Report of

Sub-regional Workshop on NGOs, Farmer Organizations and Agricultural Marketing and Enterprise Development

Kampala, Uganda

5-7 July 2005

Agricultural Management, Marketing and Finance Service (AGSF) of FAO

Uganda National Farmers’ Federation

December 2005
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Summary

In recent years there has been an increasing realization among organizations working with farmers that simply getting those farmers to produce more is not the answer to the problem of increasing rural incomes and enhancing food security. As a consequence NGOs and farmer organization have been paying increasing attention to ways of promoting more of a business orientation among farmers, by encouraging them to relate their production more closely to market demand and to organise in order to more effectively supply markets.

This is an area in which FAO has been working for many years. It was therefore felt appropriate at this time to organise a workshop to both facilitate the exchange of experience among NGOs and farmer organizations and to explore ways in which FAO can assist such organizations to further support farmers. The workshop brought together 32 participants from 19 NGOs, farmer organizations and others working in six countries of Eastern and Southern Africa. All were working to link farmers to market opportunities and all indicated that they planned to increase activities of this type. FAO highlighted its project activities in the sub-region as well as its range of training materials and other publications on marketing and enterprise development.

With regard to promoting marketing activities, NGOs have taken a farmer-group approach. However, there are issues to be resolved regarding the most appropriate type of group. Incorporation of groups as legal business entities was a particularly important issue to address. Most continue to function as informal associations and are thus unable to trade or incur financial obligations.

NGOs indicated that training was a priority for their staff since they had limited technical expertise in marketing and enterprise development. There was need for the development of training programmes, including technical training materials. Areas identified where training is required included leadership, management and contract negotiation. Most NGOs are involved in training but there is limited sharing of training materials and resource persons. There are thus opportunities to share resources, training materials and information through websites and networking.

Activities supported by external organizations to link farmers to markets and promote the concept of farming as a business raise a number of unresolved issues. Most NGOs have had experience with relief programmes and with more of a charitable approach to assisting farmers. It is sometimes difficult for them to make the transition to supporting commercial agriculture. There is a general agreement that NGOs should be facilitating marketing by identifying markets, introducing farmers to buyers, helping farmers to negotiate, etc. but that they should not be by-passing commercial marketing channels and physically handling the farmers’ produce. In providing support to farmers NGOs generally lack information on farm economics and other decision tools such as crop budgets and market information analysis.

Sustainability of activities initiated by NGOs is a recognised cause for concern and allied to this is the need to develop an “exit strategy” to ensure that farmer groups will be able to
continue to function once the subsidized NGO support has been withdrawn. National farmer organizations may have an important role to play here. The workshop noted that NGOs in the sub-region are presently working with a relatively small proportion of farmers. Strategies to scale-up activities to increase the number of farmers involved in such programmes needed to be developed and traditional service providers such as government extension services also needed to develop their capacities to promote farming as a business.
Recommendations of Working Groups

Reports of Working Groups

Working Group 1

The role of NGOs

- Technical assistance in production
- Facilitating training, market linkages and (Business Development Services) BDS
- Building marketing capacity of NGOs, e.g. market information sharing, and market research
- Training/building capacity of others to work in groups
- Facilitating formation of groups
- Networking, e.g. training on market information at all levels
- Applying a holistic value chain approach
- Facilitating business start-ups

How can NGOs be more effective in promoting Agricultural Marketing?

- Sharing resources and expertise among each other to avoid duplication of services
- FAO facilitating formation of NGO district forums that can be scaled up to national chapters
- Need to have marketing and business professionals within NGOs as a single/shared resource to facilitate marketing. Another option is to outsource marketing services

What support do these organizations need to fulfil this role?

- FAO hosting a website/database that would allow partners to share marketing and other training information, to avoid duplication
- Mapping of all NGOs, and the activities they are involved in, with FAO’s support
- FAO should facilitate similar forums in the sub-region
- Technical and financial support
- Support in advocacy, etc.
- Marketing training and education – such is necessary for people in NGOs, due to the scarce capacity in this area
- Sub sector/Industry analysis/Value chain
Working Group 2

What training materials in agricultural marketing and enterprise development are required?

- Contract development
- Bargaining and negotiation skills
- Guide on brokerage
- Facilitation of livestock auctioning
- Group dynamics and collective marketing
- Technical information on post-harvest handling for different enterprises according to specific crops, e.g. horticulture crops, apiary, livestock, cereals, pulses, etc.
- Market-focussed production, e.g. quality requirements. This can be at farmer level, processing and buyer level
- Market information access, interpretation and usage
- Policy and governance
- Curriculum development – institutionalising knowledge
- Lobbying and advocacy
- Business plan development
- Participatory approach to development
- Savings and credit management (changing people’s attitude)

How can FAO assist NGOs with work on agricultural marketing and enterprise development, in particular with training material development?

- Assist in setting up a resource pool (material and experts)
- Take a lead in networking NGOs and farmers associations involved in agricultural marketing
- Document success as well as failures so that mistakes are not repeated
- Audio visual materials
- Guides
- Posters
- Brochures
- Leaflets
Official Opening

Mr Andrew Shepherd, Marketing Economist, FAO, Rome gave a brief introductory speech. He noted that past FAO training materials in the fields of enterprise development and agricultural marketing had been targeted at traditional government extension services. The NGO sector had been largely neglected. The purpose of the workshop was thus, in part, to enable FAO to assess the training needs of NGOs with a view to develop suitable training materials. A further important purpose of the gathering was to enable NGOs in the sub-region to exchange experiences related to the work to develop farm-to-market linkages.

Mr Chebet Maikut, President of the Uganda National’ Farmers’ Federation then made a Speech of Welcome. Mr Maikut noted that, to be able to move with the rest of the world, Farmers Organizations and NGOs must become more organised to help farmers carry out marketing. He pointed out that in Uganda, the Plan for Modernization of Agriculture (PMA) was also emphasizing market-oriented agriculture and enterprise development. UNFFE supports agricultural marketing and enterprise development by supporting her members to improve production, quality and quantity of their produce/products.

He thanked FAO for its efforts to help small scale farmers’ access markets. He noted that poor access to markets for many decades had been responsible for the miserable conditions the farmers have been living in, and was happy that FAO paid attention to that area.

Mr. Maikut pointed out some challenges that are still standing in the way of enterprise development and agricultural marketing, such as: identification of profitable enterprises by the farmers; limited resources to develop the enterprises to a profitable level; low quality and quantity produced by small-scale farmers, poor linkage between farmers and the markets and limited skills and knowledge of the farmers.

He therefore called for the strengthening of Farmers’ Organizations to be able to mobilize farmers, equip them with skills through training and provide them with market information. He further said that agricultural zoning could help to address the issues related to low quantities of production.

The Workshop was officially opened by Mr Percy Misika, FAO Representative in Uganda. Mr Misika referred, in particular, to the recently published report of the Commission for Africa, which stressed the need to unlock the entrepreneurial capacities of Africa’s people and stressed the importance of developing market linkages. He stressed the important role that NGOs could play in achieving this and wished the workshop every success in its deliberations.

Mr Misika’s speech is reproduced in full as Annex 3.
Working Sessions

Session 1

Mr John Magnay of Uganda Grain Traders Ltd. made a presentation highlighting the potential that he saw for market development in the sub-region. He stressed the large size of the African market and the potential to develop new products for sale. He encouraged NGOs to visit their local supermarkets and identify imported products that could be produced locally. He described a contract farming arrangement for barley, which had opened up new markets for Ugandan farmers and identified other crops with market potential that would be suitable for contract farming.

In the discussion, participants wanted to know how the Company was assisting farmers in marketing the main grains in Uganda. In response, Mr Magnay replied that Uganda Grain Traders Ltd put a lot of emphasis on quality of the grains so that they could enter the export market. He urged farmers to aim at producing commercial quantities of high quality since the issue of quality affected all markets, local, regional and international. He advised African farmers to diversify their production but with a focus on commodities with a niche market like organic products which attract premium prices in the developed countries. However, he cautioned them about taking on crops such as vanilla which had disappointed Ugandans with a drastic price collapse.

Mr Andrew Shepherd of FAO then provided a brief run-down of FAO activities with regard to agricultural marketing and enterprise development. Activities covered marketing policy, support services such as market information and marketing extension and activities to support farm-agribusiness linkages. Recent projects in the sub-region had included marketing training projects in Zambia, South Africa and Lesotho, an agricultural marketing policy review in Eritrea, a study on strengthening agribusiness linkages through Farmer Field Schools, in Kenya and a project to support the capacity of the Ministry of Commerce in Mozambique to enhance agricultural marketing development.

Participants, particularly from Farmers’ Organizations, showed a lot of interest in the work FAO was doing in the field of agricultural marketing and enterprise development and explored the possibilities of accessing support in the area. Mr. Shepherd assured the participants that such support could be extended to any FAO member state.

Mr Johnson Irungu of Catholic Relief Services (CRS) then made a presentation entitled “The CRS approach to getting farmers to the market.” Mr Irungu emphasised that CRS now had more of a market orientation than in the past. Past efforts aimed to increase crop production but were frustrated by oversupplied markets. Under the new approach farmers were encouraged to form Producer Marketing Groups (PMGs), which were linked to markets by CRS. The NGO was collaborating with CIAT in a Learning Alliance designed to give CRS staff hands-on training in CIAT’s Rural Agro-Enterprise Development Approach. CRS worked in four areas of Kenya, with a target population of around 18 000 households. Mr. Irungu noted that PMGs had been able to negotiate higher prices from traders and had been able to access urban processors. To achieve this they needed to be well organized to ensure economies of scale. In general, there was need for further improvement in PMG management.
Several participants requested further information on the PMG approach. It was stressed that successful group development often required that governments first addressed policy and regulatory issues.

Ms ??????????????????? of Sassakawa Global 2000 made a presentation on the One Stop Centre Association (OSCA) which is a community multipurpose infrastructure that facilitates farmers’ organizations and their communities to aggregate demands for services (e.g. markets) and reduce transaction costs and builds their capacity to run services on a commercially viable and sustainable basis. It is aimed at bridging the gap between the poor and the rich by bringing services closer to everyone in the community. This is done through building the capacity of farmers’ organizations to enable demand-driven advisory service provision and developing the priority enterprises of the farmers within the rural areas to sustainable commercial levels. This approach has been tested in Uganda for more than three years, and despite the limited funds the little that has been done is beginning to show results.

Mr Michael Mailloux of CLUSA, Uganda made a presentation entitled “Turning Farmers into Entrepreneurs: the CLUSA Experience”. Mr Mailloux first described the experiences of CLUSA in Africa. In recent years the NGO had developed more of a commodity chain focus, aiming at economies of scale and vertical market integration. This had been achieved through a bottom-up process to form Producer Organizations (POs). Considerable effort was devoted to strengthening the organizational and managerial skills of the POs. In Mozambique, Zambia and Uganda, CLUSA had worked with over 2 000 POs, involving around 52 000 farmers. Total sales by farmers as a result of CLUSA support amounted to over US$16mn. Mr. Mailloux concluded by stressing the important lessons that had been learnt to date. He argued that such developments required a long time scale (8-12 years), an emphasis on working in the field, not in the office or attending meetings, a business approach that avoided giving handouts to farmers and a willingness to learn from mistakes.

Points raised by participants on Mr Mailloux’s presentation included who the targets for NGO intervention should be (can the poorest people adopt a commercial approach?); the sustainability of CLUSA’s approach and what would happened when the NGO ended its support; the cost-effectiveness of interventions; and the differences between POs and cooperatives.

Mr Heshan Peiris of the National Farmers’ Association of Malawi (NASFAM) then spoke. Mr Peiris indicated that NASFAM had 34 farmer association members and was also working with three pre-associations. NASFAM worked on commercial principles with a holding company, NASDEC, which supervised the associations, and two fully owned subsidiaries; NASCENT which worked on membership development and NASCOMEX, which carried out commercial operations. Tobacco was the main commercial activity, with about 60 percent of members being tobacco farmers, but a wide range of other crops was produced. NASCOMEX bought produce from the associations and organized transport for delivery to its warehouses or to the buyers. NASCOMEX also imported and sold inputs, handling 20 000 tons of fertilizer a year for its members. Constraints faced by NASCOMEX included finance availability, especially the need for collateral and the high interest rates, shortages of foreign exchange and the high cost of transport to sea ports from landlocked Malawi.

Participants highly commended NASFAM’s approach, which promoted membership development, commercial production, input supply and marketing of members’ produce. It was noted that commodity-specific farmer associations were likely to be more successful than general-purpose farmer organizations.
Mr Augustine Mwendya made a presentation entitled “Activities of the Uganda National Farmers’ Federation to promote enterprise development.” Mr. Mwendya said that UNFFE was the apex body of farmers’ organizations in Uganda and was established in 1992. It represented 72 farmer organizations with over 500,000 members. It provided advisory services, lobbied Government on behalf of farmers, organized agricultural shows and competitions and marketed inputs and members’ produce. To link farmers to markets UNFFE provided market information, organized study tours, and assisted farmers with contractual arrangements, among many other activities. The Federation also carried out formal training for farmers at introductory and intermediate levels, covering agronomy, livestock husbandry, agro-forestry, post-harvest handling, fish farming, farm management and marketing. It had a range of training materials for use on these courses and also produced guide books for many different enterprises, such as organic farming and rabbit farming. For the future the Federation planned to train farmers in the collection and use of market prices, improve its dissemination of market information, develop more enterprise training materials and encourage formation of commodity associations. Mr Mwendya also identified a number of problems faced by UNFFE. These were the lack of financial and staff capacity to carry out the planned activities; unstable markets that jeopardised market linkage developments and poor rural roads that made it difficult for farmers to access markets.

Participants wanted to know whether there was duplication in services provided by the National Agricultural Advisory Services (NAADS) and UNFFE. To this, Mr Mwendya responded that like any other social service such as medical and education, services provided by the private sector are always supplementary to those of the public sector and hence there was no duplication of efforts. On the ability of the farmers to effectively use the training materials which are in English and yet the majority of farmers are semi-illiterate, Mr Mwendya said that some of the training materials had been translated into local dialects and funds were being sought to translate the remaining ones.

Participants also advised UNFFE to consider training its members in development of business plans and to involve them in input/output marketing. They also wanted to know the relationship between the Federation and the Cooperatives. It was pointed out that the two were working amicably, as farmers in the Cooperatives were accessing services from UNFFE and those from the Federation were free to market their produce through the Cooperatives.

Mr John Okelai of CARE, Uganda presented the AMI (Agricultural Marketing Initiative in West Nile, Uganda). Mr Okelai indicated that the AMI aimed to pilot and to promote a commercial agriculture model that would generate income for and thus improve livelihoods of rural people. This was done by linking smallholder sesame producers to buyers and exporters. Farmer groups negotiated directly with exporters, with introductions provided by AMI. CARE aimed to strengthen farmer groups so that in future they would be able to identify their own market opportunities. The aim was to develop sustainable partnerships between farmers and buyers.

Participants appreciated the work of CARE Uganda, but cautioned the presenter about the need to address production issues if the linkage to marketing was to succeed and be sustained.

Mr Andrew Gita of CARE International made a presentation on the activities undertaken by Care International in agricultural marketing and enterprise development in South Western Uganda. The Income Smoothing through Agricultural Marketing Interventions (ISAMI) project was a 5-year, pro-poor project to increase the incomes of around 5,000 small-scale farmers. The project was working with farmers to develop a savings and loan mechanism for farmers and also to develop inventory credit, with farmers collectively storing produce for use as collateral for
loans. CARE organized farmer groups and was working to improve input supply. Mr Gita indicated that farmers were generally disorganized and reluctant to associate. When NGOs became involved, farmers usually expected “hand-outs.” CARE’s approach had shifted away from one of direct implementation to one of creating a self-sustaining private sector.

