/CBOs working with farmers;
- government institutions working with farmers (MTTI, MAAIF, NAADS);
- donors;
- crop buyers (traders and processors);
- relief agencies (e.g. WFP);

- commodity exchanges (Uganda Commodity Exchange and Kenya Agricultural Commodity Exchange).

The group then defined the role of different stakeholders with regards to collection, analysis and dissemination of market information, as well as the end users of such information, and responsibilities in the monitoring and evaluation of market information systems and in ensuring the sustainability of the system.

Collection of Market Information	Farmers/groups NGOs and donor projects (e.g. IITA/FOODNET, UCA and VEDCO) Cooperative unions
Analysis	NGOs and donor projects (e.g. IITA/FOODNET, IDEA project) Government
Dissemination	Farmer groups Cooperative unions (UCA 'AME') NGOs Relief agencies Government (NAADS)
Market Information End Users	Farmers/groups Traders Institutional buyers Co-operative unions NGOs Government Commodity Exchange Relief agencies Research
Funding/Sustainability	Government (MTTI, MAAFI, NAADS) Donors Private sector (UGT, MTN, Radio, Press, Media, Telecom) Farmers
Monitoring and Evaluation <sup>12</sup>	Donors NGOs Government (NAADS)

Finally the group identified strategies and actions to avoid duplication and waste of resources. The need for improved communication and exchange of information was emphasised. Ways to achieve this include periodic discussions in fora such as the present one, sharing of proposals, identification of an institution responsible for disseminating information to all stakeholders, and quarterly meetings of relevant agencies, hosted by various partner and comprising formal and informal traders.

<sup>12</sup> Surprisingly, farmers were not identified as having responsibilities in the monitoring and evaluation of market information services.

## 6 Plenary Discussion

In answering a question about future project activities, Mr. Wandschneider indicated that a final report with detailed case study analysis is due to be published and widely disseminated over the next three months. Plans also exist to publish research findings in an international journal and specialised publications in India and Uganda. The need for additional dissemination activities was mentioned. Emphasis should be placed on targeting NGOs and farmer groups.

One participant asked whether there were any lessons that Uganda could learn from the Indian case studies. Mr. Wandschneider opined that the reverse is perhaps more true, in that Ugandan NGOs intervening in the marketing sphere are generally more aware of best practices than their Indian counterparts. The latter tend to follow very interventionist approaches, despite having limited experience and expertise in agricultural marketing and processing. As a result, several case study interventions in India have proven problematic in terms of cost-effectiveness and sustainability prospects.

In closing the discussion, Dr. Ann Gordon from Aga Khan Foundation commented on the day's rich discussion of farmers' groups and highlighted some important issues that require further analysis. There is, for instance, considerable diversity in farmers' groups. Assessing farmers' groups without recognising this diversity is to overlook important characteristics and differences in strategy that affect their performance. She also felt that the role of farmers' apex organisations as larger-scale and potentially more sophisticated players in agricultural markets has not received sufficient attention. She underlined the need for more work on the contribution that groups can make to marketing in remote areas, where farmers have fewer options, and where the development of appropriate strategies to improve livelihoods is particularly challenging. Finally, Dr. Gordon stressed the serious and long-term nature of the required capacity building for groups, the danger of short cuts jeopardising intended outcomes, and with it, the need for development practitioners to carefully monitor the processes and results, in order to learn and more widely disseminate emerging good practice in this important area.

Dr. Peter Greenhalgh then closed the workshop by expressing his gratitude to all involved, in particular the key note speaker and panel group members. The feedback received was positive and he hoped the final research report would encompass the many comments and suggestions made during the workshop.

**ANNEX 1**  
**LIST OF PARTICIPANTS**

<b>Name</b>	<b>Designation</b>	<b>Organisation</b>	<b>Tel.no.</b>	<b>E-mail address</b>
Balikowa Dr.David	Research Officer	Dairy Dev't Authority (DDA)	077-391501/343901	dda@afsat.com;balikowa@yahoo.co.uk
Balikowa Moses	Co-ordinator	NALG	077-487485	mbalikowa@hotmail.com
Bbumba Joseph P.	Agric. Trade Co-ordinator	VEDCO	041-270598/620258	vedco@infocom.co.ug
Bellinguez Alban	Project Manager	French Co-operation	077-848884	ta_acu@yahoo.fr
Chilver Alwin	RL Adviser	DFID	041-348729	a-chilver@dfid.gov.uk
Donaldson Tim	CPHP	NR International		t.donaldson@arint.co.uk
Dr.John J. Otim	President ACU & SPA/AVS	ACU/OP	041-236473/4	acu@infocom.co.ug
Fowler Martin	Adviser	Ministry of Agriculture	041-233381	mfowler@utlonline.co.ug
Gasparotti Andrea	Marketing Consultant	Technoserve - NPTC	041221232/077511204	nptc@infocom.co.ug
Gensi Robert	Director	ACDI/VOCA	077-406721	robgenesi@yahoo.com/voca@imul.com
Genza Simon Peter	Comm.Enter.Officer/Marketing	CEDO	077-375424	cedo_ug@softhome.net
Gordon Ann	Rural Dev't Prog. Officer	Aga Khan Foundation		ann.gordon@akdn.ch
Greenhalgh Peter	Principal Economist	NRI, UK	00 44 1865 883596	P.Greenhalgh@gre.ac.uk
Humphreys Steven	Advisor	IDEA Project	041-255482	steven-adc@starcom.co.ug
Jagwe John	Agric. Economist	IITA - FOODNET	077-410574	foodnet@iitaesarc.co.ug
Jones Mel	Inst. Adviser	DFID/NAADS	077-700040	adamsjones@utlonline.co.ug
Kabuga Charles	Head of Dev.Ctry Activities	IFAP	041-268471	ckabuqa@africaonline.co.ug
Kabuye Samuel	SSDO	NAADS	077-421601	
Kajubi Elijah	Project Co-ordinator	Uganda Co-op Alliance	077-602328	ellymwebe@yahoo.com
Katabalwa Charles	Asst.Prog.Co-ordinator	Community Ent. Dev't Org (CEDO)	048122089/077590542	cedo_ug@softhome.net
Madsen Ove	Advisor	DANIDA/FOS	077-200343	ove.fos@aspsuganda.org
Magnay John	Chairman	Uganda Grain Traders Ltd	077-771237	graintraders@infocom.co.ug
Masiga Clent Wandui	Field Ext.Officer	Sasakawa Global 2000	041-345497	sguganda@starcom.co.ug
Mayanja Sarah	Program Officer	ACDI/VOCA	041-236827	voca@imul.com/sarahmayanja@hotmail.com
Mayiga Rosemary	Programme Co-ordinator	Community Ent. Dev't Org	0481-22088	cedo_ug@softhome.net

