

AGMARK – SSMATI REPORT FOR THE PERIOD {April – May 2011}

Name of Organization : AGMARK

Mailing Address : P.O. Box 14184-00100, Nairobi

Physical Location : Graceland Court Apartments

Phone : 020 2661403 / 6

Fax : 020-2661403

Email : jmutonyi@agmarkkenya.org

Organization's Contact Person : James Mutonyi

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ACRONYMS

| | |
|----------------------|--|
| ACE | Area Cooperative Enterprise |
| AGMARK | Agricultural Market Development Trust |
| COMPETE | Competitiveness and Trade Expansion Program |
| UNADA | Uganda Agro-Input Dealers Association |
| USAID | United States Agency for International Development |
| SMAED | Small Medium Agribusiness Enterprise Development |
| SSMATI | Sustainable Smallholder Cross Border Trade Integration |
| WFP | World Food Program |

I. BACKGROUND

Organized and structured marketing arrangements not only catalyze agricultural production but also sustain it. Lack of organized marketing of cereal food crops (rice, maize and sorghum) remains a major constraint to production in the surplus producing regions of Southern and Eastern Uganda where trade between Uganda and its neighbors is informal.

Kigezi Region in Southern Uganda is a significant supplier (though informally) of grain to processors in Kigali - Rwanda. However, the main grain processors are faced with the challenge of distraught despite having a market for their processed products. On the other hand, Eastern Uganda accounts for an estimated 50% of Uganda annual maize output. Located juxtaposition to Kenya, (a chronic maize deficit country), Eastern Uganda maize production has its dominant market in Kenya where it crosses the Busia border informally. Due to its informal nature, the trade has not been able to tap into the more formal and large buyers in Kenya.

It is against this background that AGMARK is partnering with Uganda Agro-Input Dealers Association (UNADA), in the implementation of the SSMATI project (Sustainable Smallholder Cross Border Trade Integration) whose overall goal is to integrate smallholder surplus production in Southern and Eastern Regions of Uganda into the Rwanda and Kenya cereals value chain respectively, through agrodealers located in the two regions.

The objective of the program is to develop sustainable value chains and reduce poverty by increasing smallholder farmers' access to commercial staple foods markets.

The program seeks to facilitate agrodealers in Southern and Eastern Regions of Uganda to aggregate surpluses from smallholder farmers and link the commodity to the formal markets in Rwanda and Kenya that are grain deficit countries.

II ACTIVITIES CARRIED OUT DURING REPORTING PERIOD (April-May 2011)

| |
|---|
| Conversion rate: 1 US\$ = UGShs. 2,240 ; 1 US\$ = Kshs. 78 |
|---|

Summary: This report contains the activities implemented by AGMARK in the final two Months (April and May 2011) of the SSMATI Project. The project was implemented by AGMARK from January 2010 to May 31st 2011.

The main activity implemented during month of April to May included:

- Delivery of equipment to agrodealers supported through the matching investment Project
- Collection of data on grain purchase and sales
- Documentation of success stories
- End of Project Workshop
- End of Project staff Meeting in Uganda
- Completion of Audit for the Project

a) Delivery of to agrodealers supported through the matching investment Project

During the period, grain storage equipments were cleared from the customs and subsequently delivery and their distribution to the targeted beneficiaries.

The equipment included mainly, portable bag sealers, stationery (calculators, cash books, counter books, delivery books, stapler and staples, punching machine, padlocks, files, etc).

A total of 7(1F, 6M) agrodealers benefited from this equipment.

b) Grain Purchases and Sales;

In the period under report, data received from 2 agrodealers in Kamwenge and Kasese districts indicate that they purchased 224.5MT of grains and sold 187MT, during this period, they served a total of 308(116M, 192F)

TABLE 1: GRAIN PURCHASES AND SALES

| No | Name of Agrodealer | Name of Shop | District | Type of Grain | Qty Bought in MT | Qty Sold in MT |
|----|--------------------|----------------------|----------|---------------|------------------|----------------|
| 1 | Stella Ngategire* | Mubuku Farmers Store | Kasese | Beans | 65 | 65 |
| | | | | Groundnut | 37 | 37 |
| | | | | Rice | 75 | 75 |
| 2 | Sicola Nabakooza** | Godwin Agro-Input | Kamwenge | Maize | 40.5 | 3.7 |
| | | | | Beans | 5 | 4.5 |

| No | Name of Agrodealer | Name of Shop | District | Type of Grain | Qty Bought in MT | Qty Sold in MT |
|--------------|--------------------|--------------|----------|---------------|------------------|----------------|
| | | | | Groundnut | 2 | 1.8 |
| TOTAL | | | | | | |

NOTE

*Stella sold to Joseph Wakame (0783005538) at Nyanuka (Congo-Uganda border); Muhindo Charity (0777641740 – Bevera and Unique Valley and Mothercare School in Kasese. She served a total of 210(88M, 122F) farmers and employed 4(3M, 1F) employees

** Sicola served a total of 98(28M, 70F) and employed 6(4M, 2F) employees.



FIGURE 1: AGRODEALERS RECEIVING BAG SEALERS AND STATIONERY IN EASTERN UGANDA

d) Documentation of successes stories

During the period, AGMARK hired the services of a journalist to document some of the Impact of the project. 2 agrodealers and 2 sets of farmers I western Kenya were interviewed in this regard. One of the success stories has been annexed to this report.

e) Final Evaluation Workshop:

A final evaluation Workshop was conducted on 26th May 2011 at the Tribe hotel, Village Market, Nairobi. A total of 20 person attended the workshop. It had representations from WFP, USAID COMPETE, Smart Logistics, Inyange Industries Rwanda, IFDC, Equity Bank, Agrodealers and AGMARK staff.