The work of CARE International in South Western Uganda was highly commended particularly because of its efforts to develop a savings and loan mechanism for the farmers, as lack of farm credit is one of the limiting factors to technology adoption. Storage of produce for use as collateral for loans was also hailed, the approach being similar to the Warehouse Receipt System, which was being developed by Government.

**Session 2**

Ms Susan Minae made a presentation on “FAO’s work in the Southern and Eastern African sub-region on enterprise development and farm management.” She noted that the working modality of the sub-regional office, in collaboration with HQ, is to provide technical support services especially requests for technical information and backstopping to projects. The Office also provides resource persons to training programmes, workshops or programme implementation. They also undertake developmental initiatives in the form of studies on agribusiness methodology development, needs assessment, and can also provide technical inputs in the development of training materials and policy advice as well as organizing short training programmes in the area of farm management, marketing and agri-business linkages development.

The Southern and Eastern Africa sub-region’s current focus is on enhancing the competitiveness of the smallholder sector in the global arena by re-orientating current subsistence production to the concept of farming as a business or market-oriented production. This approach emphasizes the strengthening of farmer linkages to markets, especially through farmer organizations and improving access to support services and facilities and providing technical support to enterprise development. Examples of this work include providing technical support to capacity building and institutional support in farm/agribusiness development.

Participants sought to know how they (from the private sector) could access the support as FAO normally deals with governments. In response, Ms Minae clarified that FAO had now broken from the old tradition and was now extending its technical support even to non-state actors such as Farmers’ Organizations. She therefore advised those NGOs and farmers Organizations that needed technical support to develop Project Proposals and submit them through their respective ministries of agriculture.

Ms Rehema Kalibbala Byabagami of Save the Children-USA indicated that SCF/US had field offices in Uganda, Angola, Kenya, Malawi and Mozambique. It aimed to enhance food security, particularly among women and children. In Uganda, Save the Children was working in Nakasongola District. Activities included improving market access by establishing market enterprise groups and assisting with feeder roads and storage. The NGO worked with 76 groups, of which seven were making the transition to becoming market enterprise groups, producing cassava, sweet potato and maize. Further support to marketing group development was envisaged.

Participants wanted to know whether there were plans to extend the activities to other districts in Uganda. The presenter responded that this was possible but she could not make any commitment.
Mr Erastus Kibugu made a presentation on “Technoserve: Putting more money in the pockets of the rural poor.” Mr Kibugu stressed that Technoserve had over 35 years of experience in developing rural businesses in Latin America and Africa, with the aim of improving rural industry competitiveness and enhancing rural incomes. In Kenya, with the support of the Rockefeller Foundation, the NGO was supporting banana producers to access profitable markets. Activities had included: a rapid market study to develop an understanding of the Kenyan market; support to growers to form Producer Marketing Groups (PMGs); business and marketing training; identification of buyers and marketing channels; and post-harvest handling training. In addition to work on bananas, Technoserve was collaborating with an agro-processor to develop a dried fruit factory. To date, 35 PMGs had been formed, with a total membership of 2,000 banana producers. Future plans included support to PMGs to transform into limited liability companies and to establish market service centres to facilitate input and output marketing. In addressing the challenges faced, Mr Kibugu felt that there was a lack of coordination between various NGO initiatives with broadly similar goals. Technoserve also found it difficult to identify staff who combined development experience with knowledge of business and marketing. Working with farmers it was sometimes difficult to overcome a subsistence mindset and a reluctance to try new ways.

Participants felt that Technoserve appeared to be an organization whose support was directed to more organised and big farmers and not smallholder farmers. Some participants felt that for Technoserve to make real impact it was necessary to refocus its efforts to smallholders.

Mr George Odhiambo of KENFAP, Kenya made a presentation entitled “Agricultural marketing and enterprise development – The case of KENFAP.” Mr Odhiambo described the history of KENFAP, formerly the Kenya National Farmers’ Union (KNFU). The KNFU was restructured in 1997 and changed its name to KENFAP in 2003. It served as the apex organization for farmer associations in Kenya. Mr Odhiambo advised the meeting that KENFAP had a strong programme of marketing activities. Where Farmer Field Schools existed the aim was to transform them into marketing groups; facilitate the registration of groups to give them a legal mandate to enter into contracts; provide guidance on choice of enterprises, facilitate marketing of produce and initiate training programmes.

Participants wanted to know how KENFAP was involving commodity-specific organizations in its activities. In response, the presenter said that the organization was putting emphasis on commodity-specific farmer organizations such as the poultry farmers.

Mr Andrew Shepherd of FAO then made a presentation of FAO’s training materials and publications on agricultural marketing and related topics. Due to time limitations Mr Shepherd made only a brief presentation. Copies of FAO marketing training materials had earlier been supplied to all participants. He said that FAO’s materials included horticultural marketing videos and DVDs and marketing extension guides. Horticultural marketing materials aimed to assist extension workers to advise farmers how to market their products and also provided basic post-harvest advice. A new guide was under preparation and participants had been provided with a draft. Their comments on the draft would be welcomed. Other guides available included one on marketing costs and margins; one on understanding and using market information; one on maize marketing, specifically targeted at Eastern and Southern Africa; and a guide on market research for agroprocessors.
Participants noted with appreciation the wide range of training materials that had been developed and produced by FAO on agricultural marketing and related subjects. They thanked Mr. Shepherd for the copies of the training material provided to them and requested for others as they are developed. In response, Mr. Shepherd referred to other training materials by UNFFE, SCC and SG2000 which were on display and commended the organizations that had produced them. He stressed the need for networking so that duplication of efforts could be minimised in the area of training materials for agricultural marketing and enterprise development.

Mr David Benafel of ACDI/VOCA. Angola presented Cabinda Agribusiness Development Alliance (CADA) project. Cabinda is separated from the rest of Angola by the Congo River. It has considerable oil wealth and ACDI/VOCA was supporting local farmers to supply the demand of oil companies for fresh fruits and vegetables. The approach adopted by this five-year project was to strengthen producer organizations; organize efficient production, collection and marketing of produce; and improve input supply for farmers. In addition to enabling farmers to supply oil companies the project aimed to increase opportunities for Cabinda farmers to increase cross-border trade with Congo. Twenty-five farmer groups were supported with short-term credit and production assistance. The project purchased crops from farmers and stored them in cold stores prior to delivery to the oil companies.

Mr Benafel's presentation led to a discussion of the issues of sustainability and exit strategy, topics that had also been raised in response to other presentations. He indicated that farmers were being organized into the Cabinda Farmers' Association and that three private companies had expressed interest in taking over marketing activities. Concern was, however, expressed as regards its sustainability given the fact that input supply, production, cold storage and marketing were all managed and directed by ACDI/VOCA. There was felt to be a need for ACDI/VOCA to put in place an appropriate exit strategy.

Dr I G Kahiu of Africare Uganda made a presentation entitled “Africare’s experience in Agricultural Marketing and Enterprise Development in South Western Uganda.” Mr Kahiu noted that Africare had programmes in 27 African countries. In South Western Uganda the UFSI project was covering five watersheds. Improving rural access roads was an important component of the project, as was marketing enterprise development. The project concentrated on seed and ware potato production and was also promoting honey production. Problems encountered included a lack of market-orientation on the part of farmers, a lack of market information, a reluctance of farmers to access credit, and a scarcity of land, that made achieving economies of scale difficult.

The participants agreed with the presenter as regards the problems encountered. For this reason emphasis should be on trying to move farmers from subsistence to commercial farming as a way of alleviating poverty.

Mr Göran Forssen then presented the Swedish Cooperative Centre activities in southern Africa. Mr Forssen indicated that SCC implemented projects in Malawi, Mozambique, South Africa, Zambia and Zimbabwe. It worked with partner organizations and provided financial resources and technical backstopping to partners. In recent years there had been a move towards greater attention to marketing issues. Activities supported included development of farmer organizations, assistance with improved access to inputs and markets, and support for training and policy development and advocacy. Market-related activities included assistance with negotiation of contracts with agribusinesses and the facilitation of bulk selling of products and bulk buying of inputs. Problems encountered included the limited marketing skills of partner organizations and
limited resources available to SCC to provide technical support. Farmers tended to have a passive mindset, lacked a market orientation and had limited marketing opportunities. Mr. Forssen indicated that SCC had plans for a range of publications in 2006-2008, covering issues such as contract negotiation, profitability analysis, and agribusiness development.

The wide range of activities SCC was involved in was noted with appreciation. It was, however, argued that farmers’ failure to commercialise agriculture should not only be attributed to passive mindset but also the production constraints smallholder farmers face. Participants wanted to know how they could access SCC support. In response, Mr Forssen advised them to prepare Project proposals and submit them to SCC headquarters in Sweden.

**Session 3**

**Mr Joseph Bbemba** described VEDCO, Uganda (Volunteer Efforts for Development Concerns). VEDCO works only in Uganda. Mr Bbemba indicated that the NGO started in 1986 and had as its mandate the promotion of agricultural enterprise development for food security, market-oriented farming and agro-processing. VEDCO aimed to link farmers to markets by identifying buyers, promoting marketable crops and introducing new enterprises, providing market information and assisting with contracts. Support was also provided to help farmers arrange input supply. Problems encountered included non-compliance by farmers and buyers with contract terms and the small quantities available for sale. A major concern was the legal situation of some farmer groups; unless this was resolved it would be difficult for groups to trade. Fully registered and viable marketing associations needed to be developed.

Participants commended the good work being done by VEDCO in the area of agricultural enterprise development and marketing. They suggested that VEDCO should encourage farmer groups to attain legal status so that they can benefit fully from its services, particularly in marketing.

**Messrs R. Ndyabarema** and **E. Onega** of The Uganda National Apiculture Development Organization (TUNADO) made a presentation entitled “A National Strategy for Apiculture Enterprise Development and Marketing.” Ugandan honey products had recently been given clearance for sale in the EU and had been very highly rated. To promote honey development TUNADO had divided the country into nine zones, which were expected to follow cluster-based initiatives. By 2006 there were expected to be 75 000 beehives owned by 5 000 households. TUNADO stressed the importance of traceability and the speakers described how this was to be achieved.

**Mr Chris Ntabyo** of the Uganda Cooperative Alliance spoke about the role and future plans of UCA. Mr Ntabyo indicated that UCA was formed in 1961 as the apex of Uganda’s cooperative movement. Production and marketing activities were integrated with rural financial services. Producers worked together in cooperatives to buy inputs and market outputs. UCA had been encouraging cooperatives to diversify into new enterprises. Mr Ntabyo felt that cooperatives should promote marketing on behalf of members, working on a commission basis, but should not trade with the members. He highlighted the lack of expertise in value addition and agro-processing that was available to cooperatives, as well as the lack of suitable equipment.
Participants requested to know the difference between the current cooperatives and the past ones which were resented by the farmers. In response, Mr Ntabyo said that government had no direct role in the current cooperatives and the members were trained to take up leadership and appreciate ownership of the organizations. They were carrying out their activities as businesses with a profit-orientation.

Mr Shaun Ferris of CIAT made a presentation entitled “Methods and tools for Agro-enterprise development.” Mr Ferris indicated that the methods and products used for the Rural Agro-Enterprise Project had been developed around the world over the past decade. The Agro-enterprise Road Map involved: (1) site selection; (2) market assessment; (3) marketing and sales support; (4) evaluation and scaling up; and, finally, knowledge sharing. A three-to-five year time frame was normally used. Mr. Ferris stressed that the global agrifood system meant that farming was becoming less remunerative for small farmers and that, as a consequence, they needed to be better organized and more competitive to make farming pay. Together with CRS and CLUSA, CIAT planned to undertake an audit of good practices for farmer group and association development and for market linkage development.

Participants noted that the method adopted by CIAT in agro-enterprise development was quite comprehensive but felt that the process was rather long.

Group discussions

To kick off the group discussions Ms Susan Minae made a quick review of the NGO presentations by providing observations on some of the main issues and concerns faced by the NGOs in providing technical support and promotion of marketing and agribusiness development for the smallholder sector in the sub-region.

She noted that with respect to capacity building the NGOs had indicated the need for their own institutional development in order to be able to work with rural communities since they had limited technical expertise in marketing and enterprise development. There was need for the development of training programmes including technical training materials in both marketing and enterprise development.

The roles and responsibilities of the NGOs, farmer associations and service providers needed to be clarified. Some of the NGOs were combining direct involvement in marketing as well as acting as service providers. With respect to promoting marketing activities the NGOs had taken a farmer-group approach. However, there were issues to be resolved on whether to work with commodity or common interest groups; new or existing groups; etc. This was important in terms of sustainability of groups regarding financing and sourcing technical resources as well as the incorporation of groups as legal business entities in terms of whether they were formed as limited liability corporations or cooperatives. Most of the groups were still functioning as informal associations.

Training was a major concern to most NGOs and areas that had been identified where training is needed included:

- Training in leadership, management, negotiation skills, lobbying, etc.
- Development of curriculum and training materials. Most of the NGOs were involved in training but there was limited collaboration in sharing training materials and resource persons.

There were opportunities to share human resources, training materials and information through website linkages, promotion of networking and peer reviews. Technical capacity building was
required by NGOS, traders and other service providers as well as farmers. Some of the crosscutting business competencies that had been identified included:

- Contract farming
- Warehousing receipts
- Commodity brokerage

There were also modality issues that were still unresolved including:

- Project time frame – need to develop exit strategy
- Role of NGOs in the supply chain with respect to
  - Service providers vs. marketing players
  - Financing of NGOs
  - Coordination
  - Scaling up strategies – % of farmers accessing the current initiatives

- Relief vs commercialization. Most NGOs had experience and reputation with relief programmes and it was difficult for them and the communities to make the transition to commercial agriculture
- Targeting: is there a profile of the types of farmers NGOs are working with
- Inculcating the concept of farming as a business – shift from farmers waiting for hand-outs.
- The element of subsidy was an issue since most NGOs did not charge farmers the full service costs which might cause problems when the project ended

It was noted during the discussions that access to the necessary information especially on farm economics and other decision tools, e.g. crop budgets, was a problem to both farmers and NGOs. Access to farm financing was also a problem. Thus challenges faced in promoting marketing and agribusiness development included:

- Poor infrastructure – transport and telecoms
- Poor marketing facilities and services/information along the supply chain

Participants then divided into three working groups. Results of their discussions were presented at the beginning of this report.
Annex 1

Agenda for FAO/UNFFE Sub-Regional Workshop on NGOs, Farmer Organizations and Agricultural Marketing and Enterprise Development, Africana Hotel, Kampala

Tuesday 5th July

08:30 – 09:00  Registration

09:00 – 09.30  Official opening

Purpose of the Workshop
Mr Andrew W. Shepherd, FAO, Rome

Speech of Welcome
Mr Chebet Maikut, President Uganda National Farmers’ Federation

Official Opening
Mr Percy Misika, FAO Representative to Uganda

10:00 – 10:45  Promoting Agricultural Development through improved marketing – a private-sector perspective
Mr John Magnay, Uganda Grain Traders Ltd.

10:45 – 12:00  FAO’s work in Enterprise Development and Agricultural Marketing
Mr Andrew Shepherd

12:00 – 12:30  Presentations of activities by NGOs and farmer associations in agricultural marketing and enterprise development and use of training materials.
   ➢ Catholic Relief Services, Kenya

12:30 – 14:00  Lunch, and review of documentation

14:00 – 14:45  Sassakawa Global 2000, Uganda, One-stop Centre Association (OSCA) approach for farmer empowerment to access agricultural services.