		(CEDO)		
Muganga Kizito A.	MIS Co-ordinator	IITA - FOODNET	041-221416/223445	<a href="mailto:mis@iitaesarc.co.ug">mis@iitaesarc.co.ug</a>
Mukwaya Rodgers	Agric.Trade Officer	VEDCO	041-620258	
Murphy Emmet	Grants Dev't Manager	ACDI/VOCA	041-343306	<a href="mailto:emurphy-plyso@acdivoca.ug.org">emurphy-plyso@acdivoca.ug.org</a>
Mutengu Andrew	FNR	Fews Net Project	041-231140	<a href="mailto:fewsnet@imul.com">fewsnet@imul.com</a> / <a href="mailto:amutengu@fews.net">amutengu@fews.net</a>
Mutharia Lui	Prog. Director	KRSP/AKF	33233	<a href="mailto:krsp@africaonline.co.ke">krsp@africaonline.co.ke</a>
Mwebaze Paul	PHHI Mktg Technician	ACDI/VOCA	077-508023	
Mwesigwa Valeria T.	Planning Officer	Dairy Dev't Authority (DDA)	041-343901/3	<a href="mailto:dda@afsat.com">dda@afsat.com</a>
Nadege Allee	Cooperation Attache	French Embassy		<a href="mailto:nadege.allee@diplomatie.fr">nadege.allee@diplomatie.fr</a>
Nahdy Silim	ED-NAADS	NAADS	041-345446	<a href="mailto:msnahdy@yahoo.com">msnahdy@yahoo.com</a>
Namara Justus	Assistant	Ug.Prof. Women in Agric & Env't	041-342035	<a href="mailto:women@africaonline.co.ug">women@africaonline.co.ug</a>
Nayiga Agnes	Asst. to Regional Co-ordinator	CPHP E.A	041-530696	<a href="mailto:dfidnr@nida.co.ug">dfidnr@nida.co.ug</a>
Nshemereirwe Federica	Researcher	AUPWAE	077-387928	<a href="mailto:fnshemereirwe@yahoo.com">fnshemereirwe@yahoo.com</a>
Nsubuga Harriet	Market Information Manager	Agri. Business Dev't Centre(IDEA)	041-255468/9	<a href="mailto:harriet-adc@starcom.co.ug">harriet-adc@starcom.co.ug</a>
Nugawela Dr.Patrick	BDS Advisor	SPEED	077-752621	<a href="mailto:patricknugawela@yahoo.com">patricknugawela@yahoo.com</a>
Nyachwo Julian	Technical Advisor - Business	AT - Uganda	077-429372	<a href="mailto:nyachwo@atu.spacenet.co.ug">nyachwo@atu.spacenet.co.ug</a>
Nyapendi Robinah	Research Assistant	CIAT	077-448196	<a href="mailto:knyaps@hotmail.com">knyaps@hotmail.com</a>
Obbolowo James R.	Marketing Specialist	UCA	041-342216	<a href="mailto:ucainfocom@africaonline.co.ug">ucainfocom@africaonline.co.ug</a>
O'Brien Frank		IDEA Project		<a href="mailto:frank-ADC@starcom.co.ug">frank-ADC@starcom.co.ug</a>
Odwongo Willie O.	Director	PMA Secretariat	041-252263/4	<a href="mailto:wodwongo@utlonline.co.ug">wodwongo@utlonline.co.ug</a>
Ogeda Milton C.	Consultant	DANIDA	077-443302	<a href="mailto:mcoqe@webcitycafe.net">mcoqe@webcitycafe.net</a>
Ojok Rita Laker	Executive Director	AT - Uganda	077 -550958	<a href="mailto:rojok@atu.spacenet.co.ug">rojok@atu.spacenet.co.ug</a>
Poulter Guy	Director	NRI, UK		<a href="mailto:r.g.poulter@gre.ac.uk">r.g.poulter@gre.ac.uk</a>
Price, Dr. Nigel	Consultant		041 -266915	<a href="mailto:nfrica@intnet.mu">nfrica@intnet.mu</a>
Spilsbury John	Consultant		077-552309	<a href="mailto:spilsbury@utlonline.co.ug">spilsbury@utlonline.co.ug</a>
Taibu Nakweira	EDS	SPEED Project	077-200219	
Tumusiime R.P	Commissioner	MAAIF	041-320722	<a href="mailto:rhoda@africaonline.co.ug">rhoda@africaonline.co.ug</a>
Tumwesigye Elias	Financial & Corporate PR	ADC - USAID	041-255482/3	<a href="mailto:ideaproject@usaid.gov">ideaproject@usaid.gov</a>
Wandschneider Tiago	Senior Economist	NRI		<a href="mailto:t.sequeirawandschneider@gre.ac.uk">t.sequeirawandschneider@gre.ac.uk</a>

**ANNEX 2**  
**WORKSHOP PROGRAMME**  
**29 January 2003**

8:30 – 9:00            Registration and coffee/tea

**Session 1: Introduction and Opening Address**

9:00 – 9:15            Introduction to the workshop programme, Dr. Peter Greenhalgh (NRI)

9:15 – 9:30            Opening address: “Agricultural marketing and agro-processing in the PMA: Vision and strategy”, Dr. Willie Odwongo (Chairman, PMA Secretariat)

9:30 – 9:45            “Agricultural marketing interventions: An Introduction”, Dr. Peter Greenhalgh (NRI)

**Session 2: Best practices in farmer group formation and development for marketing**

9:45 – 10:15           “Farmer group formation and development: Lessons from three Ugandan NGO case studies”, Tiago Wandschneider (NRI)

10:15 – 10:45           Panel group discussion on farmer groups

Moderator: J.J. Otim (President, Agricultural Council of Uganda and Special Advisor to H.E. the President)

Mark Wood (IDEA Project), Andrea Gasparotti (Nile Produce Trading Company), John Magnay (Magric Ltd and Uganda Grain Traders Association)

10:45 – 11:00           Plenary discussion

11:00 – 11:15           Coffee/tea break

**Session 3: Best practices in provision of marketing information**

11:15 – 11:45           “Marketing Information Systems: Lessons from FOODNET”, Tiago Wandschneider (NRI)

11:45 – 12:15           Panel group discussion on marketing information

Moderator: Dr. Silim Nahdy (NAADS)

Andrew Muganga (IITA/FOODNET), Charles Kabuga (International Federation of Co-operative Producers), third panel group member to be confirmed

12:15 – 12:30           Plenary discussion

12:30 – 12:45           Formation of working groups

**Session 4: Working Groups**

14:00 – 15:30           Working group discussions

15:30 – 15:45           Coffee/tea break

15:45 – 16:15           Presentation of group conclusions

16:15 – 16:30           Plenary discussion

16:30 – 16:45           Workshop conclusions and closing remarks



## ANNEX 3

### PROJECT BACKGROUND

Peter Greenhalgh, NRI

#### Collaborators

- Natural Resources Institute, University of Greenwich, UK
- Uganda - National Agricultural Advisory Services (NAADS) and case study organisations and projects
- India - Cirrus Management Services Ltd, AME and case study organisations and projects

#### Project Purpose

Generate and disseminate best practices for effective and sustainable NGO and CBO interventions that address the constraints that poor and remote farmers face in accessing markets on favourable terms.