SMAED (Small Medium Agribusiness Enterprise Development Services), conducted the evaluation from March 2011, and made the findings before the group. Some of the finding and issues arising from the evaluation included:

- a) The AGMARK agrodealer Model is relevant in connecting farmers to structured grain markets
- b) The Project had succeeded in engaging agrodealers to purchase grain from farmers – that grain aggregation at agrodealer level is important as it provides a market for farmers and an income for agrodealers.
- c) Training of agrodealers and small holder farmers is equally important for improved grain standards
- d) Agrodealer can engage in cross border trade if properly facilitated
- e) The project period was short – a longer project implementation period would have shown more conclusive results.

The final project report has been produced and will be shared with Compete and other interested parties.



HE WORKSHOP



SM SMAED

f) End of project staff Meeting :

The Agmark Country Director and the coordinator SSMATI, traveled to Kampala for a meeting with the UNADA team in Kampala at the conclusion of the project. Issues of winding up were discussed and focus on more collaboration on any other upcoming interventions. Administrative challenges in staff time allocations in SSMATI were issues to be addressed in future engagements.

g) Project Audit

External audit of the project was close to completion. The audit will be completed in June when all the expenses have been accounted for and all relevant documents including the bank statements availed to the auditors. The report will be shared with Compete once it is ready and before the end of June 2011.

h) Plans for the Next Period

The Project came to an end on May 31st 2011 but there are some issues as highlighted in the end of project report that still need to be addressed. In the Month of June AGMARK plans to complete the following:

- 1) Conclude on the end of Project report external evaluation and submit to Compete
- 2) Prepare a summarized end of Project Report and Submit to Compete
- 3) Finalize on the external Audit and submit to Compete
- 4) Prepare and submit a concept to Compete on a follow on Project to address some of the issues highlighted in the report especially considering that AGMARK had an unspent amount of USD 47,000 from the Project.

Annex 1 Success Story

Taking the next step: output marketing and cross border trade



Everlyne Wanyera is an agrodealer and progressive entrepreneur who continues to grow. In 2009, she decided to expand her business Elgon farmers by taking advantage of the output marketing business opportunity provided by AGMARK. She applied for an enterprise matching grant to setup a maize milling facility, which would increase her income and provide opportunities to smallholder farmers in Chwele, Bungoma County.

For her, building a successful business meant not only earning a living but also improving food consumption in Bungoma county and beyond. It therefore comes as no surprise when she is constantly adding something new to her business which gives the impression of a forward looking business.

Everlyne is a beneficiary of SSMATI (Sustainable Smallholder Cross Border Trade Integration Project) a one year project running from January 2010 to January 2011 implemented by AGMARK with funding from USAID COMPETE. The Objective of the project was to support increase of cross boarder trade in grain across the Kenya-Uganda and the Uganda-Rwanda borders through agrodealers.

Despite joining SSMATI in late November, she has managed to purchase grain from over 70 farmers and farmer groups from Chwele, Swam, Kapchoro, Mbale and Bugiri. In addition, between November and December volumes of business transacted across borders amounted to Kshs.2.7 million.

Through SSMATI she got additional support from AGMARK which trained her and helped with equipment, tools and materials such as: Gunny bags, Moisture meters, sieves, Stitching machines, and renovation. She in turn purchased cereals from smallholder producers and was linked to Grain Markets, Large Buyers and Traders.

Cross border trade has seen sales go up with significant volumes of business transacted between November and May 2011 amounting to millions. Total project revenue cost 3.2 million while her Total sales were 4.1 million. This is solely due to effective business networking.

41 year old Everlyne has been able to create a link with individuals who, through trust and relationship building, become walking, talking advertisements for one another. She has a mutual agreement with traders in Uganda to supply fertilizer.

Through NAADS a Ugandan government initiative, Evelyn received a tender to supply maize and fertilizer. In March 2011, she supplied Maize worth Kshs.7.5 million, D.A.P worth Kshs.1.9 million and C.A.N worth Kshs. 625,000

'I opened the agrovet with the objective of tapping into the potential agricultural market, as well as helping the small holder farmers in this area who have had serious problems accessing and affording farm inputs. With SSMATI, this provides yet another opportunity to farmers to earn a living' she adds.

However the project has had its challenges, since agrodealers in Uganda also have other business ventures, they only focus on grains whenever there is demand. In addition Maize is not a staple food in the region therefore demand is relatively low.

According to the County Director of AGMARK James Mutonyi, 'The period allocated for the project took a relatively short time to effectively assess the impact. A period of between four to five years time is needed to also train farmers in cross border trade.' He however states that during the period agrodealers have been trained on cross border trade.