14:45 – 15:30  Presentations of activities by NGOs and farmer associations in agricultural marketing and enterprise development and use of training materials.
   ➢ CLUSA, Uganda
   ➢ NASFAM, Malawi
<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>16:00 – 16:30</td>
<td><strong>Activities of the Uganda National Farmers’ Federation to promote enterprise development</strong>&lt;br&gt;- Mr. Augustine Mwendya</td>
</tr>
<tr>
<td>16:30 – 17:00</td>
<td><strong>Continued presentations by NGOs</strong>&lt;br&gt;➢ CARE, Uganda</td>
</tr>
</tbody>
</table>

**Wednesday, 6th July**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>09:00 – 10:00</td>
<td><strong>FAO’s work in the sub-region on enterprise development and farm management</strong>&lt;br&gt;- Ms Susan Minae</td>
</tr>
<tr>
<td>10:30 – 12.30</td>
<td><strong>NGO and Farmer Association presentations (cont.)</strong>&lt;br&gt;➢ Save the Children, Uganda&lt;br&gt;➢ Technoserve, Kenya&lt;br&gt;➢ KENFAP, Kenya</td>
</tr>
<tr>
<td>12:30 – 14:00</td>
<td><strong>Lunch</strong></td>
</tr>
<tr>
<td>14:00 – 14:30</td>
<td><strong>FAO’s training materials and publications on agricultural marketing and related topics</strong>&lt;br&gt;- Mr Andrew Shepherd</td>
</tr>
<tr>
<td>14:30 – 17:00</td>
<td><strong>NGO presentations (cont.)</strong>&lt;br&gt;➢ ACDI-VOCA, Angola&lt;br&gt;➢ Africare, Uganda&lt;br&gt;➢ SCC, Zambia</td>
</tr>
</tbody>
</table>

**Thursday, 7th July**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>09:00 – 10.30</td>
<td><strong>NGO and other presentations (cont)</strong>&lt;br&gt;➢ VEDCO, Uganda&lt;br&gt;➢ Uganda National Apiculture Development Organization&lt;br&gt;➢ Uganda Cooperative Alliance</td>
</tr>
<tr>
<td>11:00 – 12:00</td>
<td><strong>The CIAT project on Rural Agro-enterprise Development – Links with NGOs</strong>&lt;br&gt;- Mr Shaun Ferris, CIAT</td>
</tr>
<tr>
<td>12:00 – 13:00</td>
<td><strong>Observations on NGO activities in marketing and enterprise development and use of training materials</strong>&lt;br&gt;- Ms S. Minae</td>
</tr>
<tr>
<td>13:00 – 14:00</td>
<td><strong>Lunch</strong></td>
</tr>
<tr>
<td>14:00 – 15:00</td>
<td><strong>Working Groups</strong>&lt;br&gt;1. What is the role of and how can NGOs play a more effective role in promoting agricultural marketing and enterprise development in the sub-region? What support do they need to fulfil this role?</td>
</tr>
</tbody>
</table>
2. What training materials in agricultural marketing and enterprise development are required? How can FAO assist NGOs with work on agricultural marketing and enterprise development, in particular with training material development? What subjects need to be covered, what should be the focus of the materials and what presentational style should be adopted?

15:00 – 15:45  Working Groups report back and plenary discussions

15:45 – 16:00  Closing of workshop
Annex 2

Presentations

Session 1

UGANDA GRAIN TRADERS LTD

“Promoting Agricultural Development through improved marketing
a private sector perspective!”

John Magnay - Chief Executive
Jmagnay@infocom.co.ug

The Challenge

- 850 million people in Africa – growing at 2-3 % per annum
- 85% involved in Agriculture
- $19 billion worth of FOOD IMPORTS to Africa
- Typical GDP $ 300-350 per capita

Traditional Cash Crops

<table>
<thead>
<tr>
<th>Crop</th>
<th>Mtonne</th>
<th>Value</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee</td>
<td>150,000mt</td>
<td>$ 115m</td>
<td>Price up Crop</td>
</tr>
<tr>
<td>Tea</td>
<td>30,000 mt</td>
<td>$ 30m</td>
<td>Steady growth</td>
</tr>
<tr>
<td>Tobacco</td>
<td>35,000</td>
<td>$ 45m</td>
<td>Slow growth</td>
</tr>
<tr>
<td>Cotton</td>
<td>35,000 mt</td>
<td>$ 40m</td>
<td>Growth – ?</td>
</tr>
</tbody>
</table>

Non-Traditional Cash Crops

<table>
<thead>
<tr>
<th>Crop</th>
<th>Mtonne</th>
<th>Value</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fish</td>
<td>25,000</td>
<td>$ 75m</td>
<td>Price up / Harvest Declining</td>
</tr>
<tr>
<td>Flowers</td>
<td>?</td>
<td>$ 25 m</td>
<td>Steady growth</td>
</tr>
<tr>
<td>Vanilla</td>
<td>10 mt</td>
<td>$ 1.0 m</td>
<td>Price collapse</td>
</tr>
<tr>
<td>Dried Fruit</td>
<td>80 mt</td>
<td>$ 5 m</td>
<td>Steady growth</td>
</tr>
</tbody>
</table>

Import Substitution

<table>
<thead>
<tr>
<th>Crop</th>
<th>Production Mt</th>
<th>Consumption Mt</th>
<th>Shortfall Mt</th>
<th>Import / Export Parity</th>
<th>Regional Shortage (Mt)</th>
<th>EAC External Tariff</th>
<th>Value US Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oilseeds</td>
<td>15,000</td>
<td>80,000</td>
<td>65,000</td>
<td>$ 900</td>
<td>??</td>
<td>10%</td>
<td>54,000,000</td>
</tr>
<tr>
<td>Rice</td>
<td>80,000</td>
<td>130,000</td>
<td>50,000</td>
<td>$ 380</td>
<td>250,000</td>
<td>75%</td>
<td>19,000,000</td>
</tr>
<tr>
<td>Maize</td>
<td>550 – 600,000</td>
<td>400,000</td>
<td>Surplus +/- 200,000</td>
<td>$ 150</td>
<td>300-500,000</td>
<td>50%</td>
<td>30,000,000</td>
</tr>
<tr>
<td>Beans</td>
<td>200,000</td>
<td>160,000</td>
<td>Surplus 40,000</td>
<td>$ 300</td>
<td>100,000</td>
<td>25%</td>
<td>12,000,000</td>
</tr>
<tr>
<td>Soya Bean</td>
<td>25,000</td>
<td>5,000</td>
<td>Surplus 20,000</td>
<td>$ 280</td>
<td>50,000</td>
<td>10%</td>
<td>5,600,000</td>
</tr>
</tbody>
</table>

Import Substitution / Export Value | 120,600,000
The Crops – Growth Areas

<table>
<thead>
<tr>
<th>Crop</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maize</td>
<td>250-300,000mt surplus for regional trade</td>
</tr>
<tr>
<td>Beans</td>
<td>40-60,000mt surplus for regional trade Plus new varieties for Africa/Int trade</td>
</tr>
<tr>
<td>Soya</td>
<td>30-40,000mt for regional trade and local processing for food and fish feed</td>
</tr>
<tr>
<td>Rice</td>
<td>60-80,000mt for import substitution and regional market</td>
</tr>
<tr>
<td>Oilseeds</td>
<td>100,000mt for import substitution</td>
</tr>
<tr>
<td>Sim Sim</td>
<td>Need improved varieties for confectionary trade</td>
</tr>
<tr>
<td>Cassava</td>
<td>Need to develop processing and conversion to higher value foods – maltose syrup / starch etc.</td>
</tr>
</tbody>
</table>

What Farmers Want?

- Guaranteed Stable Markets
- Better Prices
- Finance
- Added-Value

How to Achieve it?

- Better choice of crops
- Intensification of production – more to sell / more money (even at lower prices – e.g. cotton)
- Non-commodity crops
- Contract Farming
- Emerging markets / crops

Maize versus Rice

<table>
<thead>
<tr>
<th></th>
<th>MAIZE</th>
<th>RICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uganda is a surplus producer +/- 200,000mt – therefore Export Parity will apply</td>
<td>Uganda is an Importer +/- 50,000mt – therefore Export Parity will apply</td>
<td></td>
</tr>
<tr>
<td>Average Farmer price 2005</td>
<td>150-200/= kg</td>
<td>Average Farmer price 2005</td>
</tr>
<tr>
<td>Export Parity Price to region</td>
<td>$ 160 per mt</td>
<td>Export Parity Price to region</td>
</tr>
<tr>
<td>Regional Market Deficit</td>
<td>300-400,000 mt</td>
<td>Regional Market Deficit</td>
</tr>
</tbody>
</table>

Still a Commodity Crop!

Contract Farming
Barley in Kapchorwa

Kapchorwa Commercial Farmers KACOFA, using skills learnt in Maize production are growing Barley for Uganda Breweries Ltd:-

- Guaranteed Price 400/= per kilo
- Pre-finance for Seed, Fertiliser and Chemicals
- Training from Kenya Maltings /
- Possibility to raise finance for processing equipment

3000-5000 mt worth 1.2-2.0 billion to Kacofa PLUS added value activities
Contract Farming
- Other Possibilities

- Sorghum for Nile Breweries
- Sunflower for Mukwano Industries
- Coffee for Kaweri / Ibero
- Tobacco for BAT
- Tea for Rwenzori Com / Tea Growers
- Cassava for Starcas Ltd
- Artemisia for African Botanics

Hotels / Restaurants /Supermarkets / Retail Growth

Visit your local supermarket, pick out products being imported that you could produce:-
- Meat and Poultry, Meat Products – Lamb / Duck / Turkey / Game / Goose /
- Milk and Dairy Products
- Jams and Preserves
- Fruits and Vegetable
- Herbs and Spices
- Mushrooms

Need to Guarantee Delivery – Planned production, Irrigation – Poly-tunnel production – Retail Packing

New Crops / New Markets
- Uganda must move from commodity markets to contract markets
- High Quality produce grown under contract for specific markets

e.g.
- Beans for Southern Africa
- Lentil production for East Africa / Asia
- Organic foods for European Markets

Future Crops / Markets
- Essential Oils and Extracts
- Specialty Herbs and Spices
- Organic / Ethnic Foods – no-GMOs
- Wheat – 120,000mt imported per year
- Convert low value crops into high value meat products

Cassava to Syrups
A Thought Process

- We are planning a Cassava processing plant to produce Maltose Syrup from Cassava to
  replace Sugar in the Breweries
- In 2006 will need 6,000mt of DRY Cassava
- In 2008 will need up to 25,000mt of Cassava to produce High Fructose Syrups for Soft
  Drinks Industry

All year round production
FAO, Agricultural Marketing and Enterprise Development in Eastern and Southern Africa

by
Andrew Shepherd,
FAO, Rome
and
Susan Minae,
FAO, Harare

Our activities can broadly be divided into the following areas
• policy issues;
• support services, such as market information and marketing extension;
• market infrastructure development;
• linking farmers to markets;
• enterprise development and farm management;
• project support.

Marketing policy
• market access and trade regulations;
• constraints to accessing markets;
• the impact of export
crop liberalization.

Support services
• Market information services;
  – FAO AgriMarket software;
  – Guide on establishing MIS;
  – Training materials on using market information;
  – Radio texts.
• Marketing extension;
  – training guides and videos

Linking farmers to markets
• Web site and eventual publication of case studies;
• Strengthening farm-agribusiness linkages in Africa (case studies and workshop report).

Enterprise development

Recent FAO marketing projects in Eastern and Southern Africa
• Zambia – marketing and diversification training for farmer groups set up under an IFAD project;
• South Africa – marketing training programme for agricultural extension officers;
• Lesotho – market information improvement and marketing extension training;
• Eritrea – agricultural marketing policy review.
• Kenya - Study on ‘Strengthening Agribusiness Linkages through Farmer Field Schools in Western Kenya;
• Mozambique – agricultural marketing for food security—support to the Ministry of Commerce

FAO facilitation activities in the sub-region
• Study on Contract Farming in Zimbabwe, (SADC countries)
• Capacity Building in Agribusiness Linkages in Western Kenya
• Workshop to facilitate the establishment of a ‘Network for Horticultural Produce Exporters in Eastern and Southern Africa’
**CRS**

The CRS Approach to Getting Farmers to the Market  
*“The Territorial Approach to Rural Agro-Enterprise Development”*

by

Johnson Irungu and George Odingo

CRS-Kenya Program  
P. O. Box 49675-00100  
Nairobi  
Email: j.irungu@crsnairobi.org  
godingo@crsnairobi.org

**Introduction**

- Despite considerable focus on productivity of food crops, incomes of farm-dependent households in most African countries are, in most cases, falling over time.
- Majority of smallholder farm families produce the same undifferentiated commodities, using traditional, low input systems.
- This results in seasonal glut of the supply chain.

**Options Smallholder Producers have to Address Marketing Constraints**

- Improving the competitiveness of their products in local, national and regional markets,
- Achieving economies of scale through collective action for production and marketing,
- Gaining access to business development services that improves access to higher value/more competitive markets and employment opportunities
- Diversification, into higher value crops/livestock that are linked to growth markets,
- Adding value to products, by changing farming practices to access higher income markets, by enhancing product quality and incorporating processing activities.
- Entering new types of business agreements, based on forward sales (contract farming)

**CRS Shift to a Market Oriented Approach**

- Goal of CRS/Kenya agricultural program is to improve food security and income of the rural households.
- Activities implemented has resulted in increased crop production.
- Result was increased sale of grains at very low prices at harvesting time. Hence, frustration by repeated struggle to sell into an oversupplied market.
- CRS/Kenya reviewed its agricultural program and included activities geared towards increased marketing and strengthening of group enterprises.
- The shift to a market-oriented approach was mainly to develop local market infrastructures (farmer associations) and assist smallholder farmers market their produce by linking them to markets and market information providers.
- Communities are encouraged to identify crop enterprises with both local, regional and international market opportunities.
- The community members are sensitized to form Producer Marketing Groups (PMGs) for collective marketing and are then linked to markets.
CRS/CIAT East and South African Agro-enterprise Development Approach and Learning Alliance

• East and southern African agro-enterprise development learning alliance formed in 2002
• Learning alliance is composed of Kenya, Tanzania, Uganda, Rwanda, Burundi, Ethiopia, Madagascar, Eritrea and Malawi
• The purpose of the learning alliance was to give the staff hands-on training on the CIAT Rural Agro-Enterprise Development (RAeD) Approach.
• The RAeD approach is a participatory learning-by-doing process. Five training and feedback workshops have so far been conducted.