#### NGO and CBO Focus

NGOs and CBOs are uniquely placed to understand and respond to the constraints and needs of resource-poor farmers

However, these organisations often lack the expertise and contacts to develop commercially sustainable and replicable marketing interventions

#### Project Focus

- Resource poor farming household and communities
- Remote areas
- Domestic crops, essentially food
- Country Focus: India and Uganda

In both countries

- Large proportion of population is rural
- Agriculture remains central to rural livelihoods and local, regional and national development
- Farming households face acute constraints in accessing remunerative markets

Moreover

Very different socio-economic, political and cultural environments

#### Project Premises

- Effective linkages between CBOs/NGOs and the commercial sector are difficult to establish
- Many marketing interventions are based on unrealistic expectations of farmer group capacities
- Strategies that build on existing marketing channels are likely to be more cost-effective and sustainable but may be less attractive to farmers and NGOs/CBOs
- Scope exists even in remote areas to improve market access and participation

### **Project Outputs**

- Improved information on the nature of marketing constraints experienced by smallholder farmers
- Good practice guidelines for NGO/CBO marketing initiatives aimed at addressing these constraints
- Identification of capacity building needs of CBOs/NGOs active in this area

### **Project Activities**

- Inception Workshops to inform and define the research agenda, including choice of case study intervention areas and case study organisations
- Desk research including literature reviews
- Data collection and analysis for case studies in India and Uganda
- Dissemination of research findings to CBOs/NGOs and other relevant stakeholders
- Preparation of case studies and analysis of NGO/CBO interventions in marketing activities
- End-of-project workshops to present research findings and develop policy recommendations (January and March 2003)
- Dissemination activities – policy briefs, meetings, papers, reports, web articles (Final Project Report)
- Further dissemination under CPHP in 2003/04

### **Workshop Objectives**

- Disseminate, discuss and improve research findings
- Inform policy processes and relevant project and programme interventions
- Identify strategies to bridge the gap between existing knowledge and practice

**ANNEX 4**  
**KEY NOTE SPEECH**  
**THE PMA AND ITS MARKETING AND AGRO-PROCESSING STRATEGY**

Willie Odwongo, PMA Secretariat

**Poverty Eradication Action Plan Pillars**

- Economic Growth and Structural Transformation
- Good Governance and democracy
- Increasing household incomes
- Improving quality of life

**The PMA Vision**

Poverty eradication through profitable, competitive, sustainable  
and dynamic agricultural and agro-industrial sector

**The PMA Mission**

Eradicating poverty by transforming subsistence agriculture to commercial  
agriculture without degrading the environment

**The PMA Objectives**

- Increasing household incomes and improving quality of life of poor subsistence farmers
- Improving household food security through the market.
- Providing gainful employment.
- Promoting sustainable use and management of the environment and natural resources

**The PMA Principles**

- Deepening decentralisation
- Liberalisation
- Privatisation
- Democratisation and stakeholder participation
- Gender sensitivity
- Environmental sustainability
- Partnership and multi-sectoral approach

**PMA Priority Areas**

1. Research and Technology Development
2. Agricultural Advisory Services
3. Agricultural Education
4. Rural Financial Services
5. Agro-processing and Marketing
6. Sustainable Natural Resource Use & Mgt
7. Physical Infrastructure

### **Complementary Roles**

- The private sector is responsible for actual production, processing and marketing.
- The public sector is responsible for creating conducive environment:
  - i. Appropriate policies
  - ii. Removing barriers at all levels
  - iii. Improving infrastructure
  - iv. Appropriate legal and regulatory framework

### **What will the Marketing and Agricultural Strategy (MAPS) do?**

Highlight the priority areas in which the public sector will involve itself in order to facilitate the activities of the private sector.

At the same time MAPS recognizes that there are already many initiatives. There are also a number of areas to be tackled - thus, MAPS will fill in the gaps.

### **Current Shortcomings**

- Limited capacity
- Lack of marketing finance
- Lack of organised agriculture
- Lack of market information and poor quality produce
- Inefficient transport systems
- Infrastructure shortcomings

### **Capacity Shortcomings**

- Limited national capacity to negotiate in international trade forums and to analyse trade issues
- Inadequate representation and effectiveness at international trade negotiating forums
- Poor analytical capacity on trade issues
- Institutional shortcomings

### **Marketing Finance**

- Perennial complaint among the business community particularly in rural areas
  - Lack of long term trade finance(marketing finance)
  - High costs of funds
- Result: severe constraint on investment in marketing, processing and trade in agriculture (in the broad sense - fisheries, crops, livestock etc)

### **Lack of Organised Agriculture**

- Individual rather than group/association/co-operative dealings with market agents: farmers do not take advantage of economies of scale (both for inputs and outputs)
- Consequence is limited bargaining power, thus relatively low returns.

### **Lack of Market Information and Poor Quality Produce**

- Absence of objective, reliable and regular information on quantities, prices and trends of agricultural commodities
- Collection, analysis and availability of timely market information to both farmers and traders
- Poor post-harvest handling practices - low quality produce which cannot compete even in regional markets

### **Inefficient Transport Systems**

- Land-locked nature of Uganda (and long distance to export/import ports)
- Inefficiencies in key areas - railways, border crossings, etc.
- Inadequate network and poor state of repair of rural roads
- Results: a) high costs (including delays) of transporting agricultural inputs, outputs, and processed products, both internally and to export markets (b) general lack of affordable transport.

### **Infrastructure Shortcomings**

- Only 1% of the population connected to national electricity grid
- Grid is spatially constricted (Entebbe-Jinja conurbation)
- High cost of energy
- Lack of quality standards for agricultural produce for export and capacity to police the regulations
- Storage capacity
- Inadequate post-harvest practices at farm level
- Poor quality of physical infrastructure of retail markets for agricultural produce
- Complex and high taxes on produce trading

### **MAPS Intervention Areas**

- Trade Policy/Negotiations
- Trade Finance
- Producer support
  - Farmer organisations
  - Market information
- Infrastructure

### **Intervention Areas: Trade and Finance**

- Trade Policy/Negotiations (including expert teams for trade/market analysis & intelligence)
  - EC supported UPTOP – commence in 2002 (main focus is trade policy)
  - USAID supported UTRADE – also in 2002 (main focus on national export strategy)
- Increased Trade Finance
  - WRS and ACE is expected shortly
- Improved Rural Contract Law

### **Intervention Areas: Producer Support**

- Provision of market information (farmers & traders) - NAADS (Specialist consultancy to establish & manage an agricultural information service)
- Introduction of quality standards & improved post-harvest technologies (UNBS, Uganda Grain Traders etc.), EU-funded research
- Improved farmer liberalized s
- Educational programmes to engage farmers more effectively in the liberalized market environment.

### **Intervention Areas: Infrastructure**

- Increase investments in roads to link farmers with markets - District & community roads strategy to be implemented from 2003 - MOWHC
- Over-coming other infrastructure shortcomings
  - ERT (10 year programme launched)

### **Way Forward**

- Existing institutions and within the PMA framework.
- Trade Policy/Trade negotiations programme - resources to MTTI (functional analysis to be undertaken)
- Market information - NAADS
- Public sector - focus on collection and analysis of information, quality control and promotion of farmers' associations.

## ANNEX 5

### NGO/CBO AGRICULTURAL MARKETING INTERVENTIONS: AN INTRODUCTION

Peter Greenhalgh, NRI

#### **Definition of Agricultural Marketing Intervention**

An initiative that aims to improve farmer incomes from the sale of raw or processed agricultural production by

- enhancing farmers access to markets,
- improving prices accruing to farmers,
- or both

#### **Agricultural Marketing Interventions and Producer Risks**

Agricultural marketing interventions may lead to either increased or decreased exposure to marketing risks. They may lead to increased farmer risks through

- greater specialisation,
- a shift towards more remunerative but riskier crops or markets, and/or
- a rise in the proportion of total household production sold in the market.

#### **The Need for “Win-Win” Solutions**

While benefits to farmers are emphasised, to be successful, agricultural marketing interventions must also generate benefits to other players in the marketing chain.

For example, *ceteris paribus*, buyers will not pay farmers a price premium and/or increase purchases unless they experience consistent improvements in delivered quality and/or a reduction in transaction costs.

#### **Examples of NGO Agricultural Marketing Interventions**

- Group formation and development for marketing and processing
- Promotion of market linkages between farmers and buyers
- Provision of marketing extension and information services
- Inventory credit schemes to improve and/or stabilise prices.

#### **The Comparative Advantage of NGOs in Agricultural Marketing**

The comparative advantage of NGOs in agricultural marketing stems from

- Close contact with rural communities and farmers
- Inclination to adopt participatory approaches
- Poverty focus

As a result, NGOs are well positioned to understand the complex needs of resource-poor farmers and to adopt flexible, innovative and client-oriented approaches aimed at meeting those needs

NGOs can use these advantages to help farmers to market on improved terms and to bridge the gap between farmers, the state and the commercial sector.

However, to effectively play this role, NGOs must develop business-like approaches, employ staff with the relevant skills and allocate adequate resources to this task

### **The Increasing NGO Focus on Agricultural Marketing: Some Contributing Factors**

- Many years after market liberalisation, smallholders continue to face acute marketing constraints
- Increased awareness about the limitations of production-oriented project interventions
- Growing realisation that successful marketing is important to the well-being of rural households
- Changes in development and donor thinking: market and private sector development are now seen as valid goals in the pursuit of sustainable development

### **Approaches to Marketing Interventions Targeting Smallholder Farmers Directly or Indirectly?**

Both options are valid!

- Intervene to address knowledge, access to information and asset constraints at producer level
- Intervene to address other constraints and bottlenecks along marketing chains, which may entail working with actors other than farmers

### **Approaches to Marketing Interventions NGOs as Market Players or Facilitators?**

NGOs can play

- A direct (more interventionist) role - taking direct responsibility for marketing functions (e.g. transport, storage, processing or selling)
- A facilitating and capacity building role, whereby it strengthens farmers' capacity to market for themselves (e.g. provision of training, advisory, information and market linkage services)

“The same intervention may contain elements of both approaches”

#### **Direct Role: Advantages and Disadvantages**

Direct participation in marketing operations is an appealing option to both NGOs and farmers because it often provides a quick fix solution to marketing problems, having the potential to generate significant results over a short period

However, NGOs tend to be poorly equipped to run commercial activities successfully and sustainably

#### **Facilitation Role: Advantages and Disadvantages**

Facilitation approaches take longer to produce significant results and may generate less certain outcomes, but they



- Attempt to address some underlying causes of poor market access and low farmer prices
- Have the potential to strengthen the commercial trading and processing sector
- Have greater chances of being sustainable

### **Subsidies and Sustainability**

- NGO agricultural marketing interventions always comprise subsidised elements
- Subsidies can be very detrimental to sustainability, and should therefore be used selectively and within a defined time period
- Subsidisation of private goods and services can be very detrimental to private sector development, especially if combined with direct provision

## ANNEX 6

### BEST PRACTICES FOR FARMER GROUP FORMATION LESSONS FROM THREE UGANDA CASE STUDIES

Tiago Wandschneider, NRI

#### Research Methodology

- Case studies of BUCADEF, CEDO and VEDCO
- Review of relevant literature
- Review of project documents
- Discussions with NGO staff
- Focused discussions with farmer group members
- Key informant interviews

#### The Rationale for Participating in Farmer Groups

Farmer groups can offer benefits to members:

- Economies of scale in transport, marketing and processing
- Improved bargaining position vis-à-vis crop buyers
- Enhanced access to agricultural services such as credit and extension
- Improved lobbying capacity
- Opportunities to strengthen contact networks within and outside the community

#### Costs and Risks of Participation in Farmer Groups

Participation in farmer groups entails costs and risks to members:

- Diminished scope for individual decision-making
- Co-ordination of group activities (e.g. meetings)
- Participation in group activities (e.g. marketing research)
- Payment of group fees
- Mismanagement of group activities and funds

#### What Makes Marketing Groups Successful?

Past performance of farmer organisations has generally failed to meet expectations. These organisations have the potential to address marketing constraints along product chains but their capacity to do so on a sustainable basis is influenced by a wide range of internal and external factors. These factors influence, but on their own do not ensure, group success.