Road Map for Agroenterprise Development
1. Interest group formation and consensus building
   • Identify actors and initiate group formation
   • Define and characterize the territory
   • Build consensus for action
   • Pilot test
2. Market opportunity identification and evaluation
   • Rapid market identification
   • Evaluation of market options
   • Farmer evaluation of market options
3. Integrated agroenterprise project design
   • Market chain analysis
   • Identification of critical points
   • Development of action plan
4. Strengthening the local support system
   • Characterization of supply and demand
   • Identification of gaps
   • Development of action plan

Kenya Agro-enterprise Territories

<table>
<thead>
<tr>
<th>Territory</th>
<th>Area Covered</th>
<th>Target Population</th>
<th>Enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mbeere</td>
<td>Gachoka and Mwea 5000 households Divisions</td>
<td>Greengrams Chickpea Pigeonpea Groundnuts* (new)</td>
<td></td>
</tr>
<tr>
<td>TanaRiver</td>
<td>Bura, Galole Wenje 5000 households Divisions</td>
<td>Greengrams Groundnuts</td>
<td></td>
</tr>
<tr>
<td>Kitui</td>
<td>Kitui District 4000 households</td>
<td>Greengrams Cotton</td>
<td></td>
</tr>
<tr>
<td>Homabay</td>
<td>Homabay and Suba 4125 households Districts</td>
<td>Groundnuts Sunflower Sweet Potato Cassava</td>
<td></td>
</tr>
</tbody>
</table>
## Accomplishments along the RAeD Road Map

<table>
<thead>
<tr>
<th>Step in the RAeD Roadmap</th>
<th>Accomplishments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Awareness on principles of learning alliance, territory identification and characterization, Interest group formation and consensus building.</td>
<td>1. Formation of common interest groups</td>
</tr>
<tr>
<td></td>
<td>2. Description of territories</td>
</tr>
<tr>
<td></td>
<td>3. Priority enterprises identified.</td>
</tr>
<tr>
<td></td>
<td>4. Producer marketing groups formed.</td>
</tr>
<tr>
<td></td>
<td>5. Collection centers identified.</td>
</tr>
<tr>
<td>3. Integrated Agro-enterprise project design and implementation</td>
<td>1. Market chain Analysis</td>
</tr>
<tr>
<td></td>
<td>2. Identification of critical points and action plans</td>
</tr>
<tr>
<td></td>
<td>3. Processing of peanut butter, orange fleshy sweet potato juice and sunflower oil for value addition</td>
</tr>
<tr>
<td></td>
<td>4. Collective marketing of green gram, chickpea, pigeon pea and groundnuts to exporters and processors in Nairobi.</td>
</tr>
<tr>
<td>4. Strengthening the local Support system: Business development services (BDS)</td>
<td>1. Linkage to market information providers (KACE).</td>
</tr>
<tr>
<td></td>
<td>2. Linkage to traders and processors in Nairobi.</td>
</tr>
<tr>
<td></td>
<td>3. Training PMGs on business and marketing skills</td>
</tr>
<tr>
<td></td>
<td>4. Linkage to micro-finance</td>
</tr>
<tr>
<td></td>
<td>5. Provision of technical advisory services</td>
</tr>
</tbody>
</table>

## Business Organization and collective Marketing

- Started with Watershed management groups
- Formed FFS for technology evaluation and production
- 5-10 FFS networked and and formed PMGs
- PMGs hired stores for produce collection and market information centers
- Initially PMGs had many members but some have dropped out.
- PMGs membership fees paid by each member
- PMGs have savings and lending schemes
- Currently marketing on behalf of members
- PMGs transforming into share capital companies
- All PMGs to be networked to form farmer investment groups (FIG) through share contributions.
- FIG to provide BDS to PMGs
PMGs Membership, Sales volume and Value in 2004

<table>
<thead>
<tr>
<th>Territory</th>
<th>No. of PMGs</th>
<th>Total membership</th>
<th>Commodities marketed collectively</th>
<th>Volume in tons</th>
<th>Value in Ksh (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homabay</td>
<td>27</td>
<td>3014</td>
<td>Groundnuts, Sweetpotato, Cassava, Sunflower grain and oil</td>
<td>145.3, 800 litres of oil</td>
<td>6,097,656, 78,175</td>
</tr>
<tr>
<td>Mbeere</td>
<td>15</td>
<td>447</td>
<td>Green grams, Blackgrams, Chickpeas, Cowpeas and collander</td>
<td>32.3</td>
<td>1,022,070, 13,103.50</td>
</tr>
<tr>
<td>TanaRiver</td>
<td>18</td>
<td>164</td>
<td>Greengrams, groundnuts</td>
<td>3.4</td>
<td>230,580, 2,956</td>
</tr>
<tr>
<td>Kitui</td>
<td>4</td>
<td>800</td>
<td>Greengram Cotton</td>
<td>23.4</td>
<td>655,200, 8,621</td>
</tr>
</tbody>
</table>

Benefits of Collective Action in Marketing

- PMGs are able to negotiate for higher prices
- e.g. Kabuli chickpeas were bought at Ksh 40 instead of Ksh 30.
- PMGs were able to access urban processing (Equitorial and Kenya Nut Companies) and export markets (Export Trading Co.).
- PMGs have been able to create a good relationship with traders who buy large volumes of produce.
- PMGs have been able to access market information from KACE (Kenya Agricultural Commodity Exchange).
- PMGs have been trained on enterprise planning, business development services and marketing skills and record keeping.
- PMGs have access to technical advice.
- PMGs have strengthened members’ social and financial capital through internal savings and lending.

Lessons Learnt

- PMGs must be well organized to ensure economies of scale and linkage to traders and BDS providers.
- Organizational and management capability of PMGs need to be enhanced (audit controls and financial stability) for them to access external financing and faster decision making.
- Mobilization and sensitization process need to be well done to avoid confusion among PMG members (members thinking the NGO would buy from them and then market).
- PMGs should integrate savings schemes and be linked to micro-finance for members to access credit and be able to make advance payments to farmers.
- Once in the collection center, the produce should belong to the PMG rather than to individual members.
• Before start of business PMGS capacity on leadership, post harvest handling, marketing and business skills need to be enhanced.
• Better understanding of the market chain including export markets is required to guide decision making during marketing (PMGs in Mbeere lost an order as they watched the prices of greengram fall from Ksh 35 to 18 per Kg within a period of 2 months).
• Agro-enterprise learning alliance has greatly enhanced CRS and the Diocesan Development Offices staff knowledge on farming as a business and marketing as a prerequisite for increasing rural household incomes and, in essence, livelihoods.
• The training, practice and reporting on achievements and lessons learnt greatly enhance the learning process.

Acknowledgements

• Thanks to CRS/Kenya implementing partners in Mbeere, Homabay, Kitui and Garissa Diocesan Development Offices.
• Thanks to Tom Remington and Paul Omanga of CRS for spear heading the CRS/CIAT Learning Alliance on Agro-enterprise development.
• Thanks to Shaun Ferris and Rupert Best of CIAT for facilitation on the CIAT RAeD approach and impacting marketing knowledge to CRS staff and its agricultural commercialization projects implementing partners.
• Special thanks to the workshop organizers for giving us a chance to share our experiences in this workshop.
**CLUA**

**Turning Farmers Into Entrepreneurs: the CLUSA Experience**

by

Michael Mailloux
Producer Commercialization Director for CLUSA, Uganda

**Introduction**

- CLUSA experience with decentralized farmer based group business and agricultural development in Africa has evolved over a 20 year period.

- First tried in Niger (83-93), CLUSA interventions and experiences built further from work in Mali, STP, Guinea, Mozambique, Zambia, Angola, Zimbabwe and more recently Senegal and Uganda.

- Basic focus on generating tangible economic benefits for rural communities through the development of farmer-owned business structures as the way to improve production and market access.

- Key elements of the approach include: decentralization, experiential training, step-by-step process, building capacity and ownership, promoting transparency, responsibility and accountability, addressing technology gaps and linking farmers to markets.

**Three different experiences:**

First 10-12 years, mostly in West Africa – focus at the village/primary society level, associations with large membership, multiple economic activities and enterprises, strong emphasis in institutional building, links to commercial financing.

**First years in Southern Africa**

- Focus at the primary (farmer group) and secondary levels (Depot), strong focus in commodity marketing (Mozambique) and production and marketing (Zambia), initial outgrower scheme development.

**Last 3-5 years, mostly in Southern Africa and parts of West Africa**

- Stronger commodity chain development focus, strengthening secondary structures, achievement of higher economies of scale and vertical market integration.

**Farmer Entrepreneur?**

- Farmer groups – small- holders are too small – no crop or input volume that brings an economic advantage; they must form viable Producer Organizations (PO).
- The process is ALWAYS bottom up!
- PO – is a member owned, democratically operated private sector business enterprise organized to meet the specific needs economic and/or social of its members.
Steps Involved in Creating Farmer Entrepreneurs

Why Organizational/Managerial Skills?
- Conduct and manage in a cost-effective manner
  - Bulk marketing
  - Input supply activities
- Control
  - Crop quality
  - Weighing and bagging
- Organize transport

CLUUSA Interventions - Organizational/Managerial Skills
- On site PO trainers
  - Provide step-by-step-group training and formation
    - Organizational (by-laws, vision setting, screening members and POs)
    - Leadership (Executive, Lead Farmer training)
    - Managerial/business training (bookkeeping, quality control, annual and marketing budgets, marketing steps, cost-benefit analysis)
  - Monthly technical support and training from CLUSA staff in their operational areas
  - Each PO has two lead farmers who have additional support from their area PO trainer
  - This step-by-step process takes 3-4 months and then at least 18 months of follow up training and monitoring

Why Production Skills?
- Marketable surpluses required
- Better quality crop

How is this achieved?
- Technical training
  - e.g. post harvest / pruning / mulching / IPM/proper use of inputs
- Demo plots
  - 1 per lead farmer
Market Functions – Depot Committee and PO members

Results to date for 3 Countries

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Mozambique</th>
<th>Zambia</th>
<th>Uganda</th>
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</thead>
<tbody>
<tr>
<td>No of POs (1st level)</td>
<td></td>
<td></td>
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<tr>
<td>No of PO Members</td>
<td>705</td>
<td>1,097</td>
<td>416</td>
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<td></td>
<td>23,291</td>
<td>21,260</td>
<td>7,816</td>
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<td>Female Members</td>
<td>6,553</td>
<td>11,958</td>
<td>2,344</td>
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<td>No of DCs (2nd level)</td>
<td>97</td>
<td>216</td>
<td>26</td>
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<tr>
<td>No of POTCs (3rd level)</td>
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<td>1</td>
<td></td>
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<tr>
<td>Key Commodities</td>
<td>Cotton, Cashews, Sesame, GNs, Soy</td>
<td>Soy, Maize, GNs, SF, honey</td>
<td>Rice, SF, Maize, Cotton, Coffee, Barley</td>
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<tr>
<td>Sales</td>
<td>$7.1 million</td>
<td>$9.5 million</td>
<td>$740,000</td>
</tr>
<tr>
<td>Private Sector Partners</td>
<td>18</td>
<td>12</td>
<td>16</td>
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</tbody>
</table>

Lessons Learned

Project Design and Implementation

Projects should:

- Adapt to the specific economic and social context of each country/region and whose implementation is constantly being fine tuned;
- Focus in areas with good agriculture potential and reasonable infrastructure and market access;
- Start with the market, be vertically integrated along the value chain (production to market) and focus on building efficiency and economies of scale;

Projects succeed when:

- Vision and exit strategy is clearly spelled in the design and understood by everyone in the project;
- Careful staff selection and strong team building with skills in agriculture, PO, business and training is followed;
- Effective administrative and MandE systems are put in place from the beginning.
Producer Organization

Primary Society Level:
• PO emerges from members’ common interests and provide services (e.g. agriculture extension, literacy, input supply, output marketing) that are important to them and result in greater efficiency and tangible benefits “More Money in Members’ Pockets” within a short period of time;
• PO focus on building member and organization capacity and discipline;
• PO encourages accountability and transparency and effectively represent members’ interests;
• PO focus on two or three high potential crops and balances short versus long term gains;
• PO is part of a larger network of POs linked together through higher level structures;

Secondary/Third Tier Structures
• Emerge as a natural extension to primary level societies with the aim to create efficiency, help to achieve economies of scale and increase producer market share;
• Add value to primary level member products;
• Follow sound business principles and have strong management information systems in place;
• Are managed by professionals and have capable boards like any other company;
• Are subject to regular audits;
• Are linked to a network of secondary (in-country) and third level structures (regional and global);
• Have access to capital.

Technology, Inputs and Credit
• Conservation farming and other similar low tillage technologies have shown to be a highly effective tools to increase productivity;
• The distributor model tried in Zambia, which is build on group structures, an incentive system and individual entrepreneurs, is an effective model to get inputs and extension to organized farmers and increases crop repayment;
• Production credit is most effective when part of a larger, well-integrated, market driven operation;
• Marketing loans from large traders and banks increase volumes traded by POs;
• Guarantee funds and other risk reduction mechanisms are critical to link farmers to reliable financing. The long term sustainability of these depends on POs becoming strong commercial entities.

Market Links
Farmers and PO leaders and management understand how the market works and have access to market info. on a regular basis;
• Market assessment and business planning are regular functions performed by POs;
• POs are able to meet agreements - quality, quantity and on-time delivery;
• Long term win-win business relationships are developed with input suppliers, buyers and financing institutions – 8-10 years;
• POs have in place a good communication system and adequate infrastructure (e.g. warehouse);
• Supportive policy environment, open access to markets (including financial), adequate infrastructure and physical safety are critical.

Government Role
• Put in place policies that are conducive to the development of groups as businesses.
• Do not treat groups as extensions of government and avoid distorting policies.
• Open markets and create investment incentives (international and domestic)
• Invest in critical areas like roads, research and extension, market information, etc.

**Parting Thoughts**

• Be ready for the long haul – 8-12 years.
• Field work – this stuff never gets done from an office in the capital city.
• Need critical mass.
• DO NOT EXAGGERATE what you can offer to the market – it disappoints the market and spoils your reputation.
• NO HANDOUTS – you’re trying to create a business opportunity.
• Involve the farmers at every level.
• Marketing and business is not an endless marathon of donor/NGO driven meetings, workshops and seminars; it’s about doing it.

Don’t be afraid to make mistakes, just avoid repeating the same ones; that again is what business is all about!
The National Smallholder Farmers’ Association of Malawi (NASFAM)

by
Heshan Peiris

Background - Malawi
- Population 10-11m
- National per capita land holding is 0.23 ha.
- Agriculture represents 36% of GDP.
- Agriculture accounts for 82.7% of exports and 84.5% of employment.
- Tobacco, Tea and Sugar account for 79% of export value.

Brief Description of NASFAM
- NASDEC is the Holding Company
- 2 fully owned subsidiaries – NASCENT and NASCOMEX
- NASDEC provides support services and supervises associations
- NASCENT - member development arm.
- NASCOMEX - commercial subsidiary

Background to NASFAM
- 34 Associations + 3 Pre-Associations
- 15 Association Management Centers
- GACs/MACs
- Clubs
- Farming families: +105,000
- Head Office, City Center, Lilongwe

Membership Structure

| National Assembly | • 3 Reps/Association |
| Board of Directors | • 8 internal + 4 External |
| Assoc. General Assembly Association BOD | • 34 Associations |
| Group Action Committee | • 28 GACs/Assoc |
| Clubs | • 12 Clubs/GAC |
| Farming family | • 10-25 members/club |
NASFAM Mission
‘to develop and build a commercially viable network of smallholder-directed business Associations that provide a consistently higher level of return for farmers who participate’

Key to success
- Farmers participate on voluntary basis
- Working with motivated farmers
- Working with strategic partners in the value chain, e.g. ICRISAT, DIMON
- Working on business principles
- Structured organization
- Recognition of NASFAM by public and private sector

NASFAM Activities-Tobacco
- Is the main activity
- About 60% of members are tobacco farmers
- NASFAM assists members to transport the tobacco with a central transport tender.
- Associations select the transporter(s) and negotiate a commission for themselves.

NASFAM Activities: non-Tobacco produce
- Main crops are Groundnuts, Chillies, Soya, Rice and Cotton.
- Associations are given targets for various crops depending on current market outlook.
- Produce is procured by NASCOMEX at market rates, sold and profits distributed to member associations.
- Associations will make further distribution of funds if resources permit.
- Marketing agreements are signed by NASCOMEX with Associations.
- NASCOMEX signs produce sale/procurement contracts with buyers.
- Members bring their produce to MACs.
- NASCOMEX organises transport to deliver to buyer or central warehouse.
- Reliability and integrity is the key.
- Market information is passed on to members through meetings and bulletins.

NASFAM Activities-Bulk Procurement of Inputs
- NASCOMEX consolidates association requirements and orders in bulk.
- Currently NASCOMEX imports and sells 20,000MT of fertiliser to members and non-members.
- NASCOMEX also participates in government tenders.

NASFAM Activities-Enterprise Development
- The Associations mainly depend on crops.
- They also have or are embarking on operating maize mills and paraffin pumps.
- Funds are the constraint.
- Feasibility studies are done by the Business Development Unit in NASCENT.
- NASFAM assists depending on viability.
- Projects are embarked on depending on funding.
- Enterprise development necessary to supplement crop income and diversify income streams.

Main problems
- Funding constraints. Crop finance in US$ (7% p.a.) and M.Kwacha (27% p.a) are costly.
- Finance houses require collateral.
- Forex shortages do not help.
• Commercially skilled staff are scarce.
• Quality of output is key.
• Quality standards are too stringent and sometimes vary widely between continents.
• Transport to sea port is extremely expensive. Makes produce uncompetitive.
• Staff do not attend to detail on exports, particularly. Affects credibility in the eyes of the importer.
• Lack of up to date market information.

**Training**
• Is carried out by the Business Development Unit.
• Covers business issues.

[http://www.nasfarm.org](http://www.nasfarm.org)
UNFFE

Activities of Uganda National Farmers Federation (UNFFE)

Presented by
Augustine Mwendya
Director Agribusiness Development

Outline of presentation
1. Brief background
2. Enterprise development related activities by UNFFE
3. Problems encountered / challenges
4. UNFFE’s work on enterprise development and market linkage over the past decade
5. Formal training activities in agricultural marketing and enterprise development
6. UNFFE’s plans for future work

Brief background
• Apex body of Farmers Organization established in January 1992.  
• Registered with Registrar of Companies and NGO board.  
• 72 Farmers Organizations with 500,000+ individual members.  
• Member of IFAP, RASC and EAFF.

Vision: Empowered Farmers through strong Farmers Organizations

Mission: To lobby, advocate for and build capacity of farmers organizations, agro-related industries/service organizations and individual farmers and to render effective and efficient agricultural services

Main Objectives:
• To unite farmer organizations to have a common front
• To lobby and advocate for farmer friendly policies
• To improve farmers incomes

Main Programmes and Services:
• Provision of Agricultural Advisory services  
• Lobby and Advocacy  
• Farmer training  
• Information and Communication Services  
• Organising Agricultural shows, competitions and study tours  
• Sell farm inputs and market members produce  
• Mainstream Gender, Natural Resources management and HIV/AIDS control activities in the programmes

Enterprise development related activities carried out by UNFFE

To Link Farmers to Markets
• Provision of Market Information both input and output markets
• Training farmers in accessing market information
• Holding of agricultural shows both at national and district levels
• Sourcing big markets
• Organising agricultural study tours
• Training farmers in Farm Management
• Conducting On-farm Demonstrations
• Propagation of Planting Materials
• Training farmers in commercial farming through the use of improved farming practices
• Training farmers in commodity cost/benefit analyses
• Training farmers in post-harvest handling
• Multiplication and Sale of New High Yielding Crop Varieties

To Assist Farmers with Contractual Arrangements with Agribusiness
• Contractual farming is promoted by big companies e.g. British American Tobacco, sugarcane by Kinyala, Lugazi and Kakira Sugar Works and sunflower seed by Mukwano Industries.
• On the side of farmers organizations: Soroti District Farmers Association on sorghum production for Nile Breweries and Masindi District Farmers Association for contract seed production.

To Assist Farmers to Organise into Groups/Associations/Cooperatives for the Purposes of Input or Output Marketing
• Through promoting the pooling system.
• District-based Farmers Associations have input supply shops.

To Assist Farmers to Organise Input Supply
• Providing them with information regarding the types of inputs, the major importers and their locations.
• Inputs such as improved cassava cuttings, vanilla vines and Aloe Vera.
• Key livestock (dairy and goats) breeders.
• UNFFE also links its Member Organizations to Seed companies such as the Uganda Seed Ltd., Farm Inputs Care Centre (FICA) and Uganda Harvest Seed.

Problems encountered in carrying out the above activities
Shortage of Resources to Implement the following:

Financial Resources to:
• Collect, compile and disseminate market information
• Develop and produce more training materials on key enterprises
• Translate key enterprises materials into local dialects to widen usage
• Conduct trainings as they are demanded by the farmers
• Assist farmers develop the enterprises identified.
• Set-up adequate on-farm demonstrations to address and promote key profitable enterprises.
• Procure adequate quantities of the required inputs by Stockists and Special Interest Groups (SIGs).
• Establish enough nursery sites to adequately serve the farmers with high yielding crop varieties.
• Put up adequate storage facilities to handle enough inputs and outputs.

Lack of Labour:
• Where the main source of labour is the family.
Shortage of Institutional Capacity
- UNFFE lacks financial support to print enough training materials
- Transport to fully implement some of the activities
- At the membership level, shortage of storage for inputs and output
- Internet connectivity and transport are also a limitation.

Staff Capacity
- lacks professional Staff versed in enterprise budgeting

Unstable Markets
- drastic price drops
- price fluctuations
- market chain linkages are poor
- Inadequate quantities

Inadequate Infrastructure
- rural access roads

Cultural Constraints
No Cultural Constraint but socially, pig farming as a profitable enterprise cannot be promoted in predominantly Islamic societies/groups.

UNFFE’S work on enterprise development and market linkage over the past decade
- formation of Special Interest Groups (SIGs)
- formation of commodity associations
- Production and Marketing Bulletin to guide farmers
- link its member organizations to big domestic markets such as the WFP, UGT Ltd
- advised about micro finance institutions
- developed Farmers Guide Books

Formal training activities and training materials by UNFFE

Farm Management course at two levels:
  - Yellow – Introductory
  - Blue – Intermediate

Yellow Farm Management Certificate Course
- Agronomy
- Livestock Husbandry
- Agro-forestry
- Farm Structure and Post-Harvest handling
- Fish Farming
- Farm Management Economics
- Marketing

Blue Farm Management Certificate Course
- Agronomy
- Livestock Husbandry
- Agro-forestry
• Farm Structure and Post-Harvest handling
• Fish Farming
• Farm Management Economics
• Agricultural Marketing
• Farming Systems
• Farm Mechanisation and Rural Technology

Guide Books
• Organic Farming, Clonal Robusta coffee farming,
• The Secret of Growing Record Sized Banana Bunches
• Soil Fertility
• Maize, Finger Millet, Sorghum and Rice production
• Fish Farming
• Rabbit Farming
• Pig Farming
• Poultry Farming
• Dairy Cattle Zero grazing

UNFFE’S plans for future work in agricultural marketing and enterprise development
• Train farmers in market price collection, analysis and interpretation.
• Build capacity in market information dissemination.
• Conduct more focused training in enterprise selection and development.
• Lobby for more resources to facilitate internet connectivity to our member organizations to enhance quick market information dissemination.
• Develop and produce more training materials on major enterprises to guide farmers.
• Encourage commodity association formation so that efforts can be directed to developing such enterprises.
CARE – UGANDA
AMI
(Agricultural Marketing Initiative, in West Nile, Uganda)

by
John Okelai

OUTLINE

• What is “AMI” all about?
• How is the AMI project implemented?
• Strengthening groups to associations
• Working with private sector and challenges
• Other challenges and suggested solutions
• When the project ends, what happens?

What is “AMI” all about?

• AMI is an acronym for “Agricultural Marketing Initiative”.
• AMI aims to pilot and promote a commercial agriculture model that will generate income and improved livelihoods/reduce poverty to participating households.
• The project does this by linking small-holder producers of sesame to buyers and exporters.

How AMI operates

• Ideally AMI works by forming sesame farmer groups, identifying agro-input suppliers, and working with Private Sector groups, Farmer Associations, Government extension departments, to facilitate the production and marketing of sesame.

• Further, AMI identifies already existing buyers of sesame, and narrows down on one of these, with a view of entering into agreement with them for the purpose of working together with the farmers.

CARE’s role in AMI

• Initially linking farmers, buyers and private-sector service providers in a mutually beneficial way.
• Helping to set up an “Intermediary Commercial Organization”. This organization will work directly with the farmer groups, markets and service providers.
• Sensitizing the leadership and mobilizing grass root farmers about this opportunity. Also setting up the above mechanism for engagement and negotiation between buyers/farmers, and also link these to the private sector without offering any Finance or subsidies.

Strengthening groups

The overall aim of the AMI project is to build capacity of groups to associations, that can independently seek private sector help with regard to inputs, market access/information, and extension. Groups have been trained from time to time in areas of agronomy, marketing, and group dynamics.
Progress on marketing front

- Many buyers/exporters of sesame are interested in working with AMI. This includes Roka Ale, UNO Hakan, Olam, etc. Roka Ale last year bought 35,000 kg from AMI groups in only one subcounty. He indicated he wanted 200,000 to 500,000 kgs.
- Marketing information is shared between AMI and the farmers groups. This includes prices, (from Foodnet and local markets) details of exporters/buyers etc.
- During marketing AMI introduces exporters to the willing farmers groups so that they negotiate directly.
- It is expected that the farmers groups will be strengthened to be able to deal directly with the buyers in future without AMI’s input.

Challenges

These include:
- suitable vehicle to push AMI forward;
- scaling up production;
- sustainable partnership with private sector service providers;
- sustainable input/improved seed supply to the farmers;
- reliance on natural climatic conditions;
- guaranteeing quality for the market;
- gender equity;
- pricing becoming speculative;
- reaching the poor of the poor;
- commercialisation vs. profit.

Suggested solutions

- an intermediate farmer friendly institution should be formed to champion AMI objectives
- for the institution to be sustainable it should run on business models;
- issue of climate: early preparation and other best agronomic practices, possibility of irrigation?
- quality to be maintained and enforced;
- gender issue: ensure deliberate gender balance strategy/emphasise household to work together;
- pricing (keep watch on the market to favour both buyer/seller);
- reaching the poorest of the poor: may not be possible for now;
- profit override: tailor management/organization structure to favour farmers more.

What happens post AMI?

- AMI sustainability is dependent on the formation of a viable and self sustaining intermediary commercial institution.
- the issue to resolve is that of initial start up/revolving funding and future sustainable profits.

whether the FCMC should be a PLC or company limited by guarantee is being looked at right now.
CARE INTERNATIONAL

A presentation on the Activities Undertaken in Agricultural Marketing and Enterprise Development in South Western Uganda

by
Andrew Gita

1. The Mission of Care International in Uganda

CARE works with and supports others to identify and address the underlying causes of poverty and social injustice in Uganda.

2. The Income Smoothing Through Agricultural Marketing Interventions (ISAMI) Project, Kabale District

- is a 5-year pro-poor marketing project
- Overall objective: to increase and steady the incomes of ≥5000 small-scale farmers
- Specific Objective: participating FIs, local extension and other service providers, farmer groups evolve genders sensitive institutional capacity to develop, provide and replicate sustainably managed inventory credit and saving and loans mechanisms.

The ISAMI project is largely focused on one of CARE’s strategic directions to promote the economic rights of poor and marginalized people through piloting and sharing lessons learned from economic development initiatives, and advocating for effective policies and practices.

- ISAMI centers around building the capacity of local institutions to provide resource poor but active farmers with two types of methodologies that will help them increase overall income, save and access credit
- One of them is Inventory credit that helps groups of farmers to collectively store their produce and use it as collateral to access credit from a financial institution when prevailing prices are low, and sell later when prices increase, paying the loan and associated costs.
- The project is also building capacity of local partners to offer demand driven extension in savings and loan mechanisms so that farmers can manage their own savings clubs/ accumulated savings and loan associations.
- The primary implementing partner is Kabale District Farmers Association (KADFA) alongside other selected agribusiness development service providers.
- Initially the project is promoting increased market-focused production of high yielding and disease tolerant Climbing Bean varieties, and group marketing to enable vulnerable small-scale farmers establish a more rewarding position in the bean supply chain.

Project activities
1. Organization and development of farmer groups

- Support partner producer association to mobilize poor, vulnerable but active farmers to set up viable and cohesive producer groups that are able to achieve targets in quality, quantity and timeliness.
• Support groups to develop and implement agribusiness plans, share developmental ideas and lobby for services.

• Provide organizational development support to the farmer association.

2. *Increasing productivity through improved demand-driven access of suitable agribusiness development services through private sector providers.*

• Financial services
  Building capacity of rural financial service providers and facilitate development of pro-poor financial products i.e. Inventory Credit, Savings and Loan Mechanisms.

• Input supply
  Strengthening the existing Agro-input supply system to have ethical, competitive private businesses with an efficient and vibrant rural stockist network. Thrust is on creating effective demand for requisite inputs.

• Group sourcing for the inputs is also advocated coupled with advice on safe and effective use

• Advisory services

**Marketing**

• Facilitate access by producer groups to market information and subsequent utilization to establish a more rewarding position in the supply chain.

• Organizational development to producer groups to be able to develop and implement plans with ultimate objective of improving household livelihoods.

**Post harvest handling.**

• To have produce of uniform marketable quality.


• To support viable producer groups appreciate the dynamics of the bean supply chain, identify and explore marketing opportunities, sustainably access market information to maximize benefit to the small-scale rural producers.

• To facilitate equitable contractual business linkages with large produce buyers, initially by the umbrella district farmers association.

• To support the evolution from lower level producer groups into larger sub county or district level marketing associations.

• Support farmer groups produce and package their commodities in quantities and qualities demanded by the market.
4. **Challenges encountered in advancing project strategies.**

- The traditional methods of produce marketing by small-scale, resource-poor farmers in Uganda are individual, informal. Small-scale farmers are generally disorganized and, at times, reluctant to associate.
- Inadequate “business readiness” or inclination by the District farmers associations amidst a really challenging and competitive business environment, due to past over reliance on donor subsidies. The District farmers associations nationwide evolved as non-profit making, donor dependent extension service providers and not along commercial lines, representing business interests of member farmers. This entrenched donor-dependent syndrome requires a fundamental change.

- Farmers’ expectations of support in form of “hand- outs” especially when international NGOs are implementing developmental projects.

- Turbulent markets coupled with scanty access to market information affects business planning and destabilizes farmers’ incomes.

- Limited access to pro-poor financial services and lack of skills in proper management of community savings and loan schemes makes farmers very vulnerable.

- Unequal decision-making power within the household.

- Limited access to improved storage facilities and lack of professional warehouse operators.

- Limited access to land and other physical assets coupled with poor agricultural practices and inadequate proper use of improved productive inputs limit land productivity.

- Poor post harvest-handling methods resulting in losses.

- Despite the improvements in recent years, the road network in the hilly landscape is still relatively poor, making communication with markets difficult and costly especially in wet seasons.

5. **Enormous Changes in the Importance CARE Attaches to Enterprise Development and Market Linkage Work**

- For these reasons CARE is implementing four different projects in Uganda addressing business development and market linkage issues in its economic development sector:

  i) Agricultural Marketing Initiative (AMI), West Nile region.

  ii) Income Smoothing through Agricultural marketing initiatives (ISAMI), Kabale District.

  iii) Kigezi Business Development Services (KBDS) Project, Southwestern region.

  iv) REPA Economic Empowerment Component, South Western Uganda.
• CARE has shifted away from direct implementation to facilitating BDS providers/ facilitators and further implement using a Market Development Approach (Market needs rather than SME needs).

• Objective is to create self-sustaining private sector serviced BDS market by numerous competitive BDS suppliers providing a wide range of BDS commercially to a large number of small and medium enterprises.