#### Success of Marketing Groups: Internal Factors

- Good leadership (individual or participatory)
- Adequate management and organisational capacity of farmers and elected members
- Few and simple group functions, at least in the initial stages: assets and multiple activities/purposes are often complex to manage
- Small group size

- Member self-selection
- Member homogeneity and cohesion
- Member-driven agenda
- Internal resource mobilisation
- Member literacy and numeracy are important
- Independence from state patronage

### **Success of Marketing Groups: Economic Benefits as a Driving Force**

- Marketing groups that fail to generate tangible net financial benefits to members will rarely succeed
- Market access (linkages to markets) crucially determine the financial performance of marketing groups

### **Success of Marketing Groups: Linkage-Dependent versus Linkage Independent Groups**

Groups with long-term links to a private service provider (e.g. contract farming) are more likely to succeed:

- Vested interest of service provider on group success
- Links help overcoming shortage of business and entrepreneurial skills at group level
- Links may result in improved access to inputs (often on credit), technical assistance and output markets

However, linkage-dependent groups are generally less able to quickly respond to emerging market opportunities

### **Best Practices for Supporting Marketing Group Formation and Development**

- Avoid externally imposed agendas
- Avoid subsidies on inputs and marketing activities
- Avoid intervening directly in marketing operations and input supply
- Avoid interfering in group member selection
- Avoid promoting unrealistic group objectives and activities
- Promote small groups (say up to 40 members)
- Promote genuine decision-making by group members
- Emphasise training on group formation, group leadership, vision setting, group dynamics, record keeping, business skills
- Emphasise literacy and numeracy training
- Emphasise marketing and other linkages between farmers and buyers/service providers (act as honest broker)
- Address production issues which impinge upon the performance of groups in the marketing sphere
- Devote enough time and resources to farmer group formation and strengthening
- Adopt a long-term perspective

## **Farmer Fora and Federations: Rationale**

Address insufficient group scale to improve access to:

- Input and output markets
- Agricultural services
- Agro-processing activities

### **Farmer Fora: What Do We Know?**

- There is little available literature on farmer fora
- Most of the lessons learned from individual group experience are also relevant to farmer fora
- Inter-group communication is critical, and this imposes limits on geographical coverage and number of member groups

### **Best Practices for Supporting Farmer Fora Formation and Development**

- Similar in many respects to primary organisations
- Promote formation of second-tier bodies only when primary groups are at an advanced stage of development
- Promote small fora (representing 5 to 10 closely located groups)

### **The Three Uganda Case Studies**

- With few exceptions, case study NGOs are not providing subsidised inputs nor are they subsidising group marketing operations
- With few exceptions, case study NGOs are not intervening directly in marketing but instead playing a facilitation and capacity building role
- One of the case study NGOs adopts a differentiated approach to farmer group development, depending on group member characteristics (gender, landholding size, etc)
- Supported farmer groups tend to be small in scale and self-selected, and members tend to be largely responsible for decision-making
- NGOs rarely emphasise all required support areas: need for more holistic approaches
- Need for more emphasis on marketing linkage promotion, despite the difficulties to successfully develop interventions in this area
- Need for greater emphasis on other market intelligence services (e.g. provision of marketing information and business advisory services)
- In some cases, need for greater emphasis on internal group features
- Case study NGOs are not promoting the concept of farmer fora, but need to intervene in this area, at least when fora formation is happening spontaneously
- Partnerships with larger international NGOs and donor-funded projects have proved effective and should be pursued
- NGO monitoring and evaluation systems need to account for the nature of interventions in the area of farmer group development
- Most case study interventions have a strong learning-by-doing element, with NGOs becoming aware of bad practices through experience

## **NGO Training Needs**

- **Appropriate training at an earlier stage of intervention design will minimise mistakes along the way**
- **Training needs differ across case study NGOs**
- **All NGOs require training on market analysis, business advisory services, and marketing linkage promotion**
- **Partnerships can contribute to addressing some NGO capacity weaknesses**

## **ANNEX 7**

### **INTERVENTION BY JOHN MAGNAY (UGT)**

#### **The Challenge for Africa**

- \$ 19 billion Food Import Bill per annum including Food Aid
- Regional / Continental food insecurity
- Low farmer expectation YET 80% of the population involved in Agriculture
- World Trade Policy stacked against Africa
- No Regional Cooperation
- No Regional Food Policy
- Rising Population
- Poor intra-Africa logistics
- Lack of Statistics / Information
- Lack of Govt. Support / Policy
- Lack of Rural Banking & Investment
- Commodity-based market instead of Supply Chain-based market
- No working Warehouse Receipt System / Agricultural Commodity Exchange in Africa!
- HIV / Aids impact on productivity and society
- Dependence of erratic rain-fed production

#### **Traditional African Government Interventions**

- NFRA in Malawi
- FRA in Zambia
- NCPB in Kenya
- FSA in Tanzania
- Etc.

Mismanagement, political motivation and interference, and unclear policy

#### **Africa Today**

- Insecurity in Northern Uganda leading to potential food insecurity: 800-900,000 people displaced
- Kenya short by 4 to 600,000mt in 2003
- Ethiopia needing up to 1,000,000mt in 2003
- Southern Africa shortages in Zimbabwe, Zambia, Malawi up to 3million tonnes
- Late rains in Southern Africa have potential for poor harvest expectations mid 2003
- Australian & North American crop expectation low for 2003

#### **Traditional Maize Production in Uganda**

- Smallholder production using low input / low output production
- 2 crops per year
- Minimal strategic stocks / finance
- Poor on-farm / local storage
- Volatile internal market based upon "spot" supply & demand

### Farmers' Perspective

- Low prices at harvest
- Large seasonal price variation
- Farmer-retained stock forms basis of food security
- Uncertainty of Market & Price leading to reluctance to invest in seed & fertiliser and commercial production
- million farming families / 25million people

### Millers' Perspective

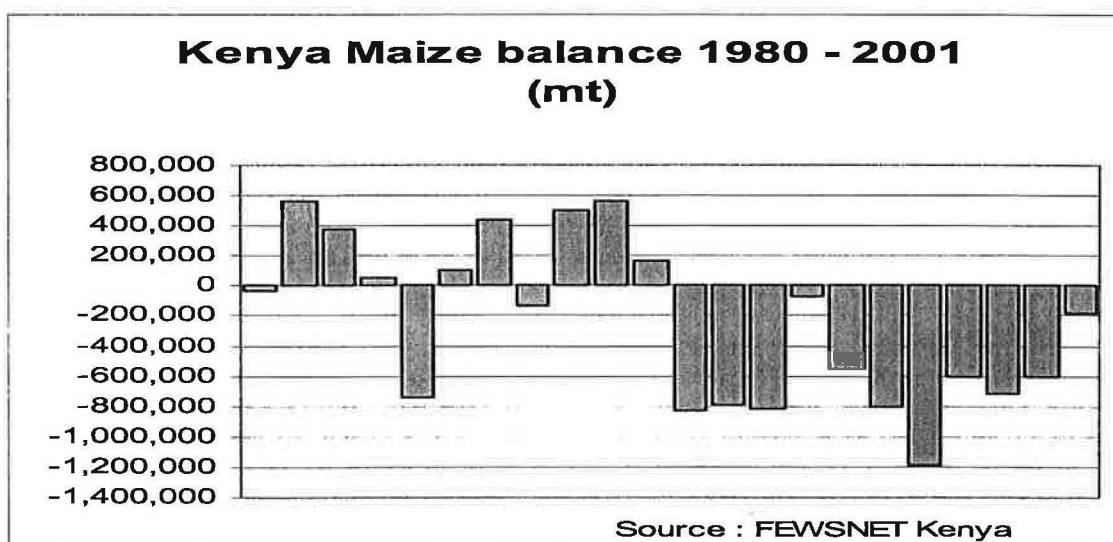
- Large number of small millers
- Buy today – Mill – Sell tomorrow
- Minimal investment in equipment & stock – low risk / low level of finance
- High price fluctuation due to spot demand e.g. price increase at start of school term
- Reduction in quality out of season due to poor on-farm storage
- Low per capita demand 12-15 kg per year (Southern Africa average 80-100 kg per year)

### Formal Commercial Market

- WFP have been the only major buyer in the Uganda market
- WFP Purchasing is based upon “current” demand and funding
- WFP Purchases in small quantities throughout the year from large number of small / medium grain traders
- Purchases made against “cheapest tender price”

### Kenya Market

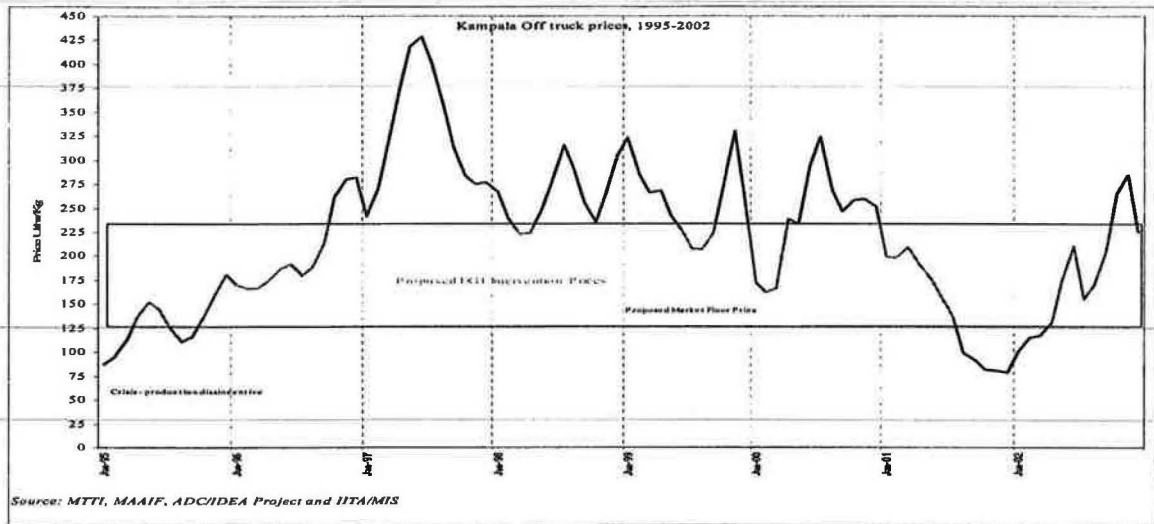
- Kenya has shortfalls in production of 200-800,000mt year on year
- Kenyan traders will purchase Ugandan “farmer quality” (wet / unclean) at harvest time from Eastern Uganda under adhoc / border / bicycle trade
- 50-100,000mt per year can go to Kenya in times of Kenya shortage / Uganda surplus
- Little formal trade of quality maize direct to Kenya millers



## The Ugandan Market

- Total internal consumption 250-300,000mt per year
- WFP purchase 10-30,000mt per year
- Kenya take 50-100,000mt per year

None of these markets can provide market stability!!!



## Uganda Grain Traders: History 2001-2002

UGTL grew out of a national crisis

- A large surplus of Maize (100,000mt)
- No regional market (Kenya also in surplus)
- Collapse of the internal market / price to ex-farm gate 30/= (\$ 13 per mt)

## Uganda Grain Traders Structure

- Originally 14, now 16, Grain Trading Companies in Uganda
- Shareholders are responsible for supplying Dry, Clean, Export-packed produce to the UGTL export centre
- UGTL responsible for financing (in UGTL Store), marketing & executing contracts

## UGT Programme 2001/2002

- Awarded a contract to supply 40,000 mt to Zambian millers
- Purchased and Exported 31,000 mt of Maize to Zambia worth \$ 7million
- Currently exporting Beans to Angola & Zambia

## Reasons for UGT Success

- Support from HE President Museveni and the Government of Uganda
- A fund from BOU through Barclays Bank
- A grant from IDEA Project for infrastructure and management
- Use of former CMB Bugolobi warehouse and Rail siding



### **Zambian Contract – Successes**

- Established UGT reputation as regional supplier
- Developed an infrastructure to handle large tonnages in Uganda
- Developed cargo routes formerly un-used
- Provided experience in the regional market
- United the Ugandan industry
- Raised the profile of Uganda in the regional market
- Strong Government – Private Sector collaboration

### **Zambian Contract – Failures**

- Bid on contract in Oct 2001 with NIL stocks
- Accepted contract in Nov 2001 with less than 20% stock – 80% at price risk
- Long supply chain with payment on delivery
- Open-ended subsidy payment from Zambian Govt
- Completed only 31,000 out of 40,000mt
- Ugandan farmers disappointed in 2001 and did not plant in Mar 02 and Sept 02

### **Lessons Learned**

- Uganda can be a regional trader of Maize (and Beans)
- Ugandan farmers should maximise their production to produce sufficient surpluses for internal food security & EXPORT
- Uganda must break the classic farmer cycle and invest in farming/inputs/stocking

### **The Future – UGT**

- Purchase and Stock Produce on a regular seasonal basis
- Identify and Develop regional markets and market links
- Build confidence with farmers/farmers groups to grow produce including “contract farming” and “new crops”

### **UGT – Strategic Intervention 2002/2003**

In September 2002, UGTL announced at a joint Government/UGT Press Conference, guaranteed minimum prices for Maize and Beans for the Jan 2003 harvest.