6. **CARE undertakes formal training activities in enterprise development using Audio Visual mechanisms to a lesser extent and PowerPoint presentations/discussions in workshops.**

• It is felt that these training materials are inadequate and cannot be used in the rural hinterland for the BDS market.
Session 2

FAO

FAO Work in Eastern and Southern Africa Subregion, on Enterprise Development and Farm Management

by Susan Minae
FAO, Harare

Main areas of work in Agricultural Support Systems Division of FAO

Two Services:
➢ Agricultural Management, Marketing and Finance Service
• Agricultural Management – farm management and agri-business development
• Agricultural Marketing and Farm Supply
• Rural Finance
➢ Agricultural and Food Engineering Technologies Services

Working modalities
➢ Support services
• requests for technical information, backstopping and resource persons
• project support
➢ Developmental initiatives
• Studies – methodology development, needs assessment, training materials, policy advice
• Workshops
• Short training programmes

Southern and Eastern Africa subregion Focus

➢ Competitiveness in the global arena ➔ commercialisation of small-scale sector
➢ Farming as a business ➔ Market-oriented producing
➢ Linking farmers to markets
➢ Access to support services/facilities

Main areas of work in the Subregion

➢ Support services to farm level decision making.
• Capacity building in farm/agribusiness development
• Institutional support on farmer linkages to markets (eg. through farmer organizations)
• Support services to enterprise development
• Policy support

Support services to farm-level decision making

➢ Farm management information/services
• Farm data systems
• Economic evaluation of farm technologies
➢ Paprika, Conservation agriculture, etc
• Enterprise diversification

Capacity building in farm/agribusiness development
• Training materials: Manual -- Market- Oriented Farm Management in Africa
  • Botswana-Capacity building in farm business management for farmers and extension officers
  ➢ Farm management training for field staff and farmers
  ➢ Training Manual
  • Zimbabwe – Horticultural Exports Manual – Crop budgets

Institutional support -- farmer linkages to markets
• Horticultural exporters network – southern and eastern Africa
• Contract farming
• Strengthening Agribusiness Linkages through Farmer Field Schools in Western Kenya

Policy support
Impact of structural adjustment on different farming systems – Uganda, Tanzania (Ghana and Mali) – models
• Mechanisation initiative in SADC
• Strengthening Mechanisation Support Services – Zimbabwe

Support services to enterprise development
• Kenya: Integrated Business Plans (marketing and agro-processing)
• SADC: Capacity Building in Horticultural Produce Chains – Post harvest
• Zambia, Ethiopia Mozambique, Enterprise Diversification
SAVE THE CHILDREN-USA

by

Rehema Kalibbala Byahagambi
Agriculture Coordinator, Uganda

• Save the Children is a leading independent humanitarian organization creating real and lasting change for children in need in the United States and around the world.

• A member of the international Save the Children Alliance, comprising 27 national Save the Children organizations.

Save the Children in East and Southern Africa

• Field offices in 5 countries
  • Uganda
  • Angola
  • Kenya
  • Malawi
  • Mozambique

SCF/US Vision and Mission in Africa

Vision
• Save the Children envisions a future where the region’s children have access to their basic rights; fulfill their basic needs and secure sustained improvements in their livelihoods and protected from the effects of civil strife and natural disasters.

Mission
• To create lasting positive change in the lives of African children in need.

Objectives
• Enhance the Food Security of disadvantaged communities with particular emphasis on Women and Children (Women and children are most at risk of serious consequences of food insecurity)

• Improve Children and Women’s access to basic social services and protection

Key Food Security Program foci
• Enhance food availability and meet the nutritional needs of children and women at the household level through increasing agricultural productivity or provision of food in exchange for labour
• Enhance household income and asset base through generating alternative employment
• Enhance the food security of people affected by HIV/AIDS
• Increased use of food resources to foster the transition from relief, through recovery to development
• Engage in SCF/US and SC-Alliance advocacy campaigns at appropriate levels to influence policies that affect food security
• Build capacity of local institutions and communities
• Information sharing on best practices in food security
• Identify and strengthen community (traditional) coping mechanisms
• Undertake direct relief operations where and when required

**The Uganda Food Security Program**

‘Enhancing Food Security Through Poverty Alleviation’ (EFSPA)

A comprehensive program designed to address primary constraints to food availability, access and utilisation in Nakasongola District

Improve food access and production among target households
• How?
• Increase access to Agricultural Production Technology and Services

Through
• Establishment of On-farm Training and demonstration which involves developing a training curricula for our Extension workers, identifying and training KFCs, establishing market linkages for local supply of seeds and inputs and developing nutrition and health education training opportunities.

2. Improving infrastructure and support to market access

Through
• Rehabilitation of market feeder roads, establishment and support for market enterprise groups and improving post harvest storage and processing

3. Improving livelihood outcomes among vulnerable HIV/AIDS affected families

Through
• Establishment of a community development extension system to support vulnerable households and provision of livelihood training and opportunities

4. Increasing Food Security Assessment and Planning Skills at the subcounty and district level

Involves:
• Monitoring changes in food security status of the target population, building district wide capacity for food security assessments and developing HIV/AIDS response strategies

**Agricultural Marketing and Enterprise Development Activities**

• Formation and consolidation of farmers’ groups
  - KFC as leader or entry point
  - 15-30 members
  - Adult Literacy Classes
  - Sensitization meetings
  - Encouragement for registration
  - Training on group dynamics
  - Weekly group activities- training, farm work
✓ 76 groups in action and 7 of these are in transition towards market enterprise group

<table>
<thead>
<tr>
<th>Enterprise</th>
<th>No of groups</th>
<th>Activities</th>
<th>Linkages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cassava</td>
<td>2</td>
<td>Multiplication of planting materials, training on agronomic practices, discussions on markets within and outside the district</td>
<td>IITA, local traders, millers, NADIFA</td>
</tr>
<tr>
<td>Sweetpotato</td>
<td>1</td>
<td>Training on agronomy, multiplication of planting materials, deliberate increase in acreage as a group</td>
<td>None</td>
</tr>
<tr>
<td>Maize</td>
<td>4</td>
<td>Training on agronomy and post harvest handling and storage</td>
<td>NADIFA</td>
</tr>
</tbody>
</table>

- Rehabilitation of Market Feeder Roads
- Food for Work approach during the hungry season
- Criteria considers potential for crop production, willingness and motivation of the community to provide manpower and maintain the repaired road, condition of the road

✓ 27 km of feeder roads have so far been rehabilitated

Constraints/Challenges
✓ Relief vs development
✓ Targeting Issues
✓ Climatic conditions
✓ Low input production
✓ Group association, storage
✓ Wide gap between Production and Marketing
✓ Traditional crop theory

Future plans
- Develop more existing groups into marketing groups
- Training groups on different aspects on enterprise selection and development, marketing skills, record keeping, post harvest and handling e.t.c,
- Partnerships/linkages with other stakeholders at different levels- buyers, researchers, farmer support organizations, NGOs, input suppliers
- Credit and Saving plans for the groups
TECHNOSERVE

TechnoServe: Putting more money in the pockets of the rural poor

Technoserve has over 35 years’ experience of developing rural businesses across Latin America and Africa
we aim to improve rural based industry competitiveness…
…to achieve increased incomes for businesses and the rural poor
for example by regenerating cashew processing in mozambique…
…materially improving the lives of thousands of mozambicans
we support businesses in multiple ways…

we strive to improve competitiveness across a range of industries…
…and recently identified a set of industry growth opportunities for the IFC.
we tackle enabling environment constraints – for example in Tanzanian coffee
in Kenya, Technoserve implements programs in horticulture, dairy, legumes and nuts, youth entrepreneurship and business plan competition

With the support of the Rockefeller Foundation, Technoserve is holding thousands of banana growers to access profitable markets for their products.

Project Goal: To increase the incomes of banana farmers by facilitating their access to profitable markets

• The key activities undertaken to achieve this include:
  - A rapid market study to understand the banana market in Kenya, who the main players are, the main drivers in banana marketing, key segments of the banana market, different channels and their requirements etc.
  - Helping growers to form producer marketing groups (PMGs) that act as hubs for input and output service delivery. Key activities are support in registration, development of a constitution by all, opening of a bank account, regular and democratic elections, leadership training etc.
  - Business and marketing training that covers 2 modules – Basic Marketing Training (4ps), Negotiations, short business plan
  - Identification of channels and buyers based on the ability of producers to service these markets and facilitation of negotiations between the 2 parties.
  - Harvest and post harvest handling training of producers, leaders, and graders
  - Business records training e.g. use of delivery notes, receipts, payment records, farmer service charge
  - Developed a business plan with Equatorial Nut Processors for a dried fruit factory to be commissioned late 2005. Main products will be mangoes, bananas, and pineapples.

Technoserve’s work has helped to transform the banana industry in Kenya from a traditional to a commercial activity

Technoserve is working in the entire banana value chain – model farm development, and irrigation equipment support…
Early on in the project, TNS identified that without irrigation and input supplies, tissue culture bananas would not bring a difference in productivity.

As a result, we wrote a proposal to a donor who provided funds for banana model farm development and irrigation and input supplies support on a microloan basis.

We invited the Kenya Rural Enterprise Program (KREP), the leading microfinance institution in Kenya to manage the loan credit

Also working with the Kenya Ag Research institute on smallholder drip irrigation design and soil analysis.

The first phase of the project involves support to 30 model farmers and irrigation equipment installation is currently underway. Net phase will take in 270 farmers.

The micro credit fund will be turned into a revolving fund and will be managed by A Trust.

With this support, producers can grow quality bananas and will stand a better opportunity to service markets.

**Results**

- Rapid market study and group diagnostic completed
- Growers trained in marketing, harvesting and post harvest handling
- Organization and systems developed for trials
- Trial Phase with 50 Mt of production completed
- Commercial Phase entered with lessons learned incorporated
- 35 PMGs formed with total membership of 2,000 producers
- 200 MT of quality bananas sold to mid and high end segments of the market, earning producers $25,000 in the last year alone. Producers could have earned more if they had more quantities.
- Bananas has now overtaken other traditional cashcrops in some districts e.g. Meru in terms of income earning ability.

**What are our next steps?**

- To help PMGs establish market service centers (input and output markets). We have planned to establish 10 centers in Meru, Murang’a and Maragua districts of Kenya.
- Assist PMGs to transform into limited liability companies and a holding company to enable effective business interactions
- Helping ENP to start-up the dried fruit business through support in new products development, market entry support and benchmarking
- Inform/contribute in the upcoming GoK banana policy paper
Technoserve is active in Uganda

**Current activities**

**Rockefeller Foundation, DfID, and other donor supported:**
- Strengthening commercial Matooke Value Chain, including marketing and business development.

**Planned activities**

**Short-term:**
- Overall horticulture industry development in Uganda.
- Exploration of other profitable industries in Uganda that lend themselves to participation by the rural poor.

Challenges in carrying out our work include …

**Resource constraints:**
- Not enough money
- Lack of coordination among various initiatives with similar goals

**Institutional Capacity:**
- Opportunities in new sectors can often present challenges
- Philosophical variations between and among partners

**Staff Capacity:**
- Difficult to get staff with business/marketing skills who also possess development experience.
- A big challenge to find staff with good consulting skills, e.g. for business plan development, etc

**Lack of markets:**
- Not a big constraint. Usually the problem is that producers do not have a good understanding of what drives markets, etc… TARDA example.

**Poor Enabling Environment:**
- Poor infrastructure, roads, now power grids, no tap water…
- Lack of policy support in development

**Cultural constraints:**
- Subsistence mindset is a major constraint
- Fear to try new ways // Comfort in old ways

**LESSONS LEARNED**

**Lessons learned: Project design**
- Technology transfer alone is not enough – other productivity drivers must be considered
- Sustainability requires business prudence overriding some equity concerns

**Lessons learned: Execution**
- Build momentum by starting implementation early
- Start with trials to allow learning and to ensure realistic agreements
- Be aware that it takes considerable effort to transform the subsistence mindset of growers into a commercial orientation
- What producers identify as lack of markets is sometimes only a symptom of other key failures.
KENFAP

Agricultural Marketing and Enterprise Development

The Case of KENFAP

by
George Odhiambo

Highlights
• Organizational Background
• Restructuring Process and Strategies
• Policy Environment
• Current Programmes
• Challenges and Opportunities
• The Way Forward

Organizational Background
• 1940s 2nd World War and Formation
• 1950s Build up to Independence
• 1960s Independence era
• 1970s Crisis, booms and transition
• 1980s Lost decade and SAPS
• 1990s Irrelevancy and liberalization
• 21st Century- Restructuring and service delivery

Restructuring Process
• Initiated in 1996 through evaluation by external consultants.
• Election of new leadership in 1997 and series of consultations with stakeholders.
• Change of Name, Review of Constitution, Objectives, Vision and Mission statements as well as development of Five-Year Strategic Plan. The launch of Federation on 19th November 2003 during the Farmers’ Congress.

Vision and Mission
• Vision
• A Federation of empowered Kenyan farmers with a strong voice
• Mission
• Empower members to make informed choices for improved and sustainable livelihoods.

Marketing Objectives
• To ensure effective representation of the farming community and expression of its views to government and the public at large
• To encourage effective networking and collaboration with national and international associations that share the Federation’s objectives and aspirations
• To conduct and facilitate appropriate research into problems affecting agricultural production and marketing
Strategic Aims for 2003-2007

- To build KENFAP into a strong apex organization that can provide effective leadership, representation and services to its members and constituent associations
- To contribute to the creation of an enabling environment for agricultural development in Kenya by redressing deficiencies and imbalances in existing agricultural and macro-economic policies
- To contribute to the conservation of Kenya’s natural resource base through widespread adoption of sustainable agricultural practices
- To promote the active and productive engagement of KENFAP’s women and youth members in agriculture
- To reduce the vulnerability of its members and other agricultural producers to natural and man-made catastrophes.

Policy Environment

- ERS 2003-2007 - Under revitalization of agriculture it aims at “strengthening farmer-based institutions and associations in order to reduce cost of inputs and improve access to markets”.
- SRA 2004-2014 marketing, agro-processing and trade where the government aims at building capacity of farmers’ organizations to take up service delivery roles directly to the farmers as well as promotion of good governance in farmer organizations to allow representation of farmers views on issues regarding input and output marketing, and form a basis for group marketing and contract farming schemes.

Current Programmes

- Recruitment
- Commodity Group Formation
- KAPP
- Enhanced marketing of agricultural produce
- FFS
- Fruit Processing
- PSDA-GTZ
- ASPS-DANIDA

Enhanced marketability of their produce

- Transformation of Farmers’ Field Schools (FFS) into marketing groups where they exist and formation of new groups where none exists. The groups act as production and marketing units.
- Facilitate registration of the groups to give them the legal mandate to enter into contracts.
- Provide guidance in the choice of enterprises based on demand and high value in the local and export market.
- Initiate training programmes to raise crops more efficiently to realize higher returns per unit of production as well as enhancing conformity with market requirements, i.e. quality in the food industry.
- Institute coordination of inputs acquisition, harvesting as well as transportation in order to benefit from economies of scale.
- Facilitate marketing of the produce both at local and export market.
Activities
- Identify their target market and define the common interest group goals.
- Identify the marketing techniques and improve internal communication within the groups, for collective marketing.
- Utilize more effectively sources of market information such as newsletters, radio and newspapers.
- Acquire inputs as a group and draw contracts with potential buyers.
- Influence commodity pricing through group selling.

Fruit processing and marketing
- To promote the production of passion fruit as a high value crop among smallholder farmers.
- To minimize post- harvest losses through collection, storage and processing of mangoes, guavas and passion fruits.
- To improve livelihood of smallholders by offering competitive prices and processing into high value products.

Services to farmers
- Provision of guaranteed market outlet both domestic and international thus stimulating production of fruits.
- Provision of competitive prices that will translate into improved livelihoods for the producers.
- Facilitate information dissemination on technical aspects of production, processing and marketing to the producers.
- Creation of employment opportunities for poverty alleviation in rural areas.
- Offer products that are affordable to the resource poor producers.

Kenya agricultural productivity programme (KAPP)
- Facilitation of policy and institutional reforms
- Support to extension reforms
- Support to research system reform
- Support to farmer/client empowerment-help develop institutional and financial mechanisms that will give farmers control over extension and research services and increase their access to productivity enhancing products

Agricultural sector programme support (ASPS)
- The Agricultural Business Development for the private sector meant for agricultural development.
- Immediate objective of supporting business-minded smallholders and agriculture based micro and small-scale enterprises for employment creation and increased incomes.
- Farm Enterprise Development- entrepreneurial skills among stakeholders.
- Agri-based Micro and Small Scale Enterprises- strengthen their capacities.
- Rural Financing- support rural agricultural financing for MSEs development.

Challenges
- Policy and governance
- Inadequate resources
- Inadequate institutional capacity
- Inadequate staff
- Inadequate training materials
- Socioeconomic and cultural issues
Opportunities
- political goodwill
- existing structures
- ongoing programmes
- networking and collaboration

Recommendations
- Increase lobbying the government for creation of enabling legal and institutional frameworks.
- Increased financial support to farmer organizations by the development partners.
- Seconding staff on exchange programmes between farmer organizations themselves as well as development partners to help build technical base of farmer organizations.
- Development and further synthesis of the materials to suit the local circumstances.
Agricultural marketing training publications

Andrew Shepherd
FAO

• Horticultural marketing guide and related videos;
• Marketing extension guides;

Horticultural marketing guide and videos
• aim to help extension workers to understand how to assist farmers to market horticultural products;
• the guide also provides basic post-harvest advice;
• new guide under preparation, drawing on experiences of past fifteen years, with greater attention to how to link farmers to markets.

Marketing costs
• traders frequently criticized on basis of simplistic comparison of buying and selling prices;
• guide aims to create a better understanding of all costs involved with marketing;
• covers costs of preparation, handling, transport, losses, storage, processing as well as capital costs

Maize marketing
• designed to help extension workers advise farmers on marketing after marketing boards were closed down;
• topics covered include how markets work; supply and demand; drying and storage; inputs and diversification into new crops.

Understanding market information
• designed to enable extension workers to advise farmers on how to interpret and use prices provided by market information services;
• discusses why prices change; prices at different stages of the marketing chain; using market information to negotiate and to plan future production

Market research
• aimed at small and medium agroprocessors;
• covers how to test consumer attitudes to the products; how to assess the size of the market; how to research distribution channels for the products; promoting products, and calculating the feasibility of the business
ACDI/VOCA

Cabinda Agribusiness Development Alliance (CADA)

presented by
David Benafel

Project Duration: 5 years, 2004-2008
Financing: $4 000 000
Location: Cabinda, Angola

CADA Project Goal: To strengthen local producer capacity to deliver the fruit and vegetable requirements of the Cabinda Gulf Oil Company
- The Cabinda Gulf Oil Company (CABGOC) produces one half of the Angola crude oil production, 600 000 barrels per day.
- The Cabinda export terminal in Malongo supports an estimated 2 800 employees.
- The CADA project supplies fresh fruits and vegetables to Malongo customers and Cabinda City markets.
- All CADA produce is grown in Cabinda province by Cabinda farmers.

Market Orientation
Quantity, Quality, and Timely Delivery
- Farm production levels and product preferences are defined by catering companies, hotels and restaurants.
- The CADA project purchases quantities from Cabinda farmers on contract, based on customer needs.
- CADA is supplying only 10% of Malongo fresh produce needs with projections to reach 50% (500 metric tons annually) by 2008.

CADA Objectives

Objective 1: Strengthen Producer Organizations
- Define a Vision
- Identify Leadership
- Foster Representation and Democratic Principles
- Achieve Autonomy and Financial Sustainability

Objective 2: Organize efficient production, collection, and marketing systems for fresh produce.
- Field Training

Objective 3: Improve Delivery Systems for Agricultural Inputs, Transportation and Financial Services
- Creation of a Private Sector Ag. Inputs Supply Store with Linkages to Domestic and Foreign Suppliers
- Providing Availability of Improved Vegetable Seed Varieties to Meet Buyer Specifications
- Farmer Access to Chemical and Organic Fertilizers
- Farmer Access to Approved Phytosanitary Products for Insect and Fungus control
Increased Diversity of Local Products
Cold Storage

Production and Sales July 2004-March 2005
Total $150 000 Sales to Present

Financial Credit Services
- 100 short-term loans provided to 25 farmer groups averaging $180 dollars each
- Credit Recuperation through produce sales program. Low risk
- Linkages with local banking institutions
- Business Training
- Marketing Fund

Objective 4: Increase Cross-Border Trade Opportunities for Cabinda Farmers
- Explore Trade Linkages for Traditional Products: Manioc, Banana, Palm Oil, Banana
- Add Value to Traditional Products through Transformation and Processing Strategies
- Coordinate Higher Volumes with Improved Storage and Transportation
- Soyo LNG Project

Investing in People
- Functional Literacy Training
- Health Training for Family Hygiene and Sexually Transmittable Diseases
- Natural Resource Management
- Gender Focus

Challenges
- Financial Sustainability
- Electric Power Infrastructure
- Reduce Imports/Costs
- Soil Fertility
- Cooperative Organization
AFRICARE UGANDA

by Dr. I G Kahiu
Program Manager, Uganda Food Security Initiative Program (UFSI)

Africare’s Experience in Agricultural Marketing and Enterprise Development in South Western Uganda

Africare?
• A private, nonprofit, non-governmental organization
• Founded 1970, 150 programs in 27 countries in Africa, Hqtrs: Washington D.C.
• Africare works to improve the quality of life in Africa
• In food security and agriculture; health, HIV/AIDS as well as water resource, NRM, literacy, vocational training, MEs, civil society, governance and emergency humanitarian aid
• Country Office/Kampala, Project Offices Kabale, Ntungamo, Kosoro and Rukungiri

UFSI Project Goal

Enhance household food security in South Western Uganda
People are "food secure" when they have regular access (either through production or purchasing power) to sufficient food for a healthy and productive life.

Project Coverage: 5 Districts, 5 watersheds.

Objectives and Activities
• Natural Resources Management - soil, water and trees.
• Food availability: Increasing Agricultural productivity, Quality and PHM in target areas.
• Food utilization: Improving the utilization of nutritious food at household level, particularly for women and children under 5 years.
• Food access: Improving household access to markets through rural access roads.

Agric. Production and Marketing Component
• Efficiency in production in partnership for Agro technology transfer through FFS
• Post harvest handling
• Value addition: to increase variety in peoples diets and generate diversified income and employment
• Marketing and enterprise development
• CCTs = Environment, governance, gender, communicable diseases, population and environment.

Why Marketing and Enterprise development?
• The problem of food security cannot be addressed without marketing. Agro marketing leads to improved food security, greater prosperity and enhanced quality of life of the rural poor

Approach for Agro market Enterprise development
Group development:
a) Visioning and formation of action plans
b) Capacity building
c) Market identification, linkage and development through partnership
• Technology dissemination and development
  ➢ Potato enterprise: Thru’ partnership with CIAT and NARO, farmers have been facilitated to increase and sustain potato production for marketing. This is thru providing high quality seed to farmers’ groups, training communities in IPM on potato and assistance in store construction
  ➢ Apiary enterprise: Farmers have been trained in Apiary mgt, supported with 625 bee hives and facilitated with formation of bee-keeping associations.
  ➢ Apple: Through partnership with ICRAF, an apple enterprise is being developed by training farmer groups in apple production and providing them with seedlings. In Kabale, the groups have registered at sub county level and have access to government services like NAADs

**Linking Farmers groups to markets**

- **Seed potato:** With technology developed by NARO; UNSPPA member farmers produce and multiply high quality seed which they sell to other producer farmers.
- **Ware Potato:** In partnership with PRAPACE, CIAT and NARO, farmers groups of Kabale have been linked to Nandos. To date, one group has sold 1,897 MT of potatoes earning Ug. Sh 65M
- **Crisps:** In partnership with CIAT, the process of linking potato farmers groups to a crisp processing factory is ongoing.
- **Honey:** Linking to high value markets is ongoing with processors and exporters of organic honey to EU market.

**Challenges**

- **Credit:** Some farmers still hesitant to access credit. They consider it risky with high interest rates.
- **Lack of information** on market access and pricing.
- Farmers still feel they need a quick income-generating enterprise. They consider the process of developing Agro-enterprise long and time consuming.
- Most farmers are not yet market oriented as they only produce for home consumption and only sell if there is a surplus.
- Due to land scarcity, raising big volumes to sustain the markets is still a challenge.
- For farmers who have access to a market such as Nandos, sustaining the market throughout the year is a challenge.
- The crops are weather dependent and yet such farmers can not afford the required irrigation system considering the steep terrain.
- **Social cultural factors** such as religion constrain group development.
- **Land is scarce and fragmented.**
- **The hilly terrain** in the region increases the transportation costs of agricultural produce.
- **The profit margin for these farmers is low** compared to those from other regions who produce the same products for the same market as the farmers from S. W. Uganda.
- Most of the farmers produce is perishable and yet post harvest handling is still poor.
- **Partnerships:** Sometimes fitting programs of different partners together to facilitate the farmers is difficult and time demanding.
SWEDISH COOPERATIVE CENTRE

by
Göran Forssen

What is SCC?
- The SCC is the development cooperation organization of the Swedish Cooperative Movement (60 member organizations)
- It is a Non-Governmental, Non-Profit-making organization that offers support in developing countries to self-help development initiatives

SCC Worldwide
- SCC has offices and projects in
  - Southern Africa
  - Eastern Africa
  - Latin America
  - Eastern Europe
  - Asia (no office)

SCC ROSA (Regional Office for Southern Africa)
- Regional office in Harare, Zimbabwe
- Country Coordination Office in Lusaka, Zambia
- Programme office in Niassa, Mozambique
- Projects in Malawi, Mozambique, South Africa, Zambia, Zimbabwe and regionally

Partnership concept
- Before partnership is established an assessment is carried out
- SCC provide financial resources that enable the partner to implement the project
- SCC provide backstopping support to FO partners through its support unit

Partners in the region
- Southern African Confederation of Agricultural Unions (SACAU)
- OR Tambo Farmers’ Association
- AgriSA
- Zimbabwe Farmers Union (ZFU)
- Zambia National Farmers Union (ZNFU)
- Farmers Union of Malawi (FUM)
- Manica Provincial Farmers Union (UCAMA)

Priority areas for SCC’s support
- Development representative and effective Farmers’ Organizations (FOs)
- Development and facilitation of systems that increase farmers access to inputs and remunerative produce markets
- Development and facilitation of effective systems for farmers’ training
- Research, policy development, lobbying and advocacy

Supported activities for farmers’ organizational development
- Participatory need assessments for commodity representation and development of commodity associations and farmers’ unions
• Development of constitutions
• Election of representatives at different levels
• Leadership training
• Strategic planning
• Member mobilisation, member registers, cards, etc.
• Meeting activities

**Supported FO activities for increased farmers’ access to inputs and markets**
• Development of appropriate systems to access remunerative markets
• Facilitation of business linkages
• Market information and establishment of Information Centres
• Negotiations of contracts with agro businesses and monitoring of compliance to contracts in contract farming arrangements
• Facilitation of bulk selling of products and bulk buying of inputs
• Facilitation of auctioning systems
• Facilitation of warehouse receipt systems
• Facilitation of commodity brokerage systems

**Supported FO activities for increased farmers’ access to training**
• Profit analysis of different commodities and advice to members on what to produce
• Promotion and formation of study circles and training of study circle leaders
• Linking up of existing extension service and other service providers with farmers/members
• Field days and shows
• Study visits

**Supported activities for research, policy development, lobbying and advocacy**
• Research
• Development of position papers
• Lobbying
• Development of and participation in stakeholder forums
• Opinion building through media, newsletters, magazines, etc.

**Main problems encountered**
• Limited technical support and backstopping to FO partners
• Limited geographical coverage
• Lack of marketing competence in partner organizations
• Lack of marketing opportunities for small-scale farmers
• Lack of sustainability of FOs
• Mistrust towards farmers’ cooperatives
• Lack of impact monitoring by partners
• Passive mindset among small-scale farmers and farmer leaders
• Poor enabling environment

**Changes of SCC approach to agricultural development**
• Decentralised project administration and project monitoring through establishment of regional offices
• Increased support to agricultural development and less support to other sectors such as habitat and rural finance
• Increased support to Farmers Interest organizations and less support to Farmers’ cooperatives
• Increased support to organizational development and marketing activities
• Increased support to FOs at local and intermediate levels and less support to national levels
• Local staff managing project implementation – No SCC advisors attached to partner organizations
• Increased backstopping support from regional office

**Plans for project support during 2006 - 2008**

• Continued support to three District Farmers associations, affiliated commodity associations and ZFU HQ in Zimbabwe
• Continued support to four district farmers associations and the ZNFU HQ in Zambia
• Continued support to ORTFA and affiliated associations in South Africa
• Renewed support to development desk managed by Agri SA and NAFU in South Africa
• Continued support to Barue district farmers association and affiliated commodity associations
• Continued support to Farmers’ Union of Malawi
• New support to FO development in Salima and Mangoshi districts in Malawi
• New support to FAKRITAMA on Madagascar
• Continued support to SACAU

**Plans for backstopping support during 2006 - 2008**

• Increase the number of agriculture sector specialists from two to three persons
• Develop guidelines in the following subjects:
  ✓ Guideline in participatory approach in assessing the need for commodity associations
  ✓ Guide on how to be successful in contract negotiations
  ✓ Guide on how to broker farmers produce
  ✓ Guide on making profitability analysis on production on different products
  ✓ Guide on facilitation of livestock auctioning
  ✓ Guide on how to start an agri-business
  ✓ Guide on how to be successful in lobbying with Government
• Provide training to facilitators in the use of guidelines
• Develop at least 5 – 6 study materials each year
• Provide training in the study circle concept
• Increase the advisory support to partners
• Develop an effective impact monitoring system
• Establishment of SCC country office in Malawi
• Mobilise resources for further expansion of the Farmers’ Organization support programme
VEDCO

Agricultural Marketing And Enterprise Development

A Presentation by
Bbemba Joseph

Background
• VEDCO – Volunteer Efforts for Development Concerns is a local NGO that started in 1986 in the district of Luwero and has now expanded to cover the districts of Wakiso, Mukono, Nakasongola, Apac and Kamuli.

• VEDCO’s mandate is “to promote agricultural entrepreneurship development for food security, market oriented farming and agro processing.

Activities carried out by VEDCO
• Linking farmers to markets
  - Identifying buyers
  - market information service
  - Promotion of marketable crops
  - farm business education
  - Quality control
  -Enterprise dev’t through support with start up inputs.
• Enterprise dev’t and diversification
  - Material support
  - Linkage to service providers
  - Market information provision
  - Review and interpret contracts.
  - Introduction of new enterprises
• Contractual arrangements
  - Review and interprete contracts.
  - Sensitisation of farmers on advantages of contract farming and preparation of farmers
• Organization into groups
  - trainings in group dynamics
• Organizing input supply
  - link farmers to reliable input stockists VEDCO’s exp.
  - Start up capital

Problems encountered
• Non-compliance by both the farmers and buyers to the contracts terms
• Low quantities produced for sale
• Unreliability of buyers
• Confining contracts e.g. organic producers not being able to sell to others buyers
• Rain fed agriculture
• Low prices for farmers produce
• Legality of farmers’ groups
• Penetrating the market e.g. Ice mark
• VEDCO initially appeared as the buyer
• lead farmers engaged by so many NGOs
• Centre leaders turned into middlemen
• Farmers attitudes - Mak maize case
• When there is no marketing no need to associate

Changes in VEDCO
• Importance to enterprise development and market linkage
  - Cost sharing of materials
  - Establishment of multiplication gardens
  - Contract farming
  - Value addition and processing ??? exegerated
  - Work with a few but able to progress – poultry, piggery

Trainings
• Agronomical trainings (production management of selected enterprises)
• Farming as a business
• Farmer to farmer extension dev’t.
• Group formation and dynamics

More trainings required
• Contract development
• Negotiation skills Strengthening of the MIS

Plans
• Formation of viable marketing associations fully registered and product focussed– legality of
  MAs
• Establishment of export zones - zoning
• Value addition e.g. processing, packaging, labelling and branding
• A reliable, timely and sustainable market information system.
• Contracting out services to (farmers and buyers)
THE UGANDA NATIONAL APICULTURE DEVELOPMENT ORGANIZATION 
(TUNADO)

A National Strategy for Apiculture Enterprise Development and Marketing

Web site: www.tunado.org
Email: tunadobee@spacenet.co.ug/tunadobee@yahoo.co.uk

A National Strategy for Apiculture Enterprise Development and Marketing

Introduction

Ugandan Apiculture products have been given clearance by the European Union, opening market for the country’s newest exports to one of the world’s biggest trading blocs. The EU and Uganda entered into negotiations less than two years ago on the premise that the country met EU food health standards. The EU has some of the world’s most stringent health standards, and Uganda will face competition from the world’s leading exporters, among them China, Argentina, Mexico, Turkey and Canada.