The reasons for announcing minimum prices were Low Farmer Expectations had led to Low Levels of Planting – March & Sept 2002

YET

High Expectation of Demand for Maize & Beans - Internally & Regionally

***UGANDA / UGT MUST BREAK the Classic Farming Cycle!***

### **What does it mean to farmers and the industry?**

The minimum price is designed to:

- Reduce farmer risk on price expectation
- Develop Rural finance
- Develop Input supply

- Focus extension services on the markets
- Increase rural investment in post-harvest processing
- Reduce food insecurity (Internal and Region)

#### **How will UGT operate?**

- UGT will purchase Export Quality – clean, dry and packed – from UGT companies
- Goods will be held under a collateral management arrangement with SGS / ACE
- UGT will only pay for produce delivered into store

#### **The 2-Season Scenario - Advantages**

- Harvest is always less than 180 days away
- Shorter-term risk on price and market expectations
- Harvests fit into demand cycles of East & Southern Africa Market

#### **The 2-Season Scenario - Disadvantages**

- Farmers only have 2 months to harvest/dry/sell crop before next planting season
- Short dry season leads to difficulty in drying the crop
- Without farmers selling their crop in the 60 day window – no money for the new planting season

#### **Where do farmer groups fit into UGT programme?**

##### **Why form a farmers' group**

- Exchange of Information & Experience
- Improve purchase power for inputs
- Improve marketing opportunity for produce
- Bulk, Clean, Dry produce
- Provide focal point for commercial activity including added-value processing

##### **What UGT wants?**

- Consistent production of Quality (Exportable) Maize etc season-on-season
- Good on-farm Cleaning/Drying/Storage
- Direct access to UGTL buyers / processors
- Specific products for specific markets leading to contract farming

##### **What UGT is prepared to give?**

- Minimum pricing announcement pre-planting
- Strong purchasing at harvest
- Premium price for Quality
- Contract farming for specific crops

## ANNEX 8

### THE DEVELOPMENT OF EFFECTIVE AND SUSTAINABLE MARKETING INFORMATION SYSTEMS: THE EXPERIENCE OF FOODNET

Tiago Wandschneider, NRI

#### Research Methodology

- Review of relevant literature
- Review of project documents
- Discussions with NGO staff
- Discussions with farmers, traders and processors
- Key informant interviews

#### Agricultural Marketing Information: A Definition

Agricultural marketing information comprises information that is relevant to support the decision-making process in production, buying and selling of agricultural products

This definition could be broadened to include market information on inputs

Examples: Information on prices, methods of sale, demand and supply volumes in different markets, existing marketing channels, buyers, transport availability and cost, quality standards, etc

#### The Rationale for Developing Marketing Information Services

Availability of marketing information critically determines efficiency of marketing systems and farmers' access to markets

More specifically, it contributes to:

- More informed production choices
- Reduced transaction costs
- Reduced marketing risks
- Shorter marketing chains
- Increased spatial and temporal arbitrage

#### Benefits to Farmers of Marketing Information

Marketing information can assist farmers to:

- Adapt production choices and post-harvest practices to better meet market requirements
- Select outlet market and buyer
- Decide when to sell
- Bargain more effectively in the market place

The benefits of marketing information to farmers depend on:

- Their capacity to process marketing information and use it for improved decision-making
- Their capacity to change production and marketing strategies, which depends on access to labour, access to finance, access to inputs, capacity to cope with risk, production scale and marketed surpluses, etc

For the above reasons marketing information is of most use to farmers when they are organised in group enterprises, marketing collectively

#### **The Failure of Market Information Services in the Past**

- Insufficient attention paid to the quality of collected data
- Information not always relevant to farmers
- Infrequent collection of price information
- Time lag in dissemination of information
- Little information on prices according to quality and variety
- Inappropriate dissemination channels and products
- Limited emphasis on historical data
- Unsustainability due to termination of donor funding and insufficient government allocation of resources to fund the system

#### **The FOODNET Approach**

- Nation-wide, locally based agricultural market information service
- Macro and micro MIS
- Information on 28 agricultural products (raw and processed food crops) in 16 districts
- Weekly collection and dissemination of prices in these 16 districts
- Daily collection of prices in 3 Kampala markets
- Information also collected, in partnership with other organisations, on trade volumes, quality of produce in the market, weather conditions, price projections for major staples, and market news about Uganda and the region
- Local FM radio stations as the key dissemination channel, complemented by newspapers and mobile phones
- Use of local languages

#### **Performance and Impact of FOODNET MIS**

- FOODNET has performed well in terms of timely dissemination of relevant marketing information through appropriate channels, including radio and mobile phones
- FOODNET marketing information is useful to institutional users such as IDEA Project and FEWSNET
- A significant proportion of farmers in the community listen to radio broadcasts on a regular basis
- A considerable number of farmers consider the information relevant

However

- FOODNET MIS does not cover critical types of marketing information
- Most farmers have limited capacity to process and use marketing information
- Most farmers have limited capacity to adapt their production and marketing strategies

### **Recommendations**

- FOODNET MIS should play an increasing role in the provision of market intelligence services (including market linkage)
- FOODNET MIS should expand partnerships with NGOs and other stakeholders to enhance the capacity of farmers to process and use marketing information
- FOODNET MIS should expand partnerships with NGOs and other stakeholders to improve agricultural extension services
- FOODNET MIS should analyse available time series price data to inform interventions in the agricultural sector and disseminate this information to relevant stakeholders and farmers
- NGOs should become more involved in the dissemination of marketing information and increasingly use it in their work with farmers

### **FOODNET MIS and Sustainability**

- MIS is a pure public good and will not be sustainable unless it becomes institutionalised, with sufficient public (government and/or donor) resource allocation over the long-term
- FOODNET MIS can do more to raise revenue (e.g. radio spots paid by sponsors and charging for services to agribusiness firms and institutions)
- However important as an indication of demand for FOODNET MIS services, cost-recovery measures will be insufficient to ensure financial sustainability.

## ANNEX 9

### INTERVENTION BY CHARLES KABUGA (IFAP)

My presentation will briefly cover four areas namely; the situation before agricultural marketing in Uganda was liberalized, initiatives taken by a number of stakeholders to address some problems arising out of liberalization, what ordinary farmers say about some of those initiatives and what needs to be done to improve the situation.

Before agricultural marketing was liberalized, it used to be carried out by state marketing boards. In some instances these boards were a disaster, but in others they did a reasonably good job. Some of them served the useful purpose of bearing farmers' risks. For example, farmers based their planting decisions on the pre-planting prices, which the boards periodically announced. In several cases, the boards also administered subsidies, not only to farmers but also to the processors and traders. This was in addition to the collection and dissemination of market information for use by other stakeholders including government.

In pursuit of privatization and liberalization policies within the agricultural sectors of countries that adopted Structural Adjustment Programmes (SAPS), government marketing boards and other frameworks for marketing of farmers' produce were dismantled. No substitutes were put in their place. The marketing role was relegated to a young and unorganized private sector. The dominance of private sector traders, commission agents, processors, retailers, multinationals, etc., brought chaos into the market.

Dealing with such actors single-handedly could not have been and can never be an easy task for the farmer. Indeed, farmers' ignorance of commodity prices continues to be a severe limitation to their struggle to improve their incomes. The initiatives of a number of farmers' organizations, NGOs, and the donor community to mitigate the situation, though commendable, still leave a lot to be desired. The fact that most of these initiatives are donor-funded, project-based and working under different organizations makes them unsustainable and robs them of the much-needed complementarity and synergy. A few examples of initiatives from some stakeholders in Uganda can be cited.