The consumers in the EU are becoming increasingly sensitive of their health spurring the demand for organic foods and the preference for natural food supplements. Honey is one of these products with enormous health benefits and medical properties.

Uganda certainly has the potential to reap benefits from this market. As an LDC, Uganda benefits from the Everything-But-Arms initiative, which means Uganda’s honey can enter the EU market duty free.

Now that Uganda has met the EU statutory requirements, exporters can approach EU buyers in confidence.

TUNADO Programme for Apiculture Enterprise Development and Marketing

In order to ensure sustainability and adherence to the EU Market requirements, TUNADO has put in place the following programme: -

a) Divided the country into nine ecological zones. Each zone to exclusively maintain its brand and uniqueness. These include: the West Nile, Northern, North-Eastern and Eastern, Central, Western, Mid-Western, South-Western, The Rwenzori, and Bwindi.

b) Each zone is expected to establish a cluster-based development initiative.
Role of Key Players in Traceability

**Beekeepers District Chapter**
- Register all farmers
- Register all equipment
- Supervise Contract Signing
- Training of farmers (good apiary management practices).

**Private Enterprise**
- Training
- Purchase of honey
- Processing/packing
- Quality control (HCCP and SOPs)
- Inspection (regular sampling)

**TUNADO**
- Training
- Quality assurance and control
- And equipment sourcing
- SOPs and COP
- Monitoring

**Development partners (MAAIF, UNBS, NAADS, UNIDO and dfcu)**
- Technical support/Training.
- Standards/Quality control
- Production support
- Regulatory framework

**International Market**
- European Market
- Middle East
- Far East and the Americas

**Regional Market**
- DRC
- Kenya
- Tanzania

**Local Market**
## Honey production opportunity

### Analysis of beekeeping in West Nile

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
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</thead>
<tbody>
<tr>
<td><strong>Honey Production</strong></td>
<td>**Actual</td>
<td>**Actual</td>
<td><strong>Projected</strong></td>
<td><strong>Projected</strong></td>
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<tr>
<td>Households</td>
<td>265</td>
<td>3500</td>
<td>5000</td>
<td>5000</td>
</tr>
<tr>
<td>Average Beehives per Household</td>
<td>2</td>
<td>3</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td><strong>Number of beehives in the region</strong></td>
<td>530</td>
<td>10500</td>
<td>50000</td>
<td>75000</td>
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<tr>
<td>Average Production Rate (Kg) per bee hive per year</td>
<td>10</td>
<td>20</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Output (Kg) per Household per year (75% production capacity)</td>
<td>20</td>
<td>60</td>
<td>300</td>
<td>450</td>
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<tr>
<td><strong>Total Honey Output/ year</strong></td>
<td>7,950</td>
<td>157,500</td>
<td>1,125,000</td>
<td>1,687,500</td>
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<tr>
<td><strong>Bees Wax Production</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Beeswax (For every 10 Kg of honey One Kg of bees wax is produced)</td>
<td>795</td>
<td>15,750</td>
<td>112,500</td>
<td>168,750</td>
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<tr>
<td><strong>Total Income from Honey and Beeswax</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Income from Honey and Bees wax for One Year</td>
<td>11,925,000</td>
<td>236,250,000</td>
<td>1,687,500,000</td>
<td>2,531,250,000</td>
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<tr>
<td>Average income per household</td>
<td>45,000</td>
<td>67,500</td>
<td>337,500</td>
<td>506,250</td>
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<tr>
<td>Raw Honey (Kg) traded in West Nile</td>
<td>8,000</td>
<td>40,000</td>
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</tbody>
</table>

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*Add honey to your child’s diet.*
UCA

A Uganda Cooperative Alliance Presentation

by

Chris Ntabyo

Background on the UCA

- UCA is an NGO, formed in 1961 as the Apex of the Cooperative Movement
- The membership of UCA consists of primary societies, Area Cooperative Enterprises and unions
- The mandates of the UCA included: representation, advocacy, education and training
- However, many of the services the apex was expected to provide, notably education and training continued to be a responsibility of the state, thru the department of cooperatives
- In the early 1990s, government of Uganda decided to divest itself from the cooperative movement
- It stopped providing education, training and audit as the department of cooperative development was trimmed to the bone marrow
- Crop finance support from government through marketing boards, unions, societies and finally to farmers ceased to exit

Areas addressed by UCA

- Capacity building for farmers, leaders and managers
- Agricultural marketing services through Area co-op enterprises
- Input supply services
- Agricultural extension services
- Financial services
- Lobbying and advocacy

The role of UCA

- The farmers have been organised into cooperative groups in over 30 districts.
- Production and marketing are integrated with rural financial services. The producer can now save and can get credit for production as well as consumption. The money is generated from own savings.
- The farmers now work together in procurement of production inputs and marketing which they do jointly using their own organizations.
- UCA has encouraged co-ops to diversify to several enterprises.
- Cooperatives have now shifted from the traditional cash crops to various enterprises like beans, maize, fruits, vanilla, aloe vera, bananas, eggs, honey etc.
- But each co-op should select three or four enterprises taking into account several factors such as the profitability, the edaphic and climatic conditions, the market potential, risk involved and food security.
- Last year 2004, 45 Area co-op enterprises were able to bulk and sell commodities worth 1.3 billion Ug shs (approx US $ 743,000).
- Membership in the participating agricultural primary societies stands at over 80,000 pple.
Role of Area co-op enterprises

- At the primary level farmers are organised in primaries of up to 100 farmers.
- A number of such primaries in a given geographical area come together to form an Area Cooperative Enterprise (ACE).
- Farmers are able to discuss the best choices of crops to grow based on the information they have about the market, relative profitability and natural resource endowments
- Collect, process and disseminate market information say about output and input prices;
- Facilitate participatory pre production planning to enable members choose the right enterprises to undertake.
- Link producers to input dealers and delivers inputs at a lower cost (5 – 10% discount)
- Bulk and sell on behalf of members
- Add value to farmers products where possible;
- Participate in some aspects of provision of extension services to the members for example by setting up demonstration plots.
- Establish and enforce quality standards
- Encourage formation of microfinance institutions.
- Formation of farmers’ mini-supermarkets
- Networking with other service providers, researchers and traders.
- Inculcate business ethics among the members.
- Create awareness on topical issues like HIV/AIDS, environment and gender.

Requirements for success

- Focused leadership and management
- Transparency and accountability to members
- Independence from government influence, government should only be a partner and should play a regulatory and supervisory role.
- Should aim at solving priority problems/needs of their members.
- Should operate as business units and be able to select enterprises that will bring in high returns and develop business plans.
- Should have an empowered membership who understand their roles and obligations.
- Should have legal recognition
- Co-ops should only market on behalf of members and not trade with members and by negotiating better prices, they can obtain commission on the sales to meet their expenses like managers salary and other administrative expenses

Problem Areas/ Challenges

- Pests and diseases like the coffee wilt and Banana wilt.
- Poor infrastructure; Such as bad roads, inadequate coverage of electricity in rural areas.
- High transportation costs.
- Inability to reach all cooperatives (resource constraint)
- Dependence on rain fed systems: The state could give subsidies to farmers to establish irrigation systems so that production is not seasonal
- High taxes on inputs: some of the materials imported to be used by farmers are still subject to high taxes which they pass on to the farmers.
- Lack of Insurance: this could be one way to reduce risks in farming which could also attract lending institutions.
- Inadequate expertise and training materials especially on value addition/ agro processing of various products
- Lack of quality standards in most agric products: Government must help in establishment of standards, harmonize and enforce them in the regional markets.
• Lack of appropriate value addition equipment and where they are available they are very expensive.
• Resistance from the banking sector to enable the warehouse receipt system operate fully.
• Post harvest losses at farm level are still high
• Changing the mindset of people about the bad history of co-ops will take some time.
• Facilities for acquiring production and investment credit and at reasonable interest rates
• Different stake holders/services addressing development matters differently.

**Future plans of UCA**

• Improvement in member services by reaching out to the grass root co-ops and address their demands
• Assist primary co-ops and unions to carry out organizational development so as to fit in a dynamic environment.
• Encourage co-ops to go into full scale agro processing/ value addition.
• Expand to new sectors especially the social sector like housing and health cooperatives.
• Take a pro-active role of involving the youth and women into cooperative activities.
• Developing stronger partnerships with the government and other NGOs
• Strengthening ties with the Uganda commodity exchange to operationalise the warehouse receipt system.
• Gradually winning participating co-ops into self sustaining units, who will be able to meet all their costs, make profits and pay for services offered to them.
CIAT

Methods and tools for Agro-enterprise development

Rural Agro-Enterprise Project RaED

Presentation by
Shaun Ferris

Our Clients
• Clients
  • Service providers, NGOs, CBOs
  • National / regional researchers
  • Universities
  • Private sector entrepreneurs / farmer associations

• Business partners / beneficiaries
  • Smallholder farmers
  • Rural traders
  • Business service providers
  • Processors

The Methods and Products
• Have been developed over the past 10 years, they have been well tested
• Are being used in Central America, Andean America, South East Asia and Eastern and Southern Africa.
• Include processes and applications
• Methods are scalable through ICT / community based knowledge sharing linkages

Steps in the Agro-enterprise Road Map

Step 1  Site selection, partners and evaluation
Step 2  Market assessment
Step 3  Agro-enterprise intervention
  Marketing and Sales
Step 4  Evaluate process
  Scale up
Step 5  Drawing lessons, knowledge sharing
  Produce public goods guides
  and policy recommendations

Exit Strategy
• This should be well planned
• No surprises
• But I’m not sure how long it should take as CLUSA says 10-15 years
• We have been operating with service providers on a 3-5 year framework
• But we have not worked at 2nd and 3rd levels
• I think this is a fairly important point
Key selection criteria
- Production requirements
- Marketing requirements
- Profitability

Layering Information and Methods
- First layer is the guides to researchers and consultants
- Second layer is the guides for practitioners
- Third layer is information for farmers

Educational processes via Radio
Good practices delivered and debated with the community via radio programmes

Scaling up
- Start with FFS and then transform into marketing units
  - Seek scale through introducing more members
- Start at scale, find large market and fill orders.
  - Scale through increasing numbers of partners
- Start with pilot
  - Expand through clusters to supply various markets
- Review scaling against staffing levels and roles
  - Staff to facilitate production and marketing / work with groups for a limited number of months years and move onto new groups
- Shift from field to market structures
  - Crop insurance, loan guarantees to traders, warehouse receipts, commodity exchanges, and how to sequence

Knowledge Management and Sharing
- Developing appropriate information
- Getting information nearer to people
- Socialising the information

Conclusions
- Productivity alone has not succeeded in reducing rural poverty. A broader strategy is needed.
- The global agrifood system is becoming less remunerative for primary producers in developing countries.
- Farmers need to be competitive and better organised to make farming pay.
- Farmers need to find ways of adding value to their goods and accessing new markets.
- We are aiming to work with service providers to introduce agro-enterprise and market based methods and tools to enable rural communities to identify markets, access value adding technologies, achieve improved links with other actors services in the market chain.

Marketing Audit
- In collaboration with CIUSA, CRS and CIAT, we would like to undertake a review of good practise for
  - farmer group development
  - Cascade of organization FG - Associations
  - Market linkage
  - Links to service providers
FAO

Observation on the main Topical Issues and concerns faced by NGO in the promotion of Marketing and Agribusiness Development

by Susan Minae
FAO, Harare

Topical Observations
➢ Capacity building
➢ Institutional development
➢ Training programmes including training materials
  • Roles and responsibilities
➢ NGOs
➢ Associations
➢ Service providers e.g. traders
Capacity building
  ● Farmer groups approach –commodity, common interest, production groups -----
  ➢ New or existing groups – project oriented
  ➢ Sustainability of groups – Financing/technical resources
  ➢ Incorporation of groups to legal business entities— limited liability corporations/ cooperatives?

Training
➢ Leadership, management, negotiation skills, lobbying ..........
➢ Development of curriculum and training materials? ➔ Resource persons
  ❖ Opportunity to share human resource capacity/ training materials and information
    ➔ website linkages
    ➔ promote networking ➔ Peer review
  ❖ Limited technical expertise in marketing and enterprise development
Who needs technical capacity building
  ● NGOs
  ● Traders/service providers
  ● Farmers
  Crosscutting business competencies
  ● Contract farming
  ● Warehousing receipts
  ● Commodity brokerage
  ● Auctioning systems?
Topical issues
  ● Time frame -- Developing an exit strategy
  ● Role of NGOs in the supply chain
    ➔ Service providers vs marketing players
    ➔ Financing of NGOs
    ➔ Coordination
    ➔ Scaling up strategies –% of farmers accessing the the current initiatives

Topical issues
➢ Relief vs commercialisation
➢ Targeting – is there a profile of the types of farmers
➢ Incalculating concept of farming as a business – Shift from a passive mindset
➢ Access to farm economics information and other decision tools eg crop budgets
➢ Access to farm financing including credit facilities
➢ Element of subsidy

Challenges
● Poor infrastructure – transport and telecoms
● Poor marketing facilities and services/information along the supply chain
● Where is the problem? In the production or in marketing
Annex 3

Speech by Mr P. Misika, FAO Representative to Uganda

Mr Chairman, distinguished participants, ladies and gentlemen,

On behalf of FAO I should like to welcome you to this workshop. I hope that your discussions will prove successful.

The issues that you will be discussing are very timely. The recent commission for Africa, chaired by the British Prime Minister with a panel of distinguished African leaders, has highlighted many of the issues you will be discussing as being priorities for Africa’s socio-economic development.

I consider the report of that commission to provide realistic guidance on the way forward for Africa. In particular it stresses that poverty reduction through growth requires a focus on the indigenous private sector, including the family farm. The report argues that Africa needs to unlock the undoubted entrepreneurial capacities of Africa’s people.

The report also has a specific section on market linkages. It notes that small enterprises cannot grow in isolation and require a range of financial and non-financial services, including markets and support to access them. I believe that many of you are already working to provide such services.

In the past decade or so African farmers have had to make several adaptations to the way they operate. Structural adjustment led to the closure of or reduced activities of many marketing boards. Farmers are now faced with having to actively seek markets by themselves rather than relying on their governments to do the marketing. Secondly, farmers hoping to access export markets are increasingly finding that they need to work together as groups, either as partners in contract farming ventures or directly with exporters or processors. In time, further changes can be expected. The worldwide growth and expansion of the supermarket sector has already affected farmers in South Africa and can be expected to spread gradually to the rest of the continent.

FAO has for many years been actively stressing the need for a greater market orientation in agricultural development. We have prepared a range of publications and training materials to support market-oriented farm management, market information services and agro-processing ventures, to name just a few of the topics covered.

While we have made these significant achievements, a lot, however, still remains to be done especially in the hitherto neglected area of closely working with NGOs at grassroots level. It is my sincere hope and trust that this workshop will provide the opportunity to develop new partnerships that will both benefit your organizations and FAO. The workshop needs to seek answers to three questions, namely: how can FAO and your respective organizations collaborate in the work your organizations are increasingly doing to link farmers to markets? What techniques and/or best practices can you share with FAO so that these can be made available to other parts of Africa and the world? And finally, how can you collaborate amongst yourselves to share experiences and avoid duplication of activities?

Once again, I wish you every success and look forward to learning of the results of your meeting.

Thank you.
Annex 4

**LIST OF PARTICIPANTS**

<table>
<thead>
<tr>
<th>NAME</th>
<th>ORGANIZATION</th>
<th>COUNTRY</th>
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<tbody>
<tr>
<td>Chris Ibyisi-Ntabyo</td>
<td>UG. COOP ALLIANCE</td>
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<tr>
<td>Goran Forsen</td>
<td>SCC ROSA</td>
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<td>Susan Kaaria</td>
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<td>Hakan Lutz</td>
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