With funding from DANIDA, the Uganda National Farmers Association, now called the Uganda National Farmers' Federation (UNFF), collects information on farm-gate and wholesale prices for a number of food crops every two weeks in six (6) out of the fifty six (56) districts in Uganda. The prices are broadcast in four (4) languages by Radio Uganda. The Federation also publishes a Marketing Bulletin in English twice a year, which, besides carrying reports on commodity prices, publishes a list of merchants in consuming countries.

The Uganda Cooperative Alliance (UCA) runs a Market Information Centre at the headquarters to which UCA's field staff send information on various commodity prices collected from urban centers, main markets and neighboring areas. The information so collected is relayed to the 25 or so newly formed marketing associations. UCA also keeps a list of major traders who it links with these associations.

Some time back, the Uganda Cooperative Alliance, the Uganda National Farmers' Federation, the Uganda Export Promotion Board, the Union of Export Services as well as other commodity associations and stakeholders formed the Uganda Commodity Exchange (UCE). The Exchange was set up to facilitate price discovery for the mutual benefit of the producer and the trader. It has started transacting business.

The Competitive Private Enterprise and Trade Expansion (COMPETE) funded by USAID recently wound up. The project focused on price information for coffee, cotton and fish. In collaboration with Impact Associates (a consulting firm) and the Mobile Telephone Network (MTN), a Wireless Market Information Source (WMIS) was used to provide accurate and real-time price information on a daily basis to fisher folk, traders, processors and exporters on ten landing sites on Lake Victoria.

Mention must also be made of the excellent work of the Irish Foundation for Co-operative Development (IFCD) in Kyotera, Masaka, of restoring the useful aspects in Marketing Co-operatives.

Since the thrust of this workshop is on FoodNet and my colleague Andrew Muganga will be talking about it in some detail, suffice it to say that FoodNet stands out as a professional and competent provider of market information services. However, like the other market information providers mentioned above, FoodNet faces the problem of sustainability.

All these market information service providers notwithstanding, in a recent survey conducted by the International Federation of Agricultural Producers (IFAP) on: "Farmers' Need For and Availability of Market Information Services in Uganda", ordinary farmers who are supposedly consumers of this market information say, *inter alia*, that:

- Traders are presently the major source of market information;
- The information currently provided is insufficient and unreliable;
- Information from traders is the most unreliable;
- The information currently being provided is skewed towards commodity prices at the expense of other information related to higher productivity and farming practices;
- They need regular, timely and accurate price information for effective bargaining with traders;
- The radio, extension service providers and personal visits are their preferred channels for receiving market information.

To ensure that data is reliably collected, quickly processed and disseminated in a usable form by farmers, traders, processors, consumers etc requires resources beyond the reach of any one market information provider. It is also a fact that no single provider can be equally competent in rendering such services single handedly. In order to optimize on what each provider is best suited to do, a proper institutional arrangement is necessary.

In Uganda, the magnitude of providing market information services was very well understood when formulating the Plan for Modernization of Agriculture (PMA). The Plan (page 83) implores "government (central and local), donors and NGOs to

acknowledge the importance of information and make the necessary resources available, particularly in regard to provide information to poor farmers where services may be viewed as a public good". It is for this reason that PMA incorporates a requirement to support the establishment of decentralized market information services.

The Statute that established the National Agricultural Advisory Services (NAADS) – a component of PMA - offers farmer' groups, associations, and cooperatives an opportunity to benefit from the resources and services of NAADS. NAADS must therefore invest in mechanisms for coordination and making use of what other partners, like those that were outlined, can contribute. This workshop must therefore come out with partnership approaches that will work adequately, effectively and on a sustainable basis. It is highly recommended that such approaches should revolve around NAADS and with NAADS as a central pillar. The partnership being forged between NAADS and FoodNet is a step in the right direction.



## ANNEX 10

### WORKSHOP EVALUATION

In an attempt to receive feedback from participants on various aspects of the workshop, a short questionnaire was distributed to the participants. Only 24 participants completed the questionnaire. An analysis of the respondents' answers is presented below.

The content and presentation of the workshop was rated by most as "good", with some "average" and some "excellent" marks given. However, the incorrect printing of the layout of question 1 created some confusion for most participants.

Although many people felt that no important topics were missing, a few thought that some important topics had been left out of the discussions. Below are some of the comments made:

- What is the correct time to form associations?
- Need to look at gender issues arising in marketing interventions
- How to provide finance to market farmers' produce without depending on donors. This would make farmers demand other necessary services which are now being forced on them
- Need to examine support to private service providers
- NRI seemed to be pushing two workshop topics into one (a) market information and (b) groups, whereas both are workshop topics on their own!!!
- Need to look at agro-processing for value addition leading to higher prices especially for perishables
- Need for a better understanding of group sustainability, relationship of groups to crops, and gender in groups

The relevance of the workshop to participants' work was rated between "very relevant" and "quite relevant". Perceptions on the content of the presentations were mixed: many people thought it was about right while some felt that it was too general and a few felt it was too detailed. There were also varied reactions regarding the mixture of presentation and discussions: most people thought the balance was about right while a few thought there were too many discussion sessions and plenary presentations.

General aspects of the workshop arrangements were evaluated mostly as good to average, although some "excellent" answers were given. The overall assessment of the workshop was "good" to "excellent".

Comments on the workshop in general or suggestions for similar events varied from general comments to specific suggestions:

- "I would like the NRI staff to maintain their excellency both in their presentation and their discussions and helping Ugandan farmers achieve good quality food standards, thus increasing their agricultural expertise hence development."
- "How are we as NGO going to be involved in dissemination of the best practices talked about in this workshop?"
- "Biodiversity preservation and reclamation of declining natural resources"
- "Found the workshop relevant to my work in market information. Especially enjoyed the private sector view and frank views from John Magnay, UGC? It

would have been ideal to have a participant to represent “informal” traders who are key players in the agriculture sector.”

- “Would like access to other NRI reports.”
- “The workshop was very useful and informative. Since farmers are the target group, let’s hope they will be involved in the future.”
- “If you don’t get participants to introduce themselves in plenary, it would be useful to circulate a list of participants and their institutional homes for information during the workshop. Discussants should be discussants not presenters.”
- “Institutionalising (marketing information system) in farmers organisations for sustainability.”
- “There appears to be more emphasis on NGOs roles and less on roles of farmer organisations in marketing and market information. This does not argue well for sustainability of the NGO interventions after their departure.”
- “Provide handouts from other presenters.”
- “I feel case studies needed to involve more NGOs doing similar work because challenges are different for different environments.”